

Expanding Horizons

Together achieving new dimensions in fineblanking, forming, and electric motor lamination

Feintool Group

Welcome to the Annual Media Conference Financial Year 2019

AGENDA

- ▶ Market Environment, Review
- ▶ Financial Results
- ▶ Outlook
- ▶ Questions and Answers

Knut Zimmer

Thomas Bögli

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All

Market Environment and Review



MARKET ENVIRONMENT

Market trend led to a sales decline

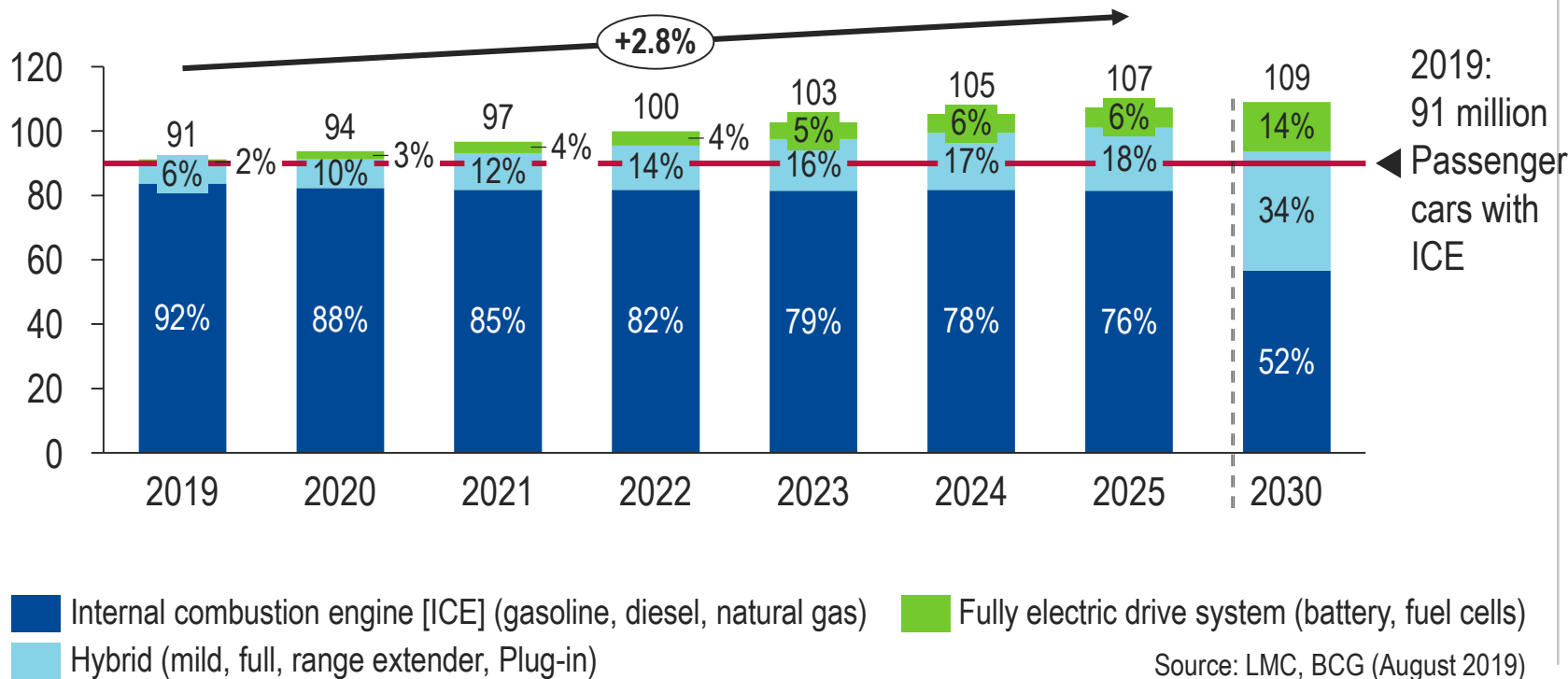
- ▶ Global automotive market down (5.8% according to IHS), China heavily affected (down 8.5%)
- ▶ Feintool was able to hold its market shares stable
- ▶ Political instability, such as the trade war between the USA and China, as well as uncertainty about the drive system of the future are causing investment constraints
- ▶ Increased activity in battery-powered and hybrid vehicles



GLOBAL CAR PRODUCTION

Hybrid drive establishing in the growing automotive market

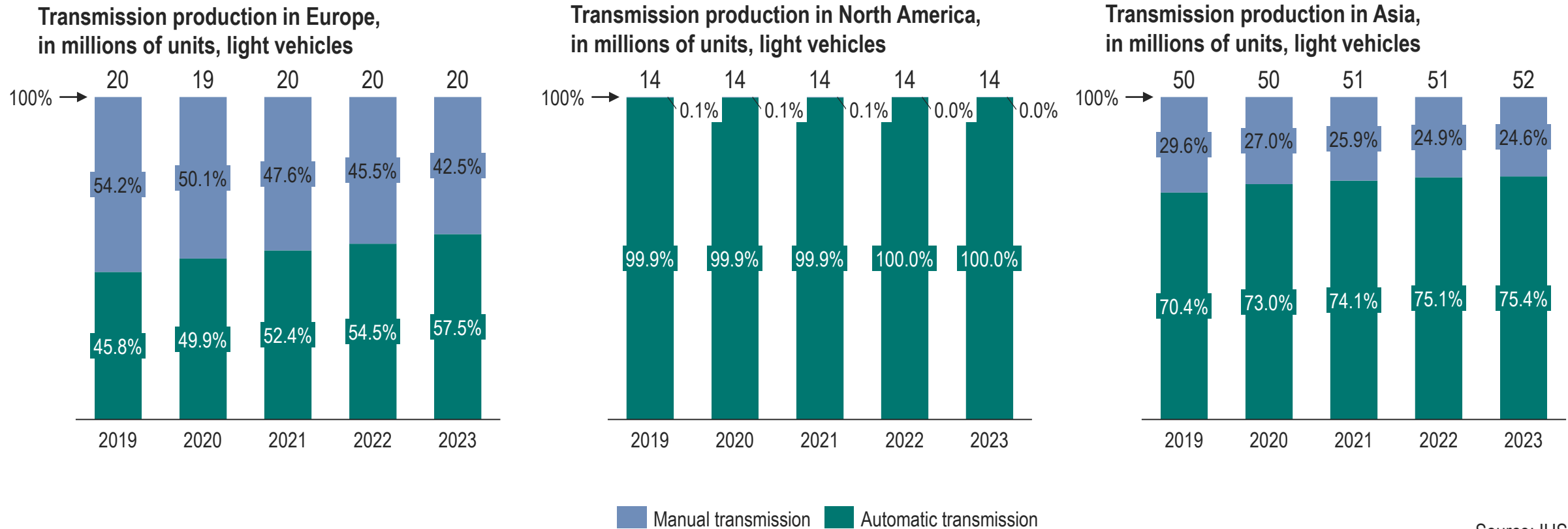
Number of vehicles produced up to 3.5 t total weight, worldwide



- ▶ Passenger car production growing steadily with a trend towards electromobility
- ▶ Focus shifting to electric drives and hybrids
- ▶ ICE (non-hybrid) becoming less relevant

RELEVANT TRENDS

Sustained trend towards automated mechanical systems in Europe

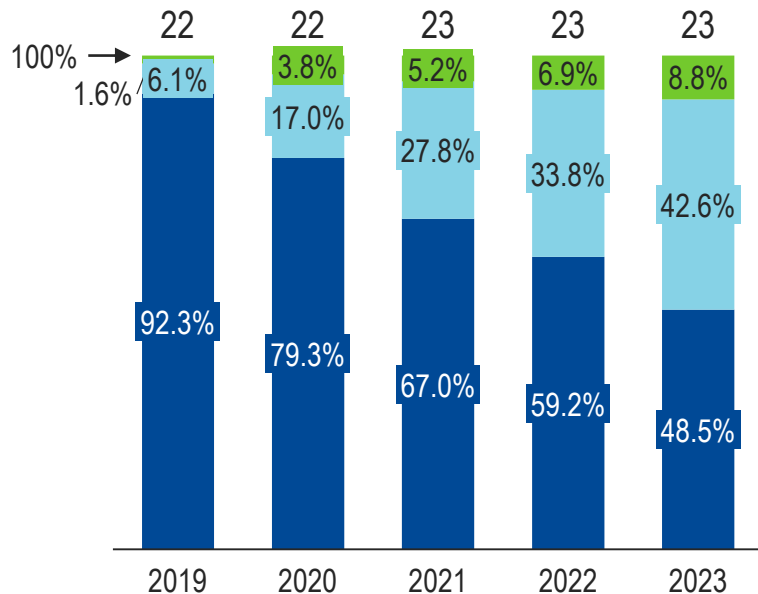


Source: IHS

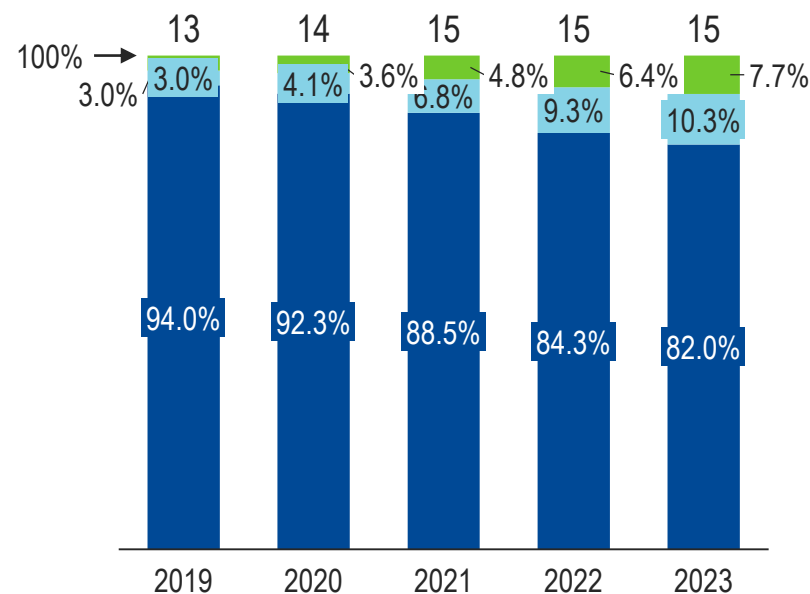
RELEVANT TRENDS

Trend for electrified powertrains but regional differences

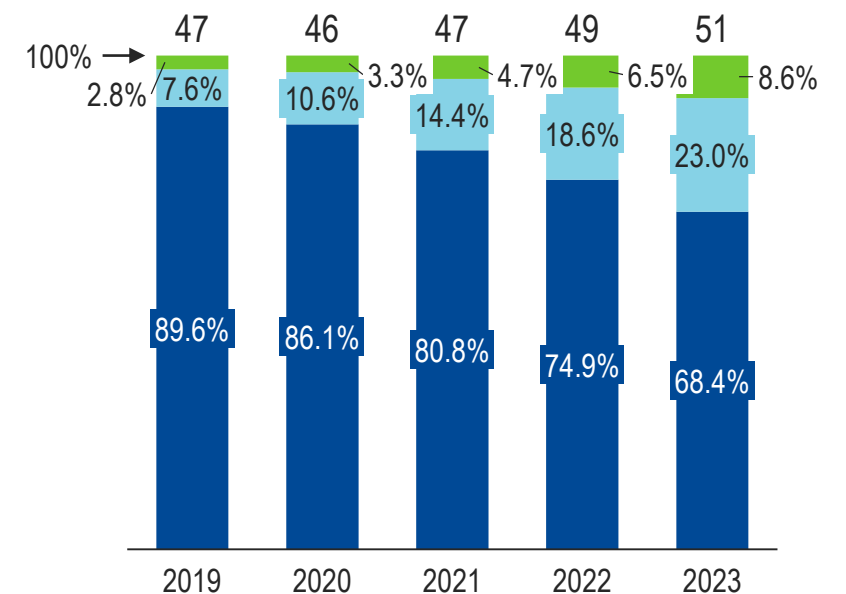
Number of vehicles produced up to 3.5 t total weight, Europe



Number of vehicles produced up to 3.5 t total weight, North America



Number of vehicles produced up to 3.5 t total weight, Asia

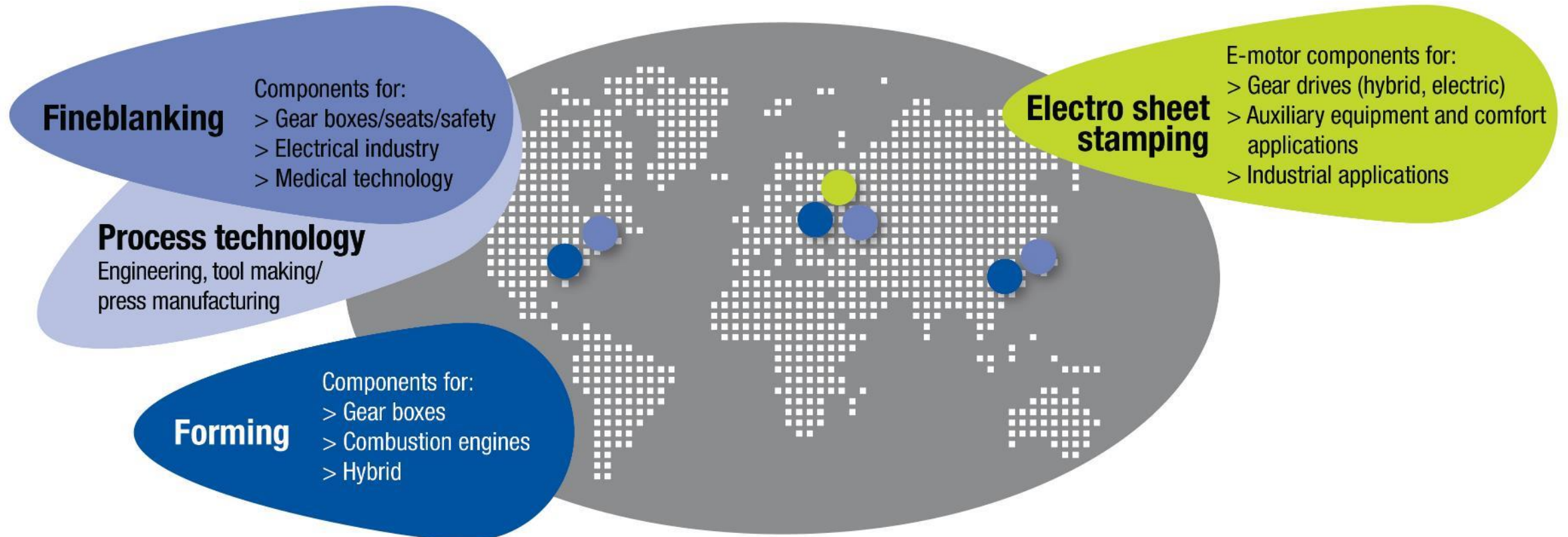


■ Internal combustion engine (gasoline, diesel, natural gas)
 ■ Hybrid (mild, full, range extender, plug-in)
 ■ Pure electric drive system (battery, fuel cells)

Source: IHS

FEINTOOL KOMPETENZEN

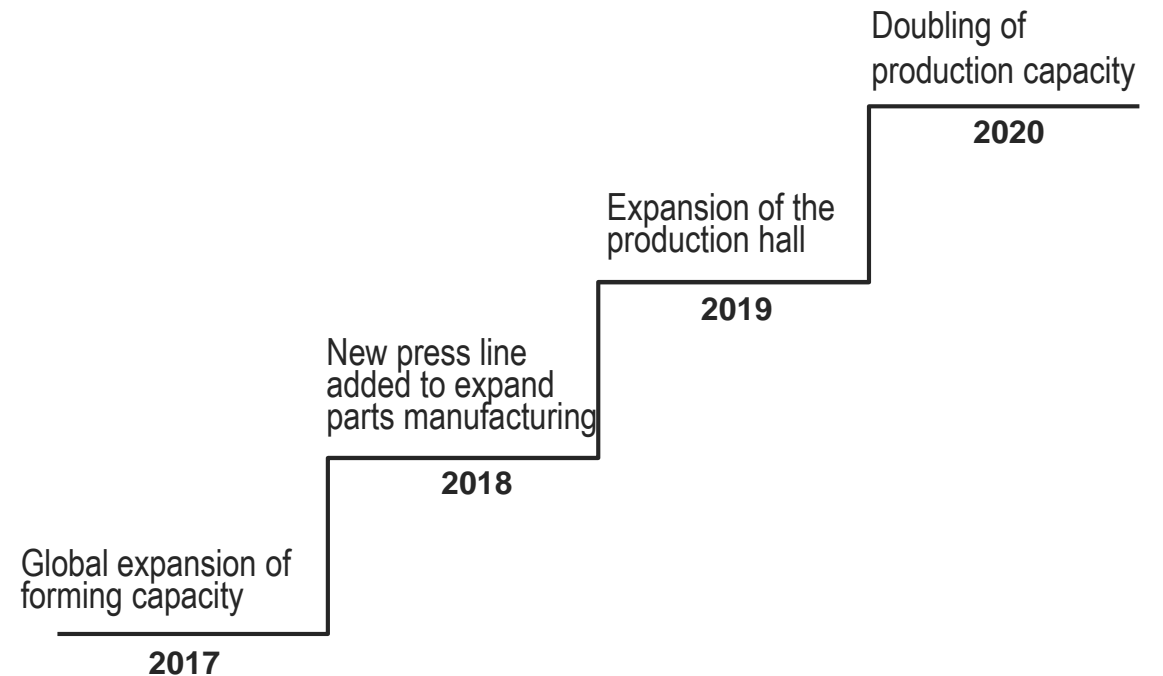
We process steel sheets and are partners for high precision and high-volume orders



HIGHLIGHTS

Forming capacities in China expanded for nominations received

- ▶ Tianjin plant: Specialization in complex formed parts
- ▶ High throughput at the plant thanks to new nominations
- ▶ Another press line added to expand parts manufacturing
- ▶ Production capacities are planned to be doubled in the current year



HIGHLIGHTS

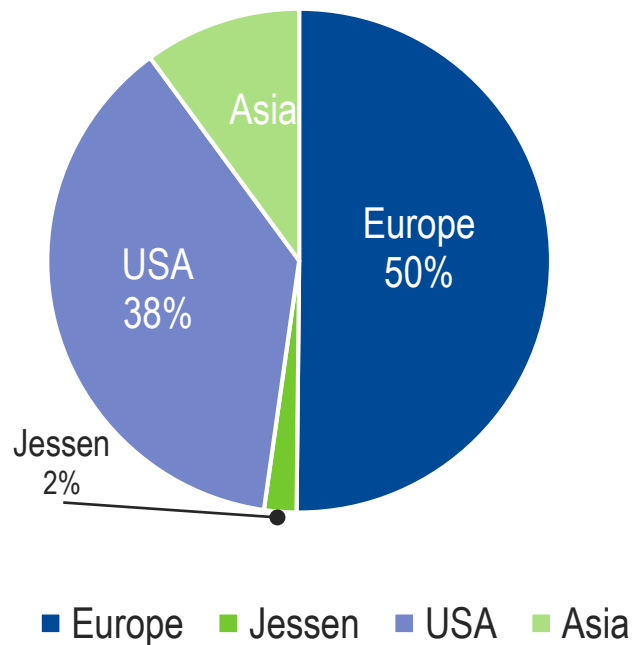
Expansion of Tianjin production plant



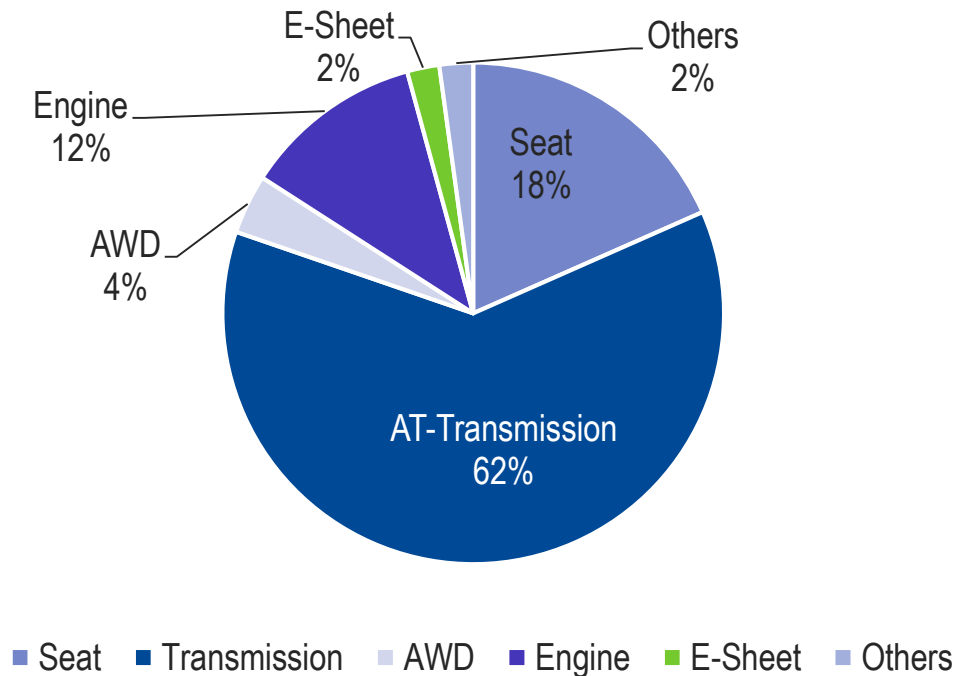
HIGHLIGHTS

2019 nominations by region

CHF 60 million acquired annual sales



2019 nominations by application



HIGHLIGHTS

Initial success with rotors and stators

- ▶ Preproduction order received from a European OEM for in-tool lamination core stack components for automotive main drives
- ▶ Prototype orders received from several OEMs
- ▶ Due to high demand for electrolamination stamping components in the growth market of China, Feintool pushed ahead with the rollout of this technology at its Taicang plant
- ▶ New production lines ready for operation in 2020



HIGHLIGHTS

New FB one press generation undergoing field tests

- ▶ First FB one handed over to production plant in Lyss in the fall of 2019
- ▶ Test results confirm expectations of the new press
- ▶ First external customer supplied, further customer projects currently scheduled for delivery
- ▶ Complete series of sizes from 4 000 kN to 11 000 kN available from our Press Competence Center in Jona



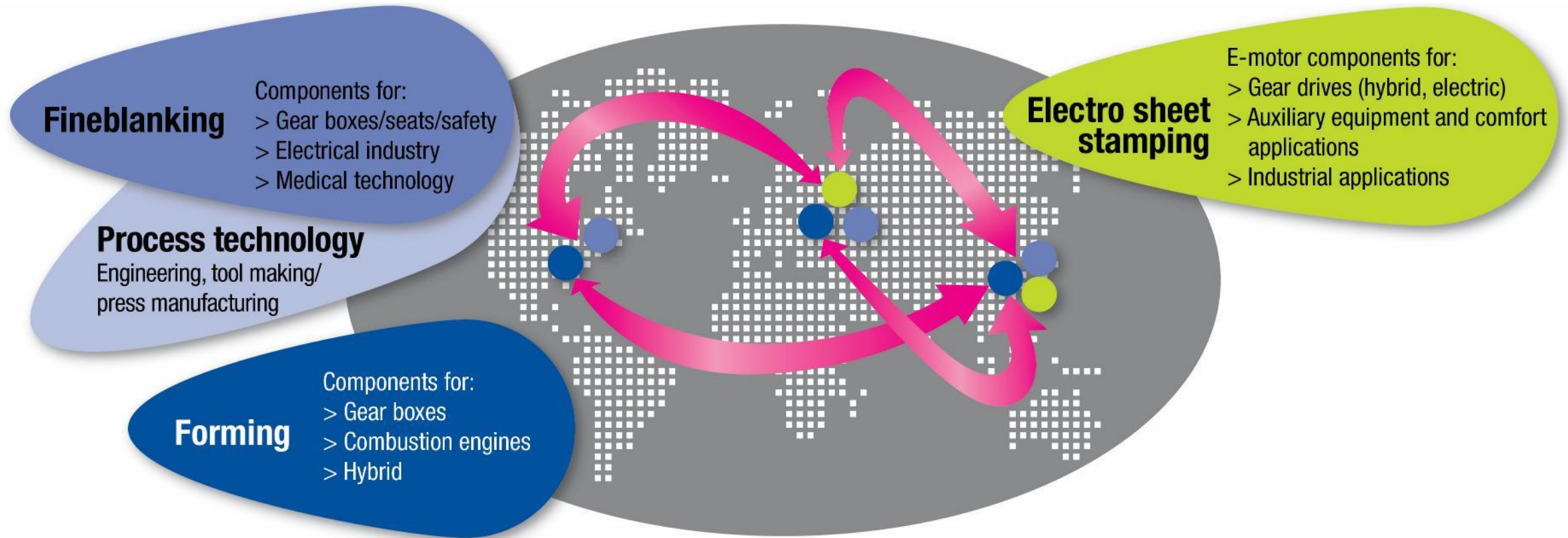
HIGHLIGHTS

Start of field operation of the first FB one fineblanking press at the Lyss production plant



EMPLOYEES

International exchange of knowledge to strengthen individual plants





Financial Results

INITIAL REMARK

Acquisitions are part of growth strategy

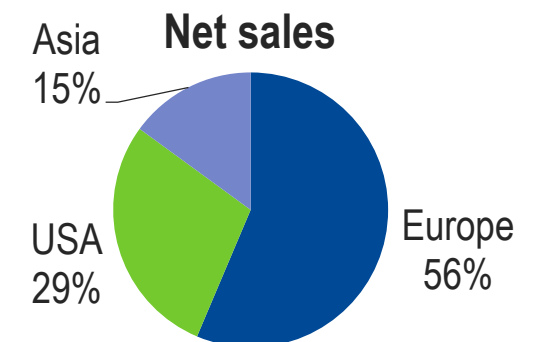
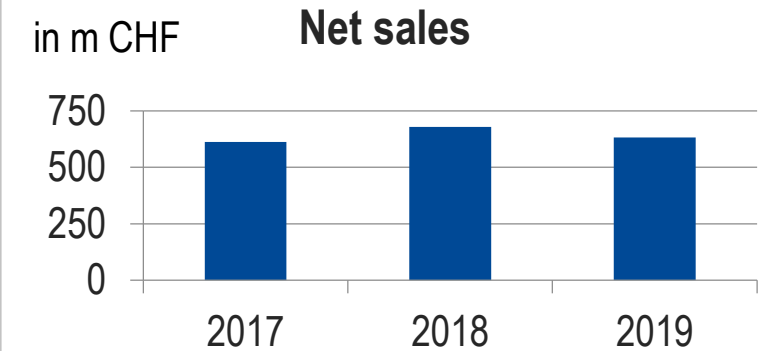
- ▶ On 31 July 2018, Feintool acquired Stanzwerk Jessen GmbH (subsequently renamed: Feintool System Parts Jessen GmbH) as basis for the new business unit «electrical metal sheet stamping»
- ▶ In 2019 Feintool System Parts Jessen GmbH reached sales of CHF 37.2 m and an EBIT of CHF 2.2 m
- ▶ The acquisition effect for the first 7 months amounted to CHF 22.9 m in sales and CHF 1.5 m in EBIT



SALES

Market uncertainties cause a 6.9% sales drop

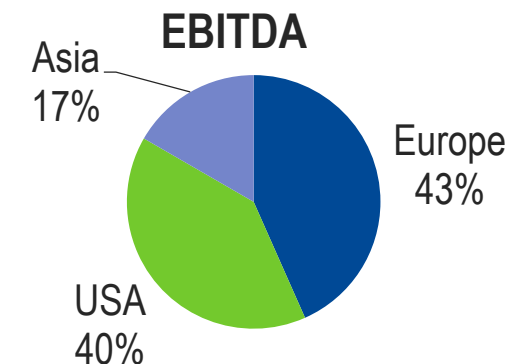
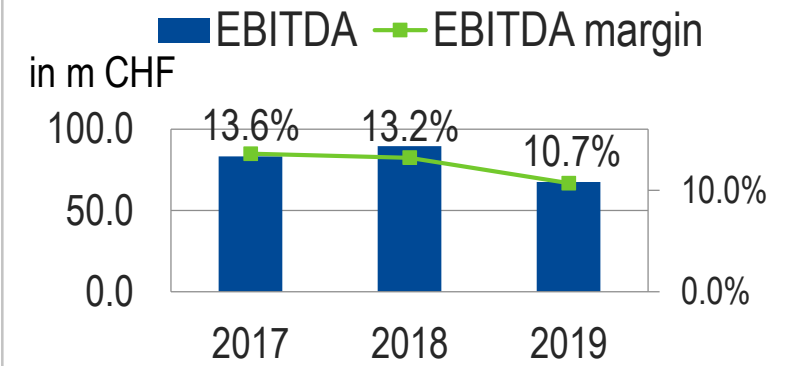
- ▶ Sales of CHF 632.7 m
- ▶ Currency effects impact sales by 1.1 percentage points; acquisition effect Jessen increases sales by 3.4 percentage points; the organic sales decline in local currency is therefore 9.2%
- ▶ The parts business comprises 90.1% and the capital goods business 9.9% of third-party sales
- ▶ Europe remains the most important region with 56.4% of sales; America contributes 28.6%, Asia 15.0%. Missing press and tool sales are causing the Asian decline



EBITDA

EBITDA drops 24.6% as a result of lower sales

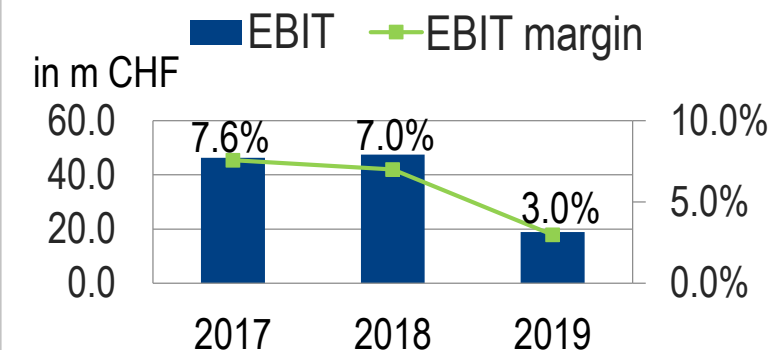
- ▶ EBITDA totaled CHF 67.7 m
- ▶ EBITDA margin drops to 10.7%
- ▶ Sales drop in the capital goods segment impact the result heavily
- ▶ In the parts area, start-up costs for many new products have an additional impact at certain European and Chinese locations



EBIT

EBIT margin drops to 3.0%

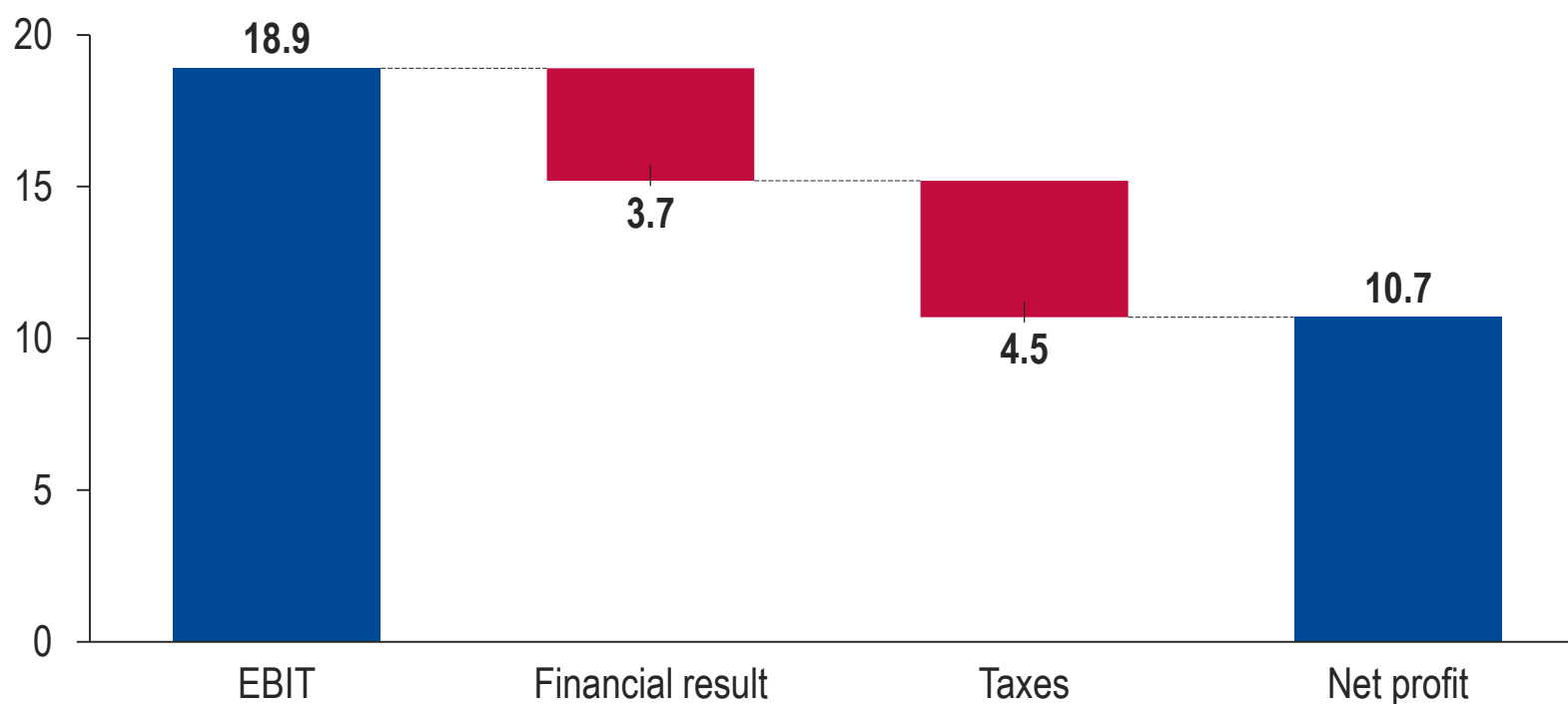
- ▶ EBIT drops to CHF 18.9 m
- ▶ Sales decline in both segments impact earnings due to underutilization significantly
- ▶ Cost adjustments to current capacity needs were delayed due to high volatility
- ▶ Depreciation has a disproportionate impact
- ▶ Investments in research and development stayed unchanged at CHF 4.4 m



RESULT

Net profit drops to CHF 10.7 m

in Mio. CHF

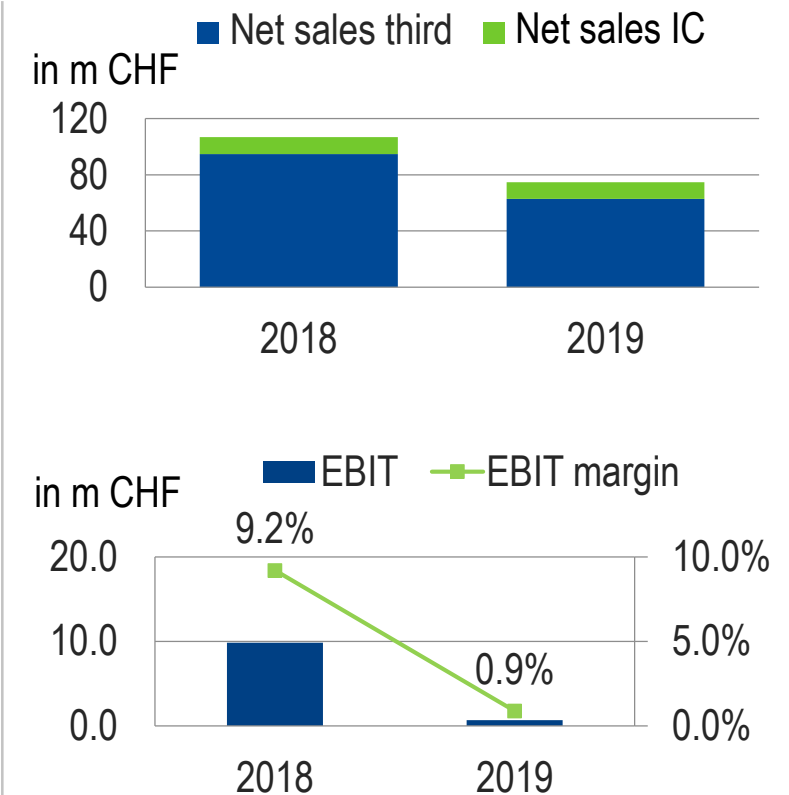


- ▶ Financial costs were similar to previous year
- ▶ Taxes decrease due to the profit decline; tax rate has slightly improved to 29.9%
- ▶ Net profit margin of 1.7%
- ▶ Proposed dividend totaling CHF 1.00 per share (gross)

FINEBLANKING TECHNOLOGY

Sales dropped to CHF 74.7 m

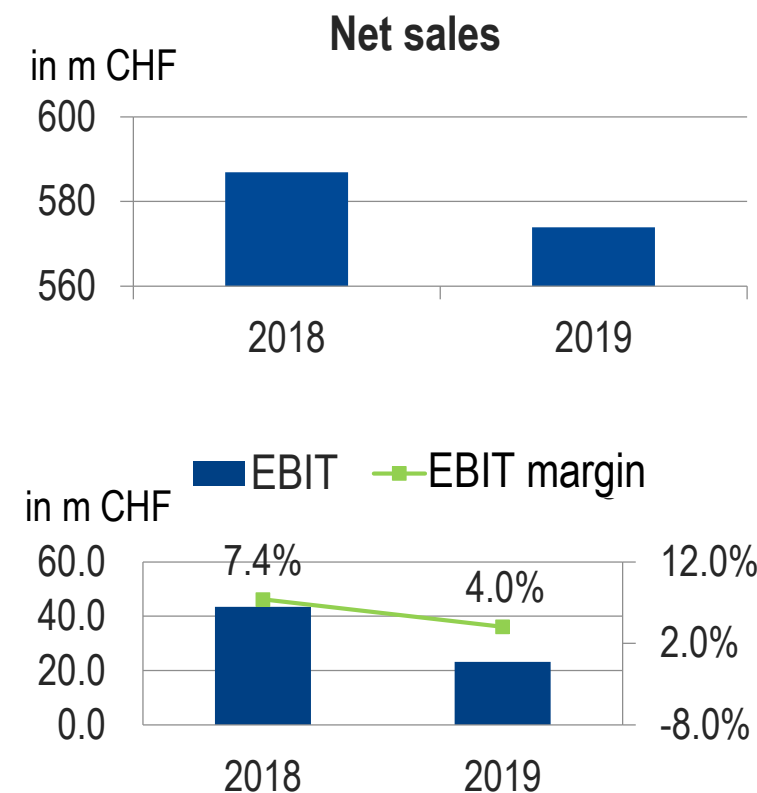
- ▶ EBIT slightly positive at CHF 0.7 m or 0.9% EBIT margin
- ▶ Research and Development expenditure unchanged at CHF 4.4 m as an investment in the future
- ▶ Order intake drops significantly to CHF 60.7 m
- ▶ Order backlog of CHF 23.0 m does not fully secure capacity utilization for the production sites
- ▶ System Parts segment remains largest customer, share rises to 17%



SYSTEM PARTS

Sales decline significantly less than the market

- ▶ Sales fell by 2.2% to CHF 573.9 m, with CHF 22.9 m coming from the acquisition; organically, the decrease in local currency was 4.9%
- ▶ EBIT falls to CHF 23.2 m, EBIT margin to 4.0%
- ▶ Falling sales and operational challenges at certain locations had a significant impact on earnings
- ▶ Preparation and training costs for many new products in Europe and China are impacting the operating result
- ▶ The parts business in China is growing rapidly and for the first time it is the most important market in Asia for Feintool



BALANCE SHEET

Balance sheet total unchanged at CHF 706.3 m

Assets	31.12.2019 in Mio. CHF	31.12.2018 in Mio. CHF	Differenz in Mio. CHF
Cash and cash equivalents	43.5	30.9	12.6
Trade and other receivables	85.0	101.0	-16.0
Inventories / Net assets of production i.p.	94.1	99.8	-5.7
Prepaid expenses and accrued income / Other	10.5	7.1	3.4
Total current assets	233.1	238.8	-5.7
Property plant & equipment	357.9	347.0	10.9
Other fixed assets	115.3	119.5	-4.2
Total non-current assets	473.2	466.5	6.7
Total assets	706.3	705.3	1.0

- ▶ Current assets decrease by 2.3% to CHF 233.1 m
- ▶ Fixed assets increased by CHF 6.6 m to CHF 473.1 m, whereby the first application of IFRS 16 alone caused CHF 11.6 m

BALANCE SHEET

Healthy balance sheet even in a difficult environment

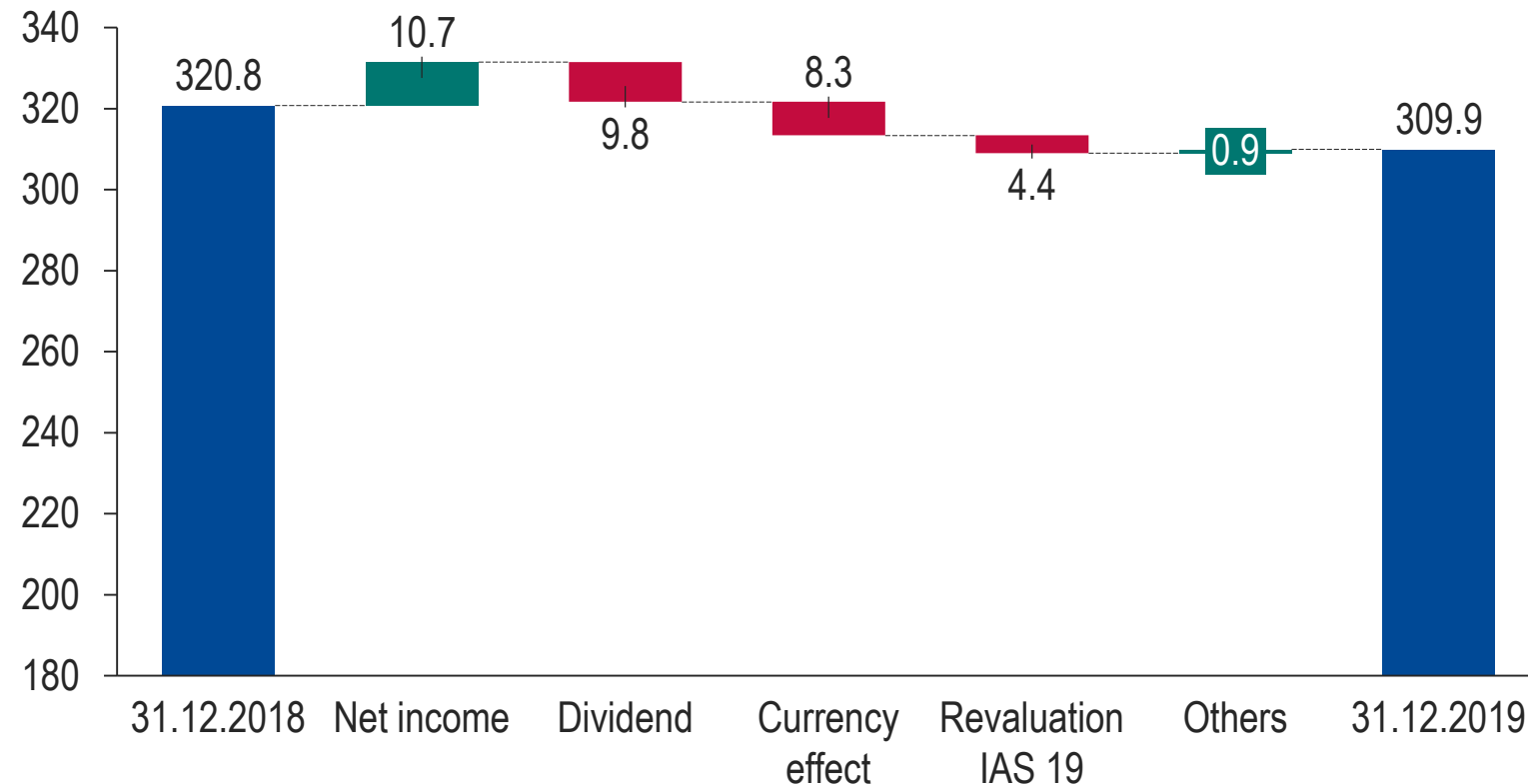
Liabilities	31.12.2019 in Mio. CHF	31.12.2018 in Mio. CHF	Differenz in Mio. CHF
Interest bearing liabilities	184.2	178.7	5.5
Other liabilities	212.2	205.8	6.4
Shareholder equity	309.9	320.8	-10.9
Total liabilities and shareholders' equity	706.3	705.3	1.0
Equity ratio	43.9%	45.5%	-1.6%
Net debt	140.8	147.9	-7.1

- ▶ Equity of CHF 309.9 m or 43.9%
- ▶ Thanks to improved net working capital and the introduction of an ABS program, net debt declined to CHF 140.8 m
- ▶ CHF 89.0 m available liquid funds or confirmed bank lines

EQUITY

High equity-ratio of 43.9%

in Mio. CHF

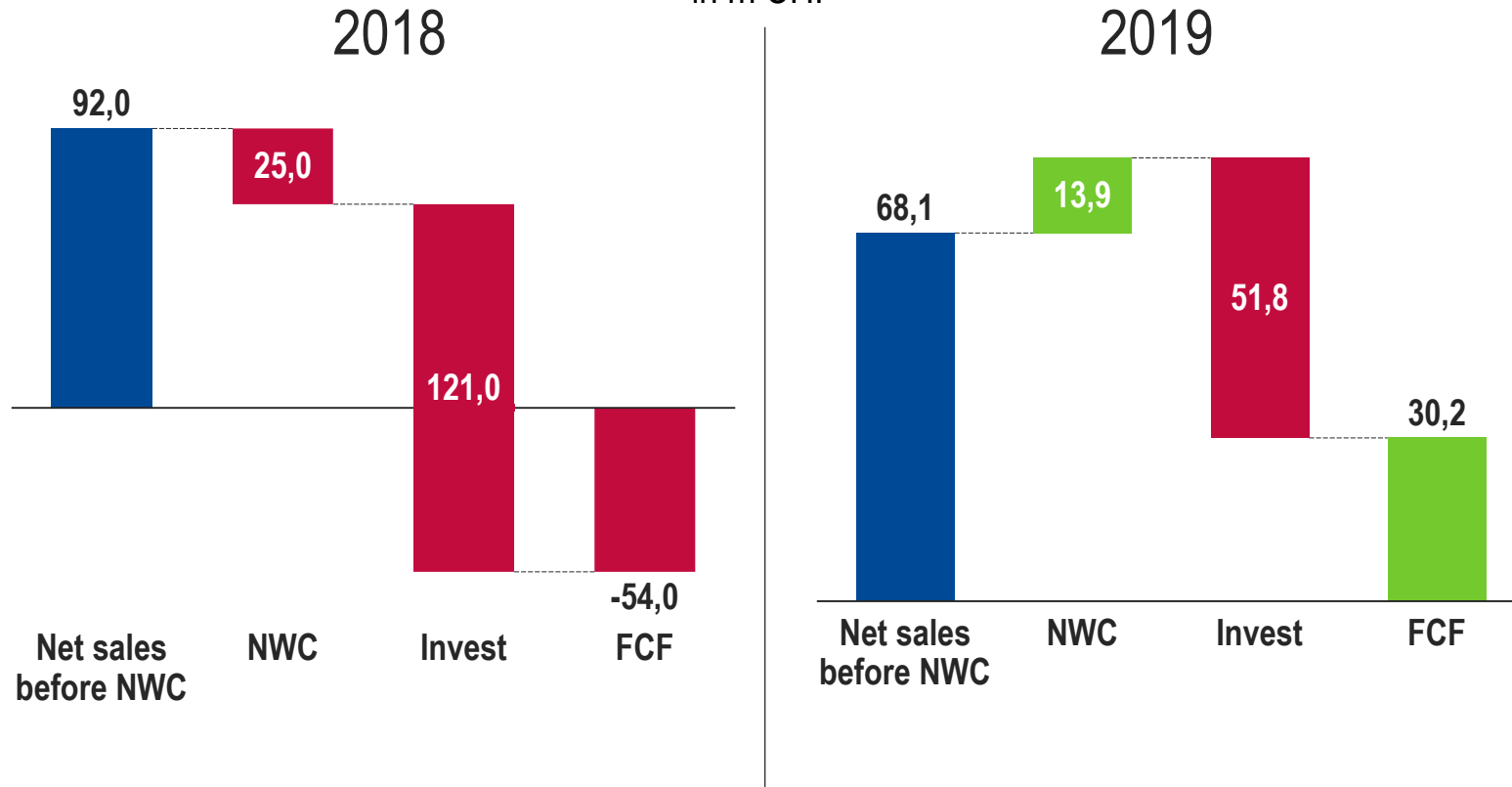


- ▶ Equity is reduced by CHF 10.9 m to CHF 309.9 m
- ▶ Currency differences and revaluation of pension funds obligations are the main reason for the decrease
- ▶ Operating earnings and dividend payments were offset

CASH FLOW

Cash flow from operating activities increases significantly to CHF 82.0 m

in m CHF



- ▶ Significantly less investment than in previous years
- ▶ This means that the operating business generates more funds than was needed for investments
- ▶ New ABS financing program helps to improve net working capital
- ▶ Cash and cash equivalents and available confirmed credit lines of CHF 89.0 m



Outlook

STRATEGY

Open applications for technology solutions

- ▶ Expand the limits of fineblanking, forming, and electrolamination stamping technologies for solutions of tomorrow as a company driving innovation
- ▶ Follow customers into new markets in line with the concept of a strong, long-term regional presence
- ▶ Ensure the group operates highly efficient plants in every relevant market
- ▶ Invest in adjacent processes and expand the value chain
- ▶ Accompanying the trends of change in the automotive industry with our know-how
- ▶ Achieve a strong position in the production of rotor and stator packages for electric motors of all sizes and applications
- ▶ Expand global market leadership in the automotive sector for seat mechanisms and transmission components

OUTLOOK

Key projects

Market position

- ▶ Increase content per vehicle
- ▶ Expand activities in the field of electric drives and hybrids

Innovations

- ▶ Ramp up activities in fuel cells/bipolar plates

Organization/efficiency

- ▶ Cash flow optimization and reduction in capital expenditures where appropriate
- ▶ Continue standardizing processes across the Group
- ▶ Increase in productivity & personnel adjustments to use capacity optimally

NEW BOARD MEMBERS

Dr.-Ing. Marcus Bollig

- ▶ Born in Germany in 1967
- ▶ Degree in mechanical engineering
- ▶ Joined BMW AG in 1998 in the field of drive development
- ▶ Active in the development of four-cylinder engines from 1998 to 2011
- ▶ Senior department head on the New Technologies Electrification project starting in 2011, later Efficient Dynamics, followed by Complete Vehicle Research
- ▶ Senior department head Transmission/Drivetrain since 2019



NEW BOARD MEMBERS

Christian Mäder

- ▶ Born in Switzerland in 1969
- ▶ Certified expert in accounting and controlling
- ▶ Initially held positions in management and finance at companies like KPMG and the Colenco Group (Motor-Columbus Group)
- ▶ Served in various finance and management roles at the Swisslog Group from 2000 to 2015, CFO and member of the Executive Board from 2005
- ▶ CFO and member of the board of the Artemis Group and chairman of the board of directors of Franke Holding AG since 2015



GUIDANCE

Feintool expects the automotive market to grow over the medium and long term

- ▶ The economic and political uncertainties will continue during the 2020 financial year, yet will have a different impact in different regions, which is why we expect the global market situation to remain complex. We are currently unable to assess the effects of the coronavirus on China and global trade flows. We have seen an encouraging increase in the number of inquiries for future orders in the high-volume parts business in recent months, however, whereas we expect the capital goods business to remain difficult due to the existing uncertainties and the associated reluctance to invest.
- ▶ Feintool expects sales in 2020 to match the previous year's level, but profitability is expected to improve as a result of measures introduced during the reporting year.

AGENDA

Upcoming events

30 April 2020

New date: General Meeting

14 August 2020

2020 half-year report

02 March 2021

Annual Media Conference Financial Year 2020

Expanding Horizons

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Feintool Group
Thank you for your time.

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