

FOCUSED ON MAXIMIZING FUTURE OPPORTUNITIES



Ingo Steinkrüger, Chief Executive Officer.

Dear shareholders, customers, employees and business partners,

In 2023, we were faced with a particularly challenging market environment. However, although we experienced a slowdown, we successfully defended our market position, acquired new customers, and generated good profitability.

The year was something rather volatile. The first months of 2023 started strongly, mainly driven by several larger orders in the US, followed by weak demand, especially in Europe, as customers reduced their inventories before placing new orders with us. In the second half of the year, the impact of destocking eased significantly, but the general economic downturn became more pronounced. However, we were able to increase sales due to the nature of the seasonality of the project business. The completion of the US projects won in the first half of the year contributed in particular to this.

Our close focus on cost fitness and our highly flexible production sites enable us to respond quickly to changing situations; and our solutions ensure that we are perfectly aligned with market requirements. In addition, due to our strong market position, we were able to maintain attractive price points for our products.

So, despite challenging market conditions, Interroll achieved good profitability in 2023, is financially very stable and independent and is well prepared for future

growth. As we look ahead to 2024 and beyond, all our market drivers are in place, and we are ready to meet demand as it returns.

Good profitability

For the full year 2023, sales decreased to CHF 556.3 million (-16.3% year-on-year, -11.7% in local currencies).

Earnings before interest, taxes, depreciation and amortization (EBITDA) decreased to CHF 106.3 million (previous year: CHF 129.3 million). EBITDA margin decreased to 19.1% (previous year: 19.5%). Earnings before interest and taxes (EBIT) amounted to CHF 83.9 million. EBIT margin decreased to 15.1% (previous year: 15.8%).

The result decreased to CHF 66.3 million (previous year: CHF 82.8 million). The result margin was 11.9% (previous year: 12.5%).



Paul Zumbühl, Chairman.

Solid balance sheet and cash flow development

Total assets amounted to CHF 544.0 million as of December 31, 2023, which was virtually unchanged from December 31, 2022, at CHF 545.9 million. Shareholder equity increased to CHF 410.8 million; the equity ratio was 75.5% (end of 2022: 72.2%). Net financial assets increased by 88.1% to CHF 133.2 million (previous year: CHF 70.8 million).

Operating cash flow increased by 58.5% to CHF 113.2 million (previous year: CHF 71.4 million).

Gross investment amounted to CHF 25.1 million (previous year: CHF 32.5 million). This includes ongoing renewal investment in our production facilities, extensions to our SAP system and lease capitalization under IFRS 16. Due to delays, some investment that had been planned for 2023 will not take place until 2024 or 2025. As a result of the higher operating cash flow and lower gross capital expenditures, free cash flow in the reporting year reached CHF 91.1 million (previous year: CHF 49.2 million).

A dividend of CHF 32.00 per share will be proposed to the Annual General Meeting on May 3, 2024 (previous year: CHF 32.00 per share).

Long-term thinking as one of our values

In October, we announced a new management team structure and the introduction of a Chief Technology Officer and a Chief Operations Officer position; both roles are currently under recruitment. The position of EVP Global Sales & Solutions was renamed Chief Sales Officer and now carries more responsibility in line with our long-term strategy. These changes are designed to enable us to further increase our focus on customers, innovation, product development, and production. The changes are also a key component of our growth ambitions.

Innovation with customer benefit

During the year, Interroll also continued to invest in the future by launching the new High Performance Conveyor Platform (HPP). Designed to be a modular solution, HPP meets the demanding requirements of Courier, Express, Parcel (CEP) service providers. HPP combines proven technologies with innovations that enable the safe transport of goods with a throughput of more than 10,000 units an hour.

Partnering with two leading Autonomous Mobile robotics companies, we launched our (AMR) Top Module based on our Light Good Conveyor Platform (LCP), highlighting how Interroll is successfully introducing its proven solutions into new industries such as robotics with applications in a wide variety of segments including logistics. The AMR Top Module offers a seamless interface and guarantees smooth material flow. End users benefit from a proven solution, with high quality, fast delivery, and a simple integration process.

Customer Focus

Launched in 2015, our Rolling On Interroll (ROI) program continued to expand in 2023. The global ROI network and community now includes more than 130 companies in 48 countries, predominantly small and medium-sized system integrators and OEM leaders in their niches. All of them are long-standing Interroll customers.

The program is intended to bring together trusted partners with the aim of creating long-term relationships that will lead to significantly better results for all stakeholders by building value in the global material handling industry.

We hosted three dedicated ROI community events in Europe, Asia and North America in 2023, during which we welcomed ROI partners from around the globe to exchange ideas on market trends, new technologies and business models and, ultimately, their current and future needs in terms of process automation in our fast-changing world. We also facilitated the participation of the ROI Advisory Board at our global management summit in June to bring the “voice of the customer” directly into group management.

Sustainability

Throughout 2023, we continued to implement routines and controls in each of our material sustainability topic across the Group. The newly established Sustainability Committee of the Board of Directors will regularly review the progress of our ESG agenda, identify challenges in good time, and monitor developments.

Our manufacturing sites made significant progress in the annual EcoVadis assessments conducted in 2023 compared to the previous year. A remarkable collaborative effort at these sites resulted in three platinum, ten gold, four silver and one bronze medals. In particular, the Interroll sites in Switzerland, Brazil and Australia were awarded EcoVadis Platinum medals for 2023, recognizing their outstanding performance in all four assessment criteria. This achievement places these sites in the top one percent of companies in our industry assessed by EcoVadis worldwide.

In our 2023 sustainability report, we describe our sustainability strategy, management approaches for our identified material topics and disclose our performance in terms of our targets and objectives. The sustainability report fulfills again the requirements of the GRI Standards 2021 from the Global Reporting Initiative as well as the disclosure and reporting obligations related to non-financial matters according to Art. 964 of the Swiss Code of Obligations.

“We were able to successfully defend our market share and acquire new customers in 2023.”

“The Autonomous Mobile Robot Top Module based on the Light Goods Conveyor Platform(LCP) creates a seamless interface and guarantees smooth material flows.”

Digitalization

Digitalization has become a key topic for virtually all businesses. In 2023, Interroll increased its ambition to strengthen its digitalization capabilities by setting up an international and interdisciplinary team fostering digital transformation in the context of maintaining consistent customer experience focus.

Firstly, emphasis is placed on the clarity of the enterprise data architecture and data governance and a sustainable foundation will be laid for the future. In addition, work began on consolidating a large number of decentralized projects to evaluate suitability based on best-practice and to monitor for potential global rollout.

In 2022, we started our global transformation from SAP ECC 6.0 to SAP S/4HANA, which is enabling us to make major improvements in terms of efficiency.

In parallel to this, we are also working on the harmonization and standardization of data. With this major global project, we are also promoting global exchange and collaboration under the umbrella of “ONE Interroll” and thereby improving our service to customers. In February 2024, SAP S/4HANA was successfully simultaneously implemented at all Interroll sites already using SAP ECC 6.0.

Outlook

We believe that the downturn has bottomed out. We are unable to foresee precisely when the market will rebound, but we are seeing positive signs in the industry. Furthermore, we anticipate a general improvement in market conditions as interest rate rises give way to anticipated cuts later this year as inflationary pressures ease in many of our markets. We see that the demand for automation in material flows will increase further due to labor shortages. These factors will encourage overall economic activity and thereby demand for our solutions.

We have the right product and solution portfolio in place, and with the management changes we announced last October, our long-term strategy is even more focused on our customers. As we look ahead, we remain committed to combining our proven technologies and innovative expertise with our firm customer-first mindset.

We are ideally positioned to maximize future growth in terms of product portfolio, breathing facilities, pricing power, international presence and technical expertise. All these strengths are in place and ready to help extend our advantage as demand returns in our markets.

Sant’Antonino, March 15, 2024



Paul Zumbühl
Chairman of the Board
of Directors



Ingo Steinkrüger
Chief Executive Officer