

Half-year 2024 results

Zurich, July 19, 2024

Domenico Iacovelli, CEO
Beat Neukom, CFO

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Business review and first impressions

Domenico Iacovelli

Financial review

Beat Neukom

Outlook

Domenico Iacovelli

Q&A

Domenico Iacovelli
Dr. Heinz O. Baumgartner
Beat Neukom



About



Born 1976



Swiss national



20 years of experience in the sheet metal industry



Started his career as software engineer



Was CEO of Schuler AG in one of his last positions



Was a member of the Executive Committee at listed ANDRITZ group



Joined Bystronic in June 2024 and took over the responsibility as CEO as of July 2024

First impressions



Onboarding

- Joined on June 1 and in charge as CEO since July 1
- Visited all regions and main sites – USA, China, Italy, Germany, Switzerland
- Met key customers and stakeholders



Highlights

- Bystronic spirit
- Highly innovative machines, high-tech business with large market potential
- End-to-end solutions provider with machines, service and software



Focus areas

Customers – reversal of order intake trend and strengthen market position

People – get to know our teams and strengthen key positions

Solutions – strengthen and optimize end-to-end business approach

Operations - review of organizational structures and optimization potential

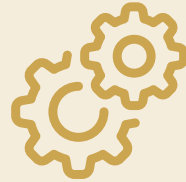


Key figures first half 2024

CHF 304.7m

Order intake

Order intake declines by 27.6%
(-24.5% at constant exchange
rates)



CHF 330.9m

Net sales

Net sales down 29.3%
(-26.3% at constant exchange
rates)



CHF -23.0m

EBIT

Loss due to low sales volumes
- EBIT of CHF 25.3m last year



-15.2%

RONOA

vs. 12.5% in H1 2023



CHF -26.9m

Operating free cash flow

vs. CHF -34.4m in H1 2023



CHF 303.7m

Cash and securities

Strong balance sheet with
equity ratio of 70.0%



Insights into current market dynamics – weak development in key sectors affects our order intake

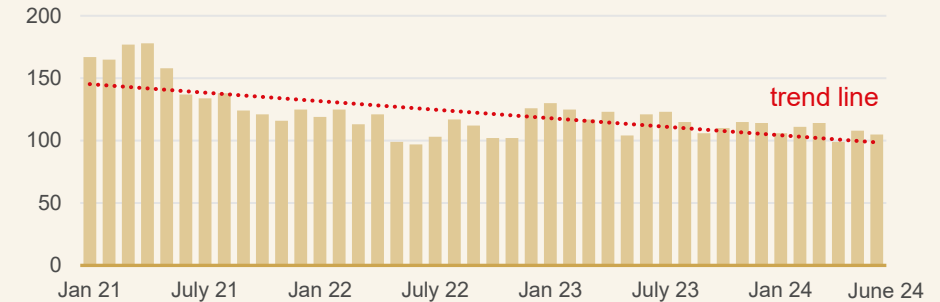


Customers in various industries are cautious...

- Many sector with declining demand
- Customers are not operating at full capacity and consequently are cautious to invest in new equipment
- Customers tend to wait for lower interest rates and therefore better financing conditions.
- Other than expected – no signs for a recovery yet

AG ECONOMY BAROMETER

Index via a survey of producer – sense of the health of agriculture economy in the US



... even in often more stable sectors such as agriculture

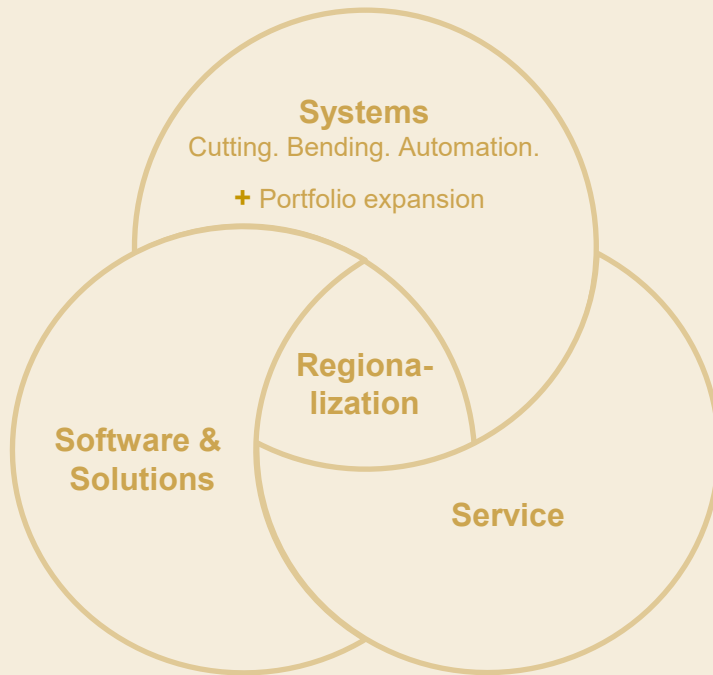
- Agriculture as a key end market for our business, especially in the Americas
- As many OEMs are not operating at full capacity, they increasingly insource parts of the production – to the disadvantage of many job shops
- Low corn price reflects trend for declining market



We have to strengthen our exposure to other fast-growing end-markets

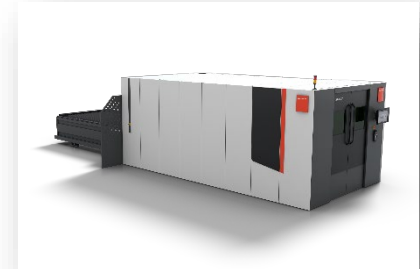
Source: Ag Economy Barometer from Purdue University

Commercial progress in the first half 2024



Systems

- Strengthen our portfolio in the lower silver segment with the launch of the new ByCut Eco and Nova
- Strengthen project execution capabilities in our solutions business and reduce project deviations



Launch of our new ByCut Eco

Service

- Lower utilization of customer machines leads to lower demand and customers delay service due to economic uncertainty
- Sales from slightly below previous year



34% of sales from service business

Software & solutions

- Increased demand for complex automation solutions
- Software business to open up new markets such as Australia and United States



Strengthen end-to-end solutions

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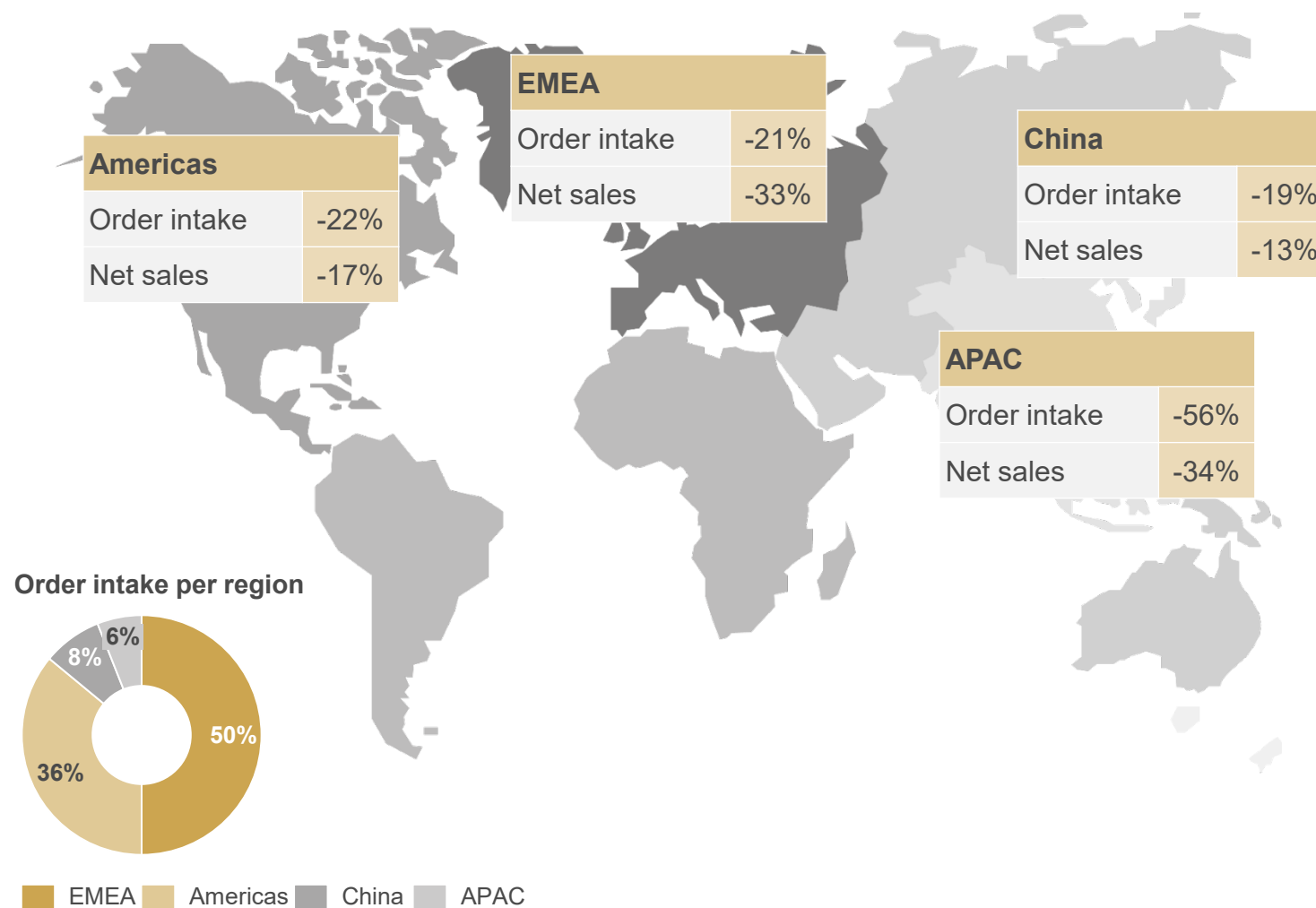
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Continued weak market environment in all regions



Growth rates in the tables at constant exchange rates

Regions

- **EMEA:** weak development across market – but some sequential improvements quarter-over-quarter
- **Americas:** weaker Q2 in light of increasing uncertainties, also ahead of US elections and high interest rates
- **China:** continued weak momentum and highly-competitive
- **APAC:** slowing demand in key markets such as Korea

Actions taken

- Some pricing flexibility offered and dedicated marketing campaigns
- Close support and monitoring of sales activities
- Preparation for the upcoming launch of our new ByCut Eco and Nova
- Further analysis of the overall organizational structure

Strong negative leverage impact: lower sales volumes result in a loss

in CHF million	H1 2024	H1 2023	
Net sales	330.9	468.3	Sales decline of 29% - due to weak demand and normalized level of backlog
Other operating income	2.2	1.8	
Material expenses + changes in inventories <i>in % of sales</i>	(134.9) (40.8%)	(198.7) (42.4%)	Improved gross margin from segment mix impact (service vs machines) and favorable material expenses, offset by unfavorable mix within laser segment
Personnel expenses <i>in % of sales</i>	(122.9) (37.1%)	(131.1) (28.0%)	Further reduction of FTEs; ~300 (8%) compared to end of June 2023, across all functions in the organization
Other operating expenses <i>in % of sales</i>	(88.1) (26.6%)	(104.8) (22.4%)	16% reduction of operating expenses; variable and structural reductions
Depreciation and amortization <i>in % of sales</i>	(10.2) (3.1%)	(10.2) (2.2%)	
Operating result (EBIT) <i>in % of sales</i>	(23.0) (6.9%)	25.3 5.4%	Cost saving initiatives not able to compensate for large negative operating leverage. Substantially lower sales and overcapacity in production.
Financial result	1.9	(0.1)	Improved interest rates
Result before income taxes	(21.0)	25.2	
Taxes	0.2	(5.5)	
Net result	(20.8)	19.8	

Update from our cost optimization program

		Details	Measures taken
Structural	 Organization	• Reduce management layers and increase span of control	 Optimized leadership structures in EMEA and APAC
		• Reduce overhead	 Reduced FTEs in various admin functions
		• Establish readiness for next economic upswing	 Ongoing
	 Efficiency	• Efficiency gains in procurement, new product design and focused sales incentives	 Lower than expected gains due to lower procurement volumes
		• Leverage capabilities of our near-shore Center of Excellence • Optimize and streamline back-office processes	 Further transfer tasks to CoE and standardize processes
Volume-related	 Resources	• Short-term work in production and related functions	 Continued short-term work in Switzerland
		• Optimize service and installation capacities	 Optimization of service capacity

One-off costs of CHF 2 million realized in the first half 2024

Continued strong balance sheet provides stability in a challenging environment

in CHF million	June 30, 2024	Dec 31, 2023
Cash and securities	303.7	348.8
Trade receivables	110.5	117.5
Inventories	244.4	237.9
Other current assets	58.2	57.3
Fixed / intangible assets	134.2	135.2
Other non-current assets	129.1	127.4
Total assets	980.1	1,024.1
Trade payables	39.6	52.2
Advance payments from customers	102.5	95.3
Other liabilities	152.4	146.0
Total liabilities	294.5	293.5
Total equity	685.6	730.6
Total equity and liabilities	980.1	1,024.1
Net Operating Assets (NOA) ¹	308.7	291.0

Cash: Lower liquidity due to negative operating free cash flow and dividend payment

Inventories: some build-up due to higher semi-finished products and some systems close to completion

Advance payments:
2nd or 3rd payment received from projects closer to hand-over

As a result, **NOA** slightly higher

RONOA negative with -15.2% due to loss (vs. 12.5% in H1 2023)

¹ Excludes Mammut Vendor Loan (to be repaid in January 2027 the latest)

Operating free cash flow impacted by negative net result

in CHF million	H1 2024	H1 2023
Net result	(20.8)	19.8
Depreciation and amortization	10.2	10.2
Increase/decrease in:		
inventories	3.3	(23.0)
trade receivables	11.7	(3.8)
advance payments from customers	2.6	(11.5)
trade payables	(12.1)	(3.3)
Other items	(14.5)	(15.8)
Cash flow from operating activities	(19.6)	(27.4)
Investments in fixed and intangible assets	(7.3)	(6.7)
<i>in % of sales</i>	2.2%	1.4%
Other investments / divestments	0.1	(0.3)
Operating free cash flow	(26.9)	(34.4)

Cash flow development

- Negative cash flow performance due to insufficient sales to cover cost base
- Net working capital at the same level as of Dec 31, 2023
- CapEx / depreciation ratio of 58%



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Continued weak market environment and limited visibility



Remarks

- No signs of market recovery: continued weak demand expected, especially in key sectors such as agriculture
- Focus on measures to move closer to customers, become more efficient and improve customer experience
- Focus on reducing the project deterioration in our new era of end-to-end solutions
- Further implementation of cost optimization program and identification of additional savings potential

Outlook 2024

Market conditions remain challenging, and Bystronic does not expect recovery in the second half of 2024. As a result, the Group expects order intake and sales below previous year levels and accordingly, a significant loss for full year 2024.



Questions & Answers

Appendix

Key figures

in CHF million	H1 2024	H1 2023	Δ in %	Δ in % at CER ¹
Order intake	304.7	420.9	(27.6)	(24.5)
Order backlog	238.5	354.1	(32.7)	(32.3)
Net sales	330.9	468.3	(29.3)	(26.3)
Systems business	220.0	345.5	(36.3)	(33.7)
Service business	110.8	122.9	(9.8)	(5.5)
Operating result (EBIT)	(23.0)	25.3	-	-
EBIT margin	(6.9%)	5.4%	-	-
Net result	(20.8)	19.8	-	-
Operating free cash flow	(26.9)	(34.4)	-	-
RONOA (in %)	(15.2%)	12.5%	-	-
Average FTEs ²	3,353	3,629	(7.6)	-

¹ at constant exchange rates

² full time equivalents

Regional performance

	Order intake in CHF million				Net sales in CHF million			
	H1 2024	H1 2023	in %	in % at CER ¹	H1 2024	H1 2023	in %	in % at CER ¹
EMEA	151.6	198.4	(23.6)	(20.7)	150.8	235.8	(36.0)	(33.4)
Americas	110.3	145.7	(24.3)	(21.6)	131.4	164.5	(20.1)	(17.3)
China	25.1	33.5	(25.1)	(19.3)	27.9	34.5	(19.2)	(12.8)
APAC	17.7	43.3	(59.1)	(56.1)	20.7	33.5	(38.1)	(34.0)
Total	304.7	420.9	(27.6)	(24.5)	330.9	468.3	(29.3)	(26.3)

¹ at constant exchange rates

Financial calendar

2024

August 15	Roadshow ZKB Zurich
September 18	Investora conference in Zurich
November 3	ZKB Swiss Equities Conference in Zurich