

interim  
report  
2014

Gurit achieved net sales of CHF 167 million and an operating profit of CHF 7.7 million in the first half of 2014, a strong increase over the prior-year period.

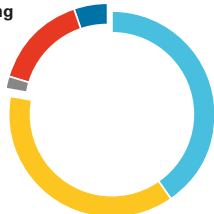
**Sales by end-market**

**Composite Systems and Engineering**  
23% (16%)

**Automotive**  
5% (5%)

**Tooling**  
15% (8%)

**Engineered Structures**  
2% (2%)



**Composite Materials**  
77% (84%)

**Wind Energy**  
40% (42%)

**Other Material Markets**  
37% (42%)

(Prior-year period)

**Key figures Consolidated Income Statement 1HY 2014**  
(in CHF million) (prior-year period in brackets)

Net sales	<b>167.0</b>	(129.7)
Operating profit	<b>7.7</b>	(0.6)
Net profit (loss)	<b>7.1</b>	(-2.4)

**Key figures Consolidated Balance Sheet**  
(in CHF million)

	30.6.2014	31.12.2013
<b>Total assets</b>	<b>241.6</b>	<b>222.1</b>
thereof Current assets	164.6	144.7
<b>Total liabilities</b>	<b>79.9</b>	<b>64.8</b>
thereof Current liabilities	71.1	57.1
Equity	161.7	157.3
<b>Equity ratio</b>	<b>66.9%</b>	<b>70.8%</b>

**Sales dynamics 1HY 2014 over 1HY 2013**

**Composite Materials**  
Wind Energy +22.8%

**Other Material Markets** +13.4%

**Composite Systems and Engineering**  
Automotive +31.7%

**Tooling** +136.3%

**Engineered Structures** +29.8%

# Dear Shareholders

Gurit achieved net sales of CHF 167 million in the first six months of 2014. This represents a very positive increase of 28.8% over the same but weak period of last year. The net sales achieved in the first half of 2014 also represent an increase of 10.2% over the preceding second half of 2013, confirming the recovery started in summer 2013. Operating profit improved to CHF 7.7 million or 4.6% of net sales.

## Positive sales momentum in all end markets served

During the first half of 2014, Gurit achieved strongly improved results. Gurit benefits from the recovery in the global wind energy market and harvests first results of its strategic initiatives to enter and penetrate new composite materials markets with existing and enhanced offerings. The wind energy market rebounded faster and stronger than anticipated by most market participants in late 2013. Especially the Asian wind energy market experienced a remarkable return which started in China and extends now to India. For Gurit, this resulted first in a strong sales momentum for wind turbine blade moulds (Tooling) which set in during the second half of 2013, with further growth during 2014. Subsequently, it will also lead to a recovery of Gurit Composite Materials' sales to the wind energy market, especially in Asia.

Sales of composite materials to the other end markets continue to develop steadily and further significant efforts are being undertaken to strengthen these businesses organically. Compared with the first half of last year, they achieved single-digit growth rates in the aerospace market and double-digit growth rates in the marine and industrial markets.

Gurit's automotive and engineered structures businesses also posted significant sales increases.

### Higher volumes support the recovery of profitability

The higher demand and the resulting increased capacity utilization contributed to an overall improving profitability. In the first half of 2014, Gurit achieved an operating profit of CHF 7.7 million (1HY 2013: CHF 0.6 million) or a margin of 4.6% (1HY 2013: 0.5%) of net sales. Largely in line with Gurit's expectations, this recovery benefited strongly from the robust performance in Tooling but was negatively impacted by weak margins in the automotive parts business and the still low, though improving margins in the wind energy market-related synthetic core material business. The operations excellence efforts in the business unit Gurit Composite Materials have shown first positive results, particularly in the second quarter of 2014, but further strong efforts are needed to improve the margins in the coming quarters.

### Gurit Composite Materials

In the first half of 2014, the business unit Gurit Composite Materials achieved net sales of CHF 128.8 million (1HY 2013: CHF 109.1 million) with the production and supply of advanced composite materials. This represents a growth of 18.1% in reported Swiss francs or of 19.2% on a currency-adjusted basis. While the operating profit of Gurit Composite Materials is improving and achieved reasonable levels in the marine, industrial, and aerospace markets, it still holds significant upward potential in the wind energy business.

Material sales to wind energy customers grew during the first half-year by 22.8% (currency-adjusted: 24.3%) and thus recovered from the contraction Gurit had faced during the first half year 2013.

The main growth drivers in this segment were the American and Asian markets. Whereas in the American market, Gurit could benefit from strong end user demand, the Asian markets also showed strong demand but were still affected by very competitive pricing and stressed customer liquidity. Therefore, Gurit has been selective in this market

environment to improve the quality of its business portfolio. Main product categories sold in the first half of 2014 were [Shape N° 15 p.22](#) carbon fiber prepreg, as well as the full range of core materials. In its balsa wood business, Gurit was able to quickly ramp-up production output to satisfy the increased demand from existing and especially new customers. Gurit also increased the sales of its self-produced synthetic core materials, whereas the business with traded PVC core material has not yet developed as fast as expected, because of longer than anticipated qualification processes. The sale of glass fiber prepreg has further declined due to a technology shift from using prepreg to infusion. There is a growing demand for Gurit's adhesive product range in the wind energy market.

The Industrial, Marine, and Aerospace businesses grew sales by 13.4% during the first half of 2014 to CHF 62 million (2013: CHF 54.7 million). Aerospace grew mid-single digit, Industrial and Marine double-digit. Gurit took advantage of its good market position and grew sales on the back of a slight market growth. The strongest growth was achieved in the superyacht [Shape N° 15 p.4](#) [Shape N° 15 p.24](#) segment, where some sizeable projects won last year were executed in the first half of 2014. All other marine segments also showed improving demand, and the outlook is positive. The growth in Aerospace was driven by the stably growing build rates of the OEMs. Emphasis was placed on qualifying new and existing products for industrial application markets which have started to yield first qualification successes for future supply, especially to the automotive and defense [Shape N° 15 p.14](#) industry.

Over the entire portfolio, Gurit Composite Materials still needs to emphasize on improving its operational performance, and the business unit needs to remain flexible in order to react to market requirements, constantly aligning the manufacturing footprint to market and product group demand.



Peter Leupp, Chairman of the Board of Directors (left)  
Rudolf Hadorn, Chief Executive Officer (right)

### Gurit Composite Systems and Engineering

In the first half of 2014, Gurit generated net sales of CHF 38.2 million with tooling systems, parts for cars and buses, and engineering services. This represents an increase of 85.5% (currency-adjusted: 86.6%) compared with the same period of last year.

In Tooling, sales of mould systems more than doubled compared with the same period last year: Tooling achieved revenues of CHF 25.2 million (2013: CHF 10.7 million), an increase of 136.3% in reported Swiss francs (currency-adjusted: 144.4%). During the reporting period, the mould-making capacity was fully booked, and Gurit delivered several series of moulds of the same type to customers in Asia, Europe, and the Americas. The average length of the moulds produced so far in 2014 reached 55 meters. [Shape N° 15 p.26](#) One order received was even for a mould of almost 90 meters in length. Tooling also continued to secure new customers. The full utilization of the capacity enabled a positive operating profit contribution of this business.

Sales of manually moulded car body panels [Shape N° 15 p.8](#) reached CHF 9.1 million (2013: CHF 6.9 million), up 31.7% (currency-adjusted: 28.1%). The rapid and concurrent ramp-up of new, large, and complex automotive parts programs caused output stress in the operations and impacted effi-

ciency. The deployment of the new press technology for larger series of parts developed according to plan: first pressed class-A visual carbon car roofs were successfully produced in 2014. This is proof of Gurit's material and its press technology build-up.

Engineered structures are reporting sales of CHF 4.0 million for the first half of this year. This equals an increase of 29.8% (currency-adjusted: 27.9%) versus the same period last year. The new production site in Hungary [Shape N° 15 p.27](#) is now fully operational. This allowed Gurit to transfer the manufacture of composite parts for commuter buses from the UK to Hungary during the first half of 2014. Gurit will further develop this site to serve as a manufacturing base for advanced composite components.

### Operational efficiency

The higher demand for tooling, carbon fiber prepreg, and core materials led to a better utilization and structural cost absorption in the respective plants and overhead structures.

Significant efforts are being undertaken to further improve the operational excellence. Technical improvement programs to achieve shorter lead times [Shape N° 15 p.19](#), further improve product properties and higher efficiency in wind energy

core materials and prepreg operations are ongoing. In addition, Gurit has decided to upgrade the machine park in aerospace prepreg manufacturing and has already initiated this investment project.

### Financial results

The strong increase in sales and the excellent operational performance of the tooling business have enabled Gurit to reach an operating profit of CHF 7.7 million, or 4.6% of net sales during the first half of 2014. This represents a significant improvement from the CHF 0.6 million or 0.5% of net sales posted for the same period last year. It also reflects further progress compared with the operating profit of CHF 5.9 million or 3.9% of net sales achieved during the second half of 2013, confirming the ongoing recovery which started in the summer of 2013.

A non-operating profit of CHF 2.1 million was recorded following the sale of some remaining land in Wattwil, Switzerland.

Interest expenses and exchange result remained low. Income taxes of CHF 2.5 million represent 26.0% of profit before taxes, a significant improvement compared with former periods, benefitting from good profits in lower tax jurisdictions and a reduced amount of non-tax-effected losses in other countries.

Net cash flow from operating activities amounted to minus CHF 1.8 million. This is mainly due to a CHF 10.6 million increase in working capital, partially driven by higher sales volumes and partially due to the build-up of inventory which should at least partly be disposed of during the second half of the year.

Capital expenditures of CHF 4.3 million, including the expansion of Gurit's tooling plant as well as the setup of the Hungarian plant, were partly funded by the CHF 2.2 million proceeds from the sale of the above mentioned real estate property in Wattwil.

With an equity ratio of 67% at end of June 2014, Gurit's balance sheet remains very solid.

### Outlook

Gurit expects similar business conditions for the remainder of 2014 and an operating profit margin around the level achieved in the first half year.

Yours sincerely,  
Gurit Holding AG



Peter Leupp,  
Chairman of the  
Board of Directors



Rudolf Hadorn  
Chief Executive  
Officer

## Consolidated Income Statement

In CHF 1000	Note	Half-year ended June 30, 2014 unaudited	Half-year ended June 30, 2013 unaudited
Net sales	4	167 011	129 650
Other operating income		194	821
Change in inventories of finished and unfinished goods		5 430	2 738
Material expense		-90 590	-71 860
Personnel expense		-43 820	-37 146
Other operating expenses		-25 981	-18 330
Impairment reversals/(charges), net		131	-147
Depreciation		-4 207	-4 674
Amortization		-459	-442
Operating profit		7 709	610
Finance expense		-874	-999
Finance income		715	540
Ordinary result		7 550	151
Non-operating result		2 051	-
Profit before tax		9 601	151
Income tax expense		-2 495	-2 514
<b>Profit / (Loss) for the half-year</b>		<b>7 106</b>	<b>-2 363</b>
<b>Earnings per share</b>			
Basic earnings per bearer share		CHF 15.19	CHF -5.05
Diluted earnings per bearer share		CHF 15.19	CHF -5.05
Basic earnings per registered share		CHF 3.04	CHF -1.01
Diluted earnings per registered share		CHF 3.04	CHF -1.01

The accompanying notes form an integral part of these interim consolidated financial statements.

## Consolidated Balance Sheet

In CHF 1000	At June 30, 2014 unaudited	At December 31, 2013 audited	At June 30, 2013 unaudited
<b>Assets</b>			
Cash and cash equivalents	21 714	23 101	20 177
Derivative financial instruments	445	668	21
Trade receivables	77 549	62 962	69 464
Other receivables	8 997	6 712	6 093
Prepayments and accrued income	8 130	13 737	6 190
Inventories	47 717	37 526	39 009
<b>Current assets</b>	<b>164 552</b>	<b>144 706</b>	<b>140 954</b>
Other receivables	229	916	375
Deferred income tax assets	1 520	957	1 129
Property, plant, and equipment	69 963	70 259	76 386
Intangible assets	5 352	5 272	5 715
<b>Non-current assets</b>	<b>77 064</b>	<b>77 404</b>	<b>83 605</b>
<b>Total assets</b>	<b>241 616</b>	<b>222 110</b>	<b>224 559</b>
<b>Liabilities and equity</b>			
Borrowings	15 533	10 609	11 762
Derivative financial instruments	104	136	608
Trade payables	28 010	19 419	19 925
Other payables	7 226	6 241	6 157
Accrued liabilities and deferred income	15 193	17 361	14 168
Provisions	5 082	3 372	3 271
<b>Current liabilities</b>	<b>71 148</b>	<b>57 138</b>	<b>55 891</b>
Borrowings	7 025	6 089	10 221
Derivative financial instruments	–	13	503
Deferred income tax liabilities	726	839	756
Provisions	1 031	765	1 306
<b>Non-current liabilities</b>	<b>8 782</b>	<b>7 706</b>	<b>12 786</b>
<b>Total liabilities</b>	<b>79 930</b>	<b>64 844</b>	<b>68 677</b>
Share capital	23 400	23 400	23 400
Capital reserve	22 194	25 704	25 704
Treasury shares	–37	–37	–37
Hedging reserve	166	253	–608
Currency translation adjustments	–28 642	–29 674	–26 400
Offset goodwill	–26 690	–26 690	–27 920
Retained earnings	171 295	164 310	161 743
<b>Total equity</b>	<b>161 686</b>	<b>157 266</b>	<b>155 882</b>
<b>Total liabilities and equity</b>	<b>241 616</b>	<b>222 110</b>	<b>224 559</b>

The accompanying notes form an integral part of these interim consolidated financial statements.



## Consolidated Cash Flow Statement

In CHF 1000	Note	Half-year ended June 30, 2014 unaudited	Half-year ended June 30, 2013 unaudited
Profit/(Loss) for the half-year		7 106	-2 363
Adjustments for:			
Impairment (reversals)/charges, net		-131	147
Depreciation and amortization		4 666	5 116
Finance income and expense, net		159	459
Income tax expense		2 495	2 514
(Gains)/Losses from disposal of fixed assets		-2 047	79
Other non-cash items		78	1 986
Working capital changes (excluding the effects of acquisitions and disposals of subsidiaries):			
Change in trade receivables		-14 304	-7 535
Change in inventories		-9 745	-3 428
Change in other receivables and prepayments and accrued income		5 350	-578
Change in trade and other payables and accrued liabilities and deferred income		6 585	7 288
Change in provisions		1 520	-347
Cash generated from operations		1 732	3 338
Finance cost, net paid		-357	-356
Income tax paid		-3 209	-1 293
<b>Net cash flow from operating activities</b>		<b>-1 834</b>	<b>1 689</b>
Purchase of property, plant, and equipment		-3 945	-2 435
Proceeds from sale of property, plant, and equipment		2 201	19
Loans (granted)/repayments received		-4	425
Purchase of intangible assets		-330	-371
Acquisition of subsidiaries		-	185
<b>Net cash flow from investing activities</b>		<b>-2 078</b>	<b>-2 177</b>
Proceeds from/(Repayments of) current borrowings		4 722	-9 602
Proceeds from non-current borrowings		1 000	-
Distribution to shareholders	5	-3 510	-7 019
Purchase of treasury shares		-231	-180
<b>Net cash flow from financing activities</b>		<b>1 981</b>	<b>-16 801</b>
<b>Net change in cash and cash equivalents</b>		<b>-1 931</b>	<b>-17 289</b>
Cash and cash equivalents at the beginning of the half-year		23 101	37 266
Net change in cash and cash equivalents		-1 931	-17 289
Exchange gains on cash		544	200
<b>Cash and cash equivalents at the end of the half-year</b>		<b>21 714</b>	<b>20 177</b>

The accompanying notes form an integral part of these interim consolidated financial statements.

## Consolidated Statement of Changes in Equity

In CHF 1000	Share capital	Capital Reserve
<b>Balance at January 1, 2013</b>	<b>23 400</b>	<b>32 724</b>
Loss for the half-year	-	-
Changes in hedging reserve	-	-
Currency translation adjustments	-	-
Total income and expense for the half-year	-	-
Distribution to shareholders (note 5)	-	-7 020
Usage of treasury shares for share-based compensation	-	-
Share-based compensation	-	-
Purchase of treasury shares	-	-
Total transactions with shareholders	-	-7 020
<b>Balance at June 30, 2013</b>	<b>23 400</b>	<b>25 704</b>
Profit for the half-year	-	-
Changes in hedging reserve	-	-
Currency translation adjustments	-	-
Total income and expense for the half-year	-	-
Usage of treasury shares for share-based compensation	-	-
Share-based compensation	-	-
Purchase of treasury shares	-	-
Total transactions with shareholders	-	-
Goodwill directly offset with equity	-	-
<b>Balance at December 31, 2013</b>	<b>23 400</b>	<b>25 704</b>
Profit for the half-year	-	-
Changes in hedging reserve	-	-
Currency translation adjustments	-	-
Total income and expense for the half-year	-	-
Distribution to shareholders (note 5)	-	-3 510
Usage of treasury shares for share-based compensation	-	-
Share-based compensation	-	-
Purchase of treasury shares	-	-
Total transactions with shareholders	-	-3 510
<b>Balance at June 30, 2014</b>	<b>23 400</b>	<b>22 194</b>

The accompanying notes form an integral part of these interim consolidated financial statements.

Treasury shares	Hedging reserve	Currency translation adjustments	Offset goodwill	Retained earnings	Total equity
<b>-37</b>	<b>-68</b>	<b>-28 929</b>	<b>-27 920</b>	<b>164 188</b>	<b>163 358</b>
-	-	-	-	-2 363	-2 363
-	-540	-	-	-	-540
-	-	2 529	-	-	2 529
-	-540	2 529	-	-2 363	-374
-	-	-	-	1	-7 019
180	-	-	-	-180	-
-	-	-	-	97	97
-180	-	-	-	-	-180
-	-	-	-	-82	-7 102
<b>-37</b>	<b>-608</b>	<b>-26 400</b>	<b>-27 920</b>	<b>161 743</b>	<b>155 882</b>
-	-	-	-	2 475	2 475
-	861	-	-	-	861
-	-	-3 274	-	-	-3 274
-	861	-3 274	-	2 475	62
224	-	-	-	-224	-
-	-	-	-	316	316
-224	-	-	-	-	-224
-	-	-	-	92	92
-	-	-	1 230	-	1 230
<b>-37</b>	<b>253</b>	<b>-29 674</b>	<b>-26 690</b>	<b>164 310</b>	<b>157 266</b>
-	-	-	-	7 106	7 106
-	-87	-	-	-	-87
-	-	1 032	-	-	1 032
-	-87	1 032	-	7 106	8 051
-	-	-	-	-	-3 510
231	-	-	-	-231	-
-	-	-	-	110	110
-231	-	-	-	-	-231
-	-	-	-	-121	-3 631
<b>-37</b>	<b>166</b>	<b>-28 642</b>	<b>-26 690</b>	<b>171 295</b>	<b>161 686</b>

## Notes to the Interim Consolidated Financial Statements

### 1. General information

Gurit Holding AG is a public limited company incorporated and domiciled in Switzerland whose bearer shares are listed on SIX Swiss Exchange; the registered shares are mostly in firm hands and are not listed.

### 2. Basis for preparation and accounting policies

These unaudited interim consolidated financial statements of the Group for the half-year ended June 30, 2014, have been prepared in accordance with Swiss GAAP FER 12, Interim Reporting.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2013.

The accounting policies are consistent with those of the annual financial statements for the year ended December 31, 2013.

### 3. Exchange rates

The principal exchange rates versus the Swiss franc were as follows:

	June 30, 2014	December 31, 2013	June 30, 2013	Ø Half-year 1 2014	Ø Half-year 1 2013
1 USD	0.8911	0.8905	0.9440	0.8910	0.9366
1 EUR	1.2159	1.2259	1.2298	1.2213	1.2297
1 GBP	1.5177	1.4684	1.4435	1.4868	1.4466
1 CAD	0.8354	0.8327	0.9027	0.8127	0.9228
1 CNY	0.1448	0.1457	0.1525	0.1451	0.1501

### 4. Net sales

In CHF 1000	Half-year ended June 30, 2014 unaudited	Half-year ended June 30, 2013 unaudited
<b>Net sales by business units</b>		
Composite Materials	128 808	109 057
Composite Systems and Engineering	38 203	20 593
<b>Total net sales</b>	<b>167 011</b>	<b>129 650</b>

In CHF 1000	Half-year ended June 30, 2014 unaudited	Half-year ended June 30, 2013 unaudited
<b>Net sales by regions of destination</b>		
Europe	72 878	64 962
Asia	33 013	18 857
Americas	46 985	28 923
Rest of the world	14 135	16 908
<b>Total net sales</b>	<b>167 011</b>	<b>129 650</b>

### 5. Distribution to shareholders

In accordance with the resolution of the Annual General Meeting of Shareholders held on April 10, 2014, an amount of CHF 3 510 000 (CHF 1.50 per registered share and CHF 7.50 per bearer share) has been distributed to the shareholders on April 17, 2014, out of "reserves from capital contributions." Payments in 2013 amounted to CHF 7 019 000 (CHF 3.00 per registered share and CHF 15.00 per bearer share).

### 6. Contingent liabilities

On January 26, 2010, Seaway Group S.a.r.l., Slovenia ("Seaway"), summoned Gurit to appear before the court in order to intervene in the proceedings between Seaway and its customer Poncin Yachts, France ("Poncin"). The proceedings between Seaway and Poncin were in relation to a yacht manufactured by Seaway for Poncin. Gurit supplied Seaway with material for the manufacture of said yacht. At the hearing in May 2014, Seaway asked the court to remove the file from the files to be judged by the court. As a settlement has been reached between Seaway and Poncin, Gurit assumes that the intervention claim against Gurit has come to an end and therefore considers the case as closed.

## Investor Relations

### Share capital

The share capital of Gurit Holding AG is divided into:

240 000 registered shares at CHF 10.00 par value
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Securities no. 185 039
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420 000 bearer shares at CHF 50.00 par value
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Securities no. 801 223
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Par value adjusted to CHF 50.00, this results, purely arithmetically, in a total of 468 000 shares.

### Stock market trading

The bearer shares are listed on the Domestic Segment of SIX Swiss Exchange. Prices are published in the Swiss daily and financial press as well as in electronic price information systems under the following symbols or numbers:

Bearer share:

Reuters	GUR.S
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Telekurs	GUR
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Securities no.	801 223
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ISIN	CH0008012236
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### Internet/e-mail alerts

For additional information, please visit the Gurit website at [www.gurit.com](http://www.gurit.com). Sign-up for e-mail alerts on Gurit is available at [http://investors.gurit.com/investor-relations/news\\_en.html](http://investors.gurit.com/investor-relations/news_en.html)

This report contains forward-looking statements that include risk and uncertainties regarding the future global developments that cannot be influenced by the Company.

# Important Dates

October 20, 2014

**Press release on Q3 sales**

End of January 2015

**Press release on FY 2014 sales**

March 17, 2015

**Presentation FY results 2014**

**Analyst/Media conference**

**Online publication of Annual Report 2014**

April 9, 2015

**Annual General Meeting**

August 2015

**Interim Report 2015**

## Contact

Gurit Holding AG  
c/o Gurit Services AG  
Schaffhauserstrasse 339  
CH-8050 Zurich/Oerlikon

Investor Relations Contact:  
Markus Knüsli Amacker  
[markus.knuesli@gurit.com](mailto:markus.knuesli@gurit.com)  
Mobile +41 79 217 11 67

Gurit Holding AG  
Ebnater Strasse 79  
9630 Wattwil  
Switzerland  
[www.gurit.com](http://www.gurit.com)