



Bystronic 2023 Half-Year Report



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Increased sales and enhanced profitability

In the first half of 2023, Bystronic achieved solid sales growth. We further reduced the order backlog and benefited from the improved availability of components in the supply chain. Sales improved significantly over the prior year at constant exchange rates. We also improved our profitability.

Smart factory solutions are trending

In recent years, automation solutions have become increasingly important to our customers. In addition to the automation of individual systems, Bystronic has developed an industry-leading software solution. Following the successful market launch of the BySoft Software Suite, Bystronic can now offer its customers a comprehensive portfolio for automated and digital manufacturing.

We are currently implementing smart factory projects with selected customers in Europe and the USA. These systems link laser cutting machines, bending cells and automation solutions with the help of BySoft Software Suite. The result is a completely automated and digital production environment with significantly higher productivity. In the future, we expect continued high demand for smart factory solutions and anticipate up to 50 customer projects annually.

Enhanced profitability

Our enhanced profitability was attributed to volume effects, operating cost reduction measures and improvements in the procurement and transportation markets. These led to the doubling of our operating result.

Outlook

For the full year 2023, we continue to expect weaker order intake in our machine business due to the economic slowdown, but anticipate a growing service business, and a higher operating result with a slight decline in sales.

One Bystronic Team

Thanks to the outstanding commitment of our employees, we have made considerable progress operationally and strategically. We thank them for their excellent work. We also want to thank our business partners and shareholders for their valued support and the trust they place in us.

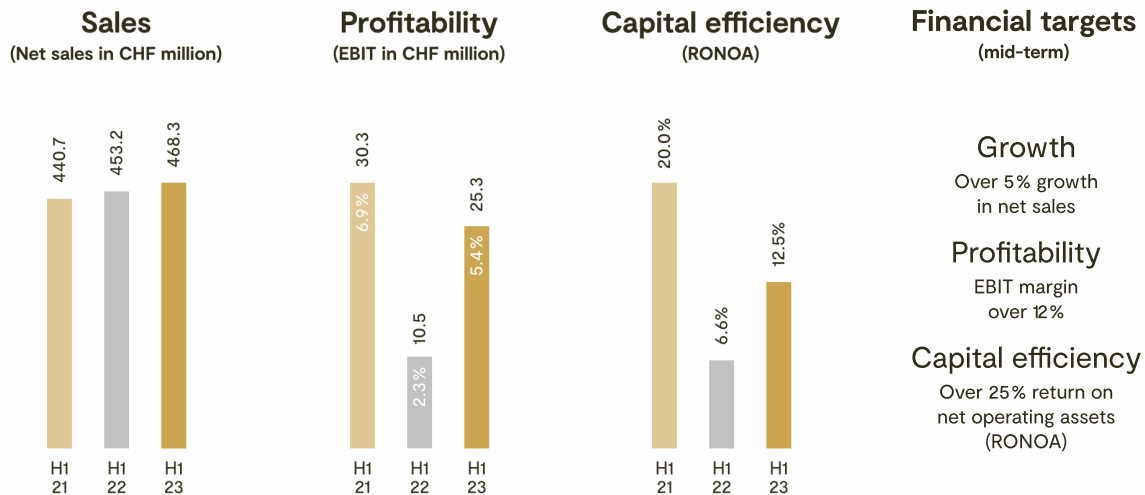
Zurich, July 21, 2023

Dr. Heinz O. Baumgartner
Chairman of the Board of
Directors

Alex Waser
CEO Bystronic Group

Performance indicators and key figures

Performance indicators



Key figures

CHF million	H1 2023	H1 2022
Order intake	420.9	536.1
Increase compared to prior year	-21.5%	-2.4%
Increase compared to prior year at constant exchange rates	-16.3%	0.5%
Backlog	354.1	515.2
Net sales	468.3	453.2
Increase compared to prior year	3.3%	2.8%
Increase compared to prior year at constant exchange rates	9.7%	6.2%
EBITDA	35.5	20.6
in % of net sales	7.6%	4.6%
Operating result (EBIT)	25.3	10.5
in % of net sales	5.4%	2.3%
Net result	19.8	7.0
in % of net sales	4.2%	1.5%
Operating free cash flow	-34.4	-52.5
CAPEX	6.7	8.2
Net operating assets (NOA)	339.9	281.2
Return on net operating assets (RONOA)	12.5%	6.6%
Equity attributable to shareholders of Bystronic AG	712.3	695.8
in % of total assets	64.5%	60.2%
Earnings per class A registered share, in CHF	9.55	3.37
Number of employees as of reporting date	3,541	3,636



Enhanced profitability and lower order intake

In the first half of 2023, Bystronic achieved a solid performance. Thanks to the progressive reduction of the high order backlog, sales at constant exchange rates grew significantly by 9.7% to a total of CHF 468.3 million. The Group doubled its operating profit (EBIT) to CHF 25.3 million, which corresponds to an EBIT margin of 5.4% (previous year 2.3%). As expected, the customers' cautious approach in view of the economic development led to a decline in order intake of 16.3% at constant exchange rates to CHF 420.9 million.

Order intake, sales, order backlog

As in the second half of 2022, customers exhibited a cautious approach in the first six months of the 2023 financial year. In the context of the overall economic slowdown, demand weakened in all regions. In addition, adverse exchange rate effects had a negative impact. Compared to the strong first half of 2022, order intake fell by 21.5% to CHF 420.9 million (-16.3% at constant exchange rates). The past few years have seen a substantial increase in the demand for complex automation solutions. In recent months, due to the subdued market sentiment, customers have increasingly combined high-end laser cutting systems with simpler automation solutions. This has enabled customers to more effectively manage investment volumes and benefit from shorter investment times. This trend primarily concerns the EMEA and Americas regions. Although the China region developed favorably following the easing of COVID-related measures at the beginning of 2023, customers nevertheless continued to take a somewhat cautious approach.

Thanks to the high order backlog and improved component availability, Bystronic achieved a solid sales growth of 9.7% at constant exchange rates. In Swiss francs, sales grew by 3.3% to CHF 468.3 million. However, certain assemblies such as electronic components and control modules continue to be impacted by supply constraints, and their availability is only gradually improving.

At the end of the first half of 2023, Bystronic had a high order backlog of approximately CHF 354.1 million compared to CHF 413.0 million at the end of 2022 and CHF 515.2 million at the end of the first half of 2022. The ongoing normalization of the order backlog allows the lead time for customers to be reduced.

Profitability

The operating result (EBIT) doubled to CHF 25.3 million (H1 2022: CHF 10.5 million). The EBIT margin stood at 5.4% compared to 2.3% in the previous year. On the one hand, the higher sales volume contributed to the enhanced profitability. On the other, the price increases implemented and operating cost-saving measures also made an impact.

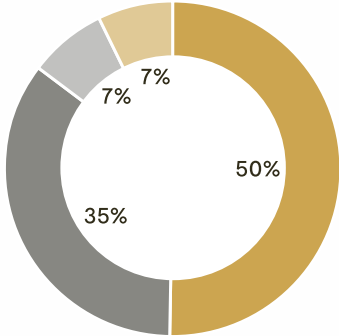
The net result for Bystronic amounted to CHF 19.8 million (H1 2022: CHF 7.0 million). This corresponds to earnings of CHF 9.55 per class A registered share. The return on net operating assets (RONOA) was 12.5% (H1 2022: 6.6%).

Outlook

Bystronic’s strong position in an attractive growth market promises profitable growth. In the medium term, subject to the recovery of the economy, we aim to achieve annual organic sales growth exceeding 5%, an EBIT margin in excess of 12%, and a return on net operating assets (RONOA) in excess of 25%.

For the full year 2023, Bystronic confirms its outlook and continues to expect a decline in order intake in the machine business due to the economic slowdown, but a growing service business, and a higher operating result with a slight decline in sales.

Net sales per region



- EMEA
- Americas
- China
- APAC



EMEA region

Demand in the markets in the Europe, Middle East & Africa (EMEA) region continued to slacken in the first half of 2023. While northern Europe proved somewhat more resilient, customer investment behavior in southern and central Europe was cautious. Overall, order intake decreased by 24.0% to CHF 198.4 million (-18.1% at constant exchange rates).

As the Group's strongest region in terms of sales with a share of around 50%, the EMEA region generated sales of CHF 235.8 million, representing a growth of 6.1% (+14.0% at constant exchange rates) compared to the first half of 2022.

Americas region

The Americas region recorded a slowdown in order intake in the first half of 2023. Compared to the strong first half-year 2022, incoming orders decreased by 13.5% (-10.5% at constant exchange rates) to CHF 145.7 million. In spite of this drop, they remain around CHF 50 million above the pre-pandemic level of the first half of 2019. In recent years, the Group's presence in the American growth market has been significantly expanded thanks to the opening of the US production site, allowing the Group to shift manufacturing closer to the customers. Moreover, Bystronic is benefiting from a re-shoring surge, primarily from Asia, of the industrial activities of its customers and their associated investments.

Sales in the region increased by 25.2% (+28.8% at constant exchange rates) to CHF 164.5 million as a result of brisk delivery and installation as well as the realization of the high order backlog.

China region

Momentum in the China region remains subdued in spite of the easing of COVID-related measures early in the year. Customers across all sectors adopted a restrained approach. As a result, order intake decreased by 22.0% (-14.2% at constant exchange rates) to CHF 33.5 million. The demand for automation solutions has also established itself in China. Consequently, Bystronic invested in a Competence Center Automation (CCA) in Shanghai. With the new site, the development cycle for automation products has been sped up, and customers in China can be provided with even more effective and rapid service.

Due to the challenging economic environment, net sales decreased by 31.8% (-25.0% at constant exchange rates) to CHF 34.5 million. Bystronic has established a strong position in the region and is confident that it will be able to reap the benefits of its broad portfolio as soon as the Chinese market recovers.

APAC region

Order intake in the Asia Pacific (APAC) region declined by 32.1% (-25.9% at constant exchange rates) to a total of CHF 43.3 million compared to the very strong first half of 2022. Korea, in particular, recorded a weaker performance due to lower investment volumes from government support programs. Conversely, Australia shows a positive development.

Net sales dropped by 31.4% (-25.4% at constant exchange rates) to CHF 33.5 million.

Consolidated income statement

CHF million		
January - June	2023	2022
Net sales	468.3	453.2
Other operating income	1.8	2.2
Changes in inventories of unfinished and finished goods	8.8	37.2
Material expenses	-207.4	-234.5
Personnel expenses	-131.1	-132.9
Depreciation and impairment on fixed assets	-7.4	-7.4
Amortization and impairment on intangible and financial assets	-2.8	-2.7
Other operating expenses	-104.8	-104.6
Operating result (EBIT)	25.3	10.5
Financial income	2.9	1.4
Financial expenses	-2.9	-3.2
Result before income taxes	25.2	8.6
Income taxes	-5.5	-1.7
Net result	19.8	7.0
Earnings per class A registered share in CHF (diluted/basic)	9.55	3.37
Earnings per class B registered share in CHF (diluted/basic)	1.91	0.67

Consolidated balance sheet

CHF million	06/30/2023	12/31/2022
ASSETS		
Current assets		
Cash and cash equivalents	143.3	216.6
Securities	139.9	125.0
Trade receivables	166.4	167.2
Prepayments to suppliers	6.5	6.0
Other receivables	45.0	46.0
Inventories	300.7	287.7
Prepaid expenses and accrued income	30.7	14.0
Total current assets	832.5	862.5
Non-current assets		
Fixed assets	128.2	134.2
Intangible assets	10.4	11.0
Financial assets	107.0	110.6
Deferred tax assets	25.7	24.2
Total non-current assets	271.3	280.0
TOTAL ASSETS	1,103.8	1,142.5
LIABILITIES		
Current liabilities		
Short-term financial liabilities	2.9	0.5
Trade payables	65.2	69.9
Advance payments from customers	142.7	158.7
Other short-term liabilities	26.0	34.3
Short-term provisions	24.7	28.3
Accrued expenses and deferred income	89.7	83.7
Total current liabilities	351.3	375.4
Non-current liabilities		
Pension fund liabilities	0.6	0.6
Long-term provisions	21.1	22.1
Deferred tax liabilities	18.6	20.3
Total non-current liabilities	40.2	42.9
Total liabilities	391.5	418.3
Equity		
Share capital	4.1	4.1
Capital reserves	-32.1	-31.4
Treasury shares	-1.1	-2.2
Retained earnings	741.4	753.7
Equity attributable to shareholders of Bystronic AG	712.3	724.2
TOTAL LIABILITIES AND EQUITY	1,103.8	1,142.5

Consolidated statement of changes in shareholders' equity

CHF million	Note	Share capital	Capital reserves	Treasury shares	Translation differences	Cashflow hedges	Other retained earnings	Retained earnings	Equity attributable to shareholders of Bystronic AG
Total equity December 31, 2021		4.1	-30.8	-2.3	-66.9	0.4	910.8	844.2	815.2
Net result							7.0	7.0	7.0
Dividends							-124.1	-124.1	-124.1
Changes of cash flow hedging						0.4		0.4	0.4
Purchase of treasury shares				-1.0					-1.0
Share-based compensation			-1.1	1.0					-0.1
Recycling of translation differences from sale of group companies					1.4			1.4	1.4
Translation differences					-3.1			-3.1	-3.1
Total equity June 30, 2022		4.1	-31.9	-2.3	-68.7	0.8	793.6	725.8	695.8
Total equity December 31, 2022		4.1	-31.4	-2.2	-74.9	4.7	824.0	753.7	724.2
Net result							19.8	19.8	19.8
Dividends	5						-24.8	-24.8	-24.8
Changes of cash flow hedging						-2.2		-2.2	-2.2
Share-based compensation			-0.7	1.1					0.4
Translation differences					-3.8		-1.2	-5.0	-5.0
Total equity June 30, 2023		4.1	-32.1	-1.1	-78.8	2.4	817.8	741.4	712.3

Consolidated cash flow statement

CHF million	Note	January - June 2023	January - June 2022
Net result		19.8	7.0
Depreciation and impairment on fixed assets		7.4	7.4
Amortization and impairment on intangible and financial assets		2.8	2.7
Gain/loss on disposal of non-current assets		-0.0	-0.1
Gain/loss on disposal of investments		-	1.7
Change in provisions, deferred taxes and non-current customer loans ¹		-7.1	-8.5
Other non-cash items ¹		9.1	0.2
Increase/decrease in:			
inventories		-23.0	-79.2
trade receivables		-3.8	-19.5
prepayments to suppliers		-0.8	-2.7
other receivables, prepaid expenses and accrued income		-17.1	3.8
trade payables		-3.3	-8.7
advance payments from customers		-11.5	39.7
other liabilities, accrued expenses and deferred income		0.2	11.8
Cash flow from operating activities		-27.4	-44.4
Investment in fixed assets		-4.4	-6.3
Divestment of fixed assets		0.0	0.1
Investment in intangible assets		-2.3	-1.9
Investment in financial assets and securities		-15.6	-0.4
Divestment of financial assets and securities ¹		0.4	30.3
Sale of business activities		-	19.1
Cash flow from investing activities		-22.0	41.0
Cash flow from operating and investing activities		-49.3	-3.4
Purchase of treasury shares		-	-1.0
Dividends paid to shareholders of Bystronic AG	5	-24.8	-124.1
Increase/repayment in short-term financial liabilities		2.5	3.5
Increase/repayment in long-term financial liabilities		-	-1.7
Increase/repayment in other long-term liabilities		-0.0	-0.0
Cash flow from financing activities		-22.4	-123.3
Translation differences on cash and cash equivalents		-1.6	-0.6
Change in cash and cash equivalents		-73.3	-127.3
Reconciliation of change in cash and cash equivalents			
Cash and cash equivalents at beginning of period		216.6	465.7
Cash and cash equivalents at the end of period		143.3	338.4

¹ The previous year's figures have been adjusted due to a new presentation of long-term customer loans. Both the granting (previously shown under "Other non-cash items") and the repayment (previously shown under "Divestment of financial assets and securities") are now shown under "Change in provisions, deferred taxes and non-current customer loans".

Notes to the consolidated interim financial statements

1 Group accounting principles

General information

Bystronic AG is a stock company incorporated under Swiss law and is domiciled in Zurich. The class A registered shares are listed on the SIX Swiss Exchange (symbol: BYS). The Board of Directors approved the consolidated interim financial statements 2023 on July 20, 2023.

Accounting principles

The consolidated interim financial statements cover the period from January 1, 2023, to June 30, 2023 and were prepared in accordance with Swiss GAAP FER (Accounting and Reporting Recommendations) including Swiss GAAP FER 31 "Complementary Recommendations for listed entities". These consolidated interim financial statements do not include all the information and disclosures contained in the consolidated annual financial statements and should thus be read in conjunction with the consolidated annual financial statements as of December 31, 2022. The accounting principles of the consolidated financial statements as of December 31, 2022 have been applied unchanged.

It is expected that the new standard FER 28 Government Grants (implementation 2024) will have no significant impact on the consolidated financial statements. Bystronic is currently analyzing the revised standard FER 30 Consolidated Financial Statements (implementation 2024), which will impact the recording of future acquisitions and disposals as well as liquidations and closures of companies. No early application of FER 28 and FER 30 (revised) is made. No further changes to the Standards have been published.

The figures contained in the consolidated interim financial statements are unaudited.

Consolidation

The consolidated interim financial statements include the financial statements of Bystronic AG and of all companies directly or indirectly controlled by Bystronic AG, through investments with more than 50% of the votes or by other means. These group companies are fully consolidated. The share of the minority shareholders in the equity and net result is disclosed separately. There were no minority shareholders in the reporting period as well as in the comparative period. Investments in associates (at least 20%, but less than 50% of the voting rights) are accounted for under the equity method. Securities held as non-current assets are valued at acquisition cost, less any necessary value adjustments.

The assets and liabilities of companies that are included in the consolidation for the first time are measured at fair value. Goodwill arising from this revaluation is offset against equity. First-time consolidations take effect on the date on which control is acquired, deconsolidations on the date on which control is relinquished. When companies are sold or liquidated, the goodwill offset against equity is recycled in the income statement.

Significant estimates made by management

In preparing the consolidated interim financial statements, certain assumptions are made which affect the accounting basis to be used and the amounts reported as assets, liabilities, income and expenses and the presentation of these amounts. The management did not make any new material assumptions or estimates in the consolidated interim financial statements compared with those made in the consolidated annual financial statements as of December 31, 2022.

2 Segment information: order intake/net sales

Order intake

The order intake is an important performance indicator. An order is recognized when a sales contract is signed, an initial down payment is received and the products ordered by the customer have been placed at the production plants.

CHF million		
January - June	2023	2022
EMEA	198.4	261.0
Americas	145.7	168.4
China	33.5	42.9
APAC	43.3	63.8
Total Order intake	420.9	536.1

Net sales

CHF million January - June 2023	Net sales third parties	Net sales interregion	Total net sales
EMEA	235.8	105.4	341.3
Americas	164.5	1.5	166.0
China	34.5	26.2	60.8
APAC	33.5	1.5	35.0
Eliminations		-134.7	-134.7
Total	468.3		468.3

CHF million January - June 2022	Net sales third parties	Net sales interregion	Total net sales
EMEA	222.3	119.7	342.0
Americas	131.4	2.3	133.7
China	50.6	39.7	90.4
APAC	48.9	1.8	50.7
Eliminations		-163.5	-163.5
Total	453.2		453.2

With reference to the recommendation for listed companies (FER 31/8), Bystronic refrains from disclosing segment results in the interest of the shareholders for the following reasons:

– Impairment of negotiating positions:

The disclosure of segment results would allow conclusions to be drawn about the pricing, which could significantly affect Bystronic's negotiating positions.

– Competitive disadvantage compared to competitors:

Bystronic's competitors do not disclose segment information and detailed segment results. The disclosure of segment results would put Bystronic in a competitive disadvantage compared to its competitors as the results allow conclusions to be drawn about the margin and cost situation per segment.

3 Changes in the scope of consolidation

Changes in the current year

- As of January 1, 2023, Conzzeta Management AG, Zürich (Switzerland) was merged with Bystronic AG, Zürich (Switzerland).

Changes in the previous year

- As of January 1, 2022, FMG Verfahrenstechnik AG, Sulgen (Switzerland) was merged with Bystronic Laser AG, Niederönz (Switzerland).
- On June 8, 2022, Bystronic sold the company OOO Bystronic Laser, Moscow (Russia).

4 Seasonality

Bystronic's activities are not subject to any significant seasonal fluctuations.

5 Dividends

At the Annual General Meeting on April 25, 2023, a dividend of CHF 12.00 per class A registered share and CHF 2.40 per class B registered share was approved. The dividend distribution amounted to CHF 24.8 million.

6 Exchange rates

Currency	Unit	Closing rate		Average rate	
		June 2023	December 2022	June 2023	June 2022
EUR	1	0.9783	0.9847	0.9889	1.0327
USD	1	0.8944	0.9232	0.9159	0.9386
CNY	100	12.3616	13.3823	13.2524	14.5658

7 Events after the balance sheet date

There are no events after the balance sheet date that require an adjustment to the assets and liabilities recognized in the balance sheet or require disclosure.

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www.bystronic.com
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