

Q U A L I

T Y

**HALF-YEAR REPORT
2020**

S P E E D

E A S I N

E S S



KEY FIGURES

in CHF million, unless otherwise indicated	01.01.– 30.06.2020	01.01.– 30.06.2019	Change in %
Incoming orders / sales			
Total incoming orders	263.4	299.0	-11.9
Rollers	52.5	58.7	-10.6
Drives	79.1	90.1	-12.3
Conveyors & Sorters	80.9	83.9	-3.5
Pallet Handling	20.6	28.1	-26.6
Total sales	233.2	260.8	-10.6
Profitability			
EBITDA	43.5	43.5	0.1
in % of sales	18.7	16.7	
EBITA	34.7	34.8	-0.1
in % of sales	14.9	13.3	
EBIT	32.3	31.2	3.5
in % of sales	13.8	11.9	
Result	23.8	23.1	3.1
in % of sales	10.2	8.8	
Cash flow			
Operating cash flow	45.6	40.6	12.5
in % of sales	19.6	15.6	
Free cash flow	20.0	29.2	-31.6
in % of sales	8.6	11.2	
Total investments	26.0	11.7	122.2
Balance sheet			
	30.06.2020	31.12.2019	
Total assets	438.6	435.1	0.8
Goodwill	16.8	17.1	-1.8
Net financial assets	68.4	76.9	-11.1
Equity	298.7	304.0	-1.7
Equity ratio (equity in % of assets)	68.1	69.9	
Return on equity (in %)	15.8	19.0	-16.8
Other key figures			
RONA (return on net assets, in %)	19.5	22.6	-13.7
Average number of employees (FTE)	2,187	2,284	-4.2
Sales per employee (in CHF thousand)	213	245	-13.1
Productivity (added value / total personnel expenses)	2.07	2.09	-1.0

Interroll uses alternative performance figures. These alternative performance figures can be found on the Interroll homepage under "Investor Relations" (<https://www.interroll.com/>).

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ABOUT INTERROLL

The Interroll Group is a leading global provider of material handling solutions. The company was founded in 1959 and has been listed on the SIX Swiss Exchange since 1997. Interroll provides system integrators and OEMs with a wide range of platform-based products and services in these categories: “Rollers” (conveyor rollers), “Drives” (motors and drives for conveyor systems) and “Conveyors & Sorters”, as well as “Pallet Handling” (dynamic storage and pallet conveyors). Interroll solutions are used in express and postal services, e-commerce, airports, the food and beverage industry, fashion, and automotive sectors, and many other manufacturing industries. Among the end users are leading brands such as Amazon, Bosch, Coca-Cola, DHL, Nestlé, Procter & Gamble, Siemens, Walmart and Zalando. Headquartered in Switzerland, Interroll has a global network of 34 companies with sales of CHF 559.7 million and around 2,400 employees (end of 2019).

www.interroll.com

**28,000
CUSTOMERS
AROUND
THE WORLD**

**34
COMPANIES
AROUND
THE WORLD**

**2,400
EMPLOYEES
AROUND
THE WORLD**

INTERROLL PRODUCT GROUPS

ROLLERS



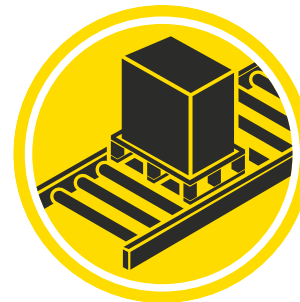
DRIVES



CONVEYORS & SORTERS

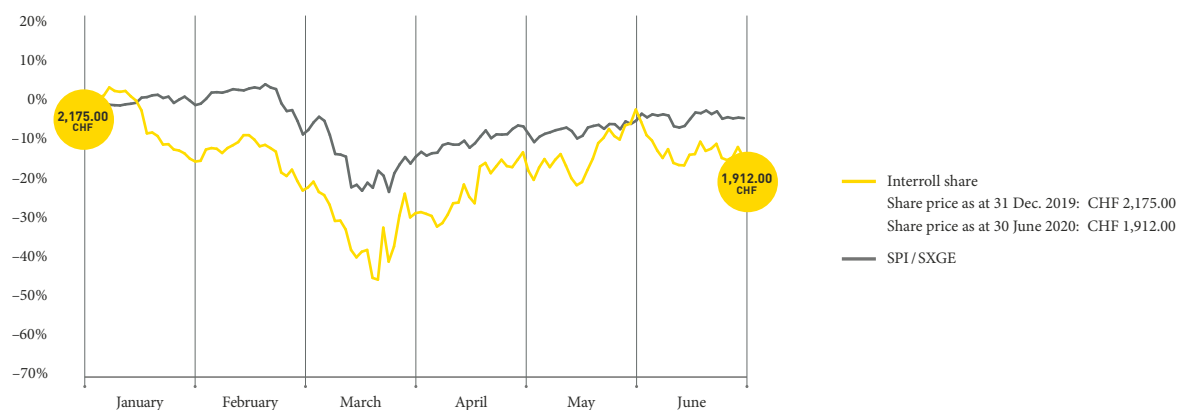


PALLET HANDLING



INTERROLL ON THE CAPITAL MARKETS

Share price performance of Interroll relative to Swiss Performance Index SPI/SXGE



SWISS STOCK MARKETS VOLATILE WITH A POSITIVE RECENT TREND

The first half of 2020 was a very lively and volatile period on the Swiss stock exchange. The blue-chip barometer Swiss Market Index (SMI) reached 10,045 points at the end of June. This resulted in a decline of 6.1% in the first half of the year.

The broad Swiss Performance Index (SPI) reached 12,436 points and was thus 3.1% below the end of 2019.

INTERROLL SHARES UNDERPERFORM SPI

In addition to stable profitability despite the coronavirus disease 2019 (COVID-19) pandemic, the Interroll Group's specific success drivers in the first half of 2020 were further improvements in productivity as well as strict cost and investment discipline.

Interroll shares were volatile in the first half of 2020. With a closing price of CHF 1,912.00 on 30 June 2020, Interroll shares were 12.1% below the year-end price for 2019 (CHF 2,175.00).

As a result, Interroll shares underperformed the Swiss indices.

The Group's market capitalisation exceeded CHF 1.6 billion as of 30 June 2020 (31 December 2019: exceeded CHF 1.8 billion).

LITTLE CHANGE IN FREE FLOAT

Around 18% of Interroll shares (31 December 2019: around 18%) are held by the remaining founding families. As at 30 June 2020, the free float as defined by the SIX Swiss Exchange stood at approximately 82% (31 December 2019: approximately 82%).

THE RIGHT STEPS FOR OUR LONG-TERM GROWTH



Paul Zumbühl, Chief Executive Officer

Dear shareholders, valued customers, employees and business partners,

In a challenging first half of 2020, we have reached important milestones and have further expanded the foundation for future growth.

The rise in the Swiss franc had a clearly noticeable effect on sales, which reached CHF 233.2 million (–10.6% compared to the same period last year: CHF 260.8 million), but the decline in sales in local currency was only –4.8%. Our strong customer loyalty, as well as the market's confidence in our high readiness to deliver and our fast delivery times even during the coronavirus disease 2019 (COVID-19) crisis, and our global presence, have paid off: The numerous projects with which we are in dialogue with our customers have been postponed but not cancelled. Despite the difficult market situation caused by the COVID-19 pandemic, Interroll was able to book a major project order in the double-digit million US dollar range in the USA.

The order intake showed a decline. It fell by –11.9% to CHF 263.4 million (previous year: CHF 299.0 million). In local currency, the decline was much more moderate at –6.1% due to the strong rise in the Swiss franc.

The Group is starting the second half of 2020 with cautious optimism and a more positive market trend.

Since the last major crisis in 2008–2009, Interroll has continued to drive forward its globalisation and expansion into new markets, has greatly expanded its

technology platform, and massively strengthened its position with a balanced mix of measures designed to boost productivity, while always keeping an eye on costs. We had already done our homework during the good times and aligned ourselves even more closely with our customers and their needs. In order to maintain close contact with the market during the crisis, we immediately created new communication channels and formats with virtual trade fair presentations, live chats, and webinars. Our considerable investments over the last ten years in the global networking of the IT infrastructure have benefited us during the COVID-19 crisis by strengthening customer loyalty. Thanks to these measures, we were even able to improve our profit and margin.

UNIQUE COMBINATION OF STRENGTHS

By bundling our strengths, we have a unique selling point in the market. This has benefited us: Even in the current crisis, we were able to gain market share in key areas and have a very effective receivables management system.

At CHF 43.5 million, earnings before interest, taxes, depreciation and amortisation (EBITDA) reached the previous year's level. The EBITDA margin increased to 18.7% (previous year: 16.7%). Earnings before interest and taxes (EBIT) reached CHF 32.3 million (+3.5% above the previous year's level of CHF 31.2 million).

The result rose by 3.1% to CHF 23.8 million (prior-year period: CHF 23.1 million). The result margin reached 10.2% (previous year: 8.8%). Thanks to good manage-

ment of current assets, operating cash flow rose by 12.5% to CHF 45.6 million (previous year: CHF 40.6 million). Gross capital expenditure amounted to CHF 26.0 million (previous year: CHF 11.7 million). Free cash flow thus fell to CHF 20.0 million (previous year: CHF 29.2 million).

INNOVATION AND DEEPENING OF THE INTERROLL PLATFORM

The sustained high pace of innovation and our healthy economic condition, which allows us to continue our long-term capacity expansion, are important pillars for Interroll's continued profitable growth. In the first half of 2020, this was impressively demonstrated by the High-Performance Crossbelt Sorter (HPCS), with which we have opened up a new market segment for sorting systems.

With the Modular Pallet Conveyor Platform (MPP) introduced in 2019, which was supplemented by a storage and retrieval machine and a traversing carriage, we have linked processes that include automated storage and automated conveying. For this reason, since 1 January 2020, we have been combining the previous product group "Pallet & Carton Flow" together with our MPP pallet conveyor solution under the new name "Pallet Handling". A survey we conducted among manufacturing companies in Germany in 2019 confirmed a high demand potential for Interroll in automated palletising processes.

NEW STRATEGIC PHASE

We completed our expansion in the USA by building an additional plant in Hiram (Atlanta), USA, in spring 2020. The construction of our new plant in Mosbach, Germany, in which we are investing more than EUR 40 million, is progressing well. It is scheduled for completion in the second quarter of 2021. We have also taken further steps to expand the capacity of our plant in Suzhou, China, where we are investing CHF 25 million to build our own plant, which will replace the current plant from 2022.

We were again able to increase our productivity by digitalising business and production processes. We are focusing on increased automation in our production and global networking.

STABILITY FOR THE FUTURE

As digitalisation continues, customer expectations are also growing. We are actively working towards further innovations in the field of smart logistics. Our Interroll Innovation & Development Centre (IPDC), with its strengthened organisation, provides important impetus in the management of our global innovations, which will strengthen our technology platform in the long term.



Urs Tanner, Chairman of the Board of Directors

Digitalisation requires continuous training of our employees. With the Interroll Academy, we offer employee and customer training using state-of-the-art didactic formats such as e-learning.

We want to manage the current COVID-19 crisis successfully with the right momentum and take advantage of the highly interesting market prospects. In order to be able to fully develop this momentum, we are focusing on the long term and continuity. For example, since 1 July 2020, our global sales force has been headed by Maurizio Catino, who comes from within our own ranks and is now a member of the Group Executive Board. Our announced replacement at the head of the Board of Directors for 2021, which we will propose at the 2021 Annual General Meeting, therefore relies on stable leadership and a high degree of reliability.

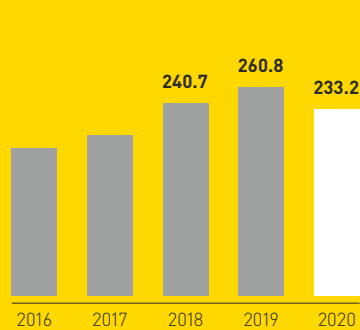
Sant'Antonino, 3 August 2020

Urs Tanner
Chairman of the
Board of Directors

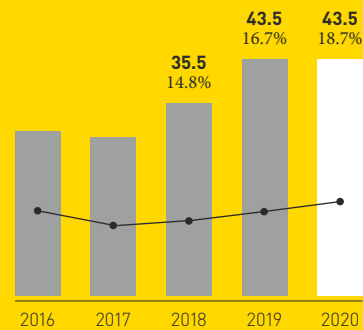
Paul Zumbühl
Chief Executive Officer

FINANCIAL POSITION, EARNINGS AND CASH FLOWS

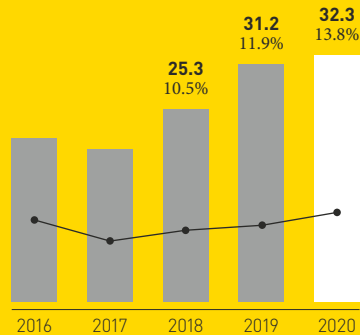
SALES



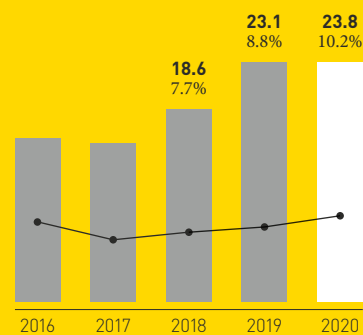
EBITDA AND EBITDA MARGIN



EBIT AND EBIT MARGIN

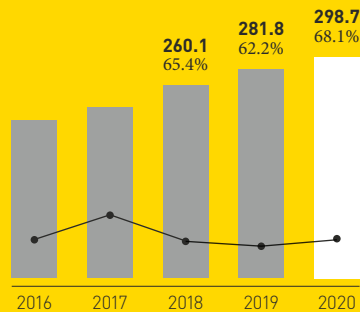


RESULT

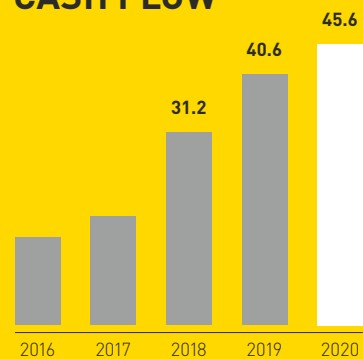


EQUITY AND EQUITY RATIO

(each as of 30.06)



OPERATIONAL CASH FLOW



All amounts in CHF million

STRONG PROFITABILITY

Driven by higher sales and improved balance sheet management, operating cash flow rose by 12.5% to CHF 45.6 million. EBITDA reached the previous year's level of CHF 43.5 million, while the EBITDA margin increased to 18.7% (previous year: 16.7%). Result rose by 3.1% to CHF 23.8 million (prior-year period: CHF 23.1 million).

SALES DECLINING

In the first half of 2020, the Interroll Group recorded a decline in sales to CHF 233.2 million (previous year: CHF 260.8 million). Expressed in local currencies, however, the decline in sales was a mere -4.8%. This was influenced by significant project postponements and lockdown situations due to the coronavirus disease 2019 (COVID-19) pandemic. During the pandemic, Interroll noted an increased urgency for automated intralogistics solutions within the courier, express and parcel services, food industries and e-commerce.

The order intake showed a decline. It fell by -11.9% to CHF 263.4 million (previous year: CHF 299.0 million). In local currency, the decline was much more moderate at -6.1% due to the strong rise in the Swiss franc. The corona crisis also made itself felt here.

The Group is starting the second half of 2020 with cautious optimism and a more positive market trend.

RESULTS GROW DISPROPORTIONATELY

At CHF 43.5 million, Interroll was able to match the previous year's level of earnings before interest, taxes, depreciation and amortisation (EBITDA) in the first half of the year. The EBITDA margin increased to 18.7% (previous year: 16.7%).

Earnings before interest and taxes (EBIT) reached CHF 32.3 million (+3.5% above the previous year's figure of CHF 31.2 million). The operating cash flow increased by 12.5% to CHF 45.6 million (previous year: CHF 40.6 million).

Result rose by 3.1% to CHF 23.8 million (prior-year period: CHF 23.1 million). The result margin reached 10.2% (previous year: 8.8%).

SOLID BALANCE SHEET DEVELOPMENT, STRONG CASH FLOW

Total assets increased to CHF 438.6 million on 30 June 2020, up by 0.8% from the figure at the end of 2019 (CHF 435.1 million). Shareholders' equity reached CHF 298.7 million (previous year CHF 304.0 million); the equity ratio is a strong 68.1% (2019: 69.9%).

Gross investments reached CHF 26.0 million, a significant increase over the previous year (CHF 11.8 million). In particular, a second plant was completed in Hiram (Atlanta), USA and construction work began on the plant in Mosbach, southern Germany.

Free cash flow fell to CHF 20.0 million (previous year: CHF 29.2 million) due to higher gross capital expenditure.

SOLID PROJECT BUSINESS, POTENTIAL IN DEMAND FOR PRODUCTS

Interroll has divided its service portfolio into the four product groups “Rollers”, “Drives”, “Conveyors & Sorters” and “Pallet Handling”. In the first half of 2020, all product groups developed below the previous year.



ROLLERS PRODUCT GROUP

The “Rollers” product group forms the starting point of the Interroll portfolio. Since 1959, Interroll manufactured conveyor rollers in Wermelskirchen, Germany, and now at five other locations. This makes Interroll the world’s leading supplier in this field. Conveyor rollers are used in numerous internal logistics applications.

Interroll has already produced over 500 million conveyor rollers. Driven and non-driven conveyor rollers from Interroll are the first choice for transporting totes and pallets in the distribution centres of courier, express and parcel services and mail order companies as well as in airports and production plants. However, these products are also integral components of material flow solutions in other industries such as supermarkets and e-commerce. Interroll offers customers and users a selection of more than 60,000 conveyor roller variants.

Despite the COVID-19 pandemic, the “Rollers” product group recorded only a moderate decline of –5.9% in incoming orders, which amounted to CHF 53.5 million (same period a year ago: CHF 56.9 million). However, Interroll also proactively anticipated and exploited the potential offered by market trends such as the sustained strong growth in e-commerce and user investments in modernisation and outsourcing to so-called third-party logistics (3PL) providers. During the COVID-19 crisis, Interroll was able to gain significant market share in the “Rollers” product group.

In the first half of 2020, the Americas region recorded a +3.1% increase in orders for the “Rollers” product group. In the EMEA (–6.6%) and Asia-Pacific (–19.3% year-on-year) regions, the lockdown was clearly felt in the first quarter.

Consolidated sales in the “Rollers” product group amounted to CHF 52.5 million, down –10.6% on the prior-year period of CHF 58.7 million.



Interroll rollers stand for top quality in 60,000 variants.



PRODUCT GROUP DRIVES

The portfolio of the “Drives” product group includes control systems, driven conveyor rollers (24-volt and 48-volt RollerDrive) and drum motors. Within the Interroll Group, the global centres of excellence in Baal, Germany, and Hvidovre, Denmark, are responsible for drum motors, and the global centre of competence in Wermelskirchen, Germany, is responsible for RollerDrive. Hvidovre was renamed “Centre of Excellence Commercial Belt Drives & Conveyors” as of 1 March 2020. This decision underlines the fact that Interroll’s overall portfolio is ideally suited to supermarket and other material flow applications in the retail sector.

Internationally, Interroll has taken a leading role with its compact, flexible and easy-to-install solutions.

Sales in the first half of 2020 amounted to CHF 79.1 million, down –12.3% on the same period of the previous year (CHF 90.1 million). Thanks to innovative products such as the EC5000 RollerDrive, which have

been successful in the marketplace, consolidated order intake fell by only –10.5% to CHF 77.4 million compared with CHF 86.5 million in the same period last year, despite the COVID-19 crisis.

The innovative range of coordinated RollerDrive EC5000, controllers and power supply units allows system integrators and plant manufacturers to meet the needs of their customers even more individually and with Industry 4.0 functionalities. Thanks to the data transparency offered by the EC5000, modern conveyor systems can also be serviced with foresight.

In addition, the bus interface enables the implementation of completely new control functions, such as those required in the automation environment. Not only can the acceleration, speed and deceleration of the conveyed goods in the system be influenced even more precisely, but the respective goods can also be positioned on the conveyor line with millimeter precision – a prerequisite for automating work processes through the seamless interaction of conveyor solutions with robots or packaging machines.

The EC5000’s brushless drive features an energy recovery in braking. The conveyor system can operate without pneumatics or conventional drives, which must be operated continually.

The EC5000 is already being used in numerous projects. For example, Interroll and Teknokom, an innovative system integrator for complete warehouse automation solutions, have set up an automated picking flow system for Cookplus in Istanbul, Turkey. Key elements of the new material flow solution are the RollerDrive EC5000, MultiControl and the Modular Conveyor Platform (MCP) from Interroll.



The DC Platform (24-volt, 48-volt) consists of a range of coordinated RollerDrive, controllers and power supply units. It also offers Industry 4.0 functionalities.



PRODUCT GROUP CONVEYORS & SORTERS

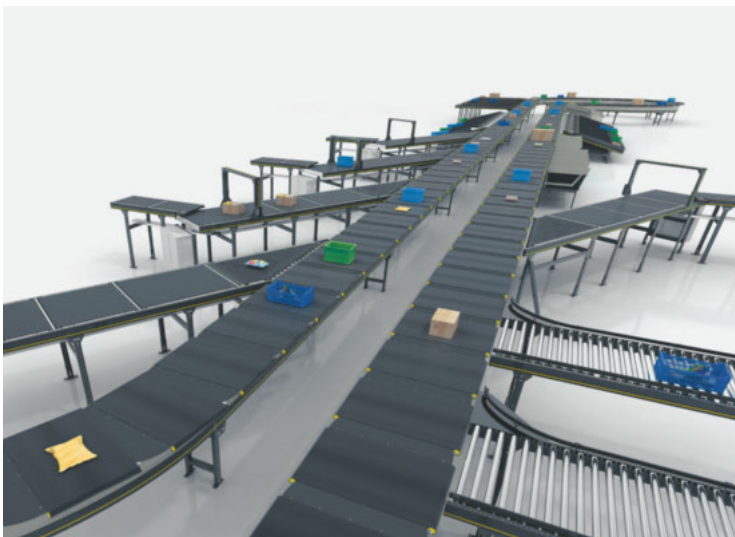
The “Conveyors & Sorters” product group includes sorting and conveying solutions developed by the global Centres of Excellence in Sinsheim, Germany, and Cañon City, USA. This product group includes crossbelt sorters, belt curves and the Modular Conveyor Platform (MCP). With its products and solutions in this segment, Interroll has a strong position in the market, particularly within the area of equipment for airports, postal and logistics distribution centres as well as e-commerce.

In December 2018, Interroll announced plans to expand production in southern Germany in view of the considerable potential demand in this area in the medium term. A new plant in Mosbach, Germany, will go into operation there in the first half of 2021.

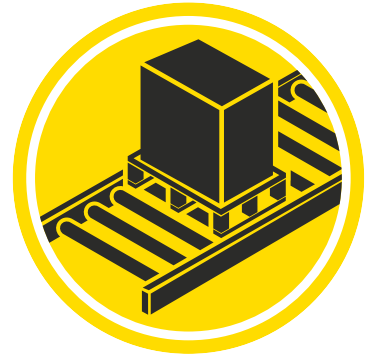
Modern material flow systems can be planned quickly and efficiently with Interroll’s modular platform concept – adjustments remain possible and can even be made during assembly. In conjunction with Interroll drive solutions, state-of-the-art systems are created that are characterised by maximum availability, energy efficiency and very low operating and maintenance costs. This applies to both new installations and the modernisation of existing systems.

In the first half of 2020, Interroll introduced the new High-Performance Crossbelt Sorter (HPCS) MX 025H, thus expanding its innovative portfolio of automated sorting solutions to include a new high-performance system capable of handling up to 20,000 conveyed goods per hour. This new solution can also be used to sort significantly heavier (up to 50 kg) and larger goods. As a result, even the most demanding users can now benefit from the performance, cost-efficiency and availability advantages offered by Interroll’s mechanically driven horizontal crossbelt sorters. The first applications of the HPCS are already in daily use by renowned customers in the market.

The product group achieved consolidated sales of CHF 80.9 million in the first half of 2020, which was –3.5% lower than in the same period of the previous year (CHF 83.9 million). Despite numerous project postponements, order intake was only –12.4% below the level of the same period last year (CHF 128.3 million) at CHF 112.3 million.



Interroll’s new High-Performance Crossbelt Sorter (HPCS) can process up to 20,000 conveyed goods per hour.



PRODUCT GROUP PALLET HANDLING

With the 2019 launch of the Modular Pallet Conveyor Platform (MPP), which was supplemented by a storage and retrieval machine and a transfer carriage, Interroll has linked up processes involving automated storage and automated conveying. For this reason, the company has combined the former “Pallet & Carton Flow” product group with the MPP pallet conveyor solution under the new name “Pallet Handling” since 1 January 2020.

In the first half of 2020, Interroll generated consolidated sales of CHF 20.6 million with this product group, which is -26.6% down on the same period a year ago (CHF 28.1 million), partly due to the lack of

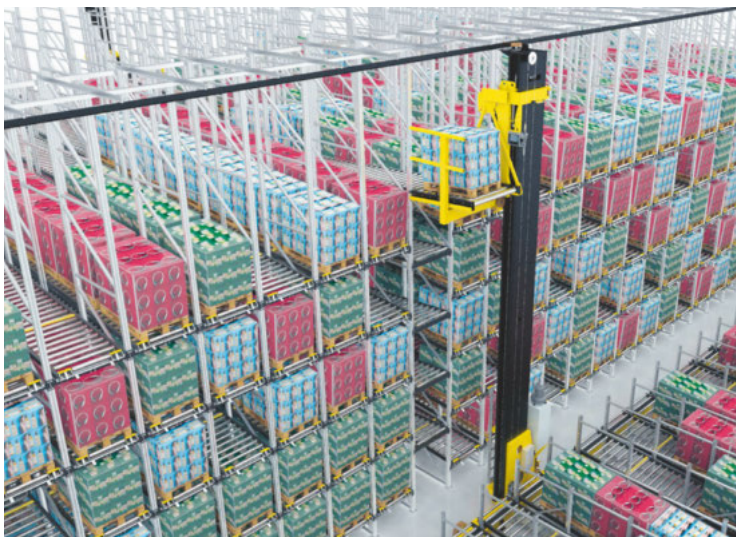
major projects. Consolidated order intake fell by -24.9% to CHF 20.2 million (previous year: CHF 26.9 million). During the COVID-19 crisis, important projects related to “Pallet Handling” in the storage area were postponed but not cancelled.

For warehouses with high turnover frequencies, flow storage solutions have proven to be particularly cost-effective in the long term. Dynamic flow storage systems are based on the principle of inclined planes: pallets or packages are stored in flow channels that consist of a series of roller conveyor modules arranged one behind the other. Since these are mounted at an angle of 4%, goods move automatically from the input to the output point by using gravity.

Interroll’s flow storage systems are tested at the Interroll Test Centre in La Roche-sur-Yon, France. According to 50,000 test cycles under extreme conditions, Interroll guarantees a long service life and maximum safety.

By supplementing the range with semi- or fully automated solutions such as the MPP, Interroll sees continued high sales potential for flow storage solutions. Further innovations within this area are currently being driven forward.

A survey conducted by Interroll among manufacturing companies in Germany in 2019 confirmed a high demand potential for Interroll in automated pallet transport processes.



The linking of flow storage solutions with solutions for pallet handling shows promising potential.

STRONG DELIVERY PERFORMANCE UNDER CHALLENGING MARKET CONDITIONS

During the coronavirus disease 2019 (COVID-19) crisis, customers were able to rely on fast delivery times. Thanks to decentralised supply chains, Interroll always kept production intact and responded quickly and flexibly to changes in the market.

Globally, sales decreased by -10.1% to CHF 233.2 million (-4.8% in local currency). Interroll recorded a decline in sales in the EMEA region (-10.1%) and the Americas (-18.8%), but at the same time achieved significant growth in Asia (+10.7%). In terms of order intake (-11.9%), all regions contracted year on year due to the COVID-19 situation.



EMEA

EUROPE, MIDDLE EAST, AFRICA (EMEA)

REGION WITH HIGH POTENTIAL

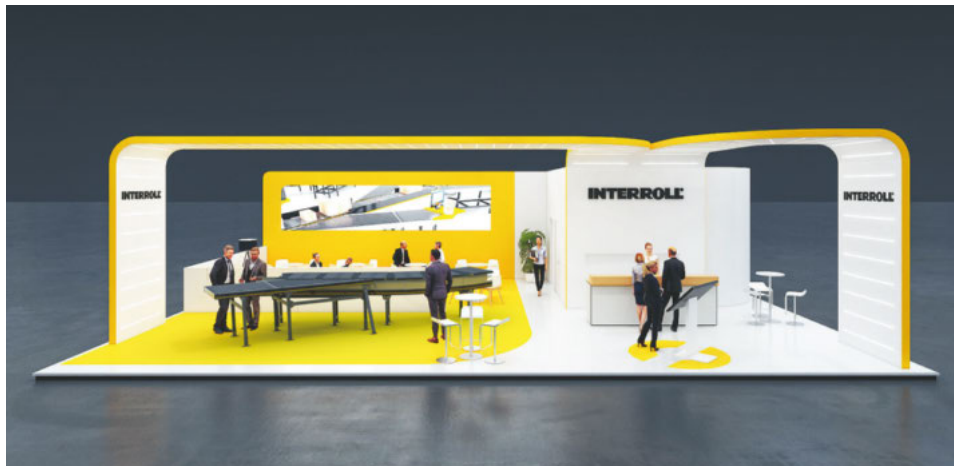
In the EMEA region, sales amounted to CHF 140.2 million, down -10.1% from the same period last year (CHF 156.0 million).

Incoming orders fell by -13.0% compared to the previous year and reached CHF 144.2 million (previous year: CHF 165.7 million). The markets in southern Europe (-21.9%) and central Europe (-22.3%) were particularly affected by the COVID-19 pandemic. In contrast, eastern Europe, with a high demand for sorters, recorded an increase in orders of 44.6%.

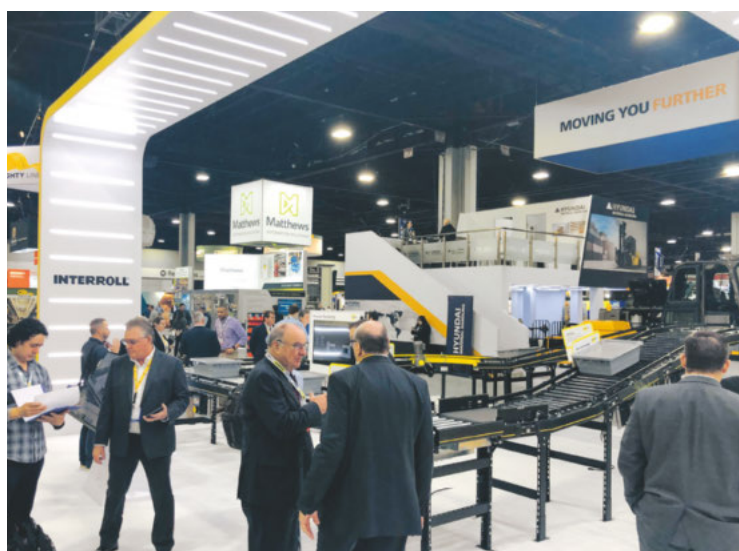
With a share of almost 60% of Interroll's total sales, EMEA remains the most economically significant

region within the Group. The demands placed on suppliers within the area of internal logistics are high. In addition to close customer relationships, industry knowledge and technical solution expertise, they require innovative responses to the increasing complexity of material flows.

In order to be able to meet the growing demand in the medium term for solutions from the Conveyors & Sorters product group, Interroll is currently building a new Mosbach, Germany, plant, which is scheduled to go into operation in the second quarter of 2021.



Due to the COVID-19 pandemic, Interroll offered its customers a virtual trade fair appearance instead of a booth at the LogiMAT, which was cancelled.



In March, Interroll presented itself impressively with all its product groups at MODEX 2020 in Atlanta, USA.



AMERICAS

AMERICAS

REGION WITH POTENTIAL

Sales in the Americas region amounted to CHF 63.5 million, down -18.8% on the same period last year (CHF 78.2 million). Most of this development was attributable to the North American market with the USA at the top.

Capacity at the Hiram site in Atlanta (USA) was doubled at the end of the first half of 2020 in order to take advantage of the medium-term growth potential in the region. Thanks in part to the expansion of capacity, Interroll has been able to win a significant number of orders requiring short delivery times.

Order intake fell by -6.4% to CHF 77.3 million (previous year: CHF 82.6 million) after the record period of the previous year. Significant impetus came from the

sorter business, with demand up 54% on the previous year. This figure also includes projects involving the new HPCS solution from Interroll.

Interroll's excellent local team is committed to long-term customer relations in the Brazilian market, which was very challenging in the year under review due to the pandemic- and currency-related problems, but continues to offer excellent opportunities.



ASIA-PACIFIC

ASIA-PACIFIC

REGION WITH HIGH MEDIUM-TERM GROWTH PROSPECTS

Interroll's sales in the Asia-Pacific region in the first half of 2020 increased by 10.7% despite the COVID-19 crisis and amounted to CHF 29.5 million at the end of the first six months of this year (same period in the previous year: CHF 26.6 million).

Incoming orders in the first half of 2020 fell by -17.4% to a total of CHF 41.9 million (previous year: CHF 50.7 million). Demand for conveyor rollers, drives and belt curves developed very positively due to our strong market position during the COVID-19 crisis.

As in previous years, China was Interroll's largest market in the region and, despite the COVID-19 pandemic, demand was significantly higher than in the previous year. Very positive growth momentum also came from Southeast Asia (Thailand, Indonesia), as well as Australia. South Korea, on the other hand, was unable to replace last year's major projects.

The region increasingly benefits from the globalisation of the Interroll Group as well as the expansion and modernisation of its own local production facilities. In 2019, a new and larger plant in Thailand commenced operations. The Shenzhen, China, plant moved to a new, more modern location at the beginning of the year, and a new, dedicated plant for Suzhou, China, is planned for 2022, which will increase production capacity.



Interroll continues to implement its growth strategy in Asia consistently. By 2022, a new fully owned plant in Suzhou will open and production capacities will double.

1 INTERIM FINANCIAL STATEMENTS OF INTERROLL GROUP

1.1 Consolidated statement of financial position

in thousands CHF	30.06.2020	in %	31.12.2019	in %
ASSETS				
Property, plant and equipment	151,576		135,504	
Intangible assets	26,311		27,119	
Financial assets	705		772	
Deferred tax assets	11,294		10,259	
Total non-current assets	189,886	43.3	173,654	39.9
Inventories	72,255		67,588	
Current tax assets	1,657		889	
Trade and other accounts receivable	99,004		109,153	
Cash and cash equivalents	75,800		83,779	
Total current assets	248,716	56.7	261,409	60.1
Total assets	438,602	100.0	435,063	100.0
EQUITY AND LIABILITIES				
Share capital	854		854	
Share premium	8,648		8,479	
Reserve for own shares	-28,372		-26,745	
Translation reserve	-70,404		-61,587	
Retained earnings	387,954		383,019	
Total equity	298,680	68.1	304,020	69.9
Financial liabilities	7,209		6,688	
Deferred tax liabilities	3,738		4,304	
Pension liabilities	9,299		8,859	
Provisions	9,403		8,855	
Total non-current liabilities	29,649	6.8	28,706	6.6
Financial liabilities	206		197	
Current tax liabilities	16,432		18,579	
Trade and other accounts payable	70,948		66,916	
Advances received from customers	22,687		16,645	
Total current liabilities	110,273	25.1	102,337	23.5
Total liabilities	139,922	31.9	131,043	30.1
Total liabilities and equity	438,602	100.0	435,063	100.0

1.2 Consolidated income statement

in thousands CHF	Jan.–Jun. 2020	in %	Jan.–Jun. 2019	in %	Variance	in %
Sales	233,158	100.0	260,844	100.0	-27,686	-10.6
Material expenses	-90,099	-38.6	-129,864	-49.8		
Personnel expenses	-69,641	-29.9	-75,652	-29.0		
Increase / (Decrease) in work in progress, finished products and own goods capitalised	1,023	0.4	25,352	9.7		
Other operating expenses	-33,696	-14.5	-38,830	-14.9		
Other operating income	2,777	1.2	1,639	0.6		
Operating result before depreciation and amortisation (EBITDA)	43,522	18.7	43,489	16.7	33	0.1
Depreciation	-8,799	-3.8	-8,734	-3.4		
Amortisation	-2,465	-1.1	-3,600	-1.4		
Operating result (EBIT)	32,258	13.8	31,155	11.9	1,103	3.5
Financing expenses	-1,155	-0.5	-322	-0.1		
Financing income	275	0.1	248	0.1		
Financing result	-880	-0.4	-74	0.0	-806	1,089.2
Result before income taxes	31,378	13.5	31,081	11.9	297	1.0
Income tax expense	-7,608	-3.3	-8,030	-3.1		
Result	23,770	10.2	23,051	8.8	719	3.1
Result attributable to:						
- Non-controlling interests						
- Owners of Interroll Holding Ltd	23,770	10.2	23,051	8.8	719	3.1
Values per share (in CHF)						
Non-diluted earnings (result) per share	28.23		27.39		0.84	3.1
Diluted earnings (result) per share	28.23		27.39		0.84	3.1

1.3 Consolidated statement of comprehensive income

in thousands CHF	Jan.–Jun. 2020	Jan.–Jun. 2019
Result	23,770	23,051
Other income		
Items that will not be reclassified to income statement		
– Remeasurements of pension liabilities	–	–2,915
– Income tax	–	605
Total items that will not be reclassified to income statement	–	–2,310
Items that in the future may be reclassified subsequently to income statement		
– Translation reserve	–8,817	–3,100
Total items that in the future may be reclassified subsequently to income statement	–8,817	–3,100
Other income	–8,817	–5,410
Comprehensive income	14,953	17,641
Result attributable to:		
– Non-controlling interests	–	–
– Owners of Interroll Holding Ltd	14,953	17,641

1.4 Consolidated statement of cash flows

in thousands CHF	Jan.–Jun. 2020	Jan.–Jun. 2019
Result	23,770	23,051
Depreciation, amortisation and impairment	11,264	12,334
Loss/(gain) on disposal of tangible and intangible assets	7	-80
Financing result	880	74
Income taxes	7,608	8,029
Changes in inventories	-7,619	-37,527
Changes in trade and other accounts receivable	6,020	10,883
Changes in trade and other accounts payable, advances	12,825	36,777
Changes in provisions, net	818	809
Income taxes paid	-11,501	-14,502
Personnel expenses on share-based payments	1,280	1,649
Other non-cash expenses/(income)	282	-925
Cash flow from operating activities	45,634	40,572
Acquisition of property, plant and equipment	-23,893	-10,553
Acquisition of intangible assets	-2,084	-1,117
Acquisition of financial assets	-34	-130
Proceeds from disposal of property, plant and equipment and intangible assets	17	165
Settlement of loans receivable	70	18
Interests received	276	246
Cash flow from investing activities	-25,648	-11,371
Free cash flow	19,986	29,201
Dividends	-18,835	-18,510
Acquisition of own shares	-2,739	-3,358
Proceeds from financial liabilities	-	-
Repayment of financial liabilities	-3,090	-1,340
Interests paid	-152	-257
Cash flow from financing activities	-24,816	-23,465
Translation adjustment on cash and cash equivalents	-3,149	-975
Changes in cash and cash equivalent	-7,979	4,761
Cash and cash equivalent at 1 January	83,779	51,967
Cash and cash equivalent at 30 June	75,800	56,728

1.5 Consolidated statement of changes in equity

in thousands CHF	Share capital	Share premium	Reserve for own shares	Translation reserve	Retained earnings	Total equity
Balance at 1 January 2019	854	8,172	-17,638	-52,944	345,923	284,367
Result					23,051	23,051
Other comprehensive income, net of taxes				-3,100	-2,310	-5,410
Comprehensive income				-3,100	20,741	17,641
Share-based payments		272	1,377			1,649
Purchase of own shares incl. tax effects			-3,359			-3,359
Dividends					-18,510	-18,510
Balance at 30 June 2019	854	8,444	-19,620	-56,044	348,154	281,788
Balance at 31 December 2019	854	8,479	-26,745	-61,587	383,019	304,020
Result					23,770	23,770
Other comprehensive income, net of taxes				-8,817	-	-8,817
Comprehensive income				-8,817	23,770	14,953
Share-based payments		169	1,111			1,280
Purchase of own shares incl. tax effects			-2,738			-2,738
Dividends					-18,835	-18,835
Balance at 30 June 2020	854	8,648	-28,372	-70,404	387,954	298,680

2 NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Basis of the consolidated financial statements

Convention of preparation

The condensed, unaudited consolidated interim financial statements as of 30 June 2020 have been prepared in accordance with IAS 34 (“Interim Financial Reporting”) and are based on the uniform financial statements of Interroll Holding Ltd and its subsidiaries (“the Group”). These interim statements reflect an update of previously published information. Therefore, they should always be read in conjunction with the Annual Report 2019. The interim statements were approved by the Board of Directors on 28 July 2020.

The accounting standards used for these interim financial statements are identical to those published and described in the Annual Report 2019.

Foreign currency translation

The following key exchange rates were used for the translation of financial statements denominated in foreign currencies:

	Income statement (average rates)			Balance sheet (year-end rates)	
	Jan.–Jun. 2020	Jan.–Jun. 2019	Change in %	30.06.2020	31.12.2019
1 EUR	1.0637	1.128	-5.7	1.0651	1.111
1 USD	0.9642	0.997	-3.3	0.9512	0.976
1 CNY	0.1369	0.147	-7.1	0.1345	0.142

New or amended IAS/IFRS standards and interpretations

The IASB has issued new and revised standards and interpretations which will not be applied until 1 January 2021 or later and were not applied early in these consolidated financial statements. The effects were generally considered immaterial.

Critical accounting estimates and judgements

The preparation of the consolidated interim financial statements requires management to make estimates, assumptions and judgements for the determination of income, expenses, assets, liabilities and for the disclosure of contingent liabilities. Such estimates, which are based on management’s best knowledge and belief at the reporting date, may deviate from actual circumstances. In such a case, they will be modified as appropriate in the period in which the circumstances change.

On 11 March 2020, the World Health Organization (WHO) announced that the outbreak of the novel coronavirus (COVID-19) could be characterized as a pandemic due to its rapid spread worldwide. To address the negative consequences of COVID-19, Interroll has implemented comprehensive measurements. Priorities have been given to protecting employees, fulfilling customer commitments and securing supply chains.

Management has assessed the impact of COVID-19 on government grants and other areas and no material effect has been identified on any of the respective balance sheet line items at 30 June 2020.

Segment reporting

The Interroll Group consists of one single business unit. The complete product range is sold in all markets through the respective regional sales organisation. The customer groups of OEMs, system integrators and end users are provided with tailor-made product offerings and differentiated consulting levels. The Interroll manufacturing units focus on the production of specific product ranges. Assembly units receive semi-finished products from the manufacturing units and assemble a wide product range to serve their local markets. The Interroll Innovation & Development Centre (IPDC), which is centrally located, develops new application technologies and new products for all product groups. Centres of Excellence, which focus on specific product groups, concentrate on the development of their assigned product portfolio.

Group Management and the whole Interroll management structure are organised by function (Overall Management, Products & Technology, Global Sales & Service, Marketing and Finance). The Board of Directors bases its financial management of the Group on both the sales generated in the product groups and geographical markets as well as on the consolidated financial statements. Group Management additionally assesses the achievement of financial and qualitative targets of all legal entities.

Financial instruments

Interroll Group has only financial instruments classified as hierarchy 2 in line with IFRS 13. These financial instruments include only foreign currency forward contracts and cash flow hedges. The valuation in hierarchy 2 is based on factors which cannot be tracked to actively listed prices on public markets. Instead, they can be monitored directly (as a price) or indirectly (as a derivative of the price). The amount of the financial instruments classified as hierarchy 2 is CHF 0.0 million at 30 June 2020 (31 December 2019: CHF -0.1 million).

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their current amounts.

2.2 Segment information

Sales by geographical markets

Sales by geographical market is presented as follows:

in thousands CHF	Jan.–Jun. 2020	in %	Jan.–Jun. 2019	in %
Germany	32,049	13.7	40,497	15.5
Other Europe, Middle East, Africa	108,155	46.4	115,526	44.3
Total Europe, Middle East, Africa	140,204	60.1	156,023	59.8
USA	53,815	23.1	59,547	22.8
Other Americas	9,681	4.2	18,672	7.2
Total Americas	63,496	27.3	78,219	30.0
Asia incl. Australia	29,458	12.6	26,602	10.2
Total Asia-Pacific	29,458	12.6	26,602	10.2
Total Group	233,158	100.0	260,844	100.0

Material sales with specific customers

Sales are realised with more than 22,000 active customers. No customer accounts for sales of more than 4% of Group sales.

Sales by product group

Sales realised in the first half-year by product group is presented as follows:

in thousands CHF	Jan.–Jun. 2020	in %	Jan.–Jun. 2019	in %
Rollers	52,509	22.5	58,727	22.5
Drives	79,060	33.9	90,121	34.5
Conveyors & Sorters	80,945	34.7	83,879	32.2
Pallet Handling	20,644	8.9	28,117	10.8
Total Group	233,158	100.0	260,844	100.0

2.3 Notes to the consolidated statement of financial position

Consolidated statement of financial position

Total assets increased by CHF 3.5 million compared to year end 2019. Inventories increased by 4.7 million as a result of upfront services for received orders, while accounts receivable decreased. Trade and other accounts payables increased by CHF 4.0 million to CHF 70.9 million. Net working capital decreased by CHF 12.6 million to CHF 62.9 million.

Investments / capital expenditures

A total of CHF 26.0 million in gross capital expenditures were invested in various production facilities, however mainly in Mosbach, Germany. Total non-current assets reached CHF 189.9 million by 30 June 2020. Capital expenditure into intangible assets are mainly for the further development of the SAP ERP system.

In line with IAS 36, goodwill and other intangible assets are subject to an annual impairment test. These tests are normally performed in the second half of the year. Currently, there is no indication of impairment.

Net financial assets

Net financial assets at the end of the reporting period decreased by CHF 8.5 million compared to year end 2019 and reached CHF 68.4 million by 30 June 2020.

Total credit lines available but unused at the end of the reporting period amount to CHF 66.9 million (end of 2019: CHF 68.0 million). From these credit lines, CHF 40.0 million are committed until first half 2021.

Debt covenants have always been complied with during the reported interim period as well as during the previous-year period.

Equity

Due to the dividend payment and a negative CTA, the equity position decreased by CHF 5.3 million to CHF 298.7 million compared to the end of 2019. The equity ratio at the end of the interim period corresponds to 68.1% (year end 2019: 69.9%). In May 2020, a dividend of CHF 22.50 per share was paid as agreed during the annual general meeting (previous year: CHF 22.00 per share).

2.4 Notes to the consolidated income statement

Sales

Sales in the reporting currency have decreased organically by -10.6% to CHF 233.2 million compared to the same period last year. In local currencies, the decrease is -4.8%.

Earnings before interest and taxes (EBIT)

Interroll increased the EBITDA by 0.1% to CHF 43.5 million (previous year: CHF 43.5 million). The EBITDA margin was at 18.7% (previous year: 16.7%).

The EBIT increased by 3.5% and reached CHF 32.3 million (previous year: CHF 31.2 million) in the reporting period. The EBIT margin reached 13.8% (previous year: 11.9%).

Financing result

The net financial loss of CHF 0.9 million includes, apart from net financial interest income of CHF 0.1 million, mainly realised and unrealised foreign exchange losses. Due to its decentralised structure, the Interroll Group is generally not very highly exposed to currency fluctuations.

Income tax

Income tax expense is recognised based upon the best estimates of the weighted average annual income tax rate for the full financial year. The tax rate presented in the interim report generally contains tax recoveries/adjustment charges from previous years. It is also influenced by a differentiated assessment of future realisable losses carried forward. In the period under review, tax expenses resulting from previous periods amounted to CHF 0.0 million (previous year: tax revenues of CHF 0.4 million).

Result

The result increased by 3.1% to CHF 23.8 million (previous year: CHF 23.1 million). The result margin reached 10.2% (previous year: 8.8%).

2.5 Notes to the consolidated statement of cash flows**Cash flow from operating activities**

Cash flow from operating activities amounts to CHF 45.6 million (previous year: CHF 40.6 million).

Cash flow from investing activities

Total investments of CHF 26.0 million (previous year: CHF 11.7 million) mainly include the new construction of a competence centre in Mosbach, Germany. In the previous year, investments mainly included the new construction of the Regional Competence Centre in Phatong (Bangkok area), Thailand.

Cash flow from financing activities

In the first half of 2020, dividends totalling CHF 18.8 million were paid out (previous year: CHF 18.5 million).

2.6 Notes to the consolidated statement of changes in equity**Share capital**

The shareholders' capital of CHF 854,000 is unchanged compared to year end 2019.

Assignment of shares

Shares assigned to members of the management in the amount of CHF 1.1 million (previous year: CHF 1.4 million) were expensed.

3 FURTHER DISCLOSURES AND INFORMATION**Events after the balance sheet date, seasonality**

The Group did not identify any events after the closing date of the interim statements that would have a material effect on the presentation of its financial position as at 30 June 2020. There are no other facts which require disclosure according to IAS 34.

The industry in which the Group operates does not have significant seasonal variations. However, changes in the economical environment could have an impact on the short-term profitability.

Contingent liabilities

No significant contingent liabilities were incurred in the reporting period.

FINANCIAL CALENDAR 2021

Preliminary Annual Figures 2020	26 January
Annual Press Conference and Annual Report 2020	19 March
General Assembly	7 May
Half-Year Report 2021	2 August

CONTACT AND IMPRINT

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NOTE ON THE HALF-YEAR REPORT

This half-year report is also available in German. If there are differences between the two, the German version takes priority. The half-year report is available as a PDF document.

NOTE ON ROUNDING

Please note that slight differences may arise as a result of the use of rounded amounts and percentages.

FORWARD-LOOKING STATEMENTS

This half-year report contains certain forward-looking statements. Forward-looking statements include all statements which do not relate to historical facts and events and contain forward-looking expressions such as “believe”, “estimate”, “assume”, “expect”, “forecast”, “intend”, “could” or “should” or expressions of a similar kind. Such forward-looking statements are subject to risks and uncertainties since they relate to future events and are based on the company’s current assumptions, which may not take place in the future or be fulfilled as expected. The company points out that such forward-looking statements provide no guarantee for the future and that the actual events including the financial position and profitability of the Interroll Group and developments in the economic and regulatory fundamentals may vary substantially (particularly on the downside) from those explicitly or implicitly assumed in these statements. Even if the actual assets for the Interroll Group, including its financial position and profitability and the economic and regulatory fundamentals, are in accordance with such forward-looking statements in this half-year report, no guarantee can be given that this will continue to be the case in the future.



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