

Bystronic



2024 Half-year report

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Table of contents

Overview

- 3 Editorial
- 5 Performance indicators and key figures

Business review

- 6 Group
- 8 Regions

Consolidated financial statements

- 10 Income statement
- 11 Balance sheet
- 12 Statement of changes in shareholders' equity
- 13 Cash flow statement
- 14 Notes

Publication details



Ongoing difficult market environment impacts order intake

The first half of 2024 was disappointing for us. The market situation remained strained, and many of our customers were unable to utilize their full production capacity. As a result, they were cautious with their investment decisions. A wide variety of industries were impacted. Even sectors like agriculture, in which many of our customers operate, experienced decline. In addition, customers hesitated to invest in anticipation of lower interest rates.

This investment behavior was visible around the world. Order intake and sales declined in all markets, and production capacity at our locations was not fully utilized. Despite cost reduction measures, low sales volumes could not cover the reduced fixed cost base, and this resulted in a loss for the first half of the year.

Further development of our organization into an end-to-end solutions provider

Our strategy aims to position ourselves as an end-to-end solutions provider in the sheet metal processing industry. In addition to innovative systems for cutting and bending, our portfolio includes a broad range of automation and software solutions, as well as a wide pallet of services.

The demand for complex system solutions with automation and software components has increased significantly in recent years, as efficiency gains resulting from process optimization are crucial for our customers. In addition, our automation and software offerings have provided access to new customer segments and markets, especially in the US and Australia. That is why we continue to advance the networking of processes in our industry.

In the first half of the year, we implemented further important automation and digitalization projects. However, high start-up costs and unplanned additional expenses during implementation have led to insufficient profitability with the completed projects. Each of these projects placed increased demands on our processes and offered us development opportunities as an organization. They offer us the chance to improve our project processes and to further expand the know-how of our teams. We plan to optimize these operational processes in the future.

Implementation of the cost optimization program

We launched our cost optimization program at the beginning of the year. It is enabling us to reduce both volume-related and structural costs. We have already implemented the first important measures to streamline processes and focus even more on our customers. We reduced levels of management and simplified reporting lines. Due to the slow development of the market since the beginning of the year, we will be considering further measures to improve efficiency and reduce our cost base.

Transfer of responsibilities in senior leadership

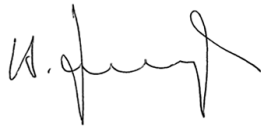
Our long-time CEO Alex Waser elected to retire from his role as CEO at the end of June 2024, and his successor, Domenico Iacovelli, assumed leadership of the Group. Domenico's deep understanding of the industry is enabling him to rapidly familiarize himself with the company. He has already visited all our production locations and met with customers to discuss collaboration – all of which will ensure continuity and a seamless transition.

Confidence thanks to our employees' commitment

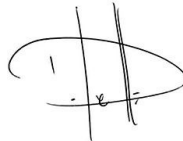
Difficult market conditions, the cost optimization measures implemented and our positioning as an end-to-end solutions provider have been a challenge for our employees. We would like to especially thank them for their flexibility and tireless commitment to our customers.

Thanks to the engagement of our employees, our broad portfolio and new guidance from senior leadership, we are confident that we can guide Bystronic into calmer waters, especially when markets regain their strength. We are motivated for the second half of the year, and we thank all our business partners, colleagues and stakeholders for the support they will provide with the work that lays ahead.

Zurich, July 19, 2024

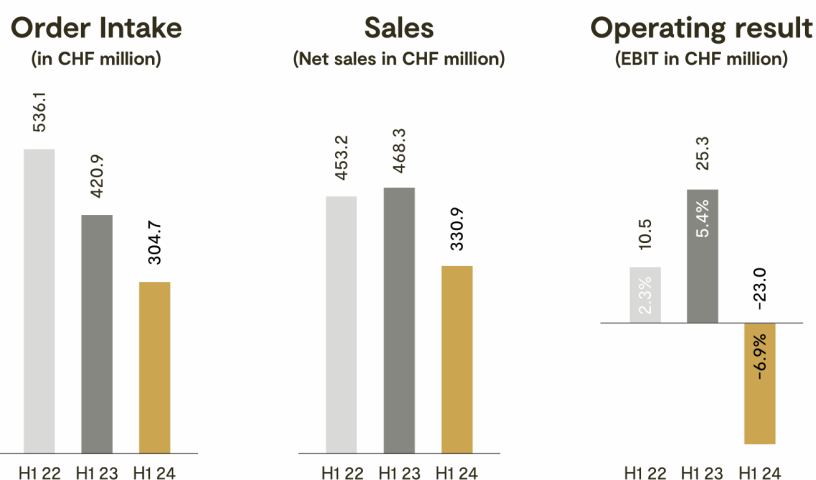


Dr. Heinz O. Baumgartner
Chairman of the Board of
Directors



Domenico Iacovelli
CEO Bystronic Group

Key figures



CHF million	H1 2024	H1 2023
Order intake	304.7	420.9
Change compared to prior year	-27.6%	-21.5%
Change compared to prior year at constant exchange rates	-24.5%	-16.3%
Backlog	238.5	354.1
Net sales	330.9	468.3
Change compared to prior year	-29.3%	3.3%
Change compared to prior year at constant exchange rates	-26.3%	9.7%
EBITDA	-12.8	35.5
in % of net sales	-3.9%	7.6%
Operating result (EBIT)	-23.0	25.3
in % of net sales	-6.9%	5.4%
Net result	-20.8	19.8
in % of net sales	-6.3%	4.2%
Operating free cash flow	-26.9	-34.4
CAPEX	5.6	6.7
Net operating assets (NOA)	308.7	339.9
Return on net operating assets (RONOA)	-15.2%	12.5%
Equity	685.6	712.3
in % of total assets	70.0%	64.5%
Earnings per class A registered share in CHF	-10.08	9.55
Average number of full-time equivalents	3,353	3,629



Ongoing difficult market environment leads to lower order intake and half-year loss

The market situation in the first half of 2024 continued to be very challenging. Customers behaved cautiously so order intake fell 27.6% to CHF 304.7 million. Accordingly, sales fell 29.3% to CHF 330.9 million. The steep decrease in sales volume led to an EBIT of CHF -23.0 million.

Order intake, sales, order backlog

Due to general economic uncertainty, demand in all regions fell and customers were cautious with investments in the first six months of 2024. Processes related to project decisions and contract conclusions took significantly longer than normal, and customers delayed investment decisions. Many companies in the sheet metal industry serving various sectors were not operating at full production capacity. Customers were also generally reluctant to invest as they anticipated lower interest rates.

And finally, even sectors like agriculture, in which many of our customers operate, experienced decline. Many customers manufacture parts for agricultural machinery, and the agricultural sector suffered in the first half of the year due to low grain prices. Bystronic also felt the effects of this.

Order intake fell 27.6% to CHF 304.7 million (-24.5% at constant exchange rates) and sales decreased accordingly by 29.3% to CHF 330.9 million. As of June 30, 2024, the order backlog was CHF 238.5 million, compared to CHF 252.9 million at year end 2023.

Profitability

The low level of sales and consequently the inability to cover related fixed costs resulted in an EBIT of CHF -23.0 million (H1'2023: CHF 25.3 million). To ensure profitability even with lower sales, Bystronic launched a comprehensive cost optimization program at the beginning of the year to achieve structural as well as volume-related cost savings.

Implementation of the program is progressing, and important measures were already taken in the first half of the year. Production capacity was reduced temporarily in response to volume changes, and employees who work in production-related jobs at our Niederönz facility have been put on short-time work. In addition, Bystronic has made several structural adjustments. It reorganized the EMEA region into clusters, eliminating one level of management. In the APAC region, the regional office in Singapore was closed, and the reporting lines to company leadership simplified. This places Bystronic closer to its customers and streamlines the organization. With these and other measures, the Group will save fixed costs over the next years and will position itself for the next economic upswing.

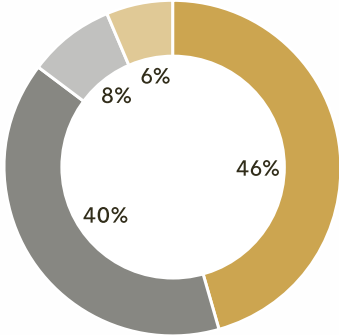
Bystronic's net result was CHF -20.8 million (H1'2023: CHF 19.8 million). This corresponds to a loss of CHF 10.08 per Class A registered share. The return on net operating assets (RONOA) was -15.2% (H1'2023: 12.5%).

Operating free cash flow was CHF -26.9 million, compared to CHF -34.4 million in the previous year. This is primarily due to the loss.

Outlook

Market conditions remain challenging, and Bystronic does not expect recovery in the second half of 2024. As a result, the Group expects order intake and sales below previous year levels and accordingly, a significant loss for 2024.

Net sales per region



- EMEA
- Americas
- China
- APAC



Regional Business Review

EMEA region

Bystronic operates important production sites for the gold and silver segments in the EMEA region: Laser cutting systems are produced in Switzerland; bending machines in Germany and automation solutions in Italy. With a 46% share, EMEA is Bystronic's largest region in terms of sales.

Driven by the high level of economic uncertainty, demand decreased in all markets in the first half of 2024. Overall, order intake fell by 23.6% to CHF 151.6 million (-20.7% at constant exchange rates). Although customers continued to be very cautious, there was a slight improvement over the course of the first six months and an uptick in orders in the second quarter over the first.

In the previous year, the region benefited from a high order backlog. It is now at a more normalized level. As such, sales fell by 36.0% (-33.4% at constant exchange rates) to CHF 150.8 million.

As part of the cost optimization program, Bystronic organized the former country organizations into clusters, reducing one level of management. As planned, long-time President Johan Elster retired, and Eamon Doherty, Chief Service Officer, assumed leadership for the region on an interim basis.

Americas region

Bystronic has successfully developed its business in the Americas region in recent years, expanding its local presence and achieving growth. Despite this good market position, Bystronic was unable to escape the negative economic trends in the last quarters.

The cautious investment behavior of customers led to lower order intake, and orders declined by 24.3% (-21.6% at constant exchange rates) to CHF 110.3 million. In the US, Bystronic serves many small and large customers in the agricultural sector who were cautious with investments due to very low grain prices.

Sales in the region sank by 20.1% (-17.3% at constant exchange rates) to CHF 131.4 million.

China region

In the China region, various activities of the business are represented.

First, the Group conducts research and development in China. The focus is on laser and bending applications as well as on new standardized automation solutions.

Second, Bystronic produces systems and automation solutions for the entry and silver segments in China. The products for the entry segment are especially for the local market and are now also being sold globally through agents. The products for the silver segments are produced for the Chinese markets, as well as those in the APAC region.

Third, Bystronic serves the local markets and relies on a strong presence in sales and service to win local Chinese customers.

Overall, business in China remains highly competitive and is characterized by overcapacity and price pressures. As a result, order intake fell 25.1% (-19.3% at constant exchange rates) to CHF 25.1 million, and net sales declined by 19.2% (-12.8% at constant exchange rates) to CHF 27.9 million.

APAC region

In the APAC region, Bystronic is present with sales and marketing activities. It is the only region with no production sites. The business focuses primarily on the silver segment, which is sourced out of China. The most important markets include Australia and Korea. In Australia, Bystronic recorded another important success with the opening of a customer's first Smart Factory. In Korea, the market declined because the government is investing significantly less in infrastructure programs.

As such, order intake fell by 59.1% (-56.1% at constant exchange rates) to CHF 17.7 million. Net sales decline by 38.1% (-34.0% at constant exchange rates) to CHF 20.7 million.

As part of the cost optimization program, Bystronic reorganized the region. The dynamics are very different in individual markets, so the country organizations now report directly to members of the Extended Executive Committee. By simplifying responsibilities, Bystronic can react even better to local market needs. The former president of the APAC region, Norbert Seo, left the company at the end of April. That role and regional functions have been eliminated.

Consolidated income statement

CHF million		
January - June	2024	2023
Net sales	330.9	468.3
Other operating income	2.2	1.8
Changes in inventories of unfinished and finished goods	8.4	8.8
Material expenses	-143.3	-207.4
Personnel expenses	-122.9	-131.1
Other operating expenses	-88.1	-104.8
Depreciation and impairment on fixed assets	-7.1	-7.4
Amortization and impairment on intangible and financial assets	-3.1	-2.8
Operating result (EBIT)	-23.0	25.3
Financial income	4.4	2.9
Financial expenses	-2.5	-2.9
Result before income taxes	-21.0	25.2
Income taxes	0.2	-5.5
Net result	-20.8	19.8
Earnings per class A registered share in CHF (diluted/basic)	-10.08	9.55
Earnings per class B registered share in CHF (diluted/basic)	-2.02	1.91

Consolidated balance sheet

CHF million	06/30/2024	12/31/2023
ASSETS		
Current assets		
Cash and cash equivalents	134.3	224.6
Securities	169.4	124.3
Trade receivables	110.5	117.5
Prepayments to suppliers	5.4	4.6
Other receivables	33.6	38.4
Inventories	244.4	237.9
Prepaid expenses and accrued income	19.1	14.4
Total current assets	716.8	761.6
Non-current assets		
Fixed assets	124.2	124.4
Intangible assets	10.0	10.8
Financial assets	105.0	104.9
Deferred tax assets	24.3	22.4
Total non-current assets	263.3	262.6
TOTAL ASSETS	980.1	1,024.1
LIABILITIES		
Current liabilities		
Short-term financial liabilities	7.5	1.7
Trade payables	39.6	52.2
Advance payments from customers	102.5	95.3
Other short-term liabilities	18.8	18.9
Short-term provisions	21.0	22.6
Accrued expenses and deferred income	74.3	68.5
Total current liabilities	263.6	259.1
Non-current liabilities		
Pension fund liabilities	0.6	0.5
Long-term provisions	16.1	16.7
Deferred tax liabilities	14.2	17.1
Total non-current liabilities	30.9	34.3
Total liabilities	294.5	293.5
Equity		
Share capital	4.1	4.1
Capital reserves	-32.1	-31.5
Treasury shares	-0.3	-1.6
Retained earnings	713.9	759.6
Total equity	685.6	730.6
TOTAL LIABILITIES AND EQUITY	980.1	1,024.1

Consolidated statement of changes in shareholders' equity

CHF million	Share capital	Capital reserves	Treasury shares	Goodwill offset ¹	Translation differences	Cash flow hedges	Other retained earnings ¹	Retained earnings	Total equity
Total equity December 31, 2022	4.1	-31.4	-2.2	-95.9	-74.9	4.7	919.9	753.7	724.2
Net result							19.8	19.8	19.8
Dividends							-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	-95.9	-78.8	2.4	913.7	741.4	712.3
Total equity December 31, 2023	4.1	-31.5	-1.6	-95.9	-85.5	5.4	935.6	759.6	730.6
Net result							-20.8	-20.8	-20.8
Dividends							-24.8	-24.8	-24.8
Changes of cash flow hedging						-6.0	-0.1	-6.2	-6.2
Share-based compensation		-0.6	1.3						0.7
Translation differences					6.1			6.1	6.1
Total equity June 30, 2024	4.1	-32.1	-0.3	-95.9	-79.4	-0.7	889.8	713.9	685.6

¹ The presentation of the previous year's figures has been adjusted. The goodwill offset is being shown separately as of the end of 2023, whereas in H1 2023 it was included under "Other retained earnings". This has no impact on total equity.

Consolidated cash flow statement

CHF million	January - June 2024	January - June 2023
Net result	-20.8	19.8
Depreciation and impairment on fixed assets	7.1	7.4
Amortization and impairment on intangible and financial assets	3.1	2.8
Gain/loss on disposal of non-current assets	-0.0	-0.0
Change in provisions, deferred taxes and non-current customer loans	-9.4	-7.1
Usage of employer contribution reserve ¹	2.6	2.7
Share-based compensation ¹	0.7	0.4
Other non-cash items ¹	-11.9	6.0
Increase/decrease in:		
inventories	3.3	-23.0
trade receivables	11.7	-3.8
prepayments to suppliers	-0.7	-0.8
other receivables, prepaid expenses and accrued income	1.5	-17.1
trade payables	-12.1	-3.3
advance payments from customers	2.6	-11.5
other liabilities, accrued expenses and deferred income	2.6	0.2
Cash flow from operating activities	-19.6	-27.4
Investment in fixed assets	-5.1	-4.4
Divestment of fixed assets	0.1	0.0
Investment in intangible assets	-2.1	-2.3
Investment in financial assets and securities ²	-150.0	-120.6
Divestment of financial assets and securities ²	104.6	105.4
Cash flow from investing activities	-52.4	-22.0
Cash flow from operating and investing activities	-72.1	-49.3
Dividends paid to shareholders of Bystronic AG	-24.8	-24.8
Increase/repayment in short-term financial liabilities	5.8	2.5
Increase/repayment in other long-term liabilities	-	-0.0
Cash flow from financing activities	-19.0	-22.4
Effect of currency translation on cash and cash equivalents	0.8	-1.6
Change in cash and cash equivalents	-90.3	-73.3
Reconciliation of change in cash and cash equivalents		
Cash and cash equivalents at beginning of period	224.6	216.6
Cash and cash equivalents at the end of period	134.3	143.3

¹ The presentation of the previous year's figures has been adjusted due to a new presentation of "Usage of employer contribution reserve" and "Share-based compensation". Both previously shown under "Other non-cash items".

² The presentation of the previous year's figures has been adjusted. Investments and divestments of financial assets and securities are now shown gross. This has no impact on the total cash flow from investing activities.

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 2024 on July 18, 2024.

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

Accounting principles

The consolidated interim financial statements cover the period from January 1, 2024, to June 30, 2024, 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, 2023. The accounting principles of the consolidated financial statements as of December 31, 2023, have been applied unchanged.

Changes in accounting principles

On January 1, 2024, the "Swiss GAAP FER 28-Government Grants" (FER 28) and the revised standard "Swiss GAAP FER 30-Consolidated Financial Statements" (FER 30) came into force. The new FER 28 standard corresponds to the accounting practice already applied at Bystronic and therefore has no impact on the consolidated financial statements. The amendments to FER 30 mainly specify the accounting and treatment of step acquisitions, goodwill and currency translation differences in connection with group equity-like loans. According to the new standard, previously unrecognized intangible assets relevant to the acquisition of control of an acquired subsidiary must be identified and recognized. As part of the first-time application of FER 30, the new rules on goodwill will not be applied retrospectively. No further changes to standards have been published.

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, 2023.

2 Segment information: order intake/net sales

Order intake

Order intake is an important performance indicator. An order intake is recognized when a sales contract is signed, an initial down payment received and the customer's product order placed at the production plants.

CHF million			
January - June	2024		2023
EMEA	151.6		198.4
Americas	110.3		145.7
China	25.1		33.5
APAC	17.7		43.3
Total Order intake	304.7		420.9

Net sales

CHF million			
January - June 2024	Net sales third parties	Net sales interregion	Total net sales
EMEA	150.8	72.5	223.3
Americas	131.4	1.6	133.0
China	27.9	16.0	43.9
APAC	20.7	1.2	21.9
Eliminations		-91.3	-91.3
Total Net sales	330.9		330.9

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 Net sales	468.3		468.3

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

– none

Changes in the previous year

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

4 Seasonality

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

5 Dividends

At the Annual General Meeting on April 17, 2024, 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	
		06/30/2024	12/31/2023	H1 2024	H1 2023
EUR	1	0.9604	0.9260	0.9590	0.9889
USD	1	0.8979	0.8380	0.8847	0.9159
CNY	100	12.3532	11.7948	12.2887	13.2524

7 Events after the balance sheet date

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

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