

# FY2009 Analyst and Media Conference

Zürich, March 29, 2010



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## Agenda

Key achievements 2009

Rudolf Hadorn

Financial results 2009

Markus Knuesli Amacker

Strategic and  
business outlook 2010

Rudolf Hadorn

Questions & Answers

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## Gurit successfully completed '08 turn-around and mastered '09 recession by...

- 2008 – a year of turn-around for Gurit
  - 2009 – a year of global financial/economic recession
- Operationally managed Company flexibly and successfully through turn-around situation and recession
- Continue to execute long-term strategic objectives
- 3 strategic acquisitions in 2009
  - 1 divestment completed (GuMa JV) in 2009

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## ...managing the recession challenges ...

### Major Challenges in 2009

- Declining markets
- Price pressure
- Sinking capacity utilization
- Achieve ongoing operational improvements

### Actions taken

- ✓ Flexibly adjusted workforce
- ✓ Expand addressable markets
- ✓ Group-wide global sourcing
- ✓ Lean manufacturing progress
- ✓ Use time for equipment retrofits and trainings
- ✓ Reduce production variances across all sites and products
- ✓ Further Management re-enforcements

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## ... and accelerating the Company's operational development...

- Business Model/Offering
  - “All products for all target markets” strategy
  - De-risk legacy customer structure – broaden reach of offering
- Market focus
  - Asia as the main current growth market is in focus
- People strategies
  - Improving management skills across the Group
  - Over 50% of Gurit staff located in China at 31.12.2009
- Process and performance
  - Operational improvements, scrap reduction, quality initiative started
- Innovation and IP
  - Marine: M-Foam, SP540 adhesive launched
  - Wind Energy: PVC foam added, PET foam started, SPRINT patent upheld,
  - Transportation: PB1000 benzoxazine transportation prepreg, EP500 tooling prepreg

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## Poor sales of prepreg in Europe, building China base and broadening offering range...

### Europe and America: Gurit customers suffered; Asia: "seeding" steps

- Gurit's European customers: poor book-to-bill ratios, hit by recession
- Gurit actually increased share at existing customers, yet lost in absolute terms
- Very dynamic Chinese market; Gurit's offering at start and narrow (prepreg, 1 foam)
- Broadened core offering to better target Chinese infusion blade manufacturers

### Capacity utilization:

- Sufficient in Europe, growing from small base in China, ongoing weak in Canada

### Offering initiatives:

- Started to add PVC, PET and Balsa to existing Corecell foam portfolio
- Sales momentum with new foams to show in 2010
- Customer wins in China, low values yet in 2009
- New product developments for 2010 (new resin system)

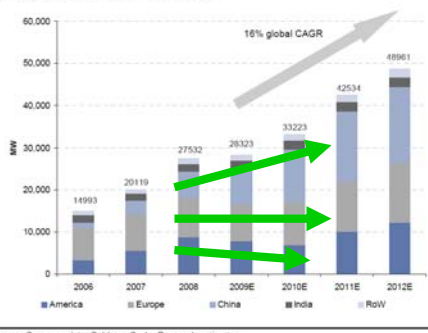


### FY2009 results in Wind Energy

- Wind Energy sales down 17.9% to CHF 205.4 million
- Profitability at overall group level

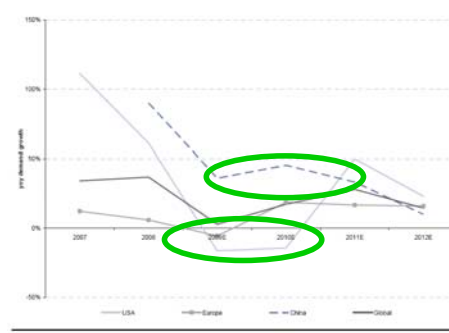
## ...Building a broader global position ...

Exhibit 8: We expect global demand for new installations of wind turbines to grow at 16% CAGR out to 2020 ...  
Estimated new wind turbine installations



Source: Company data, Goldman Sachs Research estimates

Exhibit 9: ... but with significant near term differences in growth rates: The US may be weak in 2010, whereas China should be strong  
Estimated growth rates by region



Source: Goldman Sachs Research estimates

### Development of Gurit product portfolio

- 2006/7: Gurit largely focusing on European Prepreg blade manufacturers
- 2007: Gurit added CoreCell structural foams; Following European manufacturers to China and N-America
- 2008: Gurit added foam and kitting; Expanding customer base in China/Asia
- 2009: Gurit added PVC, balsa core, PET

- Building a product offering for all blade manufacturing technologies

### Gurit market exposure is being addressed by strategy:

- Still strongly dependent on European customers
  - Europe markets flat
  - Funding crunch leads to weakness in new investments
  - Low order intake at key European customers
- Growing presence in China/Asia with foam offering
- Limited customer portfolio in America

## “Farm” Aerospace business and “Build” Automotive customer base ...

### Market/Strategy/Offering/Performance

#### Aerospace

- Leader position in Airbus interiors, yet fewer than expected A380 built
- Solid position in secondary structures in Ariane rockets and smaller aircraft
- Innovative product offering to secure future sales

#### Automotive

- Three customers by year-end, ongoing industry interest

#### Rail

- CRC of China use Gurit prepregs in high speed EMU trains



### FY2009 results in Transportation

- Transportation sales down 17.1% to CHF 59.6 million
- Above group overall profitability

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## Protect business in recession and strengthen it going forward ...

- Strongest drop in decades drives many production boat-builders out of business
- Super yachts and race boat market somewhat more stable as existing projects were finished; yet only few new projects
- Gains in market share for Gurit
- Market interest resumed in fall – recovery pace visible
- Gurit started to focus on Mediterranean Europe
- Introduction of special M-Foam is creating momentum
- Acquisition of High Modulus creates true global leader in marine engineering and materials



- Marine sales down 41.7 % to CHF 42.3 million
- Not profitable in 2009

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## Sourcing markets 2009 soft on average, strengthening towards YE

- Purchasing structure improvement helped in 2009
  - Strong market price drops for oil-based products; especially in HY2 2009
- Both helped to balance customer price reductions
- At YE 2009, epoxy resin prices increased from a weak and restructured supply base. Starting in Asia, now also in Europe and the Americas
  - In 2010 customer demand and their prices are still under pressure, while material markets bounce back

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## Strategic achievements 2009



## Gurit's strategic achievements in 2009

Gurit pursued three strategic avenues in 2009

1. Gurit Structural **Foam/Core** Strategy
2. Gurit **China** Strategy
3. Gurit Market **Expansion** Strategy

	WE	TO	MA
Foam	✓		✓
China	✓	✓	✓
Expansion		✓	✓

Last non-core business divestment completed

- Sale of 50% share in Gurit-Mazzuchelli JV GuMa

→ Strategic achievements are inter-connected and have positive impact on all target market areas

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## Gurit Expansion Strategy

### Strategic expansion goals

- Expand offering range
- Expand target market position for Gurit

### Implementation

- Enter Tooling/Mould-making
- Takeover of High Modulus
- Business Development steps (Ocean Energy, Bridges..)

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# Gurit's Foam/Core Strategy

## Strategy rationale

- Prepreg position serves only 2 of the top ten global customers
- A full range of structured foams targets also the infusion market, especially in China
- Thermo-set and thermo-plastic foams addressed
- Synergies through material bundling targeted
- Chinese local wind turbine blade manufacturers predominantly use infusion technology, PVC foams or Balsa wood
- Gurit decided to develop local production "in China for China" and possibly low cost re-export

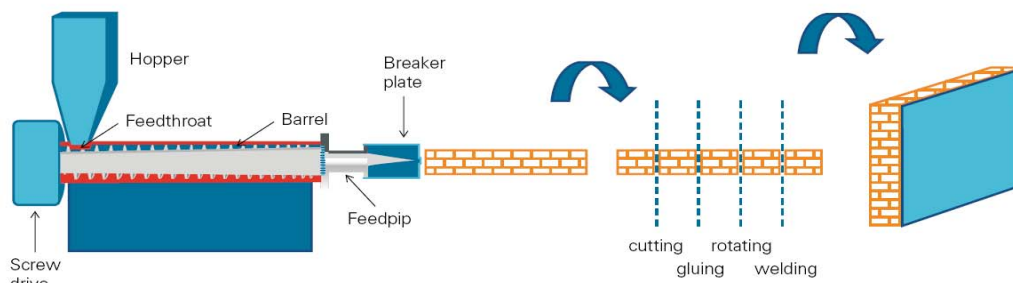
## Strategy implementation

- PVC: "In China/for China"  
Acquisition China Techno Foam to develop own PVC foam; foam already qualified, ramp-up in Q1 2010
- PET: Manufacturing agreement in Europe with supplies starting Q2 2010; own extruder for China ordered and SOP in Q4 2010
- Expand kitting capability in China
- Balsa wood also in offering
- Development of M-Foam for Marine achieved

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# Gurit's Foam/Core Strategy: PET

- Technology leaders in Wind Energy blade production move towards PET thermo-plastic foams
- PET offers advantages:
  - High-temperature curing is good for prepreg builds
  - Continuous process offers advantages in quality assurance
  - Extrusion process makes cut-offs and sawdust recyclable
- Over-proportional growth expected in commercially attractive PET foam
- Own extruder ordered to start production in China in Q4 2010



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## Gurit's Foam/Core Strategy: PVC

### PVC structural foam production in/for China

- Acquisition of China Techno Foam in 2009
- Many Chinese blade producers use European blade technology with PVC/Balsa kits as core material
- PVC mainly imported from Europe. Gurit with differentiating "in/for China" strategy
- Rapid in-house development of own PVC foam product („PV-Cell G-Foam“) in H2 2009
- PVC gives access to many new customers
- Sales started in Q1 2010
- Capacity can be doubled in Qingdao depending on success.



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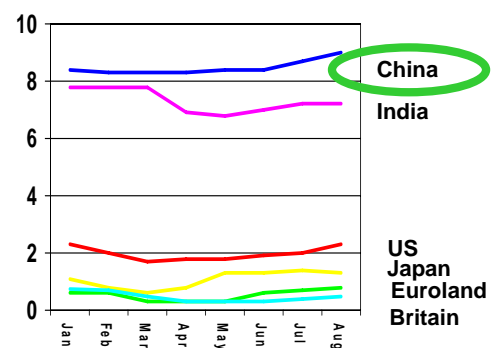
## Gurit China Strategy

China is world-wide

- one of the most important manufacturing places
- a key global sourcing market
- the fastest growing Wind Energy market
- (an emerging aerospace market)

→ Gurit can leverage well established position in China (Tianjin, Qingdao, Taicang)

2010 GDP forecasts  
(by forecast date; annual % change)

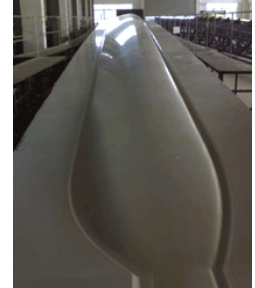


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## Gurit Tooling Strategy – Red Maple

### Acquisition rationale

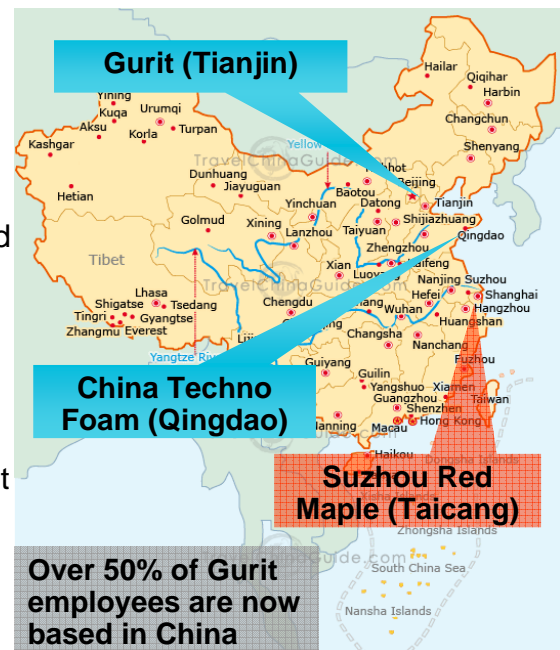
- Early stage critical component for blade manufacturers
- Red Maple is a young company but has a strong market position in the Chinese market,
- Low cost base, solid quality, high capacity offering is attractive – global market reach is targeted
- Material/equipment innovation and offering bundling
- Ambition to develop low-cost prepreg blade moulds
- Opportunities outside of Wind Energy market exist



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## Red Maple

- Leading producer of high quality moulds and tooling supply for Chinese infusion blade market
  - Cost of tools approx. 50% of European competitors
  - Tooling lead times approx. 50% of OEM in-house manufacture
- Expanded from supply of unique & popular mould hinge technology (Powerhinge) to mould making
- based in Taicang, 70 km from Shanghai
  - 530 people, incl. many CAD designers
  - 9000m2 factory – all critical steps in-house
  - 60m blade mould transport to Shanghai port
  - 36m x 8m CNC paste model cutting equipment
- Supplies many moulds for standard blade licenses in China
- Sales contacts with many major blade builders
- Significant site expansion ready in summer 2010



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## SP-High Modulus – the perfect fit

### SP-High Modulus – business combination rationale

- Combine 2 leading marine composite engineering specialists
  - Gurit materials and High Modulus' B<sup>3</sup> SmartPac solution
  - strengthen market position for markets to recover soon
- Built the true global leader in
- Marine structural engineering
  - Marine composite materials
  - Intelligent material supply solutions

### High Modulus

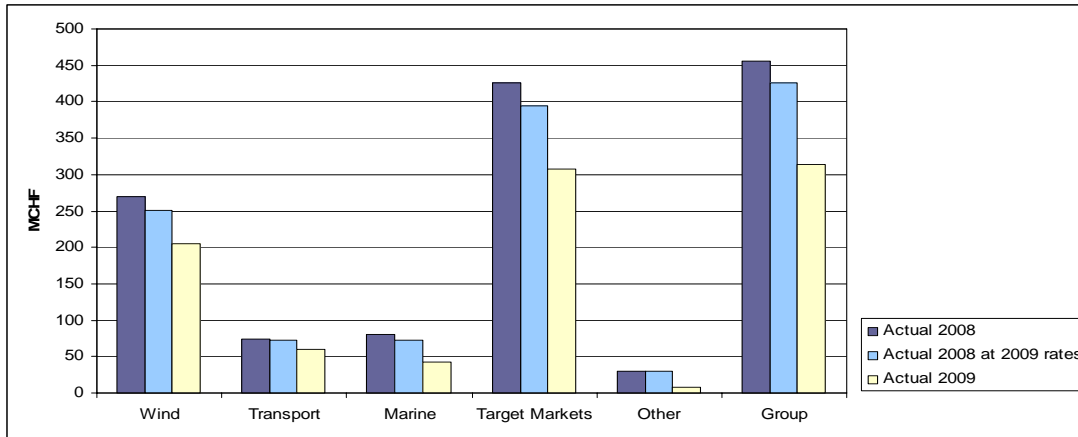
- Founded in 1979, Offices in NZ, AUS, UK, USA, Asia
- Focus on customized solutions; mainly in marine sector
- Materials distribution / Structural design / Technical support (R&D, onsite, testing) / B<sup>3</sup> SmartPac



# Consolidated Group Accounts 2009



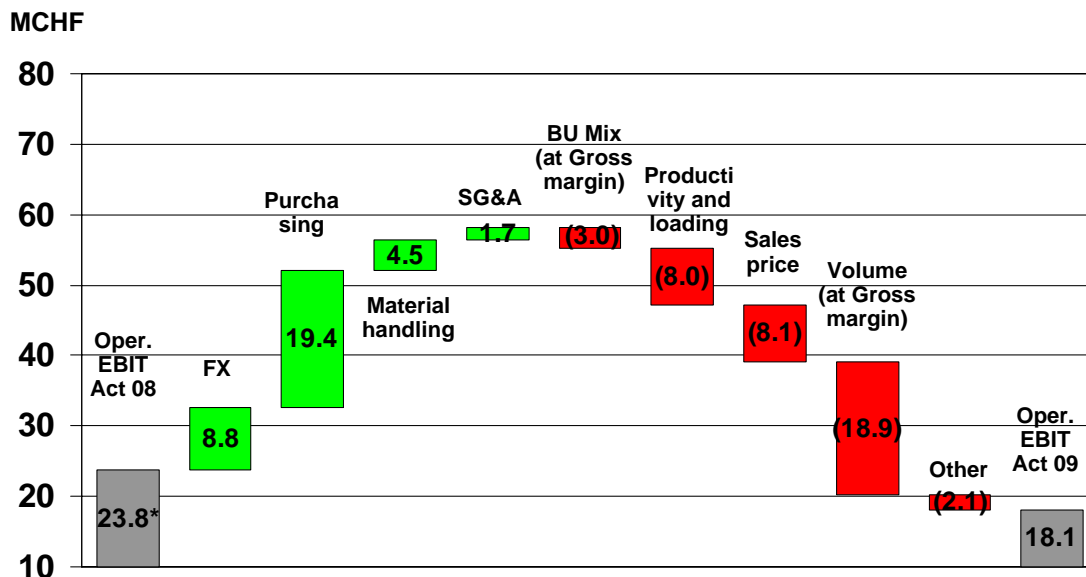
## Net sales decrease due to recession and divestment of non-core activities



	Actual 2009	Actual 2008	Actual 2008 at 2009 rates	Variance vs Actual 2008	Variance vs Actual 2008 at 2009 rates
Wind Energy	205.4	269.8	250.1	-23.9%	-17.9%
Transportation	59.6	74.7	71.9	-20.2%	-17.1%
Marine	42.3	81.0	72.6	-47.8%	-41.7%
<b>Total Target Markets</b>	<b>307.3</b>	<b>425.5</b>	<b>394.6</b>	<b>-27.8%</b>	<b>-22.1%</b>
Other	7.1	30.7	30.5	-76.9%	-76.7%
<b>Total Net sales</b>	<b>314.4</b>	<b>456.2</b>	<b>425.1</b>	<b>-31.1%</b>	<b>-26.0%</b>

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## Operating EBIT margin 2009 increases from 5.4% to 5.8%\*



\* 2008 excluding Ittigen and Vreden. Defined as Operating profit excluding impairment and non recurring expenses (note 6)

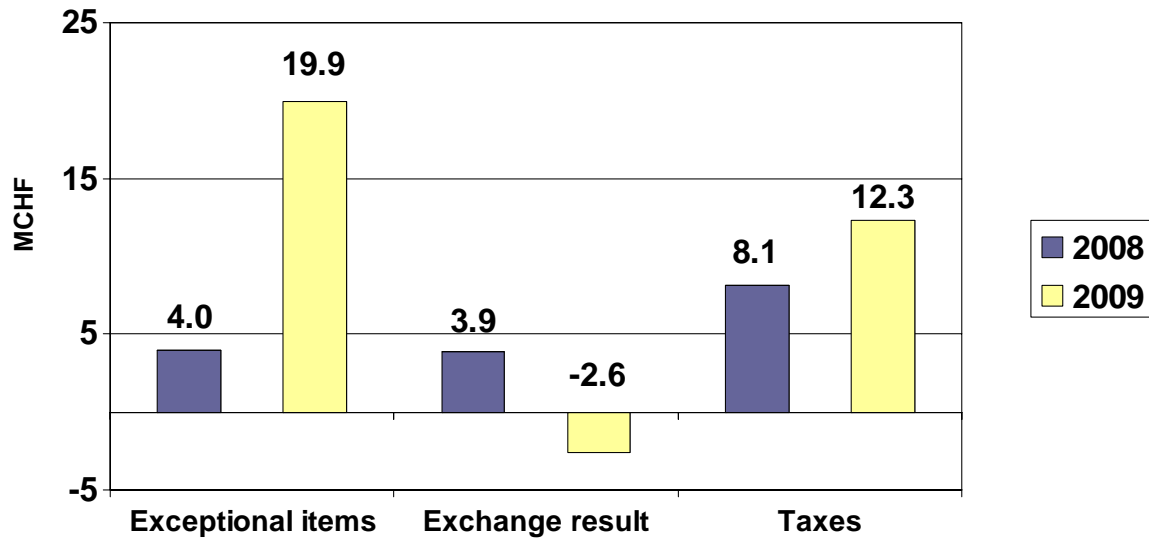
5.4%

EBIT Return on Sales

5.8%

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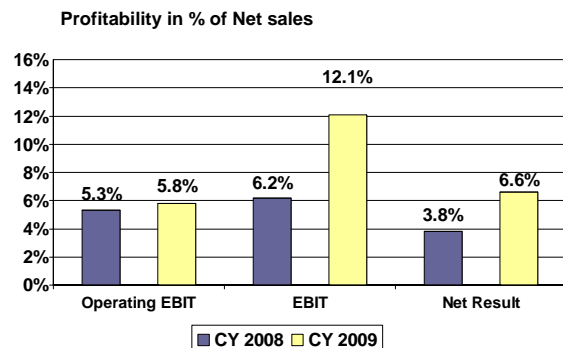
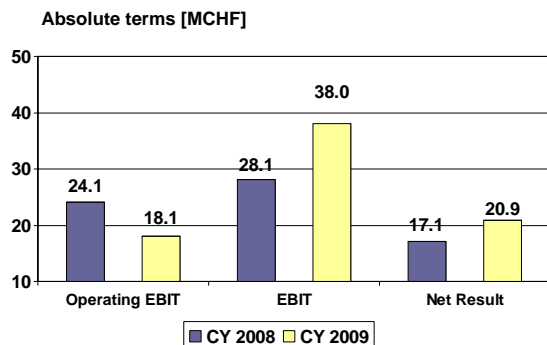
## Impacts of major non-operating items



- Exceptional items mainly due to the settlement of the Zoltek claim in Spring 2009
- Variance in Exchange result largely due USD / EUR receivables exposure in UK.
- High tax rate of 37% largely due to the impairment of some deferred tax assets. Tax rate going forward should be back to normal 25 to 28% level

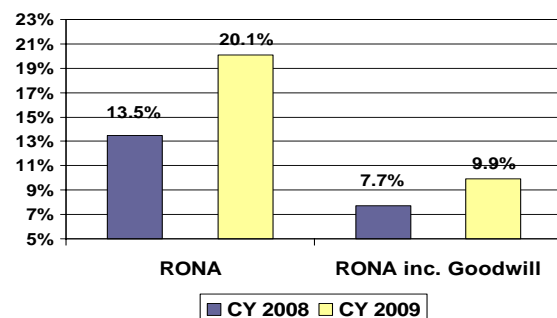
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## Improved profitability despite reduced volumes in 2009



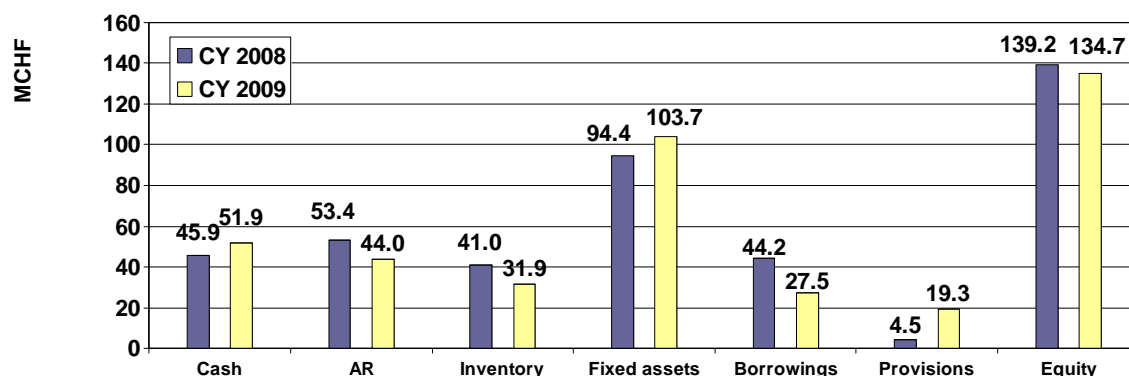
	2009		2008*	
	MCHF	% NS	MCHF	% NS
<b>NET SALES</b>	314.4	100.0%	456.2	100.0%
Operating EBIT	18.1	5.8%	24.1	5.3%
Exceptional items	19.9	6.3%	4.0	0.9%
<b>EBIT</b>	<b>38.0</b>	<b>12.1%</b>	<b>28.1</b>	<b>6.2%</b>
Exchange gains and losses	-2.6	-0.8%	3.9	0.9%
Interest income and expense	-2.4	-0.8%	-2.8	-0.6%
Other financial income and exp.	0.2	0.1%	-4.0	-0.9%
Taxes	-12.3	-3.9%	-8.1	-1.8%
<b>NET RESULT</b>	<b>20.9</b>	<b>6.6%</b>	<b>17.2</b>	<b>3.8%</b>

\* Restated to FER



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## Strong Balance sheet despite recent acquisitions



Consolidated Assets	Dec 09		Dec 08 (restated)	
	MCHF	%	MCHF	%
Cash	51.9	21%	45.9	18%
Trade receivables	44.0	18%	53.4	21%
Inventories	31.9	13%	41.0	16%
Other current assets	9.4	4%	18.8	7%
Deferred income tax assets	3.1	1%	3.6	1%
Property, plant and equipment	99.8	41%	91.3	36%
Intangible assets	3.9	2%	3.1	1%
Other non-current assets	0.3	0%	0.1	0%
<b>TOTAL ASSETS</b>	<b>244.3</b>	<b>100%</b>	<b>257.2</b>	<b>100%</b>

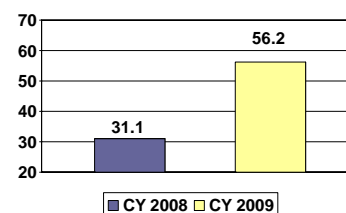
Consolidated Liabilities and Equity	Dec 09		Dec 08 (restated)	
	MCHF	%	MCHF	%
Borrowings	27.5	11%	44.2	17%
Trade payables	17.3	7%	30.3	12%
Other current liabilities	31.6	13%	22.1	9%
Deferred income tax liabilities	13.7	6%	15.1	6%
Provisions	19.3	8%	4.5	2%
Other non-current liabilities	0.2	0%	1.8	1%
Equity	134.7	55%	139.2	54%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>244.3</b>	<b>100%</b>	<b>257.2</b>	<b>100%</b>

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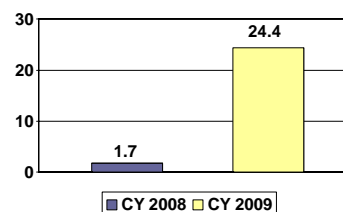
## Excellent cash flow strengthens net cash position

	2009	2008
	MCHF	MCHF
EBIT	38.0	28.1
Depreciation, amortisation, impairment	11.5	14.6
Other cash flow from operating activities	6.7	-11.6
Purchase of PPE and Intangibles	-10.9	-8.5
Proceeds from sale of PPE and Intangibles	2.4	13.1
Acquisition of subsidiaries	-22.5	0.0
Proceeds from disposal of subsidiaries	3.5	6.2
Change in non-current other receivables	0.8	0.0
Change in borrowings	-19.5	-31.9
Dividend distribution	-6.1	-3.0
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>3.9</b>	<b>7.0</b>

### CASH FLOW FROM OPERATING ACTIVITIES



### Net Cash



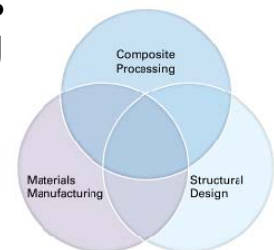
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# Strategic and operational steps 2010 and business outlook



## Gurit's favorable strategic position

- Focus on target markets with strong **growth** potential
- Market leading developer and manufacturer of advanced composites with **global** presence
- Strong **innovation and procurement synergies** across target market areas
- Unique „**one stop shop**“ **materials offering** for prepregs, foams, formulated products
- **Comprehensive know-how base** in structural engineering, composite processing, materials technology, design, prototyping and including now also **tooling**
- High **innovation** pace
- Improving earnings and financial stability



## Operational BU focus areas in 2010

### Wind Energy:

- Determined to widen and balance global customer base, especially in Asia
- Launch new core materials in Asia (PVC, PET, Balsa) and Europe (PET)
- New innovative service offering coming to market
- Further extend value chain, e.g. kitting, blade engineering

### Tooling:

- Accommodate Chinese mould demand for current and longer blades
- Develop international mould customer base in addition
- Significant expansion in capacity on new Campus by summer 2010

### Transportation:

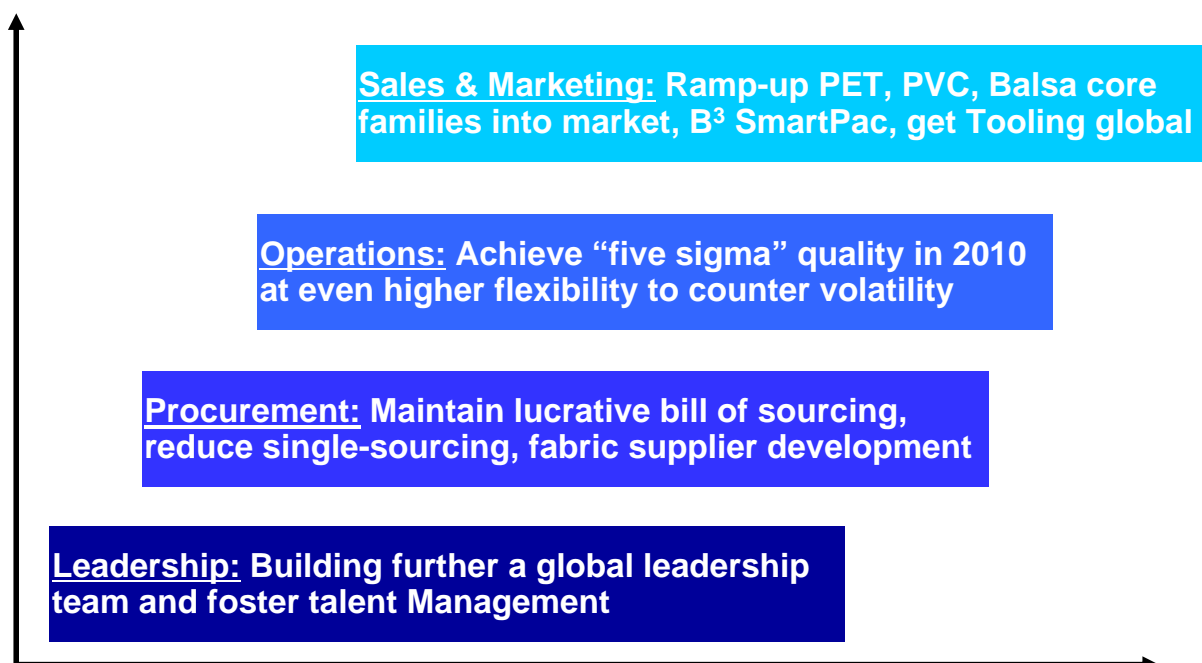
- Secure sales with innovative products for aircraft interiors and certain secondary structures
- Add new customers in automotive to the existing three by YE 2010

### Marine:

- Expand global structural engineering leadership in Super Yachts
- Focus on Mediterranean Marine market to raise penetration
- Benefit from B<sup>3</sup> SmartPac offering for production boat market

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## Operational Action Plan 2010



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## Outlook and Guidance

2010:

- Positive target market sales growth
  - Wind Energy: FY largely stable after extremely slow Q1 2010
  - Tooling: adds some CHF 30 million in sales
  - Transportation: largely stable, potentially additional automotive customers
  - Marine: sales growth starting from dramatically reduced volumes
- EBIT target of 8 - 10% for FY 2010

Mid term targets (2011/12):

- Sales: Return to traditional growth corridors of target markets
- EBIT: margin 8-10%

## Communication schedule

- Annual General Meeting, April 23, 2010
- Half-year results, September 21, 2010

# Annual General Meeting



## Peter Leupp nominated as new Member of the Board of Directors

- Since 2007, Head Power Systems Division at ABB
- Since 2007, Member of Group Executive Committee at ABB
- 2005-2006, Regional Manager North Asia, ABB
- 2001-2006, Country Manager China of ABB
- Started his career at ABB in 1977
  
- Swiss Citizen, born in 1951
- Electrical Engineering, Swiss Federal Institute of Technology, Zürich



## Dividend proposal to AGM

- Gurit continues shareholder-friendly dividend policy
- Traditionally dividends of up to 30% of yearly profits
- Fluctuations reflect operational performance
- The Board of Director proposes for FY 2009 to pay
  - an CHF 2.00 increased dividend of CHF 15.00 per bearer share
    - Payout ratio of 33.6% of net profit
    - 2.59% dividend yield based on year-end share price of CHF 580.00

	2007	2008	2009
Net profit in CHF million	1.0	17.1	20.9
Dividend in % of par value	13%	26%	30%
Dividend in CHF	6.50	13.--	15.--
Payout ratio (% of net profit)	315.6%	35.5%	33.6%
Dividend yield based on YE stock price	0.58% (YE price 1121.--)	2.89% (YE price 450.--)	2.59% (YE price 580.--)

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## Your questions, please

