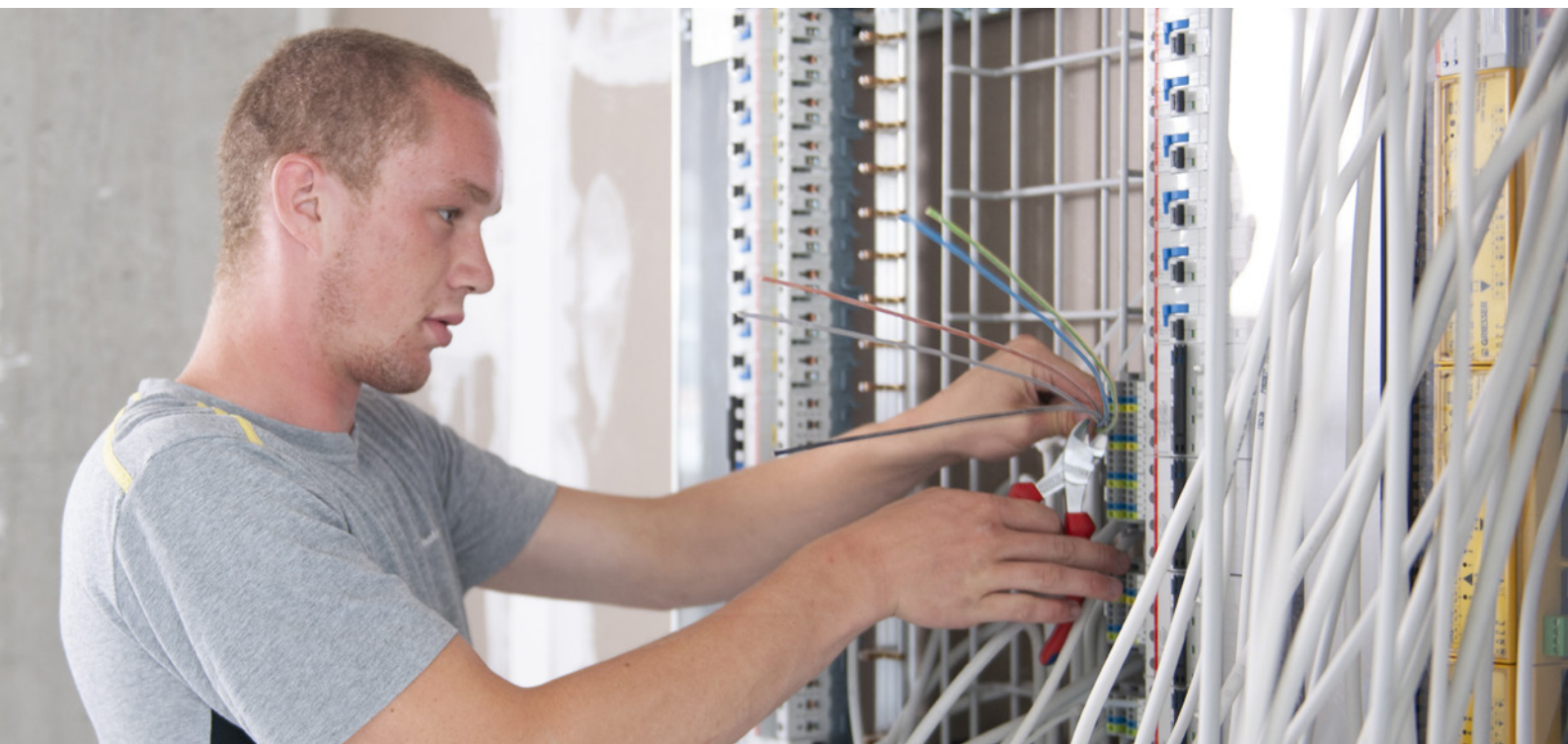


Burkhalter Group  
**Interim report**  
**2019**







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This interim report contains forward-looking statements which reflect the current assessments of the Burkhalter Group with regard to market conditions and future events and are therefore subject to certain risks, uncertainties and assumptions. Unforeseen events could lead to a deviation in the actual results from the forecasts and information published in this report. All forward-looking statements contained in this report are therefore subject to this reservation.

The German version of the Interim Report 2019 is available in PDF format on the website, as are the English and French versions.

German: <https://www.burkhalter.ch/de/ueber-uns/investor-relations/publikationen>

English: <https://www.burkhalter.ch/en/about-us/investor-relations/publications>

French: <https://www.burkhalter.ch/fr/qui-sommes-nous/relations-investisseurs/publications>

The German version is binding.



# 2019 half-year results slightly down on the previous year

**The Burkhalter Group closed the first half of 2019 slightly down on the previous year's results. This is due to the pressure on prices in the building industry, which has been apparent for years and has not eased despite a construction boom and total capacity utilisation. Since experience has shown that earnings are stronger in the second half of the year than the first, the Burkhalter Group's management believes that earnings per share similar to those in 2018 (CHF 3.92) can be generated by the end of the 2019 financial year.**

## Dear Shareholders

On 30 June 2019, the Burkhalter Group closed the first half of 2019 as follows: the operating result (EBIT) came to CHF 11.4 million (previous year CHF 12.3 million, -7.5%), while Group profit stands at CHF 8.8 million (previous year CHF 9.6 million, -8.5%). Sales amounted to CHF 241.0 million (previous year CHF 239.3 million, +0.7%).

The slightly lower profit can be explained, as in previous years, by the pressure on prices in the building industry. In the market, which is characterised by excess demand and a construction boom, the fear of over-capacity and insufficient utilisation of capacity still prevails despite a lack of skilled workers.

## More companies purchased

The Burkhalter Group has strengthened its presence in the Canton of Berne. On 7 January 2019, AS Stuber GmbH in Utzenstorf (BE) was acquired and, on 4 June 2019, Wisler Elektro AG in Zäziwil. Harwid Haushaltsgeräte-Service AG in Langnau i. E., which is owned by Wisler Elektro AG, was included in Wisler Elektro AG. The location is being retained. As of 30 June 2019, the Burkhalter Group therefore comprises 47 companies in 98 locations.

## Outlook unchanged

Despite the persistently difficult market conditions, the Burkhalter Group's management still believes that earnings per share in the 2019 financial year will be similar to those in the 2018 financial year.



Gaudenz F. Domenig  
Chairman of the Board of Directors



Marco Syfrig  
CEO and Delegate to the Board of Directors

Zurich, 2 September 2019

# Consolidated balance sheet

## Assets (unaudited)

CHF thousand	Notes	31.12.2018	30.06.2019
<b>Non-current assets</b>			
Intangible assets	3	380	493
Property, plant and equipment	3	20,101	21,943
Financial assets		3,958	3,522
<b>Total non-current assets</b>		<b>24,439</b>	<b>25,958</b>
<b>Current assets</b>			
Inventories		9,206	9,312
Receivables from work in progress		78,794	91,400
Trade receivables		50,837	40,663
Other current receivables	3	1,904	6,699
Prepayments	3	7,528	11,339
Income tax assets		1,125	2,862
Securities		361	346
Cash and cash equivalents		46,696	7,883
<b>Total current assets</b>		<b>196,451</b>	<b>170,504</b>
<b>Total assets</b>		<b>220,890</b>	<b>196,462</b>

# Consolidated balance sheet

## Liabilities (unaudited)

CHF thousand	Notes	31.12.2018	30.06.2019
<b>Equity</b>			
Share capital		240	240
Capital reserves		3,883	3,879
Treasury shares		- 374	- 390
Retained earnings		84,856	69,384
<b>Total equity before minority interests</b>	<b>2</b>	<b>88,605</b>	<b>73,113</b>
Minority interests		4	5
<b>Total equity</b>		<b>88,609</b>	<b>73,118</b>
<b>Non-current liabilities</b>			
Provisions		6,424	6,534
Non-current financial liabilities	3	11,215	12,559
Deferred tax liabilities		5,370	5,204
<b>Total non-current liabilities</b>		<b>23,009</b>	<b>24,297</b>
<b>Current liabilities</b>			
Current portion of non-current financial liabilities	3	154	180
Liabilities from work in progress		36,486	32,237
Trade payables		22,052	17,249
Income tax payable		2,994	1,971
Other current liabilities		13,370	10,843
Accrued income		34,216	36,567
<b>Total current liabilities</b>		<b>109,272</b>	<b>99,047</b>
<b>Total liabilities</b>		<b>132,281</b>	<b>123,344</b>
<b>Total liabilities and equity</b>		<b>220,890</b>	<b>196,462</b>

# Consolidated income statement (unaudited)

CHF thousand	Notes	01.01.2018– 30.06.2018	01.01.2019– 30.06.2019
Net revenue from goods and services	4	239,250	241,000
Other operating income		2,090	1,411
Income on disposal of non-current assets		184	239
<b>Total operating income</b>		<b>241,524</b>	<b>242,650</b>
Cost of materials		- 62,044	- 63,957
Third-party services		- 14,339	- 12,033
Personnel expenses		- 128,085	- 129,852
Other operating expenses		- 23,738	- 24,034
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>13,318</b>	<b>12,774</b>
Amortisation of intangible assets		-	- 96
Depreciation of property, plant and equipment		- 1,016	- 1,294
<b>Operating result (EBIT)</b>	<b>4</b>	<b>12,302</b>	<b>11,384</b>
Financial income		44	47
Financial expenses		- 166	- 201
<b>Earnings before tax (EBT)</b>		<b>12,180</b>	<b>11,230</b>
Income tax		- 2,611	- 2,471
<b>Group profit</b>		<b>9,569</b>	<b>8,759</b>
of which attributable to shareholders of Burkhalter Holding Ltd		9,566	8,756
of which attributable to minority interests		3	3
<b>Earnings per share (in CHF)</b>			
- basic		1.60	1.46
- diluted		1.60	1.46

## Consolidated statement of changes in equity (unaudited)

CHF thousand	Share capital	Capital reserves	Treasury shares	Retained earnings	Total without minority interests	Minority interests	Total incl. minority interests
<b>Equity as at 01.01.2018</b>	<b>240</b>	<b>4,004</b>	<b>-34</b>	<b>92,354</b>	<b>96,564</b>	<b>4</b>	<b>96,568</b>
Group profit	-	-	-	9,566	9,566	3	9,569
Dividend	-	-	-	-29,970	-29,970	-2	-29,972
Acquisition of treasury shares	-	-	-1,893	-	-1,893	-	-1,893
Disposal of treasury shares	-	-81	1,497	-	1,416	-	1,416
<b>Equity as at 30.06.2018</b>	<b>240</b>	<b>3,923</b>	<b>-430</b>	<b>71,950</b>	<b>75,683</b>	<b>5</b>	<b>75,688</b>
<b>Equity as at 01.01.2019</b>	<b>240</b>	<b>3,883</b>	<b>-374</b>	<b>84,856</b>	<b>88,605</b>	<b>4</b>	<b>88,609</b>
Group profit	-	-	-	8,756	8,756	3	8,759
Dividend	-	-	-	-23,377	-23,377	-2	-23,379
Goodwill	-	-	-	-851	-851	-	-851
Acquisition of treasury shares	-	-	-1,015	-	-1,015	-	-1,015
Disposal of treasury shares	-	-4	999	-	995	-	995
<b>Equity as at 30.06.2019</b>	<b>240</b>	<b>3,879</b>	<b>-390</b>	<b>69,384</b>	<b>73,113</b>	<b>5</b>	<b>73,118</b>

The retained earnings include gains that cannot be distributed totalling CHF 12,417,000 (CHF 12,273,000 on 30.06.2018).



# Consolidated cash flow statement (unaudited)

CHF thousand	Notes	01.01.2018– 30.06.2018	01.01.2019– 30.06.2019
<b>Group profit</b>		<b>9,569</b>	<b>8,759</b>
Income tax		2,611	2,471
Depreciation and amortisation		1,016	1,390
Gains on disposal of non-current assets		- 70	- 211
Change in provisions		- 103	60
Change in impairments		- 361	- 71
Financial income		- 44	- 47
Financial expenses		166	201
Change in inventories/work in progress		- 27,253	- 16,897
Change in trade receivables		26,714	10,579
Changes to other current receivables and deferrals		- 5,106	- 7,898
Change in securities/investments		- 4	206
Change in current trade payables		2,060	- 4,985
Changes to other current liabilities and deferrals		- 886	- 338
Income tax paid		- 6,012	- 5,457
<b>Cash flow from operating activities</b>		<b>2,297</b>	<b>- 12,238</b>
Acquisition of property, plant, equipment and intangible assets		- 14,610	- 3,309
Disposal of non-current assets		116	212
Acquisition of financial assets		- 157	- 14
Disposal/repayment of financial assets		297	276
Interest received and income from securities		32	52
Investments in subsidiaries, net of cash acquired		-	- 1,556
Conditional or deferred purchase price payment		- 200	-
<b>Cash flow from investing activities</b>		<b>- 14,522</b>	<b>- 4,339</b>
Acquisition of treasury shares		- 1,893	- 1,015
Disposal of treasury shares		1,416	995
Increase in interest-bearing loans		11,400	1,450
Repayment of interest-bearing loans		- 4	- 80
Interest paid and financial expenses		- 162	- 207
Dividend payments to minority interests		- 2	- 2
Dividend payment to Burkhalter shareholders		- 29,970	- 23,377
<b>Cash flow from financing activities</b>		<b>- 19,215</b>	<b>- 22,236</b>
<b>Net change in cash and cash equivalents</b>		<b>- 31,440</b>	<b>- 38,813</b>
Cash and cash equivalents as at 1 January		48,647	46,696
Cash and cash equivalents as at 30 June		17,207	7,883

# Explanatory information on the consolidated interim financial statements

## Group accounting policies

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Burkhalter Holding Ltd, which is domiciled in Zurich, is the holding company of the Burkhalter Group. The consolidated interim financial statements comprise Burkhalter Holding Ltd and its subsidiaries.

The consolidated interim financial statements cover the six-month period ending on 30 June 2019 (reporting period) and were drawn up in compliance with the Swiss GAAP Accounting and Reporting Regulations (Swiss GAAP ARR 31). The consolidated interim financial statements do not include all the details presented in the consolidated annual financial statements and should therefore be read in conjunction with the consolidated financial statements as at 31 December 2018.

### Changes to accounting policies and valuation principles

The accounting policies used in preparing the consolidated interim financial statements correspond to the Group accounting policies applied to the 2018 consolidated financial statements.

The consolidated interim financial statements were approved for publication by the Board of Directors on 02 September 2019. The figures contained in the consolidated interim financial statements have not been audited.

## Segment reporting

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Segments must be determined by the company and presented on the basis of the internal information that is provided to the top level of company management, i.e. for the Burkhalter Group, the Board of Directors and the CEO (hereinafter the "Board of Directors").

The Burkhalter Group is the leading provider of electrical engineering services to the construction sector (residential and non-residential buildings and infrastructure facilities) in Switzerland.

The electrical engineering segment in the broadest sense is involved with electricity and/or the management of electrical machines and installations. Electrical engineering begins at the power utility company and includes all the processes that culminate in the management of electrical machines and installations for the end user. The Burkhalter Group concentrates on electrical engineering services to the construction sector (all buildings including infrastructure facilities). The Burkhalter Group excludes the electricity grid which deals with the transportation of energy to the place of consumption (building) from its spectrum of services.

The electrical engineering services provided by the Burkhalter Group thus begin at the place of consumption, i.e. from the storage of energy at the building. The Burkhalter Group offers its customers comprehensive electrical engineering services to the construction sector (installa-

tions, switchboards, services, telematics, automation, security). The management of the entire Group is focused on the management of the individual companies. The overall figures are not broken down for the different segments. The operating companies in the Burkhalter Group supply electrical engineering services throughout Switzerland. Thus, the Burkhalter Group is able to respond to customer needs in an optimum fashion in its capacity as a competitive entrepreneurial company with devolved individual responsibility and is a competent partner for projects of all sizes.

The Board of Directors is regularly provided with financial information and reports on the individual operating companies. Resources are allocated on the basis of these reports.

# Notes to the consolidated interim financial statements

## 1. Changes in the scope of consolidation

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### 2019

On 7 January 2019, AS Stuber GmbH in Utzenstorf was acquired for a purchase price of CHF 200,000. The company employs eight people and generates sales of around CHF 1 million.

On 8 February 2019, Fliri & Conrad Electro SA in Santa Maria was merged with Electra Buin SA in Scuol.

On 4 June 2019, Elektro Wisler AG in Zäziwil was acquired for a purchase price of CHF 1,700,000 and Harwid Haushaltsgeräte-Service AG in Langnau was acquired for a purchase price of CHF 127,000. The company employs 22 people and generates annual sales of around CHF 3 million. Harwid Haushaltgeräte-Service AG was merged with Elektro Wisler AG.

### 2018

There were no changes in the scope of consolidation in the first half of 2018.

## 2. Equity

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The share capital is divided into 5,998,149 shares (previous year 5,998,149) with a par value of CHF 0.04 (previous year CHF 0.04) each and is fully paid up.

A dividend of CHF 3.90 per share was approved at the Shareholders' Meeting on 21 May 2019. This distribution was only paid on the outstanding shares and amounted to CHF 23,393,000.

On 22 May 2018, the Shareholders' Meeting also approved the creation of authorised capital in the form of up to 350,000 shares.

## 3. Consolidated balance sheet

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### Intangible assets

The service company Burkhalter Management AG capitalised additional sector software amounting to CHF 209,000 in the first half of 2019.

### Property, plant and equipment

Two properties were purchased for a total price of CHF 2,207,000 in the first half of 2019, which involved raising mortgage loans in the amount of CHF 1,450,000.

### Other receivables and accruals

Other receivables and accruals include annual insurance premiums, licence fees paid in advance and reimbursements of suppliers.

#### **4. Consolidated income statement**

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##### **Seasonal fluctuation and business fluctuation in the course of the year**

Experience has shown that the Burkhalter Group's sales in the course of the year are subject to seasonal fluctuation. Generally speaking, earnings are much stronger in the second half of the year, with the fourth quarter seeing the highest earnings for the year. Apart from seasonal fluctuation, special events such as large projects can have a significant impact on the results for one half of the year.

##### **Revenue from trade accounts**

Compared to the prior-year period, sales remained roughly the same in the first six months.

##### **EBIT**

EBIT fell by 7.5% in the first half of 2019 compared with the first half of 2018, dropping from CHF 12,302,000 to CHF 11,384,000. Among other factors, this was attributable to persistent pressure on prices within the industry.

#### **5. Contingent liabilities**

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The contingent liabilities (joint and several guarantees related to associations and building consortia) have not changed significantly compared to the previous year.

#### **6. Events after the balance sheet date**

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No other events occurred between 30 June 2019 and 2 September 2019 which would require any adjustments to the book values of the Group's assets and liabilities.