

THE WAY TO MAKE IT

Half-year results 2017 and outlook

24 August 2017

komax

Half-year results 2017 in brief



- › Increase in market shares ⇒ expansion of market position
- › High order intake, delayed reflection in revenues
- › Successful market launch of Alpha 530/550 machinery platform
- › Strong market dynamism in Asia/Pacific and Europe (incl. Africa), slowdown in North/South America
- › Asset Deal with Practical Solution ⇒ expansion of presence in Asia
- › Conclusion of agreement to acquire Laselec SA ⇒ strengthening of aerospace market segment
- › Introduction of new ERP system
- › Integration of companies acquired in 2016

Agenda



› **Half-year results 2017**

- › Focus on core market (wire)
- › Outlook 2017

Key figures

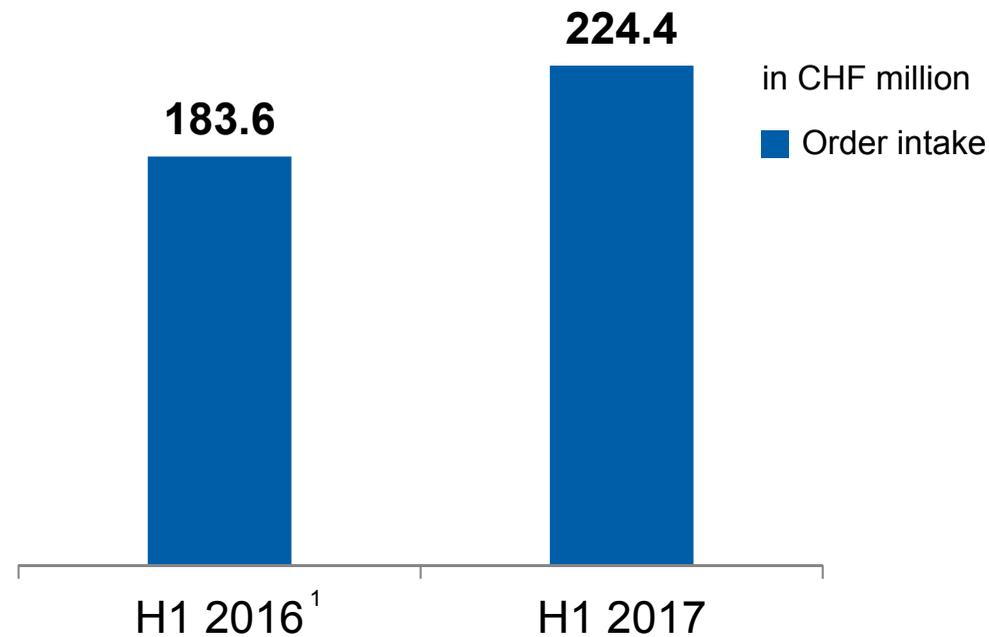


in TCHF	H1 2016 ¹	H1 2017	+/-			
			Internal growth	Acquisitions	Currencies	Total
Order intake	183'625	224'431				22.2%
Revenues ²	196'359	194'711				-0.8%
Book-to-Bill	0.94	1.15				
Revenues excl. Medtech business unit ²	177'162	194'711	8.7%	2.1%	-0.9%	9.9%
Operating profit (EBIT)	30'467	25'444				-16.5%
in % of revenues	15.5%	13.1%			-0.4pp	
Group profit after taxes (EAT)	22'921	18'638				-18.7%
in % of revenues	11.7%	9.6%				
Free cash flow	-545	-201				-63.1%
Research and development	12'868	16'728				30.0%
in % of revenues	6.6%	8.6%				
Net cash (+) / Net debt (-)	17'008	-2'246				-113.2%

¹ Since the start of 2017, the consolidated financial statements have been drawn up in accordance with Swiss GAAP FER. The previous year's figures have been revised accordingly.

² Revenues: net sales + other operating income.

Strengthening of market position: significantly higher order intake



› Order intake 22.2% higher than previous year

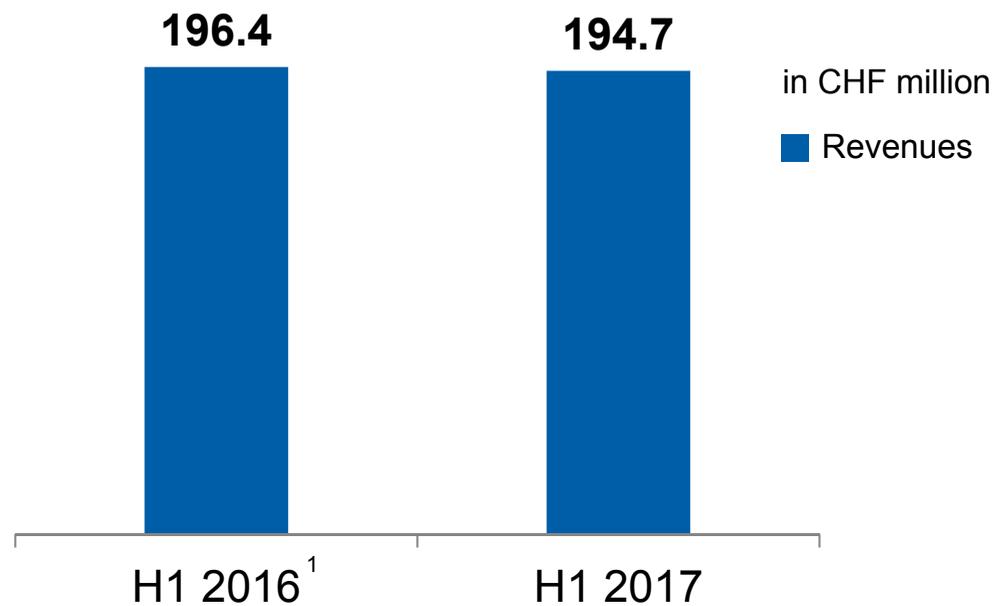
› Share of Medtech business unit in H1 2016: CHF 9.3 m

› Order intake excl. Medtech business unit

H1 2016 ¹	H1 2017	+/-
174.4	224.4	28.7%

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Internal sales growth of 8.7% (excl. Medtech business unit)



- › Revenues close to prior-year level
- › High book-to-bill ratio: 1.15
- › Share of Medtech business unit in H1 2016: CHF 19.2 m
- › Revenues excl. Medtech business unit

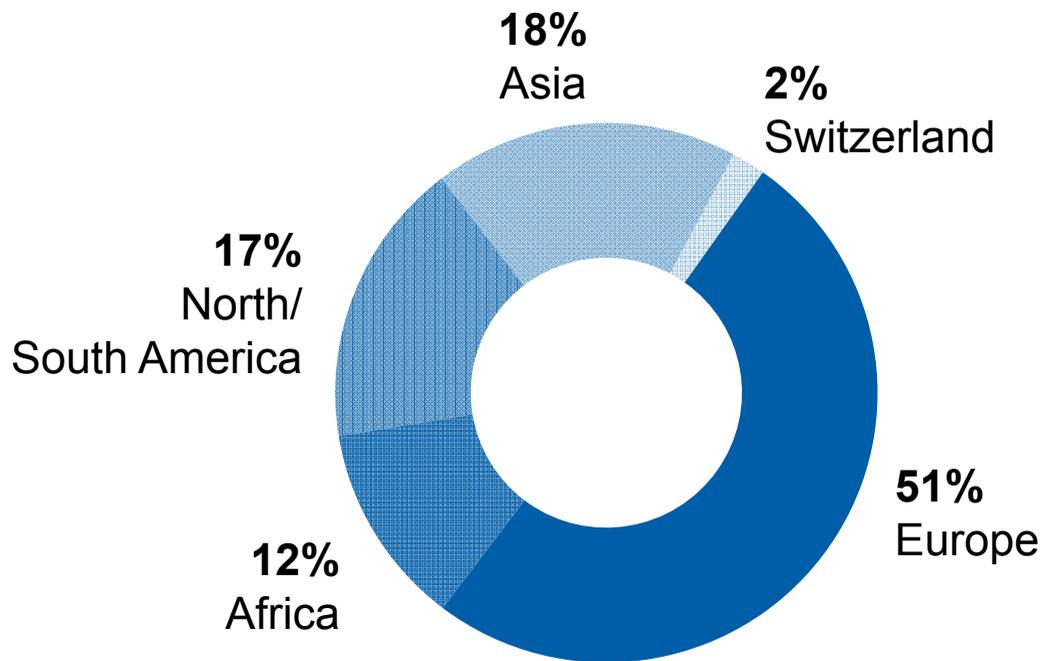
H1 2016 ¹	H1 2017	+/-
177.2	194.7	9.9%

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High market dynamism in Europe, Africa and Asia



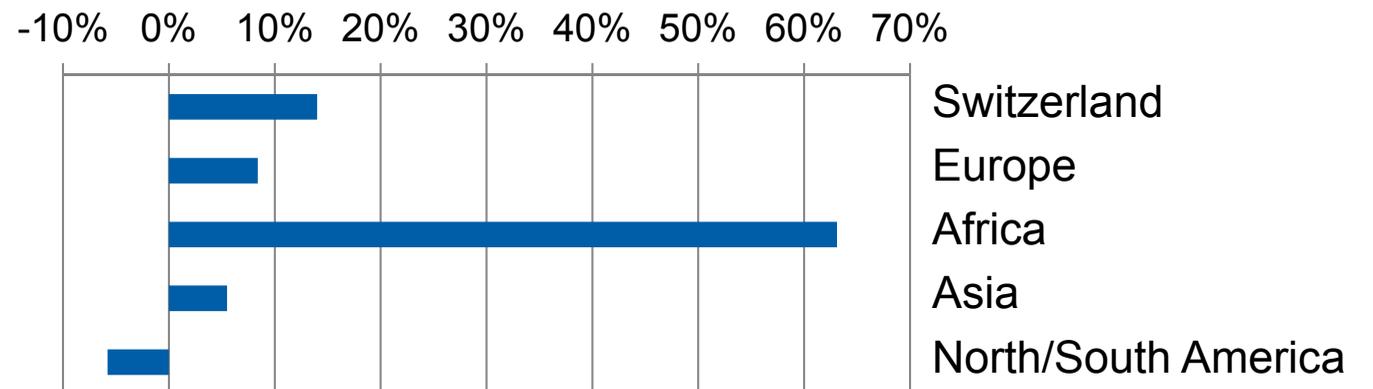
Net sales by region
(excl. Medtech business unit)



Revenues (excl. Medtech business unit) by region

- Europe CHF 102.2 m (H1 2016: CHF 94.1 m)
- Africa CHF 23.2 m (H1 2016: CHF 14.2 m)
- Asia CHF 35.3 m (H1 2016: CHF 33.5 m)
- North/South America CHF 33.8 m (H1 2016: CHF 35.9 m)

Change from previous year

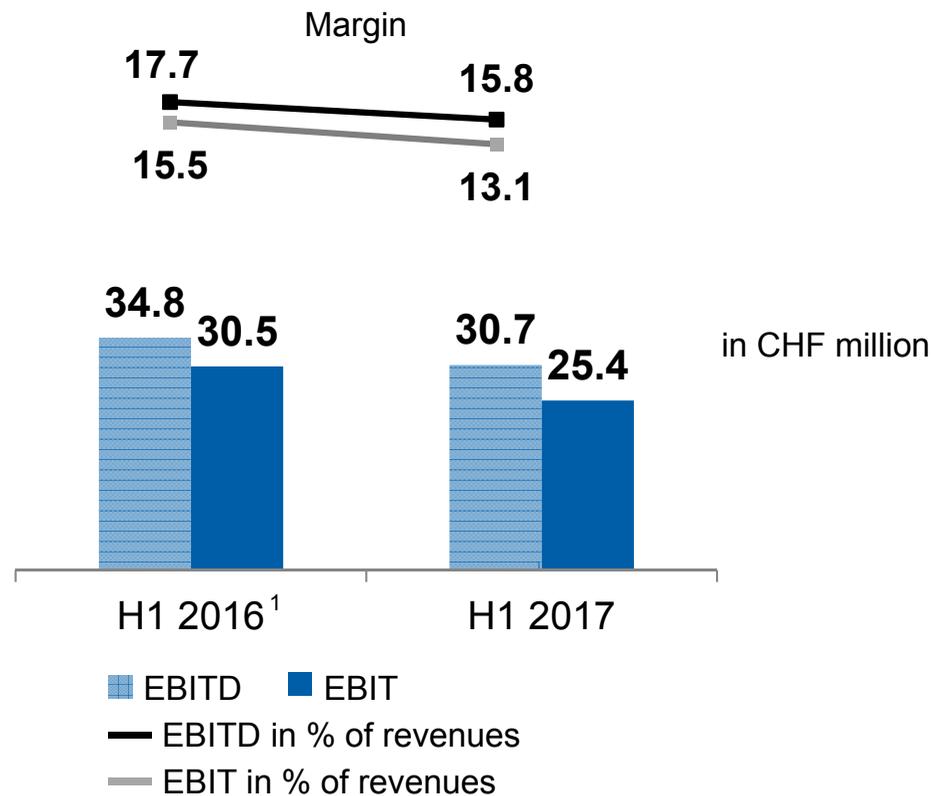


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Strong growth impacts on profitability



EBITD and EBIT in % of revenues



Factors influencing result

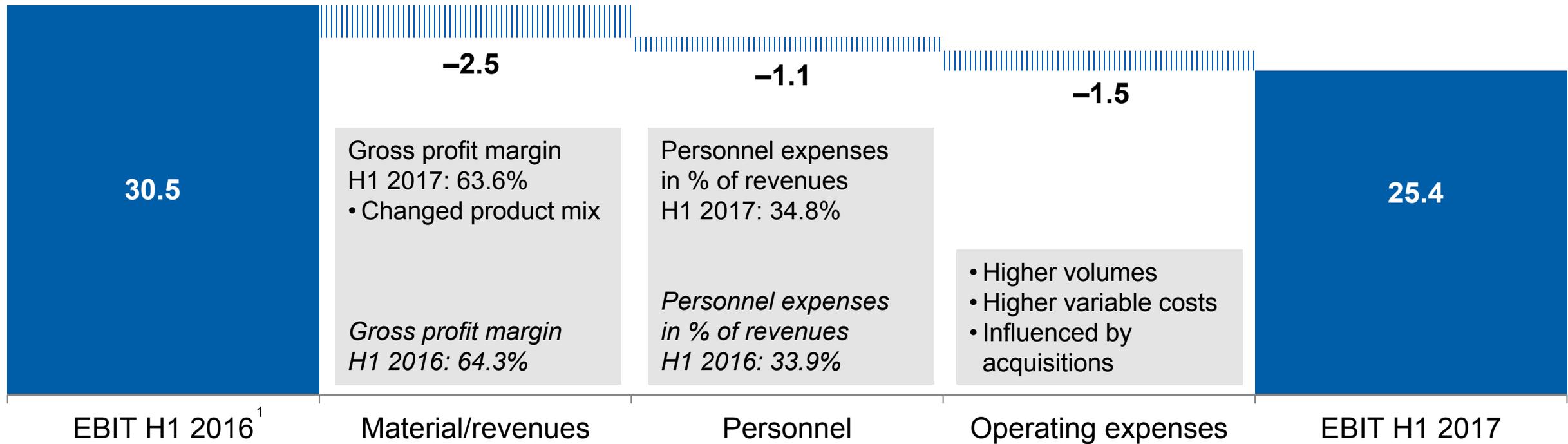
- › Significant change in product mix
- › Machinery platform replacement process
- › Investment in market expansion

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EBIT development

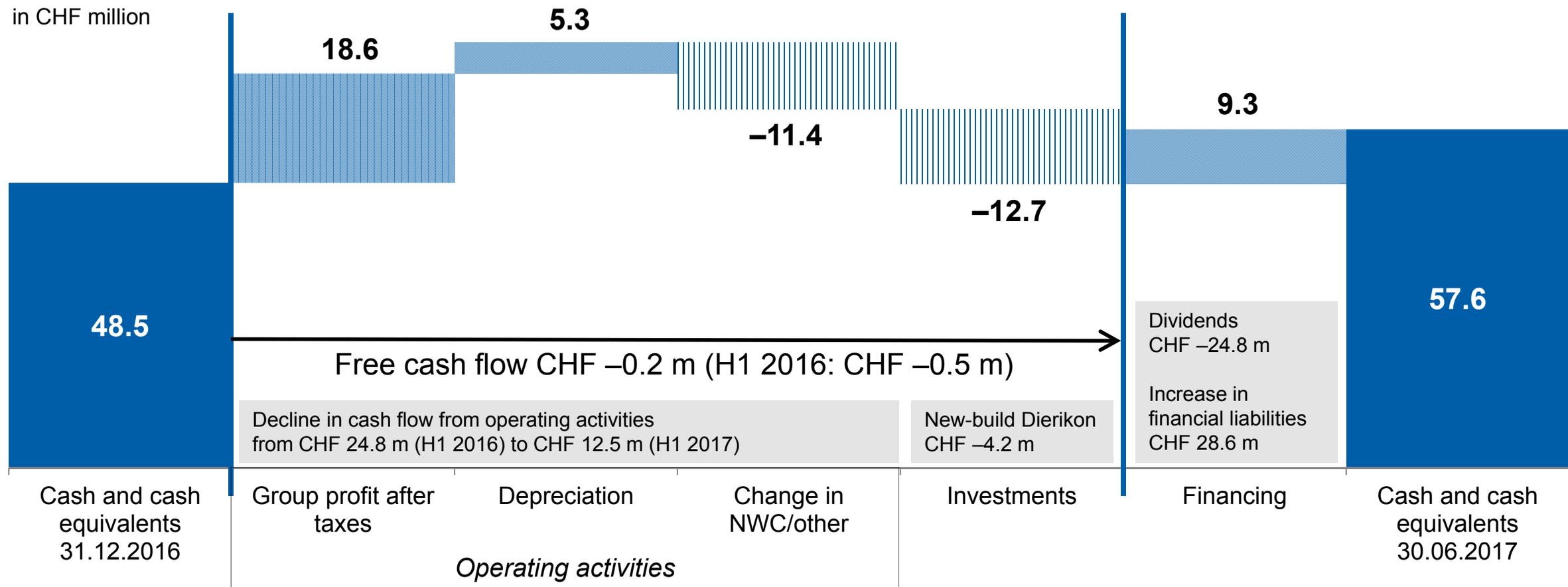


in CHF million



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Free cash flow: once again shaped by strong investment activity



Future-oriented investments



- › Growth expectations require an expansion of product capacities
- › New-build in Dierikon
 - Investment volume: in excess of CHF 70 m
 - Area: more than 20,000m²
 - Scheduled for occupation: second half of 2019
- › Building extension at Komax SLE in Grafenau
 - Significant increase in production and office area
 - Scheduled for occupation: end of 2018
- › New-build at Kabatec in Burghaun
 - Merger of Ondal and Kabatec
 - Scheduled for occupation: end of 2018



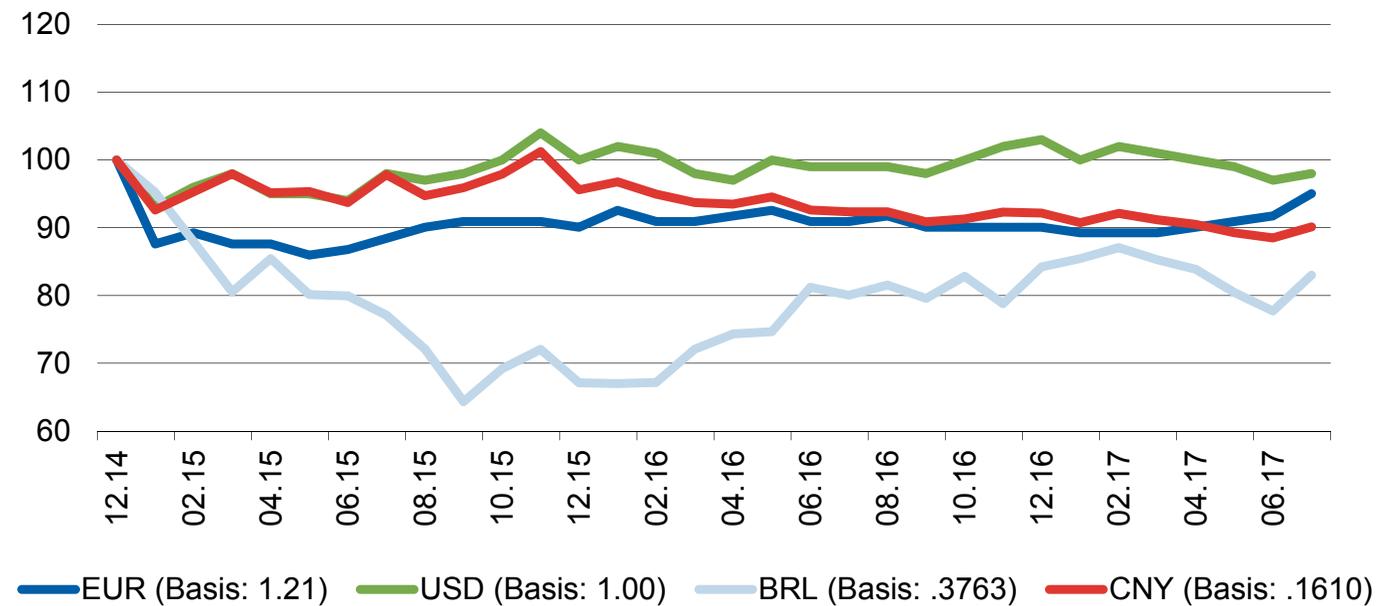
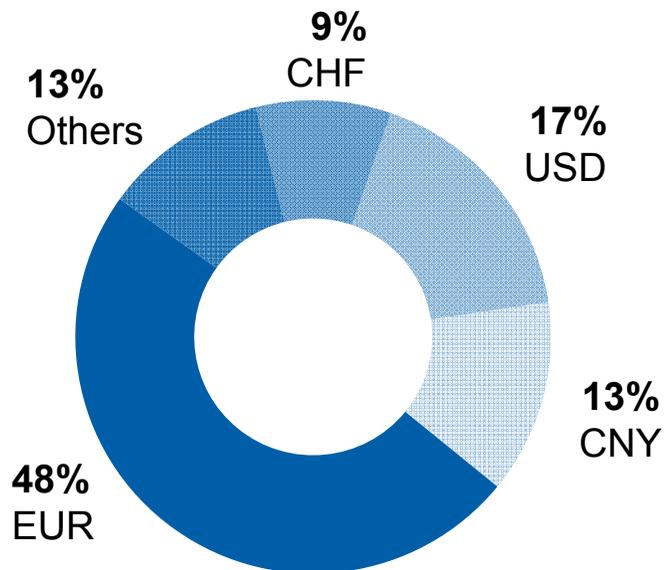
Negative currency effect



- › Further rise in net sales in EUR due to healthy business development in Europe and Africa

- › Currency impact
 - Net sales –0.9%
 - Gross profit margin –0.5 percentage points
 - EBIT margin –0.4 percentage points

Net sales by currency



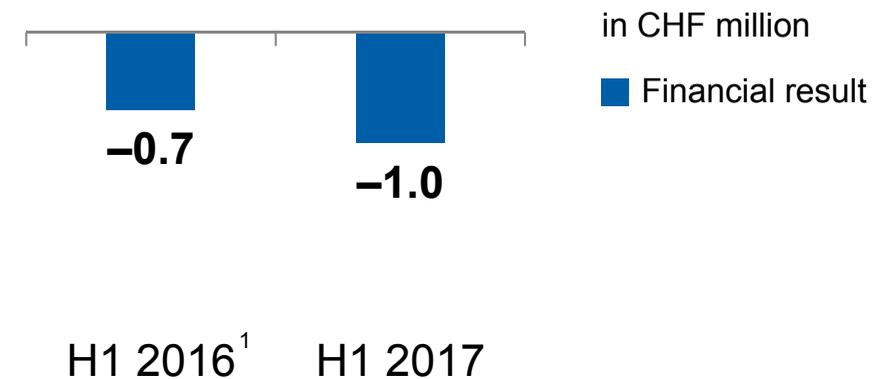
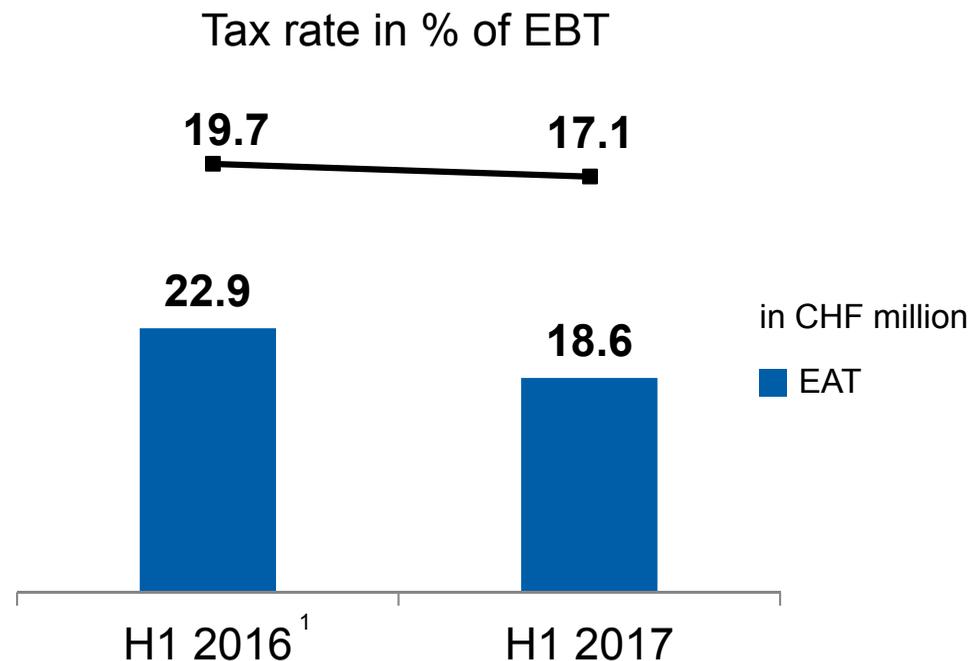
Group profit after taxes (EAT)



- › Value adjustment of CHF 1.9 m to loan granted to an associated company

- › Financial result CHF 0.3 m lower than previous year, above all due to lower USD exchange rate

- › Expected medium-term tax rate approx. 20%

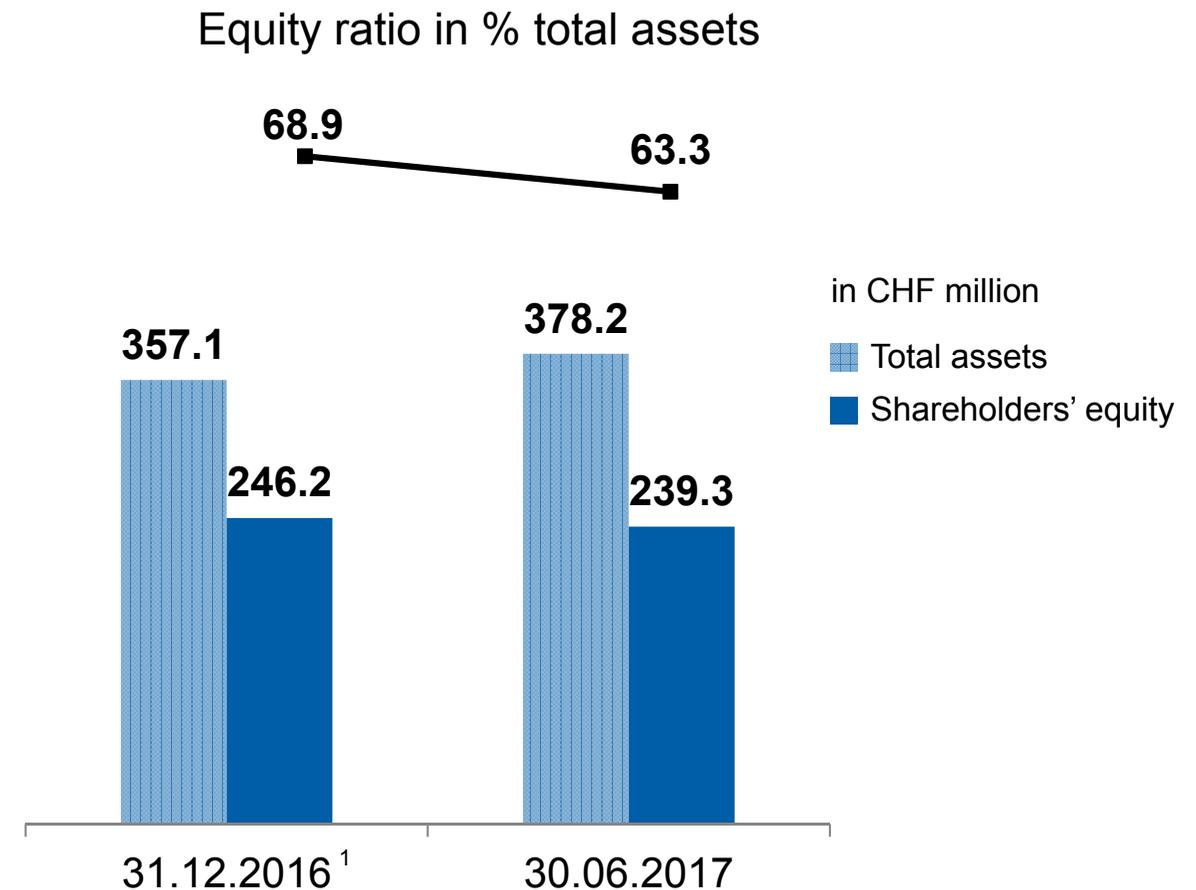


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Strong financial foundation



- › Equity ratio 63.3%
- › Decline in equity ratio due to dividend payment and distribution from capital contribution reserves in first half of 2017 (CHF 24.8 m)
- › Net debt of CHF 2.2 m (31.12.2016: Net cash of CHF 17.0 m)
- › Foreign-currency influences reduce balance sheet total by CHF 2.7 m



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Changeover from IFRS to Swiss GAAP FER



› Changeover took place of 1 January 2017

Changes	IFRS	Swiss GAAP FER
Valuation of goodwill	Contained in intangible assets (31.12.2016: CHF 45.9 m)	Goodwill offset against shareholders' equity
Technology assets	Contained in intangible assets (31.12.2016: CHF 9.7 m)	Technology assets offset against shareholders' equity
Liability from defined-benefit pension plans (IAS 19)	Defined-benefit pension plans calculated and recorded in balance sheet according to projected unit credit method	Pension liabilities and benefits ascertained on basis of completed financial statements
Deferred tax assets from tax-loss carryforwards	Capitalized if there is a probability of future profits	Elected not to capitalize

Above-average investment in Research & Development



Internal and external sources for innovation

INTERNAL SOURCES
Know how and competencies



**VALUE ADDING PRODUCT DEVELOPMENT –
KOMAX SOLUTIONS**



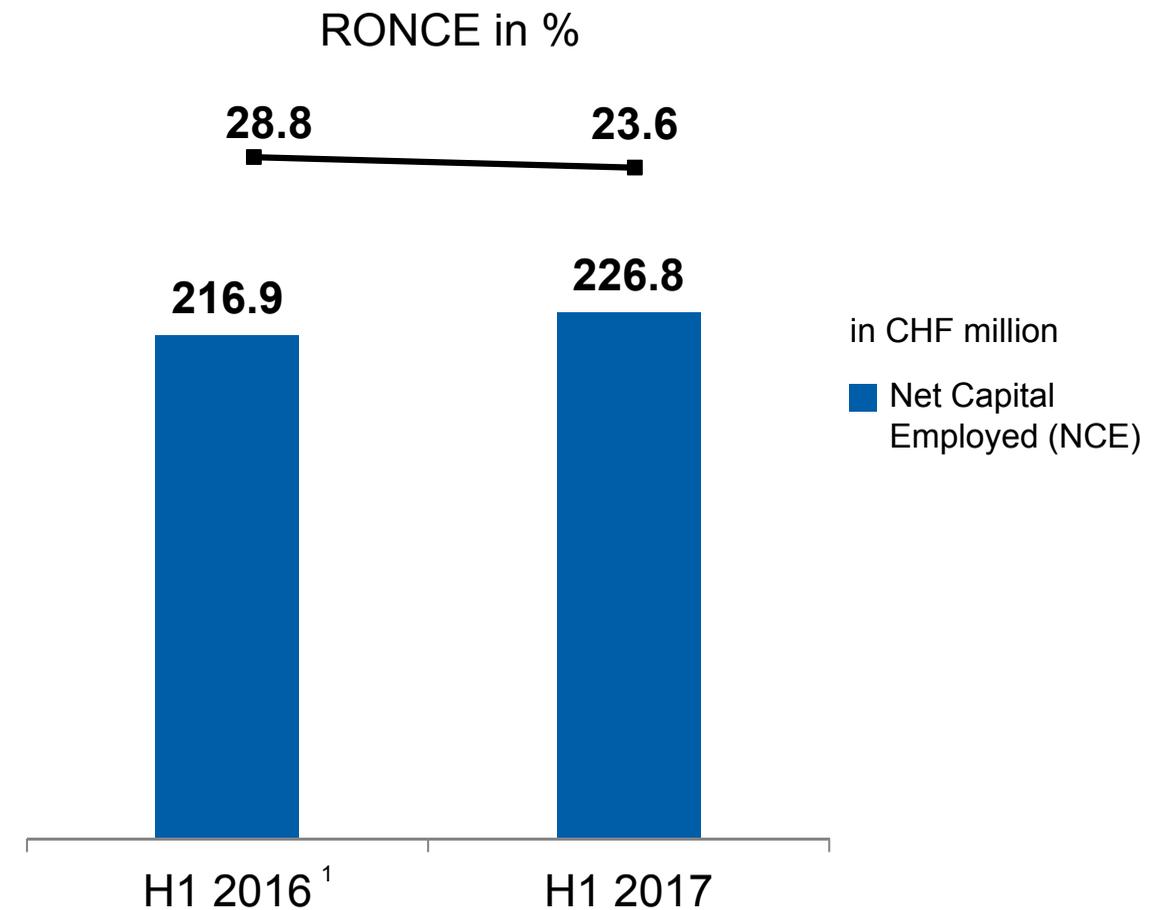
EXTERNAL SOURCES
Customer needs and technological trends

- › Dedicated R&D expenditure:
CHF 16.7 m or 8.6% of revenues
(H1 2016: CHF 12.9 m or 6.6 % of revenues)
- › Some 175 R&D staff; in addition,
some 170 engineering staff for customer-specific solutions
- › Goal: regular development of differentiating, innovative
products and solutions
- › Close collaboration with leading technology partners
- › Safeguarding medium and long-term profitability
- › Innovative strength = the foundation of sustainable success

RONCE remains at a high level



- › Strategic target 2017–2021:
RONCE of 25% on average
- › Consistent management of net current assets
 - Ongoing improvement and acceleration of internal processes
 - Strict debtor management
- › Increase in net capital employed due mainly to high order intake



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Agenda



› Half-year results 2017

› **Focus on core market (wire)**

› Outlook 2017

Impressive facts about vehicle wiring systems



Compact

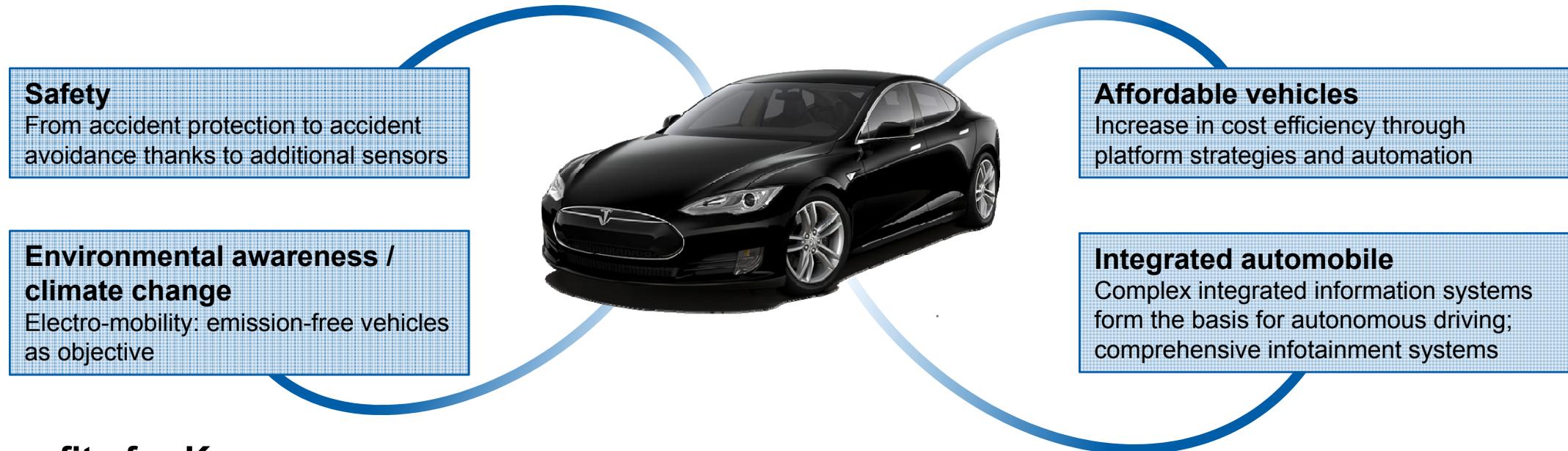


Full-size

	Compact	Full-size
Wires	approx. 1300 (approx. 25% twisted)	approx. 1800 (approx. 30% twisted)
Crimp contacts	approx. 2300	approx. 3200
Plug housings	approx. 250	approx. 300
Wire length (total)	approx. 2000 m	approx. 4000 m
Wire length (maximum)	approx. 7 m	approx. 8 m
Weight of wire harness	approx. 30 kg	approx. 38 kg
Cost of wire harness	CHF 350 – 500	CHF 600 – 800

The wires have a cross-section of between 0.13 mm² and 70 mm² and are made of copper and aluminium.

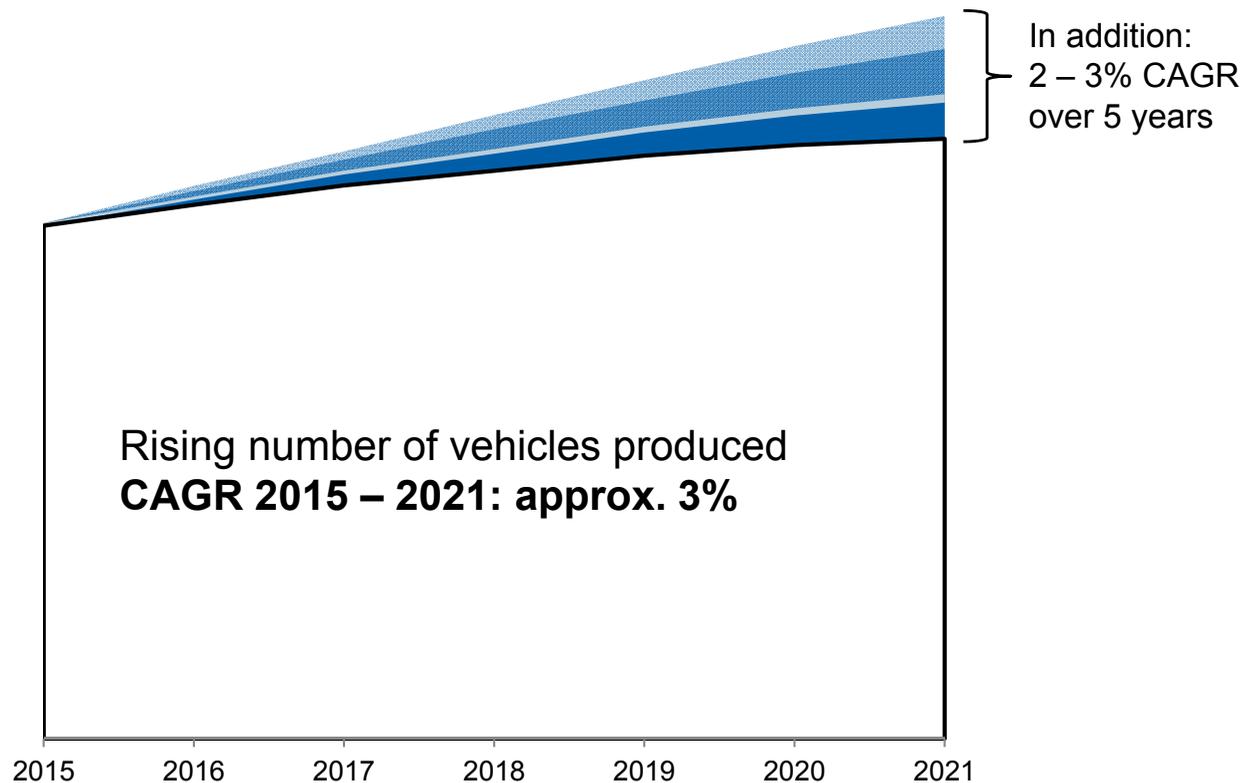
Megatrends



The benefits for Komax

- › Continuous growth ⇒ number of vehicles produced and sold
- › “Electrification” ⇒ marked increase in amount of cabling per vehicle
- › Increasing complexity of vehicle power supply systems ⇒ processing increasingly automated
- › Greater quality and efficiency demands ⇒ can only be met by automated solutions
- › New types of wire ⇒ innovations offer opportunity for USPs

Strong growth in wires requiring processing

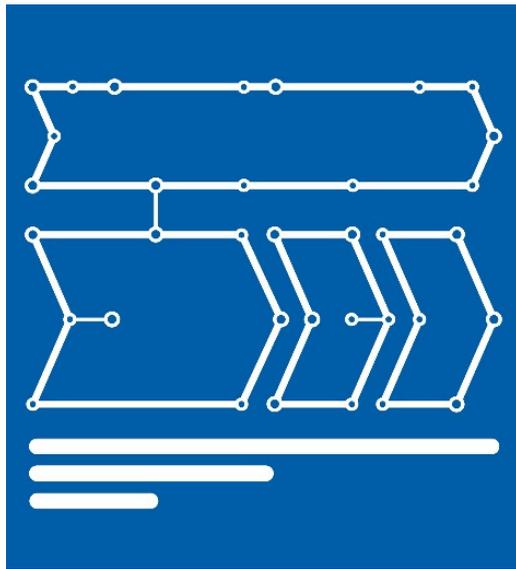


Source: IHS 2015, Light Vehicle Production Forecast, Komax Market Research

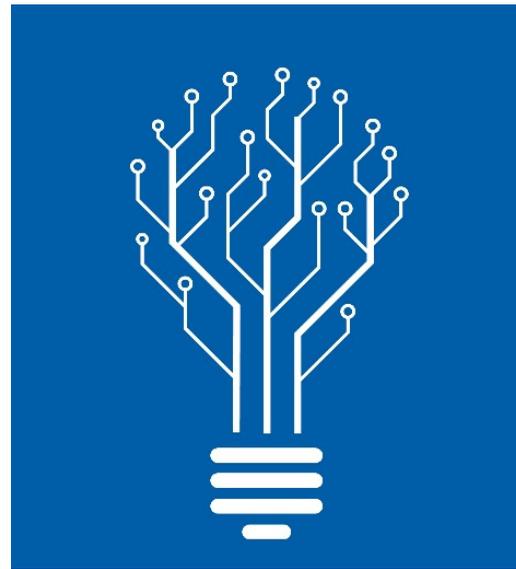
› Two additional factors are doubling the volume growth that comes from the increase in vehicle production:

- **Rise in number of wires in vehicles**
- **Pressure for automation**
 - Complexity of electrical systems on the rise
 - Rise in quality and efficiency demands
 - Ongoing drive towards miniaturization
 - Cost and shortfall of labour increasing

Key strategic priorities



Solutions along the value chain



Innovative production concepts



Increase in global reach

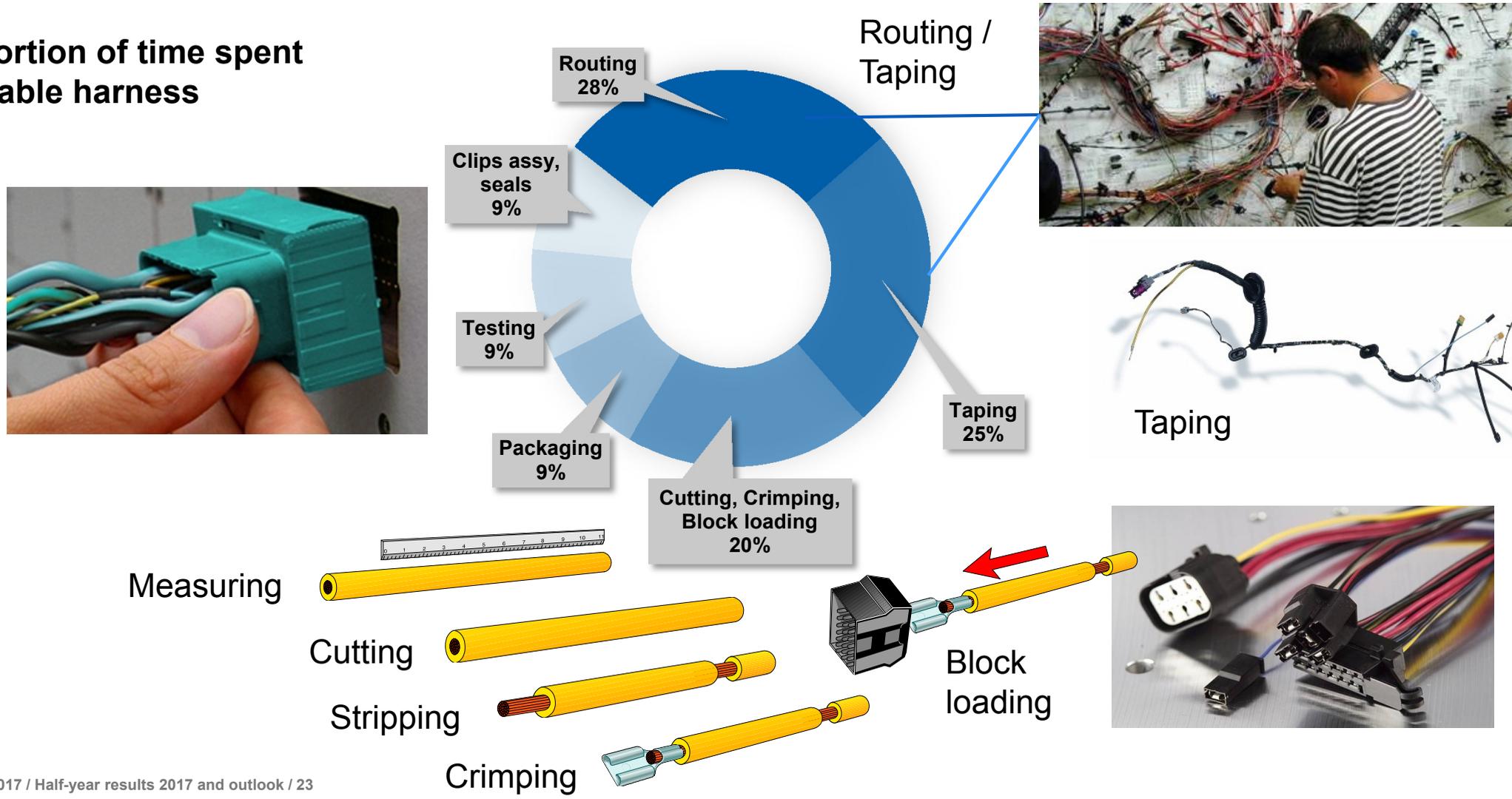


Development of non-automotive markets

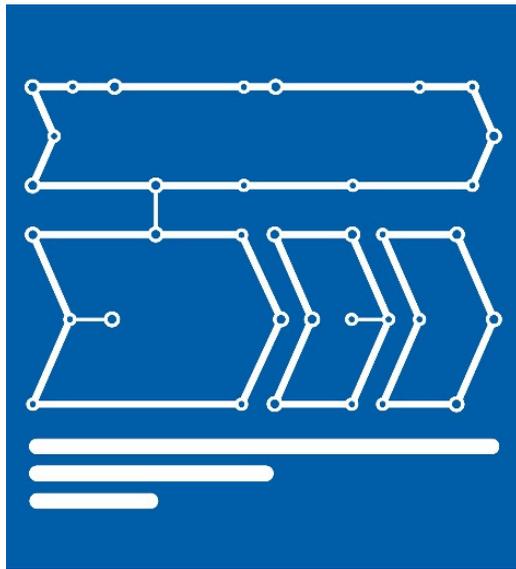
Komax offers solutions along the value chain



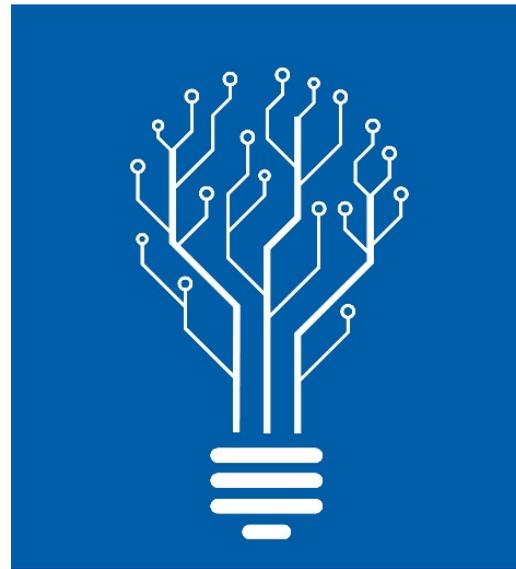
Proportion of time spent per cable harness



Key strategic priorities



Solutions along the value chain



Innovative production concepts



Increase in global reach



Development of non-automotive markets

Special circuit solutions



Antennae



Infotainment



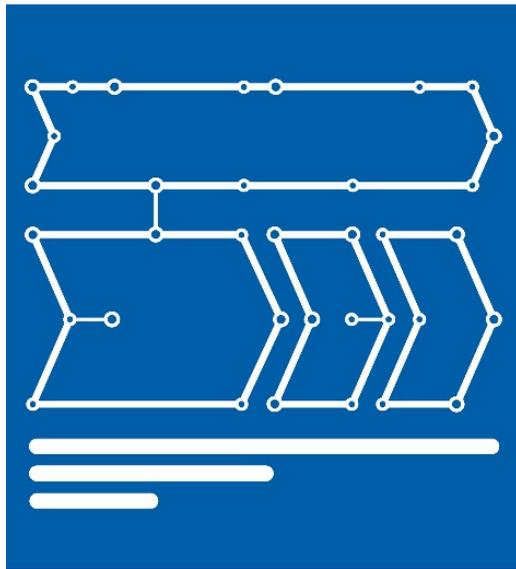
Data transmission /
sensors / airbags



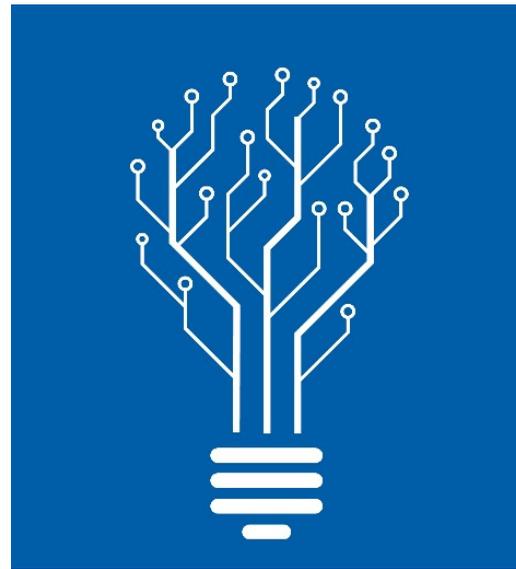
E-mobility



Key strategic priorities



Solutions along the value chain



Innovative production concepts

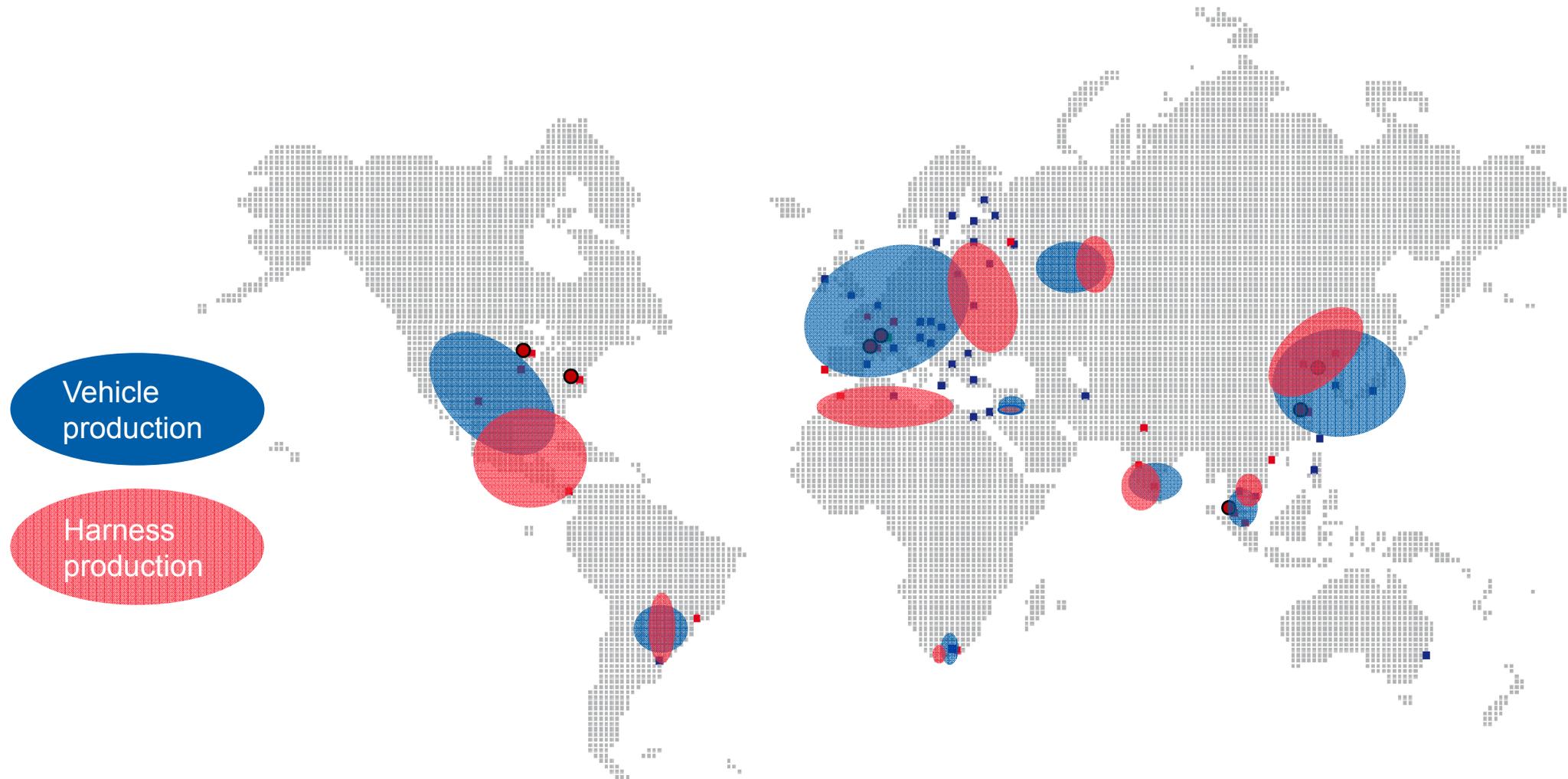


Increase in global reach

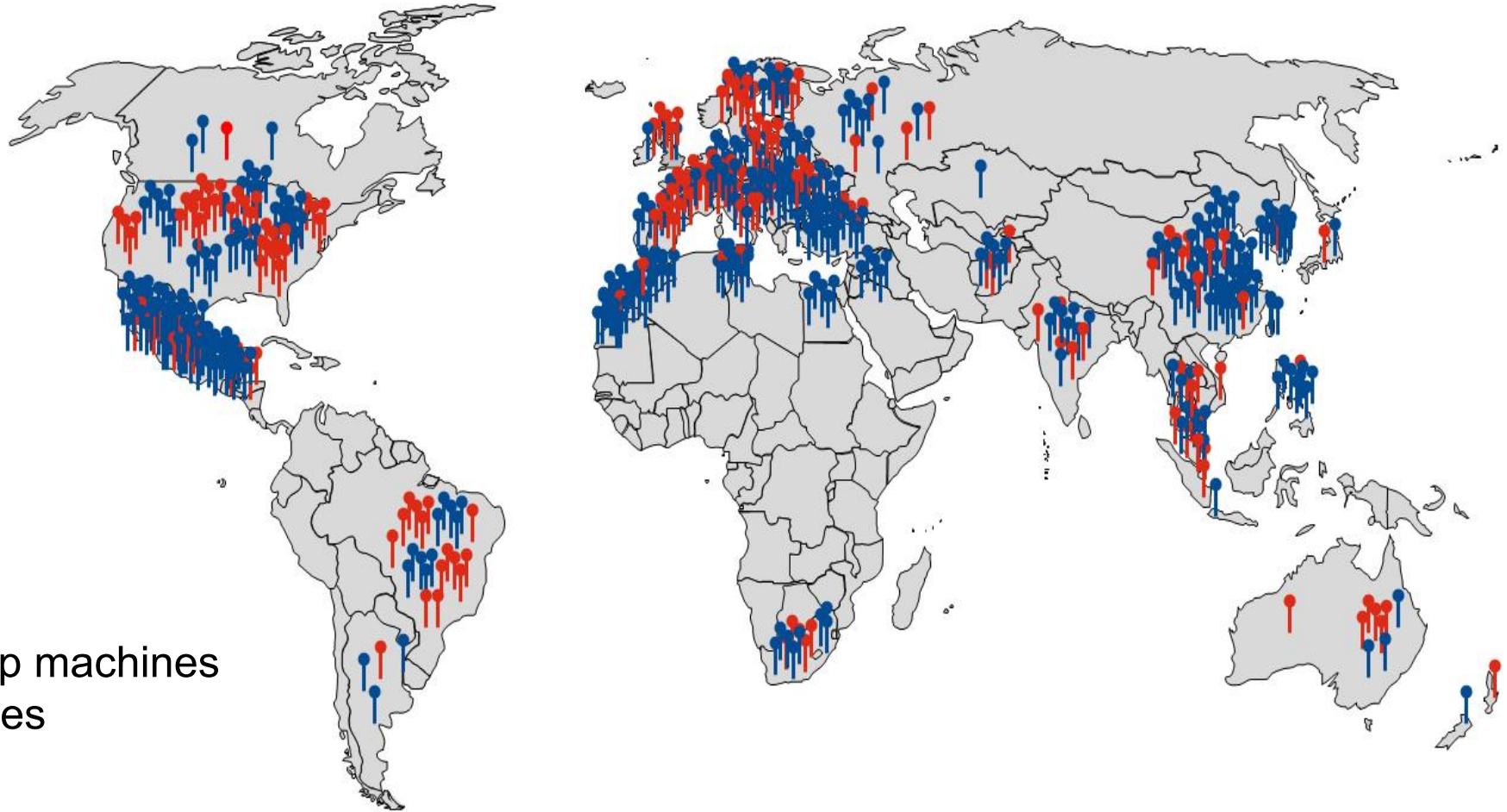


Development of non-automotive markets

Global production: vehicles and harnesses



Geographic markets



- ~ 20 Crimp to crimp machines
- ~ 20 Other machines

Expansion of presence in Asia

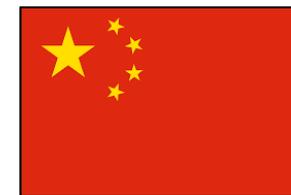


- › Asset deal with Practical Solution in March 2017
- › Development and production site in Singapore
- › Distribution centre in Shanghai

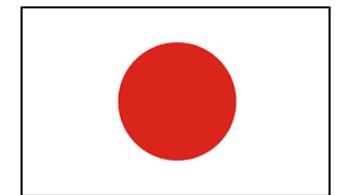
Komax has three R&D locations in Asia



Singapore

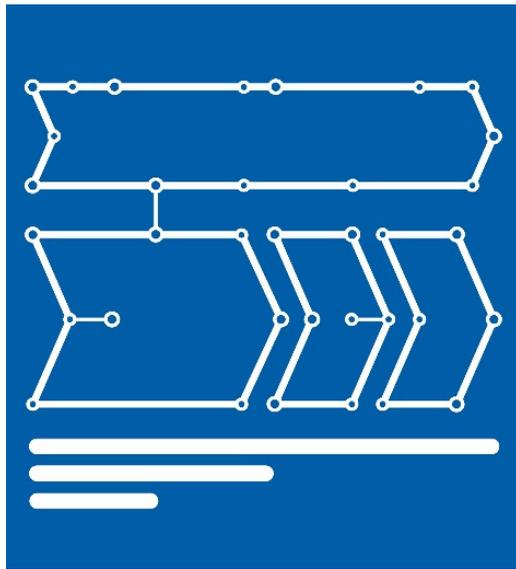


Shanghai

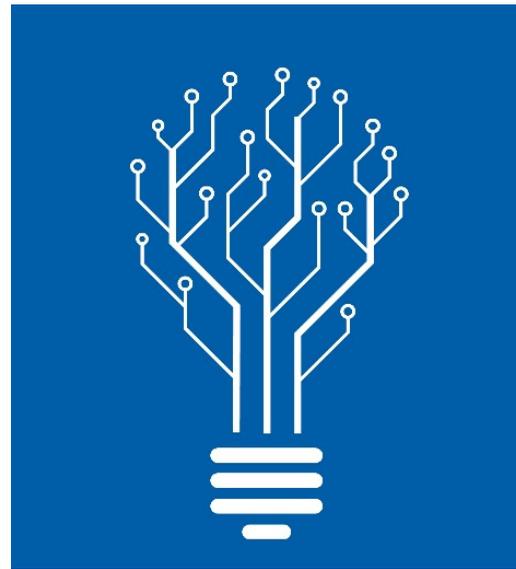


Tokyo

Key strategic priorities



Solutions along the value chain



Innovative production concepts



Increase in global reach



Development of non-automotive markets

Development of non-automotive markets



Aerospace

- › Safety
- › Lightweight construction
- › Reduction of emissions



Telecom/Datacom

- › Multimedia
- › Connected cars
- › Autonomous driving



Industrial

- › Small batches
- › E-mobility
- › Integrated production / industry 4.0

› Selective and complementary build-up of competencies in non-automotive areas supports success of core business

Acquisition of Laselec SA



- › Takeover in second half of 2017
- › Strengthening of aerospace segment
- › Laser-assisted cable stripping and marking solutions
- › Intelligent forming boards for wire harness production
- › Headquarters in Toulouse (France)
- › Around 60 employees



Continuous strengthening of market position through targeted complementary acquisitions



Acquisitions

Expansion of range of products and solutions

2012

TSK Gruppe

Testing systems for wire harnesses

MCM Cosmic

Automatic stripping equipment for the entry-level segment and for the processing of coaxial cables

2014

SLE quality engineering

Processing of coaxial cables and four-wire circuits; systems for crimp force monitoring; micrograph labs

2016

Thonauer Gruppe

Market access to Eastern Europe; solution provider; local application development

SLE Electronics USA

Market access to Mexico; solution provider; local application development

Ondal Tape Processing

Taping and bundling

Kabatec

Taping and bundling

2017

Practical Solution

Expansion of presence in Asia (development, production, sales)

Laselec*

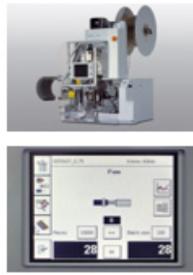
Laser-assisted cable stripping and marking systems, particularly for the aerospace industry; intelligent laying boards

* Stake of about 20% in Laselec since 2015.

Komax has changed...



From product-oriented...



Komax has changed...



... to market segment oriented



Komax has changed...



From stand-alone machines...



Komax has changed...



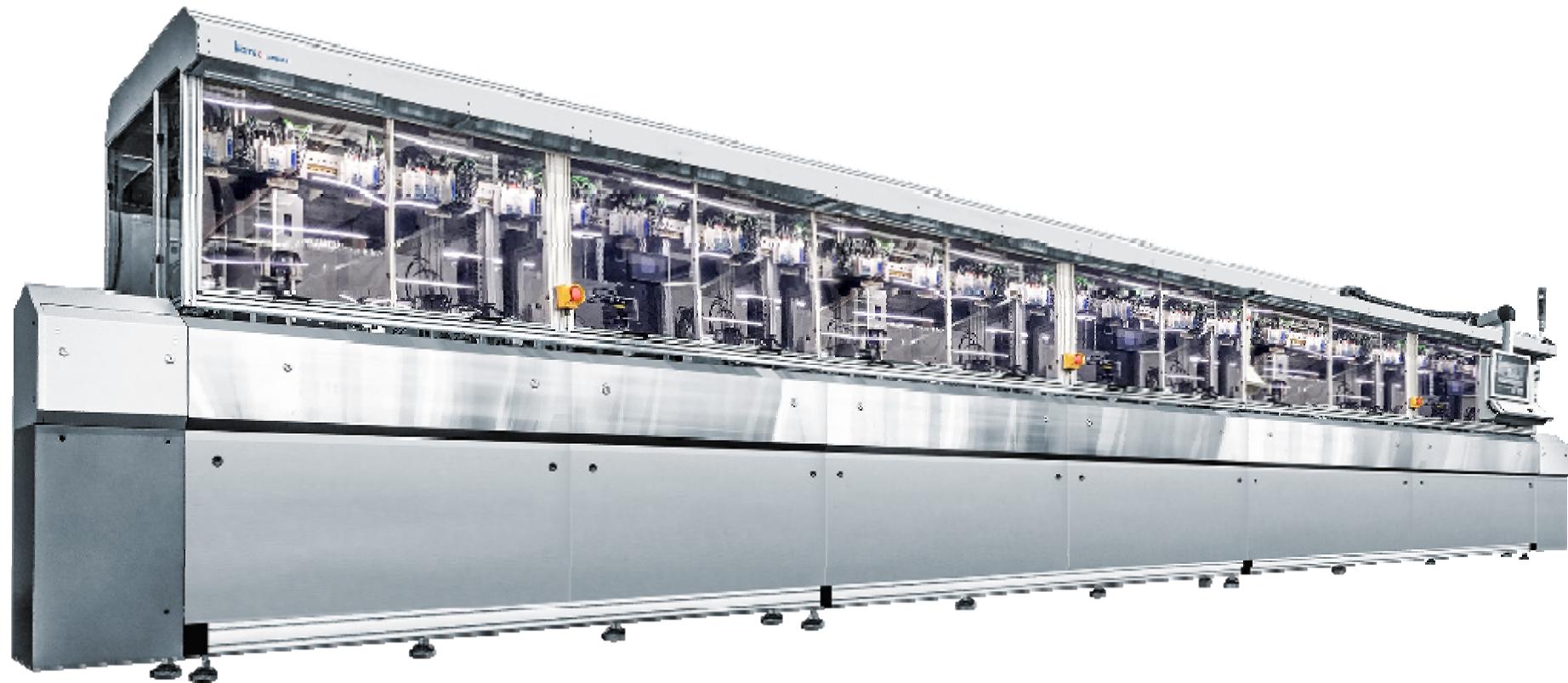
... to integrated solutions



Komax has changed...



From capital goods...



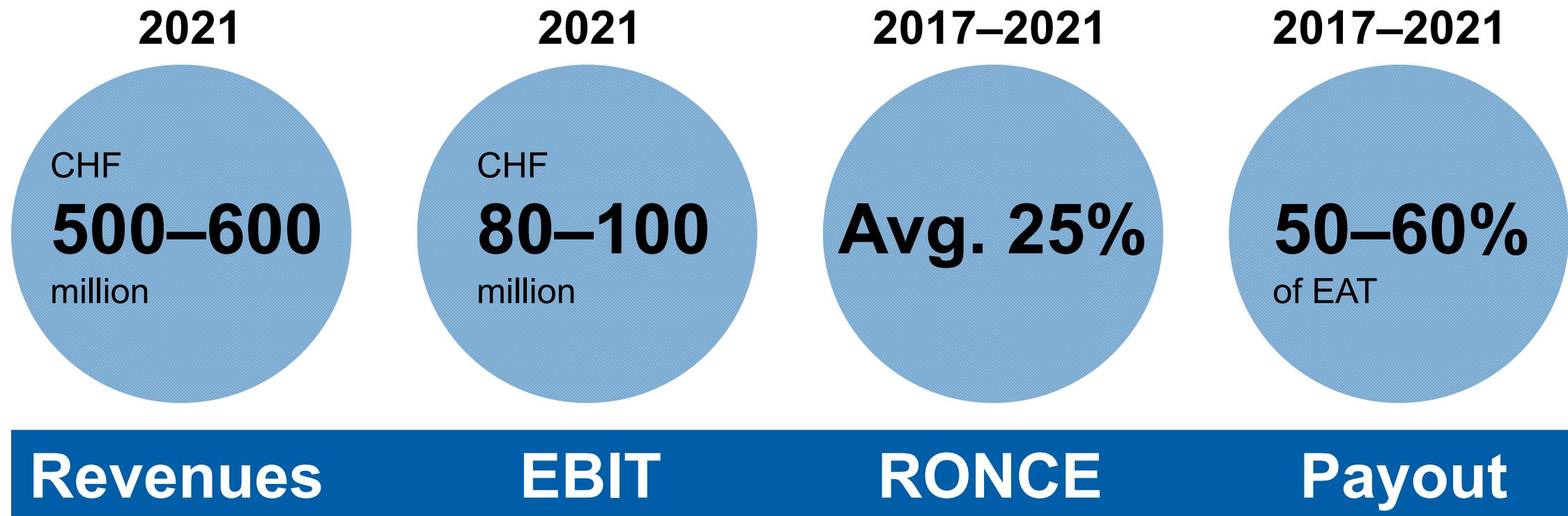
Agenda



- › Half-year results 2017
- › Focus on core market (wire)
- › **Outlook 2017**

2017–2021:

Ambitious targets, attractive dividend policy



Outlook Komax Group



The Komax Group remains very well positioned, and is determined to expand its leading market position further in the future, despite the highly competitive environment. This is in keeping with its 2017–2021 strategic targets.

On the basis of the strong order backlog and the unrelenting dynamism of the automotive industry, Komax Group expects to surpass this latest half-year result in the second half of 2017 from today's perspective.

Contact / Financial calendar



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Financial calendar

First information on the year 2017	23 January 2018
Annual media and analyst conference on the 2017 financial results	20 March 2018
Annual General Meeting	19 April 2018
Half-year results 2018	21 August 2018

Disclaimer



This presentation contains forward-looking statements in relation to Komax which are based on current assumptions and expectations. Unforeseeable events and developments could cause actual results to differ materially from those anticipated. Examples include: changes in the economic and legal environment, the outcome of legal disputes, exchange rate fluctuations, unexpected market behaviour on the part of our competitors, negative publicity and the departure of members of management. The forward-looking statements are pure assumptions, made on the basis of information that is currently available.

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