Mid-Year Report 2020

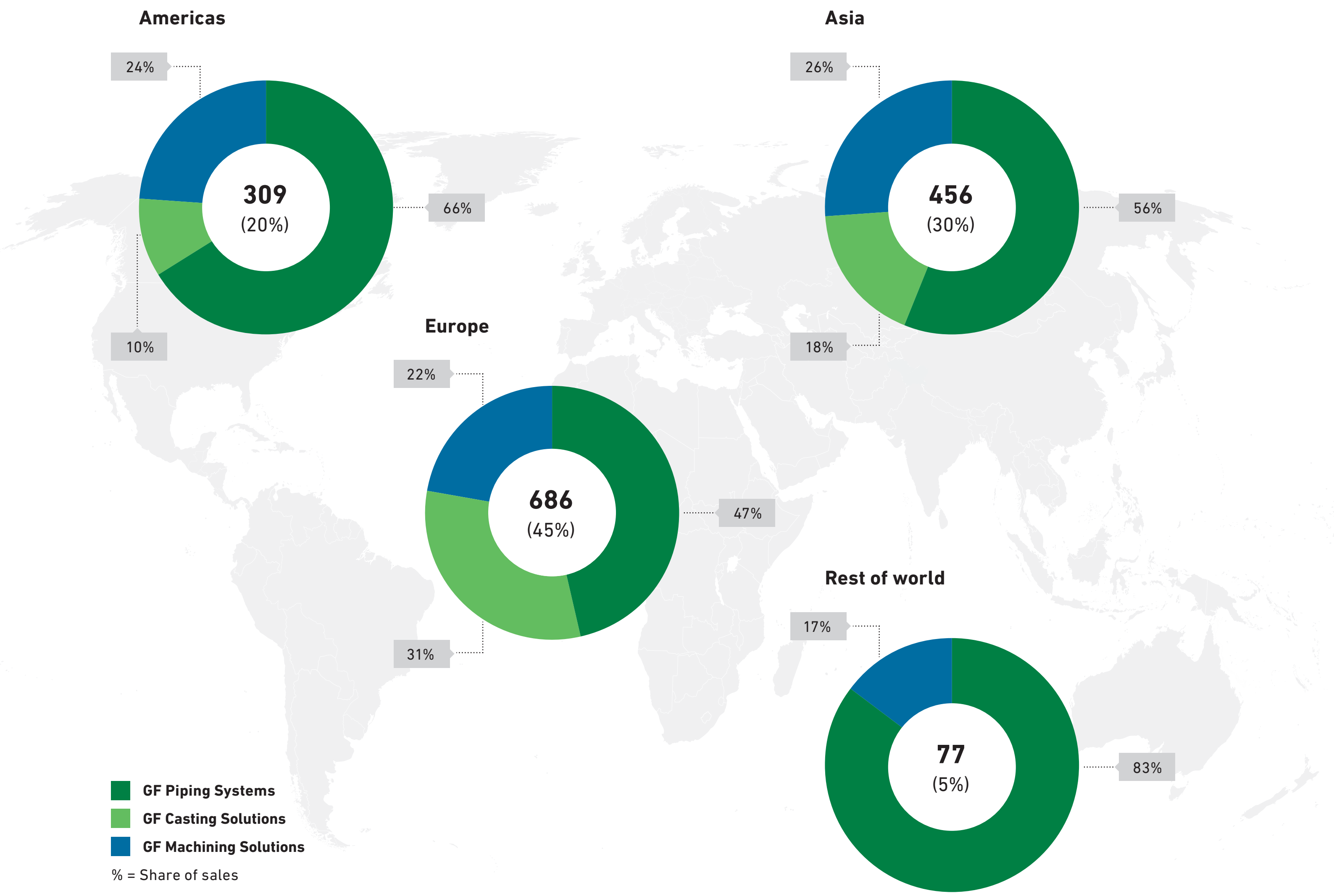
+GF+

Building on new opportunities

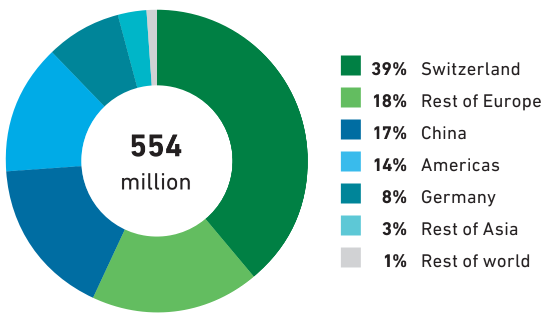
At a glance

Key figures as of 30 June 2020

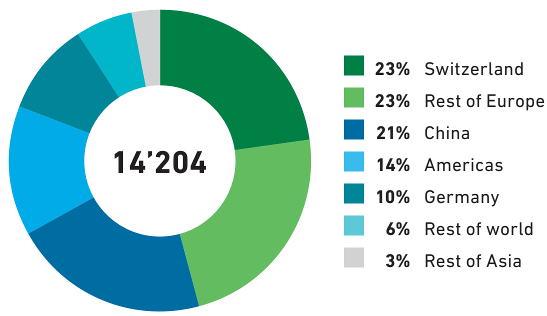
Sales outside Europe again on the rise
in CHF million



Gross value added per region
in CHF



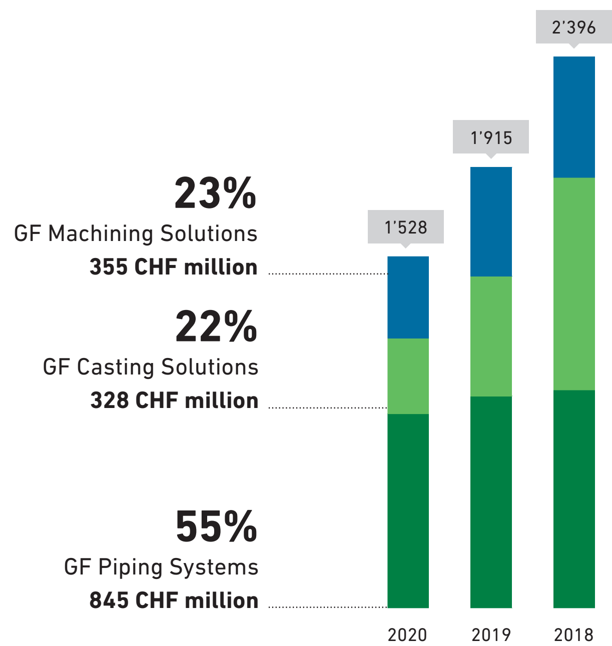
Employees per region



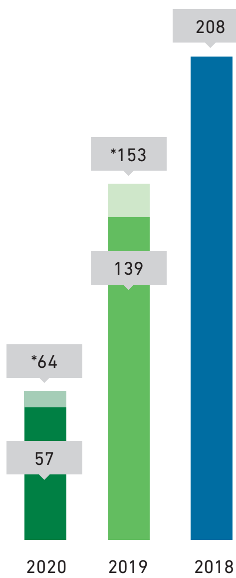
Key figures

CHF million	Corporation 2020	Corporation 2019	GF Piping Systems 2020	GF Piping Systems 2019	GF Casting Solutions 2020	GF Casting Solutions 2019	GF Machining Solutions 2020	GF Machining Solutions 2019
Order intake	1'440	1'923	859	913	255	505	326	506
Orders on hand	462	622	129	123	190	270	144	229
Sales	1'528	1'915	845	921	328	521	355	474
Sales growth %	–20.2	–20.1	–8.3	–2.7	–37.0	–43.6	–25.1	–9.7
Organic growth %	–14.0	–5.5	–3.1	–0.2	–27.6	–11.1	–21.3	–9.0
EBITDA	118	216	119	142	–6	49	8	31
EBIT before one-offs	64	153	94	117	–25	20	1	24
One-offs	7	14			7	14		
EBIT	57	139	94	117	–32	6	1	24
Net profit attributable to shareholders of Georg Fischer Ltd	34	101						
Free cash flow before acquisitions/divestments	–73	–58						
Return on sales before one-offs (EBIT margin before one-offs) %	4.2	8.0	11.1	12.7	–7.6	3.9	0.3	5.1
Return on sales (EBIT margin) %	3.7	7.3	11.1	12.7	–9.8	1.2	0.3	5.1
Invested capital (IC)	1'545	1'642	733	785	493	549	248	269
Return on invested capital (ROIC) %	5.0	13.8	20.8	25.6	–9.0	2.0	0.5	14.6
Number of employees	14'204	14'938	6'812	6'890	4'051	4'556	3'229	3'399

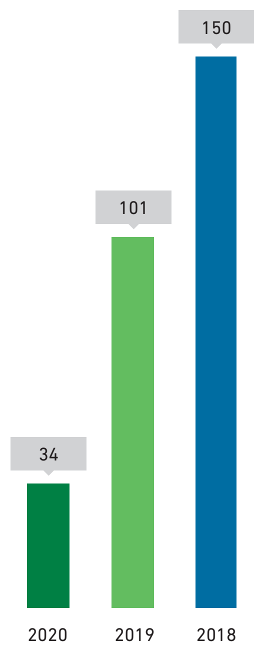
Sales
in CHF million



EBIT
*** EBIT before one-offs**
in CHF million



Net profit attributable to shareholders of Georg Fischer Ltd
in CHF million



Letter to the shareholders

Solid performance in challenging times – building on new opportunities

Dear shareholders,

The first semester of 2020 was affected by the Covid-19 pandemic in an unprecedented way. The gradual global spread of the virus negatively impacted most industries and markets, especially aerospace and automotive. In addition to its ongoing structural transformation, the global car industry had to temporarily shut down production plants due to governmental regulations and staff safety initiatives. Finally, the Swiss franc, which is considered a safe haven currency, appreciated strongly against all major currencies throughout the crisis.

Covid-19 and the GF strategy 2020

To mitigate these challenges, GF swiftly responded to the shutdowns and the economic standstill by reducing its cost base accordingly. Reflecting the achieved objectives of the past two strategy cycles, GF's portfolio has become more resilient due to a higher share of GF Piping Systems and a well-balanced global footprint. The divestments of the European iron casting business in 2018 and 2019 further reduced GF's fixed cost base. The decentralized setup of GF with a strong regional management, R&D capabilities and high customer proximity allowed GF to react fast and thus alleviate the Covid-19 impact. In particular, GF's strong global footprint in Asia allowed the company early in the pandemic, to transfer key lessons learned from the outbreak in China to other at-risk regions and swiftly implement appropriate measures in Europe and the Americas. Despite the challenges resulting from the pandemic, GF also continued its strategic investments relentlessly and did not compromise on its sustainability targets for 2020.

Results on Corporate level

Sales amounted to CHF 1'528 million, 20.2% below the first half of 2019. Free of acquisitions, divestments and currency effects, the organic decline has been limited to 14.0% as growth in market segments such as Microelectronics, Medical and Water Treatment partly compensated the large drop of the automotive sector. It is worth noting that negative currency effects shaved 4.7% off the first half top line. The operating result before one-off items reached CHF 64 million (2019: CHF 153 million), with an EBIT margin of 4.2% (2019: 8.0%). Reflecting the one-off items amounting to CHF 7 million from the partial relocation of the light metal foundry in Werdohl (Germany), the operating result came in at CHF 57 million. The return on invested capital (ROIC) fell from 13.8% to 5.0% for the first half of 2020, clearly supported by the resilient GF Piping Systems ROIC of 20.8%. Net profit attributable to shareholders of Georg Fischer Ltd amounted to CHF 34 million, compared to CHF 101 million in the first half of 2019.
Free cash flow before acquisitions/divestments came in at CHF –73 million (2019: CHF –58 million), reflecting the usual seasonal range for the first half year. Net debt remained close to the previous year's level at CHF 420 million, with a strong liquidity close to CHF 800 million.

GF Piping Systems

Benefiting from its diversified customer base in multiple markets and segments, combined with a focus on higher value and digitalized businesses, GF Piping Systems demonstrated a high level of resilience against the global pandemic distortions. As a key supplier for water and gas infrastructure, nearly all of the division's plants worldwide were declared essential businesses and operations were maintained even during the peak of the pandemic lockdown. A strong global infrastructure business and

Yves Serra, Chairman of the Board of Directors

a large number of new orders in the Microelectronics segment contributed to the good performance.
Sales came to CHF 845 million compared to CHF 921 million in the first six months of 2019. Organically the top line declined slightly by 3.1%. The operating profit stood strong at CHF 94 million (CHF 117 million in 2019). This corresponds to an EBIT margin of 11.1% (12.7% in 2019).
The division has further intensified its efforts to develop more sustainable solutions, thereby safeguarding our natural resources. The production of the successful COOL-FIT product line, which allows a significant reduction of energy consumption in the booming datacenters and cooling applications, is currently being expanded in Schaffhausen (Switzerland). In the cities of Helsinki (Finland) and Vienna (Austria), GF won major orders to modernize the water supply infrastructure and thereby reduce water losses. The new partnership with Oxford Flow Ltd, announced in March 2020, a provider of innovative pressure regulating technology, could record its first orders. The expansion in China remained well on track despite the crisis, and the division will open its new production, R&D and training facility in early 2021.
GF Piping Systems' sensor production in El Monte (US) will relocate to the new process automation center facility in Los Angeles (US) at the end of this year.

GF Casting Solutions

As automotive customers were forced to shut down their factories for several weeks, and the aerospace industry simultaneously postponed a large portion of their orders, GF Casting Solutions was forced to partially close down its production plants. This led to a drop in sales from CHF 521 million to CHF 328 million and caused a significant reduction of the operating result before one off-items from CHF 20 million in 2019 to CHF –25 million (EBIT margin –7.6% before one-off items).

The partial relocation of the Werdohl site (Germany) led to one-off costs of CHF 7 million in the first half year. The project has been accelerated and the shift of the castings production will take place in September, well ahead of schedule. As a result of customer lockdowns and governmental restrictions, the ramp-up of new projects and orders in the light metal plant in Mills River (USA) has been delayed by several months. Thanks to the increasing demand for hybrid and e-cars, GF Casting Solutions has acquired several projects (e.g., for battery housings), which will pay off over the months and years to come. The transfer of the complete magnesium casting components from a European premium manufacturer to GF underscores the lightweight expertise and production capabilities of the division.
Within the context of its strategy 2020 to expand its global footprint and focus on lightweight components for sustainable mobility, GF Casting Solutions will invest in a new light metal production facility in Shenyang (China), for which first orders could be secured. Production in North China will begin in 2023.

GF Machining Solutions

A general downturn in the capital goods market was already evident throughout the second half of 2019. Due to the negative effects of the Covid-19 pandemic, the demand in the machine tool industry, particularly in Europe but also in various market segments in the Americas, reached its lowest level of the past decade. However, several sectors in China, especially the civil aerospace market and the ICT (Information and Communication Tech-

Andreas Müller, CEO

nologies), have already recovered back to the previous year's level after the lockdown in spring. Whilst the global aviation industry has never been hit so hard, especially the medtech industry showed a high level of resilience. The division generated sales of CHF 355 million against CHF 474 million in the same period of 2019, a decline of 21.3% organically. The operating result fell from CHF 24 million to CHF 1 million.
GF Machining Solutions has accelerated its innovation process and will launch a Laser texturing machine with two femto lasers soon, which underscores the division's technology leadership. The new Laser texturing machine will offer new fields of applications, primarily in the medtech and high precision industry. New digitally enhanced products, e.g., a new intelligent user interface, will reduce complexity and increase efficiency at our customers.

New President at GF Machining Solutions

After eight years at the helm of GF Machining Solutions, during which the division became a technology leader within the global machine tool business, President Pascal Boillat will go into retirement. The GF Board of Directors and the Executive Committee truly thank Pascal Boillat for his outstanding efforts and wish him all the best for this new stage of his life. As announced previously, Ivan Filisetti who enjoys a long and successful track record within the company, most recently as Vice President for Operations, has succeeded Pascal Boillat as of 1 July 2020.

Outstanding team efforts in challenging times

Our heartfelt thanks goes to all our employees worldwide for their dedication, hard work and tireless efforts to develop new creative ideas to address our customers in this challenging global pandemic situation. Without their engagement and the unique GF spirit, it would not have been possible to achieve such a result in this historic pandemic crisis.

Outlook for the full year 2020

As the Covid-19 crisis is far from over, the uncertainties for the second half of the year continue to be high. However, there are first encouraging signs that the global economy and markets might be on a recovery path. In China for example, GF has been experiencing a strong rebound with recent monthly results back at the level of the previous year.
All three divisions are well positioned within their respective markets, and they are building on new opportunities for growth. GF Piping Systems has once more proven its high resilience over the past months and will intensify its efforts on digitalized innovations for new sustainable market segments and for higher customer proximity (e.g., through virtual trade fairs). GF Casting Solutions is addressing the need for sustainable mobility and cleaner energy by enabling lower emissions in the automotive segment as well as higher efficiency for aviation and industrial gas turbines. GF Machining Solutions will continue its digital journey. Innovations in Additive Manufacturing, Laser texturing and automation will remain the source for further growth.
Overall, barring unforeseen circumstances, GF expects a gradual, but slow recovery of the business over the months to come. Based on this assumption, GF expects a performance in the second half of 2020 which is at a level similar to the first half year of 2020.

Yves Serra
Chairman of the Board
of Directors

Andreas Müller
CEO

Consolidated income statement

CHF million	Notes	**Jan. – June 2020**	**%**	Jan. – June 2019	%
Sales	(1.1)	**1'528**	**100**	1'915	100
Other operating income		9		15	
Income		**1'537**	**101**	1'930	101
Cost of materials and products		–687		–884	
Changes in inventory of unfinished and finished goods		–4		22	
Operating expenses		–292		–338	
Gross value added		**554**	**36**	730	38
Personnel expenses		–436		–514	
Depreciation on tangible fixed assets		–58		–74	
Amortization on intangible assets		–3		–3	
Operating result (EBIT)	(1.2)	**57**	**4**	139	7
Interest income	(1.3)	3		2	
Interest expense	(1.3)	–11		–14	
Other financial result	(1.3)	–2			
Share of results of associates	(1.4)	–7			
Ordinary result		**40**	**3**	127	7
Profit before taxes		**40**	**3**	127	7
Income taxes	(1.3)	–9		–25	
Net profit	(1.5)	**31**	**2**	102	5
– Thereof attributable to shareholders of Georg Fischer Ltd		34		101	
– Thereof attributable to non-controlling interests		–3		1	
Basic earnings per share in CHF	(1.5)	8		25	
Diluted earnings per share in CHF	(1.5)	8		25	

Consolidated balance sheet

CHF million	Notes	30 June 2020	%	31 Dec. 2019	%
Cash and cash equivalents		770		521	
Marketable securities		3		9	
Trade accounts receivable		616		597	
Inventories		746		751	
Income taxes receivable		21		22	
Other accounts receivable		67		57	
Prepayments to creditors		16		23	
Accrued income		27		19	
Current assets	(2.1)	**2'266**	**63**	1'999	60
Property, plant, and equipment for own use		1'040		1'054	
Investment properties		74		77	
Intangible assets		33		34	
Deferred tax assets		77		70	
Other financial assets		106		110	
Non-current assets	(2.2)	**1'330**	**37**	1'345	40
Assets		**3'596**	**100**	3'344	100
Trade accounts payable		389		466	
Other financial liabilities	(2.4)	529		107	
Loans from pension fund institutions		2		1	
Other liabilities		66		56	
Prepayments from customers		51		49	
Current tax liabilities		51		47	
Provisions		66		52	
Accrued liabilities and deferred income		231		234	
Current liabilities		**1'385**	**39**	1'012	30
Bonds	(2.4)	574		574	
Other financial liabilities	(2.4)	88		80	
Pension benefit obligations		53		50	
Other liabilities		32		29	
Provisions		82		103	
Deferred tax liabilities		54		58	
Non-current liabilities		**883**	**24**	894	27
Liabilities	(2.3)	**2'268**	**63**	1'906	57
Share capital		4		4	
Capital reserves		24		23	
Treasury shares		–3		–7	
Retained earnings		1'273		1'376	
Equity attributable to shareholders of Georg Fischer Ltd		**1'298**	**36**	1'396	42
Non-controlling interests		30	1	42	1
Equity	(2.5)	**1'328**	**37**	1'438	43
Liabilities and equity		**3'596**	**100**	3'344	100

Statement of changes in equity

CHF million	Notes	Share capital	Capital reserves	Treasury shares	Goodwill offset	Cumulative translation adjustments	Cash flow hedging	Other retained earnings	Retained earnings	Equity attributable to shareholders of Georg Fischer Ltd	Non-controlling interests	Equity
Balance as of 30 June 2020	(2.5)	**4**	**24**	**–3**	–544	–179	–1	1’997	**1’273**	**1’298**	30	**1’328**
Net profit								34	**34**	**34**	–3	**31**
Translation adjustments recognized in the reporting period						–34			–34	–34		–34
Changes of cash flow hedges												
Goodwill offset via equity					2				2	2		2
Acquisition of non-controlling interests											–4	–4
Capital increase of non-controlling interests											4	4
Purchase of treasury shares				–1						–1		–1
Disposal of treasury shares												
Share-based compensation												
– Transfers			1	5				–6	–6			
– Granted								4	4	4		4
Dividends								–103	–103	–103	–9	–112
Balance as of 31 December 2019		**4**	**23**	**–7**	–546	–145	–1	2’068	**1’376**	**1’396**	42	**1’438**
Balance as of 30 June 2019	(2.5)	**4**	**24**	**–2**	–545	–124	–2	1’991	**1’320**	**1’346**	50	**1’396**
Net profit								101	**101**	**101**	1	**102**
Translation adjustments recognized in the reporting period						–27			–27	–27		–27
Changes of cash flow hedges							1		1	1		1
Goodwill offset via equity					–8				–8	–8		–8
Capital increase of non-controlling interests											7	7
Purchase of treasury shares				–3						–3		–3
Disposal of treasury shares												
Share-based compensation												
– Transfers			–2	4						2		2
– Granted				6				–6	–6			
Dividends								–102	–102	–102	–4	–106
Balance as of 31 December 2018		**4**	**26**	**–9**	–537	–97	–3	1’998	**1’361**	**1’382**	46	**1’428**

Consolidated cash flow statement

CHF million	Notes	**Jan. – June 2020**	Jan. – June 2019
Net profit		31	102
Income taxes		9	25
Financial result		10	12
Depreciation and amortization		61	77
Share of results of associates		7	
Other non-cash income and expenses		25	12
Increase in provisions, net		12	12
Use of provisions		–14	–12
Changes in			
– Inventories		–28	–74
– Trade accounts receivable		–46	–65
– Prepayments to creditors		6	
– Other accounts receivable and accrued income		–20	–6
– Trade accounts payable		–61	–13
– Prepayments from customers		3	–14
– Other liabilities and accrued liabilities and deferred income		27	–5
Interest paid		–9	–7
Income taxes paid		–16	–34
Cash flow from operating activities		**–3**	10
Additions to			
– Property, plant, and equipment		–70	–80
– Intangible assets		–2	–4
– Other financial assets		–5	–1
Disposals of			
– Investments in associates		1	
– Investment properties			15
– Other financial assets		1	1
Purchase/disposal of marketable securities		3	–1
Cash flow from acquisitions		–6	–3
Interest received		2	2
Cash flow from investing activities		**–76**	–71
Free cash flow before acquisitions/divestments		–73	–58
Free cash flow	(3)	**–79**	–61
Purchase of treasury shares		–1	–3
Dividend payments to shareholders of Georg Fischer Ltd		–103	–102
Dividend payments to non-controlling interests		–9	–4
Inflows from shares from non-controlling interests		4	7
Issuance of long-term financial liabilities			4
Repayment of long-term financial liabilities		–2	–6
Changes in short-term financial liabilities		450	42
Cash flow from financing activities		**339**	–62
Translation adjustment on cash and cash equivalents		–11	–1
Net cash flow		**249**	–124
Cash and cash equivalents at beginning of year		521	533
Cash and cash equivalents at end of period[1]		**770**	409

1 Cash, checks, postal and bank accounts: CHF 485 million (previous year: CHF 409 million), fixed-term deposits: CHF 285 million (previous year: CHF 0 million).

Corporate accounting principles

Basis of preparation of the consolidated interim financial statements

Accounting principles

The consolidated interim and annual financial statements are prepared in accordance with the whole body of recommendations of the Swiss Foundation for Accounting and Reporting (Swiss GAAP FER). Furthermore, the accounting complies with the provisions of the SIX Swiss Exchange listing rules and Swiss company law.

The consolidated financial statements are based on the financial statements of the Corporate Companies prepared in accordance with the common corporate accounting principles. As the consolidated interim financial statements do not include all the information contained in the consolidated annual financial statements, they should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019.

The consolidated interim financial statements cover the period from 1 January 2020 to 30 June 2020 (hereinafter, the "period under review") and they were approved by the Board of Directors on 16 July 2020.

Consolidation

The consolidated interim financial statements are those of Georg Fischer Ltd and all Swiss and foreign Corporate Companies in which it holds directly or indirectly more than 50% of the voting rights or for which it has operational and financial management responsibility. These entities are fully consolidated. Joint ventures in which the GF Corporation has a direct or indirect interest of 50% or for which the GF Corporation exercises joint control are included in the consolidated financial statements by applying the proportional consolidation method. Associated companies in which the GF Corporation has an interest of at least 20% but less than 50% or over which it otherwise exercises significant influence are included in the consolidated financial statements by applying the equity method. Minority interests under 20% are initially recorded at actual cost and recognized under other financial assets.

The preparation of the consolidated interim financial statements requires management to make estimates and assumptions that affect the disclosed amounts of revenues, expenses, assets, liabilities, and contingent liabilities as of the balance sheet date. If such estimates and assumptions, which are based on management's best judgement as of the balance sheet date, deviate from the actual circumstances at a later date, the original estimates and assumptions are adjusted accordingly in the reporting period in which the circumstances change. In the consolidated interim financial statements, management did not make any new assumptions or estimates, compared with the consolidated financial statements as of 31 December 2019.

Income tax expense is recognized based on the estimated average effective tax rate of the current financial year.

Key figures not defined by Swiss GAAP FER

GF uses certain key figures to measure its performance that are not defined by Swiss GAAP FER. As these key figures are not defined by Swiss GAAP FER, there might be limited comparability to similar figures presented by other companies. On the GF website, these key figures are explained in detail and in addition, a reconciliation of certain key figures is provided for further explanation at the following link:

https://www.georgfischer.com/en/investors/alternative-performance-measures.html

Notes to the consolidated interim financial statements

Segment information as of 30 June

CHF million	GF Piping Systems 2020	GF Piping Systems 2019	GF Casting Solutions 2020	GF Casting Solutions 2019	GF Machining Solutions 2020	GF Machining Solutions 2019	Total segments 2020	Total segments 2019
Order intake	859	913	255	505	326	506	1'440	1'924
Orders on hand	129	123	190	270	144	229	463	622
Sales [1]	**845**	921	**328**	521	**355**	474	**1'528**	1'916
Operating result (EBIT)	**94**	117	**–32**	6	**1**	24	**63**	147
Return on sales (EBIT margin) %	**11.1**	12.7	**–9.8**	1.2	**0.3**	5.1		

1 Sales between segments are insignificant.

Reconciliation to the segment information as of 30 June

CHF million	2020	2019
Sales		
Total sales of reportable segments	1'528	1'916
Elimination of intercompany sales		–1
Consolidated sales	**1'528**	1'915
Operating result (EBIT)		
Total EBIT of reportable segments	63	147
Other operating result (EBIT)	–6	–8
Consolidated operating result (EBIT)	**57**	139

1 Income statement

1.1 Sales

In the first half of 2020, sales decreased by 20.2% from CHF 1'915 million to CHF 1'528 million. CHF 42 million of the reduction is explained by the divestment of the iron foundry in Herzogenburg (Austria), executed in September 2019, and adverse currency impacts accounted for CHF 87 million of the reduction. Adjusted for these effects, sales declined organically by 14.0%. Impacted by the Covid-19 pandemic, sales declined from the beginning of the year, reaching a low in April and recovering slightly towards the end of the first semester. Despite the Covid-19 pandemic, GF Piping Systems achieved robust sales of CHF 845 million, CHF 76 million below the previous period. Sales declined organically by 3.1%, impacted by negative currency effects of CHF 50 million. In Swiss francs sales decreased by 4.8% in Europe, by 6.4% in Americas and by 8.2% in Asia, compared with the previous period. The strong decline in sales at GF Casting Solutions from CHF 521 million to CHF 328 million was mainly attributable to the Covid-19 crisis and the plant shutdowns of automotive manufacturers worldwide. The ongoing relocation of foundry activities from the production site in Werdohl (Germany) to the light metal foundries in Europe also affected operational efficiency. In addition, the ongoing ramp-up of the new light metal foundry in North America was also temporarily interrupted. In all regions, customers of GF Casting Solutions had to temporarily shut down substantial parts of their production, leading to corresponding plant shutdowns of the GF foundries. Overall, adjusted for the divestment of the iron foundry in Herzogenburg (Austria) with pro rata sales of CHF 42 million and negative currency effects of CHF 19 million, sales dropped organically by 27.6%. Sales at GF Machining Solutions decreased from CHF 474 million to CHF 355 million. The Covid-19 crisis increased economic uncertainties, which in turn had a negative impact on the demand for capital goods. Sales of the division declined in many key markets and subsequently, the division had to partly and temporarily shut down its operations. In Europe sales declined most by 32.6%, followed by the Americas with 24.7%. Asia remained relatively resilient and only declined by 11.3%. Taking negative currency effects of CHF 18 million into account, sales declined organically by 21.3%.

1.2 Operating result

The operating result (EBIT) decreased from CHF 139 million to CHF 57 million. In addition to the lower sales and the lower capacity utilization, currency effects negatively impacted the result by CHF 23 million. The negative effects of Covid-19 were countered by significant cost reduction measures, short-time work allowances, and capacity adjustments. Overall, the EBIT margin was 3.7%, compared with 7.3% in the previous period. GF Piping Systems generated EBIT of CHF 94 million, which is CHF 23 million lower than the previous period's CHF 117 million. The division was also impacted by the adverse effects of the Covid-19 crisis, especially the slump in oil prices and the decline in activities in the related markets. After negative currency effects, the EBIT margin stood at 11.1% (previous period: 12.7%). GF Casting Solutions closed the first half year with a negative EBIT of CHF 32 million, compared with CHF 6 million gain achieved in the previous period. Generally weaker demand in the global automotive industry was reinforced by the Covid-19 crisis. The crisis also impacted the aerospace industry significantly and thus a second key market of the division. Furthermore, the relocation of foundry activities within Europe and the ongoing ramp-up activities in the light metal casting plant in North America affected the EBIT of the division. The EBIT margin ended up at minus 9.8% (previous period: 1.2%). Despite a sales decrease of CHF 119 million, GF Machining Solutions reported operating income of CHF 1 million. This compares to CHF 24 million in the previous period. While Asia made comparatively strong contributions to the operating result, Europe and the Americas came in weaker. The negative currency effects on the operating result were CHF 4 million and the EBIT margin came in at 0.3% (previous period: 5.1%).

1.3 Financial result and taxes

The financial result improved by CHF 2 million compared with the previous period, to minus CHF 10 million. Interest expenses were below previous year despite the drawing of the syndicated loan, whereas losses from foreign exchange movements were above previous year.

Income taxes decreased by CHF 16 million to CHF 9 million due to the lower result. The tax rate increased from 20% to 23%. The higher tax rate is due to the effect of non-recognition of part of the tax losses in the period under review.

1.4 Share of results of associates

The share of result of associates of minus CHF 7 million includes amongst others a negative proportionate result of associated companies of minus CHF 4 million and value adjustments of CHF 4 million on the granted loans due to the waiving of interest payments.

1.5 Net profit and earnings per share

The net profit decreased by 70% from CHF 102 million to CHF 31 million. This corresponds to earnings per share of CHF 8 (previous year: CHF 25).

2 Balance sheet

Total assets increased by CHF 252 million, compared with 31 December 2019. This is mainly due to an increase in cash and cash equivalents of CHF 249 million, which in turn is primarily attributable to increase in bank lending drawn. The appreciation of the Swiss franc against all of the relevant foreign currencies impacted total assets by CHF 76 million.

2.1 Current assets

Current assets amounted to CHF 2’266 million, which is CHF 267 million above 31 December 2019. In addition to the increase in cash and cash equivalents, other accounts receivable and accrued income increased, among other factors, due to outstanding government payments for short-time work from CHF 76 million to an overall amount of CHF 94 million. Trade accounts receivable and inventories increased by CHF 14 million in total to 1’362 million, making up 60% of the current assets.

2.2 Non-current assets

Non-current assets as of 30 June 2020 amounted to CHF 1’330 million, which represents a slight reduction of CHF 15 million. Property, plant, and equipment of CHF 1’040 million were down CHF 14 million, due to lower additions compared with the previous period and negative currency impacts. The value of other financial assets was reduced by proportionate losses of equity-accounted investments as well as by valuation adjustments on certain loans to associated companies following changes to the terms of the loans.

2.3 Liabilities

Liabilities increased by CHF 362 million to CHF 2'268 million, compared with 31 December 2019. The increase is driven by additional short-term bank loans of CHF 435 million and a reduction in trade accounts payable of CHF 77 million.

2.4 Financing

At the beginning of the Covid-19 crisis, CHF 400 million of the syndicated credit line and an additional CHF 35 million of other short-term financing were drawn as a liquidity buffer. Repayment of these bank loans is scheduled in the second half of 2020. The term of the syndicated loan was extended on 1 July 2020 by one year to June 2025. Assuming the consent of the bank syndicate, an increase up to a maximum amount of CHF 500 million would be possible. In addition, further material uncommitted and unused credit lines existed as of 30 June 2020.

Net debt

CHF million	**30 June 2020**	31 Dec. 2019
Other financial liabilities	515	95
Bonds	574	574
Loans from pension fund institutions	2	1
Other liabilities	102	92
Interest-bearing liabilities	**1'193**	762
Marketable securities	3	9
Cash and cash equivalents	770	521
Net debt	**420**	232

Net debt increased by CHF 188 million to CHF 420 million in the first half of 2020. As of 30 June 2020 the ratio of net debt to EBITDA is low at 1.52 times.

2.5 Equity

Equity decreased by CHF 110 million to CHF 1'328 million. The reduction is explained by the lower net profit contribution of CHF 31 million, the dividends paid to GF shareholders, and the non-controlling interests of subsidiaries for a total of CHF 112 million. The negative currency effect from the conversion into Swiss francs of foreign subsidiaries amounted to CHF 34 million. Due to the decrease in shareholders' equity and the increase in liabilities, the equity ratio decreased from 43.0% to 36.9%.

3 Free cash flow

Free cash flow before acquisitions/divestments was minus CHF 73 million, compared with minus CHF 58 million in the previous period. While the lower net profit reduced the free cash flow, payments to tax authorities decreased or were able to be postponed to the second half of the year. The decline in sales resulted in lower expenditure commitments in net working capital of CHF 40 million. Overall, these effects resulted in a cash flow from operating activities of minus CHF 3 million, compared with positive CHF 10 million in the previous year period. Cash flow from investing activities amounted to minus CHF 76 million. Total cash-effective investments in property, plant, and equipment of CHF 70 million were CHF 10 million lower than in the previous year period. This results in a free cash flow of minus CHF 79 million, compared with minus CHF 61 million in the previous year period.

4 Changes in scope of consolidation

In the period under review, GF sold the remaining 20% stake in the two iron foundries in Singen (Germany) and Mettmann (Germany). Furthermore, the shareholdings in the already fully consolidated companies GF Meco Eckel GmbH & Co. KG and GF Meco Eckel GmbH (both Germany) were increased from 51% to 75%, and the shares in the already fully consolidated company PEM Zerspanungstechnik GmbH (Germany) from 51% to 100%.

There were no changes in the scope of consolidation in the first half of 2019.

5 Events after the balance sheet date

There were no events between 30 June 2020 and 16 July 2020 that would require an adjustment to the carrying amounts of assets and liabilities and equity.

As of 8 July 2020, GF Casting Solutions Shenyang Co. Ltd., Shenyang (China) was established. The production in this new facility of GF Casting Solutions will begin in 2023.

6 Foreign exchange rate

		Average rates		**Spot rates**	
CHF		**Jan. – June 2020**	Jan. – June 2019	**30 June 2020**	30 June 2019
1	CNY	0.137	0.147	0.135	0.142
1	EUR	1.064	1.130	1.065	1.111
1	GBP	1.218	1.293	1.167	1.239
1	TRY	0.150	0.178	0.139	0.169
1	USD	0.966	1.000	0.951	0.976
100	JPY	0.892	0.909	0.883	0.906
100	SEK	9.987	10.741	10.149	10.513

Important dates

3 March 2021
Publication of Annual Report 2020

21 April 2021
Shareholders' Meeting for fiscal year 2020

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