

PRESS RELEASE

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Artemis Group – Year-end results 2020: A good business performance during a challenging year

For the Artemis Group, the 2020 financial year was impacted by the devastating effects of the Covid-19 crisis. Most business lines were clearly affected – particularly during the second quarter. The immediate measures taken were able to almost completely offset the financial impact of the decline in sales, enabling the Artemis Group to present a good result and an even stronger balance sheet.

Business Performance Artemis Group 2020

- Sales dropped organically by 6.9% to CHF 2.80 billion (-12.5% on the previous year)
- EBIT before one-off effects fell by 8.2% to CHF 138.9 million; the EBIT margin rose to 5.0% (previous year 4.7%)
- EBIT after one-off effects fell to CHF 74.7 million (-48.4% on the previous year)
- Net profit dropped as a result of the one-off effects by 36.8% to CHF 102.9 million
- Cash flow, at CHF 300.7 million (10.8% of sales) remained high (previous year CHF 321.8 million, 10.1%)
- Net debt reduced by CHF 143.1 million to CHF 350.5 million
- The equity ratio improved slightly to 59.0% (previous year 58.1%)

Artemis Group's consolidated net sales fell organically by 6.9% to CHF 2.80 billion, which is 12.5% down on the previous year's figure. The largest organic decline in sales came from the Feintool Group (-19.1%) and the Franke Group (-3.6%). Acquisitions increased net sales by 0.1%, while the stronger Swiss franc resulted in a negative currency effect of 5.7%.

EBIT before restructuring expenses and impairments from the sale of the Franke Water Systems division fell from CHF 151.4 million to CHF 138.9 million, which corresponds to a decrease of CHF 12.5 million (8.2%) compared to the previous year. The EBIT margin before one-off effects was 5.0%, compared to 4.7% in 2019. The high one-off effects from restructuring expenses and impairments reduced EBIT to CHF 74.7 million (previous year CHF 144.8 million). Net profit dropped to CHF 102.9 million (previous year CHF 162.7 million).

Total investments of CHF 176.6 million in 2020 fell by 38.8% compared to CHF 288.5 million in the previous year. A large share of the investment was used to upgrade various production sites (Franke Group, Feintool Group) and to acquire the UK company Sinks & Things Ltd. and the remaining 51.1% of PR Kitchen & Washroom Systems Pty. Ltd. in Australia (Franke Group). There was also further expansion of the portfolio of residential and business properties in Switzerland and abroad. The investment activities of the Artemis Asset Management Group focused on start-up companies and private equity investments.

The headcount at the Artemis Group numbered 11,382 at the end of 2020, and was thus 5.7% lower than at the end of 2019. With the equity ratio rising to 59.0% (compared to 58.1% in the previous year), and net debt falling by CHF 143.1 million to CHF 350.5 million – of which CHF 305.9 million for the Artemis Real Estate Group and CHF 148.9 million for the Feintool Group (the other activities hold a net liquidity) – the Group has managed to further strengthen its liquidity and balance sheet.

Business Performance Franke Group 2020

- Sales dropped organically by 3.6% to CHF 2.18 billion (-10.1% on the previous year)
- EBIT before one-off effects increased slightly to CHF 143.3 million; EBIT margin rose to 6.6% (previous year 5.8%)
- EBIT after one-off effects fell to CHF 79.1 million (-40.9% on the previous year)
- Cash flow, at 8.3% of sales, was slightly up on the previous year (8.1%)

The Franke Group posted a reduction of 3.6% in organic net sales, of CHF 2.18 billion (previous year CHF 2.42 billion). The negative currency effect came in at 6.5%. The increase in sales from acquisitions was offset by sales losses from disposals.

Two divisions, Faber Hoods & Cooking Systems and Franke Water Systems, achieved organic growth, while the other three Franke Group divisions saw a reduction in organic sales during the reporting period. After a good start to the 2020 financial year, the five divisions were affected in different ways by the

spread of the Covid-19 crisis. Franke Kitchen Systems and Faber Hoods & Cooking Systems experienced a sharp decline in sales during the second quarter of 2020, but recovered in all regions during the second half to achieve growth for the year of -1.3% and 9.8% respectively. Franke Coffee Systems suffered the most from the negative effects of the crisis, recording an organic decline in sales of 14.1%. Also as a result of the crisis, Franke Foodservice Systems has had to battle with a significant reduction in project activity and falling demand for parts and resupply in the quick-service restaurant segment. Meanwhile in the convenience store segment, the division saw a significant increase in sales. Franke Foodservice Systems posted an organic decline in sales of 2.2%. Franke Water Systems proved to be the most robust business area, with sales remaining stable (+0.7%).

EBIT before restructuring expense and value adjustments rose slightly, from CHF 140.3 million in 2019 to CHF 143.3 million in 2020; this was reflected in the improved margin, which rose from 5.8% to 6.6%. Cash flow, at CHF 179.9 million, remained high, amounting to 8.3% of sales (previous year 8.1%).

The positive development of profitability shows that despite the Covid-19 crisis, the Franke Group has managed to improve its operating earning power. This is primarily thanks to the timely introduction of strict cost-cutting measures, combined with the swift recovery of sales in several divisions. During the reporting period, Franke Kitchen Systems implemented additional turnaround measures, achieving a significant improvement in profitability after a long period of decline for the second year in a row. Faber Hoods & Cooking Systems and Franke Water Systems were able to increase their profits in almost all companies. Franke Foodservice Systems and Franke Coffee Systems had to face a drop in sales due to the Covid-19 crisis, and this led to lower profits.

Total investments amounted to CHF 57.8 million (previous year CHF 98.0 million).

Business Performance Artemis Real Estate Group 2020

- Rental returns of the Artemis Immobilien AG increased by 14.5% to CHF 24.4 million
- Current construction projects in Switzerland (118 rental apartments and some 5,000 m² of commercial space) are proceeding according to plan, and have already reported a high occupancy rate

The Artemis Real Estate Group develops, holds and manages a significant (non-operational) real estate portfolio worth approximately CHF 1.0 billion. The main company is Artemis Immobilien AG, Aarburg, whose rental returns rose by 14.5% (previous year 8.0%).

2020 was once again a successful year for Artemis Immobilien AG with its numerous construction projects. The company was able to finalize the following projects with no significant delays and all fully let:

- the “KWC-Areal” project which comprises 71 rental apartments and a four-floor office building, including training rooms, a showroom and canteen in Unterkulm
- full refurbishment of an office building in Zürich, with a total floor area of around 2,200 m²

Further construction projects are also proceeding, according to plan.

Other real estate activities in Switzerland and abroad have also progressed well. Espace Real Estate Holding AG and Impact Immobilien AG achieved record results. In Romania, the Artemis Real Estate Group holds more than 140 hectares of construction and industrial land in the Timișoara region. It is currently developing a two-hectare residential and commercial plot in the center of Timișoara, and is planning two further logistics centers at the Artemis Industrial Park in Sanandrei.

Business Performance Feintool Group 2020

- Organic sales dropped by 19.1% to CHF 492.0 million (-22.2% on the previous year)
- EBIT came in at CHF 3.3 million (previous year CHF 18.9 million), which corresponds to an EBIT margin of 0.7% (previous year 3.0%)

Despite the difficult market environment, the Feintool Group ended the 2020 financial year with a slightly positive EBIT result of CHF 3.3 million (previous year CHF 18.9 million). Over the year as a whole, sales fell by 22.2% to CHF 492.0 million; the EBIT margin came in at 0.7% (previous year 3.0%). The business trend in the second half of the year was significantly positive, although there were regional and technological differences. Overall, there was a consolidated loss of CHF 3.9 million.

Business Performance Artemis Asset Management Group 2020

- Substantially improved results for Arbonia and Autoneum
- Good results for Forbo and Adval Tech
- Negative EBIT for Rieter

The Artemis Asset Management Group has different strategic shareholdings in international companies listed on the Swiss stock exchange and in private companies.

The EBIT performance of the listed companies was mixed: Arbonia and Autoneum showed a clear improvement in profitability. Forbo and Adval Tech achieved good results, even if they were down on the previous year. Rieter posted a negative EBIT.

The privately owned companies of the Artemis Asset Management Group Blefa Beverage Systems and Franke Industries reported declines in sales and earnings in a difficult market environment. Novelteak, a teak producer in Central America with worldwide exports, achieved sales and earnings above the previous year.

In 2020, activities in the areas of private equity and start-ups were significantly expanded and generated very good earnings.

Performance in Q1 2021

The **Artemis Group** saw a successful start to the New Year, achieving organic growth of 8.1% in the first quarter of 2021. The Group reported consolidated net sales of CHF 799.9 million increased 6.8% on the previous year (CHF 749.2 million). The acquisitions completed in the previous year positively impacted sales, by 0.8%. Conversely, the currency effect caused by the strong Swiss franc had a negative impact of 2.1%. Compared to the previous year, EBIT doubled to CHF 57.2 million, and the EBIT margin also showed a clear improvement at 7.2% (previous year 3.4%).

The consolidated net sales of the **Franke Group** rose during Q1/2021 from CHF 567.7 million to CHF 616.3 million, which corresponds to an increase of 8.6%. Organic growth even climbed to 10.3% and a strong improvement in profitability was achieved.

Outlook for 2021

The Artemis Group expects that the Covid-19 crisis will impact the business result for the 2021 financial year. However, the Group is still optimistic about the future. The market position of its business segments will be further strengthened, benefiting from a good balance sheet and low debt ratio.

The Artemis Group includes the **Franke Group**, the **Artemis Real Estate Group** (real estate portfolio in Switzerland and abroad), the majority holding in the **Feintool Group** (world market leader in fineblanking technology) and the **Artemis Asset Management Group** (various strategic shareholdings in international companies listed on the Swiss stock market and in private companies). The Group employs more than 11,000 people worldwide, and generated consolidated sales of some CHF 2.8 billion in 2020. Learn more at www.artemis-holding.com.

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Financial overview Artemis Group

in CHF million	2019	2020
Net sales	3,195.9	2,795.7
- Change in %	+6.8	-12.5
- Organic growth in %	-1.3	-6.9
EBITDA	304.0	272.5
- Change in %	3.4	-10.4
- % of the net sales	9.5	9.7
EBIT before one-off effects	151.4	138.9
- % change	-11.9	-8.2
- % of the net sales	4.7	5.0
EBIT after one-off effects	144.8	74.7
- % change	20.0	-48.4
- % of the net sales	4.5	2.7
Net profit	162.7	102.9
- Change in %	8.7	-36.8
- % of the net sales	5.1	3.7
Cash Flow¹	321.8	300.7
- Change in %	-0.3	-6.6
- % of the net sales	10.1	10.8
Total investments	288.5	176.6
- Operational investments	208.2	136.8
- Acquisitions	15.0	15.6
- Financial investments	65.3	24.2
Net debt	493,6	350,5
Equity	2,579.0	2,581.7
- as % of balance sheet total	58.1	59.0
Employees as of 31.12.²	12,072	11,382
Number of Group companies	104	104

¹ Net profit plus depreciation, amortization and impairment

² Excluding apprentices