

MASTERING CRISES EXCELLENTLY – AND GROWING FROM THEM



Paul Zumbühl, Chief Executive Officer

Dear shareholders, valued customers, employees and business partners,

In a very challenging fiscal year 2020, we were able to build on our strengths and consistently prepared ourselves to unlock growth potential.

In this demanding environment, we were able to slightly increase sales (+0.9% in local currencies), but due to the strong Swiss franc, sales decreased to CHF 530.6 million (–5.2% compared to the previous year). Order intake improved by +6.6% in local currencies and by +0.3% in consolidated currency to CHF 547.8 million. Thereby, an increasing demand in the markets was observed in the second half of the year.

We have risen to the challenges of the global COVID-19 crisis. Highly motivated employees, strong customer loyalty, the market's confidence in our high delivery readiness, and fast delivery times even in times of crisis, and our global presence: These strengths are no coincidence but the result of our long-term strategy and the company-wide realization of our "Climate of Excellence". Because we have always raised the bar for ourselves even in good times, in our productivity, in our cost discipline, in our innovative strength, and in creating added value for our customers. We are in a very solid position today. For example, despite the impact of the COVID-19 pandemic, Interroll was able to book orders for major projects in the United States in July and in Germany in September.

The Group is cautiously optimistic about the new year and anticipates positive momentum in the global markets for material-handling solutions over the course of

the year. To take advantage of these opportunities, we are expanding our production network: The second plant in Hiram, Atlanta, United States, has been in operation since mid-2020, and with the planned third-quarter 2021 opening of the Mosbach plant in southern Germany, we are significantly increasing our capacity for conveyors and pallet handling solutions in the Europe, Middle East and Africa region. Already under construction, our Suzhou, China, plant will start operations in the third quarter of 2022.

We are therefore creating the conditions for the sustainable growth of our business around the globe.

We have further enhanced our reputation and reconfirmed our customers' confidence in our performance: To maintain a close exchange with the market during the crisis, we responded immediately with video messages (for example, the video titled, "Whatever it takes!") and created new communication channels with virtual formats and will continue to use these in the future. Our substantial investments over the past 10 years in the global networking of our information technology (IT) infrastructure and the harmonization of our digital production and business processes has decisively benefited us with a strengthened customer connection. Our innovative solutions for smart logistics, such as the RollerDrive EC5000, were able to realize their full potential in 2020. Our capacity and cost management in all 16 production units also contributed significantly to the excellent result.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) increased significantly to CHF 115.4 million (previous year: CHF 96.1 million). The



Urs Tanner, Chairman of the Board of Directors

EBITDA margin increased to 21.7% (previous year: 17.1%). Earnings before interest and taxes (EBIT) reached CHF 94.1 million (+30.1% above previous year with CHF 72.3 million).

Net profit increased strongly by 28.0% to CHF 71.7 million (previous year: CHF 56.0 million). The net profit margin reached 13.5% (previous year: 10.0%). Thanks to good working capital management, operating cash flow increased by 23.4% to CHF 122.9 million (previous year: CHF 99.6 million). Gross capital expenditures amounted to CHF 51.3 million (previous year: CHF 33.6 million). Nevertheless, free cash flow increased to CHF 74.0 million (previous year: CHF 66.9 million).

UNIQUE COMBINATION OF STRENGTHS

By bundling our strengths, we now have a unique selling point in the market and are increasingly perceived as an authority that plays a key role in shaping and supporting the long-term development of the material-handling industry.

This reputation gain benefited us: We were able to conquer market share in key areas, especially during the current crisis. Our clear prospects offered by our technology platform as well as our high pace of innovation also make it easy for new customers to rely on Interroll as their partner of choice for material handling in the long term.

In the first half of 2020, this was impressively demonstrated with the launch of the High-Performance Cross-belt Sorter (HPCS), which opens a new market segment for us in sorting systems. For the first time, a solution was launched simultaneously in all global regions.

With the Modular Pallet Conveyor Platform (MPP) launched in 2019 and supplemented by stacker crane and transfer car in 2020, we have seamlessly linked processes involving automated storage and automated conveying.

SUCCESSFULLY INTO THE FUTURE

Customer expectations are growing as digitalization advances. We are therefore actively driving further innovations in smart logistics. Our Interroll Innovation Project & Development Center (IPDC) is providing important impetus in the development of our global innovations, which will deepen and strengthen our technology platform in the long term. With the acquisition of MITmacher GmbH and the establishment of the new Global Center of Excellence (CoE) Software & Electronics in Linz, Austria, we were able to add another important element to our success strategy in this area in January 2021.

We see the challenges of the COVID-19 crisis as momentum with interesting market prospects. In the future, we will continue to rely on the long term and continuity as guarantors of success: The announced replacement at the top of the Interroll Board of Directors, which will be proposed at the 2021 Annual General Meeting, builds on stable leadership and high reliability. With Ingo Steinkrüger, Interroll will be led in the future by a CEO with a unique expertise who fits perfectly with the corporate culture and has a clear view of our customers, our growth, and the evolution of our technology platform.

Shareholders participate from the positive business development. A dividend of CHF 27.00 per share will be proposed at the Annual General Meeting on May 7, 2021 (previous year: CHF 22.50 per share). On the same occasion, the election of Susanne Schreiber to the Board of Directors of Interroll Holding AG will be proposed. Paolo Bottini, member of the Interroll Board of Directors since 2003, will step down.

We thank you for the great trust you have placed in us in our current positions over the past years and look forward to standing for election to new areas of responsibility at the Annual General Meeting on May 7, 2021, and, with your approval, to be able to help shape the future of Interroll.

Sant'Antonino, Switzerland, March 12, 2021

Urs Tanner
Chairman of the
Board of Directors

Paul Zumbühl
Chief Executive Officer