

Expanding Horizons

Achieving new dimensions together
with fineblanking, forming and
e-lamination stamping

Feintool Group Half-year report 2023 media conference

AGENDA

11:00 a.m.	Arrival at Steinbachhof, Vaihingen	
11:30 a.m.	Welcome & Greetings	Karin Labhart, CCO
	Half-yearly review, financials, outlook	Torsten Greiner, CEO & Samuel Künzli, CFO
12:30 – 1 p.m.	Stand-up buffet	
1:00 – 2:15 p.m.	Deep dive E-lamination stamping	Gregor Eipert, Head of Stamping BU
2:15 – 2:30 p.m.	Transfer to Feintool Vaihingen	
2:30 – 3:30 p.m.	Site tour with Q & A	Gregor Eipert
4 p.m.	Closing/departure	

Review



REVIEW

The first half of 2023 remained challenging

- ▶ **Supply chains stabilized globally** and automotive production ramped up worldwide
- ▶ **Demand decline, particularly in Europe**
 - ▶ In 2023, private demand for passenger cars is suffering from eliminated or reduced subsidies in Germany for hybrids and BEVs, high inflation, increased interest rates, and increasingly expensive vehicles regardless of the drive type.
- ▶ **Inflation now falling again** in Europe and the United States, we are hopeful that the situation will **improve in the second half of 2023**
- ▶ **Sharp increases in labor costs** in Europe and the USA and rise in energy costs have led to intensive and protracted negotiations
- ▶ Business Unit Stamping Europe impacted by the **currently weak industrial environment**. A recession is expected in Germany in 2023.



HIGHLIGHTS

Key major orders highlight Feintool's successful transformation

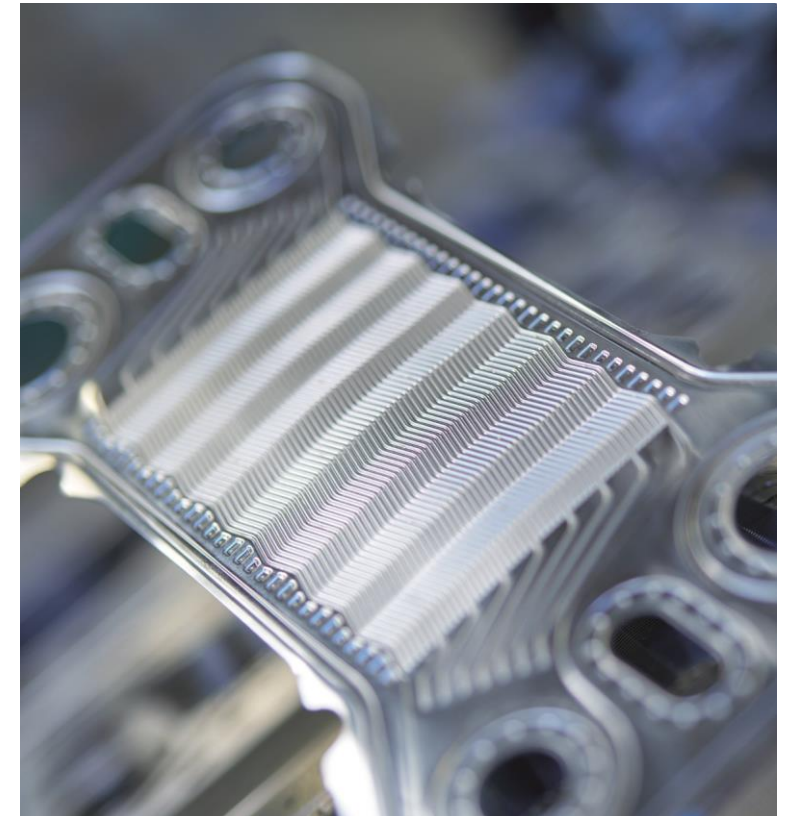
- ▶ **High value of orders received:** Feintool on target for CHF 1 billion lifetime value of orders received in 2023
- ▶ First major order secured for the series production of bipolar plates China
- ▶ Another major order in **electrolamination stamping for a major global OEM**. First series order using our patented Glulock MD technology
- ▶ **Feintool awarded major contracts in the industrial and renewable sectors** for rotors and stators for renowned wind turbine manufacturer
- ▶ **Feintool positioning itself as a “pure player”** as a result of the sale of the capital goods business and the simultaneous expansion of the fineblanking tool making business



CAPITAL GOODS BUSINESS

Sale enables focus on “pure play” in high-volume parts production

- ▶ Since the closing of the sale on June 7, 2023, the capital goods business is owned by the **Certina Group**
- ▶ Feintool holds a minority interest of 15%, which specifically provides for **close technological collaboration in the field of hydrogen technologies**
- ▶ Feintool has a clear strategic direction with:
 - ▶ **Focus** on the technologies of **electrolamination stamping, fineblanking, and forming** (incl. FEINforming)
 - ▶ Strengthening **innovations and core competencies** in tool engineering, process development, and high-volume production



SUSTAINABILITY

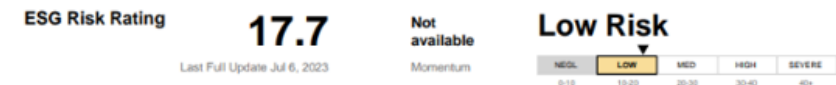
ESG rating: Feintool rated “Low Risk”

- ▶ External ESG rating by Sustainalytics:
 - ▶ Feintool’s result: **17.7 = “Low Risk”**
The result lies in the top 19% of Feintool’s peers.
- ▶ Feintool will continue to systematically work on leveraging its potential for improvement in the field of ESG
- ▶ Following the introduction of a more stringent Code of Conduct, the Supplier Code of Conduct has now also been adopted and is in the implementation phase
- ▶ TISAX information security audit successfully passed
- ▶ 2022 Sustainability Report published

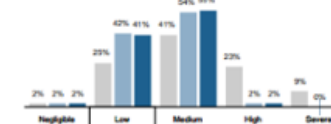


Feintool International Holding AG

Auto Parts Switzerland SWX:FTON



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	2864/15614	19th
Auto Components INDUSTRY	71/237	30th
Auto Parts SUBINDUSTRY	62/207	30th

SYSTEM PARTS EUROPE

Performance differed depending on the technology

Electrolamination stamping Europe

- ▶ **Large number of orders received** in all areas of **green energy**
- ▶ **Major contracts secured** in the fields of BEV, wind power, and building services
- ▶ Strong sales in EV business, currently weak industrial business led to short-time work schedules at some plants

Fineblanking and forming Europe

- ▶ Declining market due to transformation in Europe.
 - ▶ **Transformation project in progress**
 - ▶ Short-time work schedules and layoffs at some plants
- ▶ Costs passed on to customers with increased intensity
- ▶ **Sales organization was expanded**
- ▶ New orders received for seat adjusters



SYSTEM PARTS USA

Major orders secured in the USA

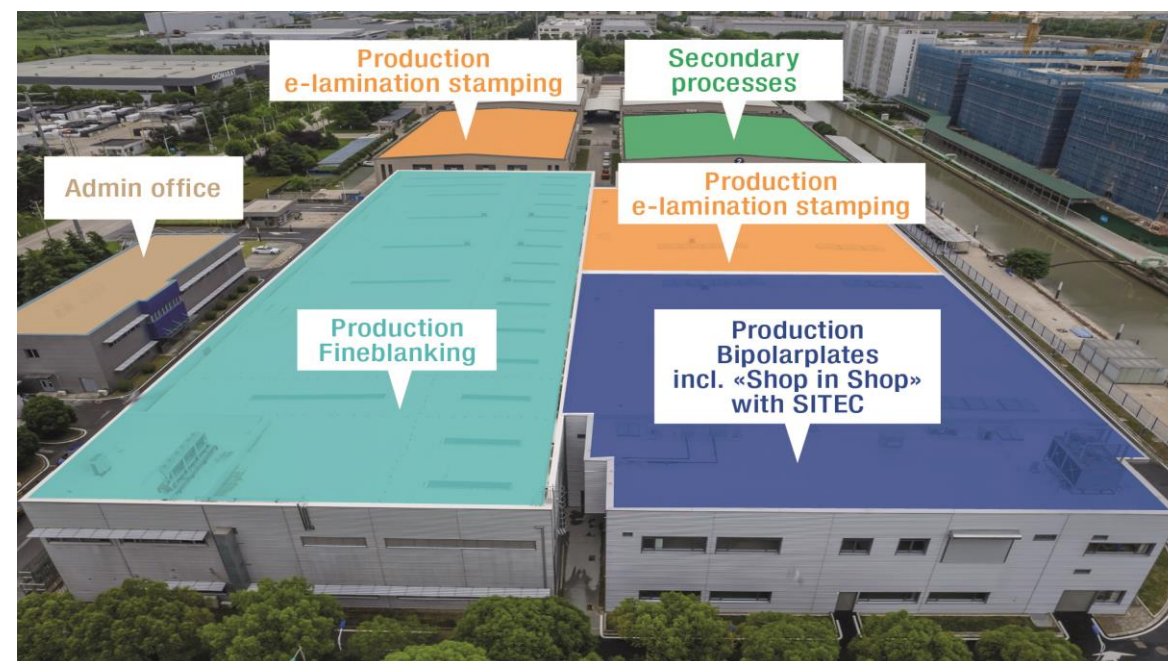
- ▶ **Encouraging sales and earnings performance** in first half of 2023
- ▶ After record number of orders received in 2022, **orders received** in fineblanking and forming for new developments by our customers **remain strong** this year.
- ▶ **Market share expanded** by winning orders from competitors. This gives us an even stronger market position overall.
- ▶ **Further expanded leading market position** in fineblanking/forming with corresponding capital expenditures.
- ▶ **Transformation** toward electric mobility **proceeding less quickly** than in Europe and Asia



SYSTEM PARTS ASIA

Considerable potential for new technologies and growth

- ▶ **Encouraging sales and earnings performance** in Q2 after a weak start to Q1 2023 in China due to coronavirus. Strong second half of 2023 expected.
- ▶ By expanding the Taicang site, China has become the hub for **Feintool's future technologies**
- ▶ Feintool's **first series order for bipolar plates** will be produced in Taicang in 2024
- ▶ **Electrolamination stamping:** As part of the stamping rollout, our innovative Glulock bonding technology will be set up and offered locally. Production capacities are being expanded.





Financial results

PRELIMINARY REMARKS

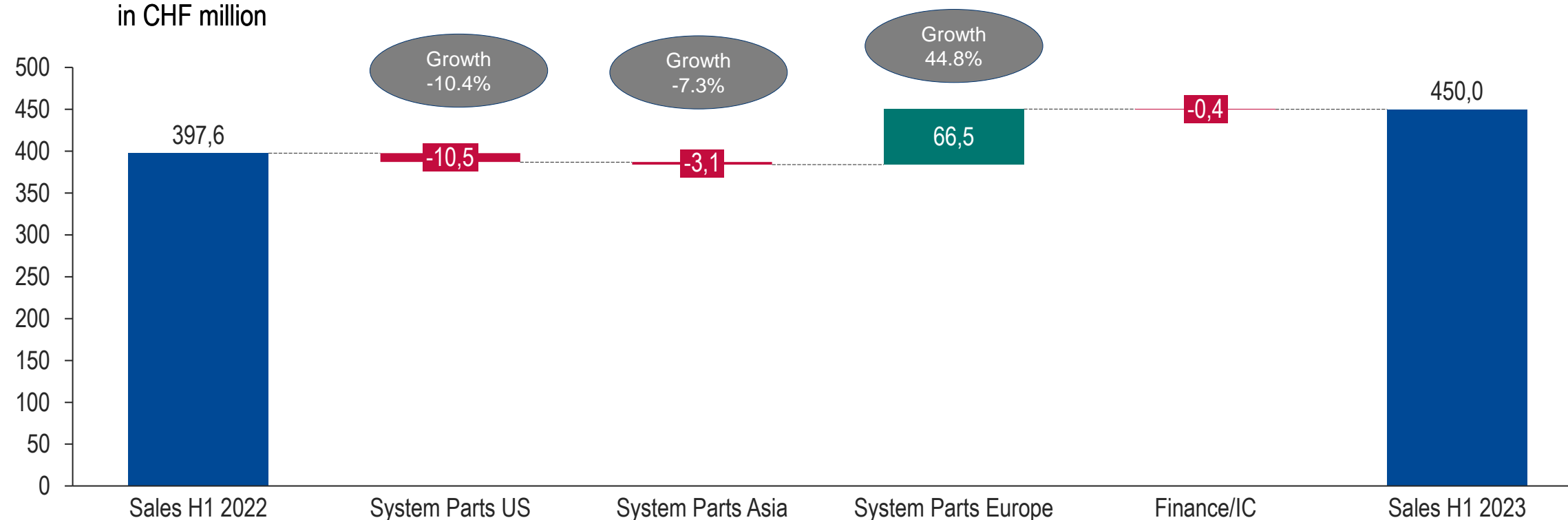
Sale of capital goods business and focus on parts business

- ▶ The sale of the capital goods business (technology segment) was completed on June 7, 2023. In the 2023 half-year report, this business area is presented under discontinued operations.
- ▶ To make the 2023 half-year report comparable with that of the previous year, in the consolidated statement of comprehensive income 2022 the capital goods business is also classified as discontinued operation.
- ▶ When comparing the consolidated statement of comprehensive income with that of the previous year, it should also be noted that the Kienle & Spiess companies have only been consolidated since March, 2022.

SALES

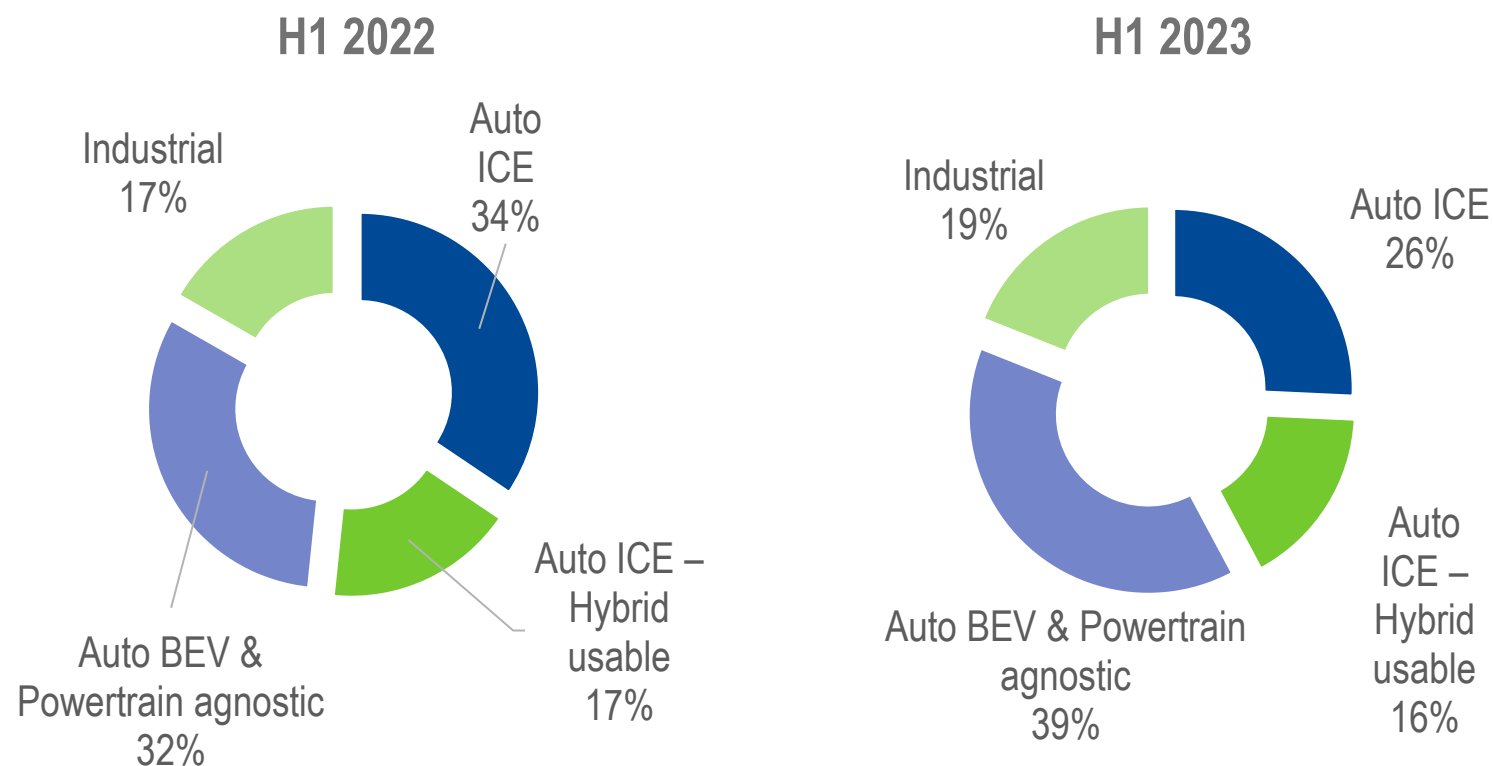
Sales growth driven by Stamping Europe (organic growth 4.5%)

in CHF million



SALES BY APPLICATION

Feintool's transformation continues unabated

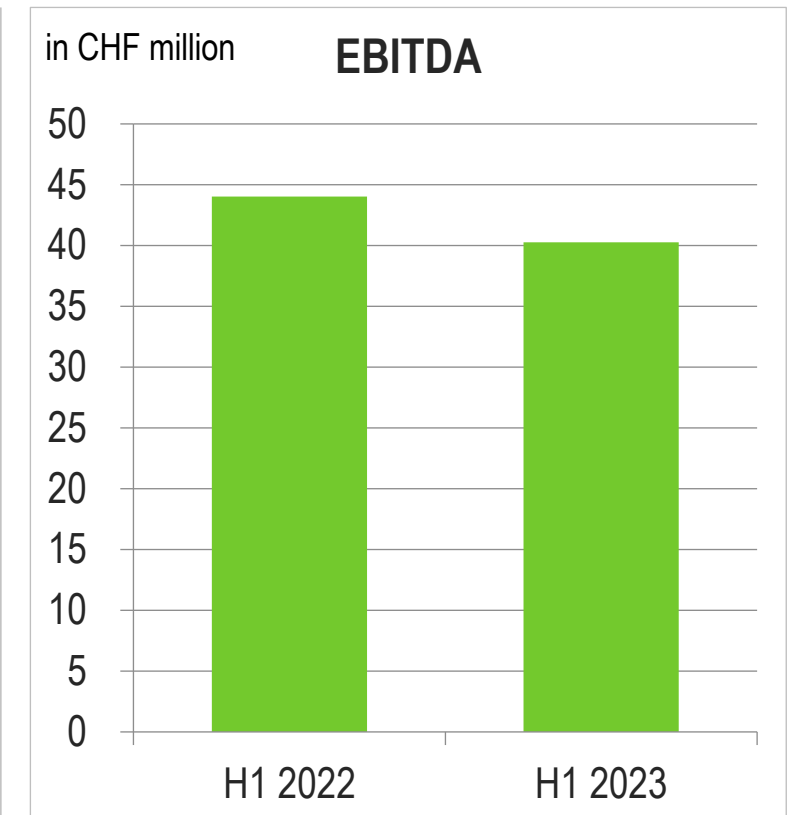


- ▶ In H1 2023, sales dependent on the combustion engine remained at approx. 42% (PY: 51%).
- ▶ Industrial business also grew to just under 20% despite difficult market environment

EBITDA

EBITDA margin at roughly 9 %

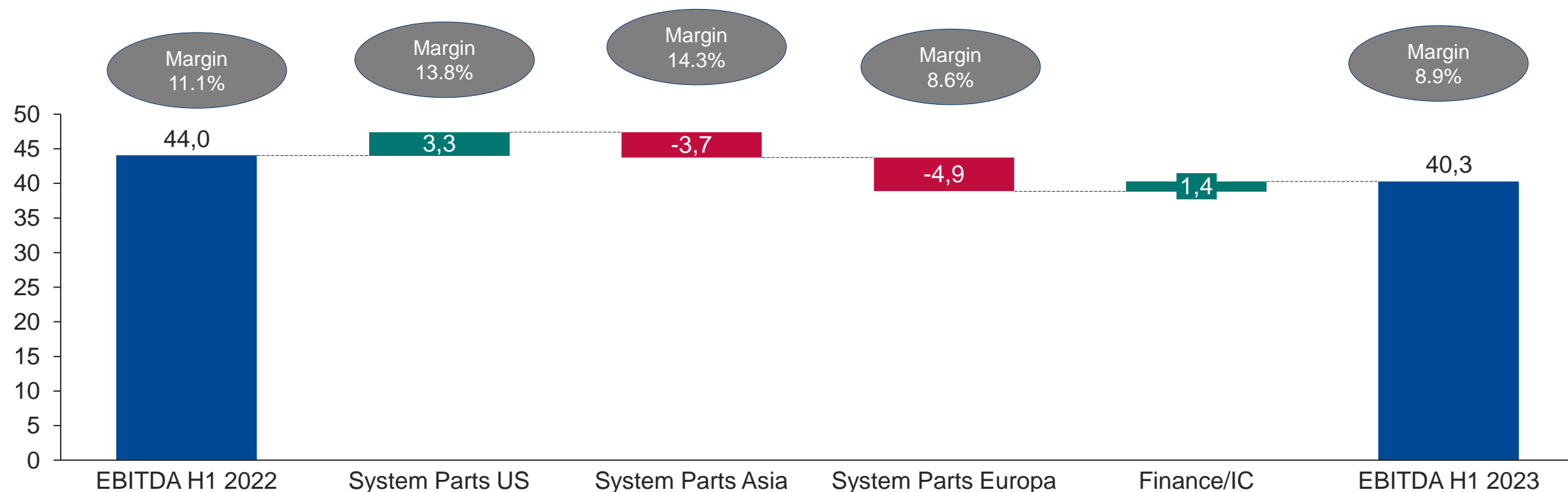
- ▶ EBITDA fell to CHF 40.3 million in the reporting period, corresponding to an EBITDA margin of 8.9% (PY: CHF 44.0 million, 11.1% margin)
- ▶ There were three main reasons for this decline:
 - ▶ Rising inflation (especially energy, shipping, and labor costs) put pressure on the margin. It was not yet possible to fully pass on these costs to our customers in the first half of 2023, especially in Europe.
 - ▶ Fineblanking and forming delivered lower quantities in Europe, on average, than in the previous year. Capacity utilization therefore stood lower than in H1 2022, particularly in fineblanking and forming in Europe.
 - ▶ Third, low volumes in the industrial business (electrolamination stamping in Europe) weighed on margins.



EBITDA – RECONCILIATION H1 2022 TO H1 2023

Feintool achieved an EBITDA margin of slightly under 10 %

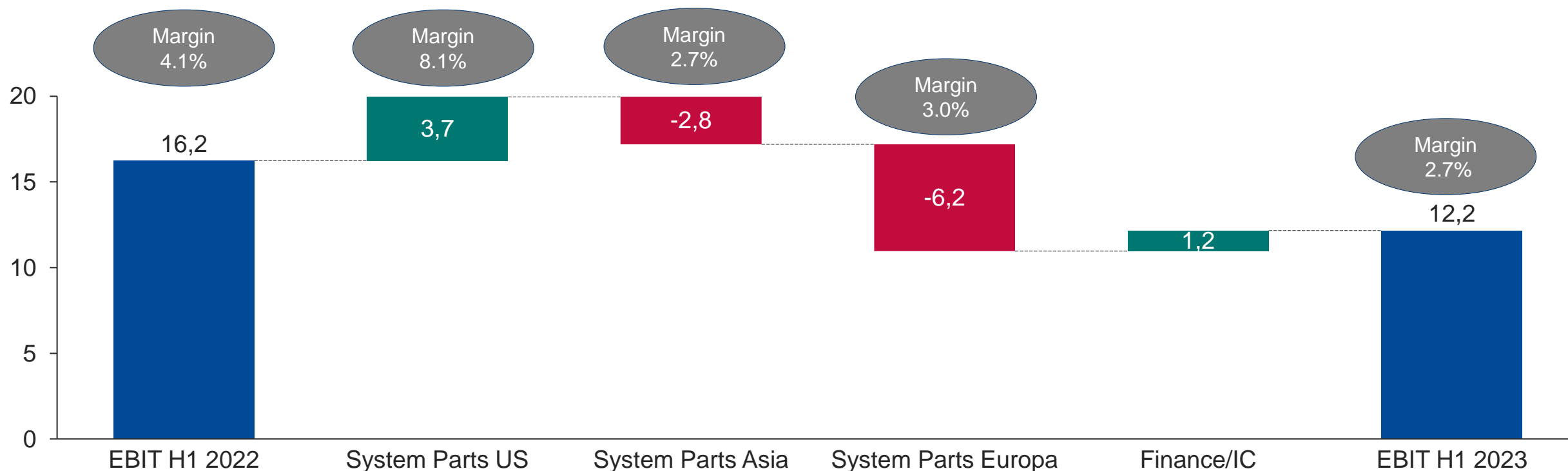
in CHF million



EBIT – RECONCILIATION H1 2022 TO H2 2023

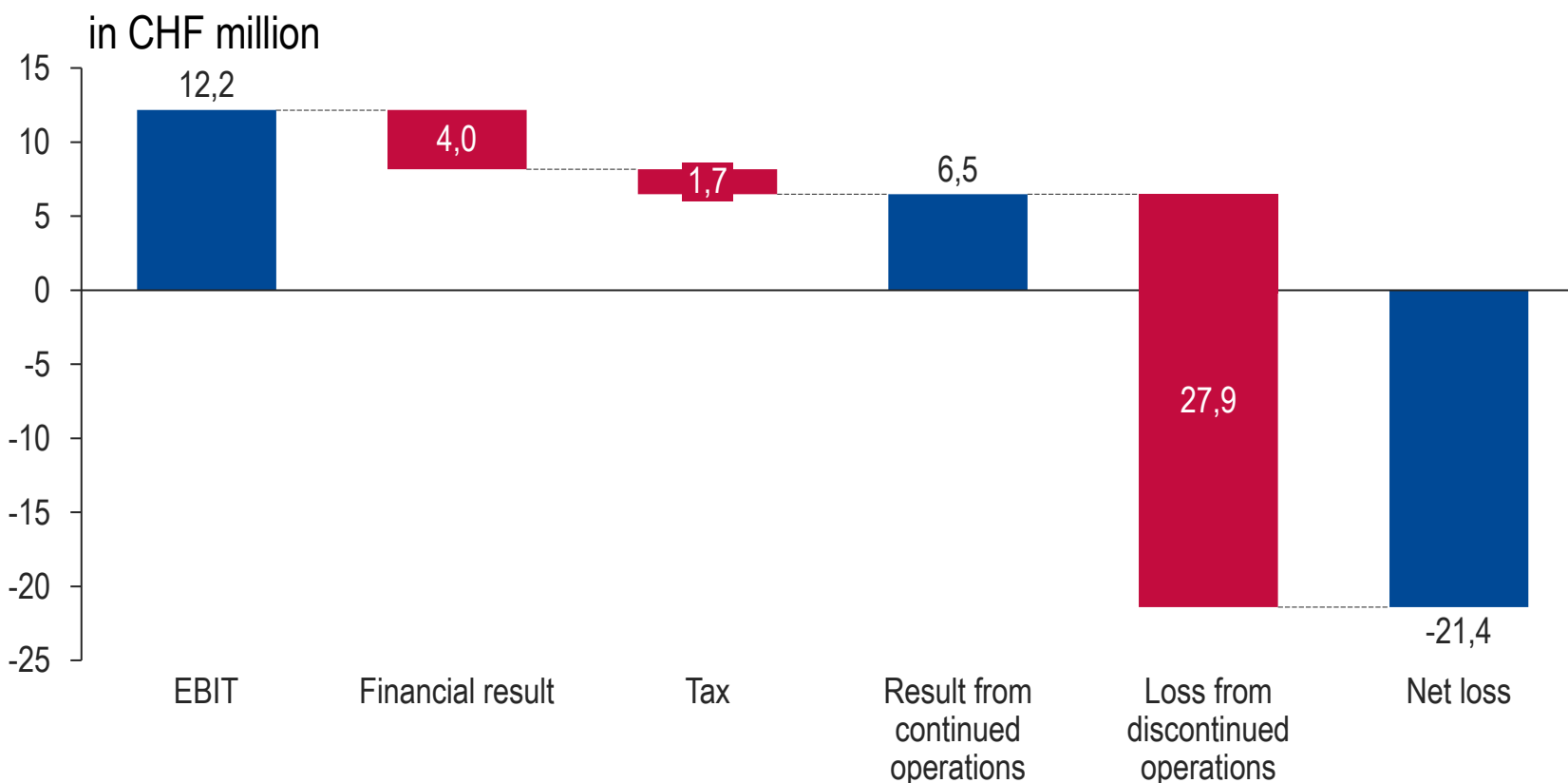
Margin pressure in Europe due to delayed pass-through of higher input costs

in CHF million



GROUP RESULT

Clearly positive net income from continuing operations (1.4 % of sales)



- ▶ The loss from discontinued operations amounts to CHF 27.9 million

BALANCE SHEET

Total assets decreased due to sale of capital goods business

Assets	30.06.2023 in m CHF	31.12.2022 in m CHF	Difference in m CHF
Cash and cash equivalents	68.7	78.6	-9.9
Trade and other receivables	128.3	110.0	18.4
Inventories and net contract assets	123.6	156.4	-32.9
Prepaid expenses and accrued income	6.3	5.0	1.3
Total current assets	326.9	350.0	-23.1
Property, plant and equipment	385.4	399.3	-13.8
Other non-current assets	152.1	165.7	-13.6
Total non-current assets	537.5	565.0	-27.4
Total Assets	864.4	915.0	-50.6

- ▶ Total assets fell to CHF 864.4 million (December 31, 2022: 915.0 million)
- ▶ The reduction was driven by the deconsolidation of the capital goods business

BALANCE SHEET

Low debt and extremely healthy equity ratio

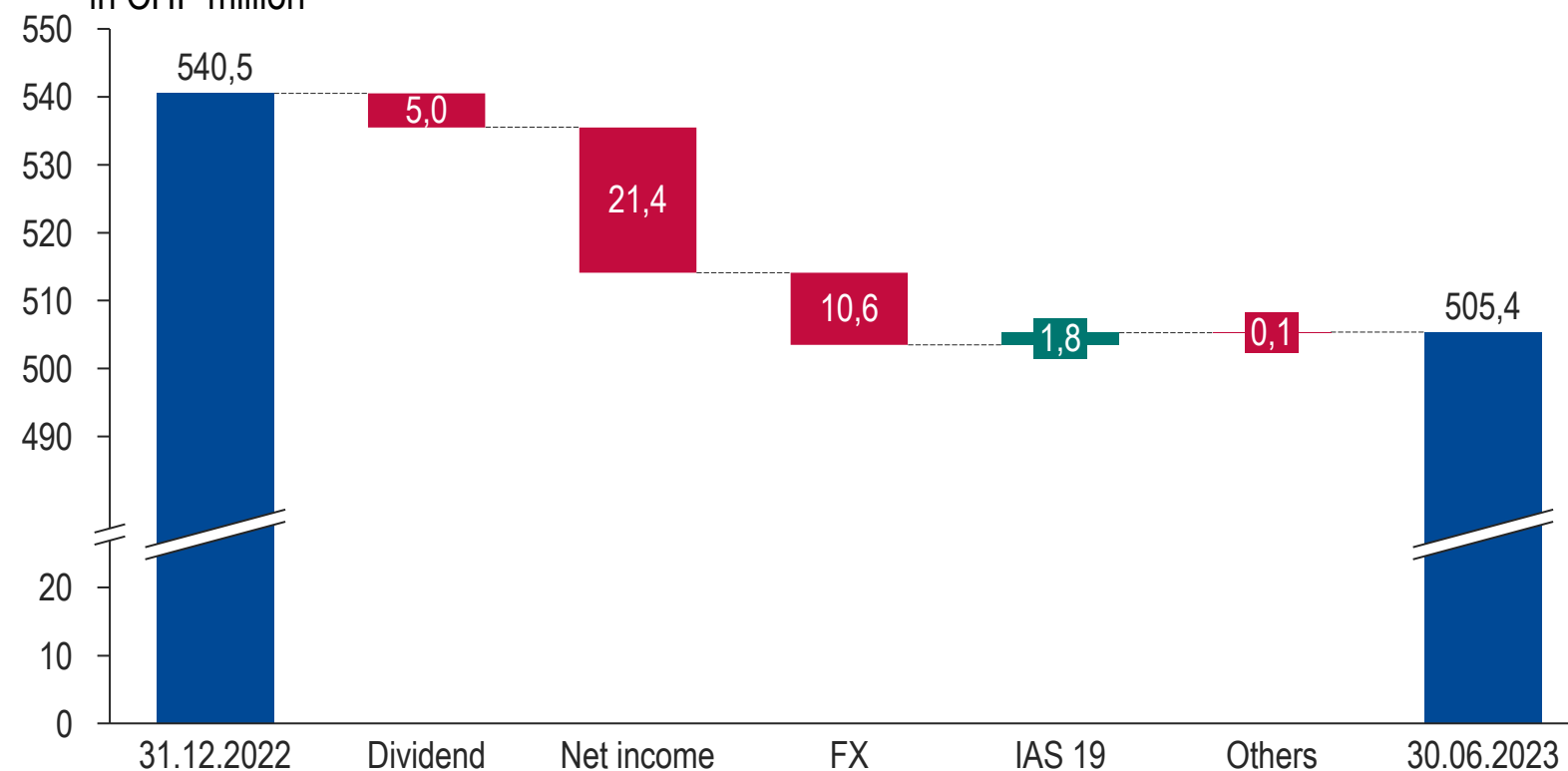
Liabilities	30.06.2023 in m CHF	31.12.2022 in m CHF	Difference in m CHF
Financial liabilities	120.1	120.7	-0.6
Other liabilities	238.9	253.8	-14.8
Shareholder's equity	505.4	540.5	-35.1
Total Liabilities	864.4	915.0	-50.6
Equity ratio	58.5%	59.1%	-0.6%
Net debt	51.4	42.1	9.3

- ▶ Shareholder's equity at CHF 505.4 million
- ▶ Equity ratio is extremely solid at 58.5%
- ▶ Net debt at CHF 51.4 million

SHAREHOLDER'S EQUITY

High equity ratio of 58.5%

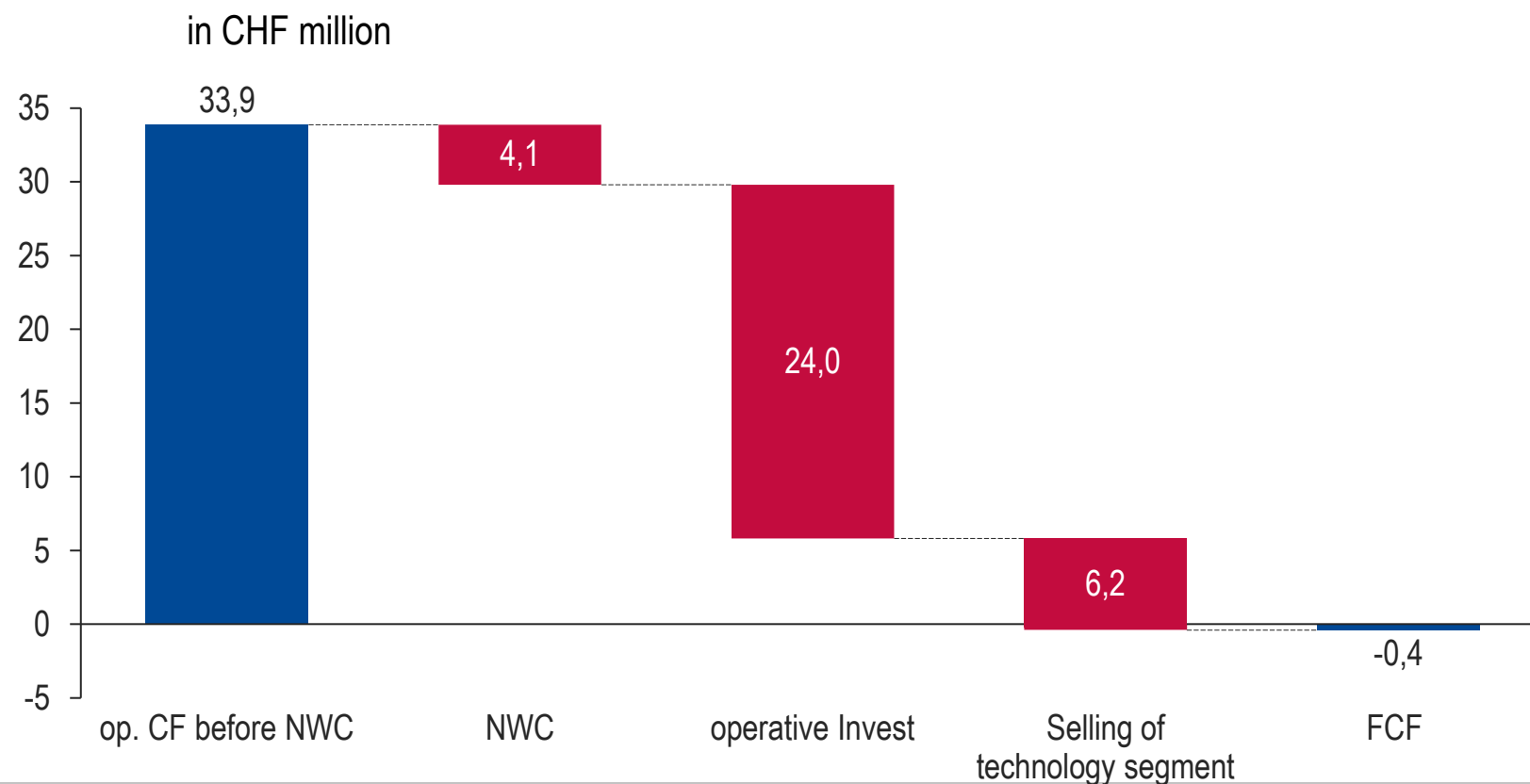
in CHF million



- ▶ The IAS 19 revaluation (CHF 1.8 million) had a positive impact on equity
- ▶ The dividend (CHF 5.0 million), Group result (CHF 21.4 million), and currency translation effects (CHF 10.6 million) had a negative impact

CASH FLOW

Free cash flow excluding the effect from the sale was clearly positive



- ▶ Feintool was able to finance its capital expenditures from its operating business.
- ▶ Cash and cash equivalents and available confirmed lines of credit total CHF 218.4 million

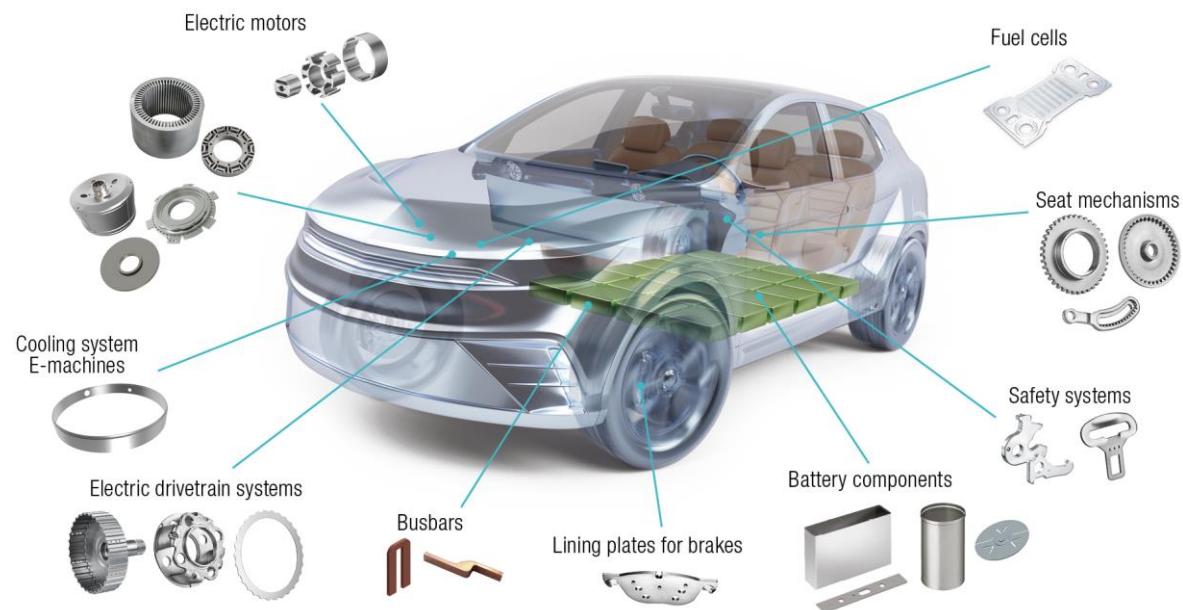
Outlook



WIDE-RANGING PRODUCT PORTFOLIO

For automotive – especially e-mobility –, industrial and renewable energy markets.

Automotive



Industrial

Industrial Motors



- ▶ Linear motors
- ▶ Servo motors
- ▶ Drive motors

Air Movement



- ▶ Air blowers
- ▶ Ventilation
- ▶ Axial/radial ventilators

Pumps



- ▶ Centrifugal pumps
- ▶ Water pumps
- ▶ Dry pumps

Renewable energy

Wind and Hydro Energy

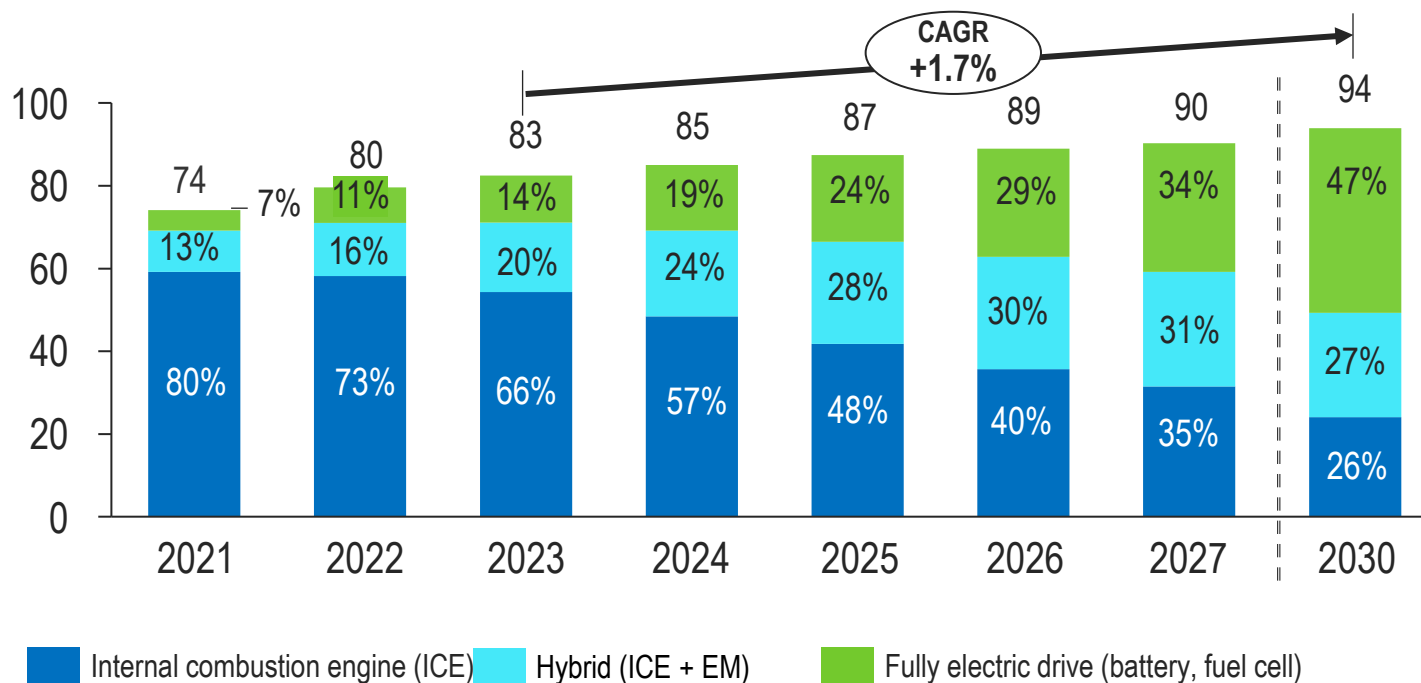


- ▶ Wind turbines
- ▶ Hydro-energy turbines

GLOBAL CAR PRODUCTION

Good market outlook – transformation accelerating

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

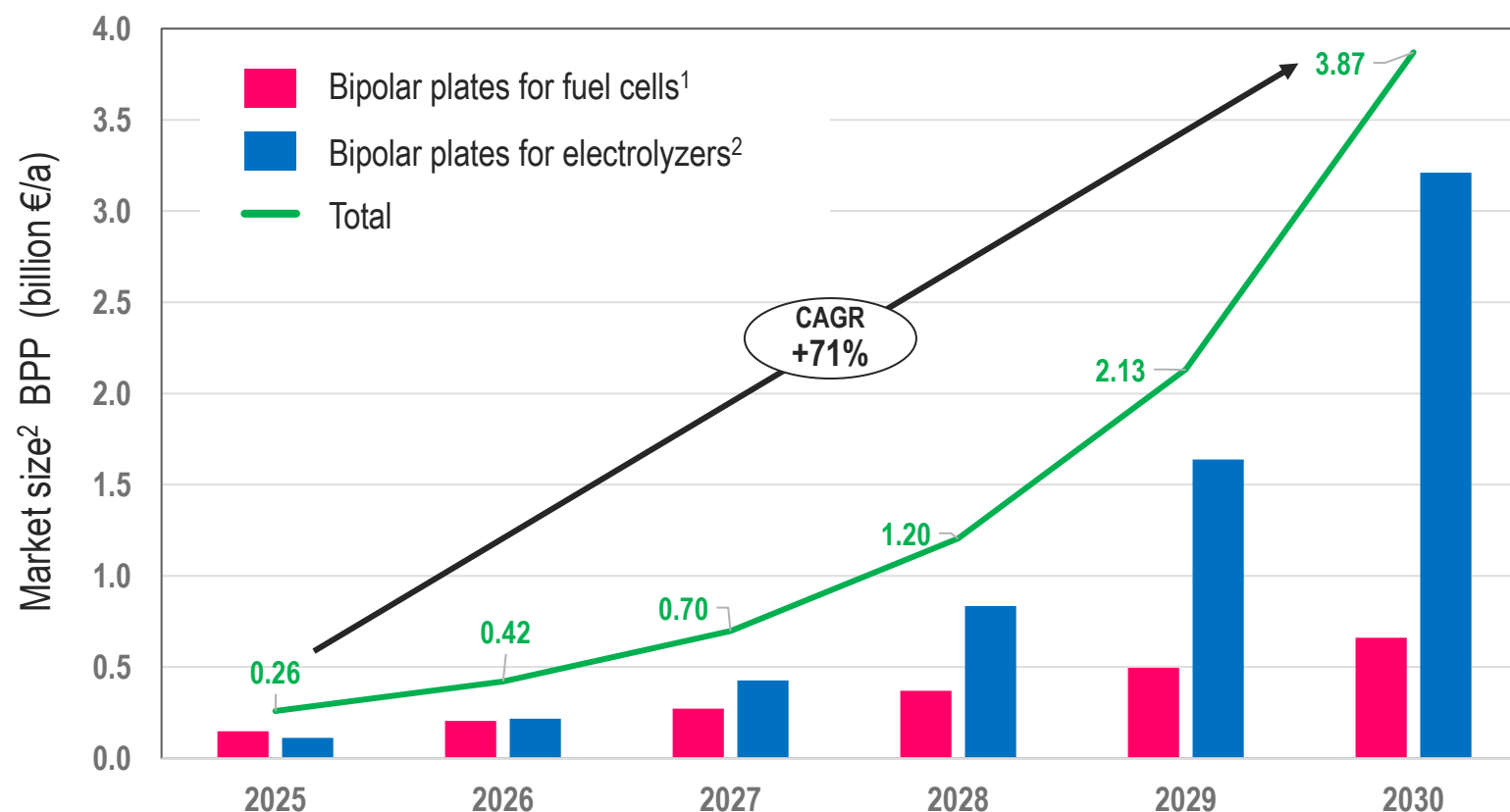


- ▶ Stable growth in car production, returning to prepandemic levels in 2025: CAGR +1.7% (2023 – 2030)
- ▶ Strong trend towards fully electric vehicles: CAGR +21% (2023 – 2030)
- ▶ More than one in two vehicles produced worldwide will be fully electric in 2030

Source: S&P 6/2023

MARKET FORECAST FOR FUEL CELLS & ELECTROLYZERS – GLOBAL

Different market development for bipolar plates

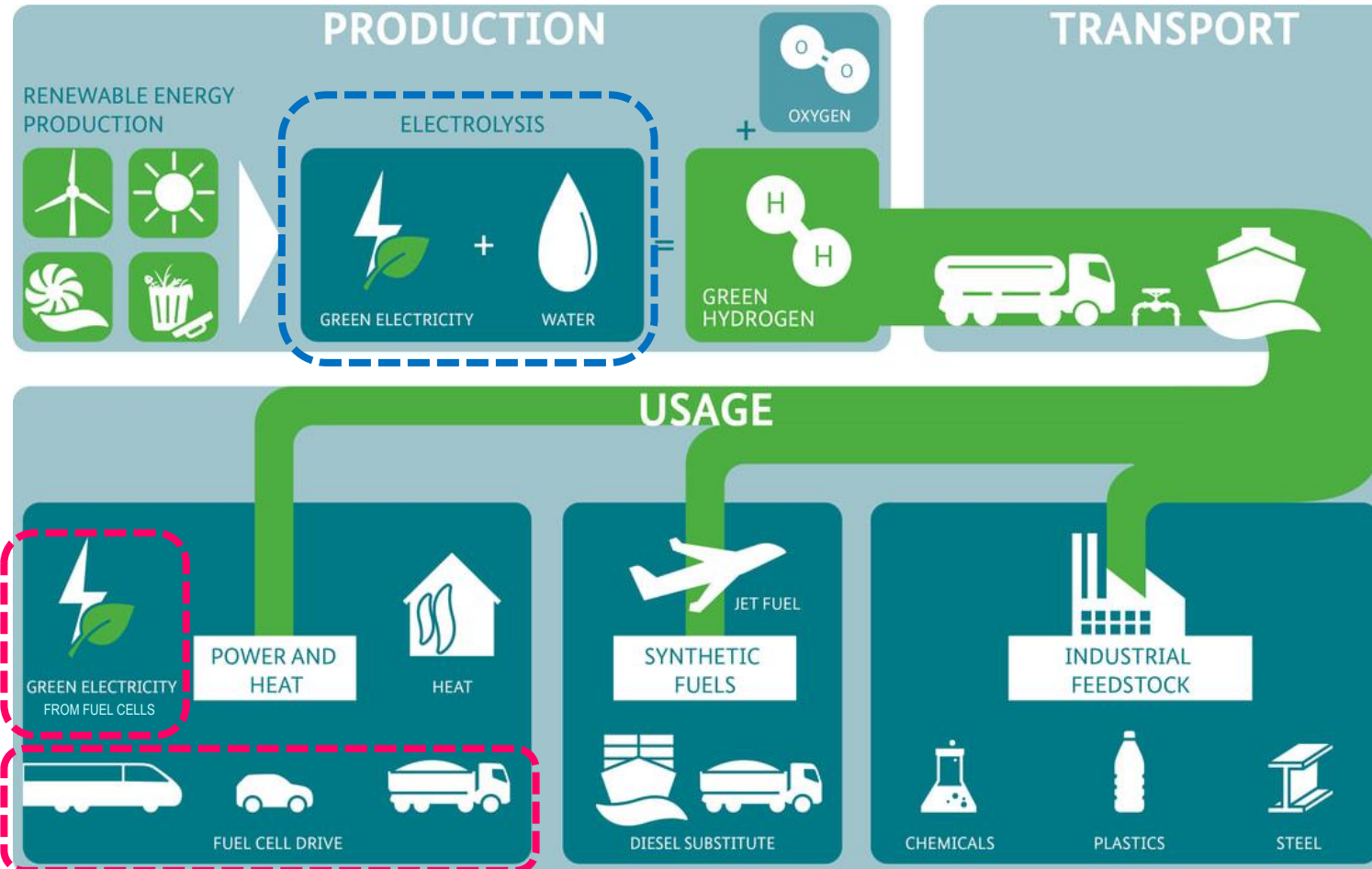


- ▶ Attractive market potential for FEINforming for the production of bipolar plates, **CAGR +71 % (2025 – 2030)**
- ▶ Market for electrolyzers will grow at a faster pace than that for fuel cells in the medium to long term
- ▶ Estimate for electrolyzers: Feintool/SITEC can achieve a market share of 1/3 of the total market (due to plate size, etc.)

¹ Types: proton exchange membrane (PEM) and solid oxide (SO), 2023

² Medium-term scenario: 240 GW installed electrolyzer capacity in 2030 (see IEA, Irena, ...), 2023.

THE ROLE OF HYDROGEN IN DECARBONIZATION



Bipolar plates from Feintool for electrolyzers



Bipolar plates from Feintool for fuel cells

Image: Project sponsor Jülich on behalf of German Fed. Ministry of Education and Research

FUEL CELLS AND ELECTROLYZERS

FEINforming for the production of bipolar plates

FEINforming



Production of bipolar plates for:



FUEL CELLS

H₂ → electrical energy
 Mobile applications
 Stationary applications



ELEKTROLYSEUR

Electrical energy → H₂
 Central large-scale systems
 Decentralised systems (small and medium size)

- ▶ Series order secured for mobile application
- ▶ Close collaboration with SITEC
- ▶ Scope of delivery: single plates or ready-to-install bipolar plates

MEGA TRENDS IN THE ENERGY SECTOR – SUPPORTED BY FEINTOOL



Green energy production

Rotors and Stators for Wind and Hydro Power Generators



Green energy storage

Elements for electrolysers, Fuel cells and batteries



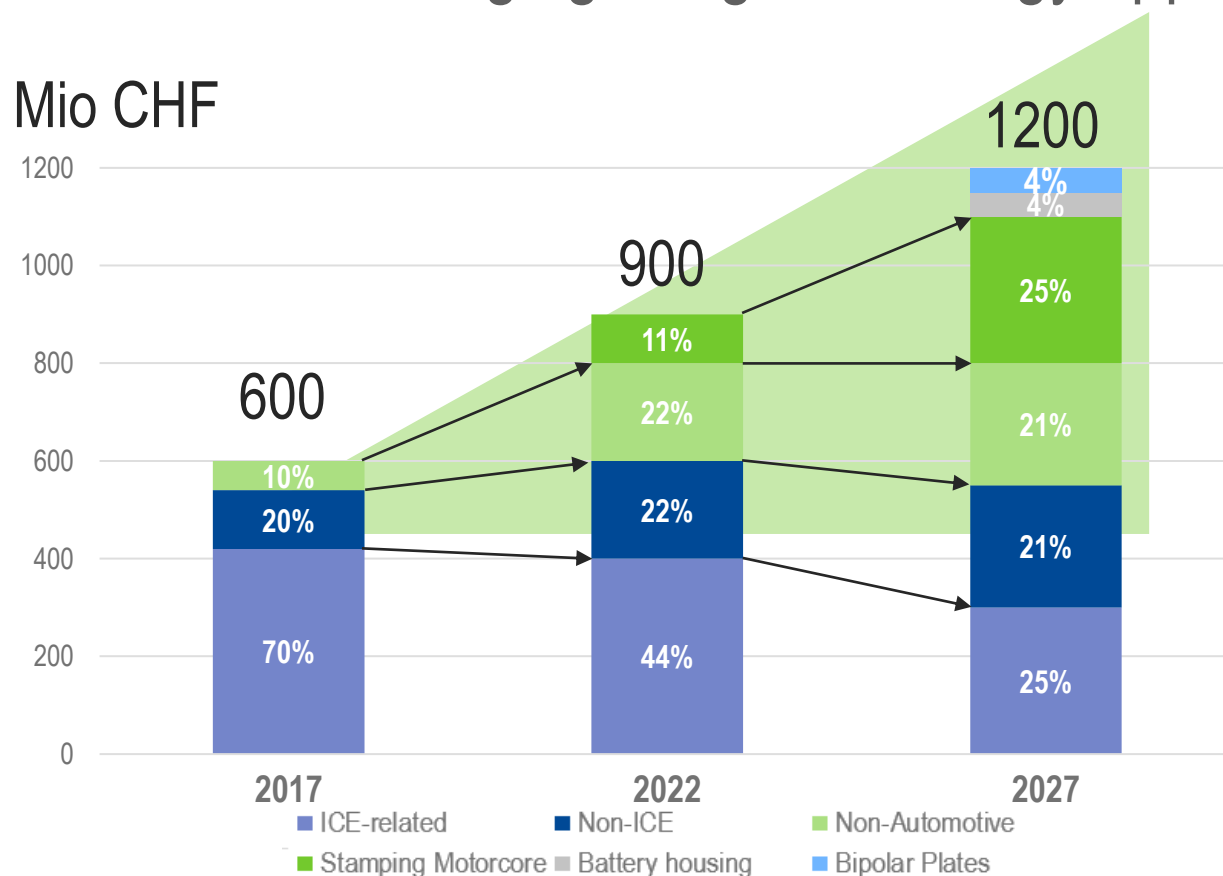
Green energy use

Elements for drives in vehicles, heat pumps, industrial application



THE TRANSFORMATION TOWARDS GREEN ENERGY MARKETS CONTINUES

Feintool is leveraging the green energy opportunities



- ▶ Feintool plans to further increase the share of the future-oriented businesses to approx. 75% until 2027
- ▶ More than 50% will be linked to green energy markets.
- ▶ Sales with components for electric and hybrid drives (Stamping Motorcore) are expected to triple to MCHF 300.
- ▶ Non-ICE and non-Automotive sales will continue to grow and reach approx. MCHF 500.
- ▶ Emerging new applications battery housing and cover as well as bipolar plates to reach approx. MCHF 100.

ECONOMIC SITUATION

- ▶ Expectation for 2023: Eurozone and USA: weak to slight growth, in some cases recessionary tendencies (Germany); China: above-average growth
- ▶ Weak industrial environment in Europe 2023 (construction industry, ...)
- ▶ Outlook for 2024: Eurozone and USA: slight and/or weak growth; China: slowing but above-average growth
- ▶ Risks: Intensification of the war between Russia and Ukraine
- ▶ Negative impact on economy: increased cost of living, energy, higher interest rates, shortage of skilled workers (skilled trades, etc.)
- ▶ Positive impact on economy (with a delayed effect): Wage increases, easing inflation

Economic growth
(IMF forecast 07/2023)

	2023	2024
Global	↗ 3.0	↗ 3.0
Eurozone	→ 0.9	↗ 1.5
Germany	↘ -0.3	↗ 1.3
China	↑ 5.2	↑ 4.5
USA	↗ 1.8	↗ 1.0

GUIDANCE

Slight increase in sales guidance

Our guidance is based on three key assumptions:

- ▶ We continue to expect higher global automotive production in 2023 than in 2022. Therefore we expect higher global production volumes in the second half of the year than in the first half
- ▶ Furthermore, we expect to be able to pass on the higher input prices to our customers to a greater extent in the second half of the year
- ▶ Steel prices remain at rather lower level we saw towards the end of Q2 2023

Feintool expects sales of CHF 850 – 900 million, an EBITDA margin of roughly 10%, and an EBIT margin of approximately 3% for the full year 2023.



UPCOMING EVENTS

Investor Relations presentations of Feintool

Mid-term analysis by Stifel Switzerland

- ▶ August 22, FIFA Museum Zurich

INVESTORA 2023

- ▶ September 14, THE HALL Zurich



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Feintool Group

Half-year report 2023 media conference: Q&A

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