

# 2016

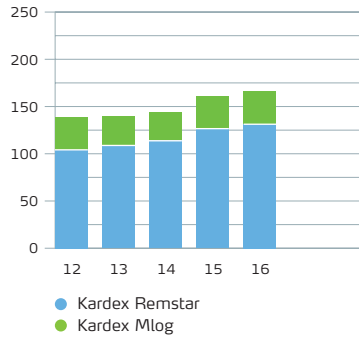
Interim Report

**kardex**group

# Kardex Group at a glance

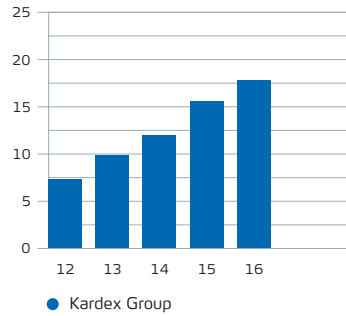
## Net revenues by divisions

1.1.-30.6. in EUR millions



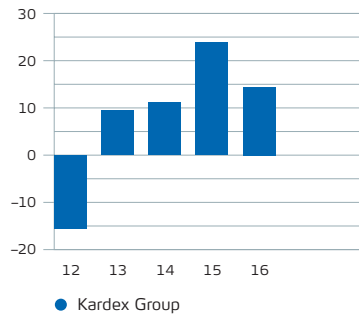
## Operating result (EBIT)

1.1.-30.6. in EUR millions



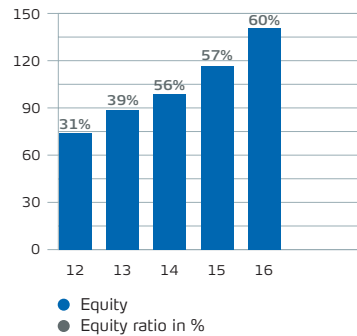
## Net cash flow from operating activities

1.1.-30.6. in EUR millions



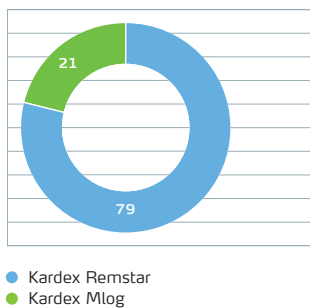
## Equity and equity ratio

30.6. in EUR millions and in %



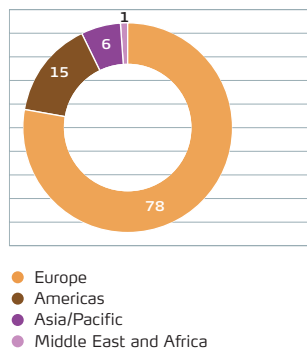
## Net revenues by segments

1.1.-30.6.2016 in %



## Net revenues by regions

1.1.-30.6.2016 in %





# Report to the shareholders

Dear shareholders

Kardex continues to perform well. The good result of the first half of 2016 ties in with the positive developments of the previous periods. In the first half of the year, the Group recorded strong levels of bookings, slightly higher revenues and a further increase in profitability.

## Reduced currency effects

Compared to the previous year, the half-year figures have barely been influenced by currency effects. The consolidated turnover would have been about EUR 2 million higher without currency effects, but at EBIT level these effects were more or less neutralised.

## Strong levels of bookings

With a 13.5% increase in bookings to EUR 204.7 million (previous year: EUR 180.3 million), the 200 million mark was passed for the first time in the first half year. The driving force behind this latest increase was Kardex Mlog, whose bookings increased by roughly 67% compared to the same period last year. In both divisions, the order backlog is higher than in the same period last year. On the other hand, the generated revenue of EUR 170.5 million was only slightly higher by 3.4% than in the same period in the previous year.

## Double-digit growth in operating result

Thanks largely to economies of scale and further efficiency improvements in the factories, the higher revenue led to the gross margin at Group level increasing to 35.5% (previous year: 34.0%). However, the operative costs also rose, especially as the result of further increases in development expenditure. At EUR 18.0 million, the operating result (EBIT) equates to a 10.6% profit margin and is EUR 2.3 million respectively 14.6% higher than in the same period last year. The financial result, which benefited from currency gains in the same period last year, this time recorded a currency loss of EUR 0.5 million (previous period: currency gain of EUR 1.3 million). The recorded net profit of EUR 13.0 million is, however, still 5.7% up on the same period in the previous year.

## Further increase in profitability at Kardex Remstar

In terms of volume, Kardex Remstar continued to develop positively in the first half year and was able to further increase its profitability despite higher expenditure for product and market development. Bookings saw a moderate 1.2% (in local currency 2.7%) increase on the strong level in the same period in the previous year and revenue rose by 3.9% (in local currency 5.4%). On the other hand, a strong operating result of EUR 17.9 million was recorded, up 16.2% on the same period in the previous year. A look at the geographic revenue development shows that the American market is still developing strong; positive trends can be seen in Southern Europe; Central and Northern Europe are stable; and the Asian markets, with the exception of India and Malaysia, are behind expectations. The revenue mix showed a pleasing increase in the after sale service share to 29.6%. OEM revenue is also already contributing 2.0% (previous year: 0.8%) to the total revenue. The development activities focused mainly on new products' planned readiness for series production.

### Strong Bookings at Kardex Mlog

Kardex Mlog achieved strong bookings which increased by 67.0% against the same period last year. This development allows the company to focus further on projects with a balanced reward-/risk profile. The clear increase in bookings did not yet lead to a major increase in revenue in the first half year. Instead, this remains just 2.3% above that in the same period in the previous year. To handle the higher level of backlog, the headcount has been increased by about 10%. At EUR 1.4 million (EBIT margin 3.9%), the recorded operating result is only negligibly below that in the same period of last year (EUR 1.5 million). The high order backlog of EUR 58.4 million will positively affect revenue in the second half year.

### Sustained solid Balance sheet

Kardex's balance sheet total has risen to EUR 237.1 million and the equity ratio has further increased to 59.8% (previous year: 58.7%). In the period under review, the generated free cash flow amounted to EUR 10.7 million and was influenced by normalised accounts receivables and higher investments compared to the higher free cash flow of the same period last year. The Group's net cash position increased to EUR 122.4 million as of 30 June 2016. However it should be taken into account that the pay-out to the shareholders through the reduction of the nominal value of CHF 3.00 per share (CHF 23.2 million) took place on 7 July 2016, i.e. after this balance sheet date. The Group continues to command the necessary flexibility to make targeted use of opportunities to further strengthen its market position.

### Positive outlook

The market for intra-logistics solutions remains attractive, even if short-term demand dynamics vary in different regions of the world. In view of the good order backlog, the Board of Directors and Group Management expect the Group to continue developing positively in line with the communicated financial targets.



Philipp Buhofer  
Chairman of the Board of Directors



Jens Fankhänel  
Chief Executive Officer

# Consolidated interim income statement

EUR millions	1.1.–30.6. 2016	(%)	1.1.–30.6. 2015 <sup>1</sup>	(%)
<b>Net revenues</b>	<b>170.5</b>	<b>100.0%</b>	<b>164.9</b>	<b>100.0%</b>
Cost of goods sold and services provided	-110.0	-64.5%	-108.8	-66.0%
<b>Gross profit</b>	<b>60.5</b>	<b>35.5%</b>	<b>56.1</b>	<b>34.0%</b>
Marketing and sales expenses	-22.9	-13.4%	-22.0	-13.3%
Administrative expenses	-14.2	-8.3%	-14.1	-8.6%
R&D expenses	-4.9	-2.9%	-3.9	-2.4%
Other operating income	0.6	0.4%	0.5	0.3%
Other operating expenses	-1.1	-0.6%	-0.9	-0.5%
<b>Operating result (EBIT)</b>	<b>18.0</b>	<b>10.6%</b>	<b>15.7</b>	<b>9.5%</b>
Financial result, net	-1.1	-0.6%	0.5	0.3%
<b>Result for the period before tax</b>	<b>16.9</b>	<b>9.9%</b>	<b>16.2</b>	<b>9.8%</b>
Income tax expense	-3.9	-2.3%	-3.9	-2.4%
<b>Result for the period</b>	<b>13.0</b>	<b>7.6%</b>	<b>12.3</b>	<b>7.5%</b>
Earnings per share (EUR) <sup>2</sup>	1.68		1.59	

<sup>1</sup> Restated, see note 2.

<sup>2</sup> No dilutive effect occurred in 2016 and 2015.

The notes to the consolidated interim financial statements from page 10 to page 13 represent an integral part of the Group's financial statements.

# Consolidated interim balance sheet

EUR millions	30.6.2016	31.12.2015
Property, plant and equipment	26.0	24.8
Intangible assets	1.8	2.0
Financial assets	7.4	7.1
<b>Non-current assets</b>	<b>35.2</b>	<b>33.9</b>
Inventories and work in progress	17.3	15.2
Trade accounts receivable	49.8	48.0
Other receivables	8.6	8.7
Prepaid expenses	3.8	2.1
Cash and cash equivalents	122.4	112.5
<b>Current assets</b>	<b>201.9</b>	<b>186.5</b>
<b>Assets</b>	<b>237.1</b>	<b>220.4</b>
Share capital	56.4	56.4
Capital reserves	31.1	31.1
Retained earnings and Translation differences	54.2	41.9
<b>Equity</b>	<b>141.7</b>	<b>129.4</b>
Non-current provisions	17.3	17.7
<b>Non-current liabilities</b>	<b>17.3</b>	<b>17.7</b>
Trade accounts payable	12.4	11.8
Current financial liabilities	-	0.2
Current provisions	8.4	8.3
Accruals	35.7	34.4
Other current liabilities	21.6	18.6
<b>Current liabilities</b>	<b>78.1</b>	<b>73.3</b>
<b>Liabilities</b>	<b>95.4</b>	<b>91.0</b>
<b>Equity and liabilities</b>	<b>237.1</b>	<b>220.4</b>

The notes to the consolidated interim financial statements from page 10 to page 13 represent an integral part of the Group's financial statements.

# Consolidated interim cash flow statement

EUR millions	1.1.–30.6. 2016	1.1.–30.6. 2015
Result for the period	13.0	12.3
Depreciation and amortization	2.3	2.5
Change in provisions and pension liabilities	-0.3	1.0
Other non-cash items	-0.2	-0.7
Change in accounts receivable	-2.2	3.5
Change in inventories and work in progress	-2.2	-0.5
Change in other receivables and prepaid expenses	-1.7	0.5
Change in accounts payable	0.7	-0.2
Change in other current liabilities and accruals	4.9	5.4
<b>Net cash flow from operating activities</b>	<b>14.3</b>	<b>23.8</b>
Purchase of property, plant and equipment	-3.1	-2.0
Sale of property, plant and equipment	0.2	0.4
Purchase of intangible assets	-0.4	-0.1
Purchase of financial assets	-0.3	-
<b>Net cash flow from investing activities</b>	<b>-3.6</b>	<b>-1.7</b>
<b>Free cash flow</b>	<b>10.7</b>	<b>22.1</b>
Change in current financial liabilities	-0.2	-0.1
Change in non-current financial liabilities	-	0.2
Dividend paid	-	-12.1
<b>Net cash flow from financing activities</b>	<b>-0.2</b>	<b>-12.0</b>
Effect of currency translation differences on cash and cash equivalents	-0.6	1.9
<b>Net change in cash and cash equivalents</b>	<b>9.9</b>	<b>12.0</b>
Cash and cash equivalents at 1 January	112.5	85.1
Cash and cash equivalents at 30 June	122.4	97.1
<b>Net change in cash and cash equivalents</b>	<b>9.9</b>	<b>12.0</b>

The notes to the consolidated interim financial statements from page 10 to page 13 represent an integral part of the Group's financial statements.



# Consolidated interim statement of changes in equity

EUR millions	Share capital	Capital reserves	Retained earnings	Translation differences	Treasury shares <sup>1</sup>	Equity
<b>Opening balance 1 January 2015</b>	<b>59.9</b>	<b>34.4</b>	<b>21.5</b>	-	-	<b>115.8</b>
Result for the period	-	-	12.3	-	-	12.3
Currency translation differences <sup>2</sup>	-	-	-	1.8	-	1.8
Dividend paid	-	-12.1	-	-	-	-12.1
<b>Closing balance 30 June 2015</b>	<b>59.9</b>	<b>22.3</b>	<b>33.8</b>	<b>1.8</b>	-	<b>117.8</b>
<b>Opening balance 1 July 2015</b>	<b>59.9</b>	<b>22.3</b>	<b>33.8</b>	<b>1.8</b>	-	<b>117.8</b>
Result for the period	-	-	16.2	-	-	16.2
Currency translation differences	-	-	-	0.2	-	0.2
Acquisition of treasury shares	-	-	-	-	-0.2	-0.2
Disposal of treasury shares	-	-	-	-	0.2	0.2
Dividend paid	-	12.1	-12.1	-	-	-
Reduction of nominal value	-3.5	-	-1.3	-	-	-4.8
Reclassification	-	-3.3	3.3	-	-	-
<b>Closing balance 31 December 2015</b>	<b>56.4</b>	<b>31.1</b>	<b>39.9</b>	<b>2.0</b>	-	<b>129.4</b>
<b>Opening balance 1 January 2016</b>	<b>56.4</b>	<b>31.1</b>	<b>39.9</b>	<b>2.0</b>	-	<b>129.4</b>
Result for the period	-	-	13.0	-	-	13.0
Currency translation differences <sup>2</sup>	-	-	-	-0.7	-	-0.7
<b>Closing balance 30 June 2016</b>	<b>56.4</b>	<b>31.1</b>	<b>52.9</b>	<b>1.3</b>	-	<b>141.7</b>

<sup>1</sup> Number of treasury shares held as of 30.6.2016: 0 (30.6.2015: 0).

<sup>2</sup> This item also includes the exchange rate differences arising from net investments in foreign operations less deferred tax.

The notes to the consolidated interim financial statements from page 10 to page 13 represent an integral part of the Group's financial statements.

# Notes to the consolidated interim financial statements

## 1. General information

The accompanying consolidated financial statements of the Kardex Group include Kardex AG and its subsidiaries (referred to collectively as the "Group" and individually as the "Group companies") and comprise the unaudited consolidated interim financial statements for the six months ended 30 June 2016. Kardex AG is the Group's parent company, a limited company under Swiss law, which is registered and domiciled in Zurich, Switzerland. Kardex AG is listed on SIX Swiss Exchange.

The Group's consolidated financial statements are prepared in accordance with Swiss GAAP FER (FER). The consolidated interim financial statements, which have been prepared in accordance with FER 31 "Complementary recommendation for listed companies", section "Interim reporting", do not include all the information and disclosures presented in the annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements compiled for the financial year ending 31 December 2015 as they represent an update of the last complete set of financial statements.

The Board of Directors approved these consolidated interim financial statements on 10 August 2016 and released them for publication.

## 2. Change in accounting policy

In the previous financial reports cash discounts granted to customers as well as cash discounts granted by suppliers were recorded in the reporting line "Financial result, net". Since 1 January 2016 FER 3.18 explicitly requests net sales being netted by trade discounts and rebates. In order to meet this requirement the Group has applied a change in accounting policy by allocating "Cash discounts granted to customers" to the reporting line "Net revenues" and "Cash discounts granted by suppliers" to "Cost of goods sold and services provided". The income statement of the previous period January to June 2015 has been restated. This restatement reduced "Net revenues" by EUR 0.2 million (Kardex Remstar Division and Kardex Mlog Division each by EUR –0.1 million) and "Cost of goods sold and services provided" by EUR 0.6 million (Kardex Remstar Division EUR –0.5 million; Kardex Mlog Division EUR –0.1 million). As a consequence "Gross profit" and "Operating result (EBIT)" both increased by EUR 0.4 million and the "Financial result, net" is reduced by EUR 0.4 million.

## 3. Segment reporting

The Group is a global industry partner for intra-logistic solutions and a leading supplier of automated storage solutions and material handling systems. The Group consists of two entrepreneurially managed divisions, Kardex Remstar and Kardex Mlog. Kardex Remstar develops, produces and maintains dynamic storage and retrieval systems and Kardex Mlog offers integrated materials handling systems and automated high-bay warehouses. The two divisions are partners for their customers over the entire life cycle of a product or solution.

### 3.1 Segment reporting at 30 June 2016

#### Income statement

EUR millions	Operating segments				Kardex Group
	Kardex Remstar	Kardex Mlog	Kardex AG (Holding)	Eliminations	
<b>Bookings</b>	<b>148.3</b>	<b>56.6</b>	-	<b>-0.2</b>	<b>204.7</b>
Net revenues, third party					
– Europe	97.8	36.0	-	-	133.8
– Americas	25.5	-	-	-	25.5
– Asia/Pacific	9.7	-	-	-	9.7
– Middle East and Africa	1.5	-	-	-	1.5
<b>Total net revenues, third party</b>	<b>134.5</b>	<b>36.0</b>	-	-	<b>170.5</b>
Net revenues, with other operating segments	0.1	0.1	-	-0.2	-
<b>Net revenues</b>	<b>134.6</b>	<b>36.1</b>	-	<b>-0.2</b>	<b>170.5</b>
Cost of goods sold and services provided	-80.1	-30.1	-	0.2	-110.0
<b>Gross profit</b>	<b>54.5</b>	<b>6.0</b>	-	-	<b>60.5</b>
Gross profit margin	40.5%	16.6%			35.5%
Marketing and sales expenses	-20.3	-2.6	-	-	-22.9
Administrative expenses	-11.2	-1.7	-2.4	1.1	-14.2
R&D expenses	-4.6	-0.3	-	-	-4.9
Other operating income	0.6	-	1.1	-1.1	0.6
Other operating expenses	-1.1	-	-	-	-1.1
<b>Operating result (EBIT)</b>	<b>17.9</b>	<b>1.4</b>	<b>-1.3</b>	-	<b>18.0</b>
EBIT margin	13.3%	3.9%			10.6%
Depreciation and amortization	2.0	0.2	0.1	-	2.3
<b>EBITDA</b>	<b>19.9</b>	<b>1.6</b>	<b>-1.2</b>	-	<b>20.3</b>
EBITDA margin	14.8%	4.4%			11.9%

### 3.2 Segment reporting at 30 June 2015

#### Income statement<sup>1</sup>

EUR millions	Operating segments				Kardex Group
	Kardex Remstar	Kardex Mlog	Kardex AG (Holding)	Eliminations	
<b>Bookings</b>	<b>146.5</b>	<b>33.9</b>	-	<b>-0.1</b>	<b>180.3</b>
Net revenues, third party					
- Europe	91.1	35.3	-	-	126.4
- Americas	24.2	-	-	-	24.2
- Asia/Pacific	10.4	-	-	-	10.4
- Middle East and Africa	3.9	-	-	-	3.9
<b>Total net revenues, third party</b>	<b>129.6</b>	<b>35.3</b>	-	-	<b>164.9</b>
Net revenues, with other operating segments	-	-	-	-	-
<b>Net revenues</b>	<b>129.6</b>	<b>35.3</b>	-	-	<b>164.9</b>
Cost of goods sold and services provided	-79.4	-29.4	-	-	-108.8
<b>Gross profit</b>	<b>50.2</b>	<b>5.9</b>	-	-	<b>56.1</b>
Gross profit margin	38.7%	16.7%			34.0%
Marketing and sales expenses	-19.5	-2.5	-	-	-22.0
Administrative expenses	-11.2	-1.7	-2.2	1.0	-14.1
R&D expenses	-3.7	-0.2	-	-	-3.9
Other operating income	0.4	0.1	1.0	-1.0	0.5
Other operating expenses	-0.8	-0.1	-	-	-0.9
<b>Operating result (EBIT)</b>	<b>15.4</b>	<b>1.5</b>	<b>-1.2</b>	-	<b>15.7</b>
EBIT margin	11.9%	4.2%			9.5%
Depreciation and amortization	2.2	0.2	0.1	-	2.5
<b>EBITDA</b>	<b>17.6</b>	<b>1.7</b>	<b>-1.1</b>	-	<b>18.2</b>
EBITDA margin	13.6%	4.8%			11.0%

<sup>1</sup> Restated, see note 2.

#### 4. Significant changes

There were no significant changes in the period under review.

#### 5. Earnings per share

	30.6.2016	30.6.2015
No. of outstanding shares, 1 January	7730000	7730000
Acquisition of treasury shares	-	-
Disposal of treasury shares	-	-
<b>No. of outstanding shares, 30 June</b>	<b>7730000</b>	<b>7730000</b>
<b>Weighted average No. of outstanding shares</b>	<b>7730000</b>	<b>7730000</b>
<b>Result for the period (EUR)</b>	<b>12974000</b>	<b>12254000</b>
<b>Basic earnings per share (EUR)</b>	<b>1.68</b>	<b>1.59</b>
<b>Diluted earnings per share (EUR)<sup>1</sup></b>	<b>1.68</b>	<b>1.59</b>

<sup>1</sup> No dilutive effect occurred in 2016 and 2015, the diluted result per share is the same as the basic result per share (result for the period/average number of outstanding shares).

#### 6. Contingent liabilities

The Group is currently involved in various litigations arising in the course of business. The Group does not anticipate that the outcome of these proceedings, either individually or in total, will have a material effect on its financial or income situation.

#### 7. Events after the balance sheet date

The reduction of the nominal value by CHF 3.00 from CHF 10.35 to CHF 7.35 per share took place on 7 July 2016. This payout to the shareholders reduced the share capital by CHF 23.2 million to CHF 56.8 million.

No further events have taken place between 30 June 2016 and 10 August 2016 that would require an adjustment of the carrying amounts of assets and liabilities of the Group or need to be disclosed here.

# Agenda

## **Publication Annual Report 2016**

Wednesday, 8 March 2017

Media and Analysts Conference

SIX Swiss Exchange, Zurich, Switzerland

## **Annual General Meeting**

Thursday, 20 April 2017

SIX Swiss Exchange, Zurich, Switzerland

## **Publication Interim Report 2017**

Thursday, 10 August 2017

Conference Call for Media and Analysts

The Group publishes its Interim Report in English and German. The financial report is published in English only. In the event of any conflict between the English and German version, the English version shall prevail.

This Interim Report contains statements that constitute "forward-looking statements". In this communication, such forward-looking statements include, without limitation, statements relating to our financial condition, results of operations and business and certain of our strategic plans and objectives. Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors which are beyond Kardex's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the actions of governmental regulators and other risk factors detailed in Kardex's past and future filings and reports and in past and future filings, press releases, reports and other information posted on Kardex Group companies' websites. Readers are cautioned not to put undue reliance on forward-looking statements, which speak only of the date of this communication. Kardex disclaims any intention or obligation to update and revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## **Published by**

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