

2019 HALF-YEAR RESULTS AND OUTLOOK

komax

20 August 2019

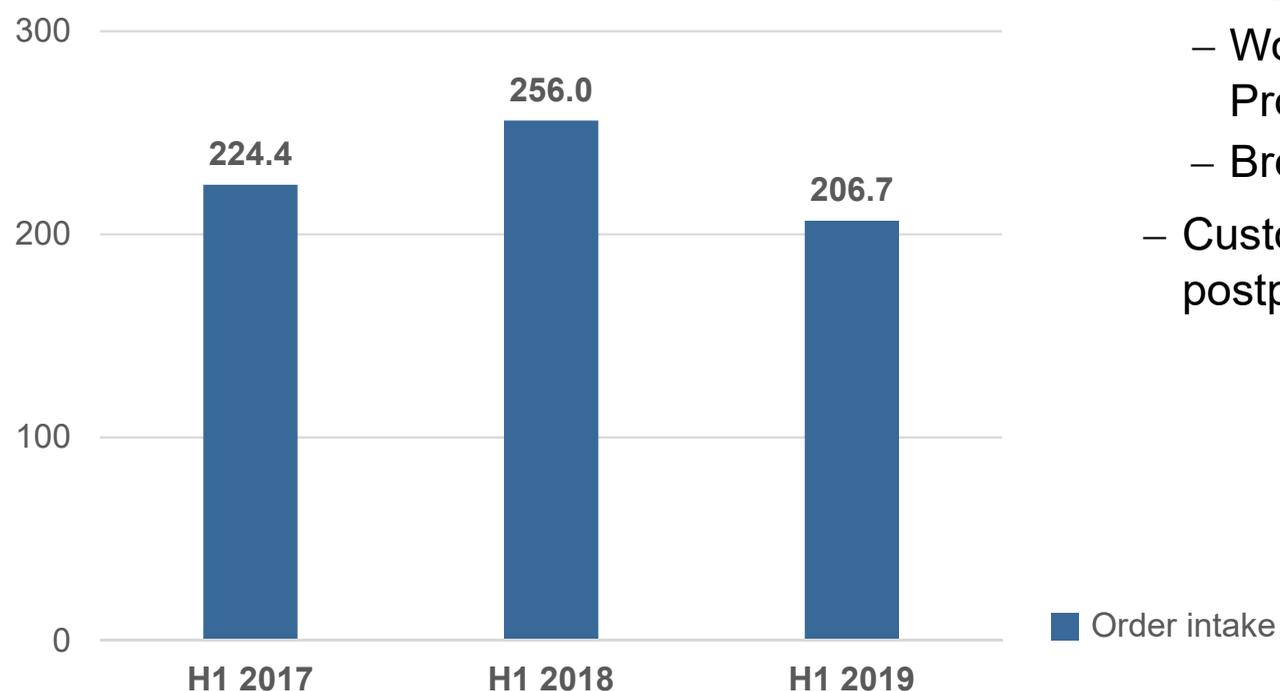
1st half of 2019 in brief

General uncertainty weighing on investment climate

- **Phase of weakness for automotive industry**
 - Order intake, revenues, and EBIT all down sharply
- **Investment in R&D maintained at a high level**
 - 9.7% of revenues directed toward expansion of technological and market leadership
- **Negative currency impact**
 - Currency developments weigh on profitability
- **Greater global customer proximity**
 - Acquisition of Artos Engineering and founding of Komax Thailand
- **Investment in four new production and development sites**
 - One new site has been occupied, the other three – in Switzerland, Germany and Hungary – will be completed in phases by the end of 2019

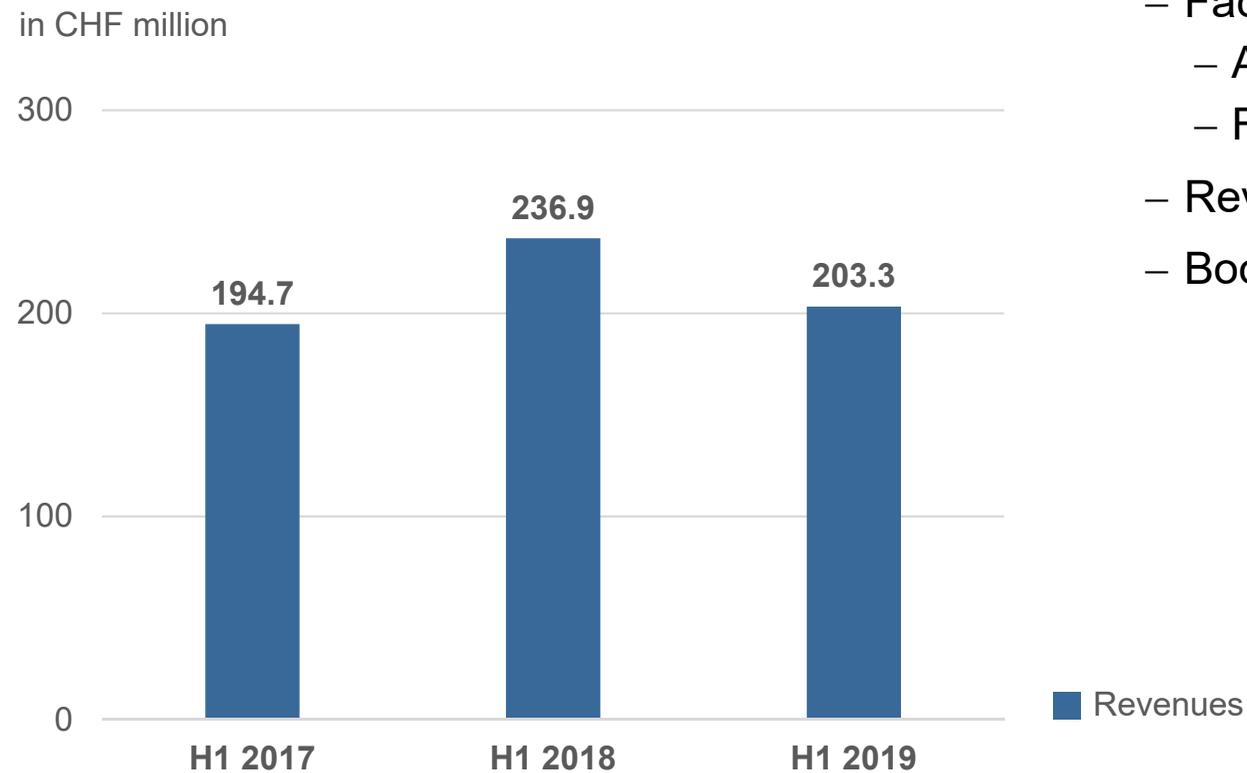
Declining order intake due to phase of weakness in automotive industry

in CHF million



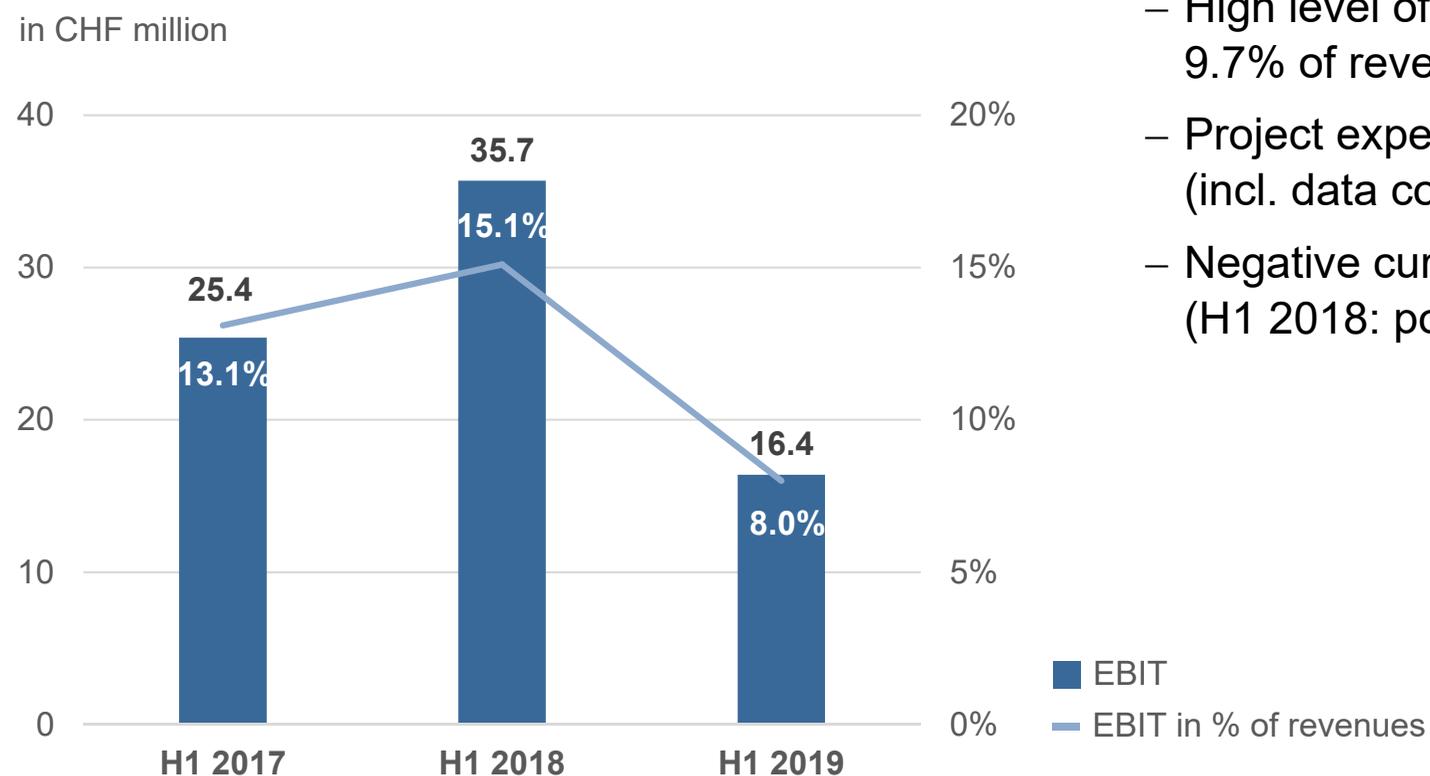
- Order intake down by 19.2%
- Various uncertainties
 - US–China trade conflict
 - Worldwide Harmonized Light Vehicles Test Procedure (WLTP)
 - Brexit
- Customers are reluctant to invest and are postponing projects

Revenues fall back to level of H1 2017



- Revenues decrease by 14.2%
- Factors behind development of revenues
 - Acquisition-related growth: +1.3%
 - Foreign currency impact: –1.9%
- Revenues 4.4% higher than in H1 2017
- Book-to-bill ratio: 1.02

EBIT significantly lower than record figure last year



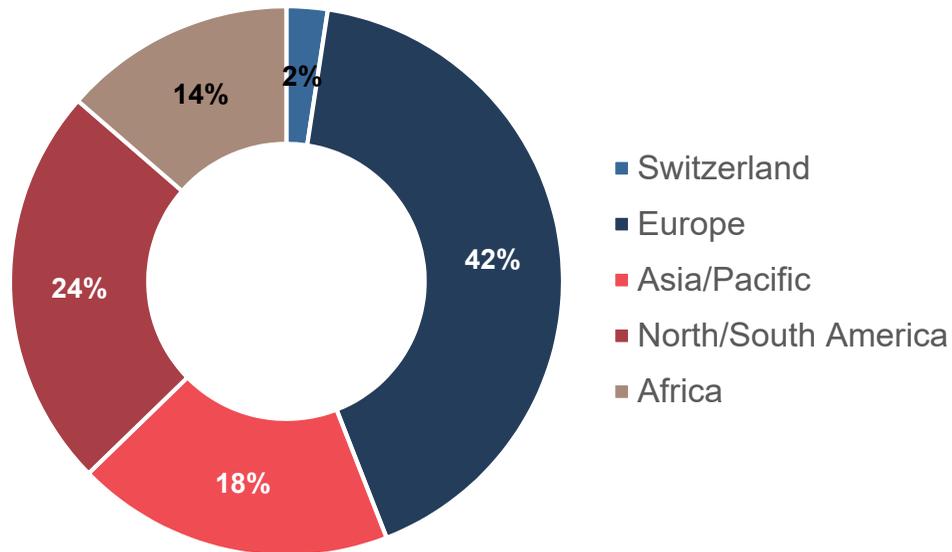
- Decline in volume business
- High level of investment in R&D: 9.7% of revenues (H1 2018: 8.7%)
- Project expenditure in new areas of application (incl. data connectivity and aerospace)
- Negative currency effect: –1.1% pts (H1 2018: positive currency effect: +1.3% pts)

AGENDA

- 1 2019 half-year results:
financial performance**
- 2 2017–2021 strategy:
focus on core market
- 3 Outlook 2019
- 4 Questions

Growth in North/South America

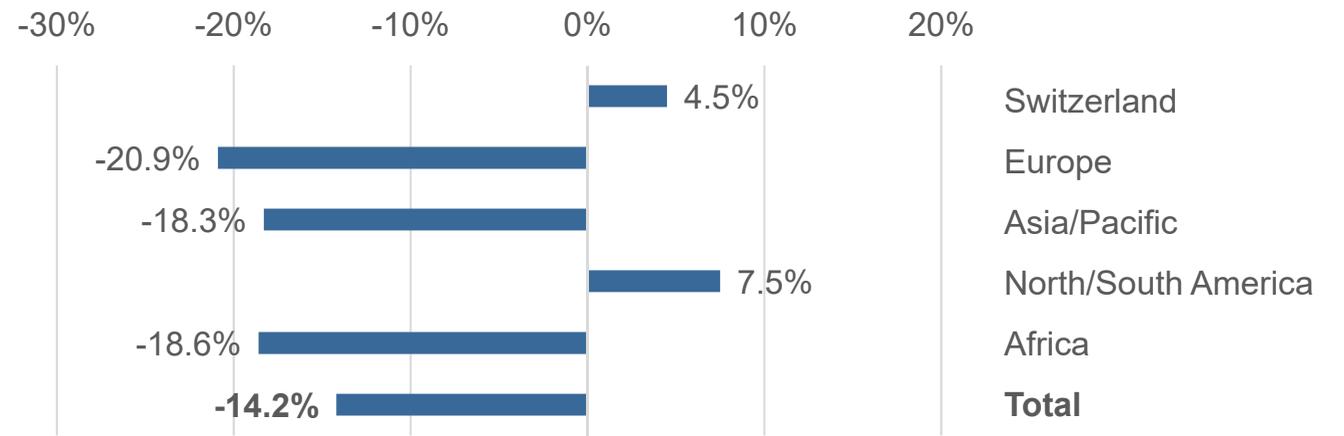
Revenues by region



Revenues by region H1 2018

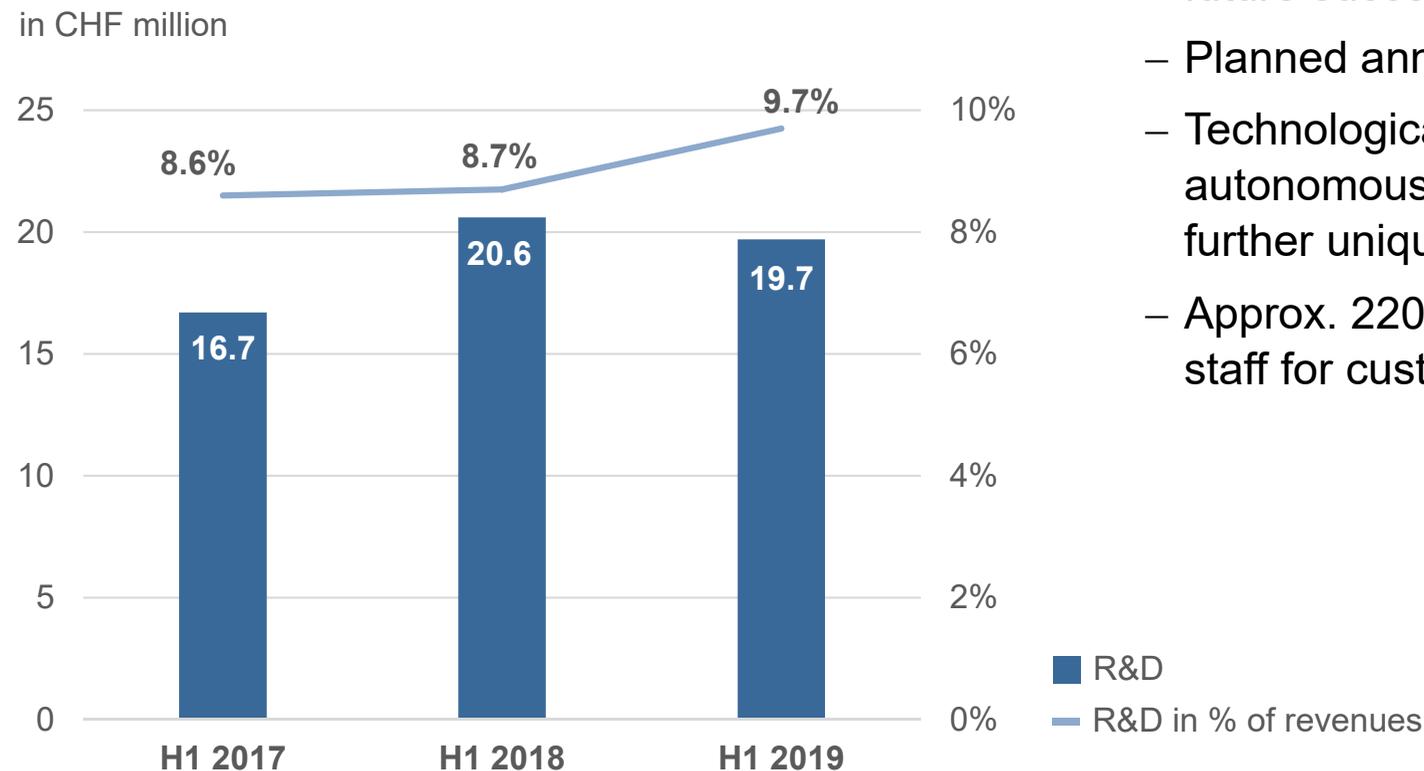
- Switzerland 2%
- Europe 45%
- Asia/Pacific 19%
- North/South America 19%
- Africa 15%

Change from first half 2018



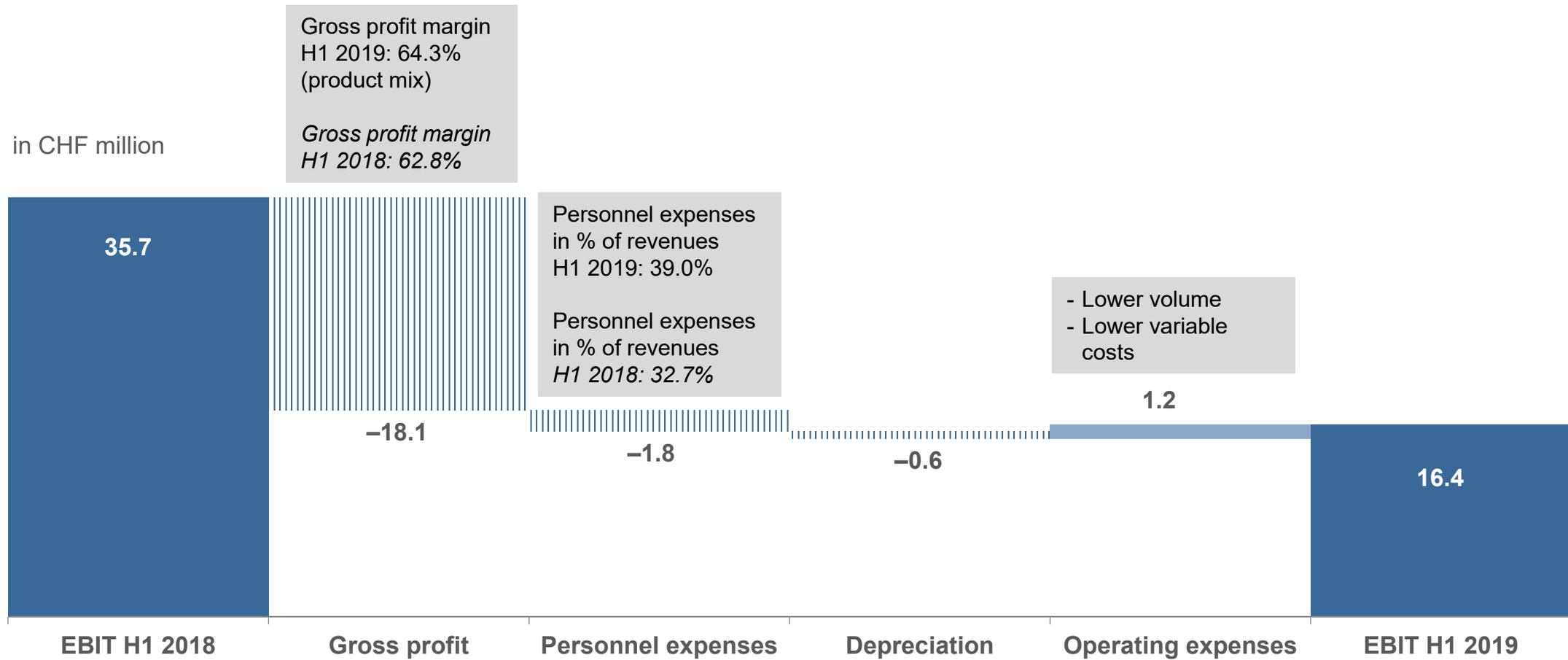
- Resources situation in Eastern Europe still tight; build-up of production capacity in North Africa continuing
- North/South America is growing strongly, overtaking Asia/Pacific as a result

Continued significant investment in R&D



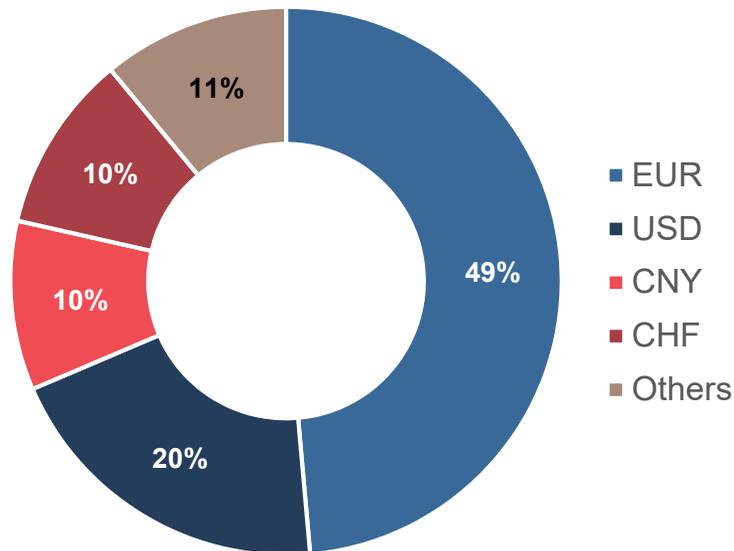
- High investment in R&D is the foundation of future success
- Planned annual R&D spending: 8%–9%
- Technological shift in automotive industry (e-mobility, autonomous driving, etc.) creating opportunities for further unique selling propositions
- Approx. 220 R&D staff; plus around 200 engineering staff for customer-specific solutions

Sharp decline in EBIT



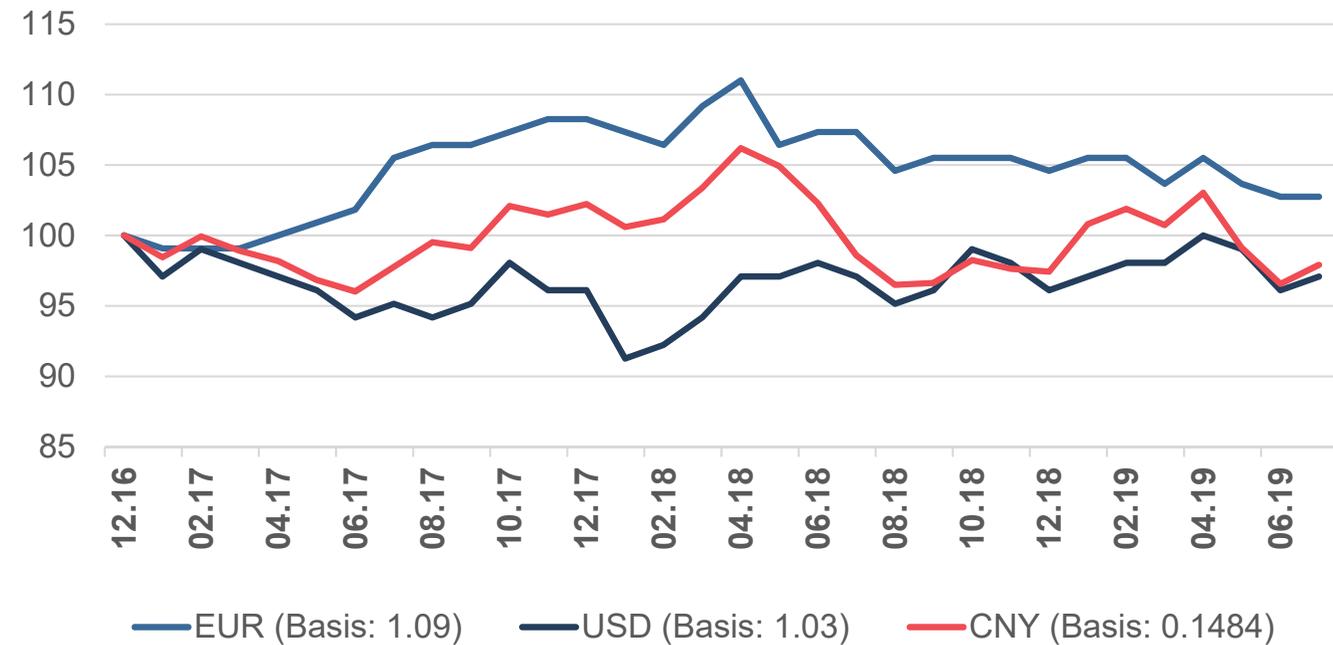
Negative currency effect

Revenues by currency



Revenues by currency H1 2018

- EUR 48%
- USD 16%
- CNY 13%
- CHF 12%
- Others 11%



– **Foreign currency impact H1 2019**

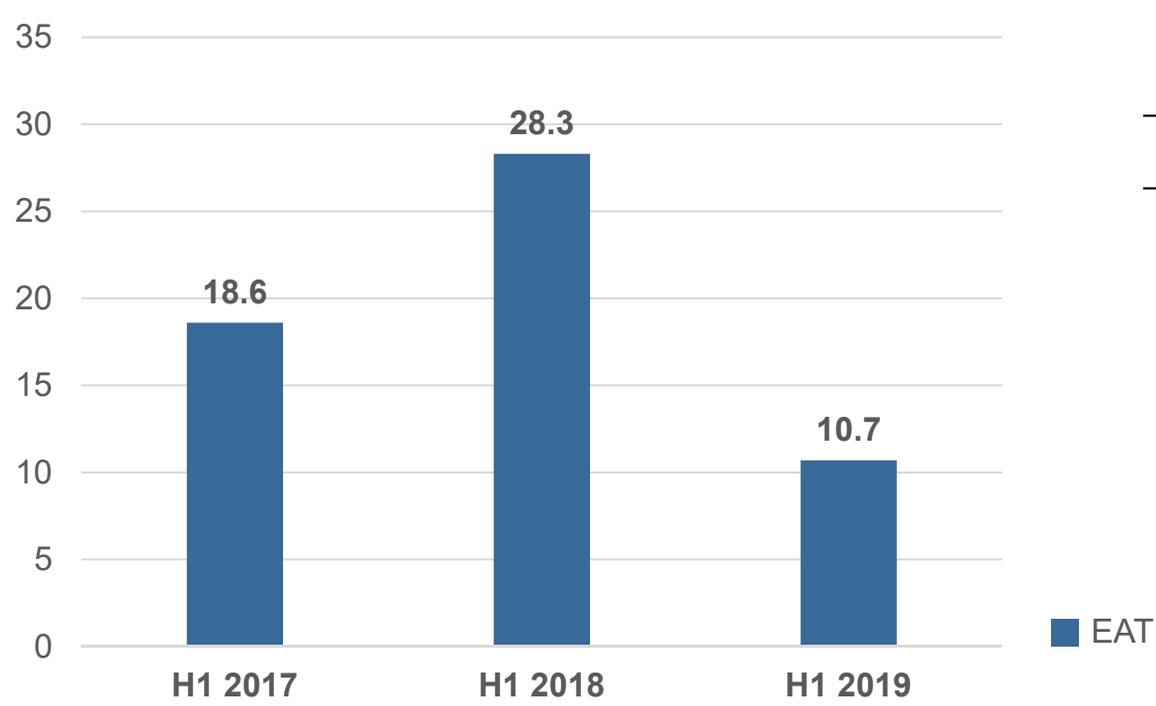
revenues: –1.9%, gross profit margin: –1.1 pts, EBIT margin: –1.1 pts

– **Foreign currency impact H1 2018**

revenues: +3.6%, gross profit margin: +1.9 pts, EBIT margin: +1.3 pts

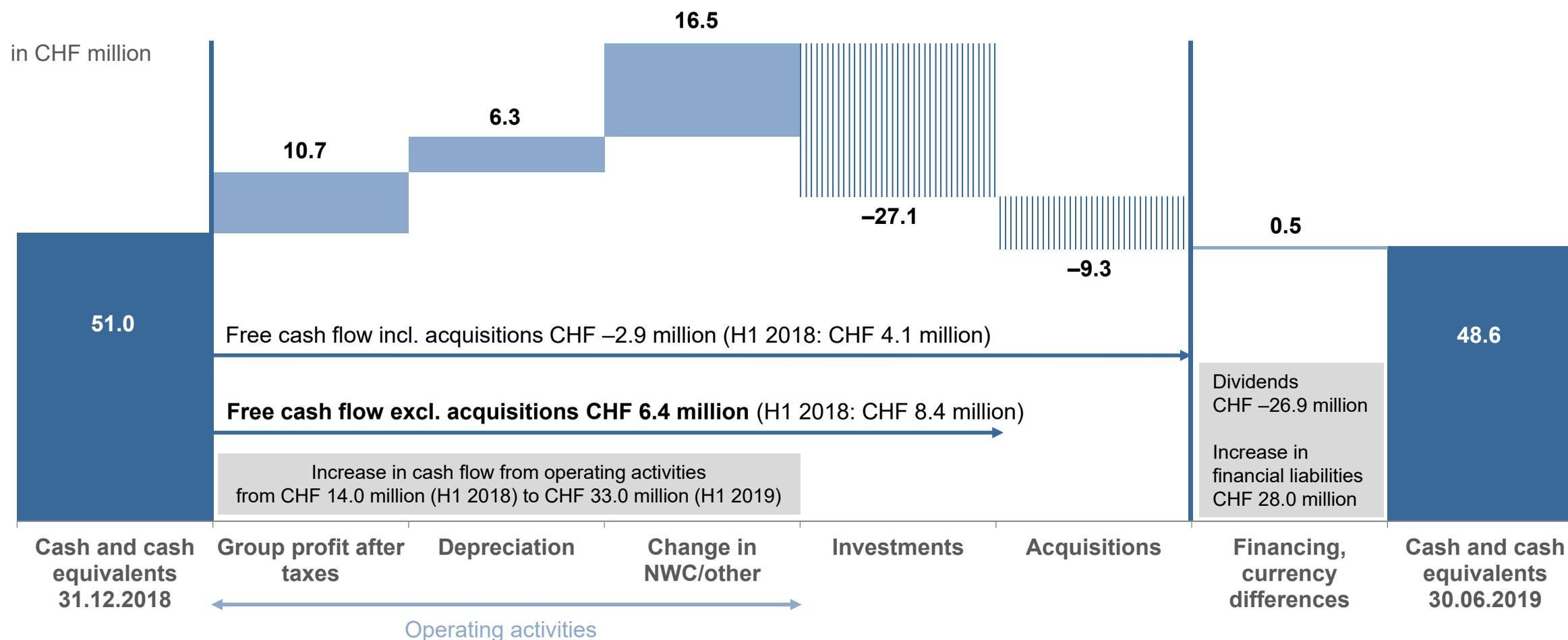
Group profit after taxes (EAT) falls significantly

in CHF million



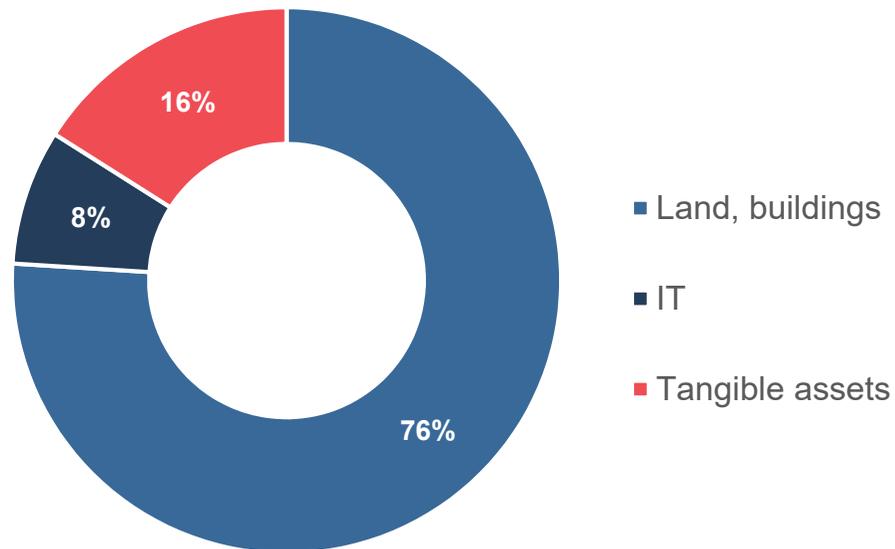
- EAT decreases by 62.2%
- Financial result (CHF –2.2 million) reflects currency losses (particularly euro and emerging market currencies)
- Tax rate in % of EBT: 24.1% (H1 2018: 16.2%)
- Tax rate expected over medium term: 19%–20%

Free cash flow despite high level of investments



Investment volume remains high

Gross investment
(excl. acquisition and sale of companies)



- Net investment in non-current assets (excl. acquisition and sale of companies): CHF 24.8 million (H1 2018: CHF 8.5 million)
 - Property, plant, and equipment (CHF 22.9 million, of which buildings: CHF 19.3 million)
 - Intangible assets (CHF 1.9 million)
- Investments in Group companies: CHF 9.3 million

Investment in capacity expansion

All new buildings ready for occupation by end of 2019 at the latest



Komax, Dierikon (CH)



Komax SLE, Grafenau (DE)



Kabatec, Burghaun (DE)

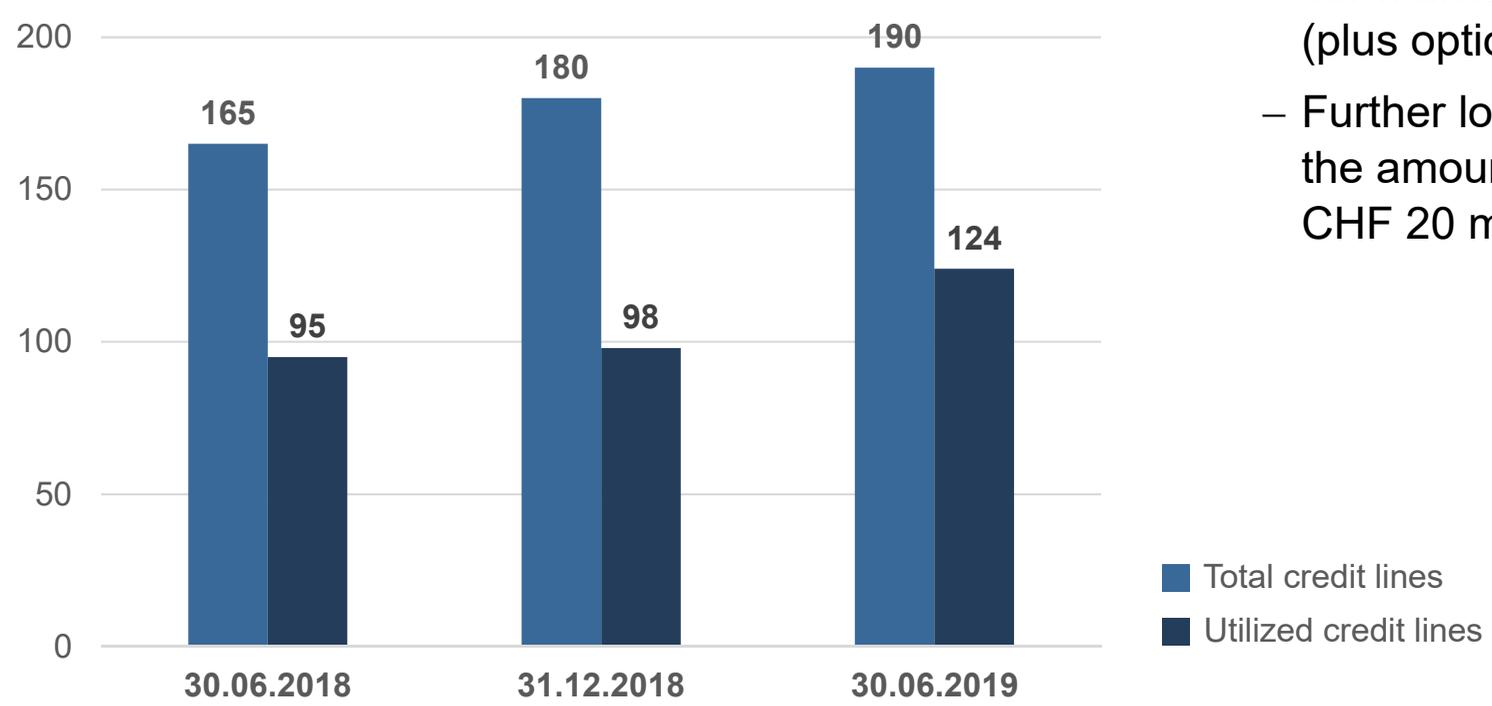


Komax Thonauer, Budakeszi (HU)

- Sharp jump in CAPEX due to high investment volumes for capacity expansion
- Total CAPEX
 - 2018: CHF 41 million
 - 2019: approx. CHF 70–80 million
 - 2020–2022: around 4% of revenues annually

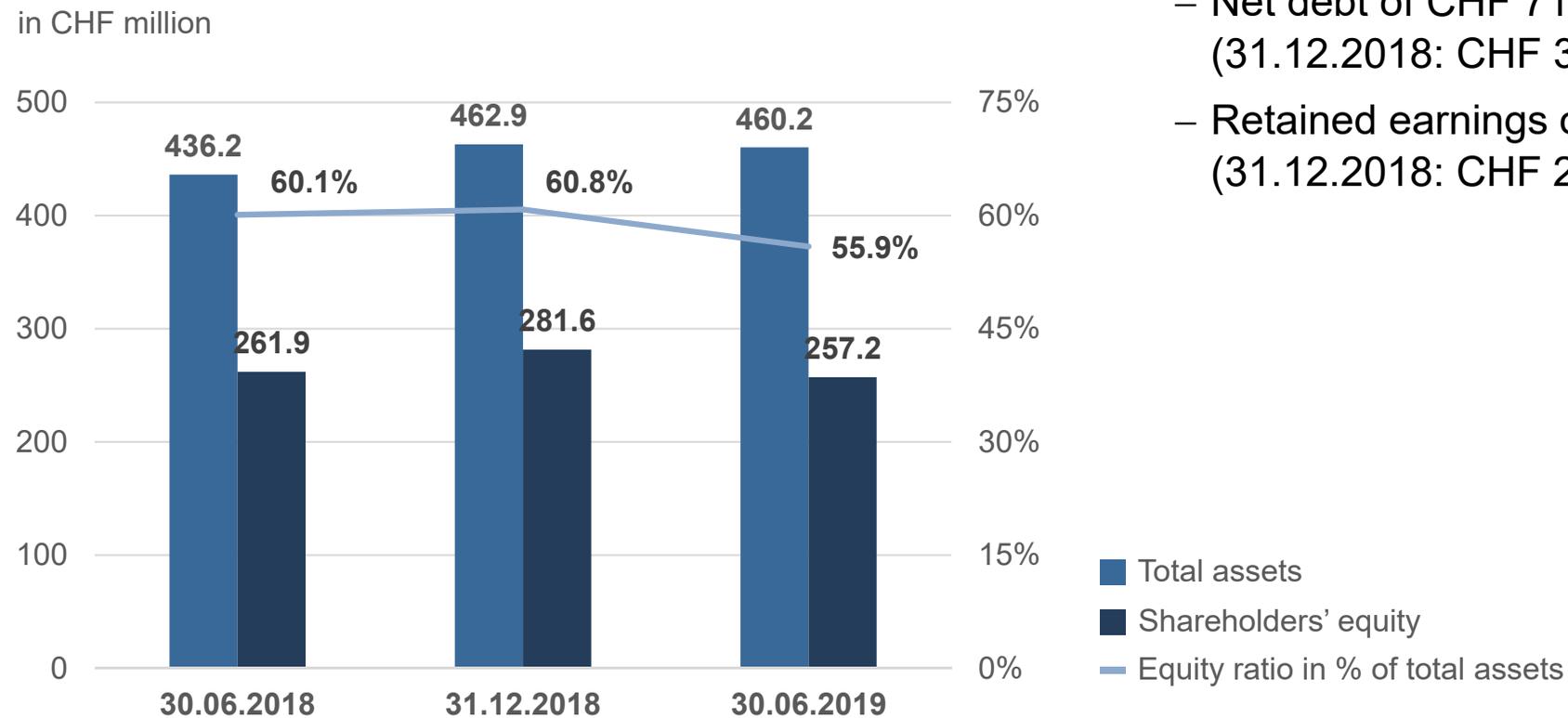
High level of investment assured through credit facility

in CHF million



- Loan in the amount of CHF 160 million through a bank syndicate (31.12.2018: CHF 160 million)
- Term until January 2022 (plus option for extension until January 2023)
- Further local credit lines for subsidiaries in the amount of CHF 30 million (31.12.2018: CHF 20 million)

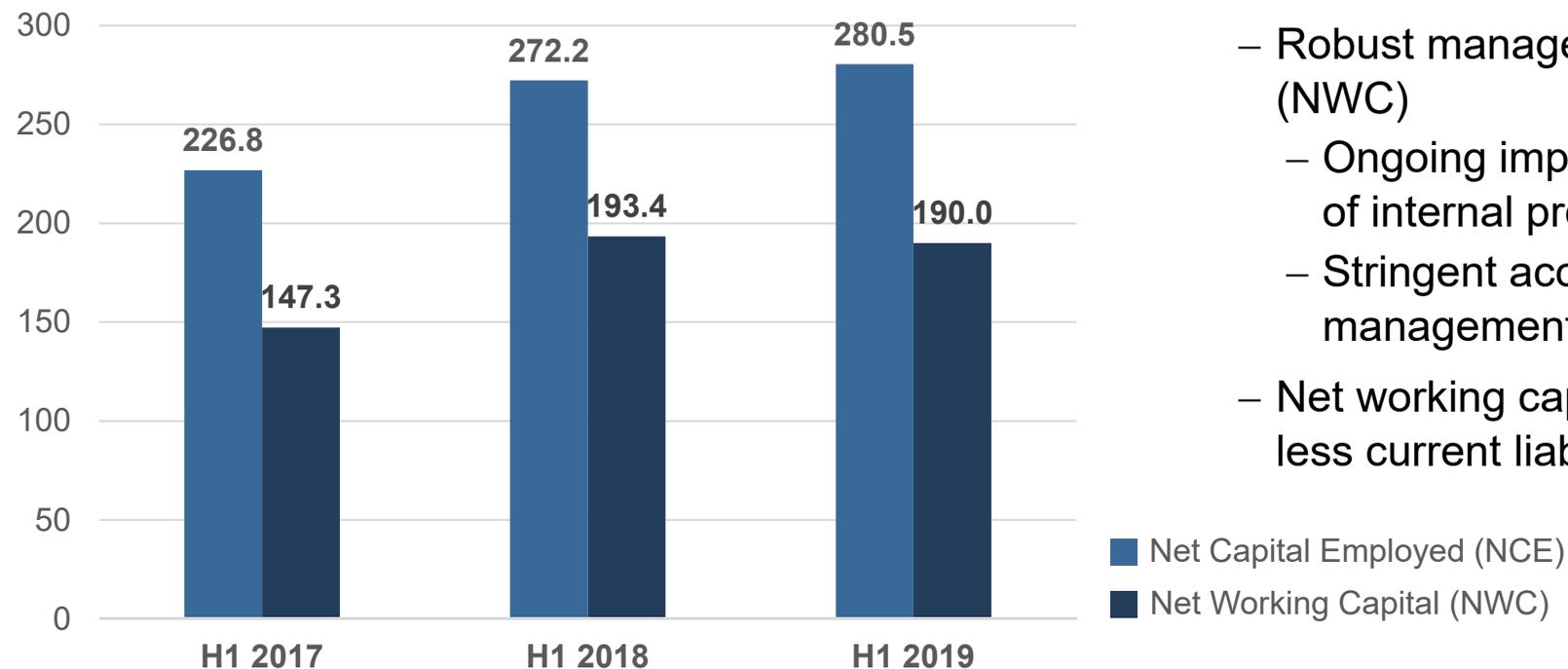
Financial base remains very robust



- Continued high equity ratio
- Net debt of CHF 71.2 million (31.12.2018: CHF 39.4 million)
- Retained earnings of CHF 236.0 million (31.12.2018: CHF 259.0 million)

RONCE declines sharply

in CHF million

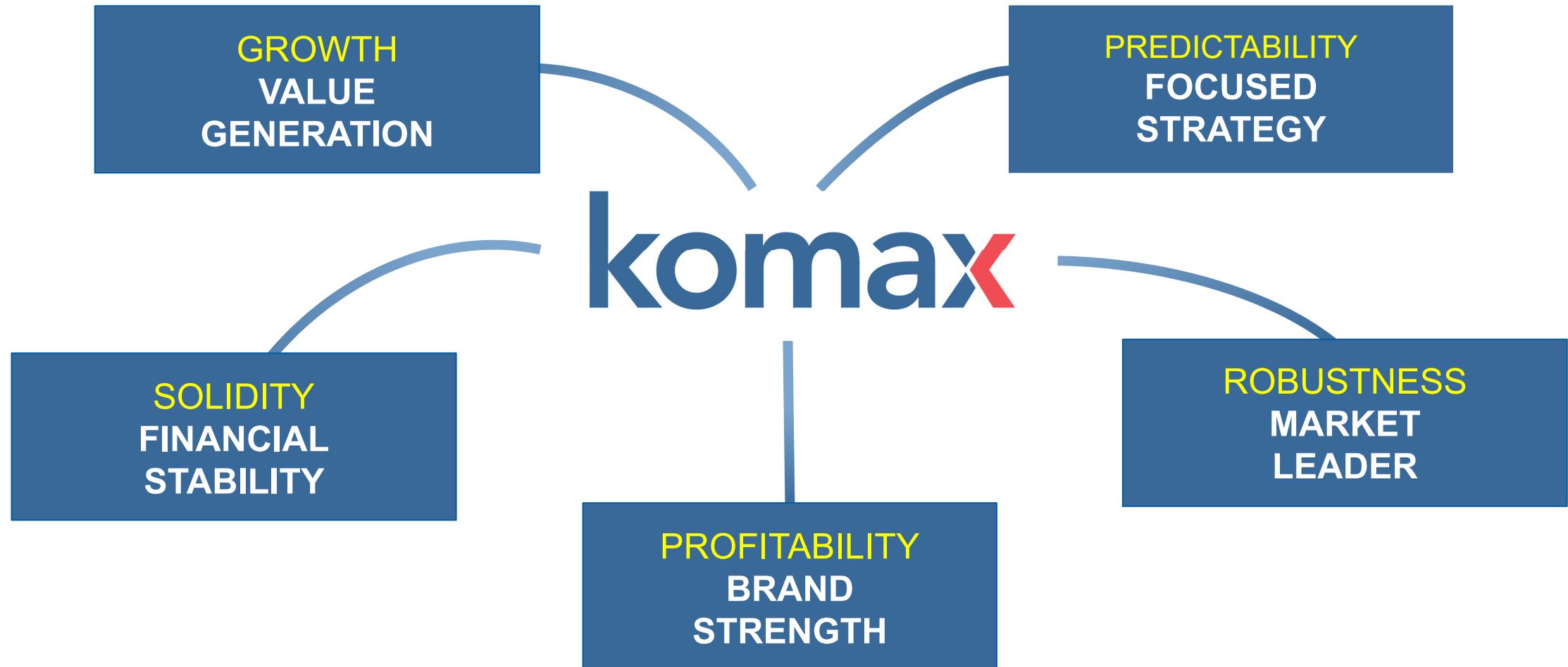


- RONCE: 11.5% (H1 2018: 28.1%)
- Strategic target 2017–2021: RONCE average 25%
- Robust management of net working capital (NWC)
 - Ongoing improvement and acceleration of internal processes
 - Stringent accounts receivable management
- Net working capital: receivables + inventory less current liabilities

AGENDA

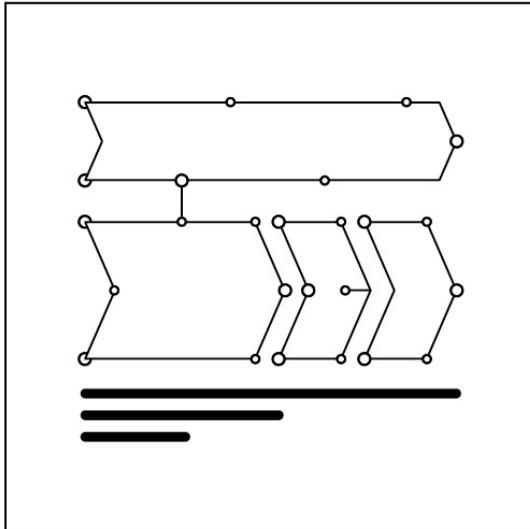
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We stand for...

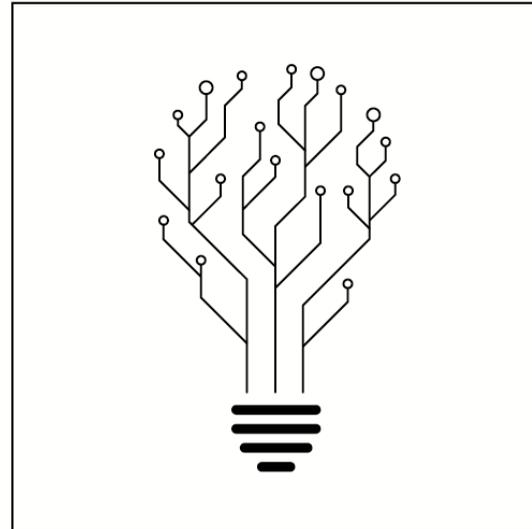


Strategic priorities

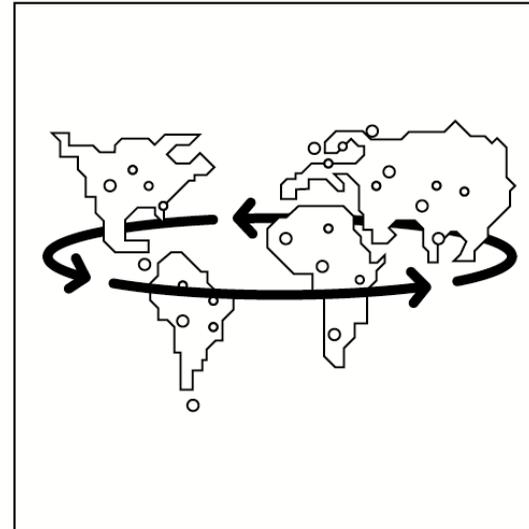
Solutions along the value chain



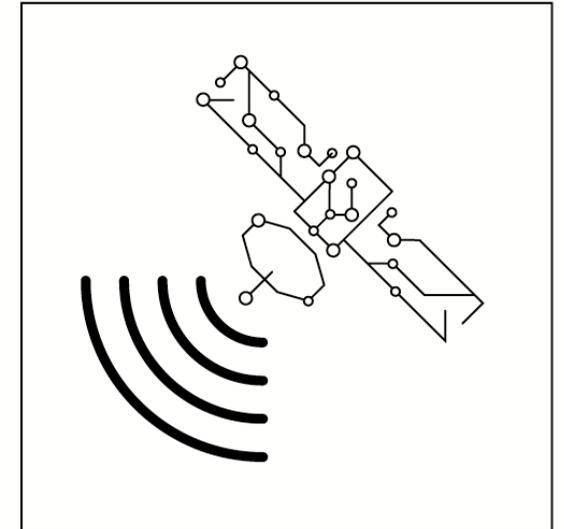
Solutions along the value chain



Innovative production concepts

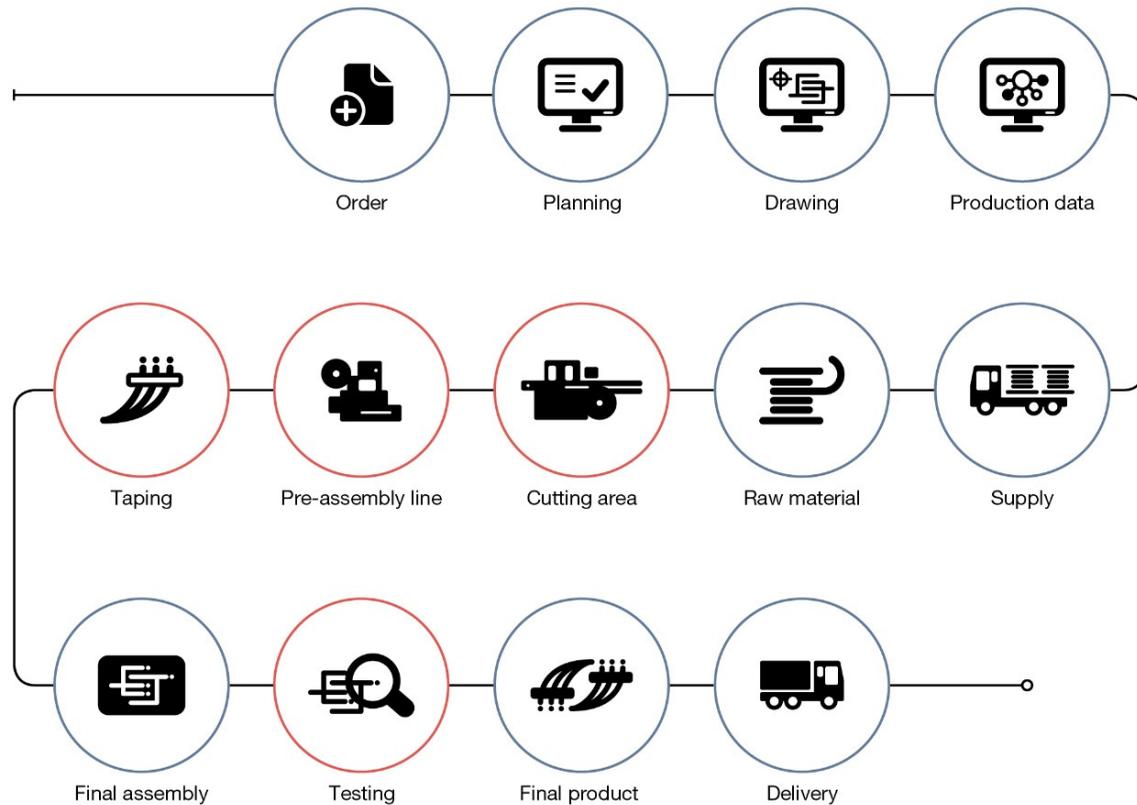


Global customer proximity

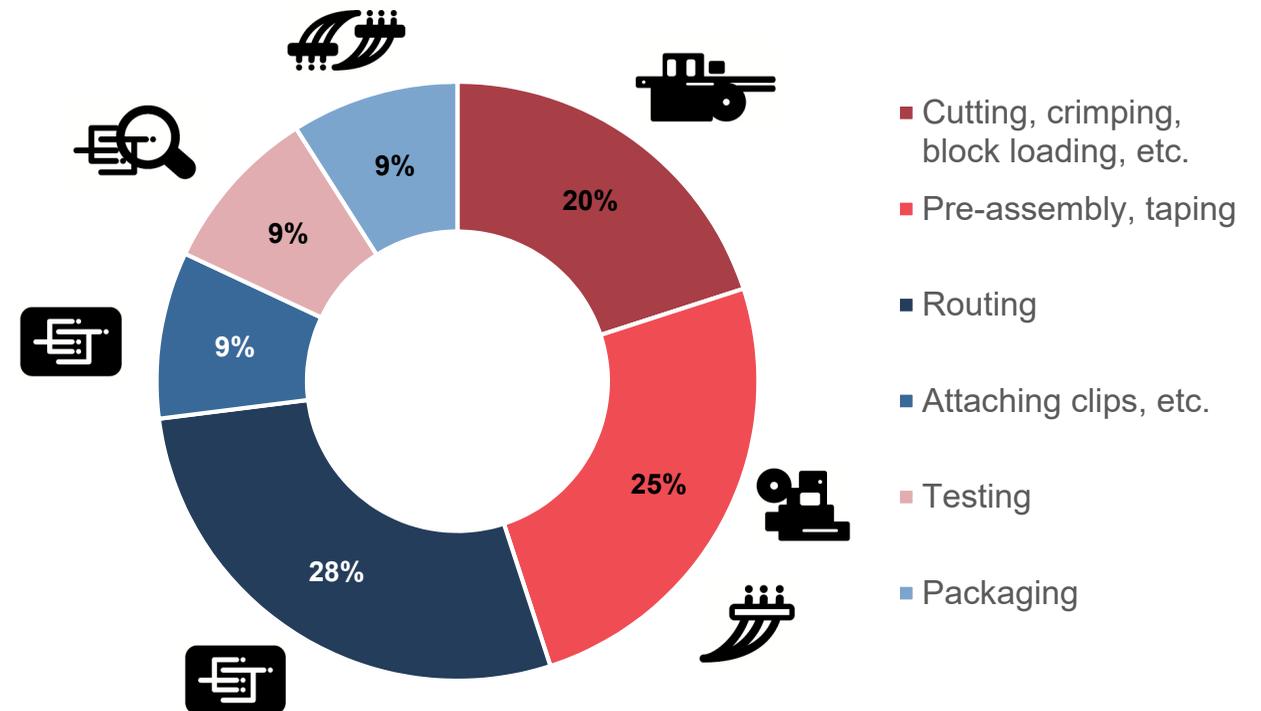


Development of non-automotive markets

Komax offers solutions for every stage of customers' value chain



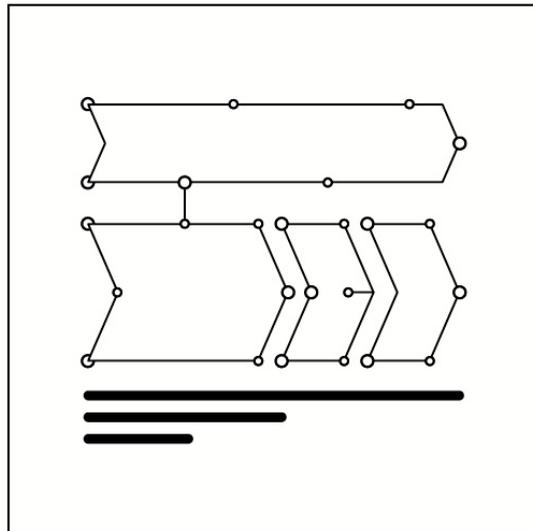
Proportion of time spent per wire harness



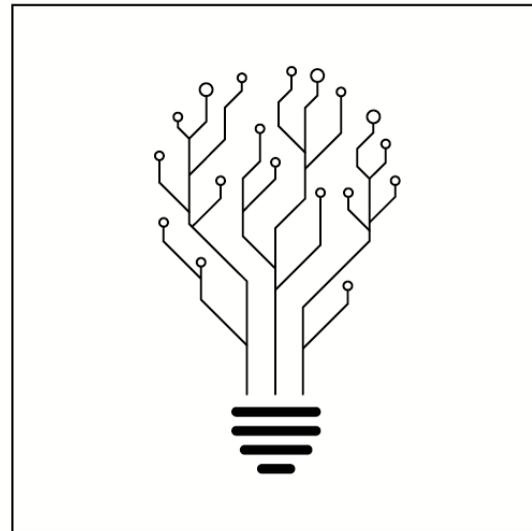
○ Komax automation solutions at work
 — Komax MES – Manufacturing Execution System

Strategic priorities

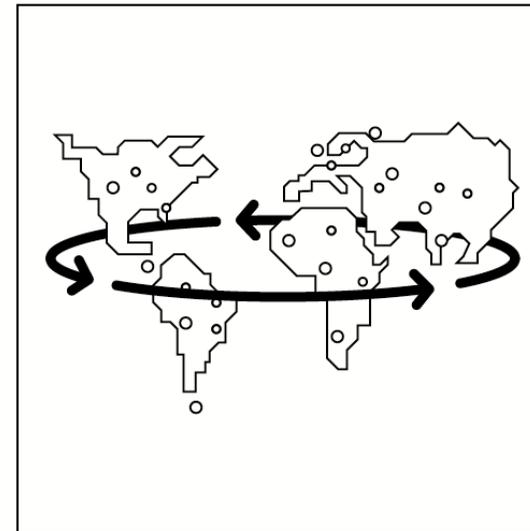
Innovative production concepts



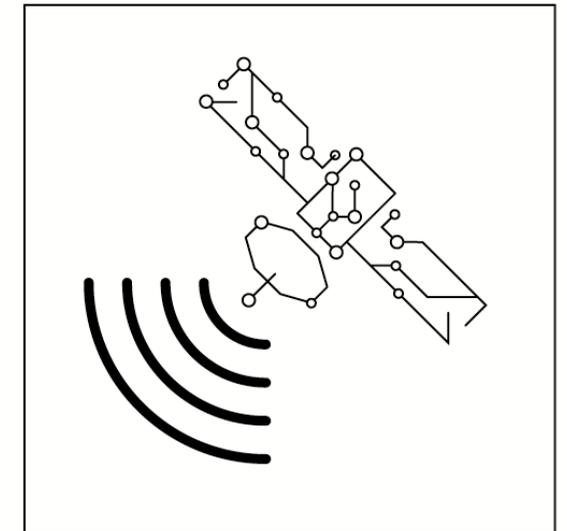
Solutions along the value chain



Innovative production concepts



Global customer proximity



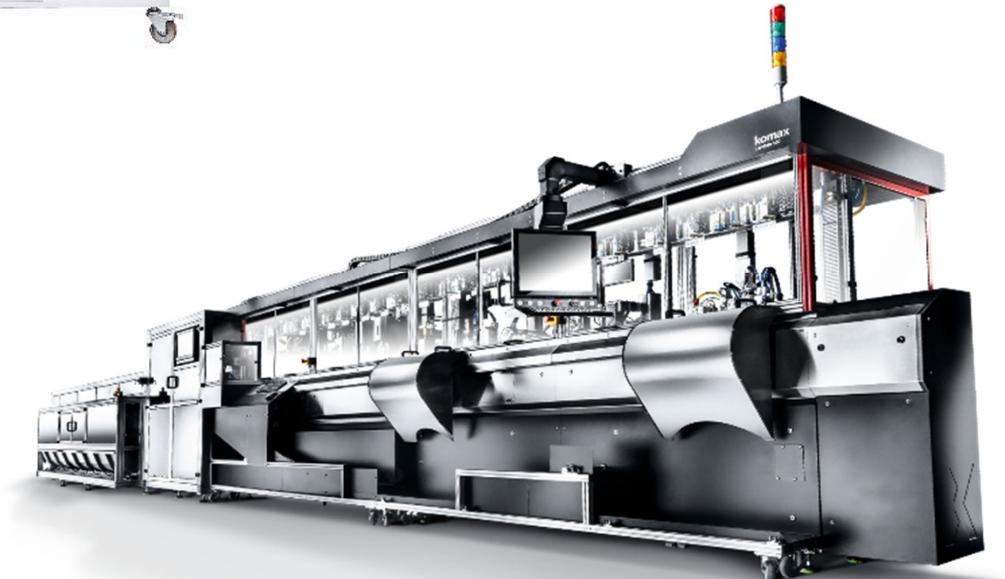
Development of non-automotive markets

Innovation as driver of success



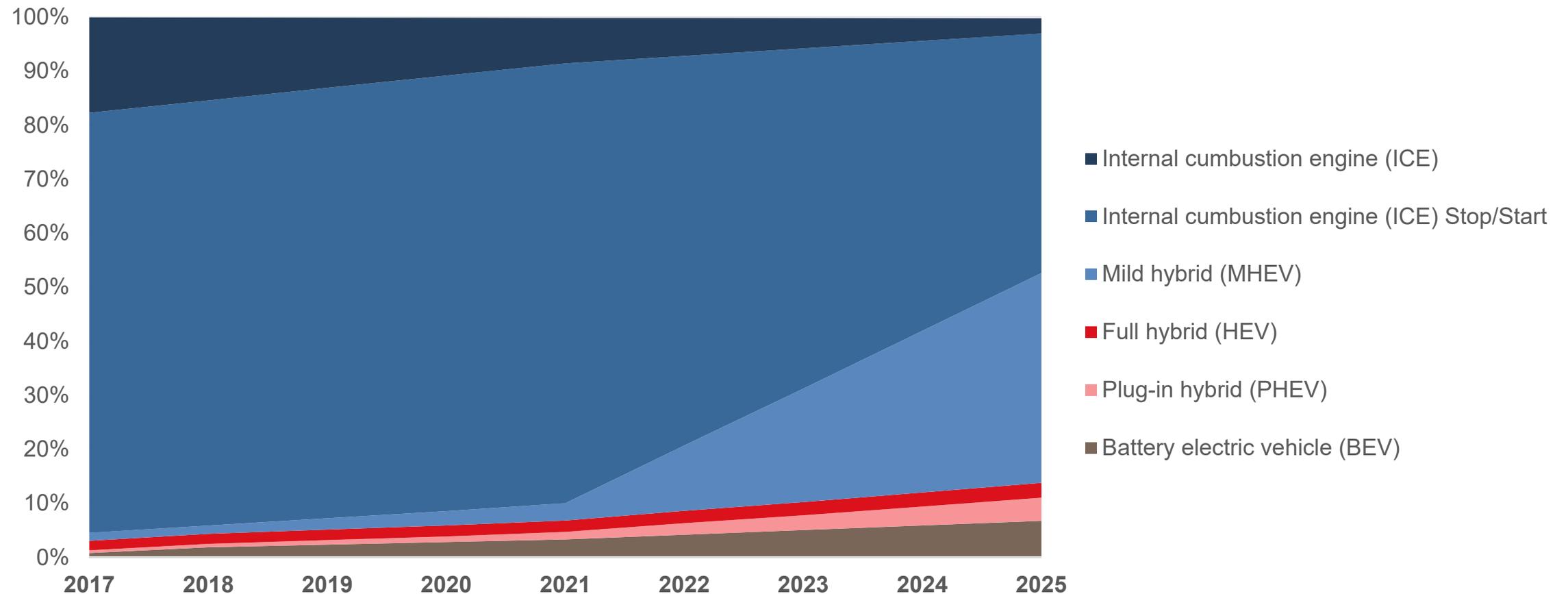
Continued significant investment in R&D

- Broadest product portfolio to meet changing market needs
- Launch of a number of new (digital) solutions to offer customers additional unique selling propositions



Development of e-mobility

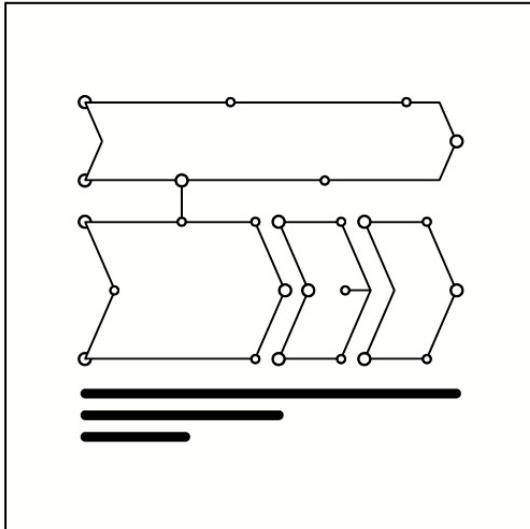
Center of competence at Komax Thonauer in Budakeszi (Hungary)



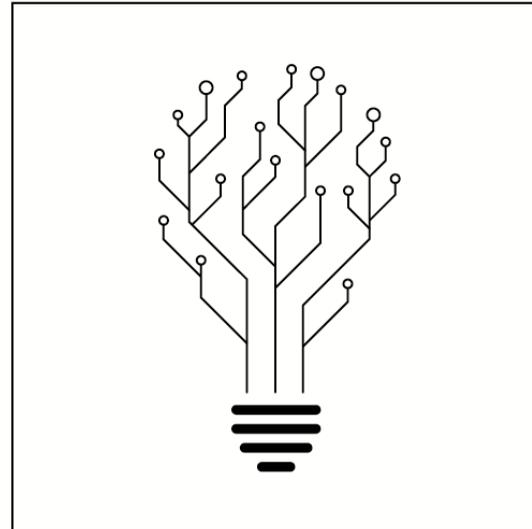
Source: IHS Markit / Komax

Strategic priorities

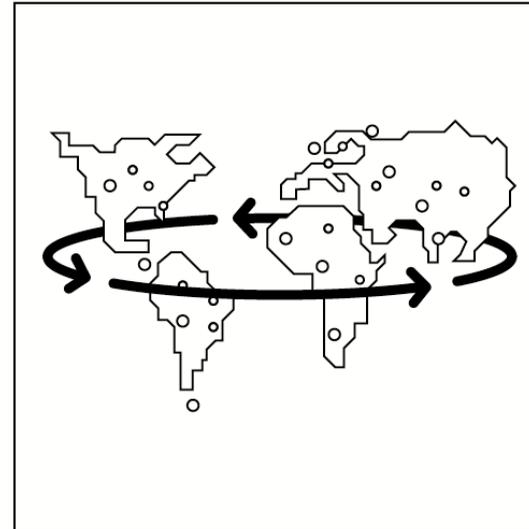
Global customer proximity



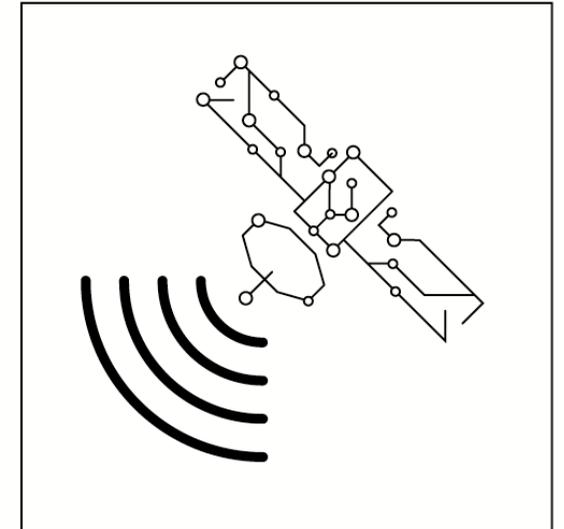
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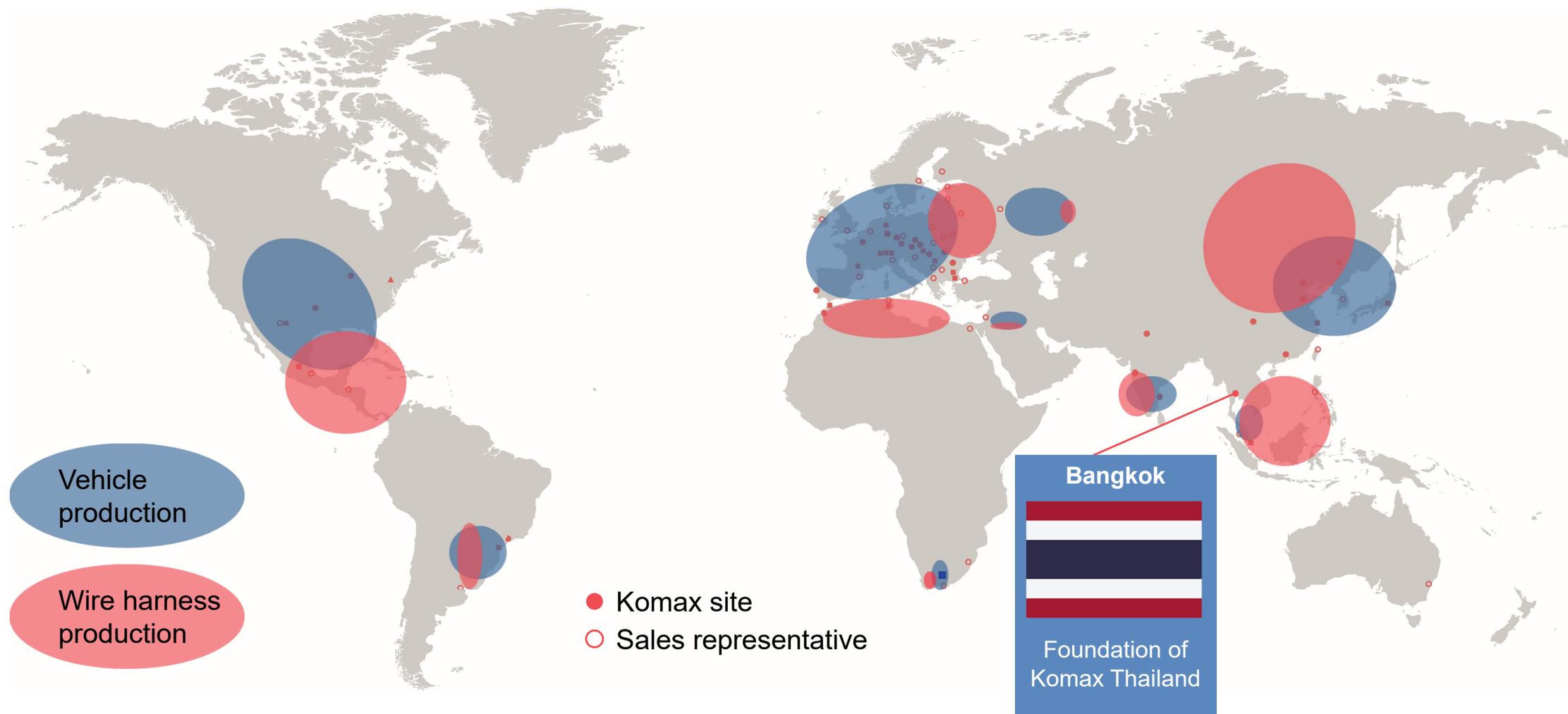
Global customer proximity



Development of non-automotive markets

Global local

The world's largest sales, engineering, and service network



Strengthening of position in North America



Acquisition of Artos Engineering

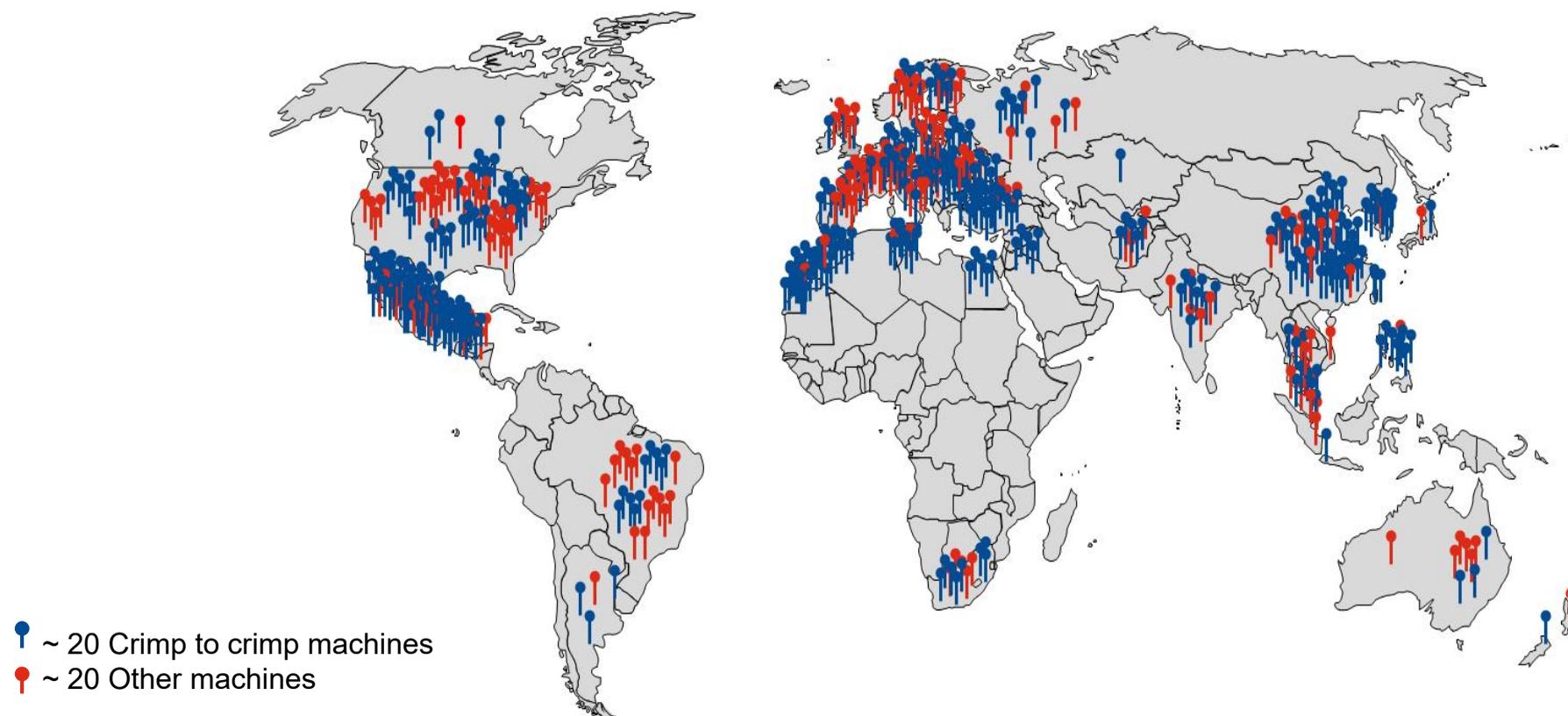
- Founded in 1911
- Own product portfolio and wealth of experience in developing innovative applications
- Headquarters in Brookfield, Wisconsin, USA
- 50 employees
- Consolidated as at 1 April 2019



Largest installed base in the world

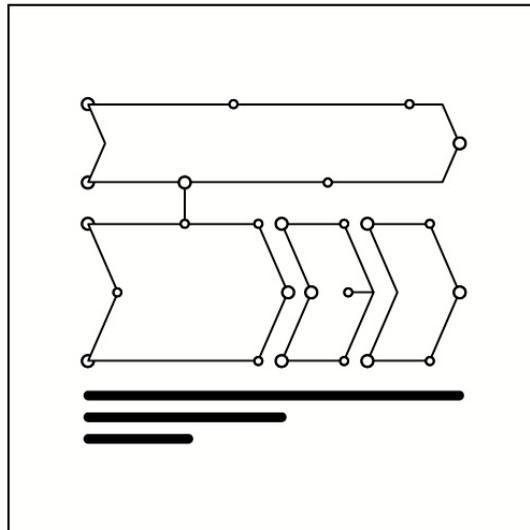
Komax machines on all continents

- Continuous recurring earnings provide certain stability
- Diversified customer portfolio (including key accounts, small regional companies, all OEMs)

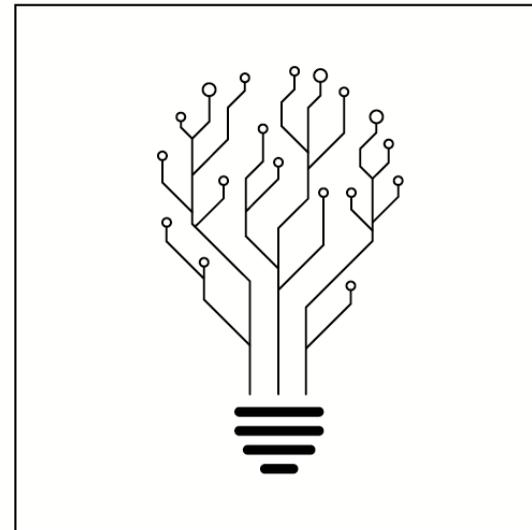


Strategic priorities

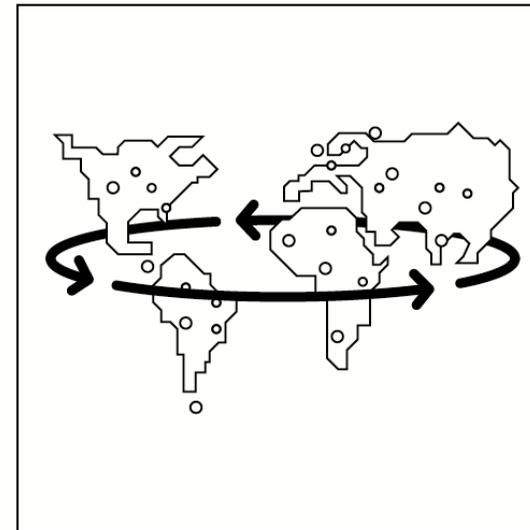
Development of non-automotive markets



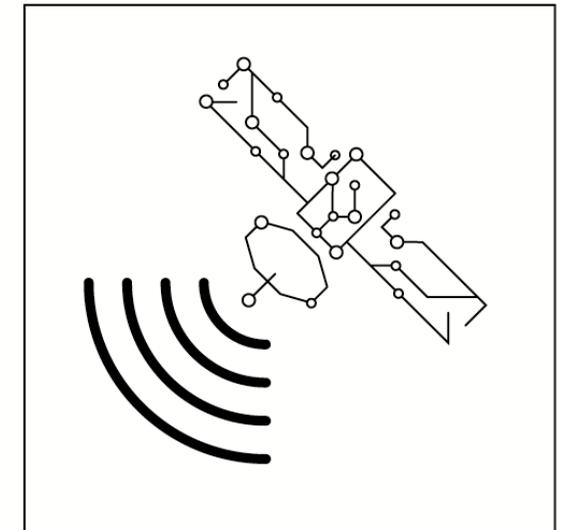
Solutions along the value chain



Innovative production concepts



Global customer proximity



Development of non-automotive markets

Rigorous development of non-automotive markets



Aerospace



Data/Telecom

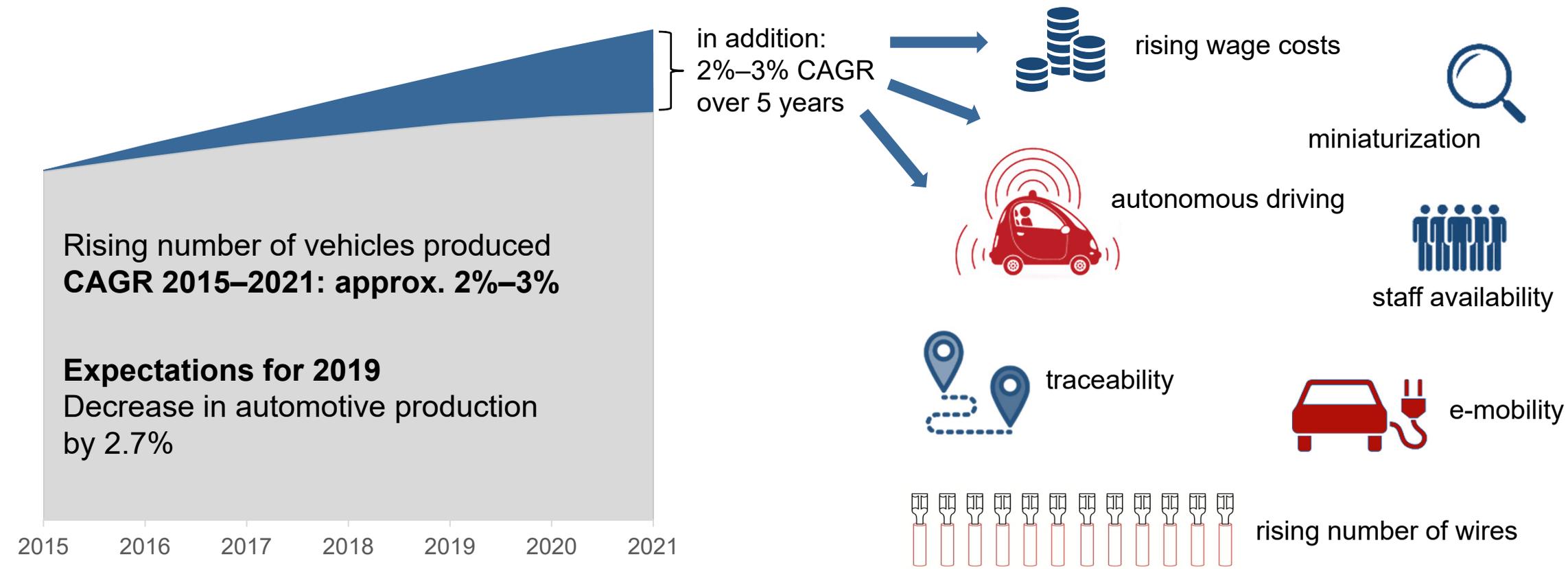


Industrial

- Non-automotive markets make a substantial contribution to revenues, accounting for less than 20%
- Selective and complementary build-up of competencies in non-automotive areas supports success of core business

WHAT'S NEXT?

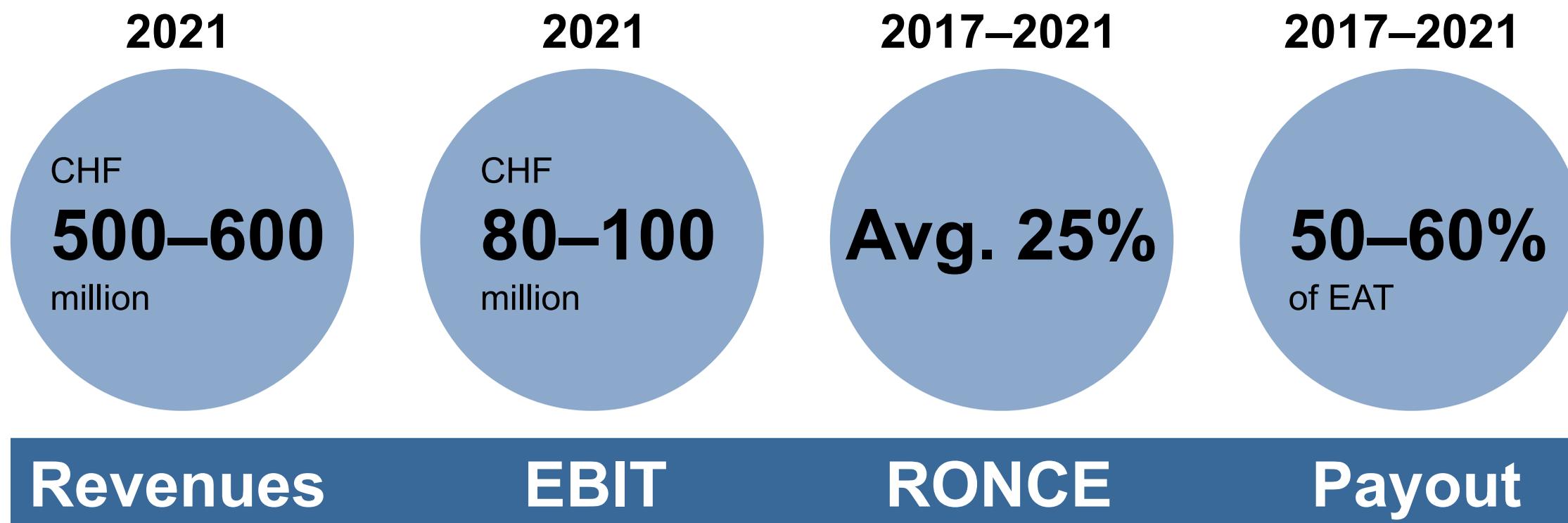
There are many reasons why the degree of automation is continually rising



Source: IHS Markit, Komax Market Research

2017–2021 strategy

ambitious targets, attractive dividend policy



AGENDA

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focus on core market
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Outlook

The Komax Group is confident it can achieve higher order intake, revenues, and EBIT in the second half of 2019 than in the first six months.

After the very weak first months of 2019, business has stabilized. If the trend of the second quarter continues and this level can be maintained in the second half of the year, Komax expects to see full-year revenues of CHF 415 to 430 million for 2019, together with an EBIT margin of between 8% and 9%, in the knowledge that – in the current environment – a forecast of over two to three months is even more difficult than in previous years.

Contact / Financial calendar



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Financial calendar

Preliminary information on 2019 financial year	28 January 2020
Annual media and analyst conference on the 2019 financial results	17 March 2020
Annual General Meeting	21 April 2020
Half-year results 2020	18 August 2020

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 behavior 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.

QUESTIONS?

komax

