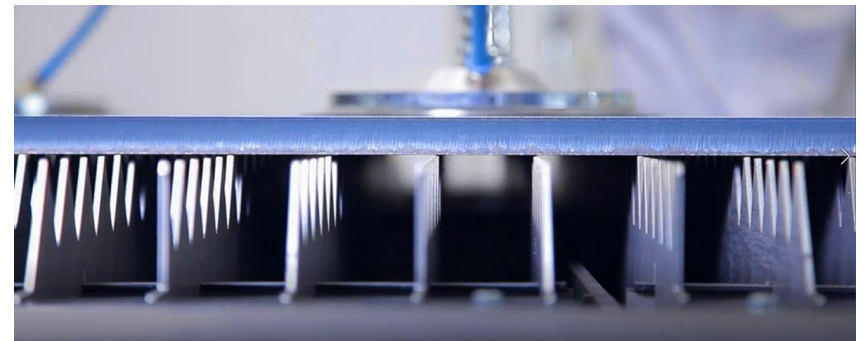




# Differentiated steering for leading positions

Kaspar W. Kelterborn, Group CFO  
ZKB Swiss Equity Conference  
Zurich, November 7, 2019



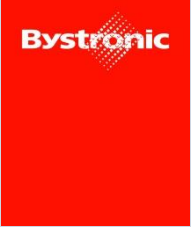
- 
- Group overview and business trends Page 3
- 
- Business updates Page 8
    - Sheet Metal Processing
    - Chemical Specialties
    - Outdoor
- 
- Outlook for 2019 Page 21
-

# We are a Swiss group of businesses

conzzeta

## We stand for innovation, market orientation and an entrepreneurial spirit

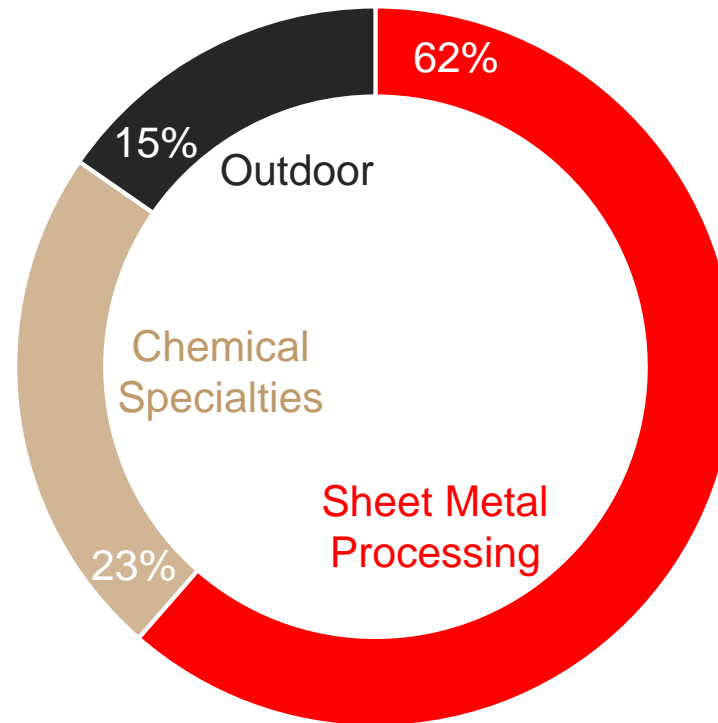
**Sheet Metal Processing**



Solutions for cutting, bending, automation

~5'000 people worldwide  
CHF 0.4 bn net cash position  
Entrepreneurial anchor stakeholders

Net revenue 1'648.9 m<sup>1)</sup>



- Striving for **leading market positions** in target markets ...
- ... and for **top-quartile performance** amongst peer groups
- All businesses **accretive** to mid-term financial targets
- **Strong capital position** and consistent dividend

**Chemical Specialties**

Leader in PU foam technology and UV-curing varnishes



best in foam

SWISS BRILLIANCE IN COATING



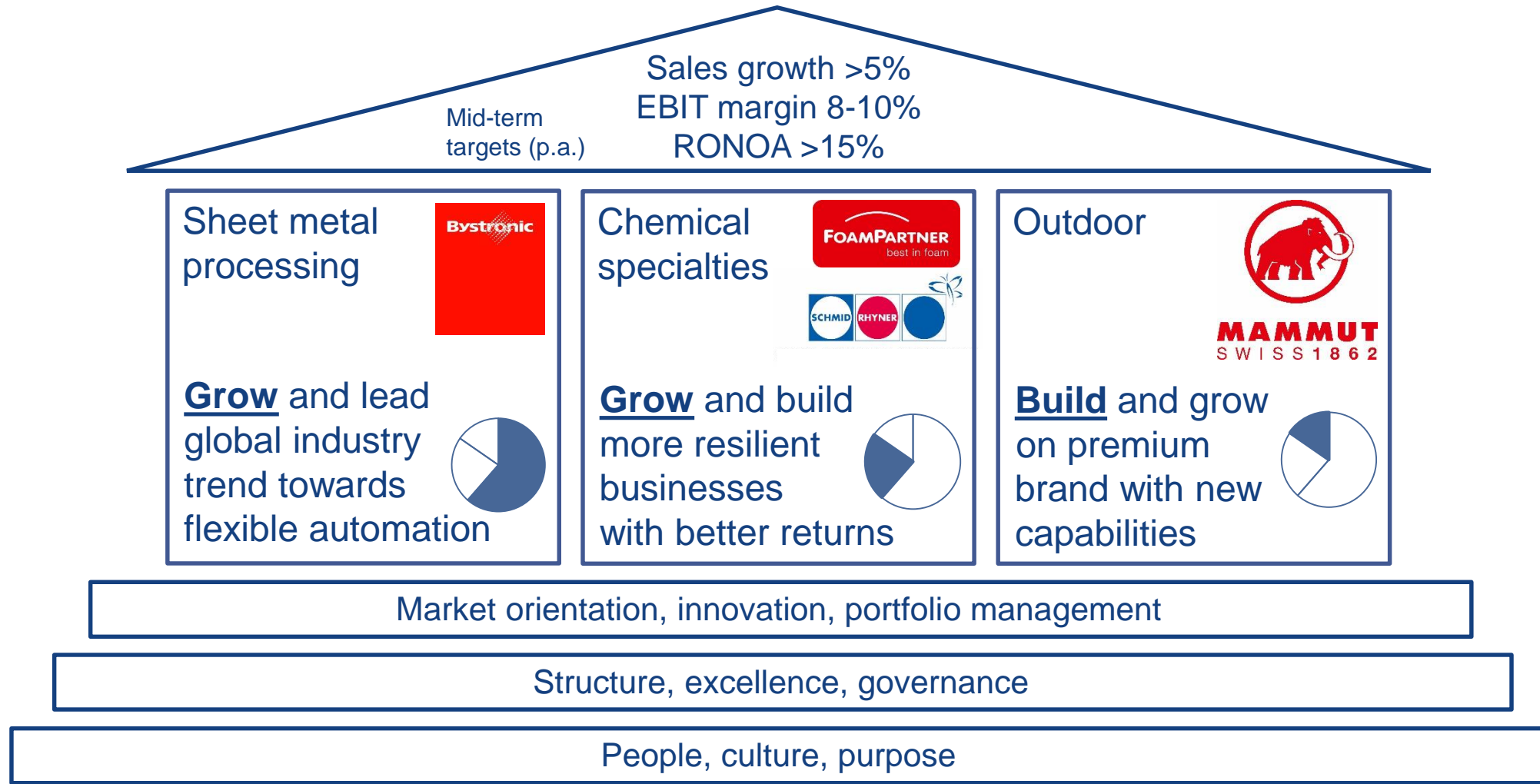
**MAMMUT**  
SWISS 1862

**Outdoor**

Premium outdoor brand

<sup>1)</sup>FY 2018, excluding Glass Processing, divested as per April 1<sup>st</sup> 2019.

# Differentiated steering for leading market positions



## to sharpen the profile for more consistent value creation

### Business strategies

**Bystronic:** No. 1 solution provider in sheet metal processing

**FoamPartner:** Transformational upscaling towards “Best in Foam”

**Schmid Rhyner:** Innovative coatings to turn surfaces into experience

**Mammut Swiss 1862:** Digital leader in the outdoor industry



### Portfolio management



ottobock.



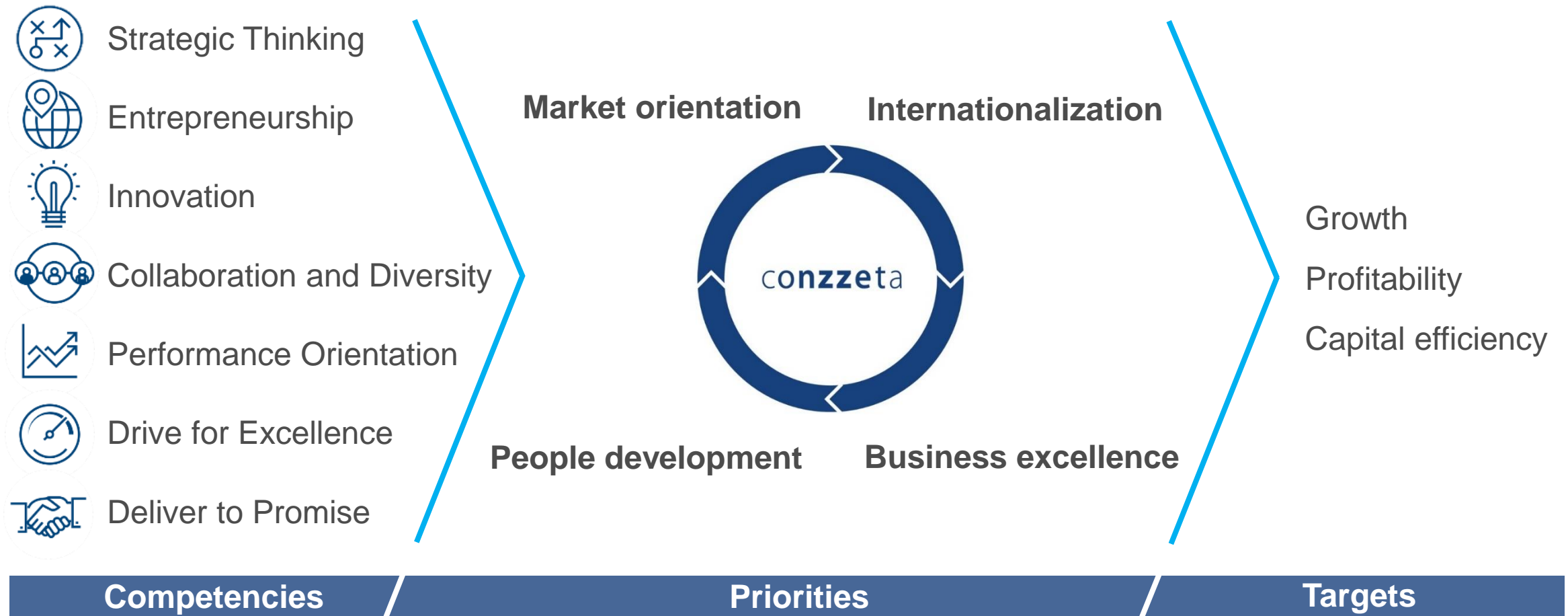
### Acquisitions



### Divestments



# Consistent competencies and priorities to strengthen future viability and performance



# 9M Trading update

## Lower revenue with resilient profitability

CHF m	9M 2019	9M 2018	Chg. in %
<b>Group net revenue</b>	1'136.5	1'306.50	-13.0%
comparable <sup>1</sup>			-7.0%
<b>Continuing operations</b>			
Sheet Metal Processing Order intake	693.5	756.7	-8.4%
Net revenue			
Sheet Metal Processing	662.3	735.6	-10.0%
Chemical Specialties	265.4	294.9	-10.0%
Outdoor	186.7	183.2	1.9%

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

- Stable 1HY EBIT margin of 7.6% (adjusted for disposal gain) despite revenue decline
- Development of Group net revenue also reflecting disposal of Glass Processing segment
- Sheet Metal Processing with stable order entry in Q3; net revenue adversely impacted by the postponement of client orders from Q3 into Q4
- Chemical Specialties with continued adverse impact from challenging automotive market, but softer client sentiment also across other market segments
- Outdoor with lower revenue in Q3 due to weak delivery performance from both, defective textile supplies from third parties and internal supply chain challenges

Confident of revenue catch up in Q4 from expected order delivery in Sheet Metal Processing and growth in Outdoor, partly offset by continuously challenging automotive market for Chemical Specialties

Bystronic

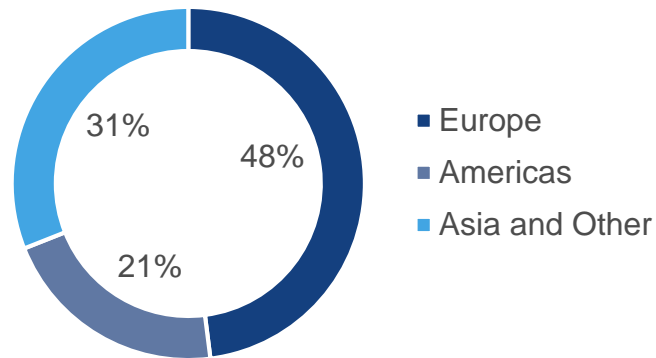
# Sheet Metal Processing Bystronic



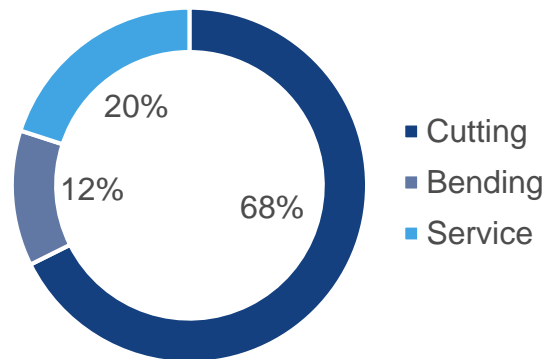


# Sheet Metal Processing Business profile Bystronic

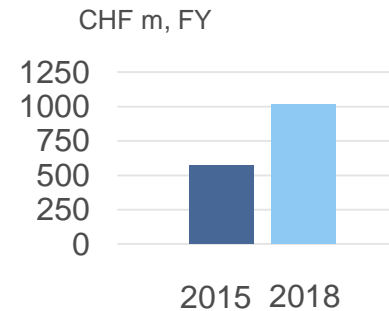
## Net revenue by region<sup>1)</sup>



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



<sup>1)</sup> FY18



## Net revenue trend

CAGR 21.4%

Organic growth across regions;  
acquisitive mainly in Asia

## Market and position

- Technology leadership position, in cutting, bending, automation (Industry 4.0)
- USD ~7.5 bn global market; Bystronic with #3 position in accessible market
- Customer structure
  - 80% job shops, 20% OEMs
  - Diversified across industry sectors
  - No customer with >1% of Net revenue

## Slowdown from high level – solid orders – resilient 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

- Base effects from record 2018 and more challenging operating environment in 2019 with enhanced competitive pressure
- After accelerated revenue decline in Q3 (-17.3%), expect stabilization in Q4
- Encouraging order entry in Q3 (+0.4%), following bi-annual Competence Days in June with >1'000 clients from ~50 countries
- Resilient margin, thanks to innovative product / solution offering, favorable country mix and good cost control
- CAPEX programs on track; site modernization in Switzerland completed by YE, US manufacturing and experience center by mid 2020

Well positioned to further outgrow market

# Sheet Metal Processing

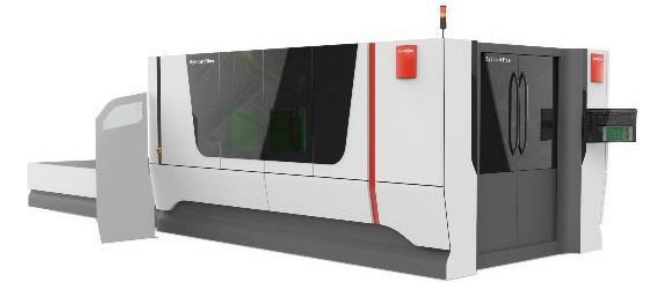
Pushing innovation, including software and automation

conzzeta

## 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

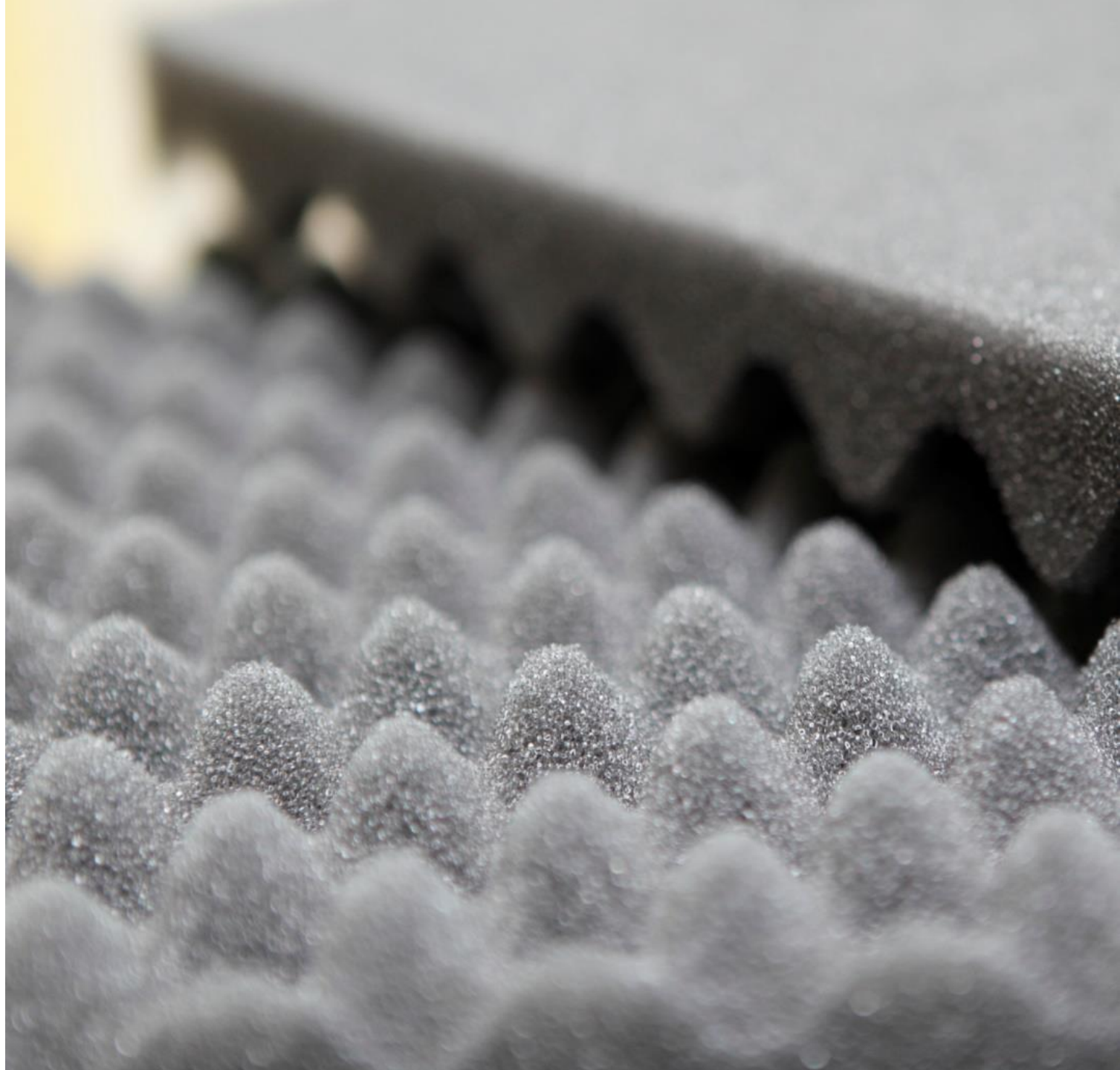
- New Xpert Pro for gold segment
- New mobile bending cell with Xpert 40 & 80
- New automated bending cells for silver segment
- Updated robot manager software



New bending cell Smart (with Xact Smart & Xpress)

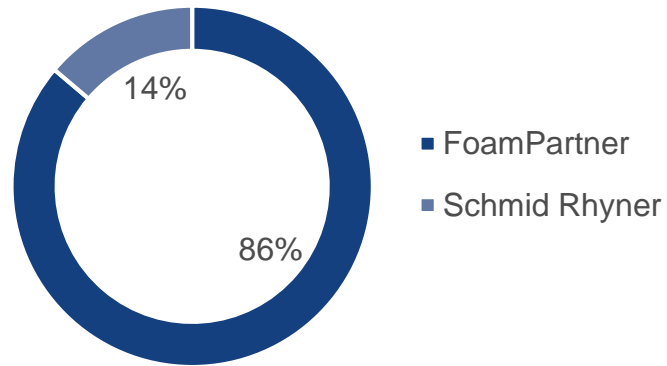


# Chemical Specialties FoamPartner Schmid Rhyner

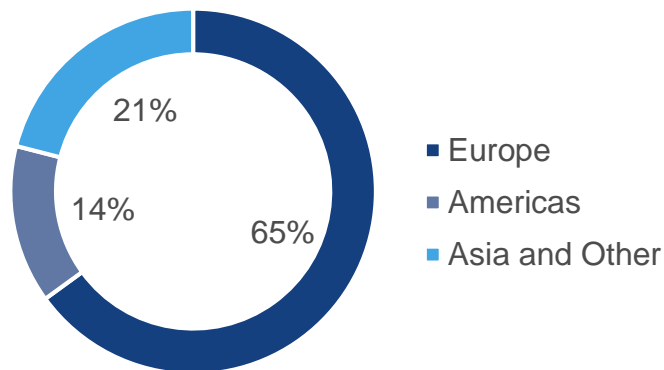


## Business profile FoamPartner & Schmid Rhyner

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

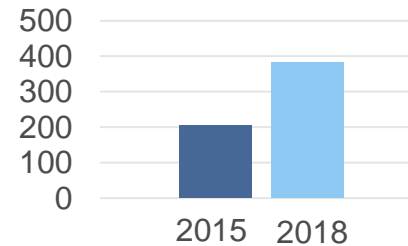


### Net revenue by region<sup>1)</sup>



<sup>1)</sup> FY18

CHF m, FY



### Net revenue trend

CAGR 23.4%

Growth across regions driven by Otto Bock Kunststoff acquisition

### Market and position

- **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**
  - USD ~8bn global market; foam as fragmented market with <25% market share of top 5 players
  - Largely customized solutions

## 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

- Continuously adverse revenue trend (-8.8% in Q3) across market segments and regions
- Challenging automotive and comfort markets, sales price erosion and business realignment in America as main drivers
- Improved EBIT margin – revenue decline more than offset by lower input costs and operational progress in FoamPartner business unit
- Expect next milestone in European site optimization program to be reached in November

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

# 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)**



- As per HY, 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

## ~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



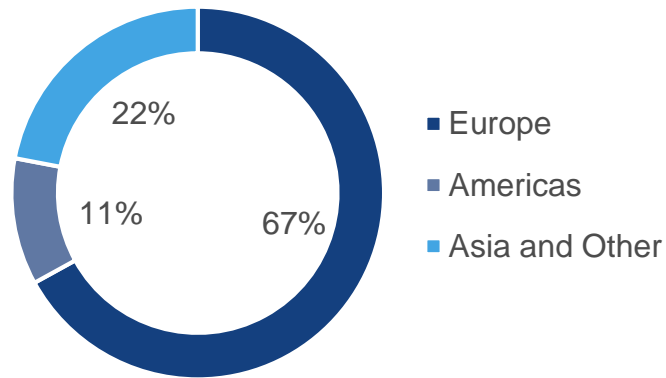


# Outdoor Mammut

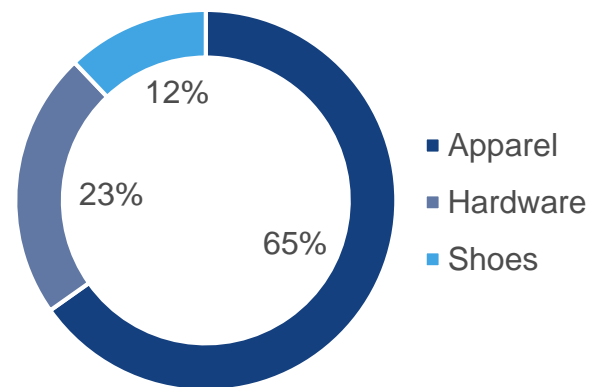


# Outdoor Business profile Mammüt

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

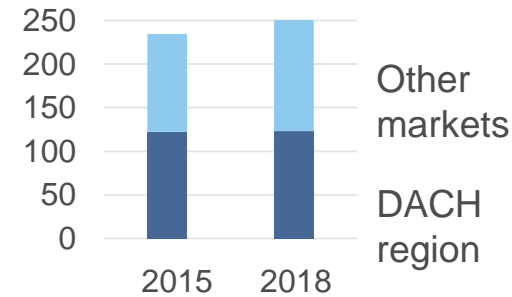


## Net revenue by product category<sup>1)</sup>



<sup>1)</sup> FY18

CHF m, FY



## Net revenue trend

CAGR 4.1%  
Elimination of low margin corporate and discount sales

## Market and position

- Fragmented USD ~25 bn outdoor market with only few global brands; Mammüt as premium brand with ~#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

## Drive growth for 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%



Award-winning product innovation

Flextron – shoe sole for slower fatigue



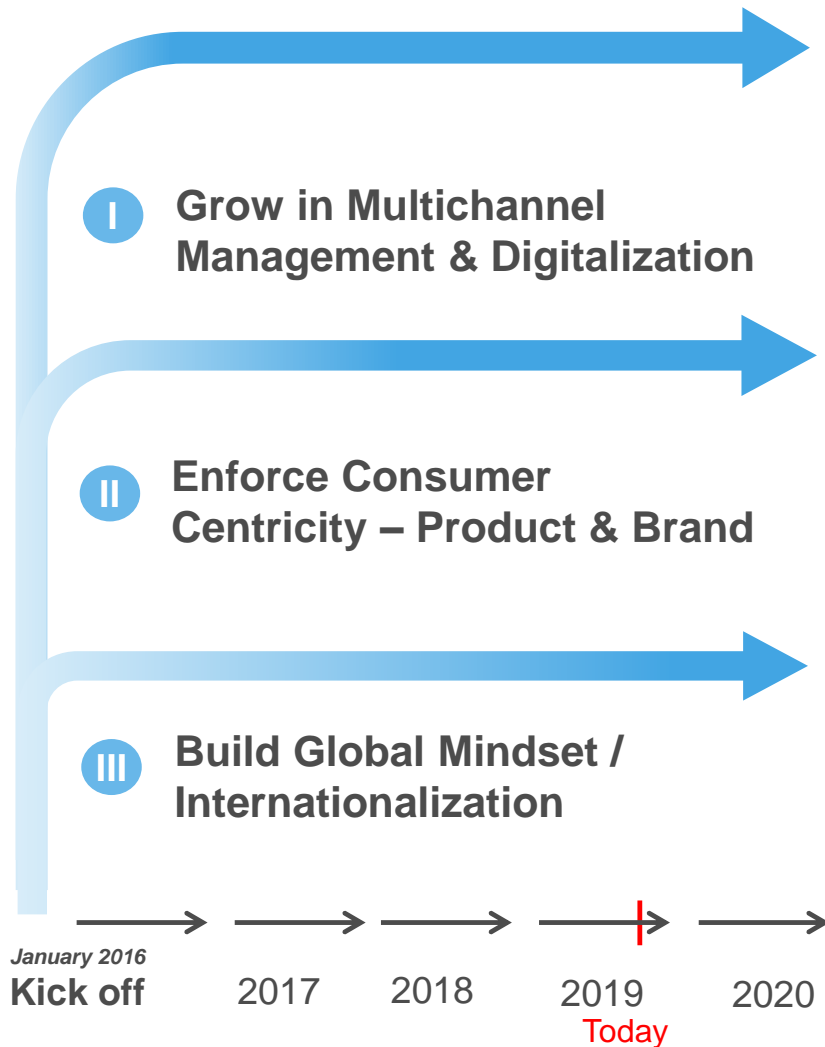
PHASEknit – stretchable textile for Sota Jacket

### Operational performance

- 9M YTD revenue performance of +1.9% reflects notable “glitch” in Q3 (-4.7%)
- With measures taken to improve delivery performance, expect double-digit growth in seasonally important Q4
- Implementation of 5 year strategic plan on track; increase of cost base to build critical capabilities (largely) completed
- Collection renewal with encouraging signs from improved gross margin, but need topline growth to dilute enhanced cost base for improved EBIT margin

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

## 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 2019

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

## More decentralized management

- Accelerated development of the potential of the three segments, taking into account all options; implemented dedicated teams to drive strategic and operational progress and to promote client focus, agility and value creation

Given geopolitical and macroeconomic uncertainties with increased signs of economic slowdown, we continued to 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

Thank you very much  
for your interest.

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Bloomberg CON:SW