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Ad hoc disclosure: *Half-Year Report 2018*

## Interroll raises organic growth to higher level

Sant'Antonino, Switzerland, August 3, 2018. In the first half of the 2018, conveyor system specialist Interroll recorded strong organic growth in sales revenue of around 18.4% and a disproportionately strong increase in EBIT of 23.2%. All regions and product groups recorded gains over the same period of the previous year.

- Record order intake of CHF 324.6 million (+32.8%)
- Strong rise in orders placed across all regions, of which Asia-Pacific: +68.4%
- Net sales revenues climbed to a record level of CHF 240.7 million (+18.4%)
- Two product groups enjoyed particularly strong growth: Conveyors & Sorters (+39.7%) and Drives (+17.7%)
- EBIT was CHF 25.3 million (+23.2%), while net profit was CHF 18.6 million (+21.5%)
- Capital expenditure increased markedly by CHF 5.9 million or 60.8% to CHF 15.6 million
- Cash flow from operations rose by 77.1% to CHF 31.2 million, while free cash flow rose to CHF 18.0 million
- Positive outlook for the second half of the year thanks to significant project orders

In the first half of the financial year, Interroll achieved a record order intake of CHF 324.6 million (previous year: CHF 244.5 million) and recorded purely organic growth of 32.8%, or 27.4% in foreign currencies. All regions recorded an increase in orders, although Asia-Pacific displayed particularly strong growth of 68.4%. Net sales revenues climbed to CHF 240.7 million (previous year: CHF 203.3 million), which is also a record, and enjoyed purely organic growth of 18.4%, or 13.4% in foreign currencies. Particularly strong growth was recorded by both the Conveyors & Sorters (+39.7%) and Drives (+17.7%) product groups. The order intake to net sales ratio reached 1.35 (previous year: 1.20).

### Strong product business, great potential through demand for projects

The consolidated sales revenue of CHF 54.7 million was 2.2% above the record of CHF 53.5 million set in the previous year in the **Rollers product group**. On a consolidated basis, the number of incoming orders increased by 1.0% to CHF 55.7 million (previous year: CHF 55.1 million). The increase in orders in the Rollers segment in Thailand (+20.9% over the previous year) was particularly encouraging. Interroll is currently constructing its third local Center of Excellence in the Asia-Pacific region; it is scheduled for completion in early 2019.

The **Drives product group** recorded an increase in sales revenues of 17.7% to CHF 84.4 million in the first half of the year (previous year: CHF 71.7 million). The order intake increased by 16.3% to CHF 87.8 million (previous year: CHF 75.5 million). The Asia-Pacific region also recorded an encouraging increase of 30.0% over the previous year in the field of drum motors. In the RollerDrive segment, China recorded a 62.5% increase in the number of incoming orders.

At the end of the first half of 2018, Interroll recorded an 11.9% increase in consolidated sales revenue to CHF 30.2 million in the **Pallet & Carton Flow product group** (previous year: CHF 27.0 million). The consolidated order intake also rose by an impressive 19.1% to CHF 34.1 million (previous year: CHF 28.6 million). The Americas region reported strong gains of 28.4%, while demand from Europe, the Middle East and Africa (EMEA) recovered significantly with a 56.7% increase in the first half of 2018.

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The **Conveyors & Sorters product group** recorded consolidated sales revenue of CHF 71.4 million, which represents a 39.7% increase over the previous year (CHF 51.1 million). The order intake grew by an impressive 72.5% to CHF 147.0 million, compared with CHF 85.2 million in the previous year. It was possible to conclude important follow-up orders in the first half of 2018; these included outfitting distribution centers at a leading parcel delivery firm in the US, as well as implementation of a record number of conveyor modules with an entire length of 12 km and eight Spiral Lifts at a distribution center for an e-commerce provider in South Korea.

## **Sustainable growth in all regions**

After the first six months of 2018, Interroll generated 61% of total sales revenues in the EMEA region, 26% in Americas and 13% in Asia-Pacific. Interroll achieved growth in incoming orders and net sales revenues across all regions.

In the **EMEA region**, the strong organic growth of recent years continued into the first half of 2018. Sales revenues were CHF 146.1 million and were therefore 17.1% higher than in the same period of the previous year (CHF 124.8 million). Incoming orders rose by 34.6 % over the previous year and reached CHF 182.8 million. This development was driven by buoyant demand for rollers, drives and conveyor systems, above all in Central, Eastern and Southern Europe.

Sales revenues in the **Americas region** were CHF 63.9 million and therefore 13.3% higher than in the same period of the previous year (CHF 56.4 million). The reason for this positive development is ongoing strong demand in the fields of courier express parcel (CEP), food and beverage as well as distribution centers. In the US, Interroll further expanded its capacities at the Hiram location near Atlanta, Georgia, during the reporting period. The number of incoming orders is providing significant impetus for continued success in the region, having risen by 14.5 % to CHF 87.3 million. Interroll received follow-up orders from a leading logistics and packaging provider in the US with a value in the low tens of millions CHF.

Interroll's sales revenue in the first half of 2018 recorded strong growth in the **Asia-Pacific region** of 39.1%, reaching CHF 28.7 million at the end of the first six months of this year. (CHF 22.1 million in the same period of previous year). However, the CHF 32.5 million in orders received in the first half of last year rose by a significant 68.4% to a new record level of CHF 54.7 million in total. Receiving a large order for Modular Conveyor Platforms (MCPs) and Spiral Lifts in the low tens of millions CHF made a significant contribution to this. The order came from a South Korean e-commerce company.

## **Results reflecting disproportionate growth**

Despite higher research and development expenditure, Interroll increased its earnings before interest, taxes, depreciation, and amortization (EBITDA) in the first six months of the year by 19.8% to CHF 35.5 million. (previous year: CHF 29.6 million). The EBITDA margin was 14.8% (previous year: 14.6 %). Earnings before interest and taxes (EBIT) rose by 23.2% to CHF 25.3 million (previous year: CHF 20.5 million). The EBIT margin was 10.5% (previous year: 10.1 %). Net profit increased by 21.5% to CHF 18.6 million (previous year: CHF 15.3 million). The net profit margin was 7.7% (previous year: 7.5 %).

## **Markedly higher capital expenditure**

Gross investment was CHF 15.6 million and thereby increased significantly by CHF 5.9 million or 60.8% over the previous half-year period (CHF 9.7 million). In particular, the Hiram location in the US was expanded and work has begun on a new location in Phan Tong (Bangkok area) in Thailand.

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## Solid balance sheet, strong cash flow development

The balance sheet total rose to CHF 397.7 million as at June 30, 2018 and was therefore 11.9% above the 2017 year-end figure (CHF 355.3 million). Equity capital is CHF 260.1 million, while the equity ratio is 65.4% (December 2017: 73.6%).

The intensive project activity in the Group was expressed in high inventory levels and customer advance payments on the balance sheet at the half-year point.

Operative cash flow increased by 77.1% to CHF 31.2 million (previous year: CHF 17.6 million).

In light of the markedly higher cash flow, and despite the greater capital expenditure, free cash flow more than doubled to CHF 18.0 million (previous year: CHF 8.2 million).

## Positive outlook

Thanks to sound development in Q1 2018 and the record number of orders received with significant project orders on the books as of June 30, 18, Interroll is moving into the second half of 2018 with a sense of positivity and optimism.

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 [CEP], airports, food and beverage, as well as distribution and warehouse).

## Key performance indicators (KPIs) for Q1 2018 (in CHF millions)

Financial KPIs	H1/2018	H1/2017	H1/2016	H1/2015	H1/2014
<b>Income statement</b>					
Incoming orders	324.6	244.5	216.1	206.3	172.9
Net sales revenues	240.7	203.3	187.1	171.3	157.1
EBITDA	35.5	29.6	30.9	26.5	18.2
EBITDA margin	14.8%	14.6%	16.5%	15.5 %	11.6 %
EBIT	25.3	20.5	22.0	17.5	8.8
EBIT margin	10.5%	10.1%	11.7%	10.2 %	5.6 %
<b>Cash flow</b>					
Operative cash flow	31.2	17.6	14.2	11.6	5.0
Free cash flow	18.0	8.2	8.3	-0.6	0.03
<b>Balance sheet</b>					
	<b>30.06.2018</b>	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
Total assets	397.7	355.4	324.8	293.0	278.2
Equity capital	260.1	261.7	233.1	207.6	200.3
Equity ratio	65.4%	73.6%	71.8%	70.9 %	72.0 %

You can call up the half-year report for 2018, as well as more detailed information in the Investor Relations section of our website at [www.interroll.com](http://www.interroll.com).

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A webcast in English with explanations of the half-year report for 2018 is scheduled for

**August 3, 2018 at 9:00 am (CEST).**

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Caption: In the first half of 2018, Interroll Holding AG in Sant'Antonino, Switzerland, recorded strong organic growth in sales revenue of 18.4% and a disproportionately strong increase in operating result (EBIT) of 23.2%.

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## 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 & Carton Flow (flow storage systems). Interroll solutions are in operation in express and postal services, e-commerce, airports, the food and beverage industry, fashion, and 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 32 companies with turnover of around CHF 450.7 million and 2,100 employees (2017).