

Gurit 1HY 2014 Results

Friday, August 22, 2014



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.

- **Strong sales development** in all businesses and markets, thanks to recovery in the global wind energy market, but also high demand in some segments of the marine market. Component business continues to grow at double-digit rates.
- **Profitability continues to recover** with an operating profit of CHF 7.7 million or 4.6% of net sales, and CHF 7.1 million net profit after a loss of CHF 2.4 million for the same period last year.
- **CAPEX limited** with CHF 4.3 million, partially for some factory extensions in Automotive and Tooling, and for Gurit (Hungary).
- **Net cash flow** from operating activities negative CHF 1.8 million due to increased NWC, driven by higher sales and some inventory build-up.
- **Balance sheet remains very solid** with an equity ratio of 67%.

Further Key Notes on Business Results 1HY 2014



Net sales 1HY 2014 vs 1HY 2013

Group	CHF 167.0 million;	+28.8%
CM Wind Energy	CHF 66.8 million;	+22.8%
CM Other	CHF 62.0 million;	+13.4%
Tooling	CHF 25.2 million;	+136.3%
Automotive	CHF 9.1 million;	+31.7%
Eng. Structures (ES)	CHF 4.0 million;	+29.8%

Earnings

Operating profit CHF 7.7 million, up from CHF 0.6 million in 1HY 2013
 Operating profit margin at 4.6%, up from 0.5% in 1HY 2013
 Profit for the period of CHF 7.1 million after CHF -2.4 million in 1HY 2013

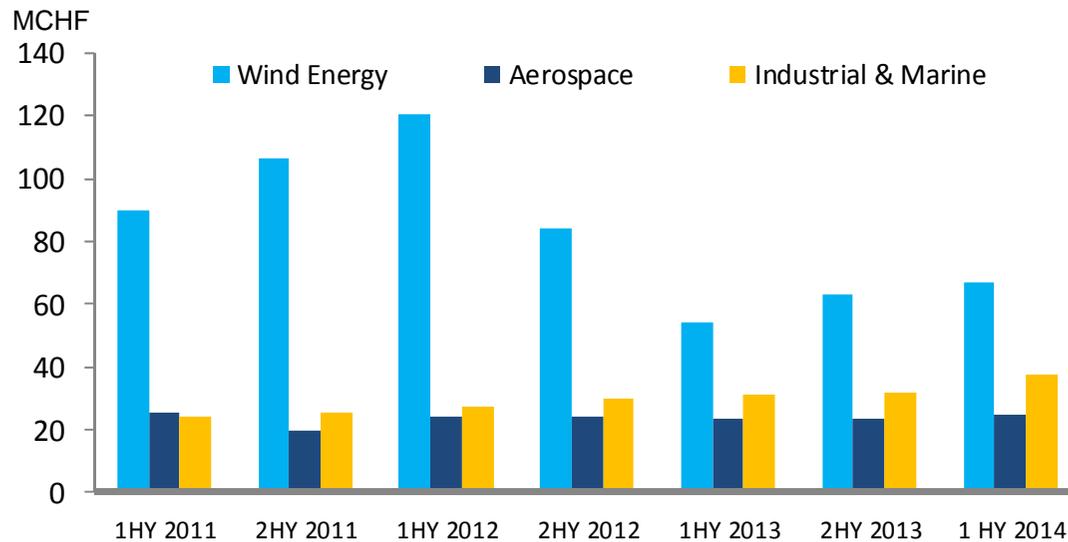
Cost and Expenses

Improved loading, particularly in Tooling and carbon prepreg manufacturing
 Ramp-up inefficiencies in Automotive
 Some reduced operational issues in Gurit Composite Materials
 Select increases in SG&A to strengthen the organisation in Sales, HR and IT

Cash flow and Balance Sheet

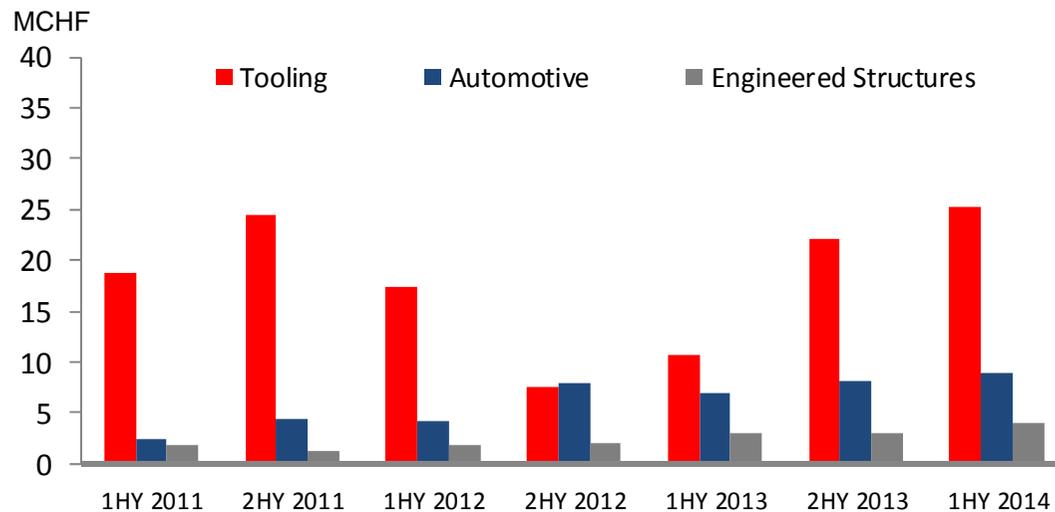
Capex contained (PPE, Intangibles): CHF 4.3 million or 2.6% of net sales
 Operating Cash flow CHF -1.8 million; after + CHF 1.7 million a year ago
 Still solid equity ratio of 67% (71% at the end of December 2013)

Net Sales Development by Target Markets



Gurit Composite Materials

- Wind Energy sales continue to recover steadily
- Aerospace sales with single-digit growth
- Further double-digit growing sales in Marine and Industrial applications



Gurit Systems and Engineering

- Strong sales recovery which started in Tolling in 2HY 2013 continues with large deliveries into Europe and China
- Continuously strong growth in Automotive and Engineered Structures

- Automotive exterior panel press application for bigger series progressed, first pressed parts delivered to first customer
- Increased sales effort and successful qualifications for new offerings for existing and new composite materials markets (e.g. visual carbon prepreg for automotive, ballistic protection material, etc.)
- Won first qualifications for new PVC offering and started to address the PVC logistics issues in Europe
- Selected for a material qualification programme by Boeing
- New operations in Hungary went live with first successful deliveries of bus components

Development by Target Markets



Wind Energy



Wind Energy – Strategy and Achievements



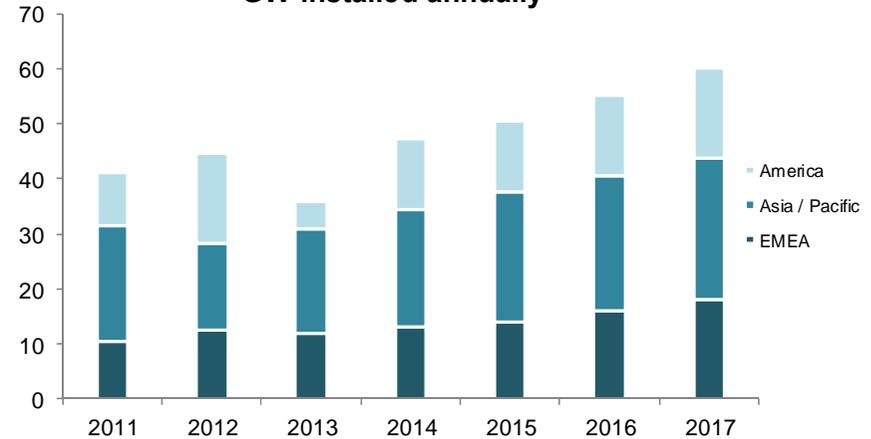
Strategy

- Core materials: move from #3 to #2 position with 25-35% market share
- Carbon prepregs: maintain leading position with shares >60%
- Optimize factory loadings and increase efficiency
- Develop further cost-efficient, enabling technologies to help reduce cost of KWH

Recent achievements

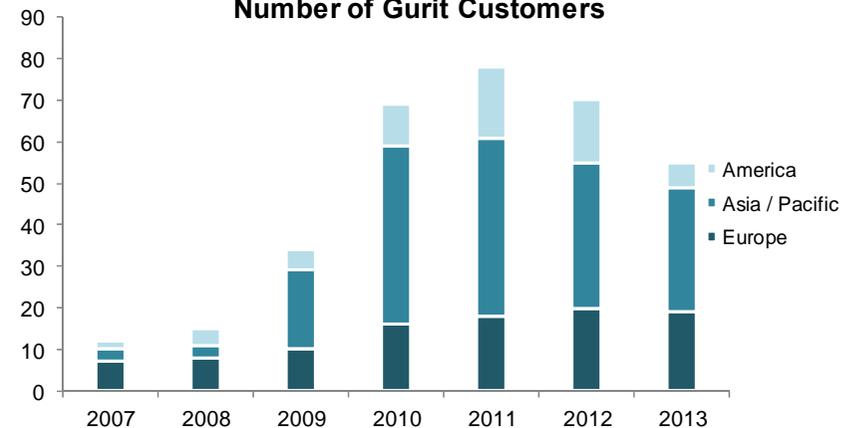
- Maintained leadership position in carbon fibre prepregs
- SparPreg™, Velinox™ and Airstream™ technology for cost-efficient, low-void, thick laminates at ambient temperatures
- Extended Balsa wood offering to new customers, doubled run rate of sales

GW installed annually*



* Source: GWEC

Number of Gurit Customers



Wind Energy – Results and Outlook



Market environment 2014

- USA – Continued at good pace following the recovery during the second half of 2013
- Asia – marked improvement, still some price pressure and bad payment conditions requiring containment measures
- Europe – stable in soft market, steady customer demand, apart from glass prepreg

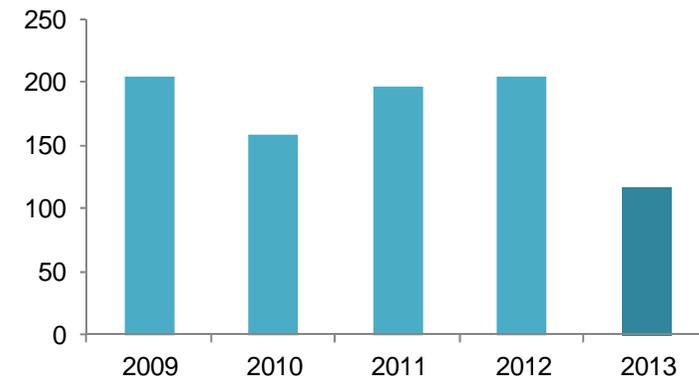
Sales 1HY 2014

- Net sales of CHF 66.8 million, up 22.8% vs. 1HY 2013, and 6.0% vs. 2HY 2013

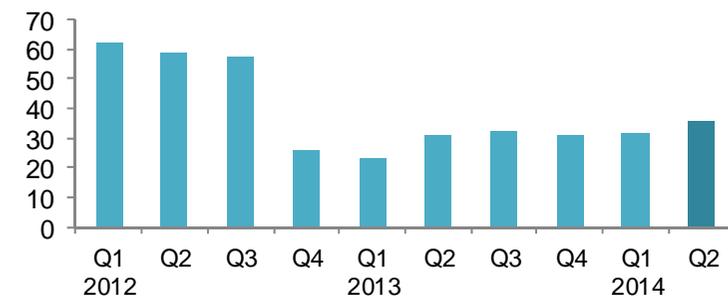
Outlook

- Asia: Strong rebound 2014 but tough terms (prices, payment terms)
- US: Good momentum due to PCT reaching out to 2014 for started projects and expected to be extended for 2015
- Momentum to come from extended core material offering

CHFm Wind Energy: Annual Net Sales



CHFm Wind Energy: Quarterly Net Sales





Aerospace – Strategy and Achievements

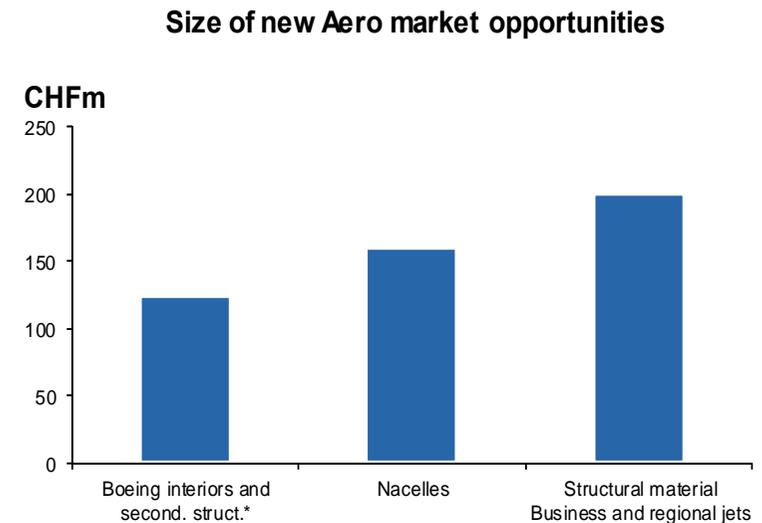
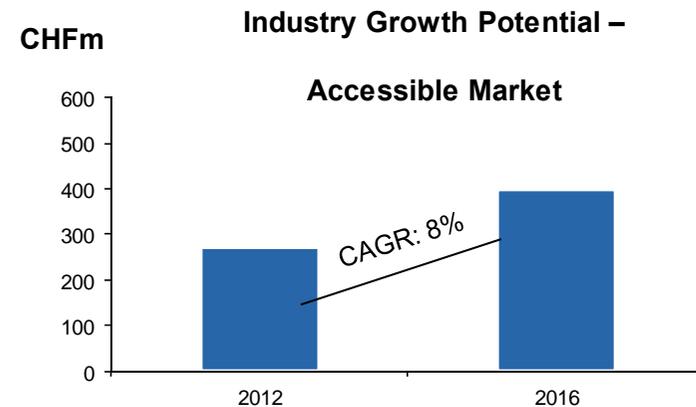


Strategy

- Maintain leading position in aircraft interiors and certain structural applications at Airbus
- Develop position in Boeing and others
- Attack structural material market for business and regional jets as well as for nacelles
- Focus on next-generation, cost-out materials

Recent achievements

- Cost-out efforts on aerospace materials
- Intensive customer care, new sales leads in traditional and new geographic areas
- Selected for a production qualification program by Boeing
- Upgrading the product offering and innovations



* Also included in current accessible market

Aerospace – Results and Outlook



Market environment

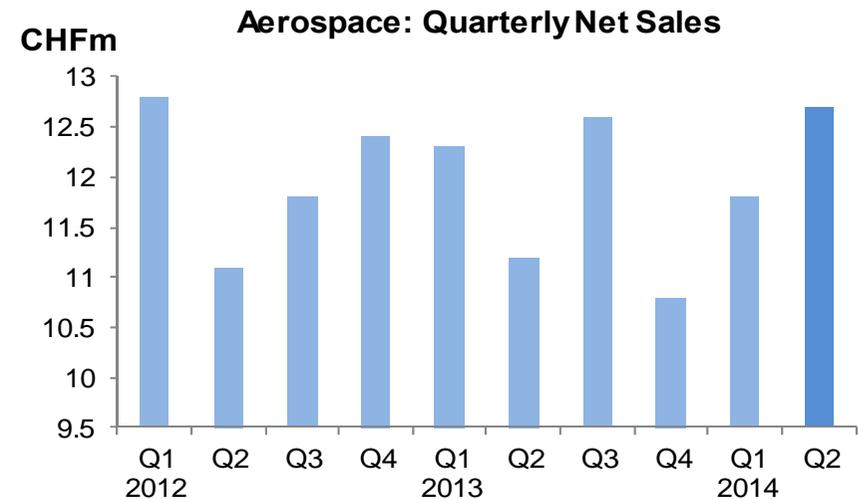
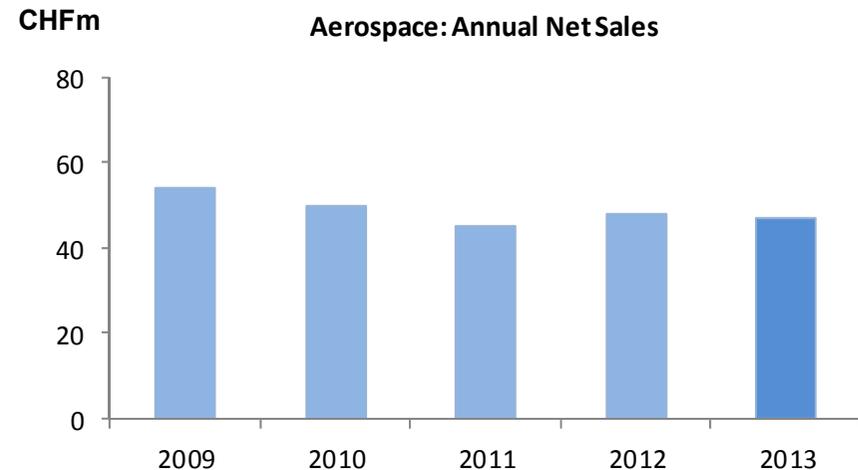
- Steady Aerospace market with growing build rates for some programs
- Some cost-out pressures creating new offering opportunities, as well

Sales 1HY 2014

- Net sales of CHF 24.5 million
 - Up 4.1% vs 1HY 2013 and 4.4% vs 2HY 2013

Outlook

- Gain market share in mid size OEMs
- Qualification in Boeing with significant mid-term sales potential



Industrial & Marine



Industrial & Marine – Strategy and Achievements



Strategy Marine

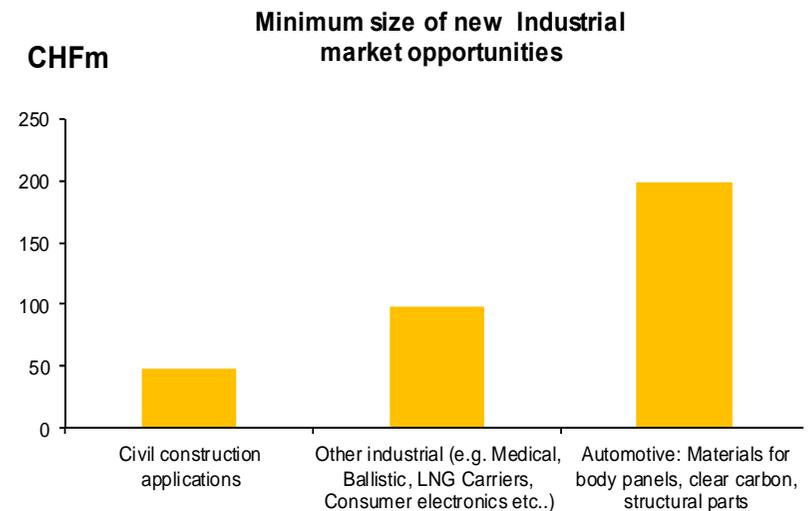
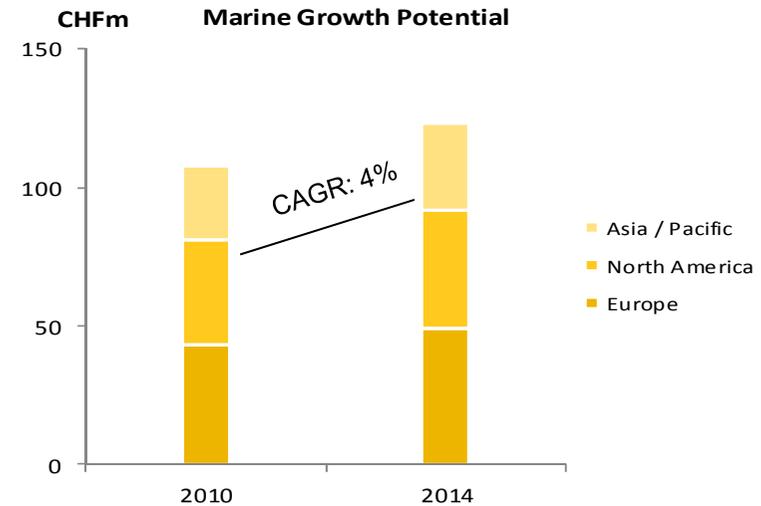
- Penetrate all geographies and segments
 - Mediterranean, Middle East and Far East
 - All boat sectors incl. commercial, military and production vessels

Strategy Industrial

- Penetrate the ballistic protection prepreg market with existing and slightly adapted products. Use distribution model and full material offering tactically for new industrial applications
- Sell existing and slightly adapted prepreg, and formulated systems into Automotive markets for structural and visual carbon applications

Recent achievements

- Significant amount of superyacht projects won
- Increased proximity to ballistic protection and automotive customers



Industrial & Marine – Results and Outlook



Market environment

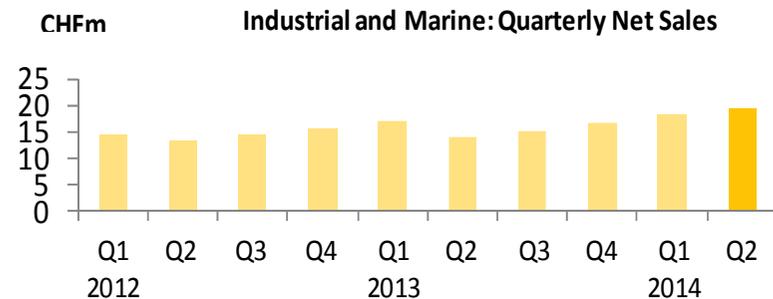
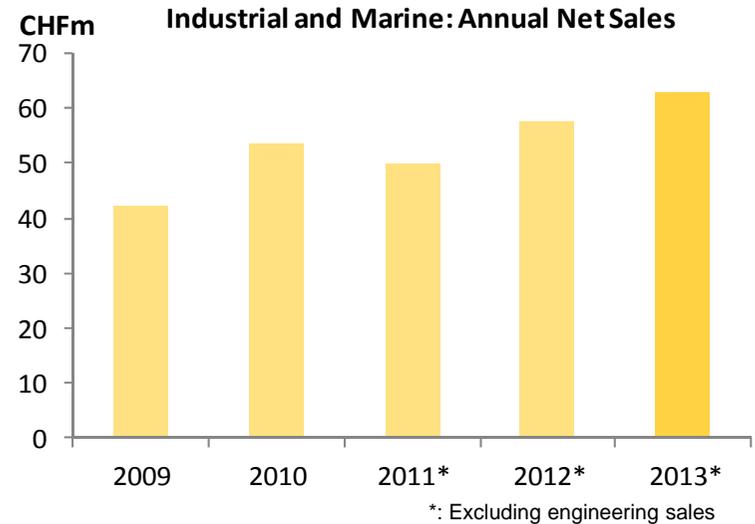
- Marine business recovering gradually with more momentum in superyacht and race boats, regionally in Europe and UAE
- Addressable Automotive composite material market growing strongly

Sales 1HY 2014

- Net sales of CHF 37.5 million
 - Up 20.5% vs. 1HY 2013 and 18.1% vs. 2HY 2013, in particular due to large deliveries to the superyacht segment

Outlook

- Development of sales into new markets in particular ballistic protection and Automotive



Tooling



Tooling – Strategy and Achievements

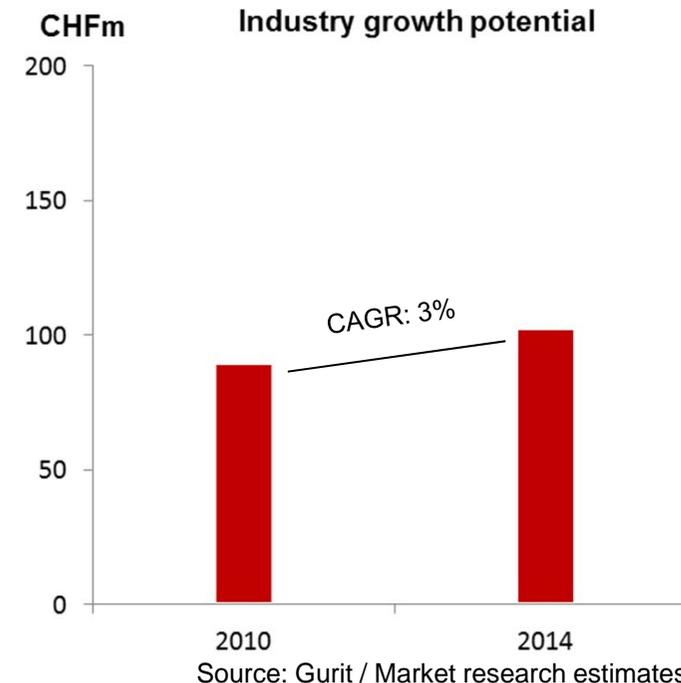


Strategy

- Asia: Leader in affordable, quickly available quality moulds for wind turbine blades
- Internationally: High quality, custom tailored, affordable, quick and higher-volume mould-making and outsourcing partner of choice
- Penetrate residual European and American client base during 2014/2015 also for multi-megawatt projects (Blade length >70 m)
- Widen scope of Tooling beyond Wind Energy
 - Transportation racks and fixtures
 - Marine: Plugs, moulds for spars and hulls

Recent achievements

- Taken full benefit from recovered wind energy market
- Improved production efficiency
- Won significant new customers in Europe
- Improved mould heating and cooling systems with new modules for high-end customers



Tooling – Results and Outlook



Market environment

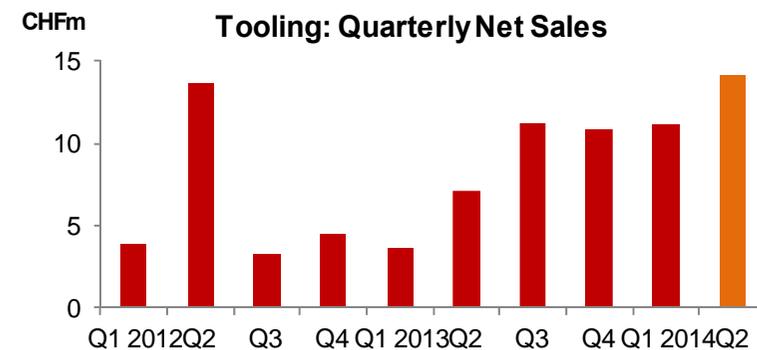
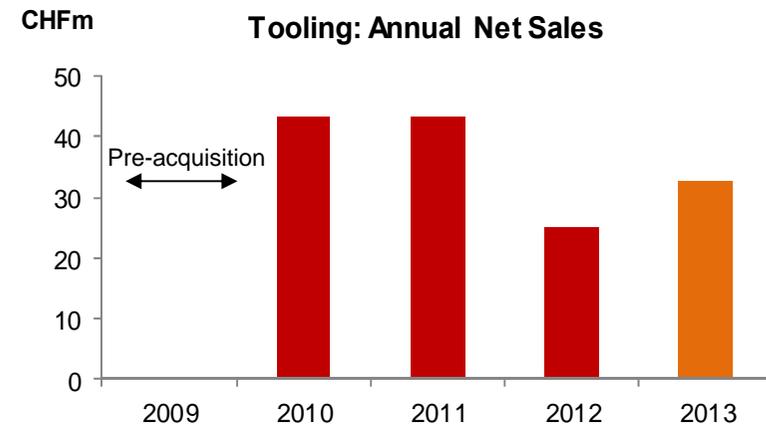
- Continuous strong demand for new moulds in all regions
- Trend to longer, special moulds in small series, but also increased needs for repetitive orders for large series of moulds
- Trend to outsource mould manufacturing continues at OEMs

Sales 1HY 2014

- Net sales of CHF 25.2 million
 - Up 136.3% vs. 1HY 2013
 - Factory fully loaded

Outlook

- Good market conditions with strong demand should continue to prevail
- High production efficiency should continue to ensure a strong operating profit contribution from this activity



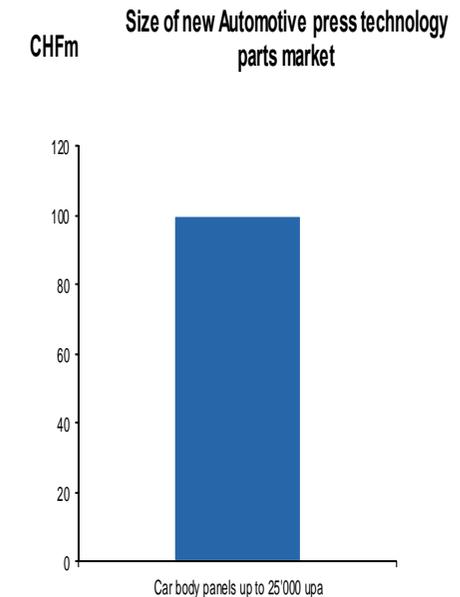


Strategy Automotive

- Pursue the two strategic avenues:
 - Further grow client/project base for complex, smaller series, class-A, lightweight exterior car body panels
 - Launch press mould technology, class-A, up to 200°C temperature resistant, less complex, higher volume exterior panels using the CBS material matrix. Complete industrialization of press manufacturing process

Recent achievements

- Production site expansion in UK completed
- Transfer of first automotive parts to Hungary initiated
- First pressed visual carbon roof delivered to customer
- Press curing cycle time significantly reduced to around 7 minutes



Automotive – Results and Outlook



Market environment

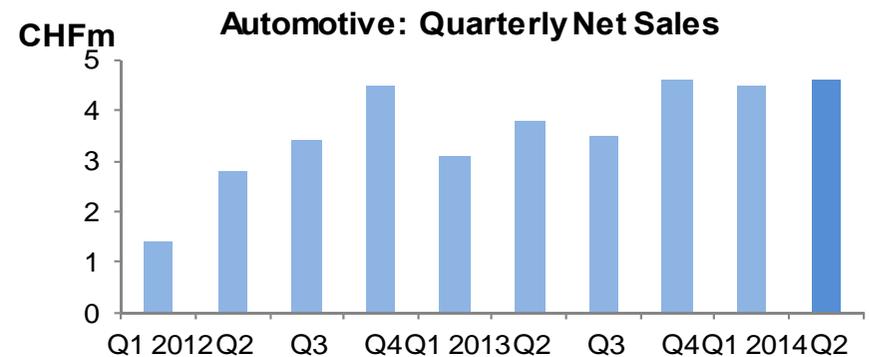
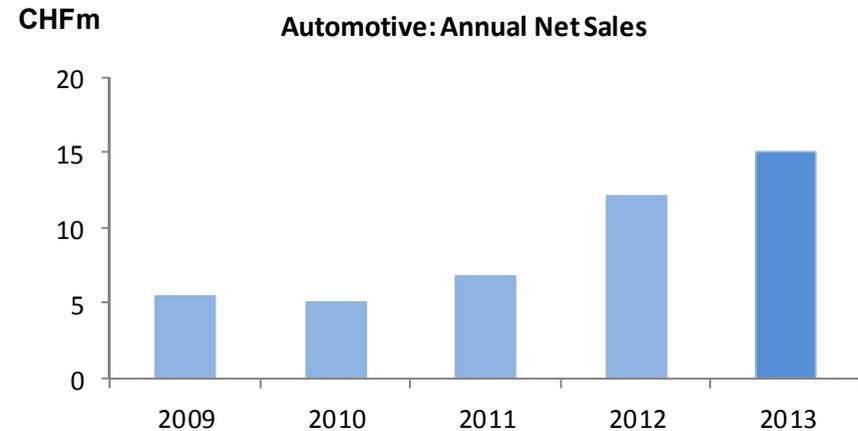
- Increasing interest of the automotive market for composite material solutions

Sales 1HY 2014

- Net sales of CHF 9.1 million
 - Up +31.7% vs. 1HY 2013 thanks to larger series and increased customer base

Outlook

- Improve efficiency of hand layup production process
- Further reduce end to end press technology production costs
- Finalize and validate industrialization concept for preforming and post press finishing of panels



Engineered Structures



Engineered Structures – Strategy and Achievements



Strategy

- Establish Gurit early in new applications in existing and newly emerging or converting industries
- Leverage leading composites engineering, prototyping, tooling and manufacturing capabilities
- Assess new industry trends and approach key players in concise manner
- Address new markets outside traditional Gurit target markets

Recent achievements

- Large follow up orders for double decker commuter buses
- Set up of an Hungarian manufacturing base as a lower cost hub for manufacturing of composite components

Engineered Structures – Results and Outlook



Market environment

- Hardly any existing market data
- Engineering for marine, construction and new special projects
- Promote Gurit as expert of complex, big, lightweight structures

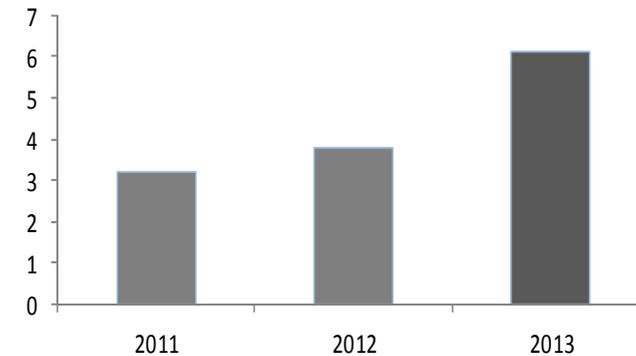
Sales 1HY 2014

- Net sales of CHF 4.0 million
 - Up +29.8% vs. 1HY 2013
 - Growth mainly due to increased component sales

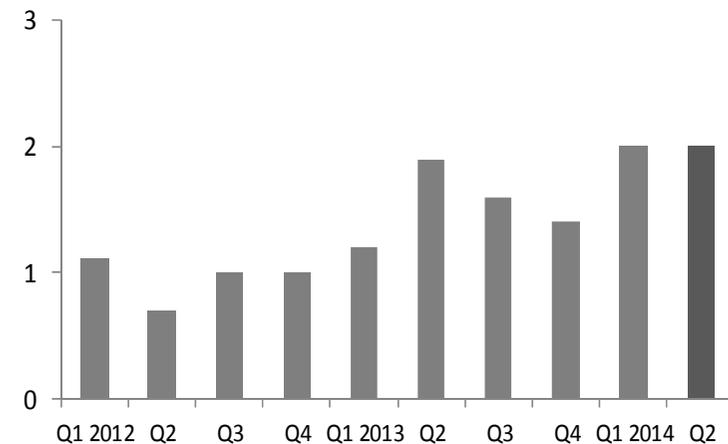
Outlook

- Volume growth thanks to additional component sales

CHFm Eng. Structures: Semi-annual Net Sales



CHFm Eng. Structures: Quarterly Net Sales



Financial Results 1HY 2014



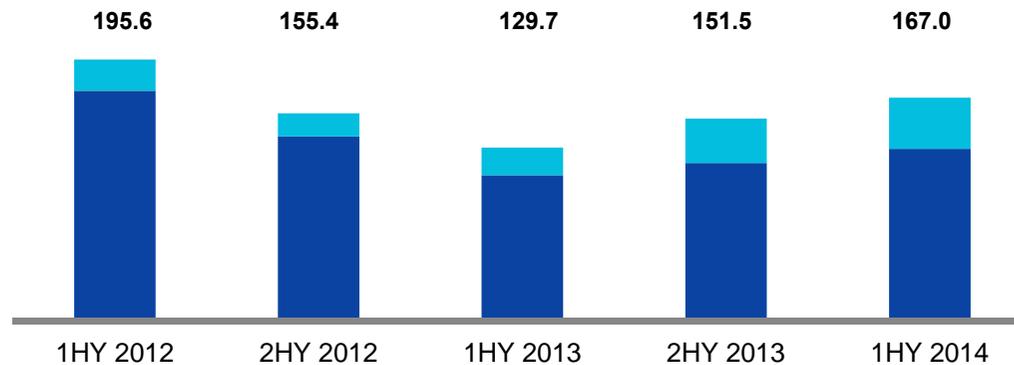
Net Sales Analysis by Market



**Gurit Composite Materials sales continue to recover.
Still solid growth in Gurit Composite Systems and Engineering.**

Net sales in CHFm

■ Materials ■ Systems & Engineering



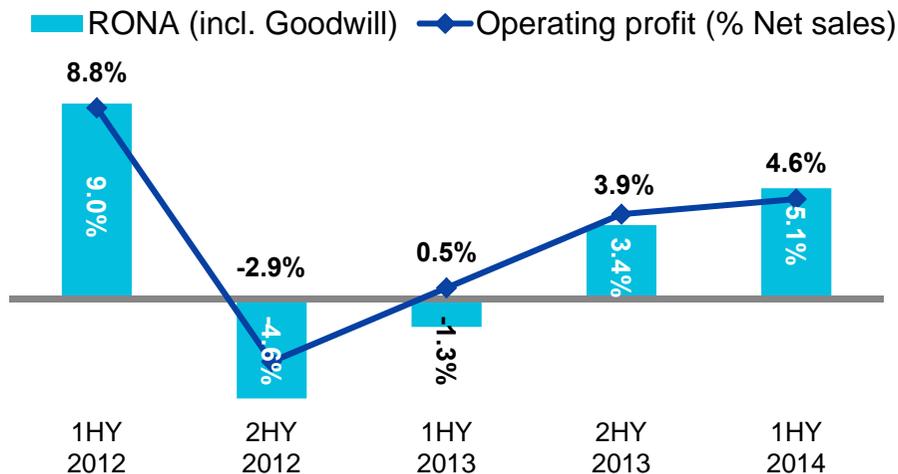
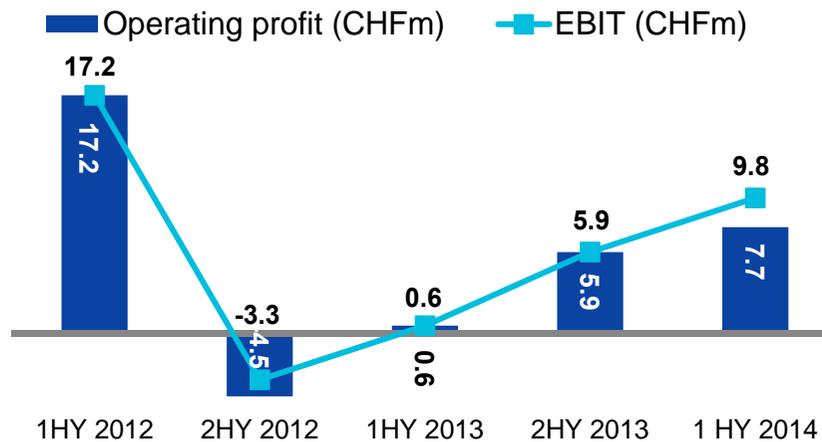
- Gurit Composite Materials sales confirm the recovery started in summer 2013, driven by some strong demand in Marine and the recovering Wind Energy market.
- Continuous high double-digit growth in Gurit Composite Systems and Engineering thanks to strong demand in Tooling, extended series of car body parts and growth in the bus components business.

Net sales in CHFm	1HY 2014	1HY 2013	Δ 1HY 2014 vs 1HY 2013	Δ 1HY 2014 vs 1HY 2013 FX adj.
Composite Materials	128.8	109.1	18.1%	19.2%
Composite Systems and Engineering	38.2	20.6	85.5%	86.6%
Total Net Sales	167.0	129.7	28.8%	29.9%

Operating Profit and EBIT Development



Operating profit margin of 4.6% during 1HY 2014

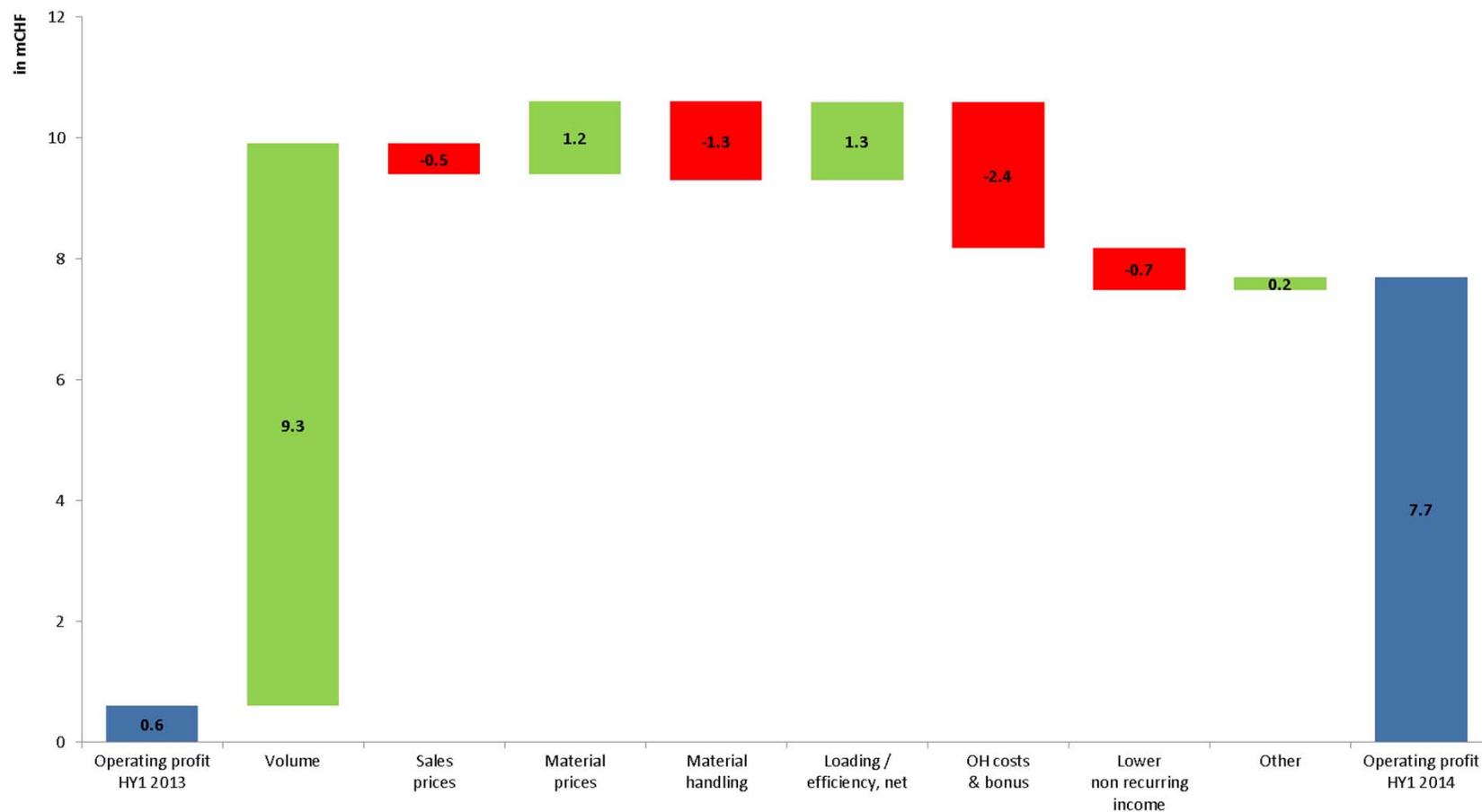


- Operating profit and profit margin continue to rise thanks to
 - increased volumes
 - loading and efficiency gains, particularly in Tooling
 - some tailwind from procurement
- EBIT favorably impacted by CHF 2.1 million gain on real estate sale
- No significant change in the asset basis of the Company, hence Rona follows essentially the Operating profit development.

Operating Profit Bridge 1HY 2013 to 1HY 2014



A largely volume driven, significant recovery of the operating profit

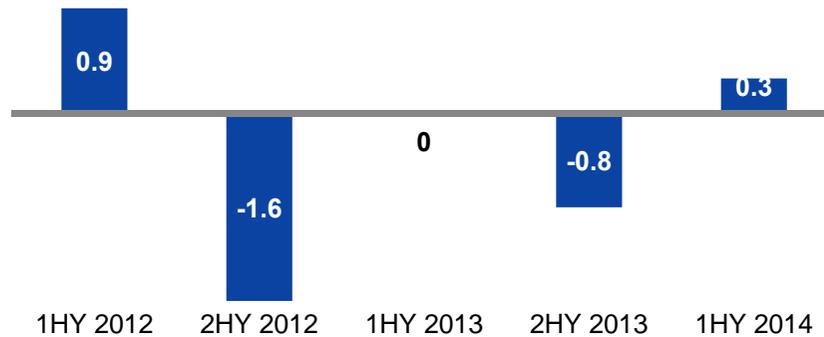


Exchange Result and Tax



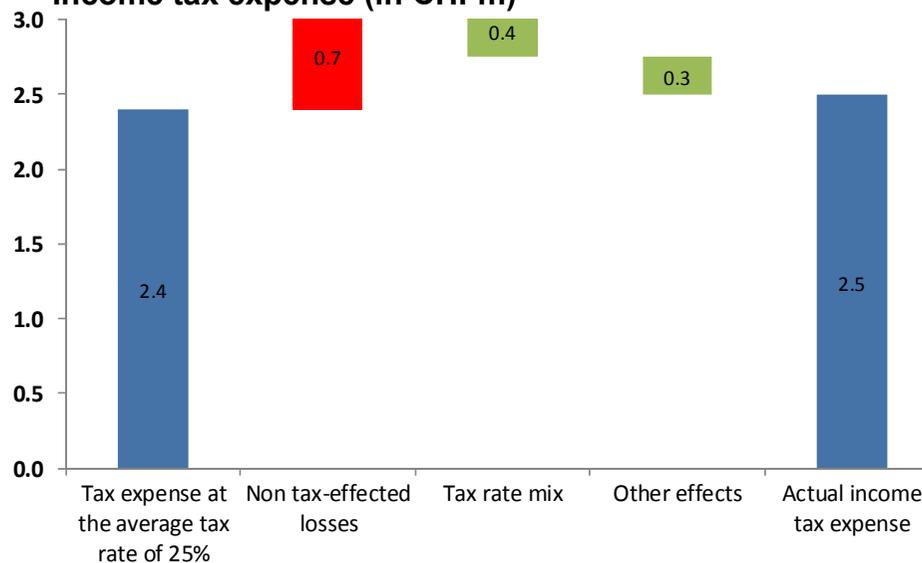
Stable exchange result and improved tax ratio

Exchange result (in CHFm)



Closely monitored and hedged balance sheet exposures keep exchange result small

Income tax expense (in CHFm)



Improved income tax rate thanks to higher profits in low income tax jurisdictions and reduced non tax effected losses

Net Result 1HY 2014

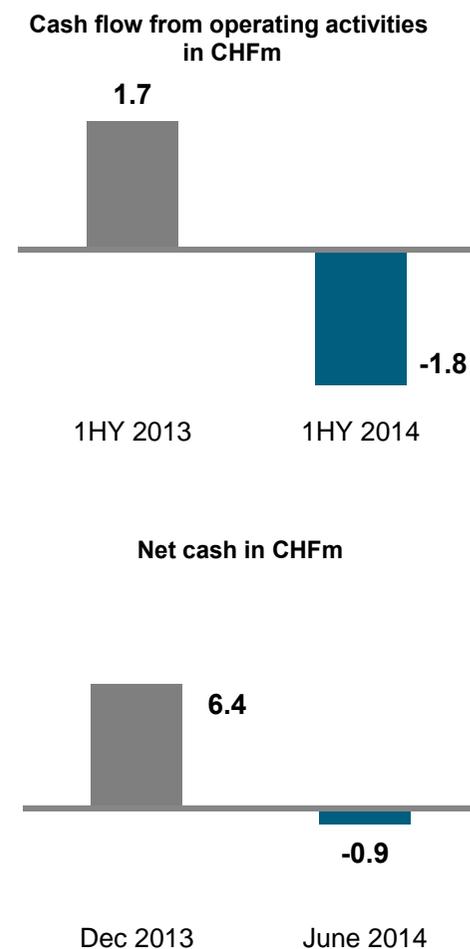


Profit recovery started in summer 2013 continues

Consolidated P&L	1HY 2014		1HY 2013	
	CHFm	% NS	CHFm	% NS
Net sales	167.0	100.0%	129.7	100.0%
Gross margin	81.9	49.0%	60.5	46.7%
Operating expenses	-74.3	-44.5%	-60.7	-46.8%
Operating profit before one-offs	7.6	4.5%	-0.2	-0.2%
One-off items	0.1	0.1%	0.8	0.6%
Operating profit	7.7	4.6%	0.6	0.5%
Non-operating & extraordinary result	2.1	1.2%	0.0	0.0%
EBIT	9.8	5.8%	0.6	0.5%
Interest income and expenses	-0.3	-0.2%	-0.3	-0.2%
Exchange gains and losses	0.3	0.2%	0.0	0.0%
Other financial income and expenses	-0.1	-0.1%	-0.1	-0.1%
Taxes	-2.5	-1.5%	-2.5	-1.9%
Net result	7.1	4.3%	-2.4	-1.8%
Earnings per bearer share	CHF 15.19		CHF -5.05	

Increasing net working capital following sales recovery reduces the cash flow

Consolidated Cash Flow	1HY 2014	1HY 2013
	CHFm	CHFm
EBIT	9.8	0.6
Depreciation, amortisation, impairment	4.5	5.3
Change in working capital	-10.6	-4.6
Other cash flow from operating activities	-5.5	0.4
Net cash flows from operating activities	-1.8	1.7
Purchase of PPE and Intangibles	-4.3	-2.8
Proceeds from sale of PPE	2.2	0.0
Change in borrowings	5.7	-9.6
Distribution to shareholders	-3.5	-7.0
Acquisition of subsidiaries	0.0	0.2
Repayments of loans receivable	0.0	0.4
Purchase of treasury shares	-0.2	-0.2
CHANGE IN CASH AND CASH EQUIVALENTS	-1.9	-17.3



Balance Sheet



Strong equity ratio of 67% despite increased net working capital

Consolidated Assets	Jun 2014		Dec 2013	
	CHFm	%	CHFm	%
Cash and cash equivalents	21.7	9%	23.1	10%
Trade receivables	77.5	32%	63.0	28%
Inventories	47.7	20%	37.5	17%
Other current assets	17.6	7%	21.1	10%
Deferred income tax assets	1.5	1%	1.0	0%
Property, plant and equipment	70.0	29%	70.3	32%
Intangible assets	5.4	2%	5.3	2%
Other non-current assets	0.2	0%	0.9	0%
TOTAL ASSETS	241.6	100%	222.1	100%

Consolidated Liabilities and Equity	Jun 2014		Dec 2013	
	CHFm	%	CHFm	%
Borrowings	22.6	9%	16.7	8%
Trade payables	28.0	12%	19.4	9%
Other current liabilities	22.5	9%	23.7	11%
Deferred income tax liabilities	0.7	0%	0.8	0%
Provisions	6.1	3%	4.1	2%
Equity	161.7	67%	157.3	71%
TOTAL LIABILITIES AND EQUITY	241.6	100%	222.1	100%

- The net working capital increase required some additional borrowing
- No significant changes in payment terms granted to customers
- Stable fixed assets as investments did not exceed depreciation
- Slightly reduced, but still solid equity ratio of 67%

Outlook



Gurit expects similar business conditions for the remainder of 2014 and an operating profit margin around the level achieved in the first half year.