ORIOR AG

ALTERNATIVE PERFORMANCE MEASURES HALF-YEAR 2020

Alternative Performance Measures

ORIOR uses financial performance measures in its Annual Reports, Half Year Reports and additional communication with investors that are not defined by Swiss GAAP FER (Alternative Performance Measures). According to the management they provide useful and relevant information regarding the operative and financial performance of the group.

Below the most important performance measures are explained and reconciled to Swiss GAAP FER figures. The Alternative Performance Measures in use may not correspond to performance measures with similar names of other companies. Every Alternative Performance Measure shown in the financial report is related to the performance of the current or the previous year.

Performance

Net sales development

Due to its international profile and frequent acquisitions, the ORIOR Group compares net sales deviations to the previous year by looking at three effects:

- Organic growth
- Currency translation effect
- Acquisition effect

Organic growth

Organic growth is defined as the net sales deviations after removing acquisition/disinvestment effects and currency fluctuations. This allows a comparison to be made with the previous year, assuming that there is a steady consolidation scope and constant currencies. The organic growth calculated corresponds to the residual value after calculating the currency translation effect and the acquisition effect.

Currency translation effect

The currency translation effect shows the impact of currency fluctuations on net sales. It is calculated as the difference between the net sales of the current year and the net sales of the current year in constant currency (constant currency means the translation of foreign subsidiaries' net sales at the average currency rate of the previous year).

Acquisition effect

The acquisition effect presents the net sales gained by acquisitions. As long as the corresponding previous period has not been consolidated, these net sales are presented as an acquisition effect. This means that each acquisition's net sales of the first 12 months are considered part of the acquisition effect.

The resulting effects are then shown as a percentage of the net sales of the previous year.

Net sales development 2020	**Jan – Jun 20**	**Org**	**FX**	**Acq**	**Jan – Jun 19**
Net sales *in kCHF*	287 414	465	– 3 854	11 163	279 640
Net sales development by effect	**2.8 %**	**0.2 %**	**– 1.4 %**	**4.0 %**	
Ø currency rate CHF/EUR			1.0641		

Net sales development 2019	**Jan – Jun 19**	**Org**	**FX**	**Acq**	**Jan – Jun 18**
Net sales *in kCHF*	279 640	– 5 038	– 2 221	13 157	273 742
Net sales development by effect	**2.2 %**	**– 1.8 %**	**– 0.8 %**	**4.8 %**	
Ø currency rate CHF/EUR			1.1294		

Gross profit and gross margin

Gross profit and gross margin are not defined in the total cost method structure by Swiss GAAP FER. ORIOR uses gross profit and gross margin to explain the development of cost of goods sold. Gross profit consists of the net sales reduced by raw materials, goods and services purchases adjusted by the changes in inventories. Gross margin is calculated as gross profit divided by net sales.

in kCHF	Jan – Jun 20	Jan – Jun 19
Net sales	287 414	279 640
Raw materials / goods purchased	– 160 319	– 157 421
Changes in inventory	– 1583	1848
Gross profit	**125 512**	**124 067**
Gross margin	*43.7 %*	*44.4 %*

EBITDA and EBITDA margin

EBITDA equals earnings before interest, taxes, depreciation and amortisation. EBITDA margin is calculated as EBITDA divided by net sales.

in kCHF	Jan – Jun 20	Jan – Jun 19
Earnings before Interest and Tax (EBIT)	10 031	17 423
+ depreciation – tangible assets	9 507	8 673
+ amortisation – intangible assets	3 936	2 324
EBITDA	**23 474**	**28 419**

Net sales	287 414	279 640
EBITDA	23 474	28 419
EBITDA margin	**8.2 %**	**10.2 %**

Adjusted EBITDA

ORIOR uses an adjusted EBITDA in order to disclose the development of operative performance without profit-related impacts from acquisitions. Acquisition impacts mainly include transaction and integration costs with effect on profit and loss. This ensures comparability as these are one-off transaction and integration effects related to acquisitions. These adjustments on EBITDA are disclosed as Adjusted EBITDA. There were no material transaction and integration costs, neither in the first half year of 2020 nor in the previous year. Therefore, no reconciliation is needed.

Liquidity/capital structure

Equity ratio

Equity ratio is the ratio of total equity, including non-controlling interests, to total assets or total liabilities.

in kCHF	30.06.2020	30.06.2019
Total assets	393972	379889
Equity before non-controlling interests	69695	88235
Non-controlling interests	6517	0
Equity after non-controlling interests	76212	88235
Equity ratio	**19.3%**	**23.2%**

ORIOR applies the method of goodwill offset against equity which is allowed according to Swiss GAAP FER. The theoretical capitalisation and amortisation of goodwill is not shown in the notes to the half year report. Therefore, the calculation of the equity ratio under the assumption that ORIOR would apply the method of capitalising and depreciating goodwill is excluded.

Cash conversion

ORIOR defines cash conversion as relation of cash flow from operating activities to EBITDA. This performance measure shows how much of the operating result before depreciation and amortisation has been translated to cash flow from operating activities.

in kCHF	Jan – Jun 20	Jan – Jun 19
EBITDA	23474	28419
Cash flow from operating activities	9602	20827
Cash conversion	**40.9%**	**73.3%**

Net debt/EBITDA ratio

ORIOR uses this performance measure to demonstrate the relation between debt and profitability.
Net debt, which is calculated below, is divided by EBITDA of the last twelve months.

in kCHF	Jan – Jun 20	Jan – Jun 19
EBITDA 2nd half of previous year	32613	31180
EBITDA 1st half of reporting period	23474	28419
EBITDA LTM*	**56087**	**59599**
+ Current financial liabilities	8412	1371
+ Non-current liabilities	175218	175208
– Cash and cash equivalents	– 22696	– 30366
Net debt	**160934**	**146213**
Net debt / EBITDA ratio	**2.87**	**2.45**

*LTM = Last Twelve Months

RoCE

Return on Capital Employed [ROCE] shows the profitability of the capital employed. EBIT of the last twelve months is divided by the capital employed as at reporting date. As the entire capital of an acquisition/disinvestment is included in capital employed, an acquisition's / disinvestment's EBIT of the months before / after the transaction is added / subtracted to show last twelve months.

in kCHF	Jan – Jun 20	Jan – Jun 19
+ Current assets	189 205	189 384
– Current liabilities	– 105 033	– 85 099
– Cash and cash equivalents	– 22 696	– 30 366
– Current financial assets	– 504	– 276
+ Current financial liabilities	8 412	1 371
+ Tangible assets	128 238	130 575
+ Intangible assets	74 577	48 873
+ Financial assets	1 952	11 057
Capital employed	**274 151**	**265 518**
EBIT – LTM*	29 930	36 736
EBIT – acquisitions	1 356	0
EBIT – LTM* adjusted	**31 287**	**36 736**
ROCE	**11.4 %**	**13.8 %**

*LTM = Last Twelve Months