



Ad hoc disclosure: Annual Report 2017

## Another record year for Interroll

- Record order intake of CHF 458.1 million (+13.0 percent)
- Net sales climb to a record level of CHF 450.7 million (+12.3 percent)
- All regions surpass the previous year with regard to order intake and net sales
- Despite higher research and development expenditure, EBITDA grows by +1.0 percent to CHF 66.3 million
- Net profits increase by +7.8 percent to the new high of CHF 39.1 million
- The operative cash flow climbs by a significant 25.5 percent to CHF 46.2 million
- New dividend increase proposed: 16.50 per share (previous year: 16.00 per share)
- A good order backlog allows for a positive outlook on the 2018 financial year

**Sant'Antonino, Switzerland, March 23, 2018. The conveyor technology expert Interroll successfully continued its growth strategy in 2017 with particularly strong order intake, net sales, net profit and cash flow. This great annual result allows Interroll to again increase the payout in the form of a dividend. Thanks to the good backlog of orders, the group was able to start the new financial year of 2018 positively in all regions and with all product groups.**

In the 2017 financial year, Interroll achieved a record order intake of CHF 458.1 million (previous year: CHF 405.2 million) and grew by +13.0 percent (+12.0 percent in foreign currencies). All regions recorded increases in orders, and this growth is especially strong in the Americas region with +20.4 percent. With CHF 450.7 million (previous year: CHF 401.5 million), net sales also climbed to a record level and grew by +12.3 percent (organically: 12.0 percent), and by +11.3 percent in foreign currencies. Especially strong growth was achieved in the product groups **Drives** with +18.6 percent and **Conveyors and Sorters** with +18.0 percent. The order intake to net sales ratio reached 1.02 (previous year: 1.01).

### Increasing product business, promising project orders

In the 2017 financial year, Interroll manufactured record volumes of conveyor rollers and the RollerDrive. The excellent development of the **Rollers** product group is reflected in the sales and order intake for 2017. The consolidated sales of CHF 105.8 million (2016: CHF 93.5 million) and the order intake of CHF 105.6 million (2016: CHF 89.8 million) were again significantly above record levels of the previous year by 13.2 percent and 17.7 percent respectively.

In total, the sales for the **Drives** product group amounted to CHF 146.7 million and were therefore higher than the previous year by 18.6 percent (CHF 123.6 million). The consolidated order intake rose by 16.6 percent to CHF 149.6 million, compared to CHF 128.3 million in the previous year. Due to the large demand for the RollerDrive (a 24 VDC brushless motor integrated in a conveyor roller), Interroll increased capacities at its Wermelskirchen site and had invested a total of €8 million by the end of 2017.



Regarding the **Pallet & Carton Flow** product group, Interroll was able to settle multiple projects in South Africa in the reporting year. However, the large-scale project that was invoiced in the previous year in the area of mineral water was not compensated. With regard to sales, a drop in consolidated sales of -12.4 percent to CHF 55.6 million was recorded (previous year: CHF 63.5 million). The consolidated order intake fell by -16.7 percent to CHF 50.9 million (previous year: CHF 61.1 million).

In the 2017 financial year, the **Conveyors and Sorters** product group achieved consolidated sales of CHF 142.6 million and therefore exceeded the previous year (CHF 120.9 million) by 18.0 percent. In the 2017 financial year, Interroll achieved new order volumes by equipping distribution centers for a leading parcel delivery company in North America. In Europe, too, the company recorded numerous orders in the area of postal services and logistics, as well as in the food and beverage industry. The order intake grew by +20.6 percent to CHF 152.0 million, compared to CHF 126.0 million in the previous year.

## Regions are reflecting globalization

In the **EMEA region**, the growth of recent years continued into the 2017 financial year. At CHF 268.3 million, the order intake for 2017 was +9.9 percent higher than the previous year (CHF 244.0 million). The sales were CHF 266.5 million, 8.6 percent higher than in the previous year (CHF 245.4 million). The driving force behind this development was a high demand for drum motors and sorters. Central Europe, Eastern Europe and Northern Europe saw further increases on their previous year's results.

The sales in the **America region** were CHF 119.8 million, +20.0 percent higher than in the previous year (CHF 99.9 million). The lion's share of this development was made up of the North American market, with the USA at the top of this. This is where Interroll was able to see further significant growth. The reason for this positive development is the continuing strong demand in the area of distribution centers. In the USA, Interroll also further strengthened its sales presence during the reporting period by establishing a new sales company in the greater Atlanta area.

Interroll's sales in the **Asia-Pacific region** grew by +14.7 percent in the 2017 financial year. In total, Interroll achieved revenue of CHF 64.4 million there. (previous year: 56.1 million). The order intake grew by +12.6 percent to CHF 62.3 million (previous year: 55.3 million). The demand for Interroll technology in this region showed a particularly positive development in the **Roller** as well as in the **Drives** product groups. As in previous years, China continued to develop as the most important market for Interroll in the region, which is extremely gratifying. Strong growth impulses also came from Thailand, where Interroll will significantly expand its capacities from the 2018 financial year by building a new subsidiary.

## Innovation

In the reporting year, Interroll introduced an innovative, modular-design drum motor platform that is suitable for modern conveyor belt systems and comprises both synchronous and asynchronous drive solutions. With the Pallet Control PC 6000, Interroll expanded its decentralized control and drive concept, which has been successfully offered with the Interroll 24V DC RollerDrive and the Interroll MultiControl for zero-pressure

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unit load handling. Interroll's new Carton Wheel Flow optimized beds allow for simple installation within a significantly shortened assembly time.

## **Net profits are also reaching a new high**

Despite high research and development costs, Interroll's earnings before interest, taxes, depreciation, and amortization (EBITDA) grew by 1.0 percent to CHF 66.3 million in the 2017 financial year (previous year: CHF 65.7 million). The EBITDA margin was 14.7 percent (previous year: 16.4%).

The earnings before interest and tax (EBIT) fell by -1.0 percent to CHF 47.4 million (previous year: CHF 47.9 million). The EBIT margin was 10.5 percent (previous year: 11.9 percent). The net profit grew favourably by +7.8 percent to CHF 39.1 million thanks to tax effects (previous year: CHF 36.2 million). The net profit margin was 8.7 percent (previous year: 9.0 percent).

## **Good development of the balance sheet**

The balance sheet for the Interroll Group developed very solidly and, by the end of the period on December 31, 2017, showed a balance sheet total of CHF 355.3 million (previous year: CHF 324.8 million). In particular, the fixed assets along with the finished goods held in stock and work already started all increased. However, Interroll was also able to collect more advance payments. This development illustrates the intensive project activity in the group during the reporting period.

The company is debt-free and has net financial assets of CHF 37.1 million at its disposal. The equity capital grew by +12.3 percent to CHF 261.7 million. (December 31, 2016: CHF 233.1 million). The equity ratio reached 73.6 percent, compared to 71.8 percent at the end of 2016.

## **Operative and free cash flow grow significantly**

When compared with the previous year (CHF 36.8 million), the operative cash flow grew by a significant 25.5 percent to CHF 46.2 million. The gross investment of CHF 25.4 million grew significantly when compared to the previous year (CHF 19.5 million). As a result of strong growth, the capacities at the Interroll sites in the USA as well as in Germany, in particular, were further expanded.

In light of the higher operative cash flow, the free cash flow also improved significantly to CHF 20.1 million (previous year: CHF 18.0 million).

## **Strong share price performance for Interroll's shares and another increased proposed dividend**

Interroll's shares further increased their performance when compared to the previous year and, on December 31, 2017, were 30 percent higher than the 2016 year-end price. The great annual result for 2017 prompted the board of directors to increase the payout again and to propose a dividend of CHF 16.50 per share to the general meeting (previous year: CHF 16.00).

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## Outlook

Thanks to the record order intake in 2017, the group started the new business year of 2018 positively in all regions and with all product groups. In the core markets, there has been no downward trend on the horizon so far. On the procurement side, Interroll must keep an eye on how the commodity prices develop.

The strong financial position allows the group—in the 2018 financial year, as in 2017—to spend around CHF 5 million on additional costs for research and development in order to establish and expand promising industrial applications and trends. In the long term, the group will therefore create innovative new products, customer solutions and service offerings, which support the further growth of innovative Interroll in the digital age and can sustainably strengthen the group's global positioning.

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## Financial calendar 2018

04.05. Annual General Meeting  
03.08. Publication of Half-Year Report for 2018 and web conference (in English)

## 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 (2016).

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## Development of the key figures 2013-2017

In CHF million unless otherwise stated	2017	2016	2015	2014	2013
<b>Order intake/net sales</b>					
<b>Total order intake</b>	<b>458.1</b>	<b>405.2</b>	<b>385.1</b>	<b>350.7</b>	<b>318.8</b>
Drives	146.7	123.6	110.3	114.9	109.4
Rollers	105.8	93.5	93.4	81.2	75.4
Conveyors and Sorters	142.6	120.9	107.2	79.8	71.2
Pallet and Carton Flow	55.6	63.5	49.8	59.4	60.3
<b>Total net sales</b>	<b>450.7</b>	<b>401.5</b>	<b>360.7</b>	<b>335.3</b>	<b>316.3</b>
<b>Profitability</b>					
EBITDA	66.3	65.7	58.2	44.1	45.4
in % of net sales	14.7	16.4	16.1	13.2	14.3
EBITA	54.1	54.7	47.6	33.2	34.0
in % of net sales	12.0	13.6	13.2	9.9	10.7
EBIT	47.4	47.9	39.8	25.4	27.2
in % of net sales	10.5	11.9	11.0	7.6	8.6
<b>Net profit</b>	<b>39.1</b>	<b>36.2</b>	<b>29.3</b>	<b>19.1</b>	<b>20.5</b>
in % of net sales	8.7	9.0	8.1	5.7	6.5
<b>Cash flow</b>					
<b>Operating cash flow</b>	<b>46.2</b>	<b>36.8</b>	<b>40.2</b>	<b>27.8</b>	<b>44.5</b>
in % of net sales	10.3	9.2	11.1	8.3	14.1
<b>Free cash flow</b>	<b>20.1</b>	<b>18.0</b>	<b>17.3</b>	<b>12.0</b>	<b>5.0</b>
in % of net sales	4.5	4.5	4.8	3.6	1.6
<b>Total investment</b>	<b>25.4</b>	<b>19.5</b>	<b>24.3</b>	<b>16.8</b>	<b>39.8</b>
<b>Balance sheet (on Dec. 31)</b>					
Total assets	355.3	324.8	293.0	278.2	258.2
Goodwill	17.6	17.3	16.7	17.6	16.0
Net financial assets	37.1	38.0	31.3	23.9	20.2
<b>Equity capital</b>	<b>261.7</b>	<b>233.1</b>	<b>207.6</b>	<b>200.3</b>	<b>187.2</b>
Equity ratio (equity capital as a % of the assets)	73.6	71.8	70.9	72.0	72.5
Equity return (in %)	15.8	16.4	14.4	9.9	11.9
<b>Other key figures</b>					
RONA (Return on Net Assets, in %)	16.5	17.1	15.3	9.8	12.2
Average workforce	2 067	1 892	1 820	1 675	1 488
Net sales per employee (in CHF thousand)	218	212	198	200	213
Productivity (value added/personnel costs)	2.02	2.11	2.04	1.86	1.95