

# agta record ltd

interim report 2020



interim report 2020

## **Market activity**

After a good start to the year the group experienced softness in order intake and revenue towards the end of the first quarter. Subsequently, the Covid-19 pandemic resulted in an extraordinary situation with more than half of the world population in some form of lockdown during at least a part of the second quarter. Many customers had to delay installation or service work because employees could not travel or due to closures of construction sites and buildings.

The timing and severity of the lockdown varied materially among the most important markets of the group. France and the U.K. suffered above-average declines in the product and installation business whereas service and maintenance held up well in France, especially in the elevator segment. Germany even managed to grow their service and maintenance activities. The US key account and indirect business was able to limit the decline versus a strong performance during the prior-year first six months and celebrated several wins of airport security projects.

Product order intake of the continued operations was EUR 96 million (versus EUR 109 million in the first six months of 2019), representing a decline of 12% (-13% at constant exchange rates).

## **Profit and loss of continued operations**

Turnover declined by 7% to EUR 161 million (EUR 173 million in the first half of 2019), with product turnover decreasing by 11% and maintenance by 2%.

The higher share of service turnover resulted in a 0.7 percentage point improvement of the Group gross margin to 73.4%.

Pro forma for a EUR 3.0 million benefit in pension expenses in 2019 and a EUR 1.5 million restructuring provision in 2020, personnel expenses declined by 3% which was also the result of various cost reduction measures, including a hiring freeze and a significant reduction of temporary and external labour. Government support related to short-term work was credited to personnel expenses.

Structure costs declined by almost 6% due to lower travel cost and despite higher allowance for bad debt.

EBITDA decreased by EUR 7.9 million to EUR 21.4 million resulting in a still respectable 13% margin of turnover. Pro forma for the EUR 3.0 million 2019 pension expenses benefit and the EUR 1.5 million restructuring provision in 2020, the EBITDA decline was limited at 13%, implying a like-for-like 14% margin of turnover (15% in 2019).

The financial result was EUR -2.2 million (EUR -0.9 million in the prior-year period), mainly impacted by non-cash items related to the strong liquidity of the group.

The net result decreased by 47% to EUR 9.5 million (6% of turnover).

## **Balance sheet of continued operations**

The collection of receivables was very strong in the first six months, contributing to the net cash position increase to EUR 113 million. Financial debt of EUR 12 million has been deducted from gross cash and consisted almost entirely of leasing liabilities.

## **Sale of agta record to ASSA ABLOY**

See notes 11 and 12.

## **Perspectives for the full year**

Given the macroeconomic uncertainties related to the pandemic, the agta record Group continues to not provide specific guidance. Considering that the order book at the end of June amounted to EUR 66 million (-2% compared with 12 months ago), the Group considers itself well-positioned to weather the current economic headwinds. The strong balance sheet and the expected catch-up in installation projects and scheduled maintenance work indicate that the historically successful business model will continue.

## **STATEMENT BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT**

I hereby certify that, to the best of my knowledge, the condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with applicable accounting principles and present a fair view of the assets and liabilities, financial position and earnings of the Company and all of the companies included in the consolidation scope. I also certify that the half-year activity report presents a fair view of the main

events occurring during the first six months of 2020, the impact thereof on the financial statements and the main related party transactions, as well as a description of the main risks and uncertainties for the remaining six months of 2020.

Fehrltorf, 4 September 2020

Erik Pieder

Chairman of the Board of Directors

**Condensed consolidated interim financial statements**  
**30 June 2020**

**Contents**

Consolidated statement of financial position .....	1
Consolidated statement of comprehensive income .....	2
Consolidated statement of changes in equity .....	3
Consolidated statement of cash flows .....	4
Notes to the condensed consolidated interim financial statements .....	5
Review Report of the Independent Auditor to the Board of Directors of agta record ltd, Fehraltorf .....	9

## Consolidated statement of financial position

in thousand EUR	30/06/2020	31/12/2019
<b>Assets</b>		
Property, plant and equipment	48,338	55,571
Right-of-use assets	11,897	13,479
Goodwill and intangible assets	60,251	72,887
Non-current financial assets	224	228
Deferred tax assets	7,448	7,905
<b>Total non-current assets</b>	<b>128,158</b>	<b>150,070</b>
Inventories	52,952	56,074
Trade receivables	62,486	79,619
Income tax receivables	5,545	2,685
Other current receivables	2,889	2,045
Accrued income	11,740	12,139
Current financial assets	55	1,202
Cash and cash equivalents	124,778	110,816
Assets held for sale	38,099	0
<b>Total current assets</b>	<b>298,544</b>	<b>264,580</b>
<b>Total assets</b>	<b>426,702</b>	<b>414,650</b>
<b>Equity</b>		
Share capital	8,751	8,751
Other reserves	21,482	20,213
Treasury shares	-502	-202
Retained earnings	249,493	217,282
Profit of the period	10,555	40,328
<b>Total equity attributable to shareholders</b>	<b>289,779</b>	<b>286,372</b>
<b>Liabilities</b>		
Non-current financial liabilities	10	10
Non-current lease liabilities	9,112	10,430
Defined benefit plan obligations	19,347	19,898
Non-current provisions	1,748	1,864
Deferred tax liabilities	6,032	8,292
<b>Total non-current liabilities</b>	<b>36,249</b>	<b>40,494</b>
Current lease liabilities	3,023	3,284
Trade payables	18,477	23,403
Income tax liabilities	3,599	3,612
Other current liabilities	20,873	20,445
Current provisions	1,223	1,456
Accrued liabilities	40,389	35,584
Liabilities held for sale	13,090	0
<b>Total current liabilities</b>	<b>100,674</b>	<b>87,784</b>
<b>Total liabilities</b>	<b>136,923</b>	<b>128,278</b>
<b>Total equity and liabilities</b>	<b>426,702</b>	<b>414,650</b>

## Consolidated statement of comprehensive income

### Continued operations

#### For the six months ended 30 June

in thousand EUR	2020	2019
Revenue from sales and services	160,674	172,769
Raw materials and consumables used	-42,750	-47,189
<b>Gross result</b>	<b>117,924</b>	<b>125,580</b>
Other operating income	601	543
Capitalisation of development costs	702	275
Personnel expenses	-75,952	-73,902
Other operating expenses	-21,896	-23,174
<b>Operating profit before depreciation, impairment and amortisation</b>	<b>21,379</b>	<b>29,322</b>
Depreciation of property, plant and equipment	-5,644	-5,157
<b>Operating profit before impairment and amortisation</b>	<b>15,735</b>	<b>24,165</b>
Amortisation of intangible assets	-1,278	-1,493
<b>Operating profit</b>	<b>14,457</b>	<b>22,672</b>
Financial income	134	132
Financial expense	-2,329	-987
<b>Profit before tax</b>	<b>12,262</b>	<b>21,817</b>
Income tax expense	-2,753	-4,045
<b>Profit from continued operations</b>	<b>9,509</b>	<b>17,772</b>
Profit from discontinued operations after tax	1,046	1,084
<b>Profit for the period</b>	<b>10,555</b>	<b>18,856</b>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurements of the defined benefit liability	107	-3,772
Income tax on items that will not be reclassified to profit and loss	-29	718
	<b>78</b>	<b>-3,054</b>
<i>Items that may subsequently be reclassified to profit and loss:</i>		
Foreign currency translation effects - foreign operations	4,321	3,213
Foreign currency translation effects - net investment approach	-3,836	-1,539
	<b>485</b>	<b>1,674</b>
<b>Other comprehensive income of the period, net of tax</b>	<b>563</b>	<b>-1,380</b>
<b>Total comprehensive income of the period</b>	<b>11,118</b>	<b>17,476</b>
Earnings per share (basic / diluted) continued operations (in EUR)	<b>0.714</b>	1.337
Earnings per share (basic / diluted) (in EUR)	<b>0.793</b>	1.418



## Consolidated statement of changes in equity

in thousand EUR	Share capital	Share premium	Translation reserve	Treasury shares	Retained earnings	Total
<b>Balance at 1 January 2019</b>	<b>8,751</b>	<b>50</b>	<b>14,704</b>	<b>-635</b>	<b>234,424</b>	<b>257,294</b>
Impact adoption of IFRS 16					-106	-106
<b>Restated* balance at 1 January 2019</b>	<b>8,751</b>	<b>50</b>	<b>14,704</b>	<b>-635</b>	<b>234,318</b>	<b>257,188</b>
<b>Total comprehensive income for the period</b>						
Profit for the period					18,856	18,856
Total other comprehensive income			1,674		-3,054	-1,380
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>1,674</b>	<b>0</b>	<b>15,802</b>	<b>17,476</b>
<b>Transactions with owners of the company, recognised directly in equity</b>						
Purchase of treasury shares				-45		-45
Sale of treasury shares				62		62
Gain/loss from sale of treasury shares net of transaction costs					1	1
Dividends paid to owners					-13,419	-13,419
Share-based payment transactions				410	-29	381
<b>Total transactions with owners of the company</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>427</b>	<b>-13,447</b>	<b>-13,020</b>
<b>Balance at 30 June 2019</b>	<b>8,751</b>	<b>50</b>	<b>16,378</b>	<b>-208</b>	<b>236,673</b>	<b>261,644</b>
<b>Balance at 1 January 2020</b>	<b>8,751</b>	<b>50</b>	<b>20,163</b>	<b>-202</b>	<b>257,610</b>	<b>286,372</b>
<b>Total comprehensive income for the period</b>						
Profit for the period					10,555	10,555
Total other comprehensive income			1,269	-784	78	563
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>1,269</b>	<b>-784</b>	<b>10,633</b>	<b>11,118</b>
<b>Transactions with owners of the company, recognised directly in equity</b>						
Purchase of treasury shares						
Sale of treasury shares						
Gain/loss from sale of treasury shares net of transaction costs						
Dividends paid to owners					-8,169	-8,169
Share-based payment transactions				484	-26	458
<b>Total transactions with owners of the company</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>484</b>	<b>-8,195</b>	<b>-7,711</b>
<b>Balance at 30 June 2020</b>	<b>8,751</b>	<b>50</b>	<b>21,432</b>	<b>-502</b>	<b>260,048</b>	<b>289,779</b>

## Consolidated statement of cash flows

For the six months ended 30 June

in thousand EUR	2020	2019
<b>Cash flows from operating activities</b>		
Profit of the period	10,555	18,856
Income taxes	2,851	4,152
Depreciation and amortisation	7,388	8,059
Gain(-)/loss(+) on disposal of property, plant and equipment	-13	86
Net financial result	2,202	863
Share-based payments	458	381
Other non cash items	-381	-2,006
Change in inventories	-1,871	-3,861
Change in trade receivables	11,338	1,663
Change in other receivables and accrued income	-2,531	-3,310
Change in trade payables	-3,976	843
Change in other current liabilities and accrued liabilities	11,359	8,274
Income taxes paid	-6,211	-7,007
Interest received	154	123
Interest paid	-140	-123
<b>Net cash from operating activities</b>	<b>31,182</b>	<b>26,993</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-4,178	-4,599
Purchase of intangible assets	-376	-379
Capitalised development costs	-702	-275
Purchase of financial assets	-42	-26
Proceeds from sale of property, plant, equipment and intangibles	492	485
Proceeds from sale of financial assets	1,175	56
<b>Net cash used in investing activities</b>	<b>-3,631</b>	<b>-4,738</b>
<b>Cash flows from financing activities</b>		
Purchase of treasury shares, less transaction costs	0	-45
Sale of treasury shares, less transaction costs	0	62
Payment of principal portion of lease liabilities	-1,786	-1,540
Dividends paid to owners	-8,169	-13,419
<b>Net cash used in financing activities</b>	<b>-9,955</b>	<b>-14,942</b>
<b>Net increase(+)/decrease(-) in cash and cash equivalents</b>	<b>17,596</b>	<b>7,313</b>
Cash and cash equivalents at 1 January	110,816	80,340
Effect of exchange rate fluctuations on cash held	1,141	995
<b>Cash and cash equivalents at 30 June</b>	<b>129,553</b>	<b>88,648</b>
Cash and cash equivalents classified as held for sale	-4,775	0
<b>Cash and cash equivalents at 30 June (as reported)</b>	<b>124,778</b>	<b>88,648</b>



## Notes to the condensed consolidated interim financial statements

### 1 Reporting entity

agta record ltd (the "Company" or the "Group") is a company domiciled in Fehraltorf, Switzerland. The condensed consolidated interim financial statements as at and for the six months ended 30 June 2020 include agta record ltd and its subsidiaries (hereinafter referred to as "Group").

### 2 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". They do not include all the information required for a complete set of IFRS financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 December 2019.

These condensed consolidated interim financial statements have been reviewed, not audited.

The Board of Directors of the Company approved these condensed consolidated interim financial statements on 4 September 2020.

### 3 Basis of accounting

The accounting principles applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2019.

The Group did not apply early any new and revised standards and interpretations, which have been issued but are not yet effective.

### 4 Estimates

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires estimates and assumptions by the Group Executive Management which affects the reported amount of assets and liabilities as well as contingent liabilities at the balance sheet date and also expenses and income during the reporting period. The actual results may differ from these estimates.

The same estimation procedures and assumptions were used in these condensed consolidated interim financial statements as for the consolidated financial statements as at and for the year ended 31 December 2019.

### 5 Exchange rates applied to the main currencies

Six months ended 30 June	Average exchange rates		Balance sheet rates	
	2020	2019	30/6/2020	31/12/2019
1 CHF	<b>0.94</b>	0.89	<b>0.94</b>	0.92
1 GBP	<b>1.14</b>	1.14	<b>1.10</b>	1.18
1 USD	<b>0.91</b>	0.89	<b>0.89</b>	0.89

The weakness of the Euro especially against the Swiss Franc during the first half of 2020 resulted in a net foreign exchange loss of TEUR 2,196 (prior year period loss: TEUR 873) included in financial expenses.

## 6 Operating segments

Six months ended 30 June	Europe and rest of world		North America		Reconciliation		Total	
in thousand EUR	2020	2019	2020	2019	2020	2019	2020	2019
Revenue from sales and services third parties	<b>138,980</b>	149,285	<b>21,133</b>	23,322	<b>561</b>	162	<b>160,674</b>	172,769
Sales to other segments	<b>5,598</b>	6,781	<b>0</b>	12	<b>-5,598</b>	-6,793	<b>0</b>	0
<b>Revenue from sales and services</b>	<b>144,578</b>	156,066	<b>21,133</b>	23,334	<b>-5,037</b>	-6,631	<b>160,674</b>	172,769
<b>Operating profit</b>	<b>12,846</b>	20,762	<b>1,611</b>	1,910	<b>0</b>	0	<b>14,457</b>	22,672
Financial income							<b>134</b>	132
Financial expenses							<b>-2,329</b>	-987
Income tax							<b>-2,753</b>	-4,045
<b>Profit from continued operations</b>							<b>9,509</b>	17,772
Operating assets	<b>375,512</b>	380,642	<b>38,353</b>	39,742	<b>12,837</b>	-5,734	<b>426,702</b>	414,650
Operating liabilities	<b>100,052</b>	99,103	<b>2,259</b>	3,916	<b>34,612</b>	25,259	<b>136,923</b>	128,278

Operating assets and operating liabilities are presented as at 30 June 2020 and 31 December 2019, respectively.

Deferred tax assets and income tax receivables as well as deferred tax liabilities, income tax liabilities and financial liabilities of the operating assets and liabilities are included in column "Reconciliation" in 2020 and 2019. The column "Reconciliation 2020" also includes assets and liabilities held for sale.

The discontinued operations were previously part of the "Europe and rest of world" segment.

### Disaggregated revenue information

Six months ended 30 June	Europe and rest of world		North America		Total	
in thousand EUR	2020	2019	2020	2019	2020	2019
Products and services	<b>138,980</b>	149,285	<b>21,133</b>	23,322	<b>160,113</b>	172,607
<b>Timing of revenue recognition</b>						
Goods transferred at a point in time	<b>53,604</b>	59,368	<b>3,485</b>	5,157	<b>57,089</b>	64,525
Goods or services transferred over time	<b>85,376</b>	89,917	<b>17,648</b>	18,165	<b>103,024</b>	108,082
Revenue from customer contracts	<b>138,980</b>	149,285	<b>21,133</b>	23,322	<b>160,113</b>	172,607

## 7 Fair Value

The Group did not have any financial instruments other than those subsequently measured at amortised cost as of 30 June 2020. The carrying amounts of the financial instruments are a reasonable approximation of fair value.

## 8 Seasonality of revenues

Historically, revenues in the first half of the year have been slightly lower than those in the second half. However, the magnitude of this general pattern weakened in recent years and is always obscured by the cyclical economic development in the various geographic markets. This applies even more so to the first half of 2020 due to the COVID-19 pandemic. Therefore, and similar to previous years, no meaningful statement can be made with regard to the effects of seasonality in 2020.

## 9 Shareholders' equity

### 9.1 Share capital and other reserves

The share capital consists of 13,334,200 fully paid, unregistered shares with a nominal value of CHF 1.00 each and is translated into the presentation currency of the Group at historical cost.

### 9.2 Dividends paid

On 14 May 2020, the ordinary General Meeting approved the payment of a dividend of CHF 0.65 per share (prior year: CHF 1.13) as proposed by the Board of Directors. The payment date was 26 May 2020.

### 9.3 Employee shares

On 19 May 2020, 12,285 shares with a market value of TEUR 842 were transferred under the management share plan to members of senior management in recognition of the performance achieved in 2019.

In the first six months of 2020, TEUR 458 was charged in personnel expenses related to the management share plan, consisting of TEUR 328 as accrual for the first six months of 2020 and TEUR 130 as reversal of the accrual related to the performance in 2019.

## 10 Earnings per share

Six months ended 30 June	2020	2019
Profit for the period, in thousand EUR	10,555	18,856
Profit for the period continued operations, in thousand EUR	9,509	17,772
Average number of shares outstanding	13,312,160	13,297,257
<b>Earnings per share (basic/diluted) in EUR</b>	<b>0.793</b>	1.418
<b>Earnings per share continued operations (basic/diluted) in EUR</b>	<b>0.714</b>	1.337

## 11 Discontinued operations

On 27 February 2020, the EU Commission approved under specific conditions the sale of the indirect majority of agta record to ASSA ABLOY announced on 6 March 2019. To address the competition concerns of the EU Commission, ASSA ABLOY and agta record committed to the sale of certain agta record and ASSA ABLOY businesses to third parties.

On 29 June 2020, agta record and ASSA ABLOY entered into binding agreements with Italy based FAAC group for the sale of the agta record businesses in the Netherlands, Austria, Hungary and Slovenia, as well as the agta record high-speed door business mainly located in France. The businesses in these countries follow the existing business model of all country subsidiaries of the group. The discontinued operations will be able to source record products during a certain number of years and have an exclusive license to sell record products in their territories like in the past. The sale price for the five agta record entities is

EUR 58.3 million on a cash- and debt-free basis and before working capital adjustments. The expected gain from the sale is to be booked in the third quarter 2020. The sale closed on 31 August 2020.

Six months ended 30 June	2020	2019
in thousand EUR		
Revenue from sales and services	18,284	19,374
Raw materials and consumables used	-3,886	-3,997
<b>Gross result</b>	<b>14,398</b>	<b>15,377</b>
Other operating income	10	13
Personnel expenses	-10,745	-10,667
Other operating expenses	-2,046	-2,115
<b>Operating profit before depreciation, impairment and amortisation</b>	<b>1,617</b>	<b>2,608</b>
Depreciation of property, plant and equipment	-289	-878
<b>Operating profit before impairment and amortisation</b>	<b>1,328</b>	<b>1,730</b>
Amortisation of intangible assets	-177	-531
<b>Operating profit</b>	<b>1,151</b>	<b>1,199</b>
Financial income	1	2
Financial expense	-8	-10
<b>Profit before tax</b>	<b>1,144</b>	<b>1,191</b>
Income tax expense	-98	-107
<b>Profit from discontinued operations</b>	<b>1,046</b>	<b>1,084</b>
Earnings per share (basic / diluted) discontinued operations (in EUR)	0.079	0.082

The main movements of the consolidated cash flow of the discontinued operations are as follows:

For the six months ended 30 June	
in thousand EUR	2020
Net cash from operating activities	3,087
Net cash used in investing activities	-597
Net cash used in financing activities	-398
<b>Net cash flow for the period</b>	<b>2,092</b>

## 12 Events after the balance sheet date

On 14 August 2020, the EU Commission gave clearance to complete the sale of the indirect majority of agta record to ASSA ABLOY, confirming that all conditions had been fulfilled. The closing of the sale occurred on 20 August 2020. The sale of the discontinued operations closed on 31 August 2020.

No other events that could have an effect on the consolidated financial statements or that would require to be disclosed in this report have occurred between the balance sheet date and 4 September 2020, the date of approval of the condensed consolidated interim financial statements by the Board of Directors.

To the Board of Directors of  
agta record ltd, Fehraltorf

Zurich, 4 September 2020

## Report on the review of interim condensed consolidated financial statements



### Introduction

We have reviewed the interim condensed consolidated financial statements (consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes, pages 1 to 8) of agta record ltd for the period from 1 January 2020 to 30 June 2020. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.



### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

Ernst & Young Ltd



Marco Casal  
(Qualified  
Signature)

Licensed audit expert  
(Auditor in charge)



Marco Kessler  
(Qualified  
Signature)

Licensed audit expert

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