

## Media Release

Schaffhausen

19 July 2017, 7:00 a.m. CET, Ad hoc

### A substantial growth in sales and profit

- Sales increased by 7% to CHF 1'992 million, 8% organically
- Operating result up 10% to CHF 168 million for an 8.4% EBIT margin
- Net profit up 12% to CHF 122 million
- Strategy implementation well on track

Whilst continuing to invest for its future profitable growth, GF grew during the first half-year of 2017 by 7%. All divisions substantially increased sales, most of all GF Piping Systems. Adjusted for currency effects and acquisitions, the Corporation achieved a growth of 8%. The operating result reached CHF 168 million for a 8.4% return on sales (ROS) against 8.2% in the first semester of 2016 and the return on invested capital (ROIC) stood at 19.2% against 18.2% in the first six months of 2016.

The Net profit amounted to CHF 122 million, a 12% increase compared to previous year. Free cash flow before acquisitions stood at CHF –30 million compared to CHF 25 million during the same period of 2016 as capital expenditures increased as well as working capital due to the strong growth of the first half year, especially in Asia.

#### Key figures as of 30 June 2017

CHF million	Corporation		GF Piping Systems		GF Automotive		GF Machining Solutions	
	2017	2016	2017	2016	2017	2016	2017	2016
Order intake	2'067	1'851	851	743	709	659	508	449
Sales	1'992	1'863	826	750	723	685	444	428
EBITDA	235	218	125	108	83	85	34	31
EBIT	168	153	97	83	53	54	28	24
Net profit	122	109						
Free cash flow before acquisitions/divestitures	–30	25						
Free cash flow	–31	–56						
Return on sales (EBIT margin) %	8.4	8.2	11.7	11.0	7.3	7.8	6.3	5.6
Invested Capital (IC)	1'472	1'420	748	746	442	388	284	286
Return on invested capital (ROIC) %	19.2	18.2	22.1	19.8	22.4	24.8	14.9	13.4
Number of employees	14'918	14'549	6'517	6'334	5'100	4'987	3'146	3'080

#### Sales increased at all three divisions

GF Piping Systems grew the most with 10% at CHF 826 million. Adjusted for currency effects and acquisitions, the increase was 12%. Amid a continuously strong demand for most industrial applications, sales in Asia and North America went up the most. The demand in the utility sector was also sustained, especially for gas distribution in the USA and in China. Building Technology sales were positively affected by the launch of new products. Strong demand was recorded in the shipbuilding sector. The operating result shows a substantial increase of 17% to CHF 97 million, implying an

operating margin of 11.7% against 11% in 2016. Most production plants worldwide were well loaded, including in Europe and the recent acquisitions of 2016 also contributed positively to the increase of profitability.

At GF Automotive new orders have increased significantly, in particular for electric and hybrid vehicles which accounted for a high 25% share, underscoring the future trend at most customers. Sales were up 6% to CHF 723 million on the back of an overall sustained demand for both its light metal and iron casting components. In local currencies sales were up 8%. Metal prices increased at the beginning of the year with a positive impact of ca. 2% on sales but with a negative impact on profit as these increases can only be passed over to customers with a two to three months delay. The operating result reached CHF 53 million, slightly below last year on the above-mentioned grounds but also, due to ramp-up costs related to the construction of a new light metal plant in the USA as well as start-up costs for the new molding line in Singen (Germany).

GF Machining Solutions enjoyed a brisk demand in particular for its new products in almost all continents, but especially in China and in the USA. The key sectors aerospace and micro-electronics contributed to a double-digit order growth of 13% at CHF 508 million. Sales increased by 4% to CHF 444 million. In local currencies and adjusted for acquisitions, growth also reached 4%. The operating result stood at CHF 28 million, a 17% increase over previous year, as plants were all well loaded.

#### **Strategy implementation well on track – profitable growth**

Sales growth during the first half-year clearly exceeded our 2020 Strategy target of 3–5%, on the back of a high demand in China and the USA as well as a stepwise recovery in several European markets. Our capacity investments in growth markets are continuing in America at GF Piping Systems and GF Automotive and in China for all three divisions. In Europe, automation is being relentlessly implemented at all factories. All these investments have a temporary impact on cash flow and costs as seen at GF Automotive in the first half-year but will strongly contribute to our future profitable growth.

Our stepwise shift to higher value businesses leads to margin increases at all three divisions as particularly evidenced most notably at GF Piping Systems and GF Machining Solutions in this first half of year. The strong focus on customer driven innovation continues to be a key corporate initiative and a top management priority which will generate additional value in the next few years.

#### **Outlook**

GF is well positioned to keep its profitable growth momentum. GF Piping Systems benefits from a sustained demand in most of its relevant markets. GF Automotive has a strong order book and GF Machining Solutions started into the second half-year with a substantially increased order backlog. Assuming that economic conditions do not deteriorate, we expect for the full year a sales growth over target as well as a clear increase in profits, implying return levels well in line with the published strategic ranges of 8–9% for the ROS and 18–22% for the ROIC.

The Mid-Year Report 2017 as well as the presentation for the telephone conference regarding the Mid-Year results will be available on our website [www.georgfischer.com/midyear2017](http://www.georgfischer.com/midyear2017) on 19 July 2017 at 07:00 a.m.

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**Corporate Profile**

GF comprises three divisions: GF Piping Systems, GF Automotive, and GF Machining Solutions. Founded in 1802, the Corporation is headquartered in Switzerland and is present in 33 countries with 131 companies, 51 of them production facilities. Its approximately 14'800 employees generated sales of CHF 3'744 million in 2016. GF is the preferred partner of its customers for the safe transport of liquids and gases, lightweight casting components in vehicles, and high-precision manufacturing technologies.

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