

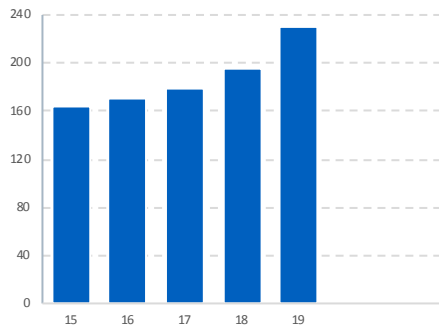
2019

Interim Report

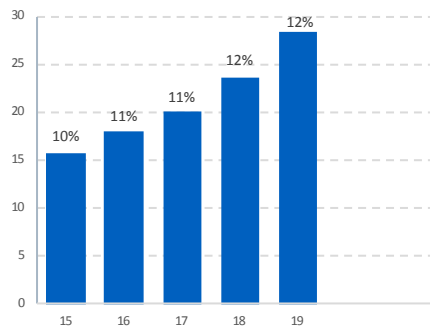
kardexgroup

Kardex Group at a glance

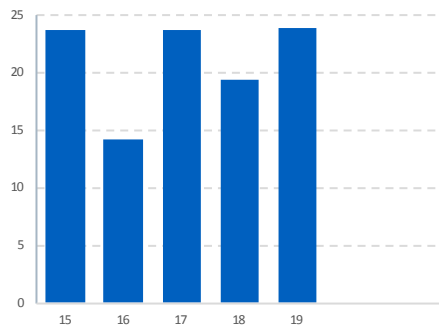
Net revenues
1.1.-30.6. in EUR millions



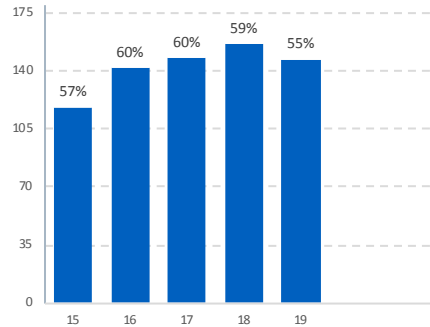
Operating result (EBIT) and EBIT margin
1.1.-30.6. in EUR millions and in %



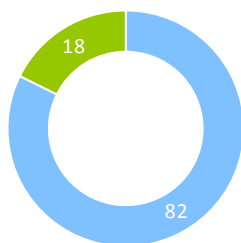
Net cash flow from operating activities
1.1.-30.6. in EUR millions



Equity and equity ratio
30.6. in EUR millions and in %

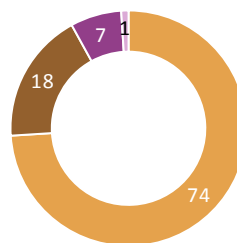


Net revenue by segment
1.1.-30.6.2019 in %



- Kardex Remstar
- Kardex Mlog

Net revenue by region
1.1.-30.6.2019 in %



- Europe
- Americas (North, Middle, South)
- Asia/Pacific
- Middle East and Africa

Highlights and key figures

First half 2019

Kardex Group significantly increases revenue and operating income

Kardex Remstar accelerates growth and further increases net profit

Kardex Mlog increases profitability but shows lower bookings

Key figures

EUR millions

1.1.-30.6.	2019		2018		+/-%
Bookings	239.9	104.5%	246.0	126.1%	-2.5%
Order backlog (30.6.)	246.8	107.5%	222.1	113.8%	11.1%
Net revenues	229.6	100.0%	195.1	100.0%	17.7%
Gross Profit	80.1	34.9%	69.7	35.7%	14.9%
OPEX	51.7	22.5%	46.1	23.6%	12.1%
EBITDA	31.4	13.7%	26.4	13.5%	18.9%
Operating result (EBIT)	28.4	12.4%	23.6	12.1%	20.3%
Result for the period (net profit)	20.2	8.8%	17.0	8.7%	18.8%
Net cash flow from operating activities	23.9		19.4		23.2%
Free cash flow	17.7		15.6		13.5%
ROCE	54.0%		51.4%		5.1%
	30.6.2019		31.12.2018		+/-%
Net working capital	67.1		63.9		5.0%
Net cash	119.9		129.2		-7.2%
Equity/Equity ratio	146.8	55.3%	153.3	57.9%	-4.2%
Employees (FTE)	1 880		1 807		4.0%

Report to the shareholders

Continued good business at Kardex

The Kardex Group is once again looking back on a positive first half with increased revenues and a further improvement in operating income. The largely stable market conditions and strong position in the intralogistics market led to a continuation of a good level of bookings at Kardex Remstar, thus ensuring full order books. At Kardex Mlog, bookings in the period under review were low, but revenues also show double-digit growth with good margins due to the processing of the high order backlog.

At EUR 239.9 million, bookings for Kardex Group were 2.5% down from previous year's level (EUR 246.0 million). Group revenues in the first half of the year amounted to EUR 229.6 million (EUR 195.1 million), an increase of 17.7%. New business revenues grew by 19.5% to EUR 165.2 million (EUR 138.3 million). Life Cycle Service also increased its revenues by 13.4%, accounting for 28.0% of total revenues (29.1%). The Group's order backlog at the end of the period was 11.1% up on the already strong prior-year period and has increased by 7.3% since the beginning of this year. The number of employees increased by 4.0% to 1 880 full-time equivalents since the beginning of the year.

Strong increase in operating income and net profit

Gross profit at Group level increased by 14.9% to EUR 80.1 million, but due to the higher share of new business revenue the gross profit margin was slightly reduced to 34.9% (35.7%). Operating expenses increased primarily in IT and R&D, but at a lower rate than revenues. This resulted in a strongly increased (+20.3%) operating income of EUR 28.4 million with an EBIT margin of 12.4% (12.1%). Financial result and taxes combined are slightly higher than in the previous year leading to a net profit increase of 18.8% to EUR 20.2 million (EUR 17.0 million). This corresponds to a net profit margin of 8.8% (8.7%) and a ROCE of 54.0% (51.4%).

Kardex Remstar with a further increase in bookings

Despite more selective sales activity, Kardex Remstar achieved an increase in bookings in almost all markets. Europe and North America were the main drivers, while Asia developed in a satisfactory way. The Middle East and Africa region showed little revival. Bookings increased by a total of 7.5% to EUR 211.6 million (EUR 196.8 million).

The order backlog of EUR 185.9 million (EUR 160.1 million) at the end of the period provides an extended visibility with regards to the revenue development in the second half of the year.

Investments in the supply chain are beginning to take effect and delivery times could be slightly reduced. New business revenues increased by 22.0% and Life Cycle Service business grew by 12.6%, not least due to the market's good acceptance of the continuously expanded services. Overall, the division's revenue grew by 19.1% year-on-year to EUR 189.1 million (EUR 158.8 million). Operating income rose by 19.1% to EUR 27.4 million, which corresponds to the same good EBIT margin of 14.5%.

As North America in particular continues to develop in a promising way, the division will open an own production site in the USA approximately mid-2020. The corresponding planning processes are already well advanced. In addition, the recruitment of qualified personnel in all functions and markets remains a major challenge for the organization.

Kardex Mlog with solid development despite weak bookings

Kardex Mlog recorded a 42.5% decline in bookings to EUR 28.4 million (EUR 49.4 million) in the first half of the year. On the one hand, the decline can be attributed to normal cyclicity in the project business, but on the other hand it also reflects a certain hesitance in the market to decide for major investments. Nevertheless, the offer funnel for the second half of 2019 is well filled. Revenues of EUR 40.6 million were 11.8% higher than previous year, with Life Cycle Service grew overproportional by 21.2%. As operating costs developed slightly underproportional to revenue, EBIT increased by 33.3% to EUR 2.4 million. The EBIT margin thus increased significantly to 5.9% (5.0%). The order backlog fell only slightly from EUR 62.1 million in the previous year to EUR 61.0 million and thus continues to form a good basis for the second half of the year.

Balance sheet remains solid

The distribution to shareholders in the amount of EUR 27.5 million took the form of a normal dividend in the reporting period, while the distribution in 2018 took place in July as a reduction in nominal value. As a result, the equity ratio reported for the first half of the year is slightly lower than previous year. Kardex Group's balance sheet remains very robust and shows total assets of EUR 265.3 million at the end of the period (31.12.2018: EUR 264.9 million). The company is debt-free and has a net cash of EUR 119.9 million. At EUR 17.7 million, the free cash flow generated in the first half of the year was significantly higher than in the same period last year (EUR 15.6 million) despite higher investments.

Outlook

At Kardex Remstar, there are currently only few signs of a change in the current positive market environment. For Kardex Mlog we are somewhat more cautious due to the prolonged project award periods. The Board of Directors and the Group Management are confident about the second half of the year due to the full order books.



Philipp Buhofer
Chairman of the Board of Directors



Jens Fankhänel
Chief Executive Officer

Consolidated interim income statement

EUR millions	1.1.-30.6.2019	(%)	1.1.-30.6.2018	(%)
Net revenues	229.6	100.0%	195.1	100.0%
Cost of goods sold and services provided	-149.5	-65.1%	-125.4	-64.3%
Gross profit	80.1	34.9%	69.7	35.7%
Sales and marketing expenses	-29.1	-12.7%	-25.1	-12.9%
Administrative expenses	-17.7	-7.7%	-15.7	-8.0%
R&D expenses	-5.3	-2.3%	-5.1	-2.6%
Other operating income	1.2	0.5%	0.3	0.2%
Other operating expenses	-0.8	-0.3%	-0.5	-0.3%
Operating result (EBIT)	28.4	12.4%	23.6	12.1%
Financial result, net	-1.0	-0.4%	-0.6	-0.3%
Result for the period before tax	27.4	11.9%	23.0	11.8%
Income tax expense	-7.2	-3.1%	-6.0	-3.1%
Result for the period	20.2	8.8%	17.0	8.7%
Attributable to:				
Shareholders of Kardex AG	19.8	8.6%	17.0	8.7%
Minority interests	0.4	0.2%	-	0.0%
Result for the period	20.2	8.8%	17.0	8.7%
Earnings per share attributable to shareholders (EUR) ¹	2.57		2.20	

¹ No dilutive effect occurred in 2019 and 2018.

The notes to the consolidated interim financial statements from page 9 to page 12 represent an integral part of the Group's financial statements.

Consolidated interim balance sheet

EUR millions	30.6.2019	31.12.2018
Property, plant and equipment	36.0	33.0
Intangible assets	3.0	2.6
Financial assets	6.3	6.6
Non-current assets	45.3	42.2
Inventories and work in progress	19.0	15.0
Trade accounts receivable	56.9	62.5
Other receivables	19.8	11.4
Prepaid expenses	4.4	4.6
Cash and cash equivalents	119.9	129.2
Current assets	220.0	222.7
Assets	265.3	264.9
Share capital	2.5	2.5
Capital reserves	31.2	31.2
Retained earnings and translation differences	113.8	120.7
Treasury shares	-1.1	-1.1
Equity before minorities	146.4	153.3
Minority interests	0.4	-
Equity	146.8	153.3
Non-current provisions	20.9	19.4
Non-current liabilities	20.9	19.4
Trade accounts payable	17.6	14.2
Current provisions	4.6	4.9
Accruals	49.8	48.4
Other current liabilities	25.6	24.7
Current liabilities	97.6	92.2
Liabilities	118.5	111.6
Equity and liabilities	265.3	264.9

The notes to the consolidated interim financial statements from page 9 to page 12 represent an integral part of the Group's financial statements.

Consolidated interim cash flow statement

EUR millions	1.1.-30.6.2019	1.1.-30.6.2018
Result for the period	20.2	17.0
Depreciation and amortization	3.0	2.8
Changes in provisions and pension liabilities	0.7	-1.3
Other non-cash items	0.1	-0.6
Change in inventories and work in progress	-3.5	-3.4
Change in accounts receivable	8.1	5.8
Change in other receivables	-8.7	-7.9
Change in prepaid expenses	0.2	-1.1
Change in accounts payable	2.4	-0.4
Change in accruals	0.9	0.2
Change in other current liabilities	0.5	8.3
Net cash flow from operating activities	23.9	19.4
Purchase of property, plant and equipment	-5.4	-3.4
Purchase of intangible assets	-0.8	-0.2
Acquisition of organizations	-	-0.2
Net cash flow from investing activities	-6.2	-3.8
Free cash flow	17.7	15.6
Disposal of treasury shares	-	0.1
Dividend paid	-27.6	-
Net cash flow from financing activities	-27.6	0.1
Effect of currency translation differences on cash and cash equivalents	0.6	0.1
Net change in cash and cash equivalents	-9.3	15.8
Cash and cash equivalents at 1 January	129.2	114.9
Cash and cash equivalents at 30 June	119.9	130.7
Net change in cash and cash equivalents	-9.3	15.8

The notes to the consolidated interim financial statements from page 9 to page 12 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 ¹	Equity before minorities	Minority interests	Equity
Opening balance 1 January 2018	21.9	31.1	88.0	-0.8	-1.2	139.0	-	139.0
Result for the period	-	-	17.0	-	-	17.0	-	17.0
Acquisition of goodwill	-	-	-0.1	-	-	-0.1	-	-0.1
Currency translation differences ²	-	-	-	0.3	-	0.3	-	0.3
Disposal of treasury shares ¹	-	-	-	-	0.1	0.1	-	0.1
Valuation of hedging instruments	-	-	-0.6	-	-	-0.6	-	-0.6
Closing balance 30 June 2018	21.9	31.1	104.3	-0.5	-1.1	155.7	-	155.7
Opening balance 1 July 2018	21.9	31.1	104.3	-0.5	-1.1	155.7	-	155.7
Result for the period	-	-	21.3	-	-	21.3	-	21.3
Acquisition of goodwill	-	-	-0.1	-	-	-0.1	-	-0.1
Currency translation differences	-	-	-	0.4	-	0.4	-	0.4
Disposal of treasury shares	-	0.1	-	-	-	0.1	-	0.1
Reduction of nominal value	-19.4	-	-4.7	-	-	-24.1	-	-24.1
Closing balance 31 December 2018	2.5	31.2	120.8	-0.1	-1.1	153.3	-	153.3
Opening balance 1 January 2019	2.5	31.2	120.8	-0.1	-1.1	153.3	-	153.3
Result for the period	-	-	19.8	-	-	19.8	0.4	20.2
Acquisition of organizations ³	-	-	-	-	-	-	0.1	0.1
Currency translation differences ²	-	-	-	0.4	-	0.4	-	0.4
Dividend paid	-	-	-27.5	-	-	-27.5	-0.1	-27.6
Valuation of hedging instruments	-	-	0.4	-	-	0.4	-	0.4
Closing balance 30 June 2019	2.5	31.2	113.5	0.3	-1.1	146.4	0.4	146.8

¹ Number of treasury shares held as of 30 June 2019: 12 887 (30 June 2018: 14 216).

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

³ Represents capital paid in by minority shareholders (note 4).

The notes to the consolidated interim financial statements from page 9 to page 12 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 2019. 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 2018 as they represent an update of the last complete set of financial statements.

The Board of Directors approved these consolidated interim financial statements on 29 July 2019 and released them for publication.

2. Alternative performance measures (APM)

Based on the Directive on the Use of Alternative Performance Measures (DAPM) entered into force as per 1 January 2019, issuers whose equity securities are listed on SIX Swiss Exchange Ltd. are requested to publish clear and comprehensive definitions of APM. APM are financial measures not clearly defined or specified in the applicable recognized accounting standard.

All notes mentioned below are found in the Annual Report 2018. All other positions are part of the balance sheet.

Capital employed

Capital employed (CE) as a total includes 'Property, plant and equipment', 'Intangible assets', 'Other financial assets' (note 13) and NWC.

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) as a subtotal includes EBIT before deduction of impairment and depreciation respectively amortization of 'Property, plant, equipment' and 'Intangible assets'.

Equity ratio

The equity ratio is calculated by dividing 'Equity' by balance sheet total ('Assets' or 'Equity and liabilities').

Net cash

Net cash correspond to the 'Cash and cash equivalents' reduced by 'Interest bearing debt'.

NWC

Net working capital (NWC) as a total includes 'Total inventories and work in progress' excluding 'Allowances' (note 14), 'Total trade accounts receivable' excluding 'Allowances for doubtful accounts' (note 15), 'Construction contracts with amounts due from customers (underfinanced – POC)' and 'Advance payments' (note 16), deducted by 'Trade accounts payable', 'Construction contracts with amounts due from customers (overfinanced – POC)' and 'Other current liabilities' (note 24).

ROCE

Return on capital employed (ROCE) is calculated by dividing EBIT by CE.

3. Segment reporting

The Group is a global industry partner for intralogistic solutions and a leading supplier of automated storage solutions and materials handling systems. The Group consists of the 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 2019

Income statement

EUR millions	Operating segments		Kardex AG (Holding)	Eliminations	Kardex Group
	Kardex Remstar	Kardex Mlog			
Bookings	211.6	28.4	-	-0.1	239.9
Net revenues, third party					
- Europe	128.6	40.6	-	-	169.2
- Americas	42.3	-	-	-	42.3
- Asia/Pacific	16.0	-	-	-	16.0
- Middle East and Africa	2.1	-	-	-	2.1
Total net revenues, third party	189.0	40.6	-	-	229.6
Net revenues, with other operating segments	0.1	-	-	-0.1	-
Net revenues¹	189.1	40.6	-	-0.1	229.6
Cost of goods sold and services provided	-117.5	-32.1	-	0.1	-149.5
Gross profit	71.6	8.5	-	-	80.1
Gross profit margin	37.9%	20.9%			34.9%
Sales and marketing expenses	-25.6	-3.5	-	-	-29.1
Administrative expenses	-14.2	-2.1	-3.2	1.8	-17.7
R&D expenses	-4.8	-0.5	-	-	-5.3
Other operating income	1.1	0.1	1.8	-1.8	1.2
Other operating expenses	-0.7	-0.1	-	-	-0.8
Operating result (EBIT)	27.4	2.4	-1.4	-	28.4
EBIT margin	14.5%	5.9%			12.4%
Depreciation and amortization	2.4	0.4	0.2	-	3.0
EBITDA	29.8	2.8	-1.2	-	31.4
EBITDA margin	15.8%	6.9%			13.7%

¹ The revenues comprise EUR 154.4 million from New Business and EUR 75.2 million from Life Cycle Services.

3.2 Segment reporting at 30 June 2018

Income statement

EUR millions	Operating segments		Kardex AG (Holding)	Eliminations	Kardex Group
	Kardex Remstar	Kardex Mlog			
Bookings	196.8	49.4	-	-0.1	246.0
Net revenues, third party					
- Europe	112.7	35.9	-	-	148.6
- Americas	31.0	0.4	-	-	31.4
- Asia/Pacific	12.3	-	-	-	12.3
- Middle East and Africa	2.8	-	-	-	2.8
Total net revenues, third party	158.8	36.3	-	-	195.1
Net revenues, with other operating segments	-	-	-	-	-
Net revenues¹	158.8	36.3	-	-	195.1
Cost of goods sold and services provided	-96.4	-29.0	-	-	-125.4
Gross profit	62.4	7.3	-	-	69.7
Gross profit margin	39.3%	20.1%			35.7%
Sales and marketing expenses	-21.9	-3.2	-	-	-25.1
Administrative expenses	-12.6	-1.9	-2.3	1.1	-15.7
R&D expenses	-4.7	-0.4	-	-	-5.1
Other operating income	0.3	-	1.1	-1.1	0.3
Other operating expenses	-0.5	-	-	-	-0.5
Operating result (EBIT)	23.0	1.8	-1.2	-	23.6
EBIT margin	14.5%	5.0%			12.1%
Depreciation and amortization	2.3	0.4	0.1	-	2.8
EBITDA	25.3	2.2	-1.1	-	26.4
EBITDA margin	15.9%	6.1%			13.5%

¹ The revenues comprise EUR 129.6 million from New Business and EUR 65.5 million from Life Cycle Services.

4. Significant changes

As of 1 January 2019 two subsidiaries with a minority stake which are not material for the Kardex Group were included into the scope of consolidation. Due to their expected growth in future years Group management decided to include them into the scope of consolidation.

In June 2019, Kardex US Manufacturing LLC, Dover (Delaware), USA was founded to further strengthen the US market for the Kardex Remstar Division and is a 100% subsidiary of Kardex Production USA Inc., Westbrook (Maine), USA.

5. Earnings per share

	30.6.2019	30.6.2018
Number of outstanding shares, 1 January	7 716 805	7 714 851
Disposal of treasury shares	308	933
Number of outstanding shares, 30 June	7 717 113	7 715 784
Weighted average number of outstanding shares	7 716 964	7 715 328
Result for the period attributable to shareholders of Kardex AG (EUR 1 000)	19 820	16 983
Basic earnings per share (EUR)	2.57	2.20
Diluted earnings per share (EUR)¹	2.57	2.20

¹ No dilutive effect occurred in 2019 and 2018, the diluted result per share is the same as the basic result per share (result of 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

No further events have taken place between 30 June 2019 and 29 July 2019 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 2019

Thursday, 5 March 2020

Conference Call for Media and Analysts

Annual General Meeting

Tuesday, 14 April 2020

SIX Swiss Exchange, Zurich, Switzerland

Publication Interim Report 2020

Thursday, 30 July 2020

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.

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