

Gurit

FY 2016 Results

Zurich, March 8, 2017



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Gurit Strategy 2020



- ❑ **Sales Growth ambition by 2020 at ca. CHF 500 million**
 - Organic – ca. CHF450 million
 - Acquisitive – target CHF 50-100 million

- ❑ **Operating Profitability ambition by 2020 is to maintain 8-10% RoS**

- ❑ **Key Markets for Gurit Advanced Composites**
 - Wind, Aerospace and Automotive – 3 key strategic growth markets
 - Marine and Industrial – 2 key niche markets

- ❑ **Shareholder Dividend pay-out ratio**
 - Pay-out ratio of 30-40% of NIAT per annum



Gurit Strategy 2020 – Key Stepping Stones



- ❑ **Innovation:** New product properties and efficiency initiatives (Growth and cost reduction effects)
- ❑ **Aero:** US OEM Qualification (Growth and profitability effect 2017 - 2020)
- ❑ **Europe:** Underutilized site consolidations (Cost reduction 2018+)
- ❑ **Tooling:** New Tooling Europe site growth (Growth and profitability effect 2017+)
- ❑ **Automotive** material and component business growth (2017+)
- ❑ **Acquisitions:** Growth acceleration (2017+) depending on suitable opportunities



Gurit FY 2016 Business Update



❑ Profitability & Growth:

- Best operating profit margin in more than 15 years, profitability target range substantiated for the second consecutive year
- Stable net sales generation in a challenging market environment
- Wind market decline by -14% globally, Gurit wind material sales drop by -4.1%
- Tooling with another record year, mainly from Non-Chinese customers
- Aero business growing double-digit for the first time and ahead of US sales opportunities
- Marine and Industrial EMEA hurt by weak demand

❑ M&A:

- PET acquisition in Europe complements capacity & technology base



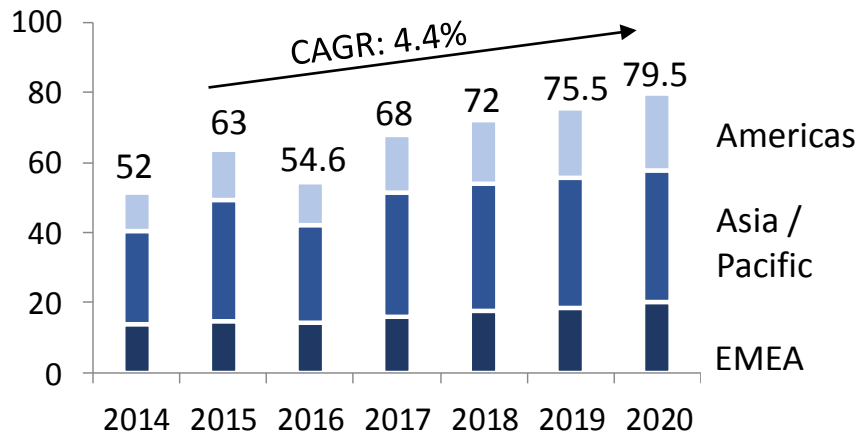
- ❑ **Growth:** +0.3% (-2.1% in reported CHF) to CHF 352.0 m (2015: CHF 359.4 m)
- ❑ **Op. Profit and RoS:** **CHF 36.8 m** (2015: CHF 33.0 m) and **10.5%** (2015: 9.2%) - best operating profit margin in more than 15 years
- ❑ **Investment** on lower level than 2015:
 - **Capex of CHF 10.5 m** (2015: CHF 16.7 m): mainly Tooling and Balsa
 - **R&D** investment raised to 1.9% of net sales (2016: 1.8%)
- ❑ **Balance Sheet and Cash Flow KPI:**
 - **Operating Cash Flow** of CHF 37.9 m (2015: CHF 37.2 m)
 - **Net Cash Position** of 37.2 m (2015: CHF 20.4 m)
 - **Equity Ratio** solid at 76.6% (2015: 71.4%)



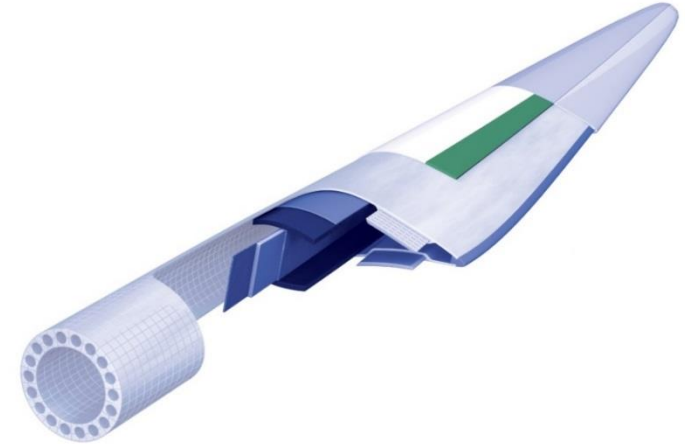
Development by Key Markets



GWEC Projected Global Annual Capacity*



* Source: GWEC Global Wind Statistics April 22, 2016, and GWEC Global Wind Statistics February 10, 2017



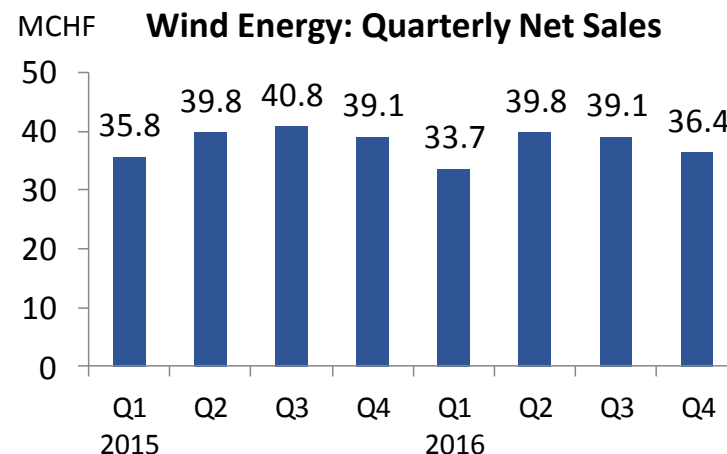
- 2016 saw a correction from the 2015 record year
- Drop in newly installed capacity in China was steeper than anticipated
- Single digit growth expected for 2017, Gurit estimation for newly installed wind capacity globally in 2017 is some 57 GW

Results & Achievements FY 2016

- **Net sales:** CHF 149.0 m (FY 2015: CHF 155.4 m)
- Decline by 4 % due to weaker Chinese market (-24%)
Offset in India and US/EU overall not sufficient for Gurit to grow
- **Operations:** Balsa capacity expansion in Ecuador and China completed
- **Sourcing:** Attractive (oil-driven) commodity prices, Balsa wood sourcing in APAC in place

Focus 2017:

- Utilization of new Balsa capacity
- Implementation of product innovation plans for SAN/PET/PVC for 2017+



Results & Achievements FY 2016

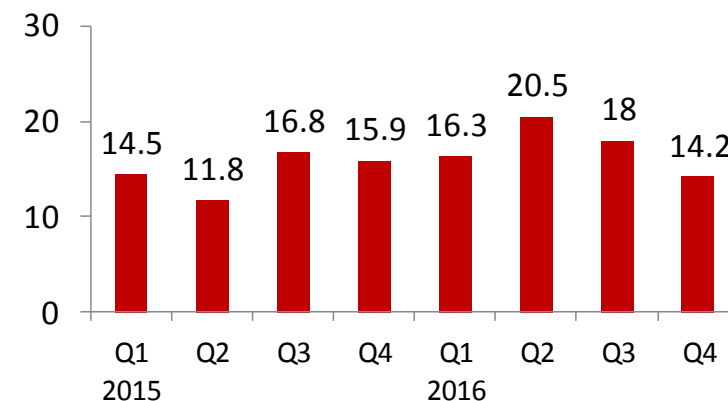
- **Net sales:** CHF 69.0 m (FY 2015: CHF 59.0 m)
- Increase by 16.9%, less prone to newly installed capacity due to pre-investments into longer wind blade moulds
- **Operations:**
 - Completion of factory expansion in China
 - Set-up of production facility in Poland



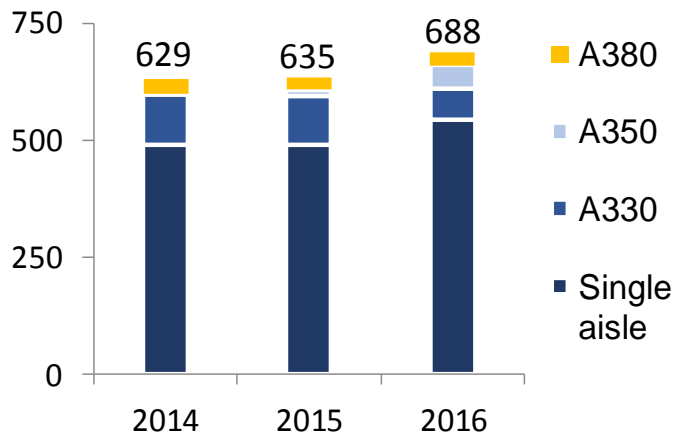
Focus FY 2017

- Set-up of another, larger production hall at the existing premises for larger moulds planned
- Gain additional mould orders for the European production site and expand
- Win 1-2 additional new major European-based clients in 2017

MCHF **Tooling: Quarterly Net Sales**



Aircraft Deliveries by Type*



* Source: Airbus Order Book



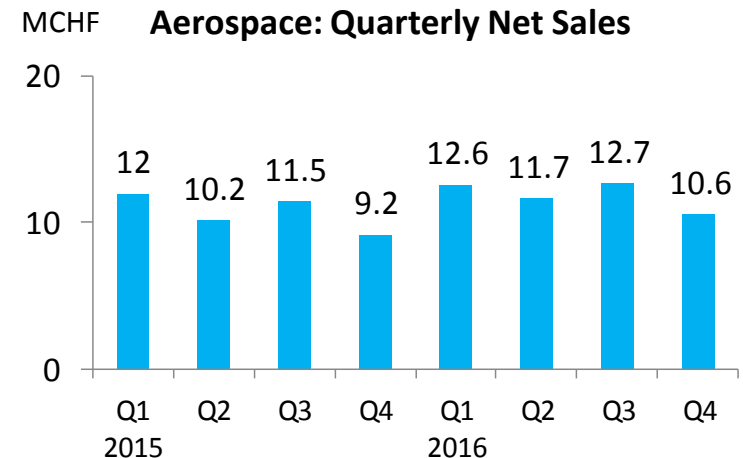
- **Commercial aerospace market** expected to continue to grow at a CAGR of 4.6% to 2020 according to DTTL / Deloitte Global
- **Use of advanced composite materials per aircraft increasing steadily**
- **Combined Airbus & Boeing order books** at the end of 2016 show backlog of >12.000 aircraft, equivalent to 8-9 years of production

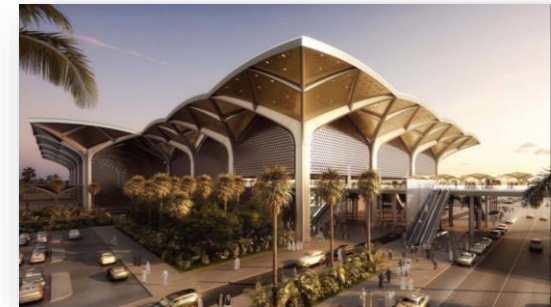
Results & Achievements FY 2016

- **Net sales:** CHF 47.6 m (FY 2015: CHF 42.8 m)
- Increase by 11.1% due to stronger build rates and demand situation in Europe
- **Operations:** new prepreg tower in Kassel successfully brought into operation
- **New product development** with better price/performance ratio bearing fruit

Focus 2017:

- Completion of US OEM qualification program
- Further enhancement and broadening of product offering





Market demand

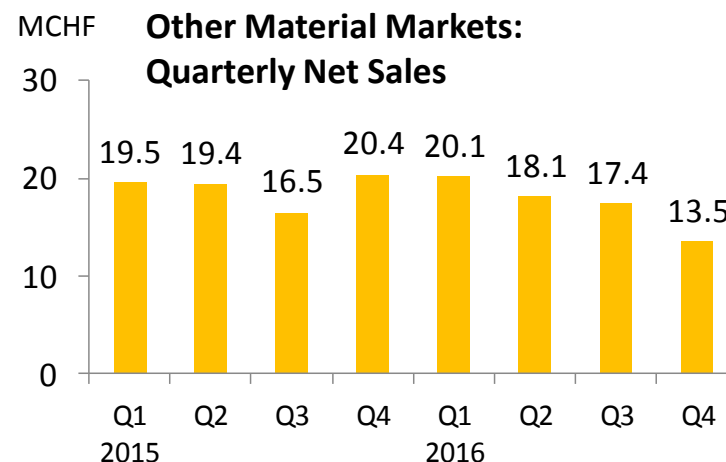
- European **Marine** luxury and leisure markets show continued low build rates.
- Ongoing positive **Automotive** material qualifications, market growth yet lower than expected.
- **Other material markets** (construction and industrial): project-driven business hit by liquidity crunch in the MEA region

Results & Achievements FY 2016

- **Net sales:** CHF 69.0 m (FY 2015: CHF 75.7 m)
- Decrease by 1.8% due to Marine project delays in Europe and slower than expected technology adoption in automotive materials
- Positive sales development in other industrial markets

Focus 2017:

- **Automotive materials:** keep pushing for new customers and projects
- **Construction & Industrial:** recovery in the MEA region expected for 2HY 2017
- Continued market development and support activities for new material markets
- Further enhancement and broadening of product offering

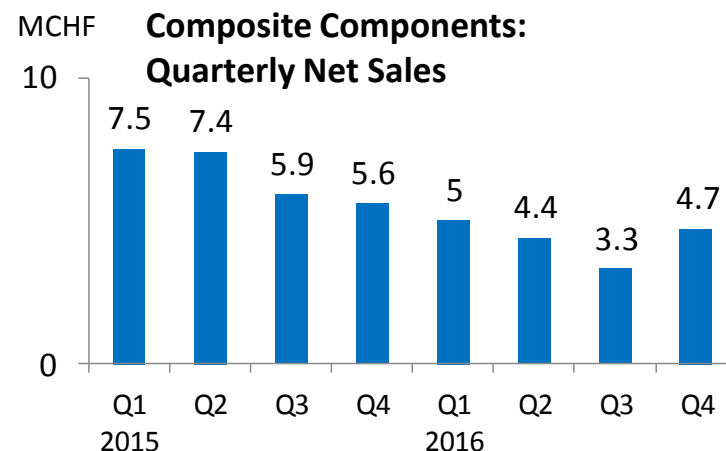


Results & Achievements FY 2016

- **Net sales:** CHF 17.4 m (FY 2015: CHF 26.4 m)
- Further anticipated drop of -34.3% due to known contract expirations over 2015
- **Operations:**
 - Successful series production for major contract
 - New four-year automotive body panel supply contract won at a total value of around CHF 15 million, to start production in June 2018 (as announced)

Focus 2017

- Participate in increased bidding activities and win further orders

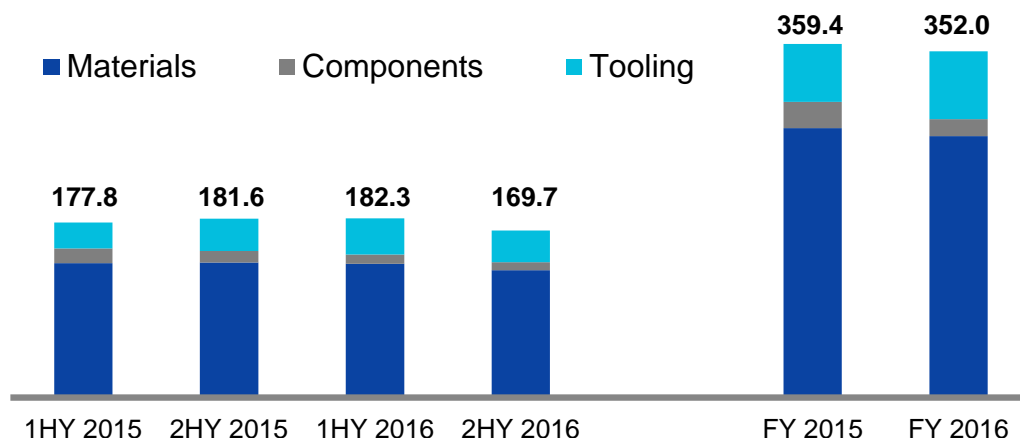


Financial Results FY 2016



Net Sales Analysis by Markets

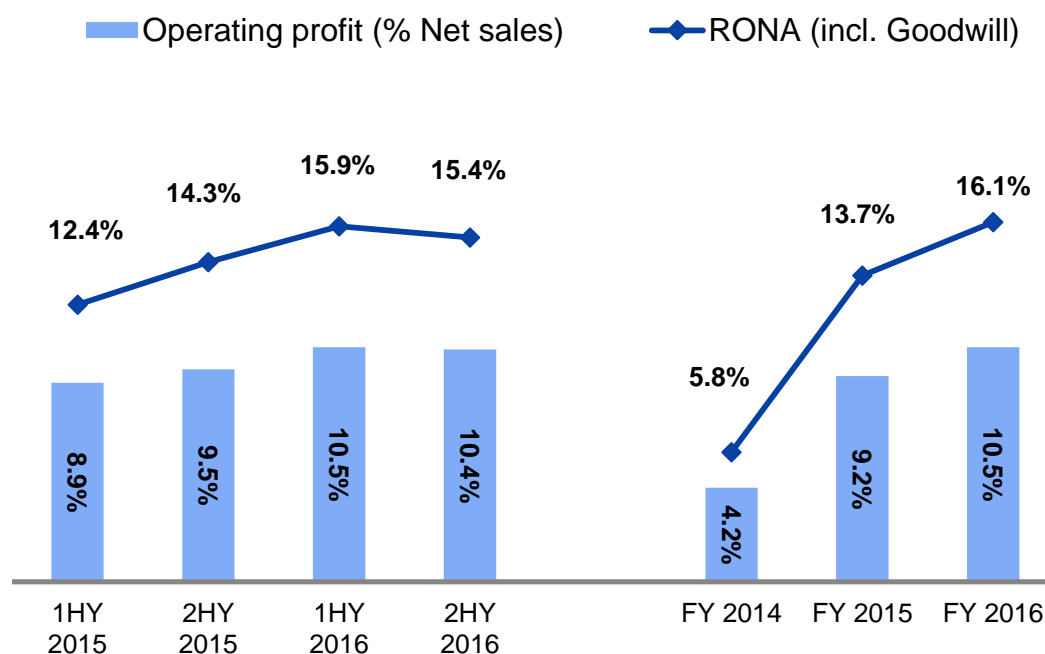
Net sales in MCHF



Net sales by markets in MCHF	2016	2015	Δ 2016 vs 2015	Δ 2016 vs 2015 FX adj.
Wind Energy	149.0	155.4	-4.1%	-2.9%
Other Material markets	116.6	118.6	-1.6%	0.0%
Composite Materials	265.6	274.0	-3.0%	-1.6%
Composite Components	17.3	26.4	-34.3%	-28.0%
Tooling	69.0	59.0	16.9%	21.8%
Total Net Sales	352.0	359.4	-2.1%	0.3%

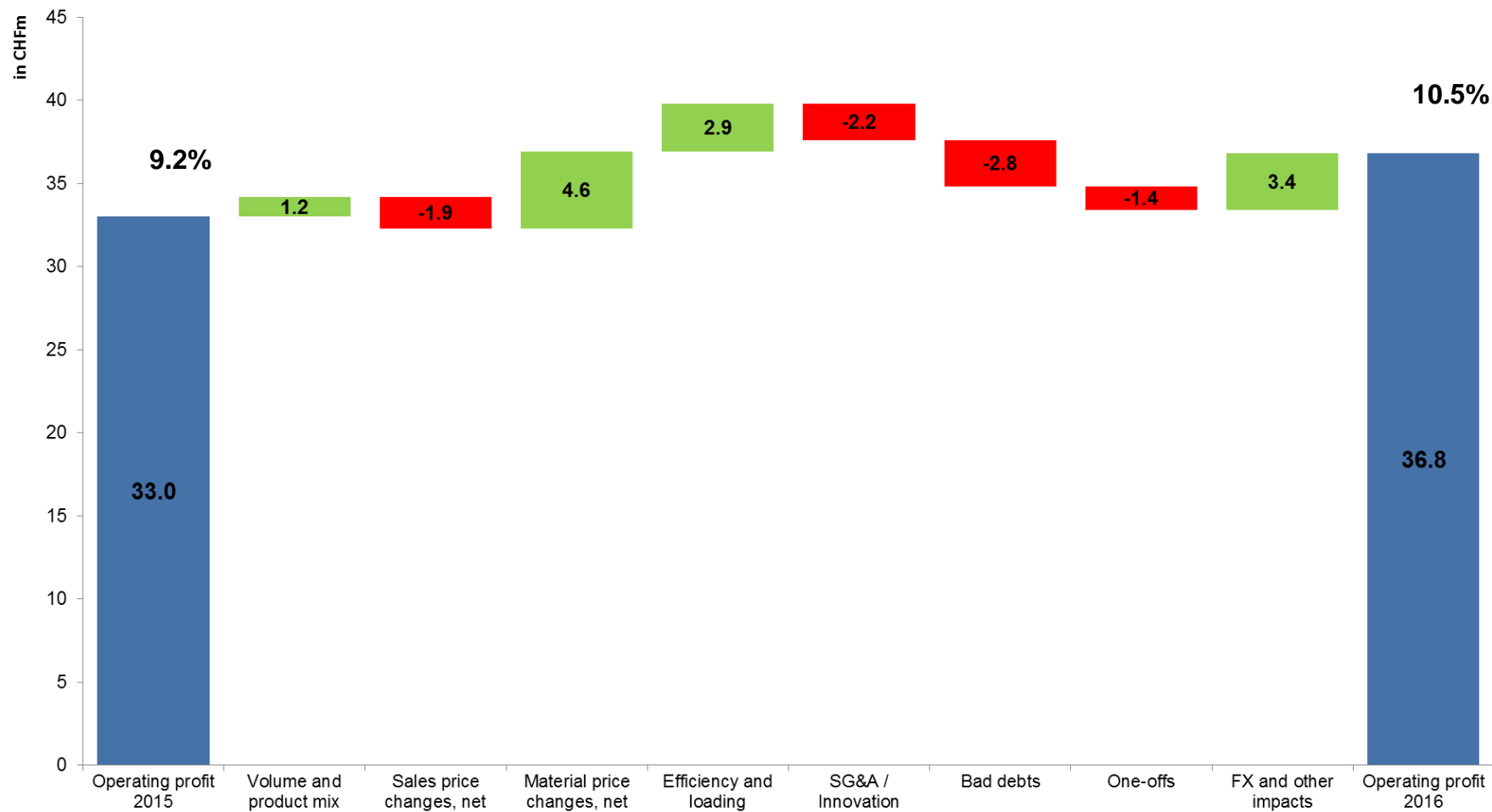
- **Overall stable net sales** year-over-year despite a decline of newly installed wind capacity of -14% globally and -24% in China
- **Wind market** shortfall in China was partially offset by additional sales in other regions
- In **other material markets** the slower marine market was largely compensated by double digit growth in aerospace
- **Components** showed the anticipated drop in sales due to the orderly end and ramp down of contracts
- **Tooling** sales reached yet another record year and benefitted from the continued pre-investment in longer wind blade moulds

Operating Profit and RONA Development

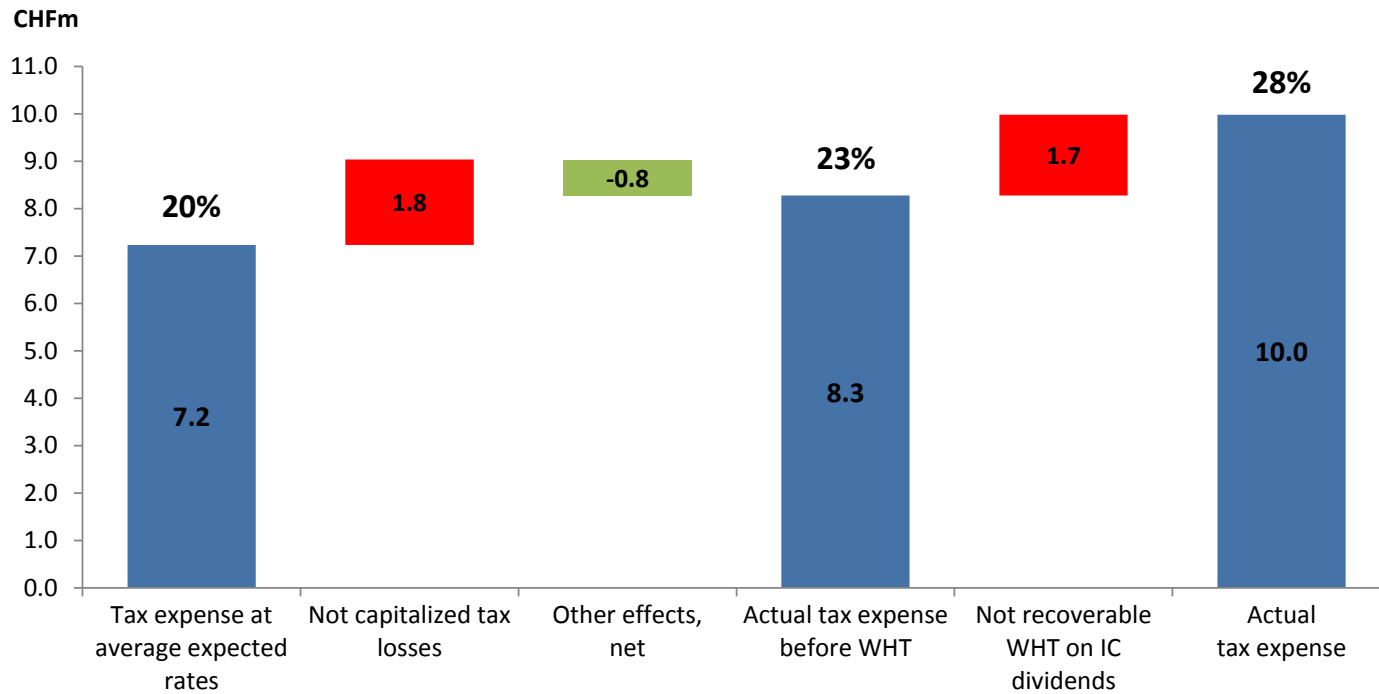


- **Operating profit at 10.5%** of net sales, best operating profit margin since more than 15 years, and substantiating the profitability target of 8-10% for the second consecutive year
- Main positive drivers:
 - Record setting Tooling sales
 - Operational improvements
 - Favorable external factors
- Significant **RONA** improvement and trend based on increased operating profit development on a stable asset basis

Operating Profit Bridge FY 2015 to FY 2016



Income Tax Expense



- Income tax expenses burdened by unfavorable effects from not capitalized tax losses and not recoverable withholding taxes on intercompany dividends.

Profit and Loss

Consolidated P&L	2016		2015		Variance	
	MCHF	% NS	MCHF	% NS	MCHF	%-points
Net sales	352.0	100.0%	359.4	100.0%	-7.4	0.0%
Gross margin	180.9	51.4%	186.2	51.8%	-5.3	-0.4%
Personnel expense	-80.5	-22.9%	-83.8	-23.3%	3.3	0.4%
Other operating expenses	-63.6	-18.1%	-69.4	-19.3%	5.8	1.2%
Operating profit	36.8	10.5%	33.0	9.2%	3.8	1.3%
Finance expenses, net	-0.8	-0.2%	-1.3	-0.4%	0.5	0.1%
Taxes	-10.0	-2.8%	-9.1	-2.5%	-0.9	-0.3%
Net result	26.0	7.4%	22.6	6.3%	3.5	1.1%
Earnings per bearer share	CHF 55.64		CHF 48.24			
Distribution per bearer share	CHF 20.00		CHF 15.00			

Balance Sheet

CONSOLIDATED ASSETS	Dec 2016		Dec 2015		Variance	
	MCHF	%	MCHF	%	MCHF	%-points
Cash and cash equivalents	38.6	16%	29.8	12%	8.8	4%
Trade receivables	61.3	25%	65.2	26%	-3.9	-1%
Inventories	46.2	19%	51.2	20%	-5.0	-2%
Other current assets	20.5	8%	20.2	8%	0.3	0%
Deferred income tax assets	2.9	1%	3.1	1%	-0.2	0%
Property, plant and equipment	73.0	29%	75.4	30%	-2.4	-1%
Intangible assets	5.8	2%	5.9	2%	-0.2	0%
Other non-current assets	0.8	0%	0.3	0%	0.5	0%
TOTAL ASSETS	249.1	100%	251.2	100%	-2.1	0%

CONSOLIDATED LIABILITIES AND EQUITY	Dec 2016		Dec 2015		Variance	
	MCHF	%	MCHF	%	MCHF	%-points
Borrowings	1.4	1%	9.5	4%	-8.0	-3%
Trade payables	22.7	9%	25.0	10%	-2.2	-1%
Other current liabilities	29.3	12%	30.5	12%	-1.1	0%
Deferred income tax liabilities	2.6	1%	3.5	1%	-0.9	0%
Provisions	2.1	1%	3.4	1%	-1.3	-1%
Other non-current liabilities	0.1	0%	0.0	0%	0.1	0%
Equity	190.8	77%	179.5	71%	11.3	5%
TOTAL LIABILITIES AND EQUITY	249.1	100%	251.2	100%	-2.1	0%

- Trade working capital reduced to 24% of net sales from 25% in 2015
- Solid balance sheet: Net cash of CHF 37m, Equity ratio of 77% and Quick Ratio of 220%

Group Consolidated Cash Flow	2016	2015	Variance
	MCHF	MCHF	MCHF
EBIT	36.8	33.0	3.8
Depreciation, amortisation, impairment	11.7	9.6	2.2
Change in working capital	0.8	0.4	0.4
Income tax paid	-10.7	-5.8	-4.9
Other cash flow from operating activities	-0.8	0.0	-0.8
Net cash flows from operating activities	37.9	37.2	0.7
Purchase of PPE and Intangibles	-10.5	-16.7	6.2
Proceeds from sale of PPE	0.1	0.0	0.0
Free Cash Flow	27.5	20.6	7.0
Business Aquisition	-1.8	0.0	-1.8
Change in borrowings	-7.9	-14.4	6.5
Distribution to shareholders	-7.0	-4.0	-3.0
Purchase of treasury shares	-0.6	-0.2	-0.4
Repayments of loans receivable	-0.4	0.2	-0.7
CHANGE IN CASH AND CASH EQUIVALENTS	9.8	2.2	7.6

- Strong operating cash flow of CHF 38m
- Capital expenditures relate mainly to capacity increases in Tooling and the Balsa wood production plants in Ecuador and China as well as the automotive body panels factory in Hungary.
- Continued reduction of borrowings

Financial Results FY 2016

Conclusion



- **Net Sales**
 - Low single-digit level growth expected for 2017
- **Operating Profitability**
 - Gurit strives to further substantiate its target range of 8-10% in 2017



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