



Feintool International Holding AG

Financial Year 2023

Media and analyst conference - 22 February 2024

AGENDA

08.30 a.m.	Arrival	
09.00 a.m.	Welcome	Karin Labhart, CCO
	Year in review	Torsten Greiner, CEO
	Financial results	Samuel Künzli, CFO
	Outlook	Torsten Greiner
	Intro new CFO	Thomas Erne
	Q & A	All
10.50 – 12.00 p.m.	Apéro riche and networking	All



Year in review

YEAR 2023

Regional differences, demanding environment

- ▶ Global market position strengthened as a leading supplier of high-precision parts in series production in a challenging environment
- ▶ Strong business in Asia: expansion into India, Japan and China as growth drivers
- ▶ Business in the USA very strong and also a growth driver, expansion of capacities
- ▶ 2023 Europe fell below expectations. However, optimism is fuelled by significant major orders and the implementation of a new sales organisation



FEINTOOL GROUP HIGHLIGHTS

New significant orders in growth markets and geographic expansion

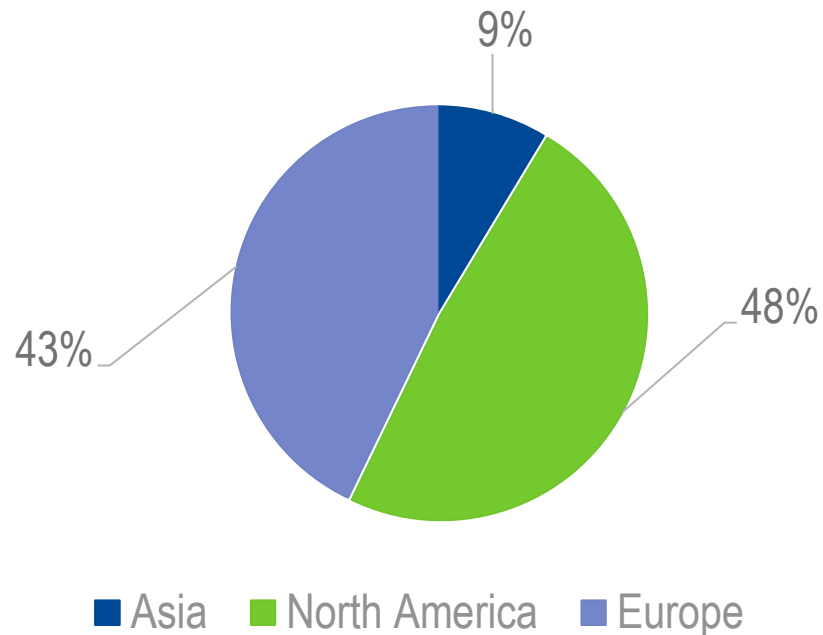
- ▶ Success in growth markets for hydrogen and battery-powered mobility
- ▶ Asian business was strong in 2023 and provides the basis for our expansion into India
- ▶ First major order for series production of bipolar plates in China for hydrogen-powered vehicles (expanded Feintool plant in Taicang)
- ▶ Multi-year order won in Europe from a renowned American car manufacturer for electric main drive
- ▶ Successfully launched employer branding campaign "Details matter. You matter."



INCOMING ORDERS / ORDER BACKLOG 2023

High workload secured for the long-term

Lifetime Globally 782 Mio. CHF



- ▶ Feintool order book > CHF 6 billion: high workload secured for the long-term
- ▶ America: continued record order intake and expansion of market share
- ▶ Asia: first bipolar plate series contract, first orders for e-lamination stamping in China
- ▶ Europe: major orders for rotors/stators for main e-drives and renewable energies

SYSTEM PARTS EUROPE

Demanding year, major orders won

- ▶ Sales 2023 below expectations
- ▶ Multi-year order won from an American car manufacturer (rotor and stator for electric main drive, triple-digit million-euro range)
- ▶ Industrial business suffered sales losses due to economic situation
- ▶ Sales organisation restructured in 2023
- ▶ Price negotiations successfully concluded



SYSTEM PARTS USA

We are leveraging our expertise in a consolidating U.S. market

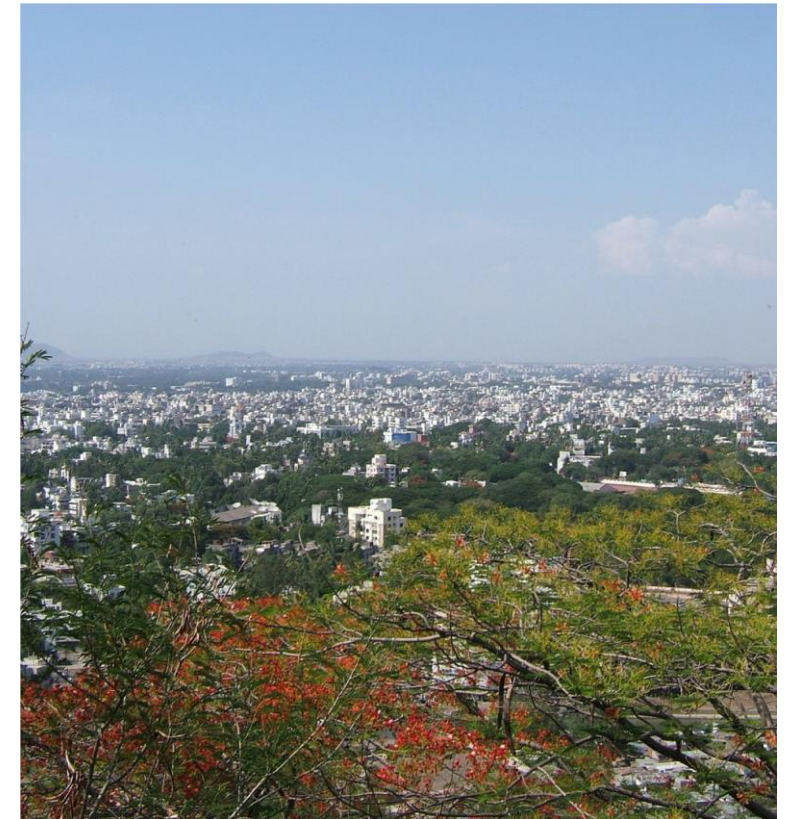
- ▶ System Parts USA won new orders and gained market share - against previously contracted competitors
- ▶ North America offers attractive market opportunities due to strong demand for series parts for combustion and hybrid drives
- ▶ Expansion of the plant in Nashville
- ▶ The share of battery-powered vehicles is developing more slowly in the USA than in Asia and Europe



SYSTEM PARTS ASIA

Strong business in China and Japan, expansion into India

- ▶ Successful year in Japan: our customer relationships provide opportunities for other sites
- ▶ In Taicang (China), the e-lamination technology roll-out continues: Our *glulock*® bonding technology for e-motors generates promising customer interest
- ▶ Feintool won a major order from an established fuel cell manufacturer in China against strong competition
- ▶ Significant market potential in India: We are investing in a new plant in the metropolitan region of Pune



City of Pune (Andy Hay, Wikimedia, Creative Commons License BY 2.0)
https://commons.wikimedia.org/wiki/File:An_aerial_view_of_Pune_Maharashtra_2.jpg

SUSTAINABILITY

ESG-Rating, Supplier code of conduct and other key areas

- ▶ External ESG rating by Morningstar/Sustainalytics:
 - ▶ Result Feintool: **17.7 = Low Risk**
 - ▶ The result is in the top 19% of peers
- ▶ Board of Directors: Dr. Marcus Bollig elected as Sustainability Officer
- ▶ Supplier Code of Conduct introduced
- ▶ Information security audit TISAX (Trusted Information Security Assessment Exchange) successfully passed
- ▶ Sustainability reporting adapted to new national and international regulatory requirements



EMPLOYER BRANDING

New campaign «Details matter. You matter.» successfully started

- ▶ Global framework for current and future HR activities
- ▶ Focuses on our more than 3,300 employees, valuing their expertise and appreciating their commitment
- ▶ Positions Feintool as an attractive employer and technology leader seeking skilled professionals worldwide
- ▶ Our employees are the core of our success





Financial results

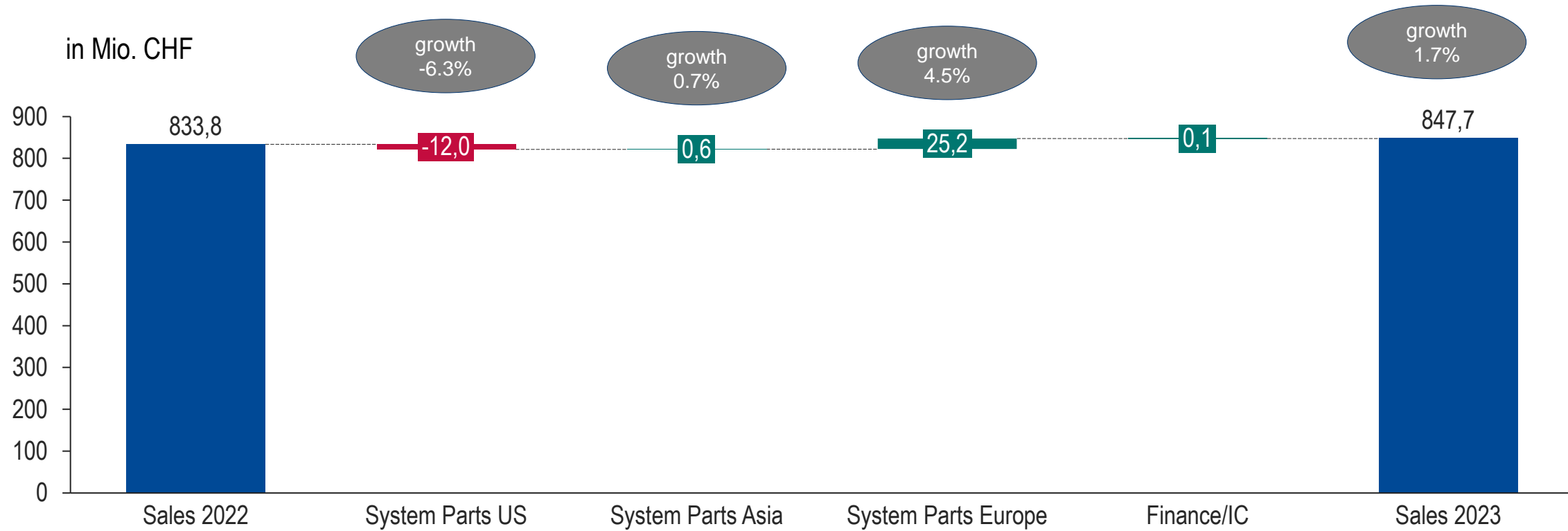
PRELIMINARY COMMENTS

Divestment capital goods business and focus on parts business

- ▶ The divestment of the capital goods business was completed on 7 June 2023 (Technology segment). This segment can be found under discontinued operations in the 2023 Annual Report.
- ▶ To ensure comparability with the previous year, as required by IFRS, the capital goods business can also be found under discontinued operations in the income statement of the 2022 Annual Report.
- ▶ When comparing the income statement with the previous year, it should be noted that the Kienle + Spiess companies have only been consolidated since March 2022
- ▶ One-off effects in the previous year: At the EBIT level, there was a net negative one-off effect of CHF 5.2 million in the previous year, which serves as the comparative period for the consolidated statement of comprehensive income for the year 2023 (transition of pension fund to joint institution)

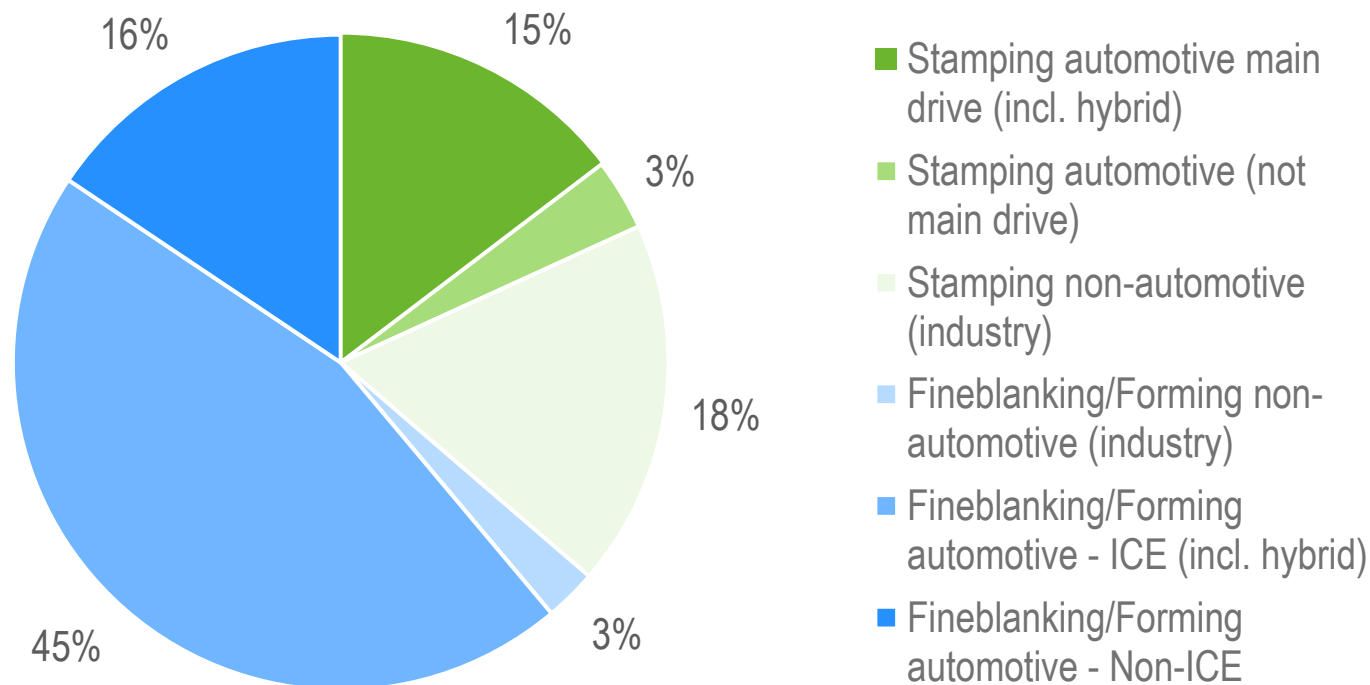
REVENUE

Strong inorganic growth in Europe and headwinds due to strong CHF



REVENUE BY APPLICATION 2023

Over 20% revenue achieved by non-automotive in 2023

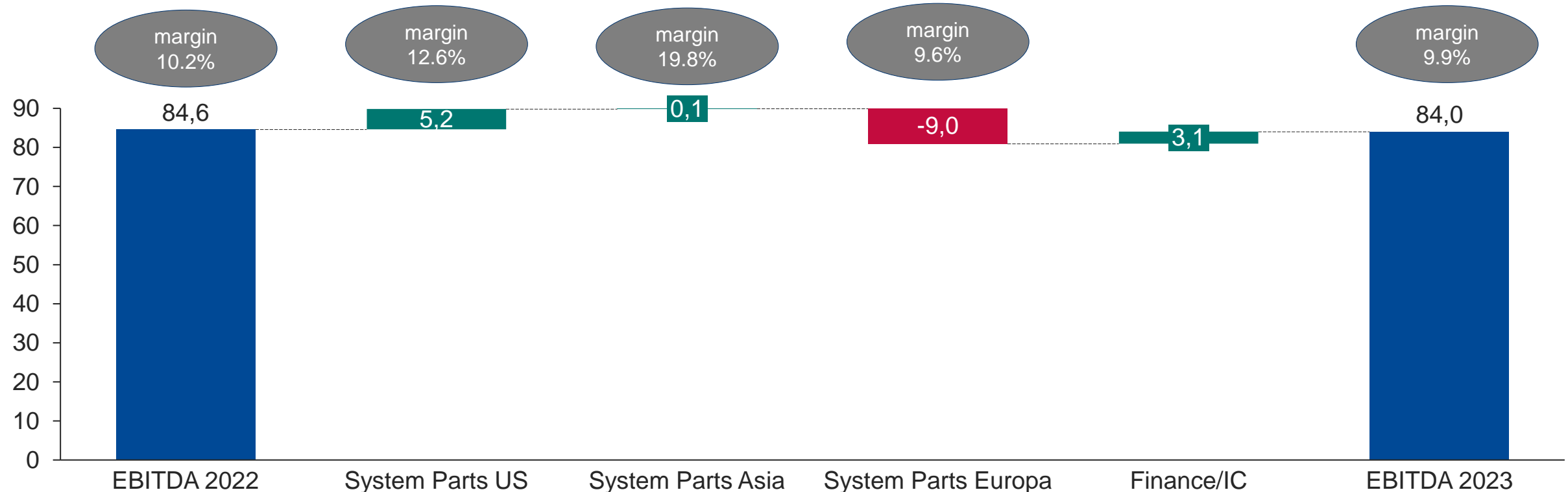


- ▶ Motorcore stamping (main drives) accounted for 15% of group sales
- ▶ Industrial business accounted for 21% of sales in 2023 despite challenging environment

EBITDA – TRANSITION FROM 2022 TO 2023 (WITHOUT ONE-OFF EFFECTS)

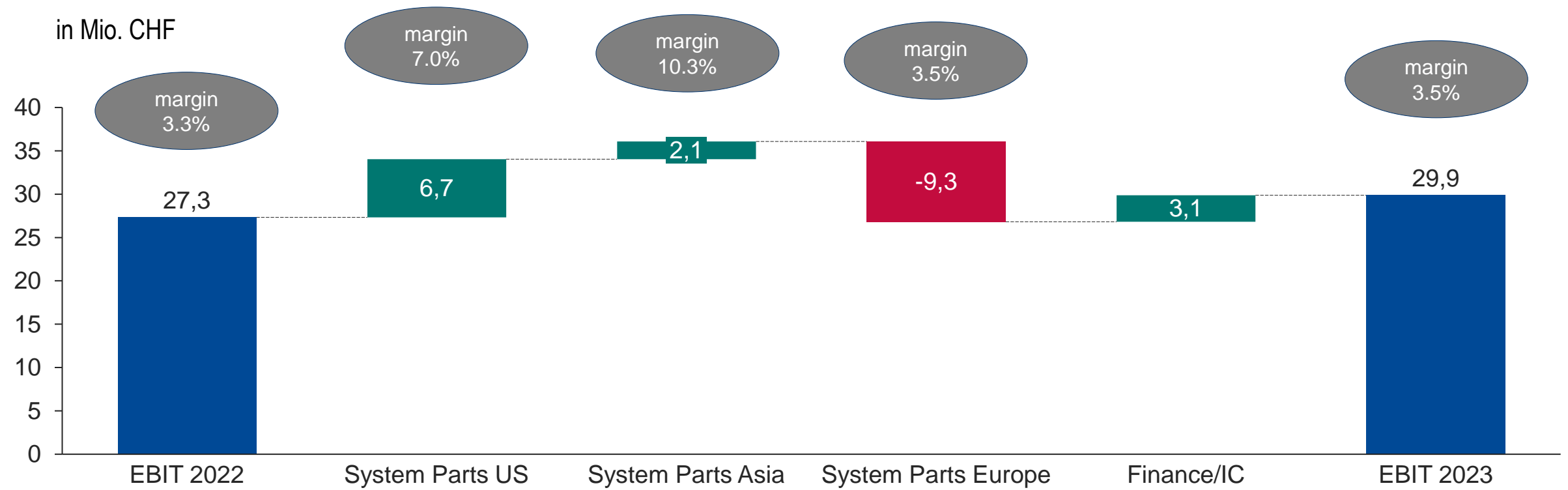
Feintool achieved an EBITDA margin of around 10%

in Mio. CHF



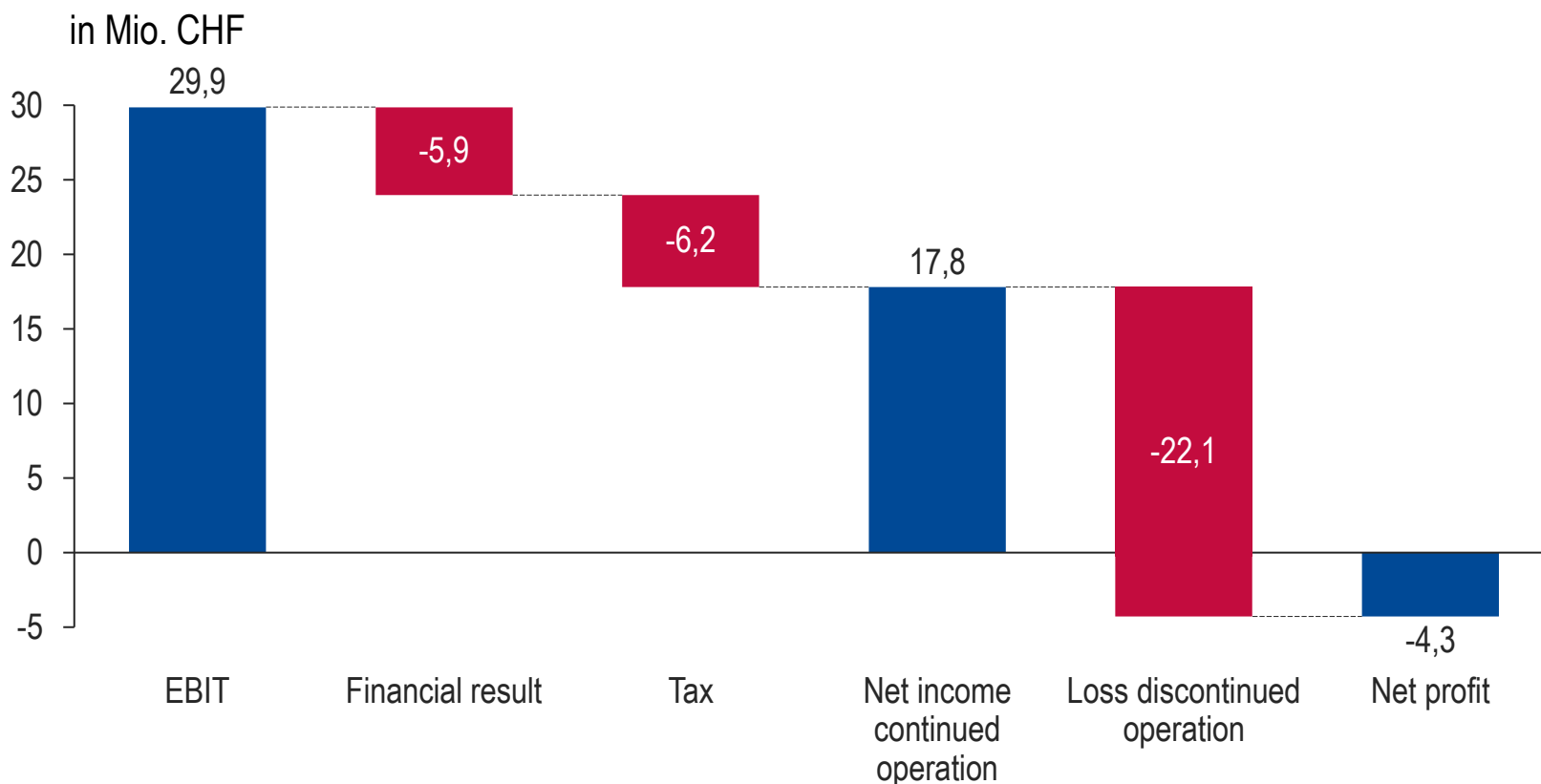
EBIT – TRANSITION FROM 2022 TO 2023 (WITHOUT ONE-OFF EFFECTS)

Higher EBIT than in the previous year despite margin pressure due to high input costs



CONSOLIDATED NET INCOME 2023

Positive net result from continuing operations



- ▶ The sale of the capital goods business resulted in an expense of MCHF 22.1 (result from discontinued operations)
- ▶ Proposed dividend of CHF 0.34 per share

BALANCE SHEET

Total decreased due to lower inventories and reduced investments

Assets	31.12.2023 in m CHF	31.12.2022 in m CHF	Difference in m CHF
Cash and cash equivalents	82.2	78.6	3.6
Trade and other receivables	101.0	110.0	-9.0
Inventories and net contract assets	114.1	156.4	-42.3
Prepaid expenses and accrued income	4.8	5.0	-0.3
Total current assets	302.1	350.0	-47.9
Property, plant and equipment	361.3	399.3	-38.0
Other non-current assets	144.5	165.7	-21.2
Total non-current assets	505.8	565.0	-59.2
Total Assets	807.9	915.0	-107.1

- ▶ Balance sheet total fell to CHF 807.9 million (31 December 2021: CHF 915.0 million)
- ▶ The decline was driven by the sale of the capital goods business
- ▶ The optimised inventories and decline in fixed assets further reduced the balance sheet total

BALANCE SHEET

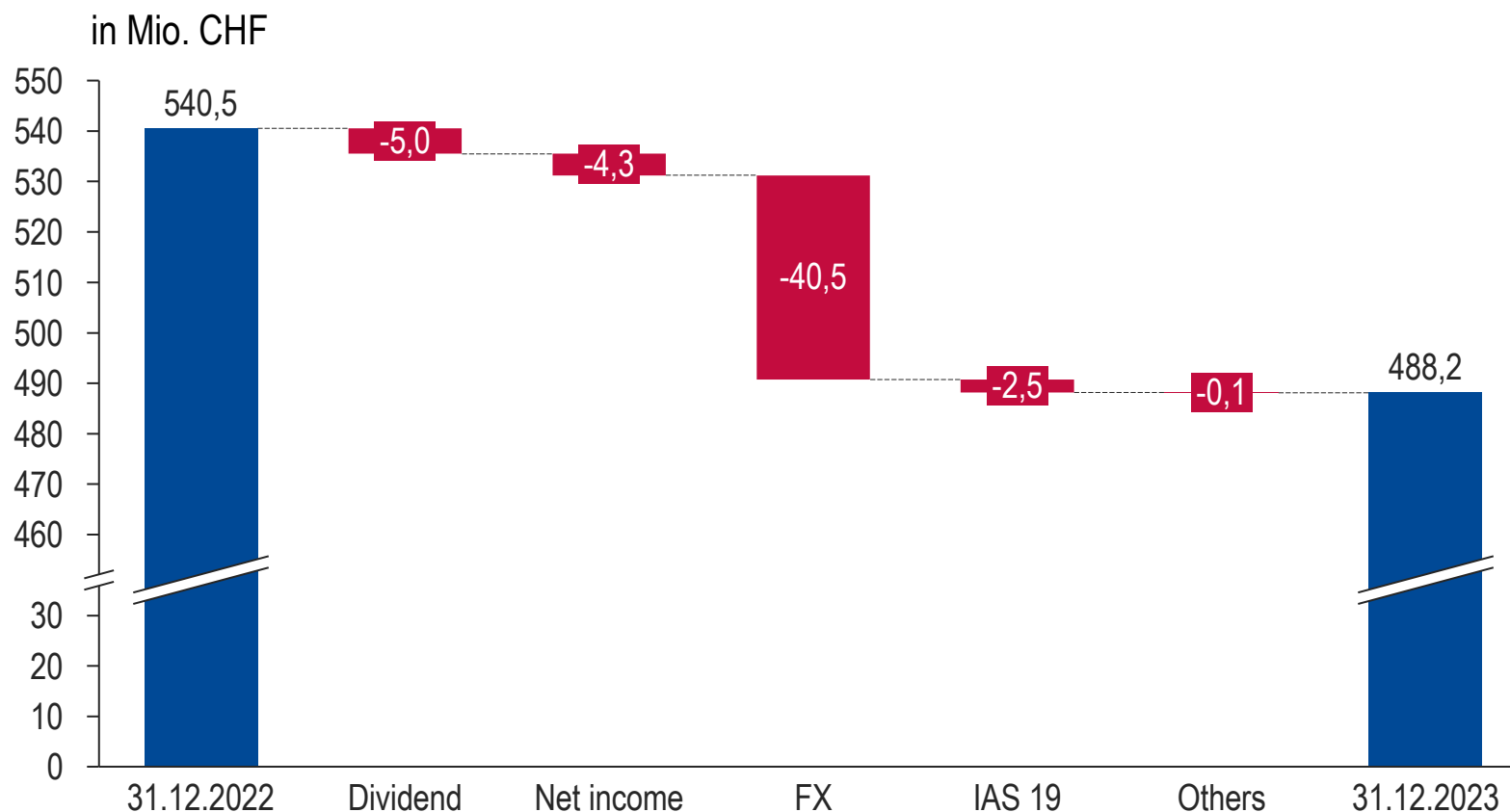
Stable balance sheet and healthy equity ratio

Liabilities	31.12.2023 in m CHF	31.12.2022 in m CHF	Difference in m CHF
Financial liabilities	106.4	116.7	-10.3
Other liabilities	213.3	257.7	-44.4
Shareholder's equity	488.2	540.5	-52.4
Total Liabilities	807.9	915.0	-107.1
Equity ratio	60.4%	59.1%	1.4%
Net debt	24.2	43.2	-19.0

- ▶ Equity decreased to CHF 488.2 million.
- ▶ Equity ratio is very solid at 60.4
- ▶ Net debt decreased to CHF 24.2 million
- ▶ Net debt/EBITDA of 0.3x

EQUITY

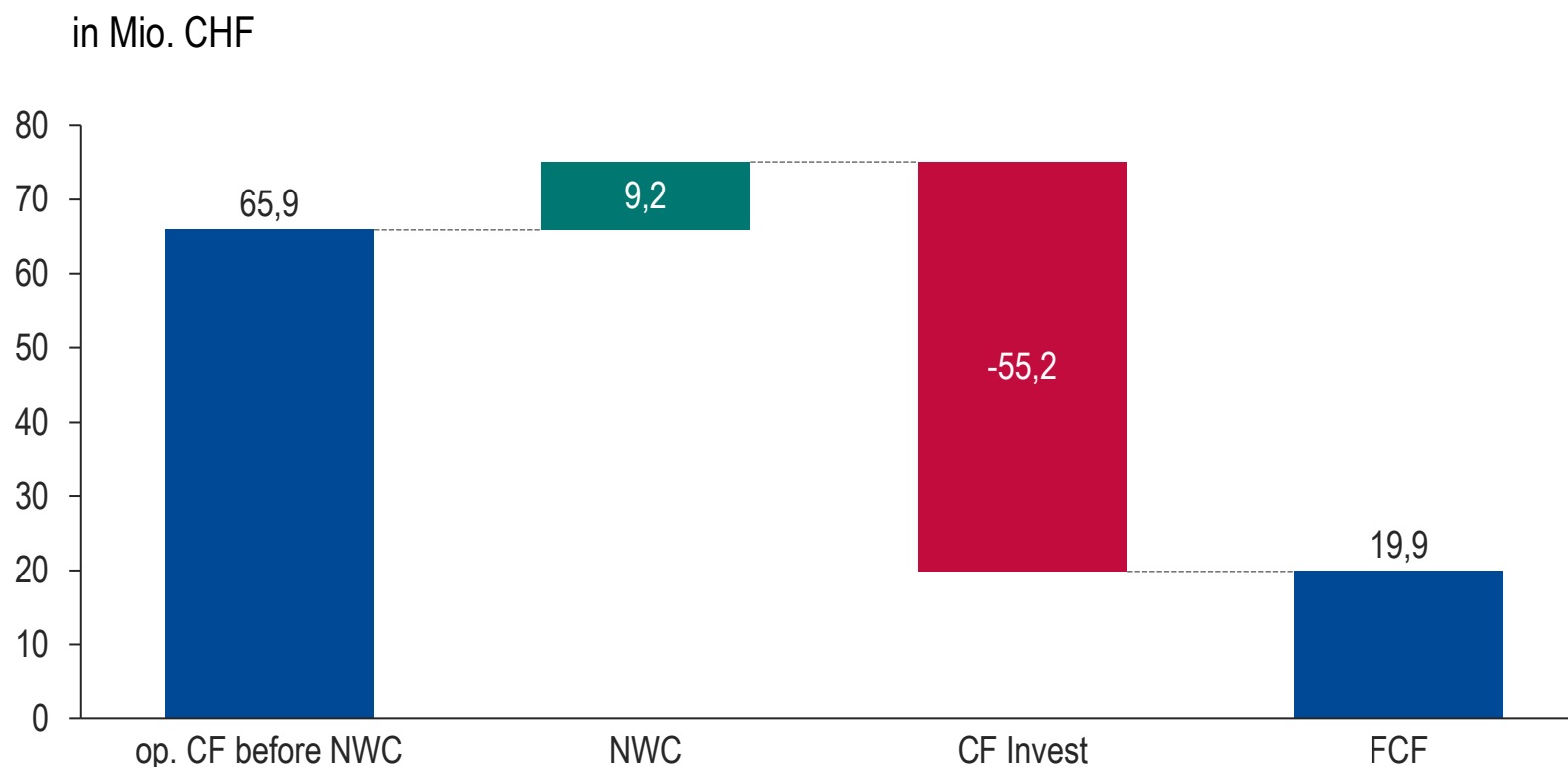
High equity ratio of around 60%



- ▶ Negative influence from currency effects (MCHF 40.5) and consolidated loss of CHF 4.3 million

CASH FLOW

Positive Free Cash Flow (FCF) of around MCHF 20



- ▶ Optimised net working capital and controlled investments resulted in a positive free cash flow
- ▶ Cash and available credit lines of CHF 261.6 million confirmed

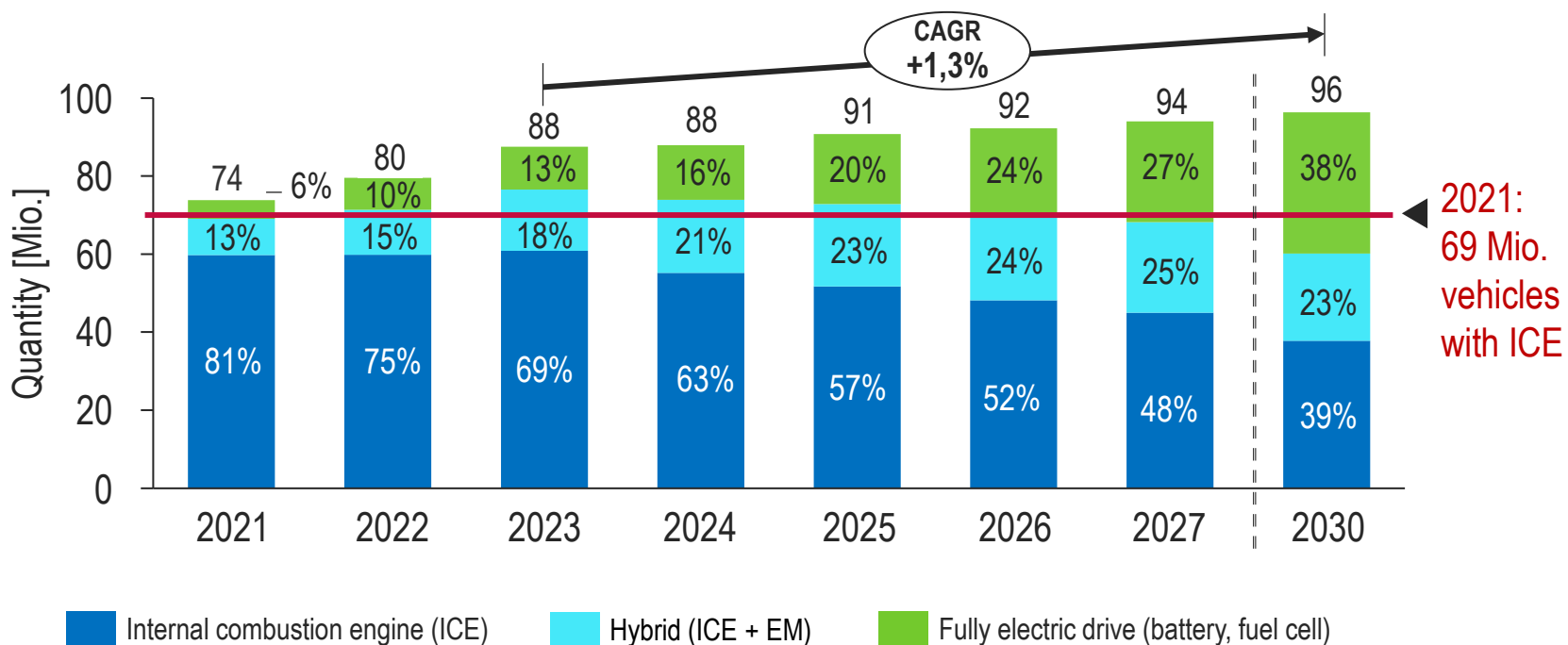


Outlook

GLOBAL CAR PRODUCTION

Promising market outlook – transformation accelerating

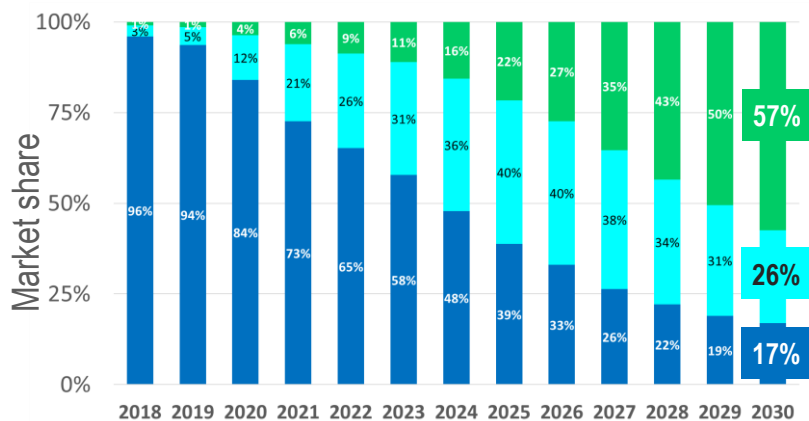
Number of vehicles produced up to 3.5 t total weight, worldwide



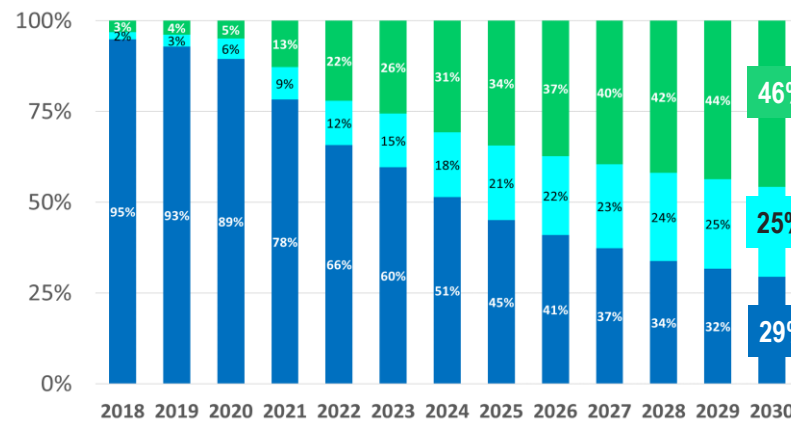
- ▶ Stable growth in car production, return to pre-pandemic levels in 2026; CAGR +1,3 % (2023-2030)
- ▶ Strong trend towards fully electric vehicles: CAGR +18 % (2023-2030)
- ▶ More than one in three vehicles produced worldwide will be fully electric in 2030
- ▶ Availability of materials for batteries and electric motors is becoming increasingly critical

Source: Feintool analysis/GlobalData

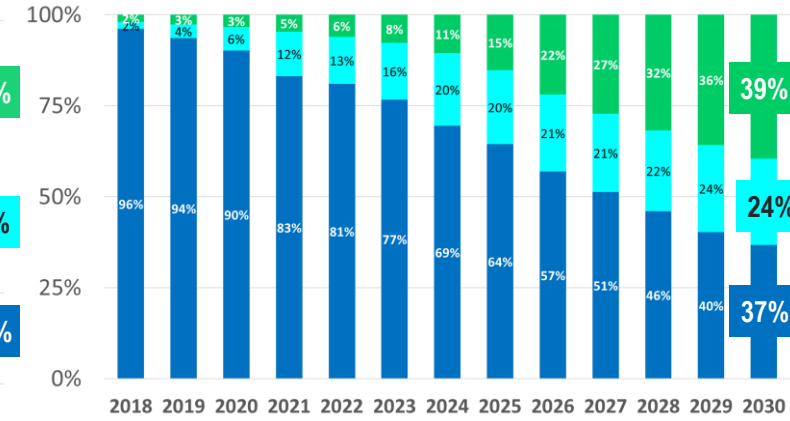
MARKET FORECAST - DECEMBER 2023 – REGIONAL INSIGHTS



- ▶ Technology change is accelerating rapidly. Globally largest share of e-vehicles expected in 2030.
- ▶ Pressure from the EU Commission on vehicle manufacturers to reduce emissions (ICE ban from 2035)
- ▶ Implementation of the Paris climate agreement clearly evident
- ▶ Risks: charging infrastructure, availability of production material for BEV, support programmes



- ▶ Technology change is accelerating rapidly. Highest EV production figures worldwide.
- ▶ Differences in the market between urban and rural regions
- ▶ Implementation of the Paris climate agreement clearly evident
- ▶ Risks: charging infrastructure, availability of green energy

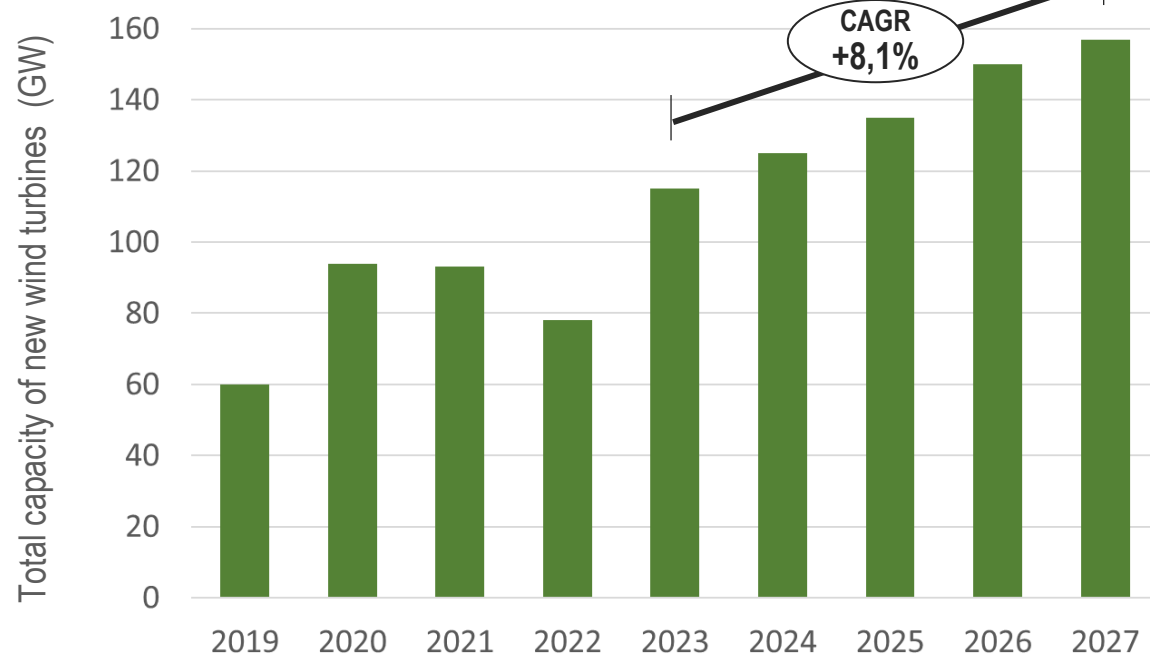


- ▶ Technology shift is coming, but more moderately compared to Europe and China. 61% of vehicles produced with transmission in 2030
- ▶ Strong support from IRA: \$390 billion for climate action program (battery factories, etc.)
- ▶ Risks: Charging infrastructure, political conditions in the USA

Passenger cars and vehicles < 3.5t
■ BEV/FCEV (fully electric)
■ Hybrids
■ ICE only

OUTLOOK WIND TURBINES - WORLDWIDE

Increasing demand for generators for wind turbines

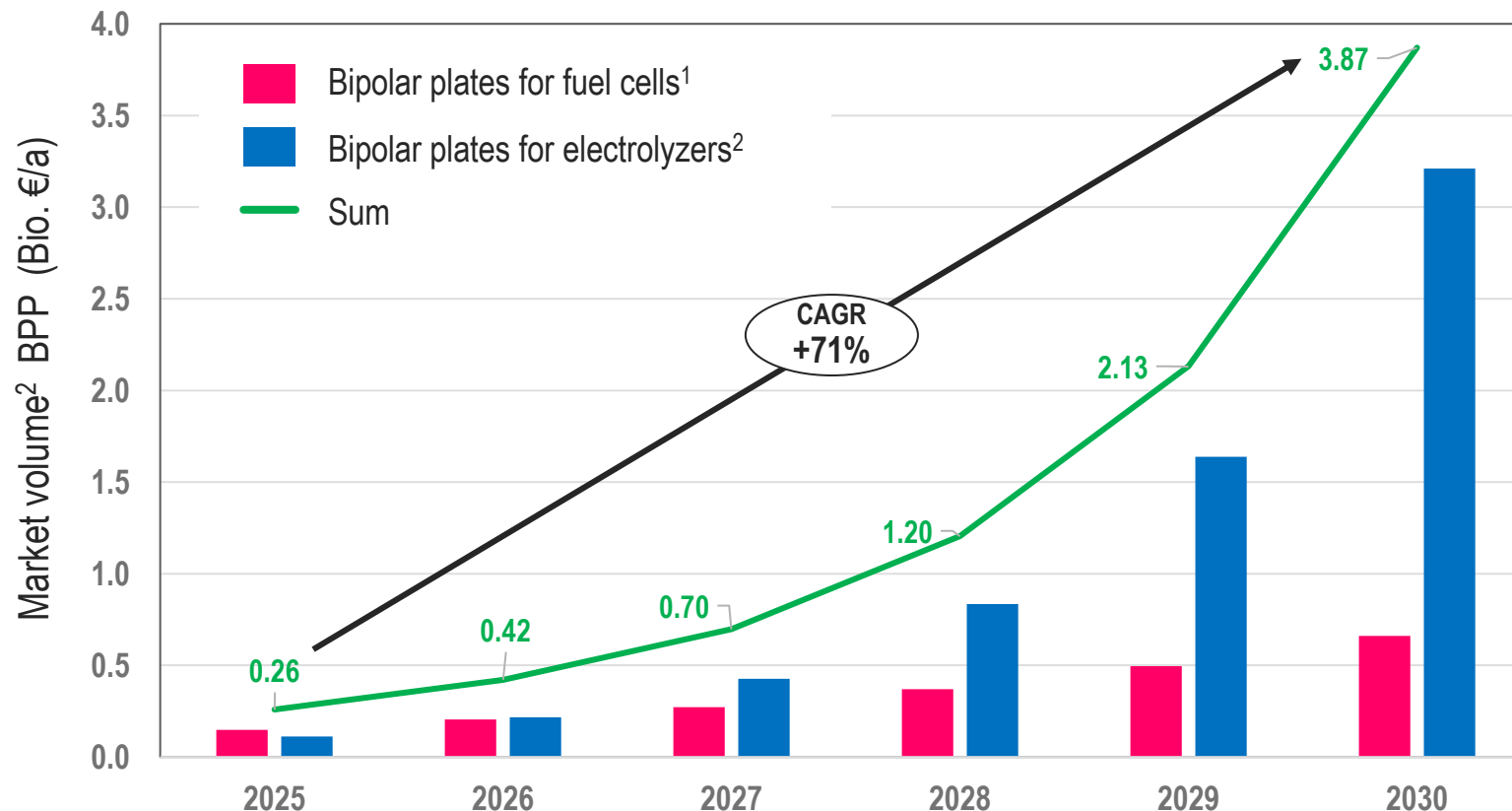


Source: GWEC Global Wind Report 2023

- ▶ Wind turbines generate electricity by means of an electric motor (generator)
- ▶ Rising demand for wind turbines driven by requirements for the expansion of renewable energy generation (replacement of fossil fuels, CO₂ targets in accordance with the Paris Climate Agreement)
- ▶ Increasing expansion of wind power both offshore and onshore
- ▶ In addition to expansion: growing need to replace existing older wind turbines (repowering)

MARKET FORECAST FUEL CELLS & ELECTROLYZERS - GLOBAL

Different market developments for bipolar plates



- ▶ Attractive market potential for FEINforming to produce bipolar plates, **CAGR +71 %** (2025 – 2030)
- ▶ Market for electrolyzers will develop more strongly than the market for fuel cells in medium to long terms
- ▶ Estimation for electrolyzers: 1/3 of the market volume for Feintool/SITEC achievable (due to plate size etc.)

¹ Construction types: Proton Exchange Membrane (PEM) and Solid Oxide (SO), 2023

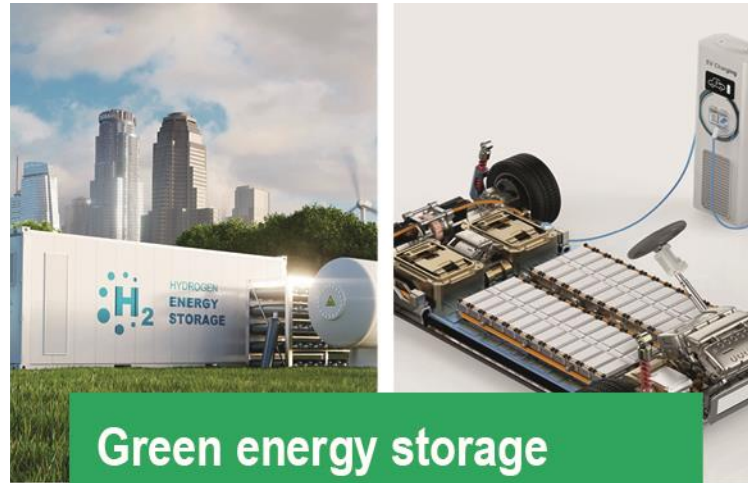
² Scenario: 240 GW installed electrolyser capacity in 2030 (s. IEA, Irena ...), 2023

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



MID-TERM TARGETS 2026

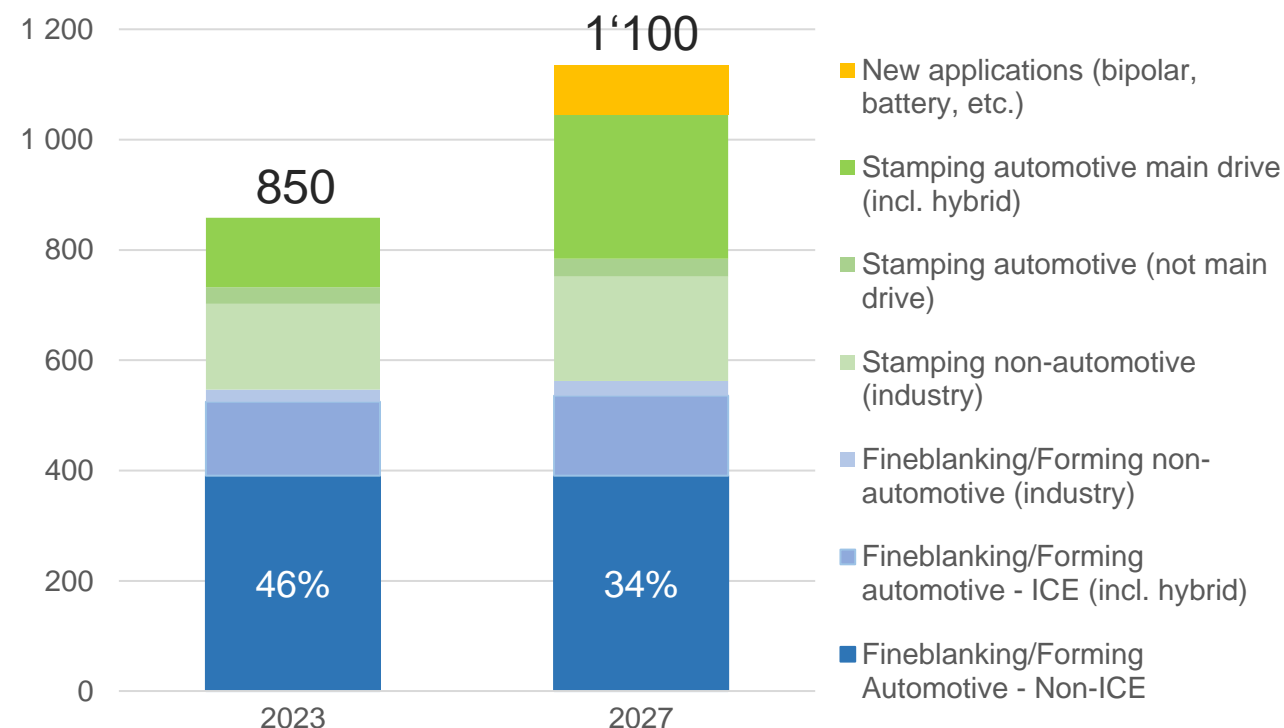
We are on track

- ▶ Sales over CHF 1 billion per year
 - ▶ EBIT margin corridor of 6-8 %
 - ▶ Free cashflow margin of 4-6 %
- ▶ Current initiatives (selection)
 - ▶ Gaining new OEMs as long-term customers
 - ▶ Expanding in China with our future technologies
 - ▶ Entering market in India
 - ▶ Aligning product portfolio to market and regional requirements (e.g. USA)
 - ▶ Increasing the order volume in the industrial business
 - ▶ Consistent cost reduction program
 - ▶ Ongoing digital transformation

THE TRANSFORMATION TO MARKETS FOR GREEN ENERGY CONTINUES

Feintool leverages the opportunities of green energy

Mio. CHF



- ▶ Feintool plans to further increase the share of future-oriented business areas to approx. 2/3 by 2027
- ▶ The share of sales with combustion engine drives will decrease to approx. 34%
- ▶ The greatest growth is achieved with components for electric and hybrid drives (e-motorcore stamping)
- ▶ Sales with non-automotive (industry) will account for approx. 20%
- ▶ New applications such as bipolar plates and battery cell housings and covers are expected to reach a significant share of sales

GUIDANCE

Despite the challenging market conditions, we anticipate slight organic growth and a further improvement in profitability for the 2024 financial year:

We expect to generate sales of around CHF 800 – 850 million with an EBIT margin of approximately 4%. We are confirming our medium-term targets (> CHF 1 billion in sales with an EBIT margin of 6 – 8% in 2026).

CHANGE OF GROUP MANAGEMENT

New CFO as of April 1st, 2024

- ▶ Thomas Erne has had an extensive career as a financial specialist in international industrial companies
- ▶ Most recently, he was CFO and Head of the Corporate Centre at Starrag Group
- ▶ Prior to that, he held senior finance positions at the German-Japanese machine tool manufacturer DMG MORI and the US medical technology group Zimmer
- ▶ Thomas Erne succeeds Samuel Künzli, who will leave Feintool at the end of March 2024





Feintool International Holding AG
We look forward to your questions

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