INTERROLL

HALF-YEAR REPORT 2019

ENABLE
EXPAND
EVOLVE

60 YEARS
INTERROLL

KEY FIGURES

in CHF million, unless otherwise indicated	01.01.– 30.06.2019	01.01.– 30.06.2018	Change in %
Incoming orders / net sales			
Total incoming orders	299.0	324.6	–7.9
Rollers	58.7	54.7	7.3
Drives	90.1	84.4	6.7
Conveyors & Sorters	83.9	71.4	17.5
Pallet & Carton Flow	28.1	30.2	–6.8
Total net sales	**260.8**	**240.7**	**8.4**
Profitability			
EBITDA	43.5	35.5	22.4
in % of net sales	16.7	14.8	
EBITA	34.8	28.6	21.3
in % of net sales	13.3	11.9	
EBIT	31.2	25.3	23.3
in % of net sales	11.9	10.5	
Net profit	**23.1**	**18.6**	**24.2**
in % of net sales	8.8	7.7	
Cash flow			
Operating cash flow	40.6	31.2	29.9
in % of net sales	15.6	13.0	
Free cash flow	**29.2**	**18.0**	**62.6**
in % of net sales	11.2	7.5	
Total investments / capital expenditure	**11.7**	**15.6**	**–25.0**
Balance sheet	**30.06.2019**	**31.12.2018**	
Total assets	453.1	417.6	8.5
Goodwill	17.1	17.3	–1.2
Net financial assets	56.4	52.0	8.5
Equity	**281.8**	**284.8**	**-1.1**
Equity ratio (equity in % of assets)	62.2	68.2	
Return on equity (in %)	16.3	19.0	–14.2
Other key figures			
RONA (return on net assets, in %)	18.1	20.9	–13.4
Average number of employees	2,301	2,198	4.7
Net sales per employee (in CHF thousand)	227	255	–11.0
Productivity (added value / total personnel expenses)	2.06	2.17	–5.1

ABOUT INTERROLL

The Interroll Group is a 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) and "Conveyors & Sorters", as well as "Pallet & Carton Flow" (flow storage systems). Interroll solutions are used in express and postal services, e-commerce, airports, the food and beverage industry, fashion, and automotive sectors, and many other manufacturing industries. Among the 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 32 companies with sales of CHF 559.9 million and around 2,300 employees (end of 2018).

www.interroll.com

28,000 CUSTOMERS AROUND THE WORLD

32 COMPANIES AROUND THE WORLD

2,300 EMPLOYEES AROUND THE WORLD

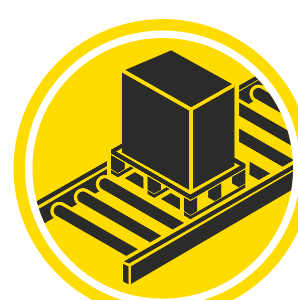
INTERROLL PRODUCT GROUPS

ROLLERS

DRIVES

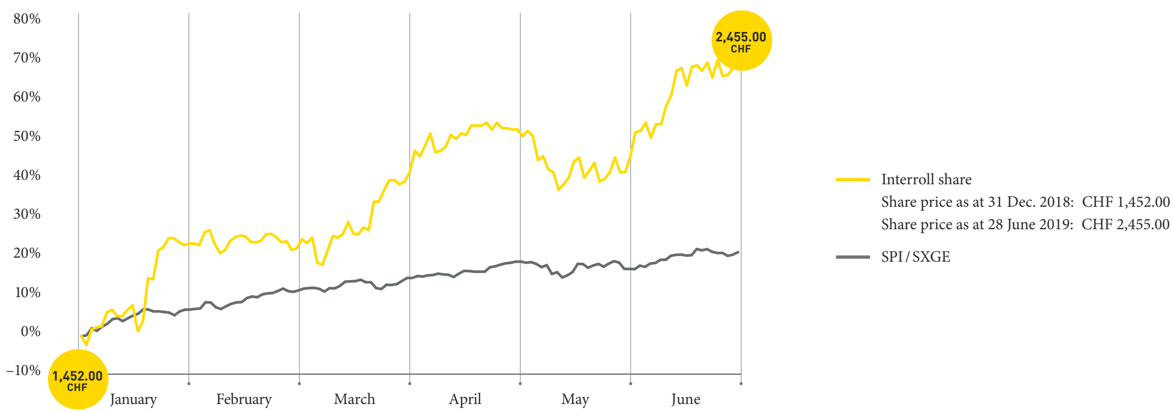
CONVEYORS & SORTERS

PALLET & CARTON FLOW



INTERROLL ON THE CAPITAL MARKET

Share price performance of Interroll relative to Swiss Performance Index SPI / SXGE



SWISS STOCK MARKET POST STRONG PERFORMANCE

The first half of 2019 was very lively and volatile on the Swiss stock market. The Swiss Market Index (SMI) blue chip barometer stood at 9,898 points at the end of June. This represented an increase of 17.4% in the first half of the year.

The broad Swiss Performance Index (SPI) reached 11,977 points and was thus even up 21.8% on the end of 2018.

INTERROLL SHARE CONTINUES TO OUTPERFORM SWISS INDICES

Besides strong net revenue growth, further productivity improvements and strict cost and investment discipline were the main growth drivers for the Interroll Group in the first half of 2019.

The Interroll share once again performed much more strongly than the previous year. The closing price of CHF 2,455.00 on 28 June 2019 meant the Interroll share was 69.1% higher than at the end of 2018 (CHF 1,452.00).

The Interroll share therefore once again outperformed the Swiss indices.

The Group's market capitalisation exceeded CHF 2.0 billion as of 28 June 2019 (31 December 2018: exceeded CHF 1.2 billion).

VIRTUALLY NO CHANGE IN FREE FLOAT

Around 18% of Interroll shares (31 December 2018: around 19%) are held by the remaining founding families. The free float as defined by the SIX Swiss Exchange therefore stood at around 82% as of 30 June 2019 (31 December 2018: around 81%).

PROFITABLE GROWTH-NOW AND IN FUTURE

Paul Zumbühl, Chief Executive Officer

Dear shareholders, valued customers,
employees and business partners,

Following a record year in 2018, the Interroll Group also made a dynamic start in 2019. In the first half of 2019, we recorded an 8.4% increase in net revenue (+10.4% in local currencies). Our operating result (EBIT) improved disproportionately by 23.3% over the previous year. In addition to strong net sales growth, further productivity improvements and strict cost and investment discipline were the main contributors. These facts once again confirm the success of our sustainable growth strategy.

Supported by a particularly strong first quarter in 2019, net sales in the first half of 2019 climbed to a new high of CHF 260.8 million (compared with CHF 240.7 million in the same period of the previous year). Compared with the record year 2018, however, incoming orders remained below the high level of the previous year and fell to CHF 299.0 million (–7.9% compared with CHF 324.6 million in the same period of the previous year). In local currencies, incoming orders fell by 6.0%. The prior-year period included one-off large orders, which led to record order intake. These were virtually replaced by smaller and medium-sized orders.

IMPORTANT IMPETUS FOR FUTURE GROWTH

In addition to exploiting global megatrends such as e-commerce, Interroll's business growth is based above all on the innovations successfully introduced in recent years. In the first half of 2019, we continued to provide important impetus here by deepening and expanding our modular technology platform. With the introduction of the new DC Platform, a range of coordinated RollerDrive products, control systems and power supply elements, Interroll has paved the way for Logistics 4.0. With the new Modular Pallet Conveyor Platform (MPP), Interroll also offers a pallet handling solution that opens up additional markets for us. The feedback we have received from customers and users to date has been very positive. In order to further optimise our innovation processes, we have also strategically realigned our corresponding resources with the Innovation Projects and Development Centre (formerly Interroll Research Centre [IRC]).

Our new plant in Thailand, for example, commenced production in the first half of 2019. This will enable us to exploit our business opportunities even more effectively in future, as we will now be able to serve the fast-growing markets in Southeast Asia more extensively and more quickly than before. In addition, we will double our production capacities for our customers in the Americas at our Hiram, Atlanta (USA), site by the end of fiscal 2019. In Europe, we will ensure strong expansion in the "Conveyors & Sorters" division and invest a total of around EUR 40 million in southern Germany by the end of the 2020 financial year.

"Long-term thinking, openness to innovation and partnerships with other technology leaders determine our future."

Urs Tanner, Chairman of the Board of Directors

STRONG EBIT AND CASH FLOW

Interroll increased EBITDA by 22.4% to CHF 43.5 million in the first half of 2019 (previous year: CHF 35.5 million). The EBITDA margin was 16.7% (previous year: 14.8%). EBIT grew by 23.3% to CHF 31.2 million (previous year: CHF 25.3 million). The EBIT margin reached 11.9% (previous year: 10.5%). Net profit increased by 24.2% to CHF 23.1 million (previous year: CHF 18.6 million). The net profit margin reached 8.8% (previous year: 7.7%).

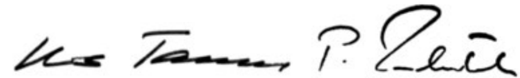
The strong project activity in the "Conveyors & Sorters" product group is reflected in high inventories and customer prepayments in the balance sheet at mid-year. Operating cash flow increased by 29.9% to CHF 40.6 million (previous year: CHF 31.2 million). Gross investments reached CHF 11.7 million, CHF 3.9 million less than in the previous year (CHF 15.6 million). Free cash flow increased by 62.6% to CHF 29.2 million (previous year: CHF 18.0 million).

SPEAKING THE LANGUAGE OF END USERS

Our aim is to always be two steps ahead of the competition in terms of quality and innovation. We focus on long-term thinking, openness to innovation, and partnerships with other technology leaders in order to provide our customers and the users of our solutions with decisive added value. This is why we simplify planning, installation and maintenance and ensure maximum availability of our systems in operation. This enables our customers and users to both increase their own productivity and reduce costs. These are very important advantages that they can exploit in an increasingly tough and competitive environment.

Interroll's worldwide success depends to a large extent on our employees and the intensive and fruitful cooperation with our customers. In order to further improve this exchange, we recently launched a new training program. With this measure, we want to enable our employees to speak "the language of the user" even better and to comprehensively understand and specifically respond to the needs of the core industries for which we provide solutions. In this context, our growing Rolling on Interroll (ROI) partner network, now comprising 94 companies, also plays an important role.

Sant'Antonino, 5 August 2019

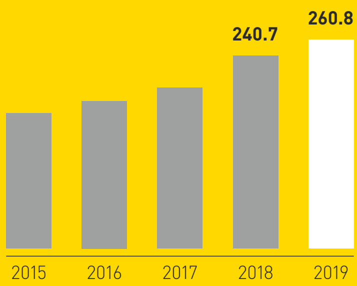


Urs Tanner
Chairman of the Board of Directors

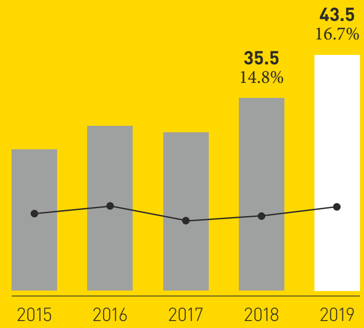
Paul Zumbühl
Chief Executive Officer

FINANCIAL POSITION, EARNINGS AND CASH FLOWS

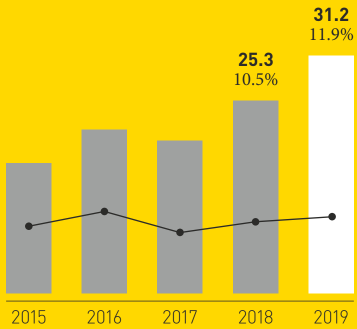
NET SALES



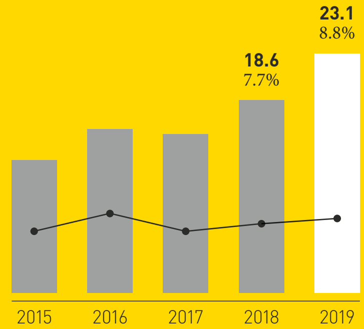
EBITDA AND EBITDA MARGIN



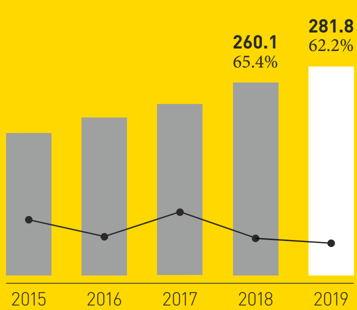
EBIT AND EBIT MARGIN



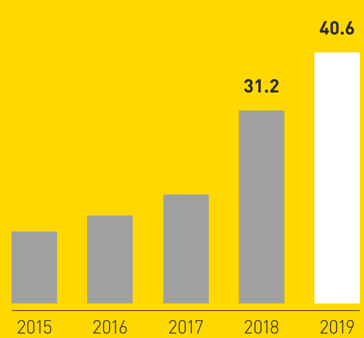
NET PROFIT



EQUITY AND EQUITY RATIO



OPERATIONAL CASH FLOW



All amounts in CHF million

STRONG CASH FLOW DEVELOPMENT

Driven by higher net profit and improved balance sheet management, operating cash flow rose by 29.9% to CHF 40.6 million. Investments in the first half of 2019 were slightly lower than in the previous year, and free cash flow increased by a significant 62.6% to CHF 29.2 million.

NET SALES CONTINUE TO DEVELOP AT RECORD LEVEL

In the first half of 2019, the Interroll Group reported record sales of CHF 260.8 million (previous year: CHF 240.7 million). In local currencies, the Group grew by 10.4%. Growth in the reporting currency amounted to 8.4% and was driven by the growing product business and strong project demand, particularly in the parcel and express services, airport, beverage and food industry sectors. The “Conveyors & Sorters” product group grew by a significant 17.5%, for instance.

At CHF 299.0 million, consolidated incoming orders in the reporting currency were 7.9% lower than in the record previous year (CHF 324.6 million). In local currencies, incoming orders fell by 6.0%. Significant orders from the previous year were replaced almost completely.

RESULTS GROW DISPROPORTIONATELY

Interroll increased its EBITDA by 22.4% to CHF 43.5 million (previous year: CHF 35.5 million) in the first half of the year. The EBITDA margin was 16.7% (previous year: 14.8%). EBIT rose by 23.3% to CHF 31.2 million (previous year: CHF 25.3 million). The EBIT margin reached 11.9% (previous year: 10.5%). Besides strong net sales growth, other productivity improvements and a high level of cost and investment discipline contributed to this.

Net profit rose by 24.2% to CHF 23.1 million (previous year: CHF 18.6 million). The net profit margin reached 8.8% (previous year: 7.7%).

SOLID BALANCE SHEET DEVELOPMENT, STRONG CASH FLOW

Total assets grew to CHF 453.1 million as of 30 June 2019 and were thus 8.5% higher than at the end of 2018 (CHF 417.6 million). Shareholders’ equity reached CHF 281.8 million and the equity ratio 62.2% (December 2018: 68.2%).

The strong project activity in the “Conveyors & Sorters” product group was shown by high inventories and customer prepayments in the balance sheet at the end of the first half of the year.

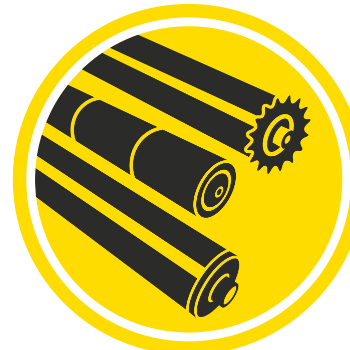
Operating cash flow rose by 29.9% to CHF 40.6 million (previous year: CHF 31.2 million).

Gross investments reached CHF 11.7 million, CHF 3.9 million less than in the previous year (CHF 15.6 million). The first own production site of the Interroll Group in Southeast Asia, in Thailand, was also completed. The detailed plans for the production expansions in southern Germany and Atlanta, USA, have almost been completed.

In light of the higher cash flow and lower investments, free cash flow increased by 62.6% to CHF 29.2 million (previous year: CHF 18.0 million).

STRONG PRODUCT BUSINESS, POTENTIAL IN DEMAND FOR PROJECTS

Interroll's service portfolio comprises four product groups: "Rollers", "Drives", "Conveyors & Carton Sorters" and "Pallet & Carton Flow". In the first half of 2019, net sales of "Rollers", "Drives", and "Conveyors & Sorters" were up on the previous year. "Conveyors & Sorters" recorded particularly strong sales growth of +17.5% compared to the first half of 2018.



ROLLERS PRODUCT GROUP

The "Rollers" product group forms the basis of the Interroll portfolio. Since 1959, Interroll has been manufacturing conveyor rollers in Wermelskirchen, Germany, and now at five other locations. This makes Interroll the world's leading supplier in this field. Conveyor rollers are used in numerous internal logistics applications.

Interroll has already manufactured over 500 million conveyor rollers. Driven and non-driven conveyor rollers from Interroll are the first choice for the transport of containers and pallets in the distribution centres of postal and courier services, mail order companies as well as airports and production plants. But these products are also an integral part of material handling solutions in other industries such as supermarkets and e-commerce. Interroll offers customers and users a choice of 60,000 conveyor roller variants.

In the first half of 2019, Interroll's continued growth in this area was driven by very short delivery times, highly efficient production processes, customer proximity and the high quality of its products. This development was also supported by an increase in the degree of automation at Interroll's production sites. However, the potential of market trends such as the continuing strong development of e-commerce and user investments in modernisation and outsourcing to third parties (so-called third-party logistics or 3PL) were also anticipated and exploited.

The growth in orders in the first half of 2019 was driven by the EMEA (+7.5%) and Americas (+30.5% year-on-year) regions.

At CHF 58.7 million, consolidated net sales in the "Rollers" product group were up 7.3% year-on-year from CHF 54.7 million. At CHF 57.2 million, consolidated incoming orders were up 2.8% year-on-year.

Interroll rollers stand for top quality in 60,000 variants.

PRODUCT GROUP DRIVES

The portfolio of the «Drives» product group includes driven conveyor rollers (24-volt and 48-volt RollerDrive), control systems and drum motors. Within the Interroll Group, the global Centres of Excellence in Baal, Germany, and Hvidovre, Denmark, for drum motors and Wermelskirchen, Germany, for RollerDrive, are responsible for global operations. Internationally, Interroll has taken a leading role with its compact, flexible and easy-to-install solutions.

Revenue in the first half of 2019 was CHF 90.1 million, 6.7% up on the same period last year (CHF 84.4 million). Consolidated incoming orders fell slightly by 1.5% to CHF 86.5 million compared with CHF 87.8 million in the same period of the previous year. RollerDrive in particular recorded sales growth of 19.9%.

With the launch of the new DC Platform, Interroll has once again set new standards in modern material handling technology. The innovative range of RollerDrive EC5000, controllers and power supply units, which are all coordinated with one another, enables system integrators and plant manufacturers to meet their customers' requirements even more individually and with Industry 4.0 functionalities. Thanks to the data transparency offered by the EC5000, modern conveyor systems can also be maintained with foresight.

In addition, the bus interface makes it possible to implement completely new control functions, such as those required in automation environments. Not only can the acceleration, speed and deceleration of the conveyed goods in the system be influenced even more precisely, the respective goods can also be positioned with millimetre precision on the conveyor line, a prerequisite for automating work processes through the seamless interaction of conveyor solutions with robots or packaging machines.

At IFFA, the leading international trade fair for the meat industry, Interroll presented an oil-free synchronous drum motor based on the new and improved Interroll Drum Motor Platform, which has been on the market since 2017. Synchronous drum motors are particularly compact and highly efficient, resulting in higher power density and lower heat losses. Equipped with appropriate sensors, synchronous motors also enable very precise speed and positioning behaviour, as is required in automatic cutting processes, for example. By dispensing with the use of oil, users avoid leaks, which are a potential risk especially in the food processing industry.

The DC Platform (24 V, 48 V) consists of a range of coordinated RollerDrive, controllers and power supply units. It also offers Industry 4.0 functionalities.

PRODUCT GROUP CONVEYORS & SORTERS

The "Conveyors & Sorters" product group comprises sorter and conveyor solutions that were developed at the global Centers of Excellence in Sinsheim, Germany, and Cañon City, USA. These include cross-belt sorters, belt curves and Modular Conveyor Platforms (MCP). The products and solutions offered by Interroll in this segment lend it a strong market position, particularly when it comes to equipping airports and postal/logistics distribution centres and in the area of e-commerce.

Projects for the tire industry are also on the rise. In December 2018, Interroll announced the expansion of its manufacturing capacities in southern Germany in response to the sustained growth of demand in this segment.

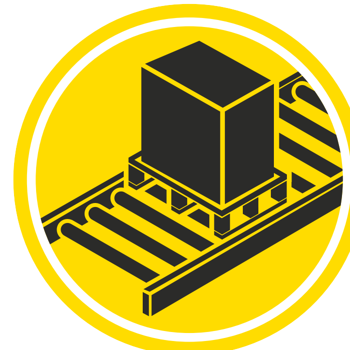
The Modular Pallet Conveyor Platform (MPP) from Interroll provides maximum flexibility for pallet conveying.

Modern material flow systems can be quickly and efficiently planned using Interroll's modular platform concept: changes can be made at any time and can even be implemented during the installation phase. Facilities designed to take advantage of Interroll's drive concepts are notable for their maximised availability, energy efficiency and very low operating and maintenance costs. This applies to new facilities as well as to modernised equipment.

In the first half of 2019, Interroll launched a modullar platform for the driven conveyance of pallets, modeled on its successful Modular Conveyor Platform (MCP). The Modular Pallet Conveyor Platform (MPP) makes use of the tried and tested Interroll products, which have proven their worth hundreds of thousands of times over. The new conveyor platform is an ideal addition to the Interroll "Pallet & Carton Flow" storage system.

The product group generated consolidated sales of CHF 83.9 million in the first half of 2019, up 17.5% on the previous year (CHF 71.4 million). At CHF 128.3 million, incoming orders were 12.7% down on the record level of the previous year (CHF 147.0 million).

In the first half of 2019, Interroll received a follow-up order from the e-commerce sector for the delivery of a 13.8-kilometre MCP conveyor line for a customer's distribution centre in South Korea.



PRODUCT GROUP PALLET & CARTON FLOW

The “Pallet & Carton Flow” product group offers flow storage solutions for pallets and container packaging according to the FIFO (first in, first out) or the LIFO (last in, first out) principle. The global Centre of Excellence in La Roche-sur-Yon, France, is responsible for this product group within Interroll.

At the end of the first half of 2019, Interroll recorded a 6.8% decline in consolidated revenue for this product group to CHF 28.1 million (previous year: CHF 30.2 million).

Flow storage solutions from Interroll are robust and safe.

Consolidated incoming orders fell by 21.0% to CHF 26.9 million (previous year: CHF 34.1 million). Major projects in the same period of the previous year could not be fully replaced.

Flow storage solutions prove to be particularly cost effective in the long term for warehouses with high handling frequencies. Flow storage systems are based on the principle of an inclined plane: pallets or packages are stored in flow channels consisting of a series of roller conveyor modules arranged one behind the other. Since these are mounted at an angle of 4%, goods move automatically from the point of entry to the point of removal using gravity.

Interroll’s flow storage systems are tested at the Interroll Test Centre in La Roche-sur-Yon. After 50,000 test cycles under extreme conditions, Interroll guarantees a long service life and maximum safety.

The future addition of semi- or fully automated solutions, such as the Modular Pallet Conveyor Platform (MPP), to this segment will enable Interroll to continue to see high sales potential for dynamic storage solutions. Further innovations in this area are currently being driven forward.

SUCCESSFUL GLOBALISATION STRATEGY

By tapping new markets and new customers, we continued our globalisation strategy in the first half of 2019. In the Europe, Middle East and Africa (EMEA) region (+6.8%) and the Americas region (+22.4%), Interroll achieved growth in net revenues. Order intake (–7.9%) declined in all regions compared to the record prior-year period.

At the end of the first half of the year, Interroll's revenue share was just under 60% in EMEA, 30% in the Americas and 10% in Asia-Pacific.

–8.7%
ORDER INTAKE

+6.8%
NET SALES

EMEA

EUROPE, MIDDLE EAST, AFRICA (EMEA)

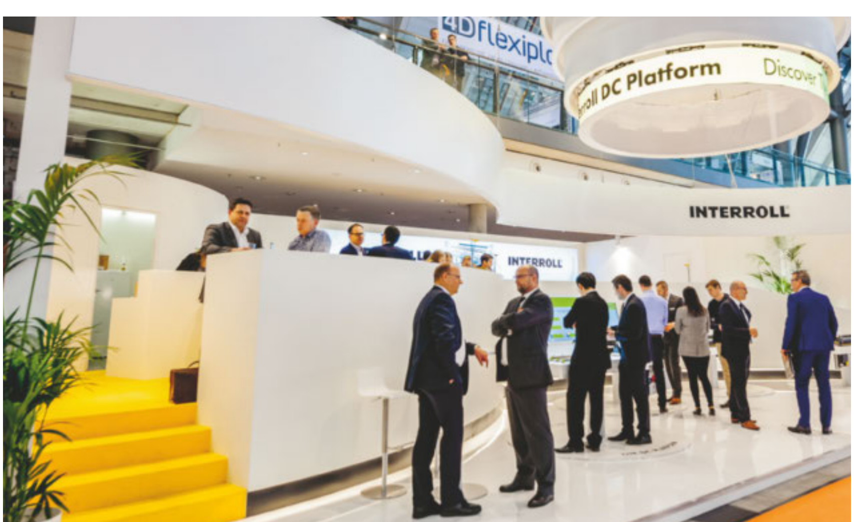
REGION WITH STRONG DEVELOPMENT

In the EMEA region, the strong organic growth of recent years continued in the first half of 2019.

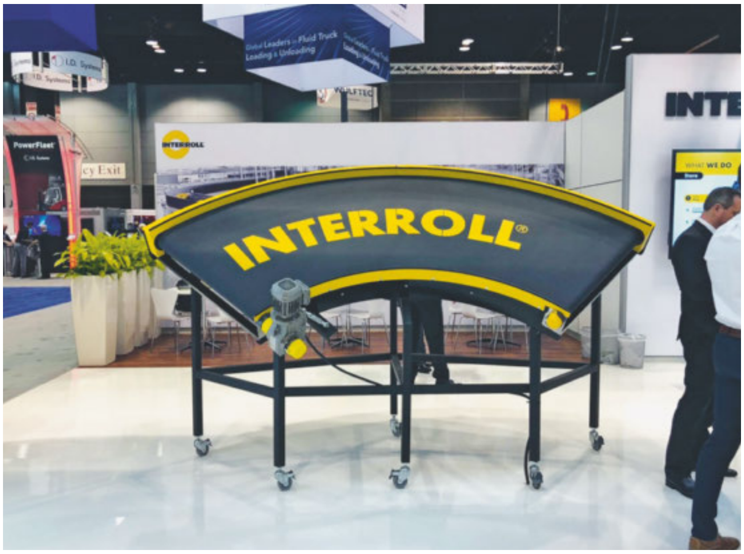
At CHF 156.0 million, sales were 6.8% higher than in the same period last year (CHF 146.1 million). After the record period of the previous year in 2018, order intake fell by 8.7% year-on-year to CHF 166.9 million.

This development was driven by strong demand for rollers, drives and conveyor systems. Central, western and eastern Europe as well as South Africa increased their sales. Order intake in western Europe (+21.4%) was encouraging.

With a share of just under 60% of Interroll's total revenue, EMEA remains the most economically important region within the Group. The requirements placed on suppliers in internal logistics are high. In addition to close customer relationships, industry knowledge and technical solution competence, they require innovative responses to increasing complexity in the field of material handling.



At the LogiMAT international trade fair in Stuttgart, Germany, in February of the current year, Interroll presented the new DC Platform.



In April, Interroll presented itself impressively
with all its product groups at ProMat in Atlanta, USA.

–6.4%
ORDER INTAKE

+22.4%
NET SALES

AMERICAS

AMERICAS

REGION WITH POTENTIAL

Sales in the Americas region were CHF 78.2 million, 22.4% higher than in the prior-year period (CHF 63.9 million). The lion's share of this development was accounted for by the North American market, with the USA at the top. Interroll continued to grow in this market. The reason for this positive development is the continued strong demand from the e-commerce, food and distribution centres sectors.

In the USA, Interroll announced during the period under review that it would double its capacity at its Hiram, Atlanta (USA), site by the end of 2019.

Order intake fell by 6.4% to CHF 81.7 million, following the record level of the same period last year. The previous year's period included a one-off major order.

The delivery of sorters to the Brazilian Post continued during the period under review. With a very good local team, Interroll is committed to long-term customer relations in the challenging but still promising Brazilian market.

–7.8%
ORDER INTAKE

–13.3%
NET SALES

ASIA-PACIFIC

ASIA-PACIFIC

REGION WITH MEDIUM-TERM GROWTH PROSPECTS

Following record growth in the prior-year period, Interroll's sales in the Asia-Pacific region fell by 13.3% in the first half of 2019, reaching CHF 26.6 million at the end of the first six months of this year (prior-year period CHF 30.7 million).

After a strong plus in the first half of 2018, order intake in the first half year 2019 fell by 7.8% to a total of CHF 50.4 million.

Interroll reported the receipt of a large follow-up order for the Modular Conveyor Platform (MCP) and Spiral Lifts in the low double-digit CHF million range. The order comes from a South Korean e-commerce company. Interroll will supply and install conveyor modules with a total length of 13.8 kilometres for this customer's distribution center in South Korea. The order for Interroll follows a similar project in 2018, involving a new installation in one of the same customer's distribution centres.

Demand for Interroll technology from the "Conveyors & Sorters" segment developed positively in the region.

As in previous years, China was the most largest market for Interroll in the region but was unable to match the growth momentum of the previous year. South Korea provided a very positive impetus. The strong growth trend in South Korea is also continuing in terms of incoming orders.

The region is increasingly benefiting from the globalisation of the Interroll Group, with the establishment of its own local production facilities. In the middle of the year, a new and larger plant was opened in Thailand.

Interroll is also systematically implementing its product strategy in Asia. The company's proximity to the market is also reflected in its increased presence at trade fairs in Southeast Asia, such as ProPak in Thailand in June 2019.

1 INTERIM FINANCIAL STATEMENTS OF INTERROLL GROUP

1.1 Consolidated statement of financial position

in thousands CHF	30.06.2019	in %	31.12.2018	in %
ASSETS				
Property, plant and equipment	125,049		117,107	
Intangible assets	27,717		30,423	
Financial assets	824		714	
Deferred tax assets	10,997		9,455	
Total non-current assets	**164,587**	**36.3**	**157,699**	**37.8**
Inventories	110,873		77,360	
Current tax assets	844		1,135	
Trade and other accounts receivable	120,023		129,481	
Cash and cash equivalents	56,728		51,967	
Total current assets	**288,468**	**63.7**	**259,943**	**62.2**
Total assets	**453,055**	**100.0**	**417,642**	**100.0**
EQUITY AND LIABILITIES				
Share capital	854		854	
Share premium	8,444		8,172	
Reserve for own shares	–19,620		–17,639	
Translation reserve	–56,044		–52,944	
Retained earnings	348,122		346,397	
Total equity	**281,756**	**62.2**	**284,840**	**68.2**
Financial liabilities	5,969		2	
Deferred tax liabilities	4,178		3,723	
Pension liabilities	11,016		7,816	
Provisions	9,201		8,491	
Total non-current liabilities	**30,364**	**6.7**	**20,032**	**4.8**
Financial liabilities	293		12	
Current tax liabilities	16,136		23,289	
Trade and other accounts payable	81,718		63,957	
Advances received from customers	42,788		25,512	
Total current liabilities	**140,935**	**31.1**	**112,770**	**27.1**
Total liabilities	**171,299**	**37.8**	**132,802**	**31.8**
Total liabilities and equity	**453,055**	**100.0**	**417,642**	**100.0**

1.2 Consolidated income statement

in thousands CHF	Jan.–Jun. 2019	in %	Jan.–Jun. 2018	in %	Variance	in %
Net sales	**260,844**	**100.0**	**240,734**	**100.0**	**20,110**	**8.4**
Material expenses	–129,864	49.8	–110,116	45.7		
Personnel expenses	–75,652	29.0	–70,137	29.1		
Increase / (Decrease) in work in progress, finished products and own goods capitalised	25,352	9.7	14,812	6.2		
Other operating expenses	–38,830	14.9	–41,314	17.2		
Other operating income	1,639	0.6	1,538	0.6		
Operating result before depreciation and amortisation (EBITDA)	**43,489**	**16.7**	**35,517**	**14.8**	**7,972**	**22.4**
Depreciation	–8,734	3.4	–6,869	2.9		
Operating result before amortisation (EBITA)	**34,755**	**13.3**	**28,648**	**11.9**	**6,107**	**21.3**
Amortisation	–3,600	1.4	–3,387	1.4		
Operating result (EBIT)	**31,155**	**11.9**	**25,261**	**10.5**	**5,894**	**23.3**
Financing expenses	–322	0.1	–883	0.4		
Financing income	248	0.1	150	0.1		
Financing result	**–74**	**0.0**	**–733**	**0.3**	**659**	**–89.9**
Result before income taxes	**31,081**	**11.9**	**24,528**	**10.2**	**6,553**	**26.7**
Income tax expense	–8,030	3.1	–5,965	2.5		
Result	**23,051**	**8.8**	**18,563**	**7.7**	**4,488**	**24.2**
Result attributable to:						
– Non-controlling interests						
– Owners of Interroll Holding Ltd	**23,051**	**8.8**	**18,563**	**7.7**	**4,488**	**24.2**
Values per share (in CHF)						
Non-diluted earnings (result) per share	27.39		21.87		5.52	25.2
Diluted earnings (result) per share	27.39		21.87		5.52	25.2

1.3 Consolidated statement of comprehensive income

in thousands CHF	Jan.–Jun. 2019	Jan.–Jun. 2018
Result	**23,051**	**18,563**
Other income		
Items that will not be reclassified to income statement		
– Remeasurements of pension liabilities	–2,915	–
– Income tax	605	–
Total items that will not be reclassified to income statement	**–2,310**	**–**
Items that in the future may be reclassified subsequently to income statetement		
– Currency translation differences	–3,100	–1,043
Total items that in the future may be reclassified subsequently to income statetement	**–3,100**	**–1,043**
Other income	**–5,410**	**–1,043**
Comprehensive income	**17,641**	**17,520**
Result attributable to:		
– Non-controlling interests	–	–
– Owners of Interroll Holding Ltd	**17,641**	**17,520**

1.4 Consolidated statement of cash flows

in thousands CHF	Jan.–Jun. 2019	Jan.–Jun. 2018
Result	**23,051**	**18,563**
Depreciation, amortisation and impairment	12,334	10,255
Loss/(gain) on disposal of tangible and intangible assets	–80	3
Financing result, net	74	734
Income taxes	8,029	5,964
Changes in inventories	–37,527	–28,919
Changes in trade and other accounts receivable	10,883	4,690
Changes in trade and other accounts payable, advances	36,777	26,773
Changes in provisions, net	809	1,234
Income taxes paid	–14,502	–10,393
Personnel expenses on share–based payments	1,649	1,561
Other non–cash expenses/(income)	–925	771
Cash flow from operating activities	**40,572**	**31,236**
Acquisition of property, plant and equipment	–10,553	–14,162
Acquisition of intangible assets	–1,117	–1,423
Acquisition of financial assets	–130	–34
Proceeds from disposal of property, plant and equipment and intangible assets	165	980
Settlement of loans receivable	18	1,214
Interests received	246	145
Cash flow from investing activities	**–11,371**	**–13,280**
Free cash flow	**29,201**	**17,956**
Dividends	–18,510	–13,977
Acquisition of own shares	–3,358	–6,638
Proceeds from financial liabilities	–	17,000
Repayment of financial liabilities	–1,340	–195
Interests paid	–257	–24
Cash flow from financing activities	**–23,465**	**–3,834**
Translation adjustment on cash and cash equivalents	–975	–483
Changes in cash and cash equivalent	**4,761**	**13,639**
Cash and cash equivalent at 1 January	51,967	37,307
Cash and cash equivalent at 30 June	**56,728**	**50,946**

1.5 Consolidated statement of changes in equity

in thousands CHF	Share capital	Share premium	Reserve for own shares	Translation reserve	Retained earnings	**Total equity**
Balance at 1 January 2018	**854**	**7,902**	**–8,695**	**–46,221**	**307,840**	**261,680**
Result					**18,563**	**18,563**
Other comprehensive income, net of taxes				**–1,043**	**–**	**–1,043**
Comprehensive income				**–1,043**	**18,563**	**17,520**
Share-based payments		259	1,302			1,561
Purchase of own shares incl. tax effects			–6,637			–6,637
Dividends					–13,977	–13,977
Balance at 30 June 2018	**854**	**8,161**	**–14,030**	**–47,264**	**312,426**	**260,147**
Balance at 31 December 2018	**854**	**8,172**	**–17,638**	**–52,944**	**346,396**	**284,840**
Change in accounting policy					**–505**	**–505**
Balance after change in acc. policy	**854**	**8,172**	**–17,638**	**–52,944**	**345,891**	**284,335**
Result					**23,051**	**23,051**
Other comprehensive income, net of taxes				**–3,100**	–2,310	**–5,410**
Comprehensive income				**–3,100**	**20,741**	**17,641**
Share-based payments		272	1,377			1,649
Purchase of own shares incl. tax effects			–3,359			–3,359
Dividends					–18,510	–18,510
Balance at 30 June 2019	**854**	**8,444**	**–19,620**	**–56,044**	**348,122**	**281,756**

2 NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Basis of the consolidated financial statements

Convention of preparation
The condensed, unaudited consolidated interim financial statements as at 30 June 2019 have been prepared in accordance with IAS 34 ("Interim Financial Reporting") and are based on the uniform financial statements of Interroll Holding Ltd and its subsidiaries ("the Group"). These interim statements reflect an update of previously published information. Therefore, they should always be read in conjunction with the Annual Report 2018. The interim statements were approved by the Board of Directors on 25 July 2019.

The accounting standards used for these interim financial statements are identical to those published and described in the Annual Report 2018 with the exception of IFRS 16.

The Group has applied IFRS 16 using the modified retrospective approach; therefore the comparative information has not been restated. The effects resulting from the recognition were recognised in retained earnings as at 1 January 2019.

With the first-time application of IFRS 16, the Group recognised lease liabilities for leases previously classified as operating leases under IAS 17. These liabilities are discounted at the present value of the remaining lease payments and measured at the lessee's marginal borrowing rate as at 1 January 2019. The lessee's weighted average interest rate on marginal borrowings, which was applied to the lease liabilities as at 1 January 2019, is 3.2%.

The Group made use of the following simplifications when applying IFRS 16 for the first time:
- Applied a single discount rate to a portfolio of similar leases
- Adoption of previous assessments as to whether a leasing relationship is burdened
- Recognition of leases with a remaining term of less than 12 months as of 1 January 2019 as short-term leases
- Non-inclusion of initial direct costs in the measurement of rights of use on the date of initial application
- Retrospective determination of the lease term for contracts with renewal or termination options

Until and including 31 December 2018, leases were classified as either finance or operating leases. Payments under operating leases were recognised in the income statement on a straight-line basis over the term of the lease as "Other operating expenses".

Since 1 January 2019, leases have been accounted for as rights of use and corresponding lease liabilities at the time when the leased asset is available for use by the Group. Each lease instalment is divided into repayment and financing expenses. The repayment component is allocated to financing activities in the statement of cash flows. The corresponding payments were previously included in cash flows from operating activities. Finance expenses are recognised in the income statement over the term of the lease so that there is a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use is depreciated on a straight-line basis over the shorter of the useful life and the lease term and is included in the depreciation line. Payments for short-term leases and leases based on low-value assets (< CHF 5,000) are recognised as an expense in the income statement on a straight-line basis and allocated to cash flows from operating activities in the cash flow statement. Short-term leases are defined as leases with a term of up to 12 months without an option to purchase. The rights of use are reported in the balance sheet item "Property, plant and equipment" and the leasing liabilities in the balance sheet items of non-current and current financial liabilities.

The capitalisation of contracts previously classified as operating leases increased the balance sheet total by approximately 1.7 percentage points as of 1 January 2019. Due to the extension of the balance sheet, the equity ratio decreased accordingly by approximately 1.3 percentage points.

As a result of the change in accounting policy, adjusted EBITDA increased by around CHF 1.4 million as of 30 June 2019.

Foreign currency translation
The following key exchange rates were used for the translation of financial statements denominated in foreign currencies:

	Income statement (average rates)			Balance sheet (year-end rates)	
	Jan.–Jun. 2019	**Jan.–Jun. 2018**	Change in %	**30.06.2019**	**31.12.2018**
1 EUR	1.128	1.167	–3.3	1.111	1.127
1 USD	0.997	0.967	3.1	0.976	0.984
1 CNY	0.147	0.152	–2.8	0.142	0.143

New or amended IAS/IFRS standards and interpretations
Various amendments will also come into force, which will have no significant impact on the consolidated statements of the Interroll Group: IFRS 3 (Business Combinations), IFRS 9 (Financial Instruments), IAS 19 (Employee Benefits), IAS 28 (Investments in Associates and Joint Ventures), the Annual improvements 2015–17 and IFRIC 23 (Uncertainty over Income Tax Treatments).

Critical accounting estimates and judgements
The preparation of the consolidated interim financial statements requires management to make estimates, assumptions and judgements for the determination of income, expenses, assets, liabilities and for the disclosure of contingent liabilities. Such estimates, which are based on management's best knowledge and belief at the reporting date, may deviate from actual circumstances. In such a case, they will be modified as appropriate in the period in which the circumstances change.

Segment reporting
The Interroll Group consists of one single business unit. The complete product range is sold in all markets through the respective regional sales organisation. The customer groups of OEMs, system integrators and end users are provided with tailor-made product offerings and differentiated consulting levels. The Interroll manufacturing units focus on the production of specific product ranges. Assembly units receive semi-finished products from the manufacturing units and assemble a wide product range to serve their local markets. The Interroll Research Centre, which is centrally located, develops new application technologies and new products for all product groups. Centres of Excellence, which focus on specific product groups, concentrate on the development of their assigned product portfolio.

Group Management and the whole Interroll management structure are organised by function (Overall Management, Products & Technology, Global Sales & Service, Marketing and Finance). The Board of Directors bases its financial management of the Group on both the sales generated in the product groups and geographical markets as well as on the consolidated financial statements. Group Management additionally assesses the achievement of financial and qualitative targets of all legal entities.

Financial instruments
Interroll Group has only financial instruments classified as hierarchy 2 in line with IFRS 13. These financial instruments include only foreign currency forward contracts and cash flow hedges. The valuation in hierarchy 2 is based on factors which cannot be tracked to actively listed prices on public markets. Instead, they can be monitored directly (as a price) or indirectly (as a derivative of the price). The amount of the financial instruments classified as hierarchy 2 is CHF 0.4 million at 30 June 2019 (31 December 2018: CHF 0.1 million).

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their current amounts.

2.2 Segment information

Net sales by geographical markets
Sales by geographical market is presented as follows:

in thousands CHF	Jan.–Jun. 2019	in %	Jan.–Jun. 2018	in %
Germany	40,497	15.5	35,845	14.9
Other Europe, Middle East, Africa	115,526	44.3	110,302	45.8
Total Europe, Middle East, Africa	**156,023**	**59.8**	**146,147**	**60.7**
USA	59,547	22.8	54,299	22.6
Other Americas	18,672	7.2	9,603	4.0
Total Americas	**78,219**	**30.0**	**63,902**	**26.6**
Asia incl. Australia	26,602	10.2	30,686	12.7
Total Asia-Pacific	**26,602**	**10.2**	**30,686**	**12.7**
Total Group	**260,844**	**100.0**	**240,734**	**100.0**

Material sales with specific customers
Sales are realised with more than 14,000 active customers. No customer accounts for net sales of more than 4% of Group sales.

Sales by product group
Sales realised in the first half-year by product group is presented as follows:

in thousands CHF	Jan.–Jun. 2019	in %	Jan.–Jun. 2018	in %
Drives	90,121	34.5	84,458	35.1
Rollers	58,727	22.5	54,720	22.7
Conveyors & Sorters	83,879	32.2	71,401	29.7
Pallet & Carton Flow	28,117	10.8	30,155	12.5
Total Group	**260,844**	**100.0**	**240,734**	**100.0**

2.3 Notes to the consolidated statement of financial position

Consolidated statement of financial position
Total assets increased by CHF 35.5 million compared to year end 2018. Work in progress as part of inventories increased to a record level, while accounts receivable decreased. This development shows the strong project growth of the Interroll Group in the first half of 2019. Current liabilities increased by CHF 28.2 million to CHF 140.9 million. Net working capital decreased by CHF 4.0 million to CHF 91.2 million.

Investments / capital expenditures
A total of CHF 11.7 million in gross capital expenditures were invested in various production facilities, however mainly in Phan Thong (Bangkok area), Thailand. Total non-current assets reached CHF 164.6 million by 30 June 2019. Capital expenditure into intangible assets are mainly for the further development of the SAP ERP system.

In line with IAS 36, goodwill and other intangible assets are subject to an annual impairment test. These tests are normally performed in the second half of the year. Currently, there is no indication of impairment.

Net financial assets
Net financial assets at the end of the reporting period increased by CHF 4.4 million compared to year end 2018 and reached CHF 56.4 million by 30 June 2019.

Total credit lines available but unused at the end of the reporting period amount to CHF 68.3 million (end of 2018: CHF 68.4 million). From these credit lines, CHF 40.0 million are committed until first half 2021.

Debt covenants have always been complied with during the reported interim period as well as during the previous-year period.

Equity
Due to the higher dividend payment, the equity position decreased by CHF 3.0 million to CHF 281.8 million compared to the end of 2018. The equity ratio at the end of the interim period corresponds to 62.2% (year end 2018: 68.2%). In May 2019, a dividend of CHF 22.00 per share was paid as agreed during the annual general meeting (previous year: CHF 16.50 per share).

2.4 Notes to the consolidated income statement

Net sales
Net sales in the reporting currency have increased organically by 8.4% to CHF 260.8 million compared to the same period last year. In local currencies, the increase reached 10.4%. The product group "Conveyors & Sorters" increased by 17.5%.

Earnings before interest and taxes (EBIT)
Interroll increased the EBITDA by 22.4% to CHF 43.5 million (previous year: CHF 35.5 million). The EBITDA margin was at 16.7% (previous year: 14.8%).

The EBIT increased by 22.3% and reached CHF 31.2 million (previous year: CHF 25.3 million) in the reporting period. The EBIT margin reached 11.9% (previous year: 10.5%). Depreciation increased and amortisation slightly increased compared to previous year.

Financing result
The net financial loss of CHF 0.1 million includes, apart from immaterial net financial interest income, mainly realised and unrealised foreign exchange losses. Due to its decentralised structure, the Interroll Group is generally not very highly exposed to currency fluctuations.

Income tax
Income tax expense is recognised based upon the best estimates of the weighted average annual income tax rate for the full financial year. The tax rate presented in the interim report generally contains tax recoveries/adjustment charges from previous years. It is also influenced by a differentiated assessment of future realisable losses carried forward. In the period under review, tax expenses resulting from previous periods amounted to CHF 0.4 million (previous year: tax revenues of CHF 0.6 million).

Result
The net profit increased by 24.2% to CHF 23.1 million (previous year: CHF 18.6 million). The net profit margin reached 8.8% (previous year: 7.7%).

2.5 Notes to the consolidated statement of cash flows

Cash flow from operating activities
Cash flow from operating activities amounts to CHF 40.6 million (previous year: CHF 31.2 million).

Cash flow from investing activities
Total investments of CHF 11.7 million (previous year: CHF 15.6 million) mainly include the completion of the new construction of a local competence centre in Phan Thong (Bangkok area), Thailand. In the previous year, investments mainly included the amendment of the Regional Competence Centre in Hiram, Atlanta (USA), as well as the start of the new construction in Thailand.

Cash flow from financing activities
In the first half of 2019, dividends totalling CHF 18.5 million were paid out (previous year: CHF 14.0 million), which were financed by existing credit limits.

2.6 Notes to the consolidated statement of changes in equity

Share capital
The shareholders' capital of CHF 854,000 is unchanged compared to year end 2018.

Assignment of shares
Shares assigned to members of the management in the amount of CHF 1.4 million (previous year: CHF 1.3 million) were expensed.

3 FURTHER DISCLOSURES AND INFORMATION

Events after the balance sheet date, seasonality
The Group did not identify any events after the closing date of the interim statements that would have a material effect on the presentation of its financial position as at 30 June 2019. There are no other facts which require disclosure according to IAS 34.

The industry in which the Group operates does not have significant seasonal variations. However, changes in the economical environment could have an impact on the short-term profitability.

Contingent liabilities
No significant contingent liabilities were incurred in the reporting period.

FINANCIAL CALENDAR 2020

Preliminary Annual Figures 2019	20 January
Annual Press Conference and Annual Report 2019	20 March
General Assembly	8 May
Half-Year Report 2020	3 August

CONTACT AND IMPRINT

If you have any questions regarding Interroll Group or would like to be included in our distribution list, please contact the Investor Relations Team:

investor.relations@interroll.com

Martin Regnet
Global PR Manager
Tel: +41 91 850 25 21
E-mail: m.regnet@interroll.com

Editor
Interroll Holding AG
Via Gorelle 3
6592 Sant'Antonino, Switzerland
Tel: +41 91 8502525
Fax: +41 91 8502505
www.interroll.com

Realisation
Linkgroup AG, Zurich
www.linkgroup.ch

NOTE ON THE HALF-YEAR REPORT

This half-year report is also available in German. If there are differences between the two, the German version takes priority. The half-year report is available as a PDF document.

NOTE ON ROUNDING

Please note that slight differences may arise as a result of the use of rounded amounts and percentages.

FORWARD-LOOKING STATEMENTS

This half-year report contains certain forward-looking statements. Forward-looking statements include all statements which do not relate to historical facts and events and contain forward-looking expressions such as “believe”, “estimate”, “assume”, “expect”, “forecast”, “intend”, “could” or “should” or expressions of a similar kind. Such forward-looking statements are subject to risks and uncertainties since they relate to future events and are based on the company’s current assumptions, which may not take place in the future or be fulfilled as expected. The company points out that such forward-looking statements provide no guarantee for the future and that the actual events including the financial position and profitability of the Interroll Group and developments in the economic and regulatory fundamentals may vary substantially (particularly on the downside) from those explicitly or implicitly assumed in these statements. Even if the actual assets for the Interroll Group, including its financial position and profitability and the economic and regulatory fundamentals, are in accordance with such forward-looking statements in this half-year report, no guarantee can be given that this will continue to be the case in the future.

Interroll Holding AG
Via Gorelle 3 | 6592 Sant'Antonino | Switzerland
www.interroll.com