

Investor Update

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Credit Suisse
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conzzeta

Disclaimer

The information in this presentation about the business performance of the Conzzeta Group is of a summary nature only. The information in the Annual Report and Half-Year Report of Conzzeta AG and on the website www.conzzeta.com prevails.

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1. Introduction & overview

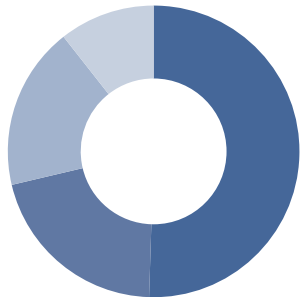
2. Business update

3. Agenda & outlook

Appendix

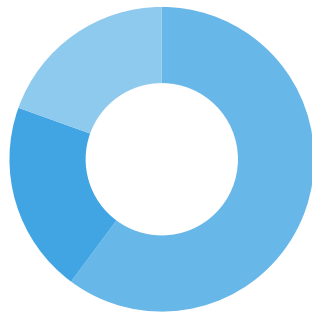
Conzzeta – initial CEO assessment early 2016

Net revenue by segment



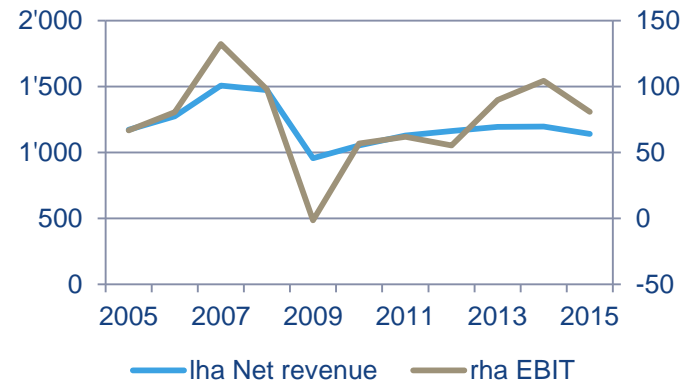
■ Sheet ■ Sport ■ Chemicals ■ Glass

Net revenue by region



■ Europe ■ Americas ■ Asia

Financial trend CHF m



Innovative portfolio of products & solutions, with footprint biased towards Europe in a financial sideward trend

CEO priorities

1. Market orientation
2. Internationalization
3. Business excellence
4. People development

As per end 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

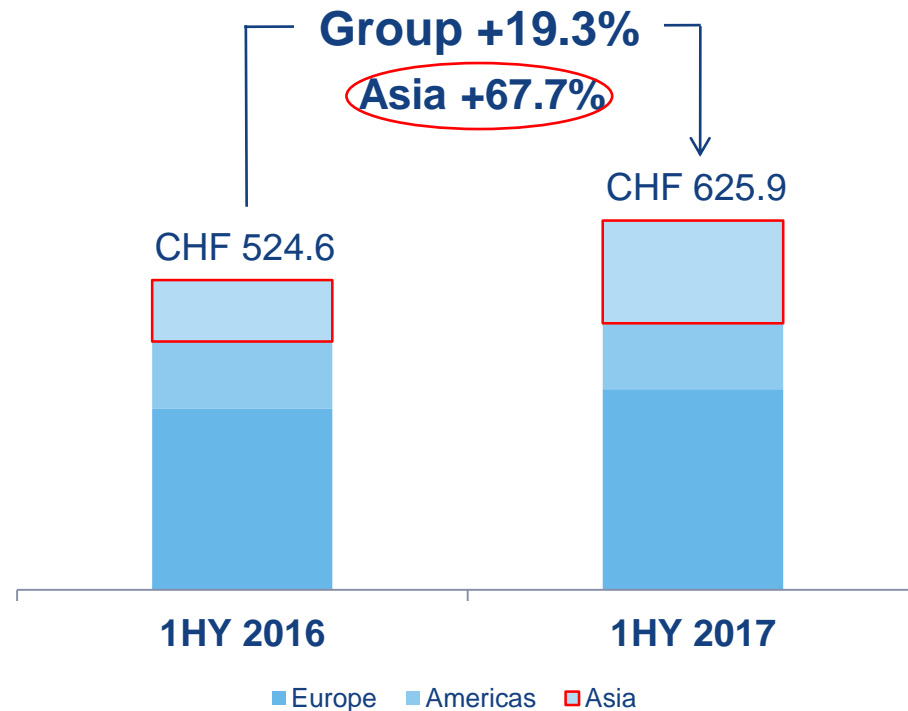
Differentiated business steering
Market orientation / speed / innovation

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

*As per 1HY 2017

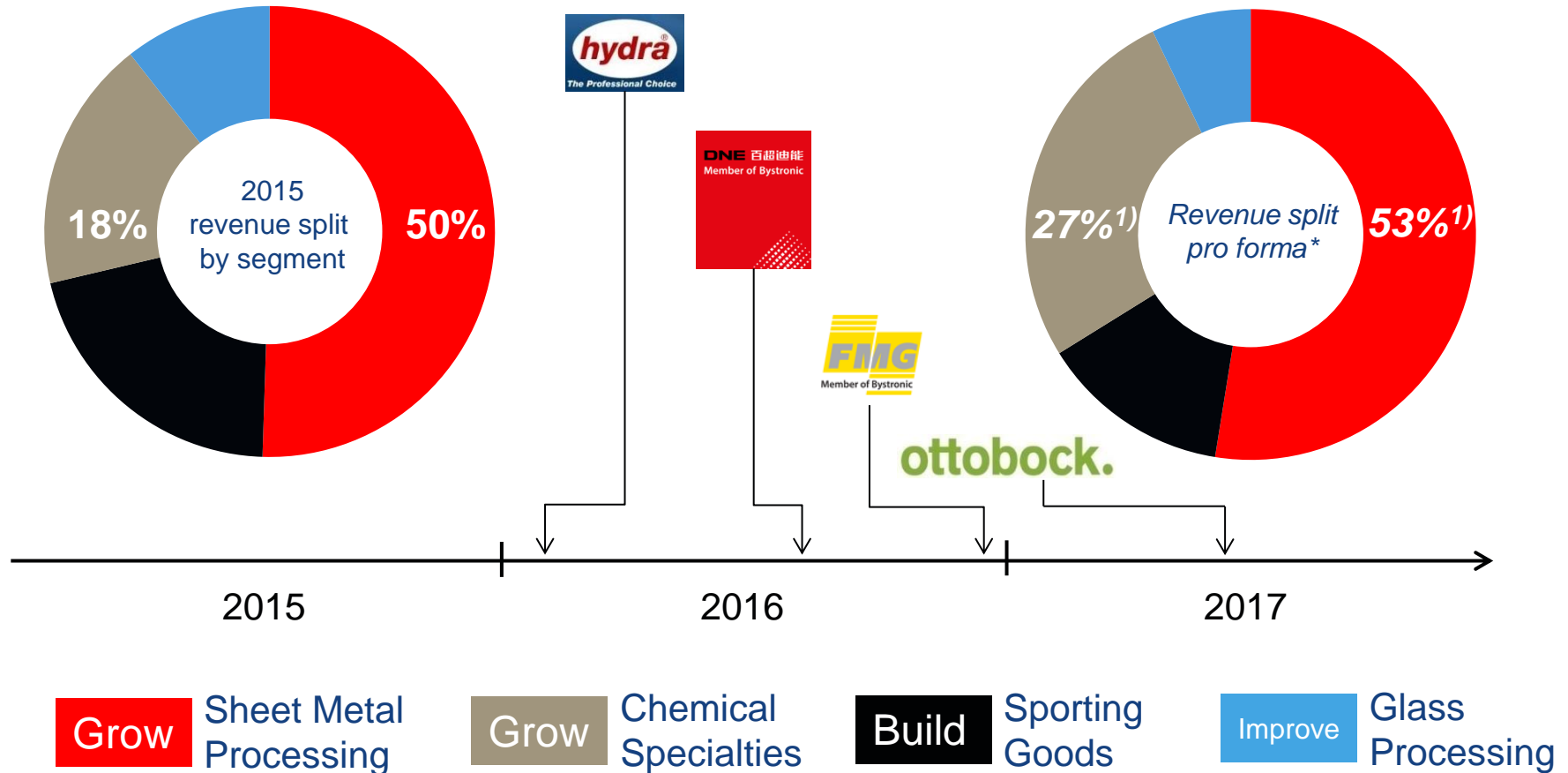
Internationalization – growth plans in Asia with measurable results

1HY 2017 Net revenue growth



- Growth in Net revenue driven by Sheet Metal Processing and by the Group overall in Asia
- Acquisition of DNE Laser
- Organic, at constant fx-rates
 - Group +11.1%
 - Asia +22.4%
 - Europe +12.2%
 - Americas -2.4%

Platforms for growth – consistent M&A and evolution of business portfolio



¹⁾ Conzzeta 2017 HY revenue annualized, plus OB 2016 FY revenue

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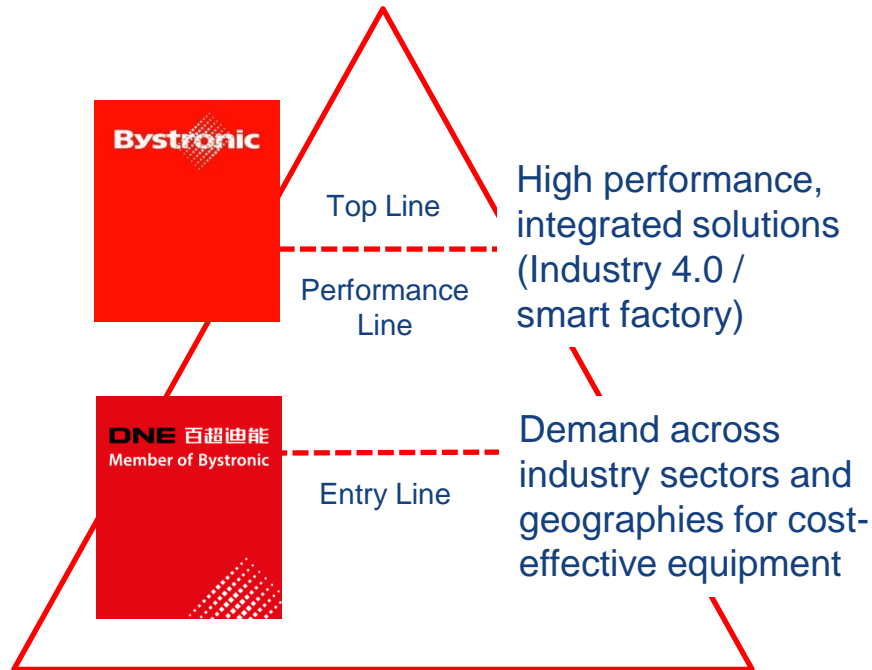
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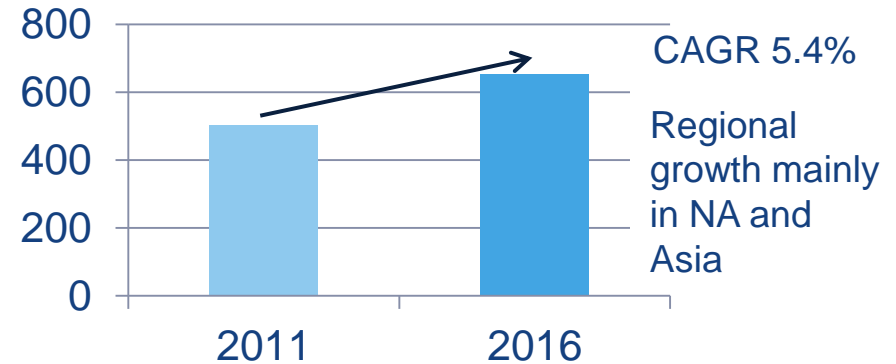
Appendix



Market segmentation and innovation as drivers of profitable growth



Net revenue trend CHF m



Objectives & Priorities

- Digital transformation and integrated solutions
- Technology leadership and growth plans
- Business excellence and targeted M&A



Leader in high performance laser cutting with integrated automation



Production Cell with fiber laser,
sorting and storage system
as well as robot bending

World class manufacturing:

Enable clients thrive in context of
industry 4.0 / smart factory



Mammut – Strategy implementation on track



Mammut transmits the Swiss Alpine World into contemporary performance.



From “sell in” to “sell out” mentality across sales channels

Multichannel Management & Digitalization

- I
 - Deepening relationships with selected wholesale partners
 - Strengthening and enhancing direct to consumer business
 - Holistic consumer data management

Consumer Centricity – Product & Brand

- II
 - Innovative products and designs in preparation
 - Reducing collections to increase style efficiency
 - Enhancing margin contribution and eliminating liquidations sales

Internationalization

- III
 - Set-up of ASIA hub in Hong-Kong
 - Enhancing reach through 3rd party online market places
 - Optimizing sales efficiency in DACH region

January 2016

Kick off

2017

Today

2018

2019

2020

Increase of annual cost base by CHF ~11m to build critical capabilities;
2017 as year of transition with relevant revenue contribution not before 2HY 2018



Rational of recent M&A transactions within FoamPartner business unit



Mobility



Specialties



Living & Care



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

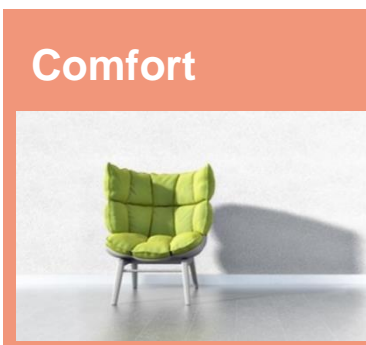
*Per YE 2016.



Technical Foam



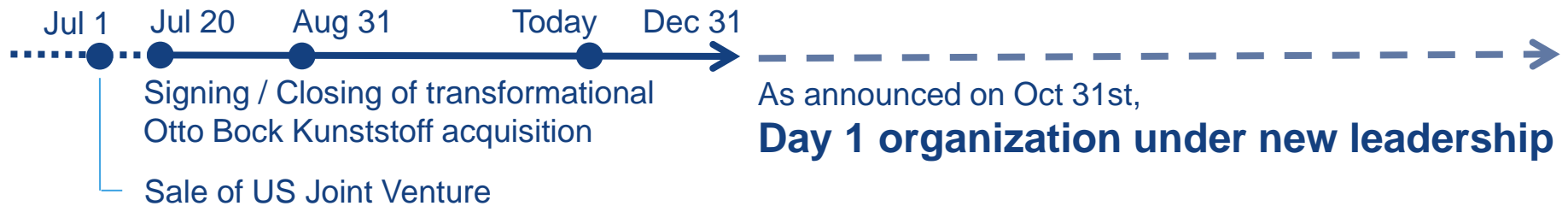
PU Systems & Molded Parts



Comfort



FoamPartner embracing the next development phase



Opportunities

- 1 Swift execution of robust post merger integration plans by ~mid 2019
- 2 Deliver on incremental growth opportunities in Asia and the US after resolution of legacy joint venture structures
- 3 Optimize European manufacturing footprint from 2018 onwards to align with profitable growth plans

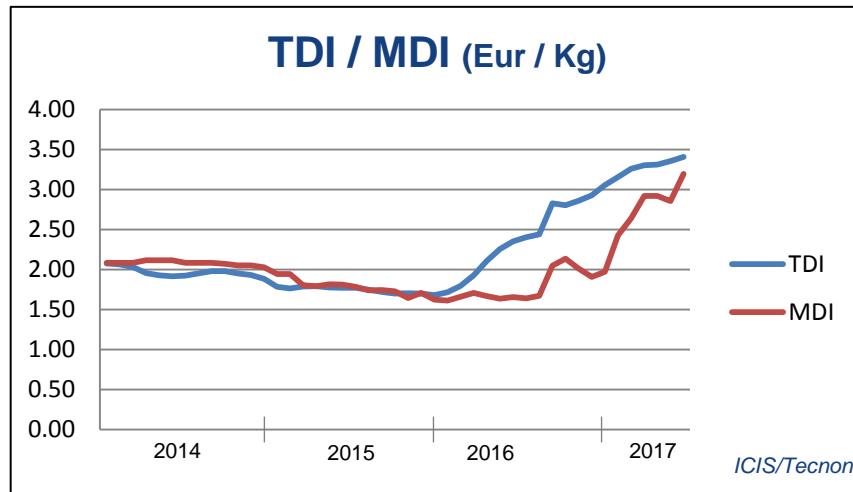
Main integration topics

- Clear target organization with early appointments in key functions
- Ensure proximity to clients and markets at any time, also by leveraging the regional management structure introduced at FoamPartner as of Jan 1, 2017
- Deliver cost synergies of ~2% on combined cost base by mid 2019, mainly in Procurement, SG&A, Production



FoamPartner challenged on the supply side

Elevated raw material prices persist



- Increase of RM cost base; 2017 ytd up by ~30% vs 2016, on average
- TDI / MDI as main drivers; doubling from low levels in Jan 2016
- Pricing measures ongoing

EBIT margin pressure as a result of challenging supply side continued into H2; will be offset by high single-digit investment gain from sale of US joint venture

Deficient TDI supply incident

- Oct 5, BASF informed about severe quality issue, impacting all market segments
- Particularly mattress business at Wolfhausen site impacted: Production and delivery at site fully suspended on Oct 6; resumed full operations by Oct 20; ~150 customers impacted
- BASF confirmed to cover bulk of damages – certain aspects subject to clarification

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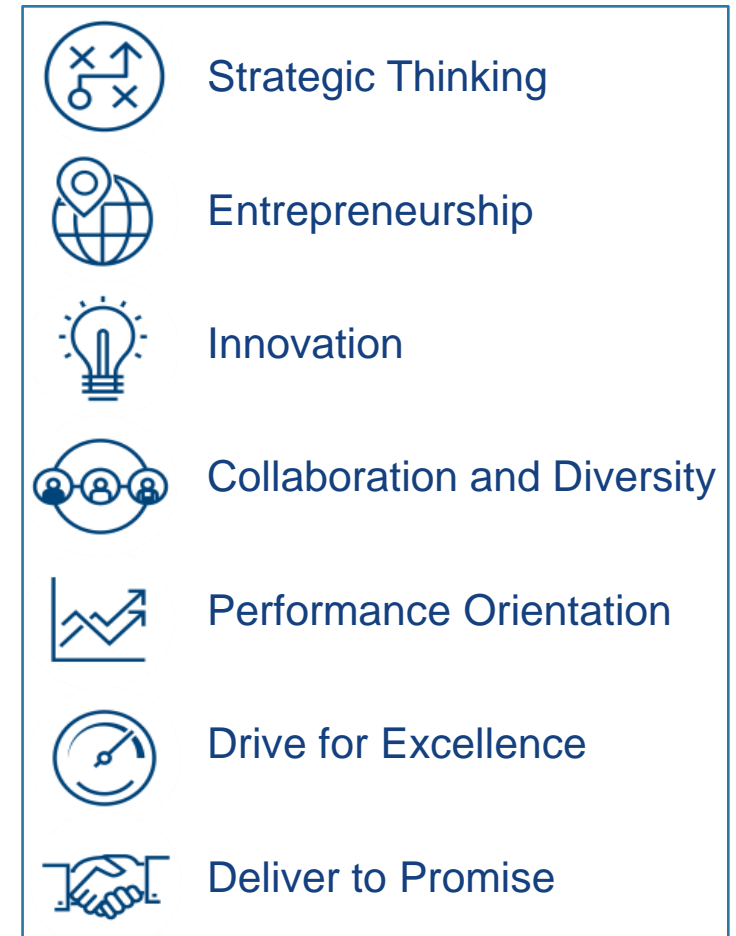
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Appendix

Accelerating growth within a winning leadership culture



Defined 7 Group Competencies to recruit and develop talent



Strengthening capabilities to enhance flexibility, speed and innovation

- **Inaugural Group-wide talent development program**
 - 15 participants delivered 9 specific projects with measurable contribution and benefits under “rapid results approach”
- **Introduction of Global Management Team**
 - ~80 most senior managers; aligning bonus schemes and introducing share-based long-term incentive plan
- **New corporate Strategy and M&A function**
- **Rollout of Business Excellence (BEX)**
 - Collaborative initiative across the Group with defined initiatives within every Business Unit



The 15 participants of the inaugural Talent Development Program, Hong Kong, June 2017

Excellence drives performance,
and performance leads to success

Priorities & outlook for 2017

- Consistent strategy execution with long-term perspective and continued portfolio management
- CEO agenda remains unchanged
 1. Market orientation
 2. Business excellence
 3. People development
 4. Internationalization
- Strong order entry from 1st HY 2017 maintained amidst constructive operating environment for investment goods; continued growth and innovation efforts in Sheet Metal Processing
- Continued elevated raw material prices for Chemical Specialties and Sporting Goods segment with increased cost base
- First-time consolidation of Otto Bock Kunststoff as per September 1, 2017
- High single-digit investment gain from retrospective sale of US joint venture

We expect growth for 2017 well above previous year as well as a disproportionate increase of the operating result with an improved EBIT margin of around 7.5%, with additional benefit from investment gain

Q & A



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Conzzeta results summary 1HY 2017

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

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

Quarterly 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

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%



New Retail Design Concept

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

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

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

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

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