

## Segment report – Fastening Systems

# Performance improved

**Despite the negative effects the COVID-19 pandemic had on demand, the Fastening Systems segment increased its profitability. This achievement reflects the segment's continuous efforts to improve efficiency over the past several years.**

### Divisions show differing developments

Business activity in the Fastening Systems (FS) segment was marked by the effects of the COVID-19 pandemic. The two divisions in this segment were affected to differing degrees. The protective measures implemented in response to COVID-19 were less restrictive in the construction industry, on which the Construction division is focused. This was reflected in a significantly smaller decline in sales compared with, for example, the automotive-related areas of the Riveting division. Demand in the construction industry recovered during the second half of the year, limiting the impact on sales versus the previous year period. Thanks to the positive consolidation effects in the Construction division arising from the acquisitions of Triangle Fasteners Corporation Inc. (TFC) and MBE Moderne Befestigungselemente GmbH (MBE), the division was able to report positive sales growth for the year.

Due to its focus on applications in the industrial and automotive sectors, the Riveting division was affected much more and for much longer by the disruptions caused by the COVID-19 pandemic. Demand plummeted in the first half of the year, particularly in the second quarter. On the other hand, the division experienced a stronger recovery in the fourth quarter with sales above the prior-year levels in some areas and months.

Sales in the FS segment for the period under review amounted to CHF 489.7 million, which corresponds to a decline of -1.7% compared with 2019. Positive consolidation effects contributed 6.0% to the reported sales figure, while negative currency effects reduced reported sales by -5.3%.

### Improved performance in a difficult environment achieved

The in some areas tremendous turmoil that characterized the course of business during the period under review was

### Key figures Fastening Systems

in CHF million

	2020	+/- PY	2019	2018
Third party sales	489.7	-1.7%	498.3	437.1
Sales growth comparable		-2.4%		
Net sales	500.7	-2.1%	511.5	452.4
EBITDA	78.6	16.4%	67.5	63.2
As a % of net sales	15.7		13.2	14.0
Operating profit (EBIT)	59.7	26.7%	47.1	44.2
As a % of net sales	11.9		9.2	9.8
Operating profit (EBIT) adjusted <sup>1</sup>	57.6	22.3%	47.1	44.2
As a % of net sales	11.5		9.2	9.8
Average capital employed	270.9	-8.9%	297.4	273.6
Investments	10.9	-37.4%	17.4	16.5
Employees (FTE)	2,438	0.4%	2,429	2,267
ROCE (%) <sup>2</sup>	21.3		15.8	16.1

<sup>1</sup> 2020 adjusted for book gains from the disposal of non-operating assets of CHF 2.1 million

<sup>2</sup> EBIT adjusted in % of average capital employed



The Construction division benefited from the good demand of the construction industry.

very challenging. The impact of weaker demand on operating results in the first half of the year was offset by temporary cuts in capacity and strict cost management, and in the Riveting division by the structural adjustments already implemented in 2019. In the second half of the year, the segment benefited from improved capacity utilization, continued strict cost management and the considerable efforts made in previous years to increase efficiency. Thanks to this positive development, an EBIT margin of 11.9% was achieved for the full year 2020 (previous year: 9.2%). Both divisions contributed to this remarkable improvement in the face of the challenging economic environment and exceeded the targeted EBIT margin of 10%.

## Construction division

### **Benefited from stable demand**

After a good first quarter with moderate organic growth, the division, which serves customers in the construction industry in Europe and North America, was faced with a decline in demand in the second quarter due to the outbreak of the COVID-19 pandemic. Demand from large system providers and distributors was particularly weak. Conversely, sales to installers showed continued good demand, due to the fact that in many countries work at ongoing construction projects continued or was only briefly interrupted.

Production and sales capacity was temporarily adjusted to lessen the impact on operating results. Structural measures were not taken. Similar to other divisions, demand began to pick up during the summer. Sales for the full year matched the prior-year level on a like-for-like basis. Reported sales were supported by positive consolidation effects arising from the acquisitions of TFC (effective 1 April 2019) and MBE (effective 1 January 2020).

The division benefited from its focus on application areas with underlying robust innovation and growth trends in the construction industry. These range from fastening solutions supporting efficient installation processes and products enabling safe work conditions to fastening solutions for high quality and energy-efficient façade systems. By choosing SFS products, customers are able to generate substantial contributions in the areas of environmental protection and employee health and safety. Growth in these application areas, some of which go hand in hand with a significant increase in the value take of the SFS solutions, supported the solid development.

### **Outlook 2021**

In 2021, the course of business will remain subject to considerable uncertainty, with gradual improvements in parallel to the COVID-19 pandemic subsiding. Based on the current situation, the Construction division expects a flat development in 2021.

## Riveting division

### Improved performance on the basis of extensive measures

The Riveting division's products are sold primarily to customers in the industrial and automotive sectors. Demand from key customer segments had already weakened in 2019 and the first global wave of the COVID-19 pandemic led to a further decline in demand. Uncertainty regarding the final outcome of Brexit created additional headwinds for the division. These factors led to a significant decline in sales in the first half of 2020. Temporary adjustments in production capacity helped to cushion the negative impact on profitability. The positive effect of the structural measures initiated during the previous financial year was delayed by the pandemic, but became increasingly visible during the second half of the year. The division benefited from a general recovery in demand in the fourth quarter, which was particularly noticeable in the automotive-related areas. Stockpiling may have had a positive effect on demand; for example, as companies built up inventories ahead of Brexit.

The individual product segments of the division showed highly divergent developments. Sales of setting tools were pleasingly strong throughout the year. The division sees further substantial growth potential in this area with the launch of innovative and improved products (see Cordless Alliance System on the right).

### Outlook 2021

In 2021, the course of business will remain subject to considerable uncertainty, with gradual improvements in parallel to the COVID-19 pandemic subsiding. The Riveting division expects markets to continue to recover, leading to a return to organic growth.



## Cordless Alliance System (CAS) new at GESIPA®

GESIPA®, the specialist for blind rivet and blind rivet nut technology, is now one of the participating manufacturers of the Cordless Alliance System (CAS). The cordless setting tools of the GESIPA "Bird Pro" product line will gradually be converted to the battery technology of the manufacturer-independent battery system initiated by Metabo from spring 2021. The advantages at a glance:

- Flexibility and cost advantages thanks to manufacturer-independent battery systems
- Future-fit battery technology
- Powerful CAS battery packs based on Li-Ion or LiHD technology