

Automatic transmissions
Discs made by Feintool

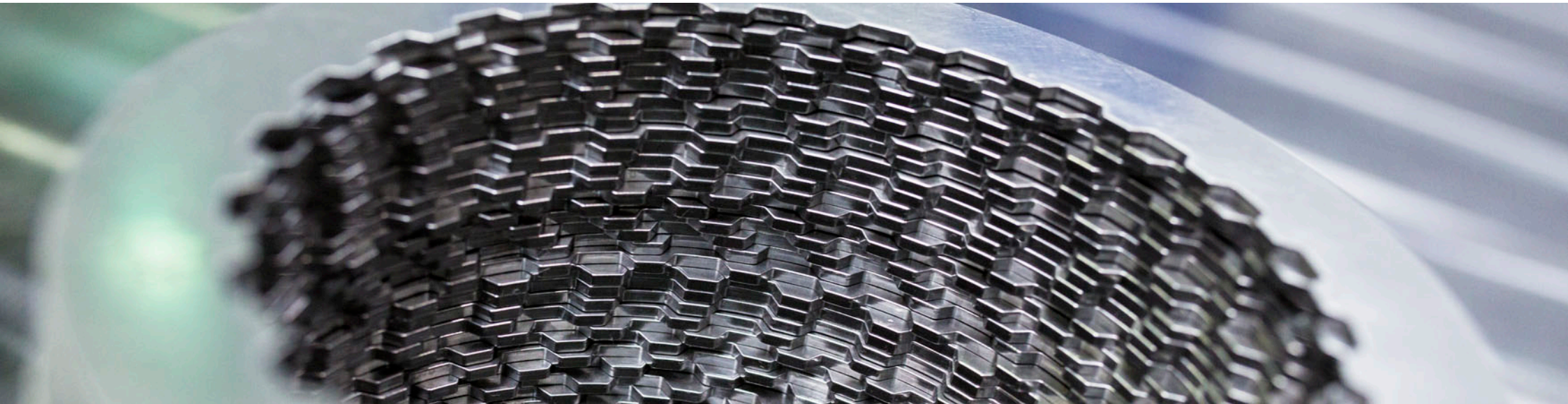


Feintool Group

Annual Media Conference financial year 2014

AGENDA

- | | |
|---------------------------------|-----------------------------------|
| ▶ The Feintool Group's strategy | Alexander von Witzleben, Chairman |
| ▶ Review of financial year 2014 | Heinz Loosli, CEO |
| ▶ Financial results | Thomas Bögli, CFO |
| ▶ Outlook | Heinz Loosli, CEO |
| ▶ Questions and answers | All |
| ▶ Discussion over lunch | All |



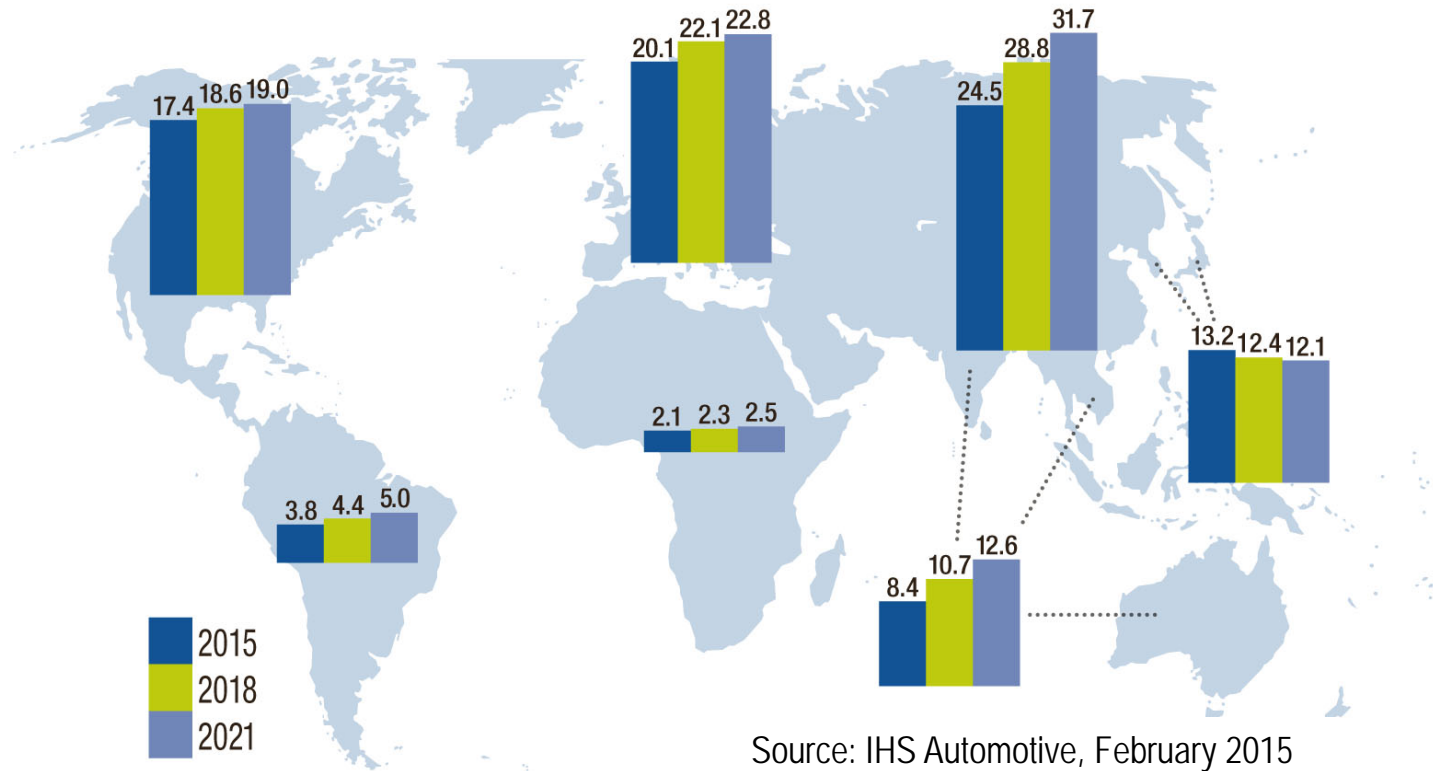
Alexander von Witzleben Feintool Group's strategy

POSITIVE PERFORMANCE CONTINUES

(CHF m)

	2010/11 ¹⁾	2012 ²⁾	2013 ³⁾	2014	2015E	Mid-term target
Net sales	360.2	427.0	435.7	503.4	460-480	600
EBITDA	31.9	43.0	47.0	62.9		
EBIT	17.2	22.0	20.4	35.1	~27	>8%
Net income	12.2	11.4	14.8	24.6		
Net debt	41.9	75.3	33.0	9.3		
Equity ratio (as a %)	37.3	35.4	46.1	47.5		
Investment	33.8	34.8	36.6	43.4		
Dividend (CHF)	0.80	1.00	1.20	1.50 ⁴⁾	approx. 30%	

GLOBAL CAR PRODUCTION



Worldwide increase

- ▶ 2015-2021: Increase in car production of approx. 3% per year
- ▶ Market and competitive environment remain attractive, Euro exchange rate and price of oil acting as catalysts for our business

OUTLOOK

Basis laid for future development

- ▶ Further development of the fineblanking and forming processes to safeguard and increase competitiveness
- ▶ Existing production capacity and investments instigated provide basis for planned growth in sales over the next years
- ▶ Acquisition of fineblanking plant in the Erzgebirge region to expand capacity rapidly
- ▶ Vertical expansion of value creation
- ▶ Revaluation of Swiss franc leaving its mark in early 2015, necessitating additional optimization measures already agreed at Swiss sites



Heinz Loosli

Review of 2014 financial year

2014 HIGHLIGHTS


Efficiency as a driver of growth

- ▶ Successful implementation of efficiency-driven internal and external projects
- ▶ Increased market share in China for Feintool fineblanking presses
- ▶ Award-winning innovation: the world's fastest fineblanking press
- ▶ Largest order ever awarded in Europe for formed dual-clutch components
- ▶ Sale of IMA: focus strategy concluded



MARKET POSITION CONSOLIDATED IN MAIN SEGMENTS

Strong position due to specialization

Market share			Products	
Europe	USA	Asia		
99%	94%	60%	Fineblanking presses	No. 1
95%	100%	60%	Seat adjusters (technology)	No. 1
2%	55%	28%	Seat adjusters (parts)	No. 1
90%	18%	--	Automatic transmission discs (parts)	No. 1
65%	20%	--	Formed transmission components (excluding proprietary production)	No. 1

Source: Internal calculation

SYSTEM PARTS SEGMENT



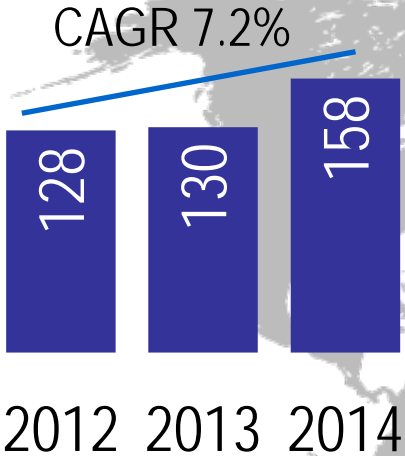
Seat adjusters and transmission components

Leading manufacturer of seat adjuster and transmission components

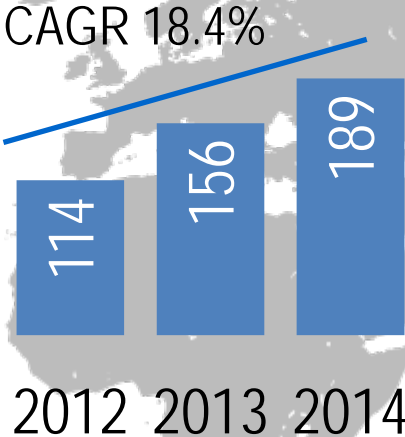
- ▶ Global production in the four largest automotive markets
- ▶ CO₂ reduction and fuel economy as growth drivers
- ▶ Strong focus on certain areas of application
- ▶ High investment and expertise as entry barriers for competition

SYSTEM PARTS SEGMENT

Growing faster than the market



\$ million



€ million

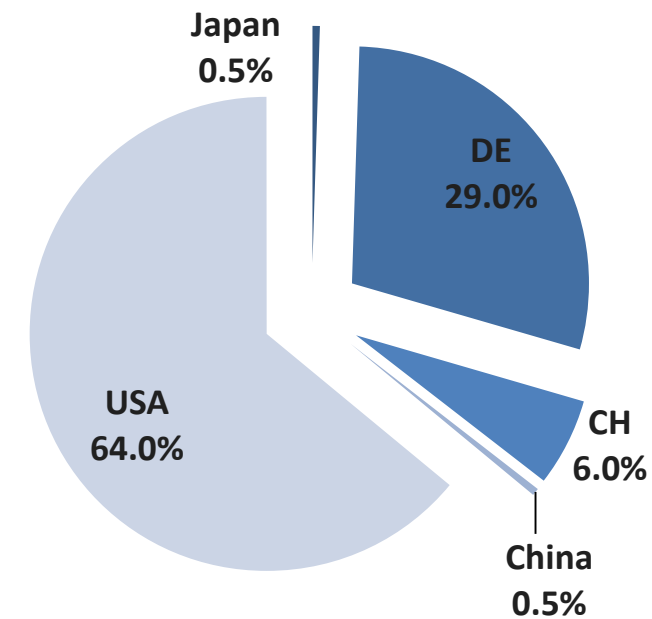


YEN million

HIGHLIGHTS: SYSTEM PARTS

Highly dynamic growth

- ▶ Organic growth of 17.1%
- ▶ Has exceeded growth of strong US automotive market by increasing market share in applications for modern transmission systems. Also significant increase in market share in Europe and sales growth in China
- ▶ Demands for higher efficiency in the automotive industry favour Feintool's manufacturing technologies
- ▶ Investment in some of the world's most modern production facilities and an expansion in capacity to the tune of CHF 31 million



Investment in production facilities 2014

HIGHLIGHTS: SYSTEM PARTS

Successful development in Forming

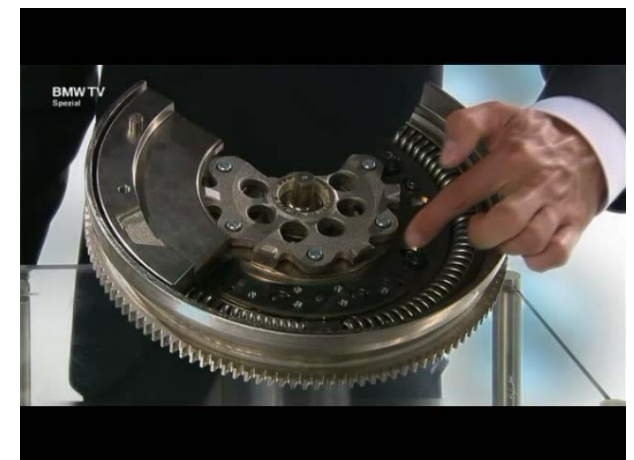
- ▶ Improvement and restructuring measures at Forming Europe increased the result by CHF 5.7 million year-on-year
- ▶ Disc carrier production for the new Daimler 9-speed automatic transmission has started successfully. Anticipated additional sales of at least EUR 13.5 million per year from 2017
- ▶ Nomination received for the new VW dual-clutch transmission. Production starts in 2017, future sales of EUR 14 million per year



HIGHLIGHTS: SYSTEM PARTS

On a growth course in Europe

- ▶ Sixth production line for transmission discs commissioned at Jena in April
- ▶ Disc production up 50% in 2014 to 72 million units.
- ▶ Decision to expand the value chain to include heat treatment for the manufacture of components for speed-adaptive dampers (DAT) (thereby ensuring optimal comfort for drivers and passengers of the future)
- ▶ Additional sales from the DAT project until 2016: EUR 24 million



HIGHLIGHTS: SYSTEM PARTS

Greater dynamism in Nashville, USA

- ▶ Third forming press commissioned. Feintool is therefore the only company in the US that has two forming presses with an inbuilt fineblanking phase for manufacturing complex components in a single operation
- ▶ Sales increased by a factor of 1.7 in 2014. Site profitable for first time in its 15-year history
- ▶ Further expansion phase worth more than CHF 18 million planned, including investment in an additional forming press



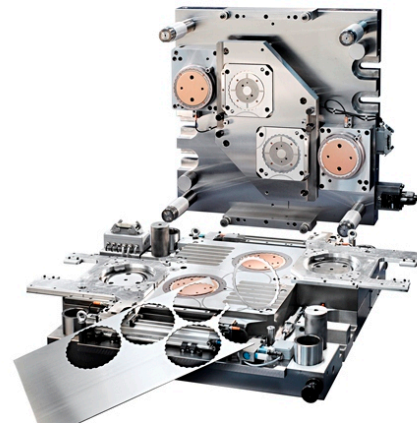
FINEBLANKING TECHNOLOGY SEGMENT

Global market leader for fineblanking presses

- ▶ Sole supplier in Europe, world leader
- ▶ Process skills as USP
- ▶ Service portfolio includes new FeinMonitoring product
- ▶ Press production in Germany, Japan and Switzerland



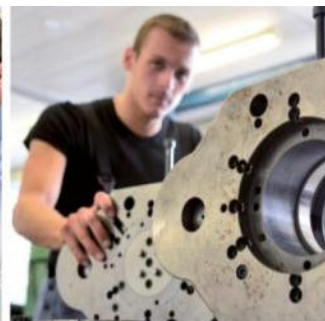
Comprehensive range of fineblanking presses



Modern toolmaking



Simulation



Prototyping



eShop

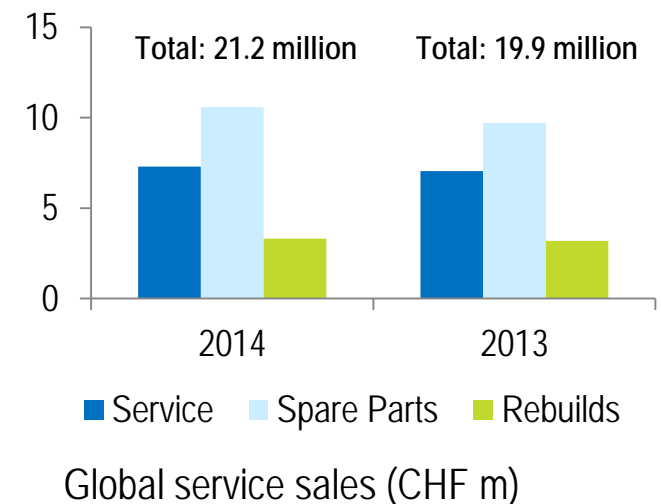


Service

FINEBLANKING TECHNOLOGY SEGMENT

Success in Asia

- ▶ Third-party business grew by 8.2% thanks to Asia
- ▶ Work in hand for seven months for the press and tool business, backlog up 10%
- ▶ Opening a replacement parts hub in China means we can deliver to customers immediately, with retrospective customs clearance
- ▶ The replacement parts hub supplements the Technology Centre opened at the end of 2013 in Songjiang near Shanghai for training, engineering, testing and demonstration purposes



HIGHLIGHTS: FINEBLANKING TECHNOLOGY

Impressive innovation

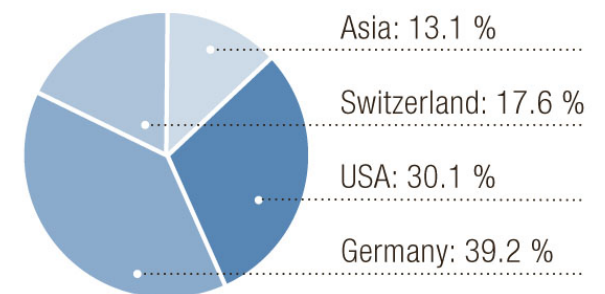
- ▶ The world's fastest, most productive fineblanking press, the XFT1500*speed*, enjoyed its launch at the EuroBlech trade fair, where it won first prize for innovation in the punching category
- ▶ The new fineblanking presses developed and built in Japan for the Asia market are increasing their market share
- ▶ The FeinMonitoring remote monitoring and analysis system was unveiled at EuroBlech. It is contributing significantly to cost-effectiveness and increased efficiency – Feintool's hallmark



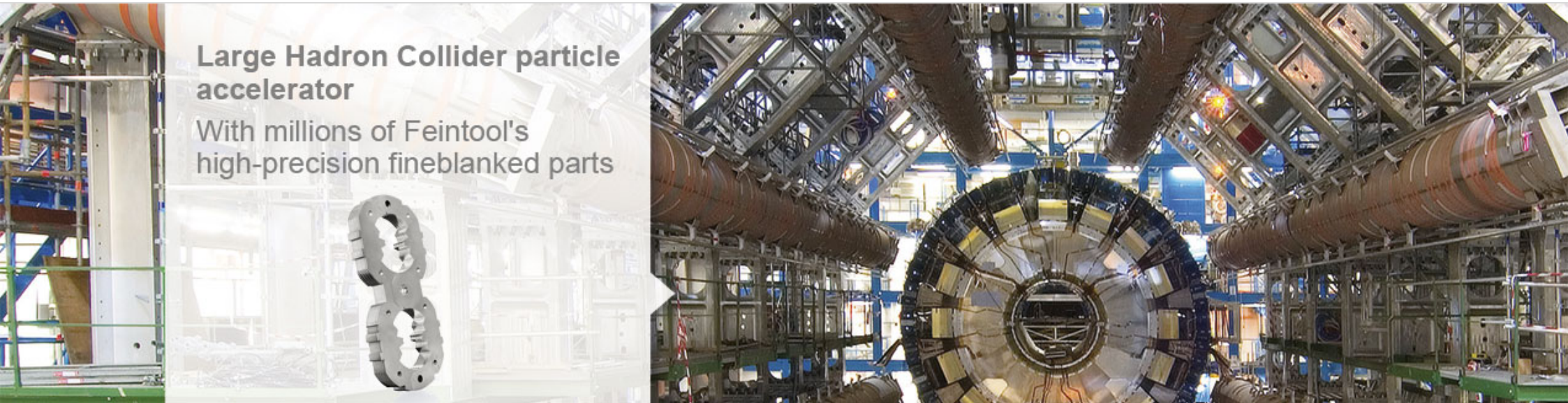
EMPLOYEES

It's a "yes" for Feintool

- ▶ Staffing levels have grown by 9%, more slowly than sales: 1,987 employees and 82 apprentices in 12 trades
- ▶ Global Gallup-principal survey confirms high level of approval with Feintool values. "Fineblanking and forming are our passion, our customers' commercial success is our goal"
- ▶ Swiss Embassy's Tell Award for successfully implementing dual training system in the US



Employees by region



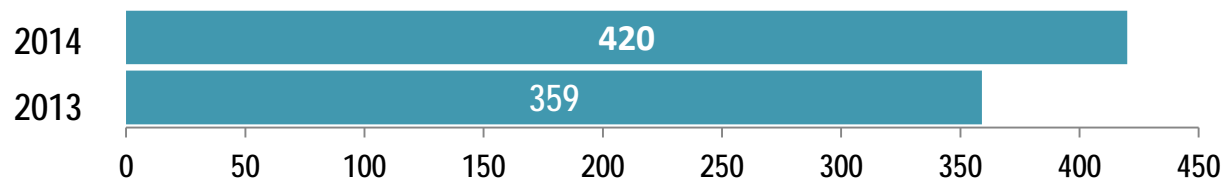
Large Hadron Collider particle accelerator

With millions of Feintool's high-precision fineblanked parts

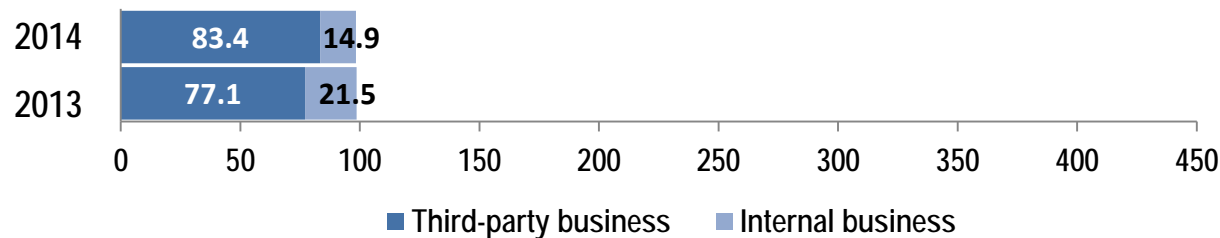
Thomas Bögli Financial Results

SALES

System Parts



Fineblanking Technology

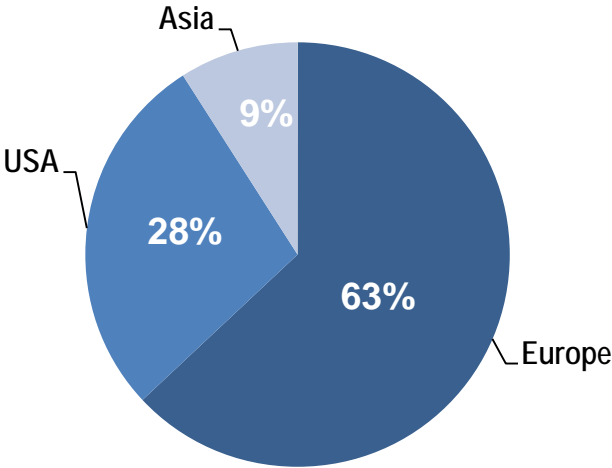


Strong sales growth to CHF 503 million

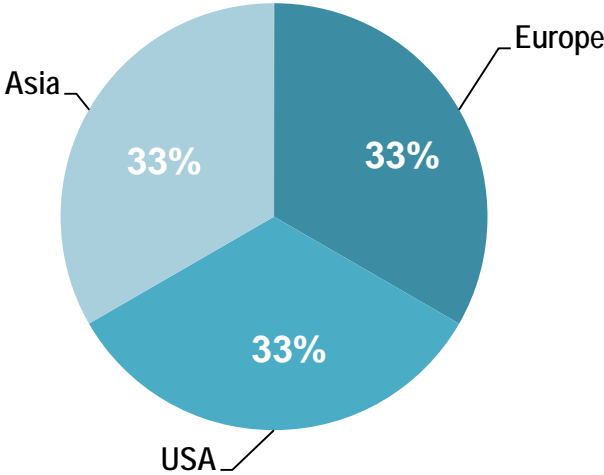
- ▶ Currency adjusted growth of 17%
- ▶ Parts business +19%
- ▶ Fineblanking Technology on last years level, 8% increase in third party business
- ▶ 83% of the turnover in the high-volume parts manufacturing

SALES BY REGION

2014



Distribution according to location of Feintool customers



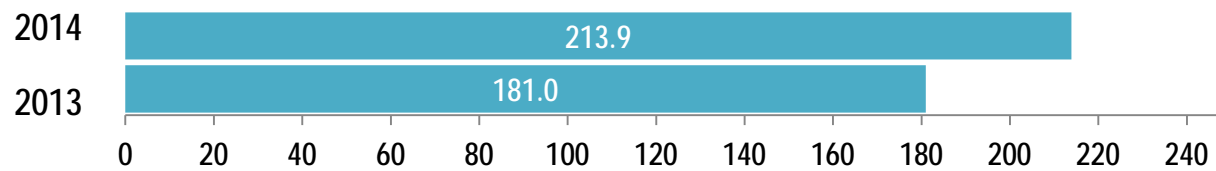
Estimated distribution of final products

Strong influence by export of end-products

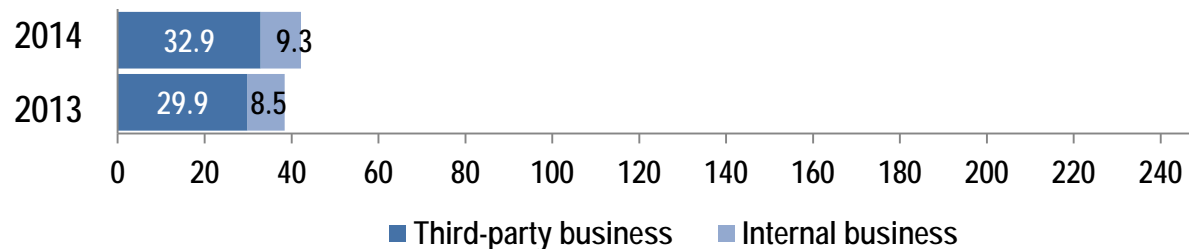
- ▶ Stable geographic distribution
- ▶ Switzerland with 2% not relevant
- ▶ Slow localization of manufacturing

EXPECTED RELEASE SCHEDULES / BACKLOG

System Parts: Expected releases +18%



Fineblanking Technology: Backlog +10%

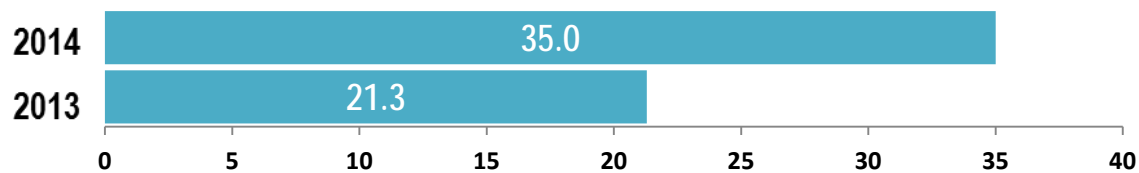


Significant increase in both segments

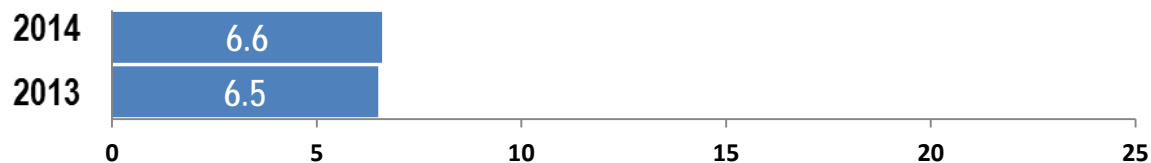
- ▶ System Parts increase due to good economical situation and new projects
- ▶ Fineblanking Technology backlog guarantees capacity utilization for 6-8 months

EBIT

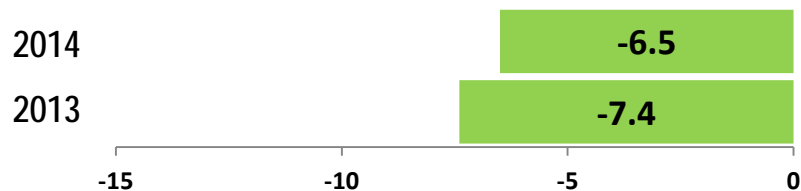
System Parts



Fineblanking Technology



Finance / Elimination

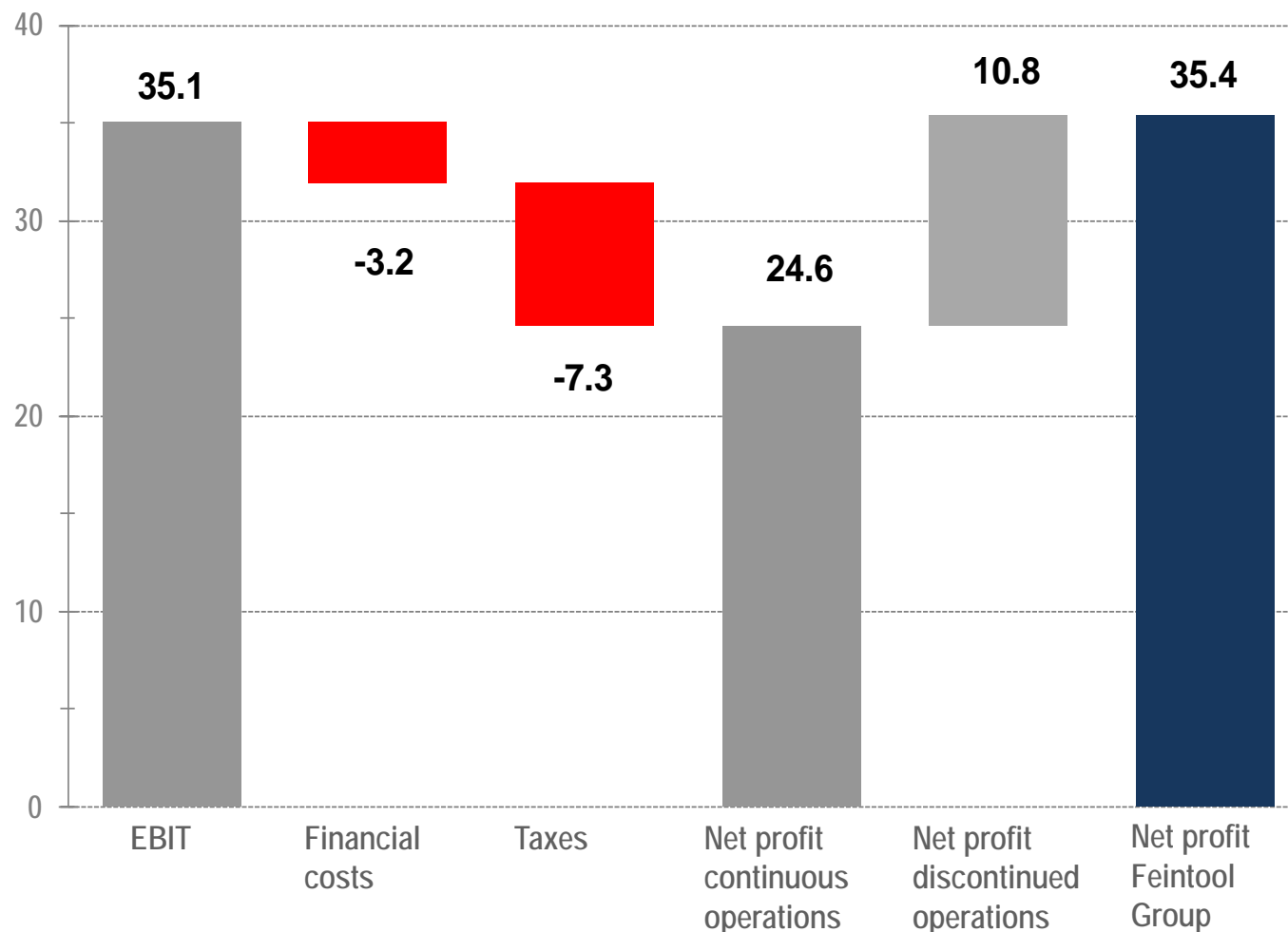


Positive EBIT development

- ▶ EBIT increases by 73% to CHF 35 million
- ▶ System Parts with 67% of the years result; first returns from prior year investments
- ▶ EBIT margin at 7.0%

NET PROFIT

in million CHF

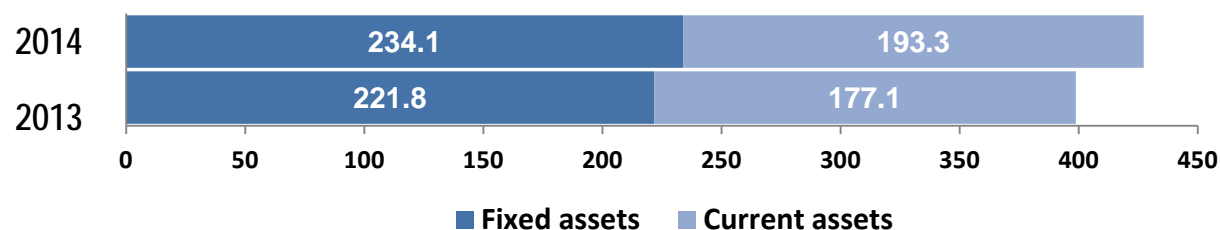


88% profit increase

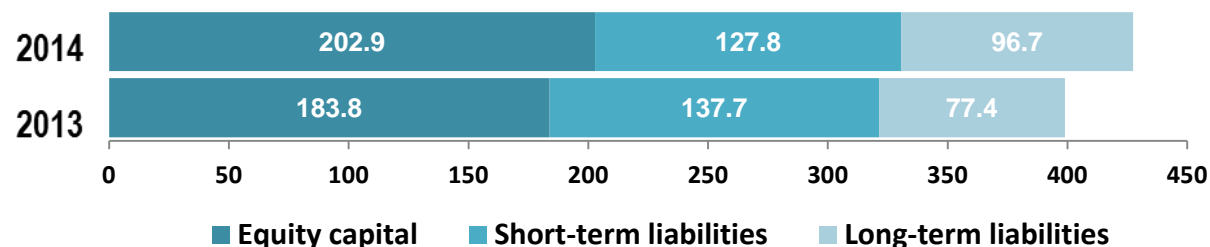
- ▶ Increase of 66% (without sale of IMA)
- ▶ Financial result positively impacted by currency gain (CHF 1.2 million)
- ▶ Low tax rate due to special effects

BALANCE SHEET

Assets



Liabilities

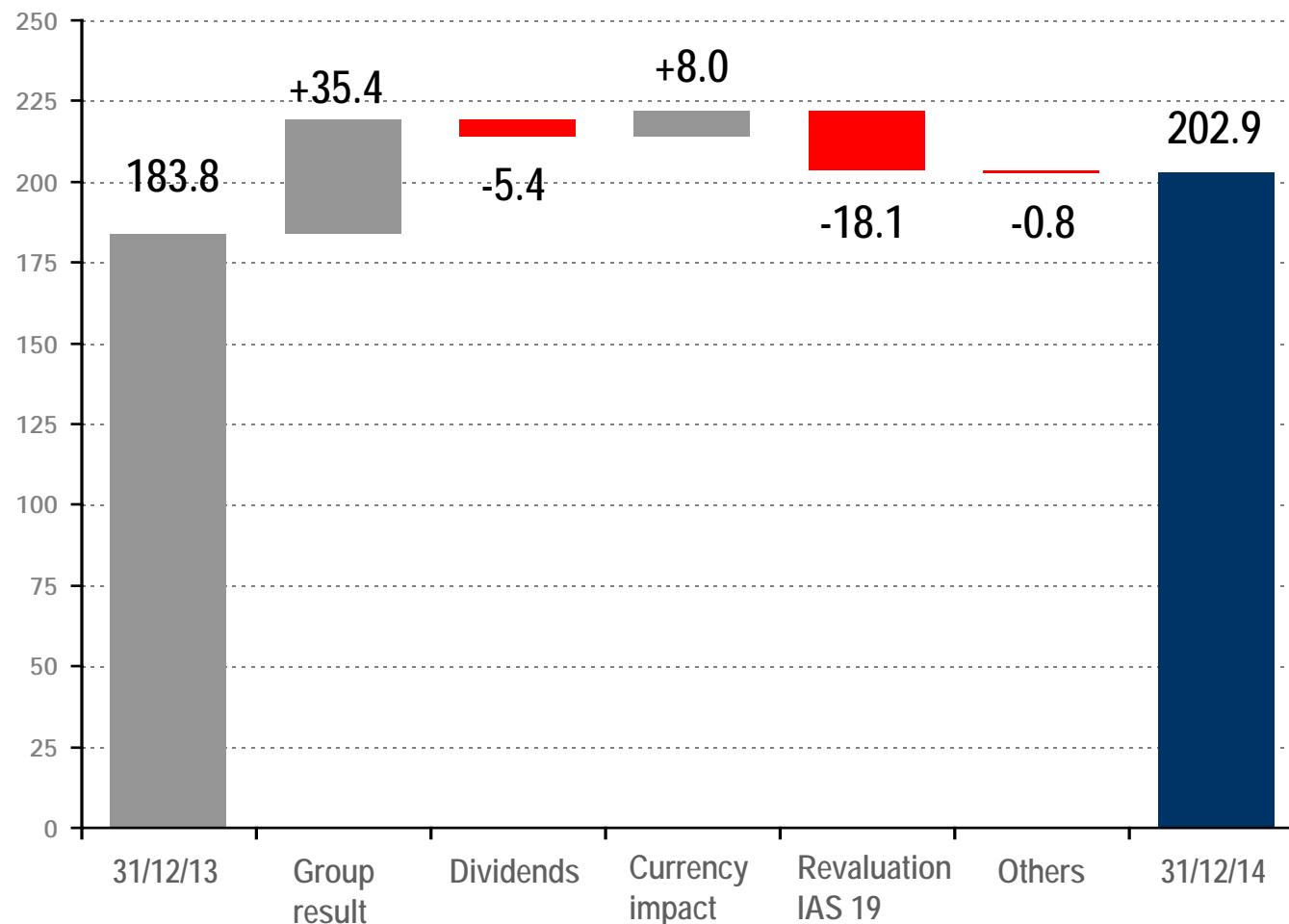


Healthy balance sheet

- ▶ Balance sheet total slightly increased to CHF 427 million
- ▶ Net debt reduced to CHF 9 million
- ▶ Net debt / EBITDA < 1
- ▶ Equity ratio increased to 47%

EQUITY CAPITAL

In million CHF

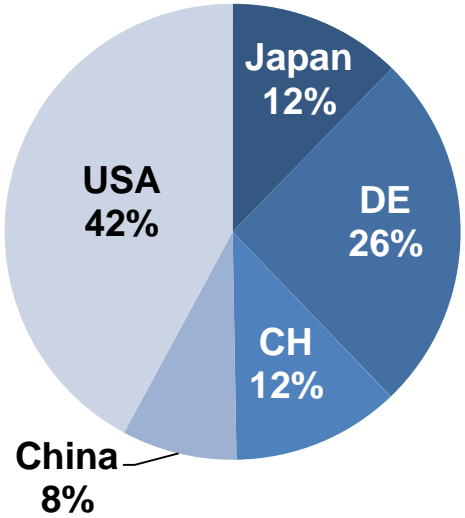
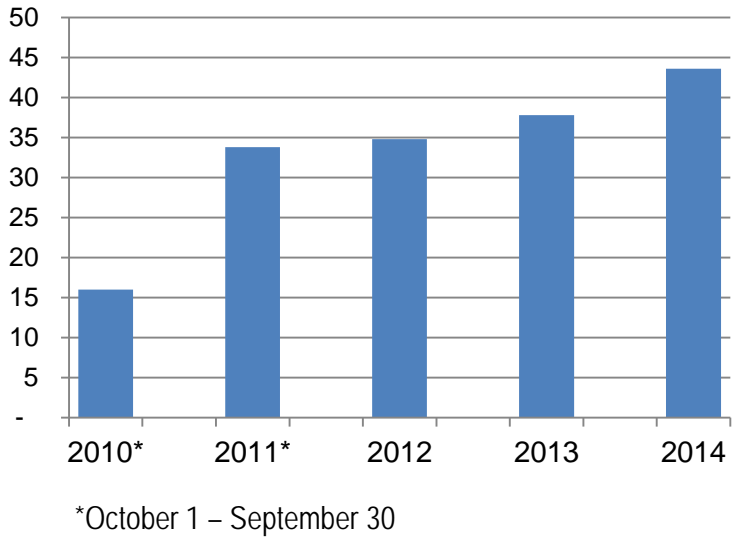


High equity ratio of 47%

- ▶ Successful business operations
- ▶ Strong influence of:
 - ▶ Currency gains
 - ▶ revaluation of the net debt IAS 19

INVESTMENTS (WITHOUT AQUISITIONS)

in Mio. CHF



Regional distribution 2010 - 2014

High capital expenditures 2010 - 2014

- ▶ Capital expenditures of more than CHF 150 million in the last 5 years for innovation, production facilities and new markets
- ▶ Capital expenditures in all regions; modern machinery park in all locations

DIVIDEND PROPOSAL

Proposal of the board of directors:

Distribution of a dividend of CHF 1.50 per share

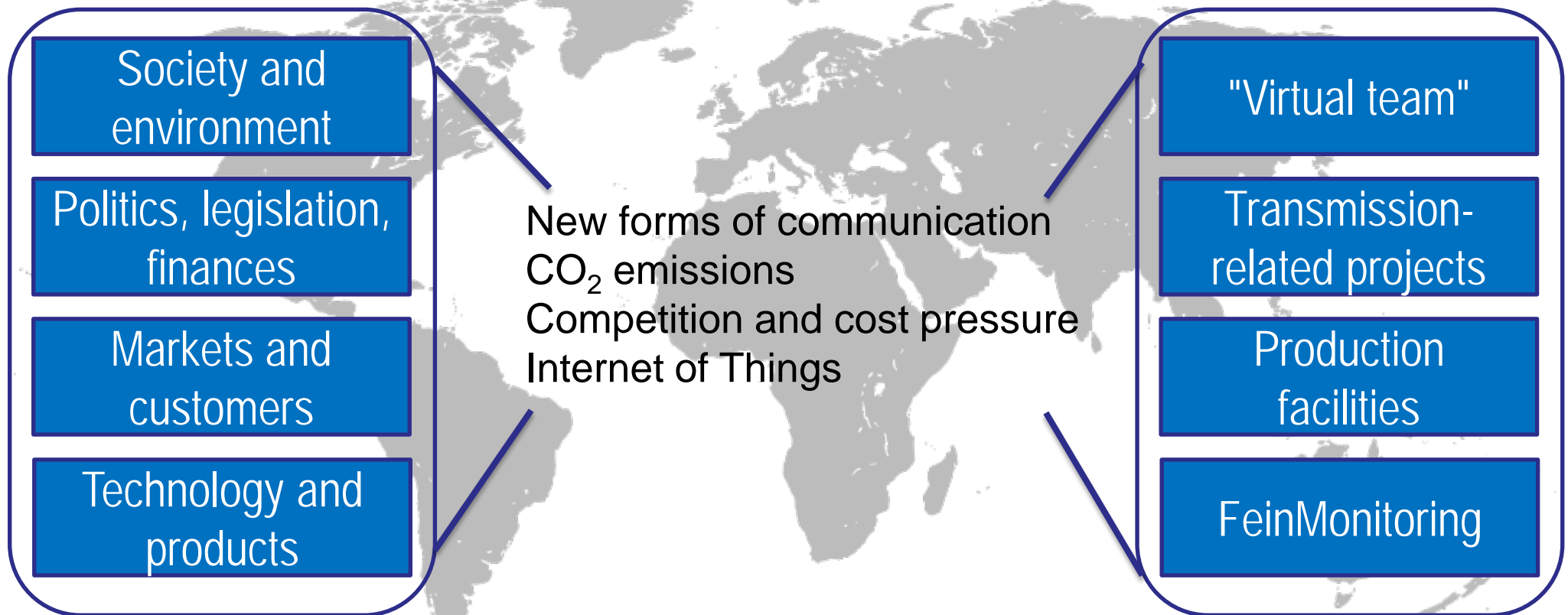
- ▶ + 25% compared to previous year
- ▶ Payout ratio of 27%; calculated on continuing business (previous year 27%)





Heinz Loosli Outlook for 2015

GLOBAL MEGATRENDS

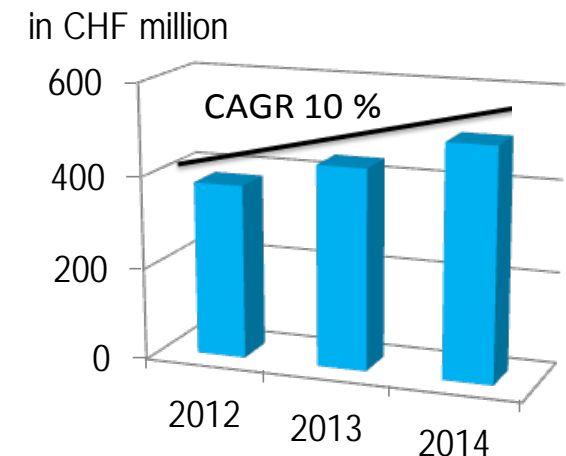


OUTLOOK

Good start to new financial year

- ▶ Good progress that exceeded expectations at the start of the year is partially offsetting the negative impact of exchange rates
- ▶ Medium-term growth prospects at System Parts covered by nominations and call-offs
- ▶ Further market success for the new Asian range of presses and extended services

Strong growth, also in CHF

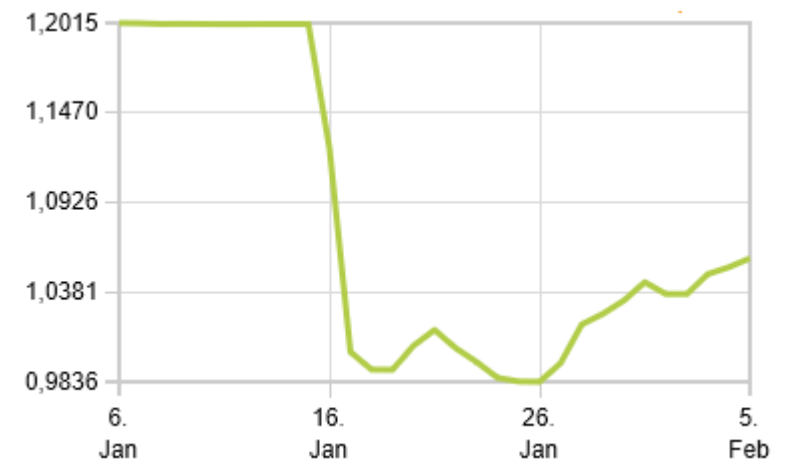


Fineblanking Technology and System Parts

CURRENCY PROBLEM

Immediate measures taken

- ▶ Working hours increased to 44 hours per week starting 1 February 2015
- ▶ Recruitment block, reduction in overtime and temporary staff
- ▶ Suppliers to share in currency losses
- ▶ Price modifications where possible
- ▶ Hedging to reduce exchange rate risks



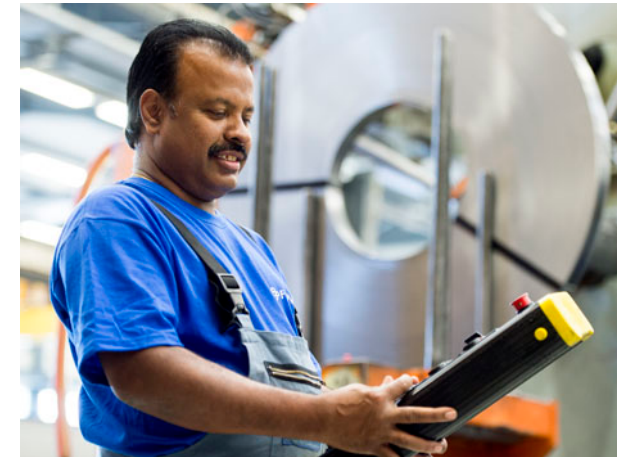
CURRENCY PROBLEM

Feintool is investing in Switzerland

As a strategic reaction to the strength of the Swiss franc, Feintool will be focussing more closely on specialty products in Switzerland and is investing over CHF 10 million in development, new technology and more efficient production facilities.

This includes:

- ▶ Accelerating the development of a new range of presses
- ▶ Expanding value creation by setting up state-of-the-art heat treatment facilities for sophisticated transmission components



STRATEGIC ACQUISITION

Feintool is buying a fineblanking plant in the Erzgebirge region

This acquisition will enable Feintool to seize market opportunities at short notice and improve its overall competitive position in Europe

- ▶ Rapid increase in production capacity and improved press utilization
- ▶ Favourable production costs
- ▶ More specialist and industry-specific management and professional expertise

STRATEGIC ACQUISITION

The business at a glance

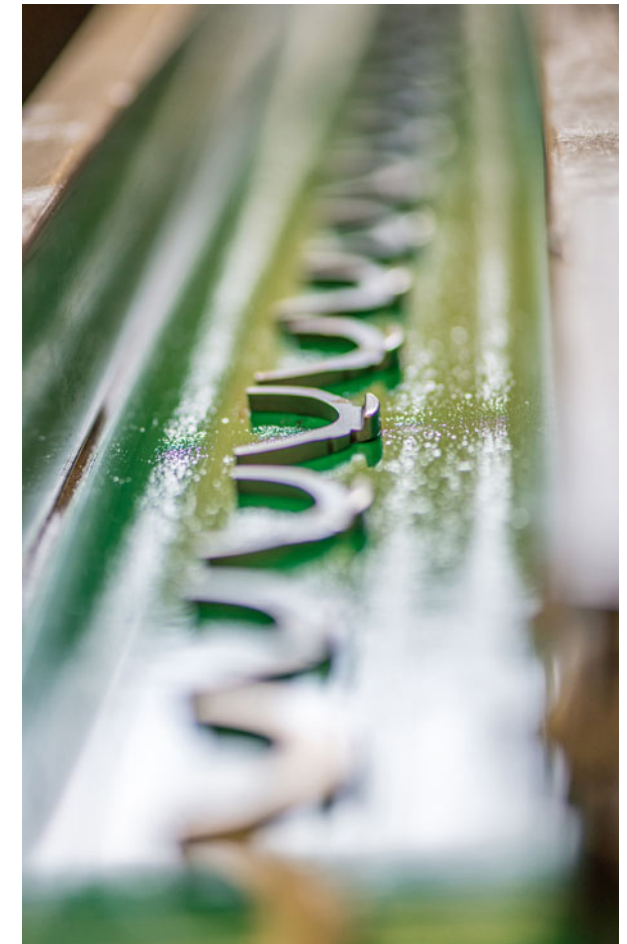
- ▶ Modern greenfield plant constructed in 2007
- ▶ Three state-of-the-art Feintool HFAplus fineblanking presses
- ▶ Production area of 3,120 m²
- ▶ 38 employees
- ▶ Certified in accordance with ISO/TS 16949 and ISO 14001
- ▶ Current sales of approx. 5 million euros
- ▶ Plant can be rapidly expanded



ATTRACTIVE SITUATION

The conditions are right

- ▶ Expected global growth for automotive suppliers in the drivetrain segment between 2014 and 2020 is approx. 4.5% p.a. (CO₂ and consumption requirements)
- ▶ No production in countries with disappointing market trends (India, Russia and South America)
- ▶ Competitive edge being widened due to technology leadership, state-of-the-art production facilities, efficiency and complementary skill sets
- ▶ Prospect of further major drivetrain orders; will impact on sales from 2017 onwards.



GUIDANCE

Business performance basically positive

Original assumption at start of year:

- ▶ 6% growth in sales and an additional increase in margins

Due to recent exchange rate fluctuations, guidance has been modified:

- ▶ Sales between CHF 460 million and CHF 480 million
- ▶ Operating profit of around CHF 27 million

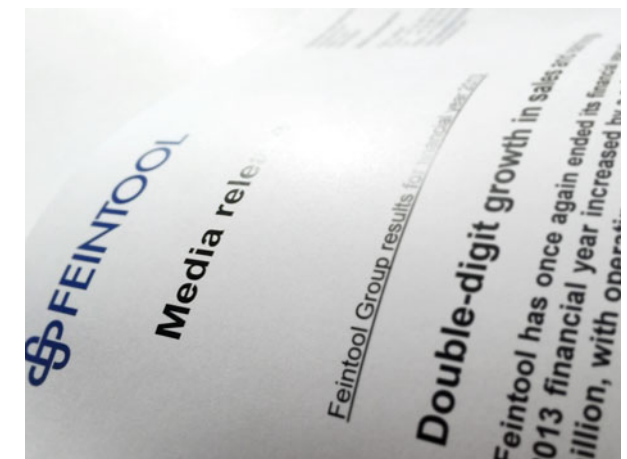
The medium-term target is still for sales of CHF 600 million and an operating margin of 8%

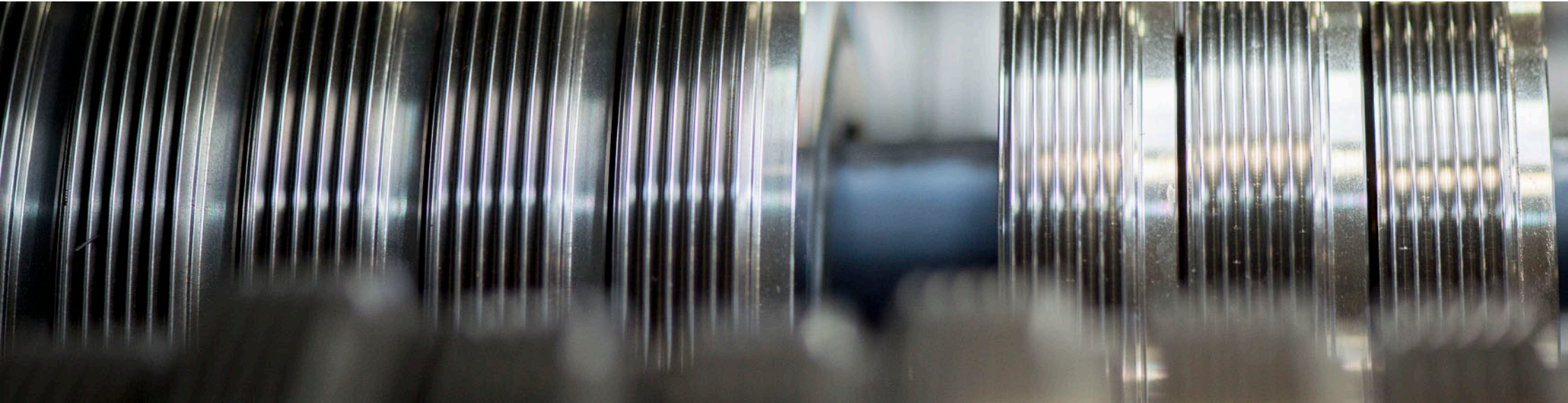


INVESTOR RELATIONS CALENDAR

Important dates

- ▶ General Meeting for 2014 financial year 14 April 2015
- ▶ Media release 1st quarter 2015 14 April 2015
- ▶ Half-year report 2015 26 August 2015
- ▶ Media release 3rd quarter 2015 27 October 2015
- ▶ Annual results
Publication of 2015 AR 8 March 2016*





Questions and answers



Seat adjusters

Economically manufactured
by precision fineblanking

Feintool Group
Thank you for your attention

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