

SUSTAINABLE VALUES

Feintool covers the entire fineblanking process

The automotive market is essential to Feintool's business activities. The technology company manufactures fineblanking systems (Fineblanking Technology segment) and, through its second segment (System Parts), is a global supplier of fineblanked, formed, and electrolamination components of the highest quality and cost-effectiveness. These high-quality precision components are manufactured in large quantities and are needed in correspondingly large volumes – for example, in the automotive industry – where they help improve vehicle safety and are sometimes used in seat mechanisms and drivetrains. With locations in Europe, the United States, China, and Japan, the Feintool Group is active in the world's leading automotive markets – and is therefore close to its customers.

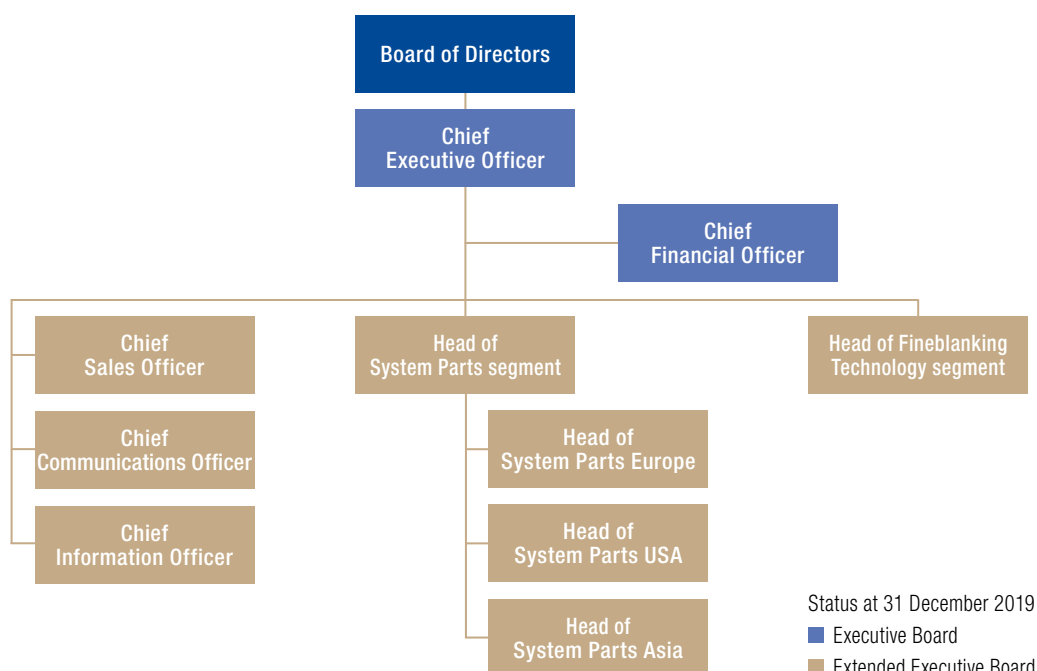
Added value

Feintool covers the entire fineblanking process, from component design and tool construction to system engineering and large-scale parts manufacturing. In addition, the group uses other key processes such as cold forming and electrolamination stamping, thereby creating added value for its customers. In addition to financial resources; property, plant, and equipment; raw materials; and components, value is primarily created through the knowledge and expertise of our employees, who continuously upskill and expand their qualifications. Patents are developed in close collaboration

with research institutions. As a result, Feintool not only creates jobs, but also new knowledge. The company then facilitates the transfer of this expertise through customer training and knowledge sharing at technological symposia and conferences. With its innovative technologies, the group helps conserve resources.

Supply chain

To conduct its business activities, Feintool purchases steel from suppliers in Germany, the United States, China, Taiwan, and Japan and operates a corresponding business continuity management (BCM) system. In Europe, components are ordered from Switzerland, Germany, Turkey, Korea, and China. In the United States and in China as well as Japan, the company mainly uses components from local suppliers. Most of the machine components come from Germany and Japan. Feintool does not purchase conflict materials. With the exception of the goods and supplier locations listed above, the group prefers working with local partners. In 2019, Feintool procured materials with a value of around 300 million Swiss francs alone. Feintool is itself part of the supply chain for third parties and, like all other suppliers in the automotive sector, is therefore subject to the Automotive Supply Chain Standard with the corresponding audits.





Profits and distribution

The slowdown in the global economy has led to a slowdown in growth, accompanied by additional global trends and the transformation process in the automotive industry. The uncertainties in the economic and political market environment also affected Feintool's business performance* in the period from January 1, 2019, to December 31, 2019, with consolidated sales falling by 6.9 percent in the reporting currency to 632.7 million Swiss francs. Operating earnings (EBIT) came to 18.9 million Swiss francs. The consolidated financial statements encompass Feintool International Holding AG, headquartered in Lyss, Switzerland, and its subsidiaries. The group of consolidated companies did not change in 2019.

In 2019, the Feintool companies made tax payments totaling 4.5 million Swiss francs.

The Feintool Group's profits are distributed to its owners in the form of dividends and to its employees through their compensation. Employee compensation can include shares of the company's stock.

Feintool has various pension systems in place for its employees, which vary according to government requirements at the respective locations. The pension systems are funded by employer and/or employee contributions to state pension plans, to legally independent pension plans (foundations, insurance companies), or by creating a corresponding provision on the company's balance sheet.

Long-term outlook

Feintool is preparing for continuing uncertainties with regard to sales. At the same time, developments in the regions are different and can vary due to changes in trade flows and regulatory environmental requirements. Feintool was able to increase the percentage of sales generated in the United States and Asia, but overall sales in both segments fell. In this context, however, Fineblanking Technology was affected more heavily than the System Parts segment. But another thing is also certain – in the coming decade, the automotive

“90 percent of our activities in support of sustainable business practices generate a financial return for the company.”

Thomas Bögli, CFO of the Feintool Group

market will change and open up new sales opportunities, particularly in the premium segment, in hybrid technology, in vehicles with automatic or all-wheel drive, and in electric vehicles. In light of the volatile market situation, CFO Bögli is taking steps to ensure that outstanding customer accounts and inventories are reduced and investments postponed, among other measures. But cutting back investments in employee training, in resource-friendly technologies, and in efficient production is not an option for him, because they pay for themselves almost completely.

* See Feintool's 2019 Annual Report, p. 18–99; *ibid.* information on risk management, p. 116–117.

FEINTOOL TIANJIN

Employees grow with the company's success

In China, Feintool's sights are set on expansion – this was true in 2019 and will be the case in the years to come. After the acquisition of a new, state-of-the-art forming plant in Tianjin near Beijing in 2017, which closed a geographical gap in the product range, the location rapidly continued to develop successfully. In order to secure production capacities, a further hall with press lines was opened in the fall of 2019. Feintool is investing – including in the development of its employees.

It wouldn't be China without lucky charms, especially when there's something to celebrate. And at Feintool in Tianjin, there were plenty of reasons to do so – in the fall of 2019, CEO Knut Zimmer and his employees and guests celebrated the opening of a new production hall in the metropolis south-east of Beijing with 3.8 million residents. The investments in the plant that the company had been making since 2017 paid off after only two years. The market is there, the quantity of orders climbed, and the number of employees grew to 130 by the end of 2019.

The acquisition of the Tianjin plant is of strategic importance to Feintool. Through its acquisitions, the group is meeting customer demands for a global presence and worldwide expertise – and Feintool Tianjin is the first company in China to offer a solution in which fineblanking is integrated into the forming process. "This is extremely helpful when manufacturing special parts that have to meet exceptionally high standards

"We are investing in the plant's existing structures and in training. After all, we need well-trained employees and prefer to rely on our internal expertise before recruiting external staff."

Knut Zimmer, CEO

when it comes to the cutting surface and mass – such as internal bores, for example," explains Xiangjun Bao, head of the Chinese locations. As the company's technical edge and success increases, so does its need for qualified personnel.

Can you find enough experts in China? As CEO Knut Zimmer explains, Feintool has opted for the "train the trainer" approach to HR development as a first step. To put it simply, this means that the company is first training its existing staff. Experts from Europe are training their colleagues in China or in the United States during their daily work on joint projects. Fein-



tool also participates in the tried-and-true cooperative education system and provides theoretical and practical instruction to trainees. In Tianjin, the company entered into a partnership with the Yantai Vocational College for its junior employees.

Feintool is committed to upskilling its employees at the various plants over the long term. The second step is to recruit experts on the Chinese labor market. The same applies to the plant in Taicang, which was established in China and opened in 2011. In addition to fineblanking, the company plans to manufacture electrolamination components for the promising future of electric mobility here.

Tianjin plant

- ▶ 130 employees
- ▶ 11 274 m² building space
- ▶ 3 forming press lines in total
- ▶ Further processing infrastructure including laser welding line, washing, and vibratory grinding machine
- ▶ Production of 8 million cold formed parts per year