+GF+

# We generate value for you

## Mid-Year Report 2015

# Key Figures as of 30 June 2015


**Sales**
**1 802** million CHF

**EBIT 128** million CHF
**Net profit**
**80** million CHF

| | Corporation | | GF Piping Systems | | GF Automotive | | GF Machining Solutions | |
|---|---|---|---|---|---|---|---|---|
| CHF million | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
| Order intake | **1 801** | 1 909 | **710** | 750 | **658** | 702 | **433** | 458 |
| Sales | **1 802** | 1 879 | **702** | 742 | **670** | 718 | **430** | 420 |
| EBITDA | **188** | 193 | **88** | 94 | **77** | 79 | **28** | 26 |
| EBIT | **128** | 132 | **63** | 70 | **50** | 49 | **21** | 20 |
| EBIT before FX one-off effects | **138** | 132 | **69** | 70 | **50** | 49 | **25** | 20 |
| Net profit | **80** | 92 | | | | | | |
| Free cash flow | **–24** | –64 | | | | | | |
| Return on sales (EBIT margin) % | **7.1** | 7.0 | **9.0** | 9.4 | **7.5** | 6.8 | **4.9** | 4.8 |
| Return on sales (EBIT margin) % before FX one-off effects | **7.7** | 7.0 | **9.8** | 9.4 | **7.5** | 6.8 | **5.8** | 4.8 |
| Return on invested capital (ROIC) % | **15.2** | 17.2 | **14.0** | 16.5 | **24.1** | 21.1 | **11.4** | 12.4 |
| Number of employees | **14 053** | 13 801 | **6 032** | 6 035 | **4 889** | 4 735 | **2 984** | 2 880 |

# Content

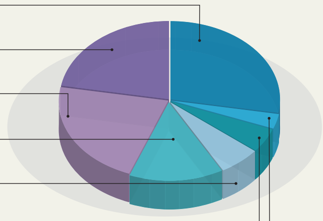


## Consolidated financial statements



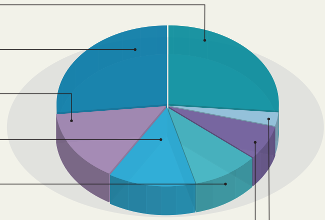
**Sales by region (in %)**
(100% = CHF 1.80 billion)

**28%** Germany
**22%** Rest of Europe
**22%** Asia
**14%** Americas
**6%** Rest of world
**5%** Switzerland
**3%** Austria



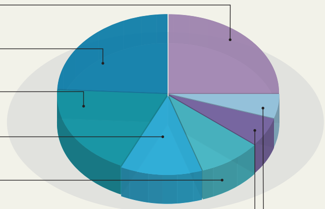
**Gross value added by region (in %)**
(100% = CHF 0.65 billion)

**27%** Switzerland
**25%** Germany
**15%** Asia
**13%** Austria
**10%** Americas
**7%** Rest of Europe
**3%** Rest of world



**Employees by region (in %)**
(100% = 14 053)

**25%** Asia
**24%** Germany
**19%** Switzerland
**12%** Austria
**9%** Americas
**6%** Rest of Europe
**5%** Rest of world



# Resilient in the face of currency headwinds

Yves Serra, President and CEO, and Andreas Koopmann, Chairman of the Board of Directors.

- **Like-for-like sales in local currencies on previous year's level (–4% in CHF at CHF 1 802 million)**
- **EBIT at CHF 128 million (–3%)**
- **Operational margin improved to 7.1% and 7.7% before currency related one-offs**
- **GF Automotive to start production in the US**
- **GF Machining Solutions to enter the 3D printing business**

First half-year figures were affected by the Swiss franc appreciation which shaved 7% off the top line. Adjusted for currency effects, acquisitions and divestments, sales were on previous year's level.

The operating result (EBIT) stood at CHF 128 million and excluding one-offs at CHF 138 million, 5% above previous year. The one-offs consist of the EBIT impact of the Swiss franc appreciation on the balance sheet in January 2015 (CHF 10 million). The return on sales (ROS) increased to 7.1% and 7.7% before currency related one-offs. All three divisions continued to generate double-digit ROICs, well above their cost of capital, thus each clearly generating value.

Net profit reached CHF 80 million, below previous year in which land parcel sales brought additional income. Free cash flow stood at a seasonally low of CHF –24 million, but CHF 40 million above June 2014. A substantially positive free cash flow is expected for the full year.

Headcount increased to 14 053 against 13 801 as of the end of June 2014, mainly on account of the two acquisitions done in July 2014.

**Measures taken to mitigate the impact of the Swiss franc appreciation**

The sudden rise of the Swiss franc has led to a general mood of uncertainty at our Swiss customers and consequently a drop of our domestic orders and related margins in the first quarter. Moreover, the margins generated by our exports to the Eurozone have been negatively affected despite a good overall natural hedging.

We have taken immediate measures to compensate at least partly the Swiss franc effect and to contribute to the competitiveness of our Swiss made products. As of March 2015, all employees at GF companies in Switzerland have been working 44 hours/week instead of 40 hours. This reduces the need for overtime and temporary staff during a period in which most of our Swiss plants are well loaded. All suppliers have also been asked to participate in our efforts and all non-essential expenses in Switzerland have been sharply reduced.

Overall the negative currency effect on the top line stood at 7%, mainly due to the euro, and the total direct negative impact on the operating result at CHF 22 million. The measures taken did however compensate CHF 10 million thereof.

**GF Piping Systems** saw its momentum slowed down by currency headwinds and uneven markets. The division had sales of CHF 702 million, down 5%. Adjusted for currency effects, sales stood 2% below previous year. The first quarter was rather slow due to severe weather conditions, especially in North America, Europe and Turkey. Except for the semi-conductor field, the industrial applications gained in strength worldwide as customer sentiment improved. Sales to utility customers remained strong in the US, especially in the gas distribution, but in Europe, unexpected raw material shortages slowed down the rate of plastic pipe installations. In building technology, record orders were booked in the shipbuilding sector worldwide, but the construction business remained overall subdued, especially in China.

The operating result amounted to CHF 63 million, CHF 69 million before one-off currency effects against CHF 70 million per June 2014. Results at GF Hakan in Turkey went up significantly and its integration into GF Piping Systems is nearly completed. Most plants worldwide have been well loaded including in Switzerland. Margins at Swiss companies which mainly export to the Eurozone, were however affected by the Swiss franc appreciation.

**GF Automotive** saw its top line decrease by 7% to CHF 670 million. Adjusted for currency effects and the acquisition of Meco Eckel in July 2014, sales increased by 2%. After a slow start, orders picked up during the second quarter on the back of a stronger truck market. In addition, substantial contracts have been obtained from premium automobile manufacturers, including for electric cars. GF Automotive reached an operating result of CHF 50 million, 2% over previous year. In local currencies the result is up 6%. The newly acquired Meco Eckel in Germany contributed significantly to this increase.

Expansion plans in China are well under way for a 50% capacity increase at our high-pressure die casting aluminum plant in Suzhou until the year-end. GF Automotive will also enter the US market for high-pressure light metal die casting components, based on orders already obtained from a well-known European premium car manufacturer. For this purpose the division has entered into a joint-venture agreement with the globally active machining specialist Linamar, headquarter in Guelph, Canada. Production is planned to start during 2017.

At **GF Machining Solutions**, the focus on less cyclical end-markets paid off. Orders stood at CHF 433 million, 5% below previous year. Large orders were booked at aerospace and electronic device customers and market sentiment improved in Europe and the US. First half sales amounted to CHF 430 million, an increase of 2%. Adjusted for currency effects and the acquisition of Liechti AG in July 2014, organic growth reached 3%. The backlog stood at CHF 180 million, 7% above June 2014. The operational result reached CHF 21 million, 5% over previous year and even 25% before one-off currency effects. Lower margins for exports to the Eurozone have been compensated by higher margins generated by exports to the rest of the world and by the natural euro hedge achieved by the division.

GF Machining Solutions enters the promising 3D printing machine business through a strategic partnership with the world leading player in the field, EOS GmbH, based in Krailling, Germany. The focus will be on offering mould makers innovative solutions based on both companies' technologies. The first machines will be shown at the upcoming EMO exhibition to take place in Milan early October.

### Outlook

We see an improving sentiment in our relevant markets. Customers in the US and in Europe (including in the South) are in a more positive mood. The backlog at GF Machining Solutions is high, a good sign for the second half. Truck manufacturers have been increasing their purchases lately and the cost reduction measures taken in Switzerland during the first quarter are expected to pay out in full in the second half-year.

There are however a number of uncertainties in our markets including a slackening growth rate in China and the on-going troubles in the Eurozone, not to mention the sharp market decline in and around Russia. Based on today's evaluation of the economic environment and the measures already taken, we expect, in the second half-year, a similar result as in the first six months and therefore 2015 figures in previous year's range, in line with our strategic goals.

### Honoring the dedication of our employees

Our heartfelt gratitude goes to all our employees and in particular to all Swiss based employees who readily accepted to increase their working time in order to reduce the impact of the Swiss currency appreciation on our Swiss-made products. Although limited in its duration, this measure places an additional burden on their private lives. The Board of Directors and the Executive Committee recognize to its full extent this exemplary dedication.

**Andreas Koopmann**
Chairman of the Board of Directors

**Yves Serra**
President and CEO

# Consolidated financial statements

## Balance sheet

| CHF million | Notes | 30 June 2015 | % | 31 Dec. 2014 | % |
|---|---|---|---|---|---|
| Cash and cash equivalents | | 345 | | 374 | |
| Marketable securities | | 11 | | 6 | |
| Trade accounts receivable | | 706 | | 643 | |
| Inventories | | 663 | | 666 | |
| Income taxes receivable | | 11 | | 9 | |
| Other accounts receivable | | 53 | | 62 | |
| Prepayments to creditors | | 18 | | 26 | |
| Accrued income | | 28 | | 15 | |
| **Current assets** | (2.1) | **1 835** | **63** | 1 801 | 60 |
| Property, plant, and equipment for own use | | 920 | | 1 009 | |
| Investment properties | | 39 | | 44 | |
| Intangible assets | | 26 | | 27 | |
| Deferred tax assets | | 80 | | 88 | |
| Other financial assets | | 14 | | 20 | |
| **Non-current assets** | (2.2) | **1 079** | **37** | 1 188 | 40 |
| **Assets** | | **2 914** | **100** | 2 989 | 100 |
| Trade accounts payable | | 404 | | 419 | |
| Bonds | (2.4) | 200 | | | |
| Other financial liabilities | (2.4) | 165 | | 154 | |
| Loans from pension fund institutions | | 25 | | 27 | |
| Other liabilities | | 57 | | 69 | |
| Prepayments from customers | | 52 | | 52 | |
| Current tax liabilities | | 42 | | 42 | |
| Provisions | | 36 | | 37 | |
| Accrued liabilities and deferred income | | 194 | | 181 | |
| **Current liabilities** | | **1 175** | **41** | 981 | 33 |
| Bonds | (2.4) | 298 | | 497 | |
| Other financial liabilities | (2.4) | 104 | | 56 | |
| Pension benefit obligations | | 121 | | 131 | |
| Other liabilities | | 62 | | 51 | |
| Provisions | | 108 | | 123 | |
| Deferred tax liabilities | | 43 | | 46 | |
| **Non-current liabilities** | | **736** | **25** | 904 | 30 |
| **Liabilities** | (2.3) | **1 911** | **66** | 1 885 | 63 |
| Share capital | | 4 | | 4 | |
| Share premium | | 23 | | 33 | |
| Treasury shares | | –3 | | –9 | |
| Retained earnings | | 936 | | 1 029 | |
| **Equity attributable to shareholders of Georg Fischer Ltd** | | **960** | **33** | 1 057 | 35 |
| Non-controlling interests | | 43 | 1 | 47 | 2 |
| **Equity** | (2.5) | **1 003** | **34** | 1 104 | 37 |
| **Liabilities and equity** | | **2 914** | **100** | 2 989 | 100 |

# Income statement

| CHF million | Notes | Jan.–June 2015 | % | Jan.–June 2014 | % |
|---|---|---|---|---|---|
| **Sales** | (3.1) | **1 802** | **100** | 1 879 | 100 |
| Other operating income | | 2 | | 19 | |
| **Income** | | **1 804** | **100** | 1 898 | 101 |
| Cost of materials and products | | –852 | | –893 | |
| Changes in inventory of unfinished and finished goods | | 4 | | –12 | |
| Operating expenses | | –305 | | –327 | |
| **Gross value added** | | **651** | **36** | 666 | 35 |
| Personnel expenses | | –463 | | –473 | |
| Depreciation on tangible fixed assets | | –58 | | –60 | |
| Amortization on intangible assets | | –2 | | –1 | |
| **Operating result (EBIT)** | (3.2) | **128** | **7** | 132 | 7 |
| Interest income | (3.3) | 1 | | 1 | |
| Interest expense | (3.3) | –16 | | –20 | |
| Other financial result | (3.3) | –14 | | –3 | |
| **Ordinary result** | | **99** | **5** | 110 | 6 |
| Non-operating result | | | | 6 | |
| **Profit before taxes** | | **99** | **5** | 116 | 6 |
| Income taxes | (3.3) | –19 | | –24 | |
| **Net profit** | (3.4) | **80** | **4** | 92 | 5 |
| – Thereof attributable to shareholders of Georg Fischer Ltd | | 76 | | 88 | |
| – Thereof attributable to non-controlling interests | | 4 | | 4 | |
| Basic earnings per share in CHF | (3.4) | 19 | | 22 | |
| Diluted earnings per share in CHF | (3.4) | 19 | | 22 | |

# Statement of changes in equity

| CHF million | Notes | **Share capital** | **Share premium** | **Treasury shares** | Cumulative translation adjustments | Cash flow hedging | Other retained earnings | **Retained earnings** | **Equity attributable to share-holders of Georg Fischer Ltd** | Non-controlling interests | **Equity** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as of 31 December 2013** | | **41** | **60** | **–9** | **–3** | **–17** | **863** | **843** | **935** | **43** | **978** |
| **Net profit** | | | | | | | **88** | **88** | **88** | **4** | **92** |
| Translation adjustments recognized in the reporting period | | | | | –7 | | | –7 | –7 | –1 | –8 |
| Changes of cash flow hedges | | | | | | –8 | | –8 | –8 | | –8 |
| Goodwill offset via equity | | | | | | | 5 | 5 | 5 | | 5 |
| Purchase of treasury shares | | | | –13 | | | | | –13 | | –13 |
| Disposal of treasury shares | | | 1 | 9 | | | | | 10 | | 10 |
| Share-related compensation | | | | | | | | | | | |
| – Transferred for 2013 | | | | 5 | | | –5 | –5 | | | |
| – Granted for 2014 | | | | | | | 2 | 2 | 2 | | 2 |
| Reduction in par value | | –37 | | | | | | | –37 | | –37 |
| Dividends | | | –29 | | | | | | –29 | –5 | –34 |
| **Balance as of 30 June 2014** | | **4** | **32** | **–8** | **–10** | **–25** | **953** | **918** | **946** | **41** | **987** |
| **Balance as of 31 December 2014** | (2.5) | **4** | **33** | **–9** | **11** | **–29** | **1 047** | **1 029** | **1 057** | **47** | **1 104** |
| **Net profit** | | | | | | | **76** | **76** | **76** | **4** | **80** |
| Translation adjustments recognized in the reporting period | | | | | –90 | | | –90 | –90 | –2 | –92 |
| Changes of cash flow hedges | | | | | | 7 | | 7 | 7 | | 7 |
| Goodwill offset via equity | | | | | | | –23 | –23 | –23 | | –23 |
| Purchase of treasury shares | | | | –9 | | | | | –9 | | –9 |
| Disposal of treasury shares | | | | 10 | | | | | 10 | | 10 |
| Share-related compensation | | | | | | | | | | | |
| – Transferred for 2014 | | | | 5 | | | –5 | –5 | | | |
| – Granted for 2015 | | | | | | | 2 | 2 | 2 | | 2 |
| Dividends | | | –10 | | | | –60 | –60 | –70 | –6 | –76 |
| **Balance as of 30 June 2015** | (2.5) | **4** | **23** | **–3** | **–79** | **–22** | **1 037** | **936** | **960** | **43** | **1 003** |

# Statement of cash flows

| CHF million | Notes | Jan.–June 2015 | Jan.–June 2014 |
|---|---|---|---|
| Net profit | | 80 | 92 |
| Income taxes | | 19 | 24 |
| Financial result | | 29 | 22 |
| Depreciation and amortization | | 60 | 61 |
| Other non-cash income and expenses | | 8 | 9 |
| Increase in provisions, net | | 10 | 7 |
| Use of provisions | | –11 | –13 |
| Loss/profit from disposal of tangible fixed assets | | –2 | –6 |
| Changes in | | | |
| – Inventories | | –46 | –52 |
| – Trade accounts receivable | | –127 | –137 |
| – Other receivables and accrued income | | –12 | 1 |
| – Trade accounts payable | | 20 | –18 |
| – Other liabilities, accrued liabilities and deferred income | | 37 | 17 |
| Interest paid | | –16 | –13 |
| Income taxes paid | | –25 | –21 |
| **Cash flow from operating activities** | | **24** | –27 |
| Additions to | | | |
| – Property, plant, and equipment | | –54 | –42 |
| – Intangible assets | | –2 | –2 |
| – Other financial assets | | | –1 |
| Disposals of | | | |
| – Property, plant, and equipment | | | 7 |
| – Intangible assets | | | 1 |
| – Other financial assets | | 1 | |
| Purchase/disposal of marketable securities | | | –1 |
| Cash flow from acquisitions | | –1 | |
| Cash flow from divestitures | | 7 | |
| Interest received | | 1 | 1 |
| **Cash flow from investing activities** | | **–48** | –37 |
| **Free cash flow** | (4) | **–24** | –64 |
| Purchase of treasury shares | | –9 | –13 |
| Disposal of treasury shares | | 10 | 10 |
| Dividend payments to shareholders of Georg Fischer Ltd | | –70 | |
| Dividend payments to non-controlling interests | | –6 | –5 |
| Issuance of long-term financial liabilities | | 57 | 7 |
| Repayment of long-term financial liabilities | | –1 | –3 |
| Changes in short-term financial liabilities | | 30 | –3 |
| **Cash flow from financing activities** | | **11** | –7 |
| Translation adjustment on cash and cash equivalents | | –16 | –1 |
| **Net cash flow** | | **–29** | –72 |
| Cash and cash equivalents at beginning of year | | 374 | 641 |
| **Cash and cash equivalents at end of period**[1] | | **345** | 569 |

1 Cash, postal and bank accounts: CHF 335 million (previous year: CHF 394 million), fixed-term deposits: CHF 10 million (previous year: CHF 175 million).

# Corporate accounting principles

**Basis of preparation of the consolidated interim financial statements**

**Accounting principles //** The consolidated interim and annual financial statements are prepared in accordance with the entire existing guidelines of Swiss GAAP FER (Generally Accepted Accounting Principles/FER = Fachempfehlung zur Rechnungslegung). The regulations of Swiss GAAP FER 31 "Complementary Recommendation for Listed Public Companies" have been adopted. Furthermore, the accounting complies with the provisions of the listing rules of the SIX Swiss Exchange and with Swiss company law.

The consolidated financial statements are based on the financial statements of the Corporate Companies prepared in accordance with the uniform corporate accounting principles. Since the consolidated interim financial statements do not include all the information contained in the consolidated annual financial statements, they should be read in conjunction with the consolidated financial statements for the year ended 31 December 2014.

The consolidated interim financial statements cover the period from 1 January 2015 to 30 June 2015 (hereinafter "period under review") and were approved for issue by the Board of Directors on 16 July 2015.

**Consolidation //** The consolidated interim financial statements are those of Georg Fischer Ltd and all Swiss and foreign Corporate Companies in which it holds – either directly or indirectly – more than 50% of the voting rights or for which it has operational and financial management power. Those entities are fully consolidated. Joint ventures in which the GF Corporation has a direct or indirect interest of 50%, or where the GF Corporation exercises joint control, are included in the consolidated financial statements using the proportionate consolidation method. Investments in associates in which the GF Corporation has a non-controlling interest of at least 20% but less than 50% or over which it otherwise has signficant influence, are included in the consolidated financial statements using the equity method of accounting. Investments with a voting power of less than 20% are stated at fair value and presented under other financial assets.

The preparation of the consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and disclosure of contingent liabilities at the closing date of the consolidated interim financial statements. If in future such estimates and assumptions, which are based on management's best judgment at the date of the consolidated interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the reporting period in which the circumstances change. In the consolidated interim financial statements, management made no new assumptions or estimates compared with the consolidated financial statements as at 31 December 2014.

Income tax expense is recognized based upon the best estimate of the weighted average annual income tax rate expected for the full financial year.

# Notes to the consolidated interim financial statements

## Segment information as of 30 June

| CHF million | GF Piping Systems 2015 | GF Piping Systems 2014 | GF Automotive 2015 | GF Automotive 2014 | GF Machining Solutions 2015 | GF Machining Solutions 2014 | Total segments 2015 | Total segments 2014 |
|---|---|---|---|---|---|---|---|---|
| **Order intake** | **710** | 750 | **658** | 702 | **433** | 458 | **1 801** | 1 909 |
| **Orders on hand** | **84** | 67 | **313** | 345 | **180** | 169 | **577** | 581 |
| **Sales**[1] | **702** | 742 | **670** | 718 | **430** | 420 | **1 802** | 1 880 |
| **Operating result (EBIT)** | **63** | 70 | **50** | 49 | **21** | 20 | **134** | 139 |
| **Return on sales (EBIT margin) %** | **9.0** | 9.4 | **7.5** | 6.8 | **4.9** | 4.8 | | |

1 Sales between segments are insignificant.

## Reconciliation to the segment information as of 30 June

| CHF million | 2015 | 2014 |
|---|---|---|
| **Sales** | | |
| Total sales for reportable segments | 1 802 | 1 880 |
| Elimination of intercompany sales | | –1 |
| **Consolidated sales** | **1 802** | 1 879 |
| **Operating result (EBIT)** | | |
| Total EBIT for reportable segments | 134 | 139 |
| Other operating result (EBIT) | –6 | –7 |
| **Consolidated operating result (EBIT)** | **128** | 132 |

## 1 Changes in scope of consolidation

There were no changes in the scope of consolidation during the period under review. In the second half of 2014 two companies were acquired, Meco Eckel GmbH, Biedenkopf-Wallau (Germany), and Liechti Engineering AG, Langnau (Switzerland). These two companies contributed a total of CHF 42 million to sales in the first half of 2015, which must be taken into consideration when making a comparison with the prior-year period.

## 2 Balance sheet

The balance sheet decreased by CHF 75 million to CHF 2.91 billion compared with the end of 2014. The reduction is due to the appreciation of the Swiss franc. This effect is equal to CHF –240 million. As a result, the seasonal increase in current assets was not as much as in other years. In contrast, non-current assets fell, primarily due to translation effects.

**2.1 Current assets //** Current assets rose by CHF 34 million to CHF 1.84 billion. The increase in current assets as part of the normal seasonality was sharply reduced by a translation effect of CHF 134 million. Accounts receivable rose by CHF 63 million to CHF 706 million, while inventories fell by CHF 3 million to CHF 663 million. Primarily due to the dividend payment in March 2015 and the increase in trade accounts receivable, cash and cash equivalents decreased by CHF 29 million to CHF 345 million.

**2.2 Non-current assets //** Non-current assets were down sharply by CHF 109 million and stand now at CHF 1.08 billion. Investments in property, plant, and equipment at CHF 54 million are about equal to depreciation at CHF 58 million. The reduction in non-current assets is also due to the translation effect, which is CHF –106 million.

**2.3 Liabilities //** Liabilities increased by CHF 26 million to CHF 1.91 billion. The ratio of short-term to long-term liabilities deteriorated due to the reclassification of the 3 3/8% CHF 200 million bond that matures in May 2016 as a short-term liability. There were only minor changes to the other positions in short-term liabilities. Long-term liabilities dropped sharply by CHF 168 million to CHF 736 million, primarily due to the reclassification of the bond.

**2.4 Financing //** There were no significant financing transactions during the period under review. The syndicated loan for CHF 250 million has still not been drawn on. This loan guarantees flexibility for any future acquisitions. The loan will expire in July 2016, so preparations have already begun for a new one. The next big item due for repayment will be the 3 3/8% bond 2010–2016 worth CHF 200 million, which matures in May 2016.

### Net debt

| CHF million | 30 June 2015 | 31 Dec. 2014 |
|---|---|---|
| Other financial liabilities | 250 | 188 |
| Bonds | 498 | 497 |
| Loans from pension fund institutions | 25 | 27 |
| Other liabilities | 19 | 22 |
| **Interest-bearing liabilities** | **792** | 734 |
| Marketable securities | 11 | 6 |
| Cash and cash equivalents | 345 | 374 |
| **Net debt** | **436** | 354 |

Net debt as of 30 June 2015 was CHF 436 million, an increase of CHF 82 million compared with the end of 2014. Most of the increase came from the dividend payment of CHF 70 million that was paid out to the shareholders of Georg Fischer Ltd in March as well as from the seasonal bildup of the net working capital.

**2.5 Equity //** Equity fell by CHF 101 million to CHF 1.00 billion compared with the end of 2014. The increase from net profit of CHF 80 million stands in contrast to the negative currency effect from the translation of equity of foreign Corporate Companies in the amount of CHF 92 million and dividends of CHF 76 million (including dividends to non-controlling interests in Corporate Companies). Due to a change in the contingent purchase prices (earn-out) of acquired companies in the past years the goodwill increased by CHF 23 million. The goodwill offset via equity is reported in other retained earnings. The equity ratio therefore fell by 3 percentage points to 34%.

## 3 Income statement

**3.1 Sales //** Sales fell by CHF 77 million to CHF 1.80 billion. This is equal to a drop of 4%. The currency impact was –7%, while the recently acquired firms contributed CHF 42 million (+2%) to sales. This is equal to an organic growth rate of 0.4%.

**3.2 Operating result (EBIT) //** The operating result (EBIT) fell by CHF 4 million to CHF 128 million, which is equal to an EBIT margin of 7.1%. The operating margin improved by 0.1 percentage point because sales decreased relatively more than the operating result. GF Piping Systems saw a reduction in its margin of 0.4 percentage point to 9.0% due to currency effects. GF Automotive was once again able to boost its profitability. Meco Eckel GmbH, which was acquired in the second half of 2014, contributed significantly to the profit improvement. The EBIT margin rose by 0.7 percentage point to 7.5%. GF Machining Solutions was able to slightly increase its operating margin by 0.1 percentage point to 4.9% despite negative currency effects.

The total currency effect on the consolidated EBIT is negative at CHF 22 million. This figure does not include the price concessions that had to be given to Swiss clients due to the strong Swiss franc.

**3.3 Financial result and taxes //** Interest expense fell sharply by CHF 4 million to CHF 16 million. The other financial result of CHF –14 million is significantly lower than in 2014. The main reason for this decline are exchange losses on foreign currency loans.

In contrast to the prior year, there were no major gains from sales of real estate in the first half. Therefore the non-operating result amounted to CHF 0 million.

The tax rate fell to 19%, as GF generated less profit in countries with relatively high tax rates. Taxes amounted to CHF 19 million.

**3.4 Net profit and earnings per share //** Net profit decreased by CHF 12 million to CHF 80 million. Earnings per share fell by CHF 3 to CHF 19.

## 4 Free cash flow

Free cash flow was a negative CHF –24 million compared with a negative CHF –64 million in the prior year. This is a very good result in light of the usual seasonality, which brings strong growth in net working capital in the first half of the year.

Investments in property, plant, and equipment in the first half of the year were CHF 54 million. For the entire year capital expenditures will be in the range of CHF 150 million to CHF 160 million.

## 5 Events after the balance sheet date

There were no events between 30 June 2015 and 16 July 2015 that would require an adjustment to the carrying amounts of assets and liabilities and equity or would need to be disclosed under this heading.

On 16 July 2015 an agreement was signed for a joint venture with Linamar Corporation in Guelph, Ontario (Canada), for building a production facility for high-pressure light metal die casting in the Southeast of the US. Both partners will hold 50% of the organization, whereas the industrial leadership lies with GF. For the period 2016–2021 overall investments of approximately USD 100 million are planned.

## 6 Foreign exchange rates

| | | Average rates | | Spot rates | |
|---|---|---|---|---|---|
| CHF | | **Jan.–June 2015** | Jan.–June 2014 | **30 June 2015** | 30 June 2014 |
| 1 | CNY | 0.153 | 0.145 | 0.150 | 0.144 |
| 1 | EUR | 1.059 | 1.222 | 1.042 | 1.216 |
| 1 | GBP | 1.444 | 1.486 | 1.464 | 1.516 |
| 1 | TRY | 0.371 | 0.412 | 0.346 | 0.419 |
| 1 | USD | 0.949 | 0.891 | 0.933 | 0.891 |
| 100 | JPY | 0.790 | 0.870 | 0.762 | 0.879 |
| 100 | SEK | 11.324 | 13.651 | 11.303 | 13.223 |

# Save the date

## 2016

**1 March //** Publication of Annual Report 2015, Media and Financial Analysts' Conference
**23 March //** Shareholders' Meeting for fiscal year 2015

**Disclaimer**
The statements in this publication relating to matters that are not historical facts are forward-looking statements that are not guarantees of future performance and involve risks, uncertainties and other factors beyond the control of the company.

The Mid-Year Report 2015 of Georg Fischer Ltd is also available in German. In the event of any discrepancy, the German version shall prevail.

Cover and page 10: employees of GF

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