

Winterthur, July 23, 2014

## **Autoneum: operating result hits new record high – European business on track**

**The consistent strategic focus on profitable growth is showing results, with Autoneum significantly increasing its profitability and earnings in the first half of 2014. This was due to operational improvements in Europe, higher global customer volumes in Asia, and higher levels of vertical integration by expanding the production of basic materials.**

**Autoneum, the global market and technology leader in acoustic and thermal management for vehicles, increased sales in local currencies and adjusted for the sale of the former subsidiary in Italy by 2.9%. EBIT rose significantly from 55.9 million CHF to 66.8 million CHF. The EBIT margin hit a new record high of 6.8%. Net profit increased by 27.9% to 40.0 million CHF, pushing earnings per share up accordingly from 4.27 CHF in the first half-year 2013 to 6.19 CHF. Furthermore, Business Group Europe reached an important mid-term financial target by achieving an EBITDA margin of 7.7%.**

The production of light vehicles grew at a moderate pace to 44.1 million vehicles in the first half of 2014. Whilst automobile production in Europe, North America, and Asia increased year over year, production volumes fell in the SAMEA (South America, Middle East, Africa, and Russia) market region. In local currencies and adjusted for the sale of the former subsidiary in Italy, Autoneum increased its net sales by 2.9%. Once again, net sales of all Business Groups (BG) rose in local currencies year over year. The loss of sales from the Italian subsidiary and the drastic devaluation of various currencies in Autoneum's markets led to a decline of net sales consolidated in Swiss francs from 1 078.0 million CHF to 980.6 million CHF (–9.0%).

Major progress in profitability and earnings confirms Autoneum's consistent strategic focus on profitable growth, with the company increasing EBITDA in the first half of 2014 to 99.1 million CHF (prior year period 90.9 million CHF). The EBITDA margin climbed to 10.1% (prior year period 8.4%), while EBIT rose significantly by 11.0 million CHF to 66.8 million CHF. This equals an EBIT margin of 6.8% and an increase of 1.6 percentage points compared to the prior year period. The key factors driving this positive trend were operational improvements and the successful implementation of capacity adjustments in Europe, higher global customer volumes in Asia, and higher levels of vertical integration by expanding the production of basic materials. In addition, Business Group Europe reached an important mid-term financial target, achieving an EBITDA margin of 7.7%.

The improved EBIT pushed profit before taxes up by 11.0 million CHF to 58.4 million CHF. Net profit rose from 31.3 million CHF to 40.0 million CHF, equaling a profit margin of 4.1% (prior year period 2.9%). The return on net assets (RONA, annualized) improved from 16.6% in the first half-year 2013 to 18.5%, which is more than double the weighted average cost of capital (WACC) of 8.7%. Therefore, not only the cost of capital was covered but also additional value was created. The equity ratio, including subordinated loans, climbed to 35.7% (prior year period 30.5%). Net debt was reduced by 16.7 million CHF compared to the first half of 2013, amounting to 101.3 million CHF as of June 30, 2014 (December 31, 2013: 75.0 million CHF). The increased net working capital led to a higher net debt compared to its level at the end of 2013.

The existing syndicated loan in the amount of 130 million CHF, which is due by December 31, 2014, will be refinanced ahead of time. The significantly improved earnings since the listing and the stronger balance sheet are reflected in the favorable new lending conditions. In this context, Autoneum has signed a term sheet with one of its principal banks.

Autoneum's global presence is not only a vital competitive advantage but in a mid-term perspective it also enables additional sales growth via further expansion. For instance, the newly established company Autoneum Korea will prospectively allow Korean automobile manufacturers to benefit from the long-standing expertise and product portfolio of the global market leader right from the vehicle development stage. With its new location in South Korea, Autoneum paves the way to further develop partnerships with Korean automobile manufacturers on global production platforms. In North America, Autoneum is expanding its production capacities by adding two new sites in the US Midwest. The ground-breaking ceremony for Autoneum's plant in Jeffersonville, Indiana, was held in April 2014. By the end of the year, it will be producing interior floor and underbody components. UGN, a joint venture with Nittoku, has a plant under construction in Monroe, Ohio, which will start supplying Japanese automobile manufacturers in 2015.

Autoneum also further strengthened its position as technology leader in the reporting period. The heatshield portfolio was expanded to include specially perforated heatshields that absorb vehicle noise effectively. The aluminum heatshields, which are based on RIMIC technology, now also provide effective protection against high-frequency sounds by combining them with a sound absorber developed by Autoneum.

### **Business Groups**

In local currencies and adjusted for the sale of the former subsidiary in Italy, BG Europe increased its net sales by 2.7%. Due to the loss of sales from the Italian subsidiary, net sales in Swiss francs decreased by 13.4% to 421.7 million CHF (prior year period 487.0 million CHF). EBIT improved significantly from 3.2 million CHF to 18.5 million CHF, which equals an EBIT margin of 4.4% (prior year period 0.7%). The key factors in this substantial increase in profitability were operational improvements at all European plants and the successful implementation of capacity adjustments. Furthermore, Autoneum also benefited from higher volumes of existing customer orders and the successful optimization of structural costs.

Net sales of BG North America increased by 0.6% in local currencies compared to the prior year period. This only modest growth was due to lower production volumes by customers, which resulted in lower sales for Autoneum, as well as the still limited participation in the growth of the Mexican market. With the devaluation of the Canadian and the US dollar compared to the Swiss franc, net sales in the reporting currency decreased to 434.4 million CHF. However, the EBIT margin of 9.2% reached the prior year's above-average level.

Net sales of BG Asia again improved significantly in the first half of 2014 and outperformed the market in this region multiple times with a growth of 17.7% in local currencies. In Swiss francs, net sales rose by 10.8% to 66.6 million CHF (prior year period 60.1 million CHF). EBIT increased from 6.2 million CHF to 8.9 million CHF, while an EBIT margin of 13.4% represents a considerable improvement compared to the first half of 2013 (10.3%). Factors boosting earnings included higher global customer volumes and higher levels of vertical integration in China, Autoneum's main market in Asia. Autoneum benefited from the Japanese automobile manufacturer volumes in China, which exceeded pre-crisis levels for the first time since the sales slump in 2012 that had been caused by political tensions. Once again, automobile production in India fell short of the prior year period, slightly slowing the growth pace in BG Asia.

BG SAMEA's net sales in local currencies rose by 3.1% in the reporting period. Due to partially drastic currency devaluations in the market regions of South America, Middle East, Africa, and Russia, net sales of BG SAMEA – consolidated in Swiss francs – decreased by 18.0% to 60.4 million CHF (prior year period 73.7 million CHF). In the first half of 2014, EBIT declined to 0.6 million CHF, with the EBIT margin at 1.0%. BG SAMEA's results were adversely affected by the lower automobile manufacturer volumes in the volatile Brazilian and Argentinian market as well as in Russia. Delays in the implementation of operational improvements in Brazil also had a negative effect.

### **Outlook**

Compared to the first semester, production volumes in the automotive industry tend to be lower in the seasonally weaker second half of the year. Autoneum expects a challenging second semester but assumes to maintain the operating margin achieved in the first six months 2014.

The planned investments will 2014 slightly exceed the previous average rate of investment. The focal points of investments are the expansion of production capacities, the increase of vertical integration, and the implementation of additional operational improvements.

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### **Semi-Annual Report and Presentation**

Further information about the Semi-Annual Results as well as the Semi-Annual Report 2014 can be found at [www.autoneum.com](http://www.autoneum.com) (Media > Press Kit). At [www.autoneum.com](http://www.autoneum.com) you can also subscribe to the mailing list for press releases.

### **Conference call**

Autoneum will hold an investor and analyst conference call on the occasion of the publication of the Semi-Annual Results 2014 on 23 July, 2014 at 9 am CET. The corresponding presentation is available on the Autoneum website.

### **Important Dates 2015**

Publication of sales figures for the 2014 financial year	January 15, 2015
2014 Results press conference	March 5, 2015
Annual General Meeting	March 26, 2015

For further information please contact:

## **Investors**

Dr. Martin Zwysig  
CFO  
T +41 52 244 82 82  
F +41 52 244 83 37  
investor@autoneum.com

## **Media**

Dr. Anahid Rickmann  
Head Corporate Communications  
T +41 52 244 83 88  
F +41 52 244 83 36  
media@autoneum.com

## **About Autoneum**

Autoneum, with its headquarters in Winterthur, Switzerland, is the globally leading producer of vehicle acoustics and thermal management systems. The company develops and manufactures components, modules and complete systems for interior and engine bay as well as heatshields and underbody shields. Customers include leading automobile producers in the key markets of Europe, North America, South America and Asia. Autoneum is represented at over 45 locations in around 20 countries and employs some 9,600 people worldwide, of whom about 5% are in Switzerland. The company is listed on the SIX Swiss Exchange (ticker symbol AUTN).

[www.autoneum.com](http://www.autoneum.com)

**Autoneum. Mastering sound and heat.**

## Autoneum at a glance

	<b>Net sales</b> in CHF million	<b>EBIT</b> in CHF million	<b>Net profit</b> in CHF million	<b>RONA</b> in %
HY 2013	1 078.0	55.9	31.3	16.6
HY 2014	980.6	66.8	40.0	18.5

CHF million	January – June 2014	January – June 2013	Change	Organic growth <sup>1</sup>
<b>Autoneum Group</b>				
Net sales	980.6	1 078.0	-9.0%	2.9%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	99.1	90.9	9.0%	
in % of net sales	10.1	8.4		
Earnings before interest and taxes (EBIT)	66.8	55.9	19.6%	
in % of net sales	6.8	5.2		
Net profit	40.0	31.3	27.9%	
in % of net sales	4.1	2.9		
Basic earnings per share in CHF	6.19	4.27		
Return on net assets in % (RONA) <sup>2</sup>	18.5	16.6		
Cash flows from operating activities	20.0	51.2		
Investments in tangible and intangible assets	27.9	30.7		
Number of employees at the end of the reporting period <sup>3</sup>	9 521	10 208	-6.7%	
<b>Business Groups (BG)</b>				
BG Europe net sales	421.7	487.0	-13.4%	2.7%
BG Europe EBIT	18.5	3.2		
in % of net sales	4.4	0.7		
BG North America net sales	434.4	462.2	-6.0%	0.6%
BG North America EBIT	40.1	43.1		
in % of net sales	9.2	9.3		
BG Asia net sales	66.6	60.1	10.8%	17.7%
BG Asia EBIT	8.9	6.2		
in % of net sales	13.4	10.3		
BG SAMEA net sales	60.4	73.7	-18.0%	3.1%
BG SAMEA EBIT	0.6	2.2		
in % of net sales	1.0	3.0		

1 Change in local currencies, adjusted for the sale of the Italian subsidiary.

2 Net profit before interest cost in relation to total assets minus non-interest bearing liabilities, annualized.

3 Excluding apprentices and temporary employees.