



Gurit 1HY 2020 Results

Media and Analyst Conference

August 17, 2020

WITH PASSION FOR A **SUSTAINABLE** FUTURE



Gurit 1HY 2020 Results

Media and Analyst Conference (webcast)

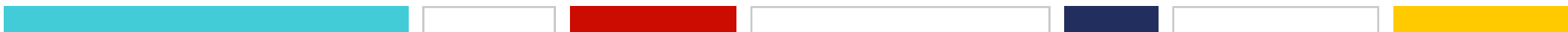
August 17, 2020 at 09:00 AM CET



Rudolf Hadorn, CEO



Philippe Wirth, CFO



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.

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.

Agenda

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

Market Outlook Wind, Aerospace and Marine & Industry

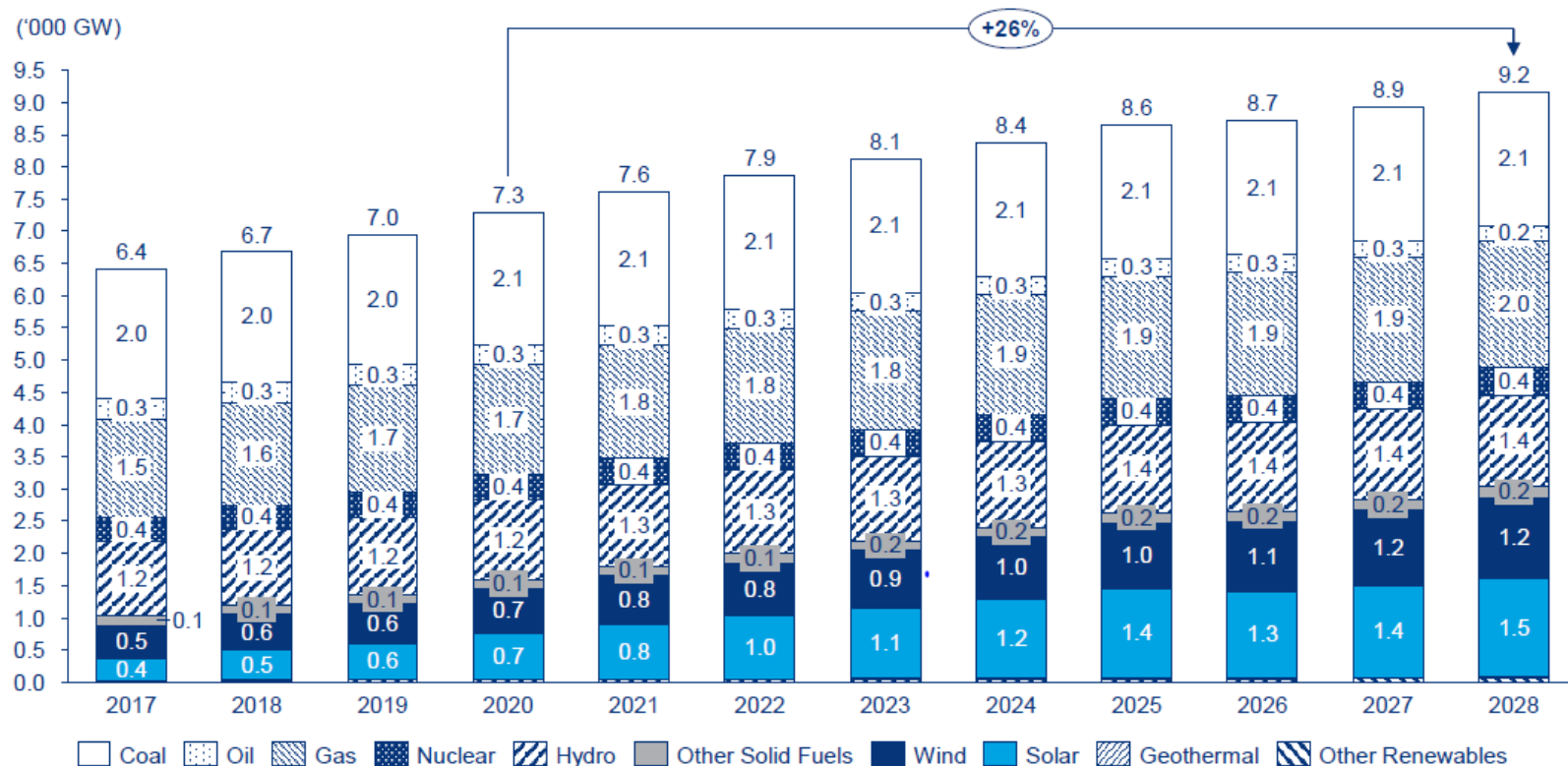
- **Wind market environment**
 - Strong wind energy demand during 2020 COVID; classified as a **strategic economic sector**
 - **Expect S-slope demand curve** for new installations up to 2030
 - **2021 expect a record year** of new wind turbine generator (WTG) installations at ca. 77 GW
 - **Turbine and blade size growth continues**, # of blades to reduce from ca. 70'000 in 2020 to ca. 45'000 in 2023 while at higher length and much bigger volume per blade
 - Global Wind OEM's **expect supply partners** with global product and service presence, cost-out and cycle time reduction capability, product and service bundling to de-complex OEM supply chain
- **Aerospace market environment**
 - **Sharp decline** in global passenger aircraft market due to COVID >50% expected
 - Expect gradual, **multi-year recovery** to pre-pandemic levels
 - **Likely industry consolidation** of many now under-critical businesses
- **Marine and Industry market environment**
 - Sales to Marine and other industrial markets in slight decline, **mainly due to COVID**

Global Power Generation

Global wind and solar capacity is expected to grow ~97% from 2020-2028

As nations and corporates look to cut emissions and power costs while supporting growing power demand, wind - a major business for Gurit, will see annual installations of an average 70GW every year

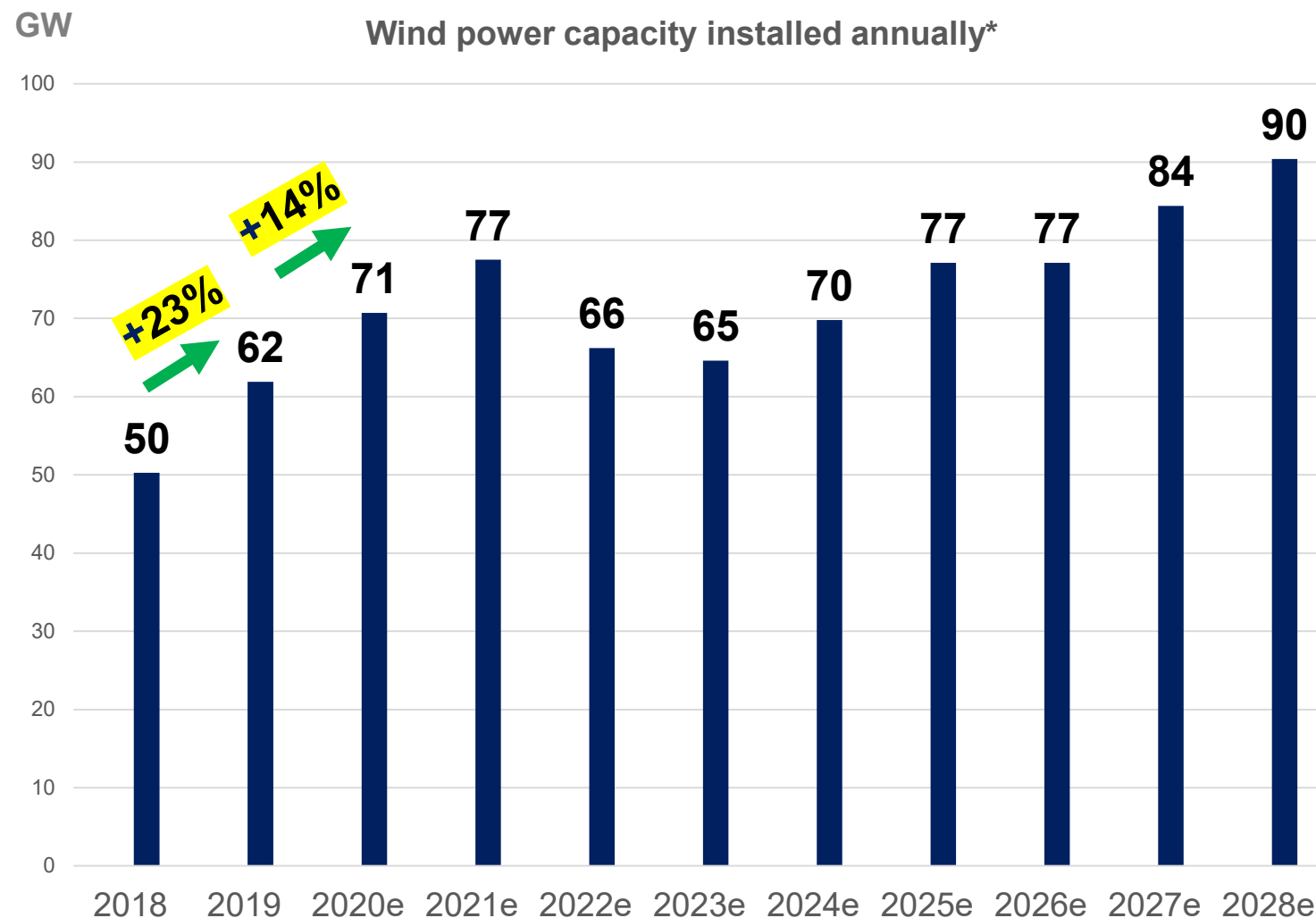
Global power generation capacity by fuel type (2017-2028)



- Coal, oil, and gas in total are expected to grow 5%
- Global power output (TWh) is expected to increase by ~20% in the forecast period
- APAC residential demand and EMEARC and APAC industrial demand are the key demand drivers
- In the long-term, average output per GW from renewables will increase significantly as technology drives up capacity factors
- Natural gas is expected to play a major role as a flexible 'transition' fuel in many key markets as they introduce large amounts of intermittent renewables (i.e. Wind and solar) into their power mix

* Source: Wood Mackenzie June 2020

Wind Energy Demand Outlook



Wind growth trends and major changes

- **2020:** increase forecasted to 71 GW (incl. COVID delays)
- **2021+:** overall demand situation may improve;
 - **US PTC** ends 2020 but offshore likely to support demand
 - **China subsidies** end 2021 for onshore; offshore may still get local govts support beyond 2022
 - **India** demand step-up 2020+
 - **EU:** reactions to missing the climate targets

* Source: Wood Mackenzie June 2020

Gurit Organisational Development

2020 YTD Management Appointments

Mitja Schulz

appointed as
CEO of Gurit Group
on 17 August 2020



Dr. Ernst Lutz

appointed as
GM Wind Materials
effective 1 September 2020



Lance Hill

internally promoted to GM of
new **Marine and Industry**
BU as of 1 May 2020



Andreas Kipker

internally promoted to
GM Gurit Kitting (JSB)
as of February 2020



Progress on Strategic Programs

Health and Safety first program

Targeting a **50% reduction** in accident rate (LTAR) from 2019 to 2022. Gurit is on track with the program YTD 2020.



Sustainability

Footprint assessment H2 2020, then setting pace to carbon neutrality.

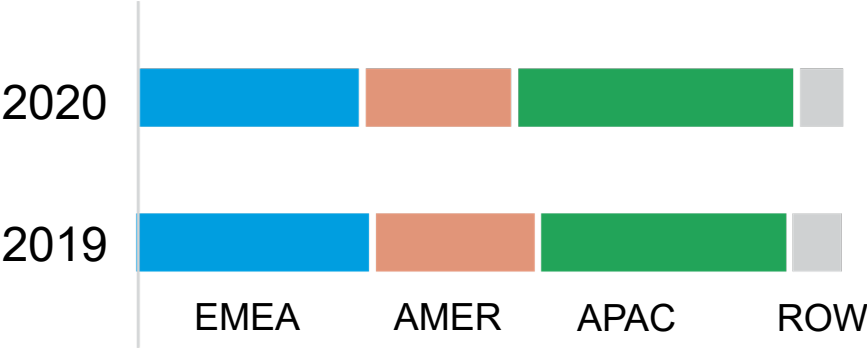


Gurit Business Strategy Update

WIND ENERGY VS. LIGHTWEIGHTING (continued operations)



REGIONAL SALES



EMPLOYEES (Full Time Equivalents FTE)



Key Financial Notes 1HY 2020/2019

Net Sales Growth (1HY20/1HY19)

	CHF reported	FX Adj.
Total	-0.5%	5.7%
Continued business	2.3%	8.7%

	1HY 2020	1HY 2019
Operating Profit Margin		
Total	11.1%	9.7%
Continued business	11.2%	12.5%

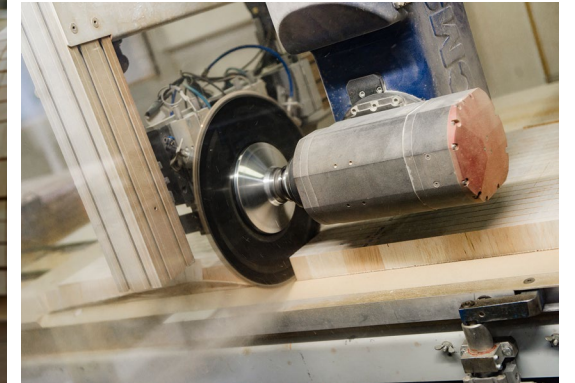
Gurit Strategic Investment Programs: PET

- **Market trend:** PET share in WTG blades expected to rise:
2020: PET share ca. 30%
2023: PET share ca. 70%
- **Gurit ambition:** PET market share 30-40%
- **PET capacity ramp-up:**
 - China extruder #3 completed H1/2020
 - Mexico extruder #1 installing, Q4/2020
 - South India extruder #1 planned Q4/2021
- **PET Innovation Program 2021**
for cost and properties improvements
- **Launch of high capacity extruder H1/2020**



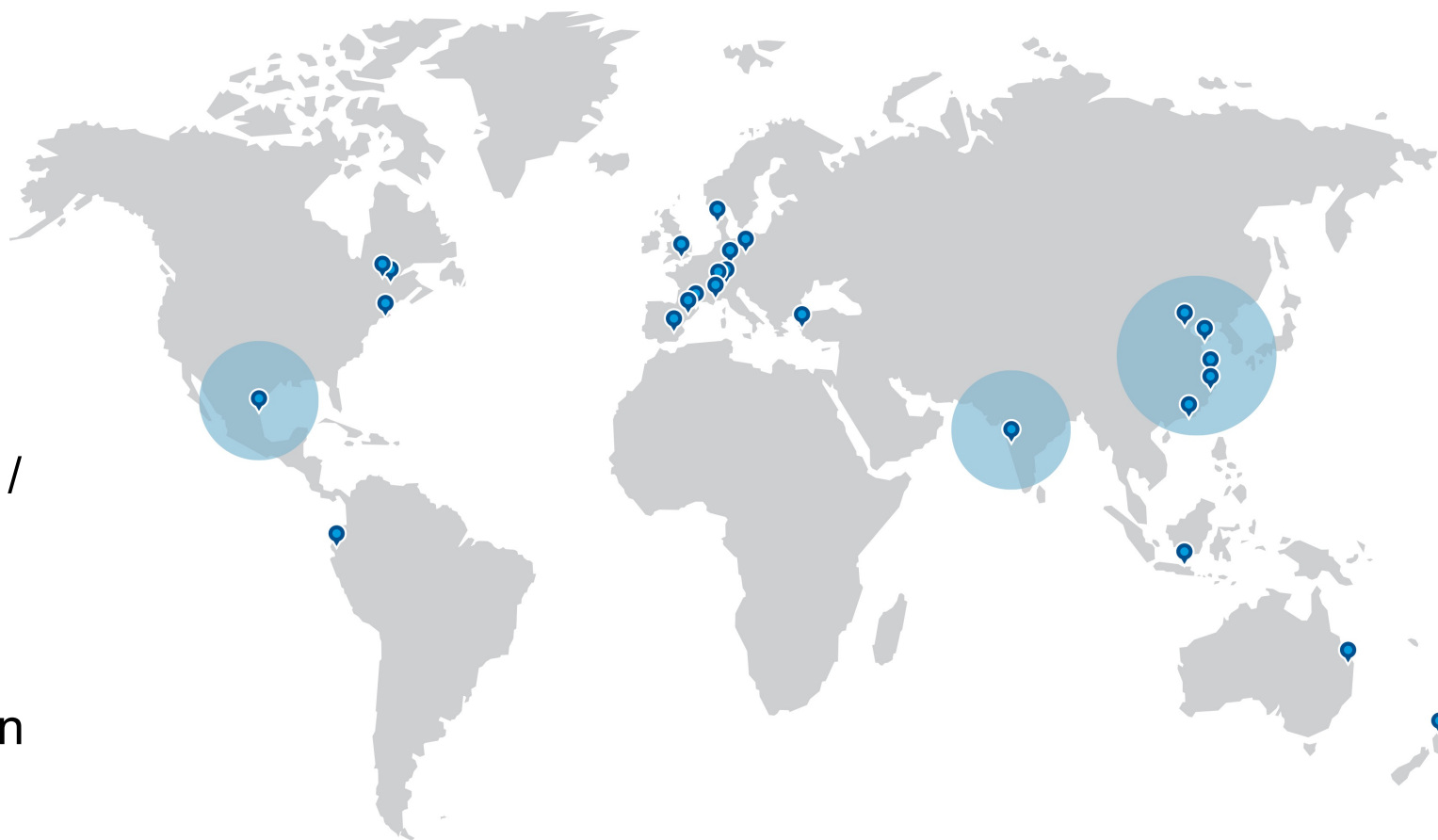
Gurit Strategic Investment Programs: Kitting

- **Kitting capacity increase for growth**
- **Gurit ambition:** Kitting market share 30-40%
- **Technology:** Next generation kitting lines deployment as of 2021
- **Capacity ramp-up:**
 - **Mexico:** Kitting expansion in 2020
 - **North India:** Plant set-up (Q4/2020 - Q1/2021 depending on COVID-19)
 - **South India:** Plant set-up in 2021
 - **China:** Capacity expansion in 2021



Gurit strategic investment programs: Footprint expansion

- **China (2020-2021)**
Added extrusion capacity in Tianjin (2020), adding kitting capacity in China (2021)
- **India (2020-2022)**
North: New kitting site
South: Co-located new tooling / extrusion / kitting site
- **Mexico (2020)**
Co-location of kitting / extrusion plant (Q4/2020) serving the North American market



Development by Business Unit



Composite Materials

Net Sales: CHF 134.1 m (1HY 2019: CHF 122.2m)

- **Increase by 9.7%** (at constant rates: 16.4%) vs. 1HY 2019
Solid growth in Wind materials market. Balsa cost/prices boosting revenues
Other materials markets impacted by COVID-19 - slightly declining sales

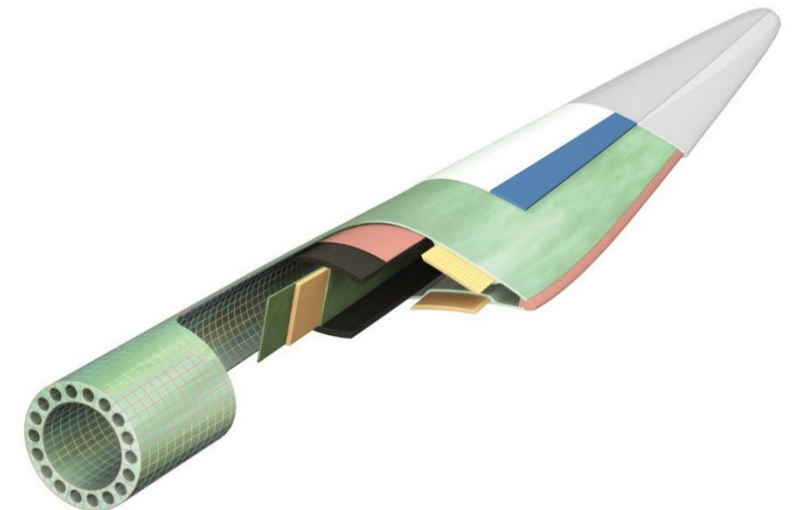
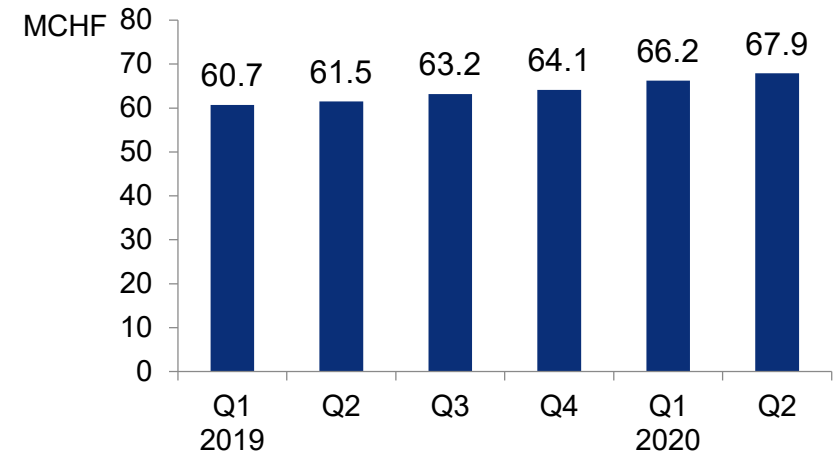
Key Business Steps 1HY 2020

- Former Composite Materials **business unit split-up** into «Wind» and «Marine/Industrial»; market-focused organization approach
- **PET capacity** expansion: 3rd extruder commissioned in China; investment decision for extruder in South India

Business Focus 2HY 2020

- Mexico **extruder assembly**; commissioning scheduled for Q4/2020
- **Balsa**: Volume recovery from COVID impacted 1HY 2020
- **Marine & Industrial** sales initiatives with integral materials offering

Composite Materials:
Quarterly Net Sales



Kitting

Net Sales: CHF 110.5 (1HY 2019: CHF 75.2)

- **Dynamic sales growth of 47.0%** (currency-adjusted: 57.1%) vs. 1HY 2019; also fuelled by material cost/price increases (e.g. Balsa)

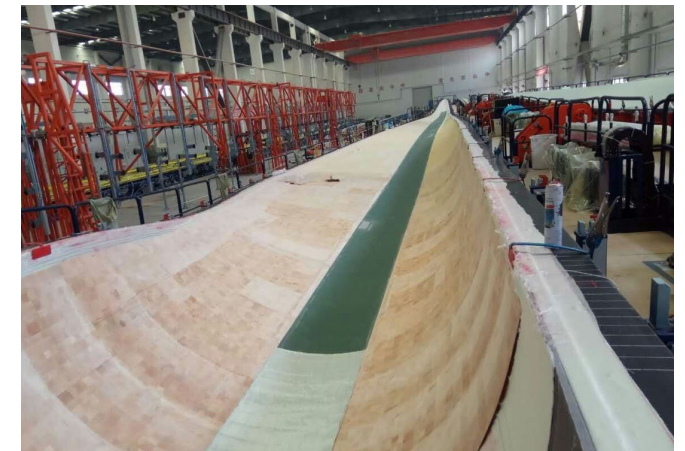
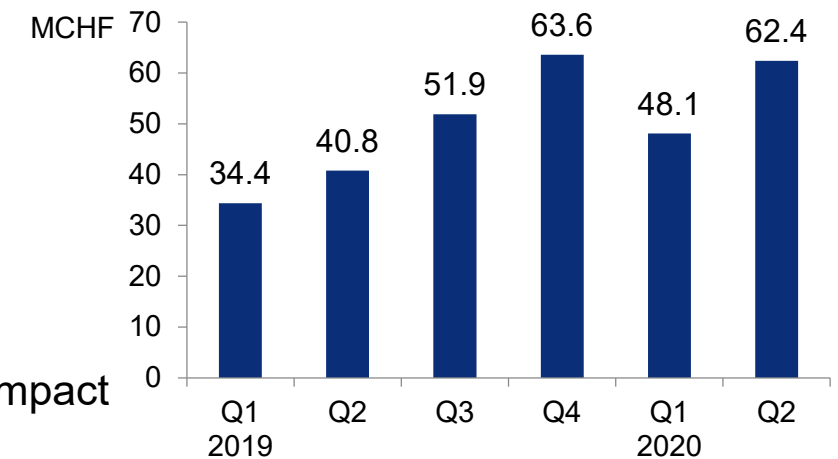
Key Business Steps 1HY 2020

- Capability proven to serve customers out of alternative sites under COVID impact
- Managed significant growth and many kit changes for OEM's
- Completed innovation on next generation kitting line
- Organisational staffing for future growth

Business Focus 2HY 2020

- Footprint expansion North India and prepare South India and the capacity increase in China

Kitting: Quarterly Net Sales



Tooling

Net Sales: CHF 45.8m (1HY 2019: CHF 67.8m)

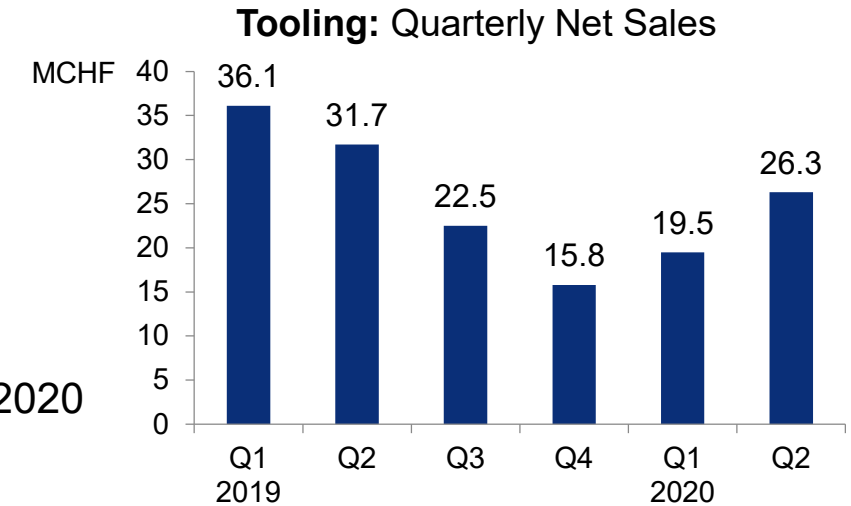
- **Decrease by -32.4%** (currency-adjusted: -27.8%) vs. 1HY 2019
Compares to a very strong previous year and impacted by COVID-19

Key Business Steps 1HY 2020

- Improved market penetration in China, fewer international programs in H1/2020
- Progress made on process automation equipment (Girder placements, mould data management and visualisation)
- New power-hinge generation for market introduction

Business Focus 2HY 2020

- Prepare India footprint expansion 2021
- Innovation of process automation equipment
- Industrial cost-out projects



Aerospace

Net Sales: CHF 18.2 (1HY 2019: CHF 27.5m)

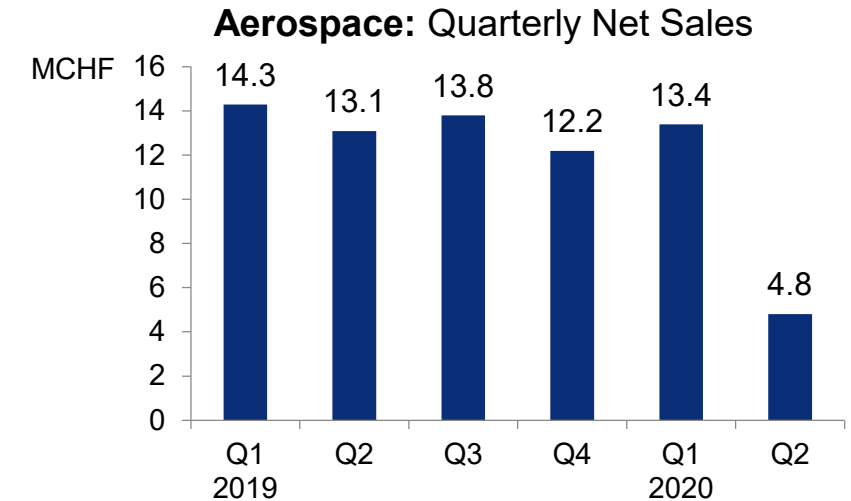
- **Decrease by -33.7%** (currency-adjusted: -31.3%) vs. 1HY 2019
Global decline in passenger traffic due to COVID-19
Thus declining orders for new aircraft plus supply chain de-stocking

Key Business Steps 1HY 2020

- Modernisation of Kassel site – preparation for additional new PP tower to be installed in 2HY 2020
- Accelerated business transfer preparation Zullwil to Kassel in 2020
- Short work programs as of Q2/2020 used to high degree

Business Focus 2HY 2020

- Closure of Zullwil plant Q4/2020
- Product innovation programs to support business recovery
- Business development actions



Agenda

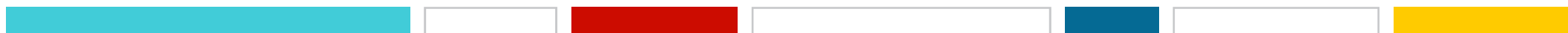
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H1 2020 Financial Results



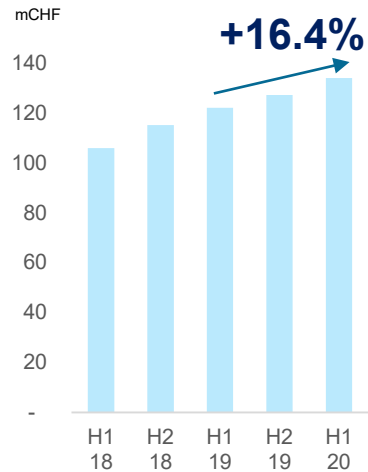
Philippe Wirth
CFO

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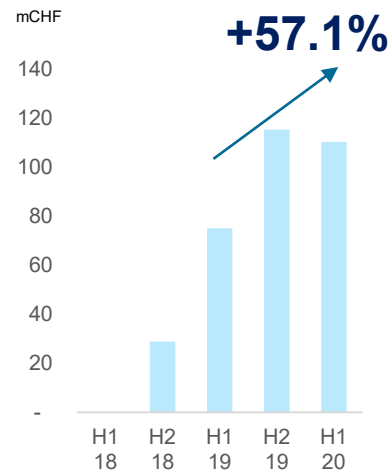
Net Sales by Segment

Materials



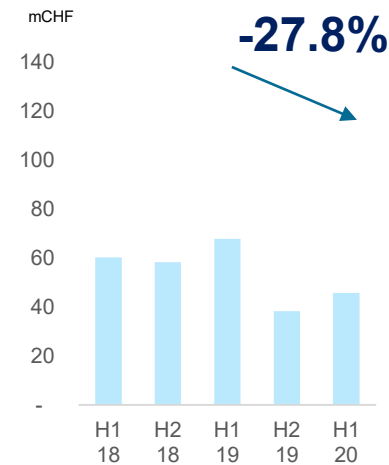
- **Growth** mainly driven by strong wind energy demand

Kitting



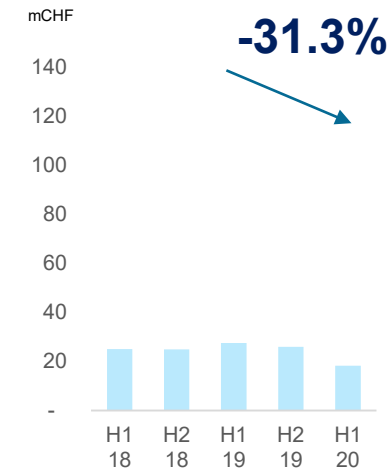
- **Strong growth** particularly in China and Europe
- China below H2 2019 due to COVID-19

Tooling



- H1 **below prior year** against tough comparison, COVID19 and China shift
- H1 2020 above H2 19 despite COVID-19

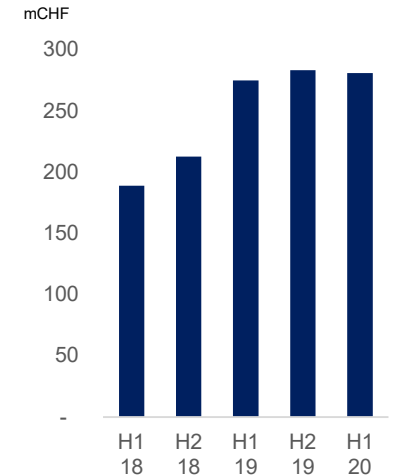
Aerospace



- Demand **contracted** in Q2 due to COVID-19

Group

(Continued Operation)



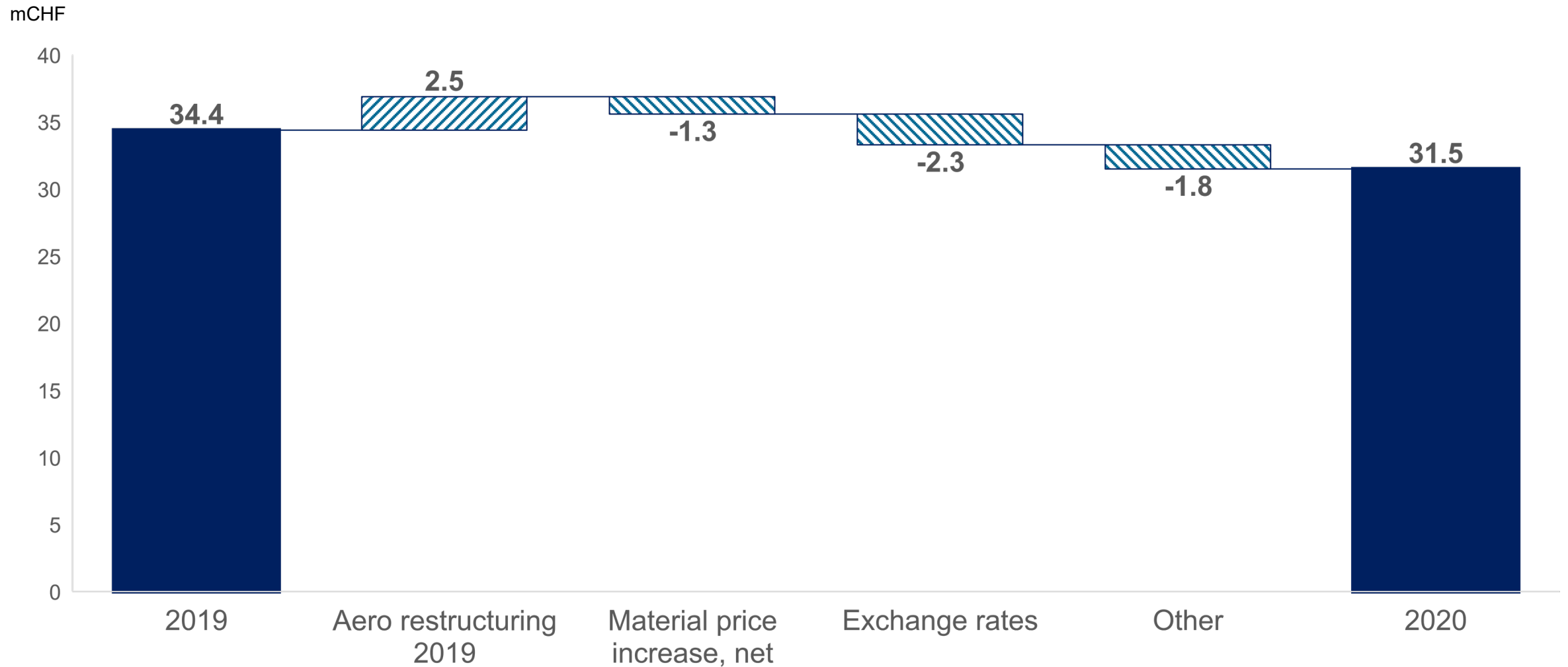
- Strong **growth**: + 8.7%
- Organic growth: +8.1% (at constant currency)

1HY 2020 Operating Results

Continued operation CHF million	2020	2019	
Sales <i>Growth</i>	281.1 +8.7%	274.9	<ul style="list-style-type: none"> Strong sales growth +8.7% at constant currency Organic sales growth +8.1% at constant currency
Gross profit <i>% of sales</i>	59.8 21.3%	65.0 23.7%	<ul style="list-style-type: none"> Gross Profit 2.4%-pts below prior year Tooling shift to lower margins sales Aerospace reduction due to volume
EBITDA <i>% of sales</i>	37.9 13.5%	42.9 15.6%	<ul style="list-style-type: none"> Below prior year mainly due to Tooling and Aero, partially offset by good results in Materials and Kitting
Operating profit <i>% of sales</i>	31.5 11.2%	34.4 12.5%	<ul style="list-style-type: none"> Prior year includes CHF 2.5m restructuring charges in Aero

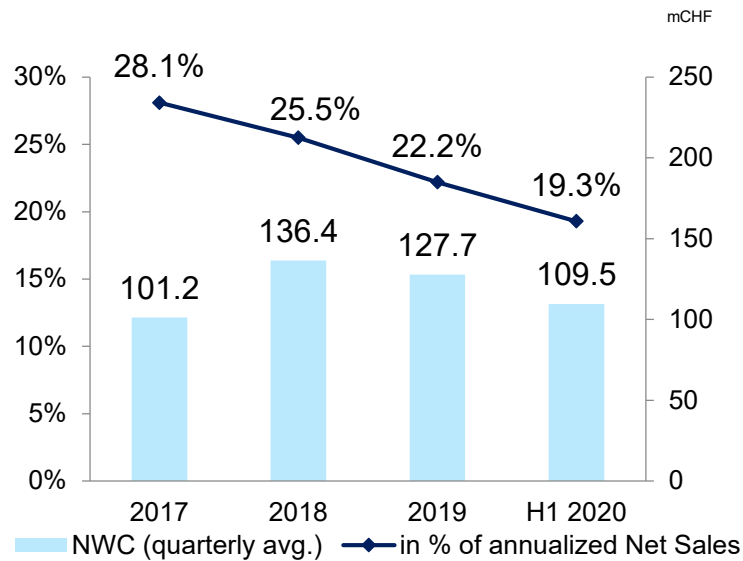
Operating Profit Bridge 2020 vs. 2019

(Continued business)



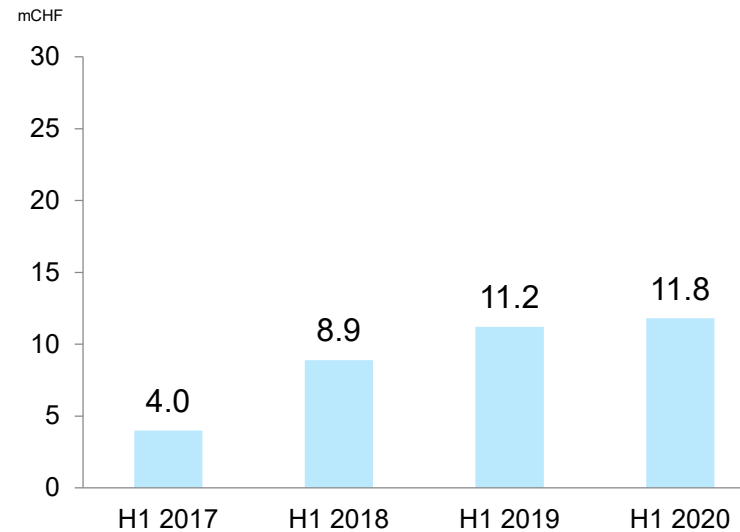
Cash Flow

Trade net working capital



- On average we continue to improve the trade NWC
- Trade NWC 2020 benefits from Tooling shift to China with better payment terms
- Continued pressure to increase payment terms

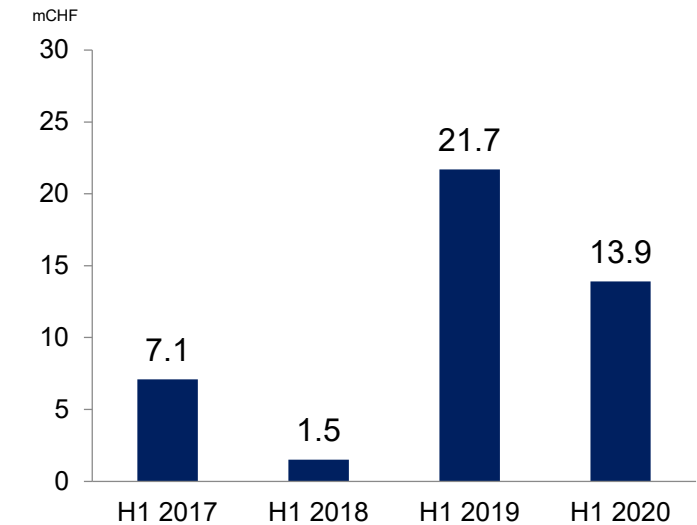
CAPEX



Major investments in 1HY 2020:

- PET production capacity increase China
- Kitting and Materials facility in Mexico expansion and ramp-up

Free cash flow



- Lower total EBITDA CHF -3.4m compared to prior year
- Higher increase in working capital compare to prior year 3.4m

June 2020 Balance Sheet

CHF million	June 2020	June 2019	
Net debt <i>Change</i>	51.5 -19.8	71.3	<ul style="list-style-type: none"> Net debt reduction CHF 20m compared to prior year
Equity ratio <i>Change</i>	38.5% +0.7%-pts	37.8%	<ul style="list-style-type: none"> Strengthening of Swiss Franc reduces equity by CHF 12m Equity ratio reduction due to currency -0.5%-pts
Gross debt / EBITDA <i>Change</i>	1.5x -0.2x	1.7x	<ul style="list-style-type: none"> Slight decrease, continued strong debt capacity
RONA¹⁾ <i>Change</i>	14.5% +1.7 %-pts	12.8%	<ul style="list-style-type: none"> Higher operating profit and lower average net operating assets compared to prior year mainly due to the divestment of Automotive

1) Return on net assets: Operating profit less adjusted taxes / average net operating assets (including goodwill)

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Outlook and Summary



Rudolf Hadorn
CEO

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Business Results Guidance FY 2020

For **FY 2020** Gurit expects:

- **Net sales** between CHF 550-600 million
- **Operating profit margin** in the range of 9-11%

Summary

- **Team Gurit** showed passion, managed COVID impact in an outstanding way
- **Top management nominations** made and organisational **changes** implemented
- **Strong business results** achieved in 1HY 2020 Gurit overall and in Wind BU's
- **Aerospace BU hit hard** by COVID – cost measures taken, recovery to take several years
- **Strategic capacity and footprint expansion** programs pace accelerated (India)
- **Automotive** divestment completed in February 2020
- **Business Guidance 2020:** CHF 550-600 million net sales and operating profit in 9-11% range

Agenda

- | | |
|---|--|
| 1 | Business Update |
| 2 | Financial Results |
| 3 | Outlook and Summary |
| 4 | End of Webcast
<i>Q&A session for Analysts & Journalists via dial-in conference call</i> |

End of webcast

Thank you for your attention

Gurit 1HY 2020 Results

Zurich, August 17, 2020

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