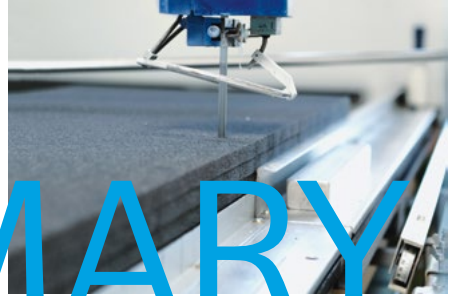
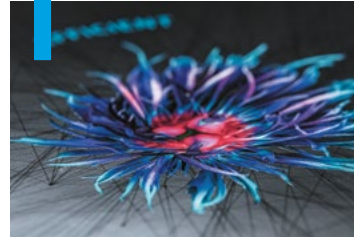


conzzeta



# SUMMARY REPORT 2019



Conzzeta is a diversified Swiss group of companies. It stands for innovation, market orientation and an entrepreneurial approach. About 5,000 employees at more than 60 locations worldwide work in the Sheet Metal Processing, Chemical Specialties and Outdoor segments. On December 9, 2019, Conzzeta announced the strategic focusing on the Sheet Metal Processing segment and its plan to divest all of its other activities.



The decision to focus aims at allowing Conzzeta to concentrate on its own strengths. With a net revenue share of 59.5% in 2019, Bystronic generated 88.2% of the Group's adjusted operating profit. With around 3,000 employees worldwide, Bystronic is one of

the world's leading providers of premium sheet metal processing solutions. The portfolio includes laser cutting systems, pressbrakes as well as automation and software solutions, which will play a central role in the global trend toward "smart factories".



The Conzzeta Annual Report is published digitally. This summary report concisely summarizes the most important facts and background information.

[reports.conzzeta.com](https://reports.conzzeta.com)

# Key figures – Group

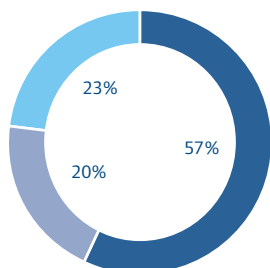
CHF m	2019	2018	Change
Net revenue	1,573.2	1,782.2	-11.7%
comparable basis <sup>1</sup>			-4.9%
Total revenue	1,579.1	1,796.7	-12.1%
Operating result (EBIT)	167.2	146.8	13.9%
adjusted <sup>2</sup>	137.3	146.8	-6.5%
as a % of total revenue, adjusted	8.7%	8.2%	50 bp
Group result	136.8	114.8	19.2%
as a % of total revenue	8.7%	6.4%	230 bp
Minority interests	11.1	18.2	-39.1%
Free cash flow from operating activities	40.6	83.4	-51.3%
Cash, cash equivalents and securities	300.9	389.6	-22.8%
Total assets	1,266.0	1,366.2	-7.3%
Shareholders' equity	880.1	926.9	-5.0%
as a % of total assets	69.5%	67.8%	170 bp
Net operating assets (NOA)	550.7	520.1	5.9%
Return on net operating assets (RONOA) in % <sup>2</sup>	20.0%	23.1%	-310 bp
Number of employees at year-end	5 026	5 295	-4.4%
Earnings per class A share, in CHF	60.85 <sup>2</sup>	46.76	30.1%
Dividend per class A share, in CHF	42.00 <sup>2</sup>	18.00	133.3%
Dividend per class B share, in CHF	8.40 <sup>2</sup>	3.60	133.3%

<sup>1</sup> At constant exchange rates and adjusted for changes in the scope of consolidation.

<sup>2</sup> 2019 excluding the capital gain of CHF 29.9 million from the sale of the Glass Processing segment.

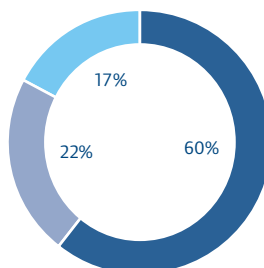
<sup>3</sup> As proposed by the Board of Directors, including special distribution of CHF 24.00 (class A shares) and CHF 4.80 (class B shares), respectively. Furthermore, a special dividend of CHF 30.00 (class A shares) and CHF 6.00 (class B shares), respectively, was paid in 2019.

2019 net revenue by region<sup>4</sup>



■ Europe  
■ America  
■ Asia and others

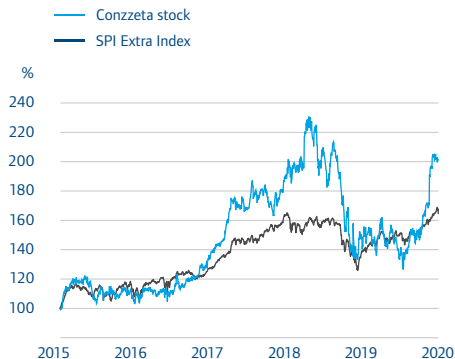
2019 net revenue by segment<sup>4</sup>



■ Sheet Metal Processing  
■ Chemical Specialties  
■ Outdoor

<sup>4</sup> Excluding Glass Processing segment.

# Share information



## Proposed dividend with special distribution

Class A registered shares:  
CHF 42.00

Class B registered shares:  
CHF 8.40

## Number of shares

Class A registered shares:  
1,827,000

Class B registered shares:  
1,215,000

Share performance 2019 +50.3%, incl. dividend +51.9%

## Dates

2020

**Friday, April 17**

Publication of 3-month revenue trend

**Wednesday, April 22**

Annual General Meeting, Zurich

**Friday, August 7**

Publication of half-year results with analyst call

**Friday, October 16**

Publication of 9-month revenue trend

2021

**Wednesday, February 4**

Publication of 12-month revenue trend

**Tuesday, March 16**

Balance sheet media conference

**Wednesday, April 21**

Annual General Meeting, Zurich

### Investor Relations contact

Michael Stäheli  
[investor@conzzeta.com](mailto:investor@conzzeta.com)

### Ticker symbols

Securities code no. 24401750  
ISIN CH0244017502  
SIX Swiss Exchange CON  
Reuters CONC.S  
Bloomberg CON:SW

Further information about the company, calendar dates and contacts can be found at [www.conzzeta.com](http://www.conzzeta.com).



Ernst Bärtschi,  
Chairman of the  
Board of Directors

Michael Willome,  
Group CEO

Dear Shareholders,

## CHALLENGING MARKET ENVIRONMENT – FOCUSING FOR THE FUTURE

The performance of our businesses was varied in 2019: while the Outdoor segment was able to generate increased revenue, the other segments reported revenue declines due to market factors. Despite this, the Group was able to maintain its operating profit on a comparable basis. The sale of the Glass Processing segment as per the end of March 2019 resulted in a one-off gain of CHF 29.9 million. At the end of 2019, Conzzeta decided to focus on the Sheet Metal Processing segment (Bystronic) and divest all its other activities.

The market environment in 2019 was challenging and marked, among other things, by global trade disputes, geopolitical uncertainty, disruptive changes in important industrial sectors, heightened competitive pressure in individual markets and overall unfavorable exchange rate fluctuations. In light of these circumstances, revenue declined by 4.9% on a comparable basis, i.e., excluding changes in the scope of consolidation and at constant exchange rates, while the corresponding operating result remained stable.

### Operational improvements

The operating margin increased in all segments in 2019. For the discontinued Outdoor and Chemical Specialties segments, the increase amounted to 190 basis points to 3.6%. Despite this progress, income in both segments is still far too low, which is why we are continuing to work on operational improvements this year, irrespective of the announced focus strategy.

## Plans for accelerated growth in the mid-term

By contrast, we are developing in 2020 a comprehensive strategy for mid-term accelerated growth in the Sheet Metal Processing segment. Despite a 7.6% decrease in net revenue, Bystronic's operating margin increased by 10 basis points to 12.9% in 2019. Its innovative range of products and services, process improvements and active cost management all contributed to the stable results, as did certain special factors.

The challenging market environment that prevailed in 2019 demonstrated the importance of holding leading market positions, which are not sufficiently prominent everywhere at Conzzeta. For this reason, Conzzeta announced in August 2019 that it would review measures to accelerate the development of the value potentials.

## Strategic reorientation

The corresponding analyses led to the announcement on December 9, 2019, that Conzzeta would be focusing on the Sheet Metal Processing segment, in which Bystronic is among the leading global providers. The other activities are to be sold within a year as far as the market situation permits.

The associated preparatory works has begun and, as at the end of February 2020 with the sale of the Schmid Rhyner business unit, a first partial goal was already achieved. The transaction gives rise to a substantial liquidity inflow, which is taken into account in the dividend proposal of the Board of Directors to the upcoming Annual General Meeting. Bystronic's new strategy is expected to be presented at a Capital Markets' Day probably in the fall 2020.

## Thanks

On behalf of the Board of Directors, we thank all our employees for their support and their understanding during this challenging transformation process. We are aware that the restructuring of the Group creates a burden in addition to day-to-day activities, and it may also be associated with

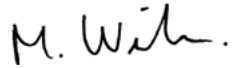
uncertainty. We have therefore made arrangements, also to provide assistance to employees who will be particularly affected.

## Outlook

With the announced strategic reorientation, 2020 will be a transition year for Conzzeta. The timing of the sale of both the FoamPartner and Mammut business units remains to be seen. Conzzeta anticipates a difficult economic development due to the consequences of the coronavirus epidemic and is taking appropriate actions. In the current situation it is not possible to provide a concrete financial outlook for 2020. With regard to the continuing business, Conzzeta however expects Bystronic to outperform the relevant market development thanks to its innovative portfolio of products and services.



**Ernst Bärtschi**  
Chairman of the  
Board of Directors

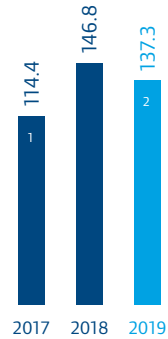


**Michael Willome**  
Group CEO

Growth  
(Net revenue in CHF m)

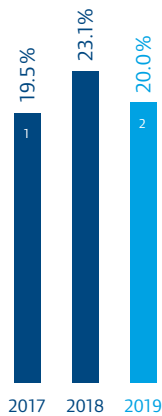


Profitability  
(EBIT in CHF m)



## Capital efficiency

RONOA



## Financial targets<sup>3</sup>

(medium term)

### Growth

Over 5% growth in net revenue

### Profitability

Operating result (EBIT) margin of 8% to 10%

### Capital efficiency

Over 15% return on net operating assets (RONOA)

<sup>1</sup> Excluding capital gain of CHF 8.8 million.

<sup>2</sup> Excluding capital gain of CHF 29.9 million.

<sup>3</sup> With the announced strategic reorientation, the financial targets will be redefined in due course.

# MARGIN INCREASE IN A CHALLENGING ENVIRONMENT

## Operational progress and strategic focusing

### Financial performance

Conzzeta generated revenue of CHF 1,573.2 million, down 11.7% from the previous year. On a comparable basis, i.e., assuming constant exchange rates and adjusted for changes in the scope of consolidation, the decline was 4.9%. The operating result (EBIT), at CHF 167.2 million, was 13.9% higher than the previous year, or at the same level on a comparable basis. It includes an extraordinary gain of CHF 29.9 million from the sale of the Glass Processing segment. The aim behind the focusing on Sheet Metal Processing and selling all other activities is to accelerate the development of the Group's existing strengths and unlock value potential.

The challenging market environment was marked by global trade disputes, geopolitical uncertainty, disruptive changes in important industrial sectors and heightened competitive pressure. These factors affected the segments in different ways. There was a slowdown in the Sheet Metal Processing and Chemical Specialties segments, largely due to market factors, while the Outdoor segment continued to grow. On a regional basis, revenue fell by 1.2% in America, 7.3% in Europe and 27.3% in Asia. Order intake in the Sheet Metal Processing segment was 7.3% lower than in the previous year (6.5% lower on a comparable basis), with an order book level of CHF 242.3 million at the end of the year (-4.9%).

Not including the aforementioned capital gain, the EBIT margin improved by 50 basis points to 8.7%. All of the segments contributed to the

margin increase, with the Sheet Metal Processing segment proving its robust nature by reporting a margin increase of 10 basis points to 12.9%, despite a 7.6% decline in revenue. The Group result amounted to CHF 136.8 million, 19.2% above the previous year's level (CHF 114.8 million). After adjusting for the capital gain, the return on net operating assets was 20.0%, down from 23.1%.

### Financing, investments and divestitures

Free cash flow from operating activities reached CHF 40.6 million (CHF 83.4 million). The reason for the decrease was primarily the lower business volume and the increase of operating assets. Investments in property, plant and equipment amounted to CHF 69.8 million (CHF 72.2 million). As a result of the funds' inflow from the sale of the glass business, liquids funds amounted to CHF 389.9 million as per mid-2019, or 7.1% higher than the previous year. Therefore, an extraordinary general meeting approved the proposal of the Board of Directors for the repayment of CHF 62.1 million of excess liquidity in the form of a special dividend. As at the end of 2019, cash and cash equivalents amounted to CHF 300.9 million, down 22.8% from the previous year. Despite this lower level, the equity ratio stood at 69.5% as at the end of 2019 (67.8%).

### Strategic development

The announcement that the strategic focus would shift to sheet metal processing was preceded by a careful evaluation of all of the options. The evaluation also included a realistic assessment of existing market positions and development prospects. With



the adoption of the internationalization strategy, revenue in the growth regions of Asia and America has increased disproportionately by 49.7% since 2015. Nevertheless, the lack of economies of scale and of access to market in the growth regions became starkly apparent. Added to this were the segments' one-sided earnings contributions. Although the operating result of the Chemical Specialties and Outdoor segments improved, the Sheet Metal Processing segment, to which 59.5% of Group revenue was attributable, still contributed 88.2% to the Group's adjusted operating result in 2019. By focusing on Bystronic, Conzzeta is pursuing an accelerated mid-term growth strategy in this dominant business unit, while buyers with suitable, complementary prerequisites are being sought for the other business areas in order to unlock existing value. The various divestments are to be completed within a year if the market situation permits.

### Business excellence and personnel development

Conzzeta did not fully achieve the Group's financial aspirations in 2019. This, despite progress having been made in terms of profitability, which was partially attributable to the successful implementation of the Group-wide Business Excellence (BEX) Program. Given the new situation as far as strategy is concerned, responsibilities are to be returned to the business units. At the same time, executing the defined initiatives remains a priority, independent of the question of ownership. In the area of personnel development, the Talent Development Program was held for the third time. The Group competencies rolled out in 2017 have proven their worth. Also in 2019, a large proportion of positions that became vacant were filled internally.

### Risk management and corporate responsibility

Conzzeta is committed to value-oriented corporate management with a long-term perspective. This also requires the careful handling of risks, seamless compliance with binding rules of conduct and appropriate consideration of the interests of all stakeholder groups. A Group-wide, comprehensive risk assessment was conducted as every year.

As part of the systematic review of environmental, social and governance (ESG) issues, Conzzeta conducted a materiality assessment in 2018 and developed a reporting model based on that in 2019. More at [report.conzzeta.com/2019/en/responsibility/](http://report.conzzeta.com/2019/en/responsibility/).

### Appropriation of profit

Conzzeta again has a surplus of liquid assets since the inflow of funds from the sale of Schmid Rhyner with effect as of the end of February 2020. A motion will therefore be proposed to the Annual General Meeting on April 22, 2020, to distribute CHF 42.00 per registered share A and CHF 8.40 per registered share B. These amounts include a special distribution of CHF 24.00 and CHF 4.80, respectively. This would result in the distribution of a total of CHF 86.9 million, after the ordinary dividend for the 2018 financial year and the special dividend in 2019, totalling to CHF 99.2 million.

### Employees

At the end of 2019, Conzzeta had 5,026 employees worldwide (5,259). The decrease is attributable to the sale of the Glass Processing segment, with 436 employees. In the other segments, particularly in the Sheet Metal Processing segment, the workforce was expanded. Traditionally, Conzzeta has participated in apprentice training programs. At the end of 2019, 151 apprentices were in training at 9 locations in a total of 25 disciplines.

The expertise, flexibility and commitment of employees are the key factors in ensuring the long-term success of the Conzzeta Group. The Board of Directors and Executive Committee would like to take this opportunity to thank the employees for their dedication and efforts in 2019. Considerable effort will also, however, be required in the future in order to implement the Group's operational and strategic initiatives in a competitive environment that continues to be challenging, particularly also in the context of the announced strategic reorientation of the Group.

Sheet Metal Processing

# Bystronic

Revenue in CHF m

EBIT in CHF m

936.0

121.1

-7.6%

-8.6%

At stable exchange rates, revenue declined by 6.4%. Factors contributing to the increase in the EBIT margin to 12.9% (12.8%) despite the lower sales volume included not only the innovative range of products and services, but also process improvements, active cost management and certain non-recurring special factors amounting to CHF 6.7 million.

A significant decline in revenue in Asia was partially compensated for by sustained growth in America, while revenue in Europe was slightly weaker. Net revenue in the "Cutting" product segment was lower than in the previous year, while revenue increased in the "Bending" and "Service" segments. Order intake was CHF 929.4 million, down 7.3% from the strong year before, and the order book level was CHF 242.3 million (CHF 254.8 million).

In a competitive market subject to constant pricing pressure, investments to enhance market presence continued to be made, and the organization was strengthened in preparation for structural growth opportunities. The renovation of a factory hall in Niederönz was completed on time in December. The assembly plant and the experience centers in the USA

are scheduled to be opened by the middle of 2020. New sales and service companies were established in South Africa and Thailand. As part of the company's growth plans in Asia, it increased its equity interest in the Chinese company DNE Laser from 51% to 70%.

As intended, progress was made in the build-up of the "Automation" and "Software Services" competence centers with the aim of exploiting the opportunities arising from the digital transformation in connection with the current "World Class Manufacturing" campaign.

In terms of new products, the focus in the top customer segment was directed at flexible automation and integrated manufacturing cells with comprehensive software solutions. In the coming years, an offensive product strategy will be adopted to significantly improve the market position in the mid-range price segment. This will include the introduction of the next generation of BySmart Fiber cutting systems, bending systems and automation solutions. Finally, a new generation of cutting systems was launched in the declining and hotly contested Chinese entry-level product segment in which DNE Laser competes.

Employees: 2,987

Presence: worldwide, 32 sales and service companies; 7 development and production locations



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## Chemical Specialties

# FoamPartner and Schmid Rhyner

(discontinued business unit)

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Revenue in CHF m

EBIT in CHF m

346.6

14.2

-9.5%

+144.3%

At stable exchange rates, revenue declined by 7.9%. In a weaker market environment, specific challenges became apparent. Accordingly, net revenue declined in all regions and market segments. Thanks to lower raw material costs and profitability improvements in the FoamPartner business unit, which was responsible for 86% of the segment's revenue, the EBIT margin increased despite the decline in revenue.

At FoamPartner, work continued steadily on implementing the measures to realize the medium-term margin potential, which had been defined following the takeover of Otto Bock Kunststoff and the streamlining of the joint venture structures in Asia and America. The measures include the optimization of business processes, modernization of management systems and the investment program to improve production infrastructures in Europe.

In the Schmid Rhyner business unit, a binding agreement was entered into with the German specialty chemicals' group Altana, which resulted in a sale after the balance sheet date with effect as of February 28, 2020. FoamPartner is also intended to be sold in line with the Group's strategic reorientation.

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Employees: 1,115

Presence: worldwide sales in over 100 countries; 15 production, processing and sales locations



[www.foampartner.com](http://www.foampartner.com), [www.schmid-rhyner.com](http://www.schmid-rhyner.com)

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## Outdoor

# Mammut Sports Group

(discontinued business unit)

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Revenue in CHF m

EBIT in CHF m

268.4

7.5

+5.9%

+42.0%

At stable exchange rates, revenue increased by 6.8%. The operating result reflected weak delivery performance in the third quarter together with declining sales and loss of earnings. Despite this, revenue increased in the regions of Europe, America and Asia. The high level of acceptance of newly launched products, as well as the development of digital sales channels as part of the strategic plan started in 2016, had a favorable impact.

The evaluation of options to accelerated development led to the realization that there is significant growth potential in the target markets outside Europe. Since the Group ultimately does not have the necessary market access outside Europe, a suitable buyer will be sought who will be able to realize this potential and strengthen the future viability of the brand.

It should be possible to build on the progress made on the basis of the ongoing strategy program, which laid the foundations for further profitable growth in the context of changing consumer habits and the ongoing shift from physical to online stores.

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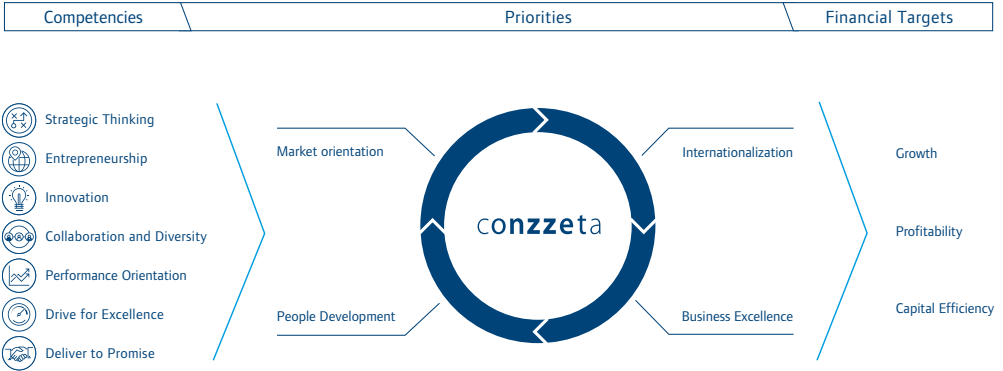
Employees: 899

Presence: worldwide sales network in 40 countries; headquarters and product development in Seon (Switzerland)



[www.mammut.com](http://www.mammut.com)

# Diversified management



Stable core shareholder base, solid capital position and modern governance as the basis for innovation, entrepreneurship and sustainable value creation

## Priorities and achievements

### Market orientation

The focus on Bystronic, which was announced in December 2019, is based on a realistic assessment of existing market positions and own capabilities. Bystronic holds a leading market position and has the critical size to make its mark in a dynamic market through innovation and enhance its presence in the growth regions. Ultimately, the other business units lack the access to global markets needed in order to survive in the intensely competitive environment over the long term.

### Internationalization

We are hoping to develop Bystronic's potential to a greater extent outside our local European markets. We see significant opportunities, particularly in Asia and America. Since the beginning of 2016, revenue in Asia and America has increased by 77.1% (total increase reported for Bystronic: 64.5%). This included acquisitions in Asia and the strengthening of its sales network in various Southeast Asian countries. An assembly & brand experience center is scheduled to be opened in the USA by the middle of 2020.

### Employee development

We encourage and support our employees based on the Conzzeta competencies model. In 2019, we continued our Talent Development Program and launched a Senior Leadership Program. This further training program focuses on the topics of digitalization, customer focus and problem-solving skills. We will continue our programs in 2020, a year of transition, fully confident that they will equip our employees with the skills to shape change in a forward-looking way.

### Business excellence

With a view to achieving sustainable improvements, we have been developing a Group-wide Business Excellence Program since 2016 based on the Six Sigma model, and have provided education and training to approximately 100 employees. The program includes measures in all business units that will make a significant contribution to results. Despite the Group's announced strategic reorientation, the program will consistently be continued in all business units, albeit with a more decentralized approach.

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