

PRESS RELEASE

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Artemis Group 2014: profitable growth

- 3.6% sales growth to CHF 2,671.5 million
- Sound organic growth of 6.1%
- Higher operating profitability – EBIT up 24.5% to CHF 161.9 million

Year on year, both the Franke Group and the Feintool Group as well as the various strategic shareholdings in listed companies of the Artemis Group improved their performance. They benefited from a favorable macroeconomic environment, e.g. from relatively stable exchange rates, low interest rates and declining raw material prices. Against this backdrop, the Artemis Group remained on the growth path in the financial year 2014 and recorded sound organic growth of 6.1%. The profitability of the Artemis Group also further improved compared to 2013. Key growth drivers included the sales growth and efficiency increases in the Franke Group and the Feintool Group.

Business development of the Artemis Group in 2014

In 2014, the consolidated net sales of the Artemis Group reached CHF 2,671.5 million, 3.6% more than in the prior year. Organic growth amounted to 6.1%, to which the Feintool Group made a particularly strong contribution of CHF 80.6 million (+16.2%). The negative currency effects due to the strong Swiss franc amounted to -2.6%. Acquisitions/divestments resulted in a net sales increase of 0.1%.

EBIT went up from CHF 130.0 million to CHF 161.9 million, an increase of CHF 31.9 million (+24.5%). Both the Franke Group and the Feintool Group contributed substantially to this growth. As a result, the EBIT margin of the Artemis Group also improved to 6.1% (prior year: 5.0%).

Year on year, the profit after taxes of the Artemis Group receded slightly by CHF 8.4 million from CHF 186.4 million to CHF 178.0 million. This was due to a non-recurring income in the prior year. Investments totaled CHF 259.3 million. At the end of the year, the headcount of the Artemis Group was 11,049, i.e. 327 more than at the end of 2013. With an equity ratio increase from 56.6% to 57.8%, the Group remains financially stable.

Business development of the Franke Group in 2014

- Sales up 3.1% to CHF 2,133.8 million
- Good organic growth of 3.8%
- EBIT increase of 21.1%, EBIT margin improves to 6.3%

For the Franke Group, the financial year 2014 was successful as a whole despite the challenging market environment. The Group generated sales of CHF 2,133.8 million compared to CHF 2,069.8 million in 2013, representing an increase of 3.1%. The main growth driver was organic growth, which amounted to 3.8% and thus greatly surpassed the growth of the prior year (0.5%). All divisions achieved positive organic growth, except for Franke Foodservice Systems, whose sales stagnated. This was mainly due to the weak demand in the USA and Asia. The total investments in the reporting period amounted to CHF 87.4 million.

In the financial year 2014, the EBIT of the Franke Group increased from CHF 111.9 million to CHF 135.4 million. This increase of 21.1% was also reflected in the improved EBIT margin after restructuring of 6.3% (prior year: 5.4%). However, the restructuring costs of CHF 12.9 million had a negative impact on the annual result of 2014. Sales growth and various internal cost efficiency measures improved the EBIT. These measures are based on the Group's "Operational Excellence" program, which was introduced in mid-2013 and has yielded positive results.

Business development of the Artemis Real Estate Group in 2014

- 7.7% growth
- More than 900 apartments under construction or development in Switzerland
- New shareholding of USD 40.0 million in Miller Real Estate Fund II

The Artemis Real Estate Group develops, holds and manages a significant real estate (non-operational) portfolio of its own. The main company is Franke Immobilien AG, Aarburg. In 2014, the rental income increased 7.7%.

As a whole, 2014 was a successful and eventful year for Franke Immobilien AG:

- A construction project of 32 apartments was completed in Hendschiken, with full letting.
- In the reporting year, building permits were obtained for three new construction projects in Oftringen, Unterkulm and Hallwil. The construction of the approximately 190 apartments started in early 2015.
- For the large development projects “Stadtblick” in Aarburg (approximately 300 apartments) and “Rietlen” in Niederglatt (approximately 180 apartments), the approval of the master plan in Aarburg and the acceptance of the change to the zoning plan in Niederglatt established important preconditions for elaborating the needed design plans.
- Within the framework of the conversion of the industrial wasteland of the Franke company KWC in Unterkulm into a residential and service zone (approximately 240 apartments along with a significant commercial section), an attractive reference project was selected via an urban construction competition. The project forms the basis for further planning steps. On May 28, 2015, the property was rezoned under planning law.

With a stake of more than 28%, the Artemis Real Estate Group is the largest shareholder of Espace Real Estate AG, which holds a real estate portfolio of approximately CHF 600 million. In 2014, the business of Espace Real Estate AG again developed favorably.

The real estate development company Evostate AG, in which Artemis Real Estate Group as the largest co-shareholder holds a stake of 30%, also saw positive development with its new construction project of 109 apartments in downtown Montreux.

The Group's portfolio includes significant real estate in the USA, Romania, Poland and Austria. The US shareholding in the MIM-Hayden Real Estate Fund I performed well in the reporting year. In April 2014, the Artemis Real Estate Group acquired an interest worth USD 40.0 million in the Miller Real Estate Fund II. Within the scope of this fund, possible investments in commercial land in Philadelphia and in the Mid-Atlantic region are currently being investigated. In Romania, a higher demand for industrial land is evident.

Business development of the Feintool Group in 2014

- Above-average EBIT increase of 73%
- 88% increase in consolidated results

In 2014, Feintool generated sales of CHF 503.4 million, a year-on-year increase of 15.6%. Organic growth amounted to 16.2%, more than in the prior year (8.6%).

Operating results before interest and taxes (EBIT) surged by an above-average 73% to CHF 35.0 million. This increase is the result of the high capacity utilization, more efficient processes and considerable investments in the reporting year and in prior years.

The consolidated results of Feintool climbed 88% to CHF 35.4 million. This increase includes the gain from the sale of the automation segment (IMA Automation Amberg GmbH). Without this extraordinary effect, the consolidated results were 66% higher than in the prior year.

Business development of the Artemis Asset Management Group in 2014

- Positive share price development of most shareholdings
- New main shareholder of AFG Arbonia-Forster
- Newly acquired teak plantations of C&M successfully integrated

The Artemis Asset Management Group holds stakes in internationally active enterprises that are listed on the Swiss stock exchange as well as in private businesses.

Thanks to the good business performance, the prices of the Forbo and Autoneum shares (Artemis stake > 28%, Autoneum >21%) continued their positive development throughout 2014. Both companies recorded a significant rise of their share prices compared to the prior year; the Forbo share went up 29% and the Autoneum share 25%. The share price of Adval Tech (Artemis stake >21%), which underwent an operational turnaround, remained stable compared to 2013. The price of the Rieter share (Artemis stake 11.5%) exhibited weakness despite the good business performance. Since December 2014, the Artemis Asset Management Group has been the main shareholder of AFG Arbonia-Forster, with a stake of 23.8% that was stepped up to 26.7% in the current year. In the medium term, the Group sees good potential for the future development of AFG. In the reporting year, the Central American plantation operator Novelteak

(Artemis stake 50%) successfully integrated the newly acquired 5,600 hectares of teak plantations of C&M, facilitating the optimization of operational processes and results.

Staff

At the General Meeting on May 20, 2015, Alexander von Witzleben was elected as a new member of the Board of Directors of Artemis Holding AG.

On May 1, 2015, Christian Mäder was appointed as the new CFO of the Artemis Group and as a member of the Artemis Group Management.

Outlook for 2015

The first quarter of 2015 for the **Artemis Group** was greatly affected by the decision of the Swiss National Bank (SNB) on January 15, 2015, to unpeg the exchange rate of the Swiss franc to the euro. Consolidated sales declined 12.3% from CHF 652.1 million to CHF 571.5 million. The discontinuation of the minimum euro exchange rate also had a negative effect on operating profit performance.

For 2015, the Artemis Group anticipates relatively stable macroeconomic conditions and a positive global business environment. However, the discontinuation of the minimum euro exchange rate represents major challenges for all Group activities, which have a strong cost base and market presence in Switzerland. Numerous short-term and structural initiatives have already been initiated in order to buffer the negative impact of the strong Swiss franc more effectively.

The sales of the **Franke Group** were also impacted by the strong Swiss franc and thus remained below the prior year. The Group's sales dropped CHF 68.9 million (-13.4%) from CHF 512.4 million in the prior year to CHF 443.5 million in the financial year under review. Organic growth amounted to -6.6% in the first quarter, and negative currency effects totaled -6.8%.

The **Feintool Group** continued to benefit from its strong market position and the generally positive market environment. Nevertheless, the key performance indicators were encumbered by the strong appreciation of the Swiss franc. Still, the company generated sales of CHF 120.0 million throughout the Group, a figure similar to that of the prior year. Adjusted for currency effects, this represents growth of 3.9%.

In the **Artemis Asset Management Group**, the share price development of the industry portfolio was generally positive in the first quarter.

*The Artemis Group comprises the **Franke Group**, the **Artemis Real Estate Group** (real estate portfolio in Switzerland and abroad), a majority shareholding in the **Feintool Group** (world leader in fineblanking technology) and the **Artemis Asset Management Group** (diverse strategic shareholdings in listed international enterprises and private businesses).*

The Artemis Group has about 11,000 employees worldwide. In 2014, it generated consolidated sales of approximately CHF 2.7 billion.

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