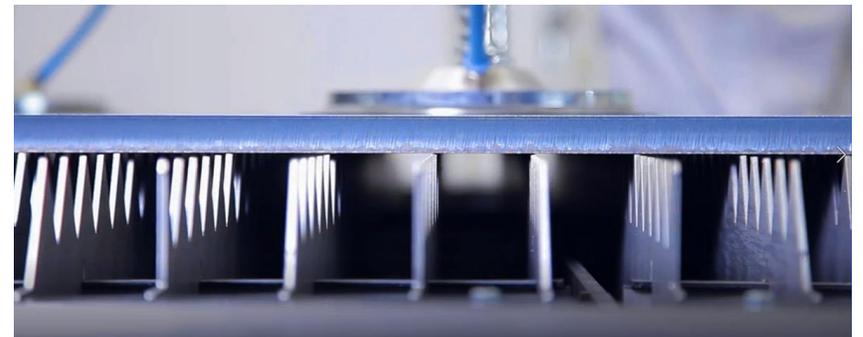


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# 1HY 2019 Results Presentation & Business Update

August 9, 2019



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](http://www.conzzeta.com) prevails.

Although the greatest possible care was taken with the preparation of the presentation, Conzzeta takes no responsibility for its completeness or correctness. Unless otherwise specified, the figures are based on the annual results for 2018 and half-year results for 2019.

The presentation also contains statements about expected future financial and operational developments which are based on subjective assessments. Any liability for loss or damage arising directly or indirectly from the information in this presentation is expressly excluded.

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# Conzzeta results summary 1HY 2019

## Broadly in line with expectations

### Market-driven slowdown from record PY level

- Net revenue CHF 770.1 m; -9.7%
- Slowdown in capital goods, automotive markets and China
- Order entry Sheet Metal Processing CHF 450.6 m; -12.4%

### Resilient profitability with stable margin

- EBIT CHF 90.5 m, including gain of CHF 30.6 m from divestment of Glass Processing segment
- EBIT margin adjusted for divestment gain stable at 7.6% of Total revenue
- EPS of CHF 34.76, 66.0% above PY

### High cash position

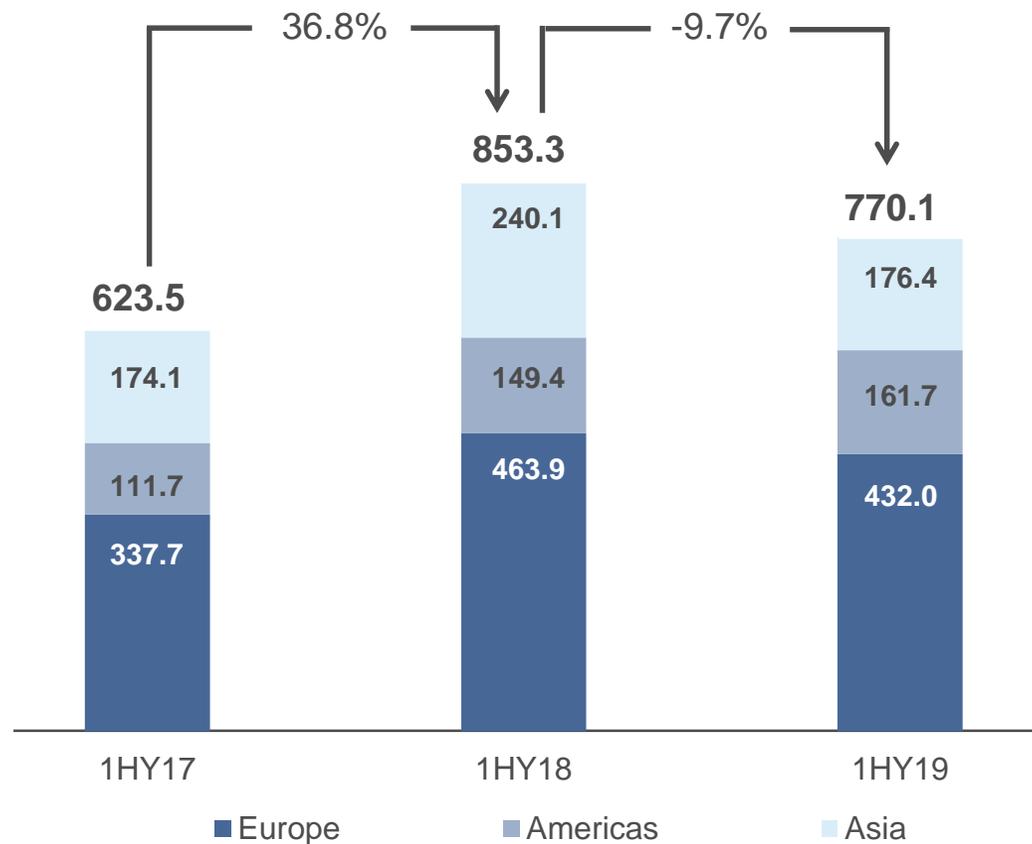
- Free cash flow of CHF 64.5 m in H1
- Cash position at CHF 389.9 m, 7.1% above PY level

Proposal to extraordinary general meeting to return excess cash of CHF 62.1 m to shareholders through special dividend of CHF 30.00 for class A shares and CHF 6.00 for class B shares

# More mixed revenue trend across regions

## Decline in Asia and Europe partly offset by growth in America

Net revenue by region in CHF m



	1HY17	1HY18	1HY19
<b>Growth rates</b>			
Europe	9.6%	37.3%	-6.9%
America	0.2%	33.7%	8.2%
Asia	68.9%	37.9%	-26.5%

	1HY17	1HY18	1HY19
<b>Revenue share</b>			
Europe	54.2%	54.4%	56.1%
America	17.9%	17.5%	21.0%
Asia	27.9%	28.1%	22.9%

Broadening footprint in growth regions remains a strategic priority for the Group

# 1HY 2019

## Key figures

(in CHF m)	1HY19	1HY18	%
Net revenue	770.1	853.3	-9.7%
Operating result (EBIT)	90.5	66.3	36.6%
adjusted <sup>2</sup>	59.9	66.3	-9.6%
EBIT margin adjusted	7.6%	7.6%	0 bp
Group result	78.2	51.1	53.0%
adjusted <sup>2</sup>	47.6	51.1	-6.8%
Earnings per share A (CHF)	34.76	20.94	66.0%
Earnings per share A (CHF) adjusted	19.95	20.94	-4.7%
Net operating assets	542.9	501.3	8.3%
Return on avg NOA (RONOA) <sup>2</sup>	17.3%	20.6%	-320 bp
Operating free cash flow	-10.0	39.4	-
Equity ratio (%)	71.2	67.2	400 bp

- On a comparable<sup>1)</sup> basis, Net revenue -5.6% and EBIT -4.3%
- EBIT margin adjusted stable at 7.6% of Total revenue; for continued businesses 7.7%
- Divestment gain free of tax; EPS favourably impacted by slightly higher financial result, lower tax rate and lower minorities
- Operating free cash flow driven by higher NWC and continued CAPEX programs
- Equity ratio reflecting resilient profitability and divestment gain

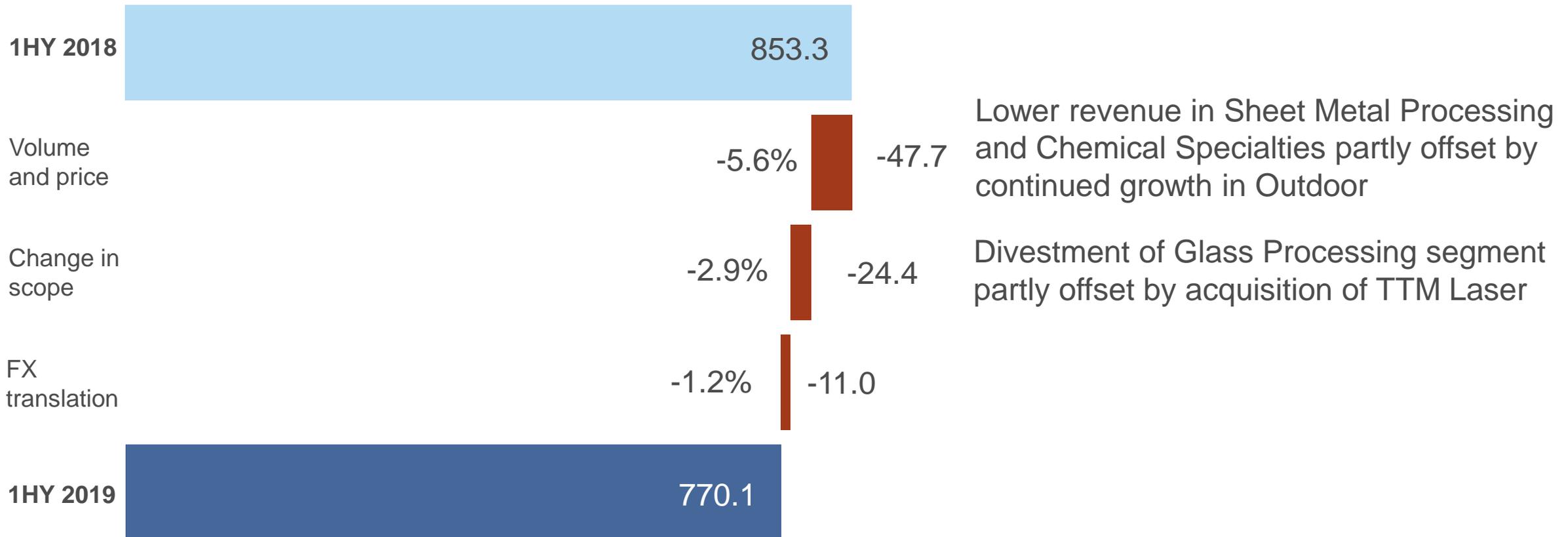
<sup>1)</sup> At a constant exchange rates and adjusted for changes in the scope of consolidation.

<sup>2)</sup> 1HY19 excluding the divestment gain of CHF 30.6 m from the divestment of the Glass Processing segment.

# Group Net revenue

## Headwind from a more challenging operating environment

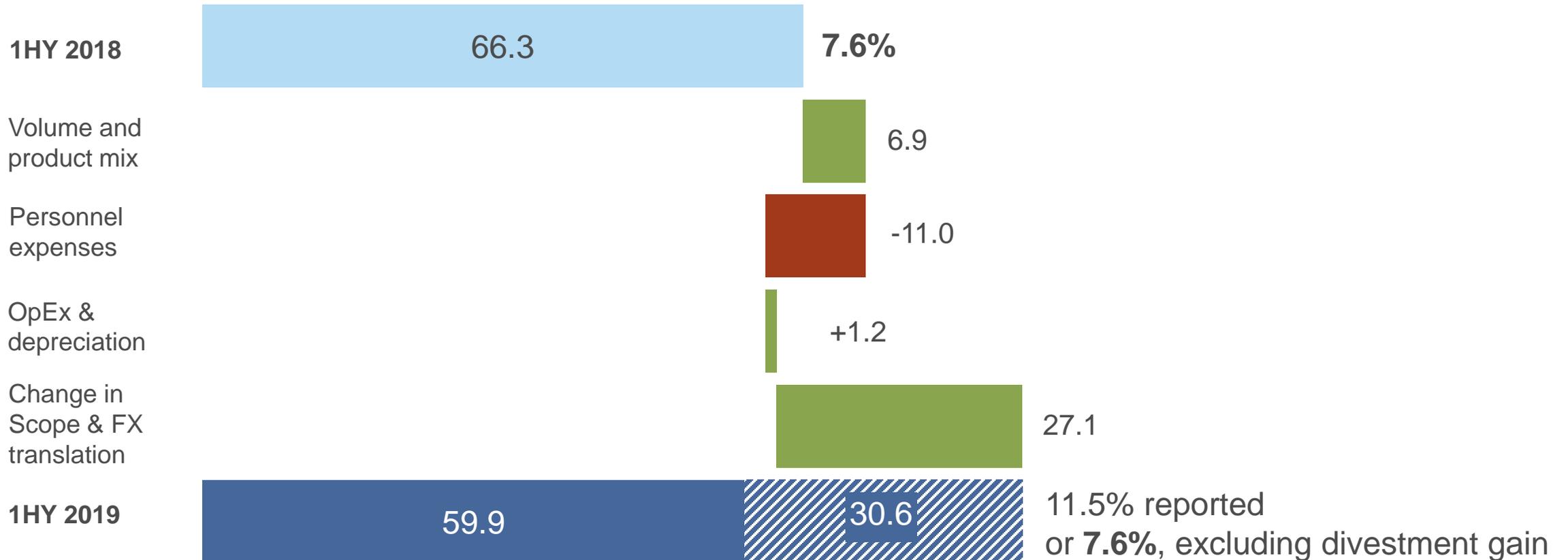
(in CHF m)



# Group EBIT

## Margin on Total revenue stable on an adjusted basis

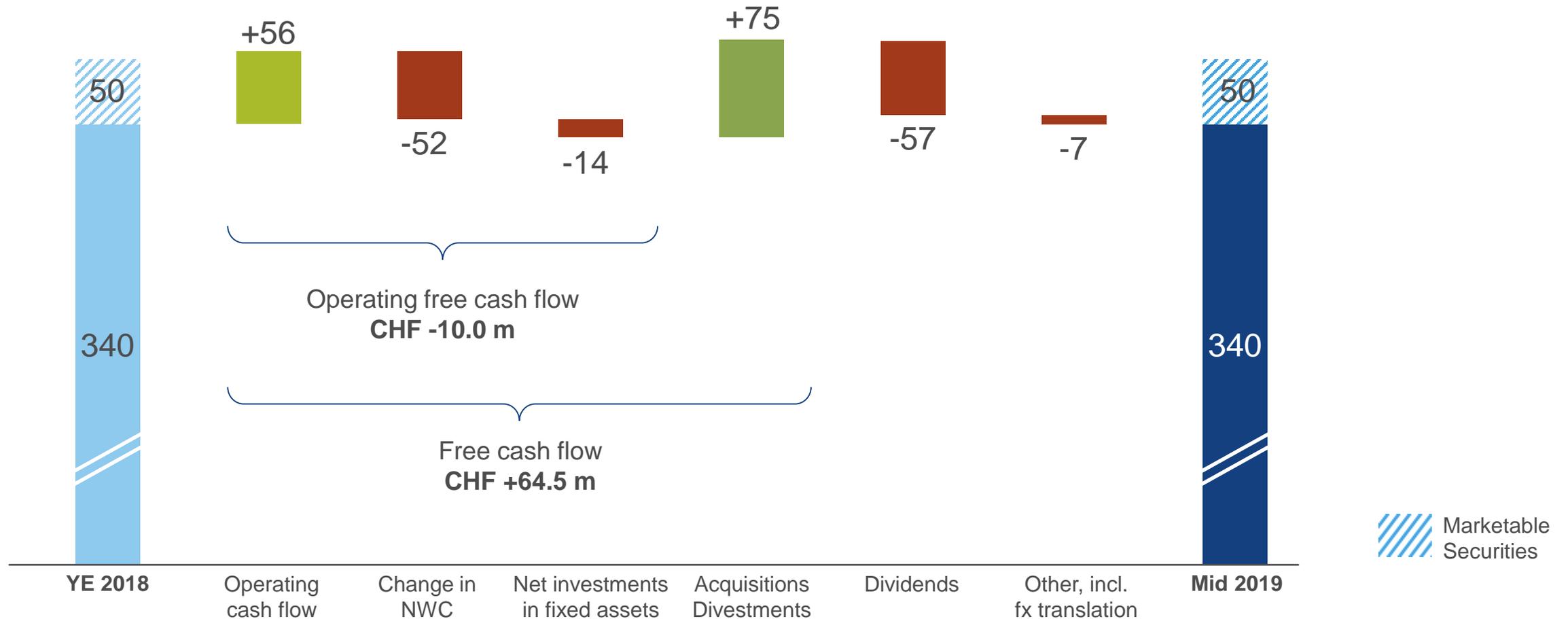
(in CHF m)



# Group Cash position

Stable cash position; dividend payment more than offset by Free cash flow

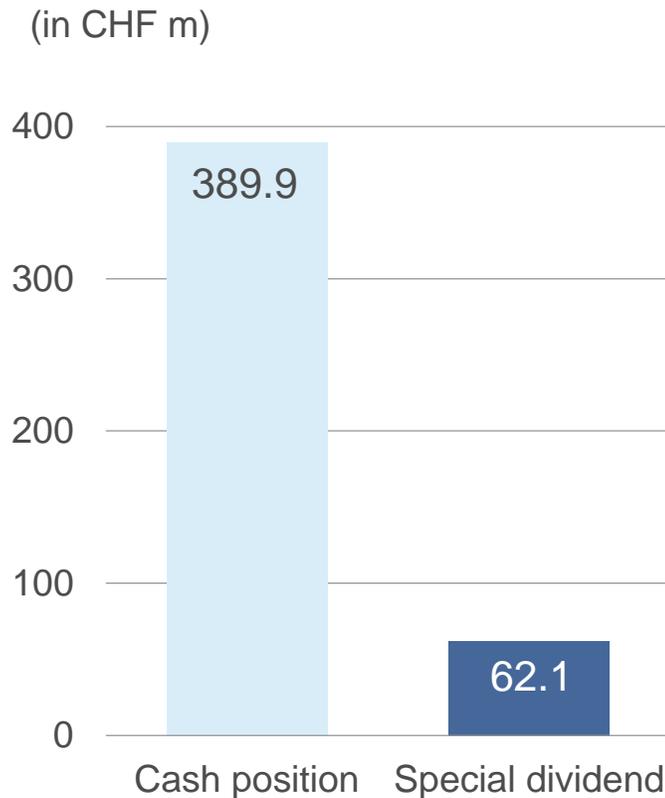
(in CHF m)



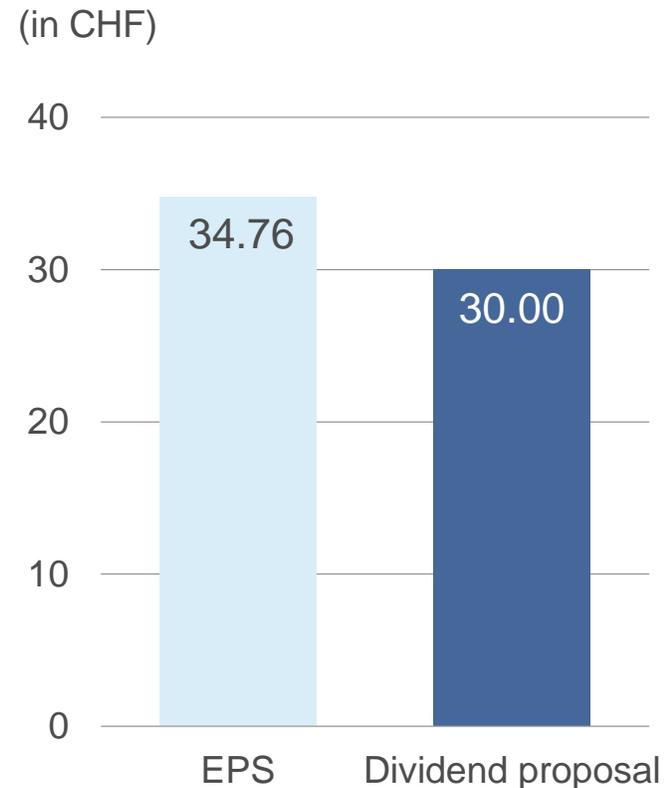
# Proposal for special dividend to extraordinary general meeting

## Return of CHF 62.1 m excess cash to shareholders

### Returns 15.9% of cash position ...



### ... or less than H1 EPS (A share)



Dividend proposal to Extraordinary General Meeting, planned for September 27, 2019: CHF 30 (A share) and CHF 6 (B share)

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## Expected slowdown from high level with maintained strong margin

CHF m	1HY19	1HY18	%
Net revenue	448.6	477.3	-6.0%
Operating result (EBIT)	57.8	62.6	-7.8%
EBIT margin	12.5%	12.5%	0 bp
Net operating assets	239.7	177.6	35.0%



ByStar Fiber flagship product, enhanced with 12 kilowatt laser, new beam shaper function and newly designed cutting head

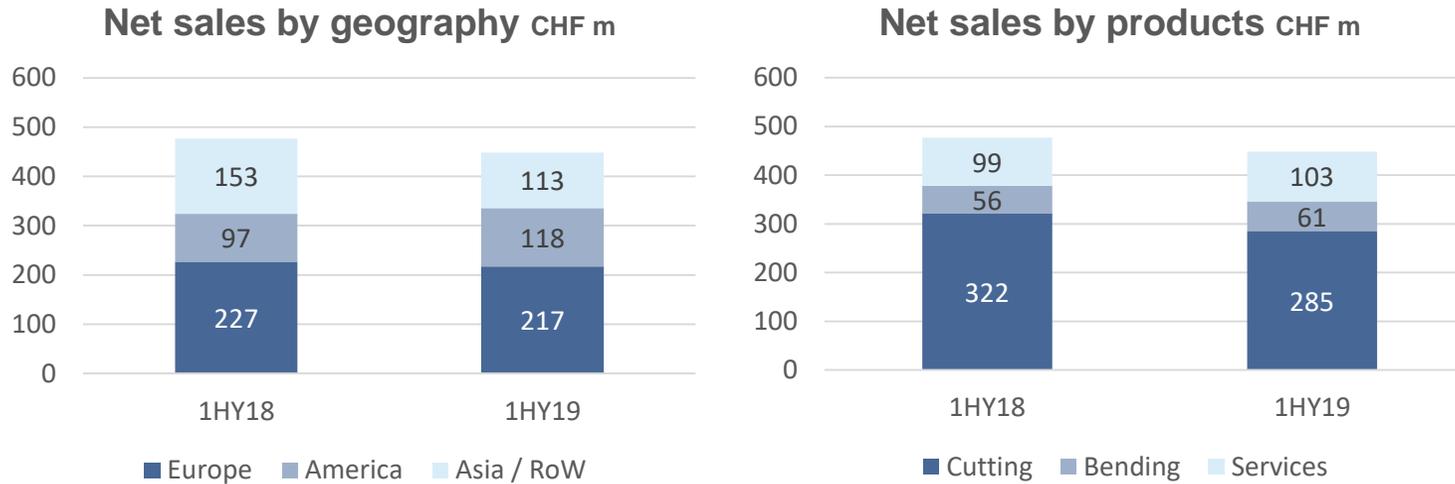
### Operational performance

- Comparable net revenue -6.2%; benefits from CiS (TTM Laser) largely offset by FX
- Overall resilient results from innovative product / solution offering and good cost control
- Order entry -12.4%, reflecting more demanding operating environment, particularly in Asia, and base effect from record H1 2018
- Successful 2019 bi-annual Competence Days in June with >1'000 clients from ~50 countries
- Good progress with CHF 40m CAPEX initiatives for a manufacturing and experience center in the US and for a modernized site in Switzerland

Well positioned to further outgrow market

# Sheet Metal Processing

## Result driven by product segment Cutting in Asia



- Geographies
  - Net sales development driven by 26% decline in Asia, partly offset by 22% growth in America
- Products
  - Lower sales in Cutting, driven by market slow-down, particularly in Asia, and enhanced competitive pressure
  - Higher sales in Services and Bending; sales share from Services now 23%
- Business trend
  - OE and NS in 1H 2019 below 1H 2018, but above 1H 2017

Also see 5 years time series on website

# Sheet Metal Processing

Pushing innovation, including software and automation

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## Laser cutting

- ByStar Fiber up to 12 kW and XXL format
- New cutting head and beam shaper
- BySmart Fiber and new ByTube 130
- Tilt prevention software
- Automated load / unload / storage systems

## Portfolio expansion



BySmart Fiber  
for Bystronic's silver segment



New ByTube 130 as  
additional cutting application

## Bending

- New Xpert Pro for gold segment
- New mobile bending cell with Xpert 40 & 80
- New automated bending cells for silver segment
- Updated robot manager software



New bending cell Smart (with Xact Smart & Xpress)

## Improved margin despite volume loss

CHF m	1HY19	1HY18	%
Net revenue	181.4	202.8	-10.5%
Operating result (EBIT)	8.6	9.2	-6.4%
EBIT margin	4.8%	4.6%	20 bp
Net operating assets	165.8	188.3	-12.0%



### Operational performance

- Comparable net revenue –9.3%
- Adverse revenue trend across market segments and regions, driven by challenging automotive markets in Asia and Europe, as well as business realignment in America within FoamPartner business unit
- Lower input costs and operational progress at FoamPartner, offset by adverse product mix development and higher raw material cost at Schmid Rhyner

Efforts on track to regain revenue and to further improve profitability towards margin potential

# Deep dive FoamPartner 1/2

## Operational progress and push of innovation

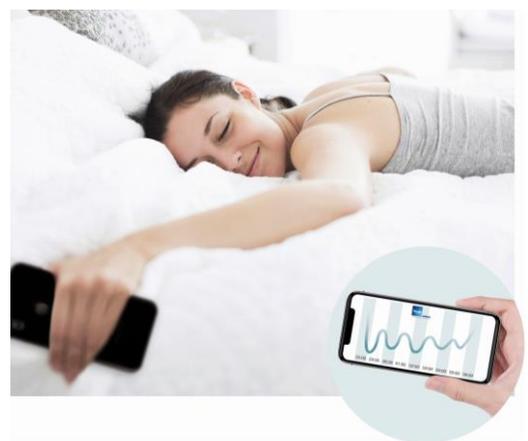
**3M Service Award for  
polishing pads (Specialties)**



**New converting center  
(Duderstadt site; opening 2020)**



**Digital sleeping solutions  
(Living & Care)**



**Low-emission headliners  
(Mobility)**



- Adverse impact from volume loss mitigated by lower raw material costs with net impact at EBIT level of CHF ~0.8 m
- FP average weighted RM price index for 1HY 2019 ~15% below 1HY 2018
- Tangible results from BEX initiatives, e.g. “Service Award 2018” from leading client for optimized supplier performance; ensure continuous improvements across “NEW” FoamPartner
- CHF 15 m CAPEX program to optimize european manufacturing footprint on track, e.g. new converting center in Duderstadt under construction
- Continue to push product innovation and application development to enhance value creation, e.g. smart mattresses for Living & Care, ceramic filter foams for Specialties and prepolymer technology for Mobility

# Deep dive FoamPartner 2/2

~50% of sales in Chemical Specialties from automotive



## Automotive Rolls

Leading position with high-quality flexible foam rolls used in vehicle interiors (headliners, door panels, pillars etc.)



## Systems

Growth opportunities with customized 2-component PUR foam systems (integral skin and flexible foam systems)



## Acoustic & Thermal Solutions

Niche position with expert knowledge about sound absorption and noise protection

## Transformational industry challenges

- New trade barriers with impact on supply chains
- Ambitious emission regulations & new test standards
- Change in powertrain mix; e-mobility
- Autonomous driving, car-sharing, connectivity

## Assessment / implications

- Demanding environment, but global light vehicle production expected to grow
- FoamPartner with growth opportunities, particularly in Asia and America
- Need to meet evolving requirements, e.g. indoor air quality and safety, «feel good» experience in passenger cell, energy-efficient solutions for e-cars

Established tier 2 / 3 supplier – close collaboration with OEM's and expertise along value chain

Foster innovation in line with future trends by leveraging on existing customer proximity

# Outdoor

## Growth with further margin recovery

CHF m	1HY19	1HY18	%
Net revenue	117.9	111.1	6.2%
Operating result (EBIT)	-5.3	-6.4	17.7%
EBIT margin	-4.5%	-5.8%	130 bp
Net operating assets	134.6	115.3	16.7%

### Operational performance

- Comparable net revenue +6.9%
- Growth across all regions and all channels from elevated PY level
- Gross margin up by ca. 350 bp yoy
- EBIT margin up by 130 bp, i.e. seasonally weaker 1HY result with further improvement
- Implementation of 5 year strategic plan on track; increase of cost base to build critical capabilities and renewal of collection largely completed
- Continued push to drive digitalization at all levels and for internationalization



Well positioned to achieve strategic goals and to further improve profitability

## 5 year strategy program – progress update



### Progress update 1H 2019

- Continued to develop digital business, opened new own web shops in France and Norway and started cooperation with additional marketplaces
- Further optimized MBS network, now 68 stores: Opened 2 stores in Shanghai and 1 in Lucerne; opened Andermatt as point of experience; closed 6 stores in Korea; reworked 4 additional stores under new store concept
- Reshaped focus on North America with new team and new distribution strategy, including own web shop
- Instilled further organizational programs and excellence to strengthen worldwide operations
- Further pushed product innovation, launched Mammut Connect with NFC technology; won 3 ISPO awards, including “Product of the Year” for the ‘SOTA’ jacket

# Outdoor Collection renewal largely completed

## Award-winning product innovation



Flextron – shoe sole for slower fatigue



PHASEknit – stretchable textile for Sota Jacket

Increased style efficiency by ~90% and close to 100% collection renewal over the last 2 years

## Continued gross margin expansion

- Product strategy with premium positioning, innovation and enhanced focus, resulting in significant increase of style efficiency
  - Numerous award winning products
  - Increased price points across product categories by ~10%
  - # of styles reduced by ~30% yoy
- Favorable channel shift ongoing; H1 sales from digital channels up by >50%, with further upside potential from low level of CHF 9.3 m per mid 2019

Gross margin expected to further improve with enhanced excellence across channels

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## **Outperform markets for leading positions**

- Differentiated steering of a diverse business portfolio. Group priorities remain: Market orientation, business excellence, people development, internationalization

## **Demonstrate resilience in a more challenging environment in 2019**

- Continuous investments in innovation and market presence; consistent implementation of action plans across business units with strict cost control

## **More decentralized management to accelerate business development**

- Introduction of dedicated teams for business units to drive operational and strategic progress and to promote client focus, agility and value creation

Given geopolitical and macroeconomic uncertainties with increased signs of economic slowdown, we now expect for the continued businesses 2019 net revenue slightly below previous-year level, but continuously with profitability at EBIT level more broadly supported across segments and with a slightly improved EBIT margin for the Group

# Q&A

Thank you very much  
for your time.

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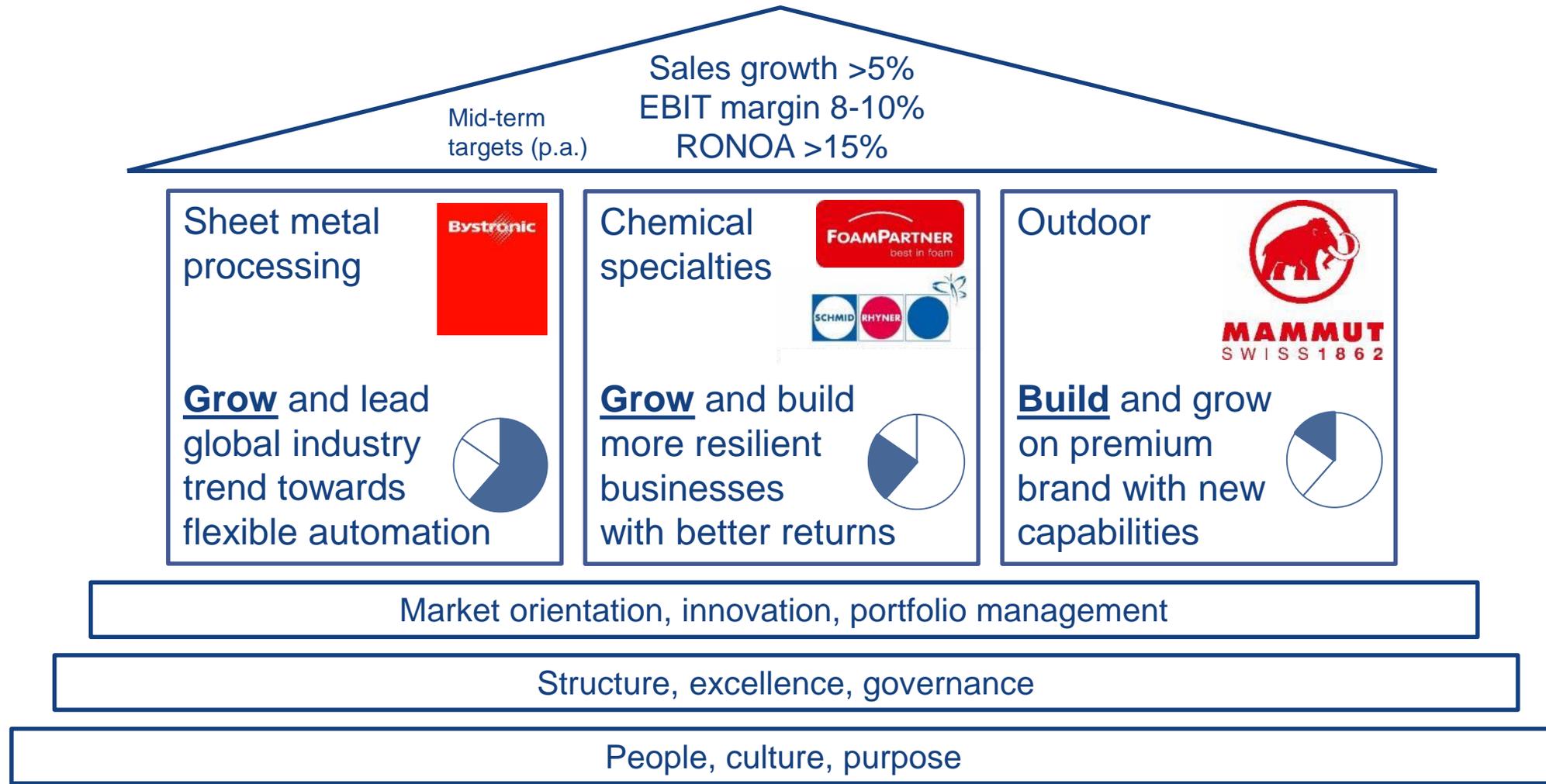
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**Ticker symbols**  
Valor 24401750  
ISIN CH0244017502  
SIX Swiss Exchange CON  
Reuters CONC.S  
Bloomberg CON:SW

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# Conzzeta position and financial aspiration

## Innovation, market orientation and an entrepreneurial spirit



# Base effect from strong 1HY2018

(in CHF m)	1HY16	2HY16	2016	1HY17	2HY17	2017	1HY18	2HY18	2018	1HY19
Net revenue	522.7	687.4	1'210.0	623.5	859.3	1'482.8	853.3	928.9	1'782.2	770.1
Total revenue	543.0	667.8	1'210.8	658.6	842.3	1'500.9	875.8	920.8	1'796.7	787.7
EBIT	26.2	58.2	84.4	38.3	84.9	123.2	66.3	80.5	146.8	90.5
in % of TR	4.8%	8.7%	7.0%	5.8%	9.0% <sup>2</sup>	7.6% <sup>2</sup>	7.6%	8.7%	8.2%	7.6% <sup>1</sup>

<sup>1</sup> Excluding capital gain of CHF 30.6 million from the divestment of the Glass Processing segment as of April 1, 2019.

<sup>2</sup> Excluding capital gain of CHF 8.8 million from the divestment of the US joint venture as of July 1, 2017.

- Traditional pattern with HY2 revenue > HY1 revenue impacted by recent M&A activity
- 1HY18 revenue almost at 2HY17 level, driven by strong organic and / or acquisitive growth in Sheet Metal Processing and Chemical Specialties segments

## 1HY19 vs 2HY18

Net revenue -17.1%

EBIT +12.4% (adjusted<sup>1</sup>) -25.6%

# Income statement

(in CHF m)	1HY19	1HY18
<b>Net revenue</b>	<b>770.1</b>	<b>853.3</b>
Inventory and own work capitalized	17.6	22.5
<b>Total revenue</b>	<b>787.7</b>	<b>875.8</b>
Other operating income	36.6	4.5
Material expenses	-365.8	-444.1
Personnel expenses	-198.3	-193.9
Other operating expenses	-151.0	-159.3
Depreciation	-18.6	-16.7
<b>Operating result (EBIT)</b>	<b>90.5</b>	<b>66.3</b>
Financial result	1.4	0.1
Income taxes	-13.7	-15.3
<b>Group result</b>	<b>78.2</b>	<b>51.1</b>
Minorities	6.4	7.8

# Balance sheet

(in CHF m)	1HY19	1HY18
Cash, cash equivalents and securities	389.9	364.1
Receivables	264.5	278.5
Prepaid expenses and accrued income	15.5	11.8
Inventories	327.2	335.8
Property, plant and equipment	257.7	242.9
Financial assets	69.0	66.5
Intangible assets	22.1	14.6
Short-term liabilities	329.6	378.4
Long-term liabilities	57.8	52.6
Shareholders' equity	958.6	883.2
<b>Total assets</b>	<b>1'345.9</b>	<b>1'314.2</b>

# Cash flow statement

(in CHF m)	1HY19	1HY18	▲
<b>Cash flow from operating activities before change in net working capital</b>	<b>56.4</b>	<b>67.5</b>	<b>-11.1</b>
Change in net working capital	-51.9	-21.9	-30.0
<b>Cash flow from operating activities</b>	<b>4.5</b>	<b>45.6</b>	<b>-41.1</b>
Net investments in property, plant and equipment and intangible assets	-17.9	-15.9	-2.0
Net investment in financial assets without securities	3.4	9.7	-6.3
<b>Operating free cash flow (OPFCF)</b>	<b>-10.0</b>	<b>39.4</b>	<b>-49.4</b>
Change in scope	74.5	-27.4	101.9
<b>Free cash flow</b>	<b>64.5</b>	<b>12.0</b>	<b>52.5</b>

2019		
August 9	Publication of half-year results 2019, incl Conference Call	Conzzeta
September 3	Roadshow Paris	Kepler Cheuvreux
September 19	Investora Conference, Zurich	Investora
September 27	Extraordinary General Meeting, Zurich	Conzzeta
October 16	9M Trading Update	Conzzeta
October 16	Roadshow Frankfurt	
October 17	Roadshow London	
October 22 - 25	Roadshow Boston / New York	
October	Roadshow Geneva	
November 7	The Swiss Equity Conference, Zurich	ZKB
November 15	Swiss Mid Cap Conference, Zurich	Credit Suisse
2020		
January 16 - 17	Swiss Equities Baader Conference, Bad Ragaz	Helvea
February 5	12M Trading Update	Conzzeta
March 17	2019 Results & Media / Analyst Conference, Zurich	Conzzeta
April 20	Annual General Meeting, Zurich	Conzzeta

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