

Automatic transmission

Hubs and clutch plates economically manufactured with precision forming and fineblanking



Feintool Group Annual Media Conference Financial Year 2015

AGENDA

- | | |
|-------------------------------------|-------------------------|
| ▶ The Feintool Group's strategy | Alexander von Witzleben |
| ▶ Review of the financial year 2015 | Heinz Loosli |
| ▶ Financial results | Thomas Bögli |
| ▶ Outlook | Heinz Loosli |
| ▶ Questions and answers | All |
| ▶ Lunch and discussions | All |



Alexander von Witzleben Feintool Group's strategy

FEINTOOL IN THE 2015 FINANCIAL YEAR

Targets achieved despite difficult conditions

- ▶ Increase in sales
- ▶ Market and competitive environment remains attractive, low oil prices and interest rates are helping to stimulate demand
- ▶ Nominations for extensive programs enable investment in additional growth
- ▶ Around 50% equity ratio and CHF 10 million net debt form a healthy basis for continued strategy implementation
- ▶ Unchanged dividend of CHF 1.50 per share

LONG-TERM POSITIVE DEVELOPMENT

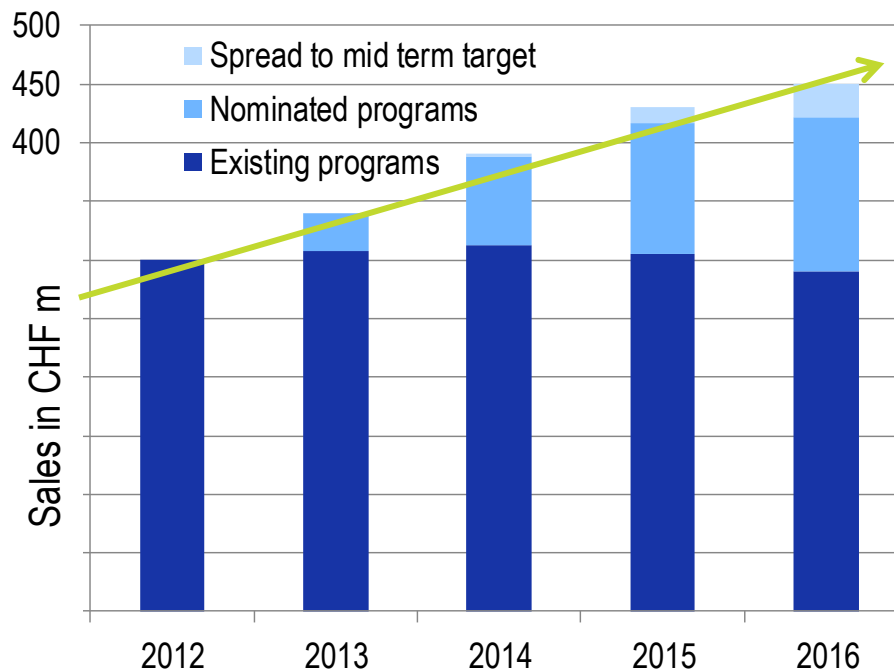
(CHF m)	2012 ¹⁾	2013	2014	2015	2016E	Mid-Term Target
Net sales	427.0	435.7	503.4	508.9	530	600
EBITDA	43.0	47.0	62.9	61.4		
EBIT	22.0	20.4	35.1	32.9	~7%	8%
Net income	11.4	14.8	24.6	20.1		
Net debt	75.3	33.0	9.3	11.1		
Equity ratio (as a %)	35.4	46.1	47.5	48.7		
Investment	34.8	36.6	43.4	31.8		
Dividend (CHF)	1.00	1.20	1.50	1.50 ²⁾	30%	

¹⁾ Including Automation segment, which was sold in financial year 2014

²⁾ Board of Directors' proposal

OUTLOOK SEGMENT SYSTEM PARTS OF 2013

Forecasted goals achieved

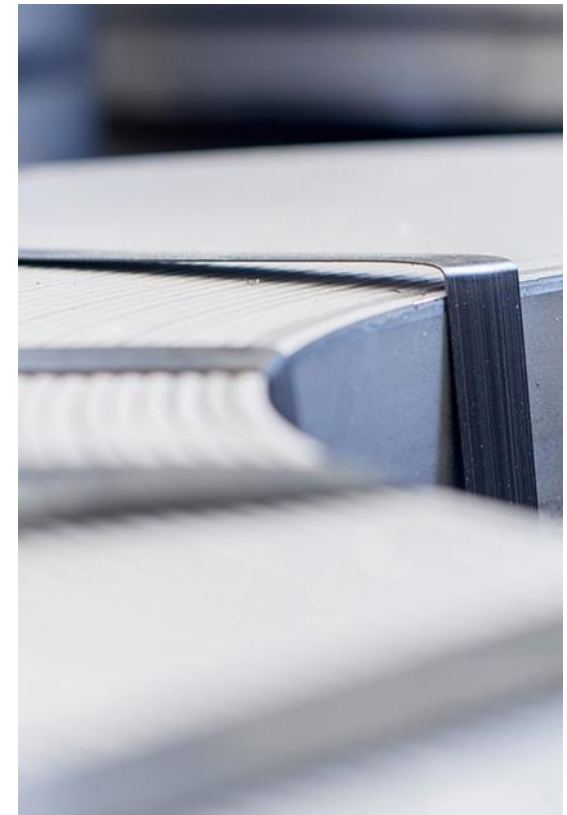


- ▶ Forecasts for all programs based on customer data expectations
- ▶ Preferred partner for OEM and Tier1 due to strong position in targeted application fields
- ▶ Further nominations expected

NEW AUTHORIZED CAPITAL

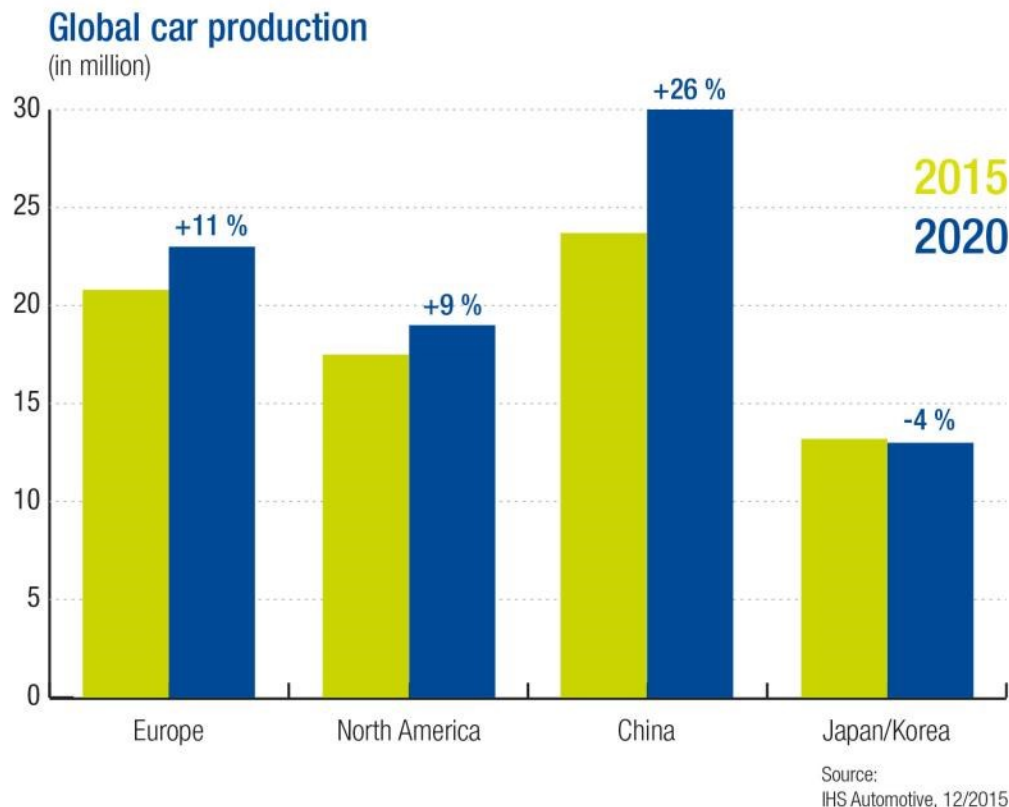
Feintool wants to exploit market opportunities

- ▶ Application for authorized capital of 600,000 shares with a nominal value of CHF 10
- ▶ Corresponds to 13.4% of current share capital
- ▶ Intended use for the short-term exploitation of market opportunities and to ensure growth



GLOBAL CAR PRODUCTION

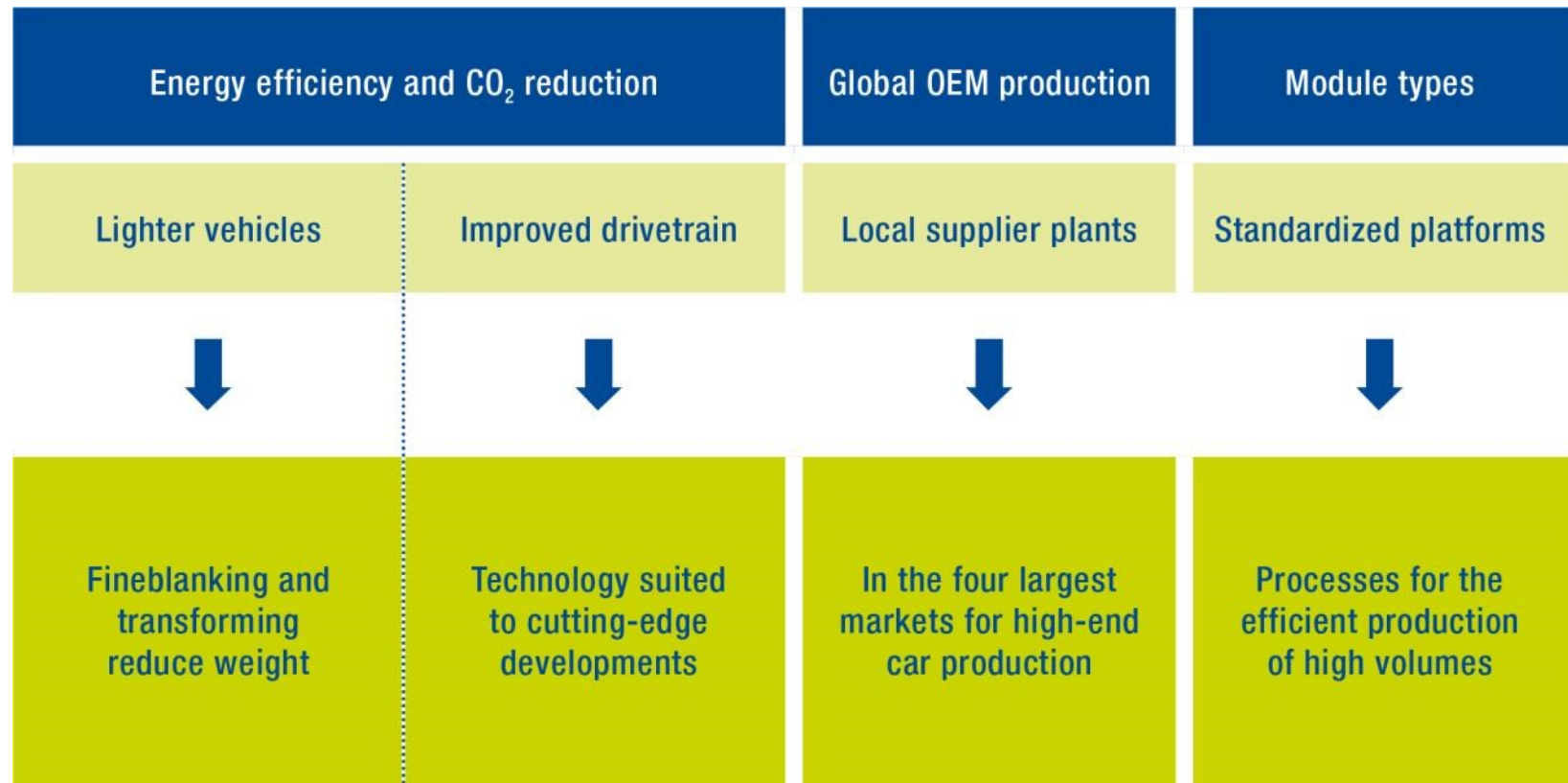
Global increase forecast



- ▶ Need for mobility is rising
- ▶ 2015-2020: increase in car production of 22%
- ▶ DE, US, JP, CN remain the most important countries for the development and production of high-quality passenger cars

TRENDS IN THE AUTOMOTIVE INDUSTRY

Feintool - attractive partner for implementing relevant trends





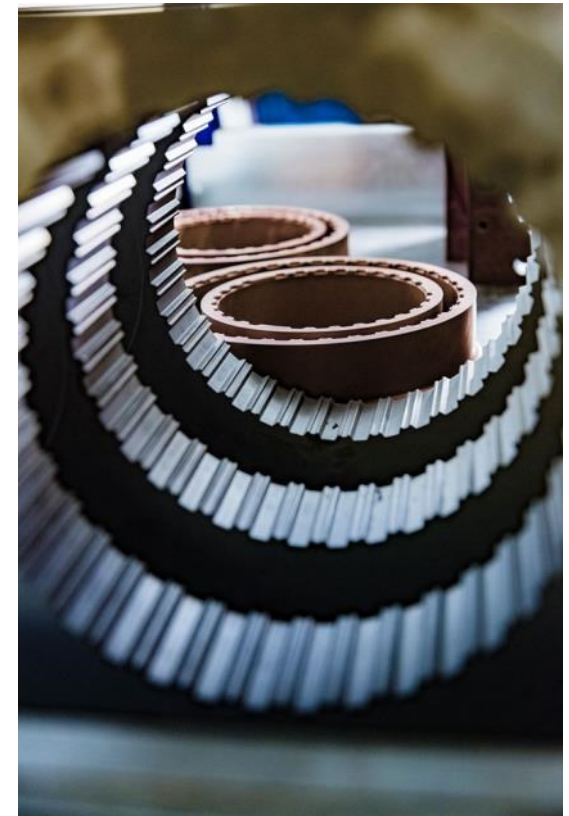
Heinz Loosli

Review of Financial Year 2015

MARKET ENVIRONMENT


Changes benefit Feintool

- ▶ General reluctance to invest amongst SME. A lack of willingness to invest, globality and often difficult succession planning are leading to a concentration on a few providers
- ▶ CO₂ reduction and "fuel economy" remain growth drivers
- ▶ OEM are increasingly outsourcing capital-intensive manufacturing processes. Resources are being used with a focus on development and internationalization services



MARKET POSITION CONSOLIDATED

Strong position due to specialization

Market share			Products	
Europa	USA	Asien		
99%	95%	65%	Fineblanking presses	No. 1
95%	100%	60%	Seat adjusters (technology)	No. 1
2%	55%	28%	Seat adjusters (parts)	No. 1
90%	20%	--	Automatic transmission discs (parts) ¹⁾	No. 1
65%	20%	--	Formed transmission components (parts) ¹⁾	No. 1

¹⁾ Without inhouse-production of OEM and Tier1

Source: Internal calculation

SYSTEM PARTS SEGMENT

Leading manufacturer of seat adjuster and drive train components

Leading OEM and Tier1 as customers

Drive train	Seat adjusters
BorgWarner	Fuji Autotech
Daimler	Imasen
Dynax	Johnson Control International
Fiat Chrysler	Lear
GM	Magna
VW Audi	Toyota Boshoku
ZF	VW Sitech



SEGMENT SYSTEM PARTS

Strong position within the leading premium-manufacturers

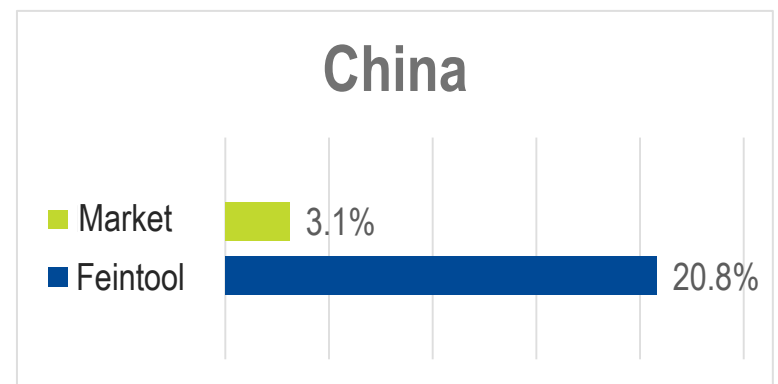
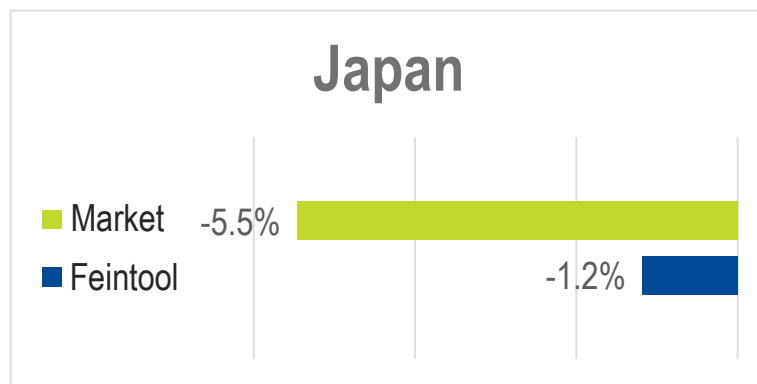
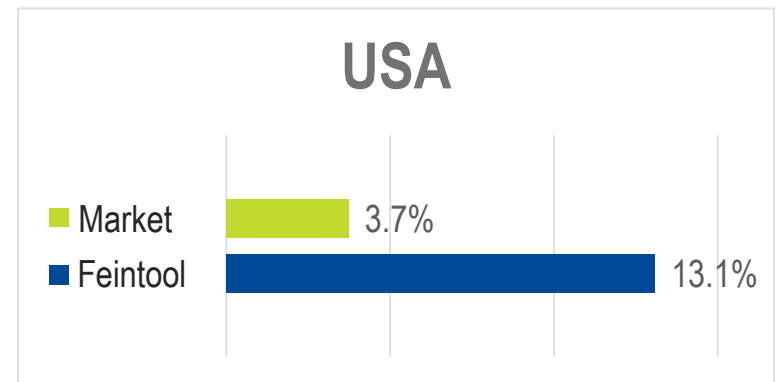
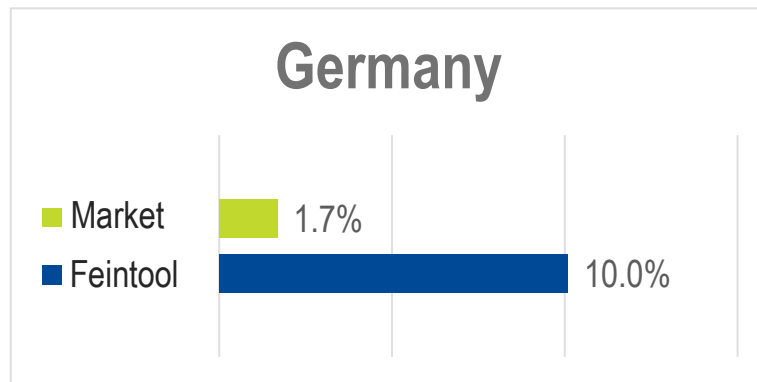
Importance	OEM
1	Fiat Chrysler
2	VW Audi
3	Daimler
4	BMW
5	Ford

Importance	OEM
6	GM
7	Honda
8	Nissan
9	Toyota
10	Renault

Direct and indirect supplies

SYSTEM PARTS SEGMENT

Growing stronger than the market in 2015 too



Car production; Feintool growth in local currency

Source: PWC, internal calculations

HIGHLIGHTS SYSTEM PARTS

Dynamic development

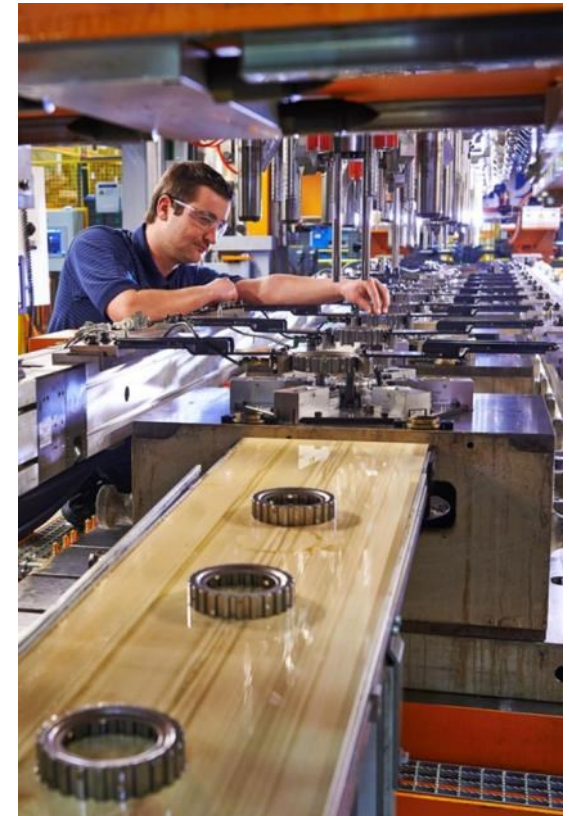
- ▶ Focus on specific areas of growth of automobile manufacturers is paying off: Stronger growth than the market
- ▶ Organic growth of 8.2% (in local currency)
- ▶ Establishment and expansion of expertise in related procedures – in-house heat treatment now also in Lyss
- ▶ Investment in some of the world's most cutting-edge machinery and the expansion of capacities of around CHF 30 million



HIGHLIGHTS SYSTEM PARTS FORMING

Successful development in forming

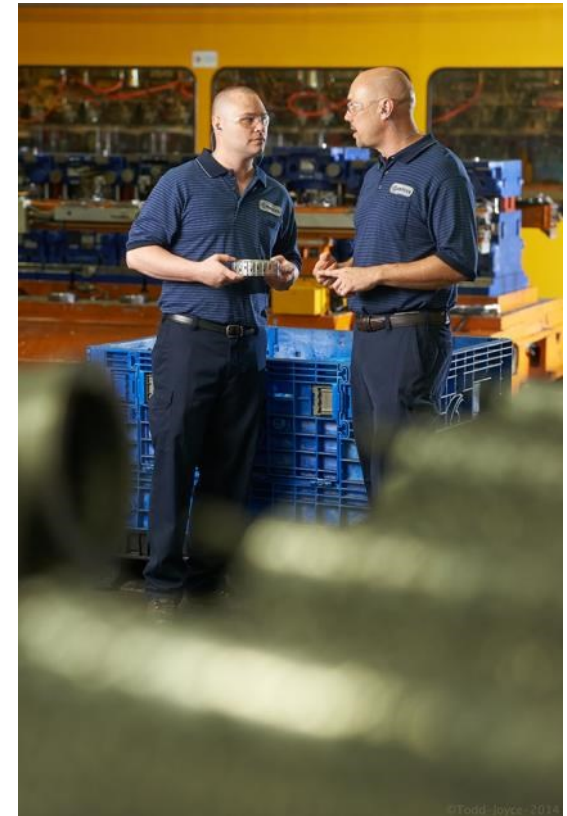
- ▶ Ohrdruf, Obertshausen and Nashville focus on cold forming components for the drive train
- ▶ Expansion of the production operation in Ohrdruf for the new generation of VW/Audi dual clutch components
- ▶ Obertshausen nominated for 500,000 additional plate carriers for Daimler transmissions
- ▶ New customer American Axle commissioned Nashville for formed AWD-components



HIGHLIGHTS SYSTEM PARTS USA

New generation of transmissions as growth driver

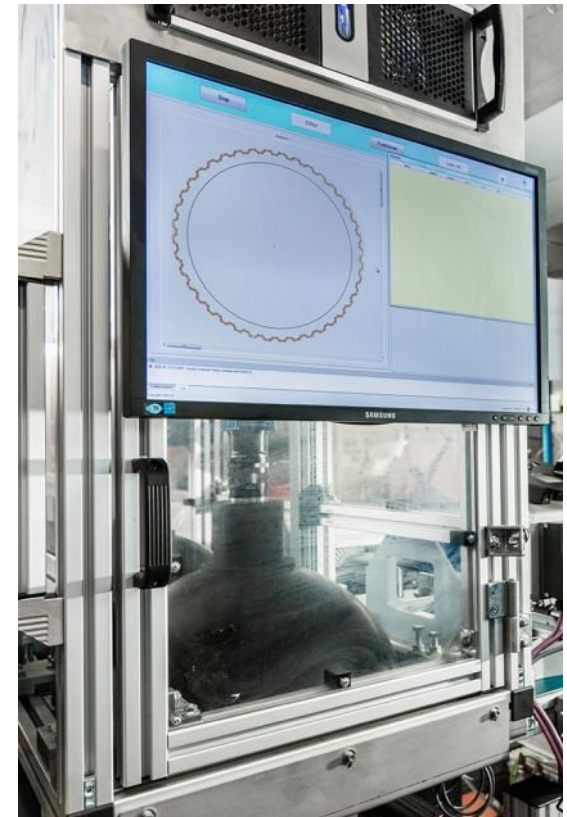
- ▶ Sales in Nashville doubled within two years
- ▶ Most advanced plant of its kind in the USA
- ▶ Nominations for additional growth received; the necessary capacities will be available from 2017
- ▶ Cincinnati developed optical inspection systems, which allow a 100% quality check of safety-related seat components



HIGHLIGHTS SYSTEM PARTS EUROPE

Feintool is gaining market share in Europe

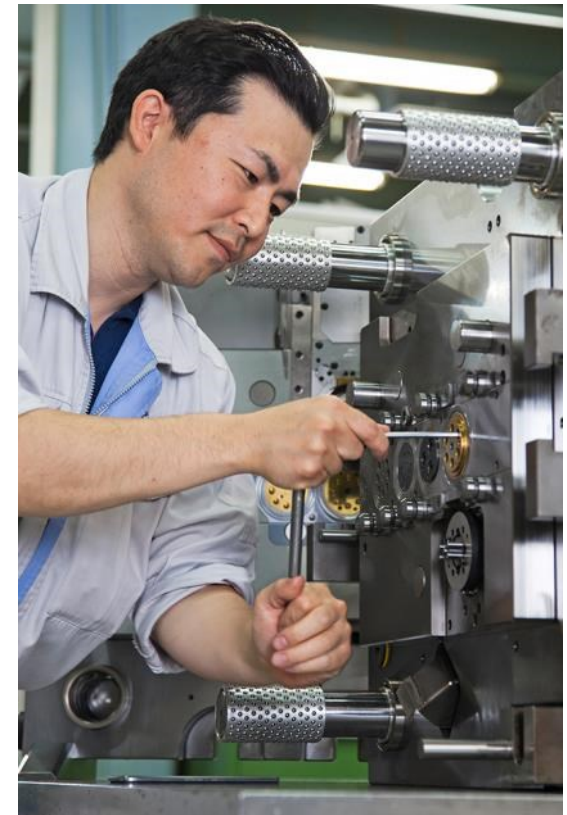
- ▶ The Jena location, which specializes in clutch discs continues to grow: seventh production line in operation
- ▶ Investment in quality assurance: first fully-automatic optical inspection system of its kind worldwide for clutch discs
- ▶ Lyss: CHF 10 million invested in realignment to high-volume, innovative drive components
- ▶ Recently acquired Oelsnitz location enables specialization in Lyss and further growth



HIGHLIGHTS SYSTEM PARTS ASIA

Asia is in a state of change

- ▶ China: tightening of the political environmental requirements for CO₂ emissions. This is promoting the use of modern transmissions, which creates new opportunities
- ▶ OEM and Tier1 are reviewing their product portfolios
- ▶ Initial success with Chinese Tier1 for safety components



FINEBLANKING TECHNOLOGY SEGMENT

Development of our market

- ▶ Market expansion by:
 - ▶ expanding the process boundaries
 - ▶ more efficient presses
 - ▶ developing new areas of application
- ▶ Development of a hydraulic press series for Asian markets completed
- ▶ Significant increase in efficiency in press assembly in Jona offsets currency influences
- ▶ Significant contributions to the growth of the System Parts segment



HIGHLIGHTS FINEBLANKING TECHNOLOGY

Innovation impresses

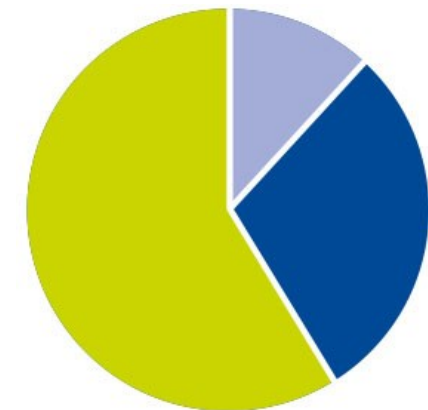
- ▶ Fourth industrial revolution: Feintool's response – Feinmonitoring, a new, intelligent service
- ▶ Cooperation with the RWTH Aachen University in researching the expansion of process boundaries
- ▶ The world's fastest parts clearing system for fineblanking presses presented at the Blechexpo in Stuttgart



EMPLOYEES

The basis of our success

- ▶ Slight rise in the number of employees in Germany and Switzerland due to acquisition, realignment and expansion of the value chain
- ▶ 75 young people are completing their vocational training in nine professions
- ▶ The US Secretary of Labor and US ambassador Suzi LeVine interested in the dual study program in the USA
- ▶ Bruno Malinek took over as manager of the System Parts segment on September 1, 2015




Asia: 12%

Europe: 59%

USA: 29%

Total: 2049 employees

A close-up, macro photograph of a watch movement, showing intricate metal gears and components. The focus is sharp on the foreground gears, with a blurred background showing more of the mechanism.

Thomas Bögli Financial Results

INTRODUCTORY REMARK

Acquisition as basis for further expansion

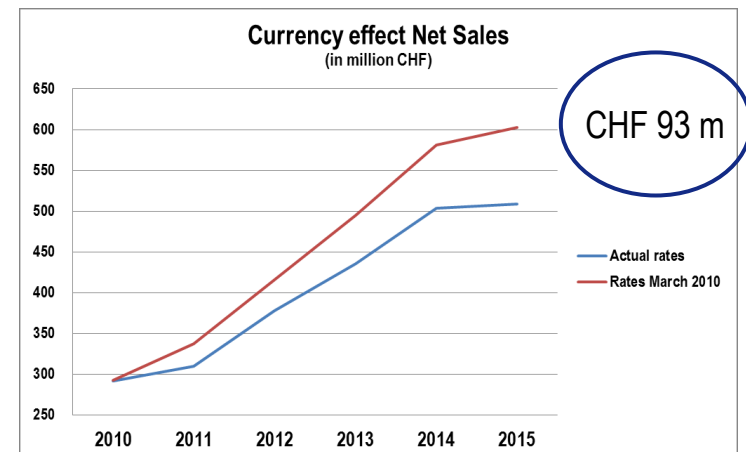
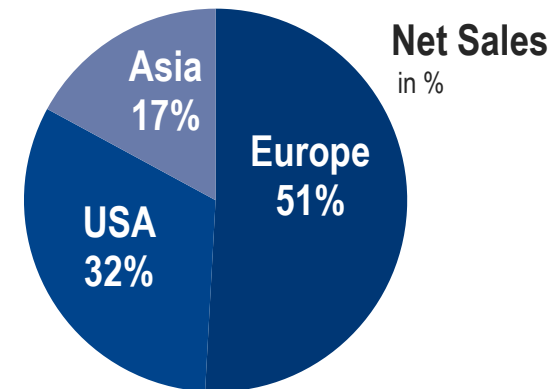
- ▶ On March 2015 Feintool acquired Gabler Feinschneidtechnik GmbH (Feintool System Parts Oelsnitz GmbH)
 - ▶ Net sales of CHF 3.2 m; EBIT of CHF -1.0 m
 - ▶ No significant impact on Feintool Group's result
 - ▶ Basis for short-term expansion
- ▶ Segment Automation was shown as discontinued operation and therewith not part of this presentation



NET SALES

4.4% growth in local currency

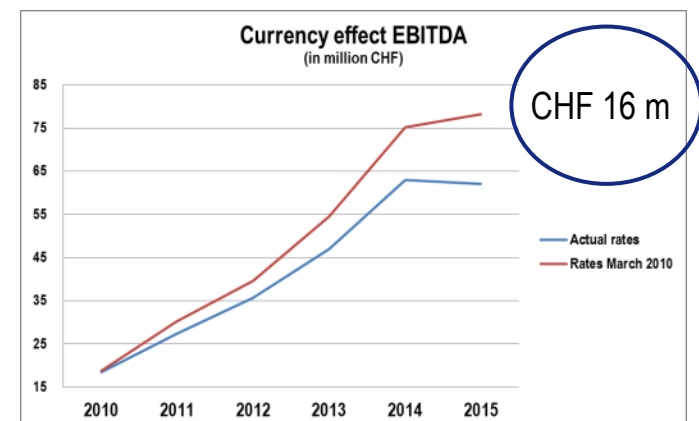
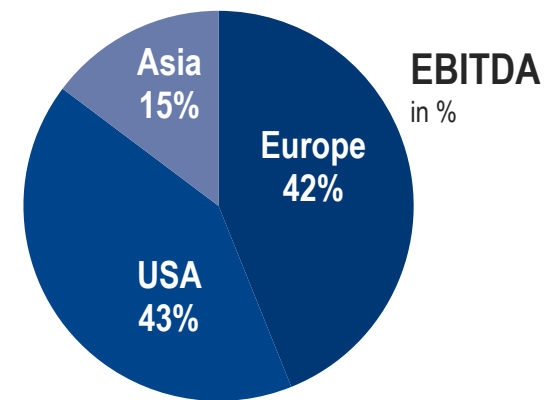
- ▶ Net sales of CHF 508.9 m
- ▶ CHF 20.3 m translational currency effects could be compensated
- ▶ System Parts segment realizes 86% of Group's net sales and drives growth
- ▶ Growth in Europe and USA



EBITDA

Swiss manufacturing sites influence EBITDA

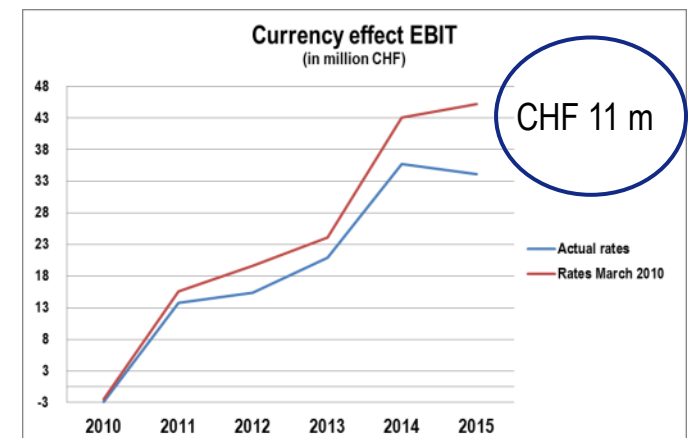
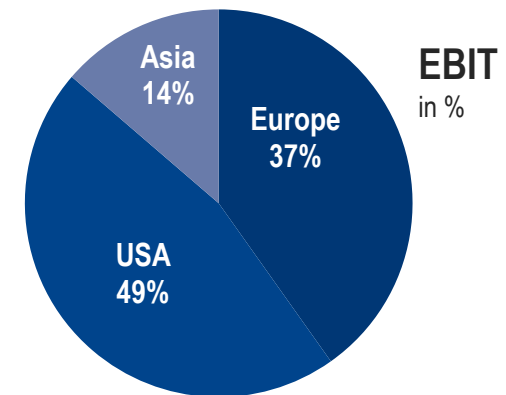
- ▶ EBITDA of CHF 61.4 m
- ▶ EBITDA margin down by 40 basis points to 12.1%
- ▶ Impact by Swiss manufacturing sites: EBITDA of Feintool Technologie AG CHF 1.2 m lower than prior year; Feintool System Parts Lyss AG even CHF 2.6 m lower
- ▶ System Parts segment reaches EBITDA margin of 14.1%



EBIT

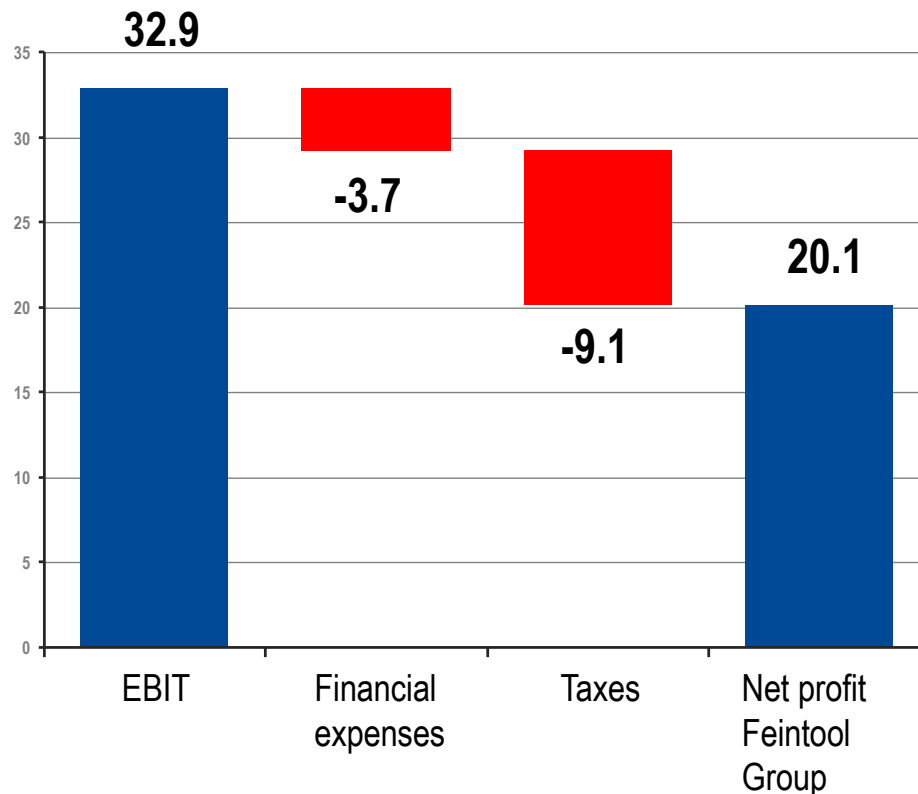
EBIT margin on 6.5% despite currency impact and investment into the future

- ▶ EBIT CHF 32.9 m
- ▶ Translational currency losses amount to CHF 2.5 m
- ▶ Weaker Europe partially compensated by stronger US business
- ▶ Swiss manufacturing sites hit EBIT by CHF 4.0 m compared to prior year



NET RESULT

Unchanged dividend of CHF 1.50 per share

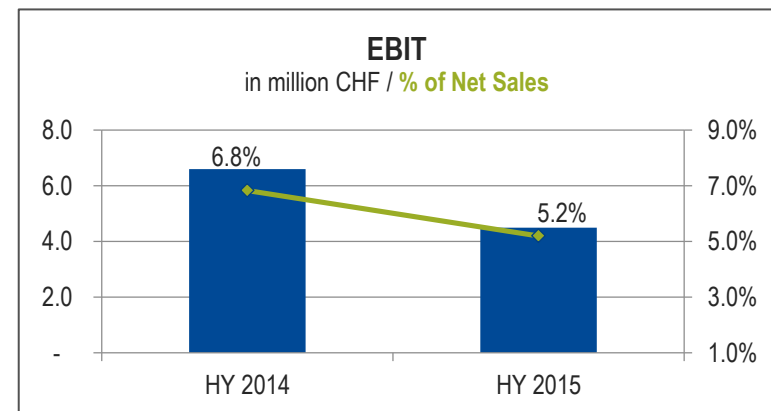
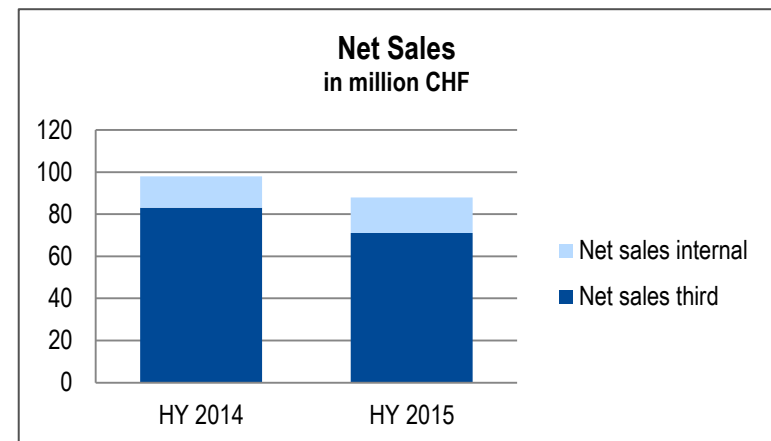


- ▶ Net profit CHF 20.1 m; profit margin 3.9%
- ▶ Board of Directors proposes unchanged dividends from capital reserves CHF 1.50 per share

FINEBLANKING TECHNOLOGY

Expenditures for research and development increased by 10%

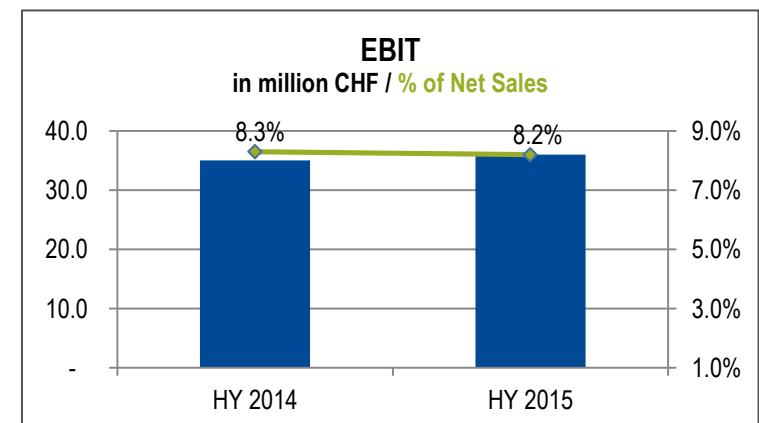
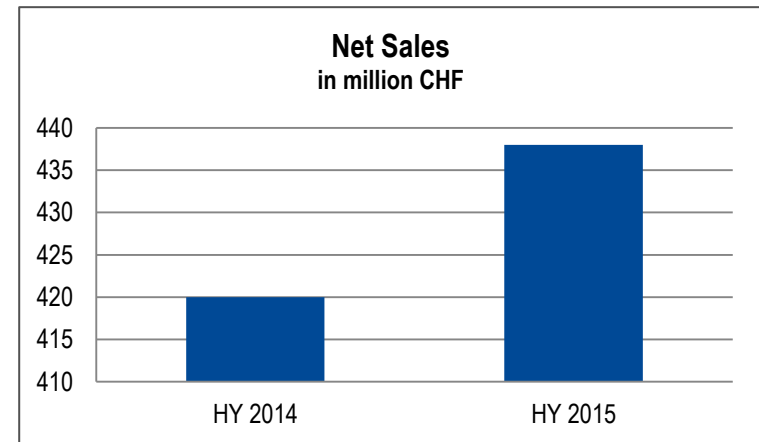
- ▶ Net sales of CHF 87.8 m
- ▶ EBIT CHF 4.6 m; EBIT margin 5.2%
- ▶ Lower turnover and margin pressure due to the strong Swiss Franc appreciation
- ▶ Order backlog of CHF 43.2 m secures workload for 8 months



SYSTEM PARTS

EBIT margin on prior year level

- ▶ Net sales increased to CHF 438.0 m despite negative translational currency effect of CHF 20.3 m
- ▶ 9.1% growth in local currency
- ▶ EBIT CHF 35.8 m; EBIT margin 8.2%
- ▶ Investment for further growth and for restructuring the Swiss manufacturing site could be compensated by the rest of Europe and the US



BALANCE SHEET

Total assets unchanged

Assets	31.12.2015 in m CHF	31.12.2014 in m CHF	Difference in m CHF
Cash and Cash equivalents	31.6	41.7	-10.1
Trade and other receivables	83.5	76.8	6.7
Inventories / Net assets of production i.p.	72.5	70.3	2.2
Prepaid expenses and accrued income Other receivables	3.5	4.5	-1.0
Total current assets	191.1	193.3	-2.2
Property Plant & Equipment	198.1	195.0	3.1
Other fixed assets	37.7	39.1	-1.4
Total non-current assets	235.8	234.1	1.7
Total assets	426.9	427.4	-0.5

- ▶ Total assets of CHF 426.9 m
- ▶ Net working capital increased by CHF 11.8 m
- ▶ Fixed assets increased by effect from acquisition
- ▶ Investments of CHF 31.8 m, mainly for future growth

BALANCE SHEET

Solid balance sheet

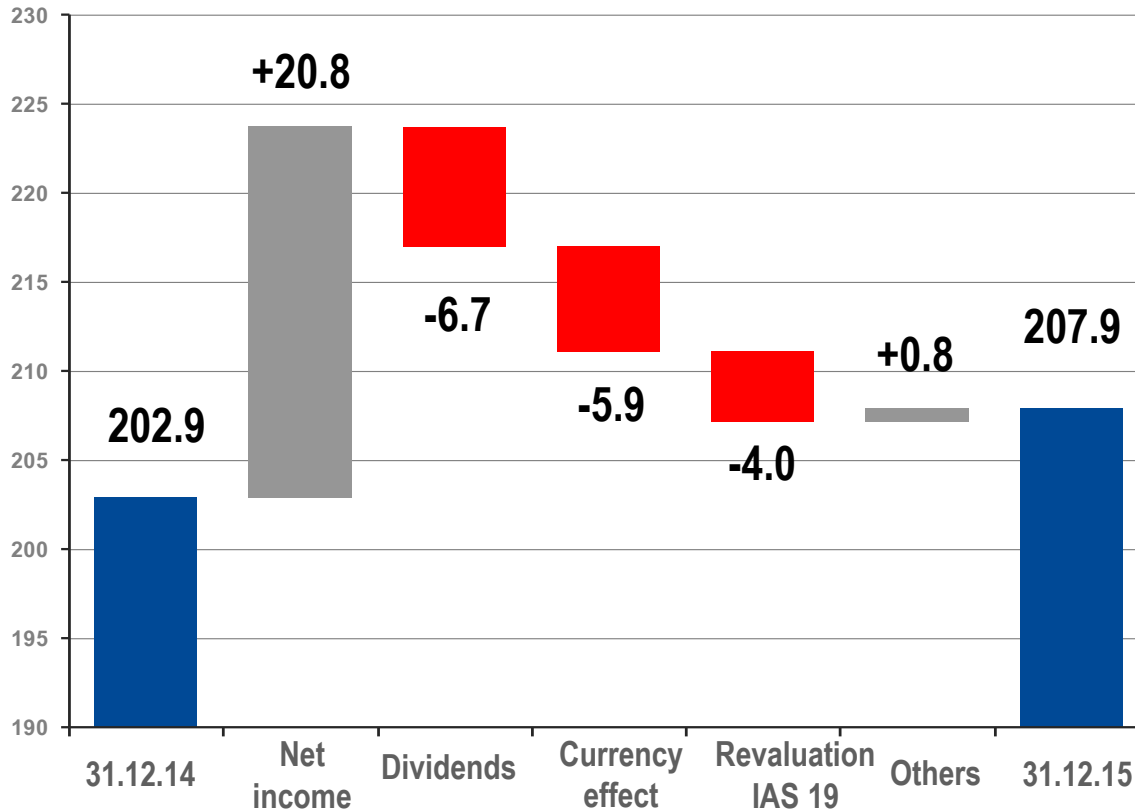
Liabilities	31.12.2015 in m CHF	31.12.2014 in m CHF	Difference in m CHF
Interest bearing liabilities	42.6	51.1	-8.5
Other liabilities	176.4	173.4	3.0
Shareholders equity	207.9	202.9	5.0
Total liabilities and shareholders' equity	426.9	427.4	-0.5
Equity ratio	48.7%	47.5%	
Net debt	11.1	9.3	

- ▶ Equity grow to CHF 207.9 m
- ▶ Equity ratio of 48.7%
- ▶ Net debt of CHF 11.1 m, unchanged compared to prior year
- ▶ Pension liabilities (IAS 19) increased again

EQUITY

Strong equity ratio of 48.7%

in million CHF

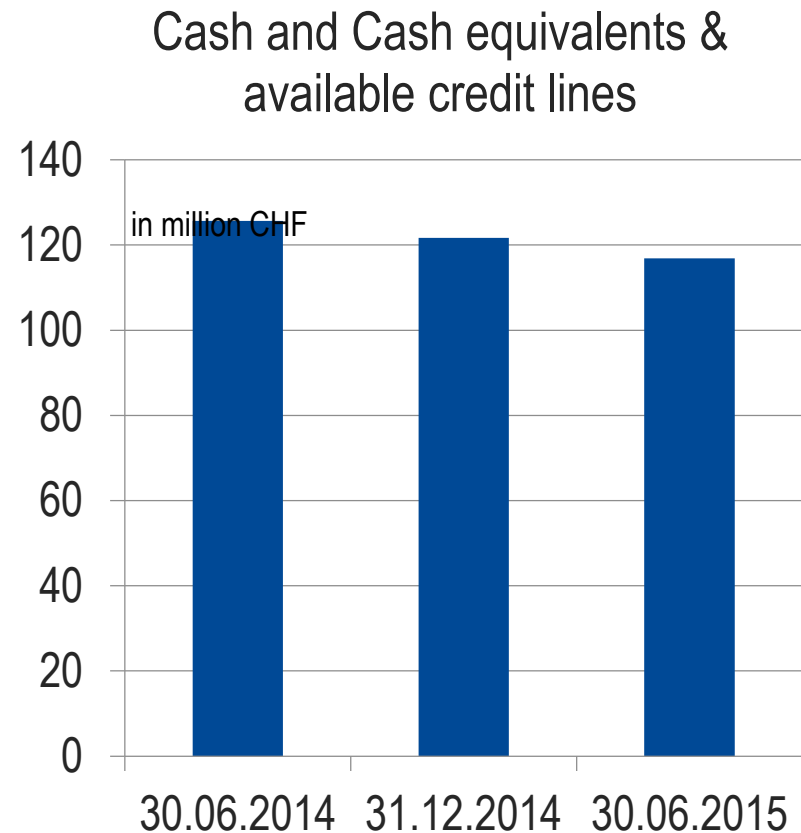


- ▶ Successful operational activities
- ▶ Strong impact from:
 - ▶ Currency losses
 - ▶ Revaluation of pension liabilities (IAS 19)

CASH FLOW

Acquisition influences cash flow

- ▶ Operational cash flow of CHF 40.1 m, inline with development of net result
- ▶ Cash used for investments (incl. acquisition) amounts to CHF 29.9 m
- ▶ Liquid funds and confirmed open credit lines add up to CHF 111.6 m



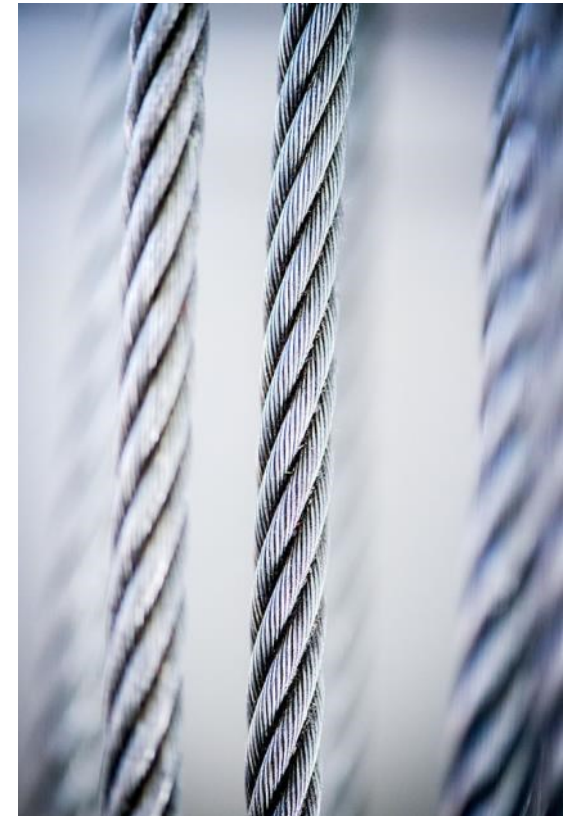


Heinz Loosli Outlook for 2016

OUTLOOK

Key projects

- ▶ Focus on global purchasing optimization
- ▶ Significant expansion of production capacities in forming in Ohrdruf and Nashville
- ▶ Expansion of Oelsnitz in connection with relocations
- ▶ Additional new applications to reduce CO₂ emissions in processing
- ▶ Development of the market segment for simpler applications with the help of a low-cost location in Eastern Europe



GLOBAL CHALLENGES

VW diesel scandal	▶ Minor influence
Slowdown in growth in China	▶ Offset by US and European business
Low interest rate policy	▶ Benefits car sales
Low oil and raw material prices	▶ Stronger purchasing power ▶ Lower cost of materials
New drive technology	▶ Strongly represented in hybrid drives ▶ Involvement in development projects for fuel cells ▶ No significant growth for purely electric drives

GUIDANCE

Fundamentally positive business development

- ▶ 2016: 5% sales growth to CHF 530 million, operating profit of about 7%
- ▶ Nominations received show that we will reach our medium-term objective of CHF 600 million in sales and 8% operating margin for 2018



INVESTOR RELATIONS CALENDAR

Important dates

4 April 2016	Relaunch of website www.feintool.com
19 April 2016	Results 1st quarter and General Meeting
23 August 2016	Half-year report 2016
25 October 2016	Results 3rd quarter
08 March 2017	Annual Media Conference Financial Year 2016



Feintool Group Questions and Answers

Engine

Diesel engine injector clamp economically manufactured with precision fineblanking



Feintool Group
Thank you for your attention

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