Perrot Duval Holding S.A.

HALF-YEAR REPORT 2018/19
(FROM 1 MAY TO 31 OCTOBER 2018)

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KEY FIGURES

KEY FIGURES

CHF 1,000	1st half-year 18/19	1st half-year 17/18
Order intake	23,608	22,804
Change versus previous year	3.5%	–9.9%
Net sales	21,447	21,714
Change versus previous year	–1.2%	4.0%
Gross margin	58.1%	58.6%
EBIT	514	459
as % of net sales	2.4%	2.1%
Net profit/(loss) with minority interest	79	–26
as % of sales (with minority interest)	0.4%	–0.1%
	31.10.18	30.04.18
Total assets	39,645	39,644
Shareholders' equity with minority interest	5,519	6,361
Equity ratio (%)	13.9%	16.0%
Employees (full time equivalent)	234	239

PERROT DUVAL SECURITIES

		1st half-year 18/19	1st half-year 17/18
Bearer shares			
High	CHF	75.00	76.00
Low	CHF	60.00	57.00
As at 31.10.	CHF	61.00	74.10
Market capitalization		31.10.18	31.10.17
Market capitalization	CHF mio	8.2	10.0

REPORT OF THE BOARD OF DIRECTORS

ACTIVITIES

The Perrot Duval Group specialises in automation technologies. Perrot Duval Holding SA, the parent company of the group, established in 1905, invests in financial, industrial and commercial companies that it either creates or acquires, with its core operations based on cutting-edge technologies:

– **the automation of chemical and pharmaceutical processes.** Within this domain, the **Füll Process Group** specialises in liquid and paste dosing systems for industrial use, in particular printing inks, paints, varnishes, adhesives and various coatings, which are subsequently used in a wide variety of economic sectors (packaging, automotive, construction, banknotes, etc.). The products and services provided by the companies in this group range from dosing components to fully-automated process facilities.

– **the automation of dynamic, precise and complex movements** involved in industrial mechanical processes on the one hand, and for independent installations and devices on the other. This activity is the exclusive domain of the **Infranor Group**, which produces servomotors, amplifiers and programmable controls, and coordinates its services to cover entire machine assemblies in sectors as diverse as packaging, industrial handling and medical technologies, to name but a few. The Infranor Group targets investment in economic niches of the future, and provides its customers with detailed expertise in several sectors, in conjunction with its own automation systems.

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

First half year results

The Füll Group consists of the four entities Füll Process SA (parent company, based in Altnau, Switzerland), Füll Engineering BV (Drachten, Netherlands), Füll Systembau GmbH (Idstein, Germany) and Tecos Bruhin AG (Altnau, Switzerland); this latter company joined the Füll group in June 2016.

Füll Systembau GmbH and Tecos Bruhin AG focus on the design and production of dosing and storage systems for fully-automated liquid and paste products. The Swiss company adds its expertise in custom cleaning facilities. Their cutting-edge technical knowledge and the expertise they have developed in the chemical industry over many years make them essential partners at a global level, particularly in the domain of printing inks, paints, varnishes, adhesives, etc.

Optimisation of the industrialisation strategy that began in 2017 remains main aim for the group's constituent companies. This includes, in particular, developing original and exclusive equipment (standard and modular systems), reducing the number of supply sources, increasing margins, reducing overheads and broadening the catalogue of installations and services offered.

Product development and adaptation activities are now concentrated at Tecos Bruhin AG (fluid and paste dosing applications which are flexible in terms of construction, enabling certain processes to be automated for reasons of economy). New developments (a software platform, re-design of standardised stand-alone installations) and investments (a production tool) have been launched.

REPORT OF THE BOARD OF DIRECTORS

In the first half of the year, Füll recorded fewer orders received, compared to the previous year (4 million CHF as opposed to 4.5 million CHF). Turnover, (2.1 million CHF) has followed the same slope (2.8 million CHF as at 31 October 2017). Füll sold its industrial facilities to its European customers, but also found the means to locate its facilities in South East Asia and Turkey. The (re-)penetration of new sales regions (Eastern Europe, United States, etc.), however, has been postponed to a later date.

The high volume of work in progress and the large proportion of small facilities and repairs explains the high gross margin as at 31 October 2018 (1.8 million CHF, representing 84.8 per cent of sales, compared to 2.3 million CHF or 80.2 per cent a year ago). Operating costs for the period fell to 2.4 million CHF (2.7 million CHF) as a result of efforts to control costs by temporarily relieving a consolidated loss of 0.8 million CHF in the interim EBIT result (– 0.5 million CHF as at 31.10.17).

CHF 1 000	18/19	17/18
Order intake	4,067	4,553
change versus previous year	– 10.7%	– 32.7%
Net sales	2,086	2,836
EBITDA	– 654	– 385
as % of net sales	– 31.4%	– 13.6%
EBIT	– 755	– 454
as % of net sales	– 36.2%	– 16.0%
Employees (full time equivalent)	35	37

Outlook

With a strong order book as of 31 October 2018 (6.2 million CHF compared to 5.8 million CHF a year ago), the group expects to achieve a turnover of around 10 million CHF by 30 April 2018 - higher than the previous year's turnover (9.5 million CHF). The only things that could prevent Füll Group from achieving its objective are potential delays in deliveries from suppliers, delays in customer acceptances, or a temporary economic downturn. Compared to the previous year, however, profit margins by facility are expected to improve slightly, which would help cover current operating costs. By the full year end on 30 April 2019, the Füll Process Group expects to balance its accounts.

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

First half-year results

The Infranor Group designs, manufactures and sells movement automation systems and components. These assemblies trigger and then control the rapid, accurate movements of machines, plants and devices used in industrial production and the process industry.

The Group produces original and exclusive products for triggering movement (servomotors and speed reducers with zero backlash), regulating movement (variators) and controlling movement (digital controls), all coordinated by specialist software.

Infranor is active in a niche that allows it to cover similar requirements encountered in the most diverse fields (robotics, packaging equipment and medical equipment, for example). All cases involve transforming an electronic signal into a mechanical movement, then controlling the execution of the movement.

Infranor creates solutions to meet the specific needs of its customers. To do this, it conducts ongoing research into relevant customers, establishes partner relationships with them and thus maintains its level of specific expertise in various sectors. The number of applications and the level of specialisation required are constantly increasing.

The economic climate has been favourable in the countries where Infranor is firmly established, i.e.

REPORT OF THE BOARD OF DIRECTORS

South-East Asia and Europe. Regarding Cybelec, recovery is confirmed and projections have been exceeded following the introduction of new-generation products, which began in 2017. However, operations have not developed as well in the United States.

The first months of the 2018/19 financial year were promising. Orders increased by 7 per cent to 19.5 million CHF (18.3 million CHF last year) and sales rose less sharply to 19.4 million CHF: a growth of 3 per cent (18.9 million CHF as at 31 October 2017). This slight difference should level off during the second half of the year.

The two divisions of the Infranor Group had different experiences in the first six months of the year. Taking advantage of the Chinese upturn and the gradual acceptance by the market of its new-generation products, the Cybelec Division saw a 15 per cent growth in sales. The European companies in the Infranor Division, for their part, offset the decline in North American sales (- 1.5% for the division).

The gross margin for the Infranor Group (10.7 million CHF or 55.2 per cent) stabilised at the same level as at the close of the first half of last year (10.5 million CHF or 55.4 per cent). Price pressure remained significant.

The increase in business volumes did not generate a rise in overhead costs – before amortisation – (8.6 million CHF against 8.8 million CHF a year ago).

The EBIT margin (before interest and taxes) rose to 1.4 million CHF (1 million CHF a year ago) and accounted for 7 per cent of sales (5.1 per cent last year).

The balance sheet total came to 31.6 million CHF, down 1.1 million CHF from 30 April 2018 (32.7 million CHF), mainly due to assets and a decrease in trade receivables to 6.4 million CHF (down 0.9 million CHF), of which foreign liabilities amounted to 24.7 million CHF (a reduction of 0.8 million CHF). Equity was set at 6.9 million CHF, representing 21.9 per cent of the balance sheet total (7.2 million CHF or 22 per cent of the balance sheet at the end of the 2017/18 financial year).

CHF 1,000	18/19	17/18
Order intake	19,541	18,251
change versus previous year	7.1%	– 1.6%
Net sales	19,361	18,878
EBITDA	2,037	1,623
as % of net sales	10.5%	8.6%
EBIT	1,361	972
as % of net sales	7.0%	5.1%
Employees (full time equivalent)	197	200

Outlook

Current orders and monthly sales remain consistent at the same level, reflecting the rapid reaction of the Infranor Group to short-term demands from customers. Many customers, however, are demanding longer delivery times. Medium-term planning, and hence the management of inventories and purchases, is becoming more difficult. . With an order book of 6.0 million CHF after 6 months, Infranor is aiming for a level of consolidated sales of 40 million CHF (unchanged) in an unclear economic environment.

CONSOLIDATED BALANCE SHEET

CHF 1,000	Note	31.10.18	30.04.18
ASSETS			
Cash and cash equivalents	5	5,262	5,597
Trade accounts receivable		6,802	8,462
Other receivables		1,387	1,340
Inventories		12,592	10,640
Prepaid expenses		809	946
Total current assets		26,852	26,985
Financial assets		222	193
Property, plant and equipment		5,896	6,186
Intangible assets		5,267	4,915
Deferred tax assets		1,408	1,365
Total non-current assets		12,793	12,659
Total assets		39,645	39,644
LIABILITIES			
Interest-bearing current financial liabilities	5	8,356	8,358
Trade accounts payable		3,808	4,404
Other current liabilities		4,559	2,367
Accruals		2,184	2,537
Short-term provisions		440	439
Provision for income taxes		54	90
Total current liabilities		19,401	18,195
Interest-bearing non-current financial liabilities	5	7,156	7,540
Subordinated loan of related parties	5	400	400
Straight Bond 2017-2023	5	6,000	6,000
Long-term provisions		360	370
Deferred tax liabilities		809	778
Total non-current liabilities		14,725	15,088
Total liabilities		34,126	33,283
Share capital		6,725	6,725
Treasury Shares		–467	–467
Reserve from capital contribution		3,007	3,007
Accumulated Losses		–518	–597
Currency translation differences		–2,622	–1,938
Shareholders' equity attribuable to Group shareholders		6,125	6,730
Minority interest		–606	–369
Total shareholders' equity		5,519	6,361
Total liabilities and shareholders' equity		39,645	39,644

CONSOLIDATED INCOME STATEMENT

CHF 1,000	1st half-year 18/19	1st half-year 17/18
Net sales	21,447	21,714
Cost of materials	– 10,672	– 11,174
Change in inventories (WIP & finished goods)	1,678	2,189
Personnel costs	–8,280	–8,713
General and administrative costs	–746	–718
Sales costs	–723	–716
Other operating expenses	– 1,635	– 1,672
Other operating income	222	270
Depreciation and amortisation	–777	–721
Operating result (EBIT)	514	459
Financial result	–525	–488
Profit/(loss) before taxes	– 11	–29
Taxes	– 125	– 159
Net profit/(loss) with minority interest	– 136	– 188
thereof for:		
– Shareholders of Perrot Duval Holding S.A.	79	–26
– Minority interest	–215	– 162

EARNINGS PER SHARE FOR SHAREHOLDERS

CHF		18/19	17/18
Undiluted/diluted earnings per share for shareholders			
Profit (+)/loss (-) (CHF) per bearer share		0.59	–0.20
	Diluted	0.59	–0.20
Profit (+)/loss (-) (CHF) per registered share		0.12	–0.04
	Diluted	0.12	–0.04

CONSOLIDATED CASH FLOW STATEMENT

Indirect method with cash and cash equivalents CHF 1,000	1st half-year 18/19	1st half-year 17/18
Net Profit	– 136	– 188
Depreciation/amortisation of fixed assets	777	721
Financial result	525	488
Taxes	125	159
Change in provisions and other non-cash items	–48	–45
Payments out of provisions	–85	–44
Income taxes paid	–278	–2
Change in trade accounts receivable	1,432	–695
Change in inventories	–2,380	–2,189
Change in other current assets	99	–248
Change in trade accounts payable	–426	55
Change in other current liabilities	2,177	1,962
Cash flow from operating activities	1,782	–26
Investments in financial assets	23	– 14
Investments in property, plant and equipment	–362	–294
Disposal of property, plant and equipment	0	13
Investments in intangible assets	–882	–407
Interest received	2	1
Cash flow used in investing activities	– 1,219	–701
Increase in current financial liabilities	526	993
Repayment of current financial liabilities	–281	–746
Increase in non-current financial liabilities	35	982
Repayment of non-current financial liabilities	–308	– 170
Repayment of lease obligations	–54	29
Interests and other financial expenses paid	–706	–371
Cash flow from/used in financing activities	–788	717
Currency translation differences on cash and cash equivalents	– 110	102
Change in cash and cash equivalents	–335	92
Cash and cash equivalents at the beginning of the year	5,597	2,415
Cash and cash equivalents at the end of the half-year	5,262	2,507
Change in cash and cash equivalents	–335	92

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 30.04.17	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
Balance at 30.04.18	6,725	–467	3,007	–597	–1,938	6,730	–369	6,361
Net currency translation differences					–684	–684	–22	–706
Net profit/(loss)				79		79	–215	–136
Balance at 31.10.18	6,725	–467	3,007	–518	–2,622	6,125	–606	5,519

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

1. 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					
CHF 1,000	FUELL GROUP		INFRANOR GROUP		Others		Total group	
1st half (1.5.-31.10.)	18/19	17/18	18/19	17/18	18/19	17/18	18/19	17/18
Net sales	2,086	2,836	19,361	18,878			21,447	21,714
Change versus previous year	–26.4%	–1.4%	2.6%	4.8%			–1.2%	4.0%
EBITDA	–654	–385	2,037	1,623	–92	–57	1,291	1,181
as % of net sales	–31.4%	–13.6%	10.5%	8.6%			6.0%	5.4%
Depreciation and amortization	–101	–69	–676	–652	0	0	–777	–721
EBIT	–755	–454	1,361	972	–92	–59	514	459
as % of net sales	–36.2%	–16.0%	7.0%	5.1%			2.4%	2.1%
Financial items (net)							–525	–488
Income taxes							–125	–159
Net profit/(loss)							–136	–188
as % of sales (with minority interest)							–0.6%	–0.9%
Employees (full time equivalent)	35	37	197	200	2	2	234	239
Total assets	5,449	7,399	31,589	30,189	2,607	473	39,645	38,061

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 2018 to 31 October 2018 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 2017/18 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 13 December 2018.

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	
	31.10.18	30.04.18	18/19	17/18
EUR	1.1403	1.1978	1.1585	1.1286
USD	1.0063	0.9896	0.9756	0.9721
GBP	1.2824	1.3592	1.3096	1.2712
CYN	0.1443	0.1563	0.1485	0.1451

5. Net indebtedness

CHF 1,000	31.10.18	30.04.18
Cash and cash equivalents	5,262	5,597
Current interest-bearing financial liabilities	–8,356	–8,358
Non-current interest-bearing financial liabilities	–7,156	–7,540
Subordinated loan of related parties	–400	–400
Straight Bond 2017-2023	–6,000	–6,000
Total net indebtedness	–16,650	–16,701

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 2018/19.

ADDRESSES
AS AT 31 OCTOBER 2018

Company Manager	Address	Phone Fax	Internet E-mail
FÜLL DIVISION			
Füll Process A.G.	Moosgrabenstrasse 12	Tel. +41 (0)71 694 54 35	www.perrotduval.com
Group Management	CH-8595 Altnau		info@perrotduval.com
Cornelius Bruhin		Tel. +41 (0)79 159 92 23	
Füll Systembau GmbH	Richard-Klinger-Str. 31	Tel. +49 6126 598–0	www.fuell-dispensing.com
Uwe Füll	D-65510 Idstein	Fax +49 6126 544 15	info@fuell-dispensing.com
Füll Engineering B.V.	Gerben van Manenstraat 110	Tel. +31 627 362 522	www.fuell-engineering.com
Cornelius Bruhin	NL-9204 PD Drachten	Tel. +41 (0)79 159 92 23	info@fuell-engineering.com
Tecos Bruhin AG	Moosgrabenstrasse 12	Tel. +41 (0)71 694 54 35	www.tecosbruhinag.ch
Cornelius Bruhin	CH-8595 Altnau		info@tecosbruhinag.ch
INFRANOR DIVISION			
Infranor Holding S.A.	Rue des Uttins 27	Tel. +41 (0)24 447 02 70	www.infranor.com
Group Management	CH-1401 Yverdon-les-Bains	Fax +41 (0)24 447 02 71	info@infranor.com
Dr. J.-P. van Griethuysen			
Infranor S.A.	Althardstrasse 158	Tel. +41 (0)44 308 50 00	www.infranor.com
Raymond Käser	CH-8105 Regensdorf	Fax +41 (0)44 308 50 09	info.ch@infranor.com
Branch office	Aux Champs Carroz 7	Tel. +41 (0)44 308 50 05	
	CH-1169 Yens		
Infranor S.A.S.	Avenue Jean Moulin, BP 142	Tel. +33 5 62 94 10 67	www.infranor.com
Georges Sanchez	FR-65104 Lourdes Cedex	Fax +33 5 62 42 18 69	info.fr@infranor.com
Branch office	Rue Georges Besse 1	Tel. +33 1 56 45 16 00	www.infranor.com
	FR-92160 Anthony (Paris)	Fax +33 1 46 74 69 56	info.fr@infranor.com
Infranor Spain S.L.U.	Occitània, 24	Tel. +34 93 460 16 31	www.infranor.com
Daniel Escorza	E-08911 Badalona (Barcelona)	Fax +34 93 399 96 08	info.es@infranor.com
Mavilor S.A.	C/Empordà 11–13	Tel. +34 93 574 36 90	www.infranor.com
Jordi Vinas	E-08130 Sta. Perpètua de	Fax +34 93 574 35 70	info@mavilor.es
	de Mogoda (Barcelona)		
Infranor GmbH	Donaustrasse 19A	Tel. +49 6181 18012 0	www.infranor.com
Peter Fritsch	DE-63452 Hanau	Fax +49 6181 18012 90	info.de@infranor.com
Infranor Ltd.	P.O. Box 295	Tel. +44 1483 274 887	www.infranor.com
Adrian Hazelwood	UK - Woodbridge IP12 9EP	Fax +44 1483 276 037	info.uk@infranor.com
Infranor S.r.l.	Via Uberto Visconti di Modrone 2	Tel. +39 02 763 00 41	www.infranor.com
	I - 20122 Milano		info.it@infranor.com
Infranor, Inc.	299 Ballardvale Street, Suite 4	Tel. +1 978 988 90 02	www.infranor.com
Dan D'Aquila	USA-Wilmington, MA 01887	Fax +1 978 988 91 12	info.usa@infranor.com
Infranor Motion	Room 601, No. 448	Tel. +86 21 6440 1095	www.infranor.com
Control Technology	Hongcao Rd.	Fax +86 21 6440 1097	info.cn@infranor.com
(Shanghai) Co. Ltd.	CN-200233 Shanghai		
John Pan			
Cybelec S.A.	27, rue des Uttins	Tel. +41 (0)24 447 02 00	www.cybelec.ch
Sylvère Demonsais	CH - 1401 Yverdon-les-Bains	Fax +41 (0)24 447 02 01	info@cybelec.ch
Cybelec Numerical	Room B4-1	Tel. +86 21 59 90 02 00	www.cybelec.com.cn
Control Technology	Forward Hi-tech Zone	Fax +86 21 59 90 05 65	info@cybelec.com.cn
(Shanghai) Co. Ltd.	33 Forward Rd, Jiading District		
Leon Chen	CN-201818 Shanghai		

PERROT DUVAL HOLDING S.A.
16, rue de Candolle
1205 Genève, Suisse
Tél. +41 22 776 61 44
Fax +41 22 776 19 17
www.perrotduval.com
info@perrotduval.com