



## Financial year 2023

Another strong EBIT margin performance; Uponor acquisition lays ground for future growth; 2025 targets increased

## Dear shareholders,

**2023 was a landmark year for GF, marked by the acquisition of Uponor, the biggest acquisition in the history of the company, as well as other positive milestones. GF increased its resilience while facing geopolitical instability, inflationary trends as well as substantial currency headwinds.**

Global megatrends such as the demand for sustainable water management in urban areas, the transition toward renewable energy sources, the ongoing digitalization of our lives as well as skilled labor shortages are shaping our industries. The acquisition of Uponor strategically positions GF to become a global leader in sustainable water and flow solutions and benefit from new investments in energy-efficient heating and cooling in buildings. This major step is meant to accelerate the implementation of the Strategy 2025 within GF's flow solutions activities.

All divisions remain well positioned to meet their strategic targets, while focusing on operational excellence. GF's leadership in technology and strong presence in selected key markets, such as microelectronics, automotive and aerospace, helped offset the impact of weaker sectors. To continue to perform well in these attractive markets, GF increased its solutions and services offering, adapting rapidly to the new needs of its customers with numerous innovations, such as the functional integration of large structural castings, new specific and digital connected process automation valves, smart indoor energy control systems as well as dedicated EDM (electric discharging machining) processes for the energy and aerospace sectors.

### Group results

Uponor Corp. (Finland) and Corys Piping Systems LLC (UAE), both acquired in the second semester 2023, were fully consolidated as of 1 November 2023. For detailed information, please consult the [Financial Report](#).

Including these acquisitions, order intake reached CHF 3.9 billion and sales amounted to CHF 4.0 billion. Excluding Uponor, sales reached CHF 3.9 billion, 3.4% below 2022 on account of a currency impact of CHF 263 million. Organically, sales increased by 3.7%.

Operating result (EBIT) stood at CHF 365 million. Comparable operating result (EBIT) without PPA effects on inventory and items affecting comparability out of the Uponor acquisition reached CHF 389 million. Excluding Uponor and all corresponding effects, EBIT stood at CHF 378 million for a 9.8% margin, on par with the previous year.

Return on invested capital (ROIC) excluding Uponor and all corresponding effects was strong at 23.8% (2022: 23.4%). Comparable ROIC was 21.5%.

At the end of 2023, GF employed 19'824 people, an increase of 4'617 compared with the end of 2022, primarily reflecting the additional 4'319 employees from Uponor and Corys.

Free cash flow before acquisitions reached CHF 134 million (2022: CHF 146 million). Despite a rise in net debt due to the acquisitions, the balance sheet remains healthy. To replace part of the bridge financing for the acquisitions, GF plans to place corporate bonds in 2024. Net profit attributable to shareholders of GF amounted to CHF 235 million (2022: CHF 276 million).

At the upcoming Annual Shareholders' Meeting, the Board of Directors will propose a dividend per share of CHF 1.30 on last year's level.

### GF Piping Systems

The order intake of the division came in at CHF 1'954 million (2022: CHF 2'319 million), with good momentum in the second



Yves Serra, Chairman of the Board of Directors, and  
Andreas Müller, CEO

half of the year. However, 2022 saw exceptionally high intakes from the semiconductor industry in the amount of more than CHF 100 million as a result of product and supply chain shortages. In 2023 the Industrial business in Europe, Asia and the Americas, as well as new markets such as Brazil, contributed positively to the performance.

GF Piping Systems reported a robust performance in 2023, achieving CHF 2'066 million in sales (2022: CHF 2'160 million). The organic increase of 3% was driven by good demand in key sectors such as high-end microelectronics and process automation for water reclamation and treatment among others. Despite facing headwinds in the European building technology and gas utility sectors, as well as a challenging global economic environment, the division maintained its momentum.

EBIT stood at CHF 275 million, compared with CHF 291 million in the previous year, resulting in an EBIT margin of 13.3%, within the range of the Strategy 2025 targets. EBIT was strongly impacted by negative currency effects of CHF 49 million.

The division continues to focus on innovation and business development, including solutions for renewable energy, lithium extraction and refinement and battery production, building a strong position in rapidly developing growth markets.

Earlier in 2023, the division inaugurated a state-of-the-art production facility in Yangzhou (China), the largest and most efficient facility of GF Piping Systems in Asia. The plant is designed to serve a wide range of industries such as microelectronics, water treatment, chemical process, marine, building construction and data centers.

As previously announced, GF Piping Systems will start to focus in 2024 on the Industry and Utility segment, whereas the Building Technology business will be consolidated into the new division GF Uponor. The GF Uponor Infrastructure business is being transferred to GF Piping Systems to synergize with the division's existing Utility business, addressing overlapping

markets and applications with different products. The highly complementary businesses will help unleash the full potential of the two divisions, which are both well positioned for sustainable and profitable growth benefiting from global megatrends. The implementation of these organizational changes started in early January 2024 and is expected to be completed by the end of 2024.

### GF Uponor

For the full year 2023, Uponor's sales reached EUR 1'221 million (2022: EUR 1'386 million). Excluding currency effects and structural changes, sales decreased by 5.8% compared to previous year. The comparable operating profit reached EUR 150 million (2022: EUR 154 million). The comparable operating profit margin improved to 12.3% (2022: 11.1%), reflecting the benefits of its margin resilience initiatives and operating model.

The consolidated division's result for the final two months of 2023 reflects the ordinary winter seasonality that causes lower activity in the construction industry, the holiday season, but also proactive supply chain optimization. GF Uponor contributed to GF sales with CHF 164 million; in addition, the company contributed CHF 11 million in EBIT, before PPA effects on inventory and items affecting comparability, implying an EBIT margin of 6.9%, well above historic recurring levels for the final two months of the year.

In the course of 2023, Uponor continued to gain market share in the US, while facing headwinds in Europe. All Uponor businesses achieved continued productivity improvements enabled through a group-wide transformation program. The program also helped to mitigate substantial year-on-year inflation. Uponor's resilience and adaptability demonstrated its robust business strategy and its ability to navigate and thrive in a volatile market environment.

### GF Casting Solutions

GF Casting Solutions had a good year with sales of CHF 910 million (2022: CHF 892 million). Organic growth reached 11.4%, which is slightly above the global growth of the automotive industry. This growth was primarily fueled by heightened demand for lightweight components, especially in the Chinese market, and a recovery in the aerospace sector.

The division's EBIT for the year stood at CHF 64 million, up from CHF 55 million in 2022, resulting in an increase of the EBIT margin from 6.2% to 7.0%. This increase is commendable, considering the significant challenge of rising energy, labor and transportation costs, alongside other inflationary pressures.

GF Casting Solutions recorded an all-time high in new acquisitions lifetime volume orders of more than CHF 2.5 billion in 2023. This achievement reflects the division's more resilient, broader customer portfolio in the automotive industry, in the aerospace and energy sector, as well as in industrial applications. The rising demand in these areas for the development and production of structural parts underscores the success of GF Casting Solutions' strategy and its strong position as an innovation leader for sustainable mobility.

The ramp-up of the new facility in Shenyang (China) is proceeding according to plan and will provide customers with state-of-the-art large body and lightweight castings.

### GF Machining Solutions

In terms of order intake, GF Machining Solutions recorded a successful year, reaching CHF 907 million, leading to a solid

book-to-bill-ratio above 1.0. The division demonstrated resilience in Europe, whereas it faces challenges in Asia. Especially the ICT segment (information and communication technologies) continued to remain flat, particularly in China. However, the ongoing rebound in the aerospace and the energy segments could partially compensate for these subdued markets.

GF Machining Solutions' sales experienced a slight decrease of 1.9% organically. Sales came in at CHF 887 million, compared with CHF 948 million in 2022. EBIT for 2023 was CHF 60 million (2022: CHF 67 million), with an EBIT margin of 6.8% (2022: 7.0%).

The division has reinforced its position as an industrial technology leader with a high innovation rate. The recent launches of a new generation of laser texturing and electrical discharging machines (EDM) dedicated to aerospace applications will enable customers to use increasingly sophisticated materials with the ultimate goal of reducing fuel consumption. GF Machining Solutions has further strengthened its customer experience and service offerings, helping customers to cut their production times and to increase efficiency in their own manufacturing processes.

### Strategy 2025 accelerated, new targets set

Just halfway into GF's current five-year strategy cycle, 2023 marked a key milestone in the implementation of the Strategy 2025. GF's vision to become a sustainability and innovation leader offering superior customer value was successfully implemented throughout the year, and GF already achieved most of its 2025 sustainability targets.

Additionally, for its 2023 submission to the global rating agency CDP, GF secured the highest possible "A" score for transparency and performance on climate change, after the company was awarded an "A-" for three consecutive years. For its ambitions around water security, GF has maintained its previous rating of "A-".

In the third edition of Europe's Climate Leaders compilation by the Financial Times, GF ranked among the top five of 26 machines-and-industrial equipment companies in 2023, underscoring the company's commitment to addressing the climate crisis and setting industry benchmarks. EcoVadis recognized all GF divisions for their commitment to environmental, social and governance (ESG) performance; GF Piping Systems, GF Uponor and GF Casting Solutions were all awarded gold medals, placing them in the top 5% of companies rated, while GF Machining Solutions received a silver medal, thus ranking it in the top 15%.

GF Piping Systems' presence in growth markets and segments, such as high-end microelectronics production and water treatment for a wide range of industries and markets, continues to drive profitable growth. With the acquisition of Uponor, GF accelerated the implementation of GF Piping Systems' strategy to become the leader in sustainable water and flow solutions. Uponor executed its transformation program to become more resilient, and going forward, GF Uponor will increase its focus on indoor climate solutions to address the sustainability needs of its customers. GF Casting Solutions remains a recognized development partner for large structural parts and innovative components for existing and new customers, while GF Machining Solutions has been consistently investing in the development of additional energy-saving functionalities on its machines over the last few years.

The two successful acquisitions of Uponor and Corys, with their respective promising growth perspectives, led GF to increase

its Strategy 2025 target ranges: from the current sales target (incl. acquisitions) of CHF 4.4–5 billion to CHF 5–5.5 billion, from the current EBIT margin target of 9–11% to 10–12%, and from the current ROIC target of 20–22% to 20–24%. In addition to these existing strategy targets, GF introduces a new EBITDA margin target in the range of 13–15%.

### Proposed changes to the Board of Directors

Hubert Achermann, Vice Chairman of the Board of Directors and Independent Lead Director, is retiring from the Board after reaching its maximum age limit. The Board of Directors will propose Stefan Räsamen, a long-standing partner at PwC Switzerland and its Chairman until 2022, for election as a new member of the GF Board at the Annual Shareholders' Meeting on 17 April 2024. Stefan Räsamen will deepen the Board's expertise in auditing, as well as financial and ESG reporting. In addition, the Board will propose Annika Paasikivi, former Chair of Uponor and an experienced executive and board member at several industrial companies, as a new member of the Board. Roger Michaelis will not stand for re-election due to GF's 12-year limit on Board tenure. GF warmly thanks Hubert Achermann and Roger Michaelis for their excellent service over the years.

### Outlook for the full year 2024

Despite persisting short-term global challenges, GF with its innovative solutions is well positioned to benefit from long-term megatrends such as water conservation and treatment, sustainable mobility, energy-efficient indoor climate solutions and high-precision machining. The swift integration of Uponor and Corys Piping Systems, two fully complementary businesses to GF Piping Systems, is set to accelerate the implementation of the Strategy 2025 and further support the ambition to become a global leader in sustainable water and flow solutions.

Economic conditions remain generally subdued but GF expects a gradual improvement during the course of the year and further organic growth for the full year 2024. Operating profitability (EBIT/EBITDA/ROIC) before extraordinary items is expected to reach the revised Strategy 2025 target ranges (EBIT margin 10–12%; EBITDA margin 13–15%; ROIC 20–24%).

We would like to extend a heartfelt thanks to our employees who, through their dedication and motivation, ensure the successful development of this company. A special welcome goes to the more than 4'000 new colleagues from Uponor and Corys Piping Systems, who are now part of the GF family. We would also like to thank our customers for their trust in GF and for their feedback, which is an ongoing source of inspiration and motivation; and our shareholders, with whom we engage in regular discussions throughout the year, for their continued support of our company.



**Yves Serra**  
Chairman of the  
Board of Directors



**Andreas Müller**  
CEO

# Financial and sustainability key figures

as of 31 December

	GF Corporation		GF Piping Systems		GF Uponor <sup>2</sup>		GF Casting Solutions		GF Machining Solutions		GF Corporation excl. positions & effects of Uponor <sup>3</sup>
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
<b>CHF million</b>											<b>2023</b>
Order intake	3'938	4'227	1'954	2'319	167		912	965	907	945	3'771
Orders on hand	827	931	300	442	47		269	284	211	206	779
Sales	4'026	3'998	2'066	2'160	164		910	892	887	948	3'861
Sales growth %	0.7	7.4	-4.4	9.6			2.0	1.4	-6.5	8.7	-3.4
Organic growth %	3.7	13.5	3.0	13.3			11.4	17.2	-1.9	10.9	3.7
EBITDA (comparable) <sup>1</sup>	511	507	327	341	19		104	99	75	81	492
EBITDA margin (comparable) <sup>1</sup> %	12.7	12.7	15.8	15.8	11.3		11.4	11.1	8.4	8.6	12.8
EBITDA	486	507	327	341	-6		104	99	75	81	492
EBITDA margin %	12.1	12.7	15.8	15.8	-3.7		11.4	11.1	8.4	8.6	12.8
EBIT (comparable) <sup>1</sup>	389	391	275	291	11		64	55	60	67	378
EBIT margin (comparable) <sup>1</sup> %	9.7	9.8	13.3	13.5	6.9		7.0	6.2	6.8	7.0	9.8
EBIT	365	391	275	291	-13		64	55	60	67	378
EBIT margin %	9.1	9.8	13.3	13.5	-8.2		7.0	6.2	6.8	7.0	9.8
Net profit shareholders GF	235	276									
Basic earnings per share in CHF	2.87	3.37									
Free cash flow before acquisitions/divestments	134	146									
Invested capital (IC)	1'707	1'277	758	705	365		315	326	267	196	1'342
Return on invested capital (ROIC) (comparable) <sup>1</sup> %	21.5	23.4	31.1	35.6	n/a		17.6	11.2	22.9	31.7	23.8
Return on invested capital (ROIC) %	19.8	23.4	31.1	35.6	n/a		17.6	11.2	22.9	31.7	23.8
Net debt (+)/Net cash (-)	1'879	-159									
Number of employees	19'824	15'207	8'798	8'085	3'687		3'792	3'570	3'377	3'398	16'137

1 Without PPA effects on inventory and items affecting comparability out of the Uponor acquisition.

2 GF Uponor's key figures only cover the months of November and December 2023.

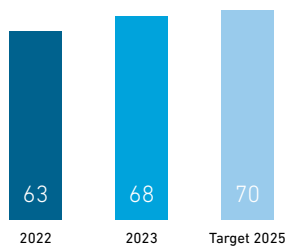
3 For comparative purpose only.

In November 2023, GF integrated a new division, GF Uponor, and GF Piping Systems acquired GF Corys. As both acquisitions took place in the fourth quarter of 2023, the product portfolio graphs includes GF Corys, while the sustainability related graphs does not include information or data relating to these acquired companies.

## Product portfolio

### Sales with social or environmental benefits

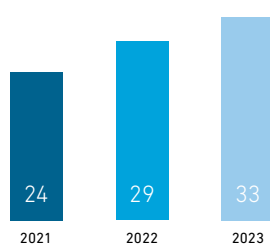
% of total GF sales



## Climate and resources

### Renewable energy

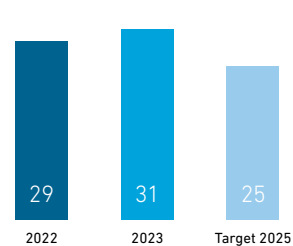
incl. certified green electricity, in %



## Diversity and inclusion

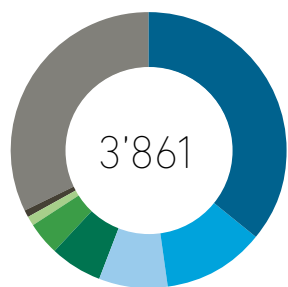
### Newly appointed women managers

in %



### 2023 sales with social or environmental benefits

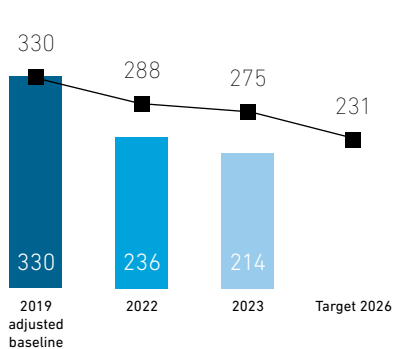
in CHF million, excluding GF Uponor



- 36% Mitigating climate change
- 12% Conserving water
- 8% Promoting safety
- 6% Ensuring health
- 4% Other environmental benefits
- 1% Sustainable buildings
- 1% Delivering education
- 32% No direct or substantial impacts

### CO<sub>2</sub>e emissions (Scope 1 and 2)

in '000 tonnes



### Accident rate as lost time injury frequency rate (LTIFR)

per million hours worked

