Media Release

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Annual financial statements 2014 Georg Fischer:

GF keeps its earnings growth path

- **Sales up 1% to CHF 3 795 million**
- **EBIT increased 9% to CHF 274 million**
- **Earnings per share up 32% to CHF 45**
- **Higher productivity drives performance increase**
- **Strategy implementation well under way**

GF generated sales of CHF 3 795 million in 2014 for an increase of 1%. The operating profit (EBIT) rose 9% to CHF 274 million mainly thanks to significant productivity gains.

The EBIT margin went up from 6.7% to 7.2% and the return on invested capital (ROIC) from 16.7% to 17.9%. All three divisions generated ROICs well above their cost of capital.

Free cash flow before acquisitions and divestments stood at CHF 110 million compared to CHF 174 million in 2013 mainly on account of higher investments in fixed assets, especially at GF Automotive. Furthermore, the high turnover in December led to a clear increase of the net working capital at year-end compared to 2013.

Key figures as per 31 December 2014

	Corporation		GF Piping Systems		GF Automotive		GF Machining Solutions	
million CHF	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Order intake	**3 836**	3 795	**1 493**	1 418	**1 412**	1 527	**932**	852
Sales	**3 795**	3 766	**1 476**	1 402	**1 415**	1 498	**905**	867
EBITDA	**399**	380	**190**	187	**154**	139	**65**	62
EBIT	**274**	251	**142**	141	**93**	70	**53**	51
Net profit	**195**	145						
Free cash flow before acquisitions/divestitures	**110**	174						
Return on sales (EBIT margin) %	**7.2**	6.7	**9.6**	10.1	**6.6**	4.7	**5.9**	5.9
Return on invested capital (ROIC) %	**17.9**	16.7	**17.1**	18.7	**21.8**	16.1	**16.9**	15.2
Number of employees	**14 140**	14 066	**6 086**	6 095	**4 898**	4 947	**3 008**	2 873

The number of employees rose slightly from 14 066 to 14 140. The increase due the acquisition of Meco Eckel (Germany) and Liechti Engineering (Switzerland) has been nearly offset by the divestment of the gravity-die-casting operations in Herzogenburg (Austria).

Net profit grew 34% to CHF 195 million and earnings per share 32% to CHF 45 also supported by the disposal of non-operative real estate. The Board of Directors will propose a dividend of CHF 17 (CHF 16 for 2013) at the Annual Shareholders' Meeting.

Strategy implementation well under way
For the first time ever, GF Piping Systems became the largest division of GF, a change which continues to reduce the corporation's overall exposure to economic cycles and increases its overall profitability.

GF Automotive has divested its non-core activities and significantly improved its position in the pressure die-casting sector by entering in July into a strategic partnership, including a majority stake, with Meco Eckel, a leading German manufacturer of pressure die-casting molds.

GF Machining Solutions is now well focused on less cyclical, more profitable market segments such as the promising electronics and aerospace sectors. In the latter, it became a leading actor in 2014 by acquiring Liechti Engineering AG, the specialist of 5-axis milling machines for the production of the key rotating components of aircraft engines and power generating turbines.

All three divisions increased their operating results, GF Automotive the most
GF Piping Systems grew its top line by 5% to CHF 1 476 million. Organic growth reached 3% mainly on account of strong sales in the US gas sector as well as in Building Technology in Europe and shipbuilding worldwide. The general demand in Europe but also in sectors like semi-conductor plants remained however subdued.

The operating result went up to CHF 142 million (from CHF 141 million in 2013). Profitability in the core business remained at a high level but the new acquisition in Turkey was affected by the strong depreciation of the Turkish Lira, at least during the first half-year.

Measures have been taken at GF Hakan Plastik which led to a 35% increase in sales and in the fourth quarter to a much higher profitability.

GF Automotive saw its turnover decrease by 6% to CHF 1 415 million in January on account of the divestment of its gravity die-casting operations in Herzogenburg (Austria) but also because the basic metal price decreases were passed on to customers. The truck-related demand became rather slack during the second half-year. On the other hand, the demand related to passenger cars remained at a good level in 2014, and attractive orders have been obtained, especially at premium manufacturers.

The operating result jumped 33% from CHF 70 million to CHF 93 million as non-core, low performing businesses have been divested and the average contract margins improved. In addition, its new acquisition Meco Eckel contributed very positively to the overall result.

The ROS went significantly up from 4.7% to 6.6% and the ROIC from 16.1% to 21.8%. The extension of the iron casting plant of Kunshan (China) has been completed on time in October 2014 for a capacity increase of 50%.

GF Machining Solutions increased its turnover by 4% to CHF 905 million. The Liechti acquisition added CHF 32 million. The organic growth stood at 2%. After a rather slow start, orders picked up in the second half-year, especially in the electronics and aerospace sectors, for an increase of 9% compared to 2013 out of which 3% attributed to Liechti who obtained a major order in the amount of CHF 28 million at a well-known aircraft engine manufacturer. The backlog of the division went up 45%, certainly a good sign for 2015.

The operating result reached CHF 53 million against CHF 51 million in 2013, the Liechti contribution being compensated by margin reductions in countries like Japan, owing to the Yen depreciation.

Outlook for 2015

Whilst the profitability of GF Automotive is not affected as all activities are located outside of Switzerland, the sharp appreciation of the Swiss Franc in January would have, if present levels persist, an impact on GF Machining Solutions and GF Piping Systems. However, this impact is clearly reduced as the Euro is basically naturally hedged and financial hedges cover most of the net exposure in US Dollar for 2015.

Moreover efficiency measures have been taken in Switzerland, purchasing in Euro has been further increased and relevant innovations have been introduced in all three divisions in order to maximize revenues and margins.

Finally, lower raw materials costs will have a positive impact on GF Piping Systems, production capacity in China at GF Automotive has been greatly increased and the order backlog at GF Machining Solutions is much higher than a year ago.

Forecasting has certainly become more challenging on account of the uncertainties regarding the level of the Swiss currency. Nevertheless, based on today's knowledge and the measures we have taken, we expect to further increase our operating margin (ROS) to the 8% range whilst keeping our ROIC between 16% and 20%.

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