

Automatic transmissions
Discs made by Feintool



The Feintool Group

Half-Year Results Conference, 26 August 2015

FEINTOOL SETS THE BEAT



2015 HALF-YEAR RESULTS CONFERENCE

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AGENDA

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

 - ▶ Outside lunch

 - ▶ Presentation: Trends and developments in Jena
 - ▶ Tour of the facility: "Focus on an intelligent factory"
 - ▶ Farewell and return journey
- Heinz Loosli, CEO
Thomas Bögli, CFO
Heinz Loosli, CEO
- Heinz Loosli, CEO

KEY DEVELOPMENTS

Currency effects largely countered

- ▶ Net sales +4.3%* to CHF 243.7 m
- ▶ EBITDA -1.6%* to CHF 28.3 m
- ▶ EBIT -9.0%* to CHF 14.6 m
- ▶ Group net income -32.5%* to CHF 7.4 m

*currency-adjusted



KEY DEVELOPMENTS

Positive market environment

- ▶ Growing sales markets in the automotive industry, particularly in the US and Europe
- ▶ Expansion of production capacity with new site in Oelsnitz, Germany
- ▶ Reorientation of Lyss site initiated

- ▶ Reluctance to invest in presses and systems in Europe
- ▶ Sales in spare parts and customer service business rose again
- ▶ FeinMonitoring is attracting interest as an innovative service package

SYSTEM PARTS



FINEBLANKING TECHNOLOGY



HIGHLIGHTS: SYSTEM PARTS EUROPE

Increased fineblanking capacity

- ▶ Fineblanking business in Europe has grown by 6.3% in local currency
- ▶ EBIT margin at 8.7%
- ▶ Decline in margins due to Swiss site:
 - ▶ Currency effects
 - ▶ Numerous production start-ups
 - ▶ Reorientation
(product switches & expansion of value chain)
- ▶ Expansion of new Feintool System Parts Oelsnitz site started
- ▶ Record sales for Jena plant



HIGHLIGHTS: SYSTEM PARTS EUROPE

Forming developing successfully

- ▶ Sales increased by 5.7% in local currency compared with previous year
- ▶ EBIT margin of 5.9% affected by large amount of expansion and maintenance work
- ▶ Expansion of Ohrdruf site for the major VW dual-clutch transmission systems contract is on schedule



HIGHLIGHTS SYSTEM PARTS USA

Strong growth

- ▶ Sales growth of 14.6% in local currency
- ▶ EBIT margin continuously increased to current level of 8.8%
- ▶ Further expansion worth more than CHF 18 m being implemented in Nashville
- ▶ The additional capacity this will create will be well utilized as of 2018 by nominations already received

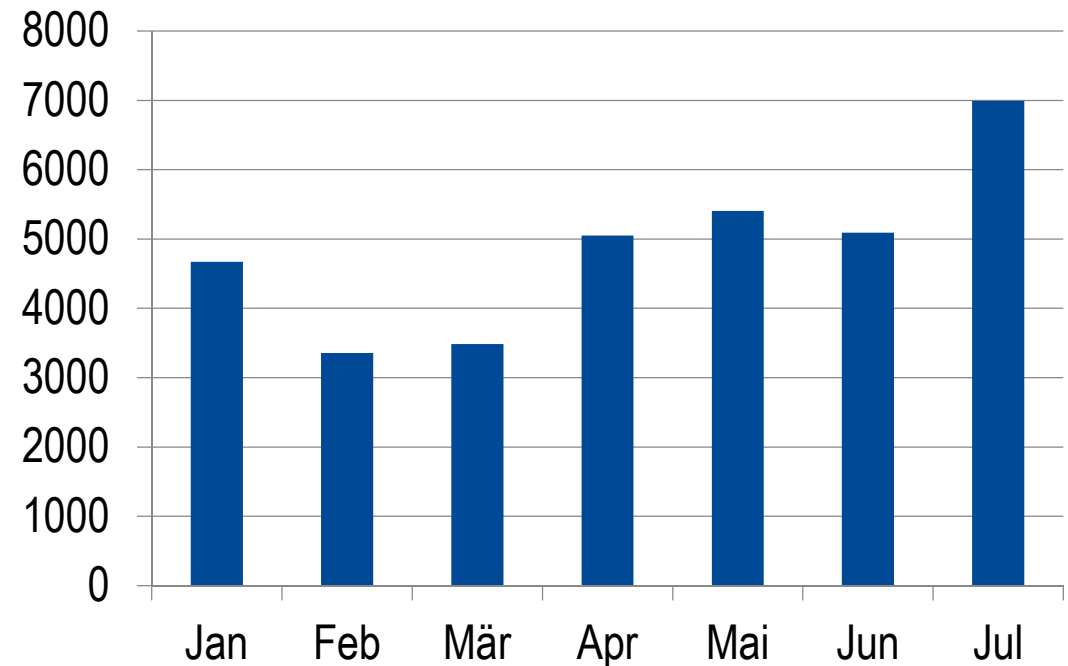


HIGHLIGHTS: SYSTEM PARTS ASIA

Successful localizations

- ▶ 4.6% growth in local currencies to CHF 21.4 m
- ▶ Japanese business 2.8% below the previous year in local currency due to weak domestic demand and delayed change of model at OEM
- ▶ Site in China grew by 40% in local currency
- ▶ Customer base expanded in China. Numerous nominations in sampling and testing process

Umsatz TCNY



HIGHLIGHTS: FINEBLANKING TECHNOLOGY

Impressive innovations

- ▶ Caution has increased in the investment goods business due to currency effects
- ▶ EBIT margin of 3.8% affected by Swiss share of costs at 50%
- ▶ The first customers are now using the FeinMonitoring remote maintenance system developed by Feintool, which has generated very good feedback
- ▶ Decline in Europe partly offset by success of Asia press





Seat adjusters

Economically manufactured
by precision fineblanking

Thomas Bögli, CFO

Financial Results

PRELIMINARY COMMENTS

Very limited impact from acquisition

- ▶ On 30 March 2015, Feintool acquired Gabler Feinschneidtechnik GmbH (renamed into Feintool System Parts Oelsnitz GmbH)
 - ▶ Net sales of CHF 1.2 Mio.
 - ▶ EBIT of CHF -0.1 Mio.
 - ⇒ No significant effect on the group's results
- ▶ On 17 June 2014, Feintool sold IMA Automation GmbH; the Automation segment was presented as “discontinued business” and has therefore no impact in this presentation

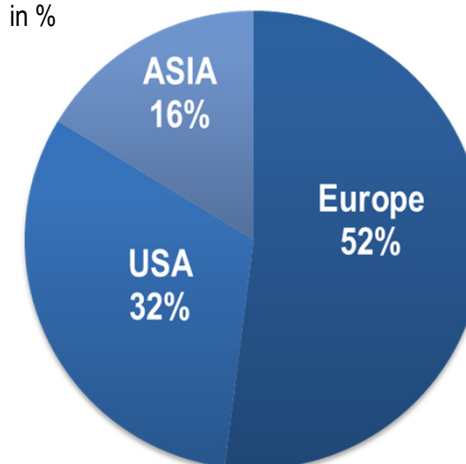


BUSINESS PERFORMANCE NET SALES

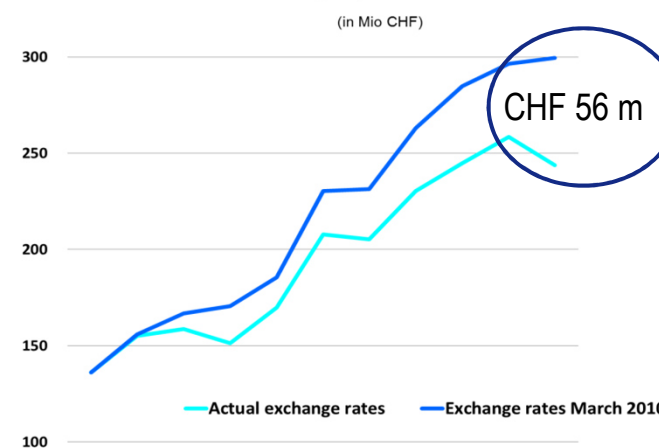
Despite currency impact net sales on prior-year level

- ▶ Net sales of CHF 244 m
- ▶ CHF 11.7 m currency translation loss could almost be compensated
⇒ 4.3% growth in local currency
- ▶ System Parts accounts for 87% of business and is the growth driver

Net Sales in %



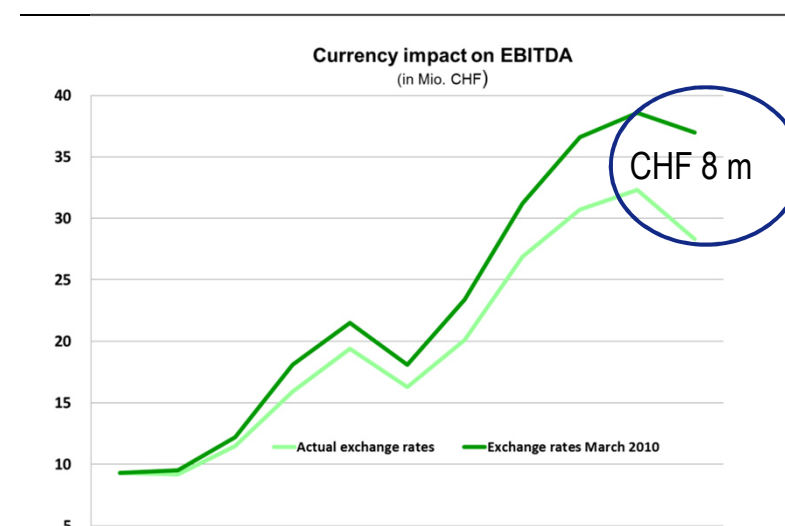
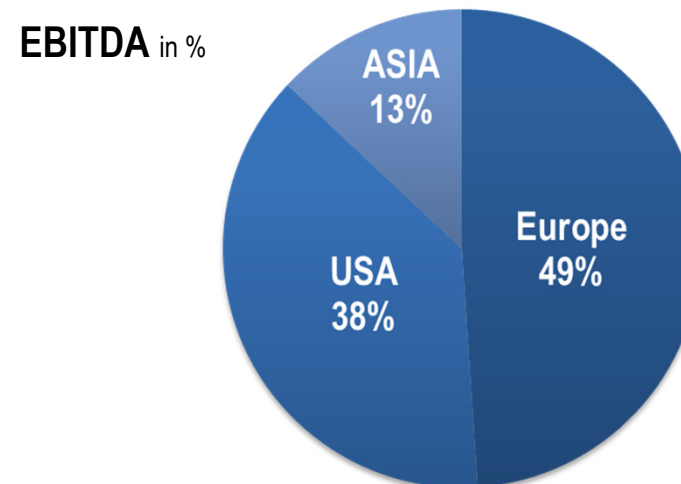
Currency impact on Net Sales



BUSINESS PERFORMANCE EBITDA

Currencies and preparatory works affect EBITDA

- ▶ EBITDA of CHF 28.3 m
- ▶ EBITDA margin decreased by 90 bps to 11.6%
- ▶ Negative impact from Swiss sites: Feintool Technology and Feintool System Parts Lyss with a negative deviation of CHF 1.5 m each compared to prior year

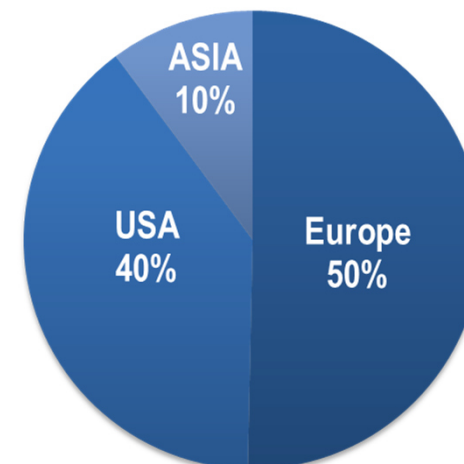


BUSINESS PERFORMANCE EBIT

EBIT margin despite currencies and preparatory works to 6.0 %

- ▶ EBIT of CHF 14.6 m
- ▶ Currency translation loss of CHF 1.2 m
- ▶ Weak Europe partly compensated by USA

EBIT in %



Currency impact on EBIT
(in Mio. CHF)

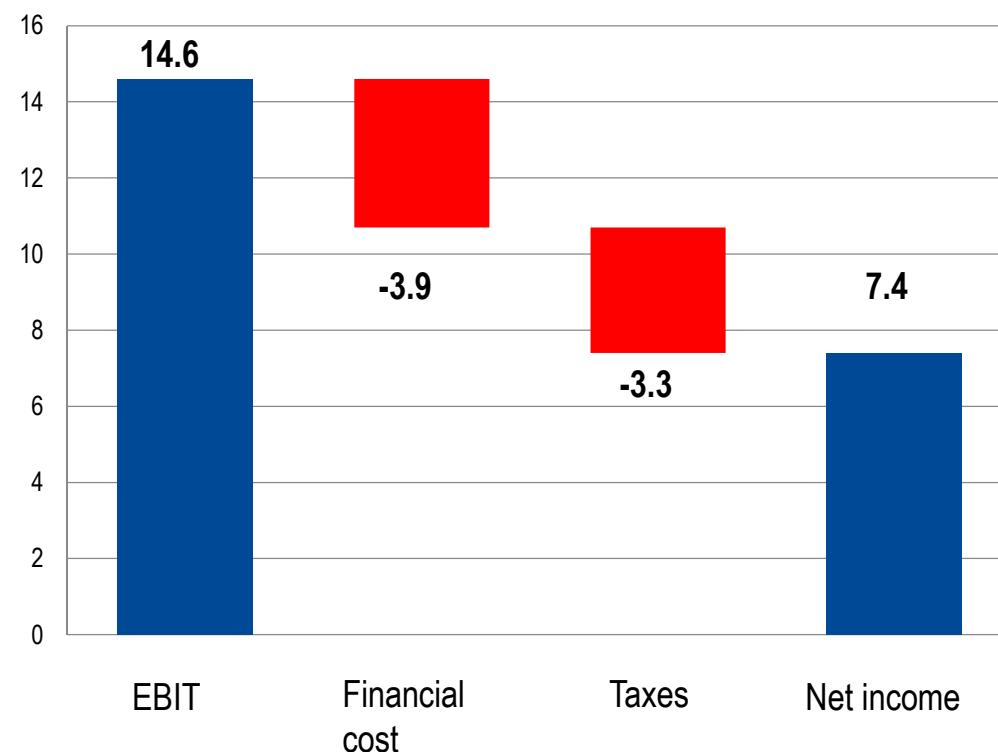


NET INCOME

Taxes and currencies affect result

- ▶ Interest expenses decreased to CHF 1.5 m
- ▶ Due to currency losses financial expenses significantly higher (CHF 2.4 million)
- ▶ Tax rate increased to 30%
- ▶ Consolidated net income of CHF 7.4 million; Margin 3.0%

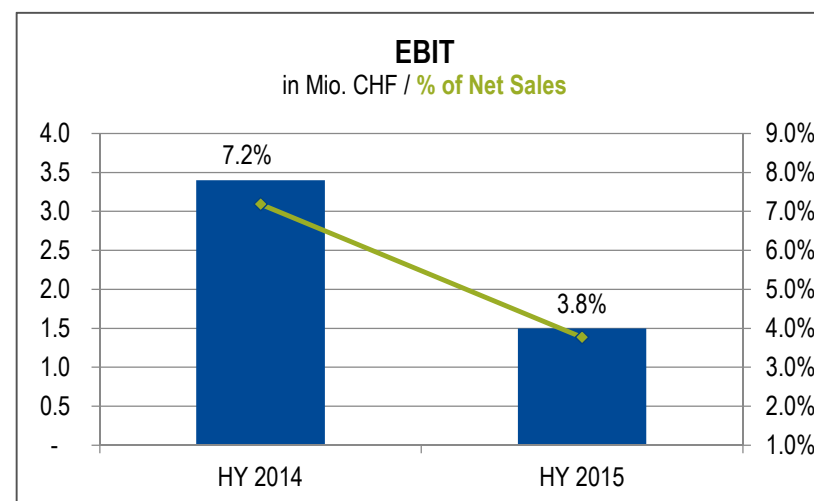
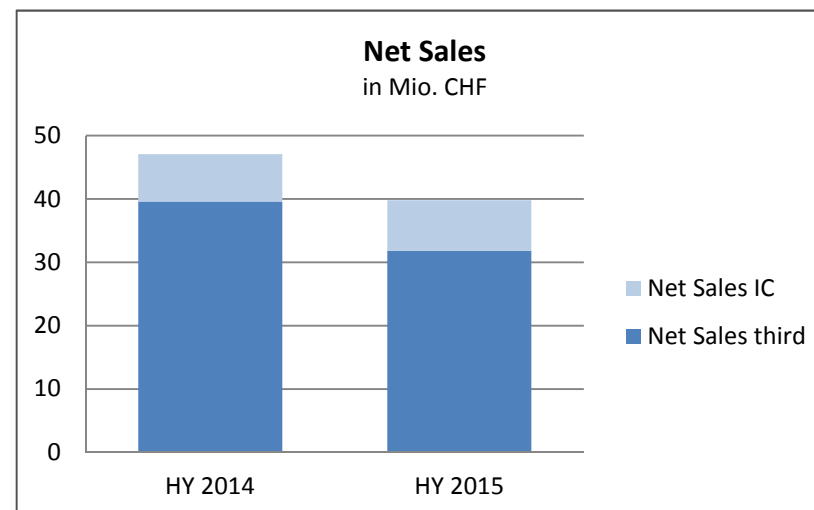
in Mio. CHF



BUSINESS PERFORMANCE: FINEBLANKING TECHNOLOGY

Unfavourable investment climate

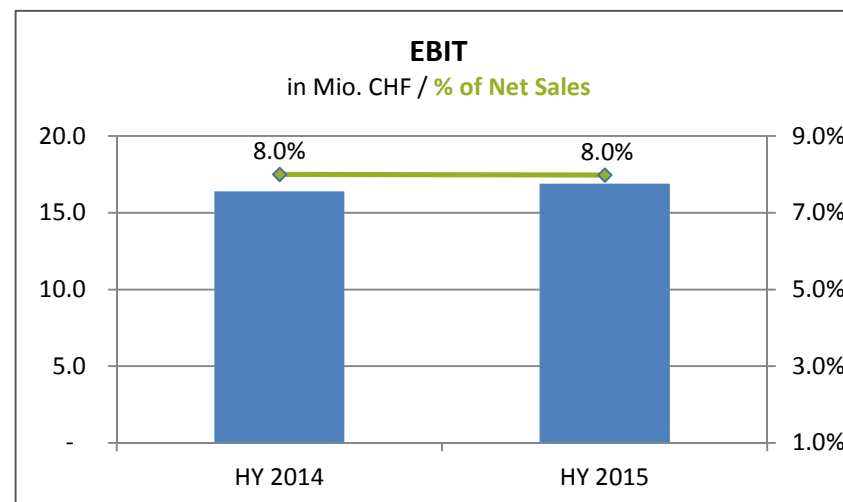
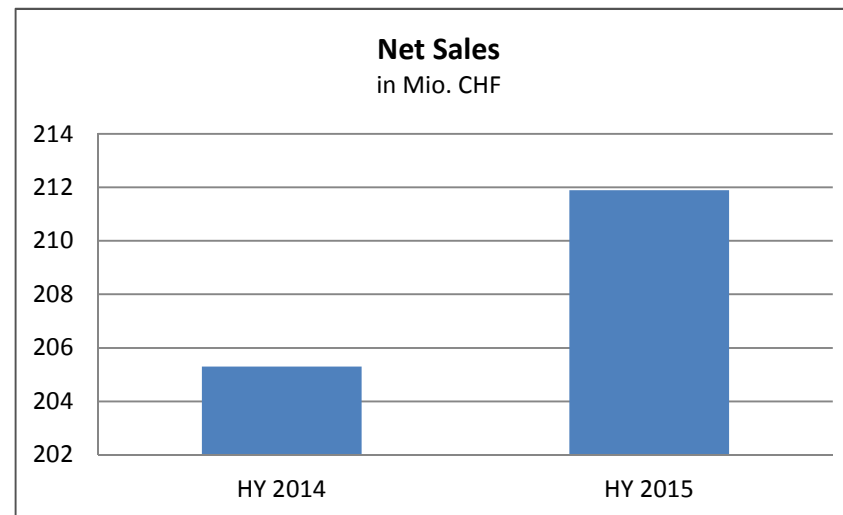
- ▶ Sales at CHF 39.8 m
- ▶ EBIT: CHF 1.5 m (margin: 3.8%)
- ▶ Lower sales and squeezed margins due to higher Swiss Franc
- ▶ Order entry of CHF 44.3 m 4.1% of previous year
- ▶ Order backlog of CHF 41.9 million secures six months capacity utilization



BUSINESS PERFORMANCE: SYSTEM PARTS

Good previous year's EBIT margin kept

- ▶ Sales of CHF 211.9 m despite currency translation impact of CHF 11.6 m
- ▶ Growth in local currency: +8.8%
- ▶ EBIT: CHF 16.9 m; margin at 8.0%
- ▶ Inputs for additional growth and restructuring of the Swiss manufacturing site compensated through Europe and USA



BALANCE SHEET

Assets	30.06.2015 <i>inTCHF</i>	31.12.2014 <i>in TCHF</i>	Difference <i>in TCHF</i>
Cash and Cash equivalents	22.0	41.7	-19.7
Trade and other receivables	79.1	76.8	2.3
Inventories / Net assets of production i.p.	70.4	70.3	0.1
Prepaid expenses and accrued income Other receivables	4.5	4.5	0.0
Total current assets	176.0	193.3	-17.3
Property Plant & Equipment	187.3	195.0	-7.7
Other fixed assets	39.8	39.1	0.7
Total non-current assets	227.1	234.1	-7.0
Total assets	403.1	427.4	-24.3

Total assets of
CHF 403.1 m

- ▶ Current assets decreased by 8.9% to CHF 176.0 m
- ▶ Fixed assets slightly lower, despite acquisition: CHF 227.1 m; capital expenditure amounts to CHF 15.2 m (without acquisitions)

BALANCE SHEET

Liabilities	30.06.2015 <i>in TCHF</i>	31.12.2014 <i>in TCHF</i>	Difference <i>in TCHF</i>
Interest bearing liabilities	47.6	51.1	-3.5
Other liabilities	170.8	173.4	-2.6
Shareholders equity	184.7	202.9	-18.2
Total liabilities and shareholders' equity	403.1	427.4	-24.3
Equity ratio	45.8%	47.5%	
Net debt	25.6	9.3	

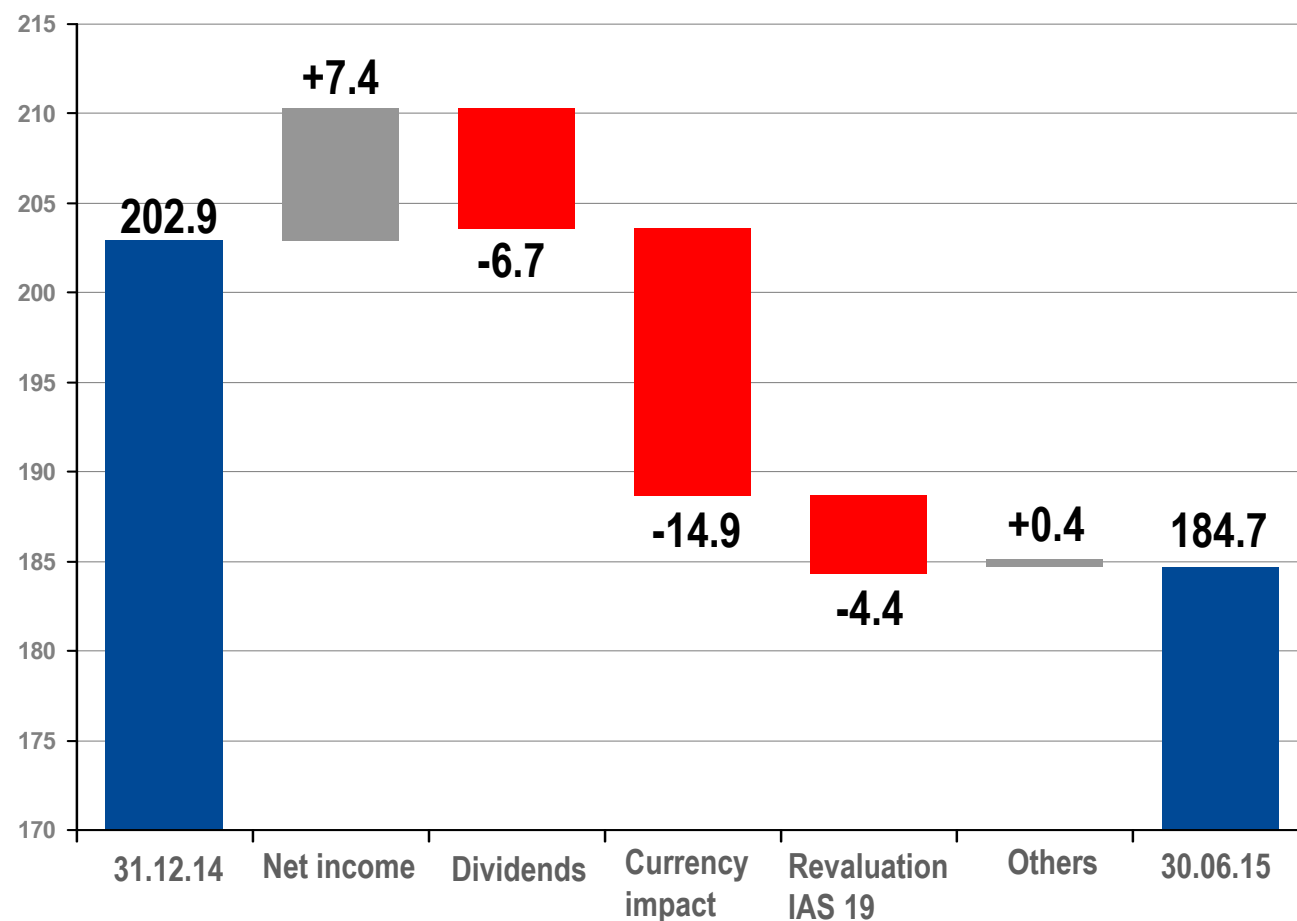
Solid balance sheet

- ▶ Shareholders' equity down to CHF 184.7 m
- ▶ Debt/equity ratio at 45.8%
- ▶ Net debt increased to CHF 25.6 m due to acquisition

*Employee benefit liability increased by CHF 5.2 Mio. to CHF 61.7 Mio. due to lower interest rate.

SHAREHOLDERS' EQUITY

in Mio. CHF



High dept/equity ratio of 45.8%

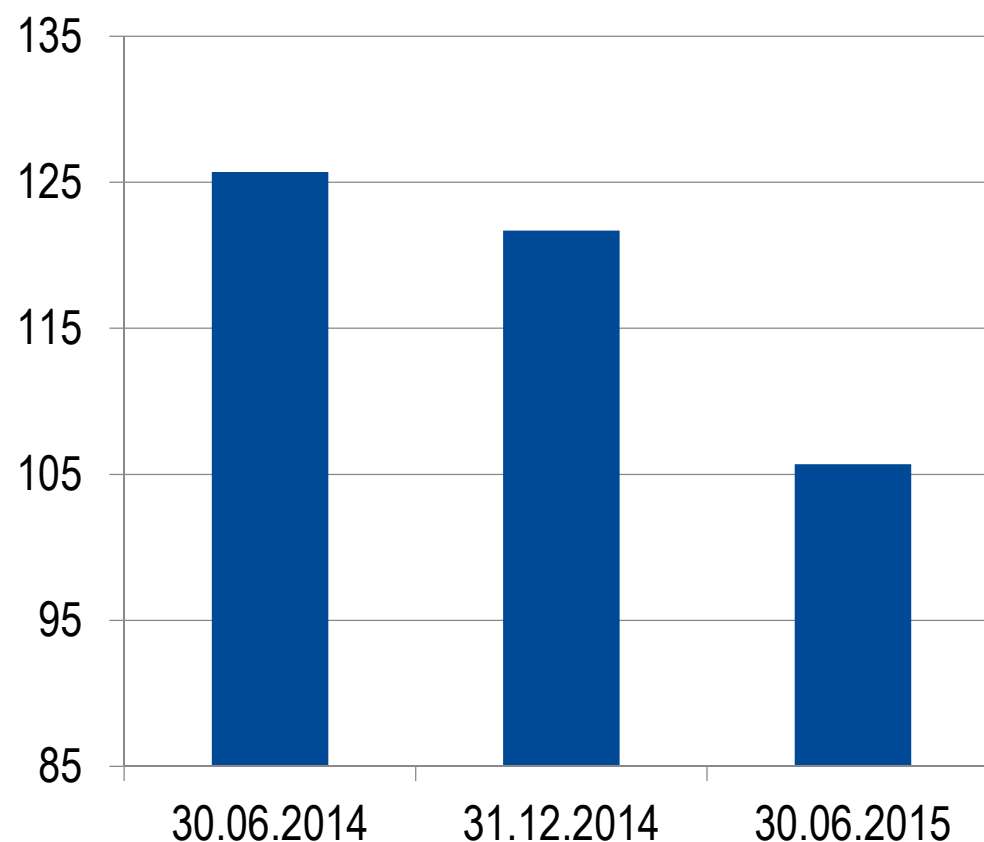
- ▶ Successful operating business
- ▶ Strongly influenced by:
 - ▶ Foreign currency exchange losses
 - ▶ Re-evaluation of the IAS 19 net debt

CASH FLOW

Acquisition affects Cash Flow

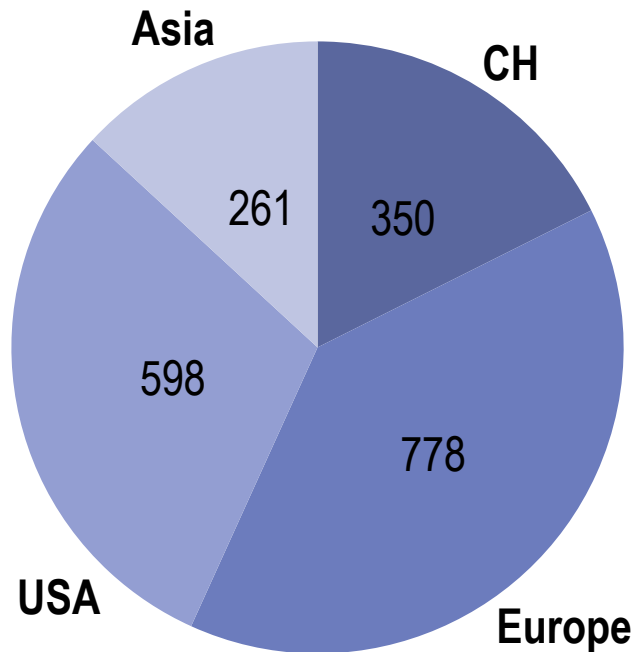
- ▶ Cash Flow from operation activities of CHF 9.4 million in line with net income
- ▶ Capital expenditure (incl. acquisitions) at CHF 19.8 million
- ▶ Confirmed available cash and credit lines: CHF 105.7 million

Cash equivalents & available lines of credit

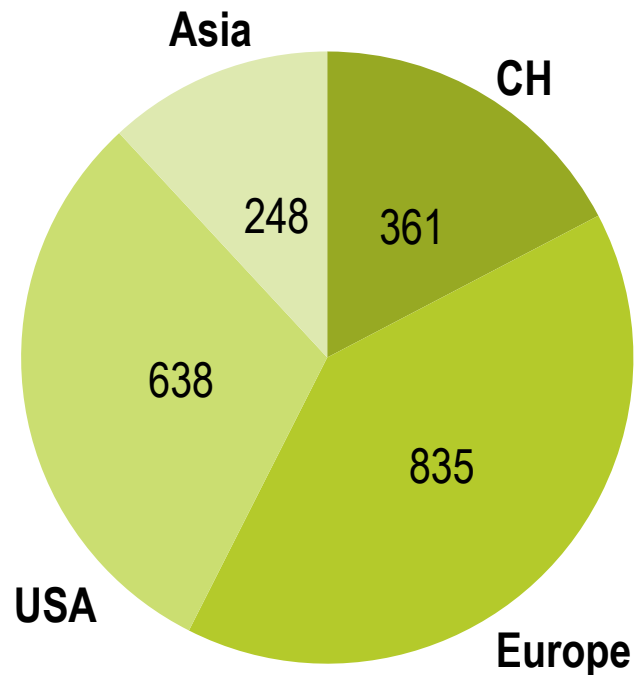


EMPLOYEES BY REGION

31.12.2014




30.06.2015



Preparatory works
require more
personnel

- ▶ 2082 employees, biggest increase in Europe
- ▶ 17% of all employees in Switzerland
- ▶ 66 apprentices



Seat adjusters

Economically manufactured
by precision fineblanking

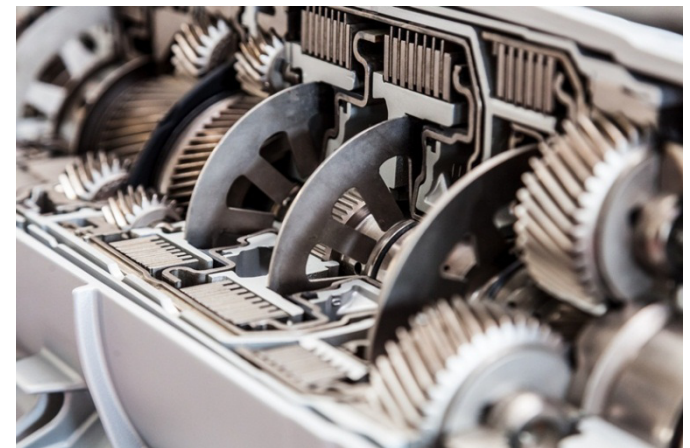
Heinz Loosli, CEO

Outlook

FORECASTS FOR SECOND HALF OF 2015

Business performance essentially positive

- ▶ USA again expects sales of approx. 17 m vehicles
- ▶ Slowdown in Chinese growth not expected to have significant effect
- ▶ Production start-ups raise expectations of a stronger second half of the year



ADJUSTED GUIDANCE

Optimistic outlook

Based on current overall conditions, we believe that a consolidated sales figure of CHF 500 m is realistic. On that basis, we also expect an EBIT margin in the region of 6-7 percent.

IR CALENDAR

Important dates

- ▶ 27 October 2015 Media release 3rd quarter 2015
- ▶ 8 March 2016* Annual results /
annual report 2015
Annual results conference
- ▶ 19 April 2016* Annual general meeting

*provisional dates



Planetary gearbox components

Fineblanked precision at the heart of every automatic transmission



The Feintool Group

Questions and answers

Automatic transmissions
Discs made by Feintool



The Feintool Group

Thank you for your attention