Business review

Robust performance amid pandemic

Order intake increased by 1.7% including acquisitions and remained stable organically. A drop in sales due to lockdowns triggered by the pandemic was limited to 3.9% compared with the same period of the previous year. The lower sales volume and an unfavorable mix effect, offset by CHF 21 million of year-on-year cost savings, led to an operational ROSA of 7.5%. Free cash flow generation amounted to a solid CHF 36.8 million, reflecting a year-on-year improvement of CHF 44.6 million.

If not otherwise indicated, changes from the previous year are based on currency-adjusted figures.

Solid order momentum in Pumps Equipment and Rotating Equipment Services

Despite the pandemic, Sulzer continued to deliver order growth in the first half of 2020. Order intake totaled CHF 1'840.5 million, an increase of 1.7% compared with the same period last year. Organic order intake remained stable (–0.6%), while acquisitions added CHF 42.3 million. Order intake gross margin declined to 33.3% due to a mix impact from a lower relative share of orders from Applicator Systems.

For the first half year of 2020, Sulzer showed resilience in orders and free cash flow generation. Despite an extensive impact from the pandemic, we mitigated the reduction in sales and profitability with swift actions and cost-out measures.

Jill Lee, Chief Financial Officer

Order intake in the Pumps Equipment division increased strongly by 6.0%. Order activity in the Middle East more than offset a decline in the Industry segment of 6.3% which was hit by a COVID-19-related softening of market. Water orders saw an increase of 2.5% in the first half of 2020, excluding the high basis for comparison in the first half of 2019 due to two large projects of CHF 42 million for water transport and desalination. Order intake in Rotating Equipment Services grew by 10.2%, of which 3.9% stemmed from the Alba acquisition. Chemtech's order intake was 3.2% lower than in the first half of 2019, due to customers postponing projects and a high basis for comparison in the first half of 2019. Acquisitions contributed CHF 29.6 million, of which GTC was CHF 20.1 million. Applicator Systems saw an abrupt drop in order intake of 27.3% as beauty stores and dental practices were forced to temporarily stop operations.

Currency translation effects had a negative impact on order intake amounting to CHF 125.8 million, due to the strengthening of the Swiss franc against other currencies.

As of June 30, 2020, order backlog increased by CHF 153.6 million to CHF 1'946.2 million from CHF 1'792.6 million on December 31, 2019. Negative currency translation effects totaled CHF 115.8 million.

Orders

millions of CHF	2020	2019
Order intake	1’840.5	1’933.3
Order intake gross margin	33.3%	33.8%
Order backlog as of June 30/ December 31	1’946.2	1’792.6

Lockdowns impacting sales

Sales amounted to CHF 1’598.5 million – a decrease of 3.9%. Compared with 2019, acquisitions added CHF 27.1 million, while negative currency translation effects reduced sales by CHF 106.8 million.

Customer confinement measures such as limited site access and temporary closures of factories and front-end outlets impacted sales. Pumps Equipment’s sales declined by 4.4%. Higher sales in the Water segment could not offset the decrease in Energy and Industry. Sales in Rotating Equipment Services grew by 1.3%, supported by the Alba acquisition. In Chemtech, sales remained stable, despite a significant COVID-19 impact including the six-week lockdown of the Indian factory from the end of March until the beginning of May. In Applicator Systems, sales declined by 21.0%, caused by the abrupt closure of retail stores and dental clinics globally.

Lower volume and mix impacting gross margin

Gross margin remained stable at 29.8% compared with 30.0% in the same period last year, despite a higher relative share of Energy business within Pumps Equipment and a lower share of Applicator Systems business within the sales mix. Total gross profit decreased to CHF 476.0 million (first half of 2019: CHF 532.0 million) as a result.

Operational return on sales of 7.5%

Operational EBITA (opEBITA) amounted to CHF 120.2 million compared with CHF 161.5 million in the first half of 2019, a decrease of 20.5%. Lower gross margin and under-absorption arising from the decline in sales volume, as well as the unfavorable mix effect from lower share of Applicator Systems, were partially offset by savings from cost reduction measures of CHF 21 million.

Operating expenses excluding amortization, impairments on tangible and intangible assets, restructuring expenses, and other non-operational items decreased by CHF 21.7 million year-on-year. Lower organic Selling and G&A expenses were partially offset by operational expenses of the acquired companies.

Bridge from EBIT to opEBITA (January 1 – June 30)

millions of CHF	2020	2019
EBIT	**36.0**	**98.9**
Amortization	31.6	31.3
Impairments on tangible and intangible assets	4.2	0.5
Restructuring expenses	42.0	16.2
Non-operational items [1)]	6.4	14.6
opEBITA	**120.2**	**161.5**

1) Non-operational items include significant acquisition-related expenses, gains and losses from sale of businesses or real estate (including release of provisions), and certain non-operational items that are non-recurring or do not regularly occur in similar magnitude.

Operational EBITA margin (opROSA) decreased to 7.5% compared with 9.1% in the first half year of 2019.

ROS and opROSA calculation (January 1 – June 30)

millions of CHF	2020	2019
EBIT	36.0	98.9
Sales	1'598.5	1'773.8
ROS	**2.3%**	**5.6%**
opEBITA	120.2	161.5
Sales	1'598.5	1'773.8
opROSA	**7.5%**	**9.1%**

Structural actions

As announced earlier this year, Sulzer has initiated decisive measures to mitigate the impact of market disruptions on Energy-related business activities caused by the pandemic. Up to June 2020, one-off expenses of CHF 52.6 million were recorded, comprised of CHF 42.0 million restructuring expenses, CHF 6.4 million non-operational costs and CHF 4.2 million impairments. These mainly relate to the closure or resizing of sites in Europe and the USA, as well as the resizing of supporting resources.

Consequently, EBIT amounted to CHF 36.0 million, a decrease of 58.3% compared with CHF 98.9 million in the first half of 2019. Return on sales (ROS) was 2.3% compared with 5.6% in the first half of 2019.

Stable financial expenses

Total financial expenses amounted to CHF 12.3 million, compared with CHF 12.0 million in the first half of 2019.

Higher effective tax rate

Income tax expenses decreased to CHF 6.7 million (2019: CHF 19.6 million) mainly due to lower pre-tax income. The effective tax rate for the first half of 2020 increased to 28.4% compared with 22.8% in the first half of 2019. The effective income tax rate used for 2020 was impacted by restructuring expenses related to closed facilities with no corresponding tax effects.

Lower core net income

Net income decreased to CHF 16.8 million compared with CHF 66.5 million in the previous year. Core net income, which excludes restructuring expenses, amortization, impairments, non-operational items and the tax-adjusted effects of non-operational items, totaled CHF 81.5 million, compared with CHF 114.7 million in the first half of 2019. Basic earnings per share decreased from CHF 1.92 in the first half of 2019 to CHF 0.45 in the first half of 2020, primarily due to lower profit.

Bridge from net income to core net income

millions of CHF	2020	2019
Net income	**16.8**	**66.5**
Amortization	31.6	31.3
Impairments on tangible and intangible assets	4.2	0.5
Restructuring expenses	42.0	16.2
Non-operational items[1)]	6.4	14.6
Tax impact on above items	–19.4	–14.5
Core net income	**81.5**	**114.7**

1) Other non-operational items include significant acquisition-related expenses, gains and losses from sale of businesses or real estate (including release of provisions), and certain non-operational items that are non-recurring or do not regularly occur in similar magnitude.

Key balance sheet positions

Total assets as of June 30, 2020, amounted to CHF 4’760.6 million, which is a nominal decrease of CHF 348.8 million from December 31, 2019. Non-current assets decreased nominally by CHF 69.3 million to CHF 2’102.7 million, because of lower goodwill (CHF 21.7 million), lower other intangible assets (CHF 36.7 million) and lower property, plant and equipment (CHF 7.0 million). Current assets decreased nominally by CHF 279.6 million through reductions on inventories (CHF 27.4 million), current financial assets (CHF 52.7 million), trade accounts receivables (CHF 87.1 million) and supplier advances (CHF 5.8 million), influenced by reduced sales. Cash and cash equivalents decreased by CHF 78.2 million.

Total liabilities nominally decreased by CHF 107.3 million to CHF 3’408.2 million as of June 30, 2020. The main reasons were a decrease in trade accounts payable (CHF 99.1 million) due to lower sales of transactional business, as well as contract liabilities (CHF 32.5 million) due to lower sales of project business.

Equity decreased nominally by CHF 241.5 million to CHF 1’352.4 million. This was mainly driven by dividend distribution (CHF 136.1 million), currency translation effects (CHF 91.1 million) and the remeasurement of the defined benefit obligation (CHF 21.0 million). These were only partly offset by net income (CHF 16.8 million).

Better working capital improving free cash flow

Free cash flow amounted to CHF 36.8 million in the first half of 2020, a significant improvement compared to CHF –7.8 million reported in the same period last year. Better net working capital management and lower net current assets contributed to this positive development.

Bridge from cash flow from operating activities to free cash flow (FCF)

millions of CHF	2020	2019
Cash flow from operating activities	**91.8**	**43.1**
Purchase of intangible assets	–5.4	–2.1
Sale of intangible assets	0.0	0.3
Purchase of property, plant and equipment	–54.3	–51.7
Sale of property, plant and equipment	4.7	2.5
Free cash flow	**36.8**	**–7.8**

Cash flow from investing activities totaled CHF –17.3 million compared with CHF –85.0 million in the first half of 2019. In the first half of 2020, cash flow from investing activities was influenced by CHF 49.7 million from net change in financial assets, CHF –54.3 million for purchases of property, plant and equipment and CHF –12.0 million related to investment in subsidiaries and associates. In the first half of 2019, cash flow from investing activities was driven by CHF –33.7 million for the acquisition of GTC and CHF –51.7 million for purchases of property, plant and equipment.

Cash flow from financing activities totaled CHF –120.6 million compared with CHF –110.8 million in the first half of 2019. In 2020, dividend payments amounted to CHF 92.6 million, compared with CHF 77.5 million in 2019. The net change in cash since January 1, 2020, amounted to CHF –78.2 million, including exchange losses on cash and cash equivalents of CHF 32.1 million.

Outlook for 2020

The current business environment is characterized by high uncertainty, driven by COVID-19 and its economic fallout. Having initiated ambitious cost measures to mitigate the impacts of the pandemic, and based on our high order backlog, we are optimistic that we will continue to perform well. We expect the opEBITA margin (opROSA) to be at 8.5–9.0% for the full year 2020, and to return to around pre-pandemic levels for the full year 2021.

Abbreviations

EBIT: Earnings before interest and taxes
ROS: Return on sales
opEBITA: Operational earnings before interest, taxes and amortization
opROSA: Operational return on sales adjusted
EBITDA: Earnings before interest, taxes, depreciation and amortization
FCF: Free cash flow
For the definition of the alternative performance measures, please refer to the Sulzer Annual Report 2019.

Order growth with improved profitability

In the first six months of 2020, Pumps Equipment (PE) recorded growing order intake compared with the same period of the previous year. The pandemic and the resulting market disruptions impacted sales and operational EBITA, while operational ROSA improved to 3.1% due to solid execution and cost discipline.

If not otherwise indicated, changes from the previous year are based on currency-adjusted figures.

Swift response in unprecedented times

The team reacted quickly to the challenges caused by the pandemic and implemented measures early-on to ensure employee safety and business continuity.

The business was granted license from authorities around the world to continue operations during lockdowns in order to maintain power, water, hospitals, shipping, refineries and other essential infrastructure. PE’s production facilities remained operational around the world throughout the crisis, while the teams swiftly managed disruptions in supply chain and logistics.

Because high oil stocks and lower demand are likely to impact investments in the energy market for some time, Sulzer announced structural actions to reduce the capacity in its Energy business by one-third, such as the intended consolidation of production and rightsizing of resources.

Pumps Equipment’s performance remained resilient against adverse market conditions. Our quick and decisive reaction to the pandemic will help us soften the impact on our results going forward.

Frédéric Lalanne, Division President Pumps Equipment

Driving digitalization and diversification

Due to travel restrictions and difficulties accessing customer sites, Sulzer has fostered digitalization projects to support business continuity. The company has expanded its remote pump witness testing program, allowing for fast and efficient digital sign-off on pump engineering projects during the COVID-19 crisis, without customers having to travel. Becoming the preferred choice for clients going forward, it is also a clear step towards smart factories.

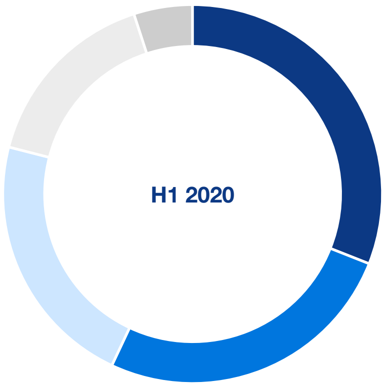
With a 25% investment in the Finnish technology company Tamturbo announced in June, Sulzer further diversified its business and complemented its existing offering of lower pressure compressors with oil-free industrial air compressor systems. Tamturbo’s disruptive solutions enable cleaner, more energy-efficient and almost maintenance-free compressed air production.

Increase in order intake

Order intake increased by 6.0%, supported by its broad geographical presence including a strong market position in the Middle East. Excluding the two large orders totaling CHF 42 million in the first half of 2019, orders from the Water market increased by 2.5%. Order intake in General Industry segments decreased by 6.3% due to the COVID-19-related softening of markets.

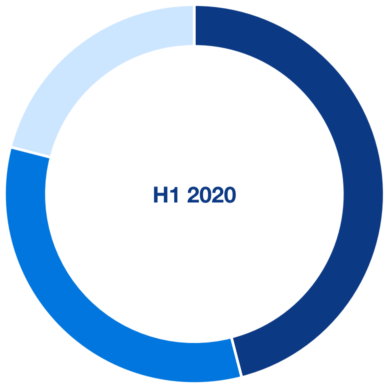
Regionally, order intake grew by 21.2% in the Americas and by 4.4% in Asia-Pacific. Excluding the high base of the same period in 2019 driven by the two large orders mentioned above, Europe, the Middle East and Africa saw an increase of 10.2%.

Order intake by segment



- **31%** Oil and Gas
- **26%** Water
- **22%** General Industry
- **16%** Chemicals
- **5%** Power

Order intake by region



- **46%** Europe, the Middle East and Africa
- **33%** Americas
- **21%** Asia-Pacific

Solid profitability on lower sales

Despite lockdowns leading to supply chain and logistics disruptions which impacted sales by 4.4%, profitability (opROSA) improved to 3.1%. Operational EBITA decreased on lower sales volumes, but operational ROSA improved owing to robust execution and cost measures.

Key figures Pumps Equipment (January 1 – June 30)

millions of CHF	2020	2019	Change in +/–%	+/–% adjusted[1]	+/–% organic[2]
Order intake	744.0	752.5	–1.1	6.0	7.3
Order intake gross margin	26.7%	27.4%			
Order backlog as of June 30/ December 31	999.1	924.3	8.1		
Sales	616.6	690.3	–10.7	–4.4	–3.1
EBIT	–27.1	–0.1	n/a		
opEBITA	19.2	20.0	–3.8	–4.5	6.3
opROSA	3.1%	2.9%			
Employees (number of full-time equivalents) as of June 30/ December 31	5’623	5’759	–2.4		

1) Adjusted for currency effects.

2) Adjusted for acquisition and currency effects.

Abbreviations

EBIT: Earnings before interest and taxes
opEBITA: Operational earnings before interest, taxes and amortization
opROSA: Operational return on sales adjusted
For the definition of the alternative performance measures, please refer to the Sulzer Annual Report 2019.

Strong performance in an adverse market environment

In the first six months of 2020, Rotating Equipment Services (RES) grew orders, sales and operational EBITA compared with the first half of 2019, despite supply chain disruptions and limited access to customer sites. Operational ROSA remained stable at 12.1%. As an essential service provider, Sulzer's service teams helped ensure that critical infrastructure remained in operation throughout lockdowns.

If not otherwise indicated, changes from the previous year are based on currency-adjusted figures.

Keeping essential services running

As the coronavirus spread around the world, Sulzer's service centers took quick and decisive action to protect their people and continue to serve customers. RES sites around the world swiftly implemented comprehensive contingency plans comprising strict social distancing, shift work, protective clothing and increased hygiene measures.

Designated an essential service provider by national governments, the service teams continued to provide support for crucial infrastructure during lockdowns, such as energy and water companies, transport systems and the healthcare sector. RES also offered pro bono support services for the maintenance of backup power supplies of hospitals, helping to ensure that patients received the stable care they needed – even if the main power supply failed.

Our service business played an essential role in ensuring functioning infrastructure during lockdowns. Thanks to the high commitment of our people to continue to serve our customers in these difficult times, we delivered a resilient H1 performance.

Daniel Bischofberger, Division President Rotating Equipment Services

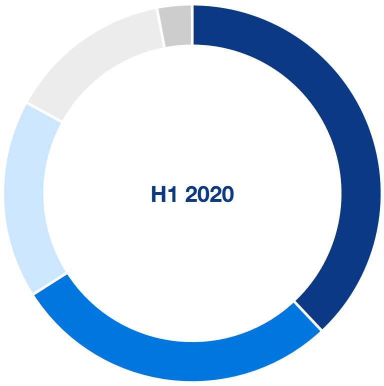
Robust aftermarket activities

Servicing many products in various market segments, Sulzer's business with spare parts and services is well-diversified. With roughly 100 service centers spread across the globe, the teams are close to customers and highly responsive to incoming projects. In an adverse market environment with country lockdowns and travel restrictions in place, the division's diversity and customer proximity were decisive success factors. Our people's dedication to serving clients quickly and pragmatically further strengthened customer relationships during these unprecedented times.

Strong order growth

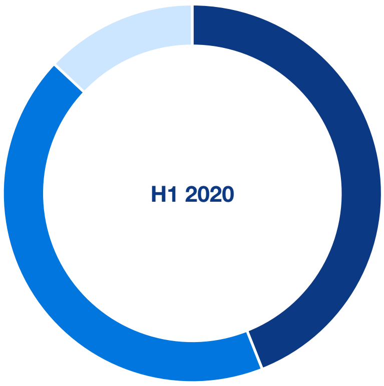
Amidst the pandemic, all regions were able to keep their service centers in operation and showed strong resilience. Order intake in the first half of 2020 increased by 10.2%, despite lockdown measures and supply chain disruptions. All product lines supported the order increase, with particularly strong growth in Turbo Services. Pumps Services also delivered strong growth on good project activity. Regionally, particularly the Americas contributed to growth.

Order intake by segment



- **38%** Oil and Gas
- **28%** Power
- **17%** Chemicals
- **14%** General Industry
- **3%** Water

Order intake by region



- **44%** Europe, the Middle East and Africa
- **43%** Americas
- **13%** Asia-Pacific

Sales growth and higher operational EBITA

In the first half of 2020, sales grew by 1.3% compared with the first six months of 2019, despite restricted access to customer sites, supply chain disruptions and customer travel restrictions.

Operational EBITA increased by 3.8% on strict cost control. Operational ROSA remained stable at 12.1%.

Key figures Rotating Equipment Services (January 1 – June 30)

millions of CHF	2020	2019	Change in +/–%	+/–% adjusted[1)]	+/–% organic[2)]
Order intake	617.0	602.2	2.5	10.2	6.3
Order intake gross margin	39.0%	39.4%			
Order backlog as of June 30/ December 31	485.0	422.2	14.9		
Sales	528.1	561.4	–5.9	1.3	–1.2
EBIT	51.2	64.1	–20.1		
opEBITA	64.0	67.9	–5.7	3.8	1.0
opROSA	12.1%	12.1%			
Employees (number of full-time equivalents) as of June 30/ December 31	4’795	4’900	–2.1		

1) Adjusted for currency effects.
2) Adjusted for acquisition and currency effects.

Abbreviations

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opEBITA: Operational earnings before interest, taxes and amortization
opROSA: Operational return on sales adjusted
For the definition of the alternative performance measures, please refer to the Sulzer Annual Report 2019.

Managing temporary disruptions

In the first six months of 2020, Chemtech's order intake decreased, due to market disruption and customers postponing projects in the wake of COVID-19. Sales remained stable, while operational EBITA and operational ROSA decreased as a consequence of the lockdowns. To adapt the business to the current situation and make it more resistant, Chemtech has introduced structural measures and reduced OPEX spend.

If not otherwise indicated, changes from the previous year are based on currency-adjusted figures.

Ramping up capacities after temporary closures

Due to the quick implementation of business contingency plans during the lockdowns, Chemtech's Shanghai factory was able to reopen on February 10, 2020, among the first companies in the region to resume production. Manufacturing in India and Russia was also temporarily disrupted. By the beginning of May, all factories had recommenced operations in line with local governmental regulations. India is still impacted by governmental restrictions and has not yet reached full capacity.

While introducing the strictest possible safety measures to protect employees, Chemtech's separation technology played its part in speeding up the fight against COVID-19. The division supported Farmhispania Group to increase the production capacity of one of its drugs, which has been critical in the treatment of COVID-19 patients.

Supporting strategic direction towards sustainable business

As a technology partner for BEWiSynbra Group, one of Europe's leading producers of expandable polystyrene (EPS), Sulzer is helping to reach an ambitious target to collect and recycle 60'000 tonnes of EPS per year. Converting waste EPS into new EPS material used in building insulation or packaging, Chemtech's production line enables BEWiSynbra to achieve their circular economy aims while expanding their manufacturing capacity.

To further support Sulzer's clear strategic direction towards sustainable businesses, Chemtech strengthened its activities in this area and formed a global bio-based and renewables application development team in 2020. The team will lead innovation for the conversion of renewable feedstocks into oleochemicals, biofuels, biochemicals and biopolymers, in addition to driving the development of cutting-edge solutions for plastic recycling.

The temporary factory closures and customers postponing projects impacted our performance. We have launched decisive measures to adapt our business to the current market environment and make it more resistant.

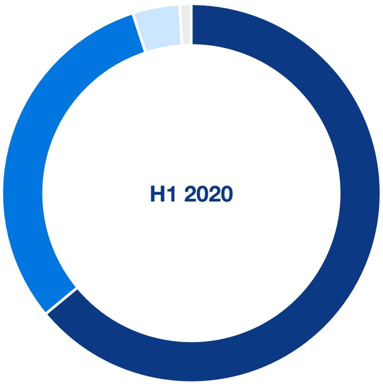
Torsten Wintergerste, Division President Chemtech

Lower order intake

Chemtech's order intake was 3.2% lower in the first half of 2020 compared with the same period last year. Market disruption, lower volumes in all areas except for China, limited site access and customers postponing projects as well as oil and gas turmoil impacted order intake and project execution.

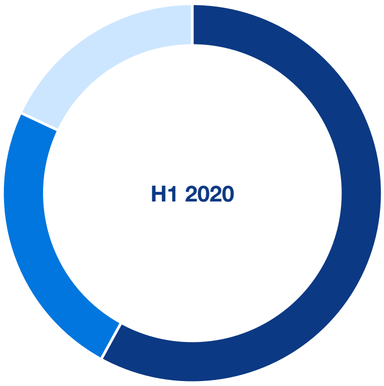
Order intake increased by 20.2% in the Asia-Pacific region, whereas it decreased by 25.8% in the Americas and by 22.1% in EMEA (Europe, the Middle East and Africa).

Order intake by segment



- **64%** Chemicals
- **31%** Oil and Gas
- **4%** General Industry
- **1%** Water

Order intake by region



- **58%** Asia-Pacific
- **24%** Europe, the Middle East and Africa
- **18%** Americas

Temporary factory closures impacting sales and profitability

In the first six months of 2020, sales remained stable, mainly supported by the acquisition of GTC, despite the six-week lockdown of the Indian factory from the end of March until the beginning of May.

Operational EBITA decreased by 9.6% compared with the first half of 2019. The temporary closure of the India factory had a large impact on the performance of other regions such as Europe, Russia and Africa. Consequently, operational ROSA decreased to 8.0% in the first half of 2020 after a significant increase to 9.0% in the same period of 2019. Chemtech has initiated structural actions and reduced OPEX spend to adapt its business to the current market environment and make it more resistant.

Key figures Chemtech (January 1 – June 30)

millions of CHF	2020	2019	Change in +/–%	+/–% adjusted[1)]	+/–% organic[2)]
Order intake	319.4	350.3	–8.8	–3.2	–12.0
Order intake gross margin	30.5%	29.7%			
Order backlog as of June 30/ December 31	408.5	385.3	6.0		
Sales	287.8	303.8	–5.3	0.2	–7.7
EBIT	10.6	24.1	–56.0		
opEBITA	23.0	27.3	–15.8	–9.6	–22.3
opROSA	8.0%	9.0%			
Employees (number of full-time equivalents) as of June 30/ December 31	3'206	3'803	–15.7		

1) Adjusted for currency effects.
2) Adjusted for acquisition and currency effects.

Abbreviations

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opEBITA: Operational earnings before interest, taxes and amortization
opROSA: Operational return on sales adjusted
For the definition of the alternative performance measures, please refer to the Sulzer Annual Report 2019.

Pause in demand in the second quarter due to lockdowns

A strong start to the year was outweighed by an abrupt decrease in volumes in the second quarter – due to the closure of beauty stores, dental practices and factories amidst the pandemic. Applicator Systems (APS) reacted early on to take decisive steps on cost-out measures, which will manifest to their full extent in the second half of 2020.The lower volumes led to a sharp decrease of operational EBITA and operational ROSA. APS's business started to recover in June. The extension of its Bechhofen factory to enhance the positioning in the Beauty market is proceeding according to plan.

If not otherwise indicated, changes from the previous year are based on currency-adjusted figures.

Suffering from the impact of lockdowns

The lockdowns imposed by authorities to fight the spread of the coronavirus led to closures of beauty stores and dental practices around the globe. Consequently, Beauty and Dental customers stopped placing orders immediately. Factory closures curbed demand in the Adhesives segment that serves a wide range of markets such as the automotive, aviation and electronics industries.

Transforming industrial base and growing portfolio

While taking measures to keep employees safe and to ensure business continuity throughout the pandemic, the Beauty segment continues to drive the transformation of its industrial base to better serve its evolving mix of customers and introduce process automation to increase flexibility.

In June 2020, Sulzer acquired Stamixco, a small Swiss company which developed and commercializes an innovative, high performance mixer for adhesives, filling a gap in Sulzer's static mixer portfolio.

Our business suffered from the lockdown measures in many countries of the world, leading to a collapse in demand as beauty stores and dental practices had to temporarily close. We have implemented decisive cost measures to mitigate the impact and are ready to seize the opportunities as the markets recover.

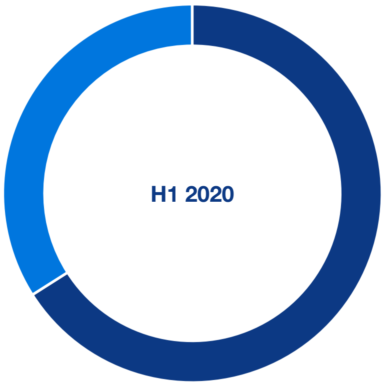
Girts Cimermans, Division President Applicator Systems

COVID-19 measures leading to fewer orders and sales

In the first half of 2020, order intake decreased by 27.3%. Double-digit growth in the Healthcare segment could not offset the decrease of other segments which were impacted by the temporary closures of cosmetics stores, dental practices and factories.

Due to the short-cycle nature of the business, the impact of the pandemic led to a sales decrease of 21.0% compared with the same period last year, negatively affecting all segments except for Healthcare.

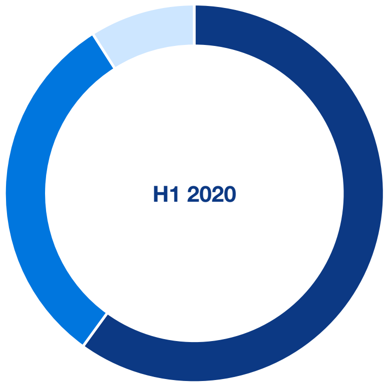
Order intake by segment



66% Adhesives, Dental, Healthcare

34% Beauty

Order intake by region



60% Europe, the Middle East and Africa

31% Americas

9% Asia-Pacific

Decrease of operational EBITA and operational ROSA

Operational EBITA was 58.3% lower than in the first six months of 2019. Higher opEBITA in Healthcare could not offset the under-absorption in APS' plants due to the abrupt fall in demand. Decisive cost-out measures subsequently launched will favorably affect the second half of 2020.

As a result, operational ROSA decreased to 11.8% in the first half of 2020 compared with 21.7% for the same period a year ago.

Key figures Applicator Systems (January 1 – June 30)

millions of CHF	2020	2019	Change in +/–%	+/–% adjusted[1]	+/–% organic[2]
Order intake	160.2	228.4	–29.9	–27.3	–27.3
Order intake gross margin	47.4%	46.4%			
Order backlog as of June 30/ December 31	53.6	60.8	–11.9		
Sales	166.1	218.2	–23.9	–21.0	–21.0
EBIT	9.0	15.9	–43.5		
opEBITA	19.5	47.3	–58.7	–58.3	–58.3
opROSA	11.8%	21.7%			
Employees (number of full-time equivalents) as of June 30/ December 31	1'769	1'821	–2.9		

1) Adjusted for currency effects.

2) Adjusted for acquisition and currency effects.

Abbreviations

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