

# Gurit 1HY 2021 Results

## Media and Analyst Conference



**Mitja Schulz**  
CEO



**Philippe Wirth**  
CFO

17 August 2021 at 09:00 AM CEST

# 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.

# Agenda

- 1) Business update**
- 2) Financial results**
- 3) Outlook and summary**
- 4) End of webcast**
- 5) Q&A session restricted to Analysts & Financial Journalists**

# H1 2021 Highlights

## Revenue of 259m CHF

Impacted by market decline in China and lower Balsa sales

## Operating profit margin of 7.2%

Impacted by restructuring & impairment charges and material cost inflation

## Growing "Lightweighting" business

Marine business on and above pre-Covid levels. Strong demand from Industrial segments.

## On track with global footprint expansions

MX launched and India on track notwithstanding COVID challenges

## Improved ESG performance

## Concluded on "Gurit 2025" strategy program

Strongly emphasizing sustainability-, customer- and innovation focus



**258.6**  
million CHF  
Net sales



**7.2%**  
Operating profit



**100%** Western  
Wind OEM served,  
90% of all wind  
turbine blade makers  
(in terms of sales)

# Gurit organisational development

## 2021 YTD management appointments

Focusing on our Wind set-up with a dedicated customer focus.  
20 locations globally



**Andreas Kipker**  
GM of new Business Unit **Wind Systems**  
effective July 1, 2021

Strengthening of Technology & Development  
for a strong innovation pipeline



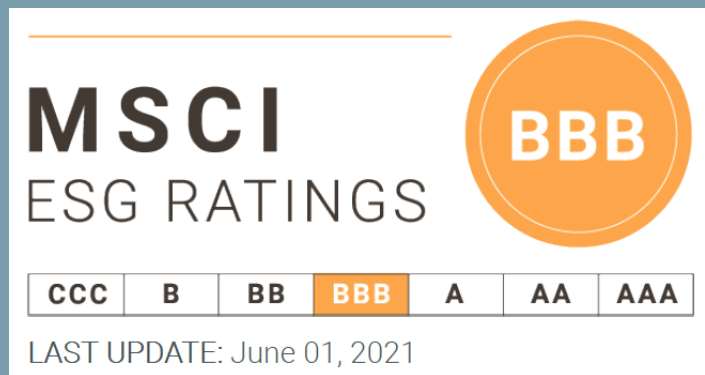
**Dr. Ernst Lutz**  
**Chief Technology Officer (CTO)**  
effective July 1, 2021

# Progress on achieving Gurit's long-term ESG goals

## Health and Safety first initiative

**Achieved 39% reduction in accident rate (LTAR)** from 01/2019 to 01/2021.

Gurit is on track with the program. Risk management, training and prevention systems implemented. Kick-off of post-pandemic global mental health program.



## Execution of "Sustainability Strategy"

- >20% **ESG ranking improvement** 2021 vs. 2020
- Will achieve **Climate neutrality** for scope 1, 2, partial scope 3 in 2021
- 100% **renewable electricity** used in our plants



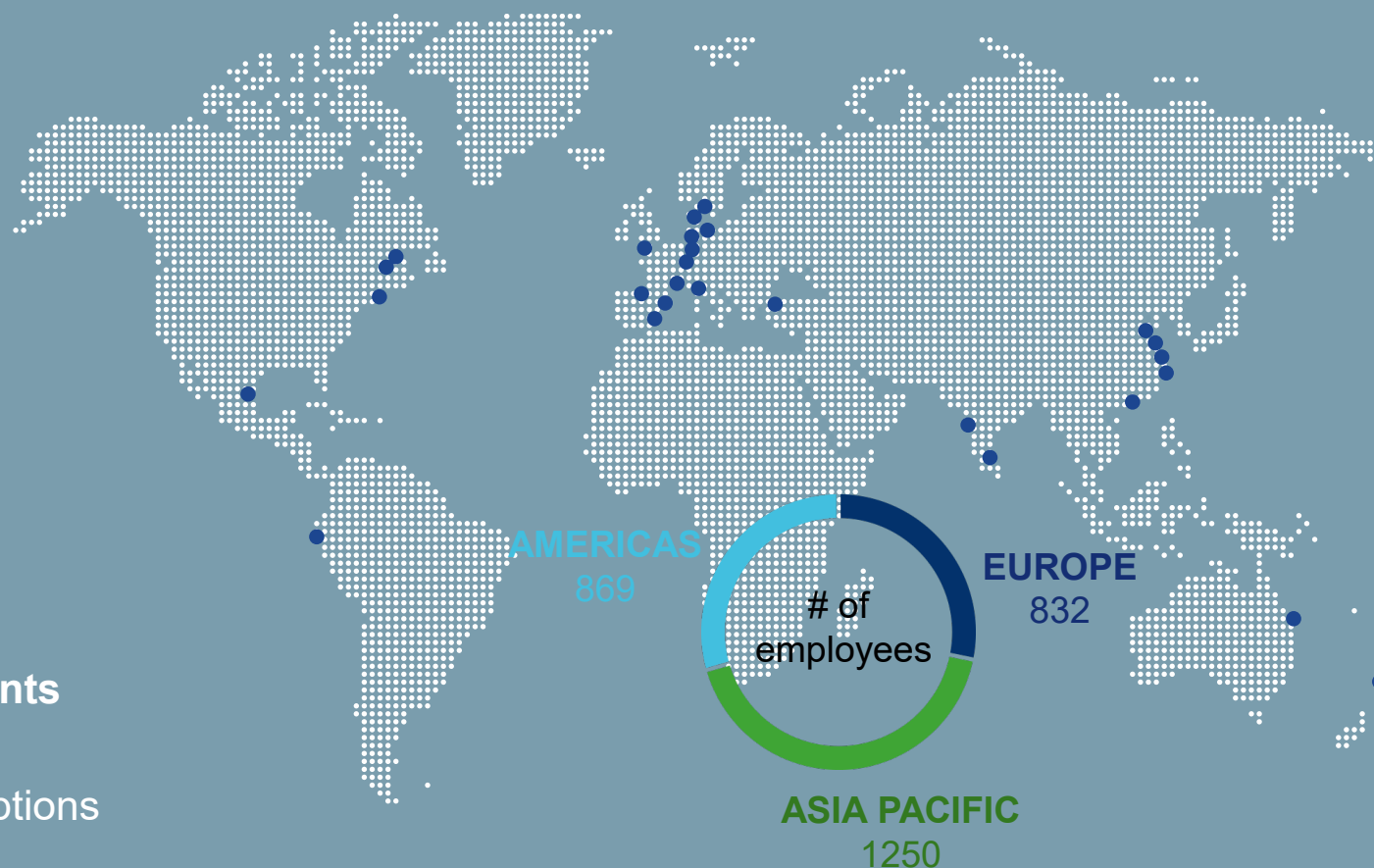
# Footprint expansion

## Industrialisation

- **Tamaulipas, Mexico**
  - Relocation of U.S. Kitting operations to MX
  - Commissioning of PET extruder
- **North India:** Kitting
- **South India:** Co-location of Kitting, Tooling, PET extrusion

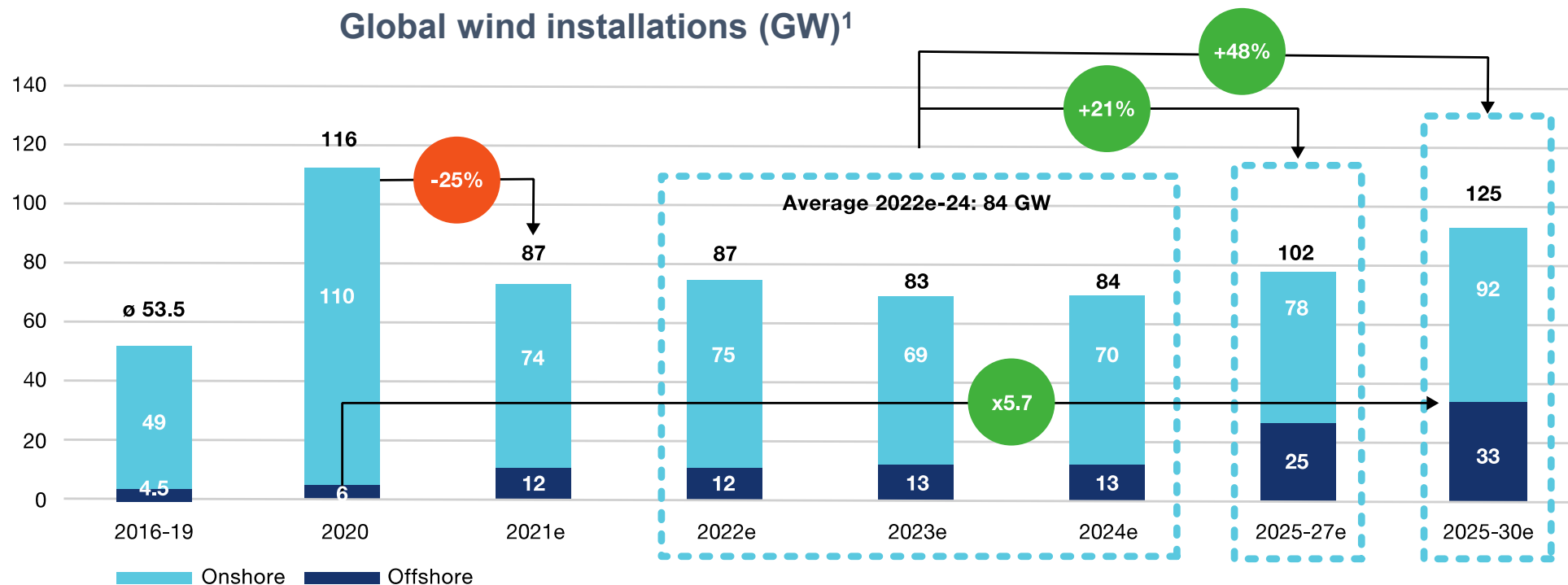
## Strategic footprint

- Rightsizing of **Balsa**
- Incremental **PET capacity investments**
- **Offshore wind** manufacturing hubs: evaluation of **customer proximity** options



# Wind energy continues long-term growth trajectory

Transition period after 2020 installations surged in CN and US ahead of subsidies lapsing



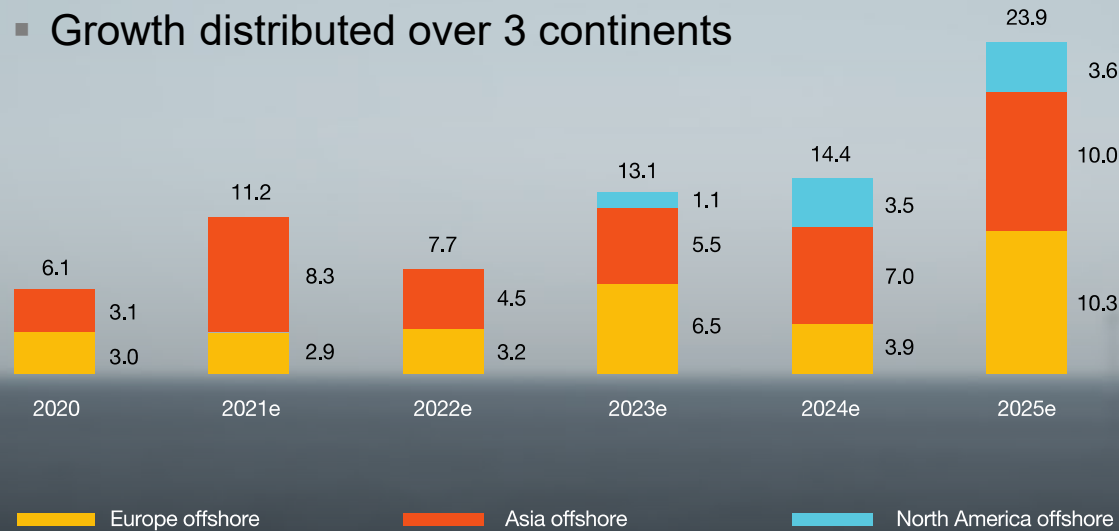
1) Wood Mackenzie: Global Wind Power Market Outlook Update: Q2 2021

- **Record installations in 2020** driven by expected incentive changes in US, CN
- **Mid-term** market transition from 2020 level driven by onshore, esp. CN and US
- Global installations flat till **growth resumes in 2024**
- 2021–2030 long-term outlook foresees **major growth**



# Wind offshore opportunities growing globally

- **Quadruple growth rate over 5 years:**  
6.1 GW to 23.9 GW
- Growth distributed over 3 continents



Source: GWEC 2021

# Positive lightweighting markets outlook

## Marine and Industry market environment

- Marine markets exceed expectations, **recovering to above pre-COVID** levels
- Strong demand for recyclable PET for Industrial applications
- **Industrial segments** offer new growth potentials through replacement of existing technologies with advanced composites
- Gurit **strengthening organization and global setup** by dedicating more resources and capacities to growing Marine & Industrial segment

## Aerospace market environment

- Aerospace has **stabilized at a low level**, gradual longer-term recovery expected, recovery phase has started.

\*) source: Reportsanddata (2020)



2019-2026,  
the Marine Composite market  
will

**ACCELERATE**

at a CAGR \*) of

**6.7%**



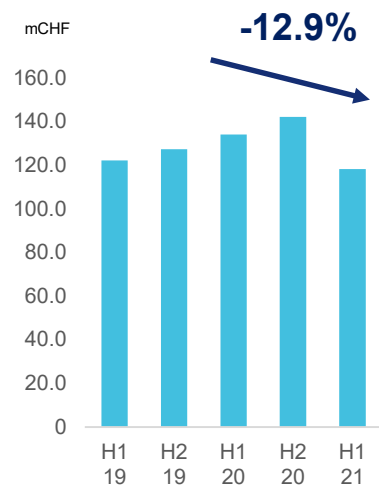
# H1 2020 Financial Results

**Philippe Wirth**  
CFO



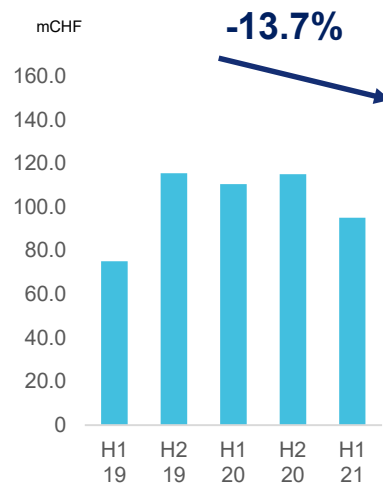
# Sales impacted by temporary wind energy demand reduction

## Materials



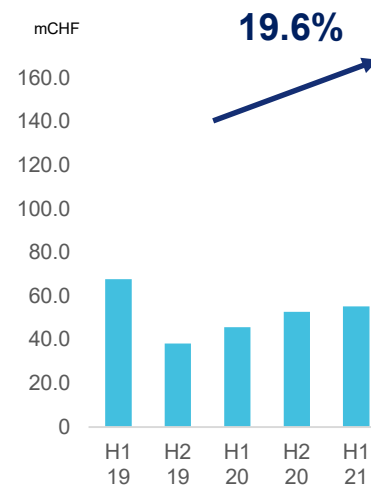
- Temporary slowdown in China
- Reduced volumes and prices in balsa
- Marine and Industrial back to pre-pandemic levels

## Kitting



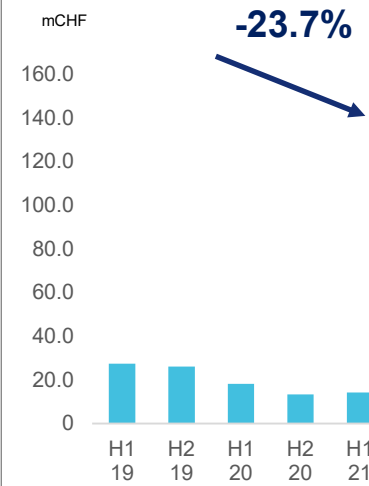
- Temporary slowdown in China

## Tooling



- Timing of “western” orders in the first quarter of this year

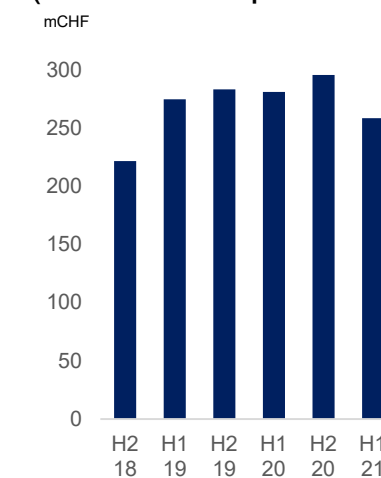
## Aerospace



- Sales stabilized at low levels

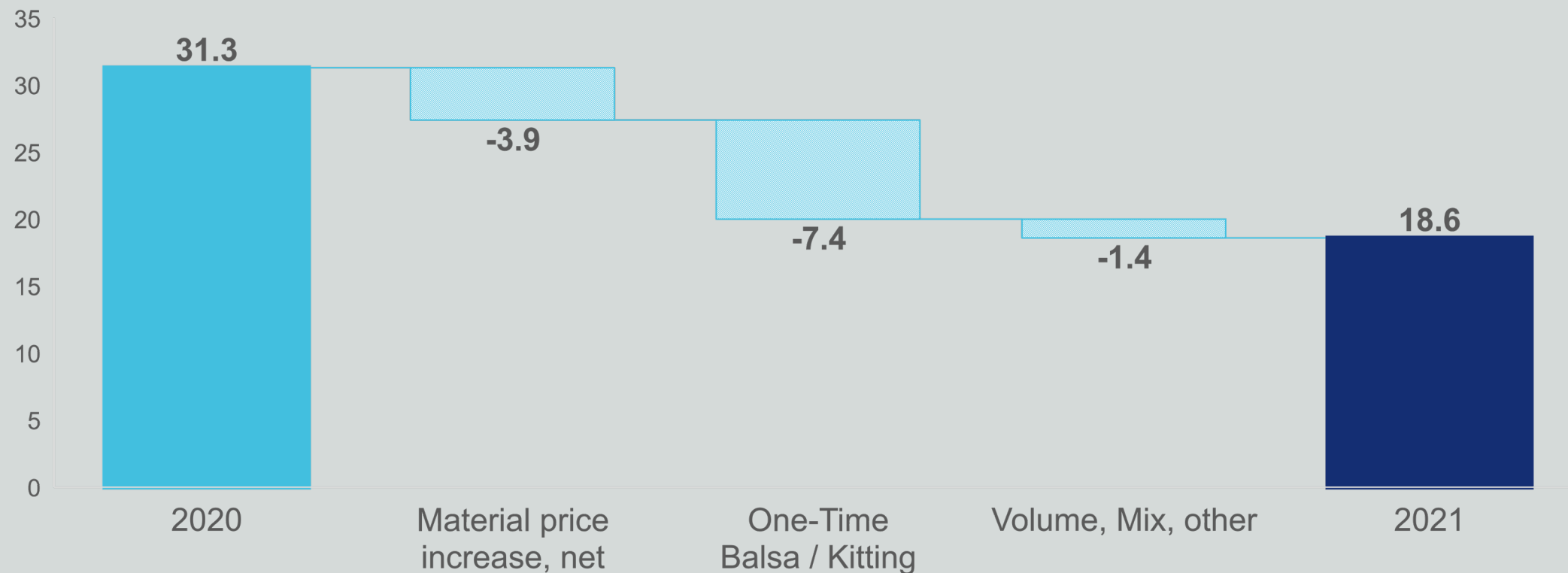
## Group

(Continued Operation)



Sales decline: -8.5%

# Operating profit impacted by material price increase and one-time restructuring costs

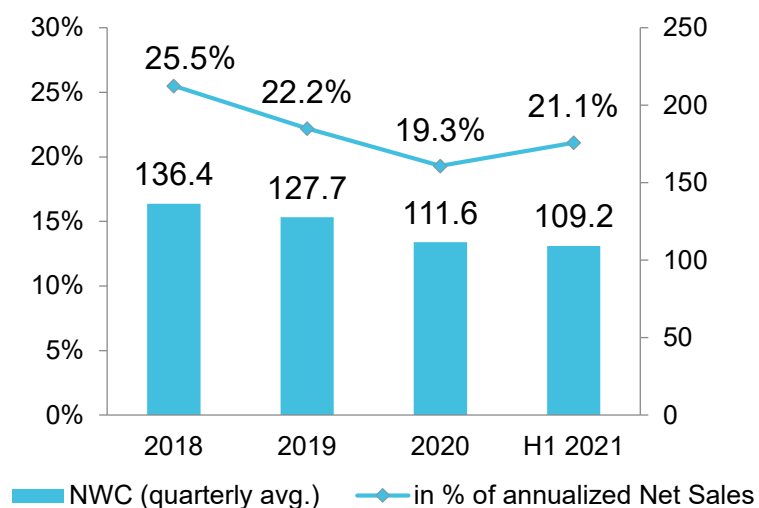


# Operating results damped by lower sales and restructuring

| CHF million                                  | 2021                            | 2020                 |   |
|--|---------------------------------|----------------------|---|
| <b>Sales</b><br><i>Growth</i>                | <b>258.6</b><br>-8.5%           | <b>283.2</b>         | <ul style="list-style-type: none"> <li>Continued operation: -8.5% at constant exchange rates (-8.0% in reported CHF)</li> </ul>   |
| <b>Gross Profit</b><br><i>% of sales</i>     | <b>50.7</b><br>19.6%            | <b>59.8</b><br>21.1% | <ul style="list-style-type: none"> <li>Higher raw material costs</li> <li>Balsa inventory revaluation (CHF 4.0m)</li> </ul>   |
| <b>EBITDA</b><br><i>% of sales</i>           | <b>27.2</b><br>10.5%<br>(12.6%) | <b>37.6</b><br>13.3% | <ul style="list-style-type: none"> <li>Balsa inventory revaluation and restructuring expenses (CHF 5.5m)</li> <li>Adjusted for these items EBITDA margin at 12.6%</li> </ul>                          |
| <b>Operating Profit</b><br><i>% of sales</i> | <b>18.6</b><br>7.2%<br>(10.1%)  | <b>31.3</b><br>11.1% | <ul style="list-style-type: none"> <li>One-time expenses to adjust balsa footprint and kitting consolidation (CHF 7.4m)</li> <li>Adjusted for these items operating profit margin at 10.1%</li> </ul> |
| <b>Earnings per share</b>                    | <b>25.61</b>                    | <b>47.13</b>         |   |

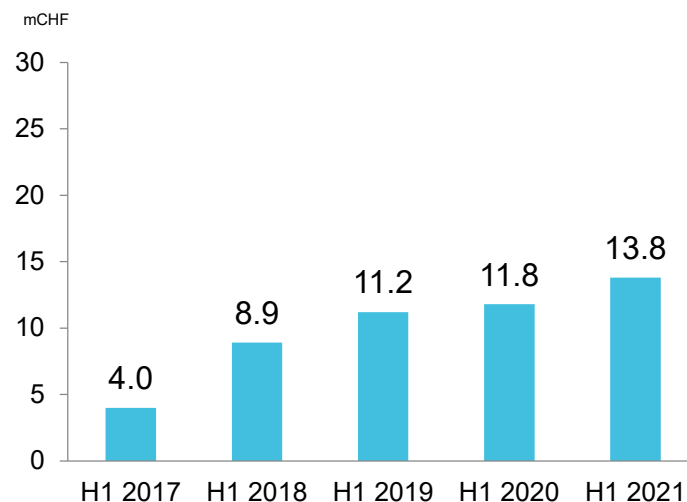
# Cash Flow

## Net Working Capital



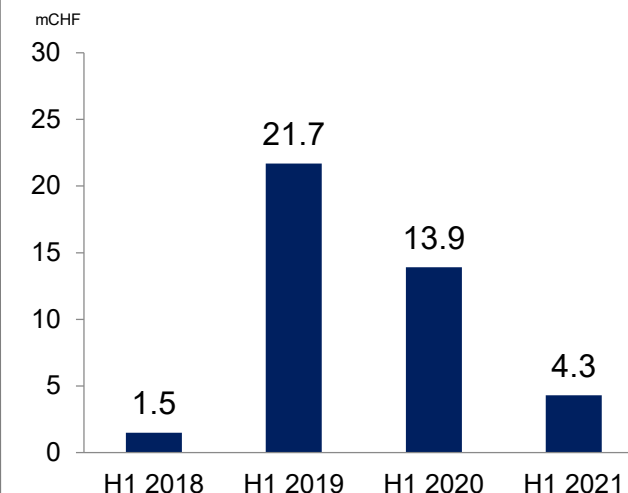
- Lower prepayments in our China tooling business

## CAPEX



- Investments into the new facilities in Mexico and India

## Free Cash Flow



- Lower EBITDA compared to prior year
- Higher capex payments

# Robust balance sheet

| CHF million                | June 2021        | June 2020    |   |
|----------------------------|------------------|--------------|---|
| <b>Net Debt</b>            | <b>32.3</b>      | <b>51.5</b>  | ▪ Net debt reduction CHF 19.2m compared to prior year     |
| <i>Change</i>              | <i>-19.2</i>     |              |   |
| <b>Equity Ratio</b>        | <b>47.4%</b>     | <b>38.5%</b> | ▪ Continued improvement of the equity by CHF 29.4m        |
| <i>Change</i>              | <i>8.9 %-pts</i> |              |   |
| <b>Gross Debt / EBITDA</b> | <b>1.1x</b>      | <b>1.5x</b>  | ▪ Improvement due to repayment of borrowings              |
| <i>Change</i>              | <i>-0.4</i>      |              |   |
| <b>RONA<sup>1)</sup></b>   | <b>7.2%</b>      | <b>14.5%</b> | ▪ Dip mainly due to start-up business in Mexico and India |
| <i>Change</i>              | <i>-7.3%-pts</i> |              |   |

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



# Summary

**Mitja Schulz**  
CEO



WITH PASSION FOR A SUSTAINABLE FUTURE

## Conclusion

- **Strategically on track**
- **Expect transition period in Wind** till growth kicks in again.  
Necessary **measures initiated** (footprint, product mix, structure)
- **Marine markets** recovering on pre-COVID levels, **Industrial segments** offering new growth potentials
- **Progress** on achieving **Gurit's long-term ESG goals**

## Full year Outlook

For the year 2021, Gurit expects a **revenue of around CHF 500 million** and an operating **profit margin of around 8%** including restructuring charges. **Adjusted** for these one-time charges, operating profit continues to be expected in the range of 9-11%.



Gurit has joined  
WindEurope

# End of public webcast

## Thank you for joining us today!

**Participants registered for the private Q&A session please stay on the line.**

The Q&A session is reserved for financial analysts, investors, media representatives.

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## Next dates

- **31 August 2021:**  
Capital Markets Day  
physical event in Zurich,  
where Gurit will introduce its  
"Strategy 2025" and present our ideas  
on innovation & technology trends.  
**Register at:** [www.gurit-event.com](http://www.gurit-event.com)
- **15 October 2021:**  
Q3 net sales results

**CAPITAL  
MARKETS  
DAY '21**

Thank you for  
your attention

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