

## Saurer announces robust performance for 2018

Shanghai/Wattwil, 26 April 2019

### Group highlights

- Revenue growth increased by 5.8% to RMB 9 220 million
- Net profit grew by 14.3%
- Strong sales performance in Bangladesh (64.5%), Germany (34.7%), Switzerland (34.7%) and the USA (33.5%)
- Launch of new technology centre to support R&D

### Mr Clement Woon, Chief Executive Officer, says:

“Saurer weathered the uncertainty of 2018 well, with sales revenue for the group increasing by almost 6%. Both its segments Spinning Solutions and Technologies supported this growth.

The group posted sales revenue amounting to RMB 9 220 million, a year-on-year (YoY) increase of 5.8% (2017: RMB 8 713 million). Saurer’s sales in its biggest market, China, rose by 11.2%. This was despite the uncertainty across the globe in the second half of 2018, which saw this economy growing at its slowest rate in 28 years. Saurer was well positioned to benefit from economic growth in several Southeast Asian countries such as Vietnam and Bangladesh. Despite political uncertainty affecting sales in Turkey, the group’s segment Spinning Solutions grew in Saurer’s third-largest market.

Over the past year, we have focused on repositioning the group as a solutions provider – our aim is to move beyond supplying our customers with textile machinery and to partner with our clients to help realise their business aspirations.

In line with this strategy, Saurer is positioning itself in closer proximity to customers across the world. This saw a significant reorganisation of our sales and service departments, which has resulted in a positive outcome in the Americas, Europe, Middle East and Africa (AEMEA) region, with Germany, Switzerland, Spain, Portugal and the USA all posting a revenue increase of around 30%.

We are also embracing the technological advances brought about by Industry 4.0 as part of our strategy – our major focus areas here include automation and sensor technology as well as data analytics. In 2018, Saurer increased its R&D expenditure by approximately 50% YoY. The group’s new Saurer Technology Centre located in Arbon, Switzerland, supports engineers across the group as they work to integrate smart technology into Saurer’s products.

The group’s commitment to Industry 4.0. principles is further highlighted by its plant in Urumqi in Xinjiang Province, China, which came into regular operation in the third quarter of 2018. This modern site is the first to produce both pre-spinning and spinning machines.

As we continue to meet our strategic objectives, strengthening our outside-in approach to meet customer needs, I am confident that we can strengthen our position as a provider of smart fit-for-purpose solutions to our diverse customers in the textile industry. The fact that sales of our pre-spinning technologies have grown by 34% is an indication that we are meeting customer needs with our extended offering. In repositioning ourselves with the aim of deepening our relationships with our clients across the world, we will continue to support our customers’ enterprises as they aim for new heights.”

## Revenues by segment

Both Saurer Spinning Solutions and Saurer Technologies performed well over the course of 2018. In China, the Technologies segment showed above-average growth, with sales increasing by +47%. In the USA, the segment also expanded at a similar rate (+44%). Spinning Solutions was the driver of revenue in Turkey.

in RMB 000	2017	2018	Change YoY
Saurer Spinning Solutions	6 977 092	7 421 453	6.4%
Saurer Technologies	1 809 697	1 876 671	3.7%

## Revenues by region

Despite a year characterised by uncertainty, Saurer grew sales in its biggest market, China, by +11.2%. The high demand for twisting machines, spurred by the continued expansion of the glass fibre market is one of the contributing factors. Sales revenue sank in the group's second-largest market India (-4.8%), which was still feeling the effects of its demonetisation policy and the introduction of the Goods and Services Tax. While overall growth declined in Turkey (-2.6%), the group's Spinning Solutions segment experienced an uptick in sales in this country. In the region Asia (excluding China/India), Bangladesh was the standout market with sales expanding by +64.5%. In Vietnam, the group also saw a boost in revenue (+20.4%). In the Americas region, sales revenue in the USA rose by +33.5%. The Europe/Africa/others (excluding Turkey) region posted growth of 9.3% – Germany and Switzerland both saw sales increases of +34.7%, while Spain and Portugal expanded by approximately 30% each.

in RMB 000	2017	2018	Change YoY
China	3 674 611	4 087 878	11.2%
India	973 602	926 397	-4.8%
Turkey	904 084	880 848	-2.6%
Asia (excl. China/India)	1 744 952	1 840 587	5.5%
Americas	740 555	746 377	0.8%
Europe/Africa/others (excl. Turkey)	675 608	738 671	9.3%

## Key financial data

in RMB 000	2017	2018	Change YoY
Sales revenue	8 713 412	9 220 759	5.8%
Profit before tax	996 385	1 145 932	15.0%
Margin	11.4%	12.4%	+1.0pts
Net profit/(loss)	749 517	857 049	14.3%
Attributable to equity holders in the company	658 327	810 294	23.1%
Cash and cash equivalents at the end of the year	2 057 716	2 834 939	+37.8%
Weighted average return on net assets	23.7%	30.6%	+6.9pts
Basic EPS (in yuan/share)	0.4556	0.4275	-6.2%
Diluted EPS (in yuan/share)	0.4556	0.4275	-6.2%
Weighted average number of shares	1 444 889 143	1 895 412 995	

## Balance sheet

in RMB 000	2017	2018
Total current assets	11 193 464	10 526 291
Total non-current assets	3 338 308	3 889 415
<b>Total assets</b>	<b>14 531 772</b>	<b>14 415 706</b>
Total current liabilities	4 722 948	5 315 587
Total non-current liabilities	3 303 460	3 112 344
Total liabilities	8 026 408	8 427 931
Total equity attributable to equity holders of the company	2 207 034	4 653 156
Total equity	6 505 364	5 987 775
<b>Total liabilities and equity</b>	<b>14 531 772</b>	<b>14 415 706</b>

The full annual financial report 2018 in Chinese is published on Saurer's website and that of the Shanghai Stock Exchange. An English version will be available by mid-June.

### Annual General Meeting (AGM)

The date for the Annual General Meeting of Saurer Intelligent Technology Co Ltd. will be published in due course. Shareholders individually or jointly holding more than 3% of shares may submit proposals regarding the agenda in writing ten (10) days prior to the date of the AGM to Saurer Intelligent Technology Co Ltd., Office of the Board of Directors, Floor 36, Tower B, THE PLACE, 100 Zunyi Road, Shanghai 200051, China.

### Dividend payment

Saurer's Board of Directors is proposing a dividend for shareholders of RMB 1.293 per 10 shares for 2018 (before tax), the total payout ratio therefore amounting to 30.2%. Subject to approval at the Annual General Meeting, the payment date will be communicated after the AGM.

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## **About Saurer Group**

Saurer Group is a leading globally operating technology group focusing on machinery and components for yarn processing. As a company with a long tradition, Saurer has always been a leader in innovation. Today, Saurer comprises the two segments Saurer Spinning Solutions and Saurer Technologies. Saurer Spinning Solutions offers high quality, technologically advanced and customer-specific automation solutions for processing staple fibre from bale to yarn. Saurer Technologies specialises in twisting and embroidery as well as engineered and polymer solutions. With annual sales revenues of EUR 1 175 million, 4 700 employees, and locations in Switzerland, Germany, Turkey, Brazil, Mexico, the USA, China, India and Singapore, the strongly growing group is well positioned to serve the world's textile industry centres. Saurer is listed on the Shanghai Stock Exchange (securities code: 600545). [www.saurer.com](http://www.saurer.com).

## **Disclaimer**

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