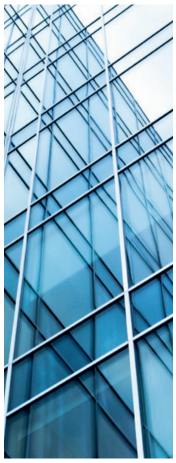
conzzeta

Half-Year Report 2017



Conzzeta at a glance

Conzzeta is a broadly diversified Swiss group of companies. It stands for innovation, reliability and a long-term perspective. Conzzeta strives for leading positions in its target markets, above-average growth and long-term value creation. Over 4 200 employees at more than 60 locations worldwide are dedicated to offering customers innovative solutions in Sheet Metal Processing, Sporting Goods, Foam Materials, Graphic Coatings and Glass Processing. Conzzeta AG is listed on the SIX Swiss Exchange (SIX:CON).

Bystronic
Solutions for the processing of sheet metal and other sheet materials

Sheet Metal Processing

Mammut Sports Group
Clothing and equipment for mountaineering, climbing and winter sports

Sporting Goods

FoamPartner
Foam products for industry and comfort applications

Schmid Rhyner
Print varnishes for the graphical industry

Chemical Specialties

Bystronic glass
Systems for the processing of flat glass

Glass Processing

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Higher profit – good order intake sustained

In the first half of 2017, the Conzzeta Group generated net revenue of CHF 625.9 million, up 19.3 % year on year, with order intake remaining strong. The operating result increased by 46.5 % to CHF 38.3 million, with an EBIT margin of 5.8 % (previous year: 4.8 %). The Group result amounted to CHF 30.0 million, a rise of 44.0 % on the previous year's level.

Net revenue on a comparable basis, i. e. at stable foreign exchange rates and considering changes in the scope of consolidation, was 11.1 % higher than in the subdued first semester of 2016. A disproportionately high contribution came from the strong performance in the Sheet Metal Processing segment and growth by the Group as a whole in Asia of 22.4 %. Including the 51 % stake acquired in DNE Laser, Shenzhen (China), in July 2016, sales growth in Asia amounted to 67.7 %. Net revenue in Europe grew by 10.6 %, while weakening in the Americas by 1.5 %.

The EBIT margin improved significantly on higher revenue, thanks in particular to a favorable change in the mix of innovative products and despite set-up costs in connection with the ongoing strategy projects and a notable rise in the price of starting materials for our chemical specialties. Group profit before minorities included a better financial result and higher tax expense.

In light of the results achieved for the first six months of the year, we are on course to meet the targets set for 2017 and beyond. For the Sporting Goods segment, 2017 is a year of transition in context of the strategy program initiated in 2016 and set to run over five years. To ensure growth and profitability in all business units in a competitive environment with persistent price pressure, it needs continued efforts to innovate and to optimize. A new Business Excellence corporate function was created during the reporting period, with the goal of optimizing operational and commercial processes on a sustainable basis. Additionally, an appointment was made to fill the new position of Head Strategy & M&A, while a Group-wide Talent Development Program was carried out for the first time and completed.

Conzzeta's acquisition of Otto Bock Kunststoff, announced on July 21, marked a further important step in the internationalization of the FoamPartner business unit, opening up fresh growth potential.

Segments

The **Sheet Metal Processing** segment **(Bystronic)** generated net revenue of CHF 366.3 million (previous year: CHF 256.8 million). On a comparable basis, i. e. with stable exchange rates and not including the acquisitions of DNE Laser and FMG in the course of 2016, net revenue increased by 24.8 %. The operating result was CHF 39.9 million (CHF 17.7 million), with an EBIT margin of 10.1 % (6.5 %). Net revenue increased in all regions, with substantial two-digit growth rates in Asia and Europe. The order intake continued to grow equally with two-digit growth rates on a broad geographical basis. The order book further increased from the above-average level at the end of 2016. The business benefitted on the one hand from the generally positive state of the market. On the other hand, demand was particularly high for Bystronic's newly launched laser cutting systems with higher performance ratings and for integrated automation solutions as well as for the entry-level products of DNE Laser. The integration of FMG and DNE Laser was completed in the first half of 2017, whereby the latter it will continue to operate under its own brand and with its own separate sales and service organization.

The **Sporting Goods** segment **(Mammut)** generated net revenue of CHF 95.1 million (previous year CHF 101.4 million). The operating result came in at CHF –9.9 million (CHF –4.5 million), with an EBIT margin of –10.4 % (–4.5 %). A lower result in the seasonally anyway weaker first half of the year has been planned in context of the ongoing strategy program with the further increased cost base for the development of the mission critical competencies in the areas of internationalization, digitalization, retail and design. The continuously challenging competetive environment in the proportionally significant European core markets of Switzerland, Germany and Austria (DACH-region) equally contributed to the lower result. In addition, to sharpen the focus of Mammut's aspiration to be a premium player in the area of alpine sports and outdoor pursuits, liquidation sales were reduced in the first half of 2017 by CHF 3.3 million. The strategy program has now been launched across the entire breadth of the business. Among the aims are improving the floor space productivity of the important wholesale customers and strengthening Mammut's own retail know-how to respond to rapidly changing consumer behavior and strong competitive pressure. In achieving these goals, process improvement and digitalization will be of paramount importance.

The **Chemical Specialties** segment **(FoamPartner and Schmid Rhyner)** generated net revenue of CHF 114.5 million (previous year: CHF 111.0 million). The operating result was CHF 9.9 million (CHF 12.5 million), with an EBIT margin of 8.5 % (11.3 %). As expected, due to the continued rise in raw-material prices, it was not possible to sustain the high EBIT margin recorded in the first half of 2016. For some materials, parts of the industry experienced supply shortages with new peak prices. The response to higher costs was price adjustments, which will take full effect over time. While net revenue increased in Asia and Europe as well as in the Mobility, Specialties and Print Varnishes market segments, a sideways trend was apparent in the Americas and in the Living & Care market segment. At the beginning of 2017, following last year's review of its business strategy, FoamPartner rolled out a new organizational structure, devolving responsibility for results to the regions with the aim of strengthening market orientation. After completion of the recently announced acquisition, the new organization will be instrumental for the integration and the significant expansion of the business in all three regions Europe, Asia and the Americas.

The **Glass Processing** segment **(Bystronic glass)** generated net revenue of CHF 49.9 million (previous year: CHF 55.2 million). The operating result was CHF 1.8 million (CHF 2.1 million), with an EBIT margin of 3.4 % (3.6 %). A stronger business trend in Europe and Asia was not sufficient to compensate for the decrease in net revenue in the Americas, which was significantly lower than the strong result recorded the previous year. The order intake overall was higher year on year and the order book was above the level recorded at the end of 2016. In the reporting period, reduction of the cost base, particularly at the German production site, led to unavoidable personnel cuts. In addition, process optimization measures were implemented with the aim of increasing efficiency in production as well as shortening lead times. The development and implementation of these measures involving a large part of the workforce at the location requires the commitment of considerable capacity during 2017.

Trends and outlook

The 2017 business year so far has matched our assessment at the start of the year, although the state of the market in the Sheet Metal Processing segment has shown a gratifyingly robust trend beyond our expectations. The order intake for capital goods across the Group further increased at a high level thanks to market-oriented innovations and provides a good foundation for a successful second half in the Sheet Metal Processing and Glass Processing segments.

In the Sporting Goods segment, 2017 is a year of transition with a continued focus on implementing our strategy program, whereby any resulting relevant revenue contribution is not anticipated before the second half of 2018. Nevertheless, in the second half of this year we will start the 2017 / 18 winter season well prepared on the product front.

In the Chemical Specialties segment, FoamPartner is due to complete the recently announced acquisition during the second half of 2017. The first-time consolidation of the new business will impact the annual result accordingly, with further integration and expansion activities planned from 2018 onward.

In the Glass Processing segment, there is the prospect of a better second-half contribution to revenue and income compared with the first half thanks to ongoing customer projects and to the reduced cost base.

Provided the business environment for capital goods remains robust, we expect growth for 2017 above the previous year as well as a disproportionate increase of the operating result with an improved EBIT margin of around 7.5 %.

Conzzeta and all the business units are concentrating on steady onward development of the innovative product and service portfolio to ensure added value for all stakeholder groups and sustainable growth. The realization of our plans places great demands on all employees, to whom we express our thanks and recognition for their efforts and commitment in the first half of the year.

Ernst Bärtschi
Chairman of the Board of Directors

Michael Willome
Group CEO

Balance sheet

	June 30, 2017	December 31, 2016	June 30, 2016
	CHF m	CHF m	CHF m
Assets			
Cash and cash equivalents	451.4	469.8	509.0
Securities	50.0	50.0	
Trade receivables	166.4	177.7	153.5
Prepayments to suppliers	15.6	13.7	6.2
Other receivables	27.4	19.9	20.2
Prepaid expenses and accrued income	13.3	6.6	10.7
Inventories	278.6	239.5	249.8
Current assets	**1 002.7**	**977.2**	**949.4**
Property, plant and equipment	195.6	199.4	200.9
Financial assets	69.7	70.4	68.4
Intangible assets	8.4	8.4	8.6
Fixed assets	**273.7**	**278.2**	**277.9**
Total assets	**1 276.4**	**1 255.4**	**1 227.3**
Liabilities and shareholders' equity			
Trade payables	84.4	90.5	75.9
Advance payments from customers	65.9	50.5	44.9
Short-term financial liabilities	0.1	0.8	1.6
Other short-term liabilities	24.8	24.4	19.2
Accrued expenses and deferred income	82.8	75.9	67.2
Short-term provisions	28.7	27.2	19.9
Short-term liabilities	**286.7**	**269.3**	**228.7**
Long-term financial liabilities	3.1	3.3	5.9
Other long-term liabilities	0.6	0.7	0.7
Pension fund liabilities	1.4	1.0	0.9
Long-term provisions	40.1	39.6	35.7
Long-term liabilities	**45.2**	**44.6**	**43.2**
Share capital	4.1	4.1	4.1
Capital reserves	97.9	98.3	97.6
Treasury shares	–2.5	–1.1	–0.1
Retained earnings	834.6	833.3	853.8
Shareholders' equity excluding minority interests	**934.1**	**934.6**	**955.4**
Minority interests	10.4	6.9	
Shareholders' equity including minority interests	**944.5**	**941.5**	**955.4**
Total liabilities and shareholders' equity	**1 276.4**	**1 255.4**	**1 227.3**

Income statement

January – June	2017		2016	
	CHF m	%	CHF m	%
Net revenue	**625.9**		**524.6**	
Changes in inventory and own work capitalized	35.1		20.3	
Total revenue	**661.0**	**100.0**	**544.9**	**100.0**
Cost of materials	– 326.9		– 258.6	
Personnel expenses	– 161.3		– 148.2	
Other operating expenses	– 121.6		– 98.9	
Depreciation on property, plant and equipment and financial assets	– 11.3		– 11.1	
Depreciation on intangible assets	– 1.6		– 1.9	
Operating result	**38.3**	**5.8 %**	**26.2**	**4.8 %**
Financial result	2.1		1.7	
Result before taxes	**40.4**	**6.1 %**	**27.9**	**5.1 %**
Taxes	– 10.4		– 7.0	
Group result	**30.0**	**4.5 %**	**20.9**	**3.8 %**
Attributable to Conzzeta AG shareholders	26.1			
Attributable to minority interests	3.9			
Earnings per registered share A, in CHF	12.63		10.08	
Earnings per registered share B, in CHF	2.53		2.02	
Diluted earnings per registered share A, in CHF	12.63		10.08	
Diluted earnings per registered share B, in CHF	2.53		2.02	

Statement of changes in shareholders' equity

	Share capital	Agio / capital reserves	Treasury shares	Retained earnings			Total excl. minority interests	Minority interests	Total incl. minority interests
				Currency translation effects	Other retained earnings	Value fluctuation financial instruments			
	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m
Shareholders' equity									
At 12/31/2015	4.1	98.2	−1.2	−99.6	957.5	0.9	959.9	–	959.9
Group result 2016					20.9		20.9		20.9
Dividend payment					−20.7		−20.7		−20.7
Changes resulting from hedging transactions						−0.6	−0.6		−0.6
Recognition of goodwill with equity					−2.6		−2.6		−2.6
Purchase of treasury shares			−0.7				−0.7		−0.7
Share-based payments									
Contribution for 2015		−1.4	1.8				0.4		0.4
Allocation for 2016		0.8					0.8		0.8
Currency translation effects				−2.0			−2.0		−2.0
At 06/30/2016	**4.1**	**97.6**	**−0.1**	**−101.6**	**955.1**	**0.3**	**955.4**	**–**	**955.4**
At 12/31/2016	4.1	98.3	−1.1	−100.1	933.3	0.1	934.6	6.9	941.5
Group result 2017					26.1		26.1	3.9	30.0
Dividend payment					−22.8		−22.8		−22.8
Changes resulting from hedging transactions						0.1	0.1		0.1
Purchase of treasury shares			−2.9				−2.9		−2.9
Share-based payments									
Contribution for 2016		−1.1	1.5				0.4		0.4
Allocation for 2017		0.7					0.7		0.7
Currency translation effects				−2.1			−2.1	−0.4	−2.5
At 06/30/2017	**4.1**	**97.9**	**−2.5**	**−102.2**	**936.6**	**0.2**	**934.1**	**10.4**	**944.5**

Cash flow statement

January – June	2017	2016
	CHF m	CHF m
Group result	30.0	20.9
Depreciation	12.6	12.8
Impairments	0.3	0.3
Gain on disposal of fixed assets	– 1.5	– 0.3
Change in provisions and pension fund liabilities	1.7	– 7.1
Other non-cash items	0.8	– 3.6
Cash flow from operating activities before change in working capital	**43.9**	**23.0**
Change in inventories	– 42.9	– 23.1
Change in trade receivables	9.6	– 5.1
Change in prepayments to suppliers	– 2.2	– 0.3
Change in other receivables, prepaid expenses and accrued income	– 14.5	– 3.0
Change in trade payables	– 5.6	1.8
Change in advance payments from customers	16.2	12.6
Change in other liabilities, accrued expenses and deferred income	7.8	9.7
Cash flow from operating activities	**12.3**	**15.6**
Investment in property, plant and equipment	– 8.2	– 7.5
Divestment of property, plant and equipment	0.7	0.3
Investment in financial assets and securities	– 0.2	– 0.6
Divestment of financial assets and securities	6.7	133.3
Investment in intangible assets	– 1.4	– 1.6
Acquisition of business activities		– 13.4
Cash flow from investing activities	**– 2.4**	**110.5**
Cash flow from operating and investing activities (free cash flow)	**9.9**	**126.1**
Purchase of treasury shares	– 2.9	– 0.7
Dividends	– 22.8	– 20.7
Change in short-term financial liabilities	– 0.7	– 5.8
Change in long-term financial liabilities	– 0.2	– 0.6
Cash flow from financing activities	**– 26.6**	**– 27.8**
Effect of currency translation on cash and cash equivalents	– 1.7	– 0.1
Change in cash and cash equivalents	**– 18.4**	**98.2**
Cash and cash equivalents at 01 / 01	469.8	410.8
Cash and cash equivalents at 06 / 30	451.4	509.0

Principles of consolidated accounting

The unaudited interim consolidated financial statements at June 30, 2017, conform to the existing guidelines of Swiss GAAP FER in general and Swiss GAAP FER 31 (Complementary Recommendation for Listed Companies) in particular.

This interim report should be read in conjunction with the annual report 2016. The group consolidation, accounting and valuation principles set out in the annual report 2016 have been applied consistently in preparing the interim report.

Notes to the consolidated financial statements

1 Segment information

January – June	2017	2017	2016	2016
	CHF m	%	CHF m	%
Net revenues by segment				
Sheet Metal Processing	366.3	58.5	256.8	49.0
Sporting Goods	95.1	15.2	101.4	19.3
Chemical Specialties	114.5	18.3	111.0	21.2
Glass Processing	49.9	8.0	55.2	10.5
Net revenues as per segment reporting	**625.8**		**524.4**	
Other	0.1		0.2	
Net revenues as per income statement	**625.9**	**100.0**	**524.6**	**100.0**

January – June	2017	2017	2016	2016
	CHF m	%	CHF m	%
Total revenues by segment				
Sheet Metal Processing	396.3	60.0	273.1	50.1
Sporting Goods	95.1	14.4	101.7	18.7
Chemical Specialties	116.4	17.6	111.3	20.4
Glass Processing	53.1	8.0	58.6	10.8
Total revenues as per segment reporting	**660.9**		**544.7**	
Other	0.1		0.2	
Total revenues as per income statement	**661.0**	**100.0**	**544.9**	**100.0**

January – June	2017	2017	2016	2016
	CHF m	in % TR	CHF m	in % TR
Operating result by segment				
Sheet Metal Processing	39.9	10.1	17.7	6.5
Sporting Goods	– 9.9	– 10.4	– 4.5	– 4.5
Chemical Specialties	9.9	8.5	12.5	11.3
Glass Processing	1.8	3.4	2.1	3.6
Operating result as per segment reporting	**41.7**		**27.8**	
Other	– 3.4		– 1.6	
Operating result as per income statement	**38.3**	**5.8**	**26.2**	**4.8**

	June 30, 2017	June 30, 2017	December 31, 2016	December 31, 2016
	CHF m	%	CHF m	%
Net operating assets (NOA) by segment				
Sheet Metal Processing	179.4	42.7	159.0	39.6
Sporting Goods	106.7	25.4	108.1	26.9
Chemical Specialties	114.3	27.2	112.7	28.1
Glass Processing	20.7	4.9	19.3	4.8
NOA as per segment reporting	**421.1**		**399.1**	
Other	– 0.7		2.5	
NOA as per balance sheet	**420.4**	**100.0**	**401.6**	**100.0**

Net operating assets (NOA) include the operating current and fixed assets (not including cash, cash equivalents and securities, non-operating financial assets and deferred tax assets) less operating liabilities (not including financial liabilities and deferred tax liabilities).

2 Changes in the scope of consolidation

In the reporting period there were no changes in the scope of consolidation.

The Bystronic business unit made two acquisitions in the second half of 2016. The business unit took over a 51 % equity holding in DNE Laser in Shenzhen (China) on July 14, 2016, and acquired 100 % of the shares in FMG in Sulgen (Switzerland) on November 11, 2016. The acquisitions contributed CHF 52.8 million to revenues in the first half of 2017. The influence of these transactions is shown as acquisition effects. Figures on a comparable basis take account of currency translation and acquisition effects.

3 Seasonality

As a result of the higher level of activities with winter collections in the second half of the year, it is possible that the Sporting Goods segment can generate higher revenues with higher margins than in the first half. This has an impact, on a pro-rata basis, on Group revenue and operating profit. The other segments are not subject to any regular seasonal influences. However, more pronounced fluctuations in raw material prices and exchange rates, as well as cyclical shifts in demand, can have an impact.

4 Balance sheet

Total assets rose slightly in comparison with the end of 2016 by CHF 21.0 million to CHF 1 276.4 million.

Cash, cash equivalents and securities

Liquid assets decreased by CHF 18.4 million or 3.9 % in the reporting period. Operating free cash flow (cash flow from operating activities less investments / divestments in fixed assets, financial investments and intangible assets) came in at CHF 9.9 million. Purchase of treasury shares resulted in an outflow of CHF 2.9 million, and CHF 22.8 million was paid out to shareholders as dividends.

Inventories

Inventories were CHF 278.6 million, 16.3 % higher than the total at the end of 2016. The rise is due to the high order books in the Sheet Metal Processing and Glass Processing segments.

Property, plant and equipment

Property, plant and equipment was CHF 195.6 million, slightly lower than at the end of 2016, which can be attributed to a moderate level of investment activity. Major investments were made in the Sheet Metal Processing segment for replacement investments in machinery and in the Chemical Specialties segment for the expansion of production installations.

Shareholders' equity

Equity remained largely stable, increasing compared with the end of 2016 by CHF 3.0 million to CHF 944.5 million. This increase is attributable to the positive Group result of CHF 30.0 million. On the other side, there were dividend payments totaling CHF 22.8 million, the purchase of treasury shares in the amount of CHF 2.9 million, and negative currency effects from the translation of equity of foreign subsidiaries, which amounted to CHF 2.5 million. The equity ratio fell by 1 percentage point to 74.0 %, so the Group continues to have a solid financial base.

5 Income statement

Net revenue

Net revenue amounted to CHF 625.9 million, 19.3 % up on the subdued performance of the previous year. After adjustment for acquisition effects of 10.1 % and the negative currency effect of 1.9 %, the Conzzeta Group generated growth of 11.1 % on a comparable basis. The Sheet Metal Processing segment recorded a strong business performance in the first half of 2017, with growth of 24.8 % on a comparable basis. Net revenue increased in all regions, with substantial two-digit growth rates in Asia and Europe. The order intake continued to grow on a broad geographical basis, with two-digit growth rates in all regions. It was possible to achieve a further improvement in the above-average order book at the end of 2016. Business benefitted from the generally good state of the market. On the other hand, the newly launched cutting systems with higher performance ratings and integrated automation solutions were in particularly high demand. The Sporting Goods segment reported a weaker first half of 2017. Net revenue, adjusted for currency effects, was 5.9 % down on the previous year owing to the challenging competitive environment in the proportionally significant German-speaking countries of Europe as well as the targeted elimination of liquidation sales. Growth in the Chemical Specialties segment was 4.2 % on a comparable basis. While net revenue increased in Asia and Europe as well as in the Mobility, Specialties and Overprint Varnishes market segments, a sideways trend was apparent in the Americas and in the Living & Care market segment. In the Glass Processing segment, it was not possible to maintain the revenue level achieved the previous year. Higher net revenue in Europe and Asia was not sufficient to compensate for the significant decrease in net revenue in the Americas compared with the strong previous year. The resulting fall in revenue amounted to 7.5 % on a comparable basis.

Changes in inventory and own work capitalized

Changes in inventory and own work capitalized amounted to CHF 35.1 million, CHF 14.8 million higher year on year because of the increased order book and planned delivery of machinery and systems in the second half of 2017.

Cost of materials

The cost of materials was CHF 326.9 million, 26.4 % up on the previous year. The ratio of material costs to total revenue (materials ratio) was 49.4 %. The materials ratio is influenced mainly by the change in inventories of semi-finished products, work in progress and finished products. Adjusted for this effect it was 1.2 percentage points above the previous year. The increase is attributable on the one hand to a shift in the product mix in the Sheet Metal Processing segment from the service and spare parts business to the more material-intensive machinery business, and on the other hand to a steep rise in raw material prices in the Chemical Specialties segment.

Personnel expenses

Personnel expenses were CHF 161.3 million, a year-on-year increase of 8.9 %. Included are an acquisition effect of 4.4 % and a currency effect of negative 1.0 %. On a comparable basis the increase was 5.5 %. The increase is above all related to growth in the Sheet Metal Processing and Chemical Specialties segments as well as set-up costs in connection with the strategy project in the Sporting Goods segment.

Other operating expenses

Other operating expenses were CHF 121.6 million, a year-on-year increase of 23.0 %. Included are an acquisition effect of 6.8 % and a currency effect of negative 1.2 %. On a comparable basis the increase was 17.4 %. The ratio of other operating expenses to total revenue increased year on year by 0.2 percentage points to 18.4 %. The increase relates to expenditure for business development as well as realization of growth initiatives and strategic projects.

Operating result

The operating result (EBIT) amounted to CHF 38.3 million, 46.5 % up on the previous year. Included are currency effects of negative 1.8 % and an acquisition effect of 41.7 %. Adjusted for these effects, EBIT increased by CHF 1.7 million, equivalent or 6.6 %, while the EBIT margin was 5.8 % (previous year: 4.8 %). Thanks to the strong revenue growth and the favorable shift in the product mix, the Sheet Metal Processing segment was able to record a significant year-on-year improvement in performance on a comparable basis. Whereas the operating result in the Chemical Specialties segment was adversely affected by a marked rise in raw material prices, the Sporting Goods and Glass Processing segments returned lower operating results, due in particular to a volume-related fall in revenue. In addition, the segment result in Sporting Goods, which is weaker in any case in the first half of the year for seasonal reasons, was affected by the higher cost base in line with strategy.

Financial result

The financial result of CHF 2.1 million includes financial income of CHF 2.8 million and financial expenses of CHF 0.7 million. Compared with the previous year, the financial result showed a CHF 0.4 million increase. This is principally attributable to a realized gain on the sale of financial assets and a higher book profit on investments of the employer contribution reserves.

Income taxes and Group result

The effective tax rate of 24.7 % was 0.7 percentage points higher than expected. The difference is attributable to non-recognizable losses carried forward, adjustment of assessments from previous years and non-deductible tax expenses. Group profit was CHF 30.0 million, 44.0 % higher year on year, while the group result available for shareholders of Conzzeta AG was CHF 26.1 million, a rise of 25.3 %. This results in a profit per registered share A of CHF 12.63 (CHF 10.08) and per registered share B of CHF 2.53 (CHF 2.02).

6 Cash flow statement

Cash flow from operating activities and investments (free cash flow) amounted to CHF 9.9 million (previous year: CHF 126.1 million) in the reporting period. The marked change over the previous year is essentially due to reclassification between cash and cash equivalents and securities, as well as to acquisitions in the first half of 2016. The higher volume of revenues and high order book resulted in an increase in net working capital in the first semester of 2017 and had a negative impact on free cash flow amounting to CHF 31.6 million. The moderate level of investment activity resulted in investments in property, plant and equipment and intangible assets of CHF 9.6 million (CHF 9.1 million) in the reporting period. No acquisitions or investments in securities were made in the first half of 2017.

7 Events after the balance sheet date

The consolidated financial statements were approved for publication by the Board of Directors on August 10, 2017.

As announced on July 21, 2017, the FoamPartner business unit will take over Otto Bock Kunststoff in Duderstadt (Germany) in the second half of 2017, subject to regulatory approval. In addition to the acquisition of Otto Bock Kunststoff, the deal includes the takeover of all the shares in the joint venture the two companies have run on a 50-50 basis in China since 2005. The business generated net revenue of around EUR 130 million in 2016 and the number of employees was about 430 worldwide at the end of 2016.

On August 11, 2017, Conzzeta announced the sale of its 51 % stake in the joint venture Woodbridge FoamPartner Company in Chattanooga TN (USA) to its joint venture partner. The deal will be closed retroactively on July 1, 2017. The business generated net revenue of some CHF 20 million in 2016 and had around 20 employees at the end of 2016.

8 Currency translation rates

			Half-year-end exchange rates 2017	Half-year-end exchange rates 2016	Half-year average rates 2017	Half-year average rates 2016
			CHF	CHF	CHF	CHF
Euro area	1	EUR	1.09	1.09	1.07	1.10
USA	1	USD	0.96	0.98	1.00	0.99
Great Britain	1	GBP	1.24	1.31	1.26	1.43
Sweden	100	SEK	11.34	11.53	11.22	11.84
China	100	CNY	14.12	14.73	14.51	15.14
South Korea	100	KRW	0.08	0.09	0.09	0.08
Japan	100	JPY	0.86	0.95	0.89	0.87

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