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# Semi-Annual Report

We Enable Energy

In the first half of 2019, Von Roll achieved an order intake of CHF 155.5 million.  
Sales amounted to CHF 154.8 million.  
Earnings before interest and taxes (EBIT) amounted to CHF 3.7 million.  
Cash flow from operating activities amounted to CHF 0.4 million.  
Von Roll generated net income of CHF 0.9 million in the first half of 2019.

## Key figures

| in CHF 1,000                        | 1H 2019        | 1H 2018 |
|-------------------------------------|----------------|---------|
| Order intake                        | <b>155,514</b> | 180,810 |
| Net sales                           | <b>154,754</b> | 169,767 |
| EBITDA from continuing operations   | <b>11,412</b>  | 16,703  |
| EBIT                                | <b>3,653</b>   | 8,829   |
| – in % of net sales                 | <b>2.4 %</b>   | 5.2 %   |
| Net income for the period           | <b>894</b>     | 954     |
| Cash flow from operating activities | <b>405</b>     | 6,861   |
| Capital expenditures                | <b>2,468</b>   | 3,049   |
| Equity                              | <b>234,129</b> | 107,935 |
| Equity ratio (%)                    | <b>66.7 %</b>  | 28.7 %  |
| Number of employees (FTE)           | <b>1,252</b>   | 1,277   |

## Key figures per share

| in CHF   | 1H 2019            | 1H 2018     |
|--|--------------------|-------------|
| EBITDA <sup>1</sup>                              | <b>0.03</b>        | 0.08        |
| EBIT <sup>2</sup>                                | <b>0.01</b>        | 0.05        |
| Net income <sup>3</sup>                          | <b>0.00</b>        | 0.00        |
| Cash flow from operating activities <sup>4</sup> | <b>0.00</b>        | 0.04        |
| Equity <sup>5</sup>                              | <b>0.66</b>        | 0.55        |
| Number of issued shares                          | <b>356,558,804</b> | 201,878,555 |
| Share price (high)                               | <b>1.38</b>        | 1.49        |
| Share price (low)                                | <b>1.18</b>        | 1.16        |
| Share price (end of period)                      | <b>1.18</b>        | 1.20        |
| Market capitalization (in CHF 1,000)             | <b>420,739</b>     | 242,254     |

<sup>1</sup> EBITDA / weighted average number of shares outstanding

<sup>2</sup> EBIT / weighted average number of shares outstanding

<sup>3</sup> Net income / weighted average number of shares outstanding

<sup>4</sup> Cash flow from operating activities / weighted average number of shares outstanding

<sup>5</sup> Consolidated equity / weighted average number of shares outstanding

|   |    |
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We Enable Energy

## Dear shareholders,

Global markets were affected by ongoing economic and political turmoil throughout the first half of 2019. This had a negative impact on the overall economy and thus also on demand from our customers.

Despite a declining order intake, the Von Roll Group achieved a net income of CHF 0.9 million for the period, in line with the year-over-year figure. This was primarily thanks to the wide-ranging optimization measures taken in the past 18 months focused on the operating business and the company's financing structure.

In addition to the slowing economy, weaker financial key figures of the first half of the year compared with the previous year also reflect increased expenditure for entering new growth markets. Sales were lower year-over-year by 8.8% at CHF 154.8 million. The decline was 6.9% adjusted for business units divested in the first half of 2018. Earnings before interest and depreciation (EBITDA) totaled CHF 11.4 million (previous year: CHF 16.1 million). Earnings before interest and taxes (EBIT) came to CHF 3.7 million (previous year: CHF 8.8 million).

While business in North America developed very positively, sales in the other regions remained below our expectations. In the US we are benefiting not only from increased demand, but in particular also from modernization of our site there in recent years.

The current developments further underline the need to push forward into high-growth markets of the future. We are thus investing more in the target markets presented, such as the automotive and aerospace sectors. Initial new and innovative products for the aviation market were introduced at this year's JEC trade fair in Paris. Our automotive unit recorded nominations in the first half of the year in the double-digit millions.

The transformation process we have started can only bear fruit over the medium term; thus in the first half we intensified our efforts to identify acquisition targets.

We do not foresee any improvement in the present weak state of the economy in the second half of the year. We will continue our future-focused activities and investing nonetheless, despite the impact thereof on current earnings.

Breitenbach, August 2019



Dr. Peter Kalantzis  
Chairman of the Board of Directors



Dr. Christian Hennerkes  
Chief Executive Officer

# Financial report

## Consolidated statement of comprehensive income for the first half of 2019 (unaudited)

| in CHF 1,000                                  | Note | 1H 2019        | 1H 2018        |
|---|------|----------------|----------------|
| <b>Net sales</b>                              | 5    | <b>154,754</b> | <b>169,767</b> |
| Cost of goods sold                            |      | -126,078       | -133,543       |
| <b>Gross profit</b>                           |      | <b>28,676</b>  | <b>36,224</b>  |
| Research and development expense              |      | -3,397         | -3,541         |
| Sales and distribution expense                |      | -8,747         | -9,435         |
| Administrative expense                        |      | -12,112        | -15,302        |
| Other operating income                        |      | 155            | 1,395          |
| Other operating expense                       | 6    | -184           | -2,696         |
| Income from investment property               | 6    | -738           | 2,184          |
| <b>EBIT</b>                                   |      | <b>3,653</b>   | <b>8,829</b>   |
| Financial income                              |      | 297            | 925            |
| Financial expense                             |      | -986           | -5,003         |
| <b>Result before tax</b>                      |      | <b>2,964</b>   | <b>4,752</b>   |
| Income tax                                    |      | -2,070         | -3,106         |
| <b>Result from continuing operations</b>      |      | <b>894</b>     | <b>1,646</b>   |
| Result from discontinued operations           | 2    | -              | -692           |
| <b>Net income for the period</b>              |      | <b>894</b>     | <b>954</b>     |
| <b>Net income attributable to:</b>            |      |                |                |
| Owners of the parent                          |      | 894            | 974            |
| Non-controlling interests                     |      | -2             | -20            |
| <b>Net income for the period</b>              |      | <b>892</b>     | <b>954</b>     |
| <b>Earnings per share</b>                     |      |                |                |
| Weighted average number of shares outstanding |      | 346,579,904    | 194,641,439    |
| Basic earnings per share in CHF               |      | 0.001          | 0.005          |
| Diluted earnings per share in CHF             |      | 0.001          | 0.005          |

## Consolidated statement of comprehensive income for the first half of 2019 (unaudited)

| in CHF 1,000  | 1H 2019      | 1H 2018        |
|---|--------------|----------------|
| <b>Net income for the period</b>  | <b>892</b>   | <b>954</b>     |
| Exchange differences arising on translation of foreign operations                   | - 518        | - 3,041        |
| <b>Other comprehensive income that will be reclassified to income statement</b>     | <b>- 518</b> | <b>- 3,041</b> |
| Remeasurement of defined benefit liabilities and assets                             | 948          | 3,728          |
| Income tax on remeasurement of defined benefit liabilities and assets               | - 64         | - 835          |
| <b>Other comprehensive income that will not be reclassified to income statement</b> | <b>884</b>   | <b>2,893</b>   |
| <b>Other comprehensive income for the period</b>                                    | <b>366</b>   | <b>- 148</b>   |
| <b>Total comprehensive income for the period</b>                                    | <b>1,258</b> | <b>806</b>     |
| <b>Total comprehensive income attributable to:</b>                                  |              |                |
| Owners of the parent  | 1,257        | 820            |
| Non-controlling interests   | 1            | - 14           |
| <b>Total comprehensive income for the period</b>                                    | <b>1,258</b> | <b>806</b>     |

## Consolidated statement of financial position as of June 30, 2019 (unaudited)

### Assets

| in CHF 1,000                                  | 30.06.2019     | in %           | 31.12.2018     | in %           |
|---|----------------|----------------|----------------|----------------|
| <b>Current assets</b>                         |                |                |                |                |
| Cash and cash equivalents                     | 69,122         |                | 71,219         |                |
| Trade accounts receivable                     | 55,839         |                | 52,125         |                |
| Inventories                                   | 44,981         |                | 46,589         |                |
| Tax receivables                               | 5,707          |                | 6,067          |                |
| Current financial assets                      | 243            |                | 487            |                |
| Other accounts receivable and prepaid expense | 7,798          |                | 7,490          |                |
| <b>Total current assets</b>                   | <b>183,690</b> | <b>52.4 %</b>  | <b>183,977</b> | <b>52.5 %</b>  |
| <b>Non-current assets</b>                     |                |                |                |                |
| Property, plant and equipment                 | 99,974         |                | 101,813        |                |
| Goodwill                                      | 10,433         |                | 10,428         |                |
| Intangible assets                             | 10,243         |                | 11,348         |                |
| Investment property                           | 5,164          |                | 5,503          |                |
| Non-current financial assets                  | 2,926          |                | 2,986          |                |
| Pension plan assets                           | 22,560         |                | 19,501         |                |
| Deferred tax assets                           | 15,822         |                | 14,672         |                |
| <b>Total non-current assets</b>               | <b>167,122</b> | <b>47.6 %</b>  | <b>166,251</b> | <b>47.5 %</b>  |
| <b>Total assets</b>                           | <b>350,812</b> | <b>100.0 %</b> | <b>350,228</b> | <b>100.0 %</b> |

### Equity and liabilities

| in CHF 1,000   | 30.06.2019     | in %           | 31.12.2018     | in %           |
|--|----------------|----------------|----------------|----------------|
| <b>Liabilities</b>   |                |                |                |                |
| <b>Current liabilities</b>                                 |                |                |                |                |
| Trade accounts payable                                     | 13,326         |                | 16,598         |                |
| Current tax payables                                       | 2,908          |                | 1,723          |                |
| Current financial liabilities                              | 24,008         |                | 23,056         |                |
| Current provisions   | 4,532          |                | 5,526          |                |
| Other liabilities and accruals                             | 22,328         |                | 23,522         |                |
| <b>Total current liabilities</b>                           | <b>67,102</b>  | <b>19.1 %</b>  | <b>70,425</b>  | <b>20.1 %</b>  |
| <b>Non-current liabilities</b>                             |                |                |                |                |
| Non-current financial liabilities                          | 8,773          |                | 6,907          |                |
| Post-employment benefit obligations                        | 28,803         |                | 26,755         |                |
| Deferred tax liabilities                                   | 4,957          |                | 4,248          |                |
| Non-current provisions                                     | 7,048          |                | 8,909          |                |
| <b>Total non-current liabilities</b>                       | <b>49,581</b>  | <b>14.1 %</b>  | <b>46,819</b>  | <b>13.4 %</b>  |
| <b>Total liabilities</b>                                   | <b>116,683</b> | <b>33.3 %</b>  | <b>117,244</b> | <b>33.5 %</b>  |
| <b>Equity</b>  |                |                |                |                |
| Share capital  | 35,655         |                | 35,654         |                |
| Group reserves   | 199,138        |                | 197,995        |                |
| <b>Equity attributable to owners of the parent company</b> | <b>234,793</b> | <b>66.9 %</b>  | <b>233,649</b> | <b>66.7 %</b>  |
| Non-controlling interests                                  | -664           | -0.2 %         | -665           | -0.2 %         |
| <b>Total equity</b>  | <b>234,129</b> | <b>66.7 %</b>  | <b>232,984</b> | <b>66.5 %</b>  |
| <b>Total equity and liabilities</b>                        | <b>350,812</b> | <b>100.0 %</b> | <b>350,228</b> | <b>100.0 %</b> |



## Consolidated cash flow statement for the first half of 2019 (unaudited)

| in CHF 1,000  | Note | 1H 2019        | 1H 2018         |
|---|------|----------------|-----------------|
| <b>Operating activities</b>   |      |                |                 |
| Result before tax from continuing operations  |      | 2,964          | 4,752           |
| Financial result  |      | 689            | 4,078           |
| Depreciation, amortization and impairment   |      | 7,759          | 7,873           |
| <b>Earnings before interest, tax, depreciation and amortization from continuing operations (EBITDA)</b> |      | <b>11,412</b>  | <b>16,703</b>   |
| Earnings before interest, tax, depreciation and amortization from discontinued operations               | 2    | -              | - 625           |
| Loss from the disposal and remeasurement of non-current assets  |      | 206            | 1,989           |
| Profit from the disposal and remeasurement of non-current assets  |      | - 43           | -               |
| Loss from the disposal of investment property   |      | 12             | -               |
| Changes in non-current provisions   |      | -1,151         | 117             |
| Changes in pension plan and other non-current assets  |      | 164            | -1,714          |
| <b>Cash flow before changes in net working capital</b>  |      | <b>10,600</b>  | <b>16,468</b>   |
| Changes in inventories  |      | 1,472          | - 4,712         |
| Changes in accounts receivable  |      | - 4,352        | - 9,454         |
| Changes in accounts payable   |      | - 2,340        | 5,458           |
| Changes in other current assets   |      | 428            | -1,090          |
| Changes in current provisions and other current liabilities   |      | - 3,629        | 987             |
| <b>Cash generated from operating activities</b>   |      | <b>2,178</b>   | <b>7,657</b>    |
| Income tax paid   |      | - 1,773        | - 796           |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>  |      | <b>405</b>     | <b>6,861</b>    |
| <b>Investing activities</b>   |      |                |                 |
| Capital expenditures for property, plant and equipment and intangible assets                            |      | - 2,468        | - 3,049         |
| Cash inflow (+) / cash outflow (-) from disposal  | 2    | -              | 6,134           |
| Proceeds from the disposal of non-current assets  |      | 43             | 113             |
| Interest received   |      | 222            | 185             |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>  |      | <b>- 2,203</b> | <b>3,382</b>    |
| <b>Financing activities</b>   |      |                |                 |
| Cash inflow due to additions of financial liabilities   |      | 24,000         | - 308           |
| Cash outflow due to repayment of financial liabilities  |      | - 23,000       | - 11,003        |
| Purchase of treasury shares   |      | - 971          | - 595           |
| Sale of treasury shares   |      | 845            | 563             |
| Interest paid   |      | - 420          | - 2,263         |
| Other cash flow from financing activities   |      | - 645          | 10              |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>  |      | <b>- 191</b>   | <b>- 13,597</b> |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS</b>  |      | <b>- 1,989</b> | <b>- 3,354</b>  |
| Cash and cash equivalents at January 1  |      | 71,219         | 45,161          |
| Effects of changes in foreign exchange rates  |      | - 108          | - 748           |
| Resulting from discontinued operations  |      | -              | 816             |
| Change in cash and cash equivalents   |      | - 1,989        | - 3,354         |
| <b>Cash and cash equivalents at June 30</b>   |      | <b>69,122</b>  | <b>41,875</b>   |

## Consolidated statement of changes in equity for the first half of 2019 (unaudited)

In the first half of 2019, consolidated equity changed as follows:

| in CHF 1,000                                     | Share capital | Capital reserves | Treasury shares | Currency translation adjustments | Retained earnings | Attributable to owners of the parent | Non-controlling interests | Total equity   |
|--|---------------|------------------|-----------------|----------------------------------|-------------------|--------------------------------------|---------------------------|----------------|
| <b>Balance at January 1, 2019</b>                | <b>35,654</b> | <b>592,873</b>   | <b>- 35,281</b> | <b>- 91,693</b>                  | <b>- 267,904</b>  | <b>233,649</b>                       | <b>- 665</b>              | <b>232,984</b> |
| Net income for the period                        | -             | -                | -               | -                                | 894               | 894                                  | - 2                       | 892            |
| Other comprehensive income for the period        | -             | -                | -               | - 648                            | 1,011             | 363                                  | 3                         | 366            |
| <b>Total comprehensive income for the period</b> | <b>-</b>      | <b>-</b>         | <b>-</b>        | <b>- 648</b>                     | <b>1,905</b>      | <b>1,257</b>                         | <b>1</b>                  | <b>1,258</b>   |
| Conversion of convertible bond                   | 1             | 11               | -               | -                                | -                 | 12                                   | -                         | 12             |
| Purchase/sale of treasury shares                 | -             | 15               | - 141           | -                                | -                 | - 126                                | -                         | - 126          |
| <b>Total transactions with owners</b>            | <b>1</b>      | <b>26</b>        | <b>- 141</b>    | <b>-</b>                         | <b>-</b>          | <b>- 114</b>                         | <b>-</b>                  | <b>- 114</b>   |
| <b>Balance at June 30, 2019</b>                  | <b>35,655</b> | <b>592,900</b>   | <b>- 35,422</b> | <b>- 92,341</b>                  | <b>- 265,999</b>  | <b>234,793</b>                       | <b>- 664</b>              | <b>234,129</b> |

**Total Group reserves at the  
end of June 2019**

**199,137**

In the first half of 2018, consolidated equity changed as follows:

| in CHF 1,000                                     | Share capital | Capital reserves | Treasury shares | Currency translation adjustments | Retained earnings | Attributable to owners of the parent | Non-controlling interests | Total equity   |
|--|---------------|------------------|-----------------|----------------------------------|-------------------|--------------------------------------|---------------------------|----------------|
| <b>Balance at January 1, 2018</b>                | <b>20,177</b> | <b>459,093</b>   | <b>- 40,658</b> | <b>- 85,153</b>                  | <b>- 245,656</b>  | <b>107,803</b>                       | <b>- 652</b>              | <b>107,151</b> |
| Net income for the period                        | -             | -                | -               | -                                | 974               | 974                                  | - 20                      | 954            |
| Other comprehensive income for the period        | -             | -                | -               | - 3,047                          | 2,893             | - 154                                | 6                         | - 148          |
| <b>Total comprehensive income for the period</b> | <b>-</b>      | <b>-</b>         | <b>-</b>        | <b>- 3,047</b>                   | <b>3,867</b>      | <b>820</b>                           | <b>- 14</b>               | <b>806</b>     |
| Conversion of convertible bond                   | 11            | -                | -               | -                                | -                 | 11                                   | -                         | 11             |
| Purchase/sale of treasury shares                 | -             | - 1,778          | 1,745           | -                                | -                 | - 33                                 | -                         | - 33           |
| <b>Total transactions with owners</b>            | <b>11</b>     | <b>- 1,778</b>   | <b>1,745</b>    | <b>-</b>                         | <b>-</b>          | <b>- 22</b>                          | <b>-</b>                  | <b>- 22</b>    |
| <b>Balance at June 30, 2018</b>                  | <b>20,188</b> | <b>457,316</b>   | <b>- 38,913</b> | <b>- 88,200</b>                  | <b>- 241,789</b>  | <b>108,601</b>                       | <b>- 666</b>              | <b>107,935</b> |

**Total Group reserves at the  
end of June 2018**

**88,414**

# Condensed notes to the consolidated Semi-Annual Report as of June 30, 2019 (unaudited)

## 1. Summary of significant accounting and measurement methods

### General information

This report contains the unaudited consolidated semi-annual financial statements as of June 30, 2019, of Von Roll Holding AG. This report was prepared in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting”, and should be read in conjunction with the consolidated financial statements prepared for the financial year ending on December 31, 2018.

Von Roll Holding AG (the company) and its subsidiaries (together Von Roll) is an international manufacturing and services corporation whose primary activities are outlined in the notes on the business segments (see note 4). The company is a publicly traded company listed on the Swiss stock exchange (SIX Swiss Exchange). The company’s registered office is in Breitenbach, Switzerland. The domicile is Passwangstrasse 20, 4226 Breitenbach, Switzerland.

### Applied accounting principles

The 2019 Semi-Annual Report was prepared applying the accounting principles outlined in the 2018 Annual Report. Income tax expense for the interim reporting period was calculated and accrued at the expected tax rate for the full 2019 financial year.

The consolidated semi-annual financial statements are prepared in Swiss francs (CHF), as the primary Group units either operate from or are financed from Switzerland. The semi-annual financial statements are prepared in CHF thousands (TCHF). The number format chosen may result in minor rounding differences.

### Adoption of new accounting standards

The following changes to the IASB standards were applied for the first time to the financial year beginning January 1, 2019. These changes had no significant impact on the consolidated semi-annual financial statements or on the equity of the Von Roll Group.

Initial application of IFRS 16 led to the recording of rental and lease expenses of approximately CHF 0.7 million in the first half of 2019, shown on the income statement as follows:

- » Depreciation CHF 0.6 million
- » Interest expense CHF 0.1 million

Redemption of the lease liability of CHF 0.6 million is shown on the cash flow statement accordingly as an outflow from financing activities, in contrast to rental expenses being included in operating cash flows in the previous year. The previous-year figures have not been retroactively adjusted. The figures from the cash flow statement and depreciation and amortization figures (Note 4) are thus only comparable to the previous-year figures to a limited extent.

Initial application of IFRS 16 led to the recognition of approximately CHF 1.9 million in non-current assets, CHF 0.6 million in current assets and CHF 1.3 million in non-current financial liabilities.

| Amendments to standards |                                       | Effective for<br>annual periods<br>beginning on<br>or after | Adoption by<br>Von Roll |
|-------------------------|---------------------------------------|---|-------------------------|
| IFRS 16                 | Leases                                | January 1, 2019   | Financial year<br>2019  |
| IFRIC 23                | Uncertainty over income tax treatment | January 1, 2019   | Financial year<br>2019  |

The following new and revised IASB standards and IASB interpretations have been adopted but become effective at a later point in time, and have not been adopted on an early basis for this condensed (consolidated) interim report. The effects thereof on the Group financial statements of Von Roll Holding AG have not yet been conclusively determined, and thus are only preliminarily estimated by management.

| <b>Amendments to standards</b> |                     | Effective for<br>annual periods<br>beginning on<br>or after | Planned adoption by<br>Von Roll |   |
|--------------------------------|---------------------|---|---------------------------------|---|
| IFRS 17                        | Insurance contracts | January 1, 2021   | not relevant                    | * |

| <b>Amendments to standards</b> |                           | Effective for<br>annual periods<br>beginning on<br>or after | Planned adoption by<br>Von Roll |   |
|--------------------------------|---------------------------|---|---------------------------------|---|
| IFRS 3                         | Definition of a business  | January 1, 2020   | January 1, 2020                 | * |
| IAS 1                          | Definition of materiality | January 1, 2020   | January 1, 2020                 | * |

\* No effects or no material effects are expected on the consolidated financial statements of Von Roll.

## 2. Changes in the scope of consolidation

### Sale of Mica Electrical (Luhe) Co., Ltd.

The contract of sale for the shares held in Mica Electrical (Luhe) Co., Ltd., domiciled in Luhe, China, was signed on May 12, 2018. Mica paper and pressed mica sheets were primarily produced in Luhe. The transaction was completed on May 22, 2018.

A loss of CHF 1.8 million was reported on the sale of the company shares under other operating expenses. The Von Roll Group received a total cash inflow of CHF 8.4 million from the sale after price reductions. Of that amount, CHF 6.1 million had already been received by the close of the first half of 2018.

The carrying values of the net assets sold and the cash flow from the transaction are as shown below.

| in CHF 1,000   | 22.05.2018     |
|--|----------------|
| Cash and cash equivalents  | 1,392          |
| Trade accounts receivable  | 2,759          |
| Inventories  | 846            |
| Other accounts receivable and prepaid expense  | 348            |
| Property, plant and equipment  | 4,542          |
| Intangible assets  | 23             |
| Deferred tax assets  | 1,950          |
| Trade accounts payable   | - 566          |
| <b>Net assets</b>  | <b>11,295</b>  |
| <hr/>  |                |
| Consideration received in cash till June 30, 2018  | 6,134          |
| Cash and cash equivalents disposed of  | - 1,392        |
| <b>Net cash flow</b>   | <b>4,742</b>   |
| Not yet received   | 3,316          |
| Loss from the sale of Mica Electrical (Luhe) Co., Ltd.   | - 1,453        |
| Reclassification of foreign currency differences   | - 392          |
| <b>Total loss from the sale of Mica Electrical (Luhe) Co., Ltd. (reported under other operating expense)</b> | <b>- 1,845</b> |

### Discontinued business segments

As announced on February 8, 2018, the partial sale of the water business of Von Roll BHU Umwelttechnik GmbH, Germany, which had been reported as a discontinued operation as of December 31, 2017, was realized in a management buy-out (MBO). This partial sale principally involved the water business in the Chinese market. The municipal drinking water business in Germany was sold on March 16, 2018 in a subsequent partial sale to W.E.T. Wasser, Energie, Technologie GmbH.

The sales involved the customer projects existing on the date of sale, including the project assets and liabilities. The sale does not affect profit and loss. In the transaction, the relevant asset and liability items were transferred to the buyer at carrying value.

The earnings portions included in the semi-annual result and cash flows are shown below.

| in CHF 1,000   | 1H 2018      |
|--|--------------|
| <b>Net sales</b>   | <b>1,208</b> |
| Expenses   | -1,833       |
| <b>Result from discontinued operations, before interest, depreciation and income taxes</b> | <b>-625</b>  |
| Depreciation   | -56          |
| Financial result   | -11          |
| <b>Result from discontinued operations, before income taxes</b>                            | <b>-692</b>  |
| Income tax   | -            |
| <b>Result from discontinued operations</b>   | <b>-692</b>  |

| in CHF 1,000                                      | 1H 2018     |
|---|-------------|
| Cash flow from operating activities               | -930        |
| Cash flow from investing activities               | -           |
| Cash flow from financing activities               | -7          |
| <b>Net cash flow from discontinued operations</b> | <b>-937</b> |

## 3. Foreign currencies

The following rates were applied for the translation of foreign currencies into Swiss francs (CHF):

|     | Average rates 1H |       | Period end rates |            |
|-----|------------------|-------|------------------|------------|
|     | 2019             | 2018  | 30.06.2019       | 31.12.2018 |
| EUR | 1.130            | 1.170 | 1.111            | 1.123      |
| USD | 0.998            | 0.965 | 0.976            | 0.980      |
| GBP | 1.287            | 1.332 | 1.239            | 1.244      |
| INR | 0.014            | 0.015 | 0.014            | 0.014      |
| BRL | 0.259            | 0.287 | 0.255            | 0.253      |
| CNY | 0.147            | 0.152 | 0.142            | 0.142      |

## 4. Business segments

The information on the business segments for the first half of 2019 is outlined below.

| in CHF 1,000   | Von Roll<br>Insulation | Von Roll<br>Composites | Von Roll      |
|--|------------------------|------------------------|---------------|
| Net sales  | 111,429                | 43,325                 | 154,754       |
| <b>Operating EBITDA<sup>1</sup></b>  | <b>9,002</b>           | <b>2,823</b>           | <b>11,825</b> |
| Depreciation, amortization and impairment of property, plant and equipment and intangible assets | - 5,840                | - 1,594                | - 7,434       |
| <b>Segment result</b>  | <b>3,162</b>           | <b>1,229</b>           | <b>4,391</b>  |
| Income from investment property  |                        |                        | - 738         |
| <b>EBIT</b>  |                        |                        | <b>3,653</b>  |
| Financial result   |                        |                        | - 689         |
| Income tax   |                        |                        | - 2,070       |
| <b>Net income for the period</b>   |                        |                        | <b>894</b>    |

<sup>1</sup> Excluding income from investment property

A separate segment called “Other activities” was shown in previous years, which included the water business and holding company activities. The sale of the water business in the year under review eliminated the reason for showing this separate segment. The remaining activities were reclassified to the operating segments as outlined below. Expenses connected with holding company activities were allocated to the Insulation and Composites segments in accordance with their respective percentages of total sales.

The information on the business segments for the first half of 2018 is outlined below.

| in CHF 1,000   | Von Roll<br>Insulation | Von Roll<br>Composites | Von Roll      |
|--|------------------------|------------------------|---------------|
| Net sales  | 119,415                | 50,352                 | 169,767       |
| <b>Operating EBITDA<sup>1</sup></b>  | <b>10,528</b>          | <b>3,662</b>           | <b>14,190</b> |
| Depreciation, amortization and impairment of property, plant and equipment and intangible assets | - 5,854                | - 1,691                | - 7,545       |
| <b>Segment result</b>  | <b>4,674</b>           | <b>1,971</b>           | <b>6,645</b>  |
| Income from investment property  |                        |                        | 2,184         |
| <b>EBIT</b>  |                        |                        | <b>8,829</b>  |
| Financial result   |                        |                        | - 4,077       |
| Income tax   |                        |                        | - 3,106       |
| <b>Result from continuing operations</b>   |                        |                        | <b>1,646</b>  |
| Result from discontinued operations  |                        |                        | - 692         |
| <b>Net income for the period</b>   |                        |                        | <b>954</b>    |

<sup>1</sup> Excluding income from investment property

The reportable segments were determined on the basis of the business management approach in place, which is that external segment reporting reflects the Group’s internal organizational and management structure and internal financial reporting to the Chief Operating Decision Maker. The Board of Directors of Von Roll Holding AG is the top-level governance board of Von Roll.

## Business segments

The primary operating activities of Von Roll are organized into the two segments Von Roll Insulation and Von Roll Composites. These form the basis for segment reporting. The Von Roll business segments encompass all activities relating to production processes.

The primary activities are as follows:

- » Von Roll Insulation – production and distribution of electrical insulation materials, winding wires and resins
- » Von Roll Composites – production and distribution of composite materials

## 5. Net sales

Sales revenue for the first half of 2019 came in lower than for the first half of 2018 at approximately CHF 15.0 million. This represents a decline of 8.8 %.

Changes in the scope of consolidation led to sales being lower for the first half of 2019 than for the first half of 2018 by CHF 11.5 million, representing an approximate 6.9% decrease in the core business.

| in CHF 1,000   | 1H 2019        | in %           | 1H 2018        | in %           |
|--|----------------|----------------|----------------|----------------|
| Net sales  | <b>154,754</b> | <b>100.0 %</b> | <b>169,767</b> | <b>100.0 %</b> |
| Thereof net sales Luhe Inc. (sold)                     | -              | -              | 3,497          | 2.1 %          |
| Total net sales  | <b>154,754</b> |                | 166,271        |                |
| Change compared to previous year on a comparable basis | <b>-11,517</b> | <b>-6.9 %</b>  |                |                |

## 6. Net income for the period

Other operating expenses in the first half of 2018 included the deconsolidation loss resulting from the sale of shares in Mica Electrical (Luhe) Co., Ltd. An expense of CHF 1.8 million was recorded for this, including currency effects on the transaction.

Negative income from investment property in the amount of CHF -0.8 million resulted primarily from the loss of a tenant in 2018.

### Employee benefits in accordance with IAS 19

Defined benefit plan expenses totaled CHF 2.2 million for the first half of 2019 (1H 2018: CHF 1.0 million), including CHF 1.9 million recorded as staff costs (1H 2018: CHF 0.8 million) and CHF 0.3 million (1H 2018: CHF 0.2 million) as interest expense. Staff costs recorded for the first half of 2018 reflected the CHF 1.8 million effect of a reduction in the pension plan conversion rate.



## 7. Financial liabilities

The Von Roll Group has two convertible bonds outstanding:

| in CHF 1,000  | 1.00%-conv. bond<br>2016–22 | 1.25%-conv. bond<br>2014–20 |
|---|-----------------------------|-----------------------------|
| Liability component upon issue  | 127,695                     | 52,816                      |
| Less proportional issue costs   | – 560                       | – 712                       |
| Amortization of difference between liability component/redemption amount                | 9,495                       | 4,439                       |
| Conversion of bond into bearer shares   | –135,621                    | –50,596                     |
| <b>Net liability component (carrying amount at balance sheet date) at June 30, 2019</b> | <b>1,009</b>                | <b>5,947</b>                |
| Open par value at June 30, 2019   | 1,093                       | 6,105                       |

### 1.00%-convertible bond, 2016 to 2022

Bonds with a nominal value of CHF 14,000 were converted during the period under review, resulting in the creation of new bearer shares with a nominal value of CHF 1,400. In addition to accrued interest of TCHF 6 (1H 2018: TCHF 748), compound interest expenses of TCHF 13 were recorded on the income statement (1H 2018: TCHF 1,821), representing an effective interest rate of 3.898 %.

### 1.25%-convertible bond, 2014 to 2020

No conversion rights were exercised during the period under review. In addition to accrued interest of TCHF 38 (1H 2018: TCHF 131), compound interest expenses of TCHF 82 were recorded (1H 2018: TCHF 260) on the income statement, representing an effective interest rate of 4.035 %.

## 8. Share capital, treasury shares and dividends

As of June 30, 2019, the company's share capital per commercial register record is a nominal CHF 35,654,480.40, consisting of 356,544,804 bearer shares with a nominal value of CHF 0.10. Following the conversion of part of the convertible bond issue from 2016, issued share capital as of June 30, 2019, was a nominal CHF 35,655,880.40, consisting of 356,558,804 bearer shares with a nominal value of CHF 0.10. The exercise of conversion rights to 14 bonds from the existing convertible bonds with maturities between 2016 and 2022 during the period under review resulted in the issuance of 14,000 new shares, increasing share capital by the amount of CHF 1,400. The carrying amount of the residual debt component and deferred tax liabilities in the amount of CHF 11,418 in excess of the nominal value of the new shares were credited to capital reserves (see note 8, "Financial liabilities").

As of June 30, 2019, Von Roll held 7,169,803 shares in the treasury (December 31, 2018: 7,057,464). This corresponds to 2.01% of issued share capital (December 31, 2018: 1.98 %).

A resolution was adopted at the shareholders' meeting of May 3, 2019, not to distribute a dividend for the financial year 2018.

## 9. Contingent liabilities and guarantees

As of June 30, 2019, contingent liabilities and guarantees totaled CHF 1.3 million. This figure is lower by CHF 1.8 million compared with December 31, 2018.

## 10. Events after the balance sheet date

No reportable events occurred between the balance sheet date and the date of release of the report by the Board of Directors.

The Board of Directors released the consolidated semi-annual financial statements for publication on August 14, 2019.

**Registered office**

Von Roll Holding AG  
Passwangstrasse 20  
4226 Breitenbach  
Switzerland  
Tel. +41 61 785 51 11  
Fax +41 61 785 58 92  
[www.vonroll.com](http://www.vonroll.com)

**Stock exchange listing**

SIX Swiss Exchange (symbol: ROL)  
Security number: 324,535  
ISIN: CH0003245351

**For publications and further information, please contact**

Claudia Güntert  
Tel. +41 61 785 52 36  
Fax +41 61 785 58 92  
[investor@vonroll.com](mailto:investor@vonroll.com)

Von Roll Holding AG  
Passwangstrasse 20  
4226 Breitenbach  
Switzerland

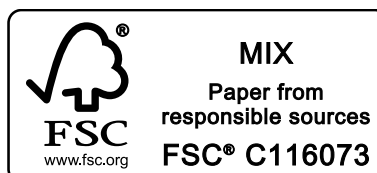
**Imprint**


Publisher: Von Roll Holding AG, Breitenbach  
Concept/text: Von Roll Holding AG, Breitenbach  
Design/artwork:  
gateB AG, Transforming Digital into Value, Steinhausen/Zug

Created and printed in Switzerland  
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The Von Roll Semi-Annual Report is originally prepared in German and translated into English.  
In the event of any discrepancy, the printed German version prevails.

The Semi-Annual Report is available on the internet at  
[www.vonroll.com](http://www.vonroll.com)





Von Roll Holding AG with registered office in CH-4226 Breitenbach (canton Solothurn) has been listed on the SIX Swiss Exchange (symbol: ROL, security number: 324.535, ISIN: CH0003245351) since August 11, 1987.