

Perrot Duval Holding S.A.

HALF-YEAR REPORT 2017/18
(FROM 1 MAY TO 31 OCTOBER 2017)



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KEY FIGURES

KEY FIGURES CHF 1,000

	I st half-year 17/18	I st half-year 16/17
Order intake	22,804	25,302
Change versus previous year	-9.9%	14.4%
Net sales	21,714	20,886
Change versus previous year	4.0%	5.4%
Gross margin	58.6%	60.0%
EBIT	459	259
as % of net sales	2.1%	1.2%
Net profit/(loss) with minority interest	-26	340
as % of sales (with minority interest)	-0.1%	1.6%
	31.10.17	30.04.17
Total assets	38,061	33,461
Shareholders' equity with minority interest	5,672	5,192
Equity ratio (%)	14.9%	15.5%
Employees	239	245

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PERROT DUVAL SECURITIES

		I st half-year 17/18	I st half-year 16/17
Bearer shares			
High	CHF	76.00	55.00
Low	CHF	57.00	43.60
As at 30.10.	CHF	74.10	52.00
Market capitalization			
Market capitalization	CHF mio	31.10.17 10.0	31.10.16 7.0

REPORT OF THE BOARD OF DIRECTORS

ACTIVITIES

The Perrot Duval Group's activities focus on automation technologies. Perrot Duval Holding S.A., the Group's holding company, was founded in 1905. It participates in financial, industrial and commercial business enterprises – which it sets up or acquires – the core activities of which are based on state-of-the-art technologies:

- **process automation** used by the chemical and pharmaceutical industries. Within this sector, the **Füll Process Group** concentrates on dispensing processes for liquids and pastes in the industrial environment and, more particularly, printing inks, paints, varnishes, glues and various coatings used subsequently in highly diverse economic domains (packaging, automotive, construction, security paper, etc.). The products and services provided by the companies belonging to this Group range from dispensing components to fully automated customised systems.
- **robotization** of industrial mechanical equipment, on the one hand, or of autonomous systems and apparatus on the other. This activity is the business of the **Infranor Group**, whose products (servomotors, amplifiers, programmable controls and professional software) enable the coordination of several axes and the control of entire machines in sectors as diverse as packaging, industrial handling and medical techniques, to name but a few. The investments of the Infranor Group target promising economic niches and offer their customers specialised and multidisciplinary know-how, coupled with their own automation systems.

THE FÜLL PROCESS GROUP (66 %) – « PROCESS AUTOMATION » SEGMENT

First half-year result

The Füll Group comprises four entities: Füll Process A.G. (the holding company located in Altnau, Switzerland), Füll Engineering B.V. (Nieuw-Vennep, the Netherlands), Füll Systembau GmbH (Idstein, Germany) and Tecos Bruhin AG (Altnau, Switzerland), which joined the Group in June 2016.

Füll Systembau GmbH and Tecos Bruhin AG focus on the design and manufacture of fully automated customised storage and dispensing systems for liquids and pastes. The Swiss company also specialises in tailor-made cleaning systems. The cutting-edge technological knowledge and expertise of the two companies, which they have applied to the world of chemistry for many years, make them essential partners at global level, most notably in the field of printing inks, paints, varnishes, glues, etc. Customers come to Füll Systembau GmbH and Tecos Bruhin AG because they know that the companies have an excellent grasp of their own production processes.

The Group is continuing to work towards restructuring each entity, boosting productivity and overhauling the production concept. The activities of each entity have been refocused and their expenses – particularly personnel costs – have been reduced. At the same time, new developments (software platform, redesign of standard standalone systems) and investments (production tools) have been launched.

The next steps in the restructuring will involve optimising the Group companies' industrial capacity (fewer supply sources, higher margins, lower overheads and a wider range of systems and services), developing original, exclusive equipment (modular and standard systems) and expanding their commercial network (taking in Eastern Europe and North America).

REPORT OF THE BOARD OF DIRECTORS

At 2.8 million CHF, sales for the first half of the financial year were virtually on a par with the equivalent period of last year (2.9 million CHF). By contrast, orders received over the same period declined significantly from 6.8 million CHF for the first half of the previous year to 4.5 million CHF this year, with Füll Systembau GmbH bearing the brunt of this fall.

Sales were highest in Europe, with some successes being achieved in Russia and in the Middle East. Total sales figures for industrial installations remained stable throughout the first six months of the year.

CHF 1,000	17/18	16/17
Order intake	4,553	6,761
change versus previous year	-32.7%	70.6%
Net sales	2,836	2,877
EBITDA	-385	-258
as % of net sales	-13.6%	-9.0%
EBIT	-454	-285
as % of net sales	-16.0%	-9.9%
Employees	37	50

Spare parts and services made up a smaller share of total sales than they did in the same period last year. In relative terms, the gross margin (80.2 per cent as against 81.2 per cent a year ago) reflected the significant amount of work in progress at the reporting date. It was unchanged in absolute terms (2.3 million CHF).

Operating costs for the period (2.7 million CHF) were virtually at the same level as last year (2.6 million CHF) and still included some of the costs for the restructuring begun during the 2016/17 financial year as well as development expenses for new products and services (0.5 million CHF). EBIT was negative at -0.5 million CHF (-0.3 million CHF at 31 October 2016).

Outlook

Although orders on hand at 31 October 2017 for completion before the end of the financial year (5.8 million CHF) were lower than this time last year (6.8 million CHF), Füll remains on track to generate over 10.0 million CHF in sales.

Only possible delays in deliveries from suppliers or the postponement of acceptance by its customers could prevent the Füll Group from reaching its target. The profit margin per installation looks set to rise substantially, covering the higher operating costs due to the increase in the number of installations under construction and by the groundwork required for penetrating new markets. However, there is still a need to factor in the relevant portion of the costs for restructuring the Group companies and for new developments, both of which began during the 2016/17 financial year and which total 0.5 million CHF (unchanged in comparison with the interim reporting date of 31 October 2017).

REPORT OF THE BOARD OF DIRECTORS

THE INFRANOR GROUP (100 %) – «ROBOTICS» SEGMENT

First half-year result

The Infranor Group's performance has been positive over the first six months of the financial year. All of the regions in which its investments operate (Europe, North America and South-East Asia) either increased or maintained their sales levels compared with the same period last year, with only Italy experiencing a temporary dip.

Infranor sees this trend as confirmation that its approach – engineers working in partnership with customers – is bearing fruit. Their listening skills, extensive expertise and a flexible and often outside-the-box way of thinking are all giving weight to this strategy. New products (especially low-power speed controllers and compact digital controls) have been launched onto the market and have gradually gained traction amongst customers. This is already delivering some compelling results and signalling growth for the coming months.

Over the first six months of the year, sales thus increased by 5 per cent on 31 October 2016, rising from 18.0 million CHF to 18.9 million CHF, driven primarily by the Spanish, French and North American investments. At 18.3 million CHF, orders received were virtually on a par with the level recorded last year (18.5 million CHF). Cybelec's success in China played a substantial role in this result.

The gross margin (10.5 million CHF) exceeded that achieved on 31 October 2016 (10.2 million CHF) in absolute terms. Work on optimising digital control production in China was successfully pursued. In relative terms, however, the margin fell from 56.6 per cent to 55.4 per cent over the same period.

Operating expenses of 9.5 million CHF were kept in check (9.6 million CHF as at 31 October 2017) despite an increase in personnel costs to meet the growth in production.

At 1.0 million CHF, the operating margin (EBIT) improved on the previous year (0.6 million CHF) and equated to 5.1 per cent of sales (as against 3.6 per cent last year).

CHF 1,000	17/18	16/17
Order intake	18,251	18,541
change versus previous year	-1.6%	2.1%
Net sales	18,878	18,009
EBITDA	1,623	1,278
as % of net sales	8.6%	7.1%
EBIT	972	642
as % of net sales	5.1%	3.6%
Employees	200	200

Outlook

Given the volume of orders on hand as at 31 October 2017, all of which are due before the end of the financial year, and barring an economic downturn, the aim is to achieve sales of between 37.0 million CHF and 39.0 million CHF. Infranor also looks set to improve its gross margin and keep its operating expenses under control.

PERROT DUVAL HOLDING S.A.

Perrot Duval Holding S.A., the holding company for the group of the same name, issued a 6 million CHF bond on 7 November 2017. The bond has a six-year term and a coupon of 4⁵/₈ per cent and is fully subscribed. The funds raised will chiefly give the company greater financial flexibility with regard to extending and refinancing its current borrowings.

CONSOLIDATED BALANCE SHEET

CHF 1,000	Note	31.10.17	30.04.17
ASSETS			
Cash and cash equivalents	5	2,507	2,415
Trade accounts receivable		8,200	7,180
Other receivables		1,569	1,692
Inventories		13,064	10,481
Prepaid expenses and other assets		1,019	665
Total current assets		26,359	22,433
Financial assets		238	209
Property, plant and equipment		5,873	5,613
Intangible assets		4,045	3,746
Deferred tax assets		1,546	1,460
Total non-current assets		11,702	11,028
Total assets		38,061	33,461
LIABILITIES			
Interest-bearing current financial liabilities	5	10,651	10,101
Trade accounts payable		4,520	4,258
Other current liabilities		4,621	2,345
Accruals and deferred income		2,370	2,398
Short-term provisions		456	418
Provision for income taxes		71	67
Total current liabilities		22,689	19,587
Interest-bearing non-current financial liabilities	5	8,641	7,738
Long-term provisions		325	286
Deferred tax liabilities		734	658
Total long-term liabilities		9,700	8,682
Total liabilities		32,389	28,269
Share capital and participation capital		6,725	6,725
Treasury Shares		-467	-467
Reserve from capital contribution		3,007	3,007
Retained earnings		-1,323	-1,297
Currency translation differences		-2,155	-2,806
Shareholders' equity before minority interest		5,787	5,162
Minority interest		-115	30
Total shareholders' equity		5,672	5,192
Total liabilities and shareholders' equity		38,061	33,461

CONSOLIDATED INCOME STATEMENT

CHF 1,000	1 st half-year 17/18	1 st half-year 16/17
Net sales	21,714	20,886
Material cost of goods sold	-11,174	-10,711
Change in inventories	2,189	2,361
Personnel costs	-8,713	-8,590
General and administrative costs	-718	-759
Selling costs	-716	-658
Other operating expenses	-1,672	-1,745
Other operating income	270	138
Depreciation and amortisation	-721	-663
Operating result (EBIT)	459	259
Financial result	-488	106
Profit/(loss) before taxes	-29	365
Income taxes	-159	-104
Net profit/(loss)	-188	261
thereof for:		
– Shareholders of Perrot Duval Holding S.A.	-26	340
– Minority interest	-162	-79

EARNINGS PER SHARE FOR SHAREHOLDERS

CHF	17/18	16/17
Undiluted/diluted earnings per share for shareholders		
Profit (+)/loss (-) (CHF) per bearer share	-0.20	2.56
	Diluted	2.56
Profit (+)/loss (-) (CHF) per registered share	-0.04	0.51
	Diluted	0.51

CONSOLIDATED CASH FLOW STATEMENT

Indirect method with cash and cash equivalents CHF 1,000	Note	1st half-year 17/18	1st half-year 16/17
Net Profit		- 188	261
Depreciation/amortisation of fixed assets		721	663
Financial result		488	- 106
Taxes		159	104
Change in provisions and other non-cash items		-45	-55
Payments out of provisions		-44	-55
Income taxes paid		-2	-99
Change in trade accounts receivable		-695	- 1,120
Change in inventories		-2,189	-2,361
Change in other current assets		-248	-313
Change in trade accounts payable		55	-329
Change in other current liabilities		1,962	4,257
Cash flow from operating activities		-26	847
Investments in financial assets		- 14	-60
Investments in property, plant and equipment		-294	-230
Investments in intangible assets		-407	-264
Interest received		1	2
Cash flow from investing activities		-702	-554
Increase in current financial liabilities		993	874
Repayment of current financial liabilities		-746	- 1,766
Increase in non-current financial liabilities		982	634
Repayment of non-current financial liabilities		-170	-245
Repayment of lease obligations		29	-21
Interests and other financial expenses paid		-371	174
Merger Costs			
Dividend payment to minorities		0	-4
Cash flow from financing activities		717	-354
Currency translation differences on cash and cash equivalents		103	- 19
Change in cash and cash equivalents		92	-80
Cash and cash equivalents at the beginning of the year		2,415	2,822
Cash and cash equivalents at the end of the half-year		2,507	2,742
Change in cash and cash equivalents		92	-80

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHF 1,000	Share capital	Treasury shares	Reserve from capital contribution	Accumulated losses	Currency translation differences	Total shareholders' equity without minority interest	Minority interest	Total shareholders' equity with minority interest
Balance at 30.04.16	6,725	-467	3,007	-2,648	-2,584	4,033	0	4,033
Restatement Füll Process				395	91	486	82	568
Net currency translation differences					-146	-146	-3	-149
Net profit/(loss)				340		340	-79	261
Goodwill linked to acquisition of Tecos Bruhin AG				-651		-651		-651
Balance at 31.10.16	6,725	-467	3,007	-2,564	-2,639	4,062	0	4,062
Balance at 30.04.17	6,725	-467	3,007	-1,297	-2,806	5,162	30	5,192
Net currency translation differences					651	651	17	668
Net profit/(loss)				-26		-26	-162	-188
Balance at 31.10.17	6,725	-467	3,007	-1,323	-2,155	5,787	-115	5,672

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Definitions of the components in equity

- The **share capital** is the share capital of the parent company, Perrot Duval Holding S.A.
- **Reserves** are the sole reserve from capital contributions.
- **Retained earnings** comprise accumulated profits retained in Group companies and the goodwill from company acquisitions that was taken directly to equity in the past as well as premiums from capital increases.
- **Currency translation differences** comprise all currency-translation differences arising from the currency conversions of foreign Group entities.
- The shares held by **Minority interest** represent all the share capital of the investments of Perrot Duval Holding S.A., owned by shareholders other than the latter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. Segment report

The segment report corresponds to the internal reporting (management approach).

Common Group expenses that cannot be allocated are disclosed separately. Transactions between the segments are conducted at arm's length.

Segment	Process automotion		Industrial automotion		Others		Total group	
	FUELL GROUP	16/17	INFRANOR GROUP	16/17	17/18	16/17	17/18	16/17
CHF 1,000								
1st half (1.5.–31.10.)	17/18	16/17	17/18	16/17	17/18	16/17	17/18	16/17
Net sales	2,836	2,877	18,878	18,009			21,714	20,886
Change versus previous year	-1.4%	15.4%	4.8%	4.0%			4.0%	5.4%
EBITDA	-385	-258	1,623	1,278	-57	-98	1,181	922
as % of net sales	-13.6%	-9.0%	8.6%	7.1%			5.4%	4.4%
Depreciation and amortization	-69	-27	-652	-636	0	0	-721	-663
EBIT	-454	-285	972	642	-59	-98	459	259
as % of net sales	-16.0%	-9.9%	5.1%	3.6%			2.1%	1.2%
Financial items (net)							-488	106
Income taxes							-159	-104
Net profit/(loss)							-188	260
as % of sales (with minority interest)							-0.9%	1.2%
Employees	37	46	200	197	2	2	239	245
Total assets	7,399	6,829	30,189	28,435	473	1,081	38,061	36,345
Total liabilities	7,737	6,869	33,239	33,513	-8,587	-8,099	32,389	32,283
Assets net	-338	-40	-3,050	-5,078	9,060	9,180	5,672	4,062

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Principles for preparing the Group financial statements

The unaudited and condensed consolidated semi-annual financial statements for the period from 1 May 2017 to 31 October 2017 have been prepared in accordance with the rules of Swiss GAAP FER 31 “Complementary recommendation for listed companies”, which – compared with the annual financial statements – permit shorter versions in terms of presentation and disclosure.

The consolidated half-year financial statements are based on the accounting principles set out in the 2016/17 Annual Report.

The half-year statements are presented in Swiss francs. However, the majority of the Group’s transactions are conducted in euros.

The half-year financial statements have been released by the Board of Directors of Perrot Duval Holding SA for publication on 14 December 2017.

3. Seasonal influences

Due to the long summer holidays in Italy, Spain and France, the first half-year (1 May to 31 October) is traditionally weaker in terms of orders received and net sales.

4. Exchange rates

	Closing rates		Average rates for the first half-year	
	31.10.17	30.04.17	17/18	16/17
EUR	1.1607	1.0842	1.1286	1.0928
USD	0.9970	0.9951	0.9721	0.9876
GBP	1.3199	1.2886	1.2712	1.3733
CYN	0.1503	0.1442	0.1451	0.1499

5. Net indebtedness

CHF 1,000	31.10.17	16/17
Cash and cash equivalents	2,507	2,415
Current interest-bearing financial liabilities	– 10,651	– 10,101
Non-current interest-bearing financial liabilities	– 8,641	– 7,738
Total net indebtedness	– 16,785	– 15,424

6. Events after the balance sheet date

The financial statements have been prepared on a going concern basis which the Directors and the Group Management believe to be appropriate.

Between the balance sheet date and the date of publication of this half-year report, no operational events occurred which could have a material impact on the consolidated financial statements for the half-year 2017/18.

Straight bond

The 31st of October 2017 an agreement between the bank lead manager and Perrot Duval Holding S.A. for a straight bond has been announced. The bonds will not be listed on any securities exchange. The book building period ran from 31st October until the 3rd of November and the issue date (paying date) has been set for the 7th of November 2017.

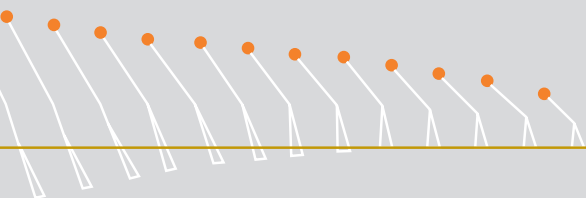
The issued amount is CHF 6,000,000.- with a coupon set at 4⁵/₈ per cent, a duration is 6 years and an issued price at 100.0%. The denomination of the bond was CHF 50'000 and integral multiples thereof.

The Issuer may, at its option, upon not less than 30 calendar days’ nor more than 60 calendar days’ notice to bondholders, redeem the then outstanding bonds, in whole, but not in part, together with the payment of the annual coupon at the following dates and prices: (i) November 2019 102.0%, (ii) November 2020 101.5% (iii) November 2021 101.0% and (iiii) November 2022 100.5%.

ADDRESSES

AS AT 31 OCTOBER 2017

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