

Sales revenue declines in the first half of 2019

Shanghai/Wattwil, 27 August 2019

Key developments

- Sales revenue decreased by 17.5% to RMB 3 816 million
- Profit before tax dropped by 32.6% to RMB 381 million
- Asia (excl. China/India) region grew by almost 15%
- Uzbekistan and Mexico performed well

Mr Clement Woon, Chief Executive Officer, says:

"The first six months of the year proved challenging for the group as we are seeing the delayed impact of the uncertainty resulting from the ongoing trade disputes. Investors are reluctant to invest and since business in our core markets, including China, India and Turkey, are reliant on financing, these factors have had a strong impact on Saurer. Global growth has also slowed down this year.

Another factor that influences the textile industry in particular is ITMA. Being the world's principal textile exhibition, this event has a profound effect on the market as customers delay orders in anticipation of the new products that manufacturers will launch at the exhibition.

At ITMA 2019, Saurer introduced a number of innovations, including its first air-spinning machine. With the addition of a draw frame to its pre-spinning line, the company is moving another step closer to becoming a complete solutions provider for the textile industry. Also supporting this aim is its new extensive range of laboratory equipment.

While we received very positive response at the exhibition, we cannot be complacent in the current environment. We will work diligently to ensure that Saurer is positioned optimally once the global market returns to previous levels."

Key financial data

in RMB 000	HY 2018	HY 2019	Change YoY
Sales revenue	4 627 086	3 815 659	-17.5%
Profit before tax	564 386	380 518	-32.6%
Margin	12.20%	9.97%	-2.23 ppt

in RMB 000	HY 2018	HY 2019	Change YoY
Net profit/(loss)	409 822	352 138	-14.1%
Attributable to equity holders in the company	363 066	277 942	-23.4%
Cash and cash equivalents at the end of the period	575 913	1 139 408	97.8%
Weighted average return on equity	15.22%	5.86%	-9.36 ppt
Basic EPS (in yuan/share)	0.1915	0.1466	-23.4%
Diluted EPS (in yuan/share)	0.1915	0.1466	-23.4%
Weighted average number of shares	1 895 412 995	1 895 412 995	

Balance sheet

in RMB 000	31 December 2018	30 June 2019
Total current assets	10 526 291	8 636 472
Total non-current assets	3 889 415	3 981 194
Total assets	14 415 706	12 617 666
Total current liabilities	5 315 587	5 055 915
Total non-current liabilities	3 112 344	1 530 076
Total liabilities	8 427 931	6 585 991
Total equity attributable to equity holders of the company	4 653 156	4 743 973
Total equity	5 987 775	6 031 675
Total liabilities and equity	14 415 706	12 617 666

Segment overview

in RMB 000	HY 2018	HY 2019	Change YoY
Saurer Spinning Solutions	3 674 867	3 285 098	-10.6%
Saurer Technologies	952 178	530 432	-44.3%

Saurer Technologies experienced a significant decline of 44.3% in the first half of the year. Reasons for this include the exceptional boom in demand for glass fibre, carpet yarn and tire cord in 2017 and 2018 – the resulting saturation in the market has negatively influenced Saurer's twisting business in 2019. Sales declined by 10.6% for the Spinning Solutions segment.

Regional overview

in RMB 000	HY 2018	HY 2019	Change YoY
China	2 434 095	2 171 964	-10.8%
India	351 790	283 470	-19.4%
Turkey	424 865	112 910	-73.4%
Asia (excl. China/India)	692 197	795 516	14.9%
Americas	352 056	236 202	-32.9%
Europe/Africa/others (excl. Turkey)	372 083	215 597	-42.1%

Sales revenue in Saurer's three largest markets dropped. In China, this meant a decline to RMB 2 171.9 million (-10.8%) while sales in India decreased to RMB 283.4 million (-19.4%). In Turkey revenue fell to RMB 112.9 million (-73.4%). The region Asia (excl. China/India) performed well with a growth in sales of 14.9%, amounting to RMB 795.5 million. Uzbekistan was a major contributor to this result. In the Americas region (-32.9%), performance was mixed, with Mexico seeing good growth while the USA experienced a downturn.

The full half-year financial statement in Chinese is published on Saurer's website and that of the Shanghai Stock Exchange.

SAURER.

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About Saurer Group

Saurer Group is a leading globally operating technology group focusing on machinery and components for yarn processing. As a company with a long tradition, Saurer has always been a leader in innovation. Today, Saurer comprises the two segments Saurer Spinning Solutions and Saurer Technologies. Saurer Spinning Solutions offers high quality, technologically advanced and customer-specific automation solutions for processing staple fibre from bale to yarn. Saurer Technologies specialises in twisting and embroidery as well as engineered and polymer solutions. With annual sales revenues of EUR 1 175 million, 4 700 employees, and locations in Switzerland, Germany, Turkey, Brazil, Mexico, the USA, China, India and Singapore, the strongly growing group is well positioned to serve the world's textile industry centres. Saurer is listed on the Shanghai Stock Exchange (securities code: 600545). www.saurer.com.

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