

## Media Release

Schaffhausen

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### Growth well above target

- Sales grew 11% to CHF 4'150 million
- Operating result (EBIT) increased 13% to CHF 352 million
- Earnings per share reach CHF 62 up 17% from CHF 53 in 2016
- Strategy implementation well on track

GF grew substantially in all regions in 2017 with China showing the highest rates of growth and overall sales reached CHF 4'150 million, an 11% increase. Free of acquisitions and currency effects, growth reached the 10% mark, well over the 2020 strategy objective of 3–5% per annum. All three divisions did contribute in a significant manner, GF Piping Systems the most.

The operating result (EBIT) reached CHF 352 million, for a return on sales (ROS) of 8.5% against 8.3% in 2016, and the return on invested capital stood at 20.3%, up from 19.3% in 2016. The increase of profitability was attributable to GF Piping Systems and GF Machining Solutions.

The number of employees increased by 7% to 15'835 against 14'808 in 2016, mainly as a result of the acquisitions done during the course of the year.

GF achieved a net result of CHF 258 million, a 15% increase to previous year and net cash flow before acquisitions stood at CHF 204 million well in line with the company's objective range of CHF 150–200 million a year. Earnings per share reached CHF 62 against CHF 53 for 2016.

In view of the positive financial developments in 2017, the Board of Directors will propose at the upcoming shareholders' meeting an increased dividend of CHF 23 a share, up from CHF 20 in the previous year.

#### Key figures

	Corporation		GF Piping Systems		GF Automotive		GF Machining Solutions	
	2017	2016	2017	2016	2017	2016	2017	2016
CHF million								
Order intake	4'274	3'749	1'718	1'488	1'527	1'346	1'030	917
Sales	4'150	3'744	1'678	1'494	1'482	1'335	992	916
Sales growth %	10.8	2.9	12.3	5.4	11.0	1.1	8.3	1.6
Organic growth %	9.8	1.8	12.1	5.0	8.9	-0.3	7.4	-0.3
EBITDA	491	443	245	214	158	161	96	77
EBIT	352	311	189	162	93	100	82	62
Net profit	258	225						
Free cash flow before acquisitions/divestitures	204	231						
Return on sales (EBIT margin) %	8.5	8.3	11.3	10.8	6.3	7.5	8.3	6.8
Invested capital (IC)	1'466	1'333	671	669	481	397	269	261
Return on invested capital (ROIC) %	20.3	19.3	22.9	20.6	19.5	23.1	24.1	18.3
Number of employees	15'835	14'808	6'764	6'507	5'738	5'047	3'255	3'102

### **GF Piping Systems**

GF Piping Systems grew its sales by 12% to CHF 1'678 million, supported by a strong demand across all market segments and geographies. Organic growth stood also at the 12% level. The division generated an operating result of CHF 189 million, 17% more than in the previous year, as most plants were well-loaded and the higher share of high-value products contributed to a rise in margins.

In July, GF Piping Systems acquired Urecon Ltd., Quebec (Canada), a specialist of pre-insulated pipes for freeze control, with the intention to also use the company as a springboard in North America for its pre-insulated cooling pipes offering.

### **GF Automotive**

GF Automotive sales amounted to CHF 1'482 million, an 11% increase on the back of a sustained demand for both its light metal castings for cars and its iron castings for trucks. Organic growth itself was 9% as the Euro strongly appreciated during the second half-year. One has to note that approx. 3% of the growth came from passing on raw material hikes to customers.

Since raw material prices steadily increased during the whole year and price adaptations for components are done with a delay of two to three months, the impact on the operating result was in fact negative. Operating costs were up owing to the installation of a new light metal plant in the US and the ramping-up of the new iron castings line in Singen (Germany). As a consequence of the above-mentioned factors, the operating result stood at CHF 93 million against CHF 100 million in 2016.

GF Automotive acquired in November 2017 Eucasting Ro SRL, based in Pitesti (Romania), a successful light metal foundry generating more than CHF 50 million in annual sales. The aim is to better serve its customers in Eastern Europe, a fast-growing region for the car industry. In the US, the new light metal casting plant of Mills River, North Carolina, has been inaugurated in October and will start production as of mid-2018 with an already very high order intake.

### **GF Machining Solutions**

GF Machining Solutions had a successful run in 2017, increasing its order intake by more than 12% to CHF 1'030 million and generating sales of CHF 992 million, an increase of 8%. Organic growth reached 7%. The main growth drivers were the aerospace and ICT (information and communication technology) sectors, particularly in China, but also across Europe. Moreover, a rising demand for automation and recently launched new products supported higher sales and margins in the second half. The division significantly increased its operating result by 32% to CHF 82 million.

In order to speed up its digitalization drive, GF Machining Solutions acquired in September Symmedia GmbH, a leading connectivity software specialist, based in Bielefeld (Germany).

### **Strategy implementation well on track**

The 2020 Strategy of GF is being step-by-step implemented. Growth in 2017 clearly exceeded our annual target of 3–5% and profitability was well in line with our strategy goals, also thanks to a broadly favorable economic environment.

In 2017, the majority of acquisitions and investments have been focused on the growth markets of Asia, America, and Eastern Europe, in line with our 2020 strategy. In Western Europe, we have and will continue to automatize as well as optimize productivity.

The ongoing switch to higher margin businesses is showing results at GF Piping Systems and GF Machining Solutions, thanks to the introduction of new products and the development of promising market segments like aerospace for GF Machining Solutions and cooling for GF Piping Systems.

Per end of January 2018, GF Automotive announced the acquisition of Precicast Industrial Holding SA, a Swiss-based precision casting specialist, thus increasing its industrial sectors' presence, in particular in the promising aerospace field. In order to better reflect the evolution of its portfolio, the name of the division will be, as per closing, changed to GF Casting Solutions.

Finally, the trainings linked to our all-important initiatives to boost our innovation tempo through Design Thinking and to optimize our sales force efficiency through Value Selling were completed during 2017 and will now be applied across the Corporation.

### **Outlook 2018**

The high growth of 2017 can certainly not be taken for granted, but GF is well present and active in today's key industrial trends (water conservation for GF Piping Systems, electric cars and vehicle weight reduction for GF Automotive, digitalization of production for GF Machining Solutions) backed by a worldwide, decentralized presence and an emphasis on customer-centered innovation.

The momentum at GF Piping Systems remains strong, the backlog at GF Machining Solutions is at the highest level for more than ten years and new plants as well as additional capacities for light metal components will come into operation at GF Automotive during the year.

Based on our present assessment of the worldwide economic environment, we are therefore convinced that GF can further grow during 2018 and generate returns well in line with its 2020 objectives that is a sales growth in the 3–5% range while maintaining profitability figures in the 8–9% range for the ROS and 18–22% for the ROIC.

The full version of the Annual Report 2017 is available on our website [www.georgfischer.com](http://www.georgfischer.com).

### **For further information please contact**

Beat Römer, Head Corporate Communications  
+41 (0) 52 631 26 77, [media@georgfischer.com](mailto:media@georgfischer.com)

### **Corporate Profile**

GF comprises three divisions: GF Piping Systems, GF Automotive, and GF Machining Solutions. Founded in 1802, the Corporation is headquartered in Switzerland and is present in 34 countries with 136 companies, 57 of them production facilities. Its 15'835 employees generated sales of CHF 4'150 million in 2017. GF is the preferred partner of its customers for the safe transport of liquids and gases, lightweight casting components, and high-precision manufacturing technologies. You will find further information at [www.georgfischer.com](http://www.georgfischer.com).

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