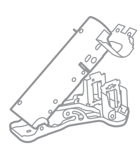
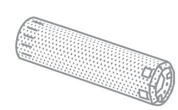
advaltech

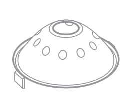
SEMI-ANNUAL REPORT

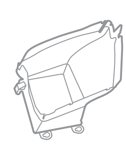
2018

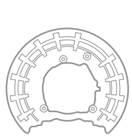
IMPROVEMENTS ACROSS THE BOARD
HIGHER PROFITABILITY
FURTHER CONSISTENT IMPLEMENTATION OF FOCUSING STRATEGY

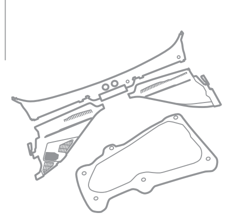

STEERING SYSTEM


COMBUSTER


FUEL INJECTION PUMP


AIR FLOW SYSTEM


BRAKE COVER


AIR/WATER SEPARATION

DEAR SHAREHOLDERS

The Adval Tech Group is on track. The consistent implementation of our focusing strategy had a positive impact again in the first half of 2018. Compared with the same period of the previous year, all key figures of the Group have improved.

The Adval Tech Group set itself the following focus areas for 2018: Systematic realization of all newly acquired projects, extension of global market activities, and smooth completion of the relocation of production operations to Germany and Hungary. At the mid-year point, we are on track in all these areas.

Key figures

With total income of CHF 104.0 million (1H 2017: CHF 102.4 million), in the first half of 2018 the Adval Tech Group generated operating earnings before interest, tax, depreciation and amortization (EBITDA) of CHF 11.1 million (1H 2017: CHF 9.2 million), earnings before interest and taxes (EBIT) of CHF 6.9 million (1H 2017: CHF 4.8 million), and net profit of CHF 7.8 million (1H 2017: CHF 3.7 million).

The Adval Tech Group thus further improved profitability: The EBITDA margin increased from 9.0% to 10.6%, and the EBIT margin from 4.7% to 6.7%. Net of exchange rate effects, EBITDA was CHF 10.1 million and EBIT was CHF 6.1 million.

These pleasing results were achieved thanks to the slight rise in total income, the lower material inputs, rigorous cost discipline, and better use of synergies. All of this had a positive impact on the Adval Tech Group's productivity.

Total income

The total income of the Adval Tech Group consists of the following:

- Net turnover from the sale of components in metal and plastic
- Net turnover from the sale of related tools for production of components
- Other revenues (such as proceeds from sale of scrap)

The Adval Tech Group generated most of its turnover (71%) in the first half of 2018 with customers in Europe (1H 2017: 72%). Asian customers accounted for 13% of turnover (1H 2017: 12%), customers in Latin America for 10% (1H 2017: 9%) and customers in North America for 5% (1H 2017: 6%).

In the metal business Adval Tech produces large quantities of stamped and formed series parts and subassemblies for the automotive industry. The company produces the necessary tools in-house. For certain applications, the Group also constructs entire production facilities. Adval Tech makes rotationally symmetrical parts (e.g. components for airbags, ABS braking systems and fuel injection systems), steering system subassemblies, roof rack systems, decor parts (e.g. trims), structural components and composite components from metal and plastic elements. These parts are manufactured in Switzerland, Germany, Hungary, Brazil and North America.

The performance of the Swiss subsidiary Adval Tech (Switzerland) AG in Niederwangen is especially pleasing. As a one-stop shop, this subsidiary mainly supplies metal components and assemblies to well-known automotive suppliers, and also sells high-speed presses for the production of such parts. Adval Tech (Switzerland) AG showed a particularly marked improvement in the field of rotationally symmetrical parts in the first half of 2018.

Adval Tech (Germany) GmbH und Co. KG in Endingen concentrates on technically demanding cubic components made from metal (including lightweight metal). In the first half of 2018 it faced the major challenges of merging various sites and the relocations involved. At Adval Tech do Brasil Indústria de Autopeças Ltda. the industrialization of the projects acquired still required a great deal of attention and special measures in the first half of 2018.

In the plastic sector Adval Tech produces highly innovative parts and subassemblies in large batches for selected application areas. For example, it supplies automotive manufacturers and first-tier customers with air-water separation systems, air deflection elements, air guidance systems and seatbelt buckles. Adval Tech also produces plastic parts for the household appliance and medical device fields. The production facilities for plastic components are located in Switzerland, Hungary, China, Thailand, Malaysia and Mexico. The site in Muri, Canton Aargau (Switzerland) is home to the Adval Tech Group's Tech Center Plastic Technology (TCPT), with a highly qualified team of engineers and technical experts who handle plastics applications for OEMs (automotive manufacturers) and global first-tier customers (direct suppliers). The parts and subassemblies developed here are produced in Hungary, Mexico and China.

Business at the subsidiary in Hungary performed especially well in the first half of 2018. It produces plastic parts for OEMs. Adval Tech (Malaysia) Sdn. Bhd. also generated higher turnover in the first half of 2018 than in the same period of the previous year.

Profitability

The Adval Tech Group was able to improve its profitability again in the first half of 2018. It generated operating earnings before interest, taxes, depreciation and amortization (EBITDA) of CHF 11.1 million (1H 2017: CHF 9.2 million, +20.7%) and earnings before interest and taxes (EBIT) of CHF 6.9 million (1H 2017: CHF 4.8 million, +43.8%). The biggest contribution to the operating result came from Adval Tech (Switzerland) AG, Niederwangen, Adval Tech (Hungary) Kft. and Adval Tech (Malaysia) Sdn. Bhd.

The EBITDA margin improved from 9.0% in the first half of 2017 to 10.6% in the first half of 2018, the EBIT margin rose from 4.7% to 6.7%.

Net result

The net profit of the Adval Tech Group for the first half of 2018 came to CHF 7.8 million (1H 2017: CHF 3.7 million, +111%). The net result incorporates net income of around CHF 2.8 million for a residual payment from the sale of the Molds segment in 2016, which was only received in this reporting period. It also includes the net costs of around CHF 0.5 million incurred for the production relocations from the premises in Uetendorf to the production plants in Endingen and Szekszárd, agreed at the end of 2016.

Investments and net current assets

During the first half of 2018, the Adval Tech Group invested CHF 6.9 million in property, plant and equipment (1H 2017: CHF 7.3 million), primarily for stamping presses.

Cash flow from operations before change in net working capital amounted to CHF 7.8 million in the first half of 2018 (1H 2017: CHF 7.6 million). Operating free cash flow improved from CHF -12.2 million in the first half of 2017 to CHF 7.1 million in the first half of 2018.

At the end of June 2018, net current assets (trade accounts receivable, inventories and trade accounts payable) stood at CHF 37.4 million (December 31, 2017: CHF 36.8 million). As a percentage of total income, operating net working capital increased from 19.3% at the end of December 2017 to 19.6% at the end of June 2018.

Long-term market success

In 2016 and 2017, Adval Tech secured several large orders which will ensure capacity utilization at individual sites for years to come.

In the area of plastic components, for example, Adval Tech gained a new customer for air flow systems in the form of another automotive manufacturer (OEM) belonging to the VW Group. Series production is scheduled to start in Hungary in 2019 and should run for around four years. Also in Hungary in 2019, series production is due to start for a front panel including radiator shutter which Adval Tech will manufacture for different models of various OEMs over a period of seven years.

In addition, Adval Tech acquired an order to produce components for oil guidance for a major OEM. Production of these components is likewise scheduled to start in Hungary in 2019 and will run for around six years.

In the metal components business, Adval Tech acquired new orders for automotive trims, which will be produced in Endingen from 2018 through 2023. Adval Tech has also successfully acquired a number of projects for hybrid and electric vehicles. For example, complex subassemblies and components made by Adval Tech (Germany) will be used to ensure that the battery is protected, held in place, and properly integrated into vehicles. Electrification is not confined to the battery; it covers the entire vehicle. For example, there is a demand for sophisticated structural components made of aluminum for lightweight bodywork and for components that can control modules, conduct heat, and position cable assemblies.

At the Niederwangen site in Switzerland, too, Adval Tech has acquired various new projects for rotationally symmetrical parts and received some interesting new enquiries for high-speed presses.

Strategic focus

As part of its strategic market focus, the Adval Tech Group is developing as an automotive supplier in four directions: from a component provider to a supplier of systems and modules; from a parts manufacturer to a one-stop shop with development, parts and modular capabilities; from a Europe-focused to a global partner; and from a supplier to second-tier providers to a partner of first-tier suppliers and OEMs (see also chart on page 5).

Outlook

The global automotive industry continued to grow in the first half of 2018. The introduction of the new process for testing exhaust emissions (CO_2 and other pollutant) and the associated switch to the WLTC driving cycle in order to gain vehicle type approval is a major challenge for automotive manufacturers. As a result of this switch, some vehicle types from well-known manufacturers are temporarily unavailable, while others have been completely removed from sale. This will also have an impact on the sales figures. However, we do not expect this development to significantly affect the Adval Tech Group's turnover. Our components are very widespread and are used in a large range of vehicles.

Current events in global trade politics do harbor the risk of a downturn in the global economy. On the other hand, there are further growth opportunities for automotive suppliers in terms of the megatrends connectivity, mobility and ecology. The main drivers as we see them are networked vehicles, autonomous driving, shared mobility and electrification. Adval Tech is working intensely and closely with its customers to develop suitable solutions. The use of new materials in lightweight construction concepts and our further development as a module supplier are great opportunities for Adval Tech.

STRATEGY IN AUTOMOTIVE BUSINESS

Customers	Presence	Products	Expertise
			ONE-STOP-SHOP
OEM	**Global**	**Systems / Modules / Functional parts**	**Production and development** · Production and development know-how · Experience in product development · Parts and modules competence · ISO 9001/14001 · IATF 16949:2016 · ISO IQ 9001/14001 · SE project management
1st Tier	**America / Asia / Europe**	**Technical components / Sub-assemblies**	
2nd Tier	**Europe**	**Components**	**Production** · Production know-how · Process know-how

Development of Adval Tech

Global footprint for OEMs and first-tier suppliers

The Adval Tech Group has become better, faster and more innovative in recent years. With its lean organization it is well prepared for qualitative and profitable growth.

We would like to thank our customers, suppliers and business partners for the good working relationships we have with them and our staff for their great efforts.

We would also like to thank you, our esteemed shareholders, for your loyalty and trust.

Niederwangen, August 2018

Willy Michel
Chairman of the Board of Directors

René Rothen
Chief Executive Officer

		Components	
		Metal	Plastic
Europe	Adval Tech (Grenchen) AG, Grenchen, Switzerland		●
	Adval Tech (Hungary) Kft., Szekszárd, Hungary		●
	Adval Tech (Hungary) Plant 2 Kft., Szekszárd, Hungary	●	
	Adval Tech (Germany) GmbH und Co. KG, Endingen, Germany	●	
	Adval Tech (Switzerland) AG, Niederwangen, Switzerland	●	
Asia	Adval Tech (Malaysia) Sdn. Bhd., Johor Bahru, Malaysia		●
	Adval Tech (Suzhou) Co. Ltd, Suzhou, China		●
	Adval Tech (Thailand) Co. Ltd, Rayong, Thailand		●
Americas	Adval Tech (Mexico) S.A. de C.V., Querétaro, Mexico		●
	Adval Tech do Brasil Indústria de Autopeças Ltda., São José dos Pinhais, Brazil	●	
	Adval Tech (US) Inc., Cleveland, Ohio, USA	●	

KEY SEMI-ANNUAL FIGURES OF THE ADVAL TECH GROUP

CHF million	1st half of 2018	2nd half of 2017	1st half of 2017
Total income			
Group	104.0	105.5	102.4
EBITDA			
Operating earnings before depreciation	11.1	10.0	9.2
in % of total income	10.6	9.5	9.0
EBIT			
Operating earnings	6.9	5.8	4.8
in % of total income	6.7	5.5	4.7
Net result			
Profit for the period	7.8	5.1	3.7
in % of total income	7.5	4.8	3.6
Cash flow and capital expenditure			
Cash flow from operations	9.2	19.5	-5.0
Operative free cash flow	7.1	9.6	-12.2
Free cash flow	8.3	8.2	-13.3
Capital expenditure	-6.9	-10.1	-7.3
Number of employees (full-time equivalents)			
as per balance sheet date	1,415	1,399	1,341

SEMI-ANNUAL FINANCIAL STATEMENTS

The unaudited semi-annual financial statements of the Adval Tech Group have been prepared in accordance with the accounting principles published in the 2017 annual report. In accordance with SWISS GAAP FER 31, this semi-annual report contains shorter presentations and disclosures in comparison with the consolidated annual financial statements and should therefore be read and interpreted in the context of the 2017 annual report.

CONSOLIDATED BALANCE SHEET

CHF 1,000	Notes	6/30/2018	12/31/2017
Liquid assets		22,878	18,084
Trade accounts receivable	5	31,057	31,354
Other receivables	6	2,229	4,861
Advanced payments to suppliers	7	716	421
Inventories and work in progress	8	38,189	34,714
Fixed assets held for sale	9	0	6,492
Prepaid expenses and accrued income		1,642	639
Total current assets		**96,711**	**96,565**
Tangible fixed assets		68,988	66,302
Financial assets	10	3,267	3,498
Intangible assets		4,365	4,846
Deferred tax assets		1,689	1,721
Total fixed assets		**78,309**	**76,367**
Total assets		**175,020**	**172,932**
Trade accounts payable	11	15,638	19,835
Short-term interest-bearing liabilities	12	1,266	1,137
Other short-term liabilities	13	13,610	12,559
Prepaid income and accrued expenses	14	15,282	13,227
Short-term provisions		3,653	4,491
Accrued current income taxes		952	435
Total short-term liabilities		**50,401**	**51,684**
Long-term interest-bearing liabilities	12	598	1,304
Other long-term liabilities		0	0
Long-term provisions		2,509	2,503
Deferred tax liability		151	152
Total long-term liabilities		**3,258**	**3,959**
Total liabilities		**53,659**	**55,643**
Share capital		14,600	14,600
Capital reserves		97,675	100,595
Treasury shares		0	-117
Goodwill offset		-61,406	-61,406
Translation differences		1,278	2,239
Retained earnings		69,214	61,378
Total shareholders’ equity		**121,361**	**117,289**
Total liabilities and shareholders’ equity		**175,020**	**172,932**

The attached explanatory notes are part of the consolidated semi-annual financial statements of the Adval Tech Group.

CONSOLIDATED INCOME STATEMENT

CHF 1,000	Notes	1st half of 2018	1st half of 2017
Net turnover	15	**100,793**	**98,063**
Total income	15	**104,024**	**102,398**
Cost of materials and services	16	-47,916	-50,117
Personnel expenses	17	-33,012	-31,833
Other operating expenses		-12,042	-11,256
Operating expenses		**-92,970**	**-93,206**
Operating earnings before depreciation (EBITDA)		**11,054**	**9,192**
Depreciation on tangible fixed assets		-3,664	-3,879
Amortization on intangible fixed assets		-478	-467
Depreciation		**-4,142**	**-4,346**
Operating earnings (EBIT)		**6,912**	**4,846**
Financial income		798	764
Financial expenses		-1,119	-1,043
Net financial income	18	**-321**	**-279**
Ordinary result		**6,591**	**4,567**
Extraordinary result	19	2,276	-423
Net result before income taxes		**8,867**	**4,144**
Income taxes		-1,033	-484
Net result after income taxes		**7,834**	**3,660**
Net result after income taxes per share (CHF) [1)]	20	**10.73**	**5.01**

[1)] There is no dilutive effect

The attached explanatory notes are part of the consolidated semi-annual financial statements of the Adval Tech Group.

SHAREHOLDERS' EQUITY

1st half of 2017 CHF 1,000	Share capital	Capital reserves	Treasury shares	Share of goodwill offset	Translation difference	Ret. earnings acc. losses	Total shareholders' equity
At January 1, 2017	**14,600**	**130,525**	**-190**	**-61,598**	**-2,704**	**52,599**	**133,232**
Net result after income taxes	0	0	0	0	0	3,660	3,660
Translation differences	0	0	0	0	169	0	169
Goodwill offset	0	0	0	512	0	0	512
Increase/decrease in share capital	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	-29,898	-29,898
Transfers	0	-29,930	0	0	0	29,930	0
Purchase/sale of treasury shares	0	0	164	0	0	0	164
At June 30, 2017	**14,600**	**100,595**	**-26**	**-61,086**	**-2,535**	**56,291**	**107,839**

1st half of 2018 CHF 1,000	Share capital	Capital reserves	Treasury shares	Share of goodwill offset	Translation difference	Ret. earnings acc. losses	Total shareholders' equity
At January 1, 2018	**14,600**	**100,595**	**-117**	**-61,406**	**2,239**	**61,378**	**117,289**
Net result after income taxes	0	0	0	0	0	7,834	7,834
Translation differences	0	0	0	0	-961	0	-961
Goodwill offset	0	0	0	0	0	0	0
Increase/decrease in share capital	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	-2,918	-2,918
Transfers	0	-2,920	0	0	0	2,920	0
Purchase/sale of treasury shares	0	0	117	0	0	0	117
At June 30, 2018	**14,600**	**97,675**	**0**	**-61,406**	**1,278**	**69,214**	**121,361**

The share capital of Adval Tech Holding Ltd is divided into 730,000 registered shares (2017: 730,000) (nominal value CHF 20 each, fully paid up). As at June 30, 2018, the Adval Tech Group held no company shares (June 30, 2017: 107 company shares, December 31, 2017: 507 company shares).

The attached explanatory notes are part of the consolidated semi-annual financial statements of the Adval Tech Group.

CONSOLIDATED CASH FLOW STATEMENT

CHF 1,000	Notes	1st half of 2018	1st half of 2017
Net result after income taxes		**7,834**	**3,660**
Scheduled depreciation on tangible fixed assets		3,664	3,879
Scheduled amortization on intangible assets		478	467
Increase (+) / decrease (-) in long-term and short-term provisions		-811	-280
Increase (+) / decrease (-) in provision for deferred income taxes (net position)		14	-25
Gain (-) / loss (+) on sales of tangible fixed assets		-596	-121
Other transactions with no impact on liquidity		-2,774	24
Cash flow from operating activities before change in net current assets		*7,809*	*7,604*
Increase (-) / decrease (+) in receivables		1,813	1,720
Increase (-) / decrease (+) in inventories	8	-4,054	-11,543
Increase (-) / decrease (+) in prepaid expenses and accrued income		-744	1,563
Increase (+) / decrease (-) in trade accounts payable		-3,858	1,299
Increase (+) / decrease (-) in other short-term liabilities, prepaid income and accrued expenses		5,461	-5,615
Cash flow from operating activities		**6,427**	**-4,972**
Capital expenditure		-6,915	-7,337
Income from sales of tangible fixed assets		6,981	120
Investments in financial assets		-28	0
Income from sales of financial assets		676	0
Investments in intangible assets		0	0
Income from sales of intangible assets		0	0
Net cash outflow from investments in financial assets		-1,599	-1,141
Net cash inflow from divestments of financial assets		2,729	57
Cash used for investing activities		**1,844**	**-8,301**
Free cash flow		**8,271**	**-13,273**
Dividend paid		-2,918	-29,898
Purchase (-) / sale (+) of treasury shares		-29	0
Increase (+) / decrease (-) in short-term interest-bearing liabilities		147	2,576
Increase (+) / decrease (-) in long-term interest-bearing liabilities		-697	-477
Cash flow from financing activities		**-3,497**	**-27,799**
Translation differences		20	-387
Changes in liquid assets		**4,794**	**-41,459**
Liquid assets on June 30		22,878	12,412
Liquid assets on January 1		18,084	53,871
Change in liquid assets		4,794	-41,459

The attached explanatory notes are part of the consolidated semi-annual financial statements of the Adval Tech Group.

NOTES TO THE CONSOLIDATED SEMI-ANNUAL FINANCIAL STATEMENTS

1. SEASONAL INFLUENCES

The Adval Tech Group operates in various industrial sectors and markets. Seasonal influences in the individual sectors and markets on the consolidated semi-annual financial statements are not significant in total.

2. CHANGES TO THE SCOPE OF CONSOLIDATION

The scope of consolidation remained unchanged in the year under review.

The first half of 2017 saw the establishment of Adval Tech (Hungary) Plant 2 Kft. via a hive-off of the metal components business from the existing Adval Tech (Hungary) Kft. All shares in the new company are held directly by Adval Tech Holding AG. In economic terms, this has not resulted in any change in the scope of consolidation.

The adjustment of the opening balance sheet of the Fischer IMF GmbH & Co. KG, which was acquired in the first half of 2016, was completed in the first half of 2017. This resulted in a reduction in goodwill of CHF 0.5 million. As the goodwill arising from this transaction was offset with equity, the result is an increase in equity with no effect on the income statement.

3. EXCHANGE RATES

Consolidation-relevant exchange rates relative to the reporting currency CHF:

	Average 1st half of 2017	Average 2nd half of 2017	Average 1st half of 2018
BRL	0.3133	0.3087	0.2834
CNY	0.1447	0.1457	0.1519
EUR	1.0765	1.1113	1.1701
THB	0.0287	0.0290	0.0305
USD	0.9948	0.9846	0.9666

	6/30/2017	12/31/2017	6/30/2018
BRL	0.2910	0.2961	0.2584
CNY	0.1412	0.1500	0.1506
EUR	1.0929	1.1706	1.1536
THB	0.0282	0.0299	0.0302
USD	0.9578	0.9809	0.9973

4. ITEMS WITH MATERIAL ESTIMATES BY MANAGEMENT AND RISKS

Items with material estimates by the management and the principal risks are fundamentally unchanged from the 2017 financial statements. They are listed in notes 1.1 and 2 of the 2017 financial report.

The Adval Tech Group is exposed to various financial risks in the context of its business activities, such as currency risks, interest rate risks, credit risks and liquidity risks. It seeks through systematic management to minimize any adverse effects of such fluctuations on its financial results.

5. TRADE ACCOUNTS RECEIVABLE

Trade receivables decreased by CHF 0.3 million in the first half of 2018. Of the trade accounts receivable, CHF 4.2 million was overdue at the reporting date (December 31, 2017: CHF 6.8 million), CHF 1.2 million of it by more than 30 days (December 31, 2017: CHF 2.6 million). They also include the amortization payments from finance leases for production equipment due within 12 months.

6. OTHER RECEIVABLES

Other receivables decreased by CHF 2.6 million in the first half of 2018. Other receivables comprise claims arising from services not directly related to operating activities, balances consisting of value added tax and other taxes and balances due from social institutions.

7. ADVANCE PAYMENTS TO SUPPLIERS

Advance payments to suppliers increased by CHF 0.3 million in the first half of 2018. They are related to pre-financing of machine tools.

8. INVENTORIES AND WORK IN PROGRESS

CHF 1,000	6/30/2018	12/31/2017
Trading goods	775	449
Raw material	8,209	8,528
Semi-finished and finished goods	14,342	17,597
Work in progress long-term orders	17,305	14,069
Work in progress other orders	4,735	4,284
Provisions	-7,177	-10,213
Total inventories and work in progress	**38,189**	**34,714**

In the first half of 2018 inventories increased by CHF 3.5 million. This increase is mainly due to the increase in work in progress on long-term orders arising from tool projects for new orders from automotive OEMs. The cash flow statement shows an amount of CHF 4.1 million resulting from a change in inventories. CHF 3 million of this is attributable to a reduction in impairment charges, largely relating to the closure of the production site in Uetendorf.

9. TANGIBLE FIXED ASSETS HELD FOR SALE

The building held for disposal at the end of 2017 was sold in May 2018. This transaction resulted in a book gain of CHF 0.1 million.

10. FINANCIAL ASSETS

Financial assets decreased by CHF 0.2 million in the first half of 2018. This relates mainly to receivables for production facilities falling due in more than 12 months' time and which were repaid by customers under a financial lease arrangement.

11. TRADE ACCOUNTS PAYABLE

Trade accounts payable decreased by CHF 4.2 million in the first half of 2018.

12. SHORT- AND LONG-TERM INTEREST-BEARING LIABILITIES

Interest-bearing liabilities are as follows:

CHF 1,000	**6/30/2018**	**12/31/2017**
Short-term interest-bearing liabilities to third parties	543	124
Short-term leasing liabilities to third parties	723	1,013
Short-term interest-bearing liabilities	**1,266**	**1,137**
Long-term leasing liabilities to third parties	598	1,304
Long-term interest-bearing liabilities	**598**	**1,304**

The short-term interest-bearing liabilities are current account overdrafts with banks. These are covered by liquid assets of CHF 22.9 million (gross).

13. OTHER SHORT-TERM LIABILITIES

Other short-term liabilities increased by CHF 1.1 million compared with December 31, 2017. This is mainly due to the increase of advance payments from third parties.

14. PREPAID INCOME AND ACCRUED EXPENSES

Accrued expenses and deferred income increased by CHF 2.1 million in the first half of 2018. Of this, CHF 1.9 million are accruals for accounts payable.

15. SEGMENT REPORTING / TURNOVER BY GEOGRAPHICAL MARKETS

Under the new strategy, the Adval Tech Group is focusing on the components business. The companies in the Molds segment were sold as of August 31, 2016. This means that segmentation by business areas is no longer meaningful. We are therefore presenting net turnover by regions, as in the 2017 annual report.

The resulting breakdown is as follows:

CHF 1,000	1st half of 2018		1st half of 2017	
Net turnover	**100,793**	**100%**	**98,063**	**100%**
Europe	71,706	71%	70,447	72%
– of which Germany	46,227	46%	50,126	51%
– of which Switzerland	7,042	7%	4,256	4%
– of which France	5,079	5%	4,650	5%
– of which Turkey	3,874	4%	1,824	2%
– of which Hungary	1,973	2%	3,340	3%
Asia	12,725	13%	12,132	12%
– of which China	7,556	7%	6,810	7%
North America	5,142	5%	6,224	6%
Latin America	10,556	10%	8,531	9%
Australia and Oceania	488	0%	228	0%
Africa	176	0%	501	1%

16. COST OF GOODS SOLD AND THIRD-PARTY SERVICES

The cost of goods sold and third-party services decreased by CHF 2.2 million year on year in the first half of 2018. The cost of goods sold and third-party services as a percentage of total income, materials and third-party services were 46.1%, 2.8 percentage points lower than in the first half of 2017 (48.9%). This change is primarily due to the lower volume in the tools business.

17. PERSONNEL EXPENSES

Personnel expenses were up by CHF 1.2 million year on year in the first half of 2018. At 1,415 full-time equivalents, the headcount six months into 2018 rose by 16. Compared to June 30, 2017 headcount rose by 74.

18. FINANCIAL EXPENSES AND FINANCIAL INCOME

CHF 1,000	1st half of 2018	1st half of 2017
Interest earned	181	251
Currency gains	610	499
Gains on derivative financial instruments	7	14
Other financial income	0	0
Total financial income	**798**	**764**
Interest paid	-167	-126
Currency losses	-227	-692
Unrealized translation differences	-598	-8
Losses on derivative financial instruments	0	-7
Other financial expenses	-127	-210
Total financial expenses	**-1,119**	**-1,043**
Financial result	**-321**	**-279**

In the first half of 2018, the net financial result is in the scope of the result for the prior-year period. Translation differences were unchanged compared to the prior-year period's result.

19. EXTRAORDINARY RESULT

CHF 1,000	1st half of 2018	1st half of 2017
Transferring production / restructuring measures	-502	-825
Cooperation projects	0	0
Result from the sale of investments	2,784	449
Other extraordinary expenses	-6	-47
Extraordinary result	**2,276**	**-423**
Non-operating result	**0**	**0**
Total extraordinary result	**2,276**	**-423**

The extraordinary result for the first half of 2018 is characterized by the following events:

- Payment of the amount due to Adval Tech Holding AG from the deposited purchase price share from the sale of the FOBOHA companies completed in August 2016.
- Costs of transferring production from Switzerland to Germany and Hungary which were incurred in Germany and Hungary.

The extraordinary result for the first half of 2017 was characterized by the following events:

- After reaching agreement with the buyers on the starting balance sheet for the FOBOHA companies sold at the end of August, it was possible to release a provision totalling CHF 0.8 million.
- For the restructuring of the company in Thailand and possible additional warranties in connection with the sale of the FOBOHA companies, the provisions had to be increased/formed. This reduces the result by a total of CHF 1.0 million.

20. EARNINGS PER SHARE

The result reported for corporate tax per share was calculated on the basis of the 730,000 outstanding shares. There are no dilution effects.

21. SHARE BASED RENUMERATION

On the basis of the remuneration rules, a proportion of the variable remuneration of the Executive Management for 2017 is paid in shares of Adval Tech Holding AG. 621 registered shares were allocated during the first half of 2018. (Previous year: 693 registered shares for 2016 variable remuneration.)

22. TRANSACTIONS WITH RELATED PARTIES

The list with persons and companies deemed to be related parties is included in note 38 to the 2017 consolidated financial statements. Precious Woods Holding AG is no longer a related party because none of the main shareholders of the Adval Tech Group now holds a controlling interest.

The following transactions are material for the semi-annual report:
- In the first half of 2018 no sales were generated with related parties (1H 2017: CHF 0.2 million).
- As at the balance sheet date June 30, 2018, no receivables from related parties existed (December 31, 2017: CHF 0.0 million). Nor were there any liabilities in favor of related parties (December 31, 2017: CHF 0.0 million).

23. EVENTS OCCURRING AFTER BALANCE SHEET DATE

At the time of the release of the semi-annual financial statements for publication, there were no events that significantly affect the assets, income or financial position of the Adval Tech Group.

24. RELEASE OF THE SEMI-ANNUAL FINANCIAL STATEMENTS

These semi-annual financial statements were released for publication by the Board of Directors of Adval Tech Holding Ltd on August 23, 2018.

AGENDA

- Results for 2018: March 21, 2019
- Financial statements conference for financial analysts: April 16, 2019
- Publication of the annual report 2018: April 16, 2019
- General meeting of shareholders 2019: May 23, 2019

BRIEF PORTRAIT OF THE ADVAL TECH GROUP

Adding value through innovation – that's what Adval Tech stands for. Adval Tech is the partner of choice – for high-volume components manufactured in metal and plastic. The Group focuses on the automotive market and on related applications. Adval Tech covers the entire value chain as a one-stop-shop, from product development to prototyping, to mold and tool development, and through to component production and assembly.

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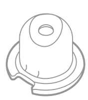
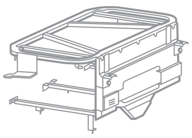
This semi-annual report is available in English and German. The original German-language version is binding.

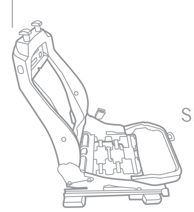
ROOF RACK SYSTEM



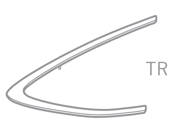
COMMON RAIL



BATTERY CARRIER



SEAT STRUCTURAL PARTS



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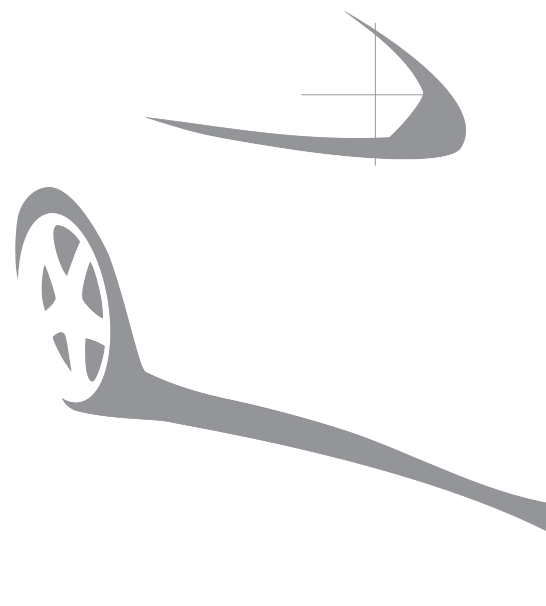
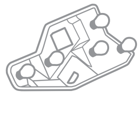
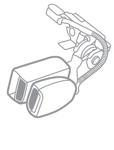




LIGHTING SYSTEM



SEAT BELT MOUNTS

RUNNING BOARD

DOOR SILL PLATE