
SEMI-ANNUAL REPORT 2021

SCHWEITER TECHNOLOGIES

REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders

Schweiter Technologies reported a strong first half in 2021 amid challenging market conditions, posting a double-digit percentage increase in sales and earnings. Group sales rose by 12% year on year to CHF 626.4 million (11% in local currencies). EBITDA was up by 15% to CHF 77.8 million (14% in local currencies). Despite some major increases in raw material costs, the return on sales improved to reach 12.4%. Operating result (EBIT) rose by 18% to CHF 58.3 million (18% in local currencies), while net income grew 29% to CHF 45.5 million.

3A Composites reported a pleasing performance with a significant increase in both sales and earnings compared with the first half of 2020. All market segments contributed to the growth in revenue.

The most difficult challenges in the first half of 2021 included meeting delivery deadlines as promised in the face of severe bottlenecks among various supply and transport companies, and managing production at a time when projects were being put on hold by customers. Despite the pressure on supply chains, it was possible to maintain supplier and warehouse management systems and guarantee high product availability. The period saw some significant increases in raw material and transport costs, which could be compensated by sales price increases with a certain delay.

The European Display segment benefited from a renewed increase in demand in the areas of digital printing and shop design, while demand for transparent display panels showed signs of returning to normal. The US Display business also reported a tangible increase in demand for traditional applications such as advertising and interior design. The foamboard business of Newell Brands Inc., acquired in September 2020 and since fully integrated into the company, also contributed to the growth in sales – however the result for this reporting period was impacted by the costs of restructuring and integration. Volatile increases in raw material and transport costs in the USA resulted in temporarily reduced profitability, despite higher capacity utilization and ongoing sales price rises.

The Architecture segment was marked by two contrasting trends. While the European and the US Architecture business recorded double-digit sales growth, the Asian Architecture business was affected by lockdown measures in India and project postponements in China and the Middle East. The US Architecture business in particular achieved an excellent result with high revenues.

In the Core Materials segment, the strong momentum of the previous two years was sustained. Firm demand from wind energy and marine customers together with good capacity utilization at the production sites as well as the strong market position of the PET foam and balsa segments – the latter with its own FSC-certified plantations – led to a double-digit percentage increase in revenues and above-average profit growth.

Sales in the Transport segment were only slightly up on the previous year due to ongoing project postponements, but the demand for industrial applications showed a sharp increase.

Outlook

Despite the ongoing challenges relating to raw materials and logistics, the Group anticipates a positive performance in the second half of the year, although income will be lower in comparison with the exceptionally strong baseline of the second half of 2020.

In the Display and Architecture segments and in Transport and Industry, demand is expected to remain firm.

In the Core Materials segment, 3A Composites expects to see a cyclical decline in demand from wind energy customers, especially in China. However, plans by major energy producers to continue to invest heavily in wind power are bolstering the pleasing medium- to long-term outlook of the segment.

Yours sincerely



Beat Siegrist, Chairman

KEY FIGURES

NET SALES

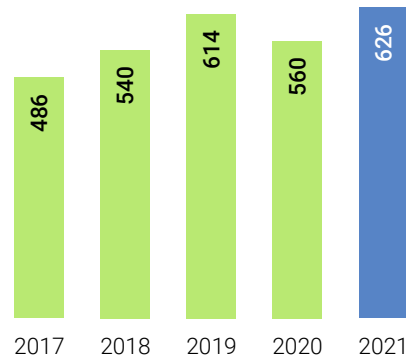
in CHF m

626

+12%

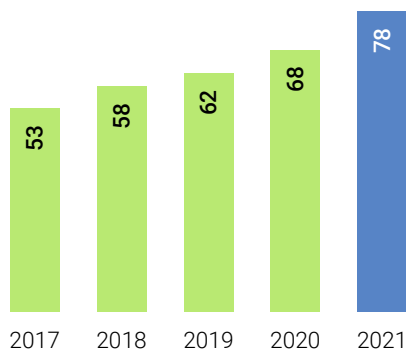
NET SALES

in CHF m



EBITDA

in CHF m



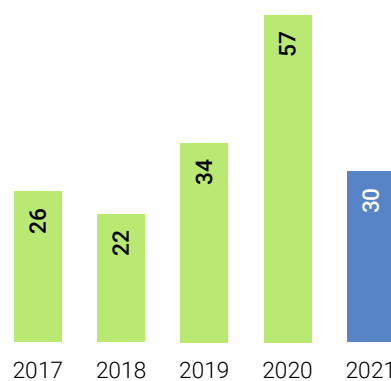
NET INCOME

in CHF m

46

CASH FLOW FROM OPERATING ACTIVITY

in CHF m



SHAREHOLDERS' EQUITY

in CHF m

766

EQUITY RATIO

68%

CASH AND CASH EQUIVALENTS

in CHF m

102

CONSOLIDATED BALANCE SHEET

ASSETS (IN CHF M)	30 June 2021	%	31 December 2020	%
CURRENT ASSETS				
Cash and cash equivalents	101.9		163.7	
Trade receivables	231.0		184.9	5
Inventories	185.6		171.6	5
Other current assets	28.1		28.0	
Total current assets	546.6	48.5	548.2	50.0
NON-CURRENT ASSETS				
Property, plant and equipment	314.6		304.3	
Intangible assets (incl. goodwill)	191.8		186.6	
Other non-current assets	74.1		58.2	6
Total non-current assets	580.5	51.5	549.1	50.0
Total assets	1 127.1		1 097.3	
LIABILITIES AND SHAREHOLDERS' EQUITY (IN CHF M)				
LIABILITIES				
Current financial liabilities	13.7		12.9	
Trade payables	81.8		53.8	5
Prepayments received from customers	4.3		2.3	
Accrued expenses and deferred income	60.6		65.7	5
Other current liabilities	41.8		45.3	
Current liabilities	202.2	17.9	180.0	16.4
Non-current financial liabilities	25.0		25.4	
Other non-current liabilities	0.0		2.0	
Deferred tax liabilities	32.1		29.3	
Non-current provisions	15.6		15.4	
Employee benefits	86.5		107.2	
Non-current liabilities	159.2	14.1	179.3	16.3
Total liabilities	361.4	32.1	359.3	32.7
SHAREHOLDERS' EQUITY				
Share capital	1.4		1.4	
Retained earnings	814.6		810.5	
Currency translation adjustments	-50.3		-73.9	
Total shareholders' equity	765.7	67.9	738.0	67.3
Total liabilities and shareholders' equity	1 127.1		1 097.3	

CONSOLIDATED INCOME STATEMENT

(IN CHF M)	First half of 2021	%	First half of 2020	%
Net sales	626.4	96.8	559.5	101.6
Change in inventories of semi-finished and finished goods	20.6	3.2	-8.6	-1.6
Operating income	647.0	100.0	550.9	100.0
Material expenses	-353.3	-54.6	-288.6	-52.4
Personnel expenses	-115.7	-17.9	-107.0	-19.4
Other operating expenses	-102.8	-15.9	-91.0	-16.5
Other operating income	2.6	0.4	3.6	0.7
Depreciation and amortization	-19.5	-3.0	-18.6	-3.4
Operating result (EBIT)	58.3	9.0	49.3	8.9
Financial income	2.9	0.4	0.6	0.1
Financial expenses	-1.7	-0.3	-5.1	-0.9
Income before taxes	59.5	9.2	44.8	8.1
Income taxes	-14.0	-2.2	-9.5	-1.7
Net income	45.5	7.0	35.3	6.4
EARNINGS PER SHARE (IN CHF)				
- undiluted	31.8		24.7	
- diluted	31.8		24.7	

 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(IN CHF M)	First half of 2021	First half of 2020
Net income	45.5	35.3
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to the statement of income:		
– Exchange differences on translation of foreign operations	23.6	–21.3
– Tax effect	0.0	0.0
Exchange differences reclassified to the statement of income	0.0	0.0
Total	23.6	–21.3
Items that will not be reclassified subsequently to the statement of income:		
– Revaluation of defined benefit plans	20.2	–3.0
– Tax effect	–4.1	0.6
Total	16.1	–2.4
Total other comprehensive income	39.7	–23.7
Comprehensive income	85.2	11.6

 CONSOLIDATED STATEMENT OF CASH FLOWS

(IN CHF M)	First half of 2021	First half of 2020
Net income	45.5	35.3
Depreciation and amortization	19.5	18.6
Change in provisions and employee benefits	-2.3	1.6
Other positions not impacting cash	-0.5	-5.1
Income taxes	14.0	9.5
Financial result	-1.2	4.5
Change in working capital	-25.0	-5.7
Income taxes paid	-20.5	-2.2
Cash flow from operating activity	29.5	56.5
Purchase of associated companies	-15.4	0.0
Purchase of property, plant and equipment	-15.3	-17.9
Proceeds from sale of property, plant and equipment	1.2	0.2
Purchase of intangible assets	-0.3	-0.5
Increase in financial assets	-0.9	0.0
Interest received	0.2	0.2
Cash flow from investment activity	-30.5	-18.0
Increase in current financial liabilities	0.0	25.6
Repayment of current financial liabilities	-5.0	-4.0
Interest paid	-1.3	-1.2
Dividend paid	-57.3	-57.3
Cash flow from financing activity	-63.6	-36.9
Currency exchange differences on cash and cash equivalents	2.8	-2.9
Change in cash and cash equivalents	-61.8	-1.3
Cash and cash equivalents as of 1 January	163.7	115.7
Cash and cash equivalents as of 30 June	101.9	114.4

 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(IN CHF M)	Share capital	Retained earnings	Currency translation adjustments	Total share- holders' equity
Balance as of 1 January 2020	1.4	771.6	-44.9	728.1
Net income		35.3		35.3
Other comprehensive income		-2.4	-21.3	-23.7
Comprehensive income		32.9	-21.3	11.6
Share-based remuneration		-0.2		-0.2
Dividend		-57.3		-57.3
Balance as of 30 June 2020	1.4	747.0	-66.2	682.2
Balance as of 1 January 2021	1.4	810.5	-73.9	738.0
Net income		45.5		45.5
Other comprehensive income		16.1	23.6	39.7
Comprehensive income		61.6	23.6	85.2
Share-based remuneration		-0.2		-0.2
Dividend		-57.3		-57.3
Balance as of 30 June 2021	1.4	814.6	-50.3	765.7

NOTES TO THE SEMI-ANNUAL STATEMENTS

1. CONSOLIDATION PRINCIPLES

These condensed, unaudited semi-annual statements of the Swiss-domiciled Schweiter Technologies AG and its subsidiaries have been prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the consolidated annual financial statements 2020.

They are based on the accounting principles presented in the 2020 Annual Report, which were applied with no changes other than the remeasurement of the defined benefit plans applying BVG 2020 generation tables for the demographic assumptions and the following new or amended standards and interpretations:

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

IFRS 9, IAS 39, IFRS 7	Interest Rate Benchmark Reform – Phase 2	1)
IFRS 16	COVID-19-Related Rent Concessions	1)

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

Issued standards not yet adopted

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

New standards

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

Amendments to standards

IAS16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022	Financial year 2022	1)
IAS 37	Onerous Contracts: Cost of Fulfilling a Contract	1 January 2022	Financial year 2022	1)
IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023	Financial year 2023	1)
IAS 1	Disclosure of Accounting Policies	1 January 2023	Financial year 2023	1)
IAS 8	Definition of Accounting Estimate	1 January 2023	Financial year 2023	1)
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	Financial year 2023	1)
Miscellaneous	Amendments resulting from the Annual Improvement Projects	1 January 2022	Financial year 2022	1)

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

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

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

3. OPERATING SEGMENTS

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

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

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

First half of 2020 (in CHF m)	3A Composites	Other/Eliminations	Group
Net sales	559.5	0.0	559.5
Operating result	50.4	-1.1	49.3
Net income	36.5	-1.2	35.3
Assets	1 042.1	2.0	1 044.1
Liabilities	683.4	-321.5	361.9
Employees at 30 June	4 437 ¹⁾	7	4 444

¹⁾ Of which 1 559 employees in balsa plantations and sawmills in Ecuador and Papua New Guinea

Regions	Europe	Americas	Asia	Other	Total
Net sales	368.5	102.6	76.4	12.0	559.5

4. CHANGE IN SCOPE OF CONSOLIDATION

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

5. CHANGE IN WORKING CAPITAL

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

6. OTHER NON-CURRENT ASSETS

The change in other non-current assets is mainly attributable to the acquisition of 40% of the shares of JMB Wind Engineering.

JMB, based in Goleniów, Poland, is a leading company in core materials kit design and production, mainly for wind turbines, with operations in Poland and Portugal.

The remaining shares in JMB Wind Engineering can be acquired by Schweiter Technologies by means of an option in the course of 2023 or offered to the Group by the other shareholders. The purchase price of the remaining shares depends, among others, on the aggregated operating results for the financial years 2021 and 2022.

The financial income for the first half of 2021 includes the pro rata profit of CHF 1.0 million from JMB Wind Engineering since the acquisition beginning of April.

7. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In the period under review, the commitments to take delivery under purchase contracts for raw materials have increased by CHF 131.5 million from CHF 649.6 million to CHF 781.1 million. Outstanding commitments to take delivery of property, plant and equipment increased by CHF 12.8 million from CHF 9.8 million to CHF 22.6 million.

The class action lawsuit referred to in the Annual Report 2020 in connection with the use of façade aluminum panels in New Zealand, which is directed inter alia at 3A Composites GmbH, has meanwhile been served to the German subsidiary. The Group believes that the content of the claim is not justified. In addition, it is still unclear at this time whether the lawsuit will be admitted as a class action. An estimate of the potential financial impact cannot be made for these reasons.

8. EVENTS AFTER THE BALANCE SHEET DATE

No further events occurred between the balance sheet date and the date of publication of this semi-annual report which could have a significant impact on the consolidated semi-annual financial statements for 2021.

This interim report was approved and released for publication by the Board of Directors of Schweiter Technologies AG on 11 August 2021 by way of a circular resolution.

INFORMATION FOR SHAREHOLDERS

PUBLICATIONS AND DATES

4 March 2022
Publication Annual Report 2021

6 April 2022
General Meeting at the Theater Casino Zug

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Disclaimer

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

English translation

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

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