

Press Release

BAUWERK GROUP: Good results due to efficiency and cost measures

Currency-adjusted turnover of the Bauwerk Group in the 2020 financial year was 3.5% below the previous year. The decline in volumes, which was mainly due to the pandemic, amounted to 6.3%. Nevertheless, the Bauwerk Group achieved encouraging increases in operating results thanks to further progress in material efficiency and productivity as well as the rapidly introduced cost adjustments made necessary by the Covid-19 pandemic. The EBITDA margin was expanded by 140 basis points to 11.9% and the EBIT margin to 7.4% (previous year 6.3%). Net income decreased to CHF 11.8 million (previous year CHF 12.9 million) due to negative exchange rate effects in the financial result as well as higher tax expenses, whereas the previous year's figure had benefited from one-off tax effects.

St. Margrethen, 22 April 2021 – Consolidated net turnover of the Bauwerk Group in the year under review amounted to CHF 261.4 million, 7.1% below the previous year (CHF 281.4 million). Adjusted for significant negative currency differences when applying the previous year's exchange rates, the decline in turnover was 3.5%. Thanks to the measures initiated in previous years to increase site efficiencies, short-time lower material costs and the effects of pandemic-related cost-cutting measures and adjustments, the Group succeeded in achieving encouraging improvements in operating margins in a reporting year dominated for much of it by the Covid-19 pandemic. The currency adjusted operating result before depreciation and amortization (EBITDA) amounted to CHF 32.9 million, corresponding to a margin of 12.6% (previous year: 10.9%).

New Group name

The Bauwerk Group sells its products under the two well-known brands Bauwerk and Boen. Market development is geared to the respective sales channels and geographic markets. As already announced with the half-year results, the Group was renamed BAUWERK GROUP as of 1 September 2020. The proven market presence of the two brands Bauwerk and Boen remains unchanged.

Consistently implemented efficiency measures pay off

Following a mixed situation in the first half of the year, in which some of our markets were in complete lockdown at times while construction activity remained possible in others, the trend stabilized in the

second half of the year. Overall, the volume sold in the 2020 financial year declined by 6% (after a fall of -10% at the half-year mark) to around 8.2 million square meters. Thanks to the efficiency measures already implemented at the plants in previous years and the easing of the situation on the materials procurement market, the Group succeeded in improving its gross margin (after materials usage) by 80 basis points despite the decline in volumes and turnover. Operating costs also benefitted from savings measures implemented immediately at the beginning of the pandemic, together with lower expenses for travel and marketing (fewer trade shows and exhibitions). Short-time compensation and similar governmental contributions totaling approximately CHF 2 million further helped to compensate for the negative operational impact of the pandemic. As a result of these positive operating effects, the operating result before depreciation and amortization (EBITDA) of CHF 31.2 million was 5.3% above the previous year (CHF 29.6 million). The resulting EBITDA margin was 11.9% (10.5% in the previous year; plus 140 basis points).

Adjusted for negative currency effects, EBITDA amounted to CHF 32.9 million, corresponding to an EBITDA margin of 12.6% (previous year 10.9%). The operating result after depreciation and amortization (EBIT) amounted to CHF 19.5 million or 7.4% of net sales, compared to CHF 17.6 million or an EBIT margin of 6.3% in the previous year (plus 110 basis points). Adjusted for the aforementioned currency effects, EBIT was CHF 20.8 million or 7.7% of net sales (previous year 6.6%). Net income of CHF 11.8 million was 8.8% below the previous year (CHF 12.9 million), mainly because of a higher negative financial result due to negative exchange rate effects and a tax burden of close to CHF 2 million, whereas in the previous year one-off tax effects had been positive.

Declining market developments

In terms of regional distribution, sales in the important DACH region declined slightly overall, while sales in Scandinavia fell by 16%. In the export markets outside Europe, especially Asia and the USA, which contributed around 5% to Group turnover, sales also declined by 23% in the first quarter, not least due to construction site stops in China.

Cash Flow and financing

In the year under review, the Bauwerk Group achieved a considerable increase in free operating cash flow (cash flow from operating and investing activities) to CHF 38.4 million (previous year CHF 18.1 million). In addition to the positive result, lower investments in property, plant and equipment and intangible assets also contributed to this. On the one hand, the investment programs in the production infrastructure were already completed in 2019, on the other hand, capex investments were deliberately stopped in 2020 due to liquidity considerations. In addition, inventories were lower



by CHF 15 million as of the reporting date and accounts receivables were also reduced compared to the end of 2019.

After repayment of net liabilities, including the subordinated shareholder loan, by a total of CHF 17.5 million, cash and cash equivalents increased by CHF 20.7 million to CHF 34.5 million (previous year CHF 13.8 million). The equity ratio including the subordinated shareholder loan improved to 46.0% as of the balance sheet date (previous year 45.0%). Thus, the balance sheet and financial ratios of the Bauwerk Group as of 31 December 2020 remain solid.

Outlook

As the economic developments are currently difficult to predict, not least in connection with the global corona pandemic, the Bauwerk Group is presently refraining from providing an outlook for the current year. However, thanks to its comprehensive product portfolio, its good market position and the efficiency measures introduced and already implemented in production, the Group believes it is in a good position to maintain turnover and profitability in the event of a normalization of the situation.

Consolidated Income Statement			
in 1000 CHF	2020	2019	Change in %
Net turnover	261'419	281'383	-7.1
Material and goods	-120'637	-132'066	
Personnel costs	-61'224	-64'063	
Other operating costs	-49'402	-55'682	
Other revenues	3'085	1'706	
Other expenditures (incl. restructurings)	-2'075	-1'689	
Operating results before depreciation and amortisation (EBITDA)	31'166	29'589	5.3
EBITDA in % of net turnover	11.9%	10.5%	
Depreciation	-11'691	-11'961	
Operating result (EBIT)	19'475	17'628	10.5
EBIT in % of net turnover	7.4%	6.3%	
Financial results	-5'776	-4'259	
Extraordinary / non-recurring expenses	0	-752	
Result before taxes (EBT)	13'699	12'617	8.6
EBT in % of net turnover	5.2%	4.5%	
Taxes	-1'922	296	
Net income	11'777	12'913	-8.8
Net income in % of net turnover	4.5%	4.6%	

Consolidated Balance Sheet in 1000 CHF	31 Dec 2020	in %	31 Dec 2019	in %	Change	in %
Assets						
Cash and cash equivalents	34'486		13'784			
Other current assets	105'282		123'158			
Current assets	139'768	56.9	136'942	54.7	2'826	2.1
Financial assets	2'073		2'273			
Tangible fixed and intangible assets	103'766		111'049			
Non-current assets	105'839	43.1	113'322	45.3	-7'483	-6.6
Total assets	245'607	100.0	250'264	100.0	-4'657	-1.9
Equity and liabilities						
Financial liabilities	91'965		97'757			
Other current liabilities	30'142		28'434			
Other non-current liabilities	10'514		11'519			
Total liabilities	132'621	54.0	137'710	55.0	-5'089	-3.7
Shareholder loan	18'400	7.5	30'000	12.0	-11'600	-38.7
Share capital	76'394		76'394			
Capital reserves	14'062		14'062			
Retained earnings (incl. currency translation differences)	4'130		-7'902			
Total equity	94'586	38.5	82'554	33.0	12'032	14.6
Total equity and liabilities	245'607	100.0	250'264	100.0	-4'657	-1.9

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About Bauwerk Group

Bauwerk Group is Europe's leading developer, manufacturer and supplier of parquet flooring in the premium segment as well as the second-largest market participant in wood flooring. With sold volumes of over 8.2 million square meters annually, the Group offers a complementary portfolio of two- and three-layer parquets as well as wooden sports flooring under the two brands Bauwerk and Boen. Administrative headquarters of the Group are located in St. Margrethen, Switzerland. The production locations are currently concentrated in St. Margrethen and Kietaviškės, Lithuania and Durdevac/Croatia. During the financial year 2020, the Bauwerk Group generated a net turnover of CHF 261 million and employed around 1,600 people.



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