

media release

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Year-end results 2023

Artemis Group with solid performance in difficult market environment

Aarburg, 23 May 2024

The 2023 financial year was a challenging one for the economy in general and for the European construction industry in particular. Although raw material prices fell slightly and supply chains eased, the market environment remained difficult given the ongoing geopolitical tensions, a significant decline in volumes, rising interest rates and strong wage inflation. Nevertheless, most of the Artemis Group's business activities were able to maintain a solid level of profitability and improve their competitive position thanks to consistent price management and a high degree of operational flexibility.

Business development Artemis Group 2023

- Net sales fell to CHF 3.49 billion (-3.1%). In local currency, net sales increased by +1.4%, while negative currency effects reduced net sales by -6.3%.
- EBIT margin remained at the previous year's level of 6.4%.
- Cash flow from operating activities and free cash flow increased substantially thanks to the improvement in net working capital.
- Net debt decreased further.
- Equity ratio rose to 67.7% (previous year 66.6%).
- At CHF 281.7 million, total investments remained at the previous year's level.
- At the end of 2023, the headcount was 11,311 employees (-0.1%).

Business development Franke Group 2023

- Net sales fell to CHF 2.42 billion (-4.9%). On an organic basis, net sales grew by +1.7%, while negative currency effects reduced net sales by CHF -169.3 million (-6.7%).
- EBIT fell to CHF 193,1 million (-10,6%), while the EBIT margin declined slightly to 8.0% (previous year 8.5%).
- Total investments amounted to CHF 90.3 million (+23.7%).

The demand trends of 2022 continued in the 2023 financial year. The Franke Group divisions contributed to sales growth to varying degrees. Franke Home Solutions, which was one of the winners of the COVID crisis, recorded a decline in demand from the second half of 2022 due to a change in consumer behavior and the reduction of inventories in the distribution system. The global negative trend continued until 2023 but was then

driven more by weak demand from end consumers as a result of high interest rates and inflation in most markets, which led to a decline in sales of -14.4 %. Franke Foodservice Systems recorded a decline in sales of -2.8%. This primarily reflects the development in the Americas region, where demand in the high-volume but low-margin convenience store segment decreased significantly. However, this was partially offset by strong growth in the equipment for quick service restaurants. The EMEA and APAC regions also recorded a slight decline in sales. Franke Coffee Systems achieved sales growth of 16.1%, which was primarily due to the extensive project business in China.

Franke Home Solutions recorded a decline in EBIT due to the erosion in sales. However, it was able to maintain its EBIT margin at almost the same level as the previous year thanks to strict cost management and a stable sales margin. Franke Foodservice Systems recorded further operational improvements in the Americas region in connection with increased demand in the higher-margin business, which led to a significant rise in EBIT, while the EMEA and APAC regions achieved solid EBIT results. Franke Coffee Systems also recorded an improvement in results.

Sustainability at Franke

In 2011, Franke joined the UN Global Compact and published its first sustainability report. Since then, environment, employees and social commitment have become increasingly important topics with every year. Against this backdrop, Franke has also set itself ambitious targets for global emissions reduction. The targets were defined in 2022/2023 and have now been validated by the Science Based Targets initiative (SBTi) in March 2024. Franke is currently working on concrete plans to achieve net-zero CO2 emissions by 2050, some of which are already in the implementation phase. The Franke Sustainability Report which will be published on franke.com at the end of July, shows how Franke is consistently and successfully driving forward its initiatives in the three subject areas.

Business development Artemis Real Estate Group 2023

- Net sales rose thanks to the expansion of the portfolio (+3.5%).
- The vacancy rate in Switzerland remained low (0.8%).
- Real estate activities (construction and development projects) in Switzerland and abroad developed according to plan. These primarily include the residential construction projects in Unterkulm (KWC 2nd stage), Egliswil and Aarburg (Oberstadt 2nd stage) in Switzerland as well as the commercial properties in Timișoara in Romania and the development project in Freiburg i. B. in Germany.
- Additional properties were acquired in Switzerland, allowing the portfolio to be further expanded .
- The investments in Switzerland (Espace Real Estate Holding AG, Evostate AG, Impact Immobilien AG) also performed well.
- The situation with regard to the commercial real estate activities in the US was challenging due to high vacancy rates and higher interest rates.

The Artemis Real Estate Group develops, holds (directly and indirectly) and manages a significant own (non-operating) real estate portfolio in Switzerland and abroad worth over CHF 1.0 billion. Overall, 2023 was another successful financial year for the real estate group.

Business development Feintool 2023

- Feintool strengthened its global market position as a leading supplier of high-precision parts in series production and achieved Group-wide net sales of CHF 847.7 million and EBIT of CHF 29.9 million (margin 3.5%) for 2023.
- The business in the US and Asia also proved strong in 2023, celebrating successes in the growth markets of hydrogen and battery-powered mobility while also tapping into an important future market

with the planned production site in India. While sales were below expectations in Europe, large orders were won in this region.

Further information on Feintool's business performance can be found in the annual report ([feintool.com](https://www.feintool.com)).

Business development Artemis Asset Management 2023

- In a challenging market environment, the success of the strategic and private participations varied – while some participations, such as Autoneum, performed well, others remained at the previous year's level, and some fell short of expectations.

The Artemis Asset Management Group holds strategic participations in various international industrial companies. These include Forbo, Arbonia, Autoneum, R&S and Adval Tech, which are listed on the SIX Swiss Exchange, as well as the privately held companies Blefa Beverage Systems, Franke Industries, Novelteak, Duravit, Bergos and Nice & Green. The portfolio also includes private equity and venture capital investments.

Further information on the business performance of the strategic participations can be found in the respective annual reports and of the private participations, as far as these are publicly available.

Outlook for the year 2024

The economic situation remains volatile and challenging. Although there is currently no prospect of a rapid market recovery, the economic slowdown is neither a structural development nor a long-term trend. An upturn can therefore be expected over time. In view of its solid, debt-free financial position, proven strategy and leading market positions, the Group is well positioned and therefore confident that it can successfully master the current difficult market environment. Targeted investments and strategic initiatives are intended to further strengthen competitiveness and create the necessary conditions to benefit from rising demand.

Changes to the Board of Directors

After around nine years on the Board of Directors of Artemis Holding AG, Alexander von Witzleben has decided to step down from the Board at the Annual General Meeting on May 22, 2024. Thomas D. Meyer was elected as a new member of the Board of Directors.

Thomas D. Meyer has been an operating partner at BLR & Partners AG since 2020. Prior to that, he spent over 30 years at Accenture in different management roles and was responsible for various regions. From 2003, he was Head of Switzerland at the consulting firm. Thomas D. Meyer studied Business Administration at the University of St. Gallen.

Michael Pieper, CEO/President of the Artemis Group, says: "I would like to thank Alexander von Witzleben for his valuable work and his contribution to the development of Artemis over almost a decade. At the same time, I would like to extend a warm welcome to Thomas D. Meyer. I am convinced that, as a specialist in strategy and transformation processes, he will perfectly complement the current board."

The **Artemis Group** comprises the **Franke Group**, the **Artemis Real Estate Group** (real estate portfolio in Switzerland and abroad), the majority-owned **Feintool Group** (world market leader in fineblanking technology) and the **Artemis Asset Management Group** (various strategic investments in international companies listed on the Swiss stock exchange and in private companies). In 2023, the Group generated sales of approximately 3.5 billion Swiss francs with about 11,000 employees worldwide. More information on [artemis-holding.com](https://www.artemis-holding.com).

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Pictures



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