

**PRESS RELEASE**

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**Artemis Group: Stable sales growth in the first half of 2018**

- Considerable sales growth of 9.3% to CHF 1,499.1 million
- Encouraging increase in results of nearly all Artemis Group activities
- Further positive sales performance expected for the current fiscal year

In the first half of 2018, the **Artemis Group** generated net sales of CHF 1,499.1 million with its Franke Group, Artemis Real Estate Group, Feintool Group and Artemis Asset Management Group activities – recording a significant increase of CHF 128.0 million or 9.3% over the same period of the prior year. This represents organic growth of 5.4% compared to the prior year, with exchange rate effects amounting to +2.7% and acquisition effects to +1.2%.

Compared to the same period prior year, the Artemis Group's net profit increased significantly by 46.6% to CHF 87.0 million. This increase largely reflects the Group's good overall performance and the discontinuation of the non-recurring charges for a provision required as part of a participation's antitrust suit last fiscal year.

The high investment activity of the Artemis Group continued in the first six months of the current fiscal year, amounting to CHF 165.2 million, compared to CHF 178.3 million in the same period prior year, and including operating investments of CHF 111.9 million (2017 CHF 78.2 million). Further investments of CHF 53.3 million (2017 CHF 100.1 million) were made in acquisitions and increasing participations.

At the end of June 2018, the Artemis Group employed 12,189 people worldwide (end of 2017 11,938). This represents an increase of 251 employees or 2.1% in the first half year. The higher headcount is primarily due to acquisitions and greater business volume.

**Performance of Artemis Group activities at a glance**

The **Franke Group** generated net sales of CHF 1,055.3 million in the first half of 2018 compared to CHF 978.3 million in the same period prior year. This represents encouraging sales growth of 7.9%. The main driver was organic growth at 4.2% (2017 +2.1%). Acquisitions contributed +1.7% to sales performance, while the currency effect accounted for +2.0%.

Nearly all of the divisions registered positive organic growth. The division Franke Coffee Systems experienced the strongest growth at 14.1%, followed by Faber Hoods & Cooking Systems at 8.5% and Franke Foodservice Systems at 4.9%. The divisions Franke Kitchen Systems and Franke Water Systems recorded slightly negative organic growth of 1.8% and 0.9% respectively.

Total investments for the first half of 2018 amounted to CHF 47.8 million (2017 CHF 84.1 million). A significant proportion of this sum was invested in the creation of the new, state-of-the-art synthetic sinks production facility in Strečno, in Slovakia, and in the warehouse expansion at the US headquarters of Franke Foodservice Systems, in Smyrna/TN, to support further growth in the USA – and also in the acquisition of Facility Solutions Inc., a project management company located in Detroit/MI, offering a wide range of services for restaurant and retail chains in the USA. With 9,149 employees as at June 30, 2018, the headcount was 512 employees or 6.0% higher than on the same date prior year. This increase was chiefly driven by acquisitions and the increased business volume.

The **Artemis Real Estate Group** also demonstrated positive performance in the first half of 2018 due to additional apartment leases. The real estate group recorded good sales growth of 3.3%.

Investments in construction projects amounted to CHF 17.4 million. An additional CHF 4.3 million were invested in building land reserves in Switzerland.

The Artemis Real Estate Group is currently implementing two major projects. These are the "Stadtblick" in Aarburg, comprising 84 apartments and a parking garage (first construction phase), and the "KWC Central Zone" in Unterkulm, which houses the KWC administrative building and 70 apartments (first construction phase). In addition, an office building in Genferstrasse 8 in Zurich is being fully renovated.

The **Feintool Group** generated sales of CHF 337.3 million in the reporting period (2017 CHF 296.8 million), representing growth of 13.6 %. Adjusted for currency and acquisition effects, the company registers growth of 9.3%.

During the first half of 2018, the technology company realized significant investment of CHF 57.2 million in the expansion of its market capacities. Since December 31, 2017, the number of employees has increased by 119 to 2,604.

The business performance of the **Artemis Asset Management Group** affiliated companies listed on the stock exchange (Forbo >27%, Arbonia >21%, Autoneum >21%, Adval Tech >21%, Rieter >11.5%) varied in the first six months of the current fiscal year. However, business performance was good overall. Performance of the three affiliated companies not listed on the stock exchange (Blefa 100%, Franke Industrie AG 100%, Novelteak 50%) was as follows: good performance at keg manufacturer Blefa; stable performance at Franke Industrie AG with reduced sales growth in the gas turbines sector after a record year in 2017, but with improved performance in the aerospace sector, e.g. due to the acquisition of the German Ammatec GmbH (established supplier to the aerospace industry of complex precision components made from difficult-to-machine materials), and stable performance at the plantation operator Novelteak.

### **Outlook 2018**

The Artemis Group can look back on its business performance in the first half of 2018 with satisfaction. For the current fiscal year, the Group is expecting a largely positive and stable market environment. However, it also faces numerous challenges, such as currency and commodity price fluctuations and potential market risks due to political and macroeconomic instabilities. Given that the overall environment remains challenging, the Artemis Group is expecting a business result for the whole of 2018 slightly above the prior year's level.

**The Artemis Group at a glance**

in CHF million	1st half of 2018	1st half of 2017
<b>Net sales</b>	<b>1'499.1</b>	<b>1'371.1</b>
- Change in %	+9.3	+2.3
- Organic growth in %	+5.4	+3.7
<b>Net profit</b>	<b>87.0</b>	<b>59.3</b>
- Change in %	+46.6	-25.2
- in % of net sales	5.8	4.3
<b>Total investments</b>	<b>165.2</b>	<b>178.3</b>
<b>Headcount as at June 30</b>	<b>12'189</b>	<b>11'793</b>

*The Artemis Group includes the Franke Group, the Artemis Real Estate Group (real estate portfolio in Switzerland and abroad), a majority holding in the Feintool Group (world market leader in fineblanking technology) and the Artemis Asset Management Group (various strategic shareholdings in international companies listed on the Swiss stock market and in private companies). The Artemis Group employs around 12,000 people worldwide and generated consolidated sales of more than CHF 2.9 billion in 2017.*

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