

MEDIA RELEASE

27 August 2020

Valartis Group AG – Consolidated financial statements for first half-year 2020

Valartis Group AG reported a net operating income of CHF 5.0 million in the first half-year 2020 compared to CHF 4.4 million for the first half of 2019. The EBITDA was break-even versus a loss of CHF 1.0 million for the first six months of previous year. The IFRS net loss for the first six months of 2020 amounts to CHF 6.1 million compared to the IFRS net profit for half-year 2019 of CHF 3.3 million. The net result for the first six months of 2020 was primarily effected by foreign exchange effect on the Investment property and investment portfolio. The turmoil on the global financial markets marked the first half of 2020 with the COVID-19 pandemic which has had a more negative impact on the global economy than anticipated, and the outlook for the recovery is to be more gradual than previously forecast with a high degree of uncertainty around the forecast.

Business development

Income from Management Services increased from CHF 2.3 million to CHF 2.8 million compared to the previous half-year due to additional special advisory and transaction mandates in 2020. Income from management services comprises fees for the development and management of real estate projects, management fees for administration and accounting services as well as investment fees for investment funds distributed abroad. Income from investment property 2020 (CHF 1.9 million) is in line with the previous half-year (CHF 1.9 million).

Operating expenses fell by 7.0 per cent from CHF 5.4 million to CHF 5.0 million compared to the previous period due to further cost-cutting measures. Personnel expenses, the most important cost component, increase by 8 per cent at CHF 3.0 million compared to CHF 2.7 million in the previous period. At the end of June 2020, Valartis employed 68.5 full-time staff (3 people more than at year-end 2019). General expenses fell by 22 per cent from CHF 2.7 million to CHF 2.1 million. Nevertheless, expenses for travel and representation, consulting and auditing as well as other general expenses continue to be significant. Valuation adjustments, provisions and losses, CHF 0.4 million for the half-year 2020 (previous period: gain of CHF 0.7 million), is mainly due to the Russian ruble losing 14 per cent in value against the Swiss franc compared to 31 December 2019. This resulted in an impairment loss on a long-term investment asset.

Net finance result mid-2020 is significantly lower compared to the previous period: it amounts to a net loss of CHF 5.3 million as of 30 June 2020, compared to a net income of CHF 4.0 million as of 30 June 2019. This change, compared to June 2019, is mostly due to the negative market development of the trading portfolio assets by CHF 1.5 million and currency development on loans and liabilities in foreign currencies which generated a loss of CHF 4.3 million.

Financing situation

The financing situation of Valartis Group was impacted by the market conditions but it remains well capitalised. Group shareholders' equity amounts to CHF 113 million as at 30 June 2020 (31 December 2019: CHF 124 million). This corresponds to an equity ratio, i.e. total equity in per cent of balance sheet total, of 72.1 per cent (31 December 2019: 73.4 per cent). Equity decreased comparing 30 June 2020 with 31 December 2019 due three main adverse effect: the net loss for the 1st semester 2020, the foreign exchange translation differences and the losses from financial assets whose fair value through adjustments are recognised through OCI.

Outlook

The focus for the front units Private Equity, Real Estate Project Management and Financial Services for 2020 continues to be the successful development of new profitable activities started in the last two years and on the further development of projects already underway, with a continued focus on results. Valartis Group continues to focus its market development and adapts its range of services to demand. The Group structure will be geared to new circumstances and project implementations, new requirements and an expanded range of services. The activities of 2020 continue to focus on building up and managing new participations and new projects in line within the strategic guidelines of Valartis Group.

The Half-year Report is available in pdf-form under www.valartisgroup.ch under Investor Relations (www.valartisgroup.ch/wp-content/uploads/2020/08/HYR_2020_Valartis_Group_en.pdf).

Agenda

Annual Report 2020	6 April 2021
Annual General Meeting 2021	11 May 2021

For further information please contact:

Corporate Communications & Marketing, Valartis Group AG
Tel. +41 44 503 54 10, corporate.communications@valartis.ch

Valartis Group

Valartis Group is an international finance group with offices in Geneva, Fribourg, Zurich, Luxembourg, Frankfurt am Main, Hamburg, Stuttgart, as well as Moscow and St. Petersburg. Valartis Group AG (Fribourg, Switzerland) is listed on the Swiss stock exchange, SIX Swiss Exchange. Business operations encompass the fields of Financial Services, Real Estate Project Management and Participations.

www.valartisgroup.ch