

## Seat adjusters

Economically manufactured  
by precision fineblanking



# Feintool Group Half-Year Results Conference, 19 August 2014

# 2014 HALF-YEAR RESULTS CONFERENCE

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# 2014 HALF-YEAR RESULTS CONFERENCE

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## Agenda

- ▶ Key developments
- ▶ Financial reporting
- ▶ Outlook
- ▶ Questions and answers

Heinz Loosli, CEO

Thomas Bögli, CFO

Heinz Loosli, CEO

## KEY DEVELOPMENTS

### Feintool Group on target (continuing operations)

- ▶ Sales +19.3% to CHF 244.9 million
- ▶ EBITDA +52.1% to CHF 30.6 million
- ▶ EBIT +141.3% to CHF 17.4 million
- ▶ Group net income +234% to CHF 12.0 million



## KEY DEVELOPMENTS

### Strategic focus on fineblanking and forming

- ▶ Sale of IMA Automation concludes the divestment of all non-core businesses
- ▶ Market environment remains positive thanks to flourishing automotive industry. Growth momentum thanks to new call-offs
- ▶ Sales successes in Asia compensating for cautious investment behaviour in Europe

**AUTOMATION**



**SYSTEM PARTS**



**FINEBLANKING  
TECHNOLOGY**



## HIGHLIGHTS: SYSTEM PARTS



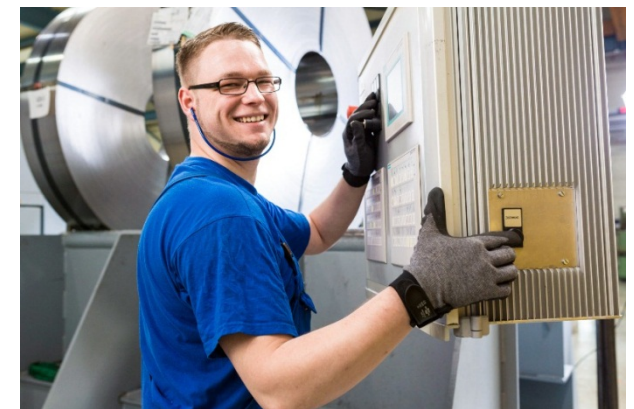
Long lasting  
connection to Japan

- ▶ 150 years of diplomatic relations between Japan and Switzerland
- ▶ 30-year presence of Feintool in Japan
- ▶ Anniversary event for customers and employees at Atsugi plant

## HIGHLIGHTS: SYSTEM PARTS

### On a growth trajectory in Europe

- ▶ Sixth production line for gearbox discs commissioned in Jena at the end of April
- ▶ Disc production up 34% in first half of year to 34 million units. Expectations for 2014: 85 million units
- ▶ 23 tools for DAT assembly groups currently at sampling and start-up phase in Lyss. This highly challenging task will depress the 2014 result by more than one million. From 2018, we expect sales of more than CHF 20 million per year



## HIGHLIGHTS: SYSTEM PARTS

### Forming developing successfully

- ▶ Improvement and restructuring measures at Forming Europe increased the result by CHF 4.1 million year-on-year
- ▶ Disc carrier production for the new Daimler 9-speed automatic transmission has started successfully. Expected sales of at least CHF 16.8 million per year from 2017
- ▶ Nomination received for the new VW dual-clutch transmission. Production start from 2017, future sales of CHF 16.8 million per year





## HIGHLIGHTS: SYSTEM PARTS

### Greater dynamism in Nashville, USA

- ▶ Third forming press in production: sales up 47% in first six months
- ▶ Site profitable for first time in 15-year history
- ▶ High visibility regarding additional volumes and orders
- ▶ Further expansion steps, including an additional forming press, worth more than CHF 18 million at preparation stage

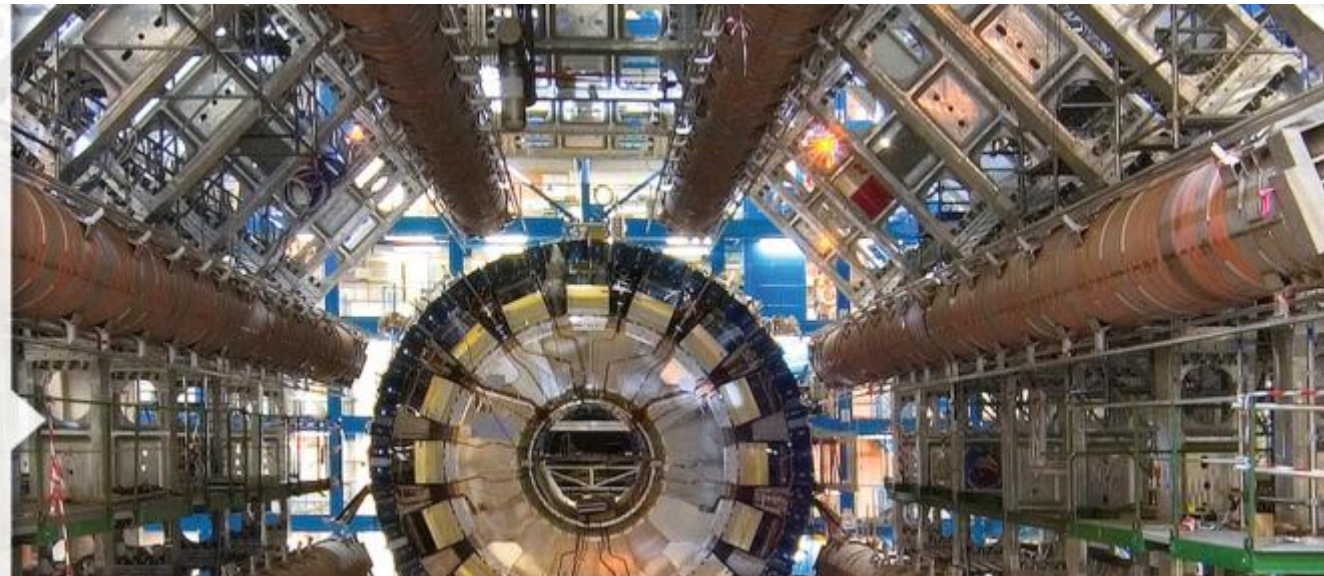


# HIGHLIGHTS: FINEBLANKING TECHNOLOGY

## Impressive innovation

- ▶ First delivery of the world's fastest, most productive fineblanking press, the XFT1500*speed*. Very good customer feedback
- ▶ Refocusing of sales in Asia and concentration of our activities in China at new technology centre in Songjiang, Shanghai
- ▶ Exceptional sales successes for new Asia presses. Orders received up 50% in first half of year



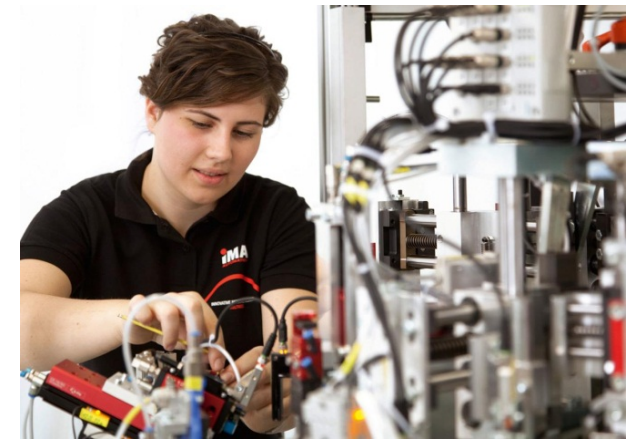


# Thomas Bögli, CFO Financial Reporting

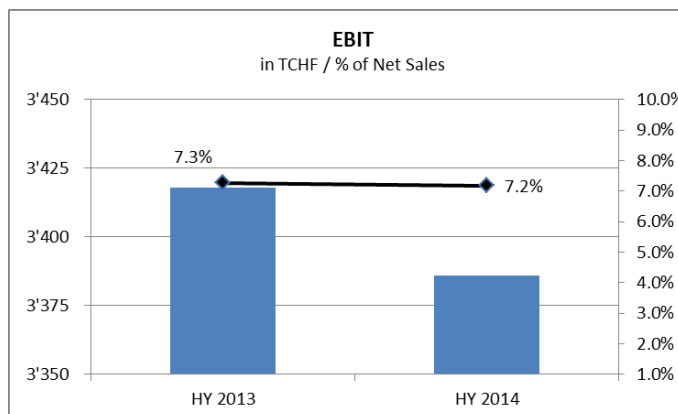
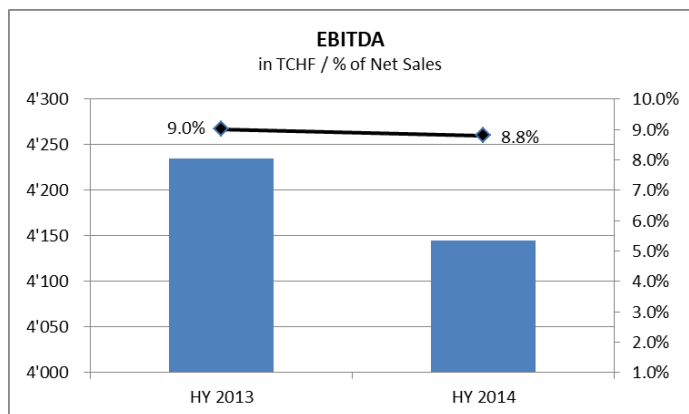
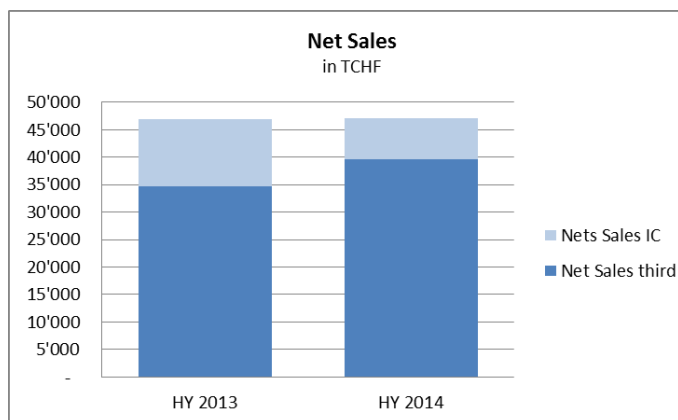
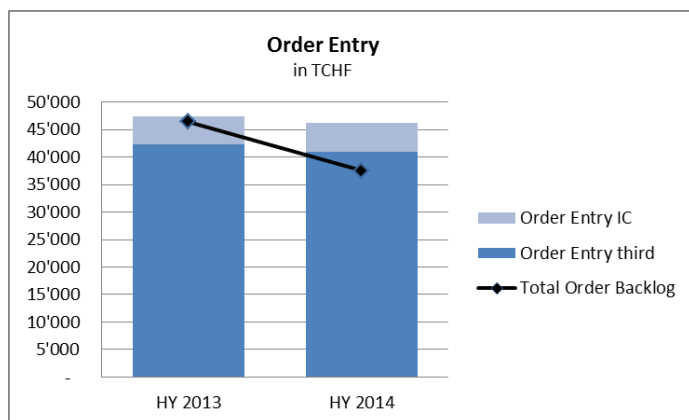
## PRELIMINARY COMMENTS

### Sale of IMA Automation Amberg GmbH

- ▶ On 17 June, 2014, Feintool sold IMA Automation GmbH; the transaction was concluded on 31 July 2014
- ▶ Automation segment (including real estate) is shown as discontinued business, prior year has been adjusted
- ▶ Assets and liabilities of Automation segment (including real estate) are shown as "Assets/liabilities held for sale"



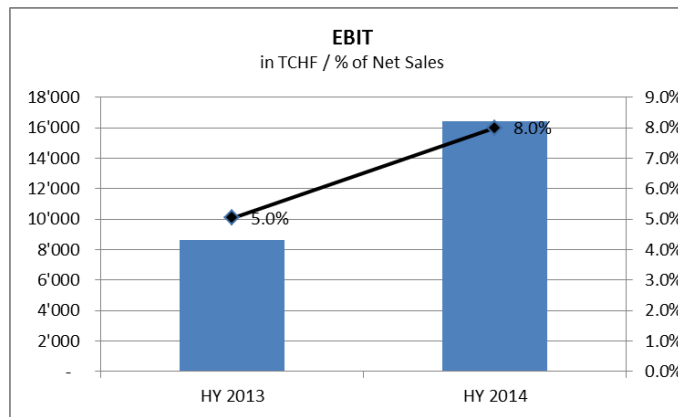
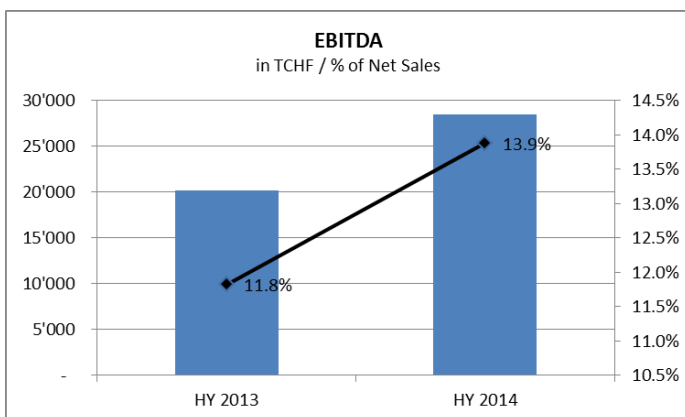
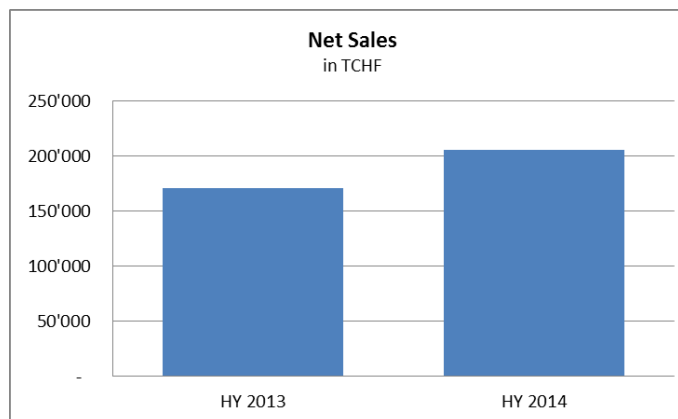
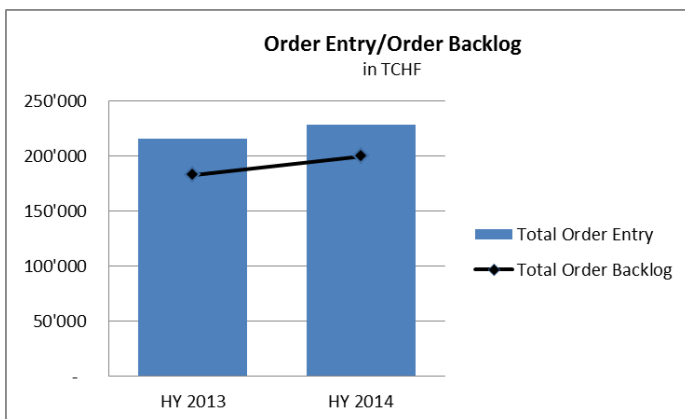
# BUSINESS PERFORMANCE: FINEBLANKING TECHNOLOGY



## Sales and EBIT at prior-year level

- ▶ Sales at CHF 47.1 million
- ▶ EBIT: CHF 3.4 million (margin: 7.3%)
- ▶ Higher gross margin (+80 bps) compensates for higher R&D costs
- ▶ Order backlog of CHF 37.5 million secures six months' capacity utilization

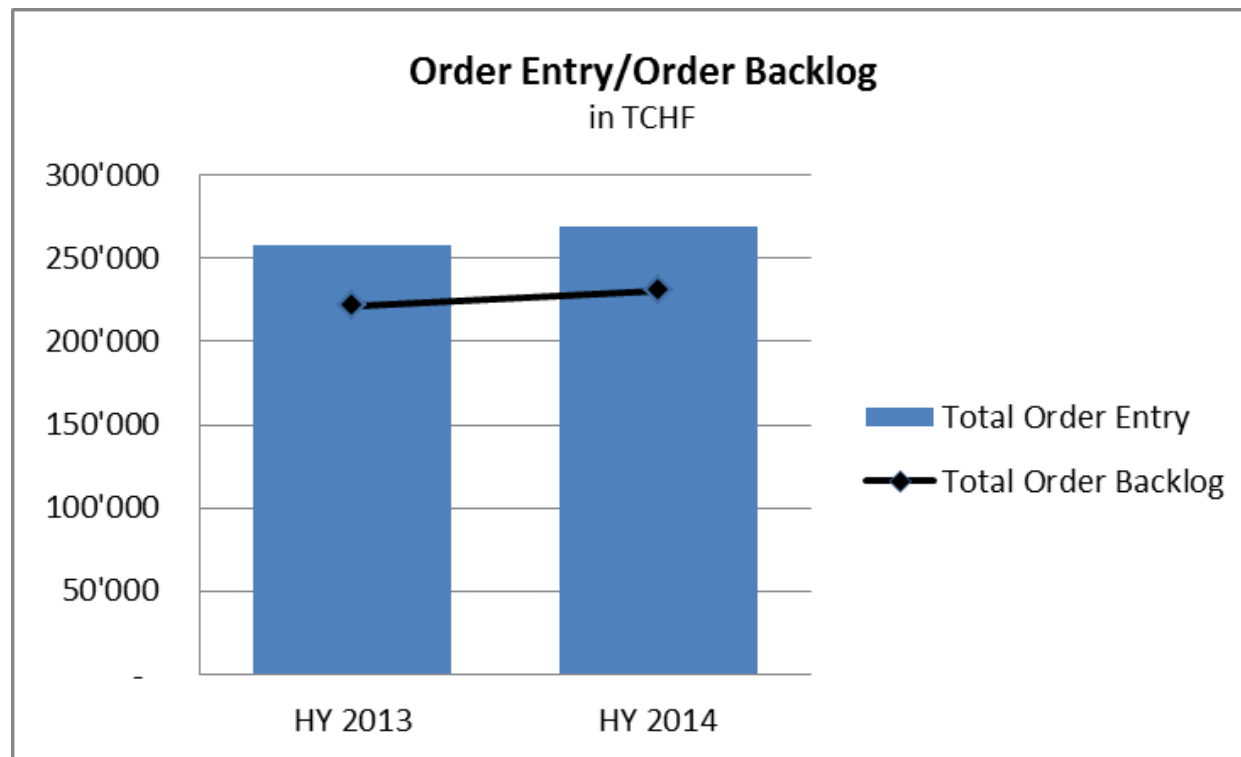
# BUSINESS PERFORMANCE: SYSTEM PARTS



EBIT nearly doubled,  
margin at 8.0%

- ▶ 20.2% organic growth to CHF 205.3 million
- ▶ Growth in local currency: +24.4%
- ▶ EBITDA of CHF 28.5 million, up 41%
- ▶ EBIT of CHF 16.4 million; up 91%
- ▶ EBIT margin at 8.0%
- ▶ All regions positive

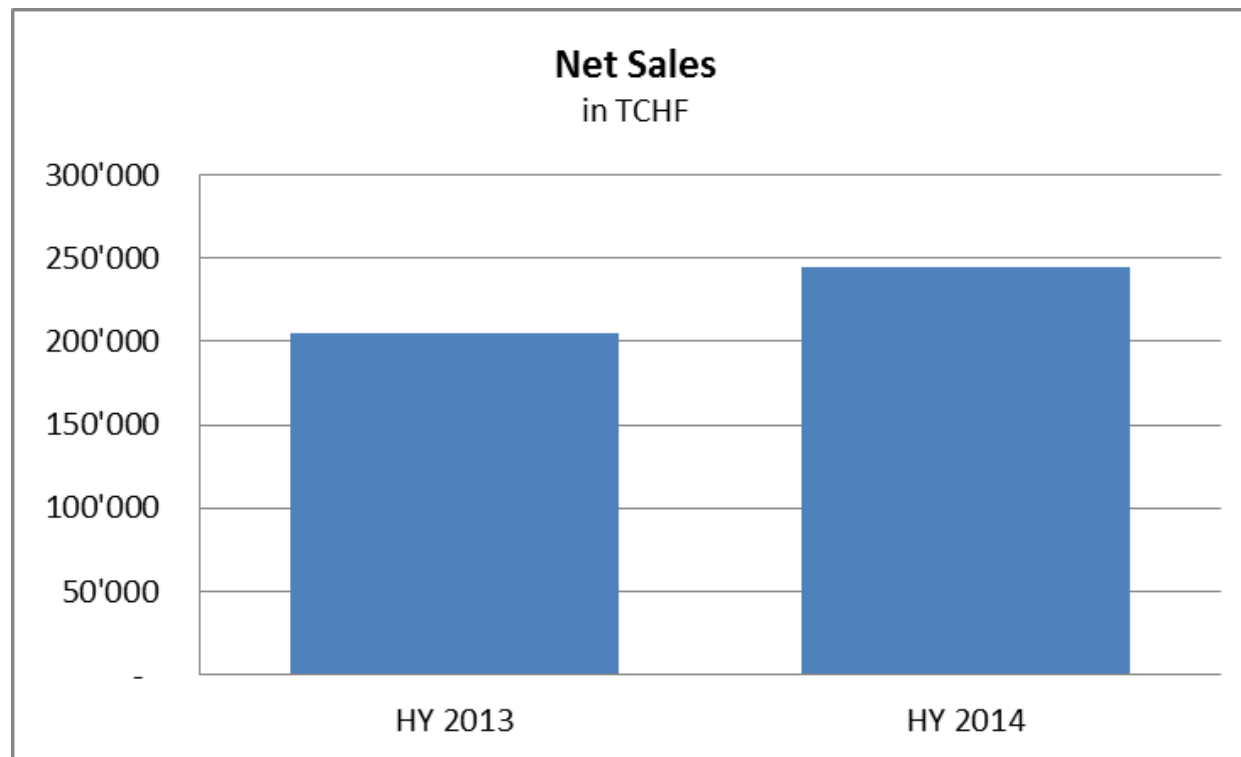
# BUSINESS PERFORMANCE: FEINTOOL GROUP



Orders received and backlog at high level

- ▶ Orders received at CHF 269.4 million; up 4.3%
- ▶ Order backlog at CHF 230.7 million; up 11.6% compared with 31.12.2013
- ▶ Order backlog for capital goods segment ensures six months' capacity utilization

# BUSINESS PERFORMANCE: FEINTOOL GROUP

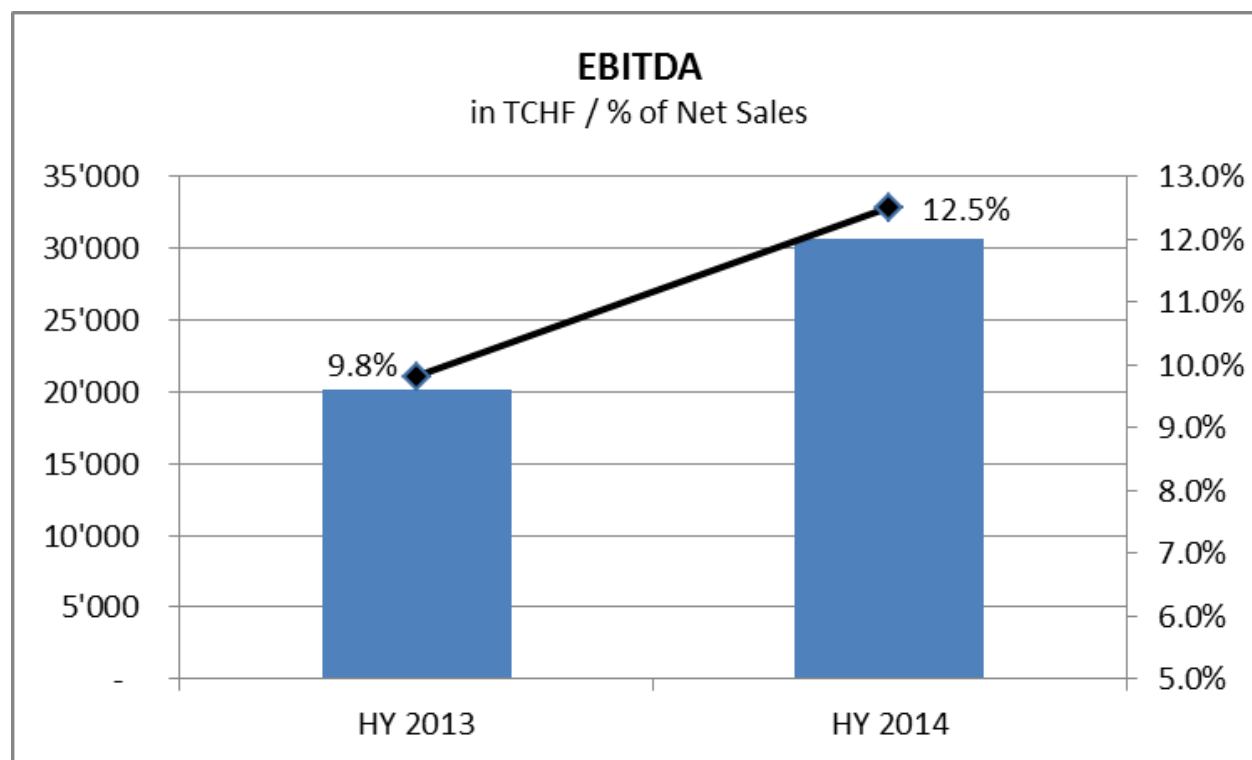


CHF 245 million in sales

- ▶ 19.3% organic growth; 22.9% in local currencies
- ▶ System Parts accounts for 84% of business and is the growth driver
- ▶ Geographical sales distribution largely unchanged (Europe 55%, America 25%, Asia 20%)



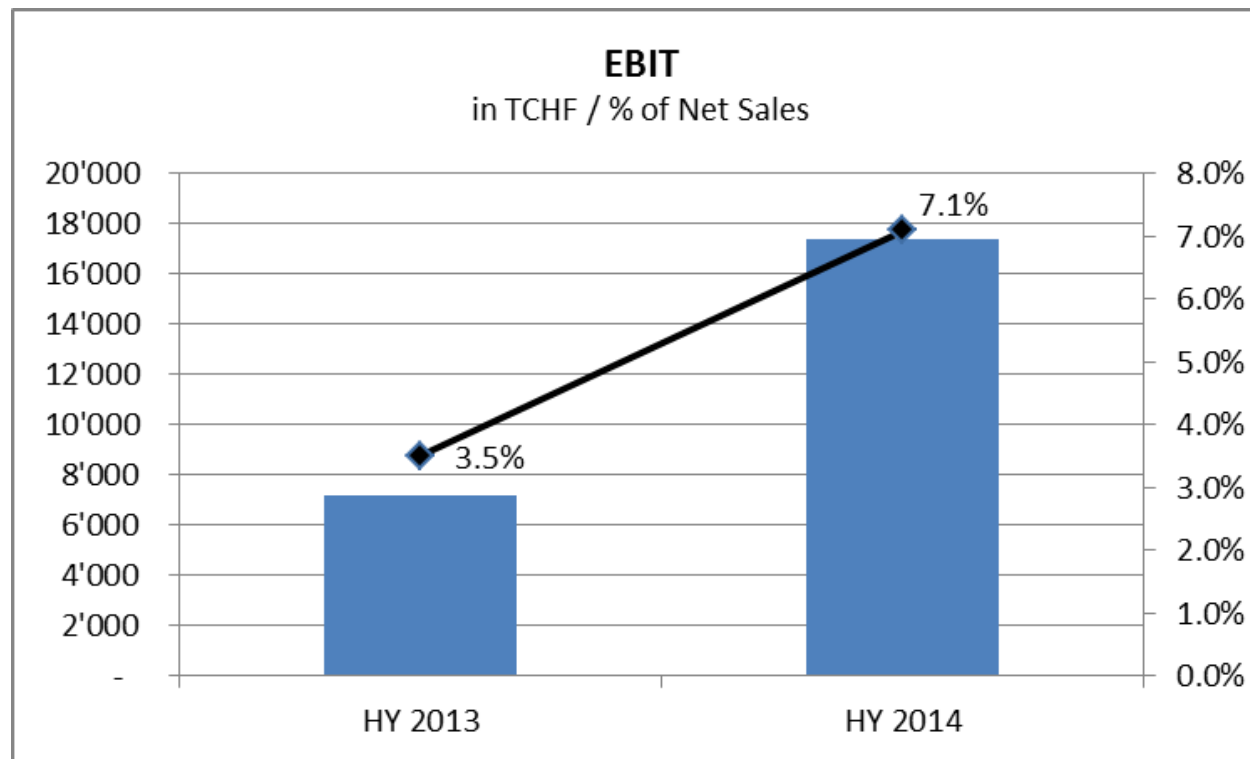
# BUSINESS PERFORMANCE: FEINTOOL GROUP



## EBITDA up 52%

- ▶ EBITDA of CHF 30.6 million
- ▶ EBITDA margin increased by 270 bps to 12.5%
- ▶ Higher capacity utilization and improved productivity showing results

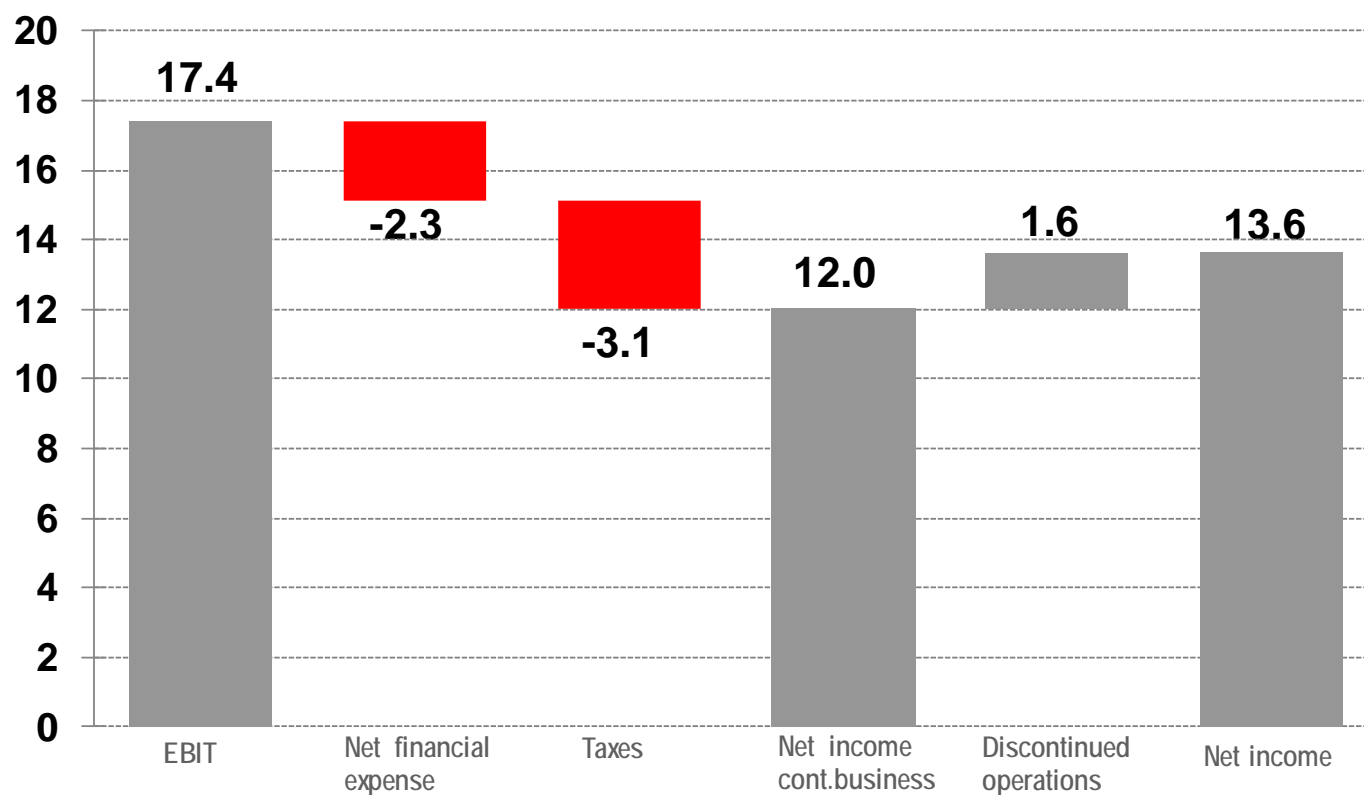
# BUSINESS PERFORMANCE: FEINTOOL GROUP



EBIT: CHF 17.4 million

- ▶ EBIT up by 141%
- ▶ EBIT margin more than doubled (+360 bps) to 7.1%
- ▶ Negative currency impact of CHF 0.6 million
- ▶ System Parts accounts for 87% of earnings

## NET INCOME (in CHF million)



### Improvement at operating level

- ▶ Financial expenses at prior-year level
- ▶ Tax rate approx. 20%
- ▶ Net income from continuing operations more than tripled to CHF 12.0 million
- ▶ Margin 4.9%

# BALANCE SHEET

Assets	30.06.2014 <i>inTCHF</i>	31.12.2013 <i>in TCHF</i>	Difference <i>in TCHF</i>
Cash and Cash equivalents	21.5	28.6	-7.1
Trade and other receivables	80.7	75.1	5.6
Inventories / Net assets of production i.p.	64.5	68.7	-4.2
Prepaid expenses and accrued income			
Other receivables	4.7	4.7	0.0
Assets held for sale	32.3	0.0	32.3
<b>Total current assets</b>	<b>203.7</b>	<b>177.1</b>	<b>26.6</b>
Property Plant & Equipment	183.0	180.0	3.0
Other fixed assets	39.1	41.8	-2.7
<b>Total non-current assets</b>	<b>222.1</b>	<b>221.8</b>	<b>0.3</b>
<b>Total assets</b>	<b>425.8</b>	<b>398.9</b>	<b>26.9</b>

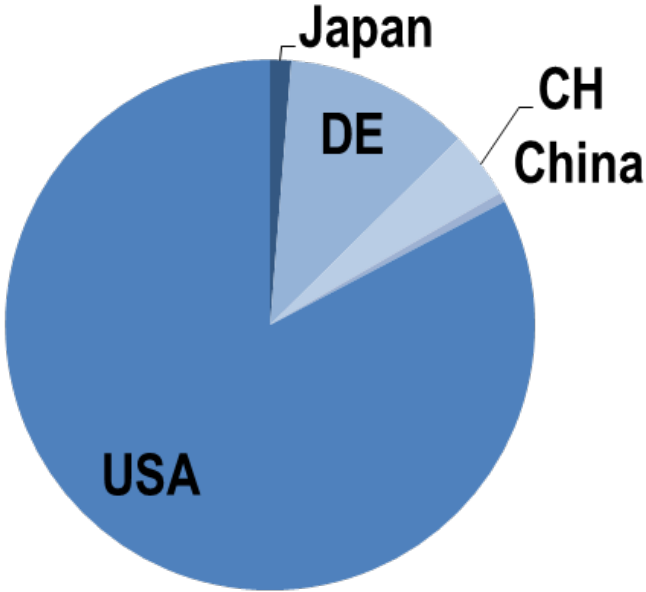
Total assets of CHF  
425.8 million

- ▶ Current assets\* increased by 10.2% to CHF 171.4 million
- ▶ Fixed assets\* increased by 3.9% to CHF 222.1m  
Capital expenditure amounts to CHF 24.2m
- ▶ Assets held for sale: CHF 32.3 million

\* continuing operations only

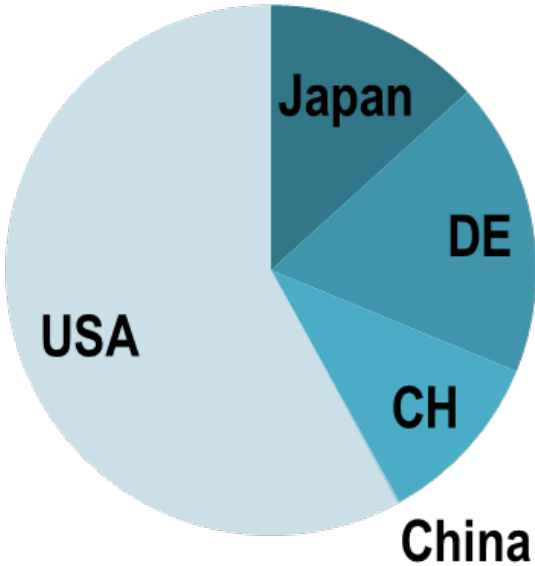
# CAPITAL EXPENDITURE BY REGION

30.06.2014



CHF 24.0 million

30.06.2013



CHF 19.4 million

Capital expenditure increased again

- ▶ Investments of CHF 24.0 million for innovation and new markets
- ▶ 2014 influenced by installation of new transfer press in USA
- ▶ Modern equipment at all sites
- ▶ Innovation is driving factor

# BALANCE SHEET

Liabilities	30.06.2014 <i>in TCHF</i>	31.12.2013 <i>in TCHF</i>	Difference <i>in TCHF</i>
Interest bearing liabilities	68.6	61.6	7.0
Other liabilities*	151.0	153.5	-2.5
Liabilities held for sale	18.6	0.0	18.6
Shareholders equity	187.6	183.8	3.8
<b>Total liabilities and shareholders' equity</b>	<b>425.8</b>	<b>398.9</b>	<b>26.9</b>
Equity ratio	44.0%	46.1%	
Net debt	47.1	33.0	

\*Employee benefit liability increased by CHF 5.5 Mio. to CHF 38.2 Mio. due to lower interest rate

## Shareholders' equity up slightly

- ▶ Shareholders' equity up slightly at CHF 187.6 million
- ▶ Debt/equity ratio at healthy 44.0%
- ▶ Net debt increased to CHF 47.1 million due to high capital investments

# CASH FLOW

<b>Cash Flow Statement</b>			
	<b>1. HY 2014 Actual in Mio. CHF</b>	<b>1. HY 2013 Actual in Mio. CHF</b>	<b>Difference</b>
<b>Cash Flows from operating activities before change in net working capital (NWC)</b>	<b>25.8</b>	<b>24.0</b>	<b>1.8</b>
<b>(Increase)/decrease in net working capital (NWC)</b>	<b>-7.5</b>	<b>-21.9</b>	<b>14.4</b>
<b>Cash flows from operating activities</b>	<b>18.3</b>	<b>2.1</b>	<b>16.2</b>
<b>Cash flows from investing activities</b>	<b>-24.2</b>	<b>-18.3</b>	<b>-5.9</b>
<b>Free Cash Flow</b>	<b>-5.9</b>	<b>-16.2</b>	<b>10.3</b>
<b>Capital increase</b>	<b>0.0</b>	<b>33.0</b>	<b>-33.0</b>
<b>Dividends paid</b>	<b>-5.4</b>	<b>-4.1</b>	<b>-1.3</b>
<b>(Increase)/decrease of interest-bearing liabilities</b>	<b>5.9</b>	<b>-16.2</b>	<b>22.1</b>
<b>Cash Flows from financing activities</b>	<b>0.5</b>	<b>12.7</b>	<b>-12.2</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>-5.6</b>	<b>-3.3</b>	<b>-2.3</b>

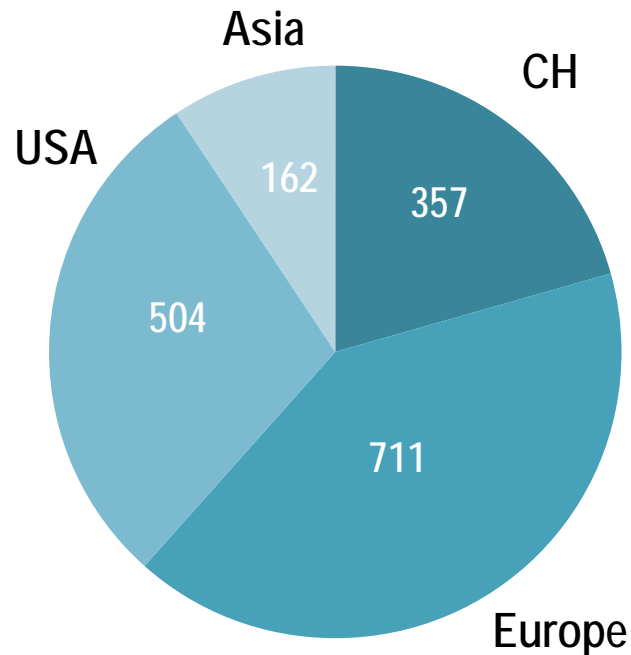
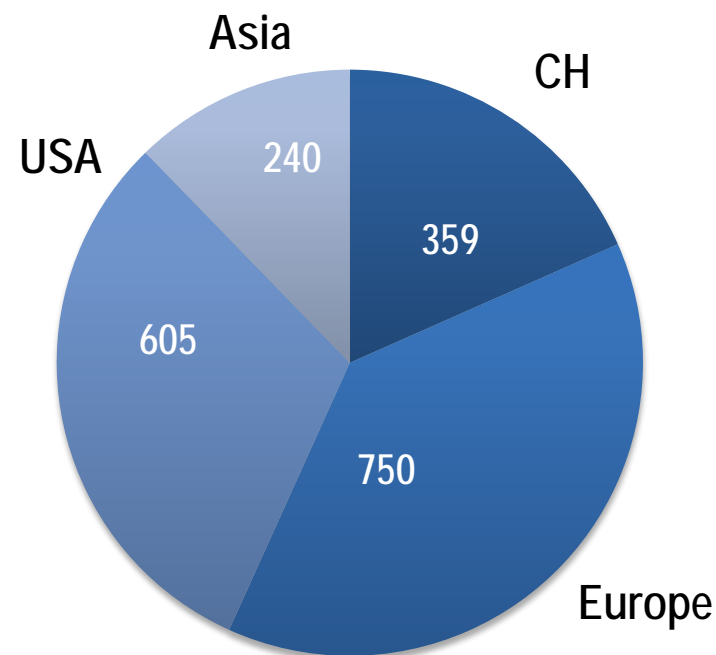
Free cash flow slightly negative due to investments

- ▶ High cash flow from operations (after change in NWC) of CHF 18.3 million
- ▶ Capital investments of CHF 24.2 million

# EMPLOYEES BY REGION

30.06.2014

30.06.2013



11% new jobs created

- ▶ 1,954 employees\*, sharp increase in USA and Asia
- ▶ Disproportionately small increase relative to sales
- ▶ 18% of all employees\* in Switzerland
- ▶ 74 apprentices\* in training (3.6%)

\* continuing operations only



# SUCCESSFUL FIRST HALF OF 2014

*in Mio. CHF*

<b>Order Entry *</b>	CHF	269.4	+	4%
<b>Net Sales *</b>	CHF	244.9	+	19%
<b>EBITDA *</b>	CHF	30.6	+	52%
<b>EBIT *</b>	CHF	17.4	+	141%
<b>Net debt</b>	CHF	47.1	-	64%
<b>Equity</b>	CHF	187.6	+	2%
<b>Employees (without apprentice)</b>		1'954	+	200

\* continuous business only

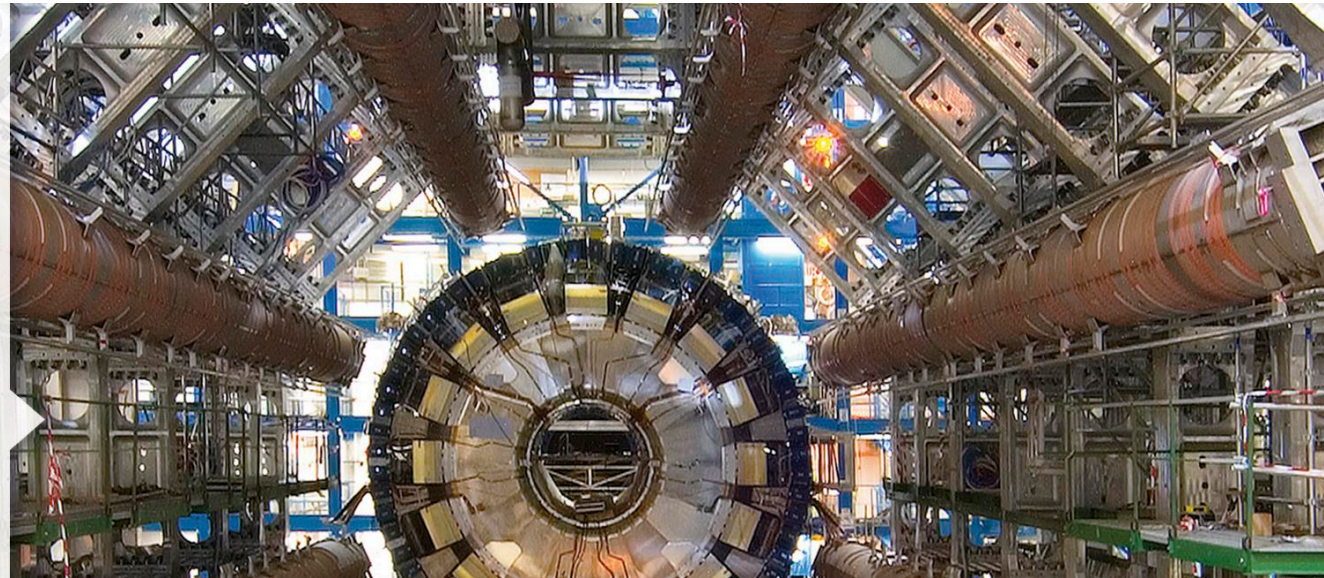
Strong improvement  
in key figures

- ▶ System Parts segment is growth driver
- ▶ Cash flow influenced by high capital investments



## Large Hadron Collider particle accelerator

With millions of Feintool's high-precision fineblanked parts



# Heinz Loosli, CEO Outlook

# FORECASTS FOR SECOND HALF OF 2014

## System Parts as growth driver

- ▶ Europe and America likely to continue developing successfully
- ▶ Additional costs at some sites due to preparation for new products
- ▶ Increase in sales in Asia
- ▶ New developments at Fineblanking Technology are on track; leading sales expo "EuroBLECH" in October 2014
- ▶ Political uncertainty hitting the capital goods business



## GUIDANCE

### Targets confirmed

Barring any possible impact of the latest political events on our markets, we expect group sales of CHF 470-480m.

This figure has been adjusted merely to reflect the effect of the sale of IMA Automation Amberg GmbH. On that basis, we anticipate an EBIT margin in the region of 7 percent.

### Medium-term objectives

- ▶ Group sales            CHF 600 million
- ▶ EBIT margin            approx. 8%
- ▶ Payout ratio            approx. 30% p.a.



# IR CALENDAR

## Important dates

- ▶ 28 October 2014      Media release 3rd quarter 2014
- ▶ 3 March 2015        Annual results /  
Annual report 2014
- ▶ 14 April 2015        Annual results conference  
Annual general meeting



## Door lock components

Manufactured by Feintool  
fineblanking technology



# Questions and answers



**Engine components**

Fineblanked components from Feintool help achieve greater fuel economy



Feintool Group  
Thank you for your attention