

## Ad hoc announcement pursuant to article 53 LR

### Schlatter increases net sales and earnings in the first half of 2023

Schlieren, 17 August 2023 In the first half of 2023, the Schlatter Group posted order intake of CHF 62.4 million, which was lower than in the comparable period of the previous year (first half of 2022: CHF 94.6 million). The Group recorded a 31% rise in net sales to CHF 67.4 million (first half of 2022: CHF 51.3 million). At CHF 84.4 million, the order backlog as at 30 June 2023 was close to the level at year-end 2022 (31 December 2022: CHF 89.4 million). Operating profit (EBIT) for the first half of 2023 totalled CHF 3.7 million (EBIT margin: 5.4%), compared with CHF 2.9 million (EBIT margin: 5.7%) in the first half of 2022. For the first half of the year, the Schlatter Group is reporting a positive net result of CHF 3.3 million (first half of 2022: CHF 2.0 million).

Demand for Schlatter products normalized in the first half of 2023. In particular, demand for reinforcing mesh production systems and weaving machinery for the paper industry dropped following a period of market overheating. By contrast, after-sales volumes remained at a high level, while the number of industrial mesh production systems and rail welding systems sold increased. Suppliers' delivery problems have eased in some areas, but the resulting backlogs continued to weigh on productivity. Prices of sourced materials did not rise as fast but are still holding back earnings, while further appreciation of the Swiss franc put further pressure on earnings.

### Welding segment 1st half of 2023

#### *Key figures*

Order intake: CHF 50.9 million (first half of 2022: CHF 71.7 million).

Net sales: CHF 51.5 million (first half of 2022: CHF 44.5 million).

Order backlog: CHF 61.9 million (31 December 2022: CHF 62.5 million).

Order intake in the welding segment was above expectations in the first half of the year and roughly corresponds to segment capacity. While there was a significant drop in order volume for reinforcing mesh production systems, order intake increased in the other product areas. As a result of supply bottlenecks, especially for electrical and control components, there were delays in the delivery of machinery. The delivery backlog has lasted for longer than had been anticipated and will continue to have a significant impact in the second half of 2023.

#### *Welding segment outlook*

Given the present order backlog, good capacity utilization is ensured in the welding segment in 2023 and beyond. Delivery delays should be resolved by the final quarter of the year. For the most part, selling prices for machines and systems are fixed, so the cost increases weigh heavily on the margin. Schlatter assumes that price rises for the Schlatter product range in the fourth quarter of 2023 will have a more favourable effect on the margin. Inquiry activity remains good and is roughly in line with existing capacity, but orders are significantly dependent on overall economic developments.

#### **Weaving segment 1st half of 2023**

##### *Key figures*

Order intake: CHF 11.5 million (first half of 2022: CHF 22.9 million).

Net sales: CHF 15.9 million (first half of 2022: CHF 6.8 million).

Order backlog: CHF 22.5 million (31 December 2022: CHF 26.9 million).

Capacity utilization in the weaving segment is secured until the end of 2024. Nevertheless, further orders for reinforcing mesh production systems are necessary for full capacity utilization at the Münster site. The measures implemented at this site in the past financial year have had the desired effect on earnings and a clear return to profitability has been achieved. However, costs need to be reduced further and placed on a more flexible basis in the medium term.

### *Outlook for the weaving segment*

The weaving segment is embarking on the second half of 2023 with a high order backlog. Including the welding modules for reinforcing mesh production systems and machinery for the manufacture in Münster of mobile fences, capacity utilization at this site in the current financial year and beyond is healthy. Capacity utilization in the weaving segment is secured until year-end 2024. The focus is on continuing to implement the medium and long-term measures. The high order intake from China in recent periods has come to an end. Orders from western markets are picking up, but order volume is lower than from China. Downside effects come from the steep rise in material prices and the availability of parts, especially electrical components.

### **Outlook Schlatter Group**

The Schlatter Group has successfully launched product innovations and stepped-up marketing in regions where the company was previously under-represented. The organization has been strengthened by increasing the headcount. In addition, it has extended services business. As a result of the significant profit in the first half of 2023, equity was strengthened. Downside factors were higher prices for parts and components, further appreciation of the Swiss franc, delivery delays due to supply bottlenecks, and the resulting backlog in the delivery of machinery.

The markets for reinforcing mesh production machinery and weaving machinery for the paper industry have normalized following a period of overheating, especially in the first half of the previous year. Thanks to the pleasing rise in the sale of industrial mesh production and rail welding systems, order intake remained at a satisfactory level – albeit lower – and was roughly in line with our capacity.

The Schlatter Group has ended the first half of 2023 with a high order backlog, which ensures good capacity utilization until mid-2024. Timely implementation of customer projects has priority. Other focal areas are implementing innovations and the introduction of more flexible cost structures. The Board of Directors and the management expect the operating result in the second half of the year to be around the same level as in the first half.

The full 2023 half-year report can be downloaded from the Schlatter Group website:

[http://www.schlattergroup.com/en/investor-relations/annual\\_and\\_semester\\_reports/](http://www.schlattergroup.com/en/investor-relations/annual_and_semester_reports/)

**Further information**

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**Agenda**

17.08.2023	Publication of half-year report 2023
25.01.2024	Publication of first financial data for the financial year 2023
29.03.2024	Publication of the detailed annual result for 2023 through a media information and publication of the annual report on the company's website
07.05.2024	Annual General Meeting

**Schlatter Group ([www.schlattergroup.com](http://www.schlattergroup.com))**

The Schlatter Group is one of the leading specialists in plant engineering for resistance welding systems as well as weaving and finishing equipment for the production of paper machine clothing, wire fabrics and wire mesh. Thanks to its many years of experience in the field of plant technology, its innovative strength and its reliable service, the Schlatter Group – which is listed on the Swiss Reporting Standard of SIX Swiss Exchange – guarantees its customers a range of powerful and high-quality production equipment.

This media information contains certain forward-looking statements, e.g. statements using the words "believes," "assumes," "anticipates," or formulations of a similar nature. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which could lead to substantial differences between the actual future results, the financial situation, the development or performance of the Company and those either expressed or implied by such statements. Such factors include, among other things: competition from other companies, the effects and risks of new technologies, the Company's continuing capital requirements, financing costs, delays in the integration of acquisitions, changes in the operating expenses, the Company's ability to recruit and retain qualified employees, unfavorable changes in the applicable tax laws, and other factors identified in this communication. In view of these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company accepts no obligation to continue to report or update such forward-looking statements or adjust them to future events or developments.

## Key figures of the Schlatter Group

		1st half of 2023	1st half of 2022	2nd half of 2022	2022
<b>Net sales</b>	CHF million	<b>67.4</b>	<b>51.3</b>	<b>59.2</b>	<b>110.5</b>
Change from previous year	%	31.3	14.6	18.9	16.7
<b>Operating performance <sup>1</sup></b>	CHF million	<b>66.7</b>	<b>52.0</b>	<b>60.3</b>	<b>112.3</b>
Change from previous year	%	28.3	13.6	18.3	16.1
<b>Operating result (EBIT)</b>	CHF million	<b>3.7</b>	<b>2.9</b>	<b>2.6</b>	<b>5.5</b>
In % of net sales	%	5.4	5.7	4.4	5.0
<b>Consolidated net result (incl. minorities)</b>	CHF million	<b>3.3</b>	<b>2.0</b>	<b>1.5</b>	<b>3.5</b>
In % of net sales	%	4.9	4.0	2.5	3.1
<b>Consolidated net result (excl. minorities)</b>	CHF million	<b>3.5</b>	<b>2.0</b>	<b>1.4</b>	<b>3.4</b>
in % of net sales	%	5.2	3.9	2.4	3.1
Consolidated net result per registered share	CHF	<b>3.15</b>	<b>1.83</b>	<b>1.27</b>	<b>3.10</b>
<b>Order intake</b>	CHF million	<b>62.4</b>	<b>94.6</b>	<b>33.5</b>	<b>128.1</b>
<b>Order backlog at period end</b>	CHF million	<b>84.4</b>	<b>115.0</b>	<b>89.4</b>	<b>89.4</b>
<b>Free cash flow <sup>2</sup></b>	CHF million	<b>0.8</b>	<b>1.3</b>		
<b>Headcount at period end <sup>3</sup></b>	FTE	<b>374</b>	<b>342</b>	<b>357</b>	
Average headcount	FTE	<b>364</b>	334	348	

		30/06/2023	31/12/2022
<b>Interest-bearing liabilities</b>	CHF million	<b>6.2</b>	<b>7.2</b>
<b>Net financial assets/(debt) <sup>4</sup></b>	CHF million	<b>2.0</b>	<b>1.7</b>
<b>Gearing <sup>5</sup></b>	%	<b>0.0</b>	<b>0.0</b>
<b>Current assets</b>	CHF million	<b>68.9</b>	<b>61.7</b>
<b>Non-current assets</b>	CHF million	<b>18.7</b>	<b>19.1</b>
<b>Liabilities</b>	CHF million	<b>53.5</b>	<b>49.5</b>
<b>Equity (incl. minorities)</b>	CHF million	<b>34.1</b>	<b>31.3</b>
<b>Equity (excl. minorities)</b>	CHF million	<b>34.1</b>	<b>31.2</b>
<b>Equity ratio (incl. minorities)</b>	%	<b>38.9</b>	<b>38.5</b>

- 1 Operating performance: net sales from goods and services plus other operating income plus change in inventories of finished/unfinished goods, work in progress
- 2 Free cash flow: cash flow from operating activities less purchase of tangible, intangible and financial assets, plus sale of tangible, intangible and financial assets
- 3 Total full-time positions incl. Temporary employees, excluding apprentices
- 4 Net financial assets (debt): cash and cash equivalents less interest-bearing liabilities
- 5 Gearing: Net debt divided by equity