

## Expanding Horizons

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

# Feintool Group Half-year 2022 presentation

# AGENDA

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1:00 – 1:15 p.m.	Greeting & review	Knut Zimmer, CEO
1:15 – 1:30 p.m.	Financial results	Samuel Künzli, CFO
1:30 – 1:45 p.m.	Outlook	Knut Zimmer
1:45 – 2:00 p.m.	Q&A	All





# Market environment and review

## MARKET ENVIRONMENT

### Supply chain disruptions and inflation are dominant issues

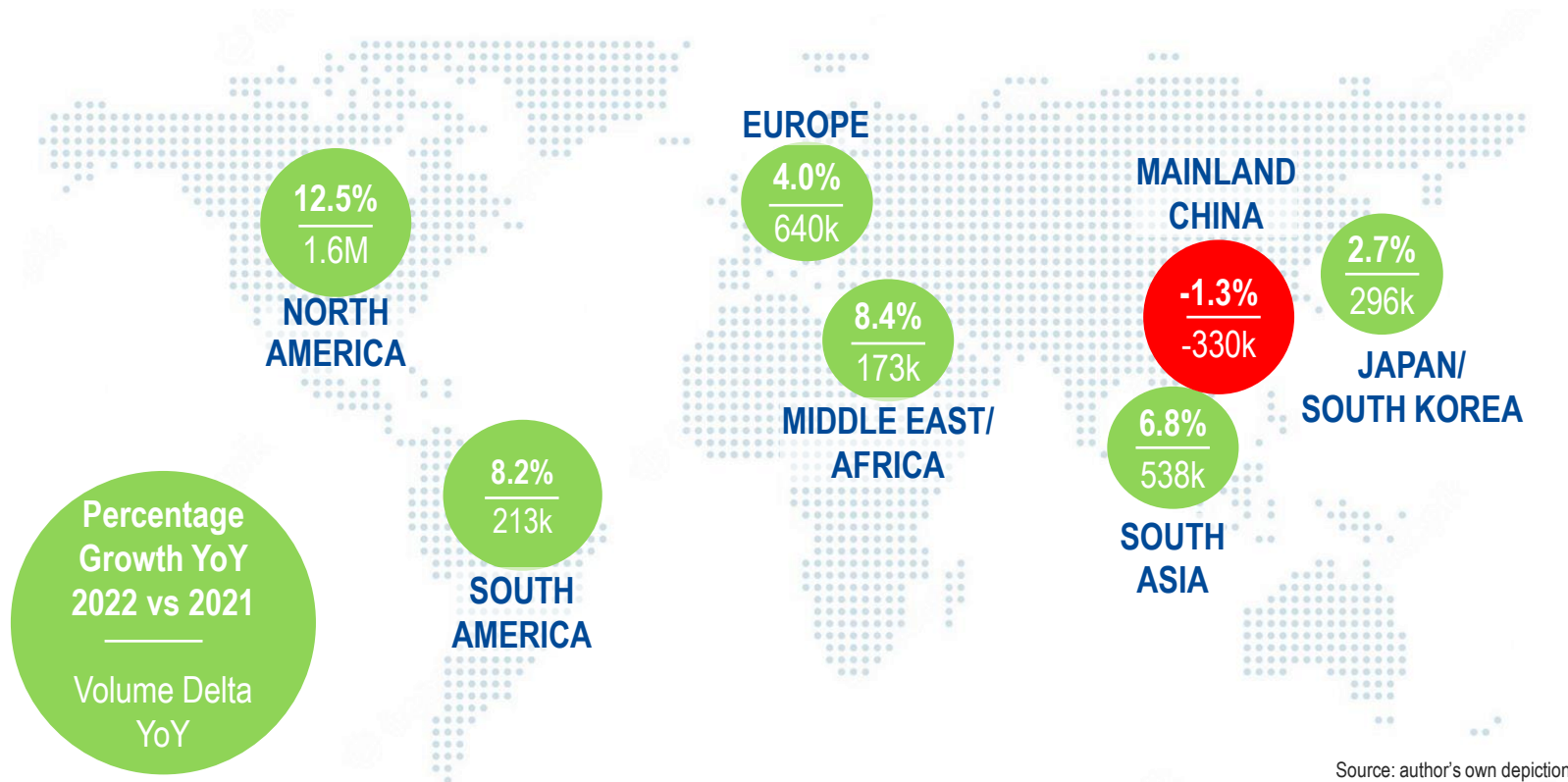
- ▶ Demand for passenger vehicles intact in H1 2022
- ▶ Semiconductors still not available in sufficient quantities. This led to short-term production disruptions and rescheduling
- ▶ Passenger vehicle inventories remain at a low level
- ▶ Steel prices are volatile. Europe up, USA down sharply
- ▶ OEMs focused on high-margin models
- ▶ Inflation in Western countries increased sharply
  - ▶ Energy prices have to be negotiated with customers





# FEINTOOL SYSTEM PARTS – MARKET DEVELOPMENT AND OUTLOOK

Recovery in 2022 unevenly distributed and slowing down



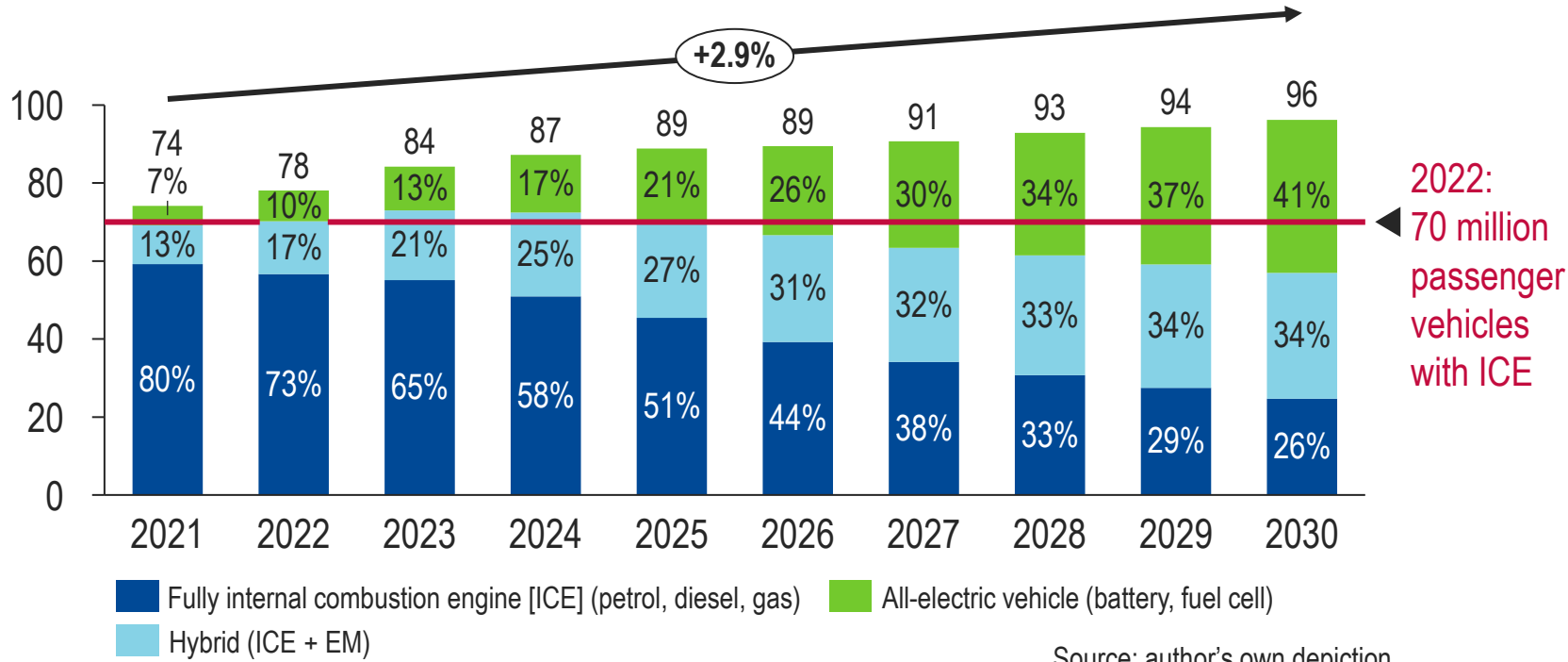
Recovery of passenger vehicle production is increasingly delayed:

- ▶ Growth in 2022 being led by the USA
- ▶ Sharp declines in South America, Europe, and Asia compared with the last outlook
- ▶ China even reduced compared to 2021!
  - ▶ Shortfall in production of H1 not be possible to catch up in H2 2022
  - ▶ China's lockdown in H1 2022 leading to year-over-year volume reduction

# GLOBAL PASSENGER VEHICLE PRODUCTION

## Stability of passenger vehicles with ICE and growth of all-electric vehicles

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



Source: author's own depiction

- ▶ Bright market prospects due to technological expansion
- ▶ Sustainable growth in global passenger vehicle production
- ▶ Number of vehicles with ICE to remain stable in the coming years
- ▶ Growth driven by all-electric vehicles

# MARKET ENVIRONMENT BY REGION

Varying impact of COVID-19, semiconductor shortages, and inflation



## Expectations slightly exceeded

- ▶ H1 2022 started significantly better than previous year despite numerous challenges
- ▶ Steel prices were negotiated with and passed on to customers. Increased prices weigh on % margin
- ▶ Energy price increases have to be negotiated with customers
- ▶ Semiconductors are used for high-margin models and BEVs. EVs require more chips than conventional passenger vehicles
- ▶ EU positions itself on “0” emissions for new passenger vehicles starting in 2035



## Chip shortage leads to production stoppages

- ▶ First half of 2022 got off to a better start in the USA than in the previous year
- ▶ Steel prices in the USA fell significantly. This has a negative impact on earnings
- ▶ Vehicle inventories remain at a low level
- ▶ Initiatives for EVs launched at established OEMs in the USA – but still at a moderate level
- ▶ Risks due to the unstable power infrastructure
- ▶ Greater focus on Paris Agreement



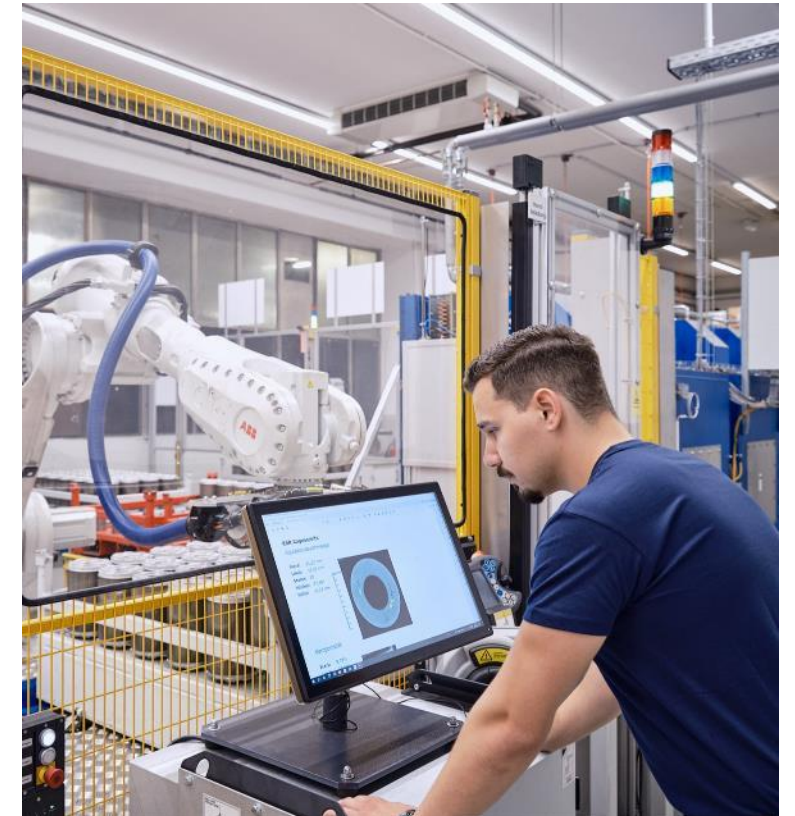
## Planned targets exceeded in Asia

- ▶ H1 2022 got off to a better start in China than in the previous year despite lockdowns
- ▶ Expectations exceeded
- ▶ China remains a growth market for the automotive industry
- ▶ Focus on BEVs, hybrids, and FC evident. Government demands low-emission vehicles from the automotive industry. Transformation varies between urban and rural areas
- ▶ Risks due to the unstable power infrastructure. Low share of green power

# REVIEW

## Set targets were achieved despite difficult market environment

- ▶ Slump in demand due to coronavirus pandemic followed by rapid revival
- ▶ Supply shortages and price increases still present
- ▶ Segments are well positioned and despite the major planning uncertainties achieved all their set targets
- ▶ Acquisition of Kienle + Spiess was completed and integration is going as planned
- ▶ Strategic positioning in the growth market of electrification (automotive, renewable energy, and industry) successfully completed

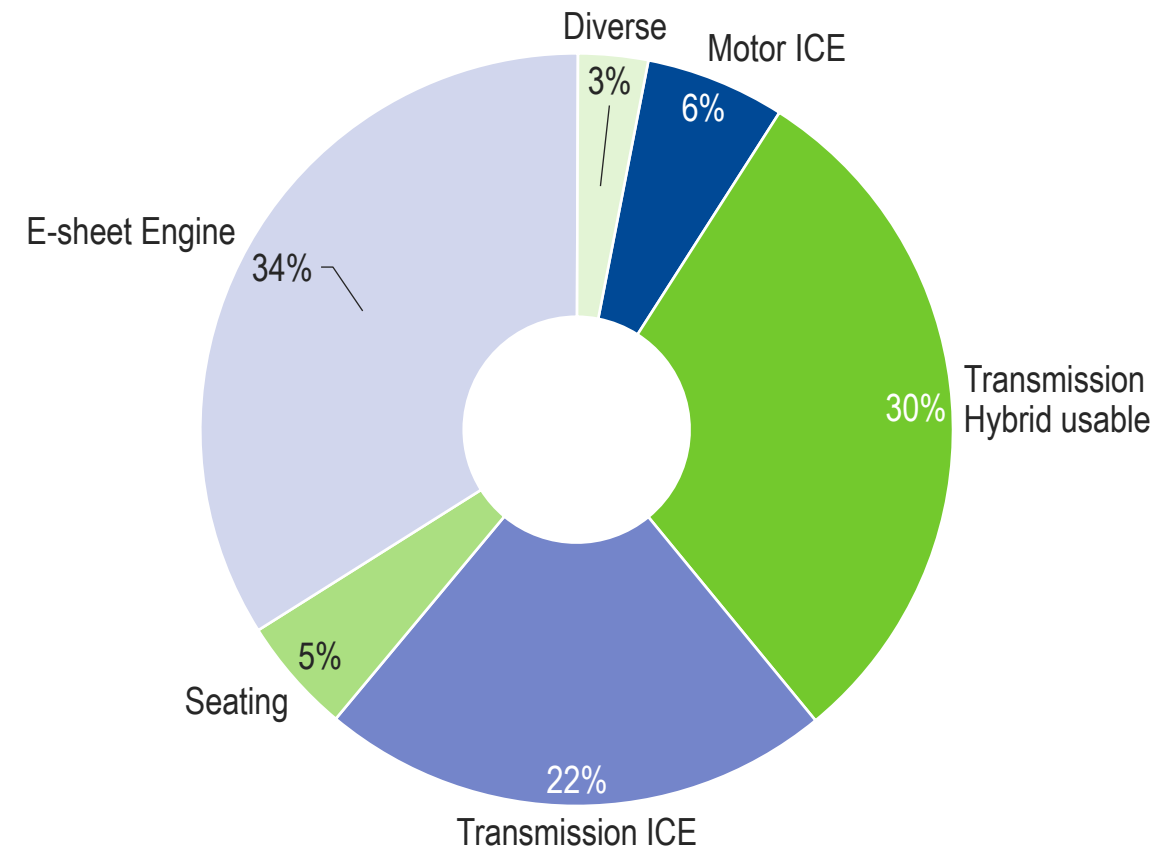




# TRANSFORMATION

From the segments: in the market with the right products

- ▶ Major nominations received in the parts business
- ▶ Successful integration of Kienle + Spiess
- ▶ “Stamping Europe” business unit contributes to successful half-year results from the beginning
- ▶ In Switzerland, an FB one press of the highest performance class is producing bipolar plates for fuel cells



# SUSTAINABILITY

## Sustainable value creation

- ▶ Objectives, climate roadmap, and ESG (environmental, social, governance) activities communicated in the 2021 report
- ▶ More extensive commitments through expanded code of conduct at Feintool
- ▶ ESG rating of the Feintool Group planned for 2023



# EMPLOYEES

## Invested in career development

- ▶ Number of employees increased by 964 to 3 586 as a result of Kienle + Spiess acquisition
- ▶ First employee satisfaction survey conducted at Kienle + Spiess
- ▶ 98 vocational trainees at eleven plants
- ▶ Enabling employees for transformation through digital learning platform ahead
- ▶ Global talent management program launched







# Financial results

VHKJ79D5G DR56YG7FH73SH657FH3G87D

90000  
80000  
70000  
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## PRELIMINARY REMARKS

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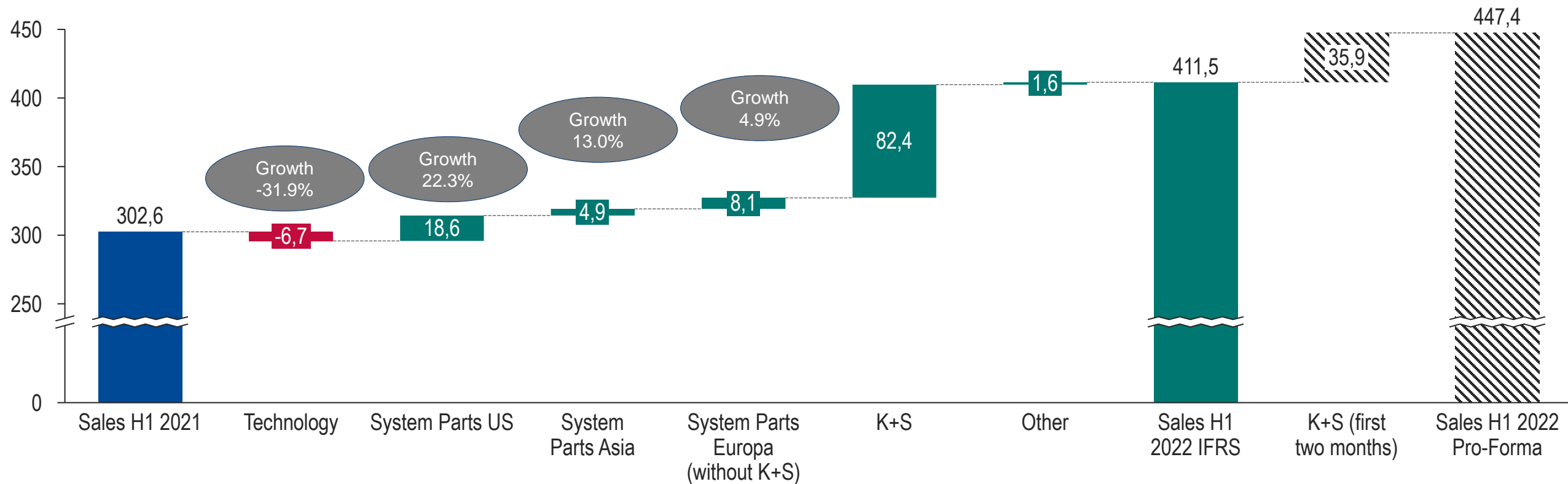
### Kienle + Spiess consolidated since March 1, 2022

- ▶ On March 1, 2022, Feintool fully acquired the German company Kienle + Spiess GmbH together with its subsidiary Kienle + Spiess Hungary Kft.
- ▶ To increase transparency, the System Parts segment will be divided into the regions Europe, USA, and Asia as of the first half of 2022. The previous year's figures will also be presented in this way for comparison purposes. The Technology segment will continue to be managed as a separate operating segment.
- ▶ One-off effects in the previous year: At the EBIT level, there was a net positive one-off effect of CHF 2.4 million in the previous year, which serves as the comparative period for the consolidated statement of comprehensive income for the first half of 2022.

# SALES

## Strong inorganic growth – organic growth driven by prices

in CHF million

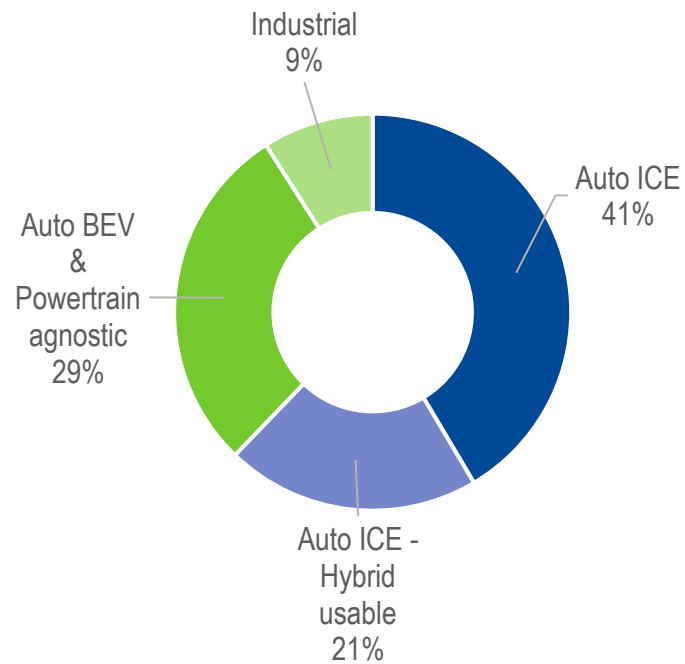




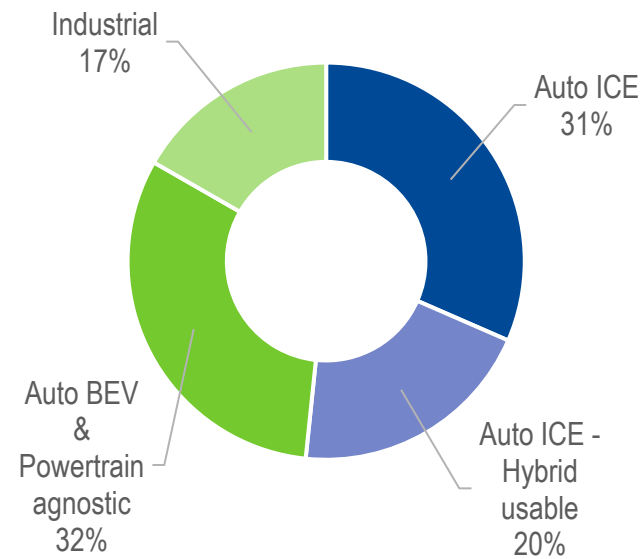
# SALES BY APPLICATION

Feintool's transformation already reflected in sales

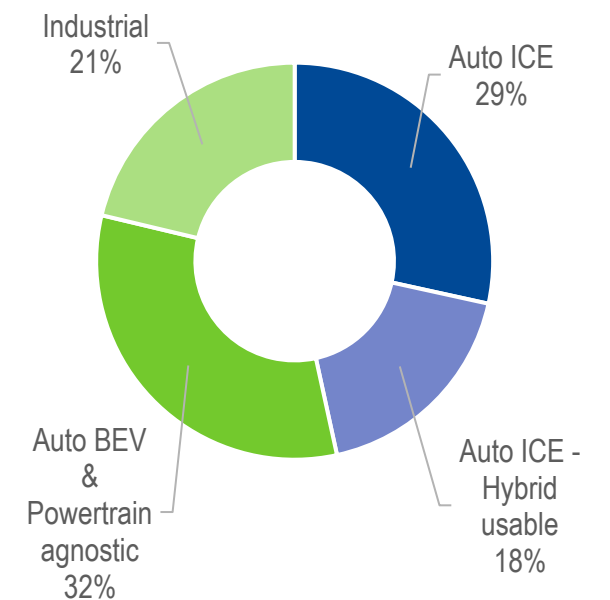
H1 2021



H1 2022



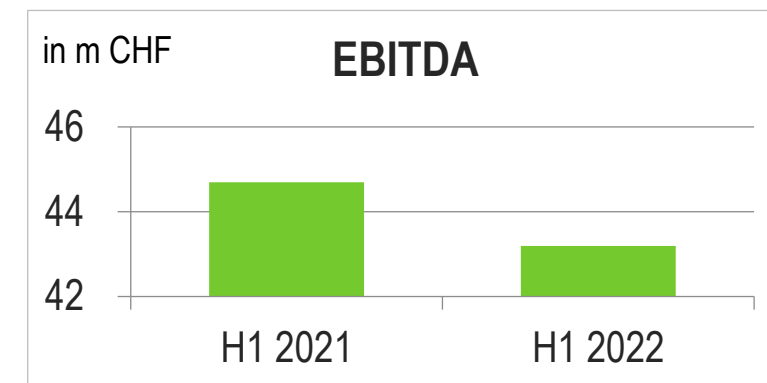
H1 2022 pro forma (6 months K+S)



# EBITDA

## EBITDA margin still in double digits (at 10.5%)

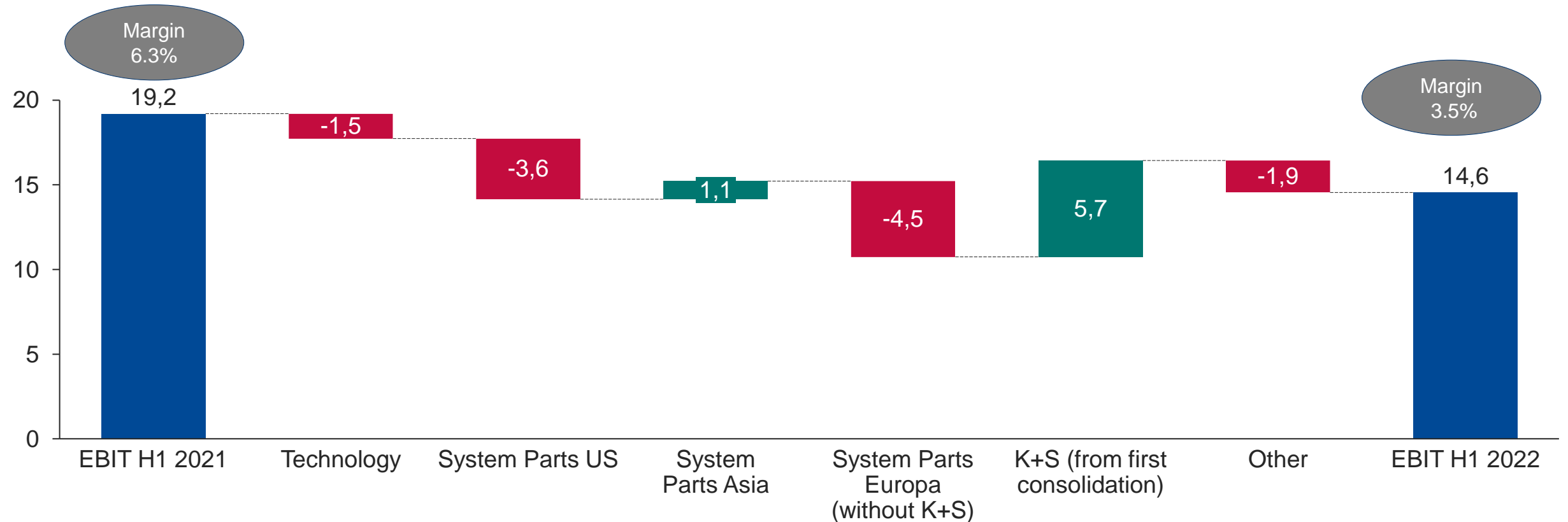
- ▶ EBITDA fell to CHF 43.2 million in the reporting period, corresponding to an EBITDA margin of 10.5% (PY: CHF 44.7 million, 14.8% margin).
- ▶ This was primarily due to the lower quantities delivered in the parts business and the associated drop in capacity utilization at the plants.
- ▶ The problems in the supply chain (particularly semiconductor shortages) led to volatile customer releases, thus resulting in additional costs.
- ▶ In addition, rising inflation (especially energy, shipping, and labor costs) put pressure on margins.



# EBIT – RECONCILIATION H1 2021 TO H2 2022

Margin pressure due to lower quantities and high input costs

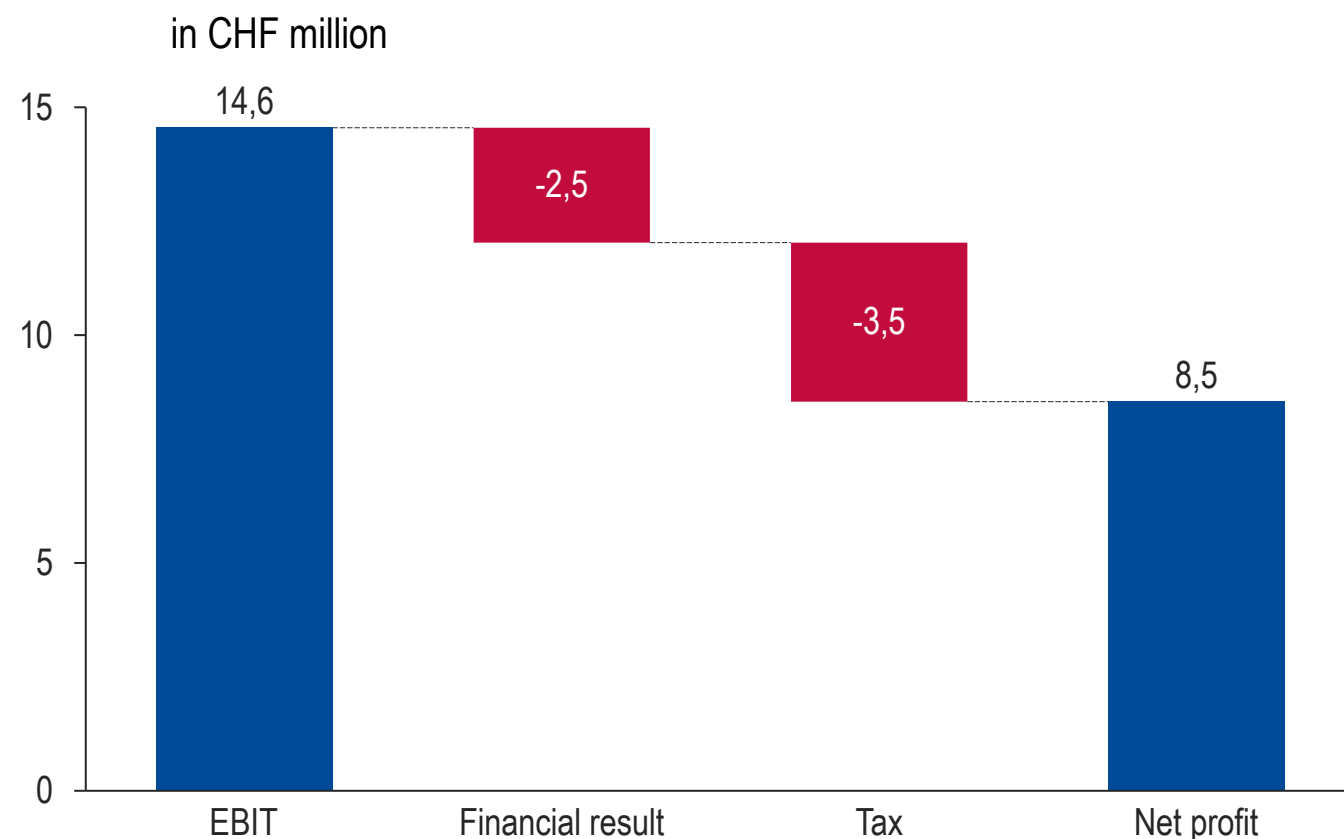
in CHF million





# GROUP RESULT

## Clearly in the black



- ▶ The positive operating earnings resulted in net income of CHF 8.5 million
- ▶ Financial result totals CHF 2.5 million
- ▶ The group's tax rate stands at 29%
- ▶ Earnings per share therefore came to CHF 1.11 (PY: CHF 2.68)

# BALANCE SHEET

Total assets increased due to the acquisition of Kienle + Spiess

Assets	30.06.2022 in m CHF	31.12.2021 in m CHF	Difference in m CHF
Cash and cash equivalents	76.3	51.8	24.5
Trade and other receivables	126.5	95.2	31.3
Inventories and net contract assets	155.8	102.7	53.1
Prepaid expenses and accrued income	6.9	3.5	3.5
<b>Total current assets</b>	<b>365.5</b>	<b>253.1</b>	<b>112.4</b>
Property, plant and equipment	412.9	331.2	81.8
Other non-current assets	161.2	100.2	61.0
<b>Total non-current assets</b>	<b>574.1</b>	<b>431.3</b>	<b>142.8</b>
<b>Total Assets</b>	<b>939.6</b>	<b>684.4</b>	<b>255.2</b>

- ▶ Overall, total assets increased by 37.3% to CHF 939.6 million (December 31, 2021: CHF 684.4 million).
- ▶ This increase was driven by the acquisition of Kienle + Spiess.

# BALANCE SHEET

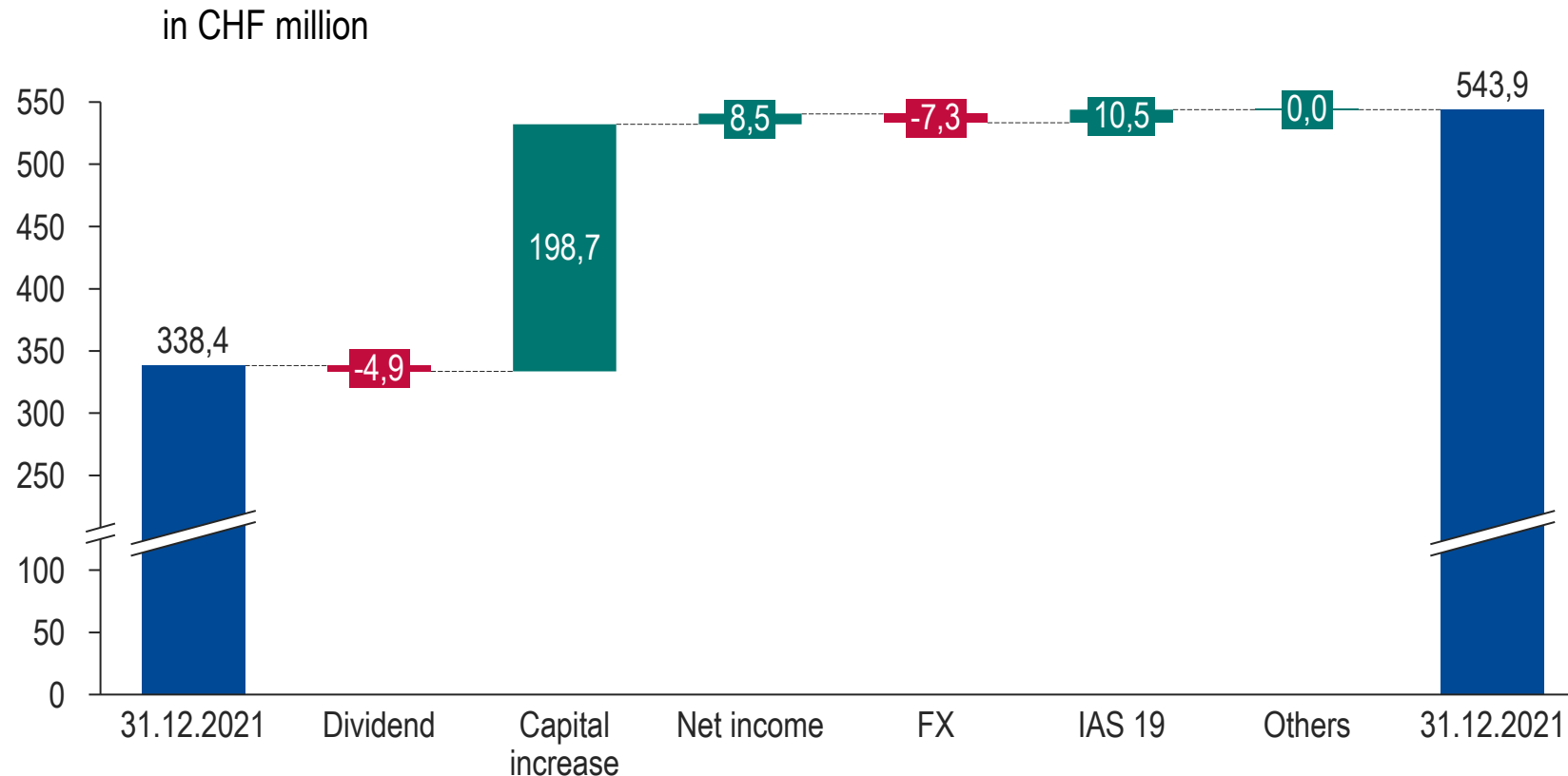
Stable balance sheet and healthy shareholder's equity thanks to equity offering

<b>Liabilities</b>	<b>30.06.2022 in m CHF</b>	<b>31.12.2021 in m CHF</b>	<b>Difference in m CHF</b>
Financial liabilities	133.6	172.5	-38.9
Other liabilities	262.2	173.5	88.7
Shareholder's equity	543.9	338.4	205.5
<b>Total Liabilities</b>	<b>939.6</b>	<b>684.4</b>	<b>255.2</b>
Equity ratio	57.9%	49.4%	8.4%
Net debt	57.3	120.7	-63.4

- ▶ Shareholder's equity increased to CHF 543.9 million
- ▶ Equity ratio is extremely solid at 57.9%
- ▶ Net debt decreased to CHF 57.3 million

# SHAREHOLDER'S EQUITY

Shareholder's equity increased to CHF 543.9 million

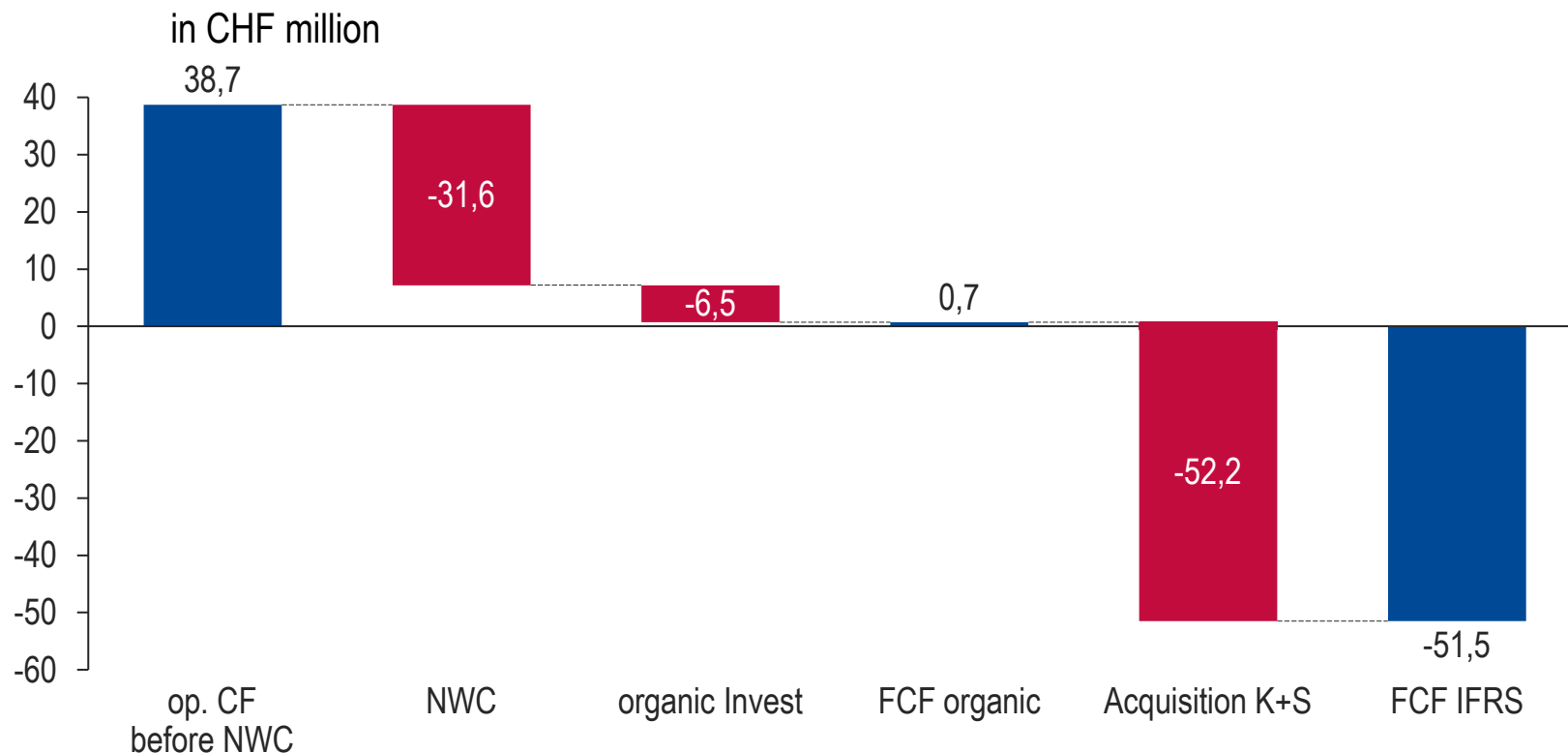


- ▶ The equity offering of approximately CHF 200 million is the main driver of the increase in equity
- ▶ Net income of CHF 8.5 million and the IAS 19 revaluation of CHF 10.5 million also had a positive impact on the result



# CASH FLOW

Cash flow from operating activities (before NWC) stands at CHF 38.7 million



- ▶ Excluding the acquisition of Kienle + Spiess (CHF 52.2 million), free cash flow would have been positive despite the seasonal increase in net working capital.
- ▶ Cash and cash equivalents and available confirmed lines of credit total CHF 246.0 million



# Outlook

## FEINTOOL SYSTEM PARTS – OUTLOOK

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### Promising opportunities for new nominations in HY2/2022

- ▶ Supply chain problems continued to dominate planning uncertainty and limit new vehicle sales. Energy cost increases must be negotiated with customers
- ▶ Europe: Stricter carbon emissions targets continue to put pressure on passenger vehicles with ICE, while sales of EVs (BEVs and HEVs) continue to rise
- ▶ Steel prices remain very volatile
- ▶ Lively customer inquiry activity for all Feintool technologies. Good prospects for the 2nd HY 2022 for further major nominations in all technologies
- ▶ Inquiries for e-mobility at Kienle + Spiess increase sharply. Kienle + Spiess strengthens sales of rotors/stators in Asia
- ▶ Feintool USA experiences high demand for additional production volumes
- ▶ Press sales pick up slightly

# OUTLOOK

## Status of operational measures in 2022

### Market position

- ✔▶ Expand Feintool's market position with Kienle + Spiess
- ▶ Expand presence with main drives for EVs in China
- ▶ Strengthen market position in renewable energy (rotor/stator)
- ✔▶ Accompany Japanese OEMs/Tier 1 suppliers into the relevant markets

### Innovations

- ▶ SOP of FB one for metallic bipolar plates
- ▶ Fineblanking electro-laminations for greater range efficiency
- ✔▶ Technology enhancements in rotor/stator production
- ✔▶ Expand fineblanking and forming components for EVs

### Organization/efficiency

- ✔▶ Cash flow optimization and investment limits where appropriate
- ▶ Increase efficiency of current production lines
- ✔▶ Continue standardizing and digitizing processes
- ✔▶ Carry out equity offering
- ✔▶ Integration of Kienle + Spiess



## GUIDANCE

### Sales target increased for the H2 2022

- ▶ Slight recovery in parts business expected, but with regional differences
- ▶ Supply chains should stabilize worldwide
- ▶ Weak performance in press business due to overcapacities

Feintool expects sales of around CHF 850 million for the 2022 financial year, with a double-digit EBITDA margin and an EBIT margin before one-off effects of over 3%.

(Subject to change as a result of ongoing negative effects from inflation, the Ukraine crisis, semiconductor shortages, and the COVID-19 pandemic)



# AGENDA

## Upcoming events

February 28, 2023 Results for 2022 FY

April 25, 2023 General Meeting for 2022 FY



**Wir erweitern Horizonte**

Gemeinsam neue Dimensionen  
mit Feinschneiden, Umformen und  
Elektroblechstanzen erreichen

Feintool Group  
Thank you for your time!

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