

Components for electric motors

Stamped and laser-cut rotor and stator packages with the highest precision and cost-effectiveness for the automotive sector, industry and drive technology.



Feintool Group

Welcome to the Annual Media Conference Financial Year 2018

AGENDA

- ▶ Market Environment
- ▶ Review of the Financial Year 2018
- ▶ Financial Results
- ▶ Outlook
- ▶ Questions and Answers
- ▶ Lunch and Discussion

Alexander von Witzleben

Knut Zimmer

Thomas Bögli

Knut Zimmer

All

All

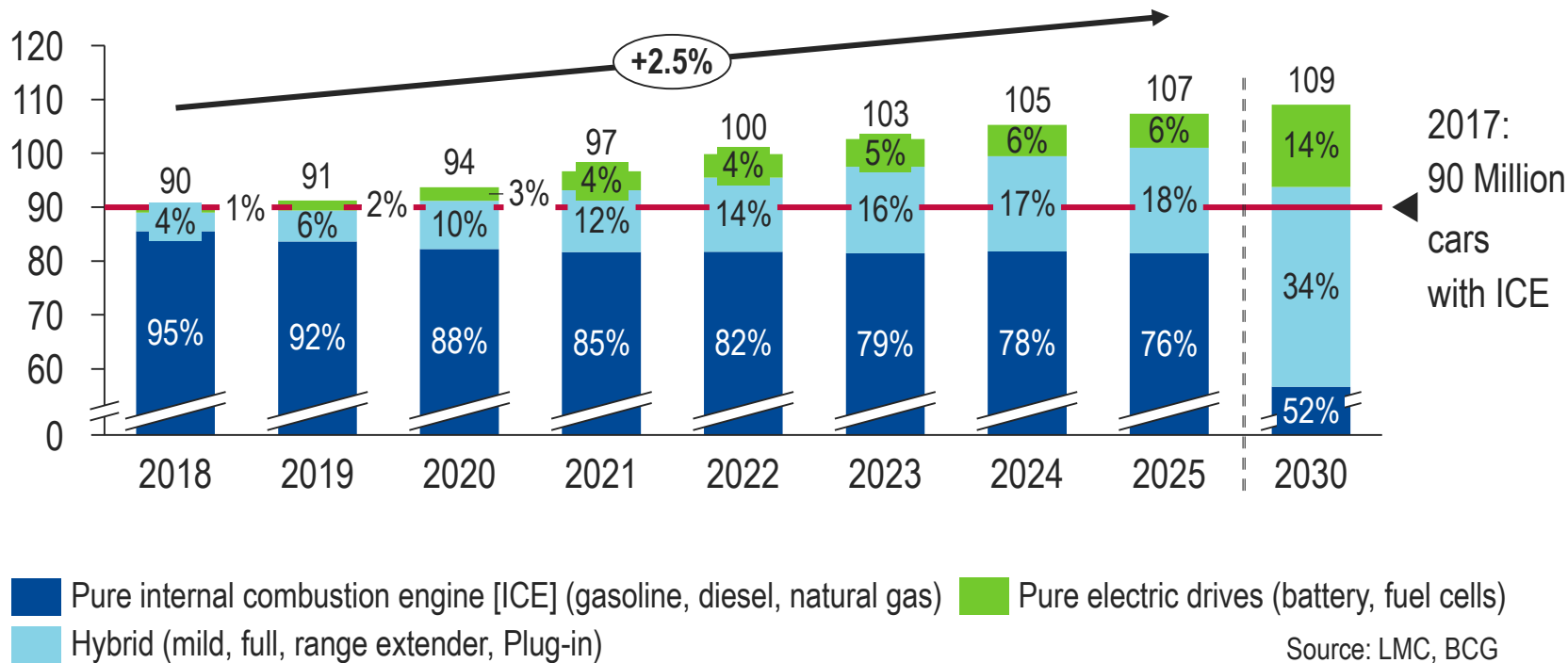


Alexander von Witzleben Market Environment

GLOBAL CAR PRODUCTION

Number of electrical vehicles growing

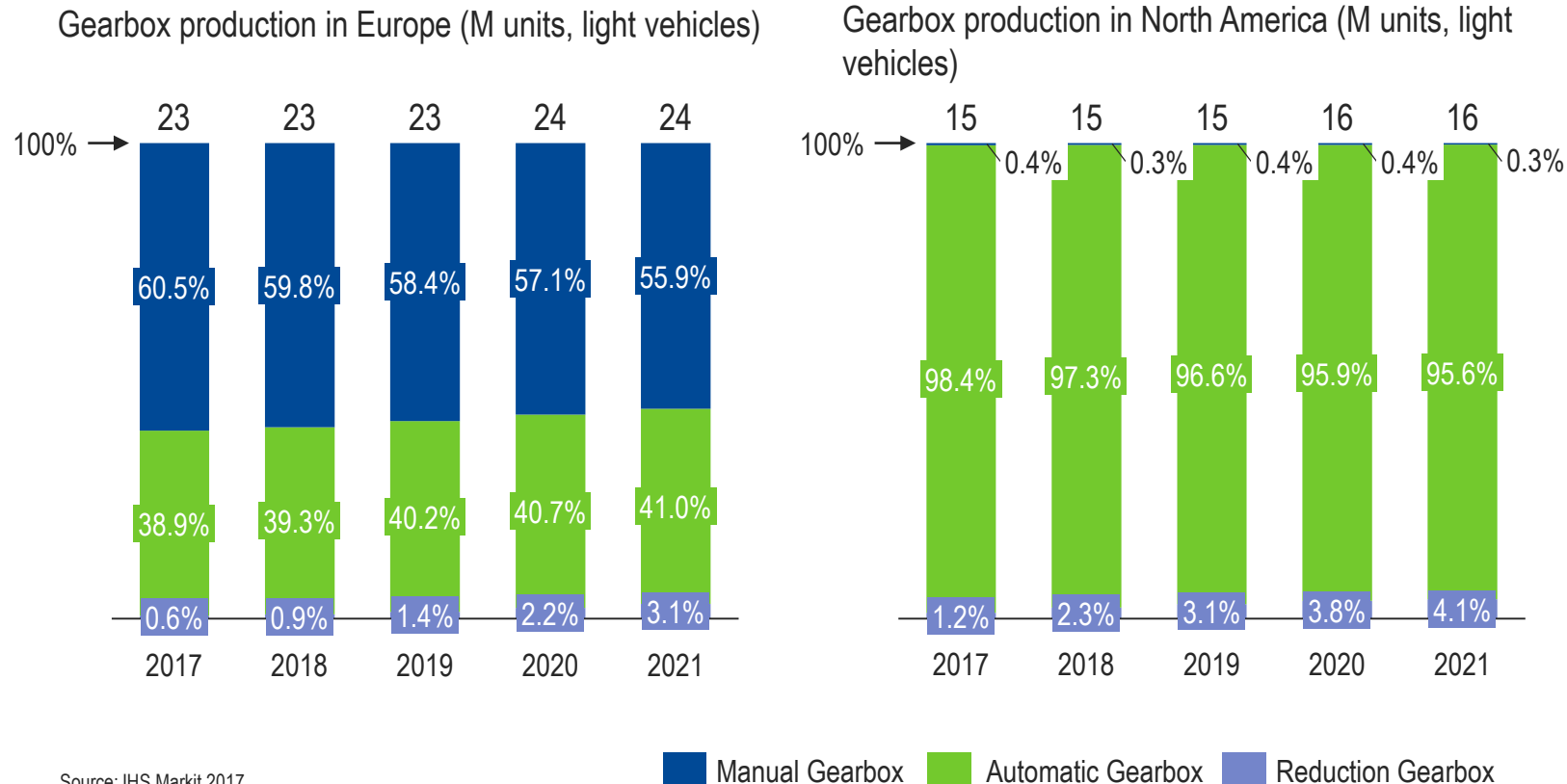
Number of vehicles produced up to 3.5t total weight, worldwide



- ▶ The share of hybrid vehicles in world production will increase 4.5-fold between 2018 and 2025.
- ▶ Large proportionate of mild hybrids; e.g. as a pioneer Audi only offers the A6 as a mild hybrid

RELEVANT TRENDS

Autonomous driving needs fully automated mechanics – trend clearly visible



Source: IHS Markit 2017

Automatic gearboxes on the rise

- ▶ 2017-2021 increase of >2% Market share in Europe (w/o reduction gearboxes: +3%)
- ▶ Constantly high share in North America (w/o reduction gearboxes: +0.1%)

Trend towards AWD continues

- ▶ Reduction gearboxes increase in USA as well as in Europe – Volume times 3-5 within next 5 years

MARKET ENVIRONMENT

Globally positive general conditions up to and including third quarter

- ▶ Worldwide automotive market growing
- ▶ Feintool continues to gain market shares
- ▶ Dynamic slowed noticeably towards the end of the year
- ▶ New WLTP test cycle and political uncertainties influenced car sales
- ▶ Continued globalization for OEM and Tier1
- ▶ China with a decline in automotive production for the first time in decades

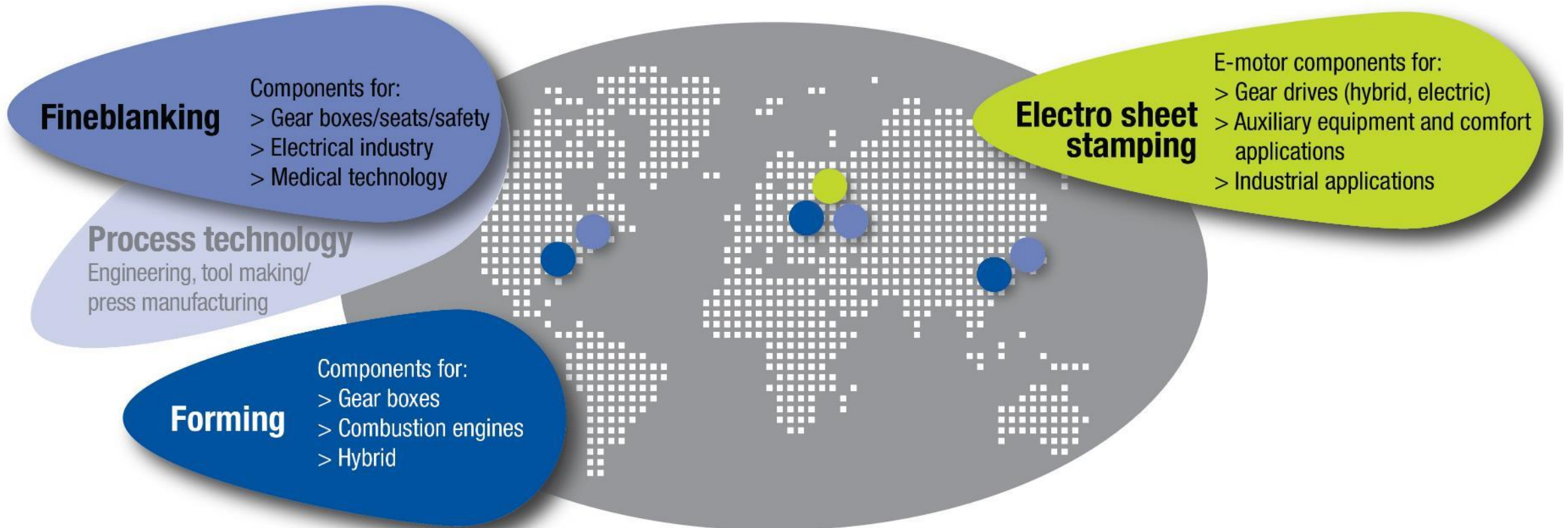




Knut Zimmer
Review of the Financial Year 2018

SYSTEM PARTS SEGMENT

We process steel sheets and are partners for high precision and volumes



HIGHLIGHTS OF SYSTEM PARTS SEGMENT

Segment's strongest year of sales: growth of 7.2% to CHF 586.9 million

- ▶ Europe drives growth, European plants operating at full capacity
- ▶ Significant potential in China
- ▶ Strong market position in Japan
- ▶ Sales in the USA remained stable in a saturated market



HIGHLIGHTS OF SYSTEM PARTS SEGMENT

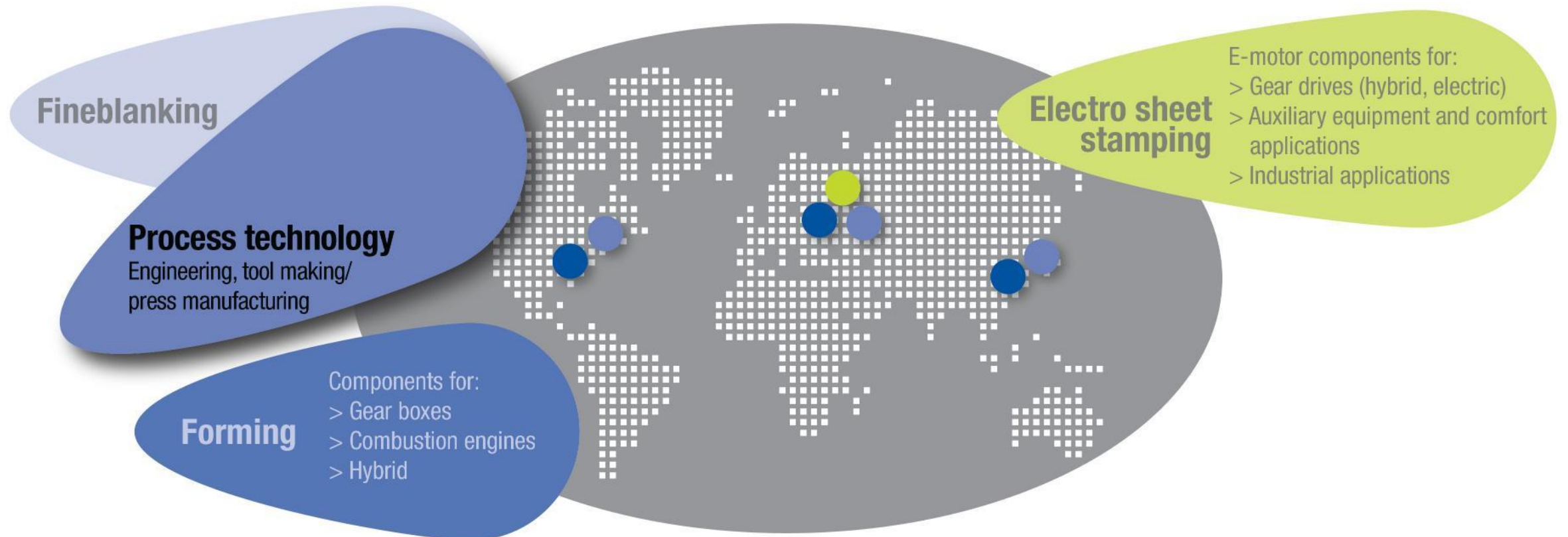
Well prepared for changes

- ▶ Start of expansion work at the forming plant in Tianjin (CN)
- ▶ Completion of the new fineblanking plant in Most (CZ) realized on schedule
- ▶ Extended vertical integration
- ▶ With the acquisition of Stanz- und LaserTechnik Jessen GmbH, Feintool is investing in the growth market of e-mobility



FINEBLANKING TECHNOLOGY SEGMENT

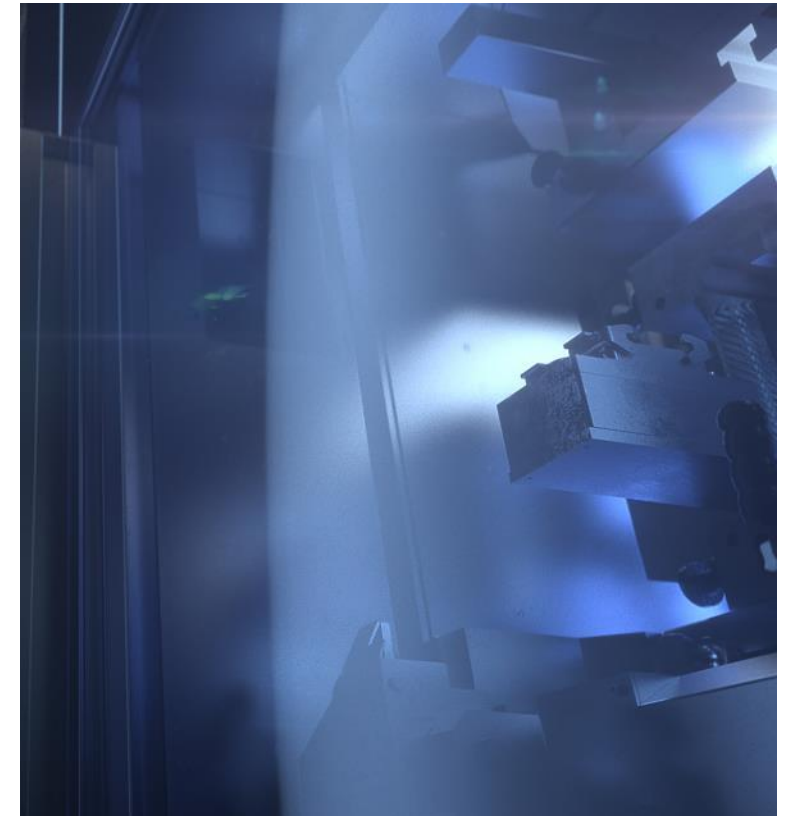
We process steel sheets and are partners for high precision and volumes



HIGHLIGHTS OF FINEBLANKING TECHNOLOGY SEGMENT

Record net sales and incoming orders

- ▶ Pleasing results thanks to strong market position – despite market consolidation, long lifetime and increased performance of presses
- ▶ New hydraulic press generation "FB one" successfully launched on the market
- ▶ Electromobility: Feintool is driving forward a project for the complete production of metallic bipolar plates for hydrogen-powered fuel cells
- ▶ Successful tool projects in the Asian market



EMPLOYEES

Success factors: competence, motivation and commitment

- ▶ Number of employees increased by around 8.0% to almost 2,700 due to the acquisition of Jessen plant
- ▶ Worldwide employee survey shows high level of identification with the company



A dark, industrial scene with metallic surfaces, blue and purple lighting, and a bright light source creating lens flares. The scene is partially obscured by a white curved shape at the bottom.

Thomas Bögli Financial Results

PRELIMINARY REMARKS

Acquisitions – part of the growth strategy

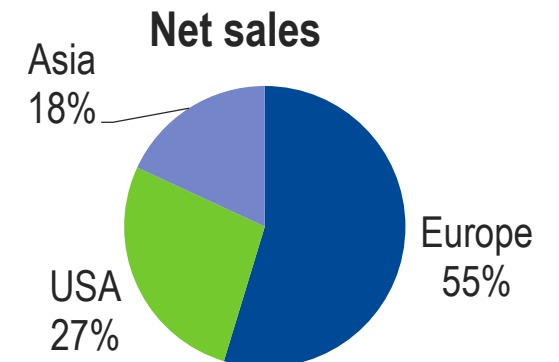
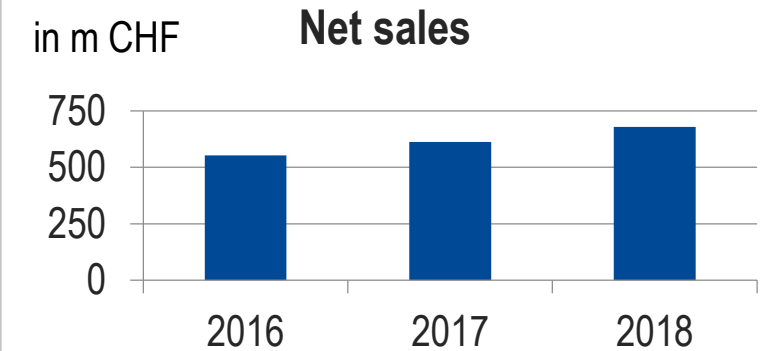
- ▶ On July 31, 2018, Feintool took over Stanzwerk Jessen GmbH (new: Feintool System Parts Jessen GmbH) as an entry into the field of "electric sheet metal stamping"
- ▶ Feintool System Parts Jessen GmbH generated (in five months) sales of CHF 18.1 million, an EBITDA of CHF 3.1 million and an EBIT of CHF 1.5 million
- ▶ Acquisition costs amounted to CHF 0.8 million
- ▶ On April 13, 2017, Feintool acquired the "Feintool Automotive System Parts (Tianjin) Co. Ltd.". In the financial year 2018, the acquisition effect from this transaction amounted to CHF 3.0 million sales and CHF - 0.9 million in the EBIT.



NET SALES

11.0% growth – substantially stronger than the market

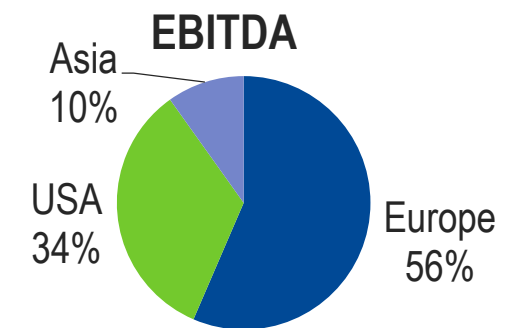
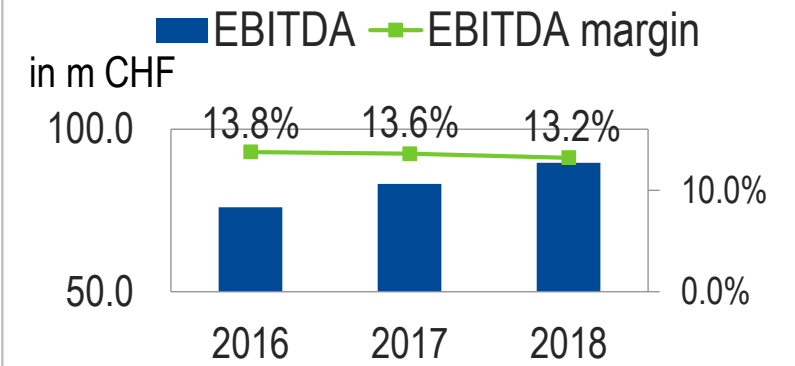
- ▶ Sales amounted to CHF 679.6 million
- ▶ Organic growth in local currency 6.1%; acquisitions in China and "electric sheet metal stamping" added another 3.4%
- ▶ By the end of October, growth significantly higher (13.0%)
- ▶ The parts business comprises 86.0% and capital goods business 14.0% of sales
- ▶ Europe remains the most important region with 54.7% of sales; USA contributes 27.2% and Asia 18.1% to sales
- ▶ Geographical distribution refers to Feintool customers – end customers are more evenly distributed worldwide



EBITDA

EBITDA increases by 7.8%

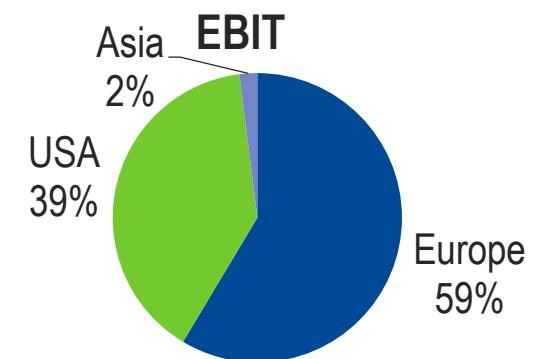
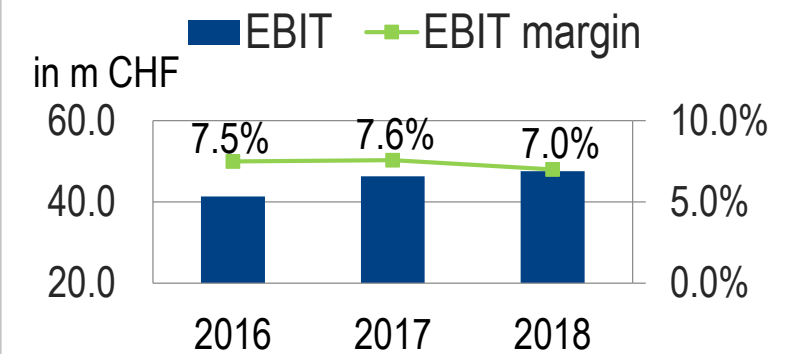
- ▶ EBITDA totaled CHF 89.7 million
- ▶ Margin drops slightly to 13.2%
- ▶ The decline in sales in the last two months is weighing heavily on earnings as a result of under-utilization.
- ▶ Significant steel price increases are largely borne by customers, but have a negative impact on the margin
- ▶ Many new start-ups in Europe (Oelsnitz and Lyss) and China, as well as acquisition costs for the field of "electric sheet metal stamping" are weighing on the result



EBIT

EBIT increases by CHF 1.2 million

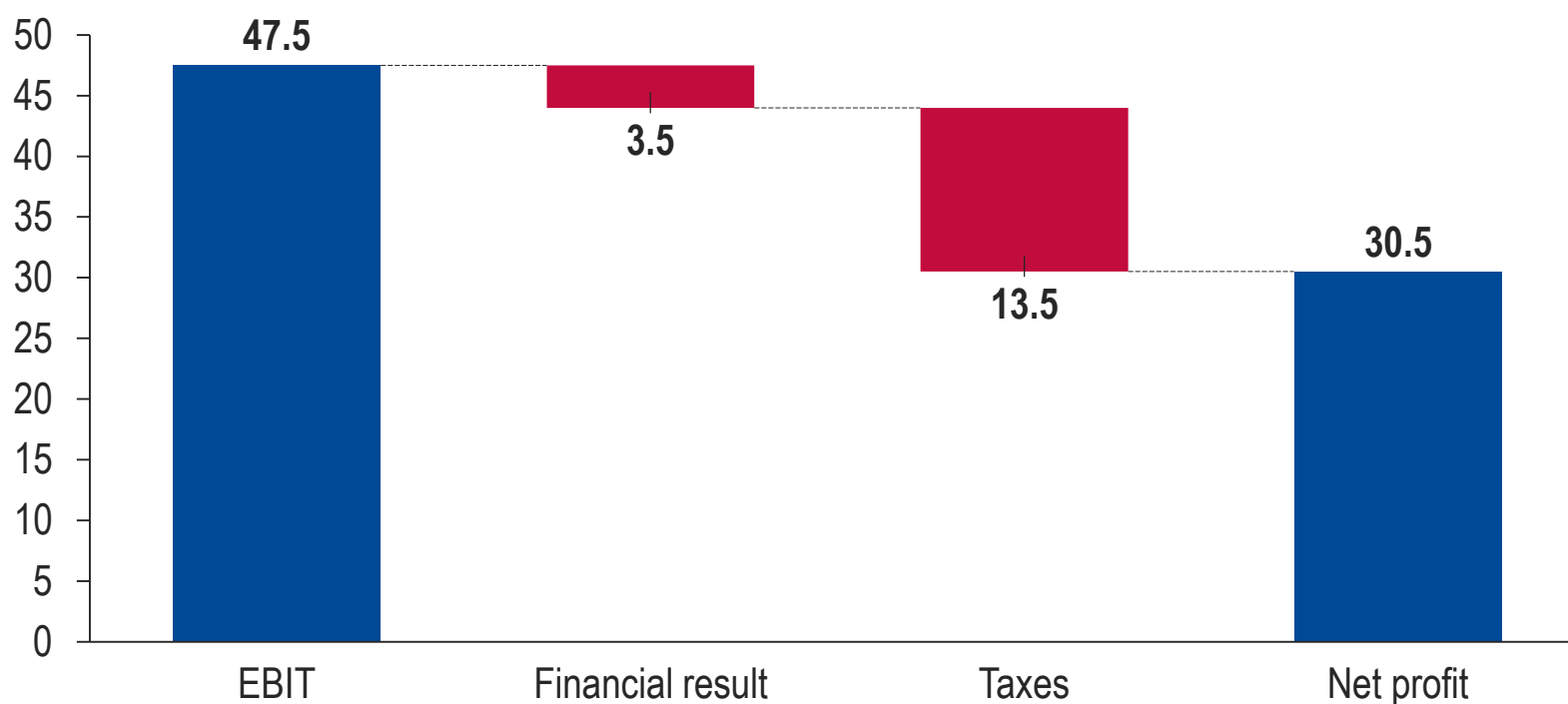
- ▶ EBIT amounts to CHF 47.5 million
- ▶ Margin drops to 7.0%
- ▶ The decline in sales in the last two months is weighing heavily on earnings as a result of under-utilization
- ▶ Significant steel price increases are largely borne by customers, but have a negative impact on the margin.
- ▶ Many new start-ups in Europe (Oelsnitz and Lyss) and China, as well as acquisition costs for the field of "electric sheet metal stamping" are weighing on the result



NET RESULT

Net profit exceeds CHF 30 million for the first time

in Mio. CHF



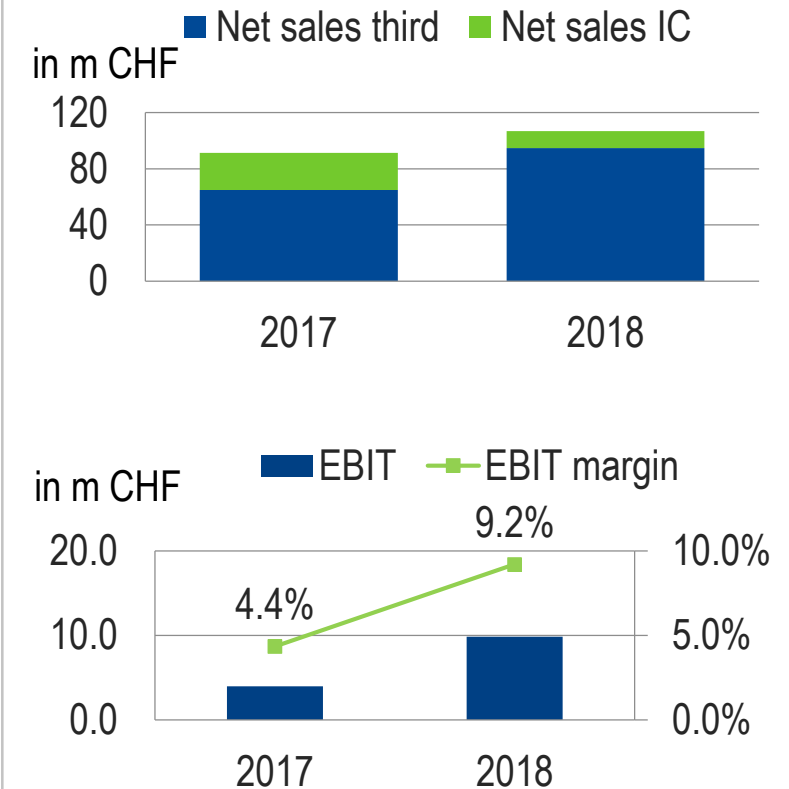
- ▶ Significant lower financial costs due to CHF 1.2 million currency gain
- ▶ Consolidated net income reaches CHF 30.5 million
- ▶ Net profit margin remains constant at 4.5%
- ▶ Consistent dividend of CHF 2.00 per share¹⁾

1) Board of directors' proposal

FINEBLANKING TECHNOLOGY

Sales in excess of CHF 100 million – order entry increased again

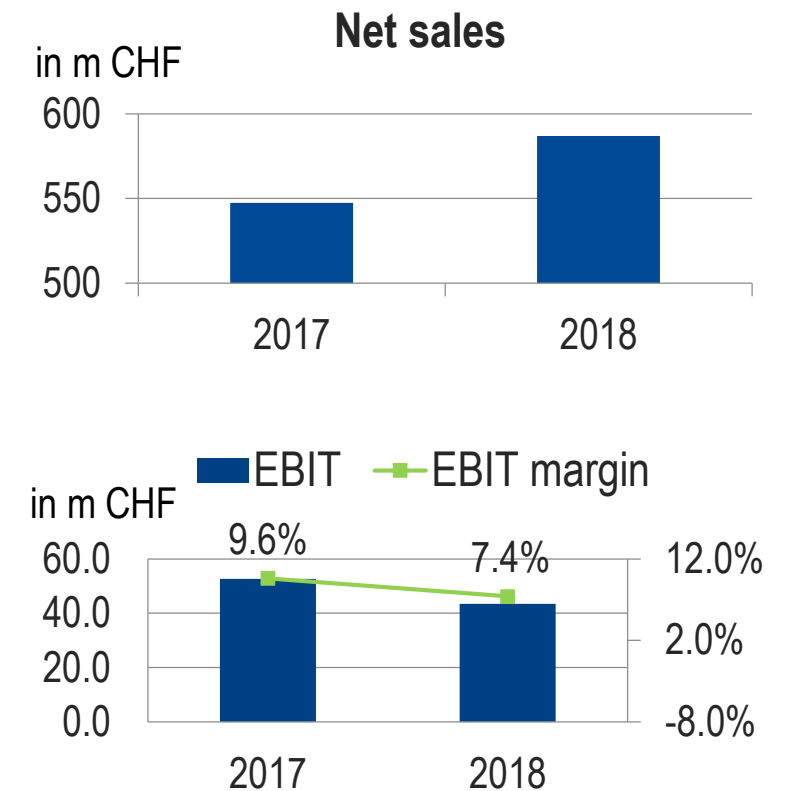
- ▶ Sales increase by 16.9% to CHF 106.9 million
- ▶ EBIT more than doubled to CHF 9.8 million; EBIT margin increased to a pleasing 9.2%
- ▶ R&D expenditure are slightly lower at CHF 4.8 million
- ▶ Order entry increased again to CHF 102.3 million
- ▶ Order backlog of CHF 37.3 million ensures capacity utilization for six to eight months in the press business
- ▶ Segment System Parts remains to be the largest customer, but its share has fallen to 11.4%



SYSTEM PARTS

Sales increased again significantly

- ▶ Sales increased by 7.2% to CHF 586.9 million, with 3.8% coming from the acquisition
- ▶ EBIT slightly lower at CHF 43.5 million; EBIT margin at 7.4%
- ▶ The decline in sales in the last two months is weighing heavily on earnings as a result of under-utilization
- ▶ Significant steel price increases are largely borne by customers, but have a negative impact on the margin



BALANCE SHEET

Total assets increased to CHF 705.3 million as a result of acquisition

Assets	31.12.2018 in m CHF	31.12.2017 in m CHF	Difference in m CHF
Cash and cash equivalents	30.9	52.4	-21.5
Trade and other receivables	101.0	114.0	-13.0
Inventories / Net assets of production i.p.	99.8	87.6	12.2
Prepaid expenses and accrued income / Other receivables	7.1	4.3	2.8
Total current assets	238.8	258.3	-19.5
Property plant & equipment	347.0	280.0	67.0
Other fixed assets	119.5	62.1	57.4
Total non-current assets	466.5	342.1	124.4
Total assets	705.3	600.4	104.9

- ▶ Current assets fell by 7.6% to CHF 238.8 million
- ▶ Fixed assets increase to CHF 466.5 million
- ▶ Investments totaling CHF 101.2 million (14.9% of sales) are the cause of this increase

BALANCE SHEET

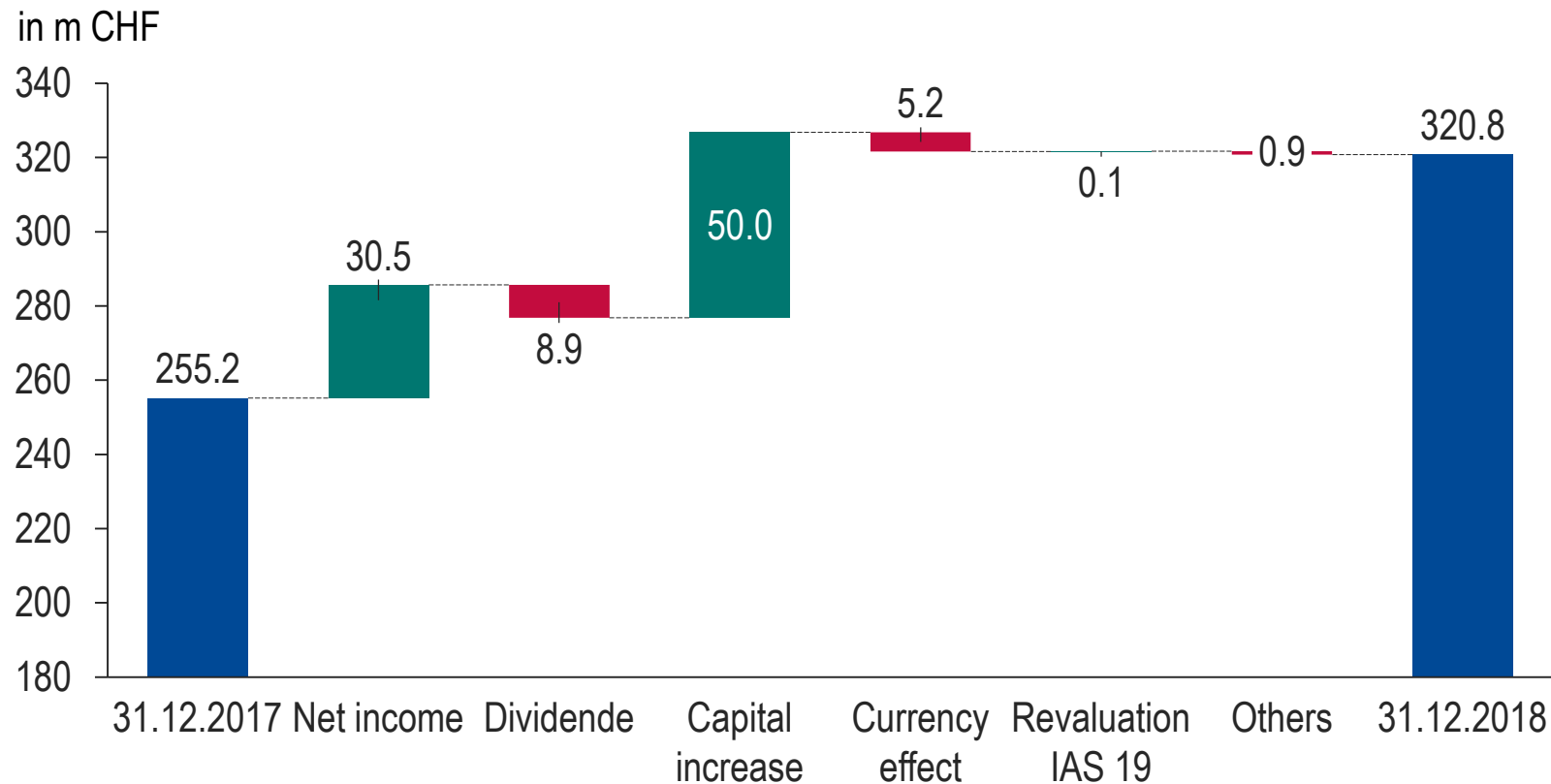
Solid balance sheet due to capital increase

Liabilities	31.12.2018 in m CHF	31.12.2017 in m CHF	Difference in m CHF
Interest bearing liabilities	178.7	134.2	44.5
Other liabilities	205.8	211.0	-5.2
Shareholders equity	320.8	255.2	65.6
Total liabilities and shareholders' equity	705.3	600.4	104.9
Equity ratio	45.5%	42.5%	3.0%
Net debt	147.9	81.9	66.0

- ▶ Equity amounts to CHF 320.8 million or 45.5% of the balance sheet total
- ▶ Net debt increases due to the acquisition in Jessen and high investments to CHF 147.9 million
- ▶ CHF 86.8 million are available in cash or confirmed credit lines

EQUITY

High equity ratio of 45.5%



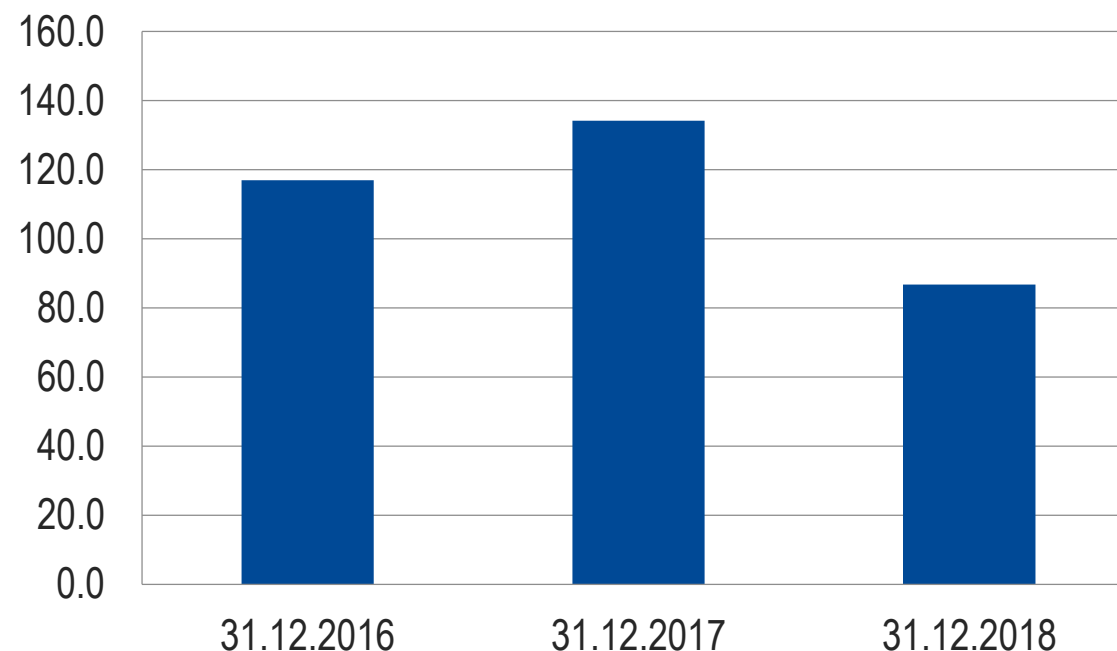
- ▶ Successful operating business results in CHF 30.5 million additional equity
- ▶ Inflow of CHF 50.0 million through capital increase
- ▶ Dividend payments (CHF 8.9 million) and translation differences (CHF 5.2 million) had a negative impact on the equity

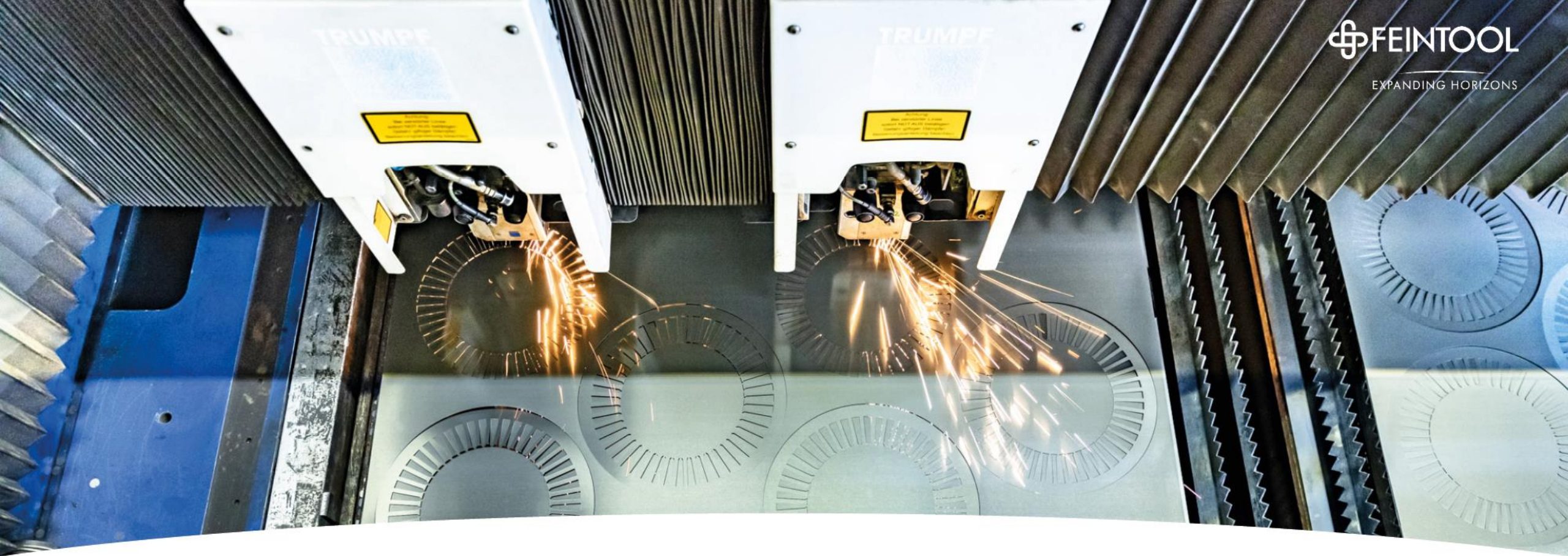
CASH FLOW

Operating cash flow only partially finances investments

- ▶ Cash flow from operating activities increased significantly to CHF 66.0 million
- ▶ The use of CHF 121.0 million for investments and for the acquisition of "electric sheet metal stamping" caused a negative free cash flow of CHF 55.0 million
- ▶ Cash and available confirmed credit lines add up to CHF 86.8 million

**Cash and cash equivalents
& available credit lines**





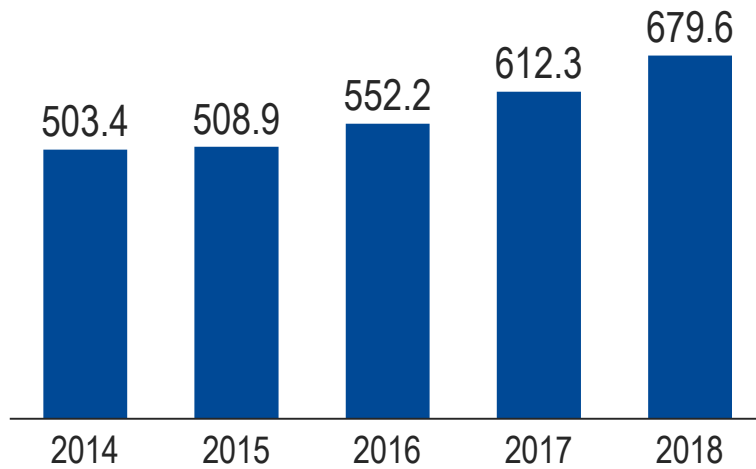
Knut Zimmer Outlook

FIVE-YEAR COMPARISON

Positive long-term development

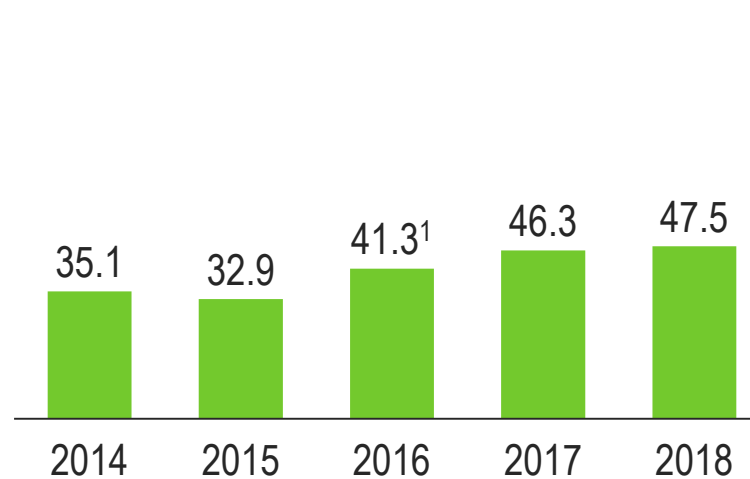
Net Sales

In CHF m

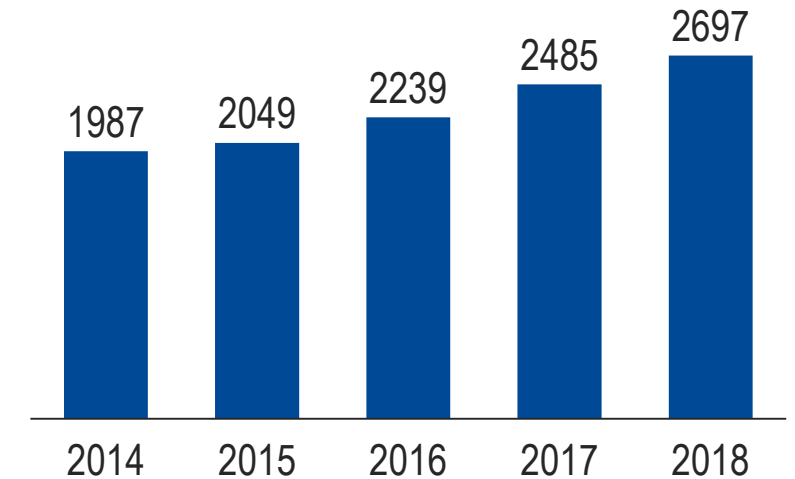


EBIT

In CHF m



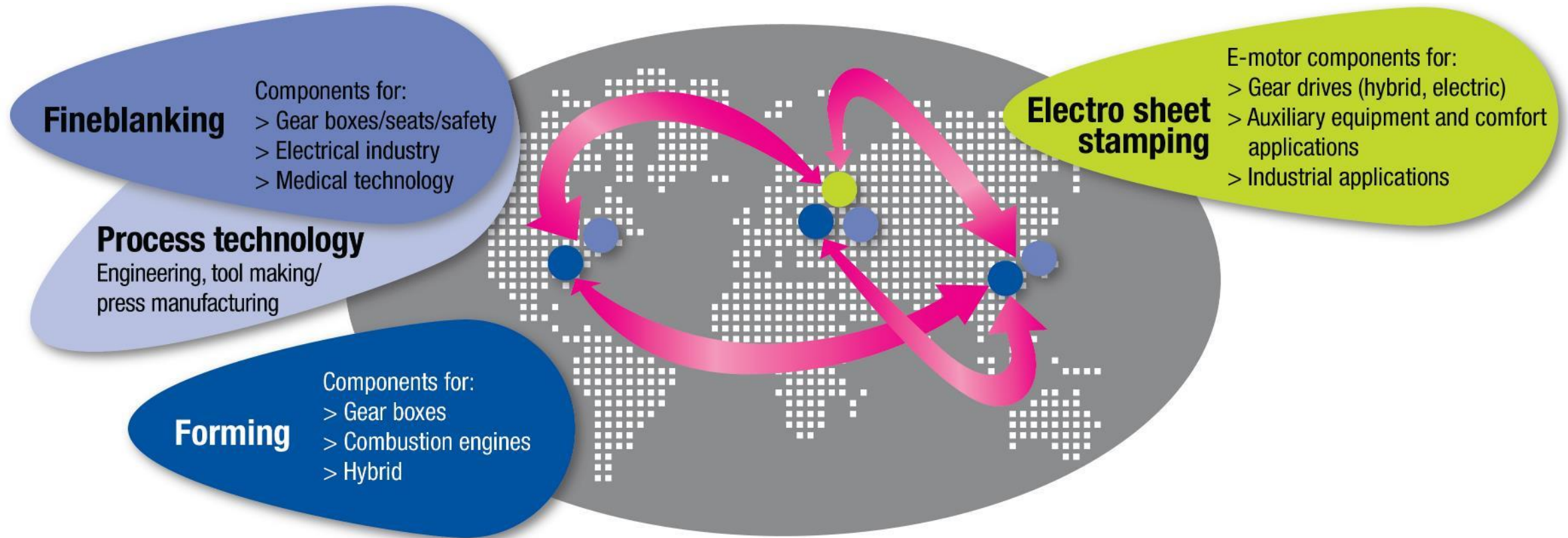
Employees



1. Disclosures without one-off effect from pension fund

EMPLOYEES

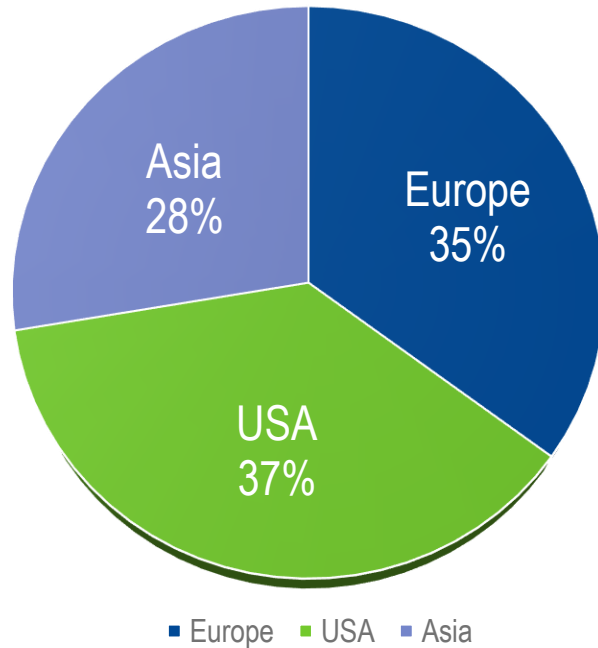
Global knowledge transfer: teams support integration and expansion



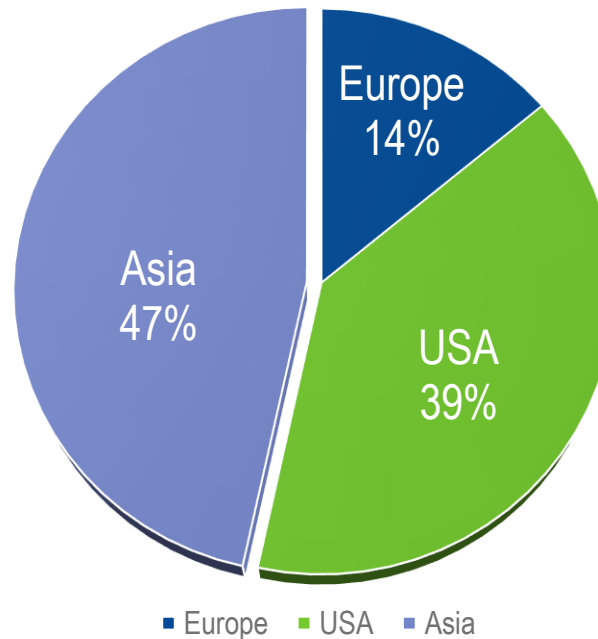
CUSTOMER NOMINATIONS 2018 FOR SYSTEM PARTS

Future development: China is growth driver for new Feintool business

Sum of nominations
96 m CHF/year



Thereof new products
55 m CHF net sales/year



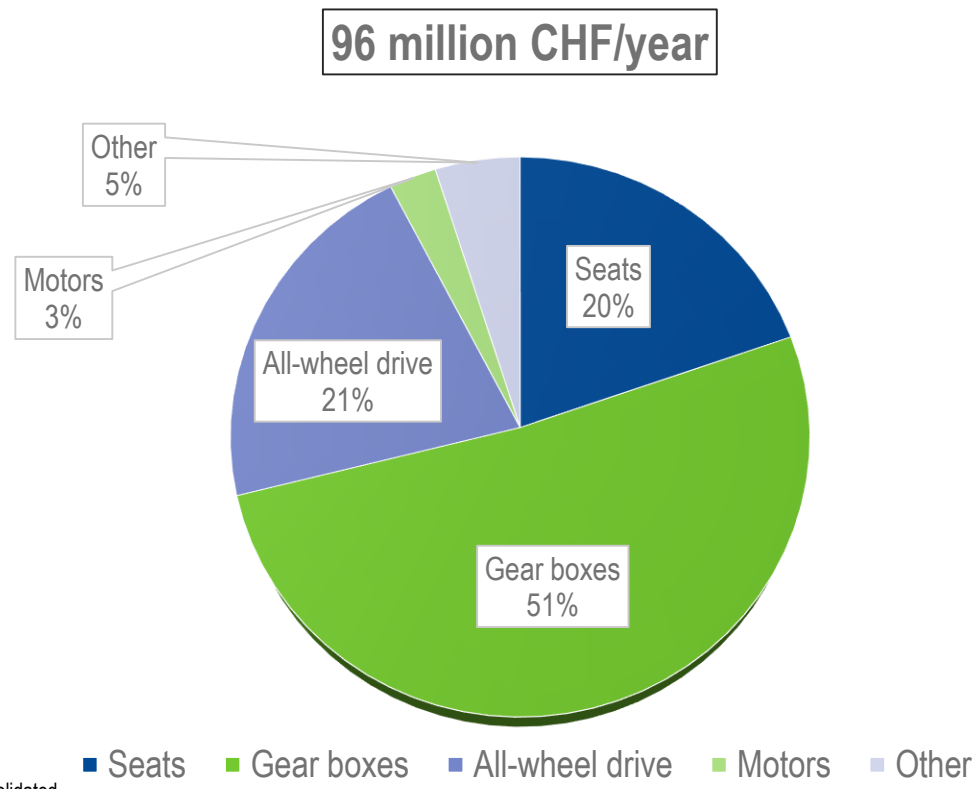
Net sales/year Ø 5 years
Currency compensation not consolidated

Nominations

- ▶ All in, Europe and USA are ahead of Asia
- ▶ Follow-up orders and volume uplifts are stronger in Europe and USA than in China
- ▶ China leads in nominations of new products
- ▶ Fineblanking and forming are technologies that are in high demand in China

NEW NOMINATIONS 2018 FOR SYSTEM PARTS

Feintool continues to benefit from power train components



- ▶ Drive components still in high demand
- ▶ Existing know-how in all-wheel drive components is paying off
- ▶ Successes in car seat business with high expectations in Europe

STRATEGY

Extended focusing strategy

- ▶ Strong presence in key automotive markets
- ▶ Expand leading positions in seat, drive, safety (fineblanking and forming) applications and stator and rotor package manufacturing for electric motors
- ▶ Extend the value chain with vertical integration
- ▶ Extending the limits of fineblanking, forming and electro sheet stamping with innovative tool solutions, and thus open up new application and growth areas
- ▶ Strengthen the market position of fineblanking with new press concepts



OUTLOOK

Key projects

- ▶ Complete the expansion at the forming plant in Tianjin (CN)
- ▶ Expansion of the e-sheet metal stamping plant in Jessen (DE)
- ▶ Start high volume production at the fineblanking plant in Most (CZ)
- ▶ Win first nominations for e-sheet metal components in car drives
- ▶ Establish new hydraulic press generation "FB one" successfully in the market



GUIDANCE

Feintool expects the automotive market to grow in the medium and long term



- ▶ Due to economic and political uncertainties, possibility of short-term drop in sales in individual markets
- ▶ In this context, Feintool expects sales of CHF 690 - 730 million in 2019
- ▶ Slightly higher EBIT than in financial year 2018

AGENDA

Upcoming dates

April 30, 2019

Results first quarter and General Meeting

August 21, 2019

2019 half-year report

October 29, 2019

Results for third quarter

March 3, 2020

Annual Media Conference Financial Year 2019

Components for electric motors

Stamped and laser-cut rotor and stator packages with the highest precision and cost-effectiveness for the automotive sector, industry and drive technology.



Feintool Group
Thank you for your attention.

DISCLAIMER

- ▶ Feintool is confirming its best efforts to present accurate and up-to-date information in this document. Feintool gives no representation or warranty, expressed or implied, as to the accuracy or completeness of the information provided herein and disclaims any liability whatsoever for the use of it.
- ▶ The information provided in this document is not intended nor may be construed as an offer or solicitation for the purchase or disposal, trading or any transaction in any Feintool shares or other securities.
- ▶ Feintool is reiterating that any forward looking statement in this report offers no guarantee with regard to future performance; they are subject to risks and uncertainties including, but not limited to, future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors outside the company's control.