

Media release: First half-year 2019 interim report

Gurit reports strong Net Sales growth of 45.8% and an Operating Profit Margin of 9.7%

Business results 1HY 2019 over 1HY 2018:

- Net Sales grew 45.8% to CHF 284.7 million including acquisition effects
- Net Sales excluding acquisitions grew 14.6%
- Operating Profit Margin of continued operations improved to 12.5%

Zurich, Switzerland, August 15, 2019 – Gurit (SIX Swiss Exchange: GUR) today reports net sales of CHF 284.7 million for the first six months of 2019. This represents a growth of 45.8% including acquisition effects against the prior-year period. The organic growth is 14.6% (currency-adjusted 16.5%) versus 1HY 2018. Operating profit amounted to CHF 27.5 million and the operating profit margin came in at 9.7% of net sales for the first half-year 2019. As for the continued operations the Operating Profit Margin improved from 10.8% in 1HY 2018 to 12.5% in 1HY 2019.

Both the total and the continued business showed a strong performance, with the main support coming from the Wind market. The discontinued business made remarkable operative improvements, both in terms of double-digit sales growth and better operative margins, but remains still impacted by some losses and additional impairment provisions.

The Wind market is growing significantly in 2019 over 2018. New installations are expected to grow from some 50 Gigawatts (GW) in 2018 to some 70 GW in 2019, resulting in a significant demand increase for core materials for wind turbine blade production.

Composite Materials achieved net sales of CHF 122.2 million in the first half-year 2019 (1HY 2018: CHF 106.0 million). This represents an increase of 15.3% in reported Swiss francs and 17.1% on a currency-adjusted basis. The Business Unit Composite Materials serves Wind energy as well as other industries. Sales to the Wind energy market have increased significantly whereas sales to other markets remained stable. The synthetic core materials operations are operating at capacity limits. Balsa wood operations are being overwhelmed by demand increases while raw material availability was restricted and raw material prices are significantly higher in 1HY 2019.

Kitting recorded sales of CHF 75.2 million in 1HY 2019. As the business unit is reporting results within Gurit only as of Q4/2018, there is no comparison for the first half-year 2019. Kitting benefited from the growth of the Wind market and saw strong sales.

Tooling increased its net sales by 12.6% (currency-adjusted: 14.4%) to CHF 67.8

million compared to CHF 60.2 million in the first half-year 2018. This has been supported by the general wind market growth, the trend towards moulds with extra-long sizes as well as additional large orders from an OEM client. The sales increase was in general driven by sales to European and American OEMs, while sales to Chinese customers were weaker. We expect the demand in the second half-year to be lower than during the first six months.

Aerospace sales increased by 10% (currency-adjusted: 12.2%) to CHF 27.5 million in the first six months of 2019 compared to net sales of CHF 25.0 million in the first half-year 2018. An European OEM was catching up shortfalls from lower build rates last year, while sales to American customers saw double-digit growth. The Business Unit has projects in progress to modernize the production facilities and support further efficiency improvements.

The discontinued **Composite Components** reported Net Sales of CHF 9.9 million for the first half-year 2019. This represents an increase of 56.2% (currency-adjusted: 61.1%) over net sales of CHF 6.3 million generated in the first half-year 2018. Sales to new programs and existing long-term volume programs increased during the first half-year. The UK site has been closed down and the related parts production has now been completely integrated into the Hungarian site. Gurit has made an additional impairment provision in respect to the ongoing divestment process.

Net Sales rounded up to mCHF	1HY 2019	1HY 2018	Change in reported CHF	Change @ constant HY 2019 rates
Composite Materials	122.2	106.0	15.3%	17.1%
Kitting	75.2	0.0		
Tooling	67.8	60.2	12.6%	14.4%
Aerospace	27.5	25.0	10.0%	12.2%
Elimination	-17.8	-2.2		
Total Continued Operations	274.9	189.0	45.4%	47.9%
Composite Components (discontinued)	9.9	6.3	56.2%	61.1%
Total Group	284.7	195.3	45.8%	48.3%

Key financial figures rounded up to mCHF	1HY 2019	1HY 2018
Operating Profit	27.5	16.0
Operating Profit Margin	9.7%	8.2%
EBIT	27.5	15.0
Profit for the period	18.2	11.2
Operating Cashflow	32.2	8.3
Capital expenditures	11.2	8.9
(Net debt) / Net cash	(71.3)	21.8
Equity in % of total assets	37.8%	65.8%
Thereof Continued Operations:		
Net Sales	274.9	189.0
Operating Profit	34.4	20.5
Operating Profit Margin	12.5%	10.8%
EBIT	34.4	19.5
Profit for the period	25.2	15.8
Profit for the period margin	9.2%	8.3%

Operating Profit and Balance Sheet

The operating profit result was driven by the strong demand in the Wind energy market. To a lesser extent Aerospace and Marine also contributed to the result improvement. Negative impacts came from impairments of CHF 6.7 million for Automotive and certain assets in Continued Operations. In summary, operating profit came in at the upper range of the Company's guidance. Gurit reported an **Operating Profit** of CHF 27.5 million for the first six months of 2019 (1HY 2018: CHF 16.0 million). The **Operating Profit Margin** amounted to 9.7% of Net Sales (1HY 2018: 8.2%). **Net Profit** for the first half-year 2019 increased to CHF 18.2 million (1HY 2018: CHF 11.2 million) equalling **Earnings per listed bearer share** of CHF 39.39 (1HY 2018: CHF 24.13).

In total, Gurit generated a positive **Cash Flow** from operating activities of CHF 32.2 million in the first six months of 2019 (1HY 2018: 8.3 million). **Capital expenditures** amounted to CHF 11.3 million in the first half-year 2019 (1HY 2018: CHF 8.9 million). The expenditure in 1HY 2019 was mainly dedicated to the core material production capacity increases for PET and a new Kitting facility in Mexico. Gurit undertakes a significant Capex program to increase its PET extrusion footprint and related capital expenditures at a higher than normal level in the next 18 months. Total capital expenditure planned for the full year 2019 is expected to total around CHF 30 million.

Outlook

For 2019 Gurit expects to achieve above CHF 525 million in net sales and an Operating Profit Margin within the upper half of the target range of 8 – 10%.

Online publication of Half-Year Report 2019, Media/Analyst conference and webcast

On Friday, August 16, 2019 Management will discuss the results in further detail at a joint media and analyst conference at 09:00 a.m. CEST. The conference will take place at the Zurich Marriott Hotel, Neumuehlequai 42, CH-8006 Zurich. The presentation will be held in English and will also be accessible as webcast at <http://www.gurit.com/Investors/Webcasts>. An archived version will later be made available under the same link.

The Half-Year 2019 interim report is available online at <http://www.gurit.com/Investors/Reports>

About Gurit:

The subsidiaries of Gurit Holding AG, Wattwil/Switzerland, (SIX Swiss Exchange: GUR) are specialized on the development and manufacture of advanced composite materials, related technologies and select finished parts and components. The comprehensive product range comprises fibre reinforced preregs, structural core products, gel coats, adhesives, resins and consumables. Gurit supplies global growth markets with composite materials on the one hand and composite tooling equipment, core material wind turbine blade kits, structural engineering and select finished parts on the other. Gurit operates production sites and offices in Canada, China, Denmark, Ecuador, Germany, Hungary, Indonesia, India, Italy, Mexico, New Zealand, Poland, Spain, Switzerland, Turkey, United Kingdom and the United States.

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