Feintool Group

Half-year media conference, 14 August 2020

AGENDA

Welcome, Market Environment	Knut Zimmer
Review	Knut Zimmer
Sustainability	Knut Zimmer
Financial Results	Thomas Bögli
Outlook	Knut Zimmer
Questions and Answers	All

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EXPANDING HORIZONS

Market Environment

MARKET ENVIRONMENT

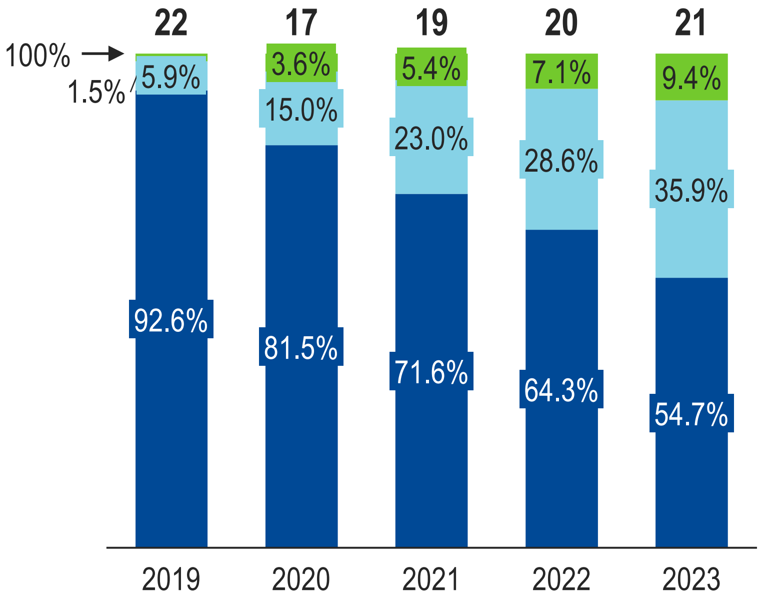
Uncertainties due to COVID-19 crisis

- Governments of the most important automotive markets in Asia, the US and Europe caused temporary production interruption at our customers by imposing lockdowns
- At the same time, sales are slumping, and the automotive market will, according to IHS, shrink by 27 percent compared to 2018
- The COVID-19 crisis seems to have bottomed out, but we do not expect to reach a similar level as before the crisis in the near future

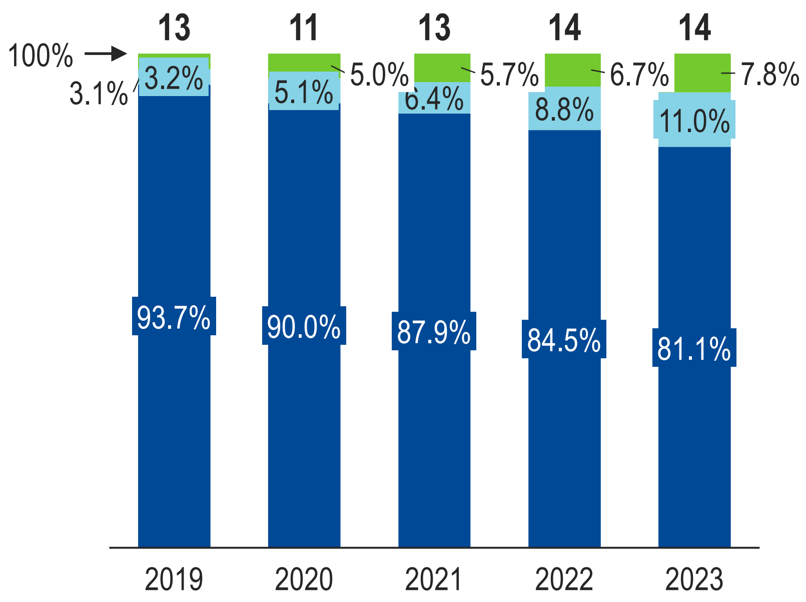
RELEVANT TRENDS

Trend toward electrified powertrains, but regional differences

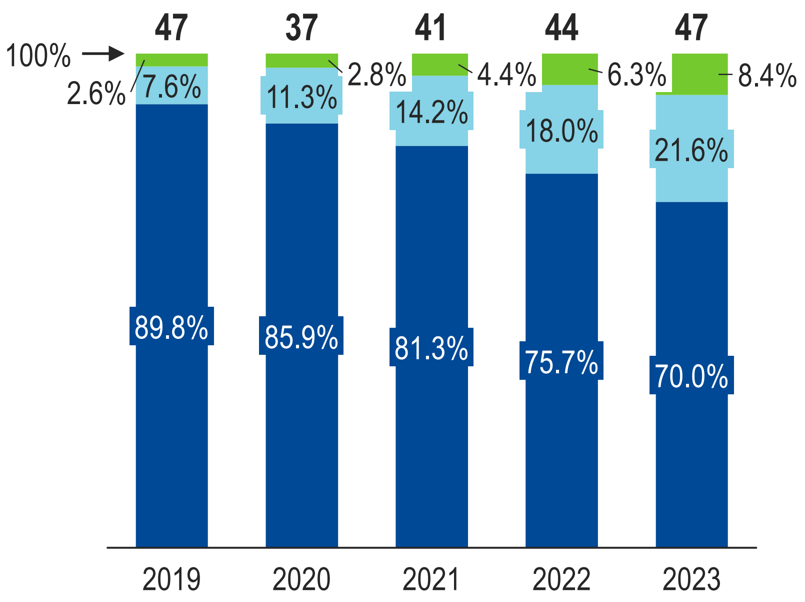
Number of vehicles produced up to 3.5 t total weight, in m, Europe



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



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



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

Source: IHS

Review

SEGMENT SYSTEM PARTS: EUROPE

First positive signs - uncertainties remain

- Lockdown gradually eased in all European countries
- After the production stop on 23 March, car manufacturers and major suppliers have restarted to ramp up production since June
- Since market demand is still partly covered by inventories, the ramp-up is proceeding slowly and varies from one manufacturer to another. The supply chain in Europe is stable

SEGMENT SYSTEM PARTS: US

Restart of production despite high infection rates in the country

- All the major car manufacturers initially closed their plants, as a result of which Feintool US had to reduce production to the essential work
- In the meantime, production has been restarted at our customers. The production is running on a reduced basis
- April and May were modest for Feintool US in terms of sales, but since June there has been a ramp-up

SEGMENT SYSTEM PARTS: ASIA

China recovers steadily, Japan much later

- Both Chinese plants are running more or less normally again after closing in February
- The Chinese market was significantly burdened by COVID-19, but Feintool was able to partially compensate this with new product launches
- In Japan, both the car manufacturers and the suppliers were able to produce continuously. A massive slump in exports, particularly in the 2nd quarter, had a negative impact on production

SEGMENT FINEBLANKING TECHNOLOGY

Capital goods and service business slumped, hardly any positive signs so far

- Due to the general economic situation, the demand for presses and tools has slumped massively. Due to travel restrictions/prohibitions and internal customer guidelines, the service business has also declined massively
- The very diminished demand is likely to continue throughout 2020. First orders from China and Europe have been booked. However, customers' reluctance to invest in capital goods remains

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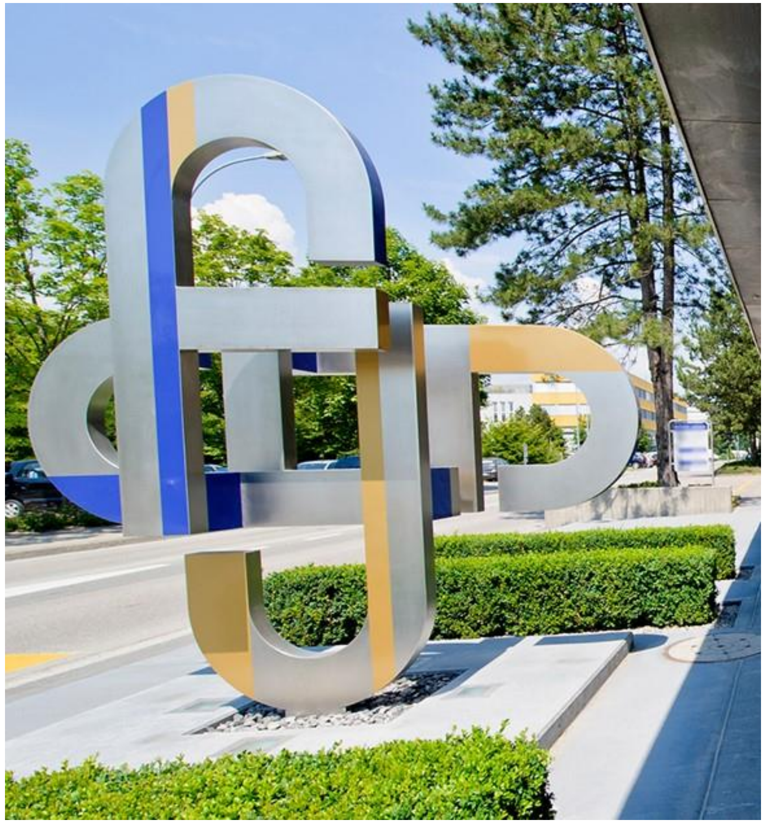
MEASURES

Headcount adjusted to the order situation

Differently implemented depending on region and country

- Europe: All plants and departments have been working short-time since April, with reductions in headcount as required
- US: In accordance with local labor market regulations, a large part of the workforce was laid off. In the meantime – due to the recovered order situation – the major part returned to work
- China: headcount will increase slightly due to new projects being launched
- Japan: market stagnates, resulting in a slight reduction in the number of employees



MEASURES

Expenses reduced due to the market situation

- Selected investments were stopped or postponed to a later date
- Free capacities were used by insourcing manufacturing processes
- Displaceable repairs were not carried out
- Payment terms with suppliers were partially optimized
- Inventories of raw materials and products were adapted, which led to liquidity relief
- Sharp cost management in all plants without jeopardizing delivery capability

Sustainability

SUSTAINABILITY REPORT 2019

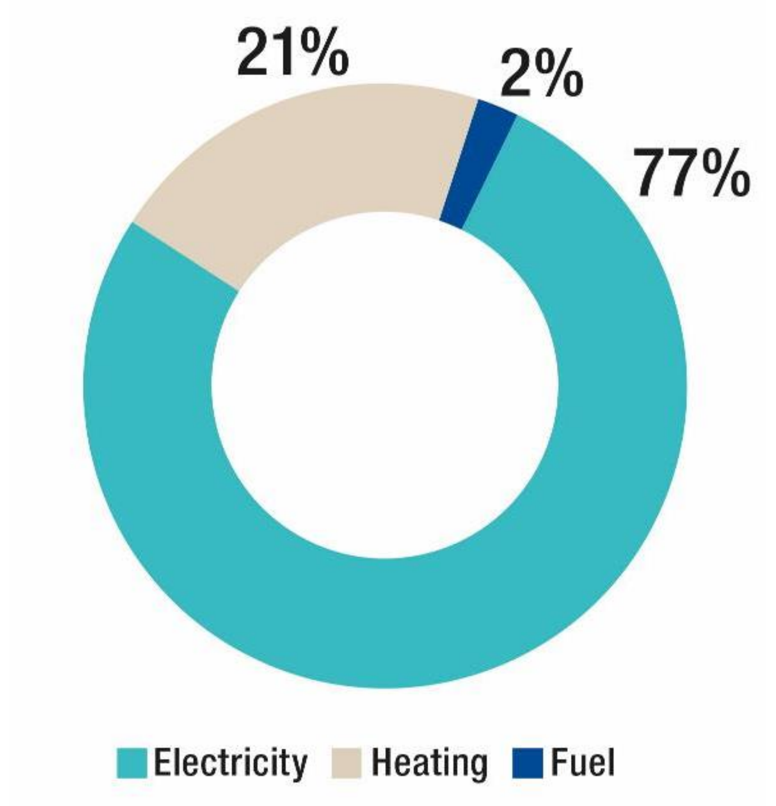
Remaining successful on the market in the long term

- Communicate the performance in the areas of economy, ecology and social affairs transparently and make them globally comparable
- Target: Conservation of natural resources, offering healthy and fair working conditions and cost-efficient management with sustainable products
- Complies with GRI standards

SUSTAINABILITY: FACTS AND FIGURES

Energy balance characterized by the use of our technologies

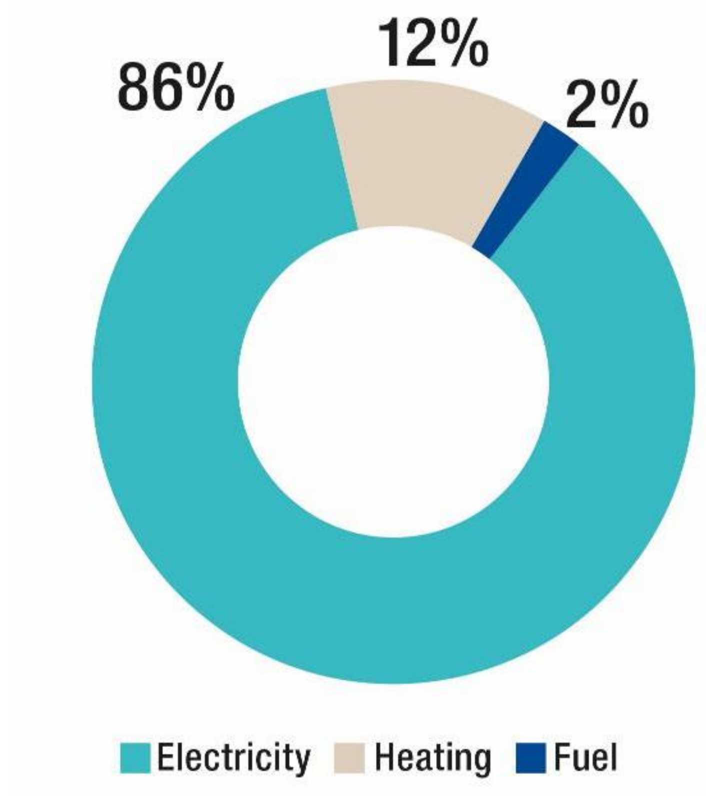
- Energy consumption in 2019 at 133,603 MWh
- 77% of this is due to electricity purchases, followed by fuels and district heating
- Ongoing implementation of measures to increase energy efficiency
  - Optimization in the fields of building services engineering (e.g. air conditioning and lighting) and technical processes (e.g. modernization of machines, adjustments to compressed air supply and distribution)



SUSTAINABILITY: FACTS AND FIGURES

Reduction of 540 tons of CO2 emissions through targeted measures

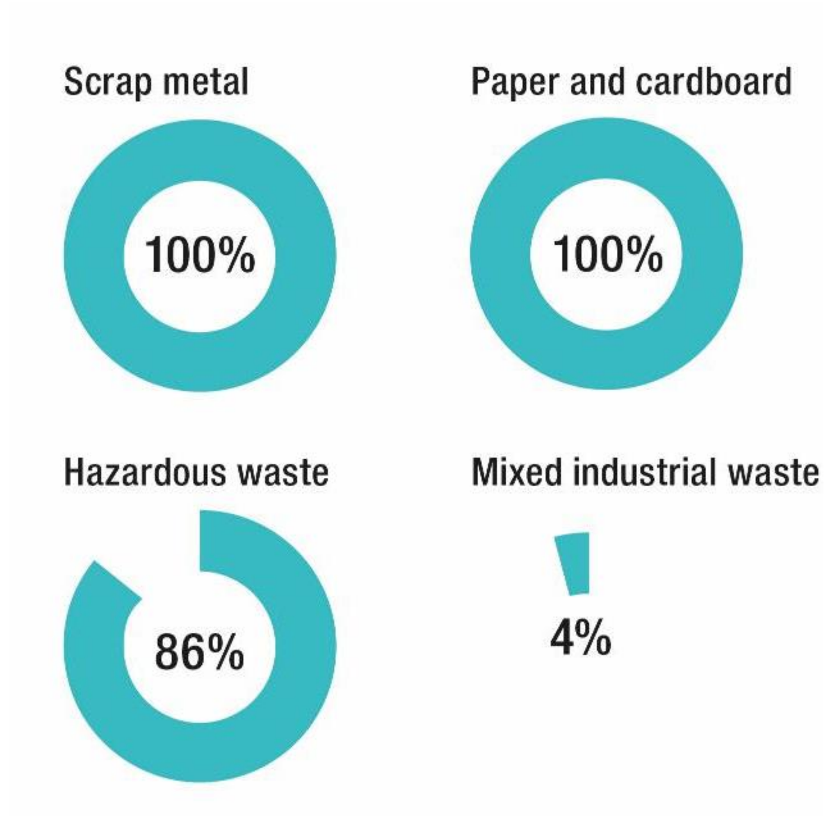
- Greenhouse gas emissions amounted to 48'000 tons of CO2 equivalent (tCO2e)
- 86% through electricity consumption, followed by consumption of fuel, combustibles and district heating
- Energy savings of 1,000 MWh led to a reduction in greenhouse gas emissions of 540 tCO2e



SUSTAINABILITY: FACTS AND FIGURES

Recycling: 98% recovery

- Various types of waste, scrap metal has the largest share
- Feintool recycles 100% of metal production waste as well as paper and cardboard waste
- The recycling rate for hazardous waste is also high at 86%



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SUSTAINABILITY: FACTS AND FIGURES

Feintool promotes diversity and demands mutual respect

	Total	Male	Female
By region	**2 481**	**2 067**	**414**
Europe	1 676	1 397	279
USA	456	383	73
Asia	349	287	62
By employment contract	**2 481**	**2 067**	**414**
Permanent	2 328	1 955	373
Temporary	153	112	41
By type of employment	**2 481**	**2 067**	**414**
Full-time	2 332	1 998	334
Part-time	149	69	80

- We offer a corporate culture for talents - regardless of age, gender, origin and ideological orientation
- Around one-sixth of the staff are women, with varying regional variations

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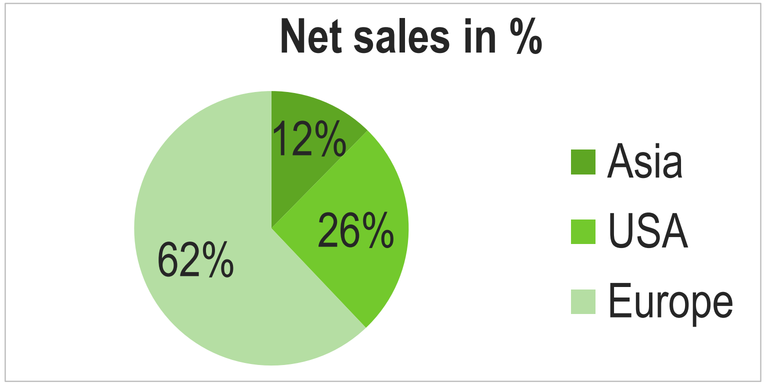
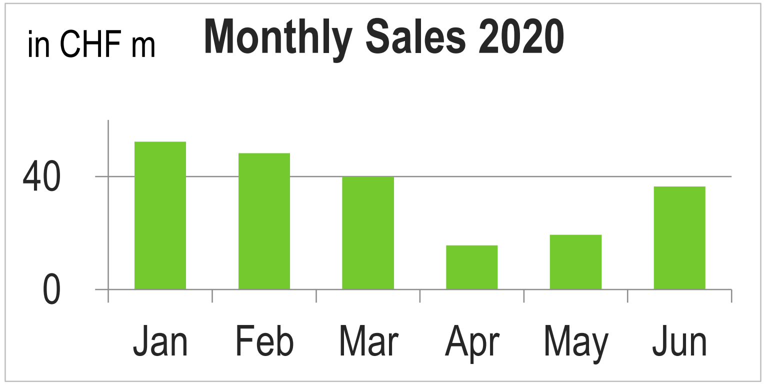
Financial Results
First Half-year 2020

SALES

Sales sank by one third to CHF 212.3 m in local currency

- January/February sales only slightly lower than in prior year
- Since March, due to COVID-19 pandemic, sales figures were substantially lower than in previous year; April –70% on group level, -88% in the US
- Capital goods segment is more affected; therewith parts business amounted to 91,8% of total sales to third parties
- All regions show lower sales, but to a different extent
  - Europe -36%
  - US -41%
  - Asia -27%

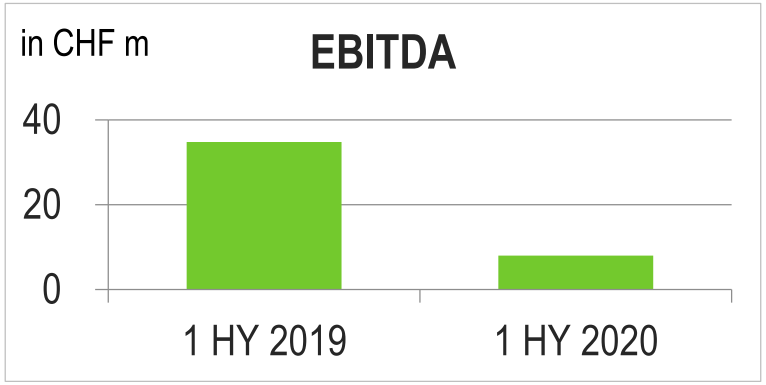




EBITDA

EBITDA-margin sank to 3.8%

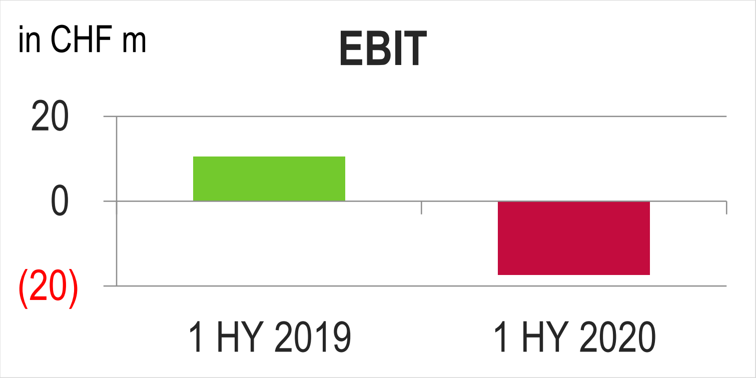
- EBITDA sank by three quarters to CHF 8.0 m
- Cost savings were underproportional in some (mainly indirect) fields; in most areas with four to six weeks time lag
- High volatility (during fast manufacturing restart) and low capacity utilization caused overproportional costs
- Preparation for start-of-production for new products continued despite COVID-19, mainly in China
- Research and Development activities were only minimally reduced



EBIT

High depreciation influences operational result (EBIT)

- Operational loss amounted to CHF -17.4 m
- Depreciation increased slightly to CHF 25.4 m due to high capital expenditures in prior periods
- Lower sales and EBITDA and higher depreciation caused a disproportionate result reduction
- The manufacturing sites Oelsnitz (GER), Most (CZ) and Tianjin (CN) still have many product starts and therefore caused overproportional costs



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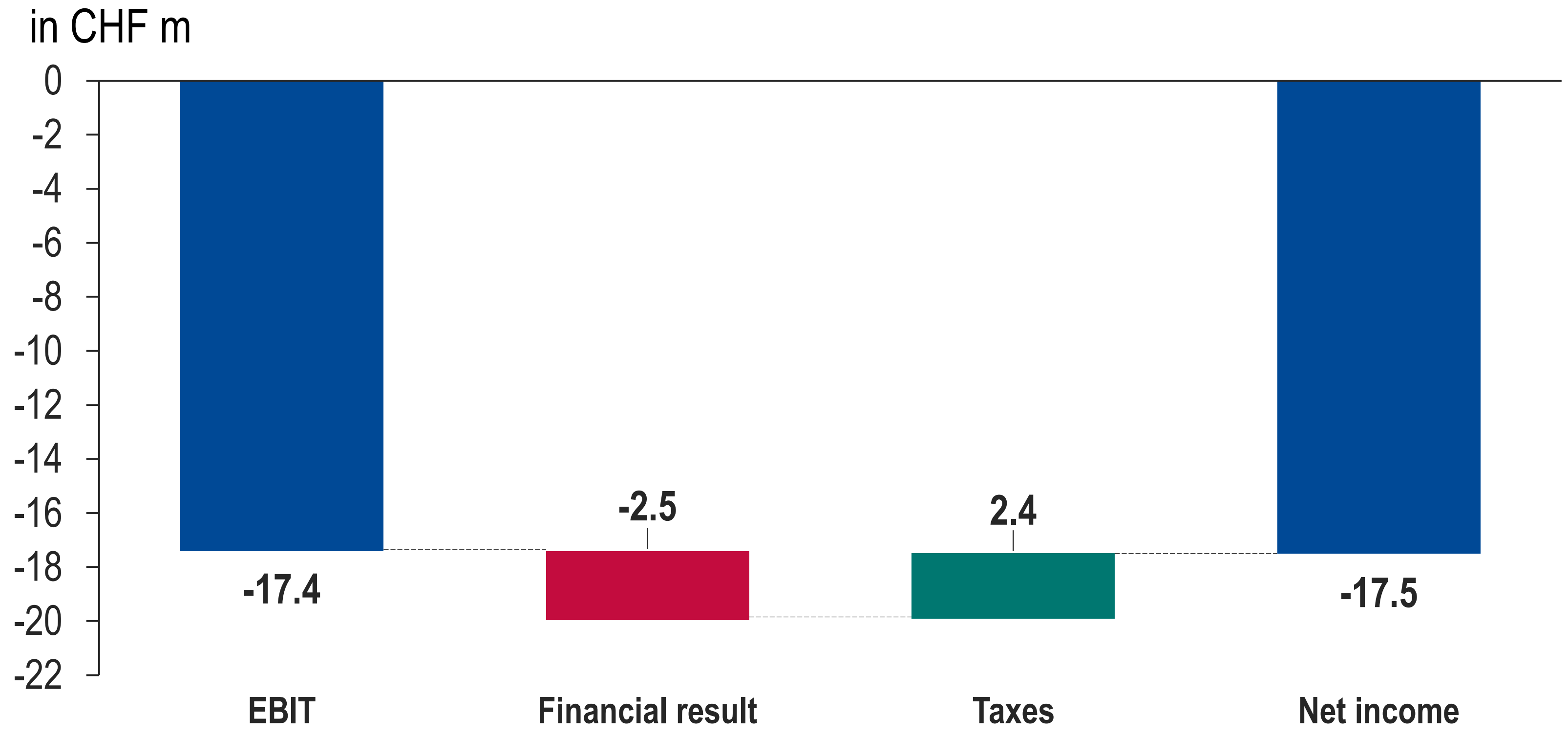
NET RESULT

Substantial net loss on Group level

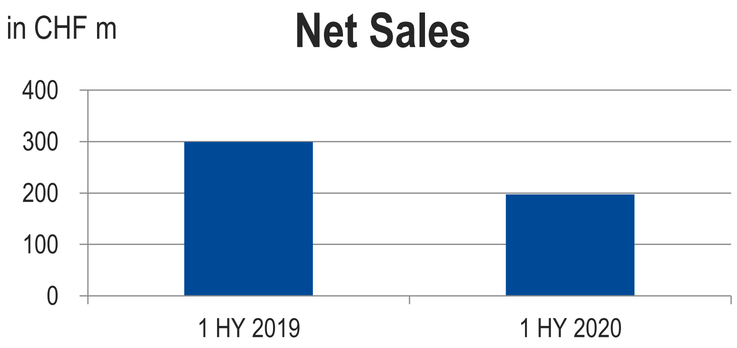


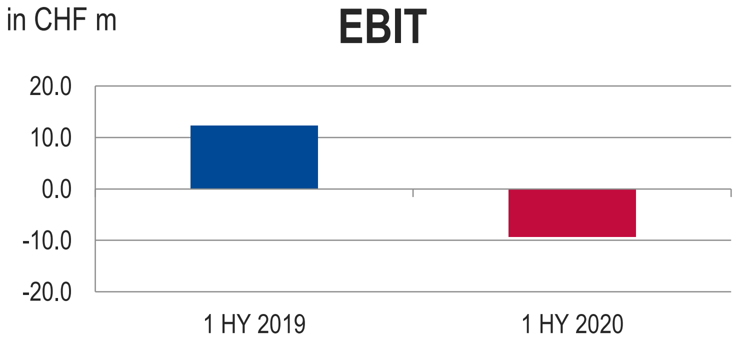
- The negative operating result caused a net loss of -17.5 m
- Financial costs sank to CHF 2.5 m due to lower losses from exchange rate differences
- Positive tax effect due to capitalized losses

SEGMENT SYSTEM PARTS

Decrease in sales by one third

- Sales sank by more than CHF 100 m to CHF 197.5 m
- All regions were heavily affected
  - European sales shrank by 28,5%
  - US sales shrank by 39.9%
  - Asia benefitted from various new product launches within China and therefore sales sank by 18,9% only
- Segment generated an operational loss (EBIT) of CHF 9.3 m
- New product launches in China caused additional costs, independent of the general sales decrease

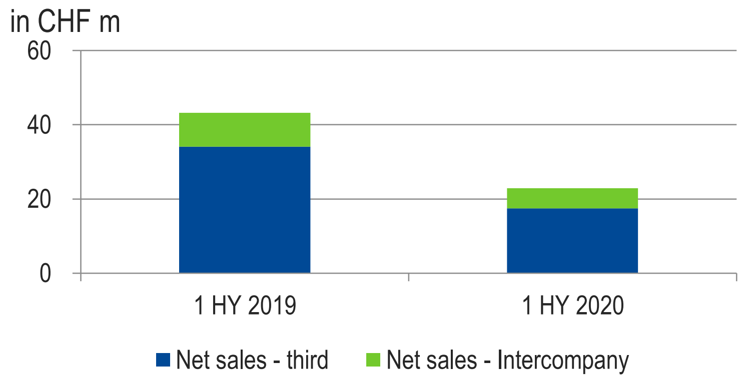


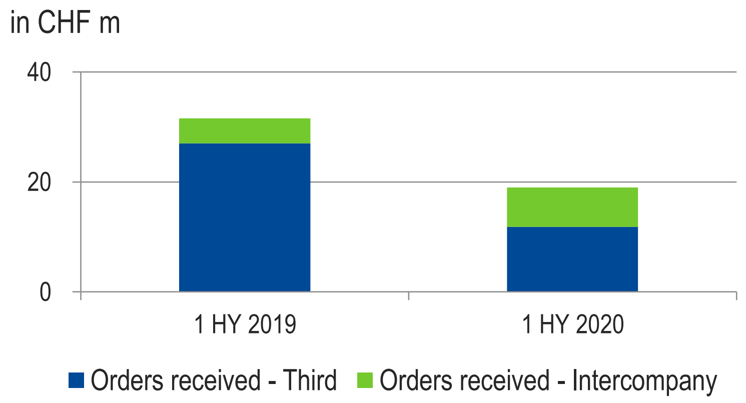


SEGMENT FINEBLANKING TECHNOLOGY

In capital good business, the strong market decline continued

- Sales shrank by 46.8% to CHF 22.9 m in local currency
- Contrary to previous crises, due to travel restrictions not only press and tool sales were affected, but also service and spare parts sales
- Operating result (EBIT) was negative with CHF -3.6 m
- Order income amounted to CHF 19.0 m, 39,9% less than in prior year





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BALANCE SHEET

Total assets sank by 2.9% compared to 31 December 2019

Assets	**30.06.2020 in CHF m**	**31.12.2019 in CHF m**	**Difference in CHF m**
Cash and cash equivalents	62.9	43.5	19.4
Trade and other receivables	65.9	89.4	-23.5
Inventories and net contract assets	87.2	94.1	-6.9
Prepaid expenses and accrued income	9.2	6.1	3.1
Total current assets	225.2	233.1	-8.0
Property, plant and equipment	346.8	357.9	-11.1
Other non-current assets	114.1	115.2	-1.2
Total non-current assets	460.9	473.1	-12.2
Total Assets	686.1	706.3	-20.2

- Total assets sank to CHF 686.1 m
- Substantial reduction of accounts receivable and inventories due to lower business volume
- Fixed assets slightly lower than six months ago

BALANCE SHEET

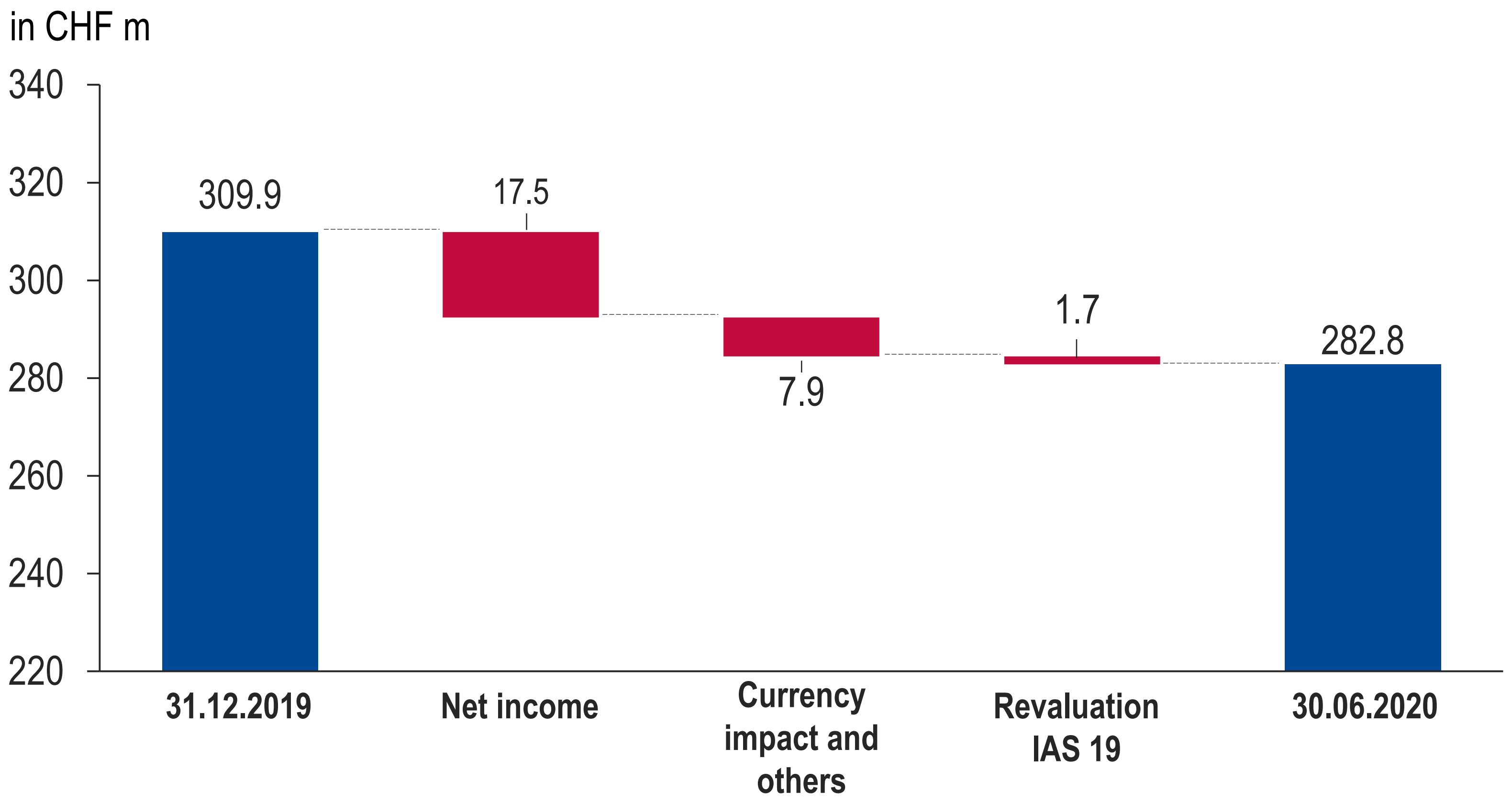
Solid balances sheet, healthy equity

Liabilities	30.06.2020 in CHF m	31.12.2019 in CHF m	Difference in CHF m
Financial liabilities	225.4	184.2	41.1
Other liabilities	177.9	212.2	-34.4
Shareholder's equity	282.8	309.9	-27.1
Total Liabilities	686.1	706.3	-20.2
Equity ratio	41.2%	43.9%	
Net debt	162.5	140.8	21.7

- Equity sank by 8.7% to CHF 282.8 m due to operational loss
- Equity ratio with 41.2% slightly lower than at end of year
- Due to operational loss, high capital expenditures and slightly higher net working capital, net debt increased to CHF 162.5 m

EQUITY

Equity amounts to CHF 282.8 m; Equity ratio with 41.2% solid

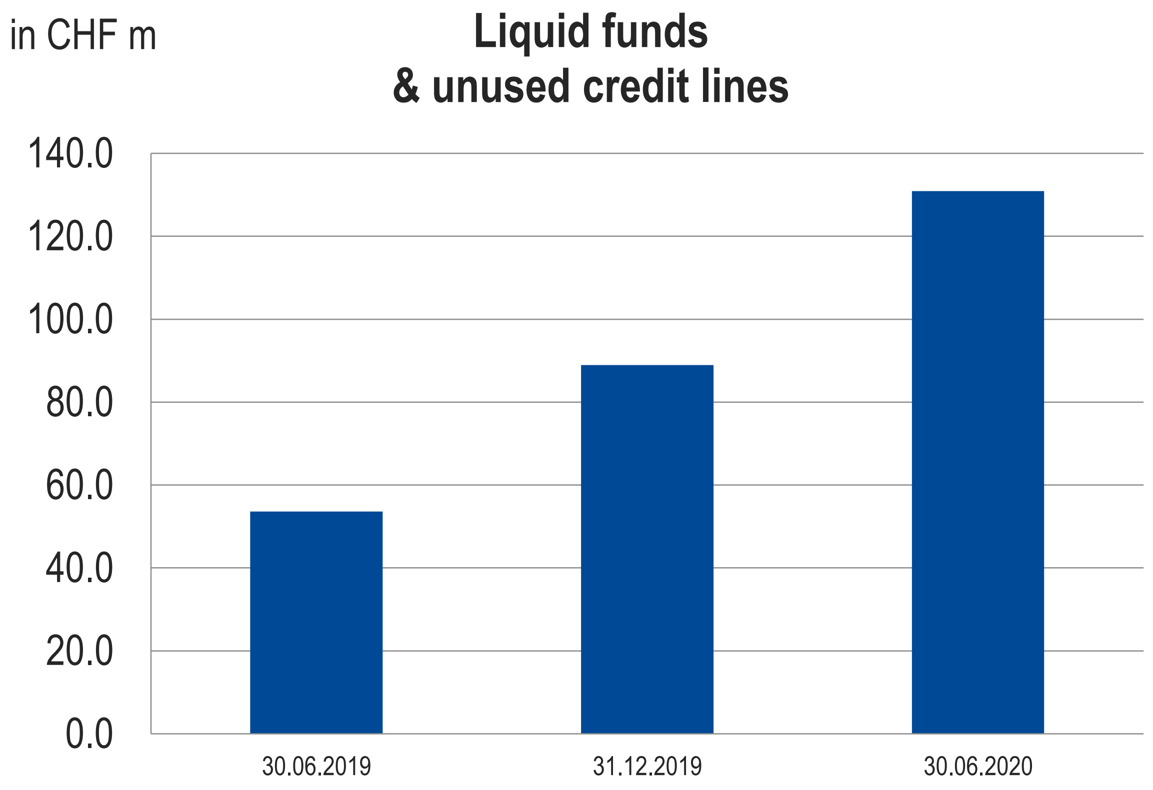


- Net loss of CHF 17.5 m and translational exchange rate losses of CHF 7.9 m have strong negative impact
- Waiver of dividend payment had a positive impact on equity
- Other positions did not have a significant impact

CASH FLOW

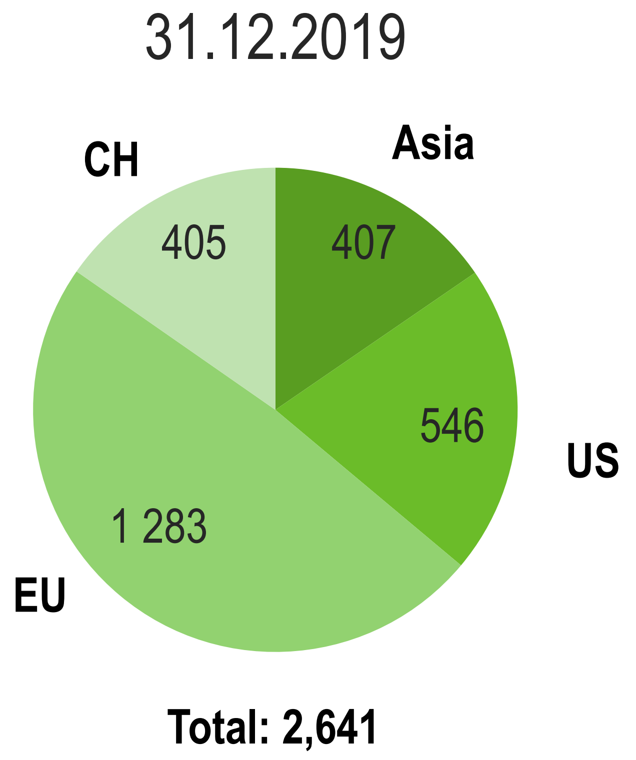
Cash flow lower than in previous year due to operational loss

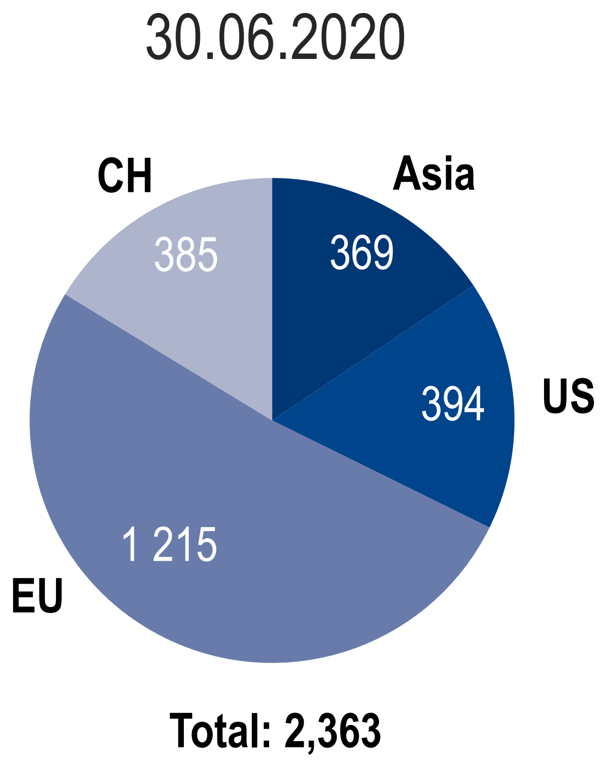
- Operational cash flow with CHF -19.0 m clearly negative
- Cash flow from operations with an amount of CHF 0,4 m is positive, despite high operational loss
- Capital expenditures caused a high cash need with CHF 19.4 m
- Feintool has over CHF 130.9 m in liquid funds and unused credit lines; therewith financial situation is secured



PERSONNEL

Headcount sank due to sales decrease





- 2,363 people work for Feintool
- In Europe, many employees work in a short-time-work scheme
- In the US, the number of employees will increase as the business recovers (no short-term-work-scheme)
- Sustainable apprenticeship program: Feintool trains 78 talents in 12 professions

Outlook

OUTLOOK

E-mobility and content increase per vehicle targeted

- Cost and personnel measures to be continued in the second half of the year
- In the e-mobility market, strengthen the effort of e-lamination stamping in Germany and China
- Increased order volume for hybrid engines and products outside the powertrain
- Prepare start-of-production of acquired customer projects from all regions for fineblanked and formed parts for the automotive industry

GUIDANCE

Well equipped despite difficult conditions

- Due to the considerable uncertainties that remain regarding the extent of the pandemic and given the high volatility of demand, it is currently not possible to conclusively predict the overall impact on sales and earnings for the entire year 2020
- From today’s perspective, Feintool expects slightly higher sales in the second half of the year and significantly improved profitability thanks to the cost-cutting measures the company has implemented

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Thank you for your attention.

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