

autoneum

Semi-Annual Report **2018**

## Revenue

in CHF million



## EBIT

in CHF million



## Net profit

in CHF million



## RONA

in %



\*The 2017 figures have been restated to reflect the adoption of IFRS 15.

# Weak US market and expansion in Asia impact profitability

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Dear shareholders

In the first half of 2018, Autoneum increased revenue compared to the prior-year period and has grown in line with the market. Revenue in Swiss francs rose by 3.9% and totaled CHF 1 159.4 million (prior-year period: CHF 1 116.0 million<sup>1</sup>). In local currencies, revenue of the market and technology leader in acoustic and thermal management improved by 2.2% in the first six months of 2018.

While the number of vehicles produced in Europe and Asia grew at least moderately compared to the first half of 2017, again fewer vehicles were manufactured in North America than in the prior-year period. Correspondingly lower call-offs at Autoneum resulted in a decline in revenue for Business Group North America. This was more than offset by the revenue growth of Business Groups Europe, Asia and SAMEA (South America, Middle East and Africa), which significantly exceeded the market level. This growth was largely driven by supply of high-volume models of European and Japanese vehicle manufacturers in Europe, Asia and the SAMEA region.

Further improvement in the operating result of Business Group Europe and the first-time solid profit contribution of Business Group SAMEA supported the Company's profitability level achieved in the first half of 2018. It was nevertheless characterized by lower production volumes and ramp-up costs in North America and the significant expansion in Asia with numerous production ramp-ups and correspondingly lower profit margins. Therefore, EBITDA fell to CHF 127.2 million in the first half of 2018 (prior-year period: CHF 130.1 million), which reduced the EBITDA margin to 11.0% (prior-year period: 11.7%). EBIT totaled CHF 86.4 million (prior-year period: CHF 94.0 million). The EBIT margin reached 7.5% (prior-year period: 8.4%). At CHF 60.1 million, net profit was at the previous year's level (CHF 61.7 million).

<sup>1</sup>The 2017 figures have been restated to reflect the adoption of IFRS 15.

# 3.9%



Revenue increased by 3.9% to CHF 1 159.4 million.

# 7.5%



The EBIT margin reached 7.5%.

## Financial Highlights

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CHF million	January – June 2018		January – June 2017		Change	Organic growth <sup>2</sup>
<b>Autoneum Group</b>						
Revenue	1 159.4	100.0%	1 116.0	100.0%	3.9%	2.2%
EBITDA	127.2	11.0%	130.1	11.7%	-2.2%	
EBIT	86.4	7.5%	94.0	8.4%	-8.0%	
Net profit	60.1	5.2%	61.7	5.5%	-2.7%	
Return on net assets (RONA) <sup>3</sup>	13.2%		17.1%			
Cash flows from operating activities	48.5		47.3			
Net debt at June 30	259.8		149.1			
Number of employees at June 30 <sup>4</sup>	13 527		12 629		7.1%	
<b>BG Europe</b>						
Revenue	501.2	100.0%	446.2	100.0%	12.3%	4.7%
EBIT	43.7	8.7%	37.0	8.3%		
<b>BG North America</b>						
Revenue	472.2	100.0%	501.3	100.0%	-5.8%	-4.1%
EBIT	18.4	3.9%	35.9	7.2%		
<b>BG Asia</b>						
Revenue	127.3	100.0%	114.2	100.0%	11.5%	6.8%
EBIT	11.3	8.9%	14.2	12.5%		
<b>BG SAMEA<sup>5</sup></b>						
Revenue	56.0	100.0%	55.4	100.0%	1.2%	23.3%
EBIT	3.1	5.5%	0.2	0.4%		
<b>Share AUTN</b>						
Share price at June 30 in CHF	232.00		262.50		-11.6%	
Market capitalization at June 30	1 080.9		1 223.9		-11.7%	
Basic earnings per share in CHF	10.49		10.42		0.6%	

<sup>1</sup> The 2017 figures have been restated to reflect the adoption of IFRS 15.

<sup>2</sup> Change in revenue in local currencies, adjusted for the disposal of the Betim plant (Minas Gerais), Brazil, in 2017.

<sup>3</sup> Net profit before interest expenses in relation to average equity plus interest-bearing liabilities.

<sup>4</sup> Full-time equivalents including temporary employees (excluding apprentices).

<sup>5</sup> Including South America, Middle East and Africa.

The lower level of profitability and high investments in capacity development and expansion led to a lower return on net assets (RONA), which at 13.2% (prior-year period: 17.1%) nevertheless again exceeded the weighted average cost of capital (WACC) of 8.2%. The numerous production ramp-ups and associated stock in tooling, which has not yet been reflected in revenue, resulted in an increase in net working capital from CHF 105.5 million as of December 31, 2017 to CHF 140.3 million. Net debt rose to CHF 259.8 million (December 31, 2017: CHF 183.3 million) due to the continued substantial capital expenditure and the higher net working capital.

Driven by strong customer demand and near maximum utilization of existing European production capacities, Autoneum invested in a plant in Komárom, Hungary in 2018, making it the sixth production site in Eastern Europe. Since May 2018, multifunctional carpet systems have been produced there in series for a German premium car manufacturer. From the 12 000-square-meter plant Autoneum will in the future supply German and British manufacturers with carpet systems, inner dashes and wheelhouse outer liners as well as other NVH (noise, vibration, harshness) components just-in-time at their nearby production sites in Hungary and Slovakia. Lightweight textile wheelhouse outer liners produced in Komárom will be used, among others, in a fully electric SUV by a British vehicle manufacturer, thereby contributing to noise and weight reduction of this model.

In light of new forms of mobility, automobile manufacturers and suppliers are jointly working on the development of innovative technologies for the passenger compartment, which will increasingly be used as a place for work or recreation in the future. Special attention is being paid to components that support a quiet and comfortable driving experience with a low environmental impact at the same time. Carpet systems in particular play an increasingly important role as they shield the passenger compartment from external noise sources while their dimensions have a decisive influence on the quality perception of a vehicle. To enable designing the carpet already during the pre-development of new vehicle models according to the requirements of the passenger compartment, Autoneum has developed the “Carpet Cleanability Analyzer”. The underlying methodology of this measurement system makes it possible to analyze and compare the cleanability and dirt resistance of different carpet surfaces. With its efficient measuring methodology, the system produced in the Swiss research center in Winterthur is particularly suited for quality assurance and reproducibility of the measured data. Autoneum delivered the first Carpet Cleanability Analyzer to a French vehicle manufacturer in the spring of 2018.

60.1  
million



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At CHF 60.1 million, net profit was  
at the previous year's level.

1.7%



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Global automobile production rose slightly  
by 1.7% to 48.2 million light vehicles.

## Business Groups

Business Group Europe increased revenue in local currencies by 4.7% and thus clearly exceeded market growth. Higher supply volumes for models of German, French and Swedish vehicle manufacturers especially contributed to this growth. Revenue in Swiss francs rose by CHF 55.1 million to CHF 501.2 million (prior-year period: CHF 446.2 million). EBIT grew by CHF 6.7 million to CHF 43.7 million (prior-year period: CHF 37.0 million), resulting in an EBIT margin of 8.7%. Through operational effects, higher production volumes and correspondingly strong capacity utilization, Business Group Europe was able to make optimum use of the traditionally stronger first half of the year and continue to grow profitably.

In Business Group North America, a further decline in production volumes in the main market USA and in Canada and correspondingly lower call-offs led to a reduction in revenue of -4.1% in local currencies. In Swiss francs, revenue fell by -5.8% to CHF 472.2 million due to currency exchange effects (prior-year period: CHF 501.3 million). EBIT decreased to CHF 18.4 million (prior-year period: CHF 35.9 million). This corresponds to 3.9% of revenue. Lower capacity utilization, cost-intensive production ramp-ups for models of European vehicle manufacturers and operational inefficiencies at US-American plants as well as unplanned production stops at various Autoneum customers caused by a local supplier had a negative impact on the result of Business Group North America compared to the corresponding prior-year period.

With a rise of 6.8% in local currencies, Business Group Asia once again significantly exceeded market growth. In Swiss francs, revenue grew by 11.5% to CHF 127.3 million (prior-year period: CHF 114.2 million). In particular, substantial investments in the development and extension of Chinese production capacities, which do not yet contribute to earnings, as well as higher raw material prices resulted in an EBIT of CHF 11.3 million, (prior-year period: CHF 14.2 million) and an EBIT margin of 8.9%.

Business Group SAMEA (South America, Middle East and Africa) continued its growth course in the first half of 2018 and increased revenue in local currencies by 23.3%, clearly outperforming the market. Higher order volumes for US-American and Japanese vehicle manufacturers in Brazil and Argentina as well as strong export volumes in Turkey were decisive for this significant growth. Due to the considerable depreciation of various local currencies, revenue consolidated in Swiss francs rose by just 1.2% to CHF 56.0 million (prior-year period: CHF 55.4 million). EBIT improved by CHF 2.9 million to CHF 3.1 million (prior-year period: CHF 0.2 million), meaning that this Business Group made a solid profit contribution for the first time again. Higher production volumes and correspondingly optimized capacity utilization as well as gains in efficiency were decisive for this positive result.



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For 2018, Autoneum expects  
organic revenue growth of around 3%  
and the EBIT margin to be at 7%.

### **Change to the Group Executive Board**

The Board of Directors of Autoneum Holding Ltd has appointed Dr Alexandra Bendler as Head of Business Group Europe and member of the Group Executive Board as of February 1, 2019. Since joining the Company in 2008, Alexandra Bendler has held various management positions, including Head of Group Strategy & Marketing from 2010 to 2014. She has served as Head of Sales & Program Management for Business Group Europe since 2014. Alexandra Bendler will assume management of the Business Group from Matthias Holzammer, who is leaving the Company at his own request to take on new professional challenges. Under his leadership, Business Group Europe has made a remarkable contribution to the Company's profitable growth since 2012. The Board of Directors of Autoneum Holding Ltd and CEO Martin Hirzel regret Matthias Holzammer's resignation. They would like to thank him for the significant role he has played in the Company's success as well as his great commitment and wish him all the best in his next steps, both professionally and personally.

### **Outlook**

In view of the modest recovery of the North American market forecasted for the second half of 2018 and consistently high demand in Europe, Autoneum expects organic revenue growth of around 3% in 2018. In the seasonally slightly weaker second semester, the EBIT margin of Business Group Europe is assumed to be lower and the margin level of Business Group North America to remain unchanged in the short term. Autoneum therefore expects an EBIT margin of 7% for the full year 2018.

Winterthur, July 25, 2018



**Hans-Peter Schwald**  
Chairman of the Board



**Martin Hirzel**  
Chief Executive Officer

## Consolidated income statement

CHF million	January – June 2018		January – June 2017 <sup>1</sup>	
Revenue	1 159.4	100.0%	1 116.0	100.0%
Material expenses	-541.1	-46.7%	-511.0	-45.8%
Employee expenses	-316.7	-27.3%	-299.6	-26.8%
Other expenses	-189.3	-16.3%	-185.7	-16.6%
Other income	14.8	1.3%	10.5	0.9%
<b>EBITDA</b>	<b>127.2</b>	<b>11.0%</b>	<b>130.1</b>	<b>11.7%</b>
Depreciation, amortization and impairment	-40.7	-3.5%	-36.1	-3.2%
<b>EBIT</b>	<b>86.4</b>	<b>7.5%</b>	<b>94.0</b>	<b>8.4%</b>
Financial income	1.0		-2.2	
Financial expenses	-6.7		-6.5	
Share of profit of associated companies	3.0		1.2	
<b>Profit before taxes</b>	<b>83.7</b>	<b>7.2%</b>	<b>90.8</b>	<b>8.1%</b>
Income taxes	-23.7		-29.1	
<b>Net profit</b>	<b>60.1</b>	<b>5.2%</b>	<b>61.7</b>	<b>5.5%</b>
attributable to shareholders of Autoneum Holding Ltd	48.9		48.5	
attributable to non-controlling interests	11.2		13.2	
Basic earnings per share in CHF	10.49		10.42	
Diluted earnings per share in CHF	10.46		10.41	

<sup>1</sup> Restated, refer to note 2 on page 14.

## Consolidated statement of comprehensive income

CHF million	January – June 2018	January – June 2017 <sup>1</sup>
<b>Net profit</b>	<b>60.1</b>	<b>61.7</b>
Currency translation adjustment <sup>2</sup>	-8.2	-21.5
Change in fair value of financial instruments available for sale	-	1.0
Income taxes	-	-
<b>Total items that will be reclassified to income statement</b>	<b>-8.2</b>	<b>-20.5</b>
Remeasurement of defined benefit pension plans	2.3	6.7
Changes in fair value of equity investments (FVOCI)	2.9	-
Income taxes	-0.5	-1.3
<b>Total items that will not be reclassified to income statement</b>	<b>4.8</b>	<b>5.4</b>
<b>Other comprehensive income</b>	<b>-3.4</b>	<b>-15.1</b>
<b>Total comprehensive income</b>	<b>56.6</b>	<b>46.6</b>
attributable to shareholders of Autoneum Holding Ltd	45.3	39.1
attributable to non-controlling interests	11.3	7.5

<sup>1</sup> Restated, refer to note 2 on page 14.

<sup>2</sup> The currency translation adjustment includes nil (2017: CHF -0.2 million) of other comprehensive income from associated companies accounted for using the equity method.

## Consolidated balance sheet

CHF million	June 30, 2018	December 31, 2017 <sup>1</sup>
<b>Assets</b>		
Tangible assets	654.7	623.0
Intangible assets	10.0	11.2
Investments in associated companies	16.0	14.1
Financial assets	80.2	78.0
Deferred income tax assets	19.9	21.7
Employee benefit assets	3.8	3.8
Other assets	103.5	101.3
<b>Non-current assets</b>	<b>888.1</b>	<b>853.0</b>
Inventories	229.8	206.9
Trade receivables	337.8	301.4
Current income tax receivables	8.4	9.3
Other assets	83.9	65.7
Financial assets	2.1	2.8
Cash and cash equivalents	73.0	103.8
<b>Current assets</b>	<b>735.0</b>	<b>689.9</b>
<b>Assets</b>	<b>1 623.0</b>	<b>1 542.9</b>
<b>Shareholders' equity and liabilities</b>		
Equity attributable to shareholders of Autoneum Holding Ltd	559.8	545.7
Equity attributable to non-controlling interests	106.4	112.6
<b>Shareholders' equity</b>	<b>666.2</b>	<b>658.3</b>
Borrowings	307.5	242.5
Deferred income tax liabilities	34.9	33.5
Employee benefit liabilities	31.8	33.9
Provisions	26.9	37.4
Other liabilities	2.5	1.1
<b>Non-current liabilities</b>	<b>403.6</b>	<b>348.6</b>
Borrowings	26.0	46.2
Current income tax liabilities	15.6	21.6
Provisions	25.3	31.7
Trade payables	295.5	261.7
Other liabilities	190.9	174.8
<b>Current liabilities</b>	<b>553.3</b>	<b>536.1</b>
<b>Liabilities</b>	<b>956.8</b>	<b>884.6</b>
<b>Shareholders' equity and liabilities</b>	<b>1 623.0</b>	<b>1 542.9</b>

<sup>1</sup>Restated, refer to note 2 on page 14.

## Consolidated statement of changes in equity

CHF million	Attributable to the shareholders of Autoneum Holding Ltd						Total	Attributable to non-controlling interests	Total
	Share capital	Treasury shares	Capital reserve	Fair value reserve <sup>1</sup>	Retained earnings	Currency transl. adjustm.			
At December 31, 2016 reported	0.2	-2.4	217.5	23.8	179.9	-24.7	394.3	104.7	499.0
Adoption of IFRS 15 <sup>2</sup>	-	-	-	-	65.6	-	65.6	4.0	69.7
<b>At January 1, 2017 restated<sup>2</sup></b>	<b>0.2</b>	<b>-2.4</b>	<b>217.5</b>	<b>23.8</b>	<b>245.5</b>	<b>-24.7</b>	<b>459.9</b>	<b>108.7</b>	<b>568.6</b>
Net profit	-	-	-	-	48.5	-	48.5	13.2	61.7
Other comprehensive income	-	-	-	1.0	5.4	-15.8	-9.4	-5.7	-15.1
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.0</b>	<b>53.9</b>	<b>-15.8</b>	<b>39.1</b>	<b>7.5</b>	<b>46.6</b>
Capital increase	-	-	-	-	-	-	-	0.1	0.1
Acquisition of non-controlling interests	-	-	-	-	-0.3	-	-0.3	-	-0.3
Dividends paid <sup>3</sup>	-	-	-	-	-30.3	-	-30.3	-20.3	-50.6
Purchase of treasury shares <sup>4</sup>	-	-0.1	-	-	-	-	-0.1	-	-0.1
Share-based remuneration <sup>4</sup>	-	1.3	-	-	-0.3	-	1.0	-	1.0
<b>Total transactions with owners</b>	<b>-</b>	<b>1.2</b>	<b>-</b>	<b>-</b>	<b>-30.9</b>	<b>-</b>	<b>-29.7</b>	<b>-20.2</b>	<b>-49.9</b>
<b>At June 30, 2017 restated</b>	<b>0.2</b>	<b>-1.2</b>	<b>217.5</b>	<b>24.8</b>	<b>268.6</b>	<b>-40.6</b>	<b>469.3</b>	<b>96.0</b>	<b>565.3</b>
At December 31, 2017 restated <sup>2</sup>	0.2	-3.3	217.5	38.9	313.5	-21.2	545.7	112.6	658.3
Adoption of IFRS 9 <sup>2</sup>	-	-	-	-	-1.2	-	-1.2	-	-1.2
<b>At January 1, 2018 restated<sup>2</sup></b>	<b>0.2</b>	<b>-3.3</b>	<b>217.5</b>	<b>38.9</b>	<b>312.2</b>	<b>-21.2</b>	<b>544.4</b>	<b>112.6</b>	<b>657.0</b>
Net profit	-	-	-	-	48.9	-	48.9	11.2	60.1
Other comprehensive income	-	-	-	2.9	1.9	-8.3	-3.5	0.1	-3.4
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.9</b>	<b>50.7</b>	<b>-8.3</b>	<b>45.3</b>	<b>11.3</b>	<b>56.6</b>
Dividends paid <sup>3</sup>	-	-	-	-	-30.3	-	-30.3	-17.5	-47.8
Purchase of treasury shares <sup>4</sup>	-	-1.3	-	-	-	-	-1.3	-	-1.3
Share-based remuneration <sup>4</sup>	-	2.0	-	-	-0.3	-	1.7	-	1.7
<b>Total transactions with owners</b>	<b>-</b>	<b>0.6</b>	<b>-</b>	<b>-</b>	<b>-30.6</b>	<b>-</b>	<b>-29.9</b>	<b>-17.5</b>	<b>-47.5</b>
<b>At June 30, 2018</b>	<b>0.2</b>	<b>-2.7</b>	<b>217.5</b>	<b>41.8</b>	<b>332.4</b>	<b>-29.5</b>	<b>559.8</b>	<b>106.4</b>	<b>666.2</b>

<sup>1</sup> The former "Available for sale reserve" has been renamed to "Fair value reserve" in course of the adoption of IFRS 9.

<sup>2</sup> Refer to note 2 on page 14.

<sup>3</sup> Autoneum Holding Ltd paid a dividend of CHF 6.50 per share entitled to dividends in 2018 (2017: CHF 6.50) as approved by the Annual General Meeting. The total payout amounted to CHF 30.3 million (2017: CHF 30.3 million).

<sup>4</sup> Autoneum purchased 5 813 registered shares (2017: 190) and transferred 11 019 registered shares (2017: 10 257) in conjunction with share-based remuneration in the period under review.

## Consolidated statement of cash flows

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CHF million	January – June 2018	January – June 2017 <sup>1</sup>
Net profit	60.1	61.7
Dividend income	–	–0.5
Interest income	–0.9	–0.8
Interest expenses	3.8	6.2
Income tax expenses	23.7	29.1
Depreciation, amortization and impairment	40.7	36.1
Share of profit of associated companies	–3.0	–1.2
Loss from disposal of tangible assets, net	0.1	0.1
Gain from disposal of subsidiary or business	–0.3	–
Loss from disposal of investments in associated companies	–	0.4
Other non-cash income and expenses	1.4	–1.7
Change in net working capital	–43.3	–52.8
Change in post-employment benefit assets and liabilities	0.2	4.8
Change in non-current provisions	–5.6	–5.0
Change in other non-current assets	–3.5	–4.8
Change in other non-current liabilities	1.4	0.3
Dividends received	1.3	1.3
Interest received	0.8	0.8
Interest paid	–2.2	–2.9
Income taxes paid	–26.3	–23.8
<b>Cash flows from operating activities</b>	<b>48.5</b>	<b>47.3</b>
Investments in tangible assets	–72.7	–67.7
Investments in intangible assets	–0.5	–1.0
Investments in associated companies	–0.2	–
Investments in financial assets	–0.7	–15.1
Proceeds from disposal of tangible assets	0.2	0.1
Proceeds from disposal of financial assets	0.6	0.6
Proceeds from disposal of subsidiary or business, net of cash disposed of <sup>2</sup>	0.6	–
Consideration paid for disposal of investments in associated companies	–	–0.2
<b>Cash flows used in investing activities</b>	<b>–72.6</b>	<b>–83.3</b>
Dividends paid to shareholders of Autoneum Holding Ltd	–30.3	–30.3
Dividends paid to non-controlling interests	–17.5	–20.3
Acquisition of non-controlling interests	–	–0.4
Proceeds from capital increase	–	0.1
Purchase of treasury shares	–1.3	–0.1
Proceeds from borrowings	118.9	210.5
Repayment of borrowings	–75.1	–166.8
<b>Cash flows used in financing activities</b>	<b>–5.4</b>	<b>–7.4</b>
Currency translation adjustment	–1.4	–4.4
<b>Change in cash and cash equivalents</b>	<b>–30.9</b>	<b>–47.8</b>
Cash and cash equivalents at beginning of the period	103.8	149.8
<b>Cash and cash equivalents at end of the period</b>	<b>73.0</b>	<b>102.1</b>

<sup>1</sup> Restated, refer to note 2 on page 14.

<sup>2</sup> Includes a deferred purchase price payment in the amount of CHF 0.6 million (2017: nil) from transactions in 2013 and 2014.

## Notes to the condensed consolidated semi-annual financial statements

### 1 Basis of preparation

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The unaudited condensed consolidated semi-annual financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”. They are based on the financial statements of the individual Group companies drawn up according to uniform accounting policies as of June 30, 2018. The condensed consolidated semi-annual financial statements are not subject to the same requirements as the consolidated annual financial statements. It is recommended to read the condensed consolidated semi-annual financial statements in conjunction with the consolidated financial statements as of December 31, 2017. The condensed consolidated semi-annual financial statements are published exclusively in English. The financial information disclosed in this report may not add up precisely to the disclosed totals due to rounding. Ratios and variances are calculated using the exact underlying amount and not the disclosed rounded amount. Autoneum’s business activities are not subject to pronounced seasonal fluctuations. The condensed consolidated semi-annual financial statements 2018 were authorized for issue by the Board of Directors on July 25, 2018.

### 2 Changes in accounting policies

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Except as described below, the accounting policies applied in these condensed consolidated semi-annual financial statements are the same as those applied in the consolidated financial statements as of December 31, 2017.

The Group has initially adopted IFRS 9 “Financial Instruments” effective as of January 1, 2018. IFRS 9 includes revised guidance on the classification and measurement of financial assets and financial liabilities, including a new expected credit loss model for calculating impairment as well as general hedge accounting requirements. Autoneum is mainly impacted in the area of valuation of trade receivables and contract assets, which is now assessed based on the customer’s credit rating as well as the maturity of the financial asset. In the course of the adoption of IFRS 9 as of January 1, 2018, trade receivables decreased by CHF 0.8 million, financial assets decreased by CHF 0.5 million, other assets decreased by CHF 0.2 million, deferred income tax assets increased by CHF 0.4 million, and the cumulative impact of CHF 1.2 million is recognized in retained earnings. In the course of the adoption of IFRS 9, Autoneum elected to classify its equity investments in Nihon Tokushu Toryo Co. Ltd., Tokyo, Japan into the category “at fair value through other comprehensive income” (FVOCI). Under this new category, the cumulative change in fair value is reclassified from the fair value reserve to retained earnings on disposal of the investment, and is not recycled to profit or loss. The prior-year’s financial information has not been restated, as the impairment need on assets could not be assessed without the use of hindsight.

The Group has initially adopted IFRS 15 “Revenue from Contracts with Customers” effective as of January 1, 2018. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized based on a five-step approach. Under IFRS 15, an

entity recognizes revenue when control of the promised goods and services is transferred to the customer at an amount that reflects the consideration to which the entity expects to be entitled. It replaces existing revenue recognition guidance, including IAS 18, IAS 11 and IFRIC 13. Autoneum implemented the new standard as of January 1, 2018 using the full retrospective method. The resultant impact of the conversion is recognized in retained earnings as of January 1, 2017 and the prior-year's financial information has been restated accordingly.

IFRS 15 requires that pre-production costs be capitalized as "costs to fulfill a contract". Instead of an immediate recognition in the income statement, the costs are capitalized and recognized delayed over the period when revenue is recognized. The capitalized pre-production costs amount to CHF 86.6 million and are included in other assets (non-current) as of December 31, 2017. The Group capitalized pre-production costs of CHF 11.1 million and recognized pre-production costs from prior periods of CHF 9.2 million in the first half of 2017. Both transactions are recorded in the consolidated income statement in the line item "Material expenses".

The implementation of IFRS 15 led to changes in the timing of recognition of costs and revenue for certain projects in which Autoneum sells the serial-production tool to the OEM. According to IFRS 15, both costs and revenue are recognized when Autoneum fulfills the respective performance obligation, which is at a clearly defined point in time. According to the accounting principles applied previously, costs and revenue were in some cases recognized over the serial production period. As a consequence, the line items "Other assets" (non-current and current) decreased by CHF 17.1 million as of December 31, 2017, which is mainly the result of deferred expenses that were reported as a part of other assets and are recognized as material expenses in the year 2017 or earlier, applying the new standard. Inventories decreased by CHF 6.9 million as of December 31, 2017, and the related costs are recognized in the year 2017 or earlier. Other liabilities (non-current and current) decreased by CHF 25.9 million as of December 31, 2017, which is mainly the result of deferred revenue that is recognized as revenue in the year 2017 or earlier, applying the new standard.

The adoption of IFRS 15 resulted in an increase in total equity of CHF 71.1 million as of December 31, 2017, which is net of deferred income taxes. The impact on the consolidated income statement and on the consolidated statement of comprehensive income is immaterial in relation to the Group's results, as the effect of the change in the accounting for the pre-production costs is partly offset by the effect of the change in the timing of recognition of costs and revenue. The impact of the adoption of IFRS 15 to the first half-year 2018 is not materially different from the first half-year 2017.

A number of other new and revised standards and interpretations are effective as of January 1, 2018 but do not have a material effect on the Group's consolidated financial statements.

The tables on pages 16 and 17 show the restatement of the prior-year's financial information due to the retrospective implementation of IFRS 15.

CHF million	Reported	IFRS 15	Restated
<b>Consolidated income statement January – June 2017</b>			
Revenue	1 117.9	-2.0	1 116.0
Material expenses	-513.8	2.8	-511.0
EBIT	93.1	0.8	94.0
Profit before taxes	90.0	0.8	90.8
Income taxes	-28.9	-0.2	-29.1
Net profit	61.2	0.6	61.7
attributable to shareholders of Autoneum Holding Ltd	47.7	0.9	48.5
attributable to non-controlling interests	13.5	-0.3	13.2
Basic earnings per share in CHF	10.23	0.19	10.42
Diluted earnings per share in CHF	10.22	0.19	10.41
<b>Consolidated statement of comprehensive income January – June 2017</b>			
Net profit	61.2	0.6	61.7
Currency translation adjustment	-20.2	-1.3	-21.5
Other comprehensive income	-13.7	-1.4	-15.1
Total comprehensive income	47.4	-0.7	46.6
attributable to shareholders of Autoneum Holding Ltd	39.4	-0.2	39.1
attributable to non-controlling interests	8.0	-0.5	7.5
<b>Consolidated statement of cash flows January – June 2017</b>			
Net profit	61.2	0.6	61.7
Income tax expenses	28.9	0.2	29.1
Change in net working capital	-51.2	-1.6	-52.8
Change in other non-current assets	-3.5	-1.4	-4.8
Change in other non-current liabilities	-1.9	2.2	0.3
Remaining operating cash flow items	13.7	-	13.7
<b>Cash flows from operating activities</b>	<b>47.3</b>	<b>-</b>	<b>47.3</b>
<b>Consolidated balance sheet as of December 31, 2017</b>			
Deferred income tax assets	25.7	-4.0	21.7
Other assets (non-current)	36.1	65.2	101.3
Inventories	213.9	-6.9	206.9
Other assets (current)	61.3	4.3	65.7
Remaining assets	1 147.3	-	1 147.3
<b>Assets</b>	<b>1 484.3</b>	<b>58.6</b>	<b>1 542.9</b>
Equity attributable to shareholders of Autoneum Holding Ltd	479.2	66.4	545.7
Equity attributable to non-controlling interests	107.9	4.7	112.6
Deferred income tax liabilities	17.8	15.8	33.5
Other liabilities (non-current)	20.9	-19.7	1.1
Provisions (current)	34.0	-2.3	31.7
Other liabilities (current)	181.1	-6.2	174.8
Remaining liabilities	643.4	-	643.4
<b>Shareholders' equity and liabilities</b>	<b>1 484.3</b>	<b>58.6</b>	<b>1 542.9</b>



CHF million	Reported	IFRS 15	Restated
<b>Consolidated balance sheet as of January 1, 2017</b>			
Deferred income tax assets	35.2	-2.1	33.1
Other assets (non-current)	46.0	58.3	104.3
Inventories	148.2	-0.6	147.6
Other assets (current)	63.3	-4.1	59.2
Remaining assets	1 005.1	-	1 005.1
<b>Assets</b>	<b>1 297.8</b>	<b>51.6</b>	<b>1 349.3</b>
Equity attributable to shareholders of Autoneum Holding Ltd	394.3	65.6	459.9
Equity attributable to non-controlling interests	104.7	4.0	108.7
Deferred income tax liabilities	10.7	15.9	26.5
Other liabilities (non-current)	31.5	-20.2	11.3
Provisions (current)	13.7	-1.8	11.9
Other liabilities (current)	164.5	-12.0	152.5
Remaining liabilities	578.5	-	578.5
<b>Shareholders' equity and liabilities</b>	<b>1 297.8</b>	<b>51.6</b>	<b>1 349.3</b>

### 3 Change in scope of consolidation and significant transactions

On March 23, 2018 Autoneum acquired a 25% interest in ATN Auto Acoustics Inc., Kamioguchi, Japan, for a consideration of CHF 0.2 million from Toyota Boshoko Corporation, Kariya, Japan.

### 4 Segment information

Segment information is based on Autoneum Group's internal organization and management structure as well as on the internal financial reporting to the Group Executive Board and the Board of Directors. Chief operating decision maker is the CEO.

Autoneum is the globally leading automobile supplier in acoustic and thermal management for vehicles. Autoneum develops and produces multifunctional and lightweight components and systems for noise and heat protection and thereby enhances vehicle comfort.

The reporting is based on the following four reportable segments (Business Groups/BG): BG Europe, BG North America, BG Asia and BG SAMEA (South America, Middle East and Africa). "Corporate and elimination" include Autoneum Holding Ltd and the corporate center with its respective legal entities, an operation that produces parts for Autoneum's manufacturing lines, investments in associated companies and inter-segment eliminations. Transactions between the Business Groups are made on the same basis as with independent third parties.

**January – June 2018**

	BG Europe	BG North America	BG Asia	BG SAMEA	Total segments	Corporate and elimination	Total Group
CHF million							
Third-party revenue	499.7	472.2	126.8	55.4	1 154.1	5.3	1 159.4
Inter-segment revenue	1.5	–	0.5	0.7	2.7	–2.7	–
Revenue	501.2	472.2	127.3	56.0	1 156.8	2.6	1 159.4
EBITDA	58.0	35.8	17.2	4.9	115.8	11.4	127.2
in % of revenue	11.6%	7.6%	13.5%	8.7%	10.0%	n/a	11.0%
Depreciation, amortization and impairment	–14.3	–17.4	–5.9	–1.8	–39.4	–1.4	–40.7
EBIT	43.7	18.4	11.3	3.1	76.5	10.0	86.4
in % of revenue	8.7%	3.9%	8.9%	5.5%	6.6%	n/a	7.5%
Assets at June 30	587.7	637.9	250.1	64.2	1 539.9	83.1	1 623.0
Liabilities at June 30	431.2	329.3	127.5	45.9	933.8	23.0	956.8
Additions in tangible and intangible assets	14.6	34.7	19.7	3.1	72.1	1.0	73.2
Employees at June 30 <sup>1</sup>	5 560	4 494	2 038	944	13 036	491	13 527

<sup>1</sup> Full-time equivalents including temporary employees (excluding apprentices).

**January – June 2017<sup>1</sup>**

	BG Europe	BG North America	BG Asia	BG SAMEA	Total segments	Corporate and elimination	Total Group
CHF million							
Third-party revenue	441.9	501.3	113.8	54.9	1 111.9	4.1	1 116.0
Inter-segment revenue	4.3	–	0.3	0.5	5.2	–5.2	–
Revenue	446.2	501.3	114.2	55.4	1 117.1	–1.1	1 116.0
EBITDA	49.7	52.1	18.7	2.1	122.6	7.5	130.1
in % of revenue	11.1%	10.4%	16.4%	3.8%	11.0%	n/a	11.7%
Depreciation, amortization and impairment	–12.7	–16.2	–4.5	–1.9	–35.2	–0.9	–36.1
EBIT	37.0	35.9	14.2	0.2	87.3	6.6	94.0
in % of revenue	8.3%	7.2%	12.5%	0.4%	7.8%	n/a	8.4%
Assets at June 30	526.5	547.7	175.6	77.0	1 326.9	66.2	1 393.1
Liabilities at June 30	389.6	250.5	74.3	60.6	775.0	52.9	827.8
Additions in tangible and intangible assets	8.5	41.3	15.0	2.1	66.9	1.8	68.7
Employees at June 30 <sup>2</sup>	5 045	4 169	1 945	1 039	12 198	431	12 629

<sup>1</sup> Restated, refer to note 2 on page 14.

<sup>2</sup> Full-time equivalents including temporary employees (excluding apprentices).

**5 Financial instruments**

Neither significant changes in the fair value hierarchy nor in the fair value measurement assumptions of financial instruments occurred in the period under review. The Group did neither issue, repurchase nor repay Autoneum Bonds in the reporting period.

## 6 Exchange rates for currency translation

CHF	ISO code	Units	Average rate January – June 2018	Average rate January – June 2017	Closing rate June 30, 2018	Closing rate December 31, 2017
Euro	EUR	1	1.17	1.08	1.16	1.17
United States dollar	USD	1	0.97	0.99	0.99	0.98

## 7 Events after balance sheet date

There were no events between June 30, 2018 and July 25, 2018 which would necessitate adjustments to the book value of the Group's assets or liabilities, or which require additional disclosure in the condensed consolidated semi-annual financial statements.

### Important Dates

- Publication of Revenue Financial Year 2018:  
January 23, 2019
- Media and Financial Analysts Conference Financial Year 2018:  
March 6, 2019
- Annual General Meeting 2019:  
March 28, 2019

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All statements in this report which do not refer to historical facts are forecasts for the future that offer no guarantee whatsoever regarding future performance; they embody risks and uncertainties which include – but are not limited to – future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors which are outside the Company's control.

July 2018

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