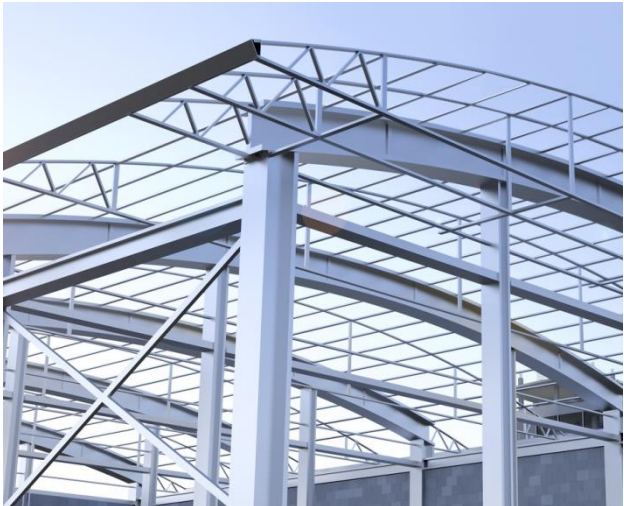


# Investor Presentation



2<sup>nd</sup> half 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.

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 half-year results for 2017 and 2018.

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.

## Group overview & priorities

## 1 HY 2018 financial result & outlook 2018

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## Segment updates

**Sheet Metal Processing: Bystronic**

**Sporting Goods: Mammut Sports Group**

**Chemical Specialties: FoamPartner and Schmid Rhyner**

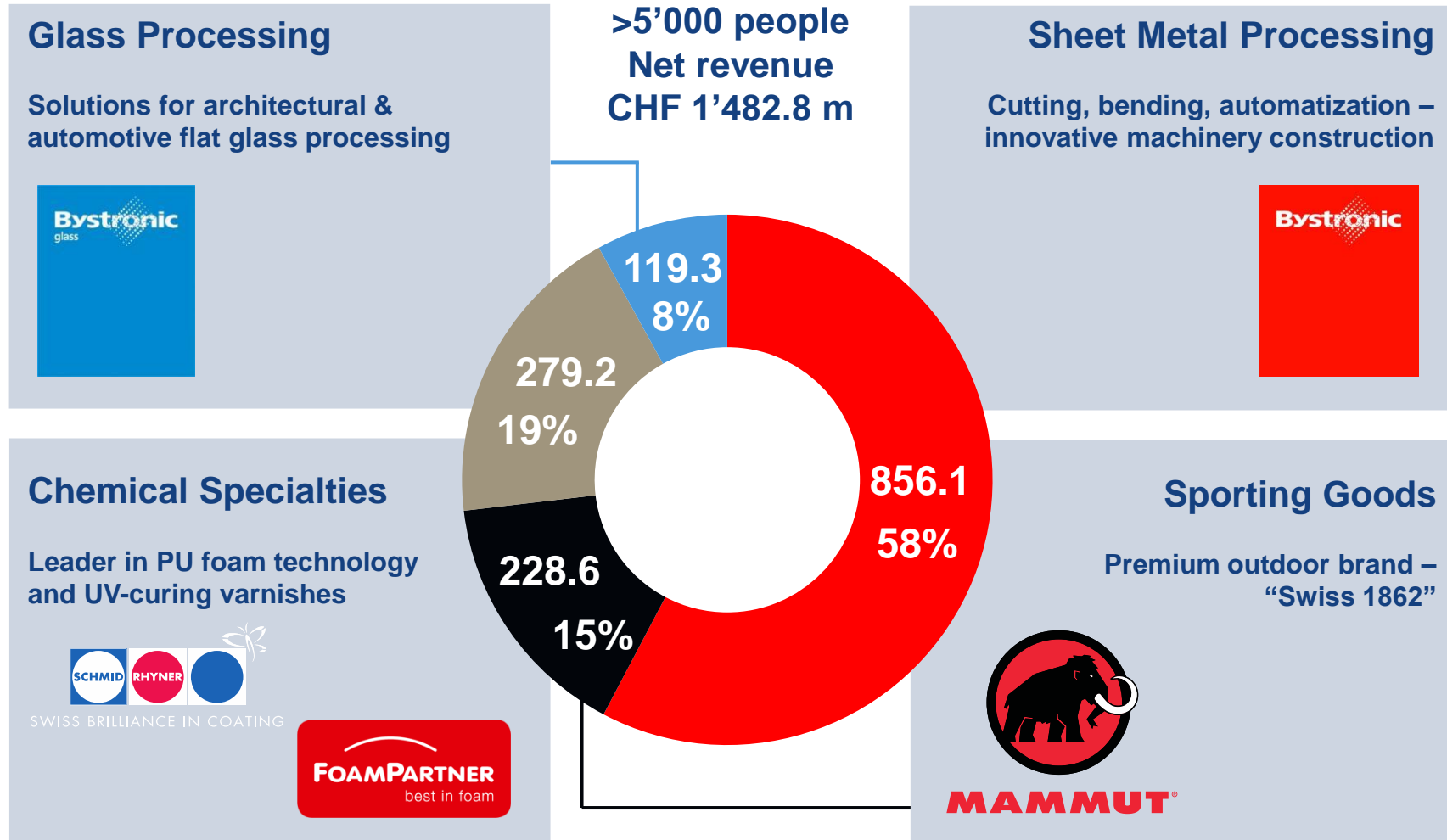
**Glass Processing: Bystronic glass**

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## Board of directors, management & investor contact

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# Conzzeta portfolio overview – striving for leading positions in attractive target markets



Financial figures 2017

# Differentiated business steering with focus on market orientation and value creation

*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

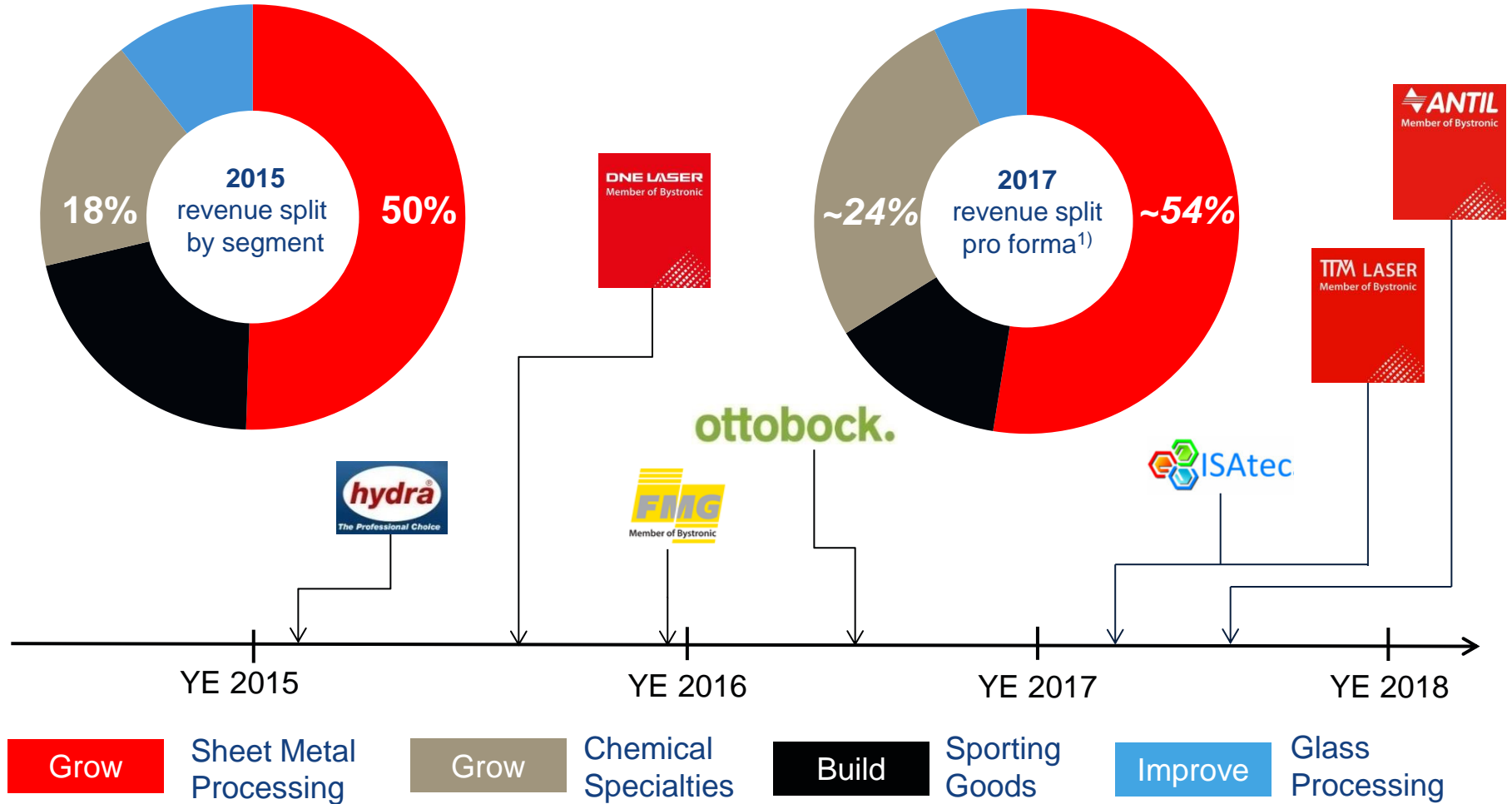
Net Cash

CHF 0.4bn

**Differentiated business steering**  
Market orientation / speed / innovation

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

# Consistent strategy execution with enhanced revenue contribution from defined growth segments

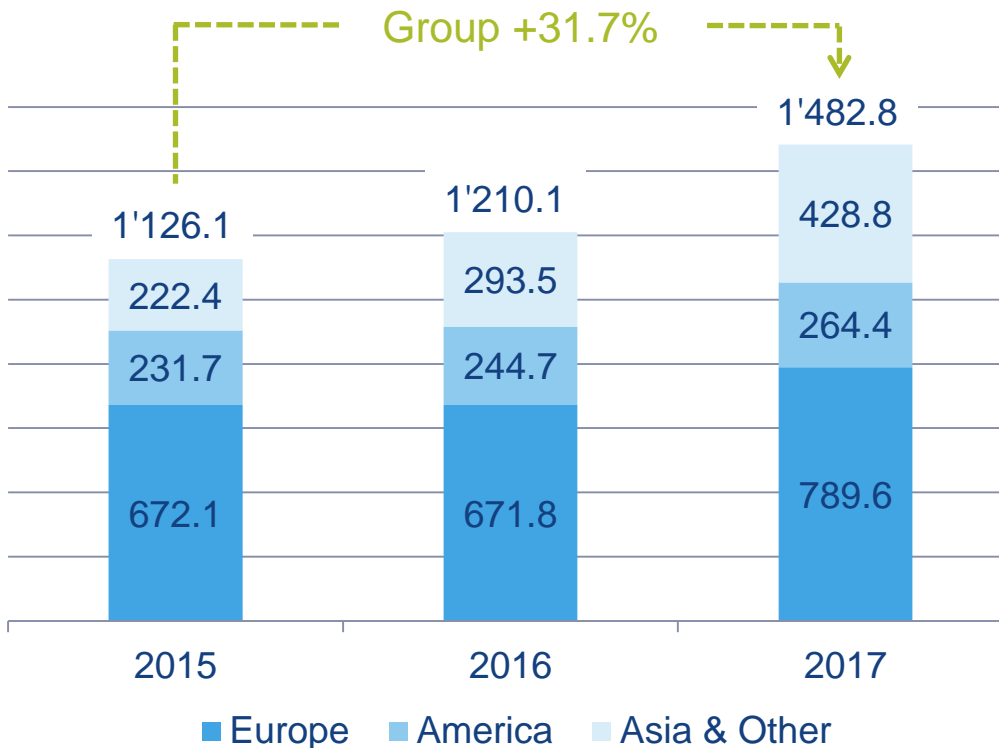


<sup>1)</sup> Pro forma, i.e. Conzzeta 2017 Net revenue incl. OB 4M17 revenue annualized.

# Internationalization & Market Orientation – net revenue in Asia +95.5% vs YE 2015

## Conzzeta

Net revenue by region in CHF m



**Innovative portfolio  
of products & solutions –  
strengthening footprint  
in growth regions**

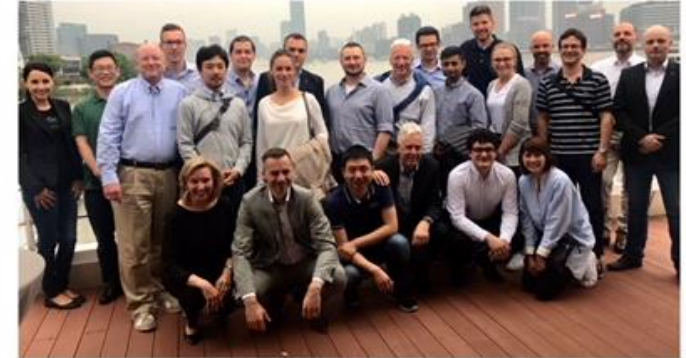
### Group Priorities

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



# People Development & Business Excellence – enhanced strategic and operational capabilities

- **Group-wide Talent Development Program**
  - Launched 2017; by now, 33 participants delivered 18 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 2<sup>nd</sup> Conzzeta TDP cohort in Shanghai, June 2018

Excellence drives performance, and performance leads to success



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**Glass Processing: Bystronic glass**

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## Board of directors, management & investor contact

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# Conzzeta results summary 1HY 2018

## Overall strong business trend

- Especially strong across segments at the beginning of the year

**Net revenue CHF 853.3 m, +36.8%; comparable<sup>1)</sup> +19.7%**

- Double-digit growth across all regions and segments, with benefits from M&A

**Operating result (EBIT) CHF 66.3 m, + 72.9%; EBIT margin 7.6%, + 180 bps**

- Progress in Sheet, Glass and Sporting Goods partly offset by lower result in Chemicals

**Order entry investment goods CHF 581.5, +14.5%**

- At unprecedented level, driven by Sheet

**Good progress on strategic initiatives**

- Tangible results become apparent

<sup>1)</sup> Comparable, i.e. at stable foreign exchange rates and adjusted for change in scope

## 1HY 2018 key figures

(in CHF m)	1HY18	1HY17	Δ
Net revenue	853.3	623.5	+36.8%
Operating result (EBIT)	66.3	38.3	+72.9%
EBIT margin	7.6%	5.8%	+180 bps
Group result	51.1	30.0	+70.3%
Earnings per share A (CHF)	20.94	12.63	+65.8%
Net operating assets	501.3	420.4	+19.2%
Return on avg NOA (RONOA)	20.6%	13.9%	+670 bps
Equity ratio (%)	67.2	74.0	-680 bps
Operating free cash flow	39.4	9.9	+300.2%

- Group KPI's with notable improvements
- Strong internal and external topline growth; Net revenue comparable +19.7%
- Clear operational progress with higher result, RONOA and cash flow
- Equity ratio reflecting M&A activity (goodwill write-down)

# Outlook for 2018

- Consistent strategy execution with long-term perspective
- Group priorities remain unchanged
  1. Market orientation
  2. Business excellence
  3. People development
  4. Internationalization
- Improvements of operating results in Chemical Specialties, Sporting Goods and Glass Processing are well on track, but require time for full implementation
- Elevated raw material prices for Chemical Specialties; Sporting Goods segment with increased cost base
- Order entry for investment goods continuously good in Europe and particularly in the US, but slowing momentum in China
- Growth rates to slow down with base effect from strong 2<sup>nd</sup> HY 2017

Within current environment, we expect net revenue growth for 2018 of around 20% and an EBIT margin without special effects at the lower end of the 8% to 10% mid-term target range

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## Group overview & priorities

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## Board of directors, management & investor contact

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## Sheet Metal Processing with continued momentum

CHF m	1HY18	1HY17	Δ
Net revenue	477.3	364.9	+30.8%
Operating result (EBIT)	62.6	39.9	+57.0%
EBIT margin	12.5%	10.1%	+240 bps
Net operating assets	177.6	179.4	-1.0%



TTM Laser 3D cutting system for profiles and tubes

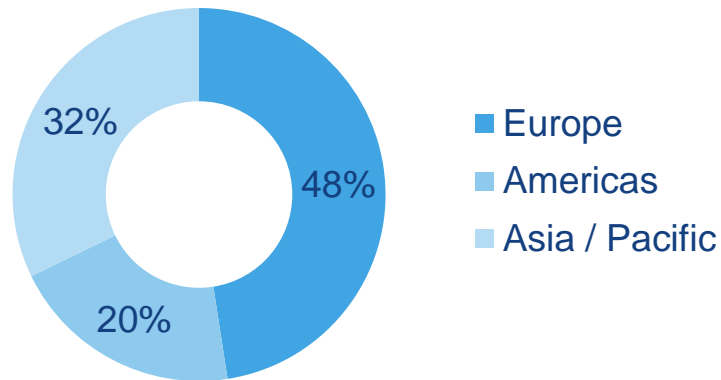
### Operational performance

- First-time consolidation of TTM Laser; comparable net revenue +25.7%
- Continued double-digit growth rates across regions
- Significant improvement of operating result, benefitting from enhanced scale, client segmentation and innovative product portfolio
- Continued efforts to strengthen market presence and global footprint; further improve productivity to mitigate price pressure
- Healthy level of order entry maintained with high order backlog for 2HY2018

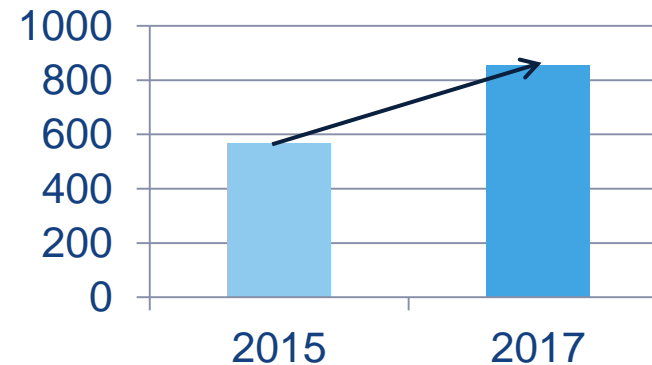
Well positioned to grow volumes, but expect growth rates to slow down

# Sheet Metal Processing business profile

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

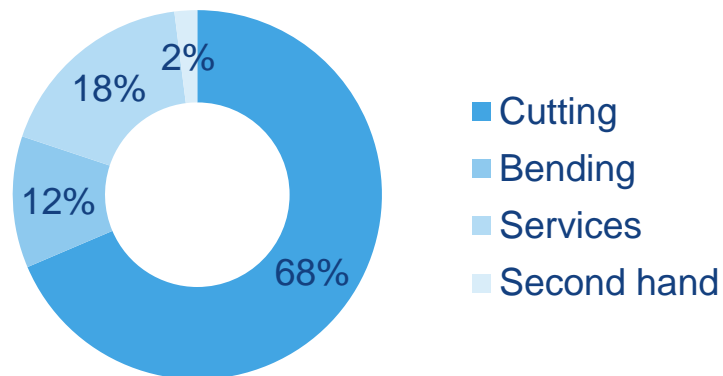


## Net revenue trend (CHF m)



CAGR 22.7%  
Organic growth across regions; acquisitive mainly in Asia

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



## Market and position

- Technology leadership position, in cutting, bending, automation (Industry 4.0)
- Accessible market volume CHF ~4.5 bn; Bystronic with global #3 market position
- Customer structure
  - 80% job shops, 20% OEMs
  - Diversified across industry sectors
  - No customer with >1% of Net revenue

<sup>1)</sup> 1 HY18



# Ongoing investments to realize opportunities from fundamental market trends

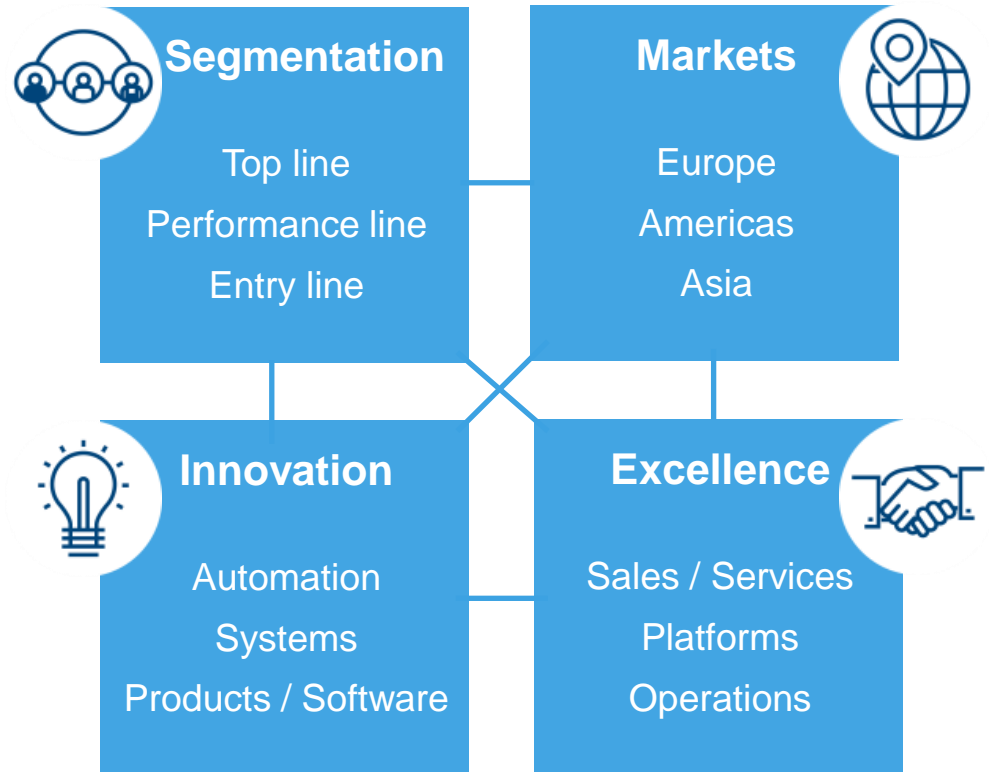
## Aspiration

Deliver targeted client offerings with an holistic life-cycle management

Drive innovation, also to be the trusted partner for integrated end-to-end solutions

Exploit market potential globally and ensure client proximity

Ensure world-class operations and efficiency to lead by example



# Sporting Goods with improved performance

CHF m	1HY18	1HY17	Δ
Net revenue	111.1	94.9	+17.0%
Operating result (EBIT)	-6.4	-9.9	+35.2%
EBIT margin	-5.8%	-10.4%	+460 bps
Net operating assets	115.3	106.7	+8.1%



New Mammut Delta X Collection

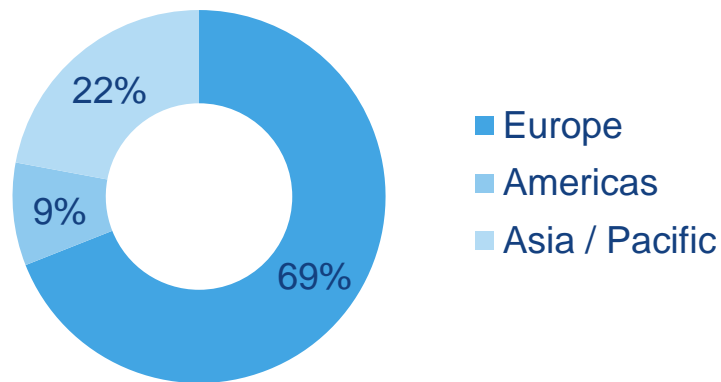
## Operational performance

- Comparable net revenue +14.2%
- Double-digit growth in Europe and Asia driven by successful product launches and dynamic direct to consumer business, partly offset by lower revenue in Americas
- Implementation of 5 year strategic plan on track to build critical capabilities in international markets, digitalization, retail and design
- Seasonally weaker 1HY result notably improved versus PY, despite increase of cost base by CHF ~2 m in context of strategic plan

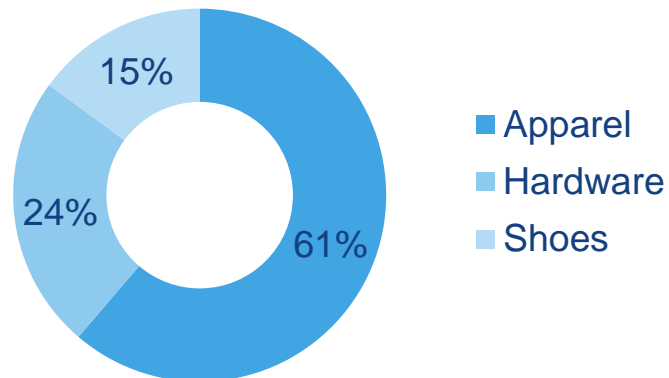
Encouraging progress with better visibility on brand and product initiatives



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

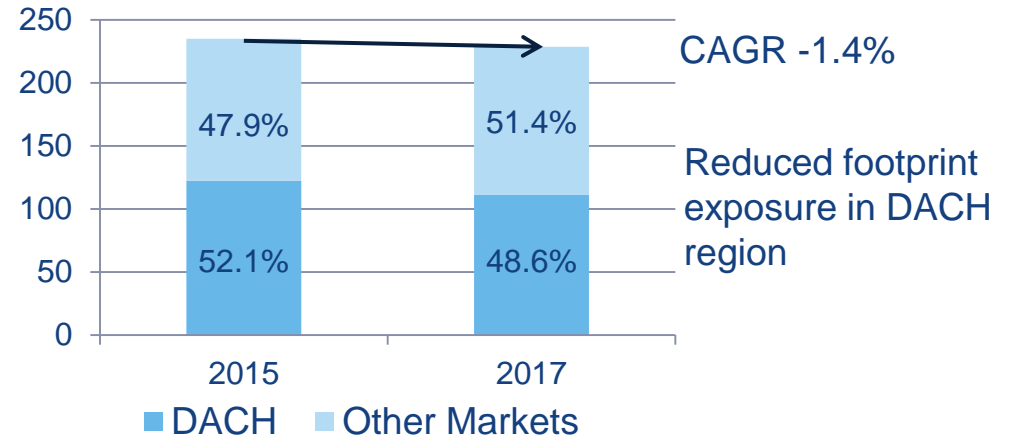


## Net revenue by product category<sup>1)</sup>



<sup>1)</sup> 1 HY18

## Net revenue trend; CHF m, FY



## Market and position

- Premium mountain outdoor sports brand with global ~#7 market position
- Responding to competitive pressure and change in client behavior with 5 years strategic plan launched in early 2016
- Build-up of retail capabilities and wholesale excellence ongoing

# Strategy program overview – building retail capabilities & wholesale excellence as response to competitive pressure and change in client behavior

## **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 3<sup>rd</sup> party online market places
  - Optimizing sales efficiency in DACH region

January 2016

**Kick off**

2017

2018

Today

2019

2020

Consistent, steady progress with implementation; 2017 as year of transition; enhanced revenue and result contribution expected for 2018, but still below aspiration level

## Chemical Specialties with continued margin pressure from raw material costs

CHF m	1HY18	1HY17	Δ
Net revenue	202.8	114.2	+77.6%
Operating result (EBIT)	9.2	9.9	-7.4%
EBIT margin	4.6%	8.6%	-400 bps
Net operating assets	188.3	114.3	+64.7%

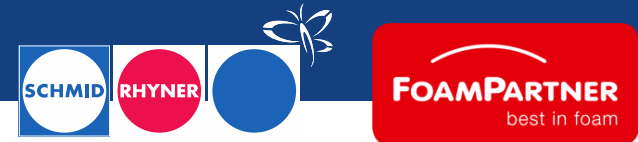
### Operational performance

- Comparable net revenue +3.8%
- Integration Otto Bock Kunststoff on track; consolidated as of Sep 1, 2017
- Growth across market segments and deepened presence in all regions
- Lower Operating result driven by elevated raw material and reorganization costs (combined net impact after pricing measures CHF ~5 m)
- Continued focus on pricing, OB / FP integration and regional strategies; additional Business Excellence initiatives to strengthen operations

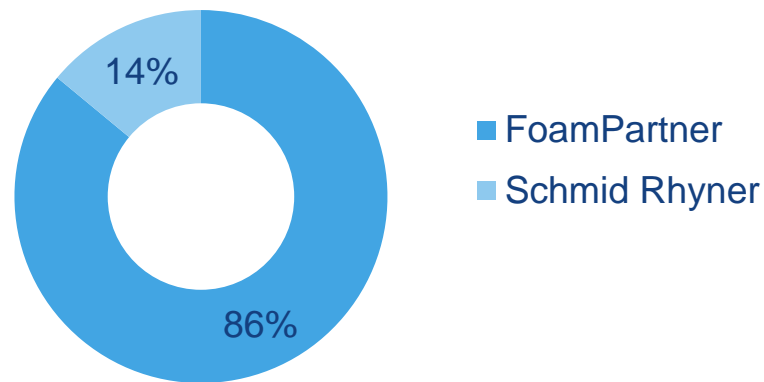


Automotive rolls

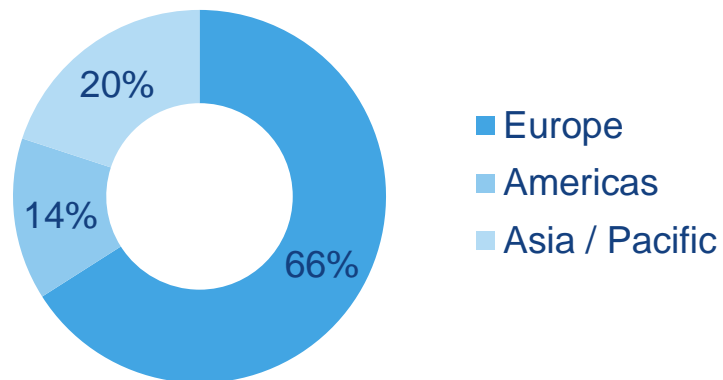
Efforts ongoing to restore profitability and to realize mid-term margin potential



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

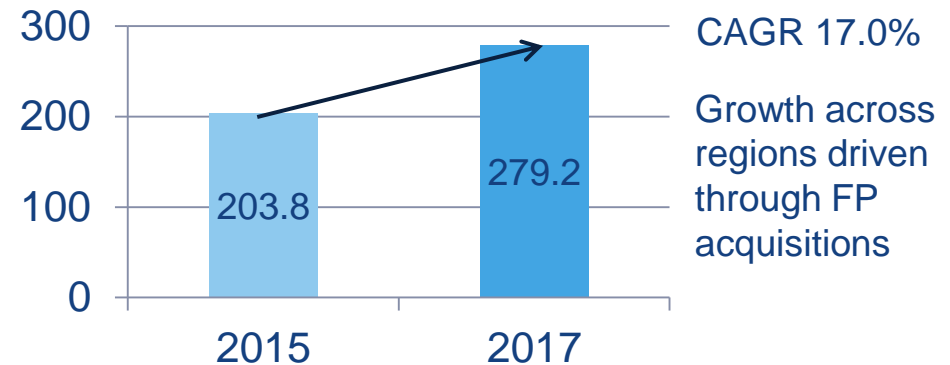


## Net revenue by region<sup>1)</sup>



<sup>1)</sup> 1 HY18

## Net revenue trend; CHF m, FY



### FoamPartner

- Leader in specialty polyurethane foam technology within selected market segments

### Schmid Rhyner

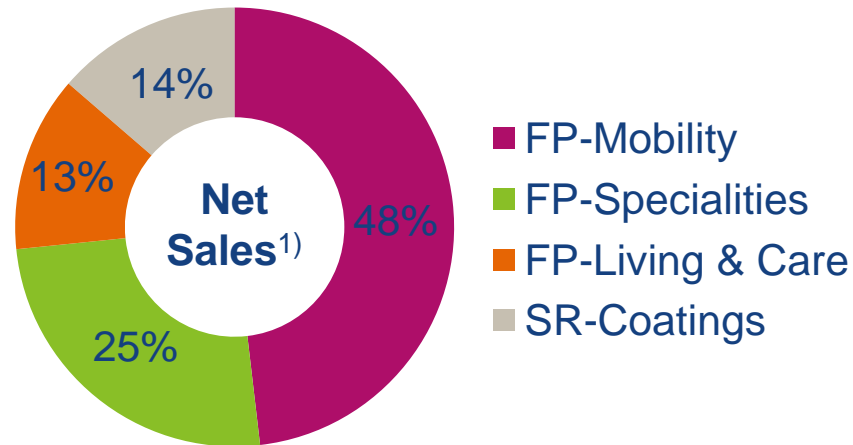
- Leader in UV-curing varnishes and innovation partner for graphic industry

### Chemical specialties

- Relevant market size CHF ~7bn; growth above GDP driven by Asia and the Americas
- Largely customized solutions

# Chemical Specialties – opportunities within FoamPartner business unit after 2017 M&A transactions

## FoamPartner

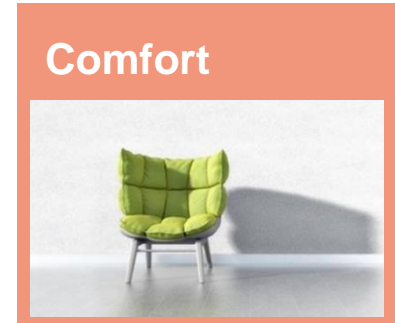


1) 2017 pro forma Net revenue split by market segments

- Complementary product portfolio with enhanced footprint and resolved legacy structures in China and the US
- Good single-digit CHF m EBIT integration benefit by 2020 with low single-digit PMI cost until 2019
- Footprint optimization in Europe from 2018 onwards to align with growth plans

Become best in Foam!

## Otto Bock Kunststoff

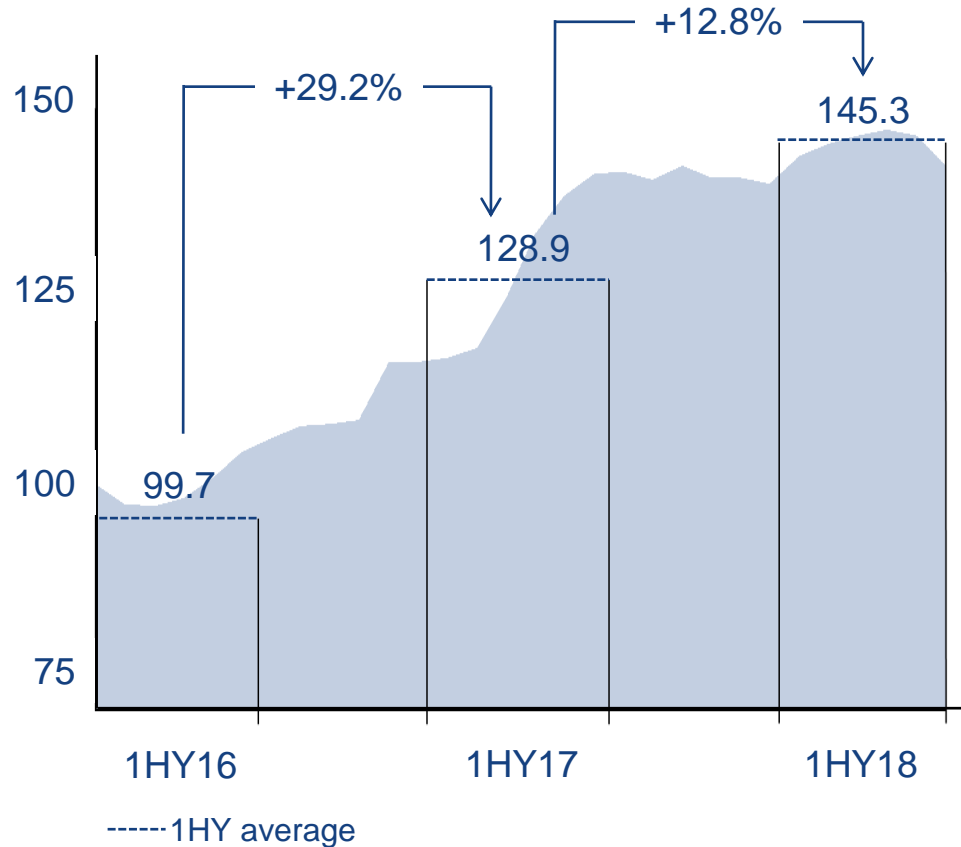




# Deep dive: FoamPartner raw material situation

## FoamPartner raw material price index

(weighted basket of Esther and Ether Polyols, TDI, MDI)



- High raw material prices persisted throughout 1HY 2018, with some easing towards mid-year
- FP average weighted RM price index +12.8% in 1HY 2018 vs 1HY 2017 with adverse EBIT impact CHF ~6m (gross)
- Mitigation of cost increase <50%; further pricing actions launched in 1HY 2018, with benefits coming through in 2HY 2018
- Pushing product innovation and application development to enhance value creation

# Glass Processing with continued good momentum in 1 HY

CHF m	1HY18	1HY17	Δ
Net revenue	62.4	49.7	25.6%
Operating result (EBIT)	2.9	1.8	+63.3%
EBIT margin	4.6%	3.4%	+120 bps
Net operating assets	22.7	20.7	+10.0%

## Operational performance

- Comparable net revenue +22.7%
- Good momentum from 2HY 2017 carried into 1HY 2018, benefitting from large client projects completed in 1Q 2018
- Double-digit net revenue growth in architectural and automotive glass, driven by very strong demand in Asia
- Improved result, also reflecting ongoing measures to further optimize processes and efficiency; e.g. BEX initiative at German site to enhance throughput
- Continued push for standardization and innovation globally, including platform strategy and additional product capabilities

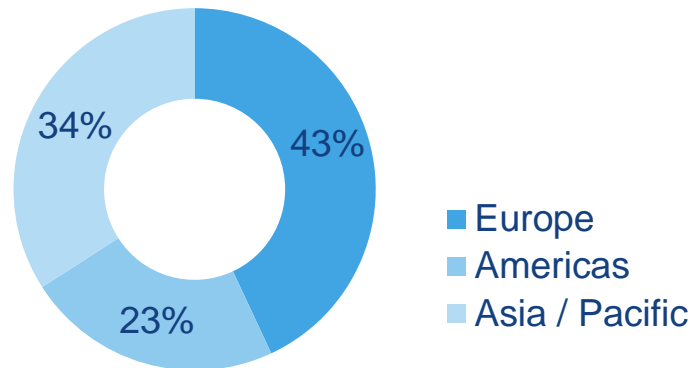


B' JUMBO XXL

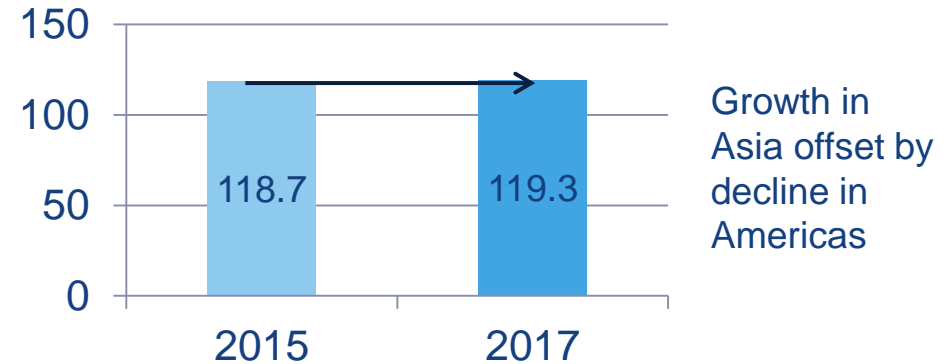
Good financial and strategic progress, but striving for further improvements

# Glass Processing – business profile

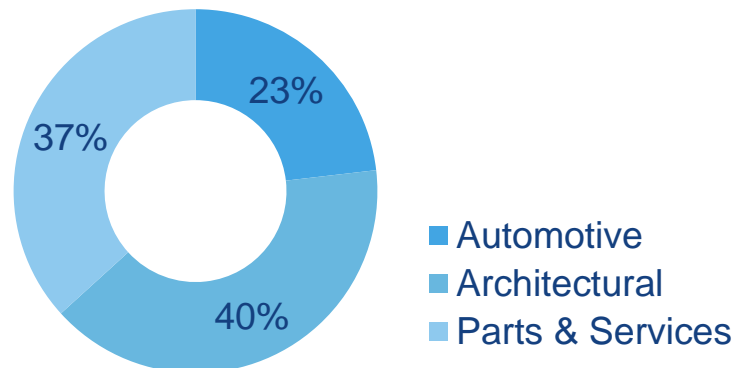
## Net revenue by region<sup>1)</sup>



## Net revenue trend; CHF m, FY



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



## Market and position

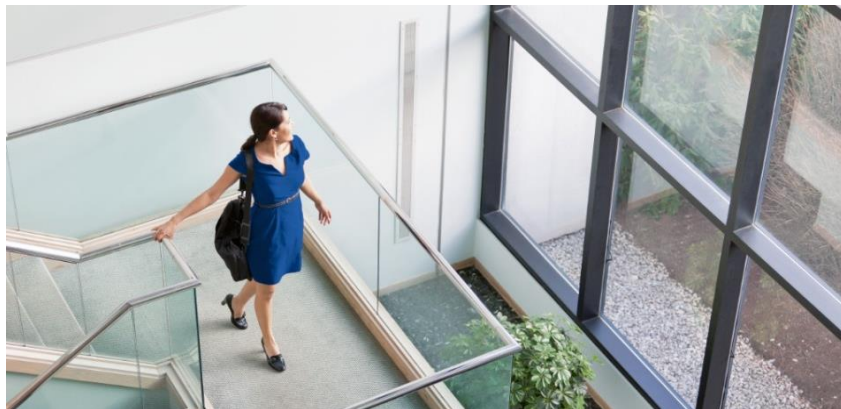
- Solutions and services for the processing of architectural and automotive glass
- Accessible market volume CHF ~0.7 bn; Bystronic glass with #2 market position
- Efforts ongoing to become a more integrated company with improved processes and a strengthened footprint in Asia

<sup>1)</sup> 1 HY18

# Bystronic glass adjusting organization to better meet client demand

## Market drivers and market structure

- Increasing requirements in regard to energy efficiency and noise reduction
- Stable growth trend in architectural markets from continued urbanization above GDP growth
- Opportunities from trend to thin-glass applications in automotive markets
- Narrow market structure with elevated result volatility in automotive



## Value proposition

- Focus on customers productivity in the processing of flat glass through holistic systems approach
- Full processing solutions from cutting to inspection in cooperation with partners
- Comprehensive service packages
- Market-oriented focus, e.g. on energy-efficient architectural and light-weight automotive glass

Improve global operations and drive innovation to complement high-end solutions with quality mid-range products

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**Group overview & priorities**

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**1 HY 2018 financial result & outlook 2018**

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**Segment updates**

**Sheet Metal Processing: Bystronic**

**Sporting Goods: Mammut Sports Group**

**Chemical Specialties: FoamPartner and Schmid Rhyner**

**Glass Processing: Bystronic glass**

**Board of directors, management & investor contact**

# Conzzeta Board of Directors

**Ernst Bärtschi**



Lic. oec. HSG, born 1952  
**Chairman of the BoD**  
since 2014

**Werner Dubach**



Dipl. Ing. Chem. ETH, MBA  
born 1943  
**Member of the BoD**  
since 1993

**Dr. Roland Abt**



Dr. oec. HSG, born 1957  
**Member of the BoD**  
since 2014

**Philip Mosimann**



Dipl. Ing. ETH, born 1954  
**Member of the BoD**  
since 2007

**Dr. Matthias Auer**



Dr. iur., born 1953  
**Member of the BoD**  
since 1996

**Urs Riedener**



Lic. oec. HSG, born 1965  
**Member of the BoD**  
since 2014

**Jacob Schmidheiny**



Lic. oec. publ., born 1943  
**Member of the BoD**  
since 1977

**Robert F. Spoerry**



Dipl. Masch.-Ing. ETH, MBA,  
born 1955  
**Member of the BoD**  
since 1996

# Conzzeta Executive Committee

**Michael Willome**



Lic. oec. HSG, born 1966  
**Group CEO**  
since 2016

**Kaspar W. Kelterborn**



Lic. oec. HSG, born 1964  
**Group CFO**  
since 2006

**Barbara Senn**



Attorney at Law, LL.M.  
born 1967  
**General Counsel** since  
2010 Member of the Group  
Executive Board since 2014

**Alex Waser**



Automobile Engineer HTL,  
MBA, born 1967  
**Head of the Sheet Metal  
Processing business unit**  
since 2013

**Dr. Burghard Schneider**



Dr. Ing., born 1965,  
**Head of the Glass  
Processing business unit**  
since 2014

**Dr. Oliver Pabst**



Dr. oec. HSG, born 1966,  
**Head of the Sporting  
Goods business unit**  
since 2016

**Jakob Rohner**



Dipl. Ing. HTL, MBA,  
born 1958  
**Head of the Graphic  
Coatings business unit**  
since 2011

**Dr. Michael Riedel**



Dr. rer. nat., born 1968,  
**Head of the Foam Materials  
business unit**  
since January 2018



# Financial calendar & contact

## Financial calendar

### 2018

September 26	<b>Investora Conference</b>	Zurich
October 16	<b>9M Trading Update</b>	
October 16/17	<b>Roadshow with Credit Suisse</b>	London
October 18	<b>Roadshow with Credit Suisse</b>	Paris
October 22	<b>Roadshow with Mainfirst</b>	Frankfurt
November 15	<b>Credit Suisse Swiss Mid Cap Conference</b>	Zurich

### 2019

January 10/11	<b>Baader Swiss Equities Conference</b>	Bad Ragaz
February 6	<b>12M Trading Update</b>	
March 20	<b>Year-end results as at December 31, 2018</b>	Zurich
March 21	<b>Kepler Cheuvreux Swiss Seminar</b>	Zurich
April 16	<b>Annual General Meeting</b>	Zurich

## Investor Relations contact



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Corporate Communications  
investor@conzzeta.com  
Phone +41 44 468 24 44

## Ticker symbols

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

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**conzzeta**