Media Release

Schaffhausen
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Mid-Year results of Georg Fischer as per 30 June 2015:

Resilient in the face of currency headwinds

- Like-for-like sales in local currencies on previous year's level (–4% in CHF at CHF 1 802 million)
- EBIT at CHF 128 million (–3%)
- Operational margin improved to 7.1% and 7.7% before currency related one-offs
- GF Automotive to start production in the US
- GF Machining Solutions to enter the 3D printing business

First half-year figures were affected by the Swiss franc appreciation which shaved 7% off the top line. Adjusted for currency effects, acquisitions and divestments, sales were on previous year's level.

The operating result (EBIT) stood at CHF 128 million and excluding one-offs at CHF 138 million, 5% above previous year. The one-offs consist of the EBIT impact of the Swiss franc appreciation on the balance sheet in January 2015 (CHF 10 million). The return on sales (ROS) increased to 7.1% and 7.7% before currency related one-offs. All three divisions continued to generate double-digit ROICs, well above their cost of capital, thus each clearly generating value.

Net profit reached CHF 80 million, below previous year in which land parcel sales brought additional income. Free cash flow stood at a seasonally low of CHF –24 million, but CHF 40 million above June 2014. A substantially positive free cash flow is expected for the full year.

Key figures as per 30 June 2015

	Corporation		GF Piping Systems		GF Automotive		GF Machining Solutions	
million CHF	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Order intake	**1 801**	1 909	**710**	750	**658**	702	**433**	458
Sales	**1 802**	1 879	**702**	742	**670**	718	**430**	420
EBITDA	**188**	193	**88**	94	**77**	79	**28**	26
EBIT	**128**	132	**63**	70	**50**	49	**21**	20
EBIT before FX one-off effects	**138**	132	**69**	70	**50**	49	**25**	20
Net profit	**80**	92						
Free cash flow	**–24**	–64						
Return on sales (EBIT margin) %	**7.1**	7.0	**9.0**	9.4	**7.5**	6.8	**4.9**	4.8
Return on sales (EBIT margin) % before FX one-off effects	**7.7**	7.0	**9.8**	9.4	**7.5**	6.8	**5.8**	4.8
Return on invested capital (ROIC) %	**15.2**	17.2	**14.0**	16.5	**24.1**	21.1	**11.4**	12.4
Number of employees	**14 053**	13 801	**6 032**	6 035	**4 889**	4 735	**2 984**	2 880

Headcount increased to 14 053 against 13 801 as of the end of June 2014, mainly on account of the two acquisitions done in July 2014.

Measures taken to mitigate the impact of the Swiss franc appreciation
The sudden rise of the Swiss franc has led to a general mood of uncertainty at our Swiss customers and consequently a drop of our domestic orders and related margins in the first quarter. Moreover, the margins generated by our exports to the Eurozone have been negatively affected despite a good overall natural hedging.

We have taken immediate measures to compensate at least partly the Swiss franc effect and to contribute to the competitiveness of our Swiss made products. As of March 2015, all employees at GF companies in Switzerland have been working 44 hours/week instead of 40 hours. This reduces the need for overtime and temporary staff during a period in which most of our Swiss plants are well loaded. All suppliers have also been asked to participate in our efforts and all non-essential expenses in Switzerland have been sharply reduced.

Overall the negative currency effect on the top line stood at 7%, mainly due to the euro, and the total direct negative impact on the operating result at CHF 22 million. The measures taken did however compensate CHF 10 million thereof.

GF Piping Systems saw its momentum slowed down by currency headwinds and uneven markets. The division had sales of CHF 702 million, down 5%. Adjusted for currency effects, sales stood 2% below previous year. The first quarter was rather slow due to severe weather conditions, especially in North America, Europe and Turkey. Except for the semi-conductor field, the industrial applications gained in strength worldwide as customer sentiment improved. Sales to utility customers remained strong in the US, especially in the gas distribution, but in Europe, unexpected raw material shortages slowed down the rate of plastic pipe installations. In building technology, record orders were booked in the shipbuilding sector worldwide, but the construction business remained overall subdued, especially in China.

The operating result amounted to CHF 63 million, CHF 69 million before one-off currency effects against CHF 70 million per June 2014. Results at GF Hakan in Turkey went up significantly and its integration into GF Piping Systems is nearly completed. Most plants worldwide have been well loaded including in Switzerland. Margins at Swiss companies which mainly export to the Eurozone, were however affected by the Swiss franc appreciation.

GF Automotive saw its top line decrease by 7% to CHF 670 million. Adjusted for currency effects and the acquisition of Meco Eckel in July 2014, sales increased by 2%. After a slow start, orders picked up during the second quarter on the back of a stronger truck market. In addition, substantial contracts have been obtained from premium automobile manufacturers, including for electric cars. GF Automotive reached an operating result of CHF 50 million, 2% over previous year. In local currencies the result is up 6%. The newly acquired Meco Eckel in Germany contributed significantly to this increase.

Expansion plans in China are well under way for a 50% capacity increase at our high-pressure die casting aluminum plant in Suzhou until the year-end. GF Automotive will also enter the US market for high-pressure light metal die casting components, based on orders already obtained from a well-known European premium car manufacturer. For this purpose the division has entered into a joint-venture agreement with the globally active machining specialist Linamar, headquarter in Guelph, Canada. Production is planned to start during 2017.

At **GF Machining Solutions**, the focus on less cyclical end-markets paid off. Orders stood at CHF 433 million, 5% below previous year. Large orders were booked at aerospace and electronic device customers and market sentiment improved in Europe and the US. First half sales amounted to CHF 430 million, an increase of 2%. Adjusted for currency effects and the acquisition of Liechti AG in July 2014, organic growth reached 3%. The backlog stood at CHF 180 million, 7% above June 2014. The operational result reached CHF 21 million, 5% over previous year and even 25% before one-off currency effects. Lower margins for exports to the Eurozone have been compensated by higher margins generated by exports to the rest of the world and by the natural euro hedge achieved by the division.

GF Machining Solutions enters the promising 3D printing machine business through a strategic partnership with the world leading player in the field, EOS GmbH, based in Krailling, Germany. The focus will be on offering mould makers innovative solutions based on both companies' technologies. The first machines will be shown at the upcoming EMO exhibition to take place in Milan early October.

Outlook
We see an improving sentiment in our relevant markets. Customers in the US and in Europe (including in the South) are in a more positive mood. The backlog at GF Machining Solutions is high, a good sign for the second half. Truck manufacturers have been increasing their purchases lately and the cost reduction measures taken in Switzerland during the first quarter are expected to pay out in full in the second half-year.

There are however a number of uncertainties in our markets including a slackening growth rate in China and the on-going troubles in the Eurozone, not to mention the sharp market decline in and around Russia. Based on today's evaluation of the economic environment and the measures already taken, we expect, in the second half-year, a similar result as in the first six months and therefore 2015 figures in previous year's range, in line with our strategic goals.

Honoring the dedication of our employees
Our heartfelt gratitude goes to all our employees and in particular to all Swiss based employees who readily accepted to increase their working time in order to reduce the impact of the Swiss currency appreciation on our Swiss-made products. Although limited in its duration, this measure places an additional burden on their private lives. The Board of Directors and the Executive Committee recognize to its full extent this exemplary dedication.

The Mid-Year Report 2015 as well as the presentation for the telephone conference Mid-Year results will be available on our website www.georgfischer.com on 21 July 2015 at 07:00 a.m.

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Corporate Profile
GF comprises three divisions: GF Piping Systems, GF Automotive, and GF Machining Solutions. Founded in 1802, the Corporation is headquartered in Switzerland and is present in 31 countries with 126 companies, 47 of them production facilities. Its approximately 14 100 employees generated sales of CHF 3.80 billion in 2014. GF is the preferred partner of its customers for the safe transport of liquids and gases, lightweight casting components in vehicles, and high-precision manufacturing technologies. You will find further information at www.georgfischer.com.

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