
SEMI-ANNUAL REPORT 2022

SCHWEITER TECHNOLOGIES

REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders

Schweiter Technologies recorded healthy organic sales growth and hit a record high. Net sales increased by 3% (in local currencies: +5%) to reach CHF 647.8 million. Price adjustments and increased efficiencies did not suffice to fully offset the sharp rise in material and energy costs and negative currency effects, which led to a lower operating profit in the first half year in comparison with the high baseline set the previous year. The Group achieved EBITDA of CHF 57.0 million (previous year: CHF 77.8 million). EBIT came to CHF 37.8 million (previous year: CHF 58.3 million), while net income was CHF 27.3 million (previous year: CHF 45.5 million).

3A Composites built on the success of the 2021 business year, achieving an increase in sales once again in the first half of 2022. The rise primarily reflected the sales price increases as well as higher sales volumes in the Architecture business. Despite the ongoing challenges surrounding supply chains, Schweiter was again able to guarantee availability of all products during the first half of 2022.

Pressure on prices in the business with Wind customer OEMs and the vastly increased prices of raw materials, energy and transport had an impact on profits for the half year. This negative effect was mitigated somewhat by sales price increases and the creation of further efficiencies.

The Display business performed well overall, both in terms of sales and earnings, but was affected by different dynamics in the various markets:

The first half year saw a decline in demand for clear sheet products after the exceptionally strong pandemic-related growth shown in the previous periods and a return to normal sales figures in successive results. On the other hand, the business in non-transparent sheets maintained the positive trend seen in display markets, communication, trade fair construction and shop design, with sales sufficient to compensate for the temporarily weaker demand for transparent sheets. As such, sales in Europe developed pleasingly, while in the USA the trend that began in the second half of last year continued, leading to a significant increase in sales.

The Architecture business successfully maintained the strong growth momentum of the previous year and recorded a double-digit increase in sales in percentage terms and higher sales volumes in all regions compared with the first half of the previous year. Performance in the Asia region was mixed: India and the southeast area showed growth while China suffered under the renewed lockdown, suppressing volumes and profitability in Asia overall.

The Core Materials business recorded a positive result but, in line with expectations, was unable to improve on the record results of the first half of 2021. The cyclical fall-off in demand from wind energy customers already witnessed in the second half of the previous business year continued in 2022. The recovery of the wind business in China which had been expected to begin in the second quarter failed to materialize due to the strict lockdown measures. Sales volumes for PET products were increased in the first half of the year, however, whereas demand for balsa products saw a slight decline. Higher raw material costs and price pressure from global OEMs, particularly in China, impacted margins compared with the previous year. Demand remained stable outside of the wind business.

The Transport business was below the level of the previous year despite an increase in the order book. Repeated project postponements by customers resulted in lower year-on-year sales; significantly higher material and energy prices, which could only be transferred to customers in part, also led to a temporary fall in profitability, along with start-up costs for new projects.

Investing in sustainability

At the beginning of March 2022, Schweiter Technologies published its Sustainability Report for the 2021 business year, the first to be certified according to the standards of the Global Reporting Initiative, laying the foundation for open and transparent sustainability reporting. The Sustainability Report is available to view or download here: <https://www.schweiter.ch/s1a264/group/sustainability.html>

Schweiter Technologies contributes through its business activity in a number of ways to a sustainable future, as can be seen from its investment in April in Swedboard International AB (www.swedboard.se), a company that manufactures environmentally friendly printable sheets for the Display business. With this targeted investment, the Group is consciously expanding its product portfolio in the Display business to help customers reduce their ecological footprint.

Outlook

A variety of product innovations and significant investments in a wide range of new equipment to improve efficiency and flexibility will bolster competitiveness through new applications and a lower cost base.

However, the market environment will remain challenging in the second half of 2022. The uncertain economic environment, the tense geopolitical situation and its implications for the economy, and the ongoing uncertainties relating to the COVID pandemic in China will continue to present challenges. Business performance in the second half-year is therefore expected to be within the same parameters as in the first.

Steady demand is anticipated in the Display and Architecture businesses in Europe and the USA, despite a slight fall-off due to the gloom surrounding the expected performance of the economy. In the Asian Architecture business, it should now be possible to complete the orders postponed as a result of the lockdown in China.

In the Core Materials business, stable demand is expected in Europe and America. In China, a revival in the wind market is expected to begin in the fourth quarter.

Roman Sonderegger, who joined the company as future CEO on May 1, 2022, successfully completed his induction period and will assume responsibility as Group CEO as of October 1, 2022.

Yours sincerely



Beat Siegrist, Chairman

KEY FIGURES

NET SALES

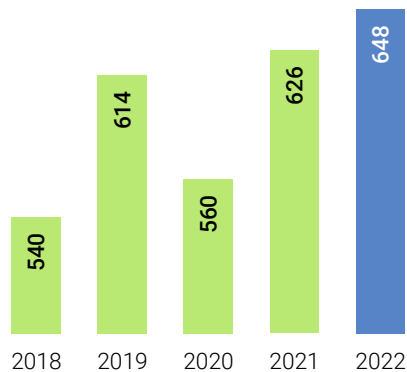
in CHF m

648

+3%

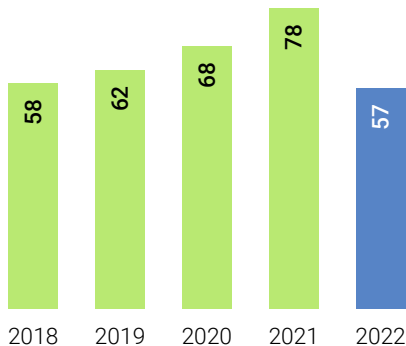
NET SALES

in CHF m



EBITDA

in CHF m



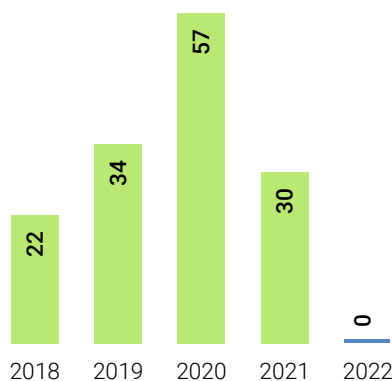
NET INCOME

in CHF m

27

CASH FLOW FROM OPERATING ACTIVITIES

in CHF m



SHAREHOLDERS' EQUITY

in CHF m

764

EQUITY RATIO

67%

CASH AND CASH EQUIVALENTS

in CHF m

72

CONSOLIDATED BALANCE SHEET

ASSETS (IN CHF M)	30 June 2022	%	31 December 2021	%
CURRENT ASSETS				
Cash and cash equivalents	71.6		123.1	
Trade receivables	214.5		189.3	5
Inventories	231.8		215.8	5
Other current assets	33.3		29.7	
Total current assets	551.2	48.6	557.9	48.8
NON-CURRENT ASSETS				
Property, plant and equipment	330.1		325.0	
Intangible assets (incl. goodwill)	178.1		184.3	
Other non-current assets	75.6		75.9	6
Total non-current assets	583.8	51.4	585.2	51.2
Total assets	1 135.0		1 143.1	
LIABILITIES AND SHAREHOLDERS' EQUITY (IN CHF M)				
LIABILITIES				
Current financial liabilities	48.7		9.2	7
Trade payables	87.5		79.2	5
Prepayments received from customers	6.6		4.5	
Accrued expenses and deferred income	52.9		64.2	5
Other current liabilities	39.6		35.5	
Total current liabilities	235.3	20.7	192.6	16.8
Non-current financial liabilities	29.0		32.2	
Deferred tax liabilities	30.6		31.5	
Non-current provisions	13.7		14.6	
Employee benefits	62.4		95.6	8
Total non-current liabilities	135.7	12.0	173.9	15.2
Total liabilities	371.0	32.7	366.5	32.1
SHAREHOLDERS' EQUITY				
Share capital	1.4		1.4	
Retained earnings	839.5		844.2	
Currency translation adjustments	-76.9		-69.0	
Total shareholders' equity	764.0	67.3	776.6	67.9
Total liabilities and shareholders' equity	1 135.0		1 143.1	

 CONSOLIDATED INCOME STATEMENT

(IN CHF M)	First half of 2022	%	First half of 2021	%
Net sales	647.8	100.0	626.4	100.0
Change in inventories of semi-finished and finished goods	-1.2	-0.2	20.6	3.3
Material expenses	-360.1	-55.6	-353.3	-56.4
Personnel expenses	-114.4	-17.7	-115.7	-18.5
Other operating expenses	-116.9	-18.0	-102.8	-16.4
Other operating income	1.8	0.3	2.6	0.4
Depreciation and amortization	-19.2	-3.0	-19.5	-3.1
Operating result (EBIT)	37.8	5.8	58.3	9.3
Financial income	1.1	0.2	2.9	0.5
Financial expenses	-3.2	-0.5	-1.7	-0.3
Income before taxes	35.7	5.5	59.5	9.5
Income taxes	-8.4	-1.3	-14.0	-2.2
Net income	27.3	4.2	45.5	7.3
EARNINGS PER SHARE (IN CHF)				
- undiluted	19.1		31.8	
- diluted	19.1		31.8	

 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(IN CHF M)	First half of 2022	First half of 2021
Net income	27.3	45.5
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to the statement of income:		
– Exchange differences on translation of foreign operations	–7.9	23.6
– Tax effects	0.0	0.0
Exchange differences reclassified to the statement of income	0.0	0.0
Total	–7.9	23.6
Items that will not be reclassified subsequently to the statement of income:		
– Revaluation of defined benefit plans	33.1	20.2
– Tax effects	–7.6	–4.1
Total	25.5	16.1
Total other comprehensive income	17.6	39.7
Comprehensive income	44.9	85.2

CONSOLIDATED STATEMENT OF CASH FLOWS

(IN CHF M)	First half of 2022	First half of 2021
Net income	27.3	45.5
Depreciation and amortization	19.2	19.5
Change in provisions and employee benefits	0.2	-2.3
Other positions not impacting cash	-1.5	-0.5
Income taxes	8.4	14.0
Financial result	2.7	-1.2
Change in working capital	-46.7	-25.0
Income taxes paid	-9.6	-20.5
Cash flow from operating activities	0.0	29.5
Purchase of subsidiaries	-1.9	0.0
Purchase of associated companies	-2.6	-15.4
Purchase of property, plant and equipment	-21.1	-15.3
Proceeds from sale of property, plant and equipment	0.2	1.2
Purchase of intangible assets	-0.1	-0.3
Increase in financial assets	-1.2	-0.9
Interest received	0.1	0.2
Cash flow from investing activities	-26.6	-30.5
Increase in financial liabilities	40.0	0.0
Repayment of financial liabilities	-5.5	-5.0
Interest paid	-1.3	-1.3
Dividend paid	-57.3	-57.3
Cash flow from financing activities	-24.1	-63.6
Currency exchange differences on cash and cash equivalents	-0.8	2.8
Change in cash and cash equivalents	-51.5	-61.8
Cash and cash equivalents as of 1 January	123.1	163.7
Cash and cash equivalents as of 30 June	71.6	101.9

 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(IN CHF M)	Share capital	Retained earnings	Currency translation adjustments	Total share- holders' equity
Balance as of 1 January 2021	1.4	810.5	-73.9	738.0
Net income		45.5		45.5
Other comprehensive income		16.1	23.6	39.7
Comprehensive income		61.6	23.6	85.2
Share-based remuneration		-0.2		-0.2
Dividend		-57.3		-57.3
Balance as of 30 June 2021	1.4	814.6	-50.3	765.7
Balance as of 1 January 2022	1.4	844.2	-69.0	776.6
Net income		27.3		27.3
Other comprehensive income		25.5	-7.9	17.6
Comprehensive income		52.8	-7.9	44.9
Share-based remuneration		-0.2		-0.2
Dividend		-57.3		-57.3
Balance as of 30 June 2022	1.4	839.5	-76.9	764.0

NOTES TO THE SEMI-ANNUAL STATEMENTS

1. CONSOLIDATION PRINCIPLES

These condensed, unaudited semi-annual statements of the Swiss-domiciled Schweiter Technologies AG and its subsidiaries have been prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the consolidated annual financial statements 2021.

They are based on the accounting principles presented in the Annual Report 2021, which were applied with no changes other than the following new or amended standards and interpretations:

2. ADOPTION OF NEW OR REVISED ACCOUNTING POLICIES
Amendments to standards

IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1)
IAS 37	Onerous Contracts: Cost of Fulfilling a Contract	1)
Miscellaneous	Amendments resulting from the Annual Improvement Projects	1)

¹⁾ There are no or no material effects on the consolidated financial statements of Schweiter Technologies.

Issued standards not yet adopted

The following new and revised standards and interpretations are issued by the IASB. These standards were not effective for the reporting period and have not been early adopted in the present consolidated financial statements.

New standards

		Effective for annual periods beginning on or after	Planned adoption by Schweiter Technologies	
IFRS 17	Insurance contracts	1 January 2023	Financial year 2023	1)

¹⁾ No or no material effects are expected on the consolidated financial statements of Schweiter Technologies.

Amendments to standards

IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023	Financial year 2023	1)
IAS 1	Disclosure of Accounting Policies	1 January 2023	Financial year 2023	1)
IAS 8	Definition of Accounting Estimates	1 January 2023	Financial year 2023	1)
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	Financial year 2023	1)

¹⁾ No or no material effects are expected on the consolidated financial statements of Schweiter Technologies.

The preparation of the semi-annual statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the semi-annual statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the semi-annual statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

The Group operates in areas whose income statements are not characterized by major seasonal fluctuations. Income tax expense is recognized based upon the best estimate of the weighted average income tax rate expected for the full financial year.

3. OPERATING SEGMENTS

FIRST HALF OF 2022 (IN CHF M)	3A Composites	Other/Eliminations	Group
Net sales	647.8	0.0	647.8
Operating result	39.3	-1.5	37.8
Net income	26.6	0.7	27.3
Assets	1 133.4	1.6	1 135.0
Liabilities	666.4	-295.4	371.0
Employees at 30 June	4 503 ¹⁾	8	4 511

¹⁾ Of which 1 472 employees in balsa plantations and sawmills in Ecuador and Papua New Guinea

Regions	Europe	Americas	Asia	Other	Total
Net sales	397.7	171.0	62.0	17.1	647.8

First half of 2021 (in CHF m)	3A Composites	Other/Eliminations	Group
Net sales	626.4	0.0	626.4
Operating result	60.0	-1.7	58.3
Net income	44.8	0.7	45.5
Assets	1 124.6	2.5	1 127.1
Liabilities	667.7	-306.3	361.4
Employees at 30 June	4 425 ¹⁾	7	4 432

¹⁾ Of which 1 459 employees in balsa plantations and sawmills in Ecuador and Papua New Guinea

Regions	Europe	Americas	Asia	Other	Total
Net sales	409.7	125.7	74.5	16.5	626.4

4. CHANGE IN SCOPE OF CONSOLIDATION

In the reporting period, there were no changes in the scope of consolidation.

5. CHANGE IN WORKING CAPITAL

The increase in working capital results mainly from higher trade receivables and higher inventories – driven from increased sales and higher raw material prices.

6. OTHER NON-CURRENT ASSETS

The change in other non-current assets includes the acquisition of 25% of the shares of Swedboard International AB via a direct capital increase.

Swedboard International AB, based in Katrineholm, Sweden, is an innovative company, producing and marketing environmentally friendly boards for the graphic display business.

The remaining shares in Swedboard International AB can be acquired by Schweiter Technologies by means of an option in the period from 1 July 2024 until 30 September 2027. The purchase price of the remaining shares depends, among others, on the EBIT for the 12-month period prior to the effective date.

The financial income for the first half of 2022 includes the pro rata profit of CHF 0.1 million from Swedboard International AB since the acquisition end of April.

7. CURRENT FINANCIAL LIABILITIES

Current financial liabilities include bank loans in the amount of CHF 20.0 million.

Furthermore, a loan in the amount of CHF 20.0 million was granted to the company by related parties. The terms of this loan are more favorable than those offered by financial institutions.

8. EMPLOYEE BENEFITS

The reduction in employee benefit obligations is mainly due to the increase in discount rates and the future salary adjustments on which the actuarial calculation is based on.

9. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In the period under review, the commitments to take delivery under purchase contracts for raw materials have decreased by CHF 111.8 million from CHF 926.2 million to CHF 814.4 million. Outstanding commitments to take delivery of property, plant and equipment decreased by CHF 6.1 million from CHF 24.9 million to CHF 18.8 million.

10. EVENTS AFTER THE BALANCE SHEET DATE

No further events occurred between the balance sheet date and the date of publication of this Semi-Annual Report which could have a significant impact on the consolidated Semi-annual financial statements for 2022.

This interim report was approved and released for publication by the Board of Directors of Schweiter Technologies AG on 15 August 2022 by way of a circular resolution.

DATES AND CONTACTS

PUBLICATIONS AND DATES

6 March 2023
Publication Annual Report 2022

4 April 2023
General Meeting at the Theater Casino Zug

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All statements in this Semi-Annual Report that do not refer to historical facts are forward-looking statements which are no guarantee of future performance. They are based on assumptions and involve risks and uncertainties as well as other factors beyond the control of the company.

English translation

This is an English translation of the German Semi-Annual Report. The German text is the official version.

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