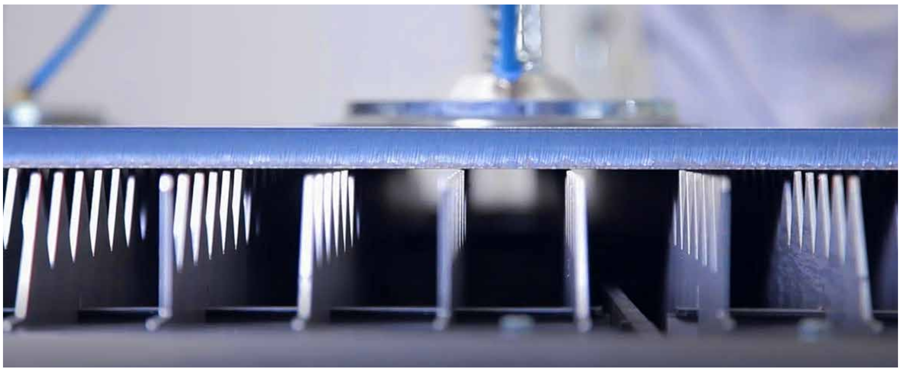
conzzeta



HALF-YEAR REPORT 2019

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Key figures – Group

CHF m	H1 2019	H1 2018	Change
Group			
Net revenue	770.1	853.3	–9.7%
on a comparable basis [1]			–5.6%
Total revenue	787.7	875.8	–10.1%
Operating result (EBIT)	90.5	66.3	36.6%
adjusted [2]	59.9	66.3	–9.6%
as a % of total revenue [2]	7.6%	7.6%	0 bp
Group result	78.2	51.1	53.0%
as a % of total revenue	9.9%	5.8%	410 bp
Minority interests	6.4	7.8	–17.9%
Operating free cash flow	–10.0	39.4	-
Cash, cash equivalents and securities	389.9	364.1	7.1%
Total assets	1’345.9	1’314.2	2.4%
Shareholders’ equity	958.6	883.2	8.5%
as a % of total assets	71.2%	67.2%	400 bp
Net operating assets (NOA)	542.9	501.3	8.3%
Return on net operating assets (RONOA) [2]	17.3%	20.6%	–320 bp
Number of employees	5’014	5’056	–0.8%
Earnings per class A share, in CHF	34.76	20.94	66.0%

[1] At constant exchange rates and adjusted for change in the scope of consolidation.

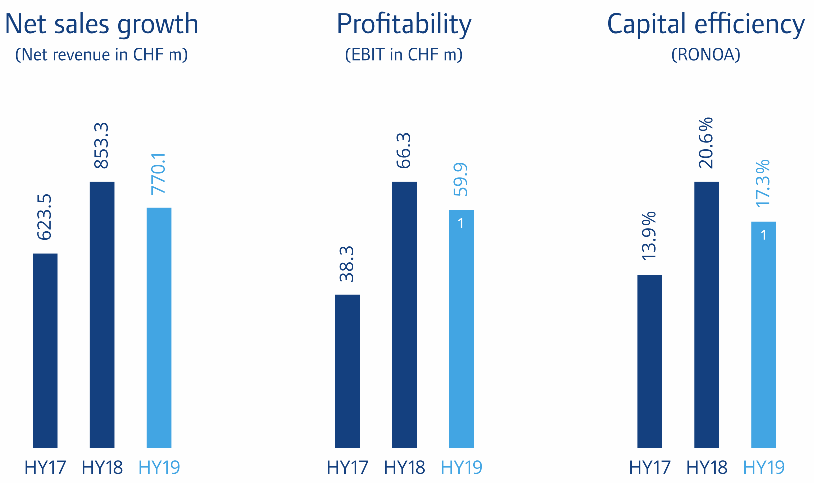
[2] H1 2019 excluding capital gain of CHF 30.6 million from the divestment of the Glass Processing segment as per April 1, 2019.

Key figures – Segments

CHF m	H1 2019	H1 2018	Change
Sheet Metal Processing			
Order intake	450.6	514.7	–12.4%
Net revenue	448.6	477.3	–6.0%
on a comparable basis [1]			–6.2%
Total revenue	461.9	500.1	–7.6%
Operating result (EBIT)	57.8	62.6	–7.8%
as a % of total revenue	12.5%	12.5%	0 bp
Chemical Specialties			
Net revenue	181.4	202.8	–10.5%
on a comparable basis [1]			–9.3%
Total revenue	180.2	201.4	–10.5%
Operating result (EBIT)	8.6	9.2	–6.4%
as a % of total revenue	4.8%	4.6%	20 bp
Outdoor			
Net revenue	117.9	111.1	6.2%
on a comparable basis [1]			6.9%
Total revenue	117.9	111.1	6.2%
Operating result (EBIT)	–5.3	–6.4	–17.7%
as a % of total revenue	–4.5%	–5.8%	130 bp
Discontinued operations (Glass Processing)			
Net revenue	22.4	62.4	-
on a comparable basis [1]			–10.8%
Total revenue	27.8	63.5	-
Operating result (EBIT)	31.8	2.9	-
as a % of total revenue	114.2%	4.6%	-

[1] At constant exchange rates and adjusted for change in the scope of consolidation.

Performance indicators



Financial targets
(mid-term)

Net sales growth
Over 5% growth in net sales

Profitability
EBIT margin from 8% to 10%

Capital efficiency
Over 15% return on net operating assets (RONOA)

[1] Excluding divestment gain of CHF 30.6 million

EDITORIAL

Slowdown as expected – accelerated further development

The half-year results show progress. With the divestment of the Glass Processing segment, Conzzeta has reduced the complexity of its business portfolio. We intend to accelerate the development of the potential of the remaining segments.

With the divestment of the Glass Processing segment in the first half of 2019, Conzzeta succeeded in reducing the complexity of its business portfolio by structurally improving its margin profile. In the remaining segments, we are continuing to work systematically on our ambitious growth targets and on broadly supporting profitability across the segments. Net revenue for the first half of 2019, adjusted for changes in the scope of consolidation and exchange rate effects, was 5.6% down on the previous year, while the operating result (EBIT) on this basis declined by 4.3%.

Slowdown as expected

The slowdown in business development in the first half-year was not unexpected: on the one hand, the benchmark was high due to the strong performance in the previous year, in which growth on a comparable basis was nearly 20% – with the acquisitions even exceeding 35%. In addition, the business environment slowed as expected due to geopolitical and macroeconomic uncertainties. Our half-year results equally demonstrate the benefits of innovative customer solutions, an expanded market presence, the Group-wide Business Excellence Program and active cost management. In all our businesses, we will continue to focus on our claim to leading market positions.

In the Sheet Metal Processing segment, it remains to be seen how the weaker order intake at mid-year will develop in the second half of the year. The segment will not be able to completely escape the potential further cooldown in the investment climate. However, we have done our homework: for example, numerous future-oriented products and end-to-end solutions were presented at the biennial Competence Days in June, which should make it possible to expand market shares and strengthen the service business even in a weaker environment.

Foundations laid

In the Chemical Specialties segment, the FoamPartner business unit was able to compensate well for the adverse effects of the market-related decline in revenue in the automotive business thanks to significantly lower raw material costs and internal improvements in earnings. At the Duderstadt location in Germany, construction work has begun on a new foam converting center, which will form the basis for an expanded and much more efficient production infrastructure in Europe.

In the Outdoor segment, finally, the half-year results show further encouraging progress with the implementation of the five-year strategic plan, launched in 2016. In the meantime, the streamlining and fundamental renewal of the collection and the development of digital competencies are well advanced. The main objective now is to increase revenue in the defined growth markets, thereby boosting the margin. Here, too, the foundations have been laid.

More decentralized management and special dividend

In the future, we intend to accelerate the development of the potential of our three segments, taking all options into account. For this purpose and due to their diversity, dedicated teams will be created for the segments, on which members of the Board of Directors and the Group CEO will sit on the committees. This will enable us to further develop our differentiated management approach by shortening information paths and taking more decentralized decisions.

After the disposal-driven cash inflow from investing activities of CHF 60.0 million in the first half year, Conzzeta had cash and cash equivalents and short-term securities of CHF 389.9 million as of mid-2019 (7.1% above the previous year). The equity ratio was 71.2%. The Board of Directors proposes the repayment of excess liquidity reserves in the amount of CHF 62.1 million in the form of a special dividend of CHF 30.00 per class A registered share and CHF 6.00 per class B registered share. For this purpose, an Extraordinary General Meeting is planned for Friday, September 27, 2019.

Trends and outlook

Conzzeta's outlook continues to be shaped to a significant extent by the above-mentioned uncertainties, especially by the development of the global trade dispute between the USA and China. In the middle of the year, the signs of a global economic slowdown intensified. For the continuing operations, we now expect net revenue for 2019 as a whole to be slightly lower than in the previous year, but still with a broader-based operating result across all segments and a slightly improved EBIT margin. Including the capital gain from the divestment, profitability is still expected to be significantly higher than in the previous year.

Ernst Bärtschi
Chairman of the Board of Directors

Michael Willome
Group CEO

Group business performance

Stable margins in a more challenging environment

The first half of 2019 was broadly in line with expectations. The slowdown in the Sheet Metal Processing and Chemical Specialties segments was partially offset by continued growth in the Outdoor segment. The adjusted EBIT margin remained stable at 7.6% of total revenue.

Conzzeta's half-year result for 2019 was strongly impacted by the divestment of the Glass Processing segment as of April 1, 2019, with a decline in revenue of 9.7% compared with the previous year and an improvement in the operating result (EBIT) of 36.6%. The disposal did eliminate the segment's revenue and earnings contribution for the second quarter, but it resulted in a capital gain of CHF 30.6 million. On a comparable basis, i.e. taking into account all changes in the scope of consolidation and at stable exchange rates, the Group achieved net revenue of 5.6% and an operating result (EBIT) of 4.3% below the previous year period. At net revenue level, the negative impact of changes in the scope of consolidation was CHF 24.4 million, while the negative impact of currency effects was CHF 11.0 million. EBIT excluding the capital gain amounted to CHF 59.9 million, and the thus adjusted EBIT margin remained stable at 7.6% of total revenue in a significantly more challenging business environment.

Regionally, business performance was uneven: the significant decline in revenue in Asia, particularly in China, and the somewhat weaker business in Europe were partially offset by progress in America. The segments' contribution to performance was varied. Sheet Metal Processing and Chemical Specialties experienced the expected deceleration largely due to market conditions, while Outdoor continued to grow despite the strong prior-year basis. Sheet Metal Processing and Outdoor achieved higher revenue in America, while the Chemical Specialties segment posted lower sales in all regions. Any comparison with the previous year must take into account the challenging basis for comparison, especially since both net revenue and order intake in the first half year of 2018 were at record levels after a pronounced spurt in growth.

Reported EBIT for the first half year amounted to CHF 90.5 million, while EBIT adjusted for the capital gain stood at CHF 59.9 million. The Sheet Metal Processing and Chemical Specialties segments posted lower results on the previous year with lower revenue, while the Outdoor segment managed to further reduce the loss in an already seasonally weaker first half of the year. Within the Chemical Specialties segment, the FoamPartner business unit was able to compensate well for the market-related decline in revenue in the automotive business thanks to significantly lower raw material costs and internal improvements in earnings. By contrast, raw material costs for the Schmid Rhyner business unit were still considerably higher than in the previous year, which, along with an unfavorable trend in the product mix, burdened the operating result compared with the strong previous-year period.

The Group result for the first half of 2019 was CHF 78.2 million, up 53.0% on the previous year. Minority interests were 17.9% lower at CHF 6.4 million. Earnings per class A registered share stood at CHF 34.76, up 66.0% on the previous year.

The cash inflow from investing activities was CHF 60.0 million, following an outflow of CHF 33.6 million in the first half of 2018. The divestment of the Glass Processing segment resulted in a cash inflow of CHF 74.7 million. The Group continued to build on its market presence and infrastructure projects in a more challenging environment. Investments in property, plant and equipment and intangible assets amounted to CHF 18.6 million. With lower client activity in the first half of the year and pre-work for the second half, free cash flow from operating activities was significantly lower at CHF –10.0 million, compared to CHF 39.4 million in the strong previous year period. As of mid-2019, Conzzeta had cash and cash equivalents and short-term securities of CHF 389.9 million (7.1% above the previous year) with an equity ratio of 71.2% (400 basis points above the previous year).

The annualized return on average net operating assets (RONOA), excluding the capital gain, amounted to 17.3% (previous year: 20.6%).

SHEET METAL PROCESSING – BYSTRONIC

Solutions for cutting, bending and automation.

The Sheet Metal Processing segment (Bystronic) generated net revenue of CHF 448.6 million (previous year: CHF 477.3 million). On a comparable basis, net revenue declined by 6.2% compared with the strong first half of 2018. A significant decline in revenue in Asia was partially compensated by buoyant business in America, while business in Europe was slightly weaker at a high level. Net revenue was lower in the “Cutting” product segment, while revenue went up in the “Bending” and “Service” segments.

The order intake stood at CHF 450.6 million, 12.4% lower than in the previous year, partly on account of the weaker state of the market, but partly also due to the record figures of the previous year, mainly in the “Cutting” product segment in the Asia and America regions. In June, around 1’200 existing and potential customers from around 50 countries took part at the Competence Days at the headquarters in Niederönz, where numerous product innovations were unveiled. These also included solutions with additional components for automation, software and service. Despite the noticeable market-related restraint, the number of projects that resulted from the biennial in-house fair was significantly higher than at the last event. The order book as of mid-year was lower than the high level as of mid-2018, but on par with the end of 2018.

The operating result stood at CHF 57.8 million, 7.8% lower than the previous year (CHF 62.6 million), while the EBIT margin was stable at 12.5%. Maintaining profitability means sustaining a high pace of innovation at all levels, including the ongoing optimization of production processes, and active cost management. In the reporting period, measures were taken to adapt capacities to the changed environment. The implementation of the investment program to construct the assembly plant and experience center in the USA as well as the renewal and modernization of a production facility in Niederönz progressed according to plan with the goal of further strengthening both market presence and production efficiency from 2020.

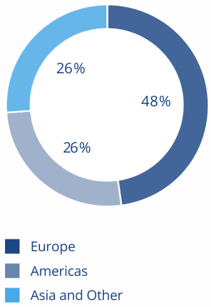
Overview Bystronic

Head: Alex Waser

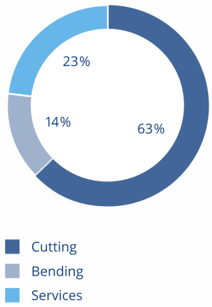
Presence: worldwide, 29 sales and service companies; 7 development and production sites in Switzerland, Germany, Italy, Romania and China.

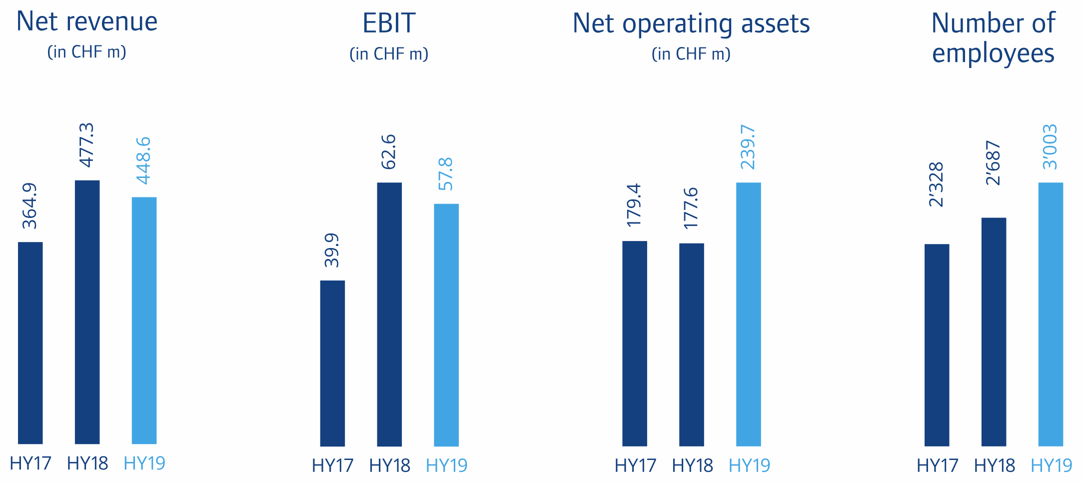
www.bystronic.com

Net revenue by region



Net revenue by product




Net revenue
(in CHF m)
364.9
477.3
448.6
HY17
HY18
HY19
EBIT
(in CHF m)
39.9
62.6
57.8
HY17
HY18
HY19
Net operating assets
(in CHF m)
179.4
177.6
239.7
HY17
HY18
HY19
Number of employees
2'328
2'687
3'003
HY17
HY18
HY19

CHEMICAL SPECIALTIES – FOAMPARTNER AND SCHMID RHYNER

Polyurethane foams and print finishing.

The Chemical Specialties segment (FoamPartner and Schmid Rhyner) generated net revenue of CHF 181.4 million (previous year: CHF 202.8 million). On a comparable basis, net revenue declined by 9.3%. Revenue in all market segments and regions was down on the previous year. Market conditions in the Asian and European automotive business were especially challenging. As expected, the realignment of the business in the USA following the sale of the joint venture there in 2017 also contributed to the decline in revenue. The operating result amounted to CHF 8.6 million (CHF 9.2 million), yielding an EBIT margin of 4.8% (4.6%). Thanks to significantly lower raw material costs compared with the previous year and internal improvements in earnings, the FoamPartner business unit was able to well compensate the adverse effects of the market-related decline in revenue in the automotive business. By contrast, raw material costs in the Schmid Rhyner business unit were still notably higher than in the previous year, which, coupled with an unfavorable trend in the product mix, weighed on the operating result compared with the strong previous-year period.

In the FoamPartner business unit, following the takeover of Otto Bock Kunststoff and the streamlining of the joint venture structures in Asia and America, multi-layered measures are being implemented to realize the medium-term margin potential. These include the optimization of business processes, modernization of management systems and the investment program to improve production infrastructure in Europe, to which end construction work has begun on a new converting center at the Duderstadt site in Germany. In "Mobility", the largest market segment, the new OBoSky® products for vehicle interiors based on patented prepolymer technology have received their first certifications from leading automobile manufacturers. The product family combines high-quality surfaces for vehicle roof lining with the lowest emission values. In close cooperation with the OEMs, work is also under way on acoustically effective and thermo-insulating solutions for electric mobility. In the "Living & Care" and "Specialties" market segments, product and growth initiatives in Asia and America are also being systematically pursued.

In the "Coatings" market segment of the Schmid Rhyner business unit, a cooperation agreement to commercialize digital varnish technology was concluded with a market-leading industrial partner. Efforts were also made to develop environmentally compatible coatings by using sustainable raw materials or as a substitute for hard-to-recycle laminates.

Overview FoamPartner

Head: Michael Riedel

Presence: worldwide sales network in 54 countries; 14 production, processing and sales locations in Europe, Asia/Pacific and America

Overview Schmid Rhyner

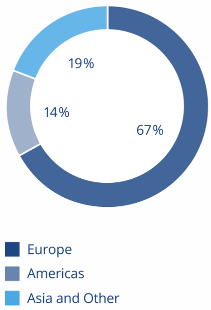
Head: Jakob Rohner

Presence: worldwide sales network in over 100 countries; 1 production site in Adliswil (Switzerland); 2 subsidiaries in Adliswil (Switzerland) and New Jersey (USA)

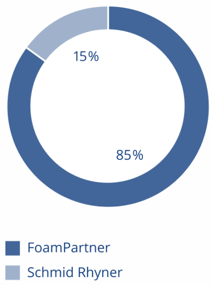
www.foampartner.com

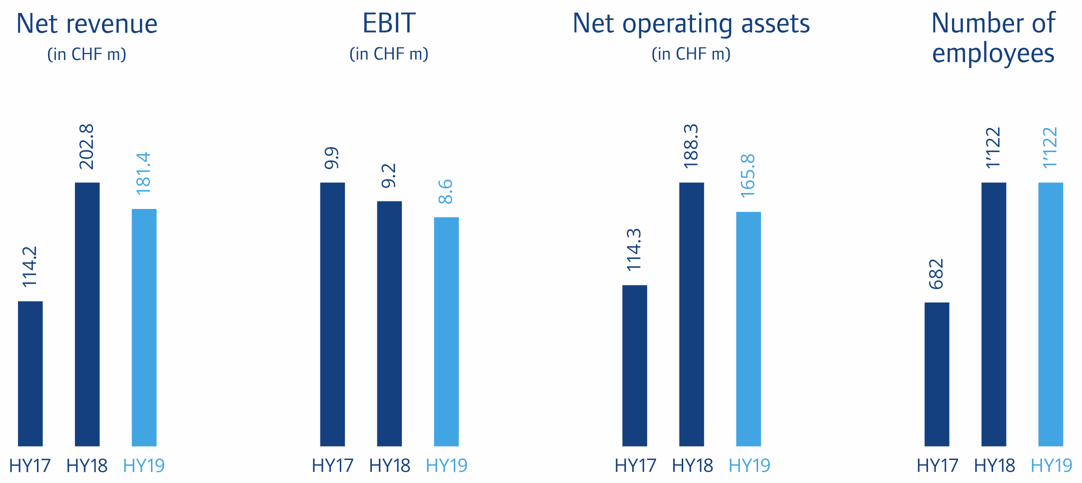
www.schmid-rhyner.com

Net revenue by region



Net revenue by business unit




Net revenue
(in CHF m)
114.2
202.8
181.4
HY17 HY18 HY19
EBIT
(in CHF m)
9.9
9.2
8.6
HY17 HY18 HY19
Net operating assets
(in CHF m)
114.3
188.3
165.8
HY17 HY18 HY19
Number of employees
682
1'122
1'122
HY17 HY18 HY19

OUTDOOR – MAMMUT SPORTS GROUP

Clothing and mountaineering equipment.

The Outdoor (Mammut) segment generated net revenue of CHF 117.9 million (previous year: CHF 111.1 million). On a comparable basis, net revenue increased by 6.9%. Revenue increased in all regions, although the basis for comparison was high thanks to successful product launches in the first half of 2018. The operating result amounted to CHF –5.3 million (previous year: CHF –6.4 million), giving an EBIT margin of –4.5% (–5.8%). The expected operating loss in the seasonally weaker first half of the year was further reduced despite higher personnel costs in connection with the five-year strategic plan launched in 2016.

The implementation of this plan continues to progress well. With the unveiling of the summer collection for 2020 at the ISPO trade fair in Munich in June, the almost complete renewal of the clothing collection is well advanced. Products equipped with NFC technology for increased customer loyalty were well received in the market. With innovative products, a consistent pricing strategy and a reduction in the number of styles, it was possible to further increase the gross margin compared with the previous year. The expertise built up in the field of digitalization will now allow the brand to be positioned much more homogeneously across all sales channels.

In addition to growth in the stationary buiness, the selective cooperation with specialist retailers was deepened, revenue in the new digital channels continued to exhibit strong growth. The online store is now available in about 20 countries, with France and Norway added in the first half-year. The network of mono-brand stores was also further optimized and streamlined, including the opening of new points of sale in Shanghai and Lucerne and the closure of six in Korea. At the end of the reporting period, orders for the coming winter season were significantly higher than in the previous year.

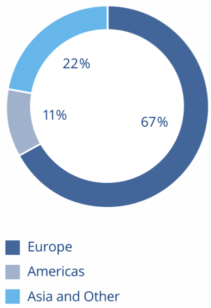
Overview Mammut Sports Group

Head: Oliver Pabst

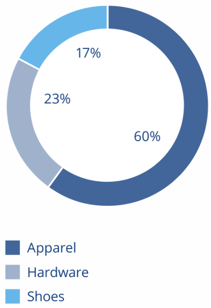
Presence: worldwide sales network in 40 countries; head office and product development in Seon (Switzerland); numerous production partners in Europe and Asia

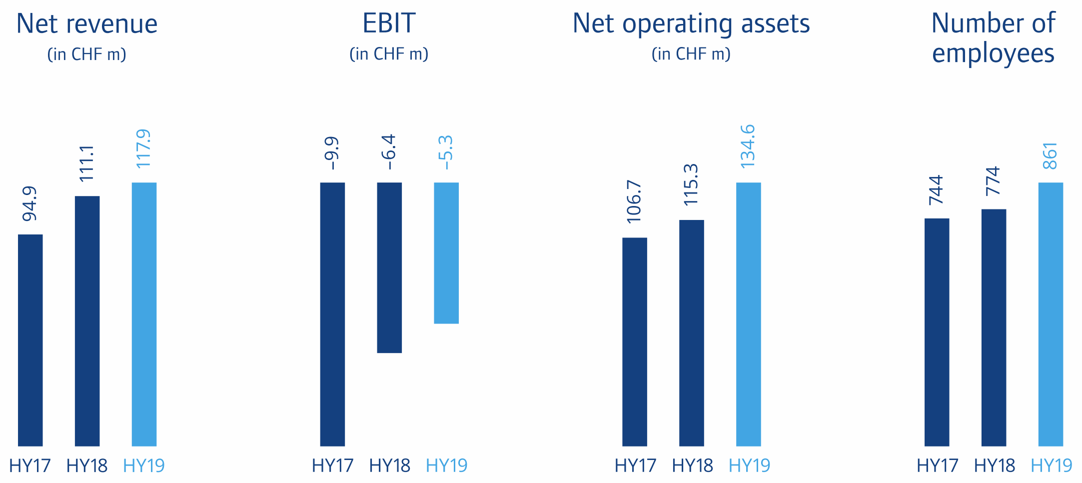
www.mammut.com

Net revenue by region



Net revenue by product




Net revenue
(in CHF m)
94.9
111.1
117.9
HY17 HY18 HY19
EBIT
(in CHF m)
–9.9
–6.4
–5.3
HY17 HY18 HY19
Net operating assets
(in CHF m)
106.7
115.3
134.6
HY17 HY18 HY19
Number of employees
744
774
861
HY17 HY18 HY19

Income statement – Group

CHF million	January – June 2019	January – June 2018
Net revenue	**770.1**	**853.3**
Changes in inventories of finished goods, work in progress and own work capitalized	17.6	22.5
Total revenue	**787.7**	**875.8**
Other operating income	36.6	4.5
Material expenses	–365.8	–444.1
Personnel expenses	–198.3	–193.9
Other operating expenses	–151.0	–159.3
Depreciation/impairments on property, plant and equipment	–15.0	–14.1
Depreciation/impairments on intangible assets	–3.6	–2.6
Operating result (EBIT)	**90.5**	**66.3**
Financial result	1.4	0.1
Result before taxes	**91.9**	**66.4**
Income taxes	–13.7	–15.3
Group result	**78.2**	**51.1**
Attributable to Conzzeta AG shareholders	71.8	43.3
Attributable to minority interests	6.4	7.8
Earnings per class A registered share, in CHF	34.76	20.94
Earnings per class B registered share, in CHF	6.95	4.19
Diluted earnings per class A registered share, in CHF	34.76	20.94
Diluted earnings per class B registered share, in CHF	6.95	4.19

Balance sheet – Group

CHF million	June 30, 2019	December 31, 2018	June 30, 2018
Cash and cash equivalents	339.9	339.6	314.1
Securities	50.0	50.0	50.0
Trade receivables	213.3	238.2	221.0
Prepayments to suppliers	5.8	6.0	23.8
Other receivables	45.4	39.0	33.7
Prepaid expenses and accrued income	15.5	13.1	11.8
Inventories	327.2	323.1	335.8
Current assets	**997.1**	**1'009.0**	**990.2**
Property, plant and equipment	257.7	268.7	242.9
Intangible assets	22.1	22.1	14.6
Financial assets	55.2	51.5	54.3
Deferred tax assets	13.8	14.9	12.2
Non-current assets	**348.8**	**357.2**	**324.0**
Assets	**1'345.9**	**1'366.2**	**1'314.2**
Trade payables	101.5	114.1	110.6
Advance payments from customers	62.6	66.2	85.9
Short-term financial liabilities	4.5	10.7	8.5
Other short-term liabilities	26.4	23.6	27.8
Accrued expenses and deferred income	104.5	127.8	108.2
Short-term provisions	30.0	37.3	37.4
Short-term liabilities	**329.6**	**379.7**	**378.4**
Long-term financial liabilities	3.6	4.5	2.6
Other long-term liabilities	0.4	0.6	0.6
Pension fund liabilities	1.9	1.9	2.7
Long-term provisions	31.8	33.8	29.6
Deferred tax liabilities	20.1	18.8	17.1
Long-term liabilities	**57.8**	**59.6**	**52.6**
Share capital	4.1	4.1	4.1
Capital reserves	98.6	99.8	98.5
Treasury shares	–2.3	–4.0	–2.2
Retained earnings	846.1	802.2	768.3
Shareholders' equity excluding minority interests	**946.6**	**902.1**	**868.7**
Minority interests	12.0	24.8	14.5
Shareholders' equity including minority interests	**958.6**	**926.9**	**883.2**
Liabilities and shareholders' equity	**1'345.9**	**1'366.2**	**1'314.2**

Statement of changes in shareholders' equity – Group

CHF million	Share capital	Agio/ capital reserves	Treasury shares	Retained earnings			Total excluding minority interests	Minority interests	Total including minority interests
				Currency translation effects	Other retained earnings	Value fluctuation financial instruments			
At 06/30/2019	**4.1**	**98.6**	**–2.3**	**–88.0**	**933.7**	**0.4**	**946.6**	**12.0**	**958.6**
Group result					71.8		71.8	6.4	78.2
Dividend payment to shareholders Conzzeta AG					–37.2		–37.2		–37.2
Dividend payment to minority shareholders								–19.5	–19.5
Change resulting from hedging transactions						–0.3	–0.3		–0.3
Purchase of treasury shares			–1.0				–1.0		–1.0
Share-based compensation									
Contribution for 2018		–2.0	2.6				0.6		0.6
Allocation for 2019		0.8					0.8		0.8
Currency translation effects				9.7			9.7	0.3	10.0
At 12/31/2018	**4.1**	**99.8**	**–4.0**	**–97.6**	**899.1**	**0.7**	**902.1**	**24.8**	**926.9**
At 06/30/2018	**4.1**	**98.5**	**–2.2**	**–91.8**	**860.4**	**–0.3**	**868.7**	**14.5**	**883.2**
Group result					43.3		43.3	7.8	51.1
Dividend payment to shareholders Conzzeta AG					–33.1		–33.1		–33.1
Dividend payment to minority shareholders								–11.5	–11.5
Change resulting from hedging transactions						–0.2	–0.2		–0.2
Offset goodwill with equity					–27.2		–27.2		–27.2
Share-based compensation									
Contribution for 2017		–1.2	1.7				0.5		0.5
Allocation for 2018		0.9					0.9		0.9
Currency translation effects				–0.3			–0.3	0.1	–0.2
At 12/31/2017	**4.1**	**98.8**	**–3.9**	**–91.5**	**877.4**	**–0.1**	**884.8**	**18.1**	**902.9**

Cash flow statement – Group

CHF million	January – June 2019	January – June 2018
Group result	78.2	51.1
Depreciation on property, plant and equipment and amortization of intangible assets	18.6	16.6
Impairments		0.1
Gain on disposal of fixed assets and investments	–32.1	–0.3
Change in provisions and pension fund liabilities	–2.4	–1.9
Other non-cash items	–5.9	1.9
Cash flow from operating activities before change in working capital	**56.4**	**67.5**
Change in inventories	–41.8	–40.4
Change in trade receivables	1.9	18.6
Change in prepayments to suppliers	–2.0	–5.3
Change in other receivables, prepaid expenses and accrued income	–10.2	2.9
Change in trade payables	0.2	–2.5
Change in advance payments from customers	9.7	9.4
Change in other liabilities, accrued expenses and deferred income	–9.7	–4.6
Cash flow from operating activities	**4.5**	**45.6**
Investment in property, plant and equipment	–14.6	–14.3
Divestment of property, plant and equipment	0.7	0.2
Investment in intangible assets	–4.0	–1.8
Investment in financial assets and securities		–0.6
Divestment of financial assets and securities	3.4	10.3
Acquisition of business activities	–0.2	–27.4
Sale of business activities	74.7	
Cash flow from investing activities	**60.0**	**–33.6**
Cash flow from operating and investing activities	**64.5**	**12.0**
Purchase of treasury shares	–1.0	
Dividends paid to shareholders Conzzeta AG	–37.2	–33.1
Dividends paid to minority shareholders	–19.5	–11.5
Change in short-term financial liabilities	–6.1	–1.3
Change in long-term financial liabilities	–0.8	–0.2
Change in other long-term liabilities	–0.1	
Cash flow from financing activities	**–64.7**	**–46.1**
Effect of currency translation on cash and cash equivalents	0.5	–0.9
Change in cash and cash equivalents	**0.4**	**–35.0**
Cash and cash equivalents at 1/1	339.6	349.1
Cash and cash equivalents at 06/30	339.9	314.1

Notes to the interim consolidated financial statements

1 Principles of consolidated accounting

Accounting

The unaudited interim consolidated financial statements as of June 30, 2019, conform to the existing guidelines of Swiss GAAP FER in general and Swiss GAAP FER 31 "Supplementary recommendation for listed companies" in particular.

The interim consolidated financial statements should be read in conjunction with the consolidated financial statements as of December 31, 2018, because they do not include all the information contained in the consolidated financial statements.

The interim consolidated financial statements relate to the period from January 1, 2019, to June 30, 2019, and were approved for publication by the Board of Directors on August 8, 2019.

Consolidation

The interim consolidated financial statements include Conzzeta AG and the companies directly or indirectly controlled by Conzzeta AG, through investments with more than 50% of the votes, directly or indirectly, or by another means, and uniformly managed. These investments are fully consolidated. The share of the minority shareholders in the net assets and Group result is disclosed separately. Intragroup receivables and payables as well as expenses and income are offset against each other, and intragroup profits have been eliminated. The assets and liabilities of companies included in consolidation for the first time are measured at fair value. Goodwill arising from this revaluation is offset against equity. First-time consolidations are included from the date on which control is acquired; deconsolidations from the date on which control is relinquished. Investments in associates (at least 20%, but less than 50% of the voting rights) are accounted for under the equity method. Securities held as fixed assets are valued at acquisition cost, less any necessary value adjustments.

Significant estimates made by management

In preparing the interim consolidated financial statements, certain assumptions must be made which affect the accounting basis to be used and the amounts reported as assets, liabilities, income and expenses and the presentation of these amounts. Management did not make any material assumptions or estimates in the interim consolidated financial statements that were new compared to those made in the consolidated financial statements as of December 31, 2018.

2 Segment information

CHF million	Net revenue		Total revenue		Operating result (EBIT)	
January – June	2019	2018	2019	2018	2019	2018
Sheet Metal Processing	448.6	477.3	461.9	500.1	57.8	62.6
Chemical Specialties	181.4	202.8	180.2	201.4	8.6	9.2
Outdoor	117.9	111.1	117.9	111.1	–5.3	–6.4
Discontinued operations (Glass Processing)	22.4	62.4	27.8	63.5	31.8	2.9
Total as per segment reporting	**770.3**	**853.6**	**787.9**	**876.1**	**92.9**	**68.3**
Other	–0.2	–0.3	–0.2	–0.3	–2.3	–2.0
Total as per income statement	**770.1**	**853.3**	**787.7**	**875.8**	**90.5**	**66.3**

CHF million	NOA		Employees	
June 30,	2019	2018	2019	2018
Sheet Metal Processing	239.7	177.6	3’003	2’687
Chemical Specialties	165.8	188.3	1’122	1’122
Outdoor	134.6	115.3	861	774
Discontinued operations (Glass Processing)		22.7		445
Total as per balance sheet	**540.1**	**503.9**	**4’986**	**5’028**
Other	2.8	–2.6	28	28
Total as per balance sheet	**542.9**	**501.3**	**5’014**	**5’056**

Discontinued operations

The Glass Processing segment, which was sold with effect as of April 1, 2019, is shown under discontinued operations in the segment reporting. Its net revenue, total revenue and operating result for 2019 comprise a 3-month period, whereas the comparison period comprises a 6-month period.

Definition of net operating assets

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).

3 Changes in the scope of consolidation

Conzzeta sold the Glass Processing segment to the Finnish company Glaston Corporation effective as of April 1, 2019.

The Business Unit Schmid Rhyner acquired a 100% stake in ISAtec GmbH, Wohlenschwil, Switzerland, effective March 23, 2018, and the Business Unit Bystronic took over 100% of TTM Laser S.p.A. Cazzago San Martino, Italy, effective April 12, 2018.

The sale of the segment Glass Processing in 2019 and the acquisitions of the two companies in 2018 resulted in a negative impact of CHF 24.4 million on net revenue for the first half of 2019. In the first half of 2018, the acquired companies contributed a total of CHF 4.5 million to net revenue.

3.1 Sale of the Glass Processing segment

The transaction gave rise to a tax-free gain from disposal of CHF 30.6 million, which is reported under “Other operating income”.

CHF million	April 1, 2019
Current assets	57.2
Non-current assets	9.3
Assets	**66.4**
Short-term liabilities	51.1
Long-term liabilities	1.0
Liabilities	**52.0**
Net assets divested	**14.4**
Consideration	63.5
Net assets divested	–14.4
Transaction costs	–3.8
Recycling of currency translation adjustments	–14.7
Gain on disposal	**30.6**
Consideration	63.5
Transaction costs already paid	–2.7
Cash and cash equivalents disposed of	–5.7
Settlement intercompany receivable/debt	19.6
Net cash inflow	**74.7**

3.2 Additional information on continuing and discontinued operations

The following table shows the income statement divided into continuing and discontinued operations. The discontinued operations include the Glass Processing segment until the closing of the transaction effective April 1, 2019, as well as the gain from disposal of CHF 30.6 million that was recorded in the first half of 2019 under "Other operating income".

CHF million	Continuing operations		Discontinued operations		Total Group	
January – June	2019	2018	2019	2018	2019	2018
Net revenue	**747.8**	**790.9**	**22.4**	**62.4**	**770.1**	**853.3**
Changes in inventories of finished goods, work in progress and own work capitalized	12.1	21.5	5.5	1.1	17.6	22.5
Total revenue	**759.9**	**812.3**	**27.8**	**63.5**	**787.7**	**875.8**
Other operating income	5.6	4.2	31.0	0.3	36.6	4.5
Material expenses	–353.0	–415.2	–12.9	–28.9	–365.8	–444.1
Personnel expenses	–187.8	–173.1	–10.5	–20.8	–198.3	–193.9
Other operating expenses	–147.7	–148.7	–3.4	–10.5	–151.0	–159.3
Depreciation/impairments on property, plant and equipment	–14.7	–13.5	–0.3	–0.6	–15.0	–14.1
Depreciation/impairments on intangible assets	–3.6	–2.6			–3.6	–2.6
Operating result (EBIT)	**58.8**	**63.3**	**31.8**	**2.9**	**90.5**	**66.3**
Financial result	1.4	0.6		–0.5	1.4	0.1
Result before taxes	**60.1**	**64.0**	**31.8**	**2.4**	**91.9**	**66.4**
Income taxes	–13.2	–14.9	–0.5	–0.4	–13.7	–15.3
Group result	**46.9**	**49.1**	**31.3**	**2.1**	**78.2**	**51.1**

4 Seasonality

Due to the fact that business is strong in the winter season, the Outdoor segment usually reports higher revenue and higher margins in the second half of the year than in the first half. The other segments are not subject to any regular seasonal influences.

5 Dividends

At the Annual General Meeting on April 16, 2019, a resolution was adopted to pay a dividend of CHF 18.00 for each class A registered share and a dividend of CHF 3.60 for each class B registered share. This distribution was made only in respect of outstanding shares and totaled CHF 37,2 million.

6 Events after the balance sheet date

In May 2019, Bystronic Laser AG, Niederönz, Switzerland, exercised an option to purchase an additional 19% share in the capital of Shenzhen DNE Laser Science and Technology Co. Ltd., Shenzen, China. The closing of the transaction is scheduled for the third quarter of 2019 and will lead to an increase in the capital share from 51% to 70%.

7 Currency translation rates

CHF			Half-year-end exchange rates 2019	Year-end exchange rates 2018	Half-year average rates 2019	Half-year average rates 2018
Euro area	1	EUR	1.11	1.13	1.13	1.17
USA	1	USD	0.98	0.98	1.00	0.96
Great Britain	1	GBP	1.24	1.26	1.30	1.33
Sweden	100	SEK	10.51	10.99	10.77	11.54
China	100	CNY	14.20	14.31	14.76	15.13
South Korea	100	KRW	0.08	0.09	0.09	0.09
Japan	100	JPY	0.91	0.90	0.91	0.89

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