Gurit 2019 Results
Media and Analyst Conference

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Philippe Wirth, CFO
Zurich, 27 February 2020

WITH PASSION FOR A SUSTAINABLE FUTURE
Introductory statement

This presentation may include forward-looking statements that reflect the intentions, beliefs or current expectations and projections of Gurit Holding AG about the future results of operations, financial condition, liquidity, performance and similar circumstances.

Such statements are made on the basis of assumptions and expectations which may prove to be erroneous, although Gurit Holding AG believes them to be reasonable at this time.
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Our vision
Our mission

With passion for a sustainable future

Our mission is in wind energy and lightweighting. We are a system partner for wind energy customers globally, with focus on the wind turbine blade. With our unique offerings and in-depth understanding of the value chain we help to increase wind energy competitiveness and promote its sustainable growth. For lightweighting applications we use our knowledge and expertise to provide high-performance materials and engineering.
The Gurit Sustainability Report is available as a separate document and as a chapter of the Annual Report 2019

www.gurit.com/sustainability
Our Business  - Wind Energy and Lightweighting

As of 31 Dec 2019, continued business
Wind Market Opportunity
Why focus on Wind Energy?

Long term growth drivers for renewable energy:

- Cost competitiveness at par/below non-renewable energy creation

  + Decarbonisation of energy generation

  + De-centralisation of energy generation

  + Digitalisation of networks and consumers

“*We see USD 13.3 trillion invested in new power generation assets of the 32 years to 2050. Of this, 77% goes to renewables. **Wind attracts USD 5.3 trillion**…*”

Source: BloombergNEF New Energy Outlook 2019
“Wind and solar make up almost 50% of world electricity in 2050 – “50 by 50” – and help put the power sector on track for 2 degrees to at least 2030.”

Source: BloombergNEF, New Energy Outlook (NEO) 2019
Wind Energy Demand Outlook

Wind growth trends and major changes

- **2020**: further increase forecasted to 76 GW
- **2021+**: overall demand situation may improve;
  - **US PTC** ends 2020 but offshore support is in discussion
  - **China tariff** ends 2021
  - **India** demand step-up 2020
  - **EU**: reactions to missing the climate targets

* Source: Wood Mackenzie Q4/2019

**Wind power capacity installed annually**

- 2017: 48 GW
- 2018: 50 GW
- 2019e: 66 GW (+32%)
- 2020e: 76 GW (+15%)
- 2021e: 74 GW
- 2022e: 70 GW
Average wind energy auction prices drop by region

Europe: 56.42 USD / MWh
Latin America: 30.66 USD / MWh
Asia: 53.7 USD / MWh

Source: Wood Mackenzie: 2019
Our global leading offering for the Wind industry

**CORE MATERIALS**
- Market position: #1
- *GURIT® BALSAFLEX®*
  - Natural Structural Core

**TOOLING**
- Market position: #1

**KITTING**
- Market position: #1

**CORE MATERIALS**
- Market position: top 2
- *GURIT® KERDYN® GREEN*
  - RPET Structural Foam
Key Financial Notes 2019

- **Net Sales growth:** 35.5% to CHF **576.4 million**; (2018: CHF 425.3 million) 
currency-adjusted **organic** growth 11.3%

- **Operating Profit growth:** 81.8% to CHF **51.9 million** 
(2018: CHF 28.6 million)

- **Operating Cash Flow raised** by 240.3% 
to CHF **65.9 million** (2018: CHF 19.4 million)
Key Financial Notes 2019

- **Equity Ratio increase** by 6.4%-pts to **40.2%** (2018: 33.8%)

- **Net Debt: reduced** by 33.9% to **CHF 52.9 million** (2018: Net debt of CHF 80.0 million)

- **CAPEX raised** by 61.4% to **CHF 24.7 million** (2018: CHF 15.3 million)
Gurit investments in organic growth 2019/2020

Strategic investment program for future growth

- **PET extrusion capacity** increase 2019/2020:
  - 3 additional extrusion lines in deployment
  - 400% capacity increase in 2021 vs, 2018
  - «Innovation Program PET 2021» underway
- Balsa expansion Indonesia 2019/2020
- **Vertical Integration**: PET recycling acquisition, «Recycled bottle to precision core kit»
Gurit investments in organic growth 2019/2020

Major strategic investment program for future growth

- **Wind**: Geographic footprint expansion:
  - **Mexico**: Kitting and PET extrusion in Matamoros for Americas market, complete 2020
  - **India** Wind strategy roll-out:
    - Tooling plant in India: Set-up starts now (2020)
    - Kitting plants in North and South and PET extrusion plant: in evaluation (2020)
- **Aerospace**: Prepreg capacity expansion in Kassel for Aero demand (2020)

➡ Combined Capex 2019+2020: 50-60 mCHF
Key Business Notes

**Health and Safety**
- Program started to reduce LTAR by 50% from 2019 to 2022

**Wind organic growth**
- Wind market momentum – global **material** shortage - capacity rises
- **Balsa** shortage, disruptive sourcing prices - normalisation exp. late 2020
- **Multi-year supply agreements** for synthetic core material concluded
- Own **PET extrusion** design helps timelines and creates USP's
- **3 extruders** in deployment 2019/2020 in China and Mexico

**Operating Efficiency**
- **Aero**: Merger of Zullwil site into Kassel started (to complete 2021)
- **Materials & Kitting** synergies: co-location starts in Mexico 2020
- **Footprint** expansion: Mexico, Indonesia – region for region approach
Key Business Notes

**Acquisitions and divestments**
- Acquisition Italian PET recycling business
- Sale of Gurit Automotive business - completed 2/2020

**New product introductions**
- Spabond 800 adhesive
- AMPRO multipurpose laminating systems
- New power hinge / tooling automation
Offering in Lightweighting

- **Aerospace:**
  Innovation programs for industrialized prepregs and low heat release epoxy development; additional prepreg tower for 2020; further customer qualifications to broaden customer base

- **Railway:**
  Increase market presence, promote use of composite technology

- **Marine:**
  Business development of new segments (commercial Marine);
  Promotion of existing strong offering, e.g. Corecell core materials; prepregs; formulated product range

- Take advantage of **Brand position as a solution provider**
Development in Business Units

WITH PASSION FOR A SUSTAINABLE FUTURE
Composite Materials

Net Sales 2019: CHF 249.5m (2018: CHF 221.3m)
Growth by 12.8% (FX adjusted: 15.2%) vs. 2018
Sales growth driven by the vibrant Wind energy market, sales in Marine and Industrial saw a slight decline.

Key Business Steps 2019
Ramp-up of PET production; PET recycling feedstock acquisition
Completed new PET extruder design (big size extruder)
Commissioned 1 additional extruder in China
Concluded multi year core agreements

Business Outlook 2020
- PET production capacity expansion in Mexico and China
- Deploy India strategy
- Raise Balsa volume availability
RESULTS 2019 / OUTLOOK 2020

Tooling

Net Sales 2019: CHF 106.1m (2018: CHF 118.5 m)  
Decrease -10.5% (currency-adjusted: -8.6%) vs. 2018  
Very strong first half year and an expected weaker 2HY.

Key Business Steps 2019
- New power hinge
- R&D for tooling automation solutions

Business Outlook 2020
- Set-up India plant
- Tooling automation for big blade production – innovation
- New power hinge generation market launch
Net Sales 2019: CHF 190.7m
Consolidated as of mid October 2018. Majority of the acquisition effect Gurit reported. Kitting is on a very strong growth track versus prior year.

Key Business steps 2019
Geographic footprint expansion, Mexico added as 7th production site; Foster strong business growth as seen in past years

Business Outlook 2020
- First co-location PET extrusion/Kitting goes life in Mexico.
- Execute India and China kitting expansion strategies.
- Next generation manufacturing technology ready.
Aerospace

Net Sales 2019: CHF 53.5m (2018: CHF 49.9m)
Both the European and American market generated solid demand.

Key Business Steps 2019
- Multi-year plant renewal, manufacturing capacity expansion and technology enhancement program in Kassel.
- Innovation focus on new interior material development.

Business Outlook 2020
Expect continuous global growth of commercial air transport
Focus on innovation and new product qualifications
Work on transfer Zullwil/Kassel
FINANCIAL RESULTS 2019

Net Sales Analysis by Markets

- Overall strong growth +38.6% adjusted for currency
- Organic growth +11.3% adjusted for currency
- Composite Material growth was driven by wind energy demand
- Tooling below prior year with weaker second half and shift to China
- Aerospace with strong demand in Europe and North America
FINANCIAL RESULTS 2019

Customer concentration & Net sales by destination

Top 10 customers in % of Total Net Sales

Net Sales 2019

- Europe 32% (38%)
- Asia 37% (36%)
- Americas 23% (19%)
- Rest of the world 8% (7%)

Wind customer  Non-Wind customer

0%  20%  40%  60%  80%  100%

2017  2018  2019
## Consolidated Income Statement
(Continued Operations)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MCHF</td>
<td>% NS</td>
<td>MCHF</td>
</tr>
<tr>
<td>Net sales</td>
<td>558.3</td>
<td>100.0%</td>
<td>410.6</td>
</tr>
<tr>
<td>COGS</td>
<td>-437.2</td>
<td>-78.3%</td>
<td>-319.4</td>
</tr>
<tr>
<td>Gross profit</td>
<td>121.1</td>
<td>21.7%</td>
<td>91.3</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>-55.7</td>
<td>-10.0%</td>
<td>-47.7</td>
</tr>
<tr>
<td>Other operating income and expense, net</td>
<td>-3.9</td>
<td>-0.7%</td>
<td>1.8</td>
</tr>
<tr>
<td>Operating profit</td>
<td>61.5</td>
<td>11.0%</td>
<td>45.4</td>
</tr>
</tbody>
</table>
FINANCIAL RESULTS 2019

Operating Profit Bridge 2018 vs. 2019
(Continued Operations)
## Consolidated Income Statement

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<thead>
<tr>
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<th>2019</th>
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<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MCHF</td>
<td>% NS</td>
<td>MCHF</td>
</tr>
<tr>
<td>Net sales</td>
<td>576.4</td>
<td>100.0%</td>
<td>425.3</td>
</tr>
<tr>
<td>COGS</td>
<td>-458.2</td>
<td>-79.5%</td>
<td>-343.0</td>
</tr>
<tr>
<td>Gross profit</td>
<td>118.2</td>
<td>20.5%</td>
<td>82.3</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>-56.9</td>
<td>-9.9%</td>
<td>-49.4</td>
</tr>
<tr>
<td>Other operating income and expense, net</td>
<td>-9.4</td>
<td>-1.6%</td>
<td>-4.4</td>
</tr>
<tr>
<td>Operating profit</td>
<td>51.9</td>
<td>9.0%</td>
<td>28.6</td>
</tr>
<tr>
<td>Finance result</td>
<td>-5.0</td>
<td>-0.9%</td>
<td>-0.8</td>
</tr>
<tr>
<td>Extraordinary result</td>
<td>0.0</td>
<td>0.0%</td>
<td>-1.0</td>
</tr>
<tr>
<td>Taxes</td>
<td>-12.1</td>
<td>-2.1%</td>
<td>-6.9</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>34.9</td>
<td>6.1%</td>
<td>19.9</td>
</tr>
<tr>
<td>Earnings per bearer share</td>
<td>CHF 76.06</td>
<td>CHF 42.96</td>
<td></td>
</tr>
<tr>
<td>Distribution per bearer share (proposed/resolved)</td>
<td>CHF 25.00</td>
<td>CHF 20.00</td>
<td></td>
</tr>
</tbody>
</table>
### Consolidated Assets

<table>
<thead>
<tr>
<th></th>
<th>Dec 2019</th>
<th>Dec 2018</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MCHF</td>
<td>%</td>
<td>MCHF</td>
</tr>
<tr>
<td>Current Assets</td>
<td>260.1</td>
<td>71.7%</td>
<td>268.4</td>
</tr>
<tr>
<td>Non-current Assets</td>
<td>102.7</td>
<td>28.3%</td>
<td>101.3</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>362.8</td>
<td>100%</td>
<td>369.7</td>
</tr>
</tbody>
</table>

### Consolidated Liabilities and Equity

<table>
<thead>
<tr>
<th></th>
<th>Dec 2019</th>
<th>Dec 2018</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MCHF</td>
<td>%</td>
<td>MCHF</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>136.5</td>
<td>37.6%</td>
<td>153.3</td>
</tr>
<tr>
<td>Non-current Liabilities</td>
<td>80.4</td>
<td>22.1%</td>
<td>91.4</td>
</tr>
<tr>
<td>Equity</td>
<td>146.0</td>
<td>40.2%</td>
<td>125.1</td>
</tr>
<tr>
<td>TOTAL LIABILITIES AND EQUITY</td>
<td>362.8</td>
<td>100%</td>
<td>369.7</td>
</tr>
</tbody>
</table>

- **Net debt** at **CHF 52.9m** at year end 2019 compared to CHF 80.0m in the previous year
- The **equity ratio** increased to **40.2%** at year end 2019 from **33.8%** in 2018.
RONA at 12.2% increased 2.8%-pts compared to prior year

Increase in average asset base more than offset by strong operating profit growth

RONA will continue to improve as we exit the Auto business and will be more efficient in Aero
### Consolidated Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>2019 MCHF</th>
<th>2018 MCHF</th>
<th>Variance MCHF</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT</td>
<td>51.9</td>
<td>27.6</td>
<td>24.3</td>
</tr>
<tr>
<td>Depreciation, amortisation, impairment</td>
<td>20.1</td>
<td>16.2</td>
<td>3.8</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>6.8</td>
<td>-14.3</td>
<td>21.1</td>
</tr>
<tr>
<td>Other cash flow from operating activities</td>
<td>-12.9</td>
<td>-10.2</td>
<td>-2.7</td>
</tr>
<tr>
<td><strong>Net cash flows from operating activities</strong></td>
<td><strong>65.9</strong></td>
<td><strong>19.4</strong></td>
<td><strong>46.5</strong></td>
</tr>
<tr>
<td>Purchase of PPE and Intangibles</td>
<td>-24.6</td>
<td>-14.2</td>
<td>-10.4</td>
</tr>
<tr>
<td>Proceeds from sale of PPE</td>
<td>0.9</td>
<td>0.1</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td><strong>42.1</strong></td>
<td><strong>5.3</strong></td>
<td><strong>36.8</strong></td>
</tr>
<tr>
<td>Business acquisition</td>
<td>-4.3</td>
<td>-78.5</td>
<td>74.1</td>
</tr>
<tr>
<td>Disposal of subsidiaries</td>
<td>0.0</td>
<td>0.6</td>
<td>-0.6</td>
</tr>
<tr>
<td>Loans granted, net of repayments</td>
<td>-0.9</td>
<td>-0.6</td>
<td>-0.2</td>
</tr>
<tr>
<td>Change in borrowings</td>
<td>-27.9</td>
<td>89.6</td>
<td>-117.5</td>
</tr>
<tr>
<td>Distribution to shareholders</td>
<td>-9.3</td>
<td>-9.3</td>
<td>0.0</td>
</tr>
<tr>
<td>Purchase of treasury shares</td>
<td>-1.2</td>
<td>-1.2</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Change in Cash and cash equivalents</strong></td>
<td><strong>-1.4</strong></td>
<td><strong>5.9</strong></td>
<td><strong>-7.3</strong></td>
</tr>
</tbody>
</table>

- **Free Cash Flow** at CHF 42.1m. An improvement of CHF 36.8m compared to prior year
  - Higher profitability
  - Timing of customer payments (late last year)
  - **CAPEX** increase mainly due to Kitting
Continued focus on Net Working Capital is improving NWC in % of sales to 22.2% in 2019.

Major investments in 2019:
- PET production capacity increase
- Ramp-up of new Kitting facility in Mexico
Agenda

1. Business Update
2. Financial Results
3. Outlook and Summary
4. End of webcast; Questions
Summary and Outlook

- **Very positive growth and financial results** across all metrics in 2019
- **Focused growth**: Wind Energy is more than three quarters of total sales in 2019
- **Strong Wind market growth of 15%** globally from 66GW in 2019 to 76GW in 2020
- Major **footprint** and **capacity expansion** program underway across Gurit

**Outlook 2020**
Gurit expects to achieve a high single-digit organic revenue growth to around CHF 600 million in 2020. We further expect to achieve an operating profit in the range of 8.5-11.0% for the fiscal year 2020.

*Includes moderate Corona virus impact and the automotive divestment effective as of 1.2.2020*