



Business & Transformation Update Deep Dive: ESG

Michael Staeheli, Head Investor Relations and Corporate Communications
Investora Conference, Zurich, September 24, 2020



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.

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 2019 and half-year results for 2020.

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.

- Business & transformation update and 2020 outlook

- Deep dive: ESG
-

- Q&A
-

- Appendix
-

Implementing new strategic focus on Bystronic

Leading position for global growth and sustainable value creation

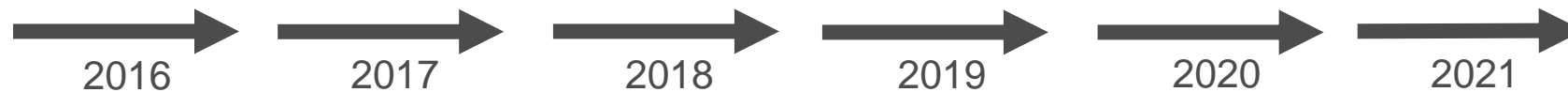
Mammut Swiss 1862: Premium brand in the outdoor industry

FoamPartner: Transformational upscaling towards “Best in Foam” –

Bystronic: Leading solution provider in sheet metal processing



H1 2020
Group net sales
CHF 576.2 m



Active portfolio management



Acquisitions



Divestments



Continued strategy execution within unprecedented pandemic environment

Impact from pandemic with notable differences at segment level

- Comparable¹⁾ net revenue CHF 576.2 m, -16.2%
- Impact on Bystronic muted by solid order book going into H1, FoamPartner and Mammut more affected
- Group EBIT CHF 49.9 m or CHF 1.8 m adjusted for divestment gain²⁾

Relentless focus on key initiatives, benefitting from strong capital position

- Multiple milestone achievements across segments; continued 'Cash, Cost, Complexity' mitigation
- Flourishing digital sales and digital client engagement
- Group transformation on track

Signs of business recovery towards end of H1

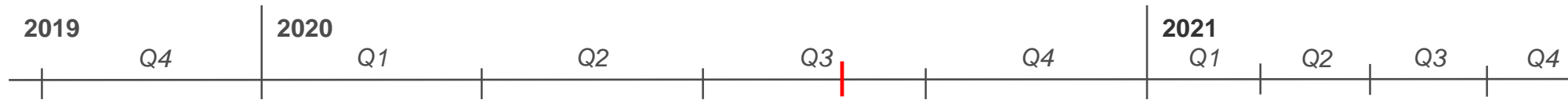
- Bystronic order entry notably improved from low point in April
- FoamPartner YTD business activities in Asia recovered almost to PY level
- Mammut with substantial channel shift towards direct-to-consumer business

Expecting improved client activity in H2 vs H1, but further efforts needed to restore profitability

¹⁾ At stable FX and adjusted for CiS ²⁾ CHF 48.1 million from the sale of Schmid Rhyner as per the end of February 2020

Group transformation plan towards strategic focus on Bystronic

Preparations largely finalized – tactical adjustments on timing



Divestment
Schmid Rhyner

Signing ▲
Closing ▲

Strategic
evaluation

Divestment **Mammut**

▲
Closing

Strategic
evaluation

Divestment **FoamPartner**

▲
Closing

Strategy and organizational
development **Bystronic**

▲
Strategy Day

Corporate functions
Preparation

Transition

Bystronic
Readiness

Group strategy execution & transformation management

▲
2021 AGM

Create and / or
select best suitable
platforms for all
Business Units to
foster leading
positions globally,
built on innovative
value potentials

Step-by-step
transformation of
corporate center

Market lockdowns resulting in significant order volatility

CHF m	1HY20	1HY19	%
Net revenue	372.6	448.6	-16.9%
Operating result (EBIT)	27.9	57.8	-51.8%
EBIT margin	7.1%	12.5%	-540 bp
Net operating assets	291.7	239.7	21.7%



Product innovation: ByStar Fiber 8025, large formats up to 2.5 x 8m

Operational performance

- Comparable net revenue -12.0%
- Business activities impacted by travel restrictions and temporary closure of several production sites
- Order entry -20.0% in H1 (comparable); April -41.6%, followed by recovery; June -4.7%, incl. growth in Central Europe and China; order cancellations at low level
- Net revenue lower across product segments and regions; growth in Korea and Germany
- Increase of NWC from higher inventories and postponed order deliveries

Order backlog per mid 2020 of CHF 200.3 m (-17.3% vs. YE 2019) with impact on H2 revenue

Sheet Metal Processing

Strategy and organizational development on track

The strategy will be developed further ...

... with additional elements



Regional differentiation
while keeping strong
central functions

**Increased focus on
service** across all
geographies

**Increased focus on
solutions**, building on
digital capabilities

Best people
Brand experience
Culture & mindset
People development
Organization evolution

Value creating growth
Portfolio & coverage
Segmentation
Software
Automation

Business excellence
Sales & Service
Innovation & partnerships
Operations & support
Global footprint

Outperform market as enabler of best-in-class client productivity

Successful sale of Schmid Rhyner – FoamPartner with resilient profitability

CHF m	1HY20	1HY19	%
Net revenue	122.8	181.4	-32.3%
Operating result (EBIT)	1.7 ¹⁾	8.6	-80.1%
EBIT margin	1.4% ¹⁾	4.8%	-340 bp
Net operating assets	138.6	165.8	-16.4%

¹⁾ 2020 excluding capital gain of CHF 48.1 million from the divestment of Schmid Rhyner



Oral and nasal coverings with fine-cell material structure as well as foam systems for manufacturers of hospital and care supplies

Operational performance

- Comparable net revenue -20.2%
- EBIT including divestment gain of CHF 49.8
- Decline across regions and market segments; Mobility with revenue decline of 35.2%; higher resilience in Specialties and Living & Care
- Temporary closure of several production sites
- Consistent implementation of key initiatives, e.g. opening of new Converting Center and strengthened innovation pipeline

FoamPartner with operational progress and notable business recovery in Asia

FoamPartner with progress in modernization and optimization

New Converting Center in Duderstadt

- High degree of automation with productivity gain of ~20%
- Enhanced capacity to grow in technical foam solutions

New warehouse in Changzhou

- Insourcing to eliminate external costs
- Optimization of working capital

Business Excellence (BEX)

- Programs at all major sites
- Focus on material yield & productivity

Business IT

- Extension of CRM software
- Initiation of SAP S/4 HANA

Marketing

- Upgrading of marketing materials
- Increased online and social media activities



Disrupting impacts in complex supply chain – growth of digital business

CHF m	1HY20	1HY19	%
Net revenue	80.9	117.9	-31.4%
Operating result (EBIT)	-23.3	-5.3	340.5%
EBIT margin	-28.8%	-4.5%	-2430 bp
Net operating assets	136.1	134.6	1.1%

Operational performance

- Comparable net revenue -29.1%
- Decline across regions; dominant physical channels closed for ~40 days; digital net sales of CHF 15.9 m, +73.6%
- EBIT reflecting seasonally weaker H1 business and impacts by lockdowns with delayed sell-in
- Strengthen focus on key markets and further improve distribution model
- New organizational structure with “Brand & Consumer” and “Product” departments



Women's Protect Down Bag -21C



Taiss Pro High GTX Men



Trion Nordwand 15



Halo Outfit

2020 ISPO Gold Awards

Initiated measures with CHF 1.6 m restructuring costs in H1 to improve profitability & resilience

Selected initiatives to strengthen business resilience

Further enhance focus on DTC business

- Notable shift in client behavior with impact on channel mix
- Growth in own digital of 92.9%, masked by decline in physical channels (MBS, FOC); DTC net sales of CHF 31.9 m or -10.0% in H1
- Increased digital engagement with tangible results, particularly in own web shop

Strengthen operational excellence

- New org structure as basis to adjust, redefine and sharpen E2E processes with strengthened responsibilities
- Improve decision making and speed
- Build transparent KPI-based performance management across functions

Reorganize set-up in international markets

- New office in Schanghai opened and plan to consolidate regional Hong Kong office in H2
- Close / downsize / combine operations that are loss making or run at insufficient profitability levels, e.g. Korea
- Expect further low single-digit CHF m one-off restructuring costs in H2

Live up to CSR and strengthen purpose

- WE CARE strategy setting guiding principles to support suppliers amidst pandemic
- Defining measures to reduce carbon footprint towards “net zero”
- New purpose statement: “To create a world moved by mountains”

Groupwide actions to mitigate adverse impacts

CHF ~40 m cost savings by YE 2020 under muted H2 recovery scenario

Cash

- Daily monitoring of liquidity
- Cash management initiatives on both, asset and liability side
- At this point, no major credit losses

Cost

- ~1'500 employees affected by short-time work
- Re-prioritization of OPEX and CAPEX initiatives
- Reduction of temporary workforce

Complexity

- Outdoor with new organizational structure and reduced novelty rate
- Selected simplification of operations and focus on key projects only
- Pushing digital sales, digital client engagement and internal collaboration

Safeguarding health of employees, clients and other stakeholders as priority throughout the crisis

We further mitigate the impact from the pandemic and initiated a 'rightsizing' program

- Implement 'Cash, Cost, Complexity' program with cost savings of CHF ~40 m by YE
- Start to structurally reduce cost base and to re-allocate resources
- Minimize lockdown related overstock and write-downs at Mammut

We remain focused on our operational plans and the strategic agenda

- Drive further progress at FoamPartner and Mammut
- Present Bystronic strategy in Q4, 2020
- Execute portfolio strategy, subject to pandemic

We confirm our outlook for 2020, communicated on June 9, 2020

- Further recovery of business activities expected in H2, but still vulnerable
- Positive mid-double-digit million CHF EBIT (incl. divestment gain)
- Substantially lower net sales compared to previous year

-
- Business & transformation update and 2020 outlook

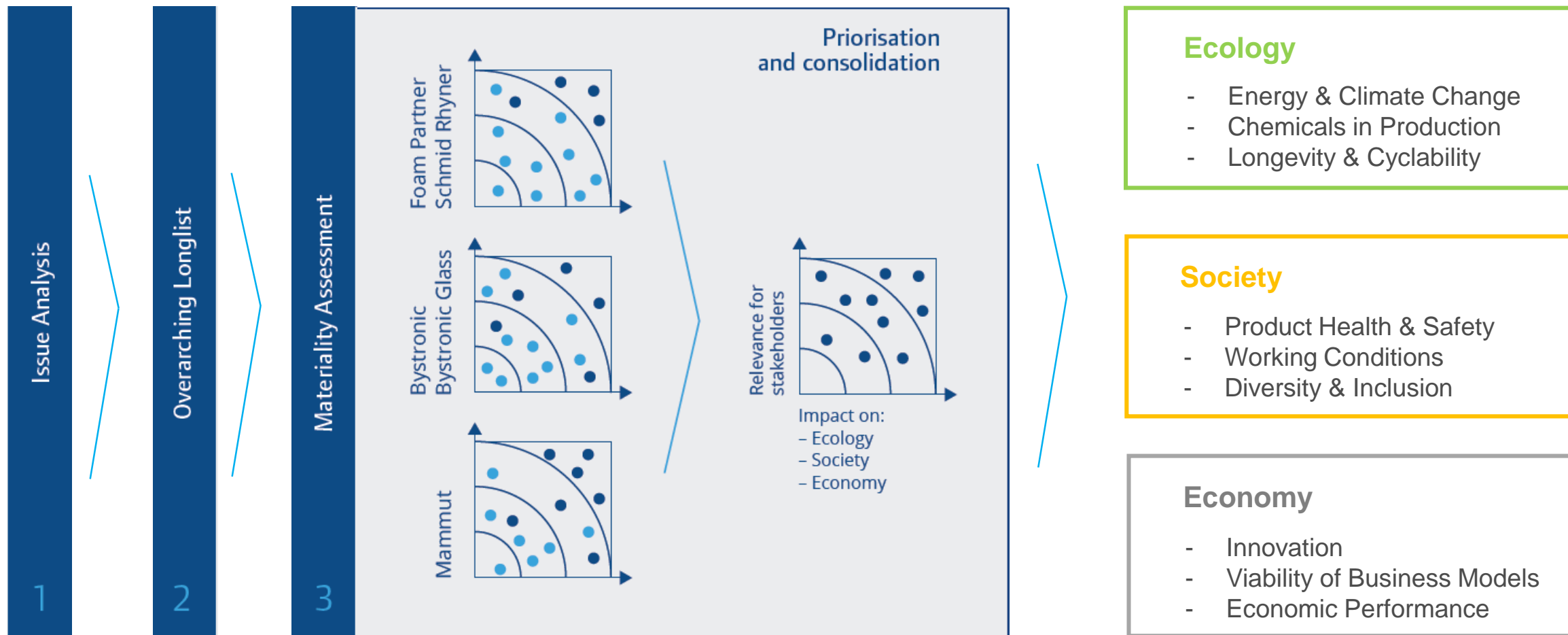
- Deep dive: ESG

- Q&A

-
- Appendix
-

Integrated management approach with focus on material topics

2018 Materiality Assessment



Mammut with fully integrated sustainability / CSR strategy

Fair working conditions and reduced environmental footprint

YOU CARE

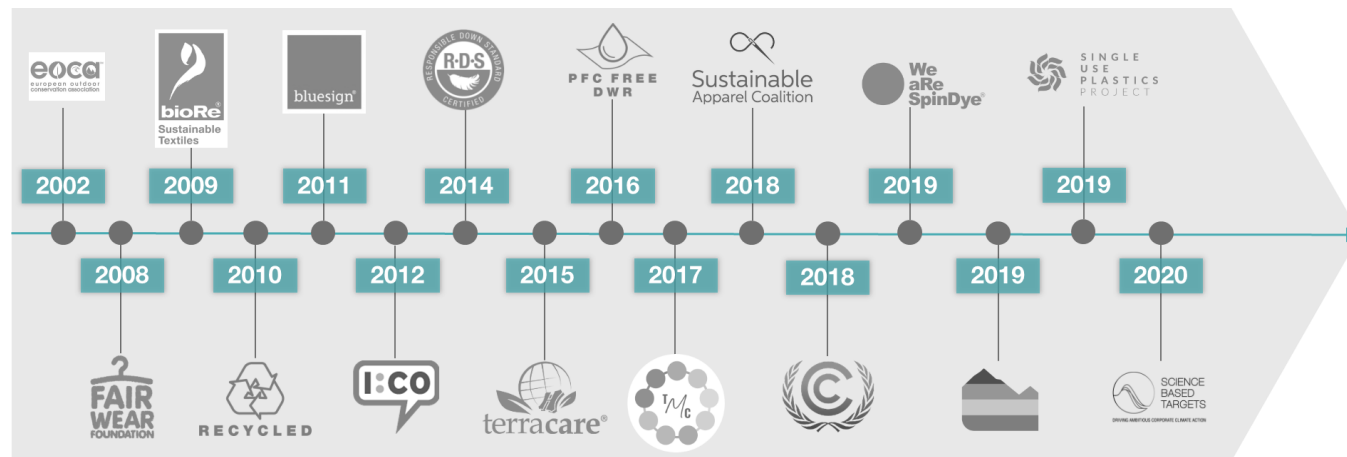
Responsible Consumption

- i** Choose informed
get involved | ask | compare
- ★** Appreciate quality
buy things that last
- ∞** Extend lifetime
care | refresh | repair
- ♻️** Reuse or recycle
bring back used gear

WE CARE

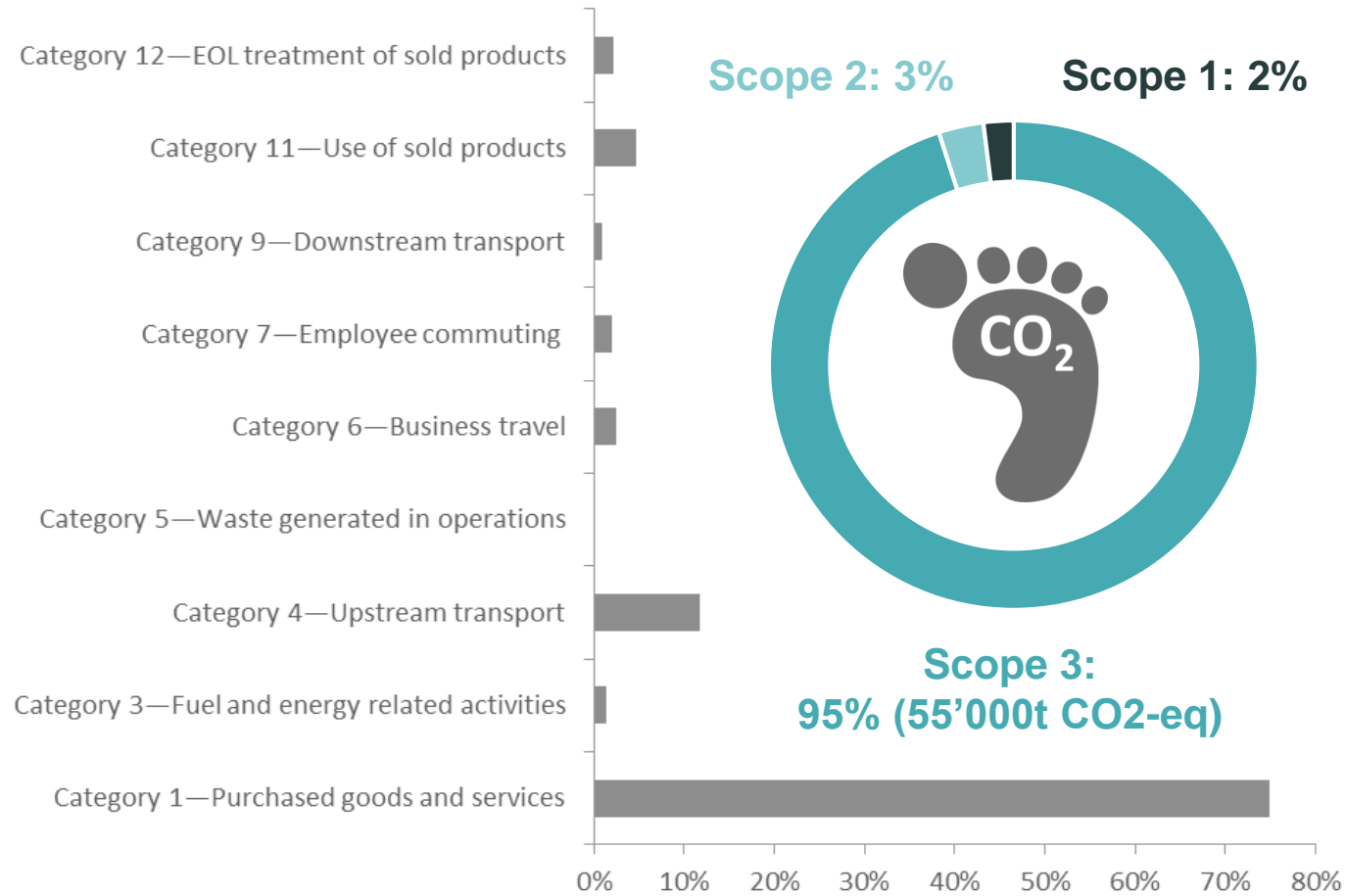
Responsible Products

- 💧** Clean Production
good chemistry
- ♻️** Reduced footprint
recycled | organic
- 🐾** Animal welfare
down | leather | wool
- 👤** Ethical production
fair working conditions



Example: Carbon reduction target of 30% by 2030 vs 2018

Founding Signatory of UN Fashion Industry Charter for Climate Action



FoamPartner with comprehensive sustainability concept

Thinking and acting responsibly for the future



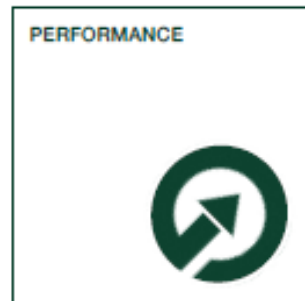
PLANET – Ecological sustainability

FoamPartner pays attention to environmental safety standards, climate protection & resource conservation when operating its facilities.



PEOPLE – Social sustainability

FoamPartner ensures the establishment of an employee friendly working environment and continues to expand its social responsibility.



PERFORMANCE – Economic sustainability

FoamPartner develops products with sustainable and economic value that provide solutions to social and ecological megatrends.



FoamPartner's new label for particularly sustainable products.

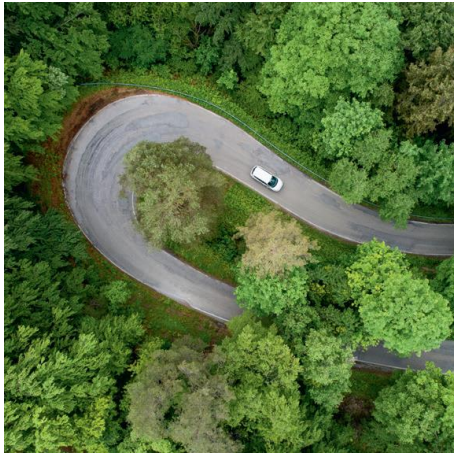
www.foampartner.com/sustainability

«Best in Foam» for innovative AND sustainable solutions

Products with holistic added value



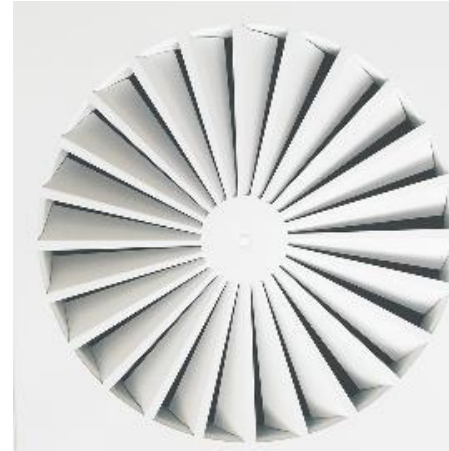
conzzeta



Mobility
RegiSeal® e-Thermo



Mileage range increase
of electric cars



Specialties
RegiSeal® TN & Aqua



Low-emission sealing for
equipment & machines



Mobility
OBoNature™



Vehicle interior based on
sustainable resources



Living & Care
EvoPoreHRC®



Lightweight mattress foam for
motorhomes & caravans

Bystronic preparing ESG strategy under “stand-alone” scenario conzzeta

Completed materiality assessment in H1 – CO₂ footprint analysis in progress

- Building on Conzzeta ESG roadmap
- Inaugural CO₂ footprint assessment for the Niederönz site (scope 1,2,3) launched in H2



Bystronic head office and Competence Center Cutting in Niederönz




Environmental topics

-  Energy & Climate change
-  Resource efficiency
-  Longevity & cyclability

Economic topics

-  Data management
-  Innovation & business model viability
-  Economic performance

Social topics

-  Product safety
-  Engagement & wellbeing
-  Diversity & inclusion

Material topics Bystronic as a stand-alone company

-
- Business & transformation update and 2020 outlook
-

- Deep dive: ESG

- Q&A

- Appendix
-

Appendix

1HY 2020 key figures

(in CHF m)	1HY20	1HY19	%
Net revenue	576.2	770.1	-25.2%
Operating result (EBIT)	49.9	90.5	-44.9%
adjusted ²	1.8	59.9	-97.0%
EBIT margin adjusted	0.3%	7.6%	-730 bp
Group result	46.6	78.2	-40.4%
as % of total revenue	7.8%	9.9%	-210 bp
Earnings per share A (CHF)	21.96	34.76	-36.8%
Net operating assets	570.3	542.9	5.0%
Return on avg NOA (RONOA) ²	0.6%	17.3%	-1670 bp
Operating free cash flow	-40.2	-10.0	302.8%
Equity ratio (%)	72.2	71.2	100 bp

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

²⁾ Annualised 2020 excluding capital gain of CHF 48.1 million from the divestment of the business unit Schmid Rhyner and 2019 excluding capital gain of CHF 30.6 million from the divestment of the Glass Processing segment.

Disposal of Glass Processing segment in H1 2019 and Schmid Rhyner business unit in H1 2020

- Divestment gains CHF 30.6 m in 2019 and CHF 48.1 m in 2020

Significant impacts of pandemic

- Comparable¹⁾ net revenue -16.2%
- Adjusted²⁾ EBIT of CHF 1.8 m
- Operating cash outflow CHF -40.2 m
- NOA +5.0%, mainly driven by increased net working capital

Equity ratio 72.2% with net cash position of CHF 238.2 m

FoamPartner 'stand-alone' financial & business profile

	1HY20	1HY19
Net revenue	115.8	155.0
EBITDA	7.5	13.5
EBIT	2.2	7.6
EBIT margin on TR	1.9%	5.0%
Net operating assets	138.6	139.6



Living & Care

Premium comfort foams and core constructions for ergonomic mattresses and pillows, for POS, e-Commerce and medical institutions.



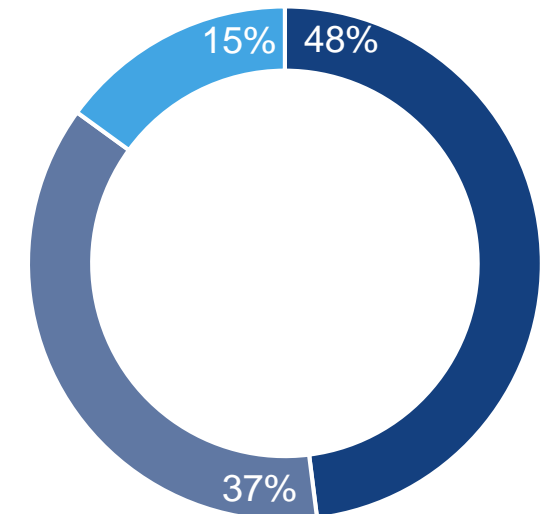
Mobility

Acoustically & thermally effective components for sound absorption, quality foam rolls for cladding of vehicle interiors, and 2K-PUR foam systems for molded automotive parts.



Specialties

Customized foam products for technical and industrial applications in the area of sealing, filtration, surface treatment, packaging and cleaning.



H1 net revenue split by market segment

Appendix

Financial calendar

2020		
September 24	Investora Conference, Zurich	Investora
October 16	9M Trading Update	Conzzeta
November 4/5	The Swiss Equity Conference, Zurich	ZKB
November 19	Swiss Mid Cap Conference, Zurich	Credit Suisse

2021		
Jan 14/15	Swiss Equities Conference, Zurich	Baader
February 3	12M Trading Update	Conzzeta
March 16	2020 Results & Media / Analyst Conference, Zurich	Conzzeta
April 21	Annual General Meeting, Zurich	Conzzeta

Visit our website for up-to-date information www.conzzeta.com or contact us via investor@conzzeta.com

Thank you very much
for your interest.

Conzzeta Management AG
Giesshuebelstrasse 45
8045 Zurich, Switzerland

Phone +41 44 468 24 44
www.conzzeta.com