

2018 HALF-YEAR RESULTS AND OUTLOOK

komax

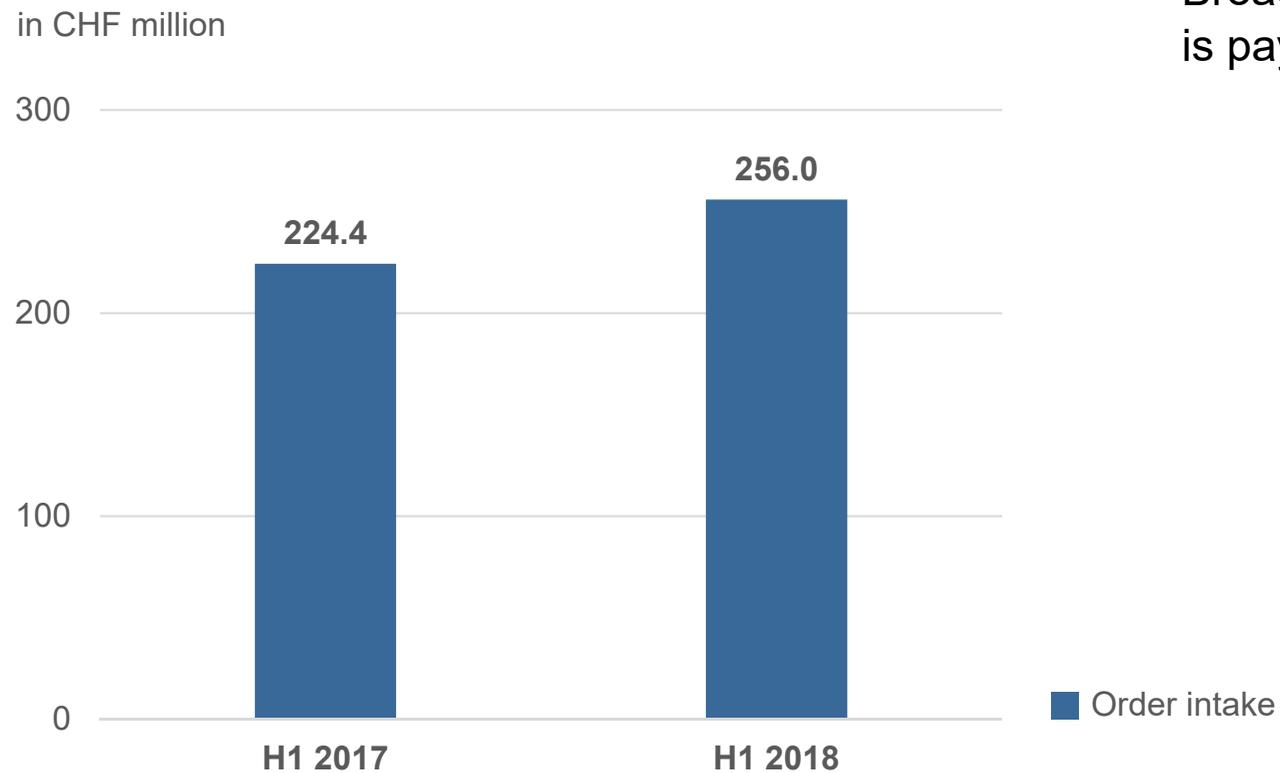
21 August 2018

1st half of 2018 in brief

Market leadership further expanded

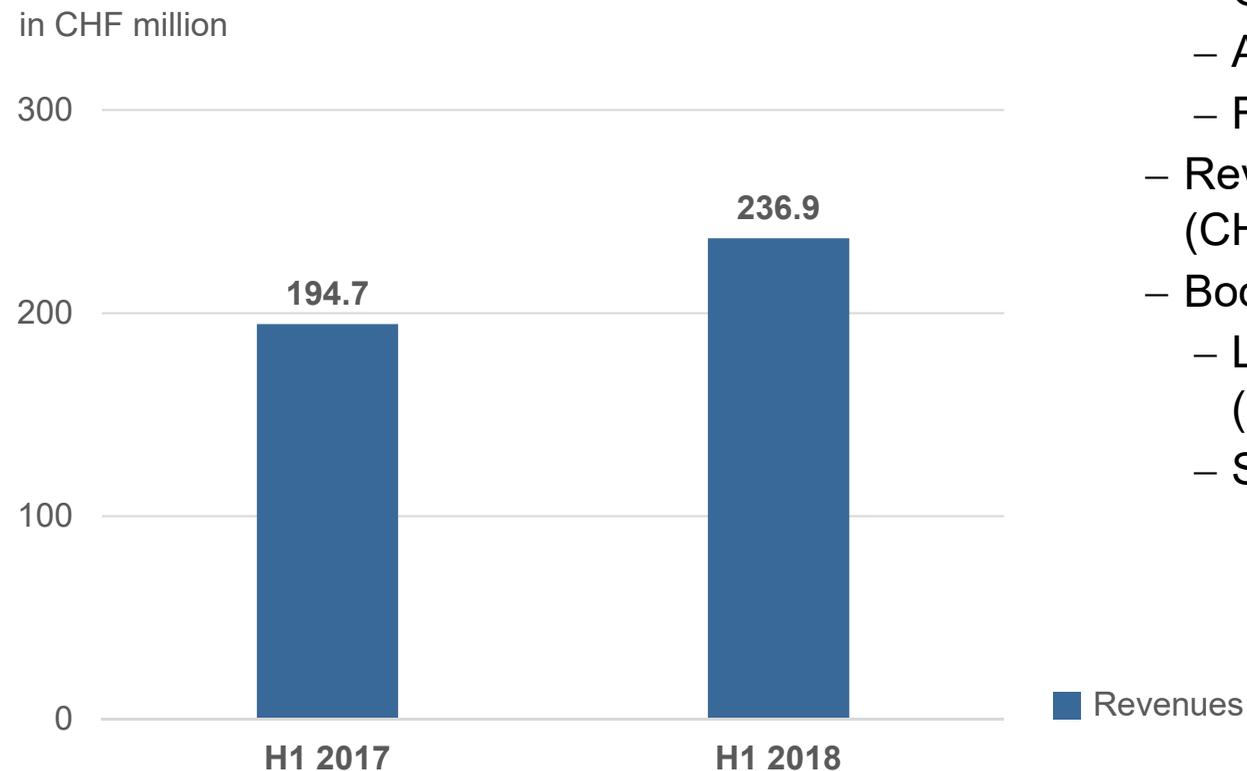
- **Increased market shares**
 - Significant increase in order intake and revenues
- **Increased profitability**
 - Good product mix
 - Productivity gain
 - Positive contribution from currency effects
- **High level of investment in research & development**
 - 8.7% of revenues go toward expanding technology leadership
- **Investments in new production and development facilities**
 - Successive expansion of capacity at four sites – in Switzerland, Germany and Hungary

Order intake up 14.0%



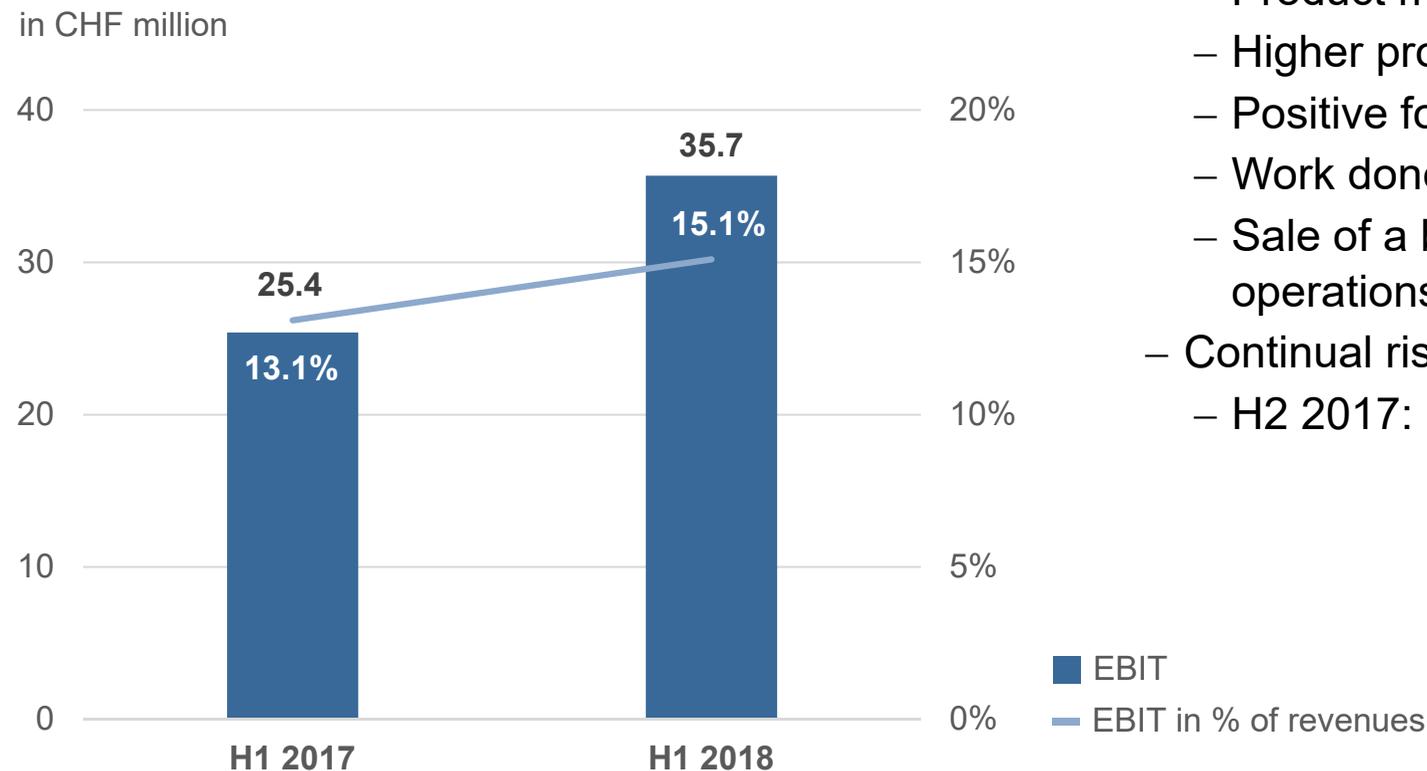
- Increased market shares
- Broad product portfolio across the entire value chain is paying off

Revenue growth of 21.7%



- Breakdown of revenue growth
 - Organic growth: +15.4%
 - Acquisition-related growth: +2.7%
 - Foreign currency impact: +3.6%
- Revenues 10.8% higher than in 2nd half of 2017 (CHF 213.8 million)
- Book-to-bill ratio still high: 1.08
 - Large order backlog from the previous year (book-to-bill ratio 2017: 1.10)
 - Strong order intake

EBIT up 40.4%



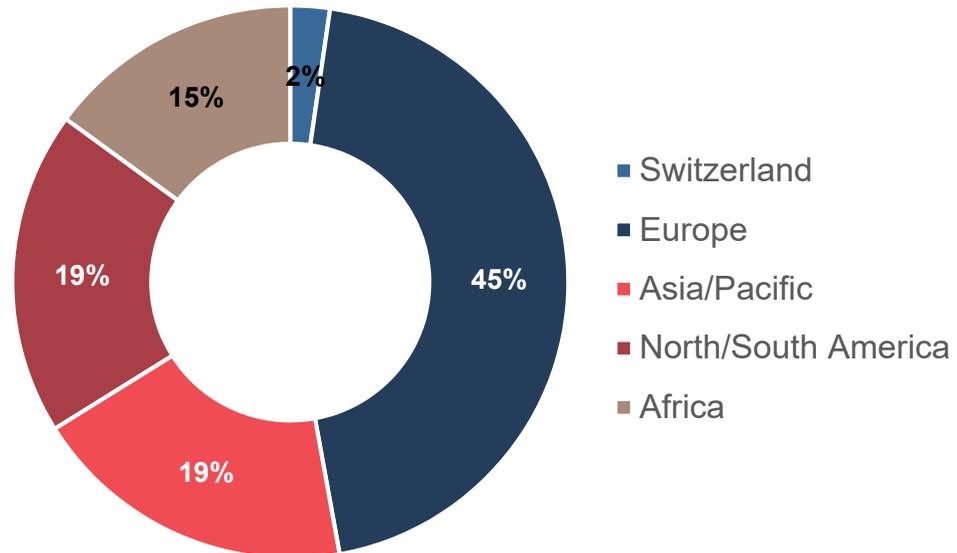
- Factors contributing to the rise in EBIT:
 - Product mix
 - Higher productivity
 - Positive foreign-currency impact (+1.3 ppts)
 - Work done in 2nd half of 2017
 - Sale of a building in Portugal no longer required for operations (EBIT contribution: CHF 0.8 m)
- Continual rise in profitability since 1st half of 2017
 - H2 2017: CHF 29.6 million (EBIT margin: 13.9%)

AGENDA

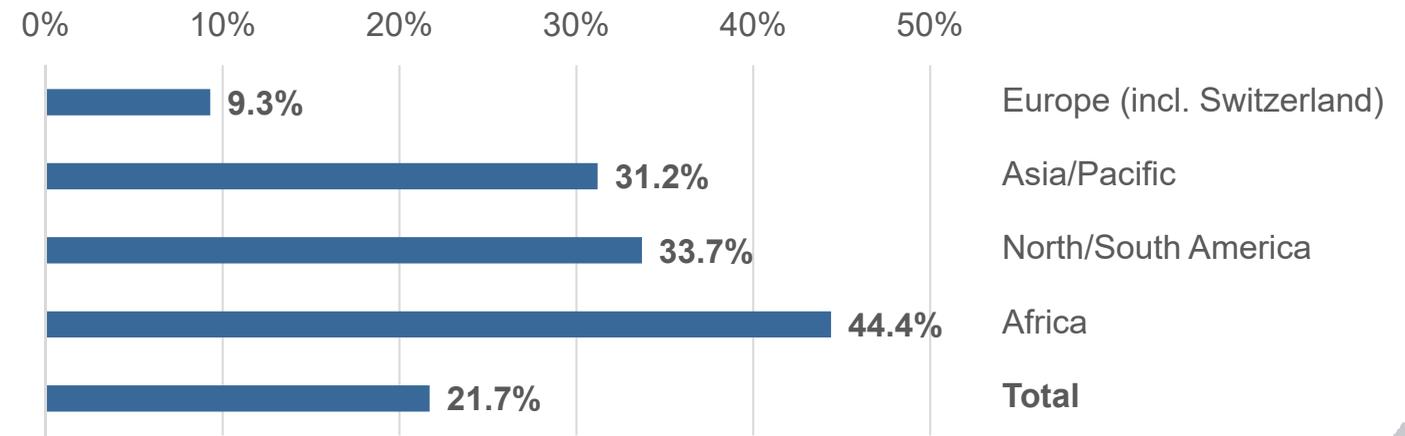
- 1 2018 half-year results:
operational and financial performance**
- 2 2017–2021 strategy:
focus on core market**
- 3 Outlook 2018**
- 4 Questions**

Strong growth in all regions

Revenues by region

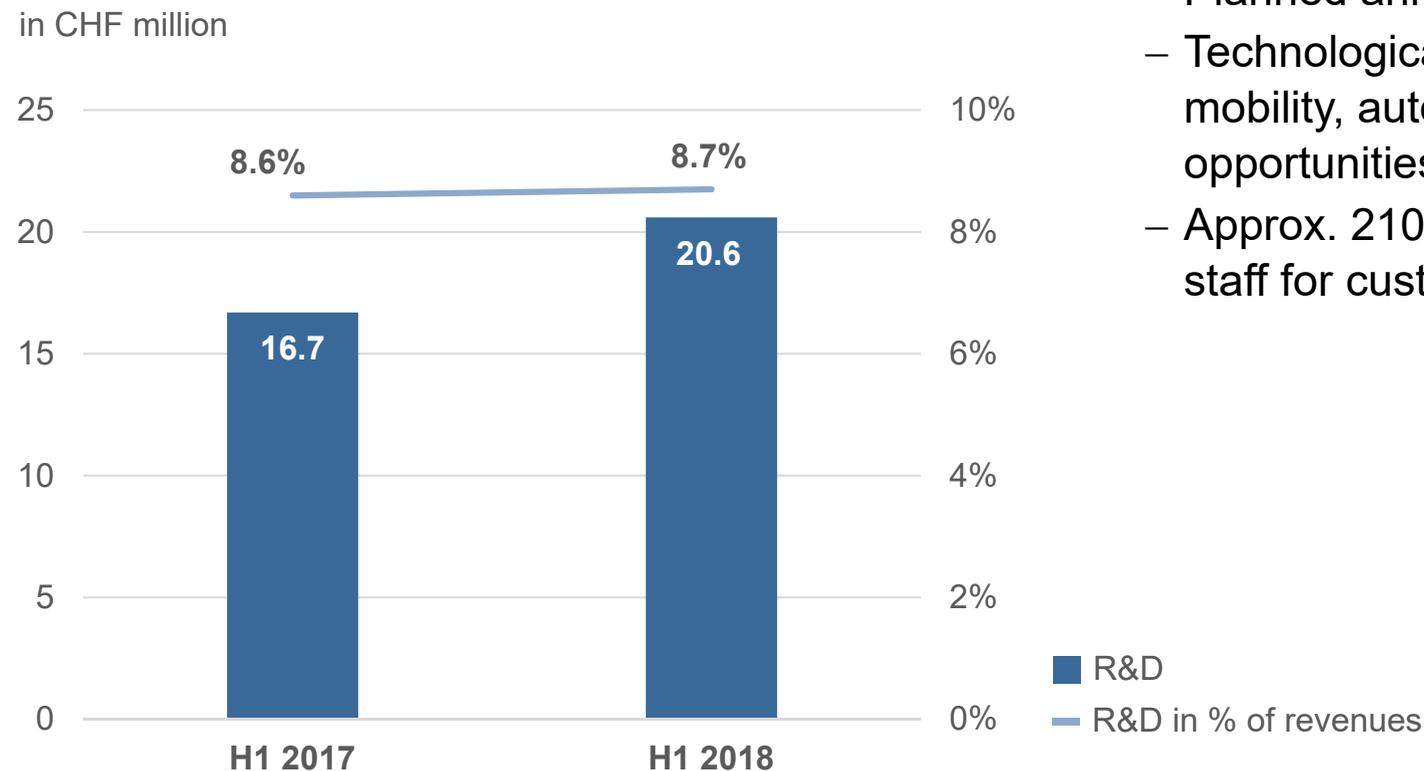


Change from previous year



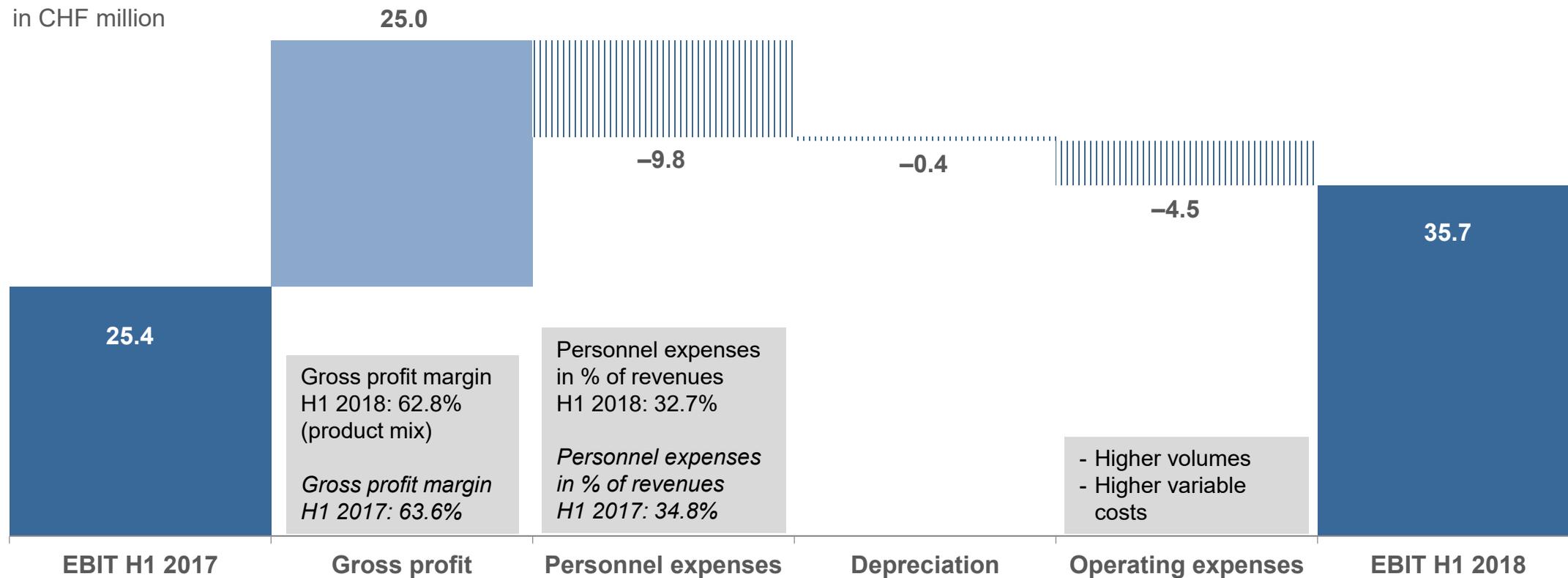
- Resources situation in Eastern Europe still tight; build-up of production capacity in North Africa continuing
- Changes in revenues share by region compared with 1st half of 2017: Europe (–5.3 pts), Asia/Pacific (+1.4 pts), North/South America (+1.7 pts), Africa (+2.3 pts)

R&D investments up 23.4%



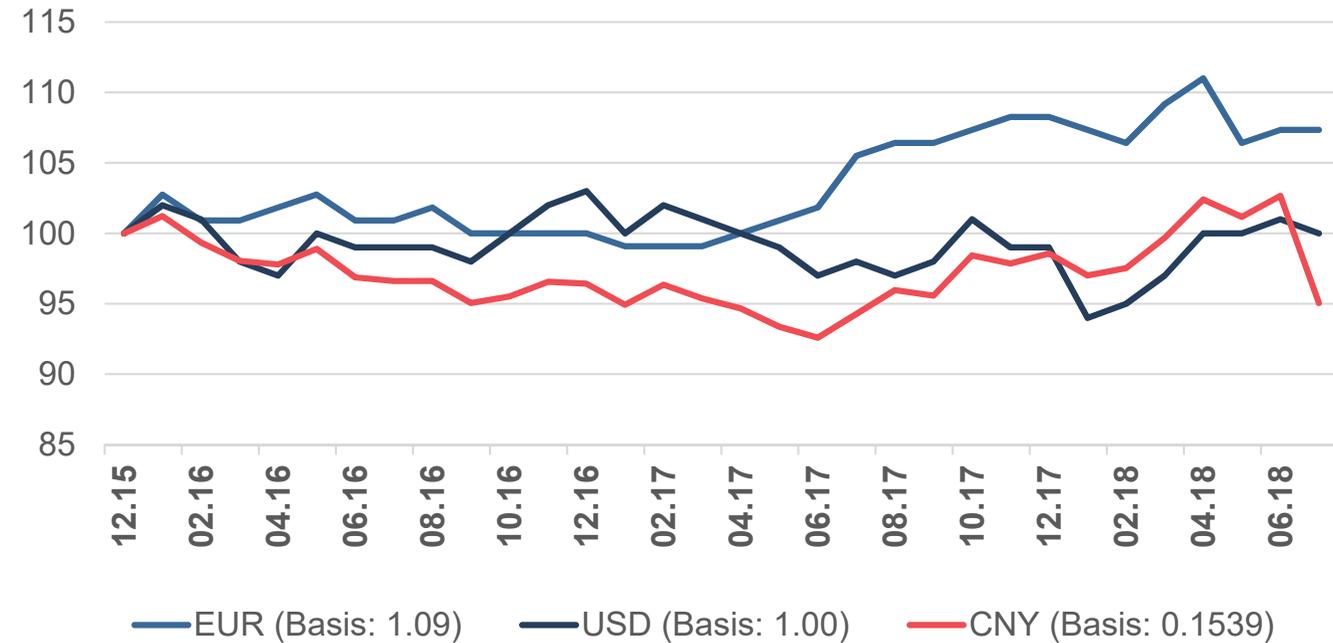
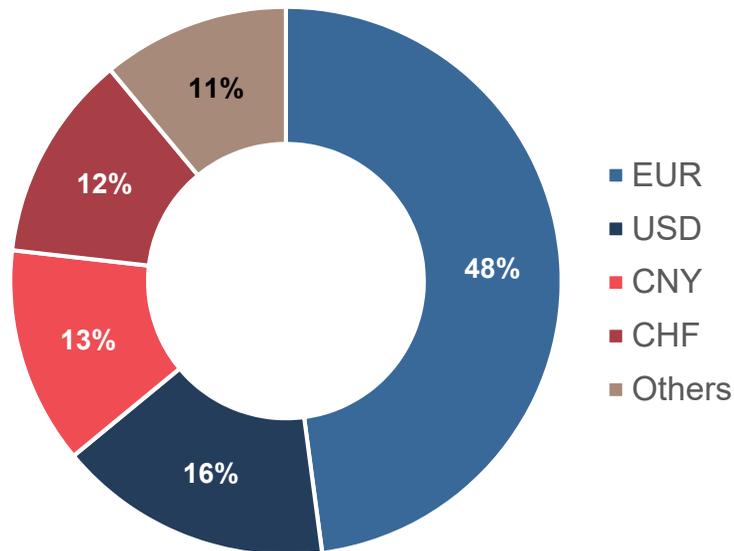
- Further strengthening of innovative capacity
- Planned annual R&D spending: 8%–9%
- Technological shift in automotive industry (electromobility, autonomous driving, etc.) creating opportunities for further unique selling propositions
- Approx. 210 R&D staff; plus around 170 engineering staff for customer-specific solutions

Sharp rise in EBIT



Positive currency effect

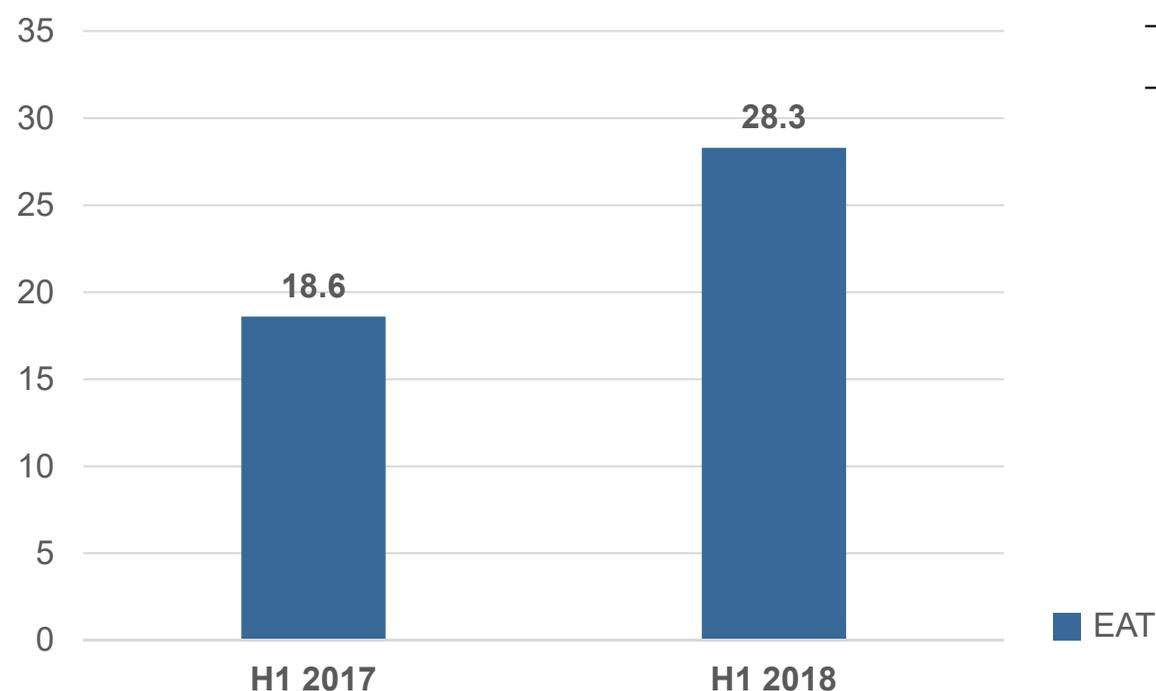
Revenues by currency



- Biggest changes in revenues by currency
CHF +2.9% pts, EUR +0.5% pts, CNY +0.9% pts
- Foreign currency impact
revenues: +3.6%, gross profit margin: +1.9% pts, EBIT margin: +1.3% pts

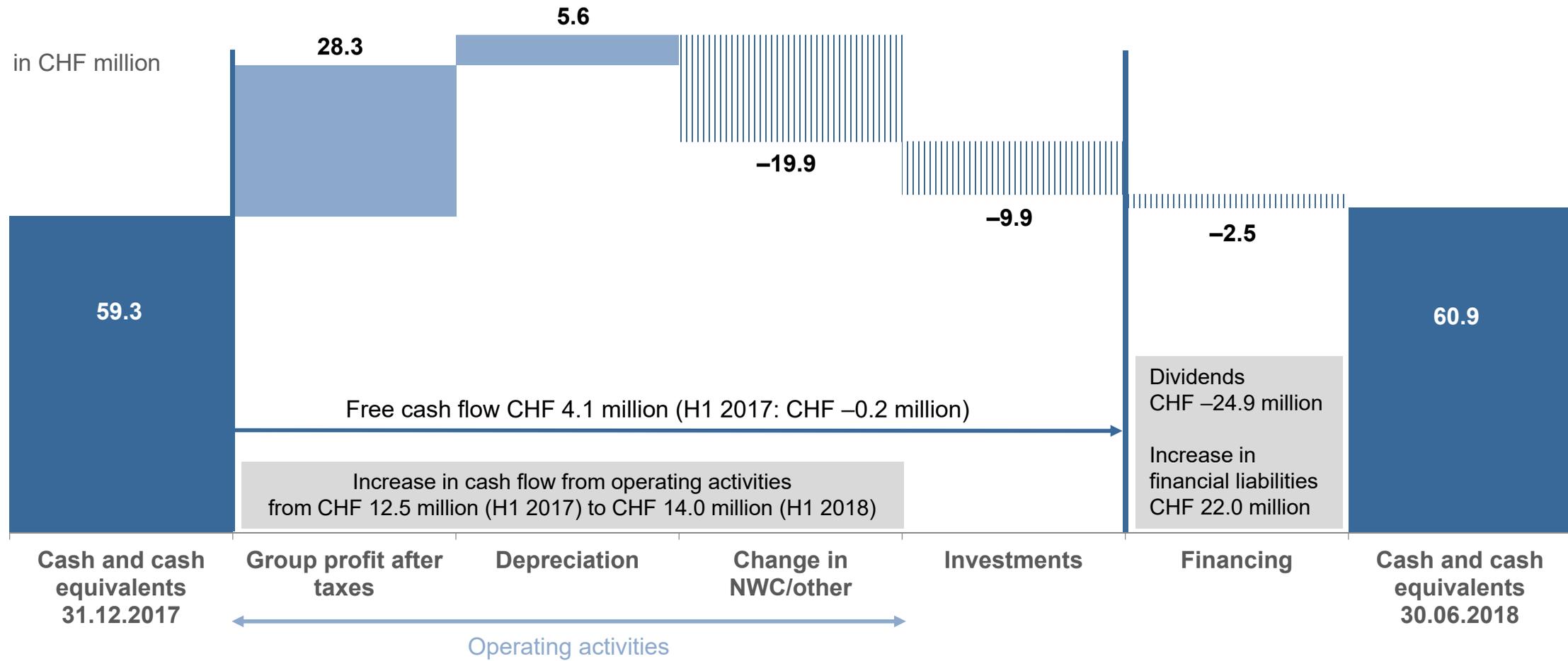
52.0% increase in Group profit after taxes (EAT)

in CHF million



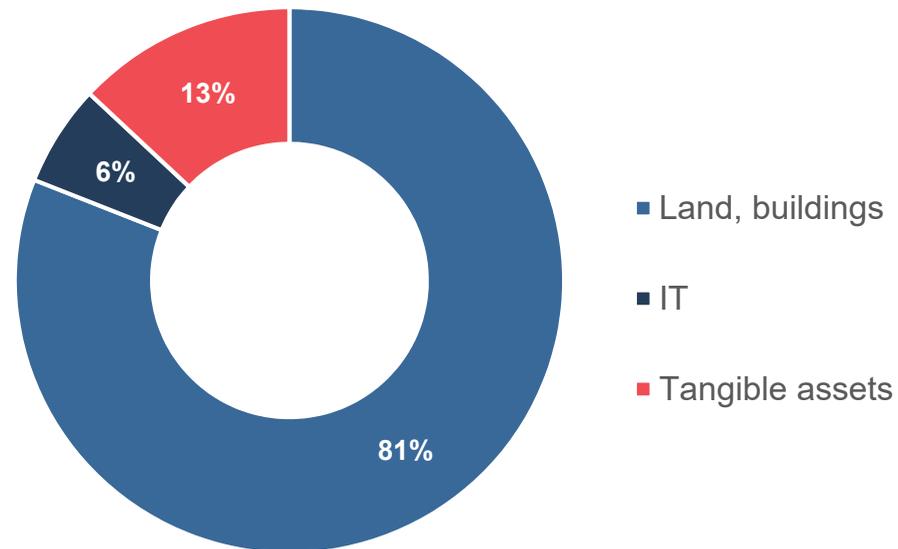
- Financial result (CHF –2.3 million) due in large part to losses on emerging-market currencies (e.g. Brazil, Turkey)
- Tax rate in % of EBT: 16.2%
- Tax rate expected over medium term: approx. 19%

Free cash flow despite high level of investments



Investment volume remains high

Gross investment
(excl. acquisition and sale of companies)



- Net investment (excl. acquisition and sale of companies): CHF 8.5 million (H1 2017: CHF 9.1 million)
 - Tangible assets (CHF 7.5 million)
 - Intangible assets (CHF 1.0 million)
 - Decrease in granted loans (CHF –1.0 million)
- Divestment of buildings in Portugal and the USA: CHF 8.2 million (H1 2017: CHF 0 million)

Gradual expansion of capacity until end of 2019



Komax, Dierikon (CH)



Komax SLE, Grafenau (DE)



Kabatec, Burghaun (DE)

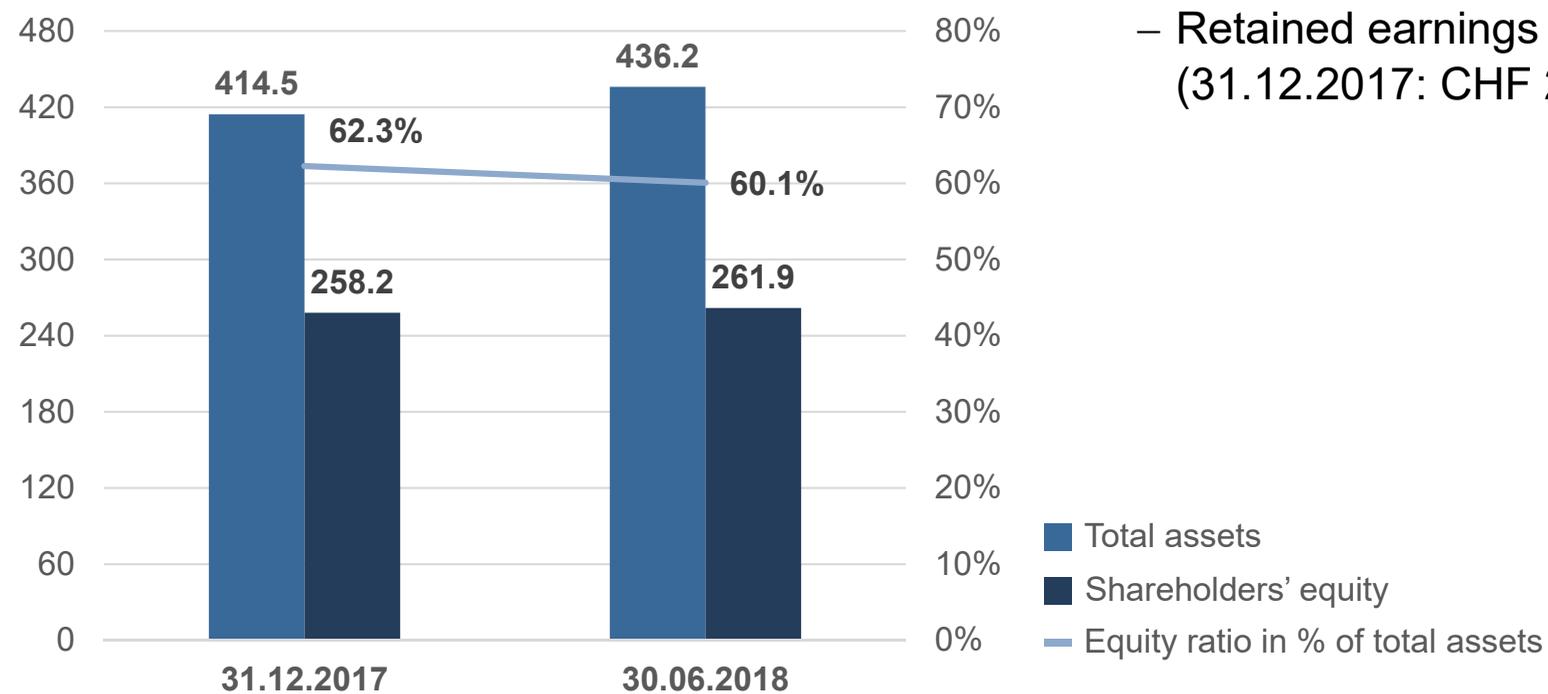


Komax Thonauer, Budakeszi (HU)

- Sharp jump in CAPEX due to high investment volumes for capacity expansion
- Total CAPEX
 - 2018: approx. CHF 55 million (H1 2018: CHF 16.7 million)
 - 2019: approx. CHF 60 million
 - 2020–2022: around 4% of revenues annually

Strong financial base

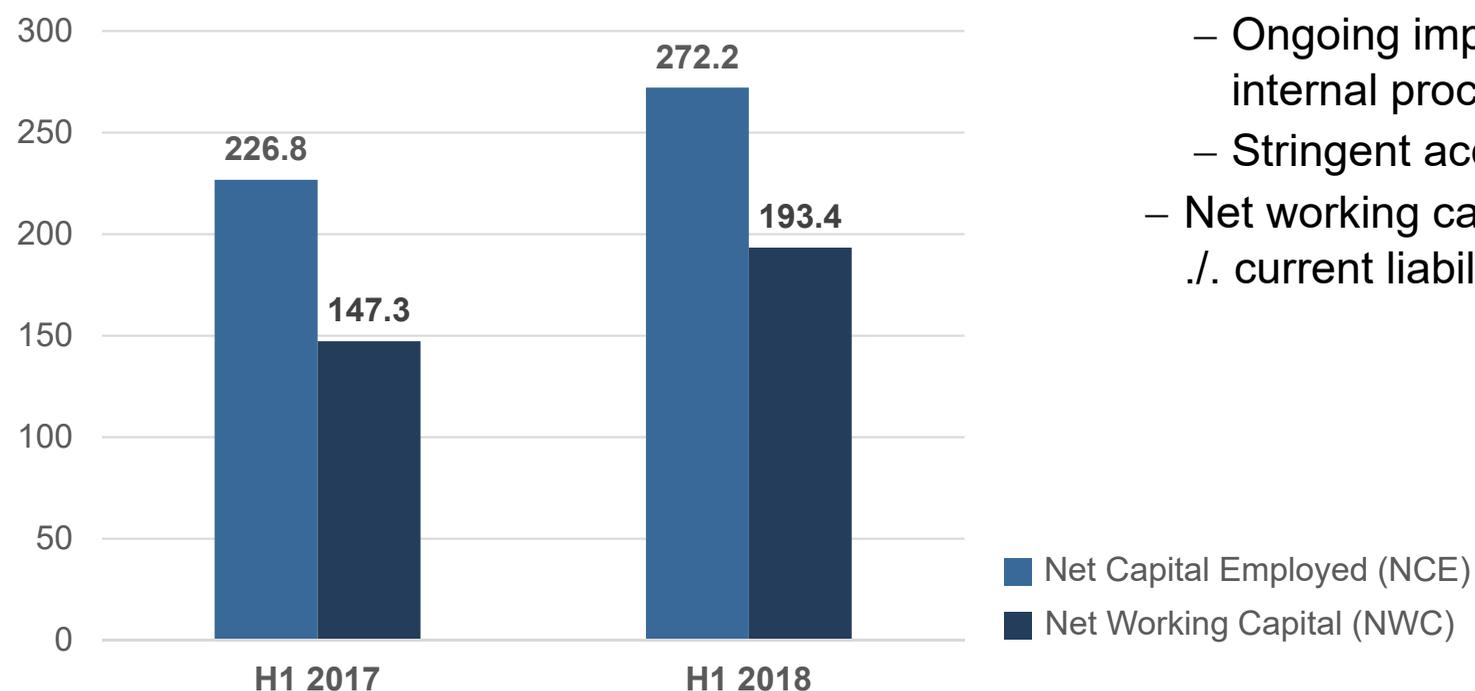
in CHF million



- Continued high equity ratio
- Net debt of CHF 31.2 million (31.12.2017: CHF 10.5 million)
- Retained earnings of CHF 240.0 million (31.12.2017: CHF 233.2 million)

RONCE rises sharply from already high level

in CHF million

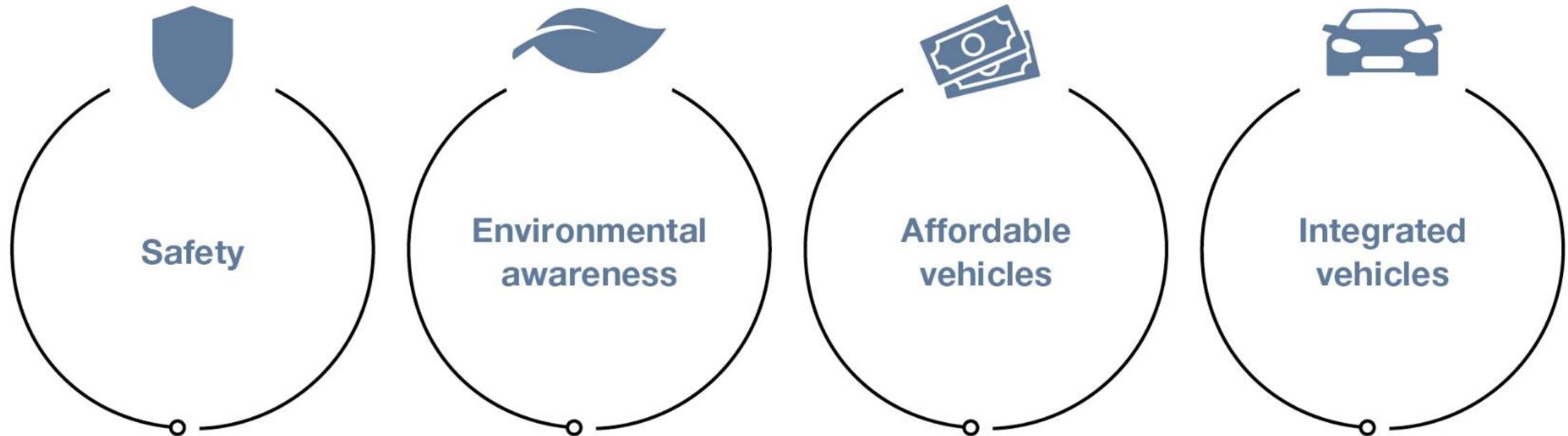


- RONCE: 28.1% (H1 2017: 23.6%)
- Strategic target 2017–2021: RONCE average 25%
- Robust management of net working capital (NWC)
 - Ongoing improvement and acceleration of internal processes
 - Stringent accounts receivable management
- Net working capital: receivables + inventory
./ current liabilities

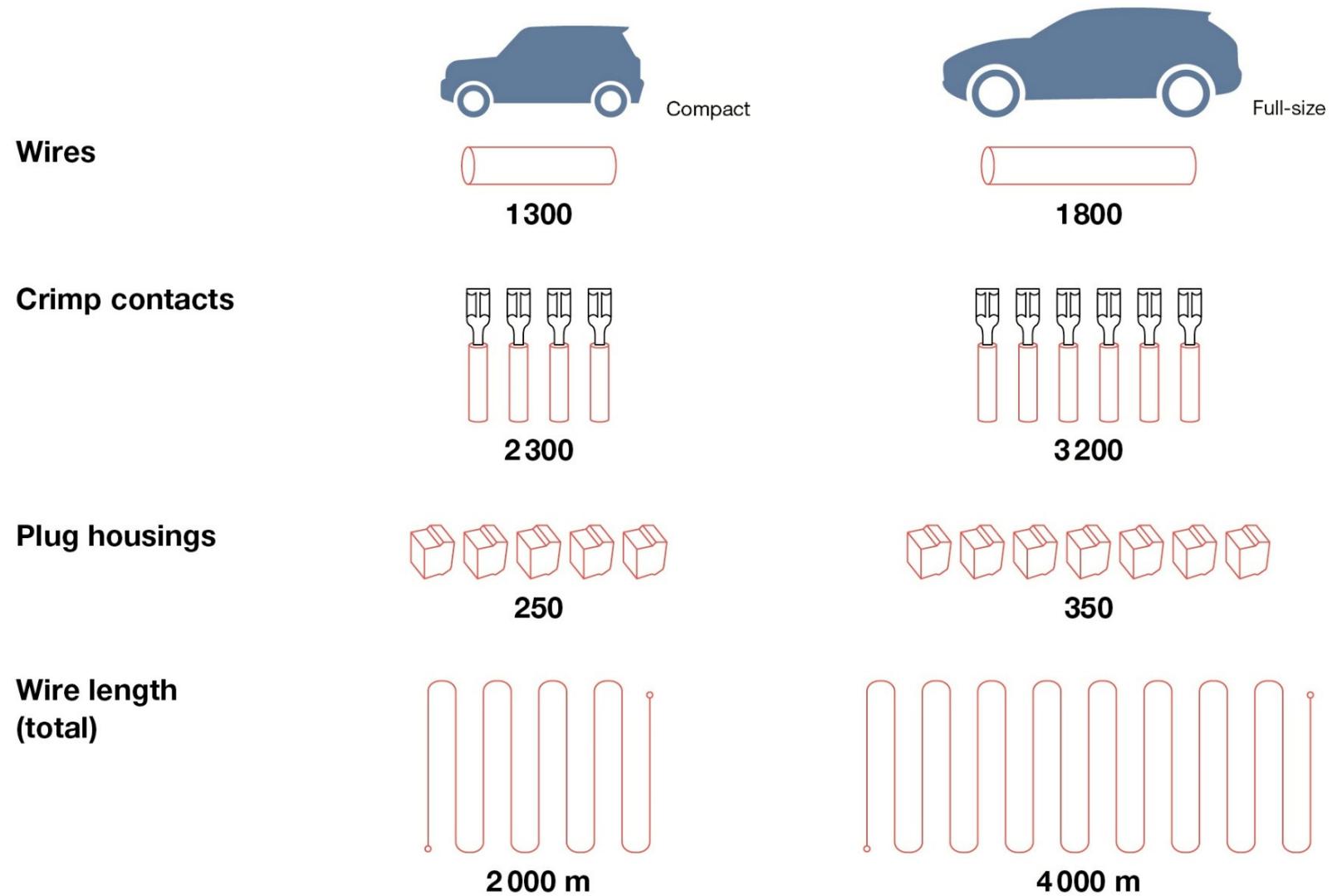
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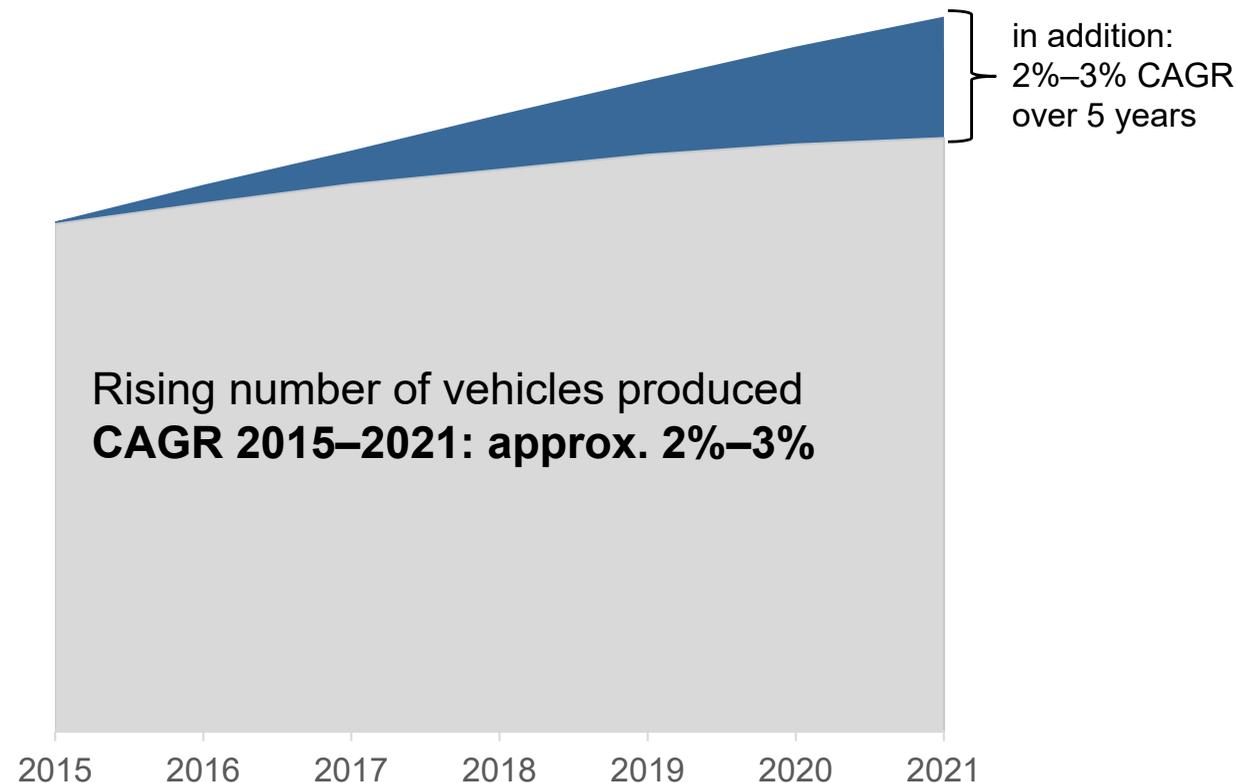
Global Megatrends



Increasing electrification



Constant rise in pressure to automate

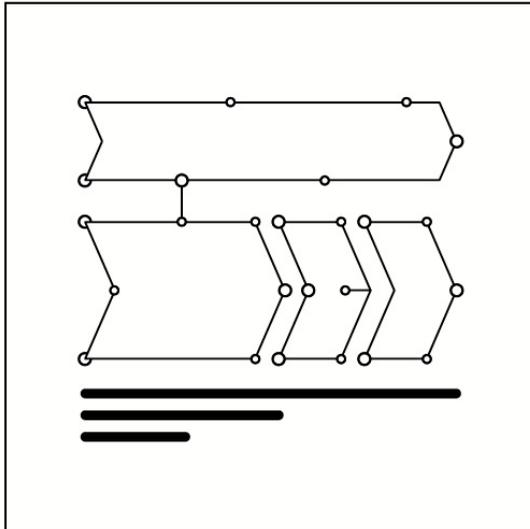


Source: IHS Markit, Komax Market Research

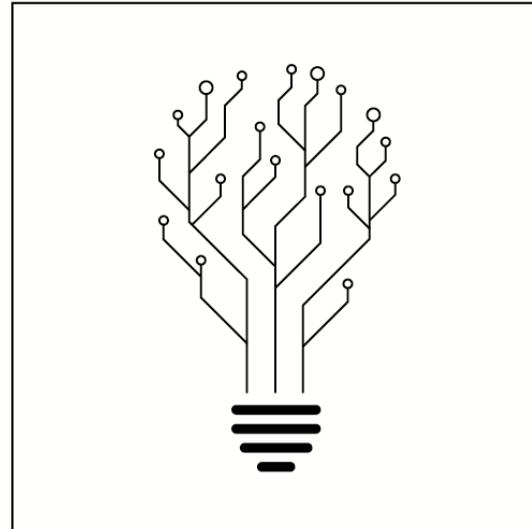
- Annual market growth of approx. 4%–6%
- Growth drivers
 - Increasing vehicle production (approx. 2%–3%)
 - Pressure to automate (approx. 2%–3%)
 - Rising number of wires in vehicles
 - Complexity of vehicle power supply systems
 - Miniaturization
 - Quality and efficiency requirements
 - New types of wires and materials

Strategic priorities

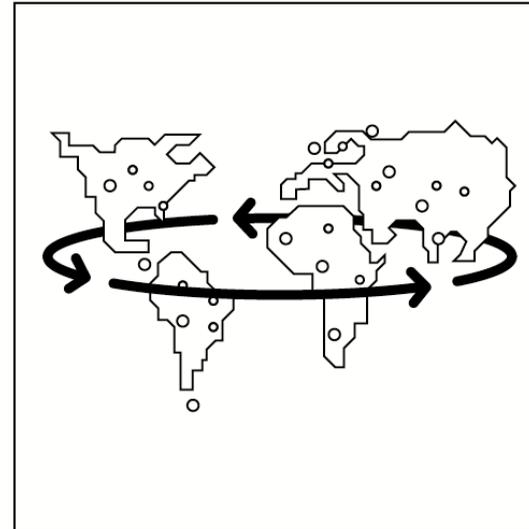
Solutions along the value chain



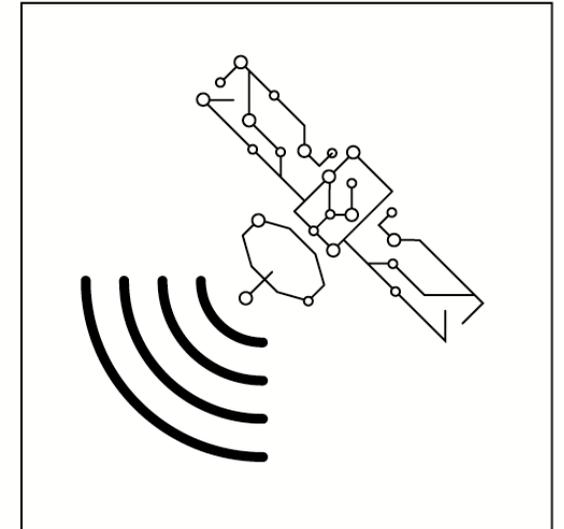
Solutions along the value chain



Innovative production concepts

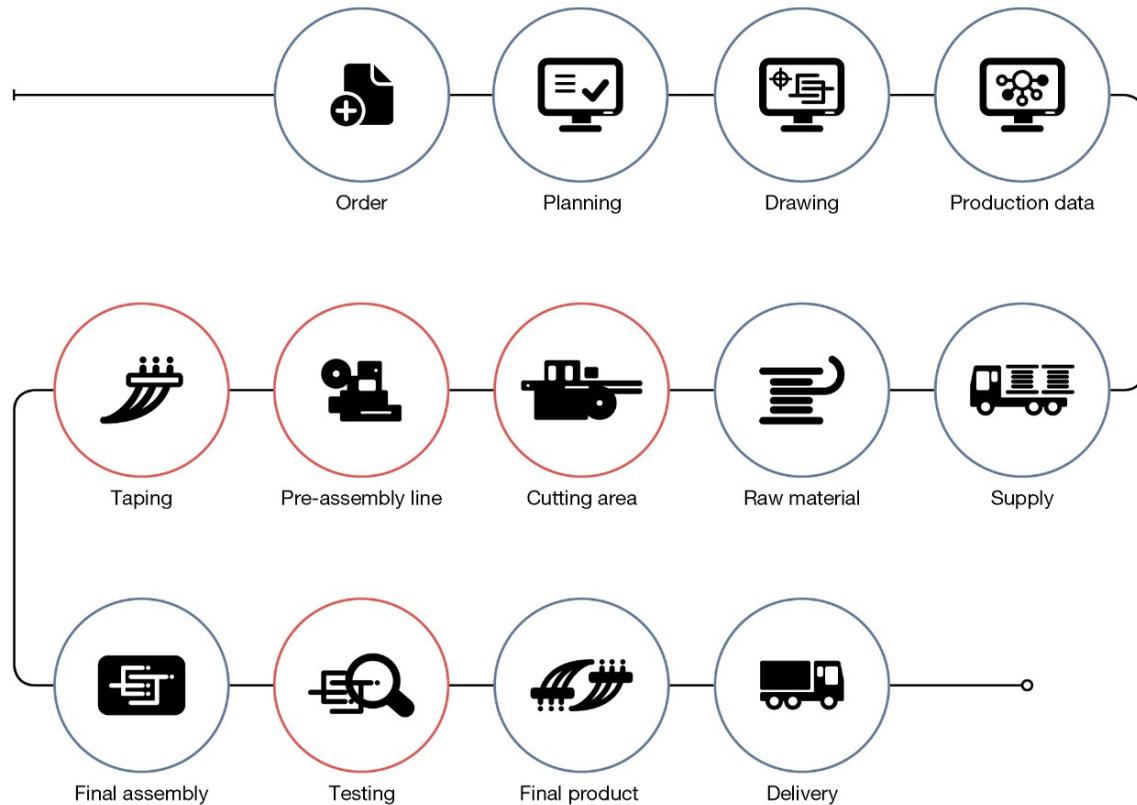


Increase in global reach

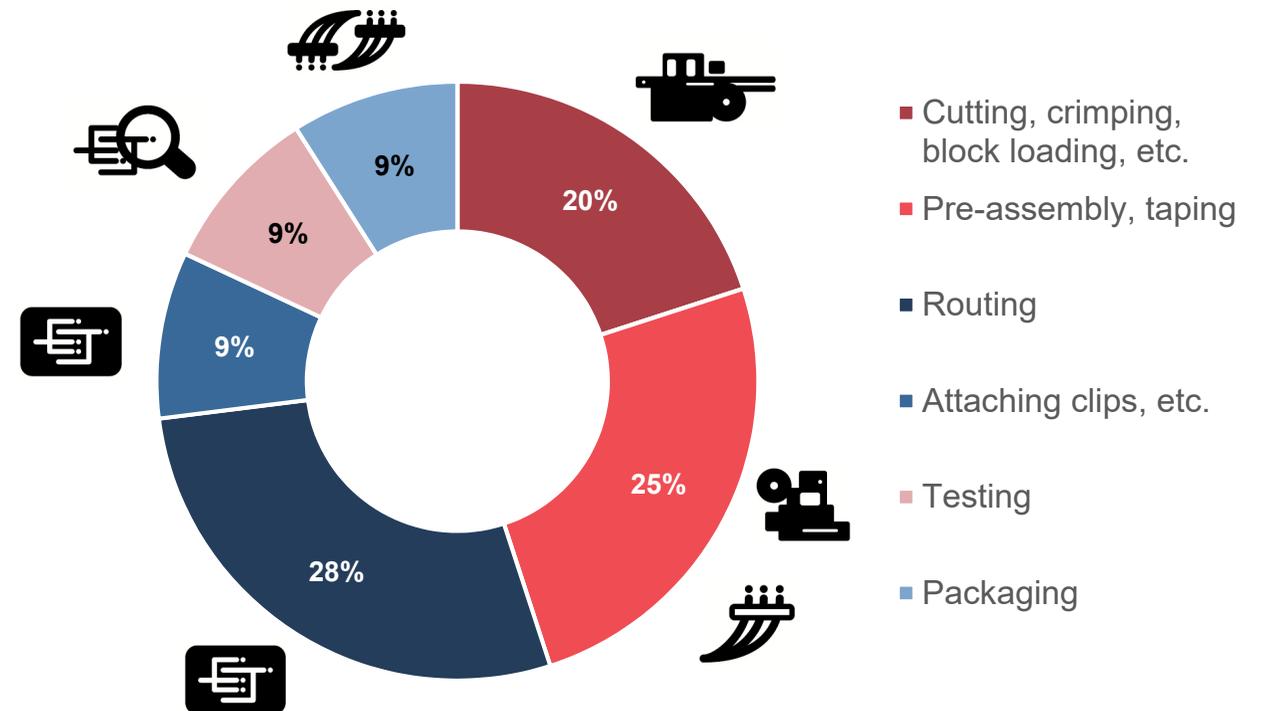


Development of non-automotive markets

Komax offers solutions for every stage of customers' value chain

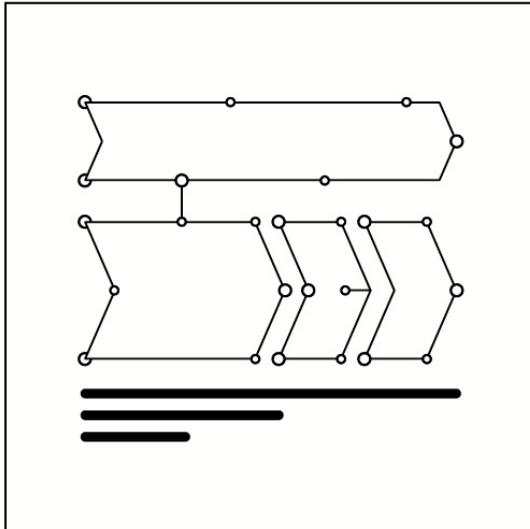


Proportion of time spent per wire harness

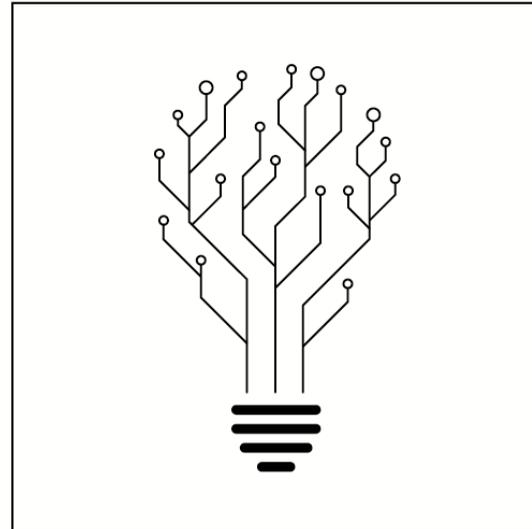


Strategic priorities

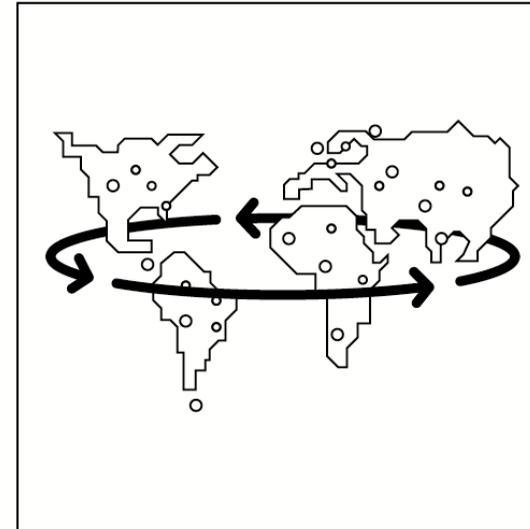
Innovative production concepts



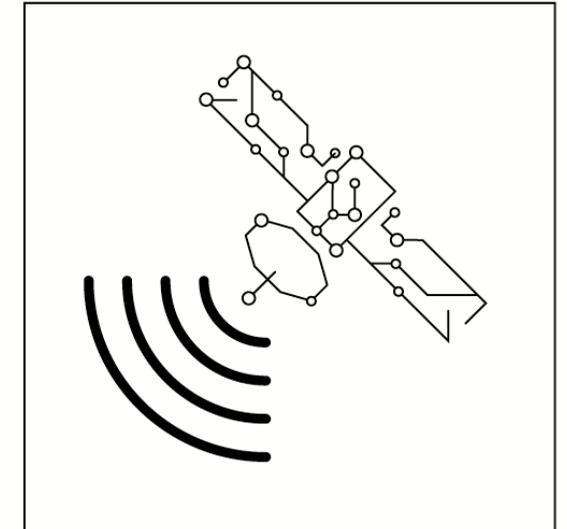
Solutions along the value chain



Innovative production concepts



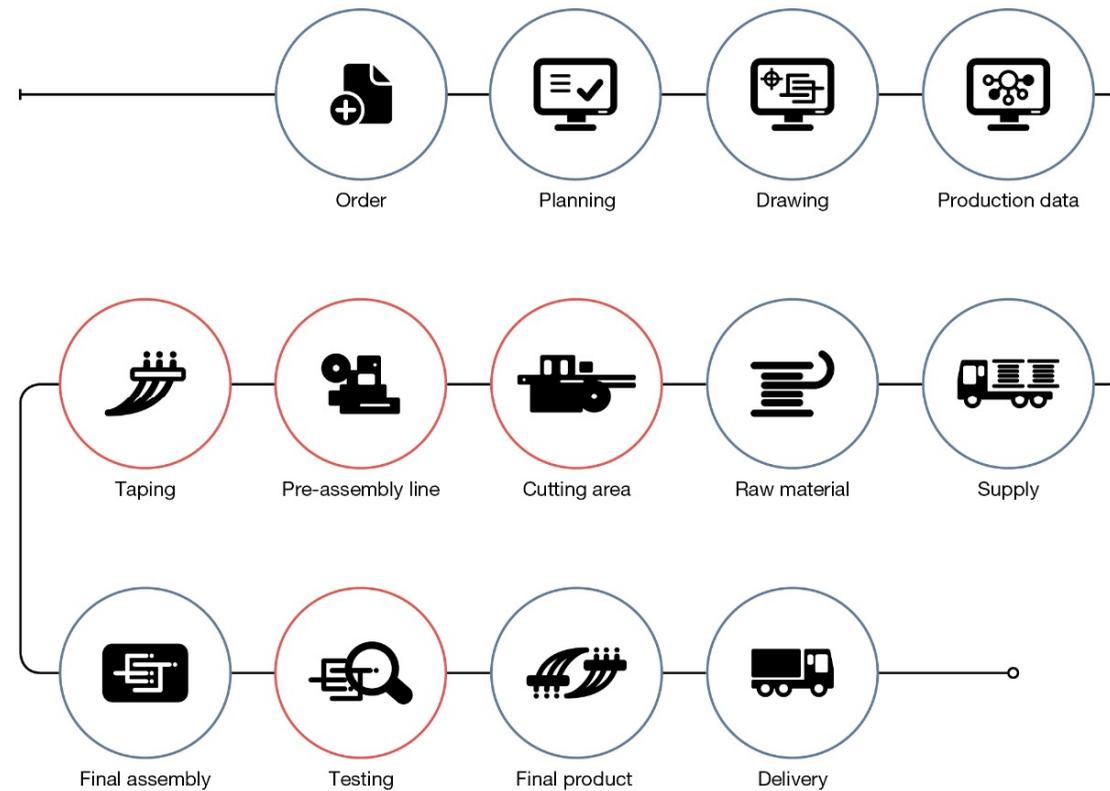
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Development of non-automotive markets

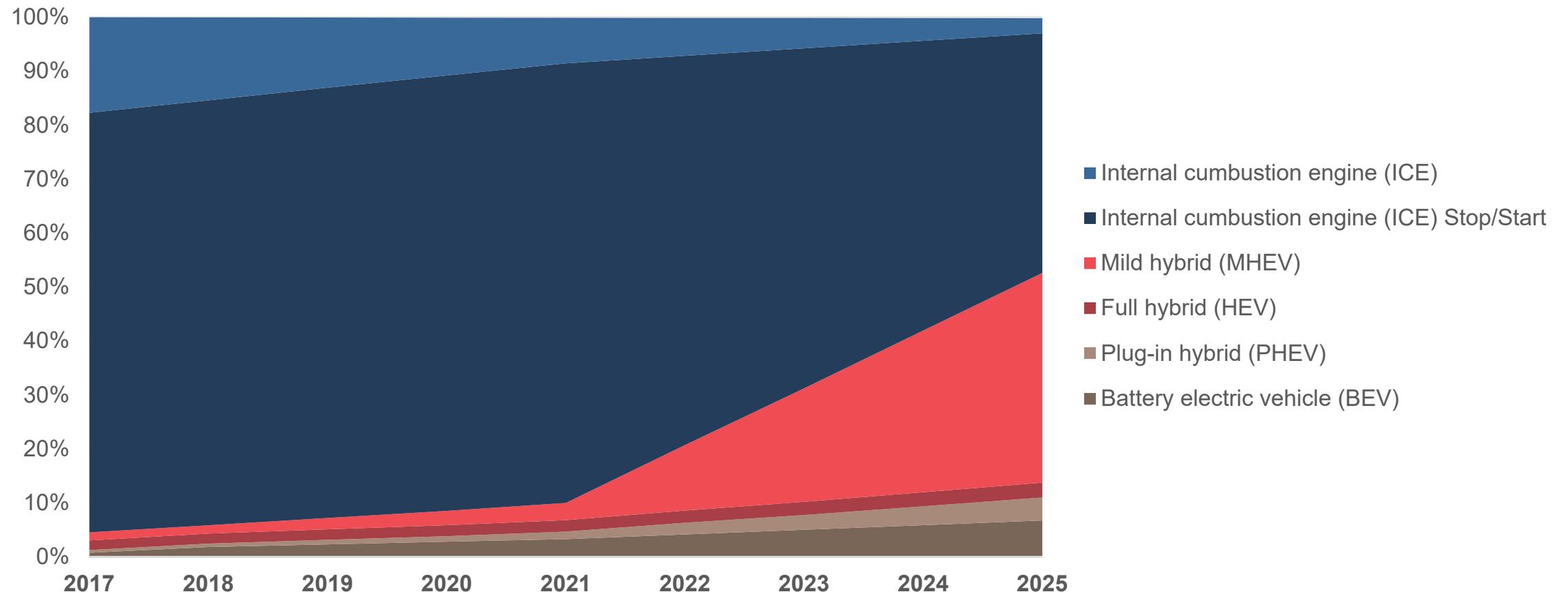
Electro-mobility

Center of competence at Komax Thonauer in Budakeszi (Hungary)



Development of electro-mobility

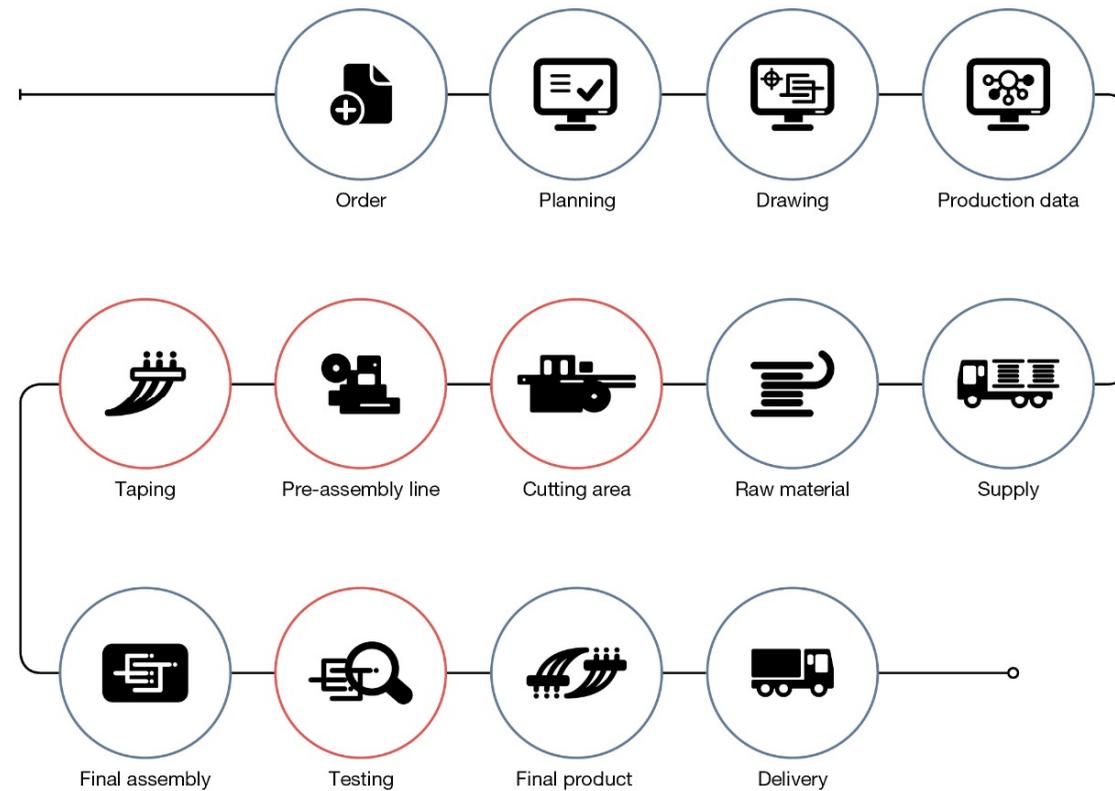
sharp increase by 2025



Source: IHS Markit / Komax

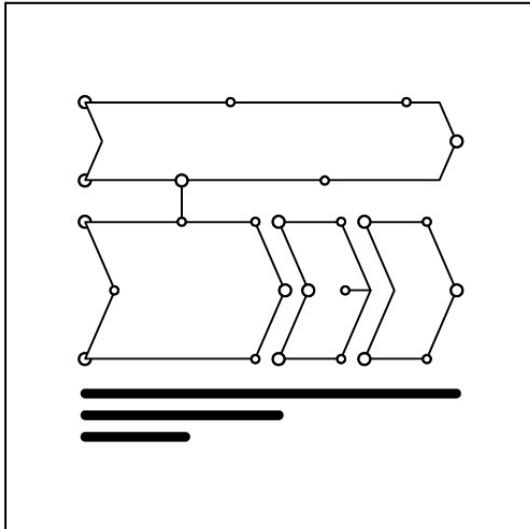
Autonomous driving

Center of competence at Komax SLE in Grafenau (Germany)

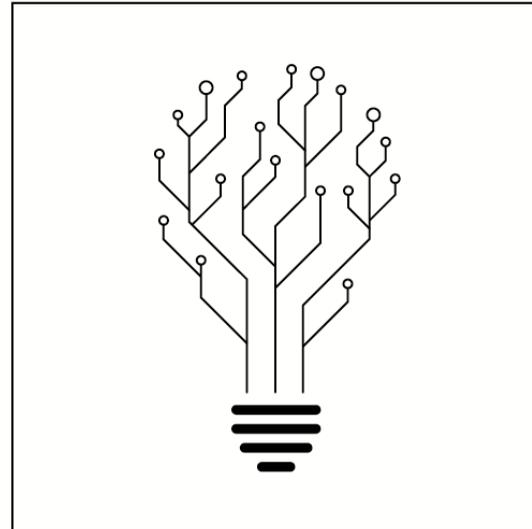


Strategic priorities

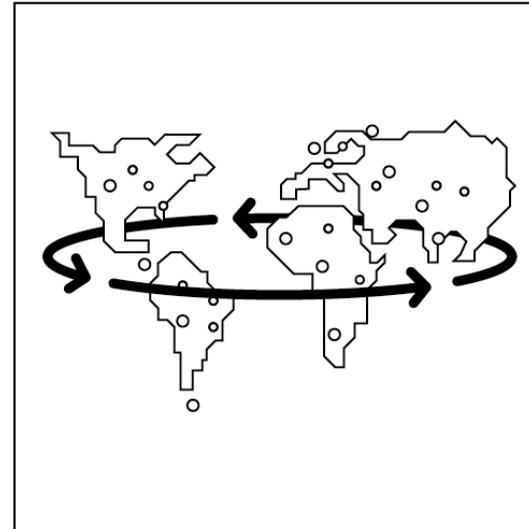
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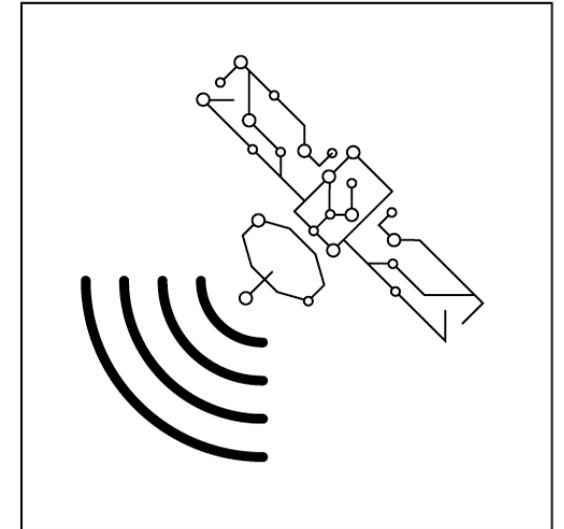
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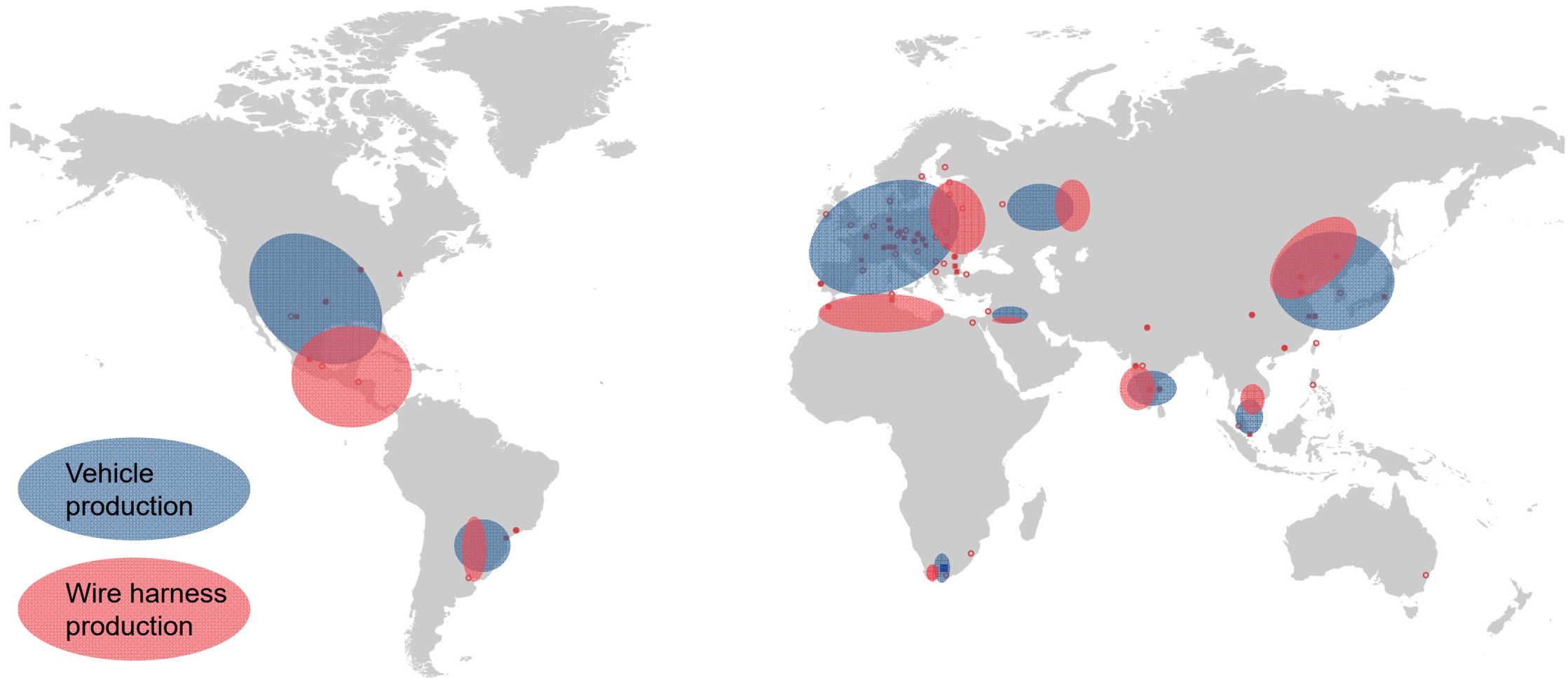


Increase in global reach



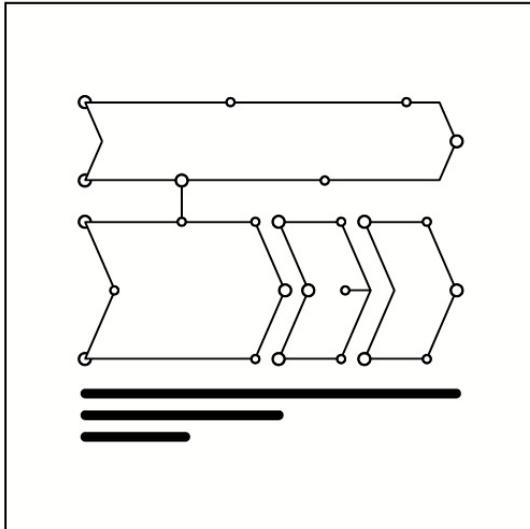
Development of non-automotive markets

Global production: vehicles and wire harnesses

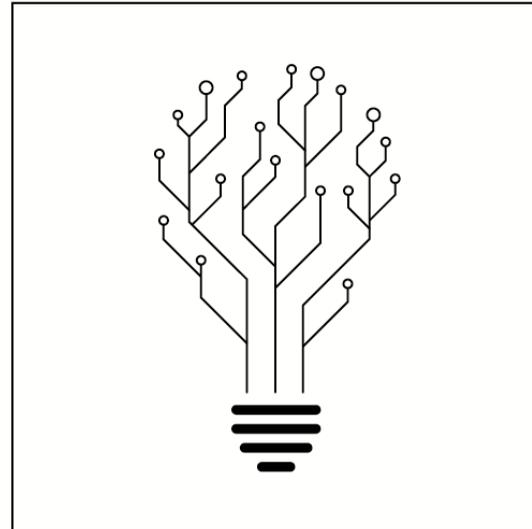


Strategic priorities

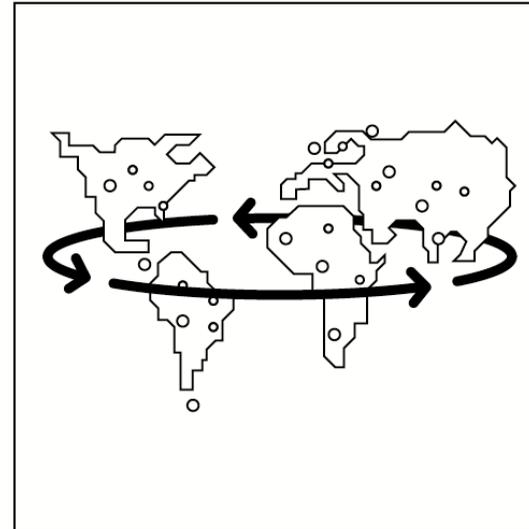
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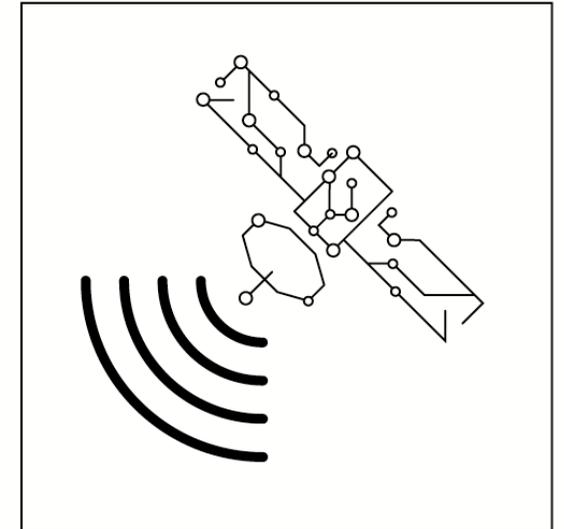
Solutions along the value chain



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

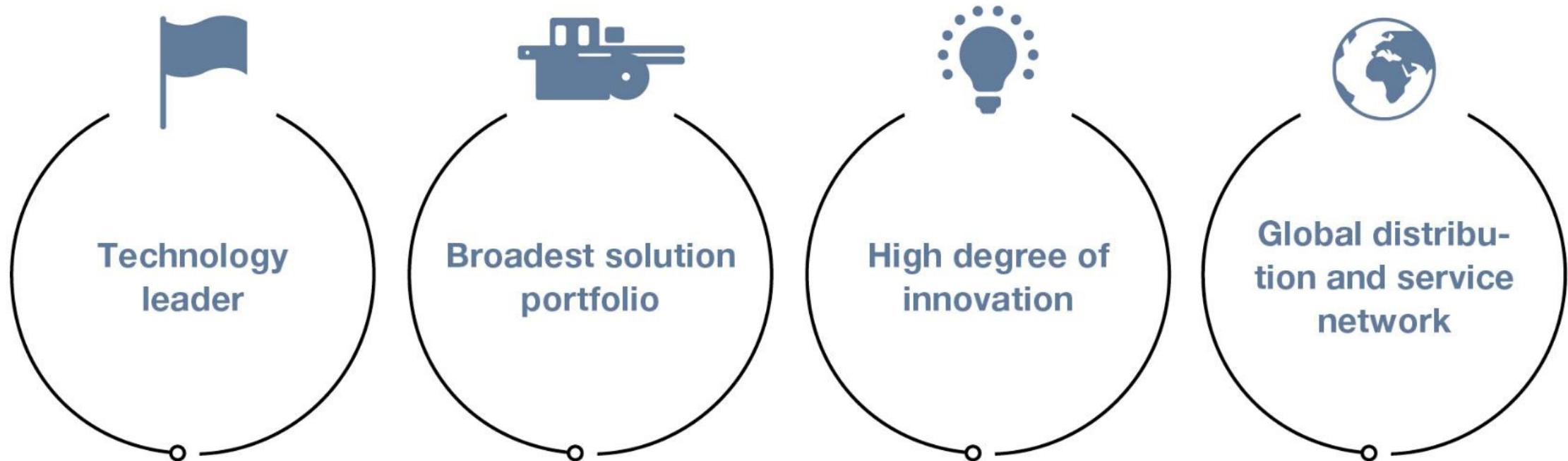


Industrial

- Small batches
- Electro-mobility
- Integrated production / industry 4.0

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

Advantages of Komax

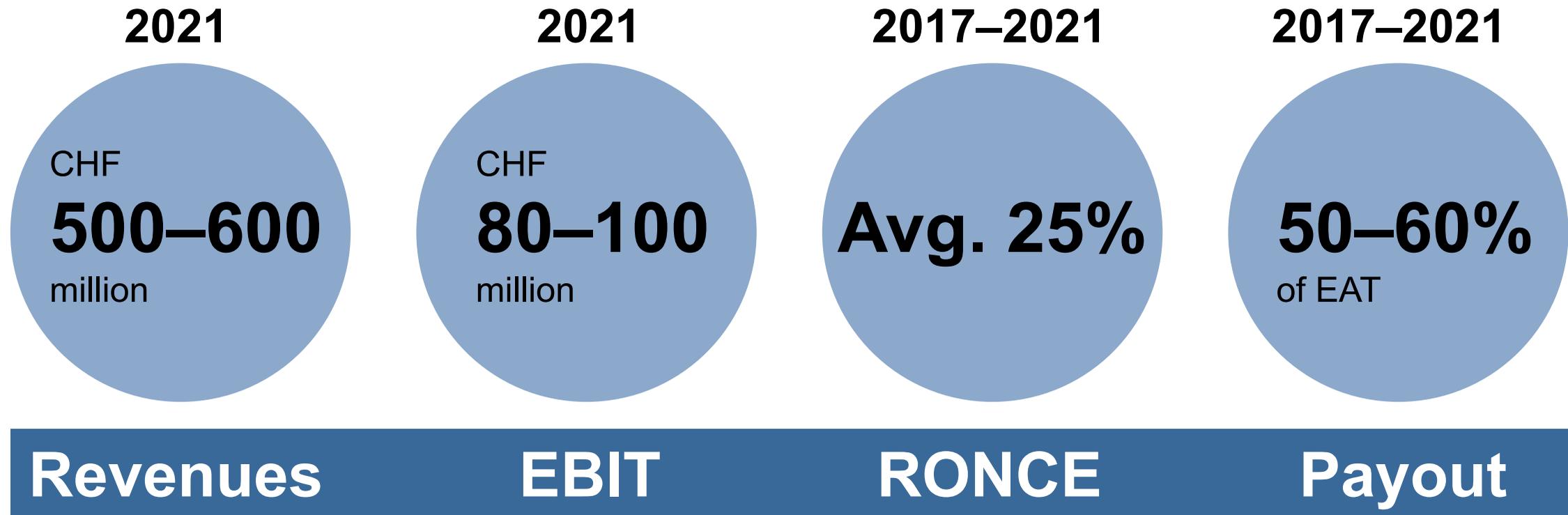


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2017–2021 strategy

ambitious targets, attractive dividend policy



Outlook



In the first half of 2018, the Komax Group consolidated its leading market position and started the second half of the year well with a high order backlog.

From today's perspective, Komax sees the market dynamics and the trend towards automation continuing. Komax thus expect to post in the second half of 2018 a result consistent with the first six months of the year.



Contact / Financial calendar



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Financial calendar

Investors Day	26 October 2018
Preliminary information on 2018 financial year	22 January 2019
Annual media and analyst conference on the 2018 financial results	14 March 2019
Annual General Meeting	16 April 2019
2019 half-year results	20 August 2019

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

