

Burkhalter Group
Interim report
2020





Table of contents

Shareholders' report	4
Consolidated balance sheet	5
Consolidated income statement	7
Consolidated statement of changes in equity	8
Consolidated cash flow statement	9
Explanatory information to the consolidated interim financial statements	10
Notes to the consolidated interim financial statements	12

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 2020 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.

Despite COVID-19, 2020 half-year results show a profit

The Burkhalter Group closed the first half of 2020 with a profit despite COVID-19. The fall in profits is mainly attributable to the inefficiencies resulting from the protective measures, the unexpected postponement of projects and the partial standstill at building sites in French-speaking Switzerland and in Ticino.

Dear Shareholders

On 30 June 2020, the Burkhalter Group closed the first half of 2020 as follows: the operating result (EBIT) came to CHF 2.7 million (previous year CHF 11.4 million, – 76.5 %), while Group profit stands at CHF 1.6 million (previous year CHF 8.8 million, – 81.3%), sales amounted to CHF 235.3 million (previous year CHF 241.0 million, – 2.4 %).

Company purchased in Davos

The Burkhalter Group made one acquisition in the first half of 2020, acquiring Elektro Christoffel, Inhaber Andrea Stiffler AG, in Davos Platz (GR) on 6 January. It remains part of our strategy to gain additional market share by selectively acquiring other electrical engineering companies. As of 30 June 2020, the Burkhalter Group comprises 47 companies in 100 locations.

Outlook

For the second half of 2020, when earnings are usually stronger, the Burkhalter Group's management aims to achieve the normal EBIT margin of ca. 6% achieved in previous years. However, this presupposes that the negative effects resulting from COVID-19 do not intensify once more.



Gaudenz F. Domenig
Chairman of the Board of Directors



Marco Syfrig
CEO and Delegate to the Board of Directors

Zurich, 04 September 2020

Consolidated balance sheet

Assets (unaudited)

CHF thousand	Notes	31.12.2019	30.06.2020
Non-current assets			
Intangible assets	3	921	939
Property, plant and equipment	3	22,221	22,049
Financial assets		2,991	2,551
Deferred tax assets		447	550
Total non-current assets		26,580	26,089
Current assets			
Inventories		9,120	9,137
Receivables from work in progress		75,583	81,962
Trade receivables		49,865	40,599
Other current receivables	3	2,329	7,697
Pre-payments	3	8,254	10,389
Income tax assets		1,789	2,889
Securities		472	453
Cash and cash equivalents		45,174	23,063
Total current assets		192,586	176,189
Total assets		219,166	202,278

Consolidated balance sheet

Liabilities (unaudited)

CHF thousand	Notes	31.12.2019	30.06.2020
Equity			
Share capital		240	240
Capital reserves		3,886	3,872
Treasury shares		- 287	- 557
Retained earnings		81,409	60,180
Total equity before minority interests	2	85,248	63,735
Minority interests		8	6
Total equity		85,256	63,741
Non-current liabilities			
Provisions		6,452	6,725
Non-current financial liabilities	3	12,472	12,382
Deferred tax liabilities		4,827	4,147
Total non-current liabilities		23,751	23,254
Current liabilities			
Current portion of non-current financial liabilities	3	180	180
Liabilities from work in progress		38,032	40,110
Trade payables		21,902	19,697
Income tax payable		2,995	1,930
Other current liabilities		13,634	12,405
Pre-payments		33,416	40,961
Total current liabilities		110,159	115,283
Total liabilities		133,910	138,537
Total liabilities and equity		219,166	202,278

Consolidated income statement (unaudited)

CHF thousand	Notes	01.01.2019– 30.06.2019	01.01.2020– 30.06.2020
Net revenue from goods and services	4	241,000	235,345
Other operating income		1,411	1,731
Income on disposal of non-current assets		239	307
Total operating income		242,650	237,383
Cost of materials		- 63,957	- 64,380
Third-party services		- 12,033	- 12,323
Personnel expenses		- 129,852	- 132,918
Other operating expenses		- 24,034	- 23,465
Earnings before interest, tax, depreciation and amortisation (EBITDA)		12,774	4,297
Amortisation of intangible assets		- 96	- 256
Depreciation of property, plant and equipment		- 1,294	- 1,361
Operating result (EBIT)	4	11,384	2,680
Financial income		47	52
Financial expenses		- 201	- 174
Earnings before tax (EBT)		11,230	2,558
Income tax		- 2,471	- 920
Group profit		8,759	1,638
of which attributable to shareholders of Burkhalter Holding Ltd		8,756	1,637
of which attributable to minority interests		3	1
Earnings per share (in CHF)			
- basic		1.46	0.27
- diluted		1.46	0.27

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
Equity as at 01.01.2019	240	3,883	- 374	84,856	88,605	4	88,609
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
Equity as at 30.06.2019	240	3,879	- 390	69,384	73,113	5	73,118
Equity as at 01.01.2020	240	3,886	- 287	81,409	85,248	8	85,256
Group profit	-	-	-	1,637	1,637	1	1,638
Dividend	-	-	-	-22,164	-22,164	-3	-22,167
Goodwill	-	-	-	-702	-702	-	-702
Acquisition of treasury shares	-	-	-1,852	-	-1,852	-	-1,852
Disposal of treasury shares	-	-14	1,582	-	1,568	-	1,568
Equity as at 30.06.2020	240	3,872	- 557	60,180	63,735	6	63,741

The retained earnings include gains that cannot be distributed totalling CHF 12,666,000 (CHF 12,417,000 on 30.06.2019).

Consolidated cash flow statement (unaudited)

CHF thousand	Notes	01.01.2019– 30.06.2019	01.01.2020– 30.06.2020
Group profit		8,759	1,638
Income tax		2,471	920
Depreciation and amortisation		1,390	1,617
Gains on disposal of non-current assets		- 211	- 222
Change in provisions		60	247
Change in impairments		- 71	- 381
Financial income		- 47	- 52
Financial expenses		201	174
Change in inventories/work in progress		- 16,897	- 3,887
Change in trade receivables		10,579	9,930
Changes to other current receivables and deferrals		- 7,898	- 7,491
Change in securities / investments		206	182
Change in current trade payables		- 4,985	- 2,243
Changes to other current liabilities and deferrals		- 338	5,411
Income tax paid		- 5,457	- 3,875
Cash flow from operating activities		- 12,238	1,968
Acquisition of property, plant, equipment and intangible assets		- 3,309	- 1,485
Disposal of non-current assets		212	244
Acquisition of financial assets		- 14	- 15
Disposal/repayment of financial assets		276	318
Interest received and income from securities		52	28
Investments in subsidiaries, net of cash acquired		- 1,556	- 454
Cash flow from investing activities		- 4,339	- 1,364
Acquisition of treasury shares		- 1,015	- 1,852
Disposal of treasury shares		995	1,568
Increase in interest-bearing loans		1,450	-
Repayment of interest-bearing loans		- 80	- 90
Interest paid and financial expenses		- 207	- 174
Dividend payments to minority interests		- 2	- 3
Dividend payment to Burkhälter shareholders		- 23,377	- 22,164
Cash flow from financing activities		- 22,236	- 22,715
Net change in cash and cash equivalents		- 38,813	- 22,111
Cash and cash equivalents as at 1 January		46,696	45,174
Cash and cash equivalents as at 30 June		7,883	23,063

Explanatory information on the consolidated interim financial statements

Group accounting policies

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 2020 (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 2019.

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 2019 consolidated financial statements.

The consolidated interim financial statements were approved for publication by the Board of Directors on 04 September 2020. The figures contained in the consolidated interim financial statements have not been audited.

Segment reporting

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 one-stop provider of electrical engineering services to the construction sector (residential and non-residential buildings as well as infrastructure facilities) in Switzerland. 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 (including infrastructure facilities) and provides a full range of high-quality precision services: installations, switchboards, servicing and maintenance, telematics, automation and security. 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. Its services thus begin at the place of consumption, i.e. from the storage of energy at the building.

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 Switzer-

land. 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

2020

On 6 January 2020, Elektro Christoffel, Inhaber Andrea Stiffler AG in Davos (GR), was acquired for a purchase price of CHF 750,000 and merged with Caviezel AG in Davos (GR). The company employs 20 people and generates sales of around CHF 2 million.

On 27 February 2020, AS Stuber GmbH in Utzenstorf (BE) was merged with Sergio Lo Stanco Elektro AG in Biberist (SO). It will continue to operate as a branch.

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.

2. Equity

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 3.70 per share was approved at the Shareholders' Meeting on 24 June 2020. This distribution was only paid on the outstanding shares and amounted to CHF 22,164,000.

On 24 June 2020, the Shareholders' Meeting also approved the creation of authorised capital in the form of up to 350,000 shares.

3. Consolidated balance sheet

Intangible assets

The service company Burkhalter Management AG capitalised sector software amounting to CHF 274,000 (previous year CHF 209,000) in the first half of 2020.

Property, plant and equipment

No major investments were made in the first half of 2020. 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

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 fell by 2.4% in the first half of 2020.

EBIT

EBIT fell by 76.5% in the first half of 2020 compared with the first half of 2019, dropping from CHF 11,384,000 to CHF 2,680,000.

5. Events after the balance sheet date

No other events occurred between 30 June 2020 and 04 September 2020 which would require any adjustments to the book values of the Group's assets and liabilities.