

**Focusing on
higher-margin
businesses**

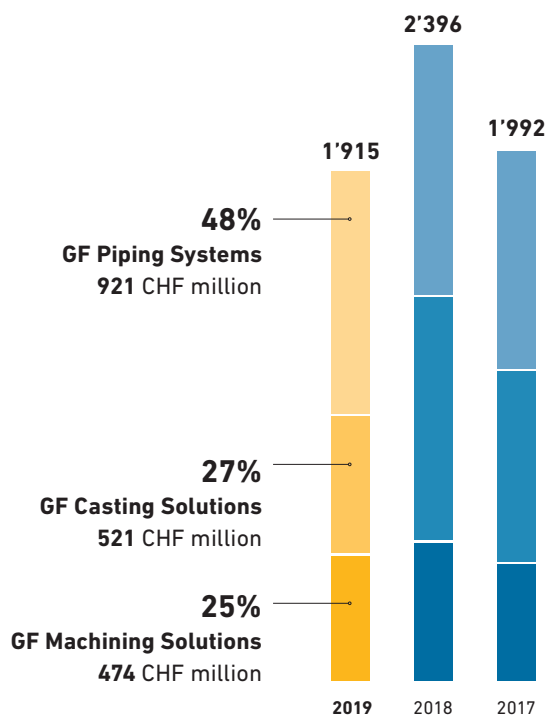


Key figures

as of 30 June 2019

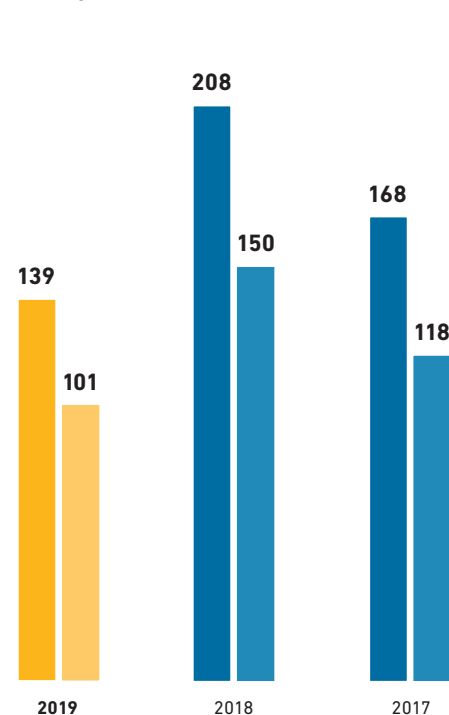
Sales

in CHF million



EBIT and Net profit after minorities

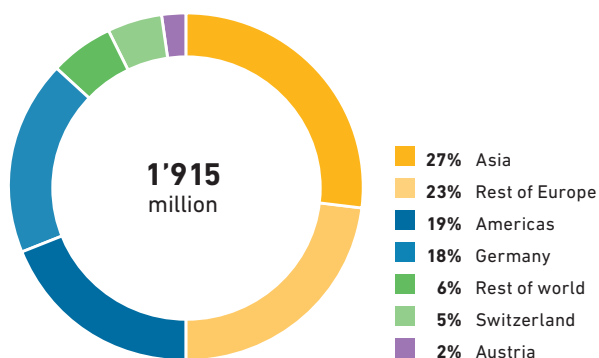
in CHF million



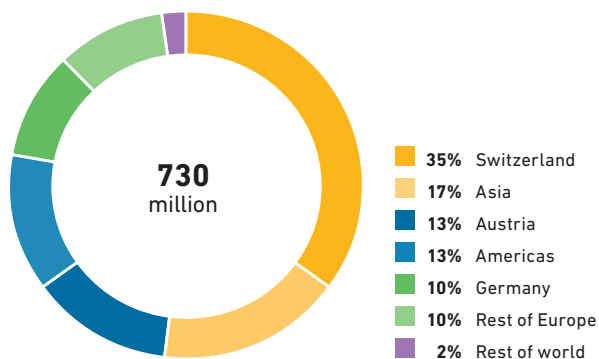
CHF million	Corporation		GF Piping Systems		GF Casting Solutions		GF Machining Solutions	
	2019	2018	2019	2018	2019	2018	2019	2018
Order intake	1'923	2'406	913	981	505	875	506	551
Orders on hand	622	851	123	138	270	461	229	252
Sales	1'915	2'396	921	947	521	924	474	525
Sales growth %	-20.1	20.3	-2.7	14.6	-43.6	27.8	-9.7	18.2
Organic growth %	-5.5	11.9	-0.2	11.1	-11.1	11.3	-9.0	14.2
EBITDA	216	282	142	142	49	97	31	49
EBIT before one-off	153	208	117	115	20	60	24	42
One-off	14				14			
EBIT	139	208	117	115	6	60	24	42
Net profit after minorities	101	150						
Free cash flow before acquisitions / divestitures	-58	-55						
Return on sales before one-off (EBIT margin before one-off) %	8.0	8.7	12.7	12.1	3.9	6.5	5.1	8.0
Return on sales (EBIT margin) %	7.3	8.7	12.7	12.1	1.2	6.5	5.1	8.0
Invested capital (IC)	1'642	1'728	785	801	549	597	269	290
Return on invested capital (ROIC) %	13.8	21.2	25.6	25.6	2.0	20.7	14.6	24.7
Number of employees	14'938	16'864	6'890	6'793	4'556	6'636	3'399	3'350

Content

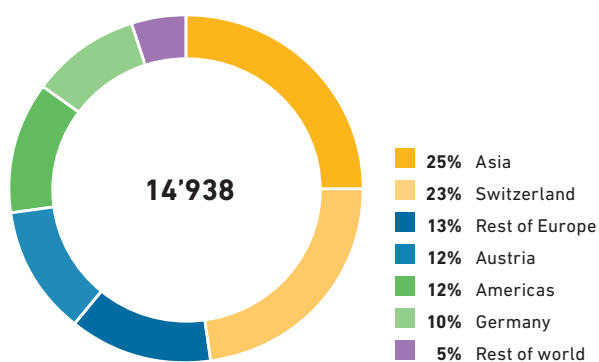
Sales per region (in %)
(100% = CHF 1'915 million)



Gross value added per region (in %)
(100% = CHF 730 million)



Employees per region (in %)
(100% = 14'938)



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GF Piping Systems increases strong prior-year performance – swift actions to address automotive drop

Dear shareholders,

In the first half of 2019, geopolitical uncertainties such as the trade dispute between the USA and China, the situation in Middle East and the upcoming Brexit in Europe had a negative impact on the economic environment.

Sales at GF experienced a 5.5% organic decline in the first half-year of 2019. The decrease compared to the prior year of CHF 1'915 million (–20%) was due primarily to the divestment of two iron foundries in Germany at the end of 2018 with sales of approx. CHF 350 million. The operating result compared to the year before declined 26.4% to CHF 153 million, which is equal to an EBIT margin of 8.0% (prior year: 8.7%), or 7.3% if one-off items of CHF 14 million are taken into account. The return on invested capital (ROIC) was 13.8% compared to 21.2% in the first half of 2018. Net profit after minorities and one-off items was CHF 101 million compared to CHF 150 million in the first semester of 2018.

Free cash flow before acquisitions was CHF –58 million in the first semester compared to CHF –55 million during the same period in 2018. For the year as a whole, GF expects free cash flow before acquisitions to be in line with our published range of CHF 150 to 200 million.

GF Piping Systems

GF Piping Systems was able to increase its profitability once again despite the challenging environment. Most of the production plants were well utilized in the first half of 2019. The ongoing focus on higher-margin products and solutions contributed to the result as well. The division

continued to benefit from the global trend for sustainable and safe solutions for the transport of liquids, especially drinking water.

The strong sales in the first half of 2018 – corrected for currency effects – were maintained at CHF 921 million. The operating result of CHF 117 million was ahead of the prior-year result. The division was able to increase its EBIT margin above the prior-year period by 60 basis points to 12.7%. The strong momentum continued in the US and European markets in particular. The mood among Chinese customers was clouded by the trade tensions with the USA.

GF Casting Solutions

The business performance of GF Casting Solutions was impacted in the first half of 2019 by the steep drop in production figures for the automotive industry in Western Europe and China and by shifts within the product ranges by important customers. Due to the significant divestment of two large iron foundries in Germany at the end of 2018, sales fell by 43.6% (an organic decline of 11.1%) to CHF 521 million. The performance of organic sales corresponds to the decline in the key markets of China and Western Europe, which led to reduced capacity utilization at several production sites.

The operating result before one-off items fell from CHF 60 million to CHF 20 million, which is equal to an EBIT margin before one-off items of 3.9% (1.2% after one-off items).

The new light metal plant in Mills River (USA) has started operations. The ramp-up of new orders weighed on the half-year result in the



Andreas Koopmann, Chairman of the Board of Directors (left), and Andreas Müller, President and CEO, at the production site of GF Piping Systems in Schaffhausen.

- ▶ amount of CHF 8 million. The large number of new orders required the expansion of the site.

GF is swiftly undertaking actions to ensure its competitiveness in Europe. Over the coming months, approximately 300 jobs should be shifted from the location in Werdohl (Germany) to Romania and Austria. The light metal casting plant has suffered in recent months from the changing market conditions and the shift by customers in their range of products. For the affected employees in Werdohl, the search is underway, together with the workers' council, for socially responsible solutions.

In line with its strategy, GF is also planning to divest the iron foundry in Herzogenburg (Austria), following the divestment of the plants in Singen and Mettmann (Germany). It is foreseen to close the transaction in the second half of 2019. The light metal foundry at the same location is not affected by this measure. This divestment will complete the strategic withdrawal from iron casting in the European automotive industry that was begun in December 2018.

These structural adjustments, including the divestment of the iron foundry in Herzogenburg, will reduce net profit in 2019 and 2020, with planned one-time costs of approximately CHF 65 million. Of these one-time costs,

CHF 14 million will be in the first half 2019, approximately CHF 34 million in the second half, and another CHF 17 million in 2020.

GF Machining Solutions

At GF Machining Solutions the book-to-bill-ratio was at a good level of 1.1, not least thanks to the strong presence in the aerospace business. In the first half of the year, the division was able to win various large orders from well-known aircraft engine manufacturers.

Business in China posted a strong decline due to the trade tensions with the USA. Sales at the division fell from CHF 525 million to CHF 474 million, which is equal to an organic decline in sales of 9%. The operating result sank from CHF 42 million to CHF 24 million, which is equal to an EBIT margin of 5.1% (prior year: 8.0%).

The business with new and innovative solutions, such as micro-laser milling, experienced strong growth. The innovations and new partnerships are making greater contributions to sales at the division. Order intake with the new technologies (laser texturing, laser milling and 3D printing) grew by more than 70% in the first half of 2019.

The new innovation and production facility for milling machines in Biel (Switzerland) is

- currently in the ramp-up phase and will open mid-September. Concentrating all milling machine activities in one location creates the conditions for generating synergies and accelerating the speed of innovation.

Consistent implementation of Strategy 2020

GF is speeding up implementation of Strategy 2020. Priority in the coming months will be the strong focus on higher-margin businesses and the fast implementation of the measures taken at GF Casting Solutions. For the first time, the share of sales of regions outside Europe was above 50%, and GF Piping Systems accounted for sales of close to 50% of GF's turnover.

At GF Casting Solutions the emphasis is on light metal casting components and a greater focus on activities outside the automotive industry, especially in the aerospace and energy segments. The alignment of the global footprint to Eastern Europe, Asia, and America is in line with customer needs.

GF Machining Solutions is continuously increasing its sales in the growing aerospace sector. At the upcoming EMO in Hanover (Germany), the world's largest trade fair for machine tools, the division will introduce its new offering in the area of digital services.

New management team in place since April

At the Annual Shareholders' Meeting held on 17 April 2019, Andreas Müller and Mads Joergensen took over the functions of CEO and CFO of GF. These internal succession solutions ensure the consistent continuity of the Strategy 2020 and a successful and dynamic further development of the company.

Outlook for the full year 2019

Trade tensions and the clear slowdown in the automotive market are expected to continue to affect demand in various industries worldwide, especially in China. The portfolio shift to less cyclical businesses in all three divisions and the greater share of GF Piping Systems in the GF Portfolio will continue to help minimize the impact of the economic downturn.

The consistent focus of GF Casting Solutions, in combination with the measures that have been taken, will lead to one-time costs in 2019 and 2020, but after this, it will contribute to a significant improvement in operating performance. GF Machining Solutions has a solid order book, which should lead to a stronger second half-year.

Chances are therefore given for improved results for both sales and profitability in the second half of 2019. Barring unforeseen circumstances, GF expects to achieve for 2019 an EBIT margin before one-off items of about 8% and an ROIC between 14% and 18%. For 2020, GF continues to target the objectives that were revised upwards in 2018 of 9–10% ROS and 20–24% ROIC.



Andreas Koopmann
Chairman of the Board
of Directors



Andreas Müller
President and CEO

Income statement

CHF million	Notes	Jan.–June 2019	%	Jan.–June 2018	%
Sales	(1.1)	1'915	100	2'396	100
Other operating income		15		25	
Income		1'930	101	2'421	101
Cost of materials and products		-884		-1'184	
Changes in inventory of unfinished and finished goods		22		46	
Operating expenses		-338		-406	
Gross value added		730	38	877	37
Personnel expenses		-514		-595	
Depreciation on tangible fixed assets		-74		-72	
Amortization on intangible assets		-3		-2	
Operating result (EBIT)	(1.2)	139	7	208	9
Interest income	(1.3)	2		1	
Interest expense	(1.3)	-14		-15	
Other financial result				-2	
Ordinary result		127	7	192	8
Non-operating result				1	
Extraordinary result					
Profit before taxes		127	7	193	8
Income taxes	(1.3)	-25		-39	
Net profit	(1.4)	102	5	154	6
– Thereof attributable to shareholders of Georg Fischer Ltd		101		150	
– Thereof attributable to non-controlling interests		1		4	
Basic earnings per share in CHF	(1.4)	25		37	
Diluted earnings per share in CHF	(1.4)	25		37	

Balance sheet

CHF million	Notes	30 June 2019	%	31 Dec. 2018	%
Cash and cash equivalents		409		533	
Marketable securities		11		9	
Trade accounts receivable		750		697	
Inventories		830		779	
Income taxes receivable		17		11	
Other accounts receivable		61		62	
Prepayments to creditors		21		22	
Accrued income		21		15	
Current assets	(2.1)	2'120	62	2'128	62
Property, plant, and equipment for own use		1'037		1'046	
Investment properties		69		84	
Intangible assets		35		34	
Deferred tax assets		59		53	
Other financial assets		92		99	
Non-current assets	(2.2)	1'292	38	1'316	38
Assets		3'412	100	3'444	100
Trade accounts payable		481		498	
Other financial liabilities	(2.4)	158		144	
Loans from pension fund institutions		22		4	
Other liabilities		60		56	
Prepayments from customers		60		74	
Current tax liabilities		57		57	
Provisions		38		38	
Accrued liabilities and deferred income		245		253	
Current liabilities		1'121	33	1'124	33
Bonds	(2.4)	574		574	
Other financial liabilities	(2.4)	70		58	
Pension benefit obligations		49		47	
Other liabilities		31		39	
Provisions		109		111	
Deferred tax liabilities		62		63	
Non-current liabilities		895	26	892	26
Liabilities	(2.3)	2'016	59	2'016	59
Share capital		4		4	
Capital reserves		24		26	
Treasury shares		-2		-9	
Retained earnings		1'320		1'361	
Equity attributable to shareholders of Georg Fischer Ltd		1'346	40	1'382	40
Non-controlling interests		50	1	46	1
Equity	(2.5)	1'396	41	1'428	41
Liabilities and equity		3'412	100	3'444	100

Statement of changes in equity

CHF million	Notes	Share capital	Capital reserves	Treasury shares	Goodwill offset	Cumulative translation adjustments	Cash flow hedging	Other retained earnings	Retained earnings	Equity attributable to shareholders of Georg Fischer Ltd	Non-controlling interests	Equity
Balance as of 30 June 2019	(2.5)	4	24	-2	-545	-124	-2	1'991	1'320	1'346	50	1'396
Net profit								101	101	101	1	102
Translation adjustments recognized in the reporting period						-27			-27	-27		-27
Changes of cash flow hedges							1		1	1		1
Goodwill offset via equity					-8				-8	-8		-8
Capital increase /acquisition of non-controlling interests											7	7
Purchase of treasury shares				-3						-3		-3
Disposal of treasury shares												
Share-based compensation												
– Transfers			-2	4						2		2
– Granted				6				-6	-6			
Dividends								-102	-102	-102	-4	-106
Balance as of 31 December 2018		4	26	-9	-537	-97	-3	1'998	1'361	1'382	46	1'428
Balance as of 30 June 2018	(2.5)	4	26	-4	-538	-60	-6	1'866	1'262	1'288	51	1'339
Net profit								150	150	150	4	154
Translation adjustments recognized in the reporting period						-20			-20	-20		-20
Changes of cash flow hedges							7		7	7		7
Goodwill offset via equity					-74				-74	-74		-74
Purchase of treasury shares				-5						-5		-5
Disposal of treasury shares				2						2		2
Share-based compensation												
– Transfers				7				-7	-7			
– Granted								5	5	5		5
Dividends								-94	-94	-94	-5	-99
Balance as of 31 December 2017		4	26	-8	-464	-40	-13	1'812	1'295	1'317	52	1'369

Cash flow statement

CHF million	Notes	Jan.–June 2019	Jan.–June 2018
Net profit		102	154
Income taxes		25	39
Financial result		12	16
Depreciation and amortization		77	74
Other non-cash income and expenses		12	21
Increase in provisions, net		12	18
Use of provisions		-12	-13
Changes in			
– Inventories		-74	-107
– Trade accounts receivable		-65	-148
– Prepayments to creditors			5
– Other receivables and accrued income		-6	-13
– Trade accounts payable		-13	12
– Prepayments from customers		-14	-5
– Other liabilities and accrued liabilities and deferred income		-5	40
Interest paid		-7	-10
Income taxes paid		-34	-37
Cash flow from operating activities		10	46
Additions to			
– Property, plant, and equipment		-80	-94
– Intangible assets		-4	-6
– Other financial assets		-1	-5
Disposals of			
– Property, plant, and equipment			3
– Investment properties		15	
– Other financial assets		1	
Purchase/disposal of marketable securities		-1	
Cash flow from acquisitions		-3	-142
Interest received		2	1
Cash flow from investing activities		-71	-243
Free cash flow before acquisition/divestitures		-58	-55
Free cash flow	(3)	-61	-197
Purchase of treasury shares		-3	-5
Disposal of treasury shares			2
Dividend payments to shareholders of Georg Fischer Ltd		-102	-94
Dividend payments to non-controlling interests		-4	-5
Inflows from shares from non-controlling interests		7	
Issuance of bonds			200
Issuance of long-term financial liabilities		4	10
Repayment of long-term financial liabilities		-6	-14
Changes in short-term financial liabilities		42	9
Cash flow from financing activities		-62	103
Translation adjustment on cash and cash equivalents		-1	-2
Net cash flow		-124	-96
Cash and cash equivalents at beginning of year		533	624
Cash and cash equivalents at end of period¹		409	528

1 Cash, postal and bank accounts: CHF 409 million (previous year: CHF 508 million), fixed-term deposits: CHF 0 million (previous year: CHF 20 million).

Corporate accounting principles

Basis of preparation of the consolidated interim financial statements

Accounting principles

The consolidated interim and annual financial statements are prepared in accordance with the whole body of recommendations of the Swiss Foundation for accounting and reporting (Swiss GAAP FER). Furthermore, the accounting complies with the provisions of the SIX Swiss Exchange listing rules and Swiss company law.

The consolidated financial statements are based on the financial statements of the Corporate Companies prepared in accordance with the common corporate accounting principles. As the consolidated interim financial statements do not include all the information contained in the consolidated annual financial statements, they should be read in conjunction with the consolidated financial statements for the year ended 31 December 2018.

The consolidated interim financial statements cover the period from 1 January 2019 to 30 June 2019 (hereinafter, the “period under review”) and they were approved by the Board of Directors on 15 July 2019.

Consolidation

The consolidated interim financial statements are those of Georg Fischer Ltd and all Swiss and foreign Corporate Companies in which it holds directly or indirectly more than 50% of the voting rights or for which it has the operational and financial management responsibility. These entities are fully consolidated. Joint ventures in which the GF Corporation has a direct or indirect interest of 50% or for which the GF Corporation exercises joint control are included in the consolidated financial statements by applying the proportional consolidation method. Associated companies in which the GF Corporation has an interest of at least 20% but less than 50% or over which it otherwise exercises significant influence are included in the consolidated financial statements by applying the equity method. Minority interests under 20% are stated at fair value and recognized under the other financial assets.

The preparation of the consolidated interim financial statements requires management to make estimates and assumptions that affect the disclosed amounts of revenues, expenses, assets, liabilities, and contingent liabilities as of the balance sheet date. If such estimates and assumptions, which are based on management’s best judgement as of the balance sheet date, deviate from the actual circumstances at a later date, the original estimates and assumptions are adjusted accordingly in the reporting period in which the circumstances change. In the consolidated interim financial statements, management did not make any new assumptions or estimates compared with the consolidated financial statements as of 31 December 2018.

Income tax expense is recognized based on the estimated average effective tax rate of the current financial year.

Key figures not defined by Swiss GAAP FER

The subtotal “Gross value added” includes all operating income less cost of materials and products, changes in inventory, and operating expenses.

The “EBITDA” corresponds to the operating result (EBIT) before depreciation on tangible fixed assets and amortization on intangible assets.

“Free cash flow” consists of cash flow from operating activities together with cash flow from investing activities. The “Free cash flow before acquisition/divestitures” excludes the cash effective movements arising from acquisition/divestitures.

“Net debt” equals interest-bearing liabilities minus cash and cash equivalents and securities.

“Organic growth” refers to the growth in sales adjusted for the impacts from movements in foreign currencies as well as impacts from changes in the scope of consolidation.

“One-off” refers to impacts arising from one-time occurrence of a specific transaction which are not expected to occur again in the future.

Notes to the consolidated interim financial statements

Segment information as of 30 June

CHF million	GF Piping Systems		GF Casting Solutions		GF Machining Solutions		Total segments	
	2019	2018	2019	2018	2019	2018	2019	2018
Order intake	913	981	505	875	506	551	1'924	2'407
Orders on hand	123	138	270	461	229	252	622	851
Sales¹	921	947	521	924	474	525	1'916	2'396
Operating result (EBIT)	117	115	6	60	24	42	147	217
Return on sales (EBIT margin) %	12.7	12.1	1.2	6.5	5.1	8.0		

1 Sales between segments are insignificant.

Reconciliation to the segment information as of 30 June

CHF million	2019	2018
Sales		
Total sales of reportable segments	1'916	2'396
Elimination of intercompany sales	-1	
Consolidated sales	1'915	2'396
Operating result (EBIT)		
Total EBIT for reportable segments	147	217
Other operating result (EBIT)	-8	-9
Consolidated operating result (EBIT)	139	208

1 Income statement

1.1 Sales

In the first half of 2019, sales decreased by 20.1% from CHF 2'396 million to CHF 1'915 million. The biggest share of the sales decrease, of CHF 352 million, was accounted for by the divestments at the end of 2018 of the two iron casting plants in Singen and Mettmann (both in Germany). In contrast, the acquisition of the Precicast Group contributed positively with around CHF 28 million. The negative currency effect amounted to CHF 43 million. After taking into account these effects, the organic growth rate came to minus 5.5%. GF Piping Systems reported, after adjusting for negative currency effects of CHF 24 million, CHF 921 million which is in line with the strong prior year period sales. In Europe, sales increased by 1.8%. The increase in sales in Americas amounted to 4.8%. In Asia and especially in China, sales were down by 15.1%. The sales decrease at GF Casting Solutions from CHF 924 million to CHF 521 million was largely due to the divestments and lower production volumes at West European and Chinese car manufacturers. This primarily affected the light metal plants. Overall, after adjusting for acquisitions and divestments as well as negative currency effects of CHF 14 million, an organic growth rate of minus 11.1% was achieved. Sales at GF Machining Solutions amounted to CHF 474 million, corresponding to negative organic growth of 9.0%. Currency movements negatively impacted sales by CHF 5 million. In comparison to the prior year period, weaker sales were noted especially in the technologies of milling and electrical discharge machines (EDM). Declining sales were recorded in Asia and especially in China, with a reduction of 30.8%. In Americas sales grew by 4.3%, especially, in the aerospace segment.

1.2 Operating result

The operating result (EBIT) fell by one third from CHF 208 million to CHF 139 million. The reduction includes unplanned depreciation (impairment) on non-current assets of CHF 12 million and inventory value adjustments of total CHF 2 million. These value adjustments in the total amount of CHF 14 million are due to the relocation of foundry activities, starting in the second half of 2019, from Werdohl (Germany) to Romania and Austria. In combination with the lower sales and the accompanying lower capacity utilization of the production units as well as the unfavorable currency effects, this led to a reduction of the EBIT margin from 8.7% to 7.3%. The negative currency effects impacted EBIT in the amount of CHF 11 million compared with a positive impact of CHF 6 million in the prior year period. GF Piping Systems generated an EBIT of CHF 117 million, which corresponds to an increase of 1.7%. Thanks to the continued strong operating performance, the EBIT margin improved from 12.1% to 12.7%. The EBIT of GF Casting Solutions decreased from CHF 60 million to CHF 6 million. As well as the unplanned depreciation, the reduction is mainly attributable to lower demand from the automotive sector in Europe and China as well as the ramp-up costs at the new light metal plant in Mills River (USA) and other locations. Although the currency effects were neutral, overall the effects led to a reduction in the EBIT margin from 6.5% to 1.2%. The EBIT of GF Machining Solutions decreased from CHF 42 million to CHF 24 million, whereby currency effects supported the EBIT with CHF 3 million. Weaker demand in the electronics industry, especially in Asia and Western Europe, led to a decrease in capacity utilization at the plants. The consolidation of parts of the administration and production at the new site in Biel (Switzerland) impacted the result negatively. Overall, a decrease in the EBIT margin from 8.0% to 5.1% resulted.

1.3 Financial result and taxes

Among other factors, the higher interest income on other financial assets as well as the lower interest rates on financing supported the improvement in the financial result. Lower interest expense could be achieved due to the lower amount of financing required in Asia and to the repayment of the CHF 150 million bond in September 2018.

The lower result caused income taxes to fall by CHF 14 million to CHF 25 million, which corresponds to a tax rate of 19.7%, similar to the prior year.

On 19 May 2019, the Swiss Corporate Tax Reform was adopted in a public vote with effect from 1 January 2020. The tax implications of the reform on GF cannot be assessed conclusively now, as the cantonal implementation of the reform is still pending in some cantons that are important to GF.

1.4 Net profit and earnings per share

Net profit decreased by one third to CHF 102 million. This corresponds to earnings per share of CHF 25 (prior year: CHF 37).

2 Balance sheet

Total assets decreased by CHF 32 million compared with 31 December 2018. This is mainly because of a reduction in cash and cash equivalents of CHF 124 million, which in turn is primarily attributable to the payment of dividends. In addition, the Swiss franc appreciated against all of the relevant foreign currencies. This currency effect reduced total assets by CHF 34 million. In contrast, trade accounts receivable from customers and inventories grew by CHF 104 million compared with the end of 2018.

2.1 Current assets

Current assets amounted to CHF 2'120 million, which is CHF 8 million below their value as of 31 December 2018. Inventories and trade accounts receivable from customers increased compared with year-end 2018 seasonally and amounted to CHF 1'580 million, making up 74.5% of current assets. Cash and cash equivalents of CHF 409 million represents a decrease of CHF 124 million compared with the end of 2018 due to the dividend payment of CHF 106 million in the second quarter of 2019, as well as capital expenditures for projects in Switzerland and the USA.

2.2 Non-current assets

Non-current assets as of 30 June 2019 amounted to CHF 1'292 million, which represents a slight reduction of CHF 24 million. Property, plant, and equipment of CHF 1'037 million decreased by CHF 9 million, mainly due to ordinary and unplanned depreciation. Unplanned depreciation amounting to CHF 12 million is entirely due to the relocation of production from Werdohl, starting in the second half of 2019. Investments in property, plant and equipment and depreciation amounted to CHF 74 million each in the first half of 2019. The value of investment properties decreased by CHF 15 million due to the sale of a plot of unused land.

2.3 Liabilities

Liabilities did not change materially compared to the end of 2018. Consequently, the debt ratio of 59.1% as of 30 June 2019 is the same as at the end of 2018. Due to seasonal effects, trade accounts payable and prepayments from customers fell by a total of CHF 31 million. In contrast, interest-bearing debt increased by CHF 44 million, mainly due to a seasonal rise in short-term financial liabilities. Loans from pension fund institutions increased due to loans made by the pension fund of Georg Fischer Ltd in the first half of 2019.

2.4 Financing

Long-term liabilities of CHF 895 million as of 30 June 2019 were at the same level as the end of 2018 and represent 26.2% of liabilities. The ratio of long-term liabilities to short-term liabilities remains very healthy. In June 2019 the additional revolving credit line with the bank syndicate was raised from CHF 250 million to CHF 400 million. Assuming the consent of the bank syndicate, a further increase of up to a maximum amount of CHF 500 million would be possible. The credit line has a minimum maturity of five years and is currently undrawn.

Net debt

CHF million	30 June 2019	31 Dec. 2018
Other financial liabilities	147	127
Bonds	574	574
Loans from pension fund institutions	22	4
Other liabilities	81	75
Interest-bearing liabilities	824	780
Marketable securities	11	9
Cash and cash equivalents	409	533
Net debt	404	238

Net debt increased by CHF 166 million to CHF 404 million in the first half of 2019. The ratio of net debt to EBITDA is low at 0.87 times.

2.5 Equity

Shareholders' equity decreased by CHF 32 million to CHF 1'396 million. The net profit of 102 million is offset by the dividends paid out to GF shareholders and the non-controlling interests of subsidiaries for a total of CHF 106 million. The negative currency effect from the conversion into Swiss francs of foreign subsidiaries amounted to CHF 124 million. Due to the decrease of CHF 32 million in total assets and the slightly lower shareholders' equity, the equity ratio decreased slightly from 41.5% to 40.9%.

3 Free cash flow

The free cash flow before acquisitions was minus CHF 58 million, compared to minus CHF 55 million in the prior year period. Despite a reduction in sales, net working capital increased by CHF 134 million. Overall, these effects resulted in a reduced cash flow from operating activities of CHF 10 million compared with CHF 46 million in the prior year period. The cash flow from investing activities amounted to minus CHF 71 million. Total cash effective investments in non-current assets of CHF 80 million were CHF 14 million lower than in the prior year period. The free cash flow was minus CHF 61 million compared with minus CHF 197 million in the prior year period.

4 Changes in scope of consolidation

In the period under review, there were no changes in the scope of consolidation.

In the first half of 2018, 100% of the shares of the Swiss precision casting specialist, Precicast Industrial Holding SA, Novazzano (Switzerland), were acquired. The transaction was concluded as of the end of March 2018 and control of the acquired company was assumed as of 1 April 2018. Subsequently, in March 2019, the goodwill was increased by CHF 7 million due to the recognition of a constructive obligation arising in connection with the acquisition of the company in relation to the staff pension plan of Precicast Industrial Holding SA.

In the second half of 2018, the two iron casting plants in Singen (Germany) and Mettmann (Germany) were divested as of 1 December 2018. GF retained a minority share of 20% in both plants, which will continue to be recorded under the other financial assets.

Compared with the first half of 2018, the changes in the scope of consolidation led to a net reduction in sales of CHF 324 million.

5 Events after the balance sheet date

Prior to the approval of the Mid-Year Report, the Board of Directors decided to relocate the casting activities in Werdohl (Germany) to Romania and Austria. Following this decision, the value of the assets in Werdohl were reviewed for impairment as of 30 June 2019. As a result of the review, value adjustments over the amount of CHF 14 million were recorded on the respective balance sheet items as of 30 June 2019. It is further assumed that relocation and restructuring costs will impact the result of the second half-year 2019 by an amount of CHF 24 million and the result of the financial year 2020 by around CHF 17 million.

The Board of Directors, in light of the execution of the strategy 2020, agreed on the plan to divest the iron casting plant in Herzogenburg (Austria), if possible, in the year 2019. First estimates foresee a potential negative financial impact of up to CHF 10 million.

6 Foreign exchange rate

CHF		Average rates		Spot rates	
		Jan.–June 2019	Jan.–June 2018	30 June 2019	30 June 2018
1	CNY	0.147	0.152	0.142	0.150
1	EUR	1.130	1.170	1.111	1.157
1	GBP	1.293	1.330	1.239	1.306
1	TRY	0.178	0.237	0.169	0.217
1	USD	1.000	0.967	0.976	0.992
100	JPY	0.909	0.889	0.906	0.897
100	SEK	10.741	11.528	10.513	11.068

Important dates

2020

26 February

Publication of Annual Report 2019, Media and Financial Analysts' Conference

2020

15 April

Annual Shareholders' Meeting for fiscal year 2019

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Imprint

Published by: Georg Fischer Ltd
Edited by: Georg Fischer Ltd
Designed by: NeidhartSchön AG
Photos by: Davide Stallone, Nik Hunger
Printed by: Neidhart + Schön Print AG

Cover: GF employee, Novazzano (Switzerland)

Disclaimer

The statements in this publication relating to matters that are not historical facts are forward-looking statements that are not guarantees of future performance and involve risks, uncertainties, and other factors beyond the control of the company.

The Mid-Year Report 2019 of GF is also available in German. In the event of any discrepancy, the English version shall prevail.

