INTERROLL®

HALF-YEAR REPORT 2018

ENABLE
EXPAND
EVOLVE

KEY FIGURES

in CHF million, unless otherwise indicated	01.01.– 30.06.2018	01.01.– 30.06.2017	Change in %
Incoming orders / net sales			
Total incoming orders	324.6	244.5	32.8
Rollers	54.7	53.5	2.2
Drives	84.4	71.7	17.7
Conveyors & Sorters	71.4	51.1	39.7
Pallet & Carton Flow	30.2	27.0	11.9
Total net sales	**240.7**	**203.3**	**18.4**
Profitability			
EBITDA	35.5	29.6	19.8
in % of net sales	14.8	14.6	
EBITA	28.6	23.8	20.3
in % of net sales	11.9	11.7	
EBIT	25.3	20.5	23.2
in % of net sales	10.5	10.1	
Net profit	**18.6**	**15.3**	**21.5**
in % of net sales	7.7	7.5	
Cash flow			
Operating cash flow	31.2	17.6	77.1
in % of net sales	13.0	8.7	
Free cash flow	**18.0**	**8.2**	**119.5**
in % of net sales	7.5	4.0	
Total investments / capital expenditure	**15.6**	**9.7**	**60.8**
Balance sheet	**30.06.2018**	**31.12.2017**	
Total assets	397.7	355.3	11.9
Goodwill	17.6	17.6	0.0
Net financial assets	33.9	37.1	–8.6
Equity	**260.1**	**261.7**	**–0.6**
Equity ratio (equity in % of assets)	65.4	73.6	
Return on equity (in %)	14.2	15.8	–10.1
Other key figures			
RONA (return on net assets, in %)	15.6	16.5	–5.5
Average number of employees	2,140	2,067	3.5
Net sales per employee (in CHF thousand)	225	218	3.2
Productivity (added value / total personnel expenses)	2.07	2.02	2.5

ABOUT INTERROLL

The Interroll Group is a leading global provider of material handling solutions. The company was founded in 1959 and has been listed on the SIX Swiss Exchange since 1997. Interroll provides system integrators and OEMs with a wide range of platform-based products and services in these categories: Rollers (conveyor rollers), Drives (motors and drives for conveyor systems) and Conveyors & Sorters, as well as Pallet & Carton Flow (flow storage systems). Interroll solutions are used in express and postal services, e-commerce, airports, the food and beverage industry, fashion, and automotive sectors, and many other manufacturing industries. Among the end users are leading brands such as Amazon, Bosch, Coca-Cola, DHL, Nestlé, Procter & Gamble, Siemens, Walmart and Zalando. Headquartered in Switzerland, Interroll has a global network of 32 companies with sales of CHF 450.7 million and around 2,100 employees (2017).

www.interroll.com

28,000 CUSTOMERS AROUND THE WORLD

32 COMPANIES AROUND THE WORLD

2,100 EMPLOYEES AROUND THE WORLD

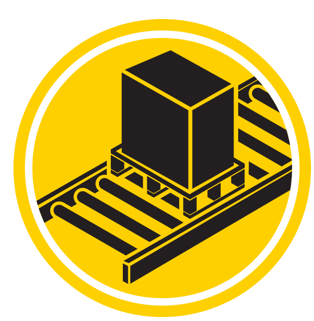
INTERROLL PRODUCT GROUPS

DRIVES

ROLLERS

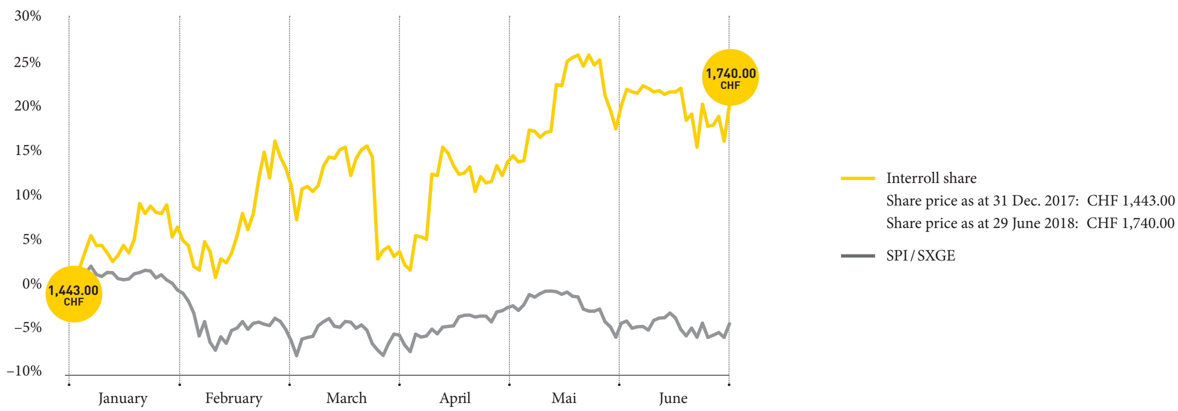
CONVEYORS & SORTERS

PALLET & CARTON FLOW



INTERROLL ON THE CAPITAL MARKET

Share price performance of Interroll relative to Swiss Performance Index SPI / SXGE



SWISS STOCK MARKETS IN THE RED

The Swiss stock markets have lost ground since 2018 began. Trading conflict between the United States (US) and China, new sanctions for Russia and Iran, nuclear discussions with North Korea and anti-European banter in individual European Union (EU) states have unsettled investors.

The Swiss Market Index (SMI) blue-chip barometer stood at 8,609 points at the end of June. This represented a decrease of 8.5 %.

The broad Swiss Performance Index (SPI) fell to 10,327 points, 4.2 % below the end of 2017.

INTERROLL SHARE ON THE RISE AGAIN

The performance of individual listed stocks varied greatly, however. Numerous project orders, innovative products and services as well as consistent cost and investment management were the company-specific growth drivers of the Interroll Group in the first half of 2018.

The Interroll share once again performed much more strongly than the previous year.

The closing price of CHF 1,740.00 on 29 June 2018 meant the Interroll share was 20.6 % higher than at the end of 2017 (CHF 1,443.00).

The Interroll share therefore once again outperformed the Swiss indices and the Group's market capitalisation reached nearly CHF 1.5 billion.

LITTLE CHANGE IN FREE FLOAT

Around 19 % of Interroll shares (31 December 2017: 20 %) are held by the remaining founding families. The free float as defined by the SIX Swiss Exchange therefore stood at 81 % as of 29 June 2018 (31 December 2017: 80 %).

INTERROLL ACHIEVES STRONG ORGANIC GROWTH

Paul Zumbühl, Chief Executive Officer

Dear shareholders, valued customers,
employees and business partners,

The Interroll Group has started 2018 very positively and has even increased the great momentum of the previous year. Thanks to an extremely large number of orders and significant improvements in net sales, earnings and cash flow, the success of the growth strategy has been driven forward in the first six months of 2018. All regions and product groups have experienced growth in comparison to the same period in the previous year. It is pleasing to see purely organic growth here, created by our own efforts.

Incoming orders rose organically by 32.8 % in the first six months to a new record value of CHF 324.6 million (previous year: CHF 244.5 million). This was 27.4 % in local currency. Included in the orders received are follow-up orders for crossbelt sorters for a packaging and logistics provider in the United States (US), as well as a major order from Korea for a customer from the e-commerce sector for modular conveying platforms – each in the low tens of millions.

Net sales grew organically by 18.4 %, reaching a new consolidated company record of CHF 240.7 million (previous year: CHF 203.3 million). The sales growth amounted to 13.4 % in local currency.

SELECTIVE EXPANSION OF CAPACITY

Interroll's business growth is based on innovations that were successfully introduced in the market during the last few years and is facilitated by the global e-commerce trend, as well as post and logistics providers' high demand for efficient conveyor technology solutions. Our global activities are also generating many orders in the food and beverage industry, in the airport construction sector (including passenger screening) and other areas. Growth in the Asian region has been disproportionately strong.

Our expansion in the market is accompanied by necessary selective expansion of capacity, as a result of which the sites in Wermelskirchen, Germany and Hiram (Atlanta, US) have been expanded. A testing facility has been purchased at the Baal site in Germany. A factory of our own is currently under construction in Thailand. Thanks to local production, from 2019 this will enable Interroll to serve the fast-growing markets in Southeast Asia more comprehensively and more quickly than is currently the case.

DISCIPLINED COST AND INVESTMENT MANAGEMENT

We want to be pioneers in our field for Logistics 4.0. We are making this happen within the company not only by increasingly digitalizing our business procedures and production processes, but also by investing in the automation of our plants. As an enabler, it is our job to facilitate planning, installation, maintenance and modernization for our customers and end users

"Our business growth is based on innovations that were successfully introduced in the market."

Urs Tanner, Chairman of the Board of Directors

with our platform products and control systems as well as through increased system availability. We are, therefore, offering solutions for decentrally controlled conveyors and expanding our range of services, such as those for operation and after sales. To consolidate our position of technological leadership, we are budgeting in the current year as much as an extra CHF 5 million for research and development costs.

Despite higher research and development expenditure, Interroll increased its EBITDA in the first six months of the year by 19.8 % to CHF 35.5 million (previous year: CHF 29.6 million). The EBITDA margin was 14.8 % (previous year: 14.6 %). The EBIT rose by 23.2 % to CHF 25.3 million (previous year: CHF 20.5 million). The EBIT margin was 10.5 % (previous year: 10.1 %). The net profit increased by 21.5 % to CHF 18.6 million (previous year: CHF 15.3 million). The net profit margin reached 7.7 % (previous year: 7.5 %).

The intensive project activity in the Group came to the fore at the half-year point in high inventory levels and customer downpayments on the balance sheet. The operating cash flow has increased by 77.1 % to CHF 31.2 million (previous year: CHF 17.6 million). Gross investment reached CHF 15.6 million and has thereby increased significantly in comparison to the previous year (CHF 9.7 million) by CHF 5.9 million. Free cash flow more than doubled and was at CHF 18.0 million (previous year: CHF 8.2 million).

PROMOTING PARTNER AND EMPLOYEE KNOWLEDGE

The partners in our Rolling on Interroll (ROI) program continue to appreciate our extensive expertise and project-based market experience. The partner program now comprises 73 small and medium-sized enterprises from 36 countries, with whose support we are continuing to develop a common vision of material flow in the future and intensifying our efforts to increase value added for our customers on all continents.

Interroll's global success depends entirely on our employees and mutual, intensive, fruitful teamwork with our customers. The Interroll Academy plays an increasingly important role in reaching our long-term goals in knowledge sharing and exchanging expertise, both in internal programs and in customer training courses and events.

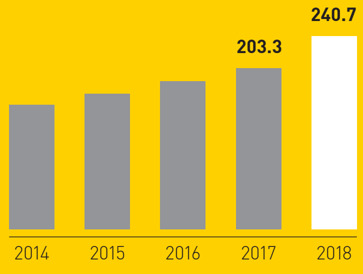
Sant'Antonino, 3 August 2018

Urs Tanner
Chairman of the Board of Directors

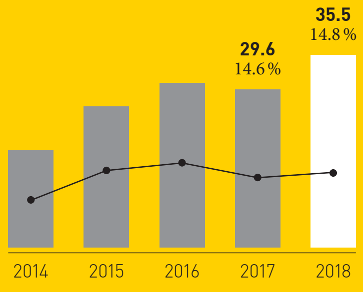
Paul Zumbühl
Chief Executive Officer

FINANCIAL POSITION, EARNINGS AND CASH FLOWS

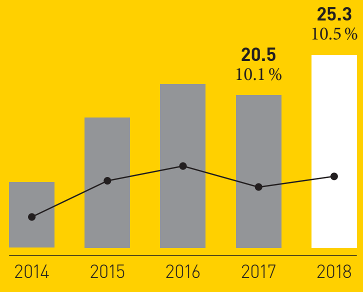
NET SALES



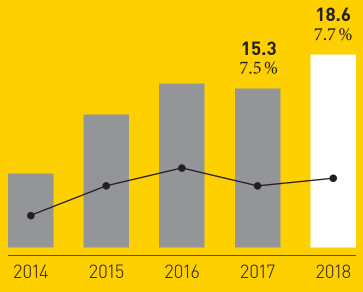
EBITDA AND EBITDA MARGIN



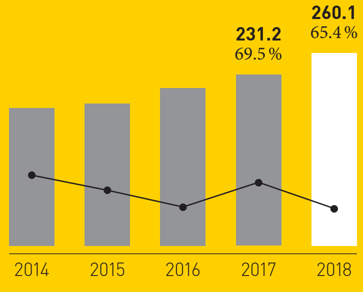
EBIT AND EBIT MARGIN



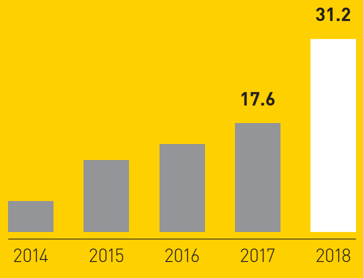
NET PROFIT



EQUITY AND EQUITY RATIO



OPERATIONAL CASH FLOW



All amounts in CHF million

STRONG CASH FLOW DEVELOPMENT

As announced at the financial media conferences in March 2017 and 2018, Interroll will use its solid financial position to spend up to an additional CHF 5 million on research and development this year. In doing so, the Group aims to bolster its technology and innovation leadership in material handling technology for Logistics 4.0, too.

INCOMING ORDERS AND NET SALES ARE REACHING RECORD LEVELS

In the first half of 2018, the Interroll Group saw a record number of incoming orders amounting to CHF 324.6 million (previous year: CHF 244.5 million). In local currencies, the Group grew by 27.4 %. The exclusively organic growth in the reporting currency reached 32.8 % and was driven by the increasing product business and a strong demand for projects, particularly in the areas of packaging and express services, airports, and the food and beverage industries. This meant that the orders received for the Asia region were able to grow by a significant 68.4 %.

At CHF 240.7 million (previous year: CHF 203.3 million), the consolidated net sales also reached a record level and saw purely organic growth of 18.4 % in the reporting currency. In local currencies, the Group grew by 13.4 %. Particularly strong sales increases was registered in the Asia region (39.1 %).

RESULTS GROWING DISPROPORTIONATELY

Despite higher research and development expenditure, Interroll increased its EBITDA in the first six months of the year by 19.8 % to CHF 35.5 million (previous year: CHF 29.6 million). The EBITDA margin was 14.8 % (previous year: 14.6 %). The EBIT rose by 23.2 % to CHF 25.3 million (previous year: CHF 20.5 million). The EBIT margin was 10.5 % (previous year: 10.1 %).

The net profit increased by 21.5 % to CHF 18.6 million (previous year: CHF 15.3 million). The net profit margin reached 7.7 % (previous year: 7.5 %).

SOLID DEVELOPMENT OF THE BALANCE SHEET, STRONG CASH FLOW

The balance sheet total grew by June 30, 2018 to CHF 397.7 million and was therefore 11.9 % above the figure recorded at the end of 2017 (CHF 355.3 million). The equity capital is CHF 260.1 million, while the equity ratio is 65.4 % (December 2017: 73.6 %).

The intensive project activity in the Group came to the fore at the half-year point in high inventory levels and customer downpayments on the balance sheet.

The operating cash flow increased by 77.1 % to CHF 31.2 million (previous year: CHF 17.6 million).

Gross investment reached CHF 15.6 million and has thereby increased significantly in comparison to the previous year (CHF 9.7 million) by CHF 5.9 million. In particular, the Hiram/Atlanta site in the United States has been expanded and work has begun on a new site in Phan Thong (Bangkok area) in Thailand.

In light of the significantly higher cash flow and despite higher investments, the free cash flow more than doubled and reached CHF 18.0 million (previous year: CHF 8.2 million).

STRONG PRODUCT BUSINESS, GREAT POTENTIAL IN DEMAND FOR PROJECTS

Interroll has split its service portfolio into the four product groups “Rollers,” “Drives,” “Pallet & Carton Flow” and “Conveyors & Sorters.” In the first half of 2018, order intake and net sales in all product groups were up year on year. “Conveyors & Sorters” and “Drives” experienced particularly strong growth of 39.7 % and 17.7 % respectively.

ROLLERS PRODUCT GROUP

The “Rollers” product group forms the basis of the Interroll portfolio. Interroll was producing conveyor rollers in Wermelskirchen, Germany, as early as 1959, and now manufactures them at five additional locations. This makes Interroll the leading provider in this area. Conveyor rollers are used in countless internal logistics applications.

Extremely short delivery times, highly efficient manufacturing processes, customer proximity and the high quality of Interroll products also made a significant contribution to further growth in the first half of the year. This growth is supported by the rising level of automation of particularly suitable production steps.

In addition, we anticipated and took advantage of the potential of market trends and the continued strong development of e-commerce and investments in modernization and outsourcing. The Americas region showed a temporary declining trend, while the Europe, the Middle East and Africa (EMEA) and Asia-Pacific regions reported solid growth.

The higher number of “Rollers” orders in Thailand (up 20.9 % year on year) was particularly encouraging. Thailand will be home to Interroll’s third local Center of Excellence in the Asia-Pacific region; the center is currently under construction and will be completed by the spring of 2019.

At CHF 54.7 million, consolidated net sales exceeded the already high CHF 53.5 million achieved in the same period of the previous year by 2.2 %. At CHF 55.7 million, consolidated order intake increased 1.0 % on the previous year’s high level.

Interroll rollers stand for top quality in 60,000 variants.

DRIVES PRODUCT GROUP

The “Drives” product group portfolio includes driven conveyor rollers (Volt RollerDrive), control systems and drum motors. The global Centers of Excellence in Baal, Germany and Hvidovre, Denmark have worldwide responsibility for drum motors within the Interroll Group.

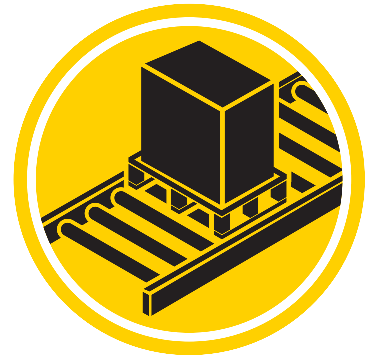
Here, sales amounted to CHF 84.4 million, and were thus 17.7 % higher year on year (CHF 71.7 million). Consolidated order intake increased by 16.3 % to CHF 87.8 million compared to CHF 75.5 million in the same period of the previous year.

The EMEA and Asia-Pacific regions performed especially strongly. Drum motors recorded sales increases of 16.3 %. Here too, the Asia-Pacific region experienced an encouraging rise of 30.0 % year on year. In “RollerDrive,” China had a 62.5 % higher order intake than in the first half of 2017.

The RollerDrive is not only energy efficient but also generates considerably less noise than comparable products. In March 2018, Interroll launched additional models from the new generation of drum motors on the European market: the DM 0113 and DM 0138. The innovative motor platform, which is predominantly used for modern conveyor systems in goods distribution centers, in production, and in the food industry, has a fully modular design and includes both synchronous and asynchronous drive solutions.

Interroll’s flexible, easy-to-install solutions play a leading role worldwide. The increasing use of drives in the new Modular Conveyor Platform (MCP) allows even greater synergy between Interroll’s individual product groups.

Interroll’s drum motors and RollerDrive family as well its controls comply with the very highest efficiency requirements.



PALLET & CARTON FLOW PRODUCT GROUP

The “Pallet & Carton Flow” product group provides flow storage solutions for pallets and container packaging based on the first in, first out (FIFO) or last in, first out (LIFO) principles. Within Interroll, the global Center of Excellence in La Roche-sur-Yon, France is responsible for this product group.

In the first half of 2018, Interroll recorded an increase of 11.9 % in consolidated sales in this product group, from CHF 27.0 million in the prior-year period to CHF 30.2 million.

Flow storage solutions from Interroll are robust and safe.

Consolidated order intake also increased by a substantial 19.1 % to CHF 34.1 million (previous year: CHF 28.6 million). The Americas region reported strong growth of 28.4 %, while demand from the EMEA region showed significant recovery, improving by a considerable 56.7 % in the first half of 2018.

When it comes to warehouses with high turnover rates, flow storage solutions prove to be particularly cost-effective in the long term. The Interroll flow storage solution was tested in the Interroll test center in La Roche-sur-Yon. Following 50,000 test cycles under extreme conditions, Interroll guarantees a long lifetime and maximum safety. Interroll sees major market potential in expanding its range with partially or fully automated solutions and is preparing for further enhancements.

CONVEYORS & SORTERS PRODUCT GROUP

The "Conveyors & Sorters" product group comprises sorter and conveyor solutions developed by the global Centers of Excellence in Sinsheim, Germany and Cañon City, US. These include crossbelt sorters, belt curves, and the MCP. With its products and solutions in this segment, Interroll enjoys a strong position particularly when it comes to supplying equipment for airports, mail and logistics distribution centers, e-commerce and, increasingly, the tire industry.

Since March 2018, Interroll has also offered a deep-freeze version of its MCP. In addition, the prototype for a new Spiral Lift was presented for the first time at the LogiMAT in March 2018 and has been commercially available since July 2018.

Interroll's Modular Conveyor Platform (MCP) opens up a wide range of flexible application options. Since March 2018 it has also been available as a solution for deep-freeze environments.

In the first half of 2018, this product group achieved consolidated sales of CHF 71.4 million, which was an increase of 39.7 % year on year (CHF 51.1 million). Order intake increased strongly by 72.5 % to CHF 147.0 million, compared to CHF 85.2 million in the prior-year period.

In the first half of 2018, Interroll concluded follow-up orders to supply equipment to the distribution centers of a leading parcel delivery company in North America. In Europe, too, numerous orders were placed in the mail and logistics fields as well as the food and beverage industry. In Asia, Interroll concluded a follow-up order with record volumes. Here, Interroll will supply a record number of conveyor modules with a total length of 12 km as well as eight Spiral Lifts for the customer's distribution center in South Korea.

Modern material flow systems can be planned quickly and with ease thanks to Interroll's modular concept: Customers can make further modifications and implement these themselves during assembly. Interroll's drive solutions are creating systems that boast maximum availability and energy efficiency as well as extremely low operating and maintenance costs. This is true of both new systems and modernized existing systems.

SUSTAINABLE GROWTH IN ALL REGIONS

+34.6 %
ORDER INTAKE

+17.1 %
NET SALES

EMEA

By opening up new markets and gaining new customers, we have continued with our globalization strategy in the first half of 2018. Interroll has been able to achieve growth in incoming orders and net sales in all regions.

We can clearly see strong trends with the orders that are coming in: The Asia region increased orders by 68.4 %, Europe, the Middle East and Africa (EMEA) by 34.6 % and the Americas by 14.5 %.

At the end of the first half of the year, Interroll's share of total sales in EMEA is 61 %; in the Americas it is 26 % and in Asia-Pacific it is 13 %. The company has exceeded its own expectations in the area of Courier, Express and Parcel – also in conjunction with the growing e-commerce sector.

EUROPE, MIDDLE EAST, AFRICA (EMEA)

REGION WITH STRONG GROWTH

In the Europe, Middle East and Africa (EMEA) region, the strong organic growth of recent years continued into the first half of 2018. Incoming orders increased by 34.6 % compared to the previous year, reaching CHF 182.8 million. At CHF 146.1 million, turnover was 17.1 % higher than the previous year (CHF 124.8 million).

The driving force behind this development has been a high demand for rollers, drives and conveyor systems. While central, eastern and southern Europe were able to improve on their respective previous year's orders once again, western Europe recovered after a difficult previous year. Positive signs, albeit from a lower level, can also be seen in the orders received in Africa and the Middle East.

Comprising 61 % of Interroll's total turnover, EMEA continues to be the most economically important region within the Group. The technical requirements for suppliers in internal logistics are high and, in addition to lasting customer relationships, industry knowledge and technical solution expertise, they demand innovative responses to increasing complexity and new developments.

In March of this year, Interroll presented technical innovations such as the Spiral Lift, its extensive expertise in the sector, and its high quality with regard to the production and sales process at the international logistics trade fair LogiMAT in Stuttgart, Germany.

In April, Interroll presented all of its product groups in an impressive manner at the MODEX in Atlanta.

+14.5%
ORDER INTAKE

+13.3%
NET SALES

AMERICAS

AMERICAS

REGION WITH ACTIVE PROJECT ACTIVITY

The sales in the Americas region were CHF 63.9 million and were therefore 13.3% higher than in the previous year (CHF 56.4 million). The lion's share of this development was made up of the North American market, with the United States (US) at the top of this. This is where Interroll has been able to see further growth. The reason for this positive development is the continuing strong demand in courier, express, parcel (CEP), food and distribution centers. In the US, Interroll further expanded its capacities at the Hiram/Atlanta site in Georgia during the reporting period.

Incoming orders, which increased by 14.5% to CHF 87.3 million, are making a key contribution to success in the region. Interroll has received a large follow-up order amounting to the low tens of millions for a leading logistics and packaging provider in the US. These new orders include delivering sorter systems. The new orders were placed in addition to the large orders that were announced by the company back in May 2017. The sorter systems ordered in 2018 are being installed mainly in new installations, for example in two of the customer's distribution centers in two of its largest US hubs.

The delivery of sorters to the Brazilian postal service has continued into the reporting year. With an excellent local team, Interroll is committed to long-term customer relationships in the challenging yet promising Brazilian market.

+68.4%
ORDER INTAKE

+39.1%
NET SALES

ASIA-PACIFIC

ASIA-PACIFIC

REGION WITH HIGH GROWTH PROSPECTS

Interroll's sales in the first half of 2018 saw strong growth in the Asia-Pacific region with 39.1%, reaching CHF 30.7 million (previous year's period: CHF 22.1 million) at the end of the first six months of this year.

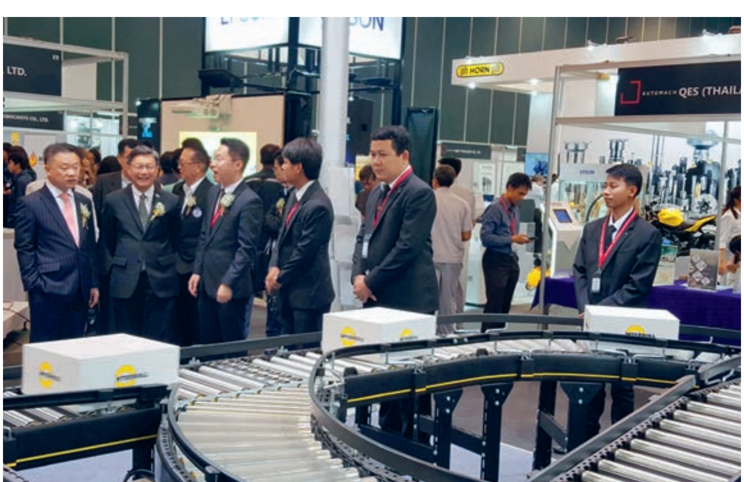
In contrast, however, the CHF 32.6 million worth of orders received in the previous year grew by a significant 68.4% to a new record level of CHF 54.7 million in total.

Receiving a large order for Modular Conveyor Platforms (MCP) and Spiral Lifts in the low tens of millions CHF contributed significantly to this. The order came from a South Korean e-commerce company. Interroll will supply and install a record number of conveying modules with a total length of 12 km, as well as eight Spiral Lifts for the customer's distribution center in South Korea. Strengthening the customer's intralogistics capacities should equip the customer to better deal with upcoming seasonal peaks during the Korean autumn festival and the Christmas season. It is expected that the installation work will be completed in 2018. The order for Interroll follows a previously successfully installed project in one of this customer's distribution centers in 2017.

The demand for Interroll technology in this region has shown a particularly positive development in the areas of "Rollers" and "Drives."

As in previous years, China was the most important market for Interroll in the region. As such, it was able to achieve further growth and a good level of incoming orders. Positive impetus also came from Thailand and South Korea, where the growth trend also continues with a high number of incoming orders.

The region is also increasingly benefiting from the globalization of the Interroll Group with the foundation of its own production facilities on-site. The successful integration of the regional Interroll Competence Centers in Suzhou and Shenzhen into the production network guaranteed consistently positive synergistic effects in the first half of 2018, too, thanks to the higher level of on-site technical expertise and closer proximity to customers.



Interroll is also consistently implementing its product strategy in Asia. At the AUTOMACH fair in Thailand in March 2018, Interroll demonstrated its increased market proximity in Southeast Asia.

1 INTERIM FINANCIAL STATEMENTS OF INTERROLL GROUP

1.1 Consolidated statement of financial position

in thousands CHF	30.06.2018	in %	31.12.2017	in %
ASSETS				
Property, plant and equipment	114,784		109,770	
Intangible assets	34,908		36,852	
Financial assets	700		1,864	
Deferred tax assets	8,881		3,758	
Total non-current assets	**159,273**	**40.0**	**152,244**	**42.8**
Inventories	88,700		60,957	
Current tax assets	1,144		1,595	
Trade and other accounts receivable	97,659		103,236	
Cash and cash equivalents	50,946		37,307	
Total current assets	**238,449**	**60.0**	**203,095**	**57.2**
Total assets	**397,722**	**100.0**	**355,339**	**100.0**
EQUITY AND LIABILITIES				
Share capital	854		854	
Share premium	8,161		7,902	
Reserve for own shares	–14,030		–8,695	
Translation reserve	–47,264		–46,221	
Retained earnings	312,426		307,840	
Total equity	**260,147**	**65.4**	**261,680**	**73.6**
Financial liabilities	19		19	
Deferred tax liabilities	3,493		99	
Pension liabilities	8,353		8,149	
Provisions	8,864		8,107	
Total non-current liabilities	**20,729**	**5.2**	**16,374**	**4.6**
Financial liabilities	16,997		193	
Current tax liabilities	12,767		15,952	
Trade and other accounts payable	61,250		47,820	
Advances received from third party	25,831		13,320	
Total current liabilities	**116,845**	**29.4**	**77,285**	**21.8**
Total liabilities	**137,575**	**34.6**	**93,659**	**26.4**
Total liabilities and equity	**397,722**	**100.0**	**355,339**	**100.0**

1.2 Consolidated income statement

in thousands CHF	Jan.–Jun. 2018	in %	Jan.–Jun. 2017	in %	Variance	in %
Net sales	**240,734**	**100.0**	**203,276**	**100.0**	**37,458**	**18.4**
Material expenses	–110,116	45.7	–83,787	41.2		
Personnel expenses	–70,137	29.1	–64,207	31.6		
Increase / (Decrease) in work in progress, finished products and own goods capitalised	14,812	6.2	6,569	3.2		
Other operating expenses	–41,314	17.2	–33,675	16.6		
Other operating income	1,538	0.6	1,471	0.7		
Operating result before depreciation and amortisation (EBITDA)	**35,517**	**14.8**	**29,647**	**14.6**	**5,870**	**19.8**
Depreciation	–6,869	2.9	–5,829	2.9		
Operating result before amortisation (EBITA)	**28,648**	**11.9**	**23,818**	**11.7**	**4,830**	**20.3**
Amortisation	–3,387	1.4	–3,306	1.6		
Operating result (EBIT)	**25,261**	**10.5**	**20,512**	**10.1**	**4,749**	**23.2**
Financing expenses	–883	0.4	–827	0.4		
Financing income	150	0.1	75	0.0		
Financing result	**–733**	**0.3**	**–752**	**0.4**	**19**	**–2.5**
Result before income taxes	**24,528**	**10.2**	**19,760**	**9.7**	**4,768**	**24.1**
Income tax expense	–5,965	2.5	–4,485	2.2		
Result	**18,563**	**7.7**	**15,275**	**7.5**	**3,288**	**21.5**
Result attributable to:						
– Non-controlling interests						–
– Owners of Interroll Holding Ltd.	**18,563**	**7.7**	**15,275**	**7.5**	**3,288**	**21.5**
Values per share (in CHF)						
Non-diluted earnings (result) per share	21.87		17.94		3.93	21.9
Diluted earnings (result) per share	21.87		17.94		3.93	21.9

1.3 Consolidated statement of comprehensive income

in thousands CHF	Jan.–Jun. 2018	Jan.–Jun. 2017
Result	**18,563**	**15,275**
Other income		
Items that in the future may be reclassified subsequently to income statetement		
– Currency translation differences	–1,043	–2,605
Total items that in the future may be reclassified subsequently to income statetement	**–1,043**	**–2,605**
Other income	**–1,043**	**–2,605**
Comprehensive income	**17,520**	**12,670**
Result attributable to:		
– Non-controlling interests		
– Owners of Interroll Holding Ltd.	**17,520**	**12,670**

1.4 Consolidated statement of cash flows

in thousands CHF	Jan.–Jun. 2018	Jan.–Jun. 2017
Result	**18,563**	**15,275**
Depreciation, amortisation and impairment	10,255	9,135
Loss/(gain) on disposal of tangible and intangible assets	3	–3
Financing result, net	734	752
Income taxes	5,964	4,485
Changes in inventories	–28,919	–15,049
Changes in trade and other accounts receivable	4,690	–1,664
Changes in trade and other accounts payable, advances	26,773	10,508
Changes in provisions, net	1,234	552
Income taxes paid	–10,393	–8,542
Personnel expenses on share-based payments	1,561	2,240
Other non-cash expenses/(income)	771	–48
Cash flow from operating activities	**31,236**	**17,641**
Acquisition of property, plant and equipment	–14,162	–7,915
Acquisition of intangible assets	–1,423	–1,741
Acquisition of financial assets	–34	–12
Proceeds from disposal of property, plant and equipment and intangible assets	980	128
Settlement of loans receivable	1,214	3
Interests received	145	69
Cash flow from investing activities	**–13,280**	**–9,468**
Free cash flow	**17,956**	**8,173**
Dividends	–13,977	–13,619
Acquisition of own shares	–6,638	–3,181
Proceeds from financial liabilities	17,000	3,000
Repayment of financial liabilities	–195	–55
Interests paid	–24	–12
Cash flow from financing activities	**–3,834**	**–13,867**
Translation adjustment on cash and cash equivalents	–483	–595
Changes in cash and cash equivalent	**13,639**	**–6,289**
Cash and cash equivalent at 1 January	37,307	38,264
Cash and cash equivalent at 30 June	**50,946**	**31,975**

1.5 Consolidated statement of changes in equity

in thousands CHF	Share capital	Share premium	Reserve for own shares	Translation reserve	Retained earnings	**Total equity**
Balance at 1 January 2017	**854**	**7,184**	**–1,914**	**–55,083**	**282,044**	**233,085**
Result					**15,275**	**15,275**
Other comprehensive income, net of taxes				**–2,605**		**–2,605**
Comprehensive income				**–2,605**	**15,275**	**12,670**
Share-based payments		710	1,530			2,240
Purchase of own shares incl. tax effects			–3,181			–3,181
Dividends					–13,619	–13,619
Balance at 30 June 2017	**854**	**7,894**	**–3,565**	**–57,688**	**283,700**	**231,195**
Balance at 31 December 2017	**854**	**7,902**	**–8,695**	**–46,221**	**307,840**	**261,680**
Result					**18,563**	**18,563**
Other comprehensive income, net of taxes				**–1,043**		**–1,043**
Comprehensive income				**–1,043**	**18,563**	**17,520**
Share-based payments		259	1,302			1,561
Purchase of own shares incl. tax effects			–6,637			–6,637
Dividends					–13,977	–13,977
Balance at 30 June 2018	**854**	**8,161**	**–14,030**	**–47,264**	**312,426**	**260,147**

2 NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Basis of the consolidated financial statements

Convention of preparation
The condensed, unaudited consolidated interim financial statements at 30 June 2018 have been prepared in accordance with IAS 34 ("interim period") and are based on the uniform financial statements of Interroll Holding LTD. and its subsidiaries ("the Group"). All statements are prepared based on uniform Group accounting principles. These interim statements reflect an update of previously published information. Therefore, they should always be read in conjunction with the Annual Report 2017. The interim statements were approved by the Board of Directors on 25 July 2018.

The accounting standards used for these interim financial statements are identical to those published and described in the Annual Report 2017 with the exception of IFRS 15 and IFRS 9.

The Group has applied IFRS 15 using the modified retrospective approach and therefore the comparative information has not been restated and is disclosed as under IAS 18 and IAS 11. The details of accounting policies under IAS 18 and IAS 11 are disclosed separately if they are different from those under IFFRS 15. The impact of changes is not material.

Revenue is measured based on the consideration specified in a contract with a customer where it acts as principal and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. On the one side performance obligations for products are typically satisfied on shipment or delivery (depending on agreed Inco terms). On the other side performance obligations for projects like sorters are typically satisfied after installation on site on final approval by the customer (according to the contract specifications). Orders are recognised at a point of time except for a few contracts in a specific location which are immaterial for the group. The contracts don't comprise multiple performance obligations. The company has also assessed if there is a need to combine contracts for accounting purpose and made the conclusion that there is no need. As well there are no significant finance components considered as contracts are usually satisfied in less than 1 year. On these grounds Interroll uses the practical expedient 129.

Performance obligations for services are typically satisfied when the service is rendered. Maintenance or support level agreements covering a certain period are the exception so far. Such maintenance contracts are recognized over time. Variable considerations exist but are very limited. Customers outreaching certain buying volumes are entitled for refunds. Variable consideration contracts are therefore assessed periodically. Any likely refunds are promptly considered in revenue recognition as reduction of revenue. Variable consideration is only recognised if it is highly probable that revenue will not be reversed. Provided warranties are limited to assurance warranty that covers the compliance of a product with agreed-on specifications. The company does not offer service warranties.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Revenue from sales of goods was generally recognised upon delivery to the customer (transfer of risks and use), recovery of the consideration was probable, there was no continuing management involvement with the goods and the amount of revenue could be measured reliably. Revenue from sales of projects was generally recognised after installation on site on final approval by the customer (according to the contract specifications). Revenue from rendering services in direct relation to its core products sold were recognised upon delivery.

The description of the principle activities from which the Group generates its revenue can be found in chapter "product groups".

The introduction/amendment of IFRS 9 has no significant impact on the consolidated financial statement. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. Indcators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period greater than 90 days past due.

Foreign currency translation
The following key exchange rates were used for the translation of financial statements denominated in foreign currencies:

	Income statement (average rates)			Balance sheet (Year end rates)	
	Jan.–Jun. 2018	**Jan.–Jun. 2017**	Change in %	**30.06.2018**	**31.12.2017**
1 EUR	1.167	1.078	8.2	1.157	1.170
1 USD	0.967	0.986	–2.0	0.992	0.976
1 CNY	0.152	0.144	5.4	0.150	0.150

New or amended IAS / IFRS standards and interpretations
The IASB has published new and revised standards and interpretations. These come into force on or later than 1 January 2019 and are not early adopted in this financial statement.

IFRS 16 (leasing) will be implemented as per 1st of January 2019. The group is currently assessing the impact.

Various amendments will also come into force, which will have no significant impacts on the consolidated financial statements of the Interroll Group: IFRS 2 (Share-based Payment), IFRS 4 (Insurance Contracts), IFRS 10 (Consolidated Financial Statements), IAS 28 (Investments in Associates and Joint Ventures), IAS 40 (Investment Property), the Annual improvements 2014-16, IFRIC 22 (Foreign Currency Transactions and Advance Consideration) and IFRIC 23 (Uncertainty over Income Tax Treatments).

Critical accounting estimates and judgements
The preparation of the consolidated interim financial statements requires management to make estimates, assumptions and judgements for the determination of income, expenses, assets, liabilities and for the disclosure of contingent liabilities. Such estimates, which are based on management's best knowledge and belief at the reporting date, may deviate from actual circumstances. In such a case, they will be modified as appropriate in the period in which the circumstances change.

Segment reporting
The Interroll Group consists of one single business unit. The complete product range is sold in all markets through the respective regional sales organisation. The customer groups of OEMs, system integrators and end users are provided with tailor-made product offerings and differentiated consulting levels. The Interroll manufacturing units focus on the production of specific product ranges. Assembly units receive semi-finished products from the manufacturing units and assemble a wide product range to serve their local markets. The Interroll Research Center, which is centrally located, develops new application technologies and new products for all product groups. Centers of Excellence, which focus on specific product groups, concentrate on the development of their assigned product portfolio.

Group Management and the whole Interroll management structure are organised by function (Overall Management, Products & Technology, Global Sales & Services, Marketing and Finance). The Board of Directors bases its financial management of the Group on both the sales generated in the product groups and geographical markets as well as on the consolidated financial statements. Group Management additionally assesses the achievement of financial and qualitative targets of all legal entities.

Financial instruments
Interroll Group has only financial instruments classified as hierarchy 2 in line with IFRS 13. These financial instruments include only foreign currency forward contracts and cash flow hedges. The valuation in hierarchy 2 is based on factors which cannot be tracked to actively listed prices on public markets. Instead, they can be monitored directly (as a price) or indirectly (as a derivative of the price). The amount of the financial instruments classified as hierarchy 2 is CHF 0.1 million at 30 June 2018 (31 December 2017: CHF –0.1 million).

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their current amounts.

2.2 Segment information

Net sales by geographical markets
Sales by geographical market is presented as follows:

in thousands CHF	Jan.–Jun. 2018	in %	Jan.–Jun. 2017	in %
Germany	35,845	14.9	25,612	12.6
Other Europe, Middle East, Africa	110,302	45.8	99,203	48.8
Total Europe, Middle East, Africa	**146,147**	**60.7**	**124,815**	**61.4**
USA	54,299	22.6	42,395	20.9
Other Americas	9,603	4.0	14,011	6.9
Total Americas	**63,902**	**26.6**	**56,406**	**27.8**
Asia incl. Australia	30,686	12.7	22,055	10.8
Total Asia-Pacific	**30,686**	**12.7**	**22,055**	**10.8**
Total Group	**240,734**	**100.0**	**203,276**	**100.0**

Material sales with specific customers
Sales are realised with more than 14,000 active customers. No customer accounts for net sales of more than ten percent of Group sales.

Sales by product group
Sales realised in the first half-year by product group is presented as follows:

in thousands CHF	Jan. – Jun. 2018	in %	Jan. – Jun. 2017	in %
Drives	84,458	35.1	71,658	35.3
Rollers	54,720	22.7	53,507	26.3
Conveyors & Sorters	71,401	29.7	51,069	25.1
Pallet & Carton Flow	30,155	12.5	27,042	13.3
Total Group	**240,734**	**100.0**	**203,276**	**100.0**

2.3 Notes to the consolidated statement of financial position

Consolidated statement of financial position

Total assets increased by CHF 42.4 million compared to year-end 2017. Work in progress as part of inventories increased to a record level, while accounts receivable decreased. This development shows the strong project growth of the Interroll Group in the first half of 2018. Current liabilities increased by CHF 39.6 million to CHF 116.8 million. Net working capital decreased by CHF 1.0 million to CHF 87.7 million.

Investments / capital expenditures

A total of CHF 15.6 million in gross capital expenditures were invested in various production facilities, however mainly in Hiram/ Atlanta, USA and Phan Thong (Bangkok area), Thailand. Total non-current assets reached CHF 159.3 million. Capital expenditure into intangible assets are mainly for the further development of the SAP ERP system.

In line with IAS 36, goodwill and other intangible assets are subject to an annual impairment test. These tests are normally performed in the second half of the year. Currently, there is no indication of impairment.

Net financial assets

Net financial assets at the end of the reporting period decreased by CHF 3.2 million compared to year-end 2017 and reached CHF 33.9 million by 30 June 2018.

Total credit lines available but unused at the end of the reporting period amount to CHF 61.4 million (end of 2016: CHF 78.6 million). From these credit lines, CHF 40.0 million are committed until first half 2021.

Debt covenants have always been complied with during the reported interim period as well as during the previous-year period.

Equity

The equity position decreased by CHF 1.5 million to CHF 260.1 million compared to the end of 2017, mainly as a result of the higher dividend payment and a higher position of own shares. The equity ratio at the end of the interim period corresponds to 65.4 % (year-end 2017: 73.6 %). In mid-2018, a dividend of CHF 16.50 per share was paid as agreed during the annual general meeting (previous year: CHF 16.00 per share).

2.4 Notes to the consolidated income statement

Net sales
Net sales in the reporting currency have increased organically by 18.4 % to CHF 240.7 million compared to the same period last year. In local currencies the increase reached 13.4 %. All regions and all product groups have contributed to this positive development.

Earnings before interest and taxes (EBIT)
Despite higher expenses for research and development Interroll increased the EBITDA by 19.8 % to CHF 35.5 million (previous year: CHF 29.6 million). The EBITDA margin was at 14.8 % (previous year: 14.6 %).
Interroll is accelerating development and extension of products and services for the fast growing “Industry 4.0” trend.

The EBIT increased by 23.2 % and reached CHF 25.3 million (previous year: CHF 20.5 million) in the reporting period, The EBIT margin reached 10.5 % (previous year: 10.1 %). Depreciation increased and amortisation slightly increased compared to previous year.

Financing result
The net financial loss of CHF 0.7 million includes, apart from immaterial net financial interest income, mainly realised and unrealised foreign exchange losses. Due to its decentralised structure, the Interroll Group is generally not very highly exposed to currency fluctuations.

Income tax
Income tax expense is recognised based upon the best estimates of the weighted average annual income tax rate for the full financial year. The tax rate presented in the interim report generally contains tax recoveries / adjustment charges from previous years. It is also influenced by a differentiated assessment of future realisable losses carried forward. In the period under review, tax revenues resulting from previous periods amounted to CHF 0.6 million (previous year: tax charges of CHF 0.2 million).

Result
The net profit increased by 21.5 % to CHF 18.6 million (previous year: CHF 15.3 million). The net profit margin reached 7.7 % (previous year: 7.5 %).

2.5 Notes to the consolidated statement of cash flows

Cash flow from operating activities
Cash flow from operating activities amounts to CHF 31.2 million (previous year: CHF 17.6 million).

Cash flow from investing activities
Total investments of CHF 15.6 million (previous year: CHF 9.7 million) mainly include the amendment of the Local Competence Center in Hiram/Atlanta, USA as well as the start up of the new construction of a Local Competence Center in Phan Thong (Bangkok area), Thailand. In the previous year investments mainly included the amendment of the Global Competence Center for Rollers in Wermelskirchen, Germany and the purchase of land reserves for the Local Competence Center for Belt Curves in Kronau, Germany.

Cash flow from financing activities
In the first half of 2018, dividends totalling CHF 14.0 million were paid out (previous year: CHF 13.6 million), which were financed by existing credit limits.

2.6 Notes to the consolidated statement of changes in equity

Share capital
The shareholders' capital of CHF 854,000 is unchanged compared to year-end 2017.

Assignment of shares
Shares assigned to members of the management in the amount of CHF 1.3 million (previous year: CHF 1.5 million) were expensed.

3 FURTHER DISCLOSURES AND INFORMATION

Events after the balance sheet date, seasonality
The Group did not identify any events after the closing date of the interim statements that would have a material effect on the presentation of its financial position as at 30 June 2018. There are no other facts which require disclosure according to IAS 34.

The industry in which the Group operates does not have significant seasonal variations. However, changes in the economical environment could have an impact on the short-term profitability.

Contingent liabilities
No significant contingent liabilities were incurred in the reporting period.

FINANCIAL CALENDAR 2019

Preliminary Annual Figures 2018	January 21
Annual Press Conference and Annual Report 2018	March 22
General Assembly	May 3
Half-Year Report 2019	August 5

CONTACT AND IMPRINT

If you have any questions regarding Interroll Group or would like to be included in our distribution list, please contact the Investor Relations Team:

investor.relations@interroll.com

Martin Regnet
Global PR Manager
Tel: +41 91 850 25 21
E-mail: m.regnet@interroll.com

Editor
Interroll Holding AG
Via Gorelle 3
6592 Sant'Antonino, Switzerland
Tel: +41 91 8502525
Fax: +41 91 8502505
www.interroll.com

NOTE ON THE HALF-YEAR REPORT

This half-year report is also available in German. If there are differences between the two, the German version takes priority. The half-year report is available as a PDF document.

NOTE ON ROUNDING

Please note that slight differences may arise as a result of the use of rounded amounts and percentages.

FORWARD-LOOKING STATEMENTS

This half-year report contains certain forward-looking statements. Forward-looking statements include all statements which do not relate to historical facts and events and contain forward-looking expressions such as “believe”, “estimate”, “assume”, “expect”, “forecast”, “intend”, “could” or “should” or expressions of a similar kind. Such forward-looking statements are subject to risks and uncertainties since they relate to future events and are based on the company’s current assumptions, which may not take place in the future or be fulfilled as expected. The company points out that such forward-looking statements provide no guarantee for the future and that the actual events including the financial position and profitability of the Interroll Group and developments in the economic and regulatory fundamentals may vary substantially (particularly on the down side) from those explicitly or implicitly assumed in these statements. Even if the actual assets for the Interroll Group, including its financial position and profitability and the economic and regulatory fundamentals, are in accordance with such forward-looking statements in this half-year report, no guarantee can be given that this will continue to be the case in the future.

Interroll Holding AG
Via Gorelle 3 | 6592 Sant'Antonino | Switzerland
www.interroll.com