

1HY 2017 Results Presentation & Business Update



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conzzeta

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- **Financial results 1HY 2017**

- **Business update**

- **Outlook FY 2017**

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Strong 1st HY 2017 versus muted 1st HY 2016

- Strong performance in sheet metal processing segment and Group-wide in Asia

Net revenue CHF 625.9 m, +19.3%; comparable¹⁾ +11.1%

- Group result CHF 30.0 m, +44.0%, including Minorities of CHF 3.9 m

Continuously constructive operating environment for investment goods

- Order entry +23.0%¹⁾ vs PY with increased order backlog vs YE 2016

Successful measures to unlock growth potential in FoamPartner business unit

- Acquisition of Otto Bock Kunststoff and divestment of US Joint Venture

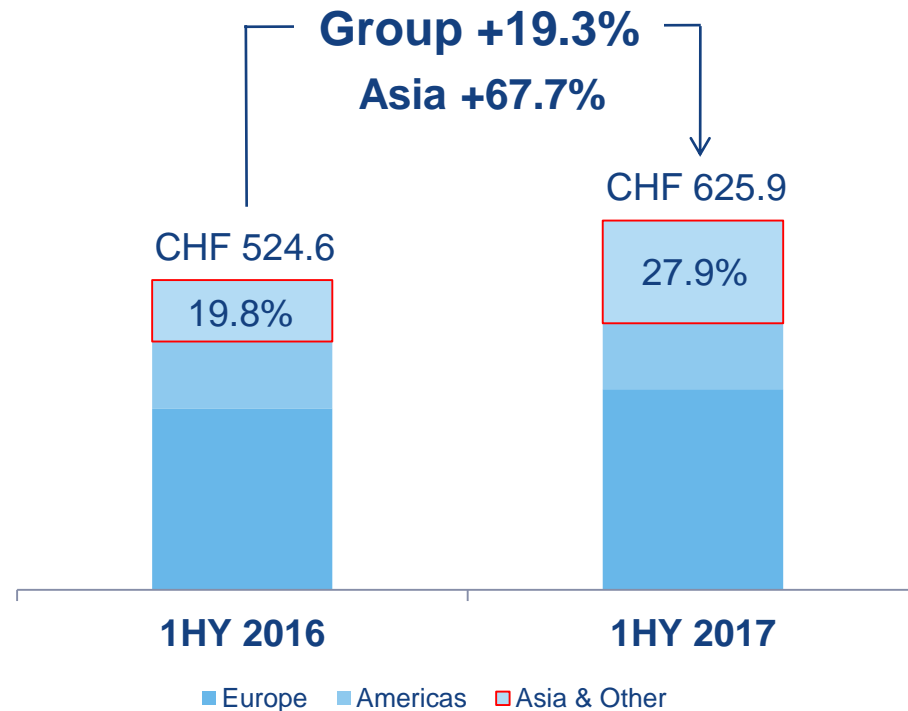
Strategy implementation and restructuring measures on track

- Weaker performance in Sporting Goods and reduced cost base in Glass Processing

¹⁾ Comparable, i.e. at stable foreign exchange rates and considering change in scope

Internationalization – consistent action and measurable progress

1HY 2017 Net revenue growth



- Growth in Net revenue driven by Sheet Metal Processing and by the Group overall in Asia
- At constant fx-rates and excluding change in scope
 - Group +11.1%
 - Asia +22.4%
 - Europe +12.2%
 - Americas -2.4%

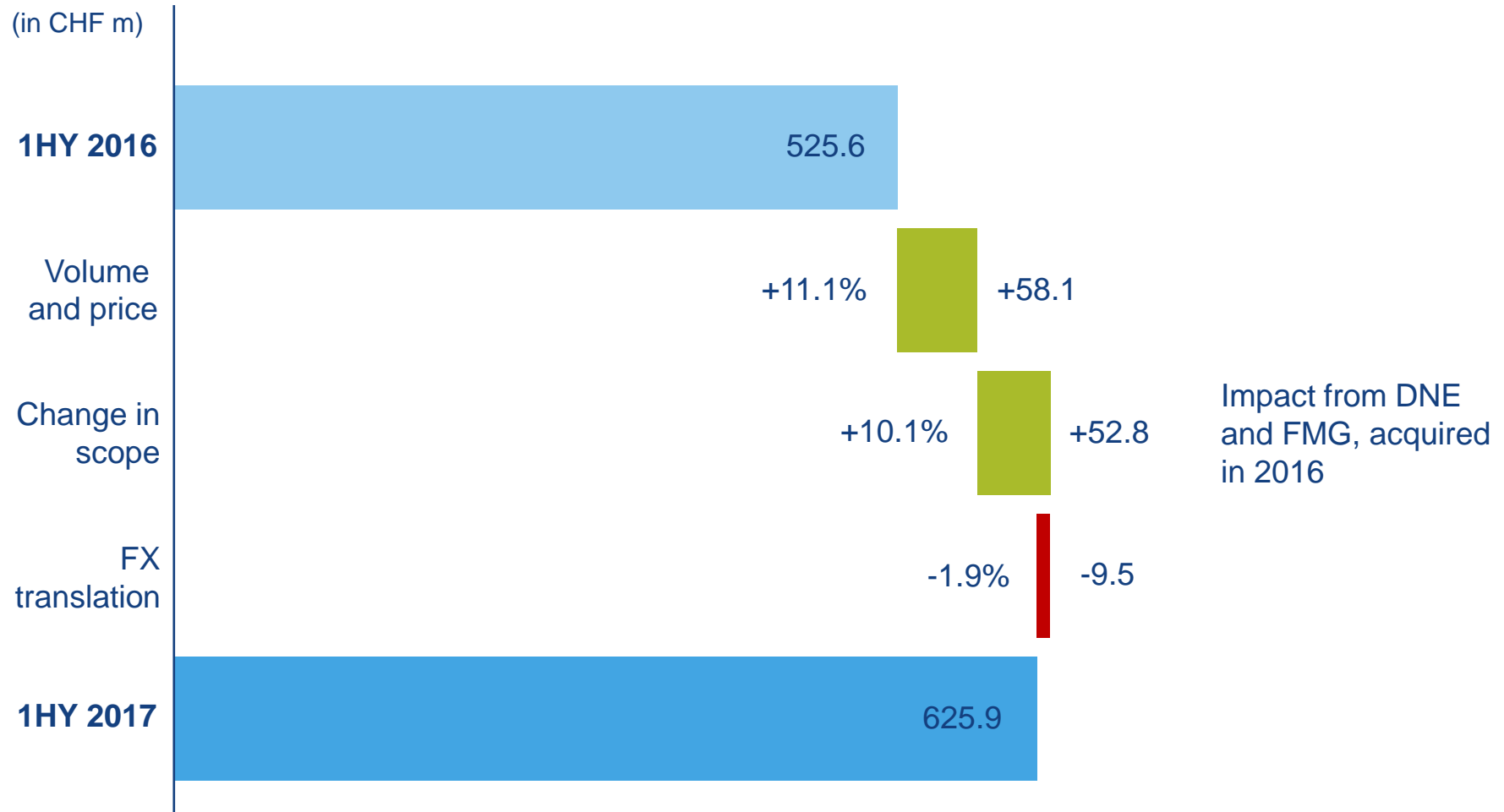
1HY17 key figures

(in CHF m)	1HY17	1HY16	Δ	
Net revenue	625.90	524.6	+19.3%	Comparable: +11.1% ¹⁾
Operating result (EBIT)	38.3	26.2	+46.5%	Comparable: +6.6% ¹⁾
EBIT margin	5.8%	4.8%		
Group result	30.0	20.9	+44.0%	
Net operating assets	420.4	401.6*	+4.7%	Driven by higher order backlog for 2HY 2017
Balance sheet	1276.4	1255.4*	+1.7%	
Equity ratio (%)	74.0	75.0*	-100ppts	
Free cash flow	9.9	126.1	-	1HY 2016 with reclassifications of fixed deposits back into cash

¹⁾ Comparable, i.e. at constant foreign exchange rates and considering change in scope.

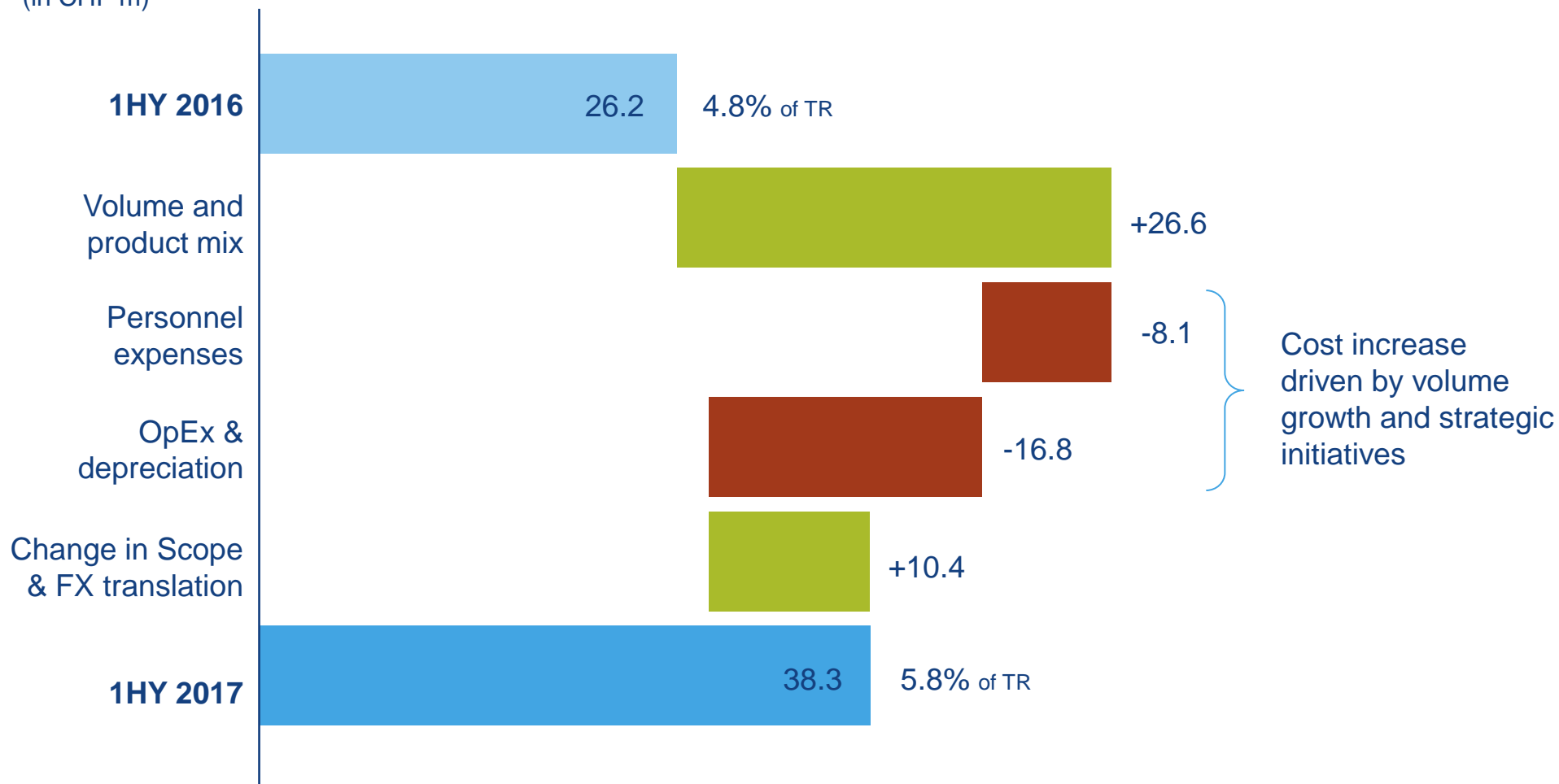
*December 2016

Development of Net revenue driven by organic growth and M&A



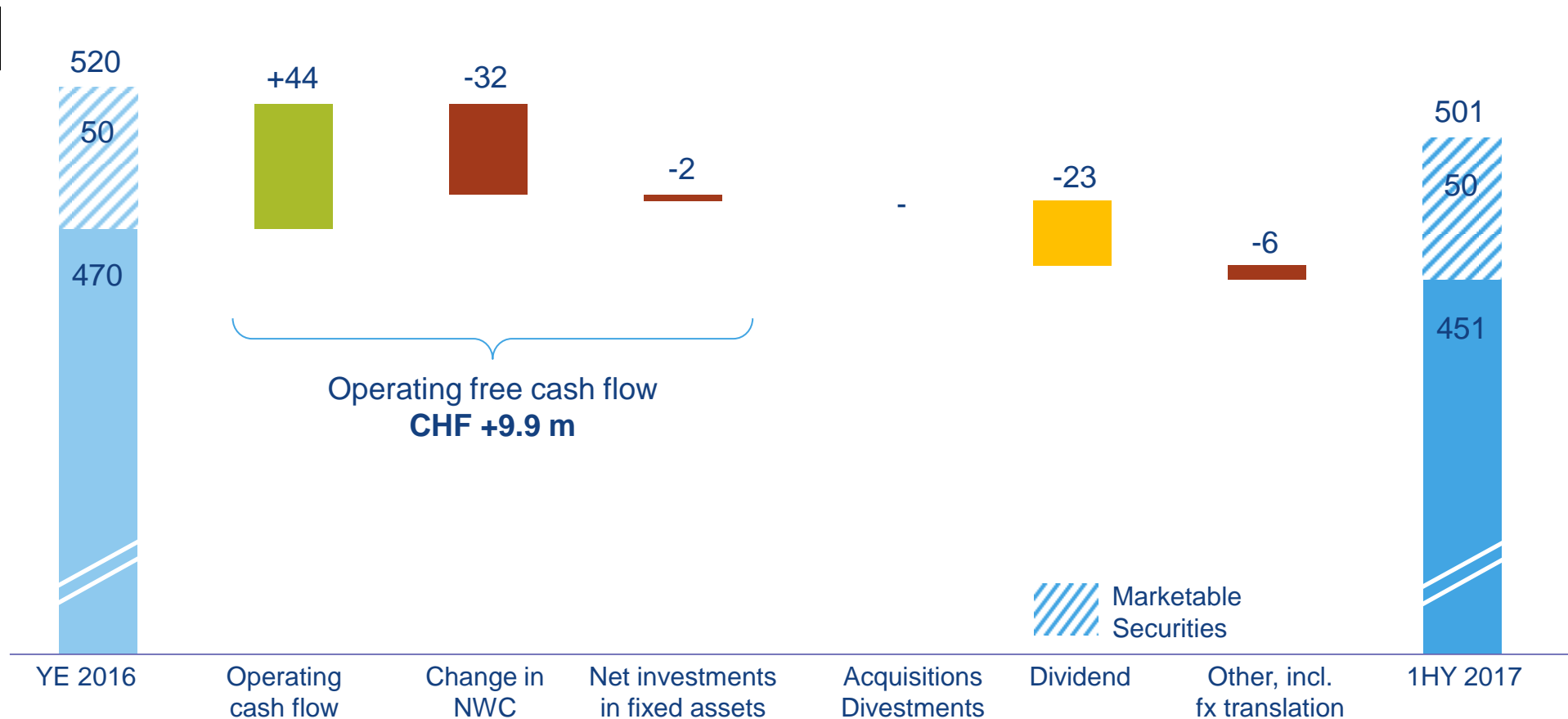
Development of EBIT driven by business growth and ongoing initiatives

(in CHF m)



Cash flow reflects volume-driven increase of NWC and dividend payment

(in CHF m)



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Sheet Metal Processing – results update

CHF m	1HY17	1HY16	Δ
Net revenue	366.3	256.8	+42.6%
Operating result (EBIT)	39.9	17.7	+125.0%
EBIT margin	10.1%	6.5%	+360 bps
Net operating assets	179.4	187.8	-4.5%



Production Cell with fiber laser, storage system and robot bending

Operational performance

- First-time consolidation of DNE Laser and FMG - integration completed
- Very strong momentum from 2HY 2016 continues into 2017, supported by solid market conditions and strong demand in top and entry level products
- Comparable net revenue +24.8%
- Strong improvement of operating result on higher volumes, despite continued price pressure
- Improved capital productivity
- Trend towards integrated automation to enhance client productivity

Strong HY performance with double-digit increase of order entry across regions and solid order backlog for 2HY 2017

Sporting Goods – results update

CHF m	1HY17	1HY16	Δ
Net revenue	95.1	101.4	-6.2%
Operating result (EBIT)	-9.9	-4.5	-118.7%
EBIT margin	-10.4%	-4.5%	-590 bps
Net operating assets	106.7	109.9	-2.9%

Operational performance

- Notably weaker result partly due to continued competitive pressure in DACH region, partly planned in context of strategy implementation
- Net revenue including reduction of CHF 3.3 m discount sales to support brand position
- Set-up costs to build critical capabilities in international markets, digitalization, retail and design; annualized cost base up by CHF ~11 m
- Internationalization ongoing – revenue share in DACH region 48.9%, after 51.1% in 1HY 2016

Consistent strategy implementation – 2017 as year of transition with relevant revenue contribution not before 2HY 2018



New Retail Design Concept

Reprioritization of strategic initiatives launched in January 2016

Multichannel Management & Digitalization

- I
 - Build up scalable business models - Improved floor space management
 - Moderate growth in MBS, fast scale of eCommerce internationally
 - Qualitative enhancement of WHS-partner portfolio on global level

Consumer Centricity – Product & Brand

- II
 - Premium brand positioning – focus on product and premium consumer
 - Develop signature across BU's / activities
 - Improve gross margin, e.g. reduce liquidation-Sales

Internationalization

- III
 - Defined priority in regions / channels for strategic growth in each market
 - Growth in ASIA, consolidate DACH, strengthen America



Coordinated effort to develop footprint and business model over 5 years time period

Update on milestone achievements as per 1HY 2017

- Continued cooperative efforts to enhance wholesale excellence with pilot group to improve floor space productivity
 - E.g. active floor management incl. data connectivity, adapted assortments or shop in shop solutions
- Push e-commerce business over own stores
 - Go-live with further selected online market places: JD.com in China in 1HY and Zalando (DACH) as well as Amazon (UK, DE) planned for 2HY
- Finalized new store concept, ready for launch early 2018, and step by step improvement of store portfolio
 - Now 76 mono-brand stores, after 77 by YE 2016
- Consolidated database from across sales channels with more specific sales KPI's
- Preparations for more focused assortment in apparel by a ~20% reduction of styles
 - Ready for winter 2017 with relaunched „Eiger Extreme“ and new „Mammut inspired by Engadin“ collections as well as next generation of avalanche beacon „Barryvox“



“Eiger Extreme” flagship collection

Strategic response to competitive pressure and notable change in client behavior – from “sell in to sell out” mentality across all sales channels

Chemical Specialties – results update

CHF m	1HY17	1HY16	Δ
Net revenue	114.5	111.0	+3.2%
Operating result (EBIT)	9.9	12.5	-20.6%
EBIT margin	8.5%	11.3%	-280 bps
Net operating assets	114.3	114.0	+0.3%



Acoustic test room for airplane primary insulation

Operational performance

- Growth in Asia and Europe as well as in Mobility, Specialties and Coatings; Americas and Living & Care flat
- Challenging operating environment with adverse fx-trend (comparable net revenue +4.2%) and notable increase of RM prices from low PY level
- Price adjustments to mitigate adverse cost impact initiated, full benefits to come through over time
- FoamPartner with announcement to acquire Otto Bock Kunststoff and to sell 51% stake of US joint venture

Raw material prices peaked in 1HY 2017 – normalization expected towards year-end 2017

Strategic rational of announced M&A transactions



FoamPartner



Sales*: CHF 171.5 m
Employees*: ~630

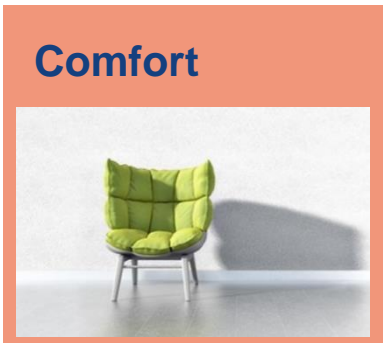
Otto Bock Kunststoff



Sales*: CHF ~143 m
Employees*: ~430

- Enhanced market position with economies of scale
- Complementary product portfolio – margin-accretive to the Group
- Unlock growth potential in China and the US through enhanced footprint and with reduced complexity

*Per YE 2016.



FoamPartner global footprint expansion and re-alignment

Region Americas



FoamPartner
Swisstex
Hydra Sponge

Woodbridge FoamPartner

Otto Bock PU Technologies
Rochester Hills (70 Empl.)



Region Europe



FoamPartner
Fritz Nauer (CH)
Büttikofer (CH)
Reisgies (D)
Benien (D)
Kureta (D)
Frina Mousse (F)

Otto Bock Kunststoff
Duderstadt (280 Empl.)



FoamPartner Bock PUM
Changzhou (70 Empl.)



Region Asia-Pacific



FoamPartner
FoamPartner Bock PUM
FoamPartner Bock Trading
FoamPartner Singapore Pte

FoamPartner Bock Trading
Shanghai (10 Empl.)

Current footprint

Locations to be added

Divested locations

Transactions timeline & financials

Closing & pricing

- Closing acquisition Otto Bock Kunststoff subject to customary closing conditions, expected for 2HY 2017
- Purchase price not disclosed, but reasonable market multiple
- Retrospective closing of US divestiture per July 1, 2017

Financial impacts

- Middle single-digit CHF m investment gain from divestiture of US joint venture in 2HY 2017; net revenue reduction of ~CHF 10 m on an annualized basis
- First-time consolidation of acquired business in 2HY 2017, subject to closing date
- Low single-digit CHF m integration costs from 2017 to 2019
- Middle single-digit CHF m cost synergies from 2018 to 2020

Integration process

- Complementary capabilities with limited overlaps
- ~2% cost synergies on combined cost base
- Post-merger integration planning by FoamPartner with involvement of Otto Bock Kunststoff management teams

Value accretive transactions, unlocking growth potential within FoamPartner business unit

Glass Processing – results update

CHF m	1HY17	1HY16	Δ
Net revenue	49.9	55.2	-9.5%
Operating result (EBIT)	1.8	2.1	-13.6%
EBIT margin	3.4%	3.6%	-20 bps
Net operating assets	20.7	21.3	-3.0%



B'CHAMP

Operational performance

- Lower net revenue against strong PY in America, partly offset by growth in Europe and Asia
- Strong order intake in automotive glass for new B'CHAMP generation with option for thin glass processing, leading to overall higher order backlog vs YE 2016
- Reduced cost base at German production site; measures to enhance process efficiency ongoing and to be completed by YE 2017
- New set-up in China operational with on-site product engineering and new sales organization

Expect stronger 2HY 2017, with higher net revenue vs 1HY 2017 and benefiting from reduced cost base

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Priorities & outlook for 2017

- Consistent strategy execution with long-term perspective
- CEO agenda remains unchanged
 1. Market orientation
 2. Operational excellence
 3. People development
 4. Internationalization
- Higher order backlog for 2nd HY 2017 and constructive operating environment for investment goods
- Elevated raw material prices for Chemical Specialties and Sporting Goods segment with increased cost base
- Expect closing and first-time consolidation of Otto Bock Kunststoff acquisition in 2nd HY 2017 as well as middle single-digit CHF m investment gain from retrospective sale of US joint venture

Within current environment, we expect growth for 2017 above previous year as well as a disproportionate increase of the operating result with an improved EBIT margin of around 7.5%

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Balance sheet

(in CHF m)	1HY17	1HY16
Cash, cash equivalents and securities	501.4	509.0
Receivables	209.4	179.9
Prepaid expenses and accrued income	13.3	10.7
Inventories	278.6	249.8
Property, plant and equipment	195.6	200.9
Financial assets	69.7	68.4
Intangible assets	8.4	8.6
Short-term liabilities	286.7	228.7
Long-term liabilities	45.2	43.2
Shareholders' equity	944.5	955.4
Total assets	1276.4	1227.3

Income statement

(in CHF m)	1HY17	1HY16
Net revenue	625.9	524.6
Δ Inventory and own work capitalized	35.1	20.3
Total revenue	661.0	544.9
Cost of materials	-326.9	-258.6
Personnel expenses	-161.3	-148.2
Other operating expenses	-121.6	-98.9
Depreciation	-12.9	-13.0
Operating result (EBIT)	38.3	26.2
Financial result	2.1	1.7
Extraordinary result	0.0	0.0
Taxes	-10.4	-7.0
Group result	30.0	20.9
Minorities	3.9	0.0

Cash flow statement

(in CHF m)	1HY17	1HY16
Cash flow from operating activities before change in net working capital	43.9	23.0
Change in net working capital	-31.6	-7.4
Cash flow from operating activities	12.3	15.6
Net investments in property, plant and equipment and intangible assets	-8.9	-8.8
Net investments in financial assets without securities	6.5	2.7
Operating free cash flow	9.9	9.5
Change in securities	0.0	130.0
Change in operating activities	0.0	-13.4
Free cash flow	9.9	126.1

Half-yearly result overview

(in CHF m)	1HY 2015	2HY 2015	2015	1HY 2016	2HY 2016	2016	1HY 2017
Net revenue	534.3*	597.1	1'131.4*	524.6	689.7	1'214.3	625.9
Total revenue	544.2*	584.9	1'129.1*	544.9	670.2	1'215.1	661.0
Operating result (EBIT)	31.5*	44.4	75.9*	26.2	58.2	84.4	38.3
in % of total revenue	5.8%*	7.6%	6.7%*	4.8%	8.7%	6.9%	5.8%

- Conzzeta 2nd HY typically stronger than 1st HY, driven by Sporting Goods
- However, 2016 results with pronounced semi-annual result trend, driven by strong 2nd HY of Sheet Metal Processing, which continued into 2017

*Continued businesses, i.e. excluding PLAZZA, spun off in June 2015

Position and aspiration

**Swiss mid cap industrial portfolio
with entrepreneurial anchor shareholders
operating in attractive global markets
with focus on value creation and dividend**

Financial aspiration
Net sales growth >5%
EBIT margin 8-10%
RONOA >15%

Sheet Metal Processing



Grow

globally and build scale to strengthen #3 market position

Sporting Goods



Build

on strong brand; grow in defined international outdoor markets

Chemical Specialties



Grow

globally with specialties for flexible foams and overprint varnishes

Glass Processing



Improve

cost base and realize potential from energy efficient solutions

Net cash
CHF 0.5bn

Differentiated business steering
Market orientation / speed / innovation

Business excellence & Conzzeta competencies
People / funding / governance / risk

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