

Expanding Horizons

Achieving new dimensions together
with fineblanking, forming and
e-lamination stamping

Feintool Group

Half-yearly media report, August 19, 2021

AGENDA

- ▶ Welcome & market environment
- ▶ Review
- ▶ Financial results
- ▶ Strategy
- ▶ Outlook
- ▶ Questions and answers
- ▶ Guest presentation: “Race to zero”
- ▶ Tour of the square e-mobility showroom
- ▶ Stand-up lunch/discussions

Knut Zimmer, CEO

Knut Zimmer

Samuel Künzli, CFO

Knut Zimmer

Knut Zimmer

All

Thomas Sauter-Servaes

Peter Schmid

Foyer Hyatt

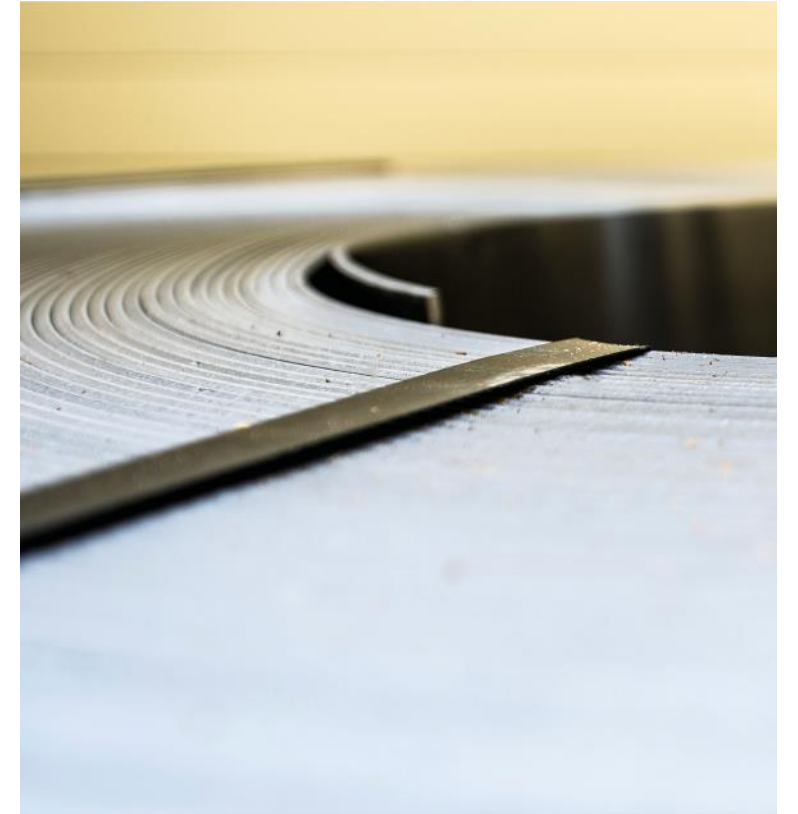


Market environment

MARKET ENVIRONMENT

Automotive industry recovery

- ▶ From an economic point of view, the COVID-19 pandemic seems to be over, but some uncertainties are likely to remain for some time
- ▶ The market has recovered at different rates in different regions, but globally stays below 2019 levels
- ▶ Electric cars (HEV and BEV) are being sold better and better
- ▶ Car manufacturers and suppliers are struggling with problems in their global supply chains



MARKET ENVIRONMENT

Additional political decisions

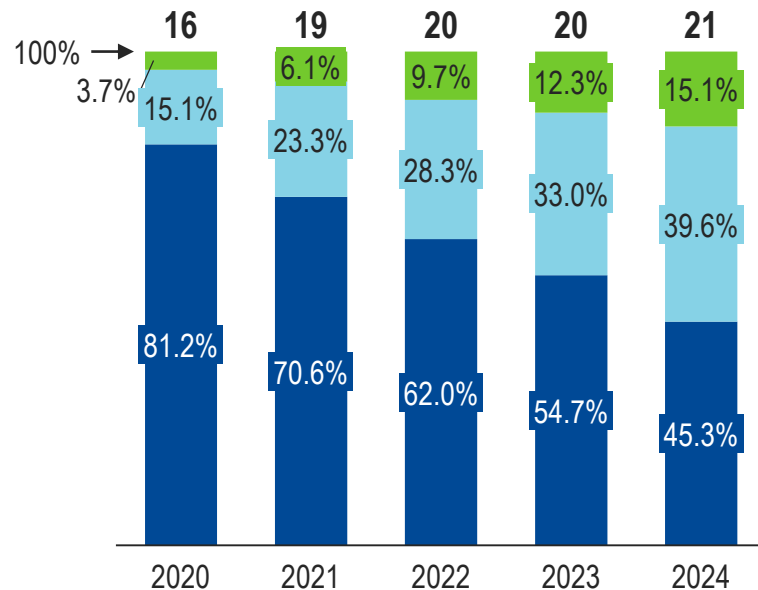
- ▶ According to the EU Commission, by 2035, all new cars must be emission-free
- ▶ US government wants half of all new cars sold in the US to be electric by 2030
- ▶ China is subsidizing electrification, but remains technology-agnostic



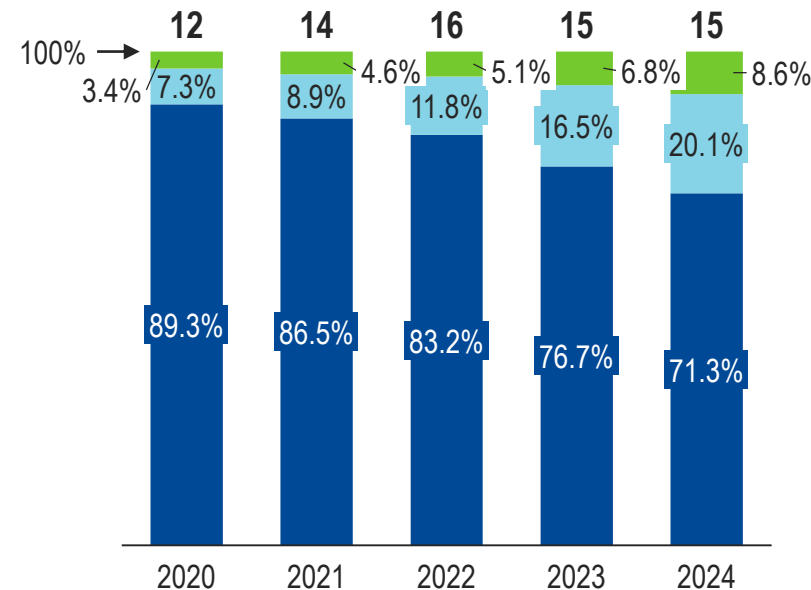
RELEVANT TRENDS

Trend towards electric mobility varies geographically

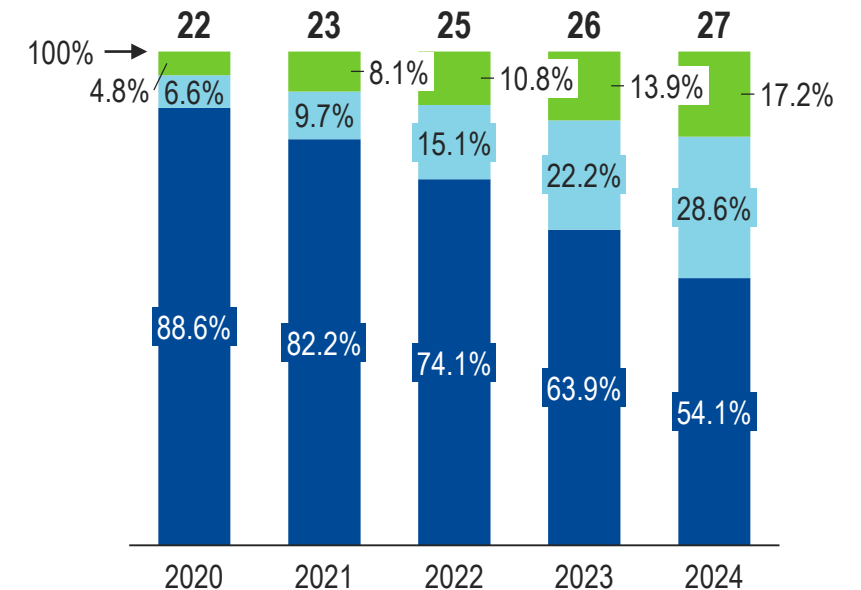
Number of vehicles produced up to 3.5 t total weight, Europe, in millions



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



Number of vehicles produced up to 3.5 t total weight, China, in millions



Internal combustion engine (gasoline, diesel, natural gas)

Hybrid

Fully electric drive system (battery, fuel cells)

Source: IHS



Review

REVIEW

Back on track for growth

- ▶ Feintool has a solid position in the first half of 2021 thanks to a revitalized market environment
- ▶ All of the group's regions recorded double-digit growth compared with the previous year
- ▶ New vehicle registrations rose by 27 percent in Europe and Asia as well as by 29 percent in the United States
- ▶ Factors contributing to Feintool's strong performance included standardization, further development, and digitization of technical production processes



REVIEW

Positive business performance at the plants

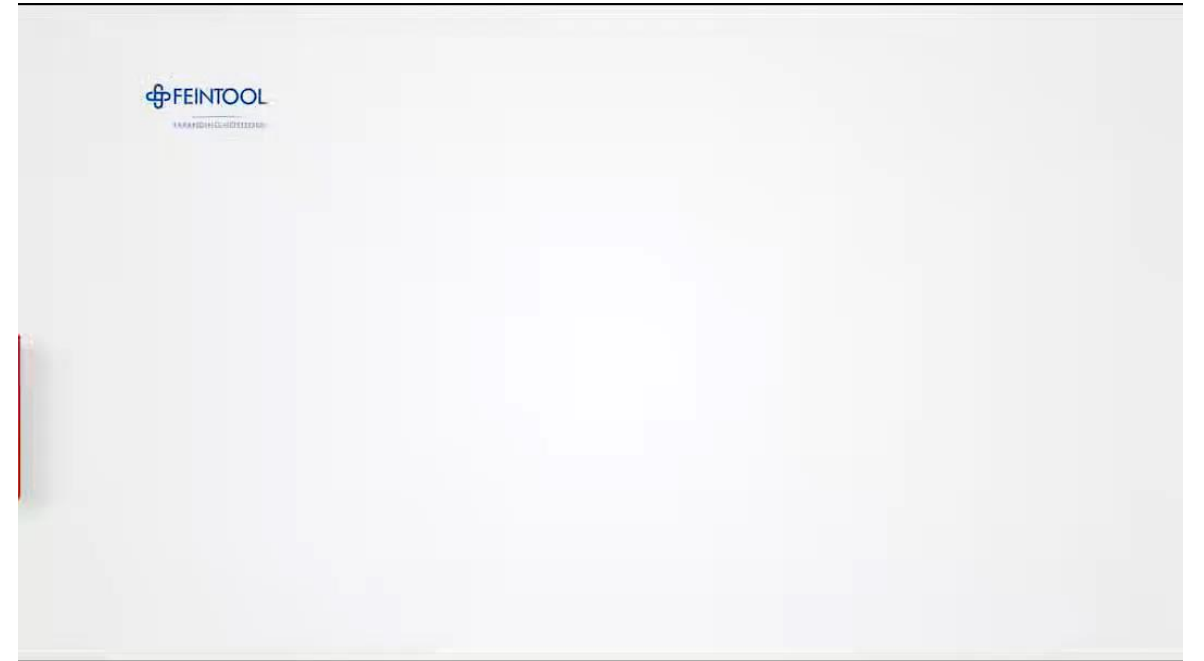
- ▶ System Parts was able to increase sales significantly to CHF 285 Mio. compared to the same period last year, equal to an increase of 45 percent
- ▶ Steel and semiconductor industries have become major sources of uncertainty
- ▶ Steel prices nearly doubled year over year due to supply bottlenecks as well as higher iron ore prices, among other factors



PREPARED FOR THE MOBILITY OF TOMORROW

Transformation through electrification

- ▶ Feintool is investing heavily in the technologies that deliver performance and safety in electric vehicles
- ▶ We continue to record a growing number of orders electric mobility sector
- ▶ Further progress in establishing electrolamination expertise at the fineblanking plant in Taicang, China; plant in Jessen also expanded



PREPARED FOR THE MOBILITY OF TOMORROW

Market success across the board

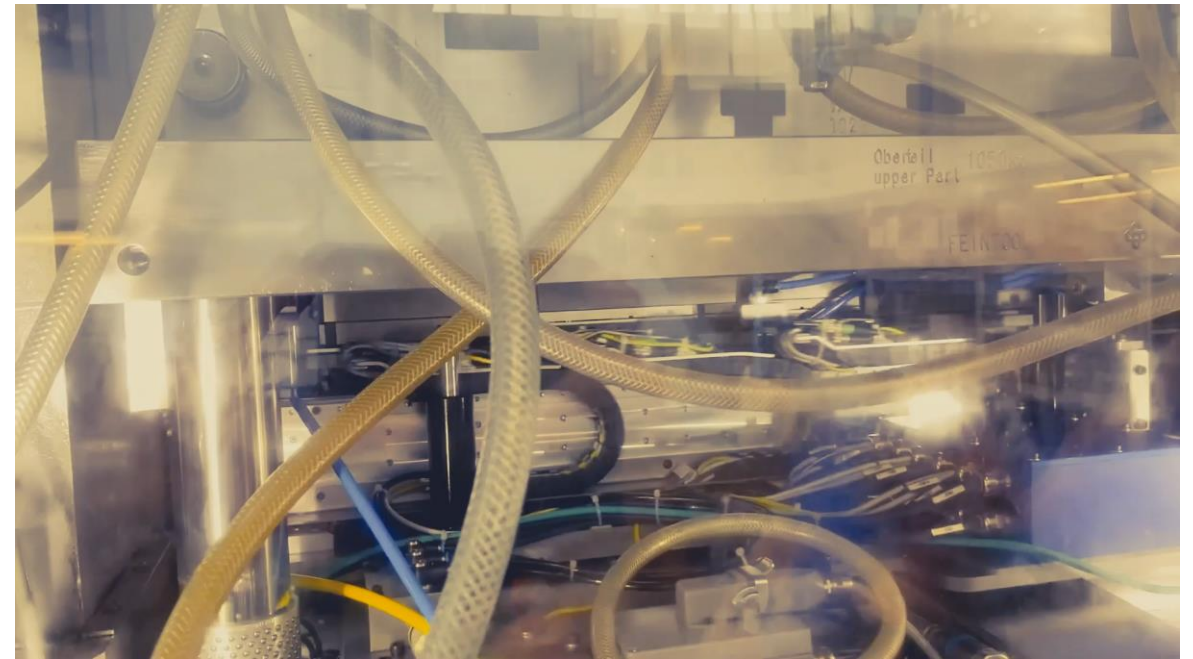
- ▶ Feintool has received further nominations for formed parts in the hybrid drive system sector
- ▶ Nomination received for numerous fineblanked parts such as electrical contacts in EVs
- ▶ We are deeply involved in the development of new electric drive systems for passenger cars
- ▶ Further new nominations in the US for internal combustion engines



PREPARED FOR THE MOBILITY OF TOMORROW

Successful bipolar plate prototype production for fuel cells is on-going

- ▶ Agreement signed which complements Feintool in the secondary processes of laser welding, leak testing, and automation
- ▶ Partnership initially includes a “shop-in-shop” concept in the growth market of China
- ▶ This means that the bipolar plates produced at the Feintool plant can be complemented with the additional expertise and delivered to customers faster



PREPARED FOR THE MOBILITY OF TOMORROW

Order-income risen despite continued invest reluctance

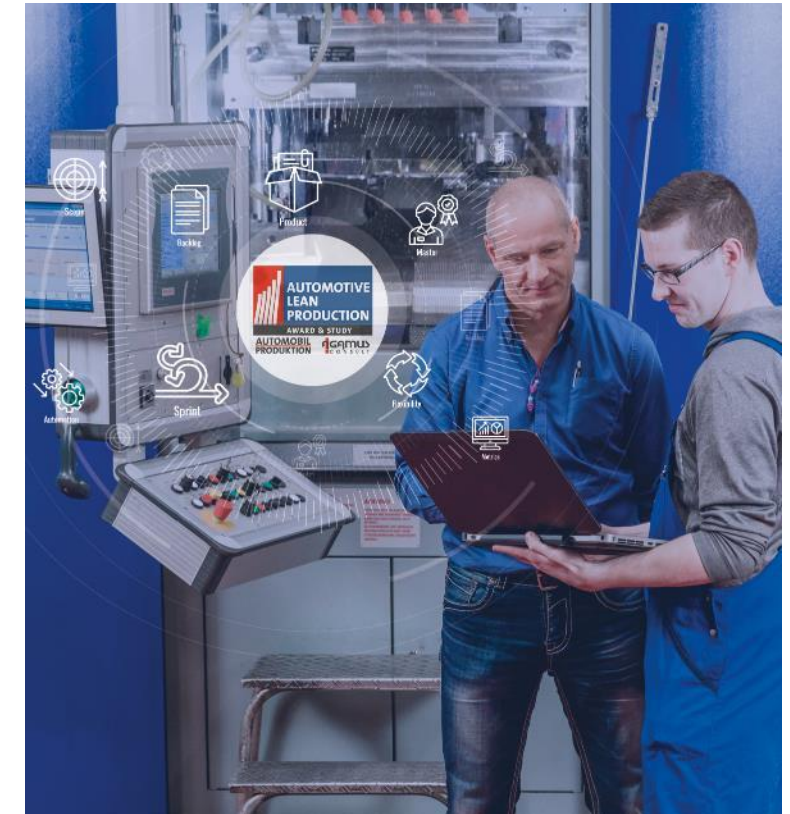
- ▶ The most powerful version of the FB one generation of presses has been met with a very positive response from the market
- ▶ Feintool has sold further presses
- ▶ Service calls had to be postponed due to COVID-19 travel restrictions
- ▶ Spare parts and overhaul business raised again as countries began to soften restrictions
- ▶ Fineblanking Technology is a key innovation driver in the field of fineblanking and FEINforming for electric mobility



STANDARDIZATION AND DIGITIZATION

Use of a business unit's synergies awarded

- ▶ System Parts Europe receives the Lean Production Award “Business Unit Transformation – Learning Organization”
- ▶ Jury evaluated specific characteristics of efficient lean management methods and audited them with respect to their sustainable success
- ▶ Feintool particularly stood out for its increased efficiency, shorter processing times, and leaner processes
- ▶ The awards are presented annually by Agamus Consult in cooperation with the German trade magazine “Automobil Produktion”



STANDARDIZATION AND DIGITIZATION

Optimized production thanks to Artificial Intelligence (AI)

- ▶ In the SPAICER project, scientists and experts use artificial intelligence to develop new solutions for better protection from machine disruptions
- ▶ Feintool System Parts Jena is a partner in the SPAICER consortium and is working on smart resilience management
- ▶ Process flows and maintenance work will be easier to plan, costs will be reduced, and service offer will be more comprehensive
- ▶ The SPAICER consortium is funded by a German Federal Ministry, accompanied by the RWTH Aachen University and more than 40 notable economical partners

 SPAICER



SUSTAINABILITY

Contribution to sustainable development

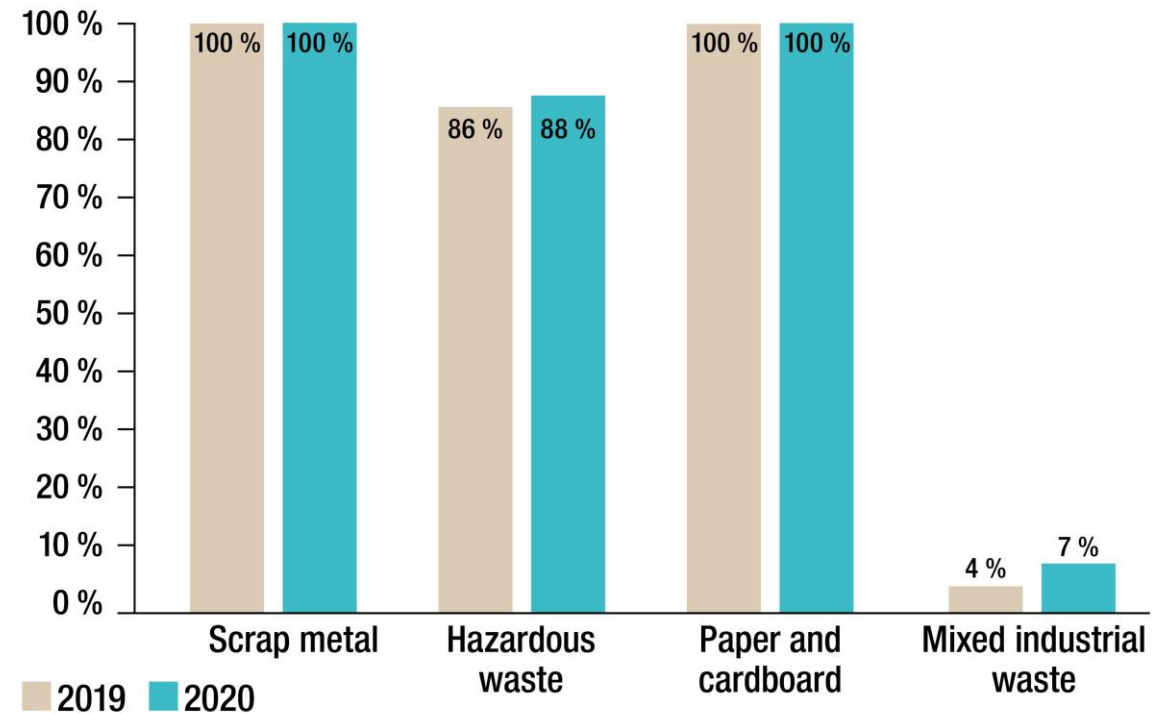
- ▶ Transparently communicating achievements in economics, environment, and social affairs, and making it possible allows a comparison with other organizations worldwide
- ▶ Protecting natural resources, offering healthy and fair working conditions, and operating cost-effectively with sustainable products
- ▶ Guided by the standards of the Global Reporting Initiative (GRI)
- ▶ Feintool is pursuing a selection of the global United Nations Sustainable Development Goals (SDGs)



SUSTAINABILITY: FACTS AND FIGURES

Fewer emissions through targeted measures

- ▶ Greenhouse gas emissions of 40 000 tons of CO₂ equivalent (tCO₂e), decrease of 15%
- ▶ 1 400 tCO₂e reduction thanks to various environmental projects
- ▶ 30% of energy comes from renewable energy sources, a rise of 12% compared to the previous year
- ▶ High recycling rate of 98%
- ▶ 13% less waste compared to 2019
- ▶ Material use decreased by 12%



The graph shows the recycling rates within the most important waste categories.

Financial results



PRELIMINARY NOTE

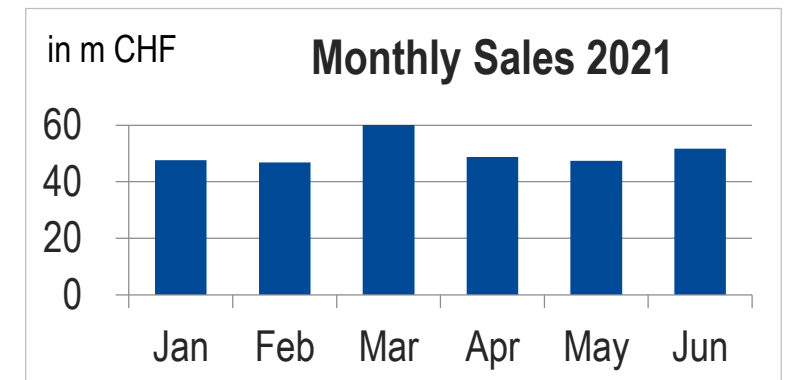
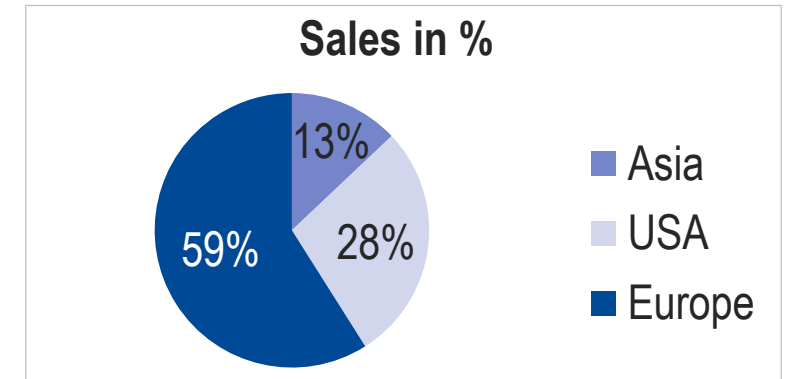
The half-year results include three one-off effects

- ▶ Feintool received a loan of USD 8.4 million in the USA in 2020 under the PPP program. In the first half of 2021, the government assured the company that this loan would not have to be repaid. This resulted in other operating income of CHF 7.6 million.
- ▶ In Switzerland, Feintool submitted an application for emergency aid for COVID-19 hardship cases in the first half of the year. As a result, Feintool received a credit of CHF 3.0 million.
- ▶ Feintool identified systems which, as expected, can no longer be fully utilized due to the company's transformation. This led to impairment losses on manufacturing equipment totaling CHF 8.3 million in the System Parts segment in Europe.
- ▶ At the EBIT level, this results in a net positive one-off effect of CHF 2.4 million.
- ▶ These one-off effects are not taken into account in the following

NET SALES

Sales rose in local currency by 42.8% to CHF 302.6 million

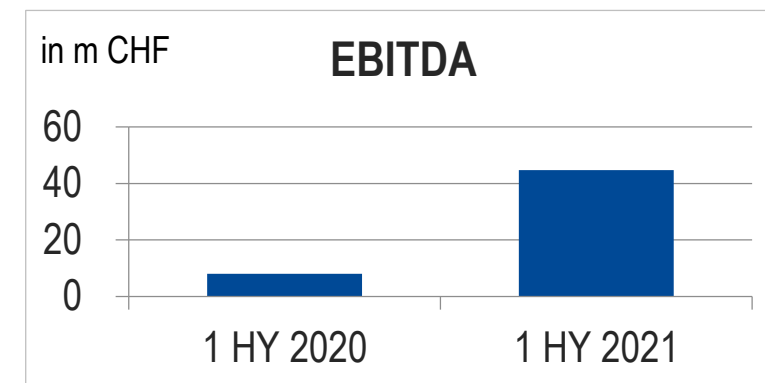
- ▶ The first half of 2020, which is used as the comparative period for the consolidated statement of comprehensive income for the first half of 2021, was heavily impacted by the COVID-19 pandemic.
- ▶ The increase came from the System Parts segment, while the Fineblanking Technology segment actually recorded a decline in sales
- ▶ Sales increased in every region
 - ▶ Europe 35%
 - ▶ USA 57%
 - ▶ Asia 49%



EBITDA

EBITDA margin (before one-off effects) increased to 14.8 percent

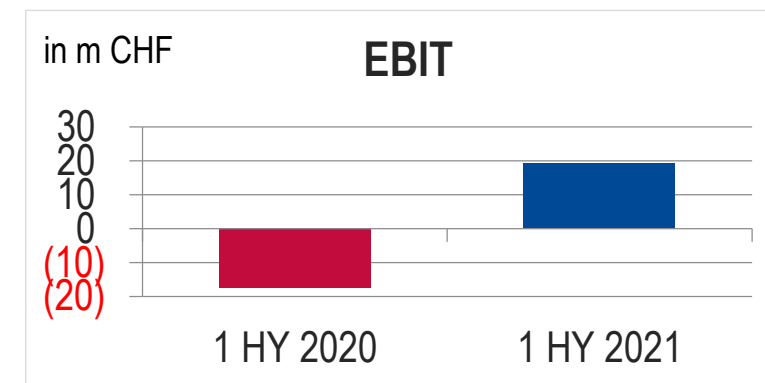
- ▶ EBITDA increased to CHF 44.7 million
- ▶ The high workload resulted in a clearly higher EBITDA compared to first half of 2020
- ▶ The figure is only slightly below the EBITDA generated in the second half of 2020 (CHF 45.2 million)
- ▶ The problems in the supply chain (steel and semiconductor shortages) led to volatile customer releases, thus resulting in additional costs



EBIT

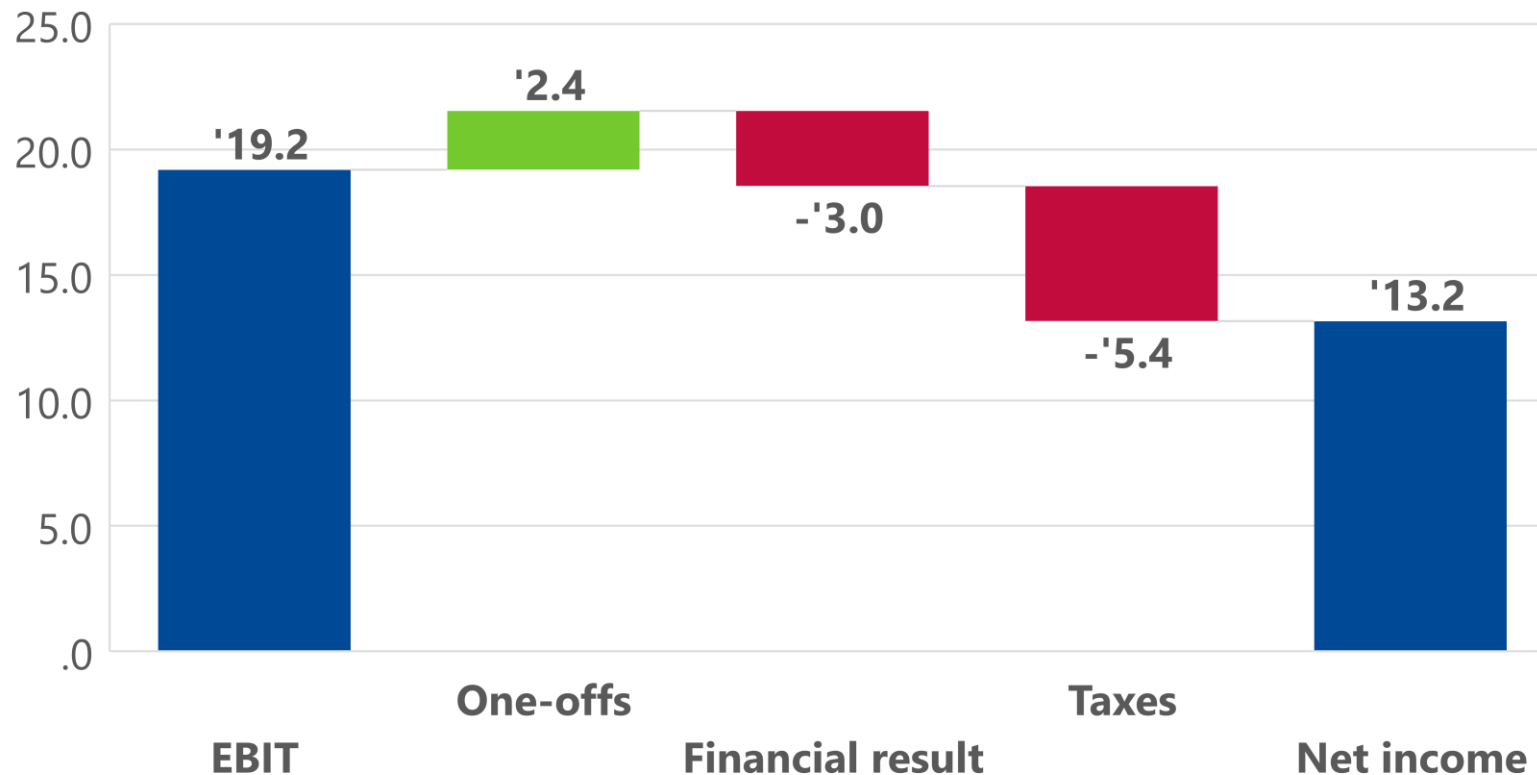
Satisfying operating earnings with 6.3% EBIT margin

- ▶ Operating earnings recovered strongly to CHF 19.2 million
- ▶ Depreciation and amortization increased slightly to CHF 25.5 million in the reporting period due to significant capital expenditures in previous years
- ▶ In particular, the Fineblanking Technology segment's operating loss weighed on the group-wide margin



GROUP RESULT

Strong positive net income

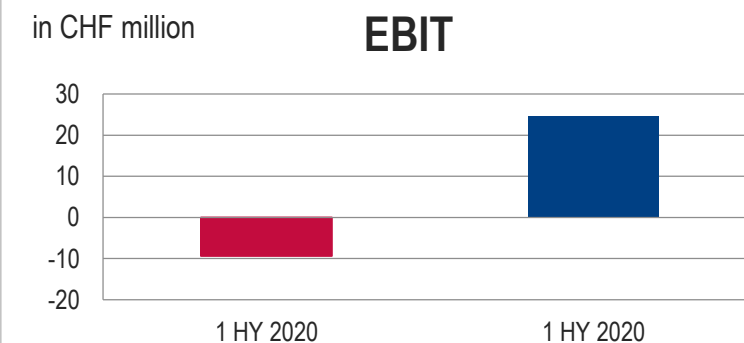
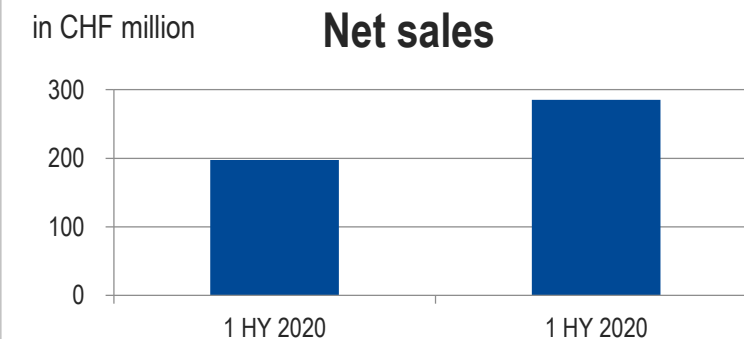


- ▶ The positive operating earnings resulted in net income of CHF 13.2 million
- ▶ Financial costs increased to CHF 3.0 million due to higher financing costs
- ▶ The group's tax rate stands at 29%

SYSTEM PARTS SEGMENT

Sales up by over 40%

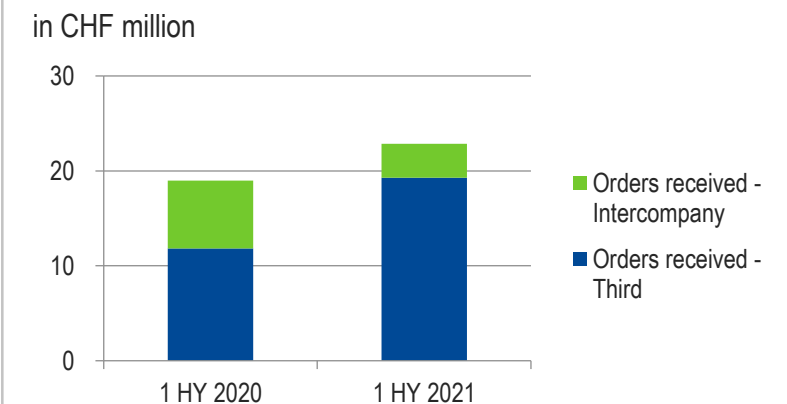
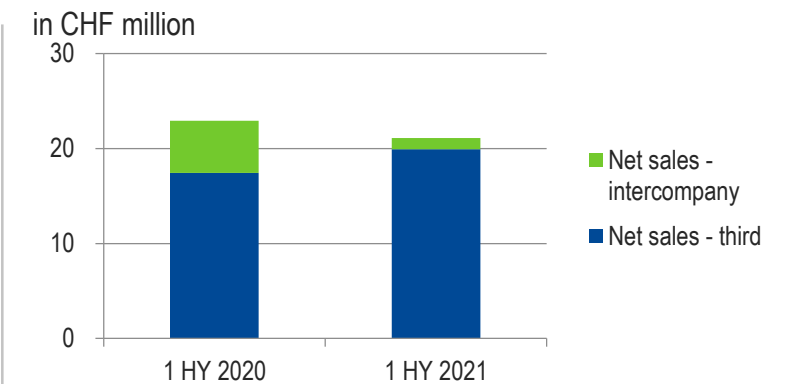
- ▶ Sales increased by approximately CHF 90 million to CHF 285.3 million
- ▶ All regions contributed to growth
 - ▶ Increase in Europe stood at 34.5%
 - ▶ Increase in the USA was strongest at 56.7%
 - ▶ Increase in Asia stood at 49.3%
- ▶ Segment generated operating earnings (EBIT) of CHF 24.7 million
- ▶ In addition to volatile customer releases, the expansion of electrolamination expertise, particularly in Jessen and Taicang, also resulted in additional costs



FINEBLANKING TECHNOLOGY SEGMENT

Decline in capital goods market continued

- ▶ Sales decreased in local currency by 7.3% to CHF 21.1 million
- ▶ In addition to press and tool sales only picking up very slowly, travel restrictions had a particularly negative impact on the service business
- ▶ Operating earnings (EBIT) were negative at CHF 2.0 million
- ▶ The segment received 20.5% more orders than in the previous year, however, with a value of CHF 22.9 million



BALANCE SHEET

Total assets increased as a result of rise in current assets

Assets	30.06.2021 in m CHF	31.12.2020 in m CHF	Difference in m CHF
Cash and cash equivalents	66.2	61.3	4.9
Trade and other receivables	94.0	84.4	9.6
Inventories and net contract assets	99.2	78.0	21.2
Prepaid expenses and accrued income	6.0	8.2	-2.2
Total current assets	265.4	231.9	33.5
Property, plant and equipment	335.1	334.9	0.3
Other non-current assets	111.9	110.3	1.5
Total non-current assets	447.0	445.2	1.8
Total Assets	712.4	677.1	35.3

- ▶ Total assets increased to CHF 712.4 million
- ▶ Increase in inventories due to volatile releases and high steel prices
- ▶ Total noncurrent assets remained practically unchanged

BALANCE SHEET

Stable balance sheet and healthy shareholder's equity

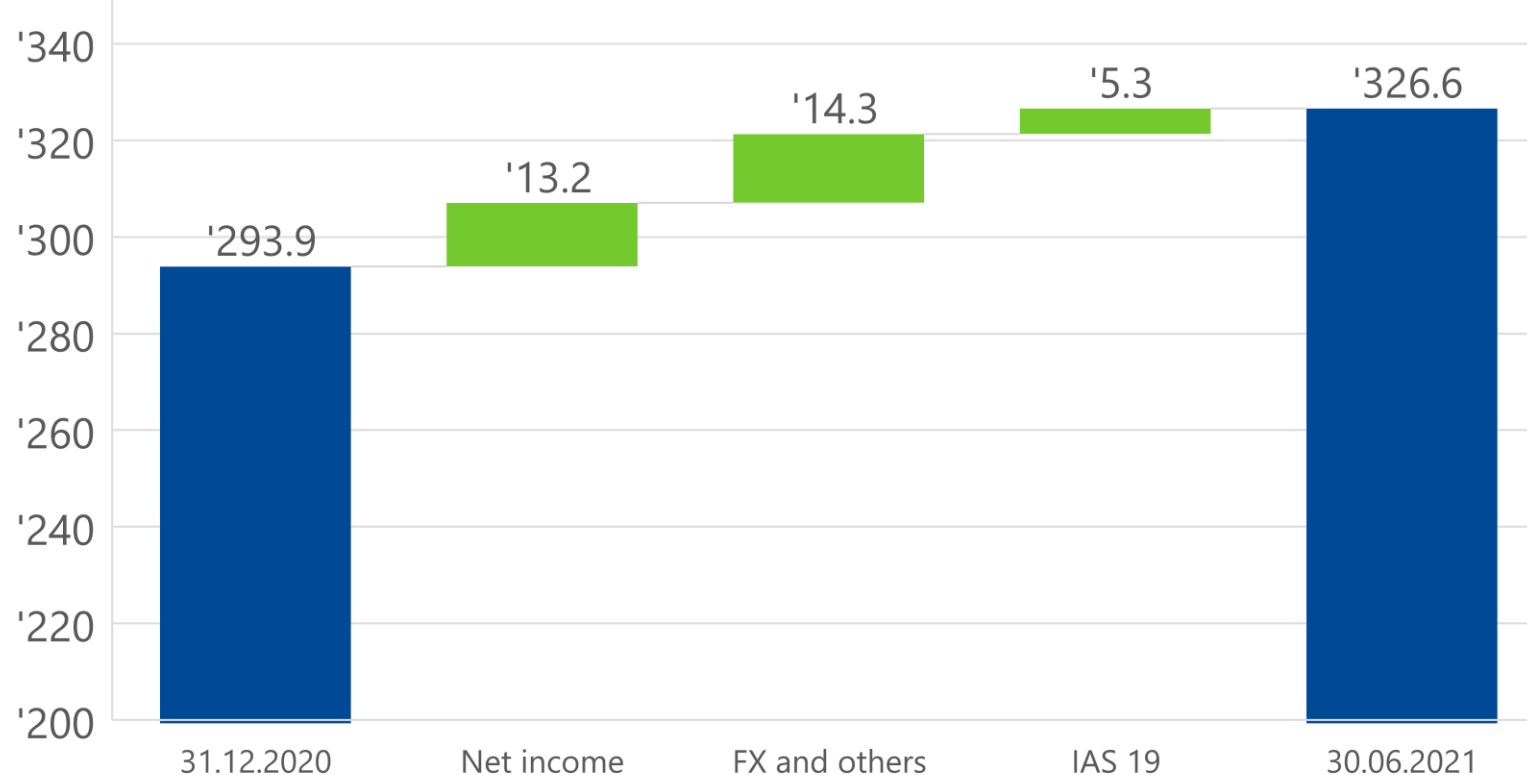
Liabilities	30.06.2021 in m CHF	31.12.2020 in m CHF	Difference in m CHF
Financial liabilities	197.7	208.2	-10.5
Other liabilities	188.1	175.0	13.2
Shareholder's equity	326.6	293.9	32.7
Total Liabilities	712.4	677.1	35.3
Equity ratio	45.8%	43.4%	2.4%
Net debt	131.5	146.9	-15.4

- ▶ Shareholder's equity increased to CHF 326.6 million as a result of the operating earnings
- ▶ Equity ratio is extremely solid at 45.8%
- ▶ Net debt decreased to CHF 131.5 million

SHAREHOLDER'S EQUITY

Shareholder's equity now stands at CHF 326.6 million

in CHF million

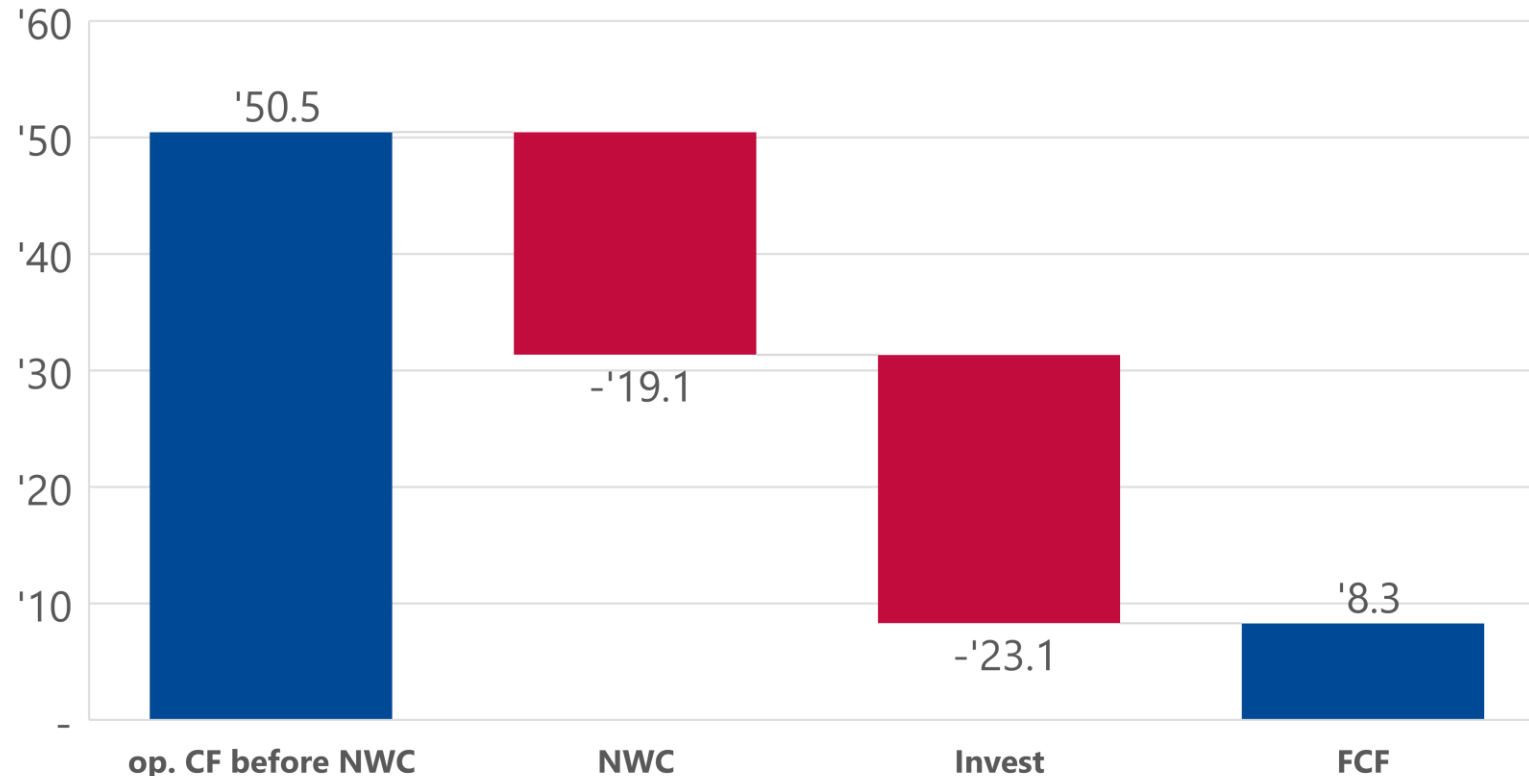


- ▶ Net income of CHF 13.2 million, currency effects of CHF 14.1 million and IAS 19 revaluation of CHF 5.3 million had a strong positive impact on net income
- ▶ Other items totaling CHF 0.2 million are of minor significance

CASH FLOW

Cash flow from operating activities increased significantly to CHF 31.3 million

in CHF million



- ▶ Capital expenditures slightly higher than in the previous year
- ▶ The increase in net working capital driven by steel prices and steel volumes
- ▶ Cash and cash equivalents and available confirmed lines of credit total CHF 133.6 million

EMPLOYEES

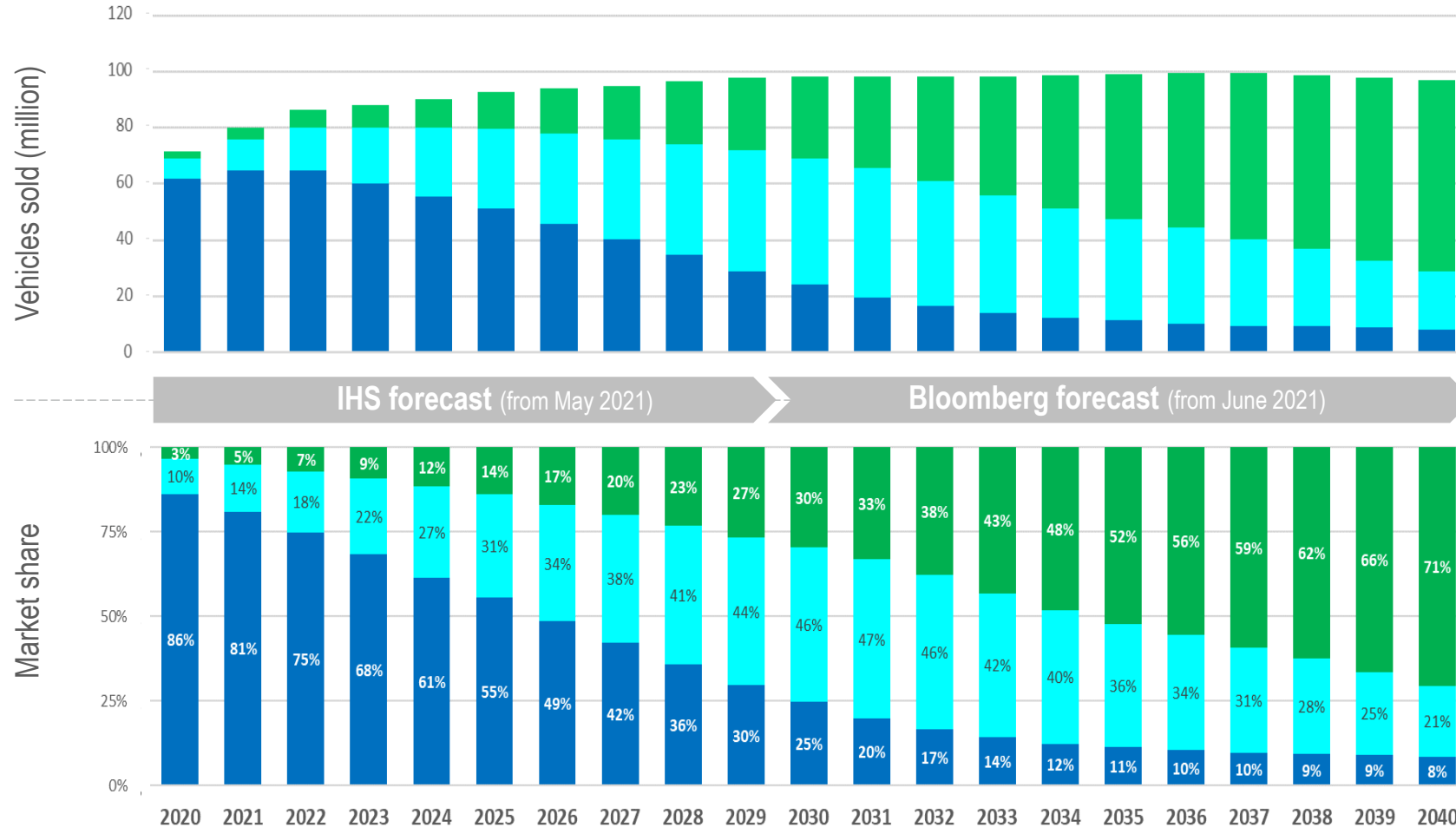
Number of employees stable compared to the end of 2020

- ▶ Feintool has a total of 2 545 employees (calculated as full-time equivalents as of the reporting date of June 30, 2021)
- ▶ Only employees in the Fineblanking Technology segment are still on short-time schedules
- ▶ Feintool effectively promoting training: 75 vocational trainees at nine locations in 12 professions
- ▶ According to the latest employee survey in 2021, the majority of all Feintool employees consider the company to be an attractive employer
- ▶ We offer a corporate culture for talented individuals, regardless of age, gender, ethnic background, and world view



Outlook

GLOBAL MARKET OUTLOOK



Until 2027:
Trend towards BEV and HEV within the period from 2020 to 2027

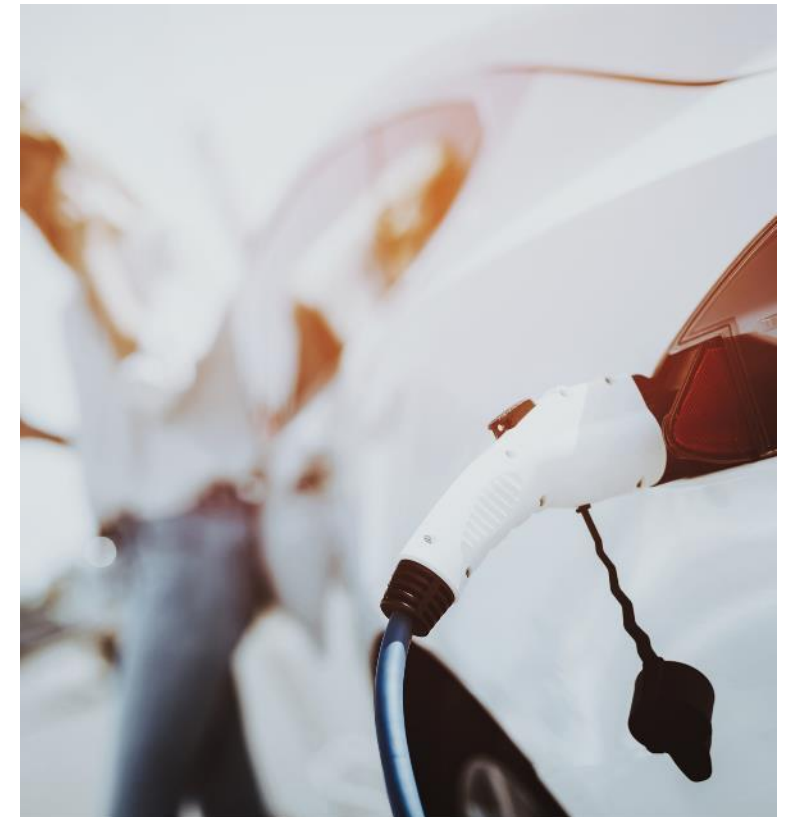
From 2028 onwards:
Increase in all-electric drives at the expense of drives with internal combustion engines (ICE and all types of HEV)

- BEV/FCEV
- Hybrids (mHEV, HEV, PHEV!)
- ICE only

EXPLOITING OUR TECHNOLOGY POTENTIAL

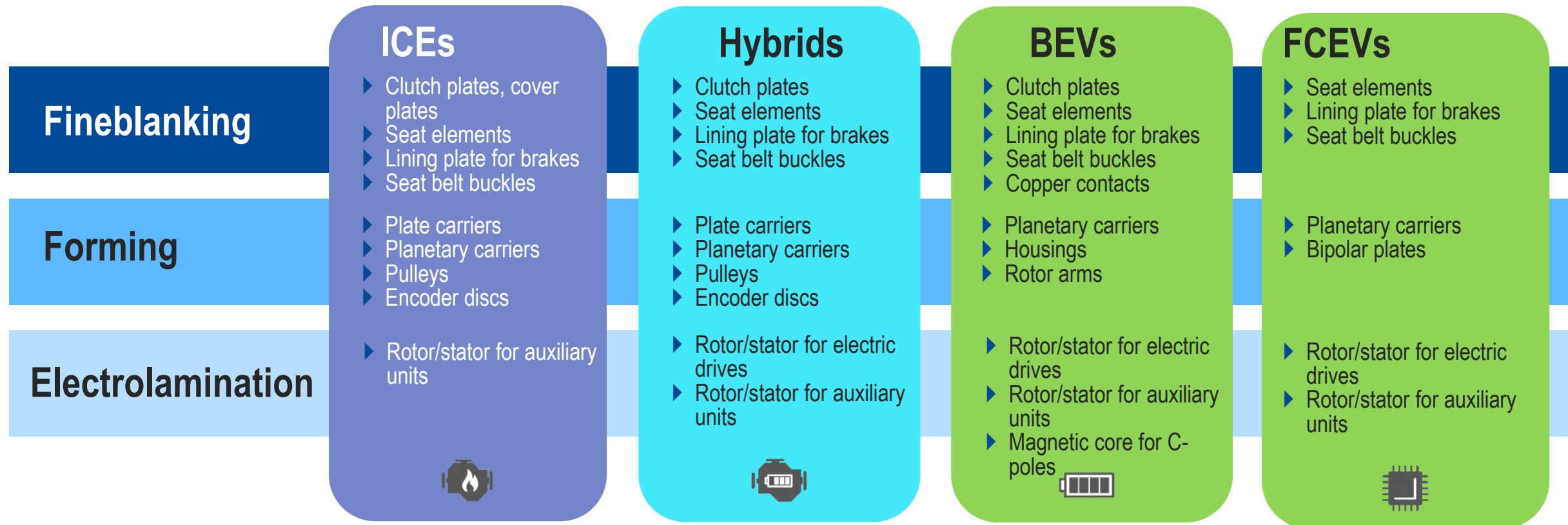
Growing with the market by offering the right products and technologies

- ▶ Exploit transformation potential for Feintool
- ▶ Secure additional components in e-vehicles:
 - ▶ E-motor
 - ▶ Battery
 - ▶ Fuel cell
- ▶ Prepare new product launches in acquired customer projects from all regions for fineblanked, formed, and electrolamination parts for the automotive industry
- ▶ Strengthen product portfolio outside the drivetrain
- ▶ Industrialize increased order volume in the field of hybrid engines



FEINTOOL'S PRODUCT RANGE

Feintool products for every vehicle drive concept



STRATEGY

Application-agnostic technology solutions

- ▶ Expand the limits of fineblanking, forming, and electrolamination stamping technologies for the mobile solutions of tomorrow as a company driving innovation in these fields
- ▶ Follow customers into new markets in line with the concept of a strong, long-term, and regional presence
- ▶ Ensure the company operates highly efficient plants in every relevant market
- ▶ Develop the adjacent processes and expand the value chain
- ▶ Use our expertise to move with the trends changing the automotive industry
- ▶ Achieve a strong position in the production of rotor and stator packages for electric motors of all sizes and applications
- ▶ Boost share of products outside the drivetrain

OUTLOOK

Operational measures

Market position

- ▶ Expand activities in the field of electric drives and hybrids
- ▶ Accompany Japanese OEMs/Tier 1 suppliers into the relevant markets
- ▶ Establish FB one fineblanking press on the market

Innovations

- ▶ Ramp up activities in fuel cells/bipolar plates
- ▶ Fineblanking electrolaminations for greater range efficiency
- ▶ Rotor/stator technology enhancements

Organization and efficiency

- ▶ Cash flow optimization and investment limits where appropriate
- ▶ Continue standardizing and digitizing processes across the Feintool Group
- ▶ Continue improvement projects

GUIDANCE

Sales increase in line with market and much higher profitability compared 2020


- ▶ The recovery seen in the first half of 2021 is expected to continue into the second half of the year. At the same time, however, uncertainties in the global supply chains will continue to persist
- ▶ The semiconductor and steel shortages relevant to the automotive industry and the rising raw material prices are particularly weighing on our industry
- ▶ Barring unforeseen circumstances, including a renewed outbreak of COVID-19, Feintool expects sales of between CHF 580 and CHF 600 million and an EBIT margin before one-off effects of around 6% for the year 2021 as a whole



We would be glad to answer your questions

Expanding Horizons

Achieving new dimensions together
with fineblanking, forming and
e-lamination stamping

A wide-angle photograph of a modern architectural structure, possibly a bridge or a large public building, with a prominent white pylon and a curved walkway. The scene is bathed in the warm, golden light of a low sun, creating a lens flare effect. The image is overlaid with a semi-transparent blue grid and circular patterns, giving it a technical or digital feel.

Feintool Group
Thank you for your attention

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