

# Investor Update

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Bad Ragaz, January 11, 2018

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

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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.

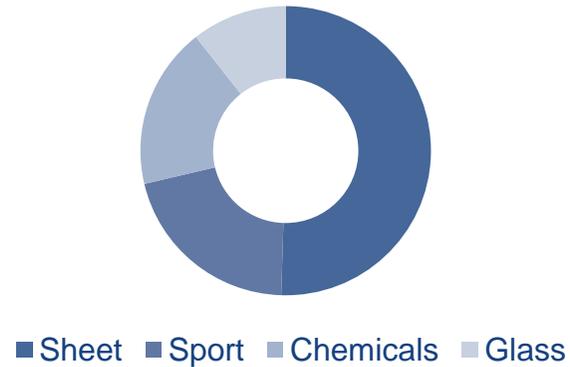
## 1. Group overview

## 2. Sheet Metal Processing

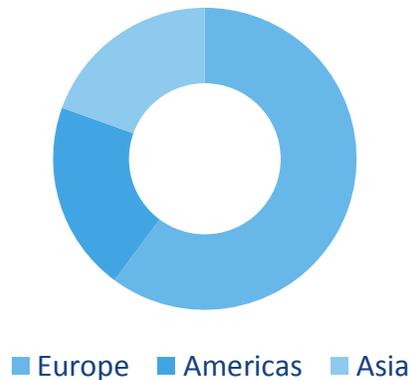
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# Conzzeta – initial CEO assessment early 2016

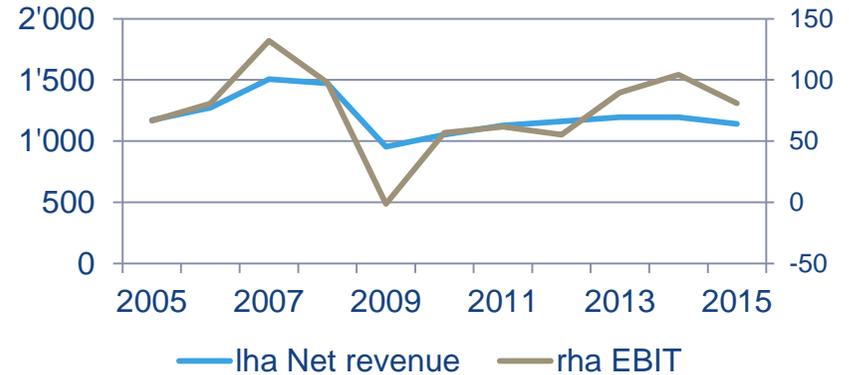
Net revenue by segment<sup>1)</sup>



Net revenue by region<sup>1)</sup>



Financial trend CHF m



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

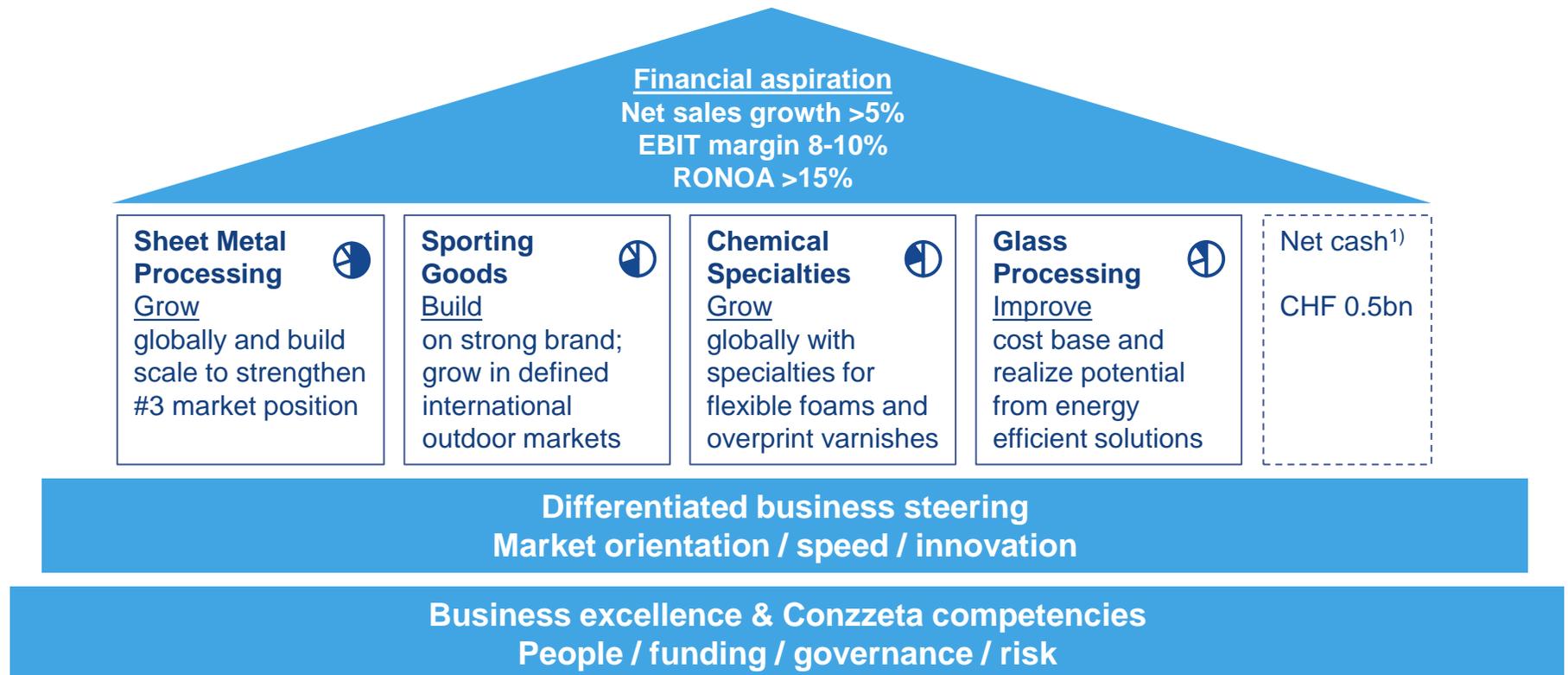
## CEO priorities

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

<sup>1)</sup> As per end 2015

# Position and aspiration

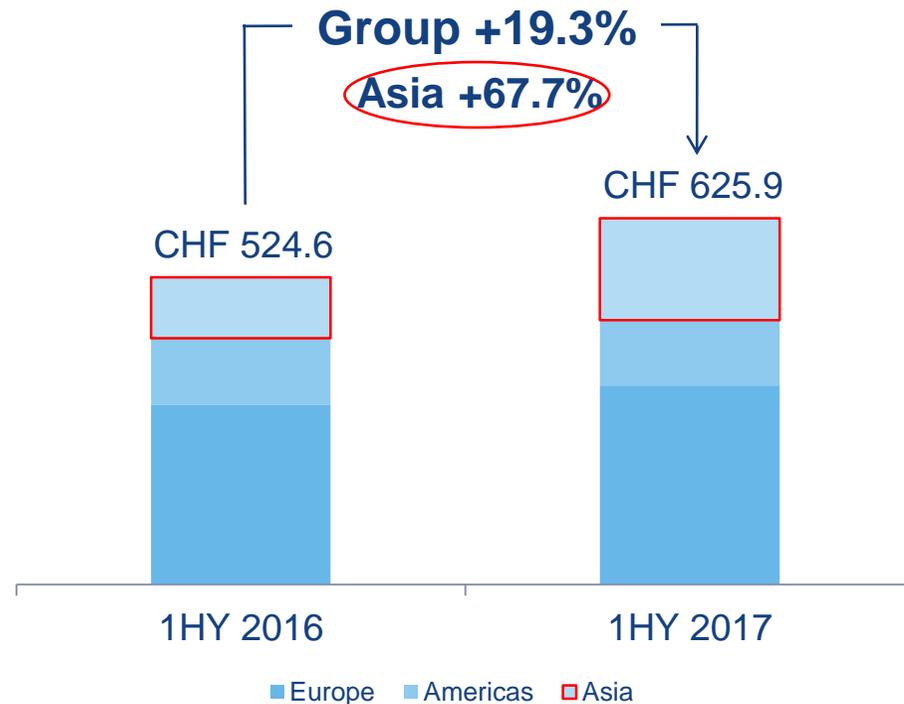
**Swiss mid cap industrial portfolio  
with entrepreneurial anchor shareholders  
operating in attractive global markets  
with focus on value creation and dividend**



<sup>1)</sup> As per 1HY 2017

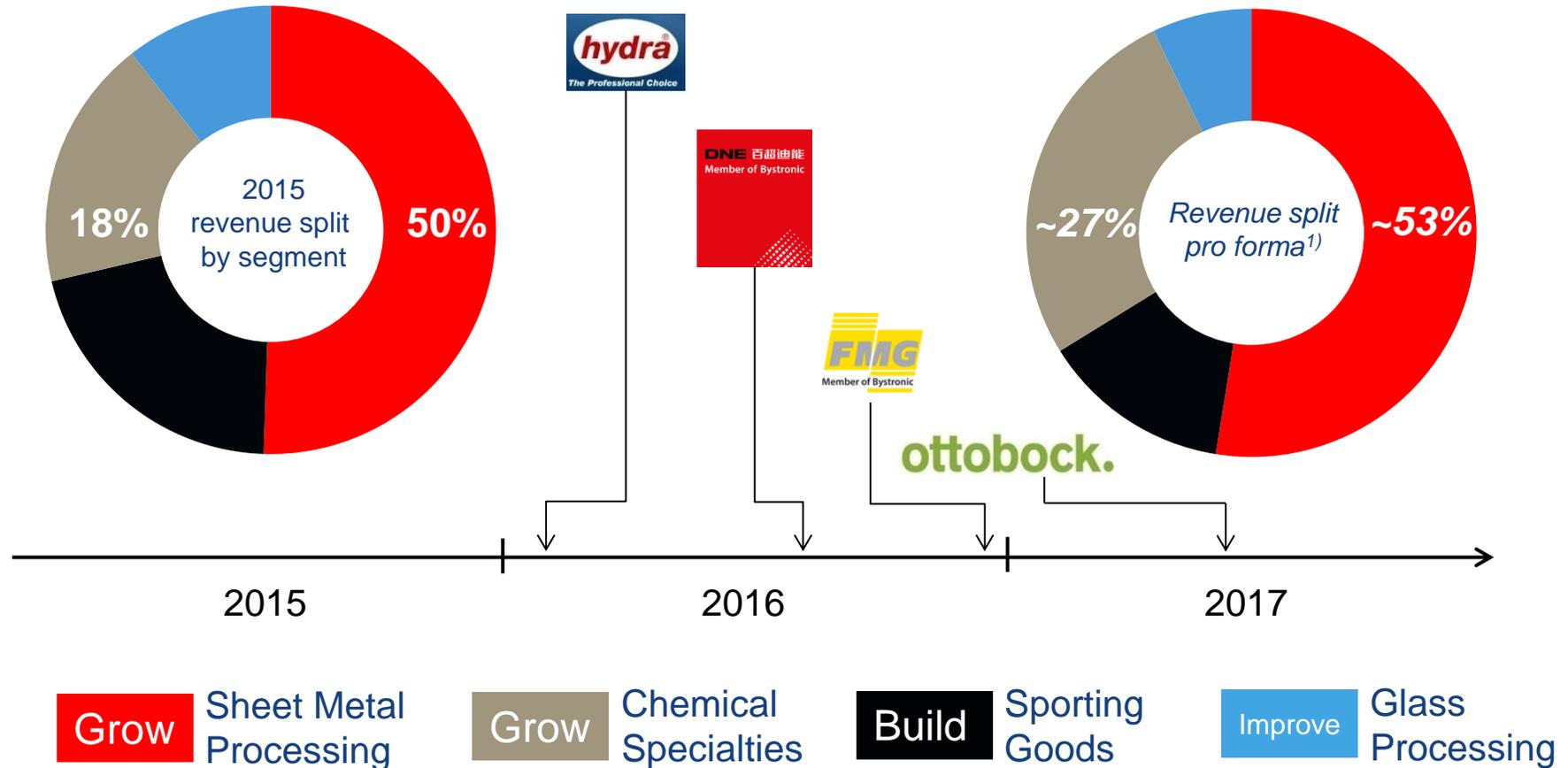
# Internationalization – growth plans in Asia with measurable results

## 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



<sup>1)</sup> Conzzeta 2017 HY revenue annualized, plus OB 2016 revenue

# 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 & financial outlook for FY 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

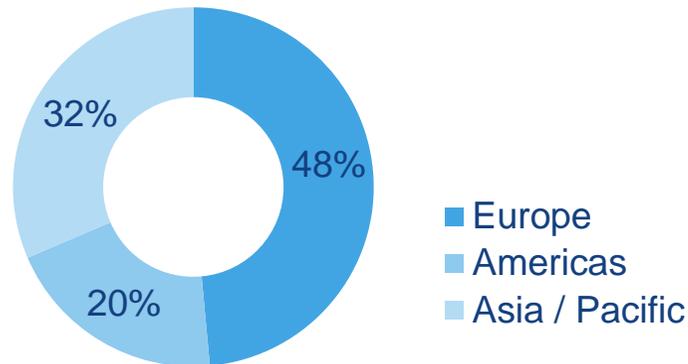
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## 1. Group overview

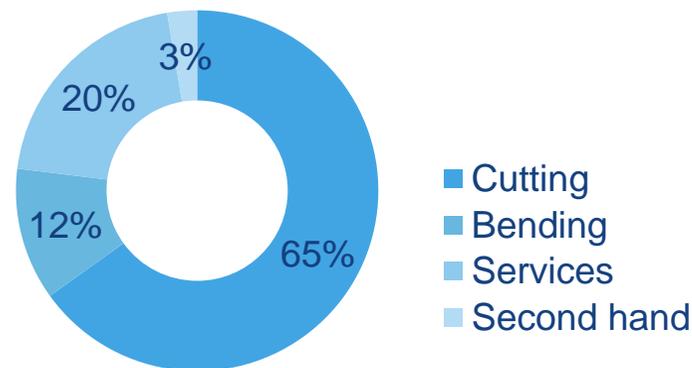
## 2. Sheet Metal Processing

# Sheet Metal Processing business profile

## Net revenue by region<sup>1)</sup>

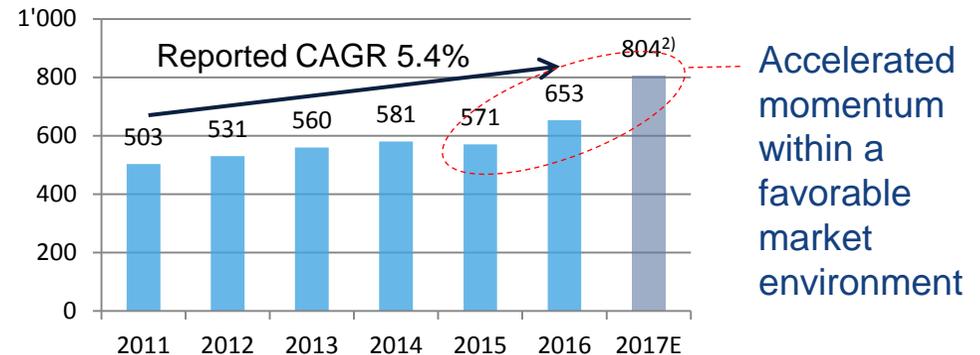


## Net revenue by business segment<sup>1)</sup>



<sup>1)</sup> 1HY 2017

## Net revenue trend (CHF m)



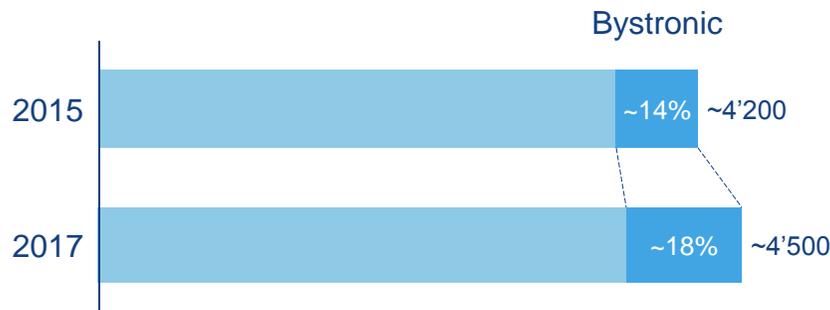
## Market volume and customer structure

- Market volume CHF ~6 bn, of which CHF ~4.5 bn accessible
- Customer structure
  - 80% job shops, 20% OEMs
  - Diversified across industry sectors
  - No customer with >1% of Net revenue

<sup>2)</sup> Analyst consensus

# Realizing growth potential within a broadened accessible market

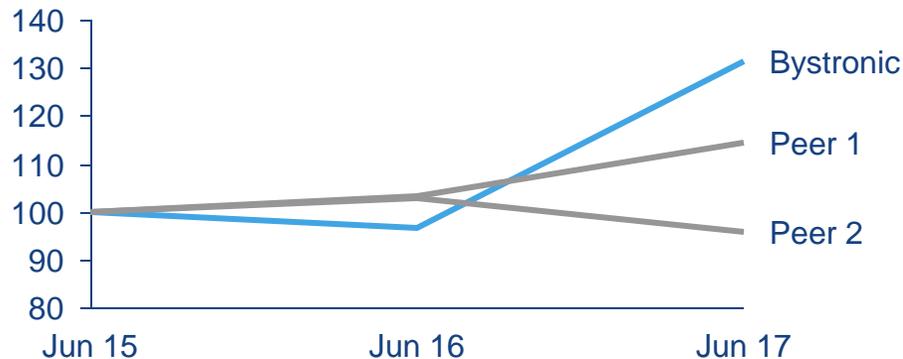
## Accessible market<sup>1)</sup> (CHF m)



## Enhanced market potential organically and through M&A

- Accessible market up by CHF ~300m, driven by initiatives, partly offset by continued price pressure
- Initiatives: I) Product innovation, II) Client segmentation, III) Market development

## Net revenue development vs top peers<sup>2)</sup>

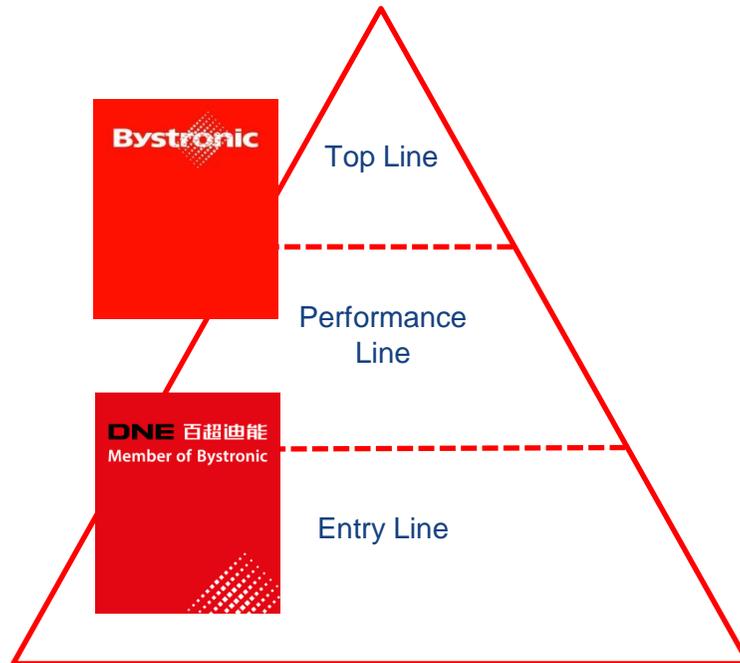


## Continued strong growth momentum

- Reported 1HY 2017 net revenue of CHF 366.3 m, up 42.6% (or 24.8% organic, at constant fx rates)
- Outperforming top 2 competitors

<sup>1)</sup> Source: Bystronic Market Research; <sup>2)</sup> As reported, indexed, in local currency

# Growth 1/2: Product innovation and client segmentation



Fully integrated production cells with high performance laser cutting machines / bending robots / storage



Stand-alone laser cutting machines with enhanced performance (up to 6 KW) and automation; innovative bending solutions

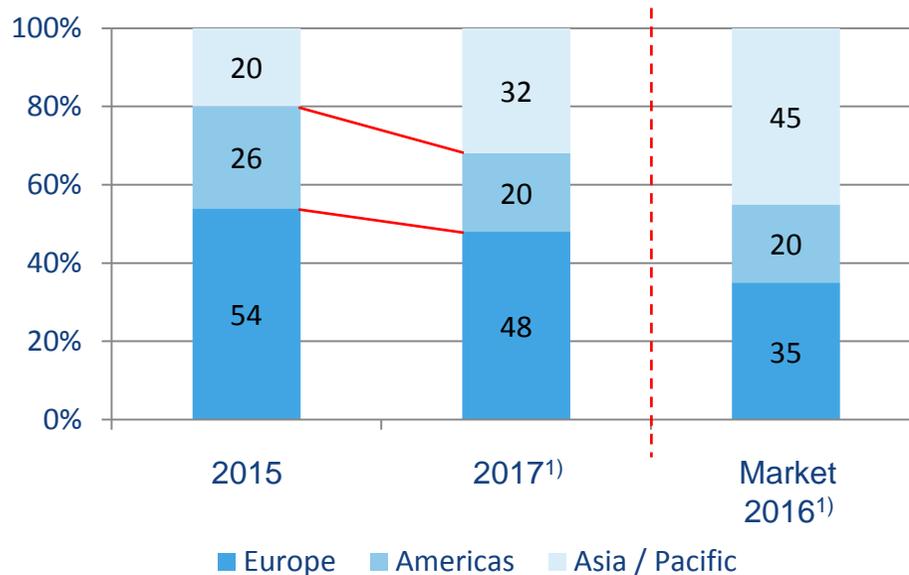


Stand-alone laser cutting machines with low to mid performance (up to 4 KW)

# Growth 2/2: Market development

## Development of regional revenue split

Driving continued internationalization to better align footprint to accessible market potential



<sup>1</sup> Bystronic 1HY17 annualized

<sup>2</sup> Bystronic Market Research; laser cutting only, based on Optech

## Building a resilient global footprint

OPEX and CAPEX investments to capture growth opportunities globally and to reduce dependency from regional cycles

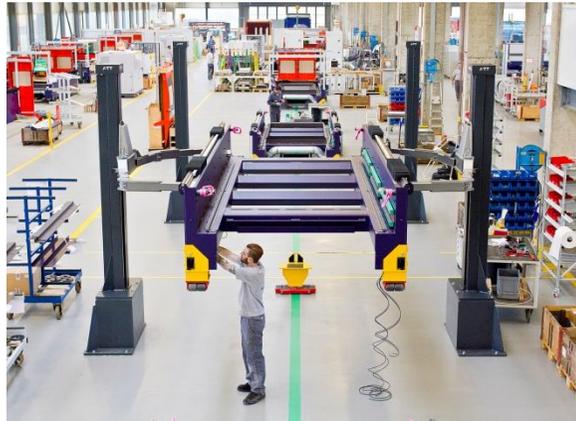


New sales & service organizations, mainly in Asia / Pacific (e.g. China, Japan, Australia)



2018 / 2019 new experience & assembly center in the US

# Continuous efforts to improve operations and productivity



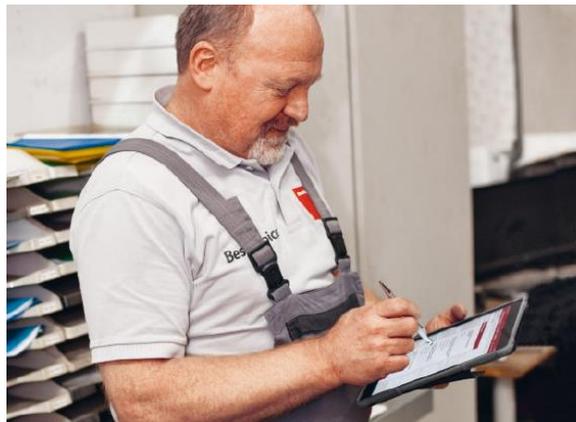
2015 / 2016 Niederönz (CH):  
Lean production laser cutting



2016 Gotha (D):  
Lean production bending



2016 / 2017 Tianjin (PRC):  
Consolidation & lean production



2016 ongoing: Excellence  
in Sales & Services



2017 – product portfolio:  
Exit (new) Waterjet business



2018 / 2019 Niederönz (CH):  
Modernization production site

# Consistent strategy execution

## Digital Transformation

1

- Industry 4.0
- MES
- New services

## Integrated Solutions

2

- One piece flow
- Production cells
- Robots / automation

## Technology Leadership

3

- Own components
- Platforms, standards
- Market segmentation

## Growth Plans

4

- Market initiatives
- Key Accounts
- Financing Solutions

## Business Excellence

5

- Talent management
- Lean operations
- Commercial Excellence

## M&A

6

- Capitalize on DNE & FMG
- Identify new targets



Mobile information in real time for remote machinery control and productivity increase



Augmented reality to enhance effectiveness of technical client support on site

Build on solid top 3 global position within served market – strive for above market growth organically and through bolt-on M&A; maintain solid profitability

## Q & A



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