

# Gurit 2020 Results Media and Analyst Conference

2 March 2021 at 09:00 AM CET



Mitja Schulz, CEO



Philippe Wirth, CFO



# Introductory statement

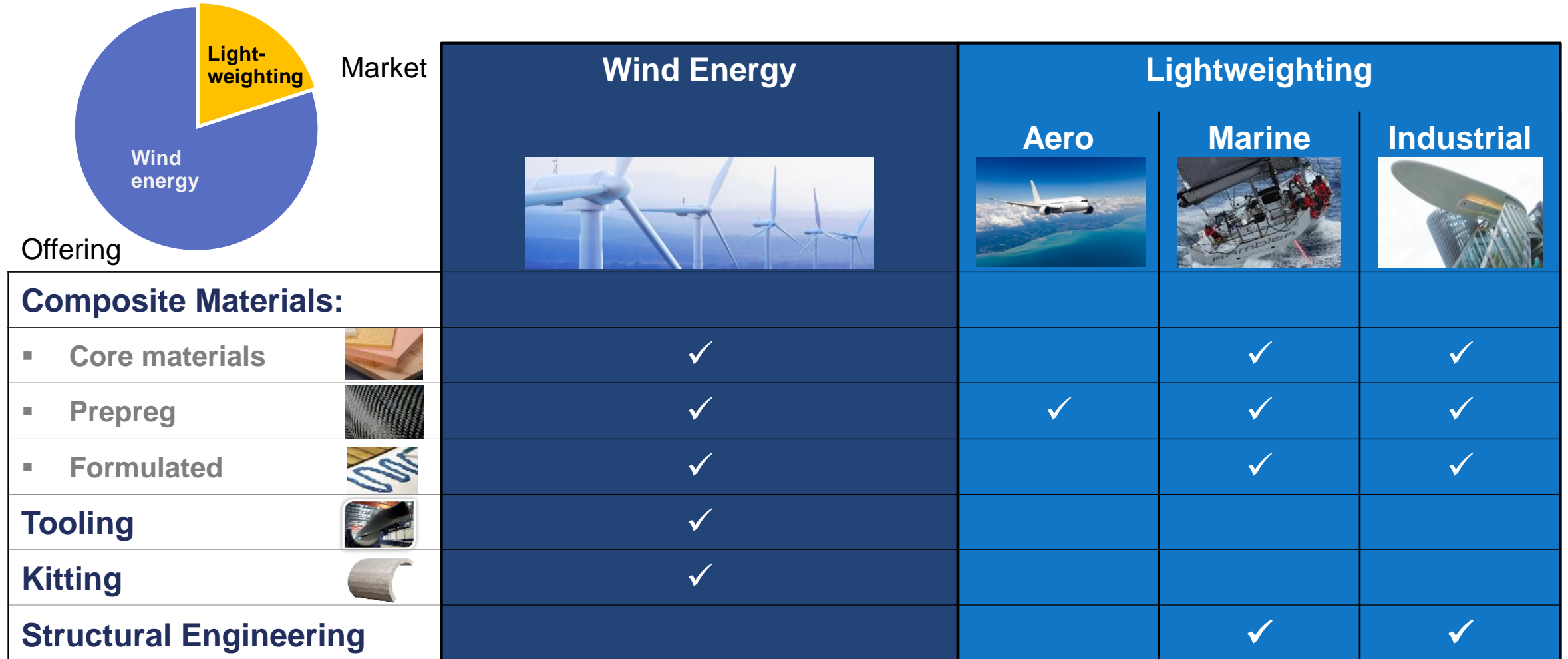
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Such statements are made on the basis of assumptions and expectations which may prove to be erroneous, although Gurit Holding AG believes them to be reasonable at this time.

# Agenda

- 1 Gurit at a Glance**
- 2 Business Review**
- 3 2020 Financial Results**
- 4 Strategy & Market**
- 5 Summary and Guidance**
- 6 Q&A session restricted to Analysts & Financial Journalists**

# Our Business - Wind Energy and Lightweighting



# Business review

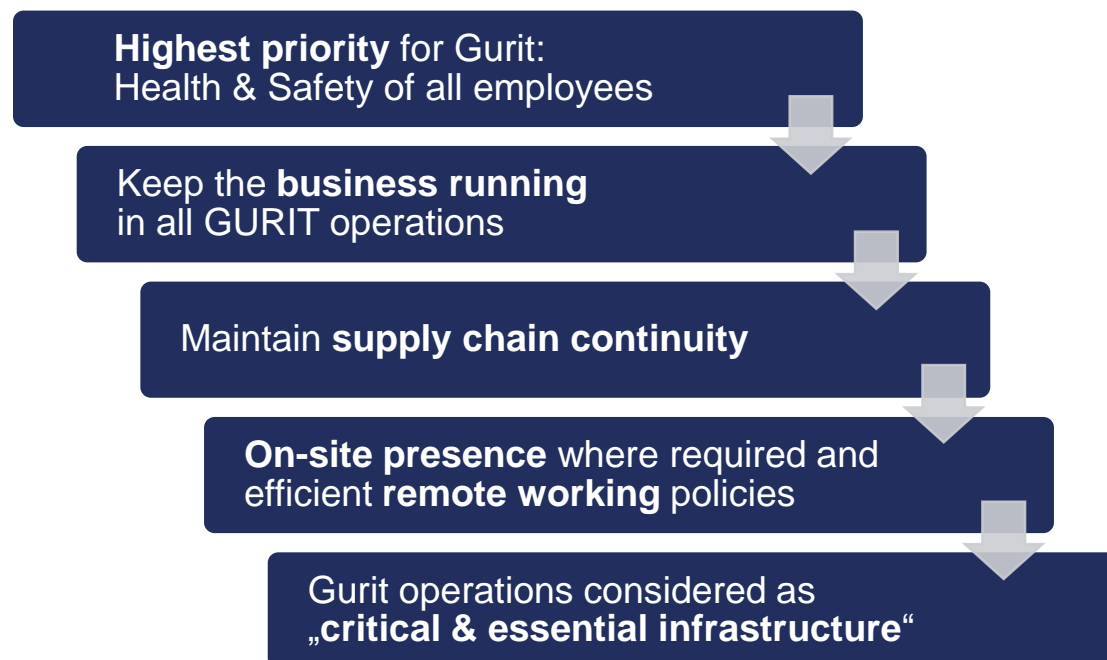
WITH PASSION FOR A **SUSTAINABLE** FUTURE



# Impact of the COVID-19 crisis

## Executing our strategy despite influences of the global pandemic

### Success factors for managing the C-19 crisis



#### ■ Global situation and business environment

- COVID-19 **still spreading** in Europe, Americas and India, impacting all important markets
- Gurit's supply chain **generally running**, but transport and shipments are seeing **bottlenecks**
- **Marine and Aviation** markets heavily impacted

#### ■ Gurit's strong focus on supporting the business and our customers

- New site in **Mexico commissioned** and construction for **sites in India** started
- **Extruder lines** built and installed remotely
- Strong **cost management** executed
- Restructured **Aero business** to mitigate crisis impact

- **Despite all challenges**  
**GURIT achieved 8.9%\* sales increase**

\* At constant fx rates

# Financial performance in line with guidance

- **Net Sales growth\*:**  
**8.9%** at constant exchange rates  
to **CHF 576.7 million**  
(2019: CHF 558.3 million)
- **Operating Profit growth\*:**  
**4.2%** to **CHF 64.1 million**  
(2019: CHF 61.5 million)
- **Operating profit margin\*:**  
**11.1%** for 2020  
(2019: 11.0%)

\* Continued business



# Composite Materials: Strong growth in Wind

**Net Sales: CHF 276.2 million** (2019: CHF 249.7 million)  
**Increase by 16.1%** vs. FY 2019 (at constant fx rates)

Strong growth in Wind market. Balsa cost / prices increases boosting revenues.  
Marine and Industrial materials markets impacted by COVID-19

## Key Business Steps 2020

- Former Composite Materials **business unit split-up** into «Wind» and «Marine/Industrial»; **market-focused** organization & sales approach
- **PET capacity** expansion: 3rd extruder commissioned in China
- Mexico **extruder** commissioned Q4/2020 despite COVID-19 restrictions
- **PET India**: Site leased and construction started; Building extruders at Gurit CoC
- Secured **long-term PET deals** with major wind customers
- Vertical integration and high level of inhouse-competency: USP in **PET value creation**



**Wind:** Accelerated **substitution of PVC & Balsa** by higher performing, recyclable **PET** core materials  
**Marine & Industrial:** Growing demand for **recyclable PET** in multiple industry segments



# Aerospace: Heavily impacted by COVID-19

**Net Sales: CHF 31.6 million** (2019: CHF 53.5 million)  
**Decrease by 39.3%** vs. FY 2019 (*at constant fx rates*)

Global decline in passenger traffic due to COVID-19  
thus declining orders for new aircraft plus supply chain de-stocking

## Key Business Steps 2020

- Managing **crisis impacts**: Accelerated business transfer Zullwil to Kassel and closed Zullwil plant Q4/2020
- **Modernisation** of Kassel site; additional new prepreg tower invested
- **Business development** campaigns to drive global sales opportunities



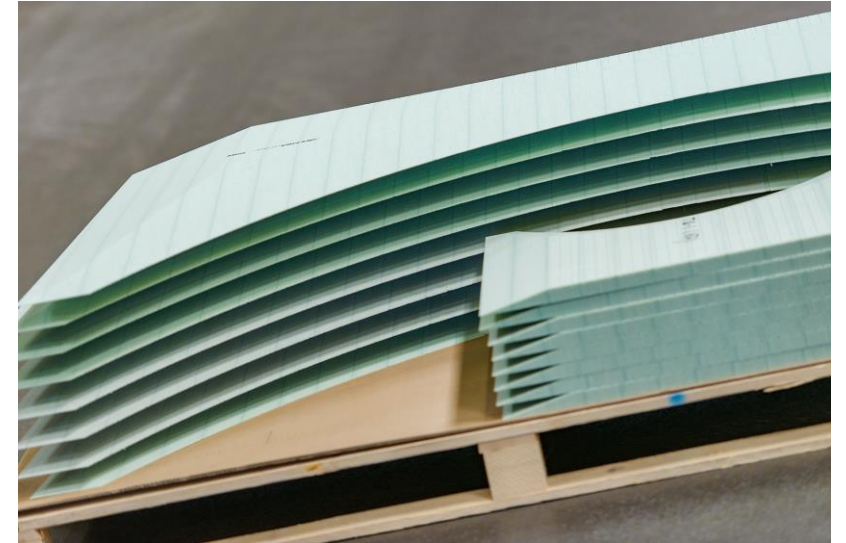
**The aerospace market has stabilized. Gradual recovery in the coming years; long-term recovery path – expect 5y to reach pre-pandemic industry levels.**

# Kitting: Expanded footprint to ensure customer proximity

**Net Sales: CHF 225.6** (2019: CHF 190.7 million)  
**Strong growth of 25.4%** vs. FY 2019 (*at constant fx rates*)

## Key Business Steps

- Capability proven to serve customers out of **alternative sites** under COVID impact; high level of **standardization** in plants globally
- Secured **long-term supply agreements** with major customers
- Innovation on **next generation kitting lines** through digitalization and higher automation
- Strengthened **Kitting organization** to prep for future growth
- Capacity increase in **best cost regions**: Mexico & China done, expansions in North & South India under construction



**Unrivalled global core kitting footprint; co-location strategy for synergies PET extrusion & kitting**  
**Focus on launching innovative modular designs to the market in 2021.**

# Tooling: next steps towards automation

**Net Sales: CHF 98.7 million**

(2019: CHF 106.1 million)

**Decrease by 1.7% vs. FY 2019**

*(at constant fx rates)*

## Key Business Steps 2020

- **Strong global market position** and **improved market share** with domestic customers in **China**
- Drove innovation of **Industry 4.0 process automation** equipment; transition from tooling supplier to **blades manufacturing solution provider**
- New **power hinge** generation
- Preparing **India footprint** expansion for 2021



Over 100m long mould, largest ever built by Gurit

# 2020 Financial Results

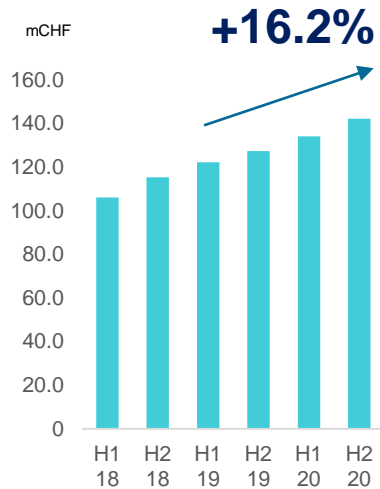
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WITH PASSION FOR A **SUSTAINABLE** FUTURE



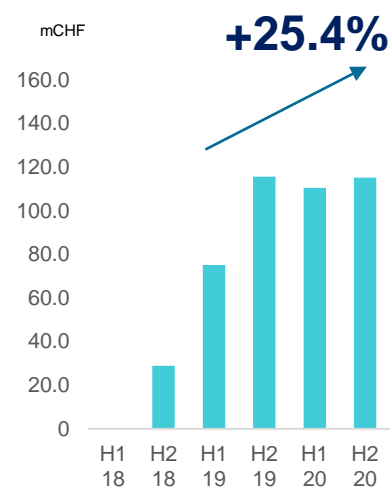
# Strong sales growth driven by wind energy demand

## Materials



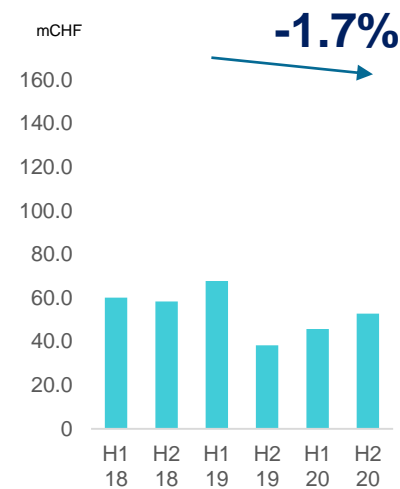
- **Growth** mainly driven by strong wind energy demand

## Kitting



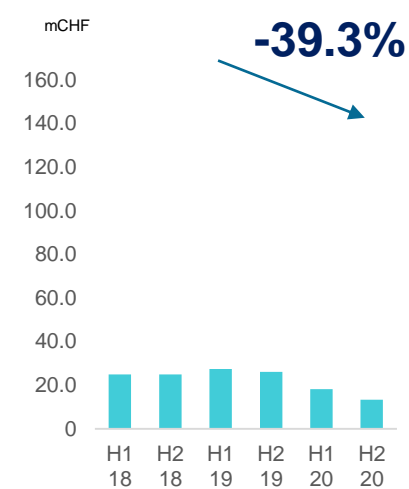
- **Strong growth** particularly in China and Europe

## Tooling



- **Slightly below prior year** with mix shift towards more sales in the Chinese market

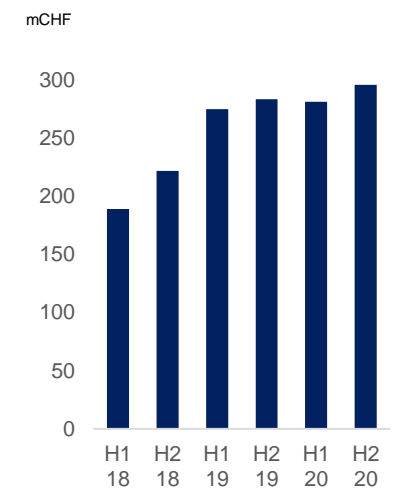
## Aerospace



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

## Group

(Continued Operation)



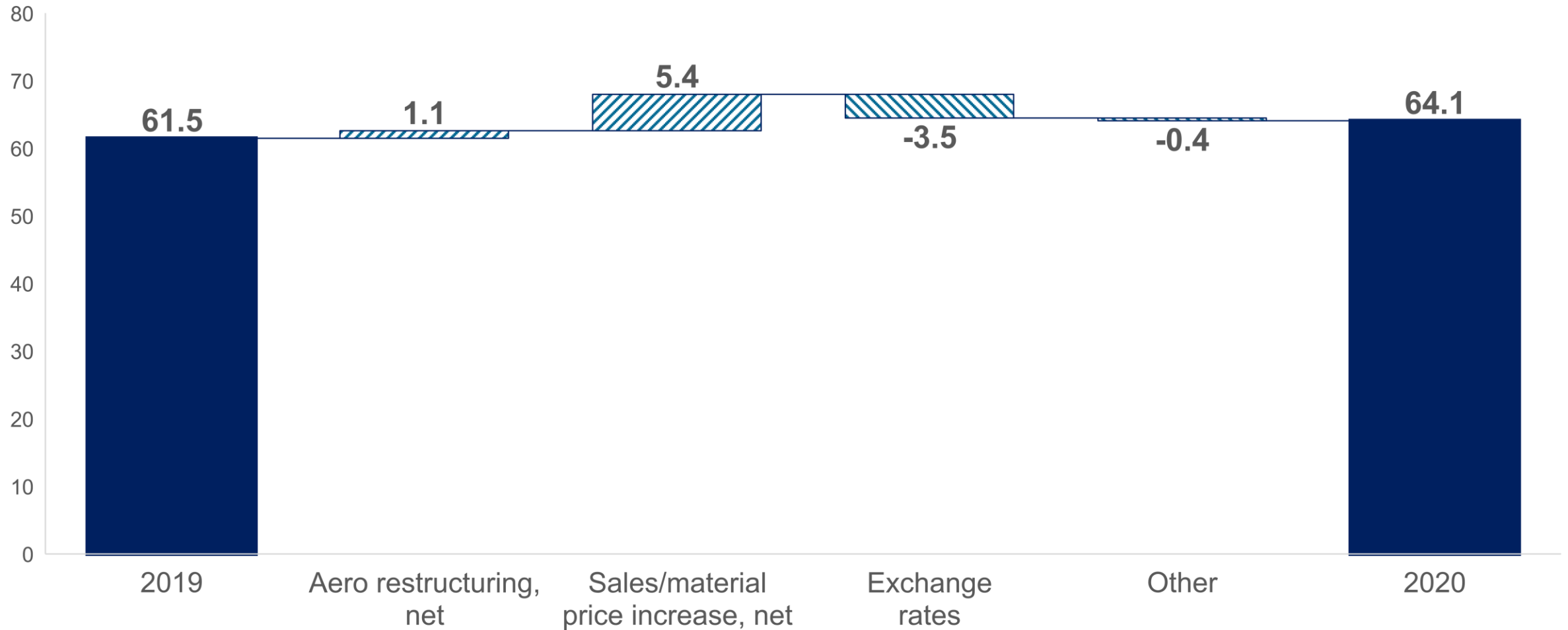
- **Strong growth: + 8.9%**
- Organic growth +8.6% (at constant currency)

# Solid operating results despite challenging environment

Continued operations CHF million	2020	2019	
<b>Sales</b> <i>Growth</i>	<b>576.7</b> +8.9%	<b>558.3</b>	<ul style="list-style-type: none"> <li>Sales growth +8.9% at constant currency</li> <li>Organic growth +8.6% at constant currency</li> </ul>
<b>Gross Profit</b> <i>% of sales</i>	<b>120.9</b> 21.0%	<b>121.1</b> 21.7%	<ul style="list-style-type: none"> <li>Gross profit 0.7%-pts below prior year</li> <li>Tooling shift to lower margins sales</li> <li>Aerospace reduction due to volume</li> </ul>
<b>EBITDA</b> <i>% of sales</i>	<b>76.4</b> 13.2%	<b>76.6</b> 13.7%	<ul style="list-style-type: none"> <li>Lower results from Tooling and Aero offset by higher results in Materials and Kitting</li> <li>Includes one-time Aero restructuring expenses of CHF 0.9m in 2020 and CHF 0.3m in 2019</li> </ul>
<b>Operating Profit</b> <i>% of sales</i>	<b>64.1</b> 11.1%	<b>61.5</b> 11.0%	<ul style="list-style-type: none"> <li>Includes one-time Aero restructuring and impairment expenses of CHF 0.9m in 2020 and CHF 2.0m in 2019</li> </ul>

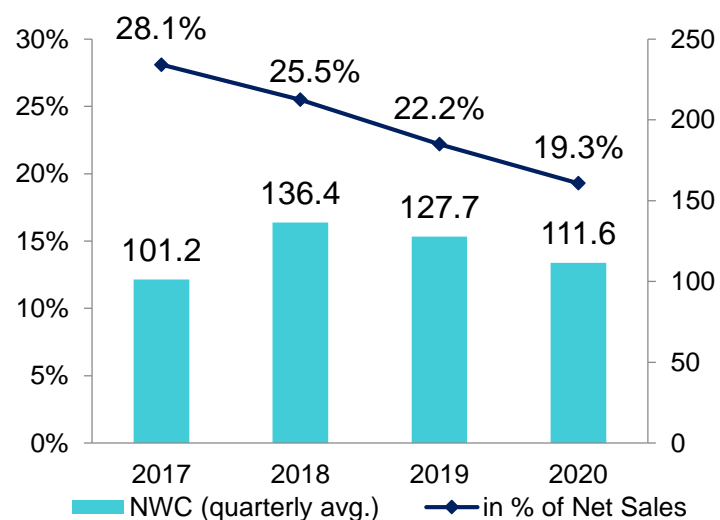
# Operating profit increase year on year

(Continued Business)



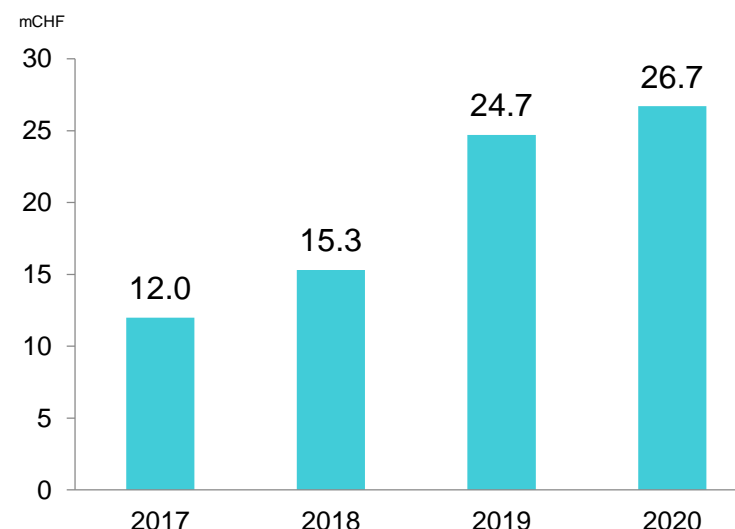
# Continued improvements in free cash flow

## Net Working Capital



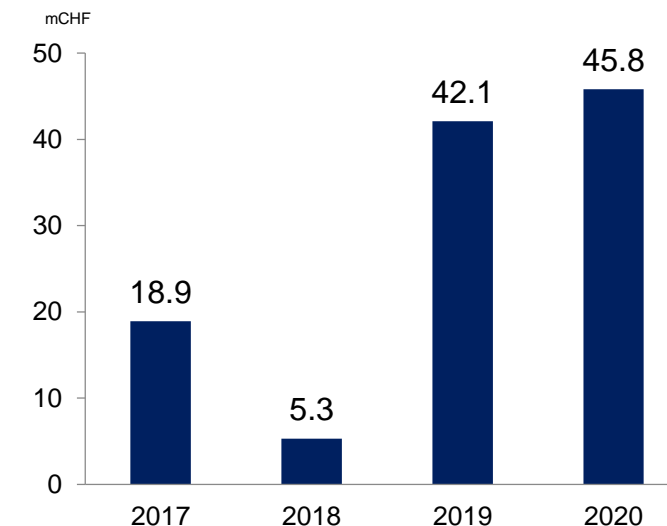
- On average we continue to improve the trade NWC
- Trade NWC 2020 benefits from Tooling shift to China with better payment terms

## CAPEX



- Kitting and Materials (PET) facility in China and Mexico expansion and ramp-up

## Free Cash Flow



- Higher total EBITDA CHF 4.9m compared to prior year
- Decrease in working capital compared to prior year 7.7m



# Robust balance sheet

CHF million	Dec 2020	Dec 2019	
<b>Net Debt</b> <i>Change</i>	<b>19.9</b> -33.0	<b>52.9</b>	<ul style="list-style-type: none"> <li>Net debt reduction CHF 33m compared to prior year</li> </ul>
<b>Equity Ratio</b> <i>Change</i>	<b>45.7%</b> +5.5 %-pts	<b>40.2%</b>	<ul style="list-style-type: none"> <li>Strengthening of Swiss Franc reduces equity by CHF 10.6m</li> <li>Equity ratio reduction due to currency -1.4%-pts</li> </ul>
<b>Gross Debt / EBITDA</b> <i>Change</i>	<b>0.9x</b> -0.5x	<b>1.4x</b>	<ul style="list-style-type: none"> <li>Debt reduction CHF 31m</li> </ul>
<b>RONA<sup>1)</sup></b> <i>Change</i>	<b>16.0%</b> +3.8 %-pts	<b>12.2%</b>	<ul style="list-style-type: none"> <li>Higher operating profit and lower average net operating assets compared to prior year mainly due to the divestment of Automotive</li> </ul>

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

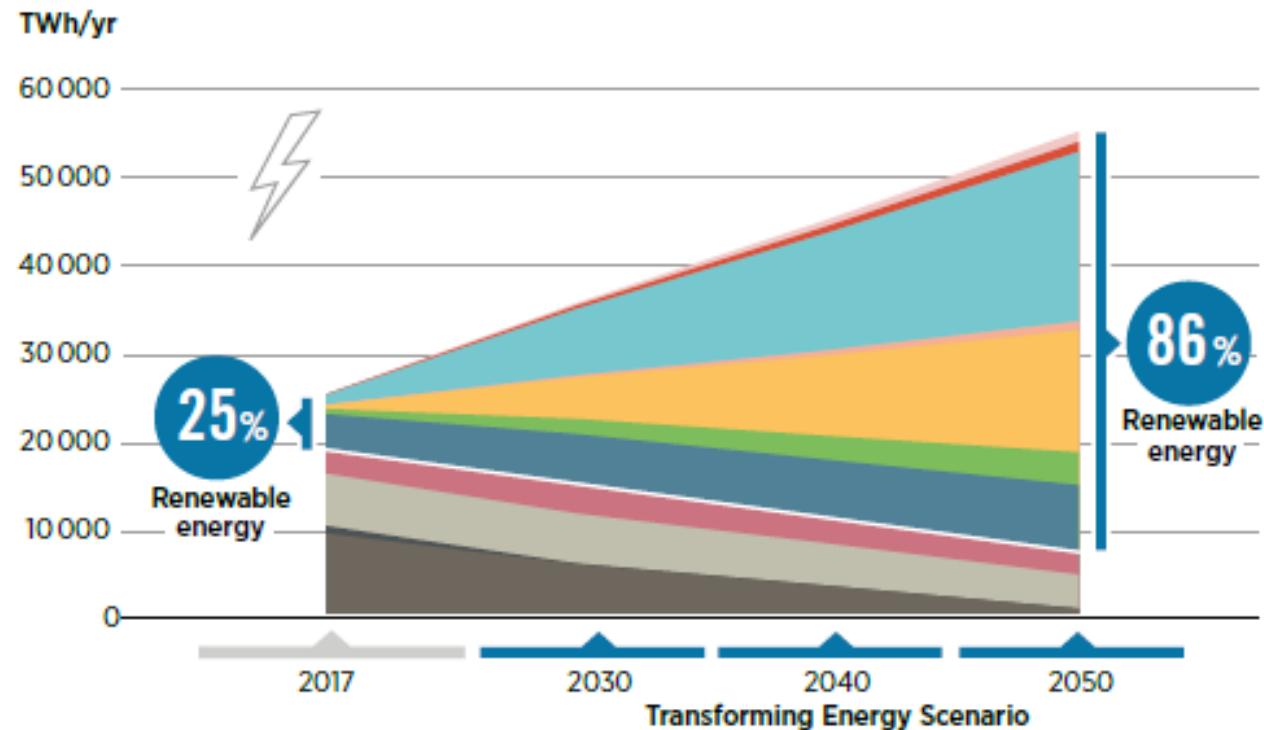
# Strategy & market outlook



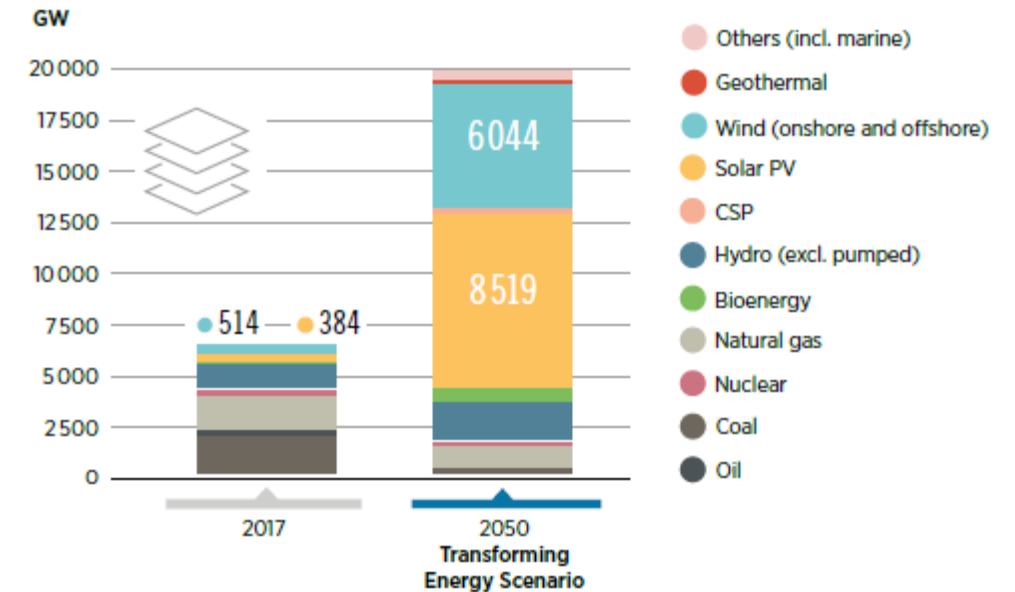
# Renewables to dominate future electricity generation

## Renewable power generation until 2050

Breakdown of total installed capacity by source 2017-2050



Source: IRENA

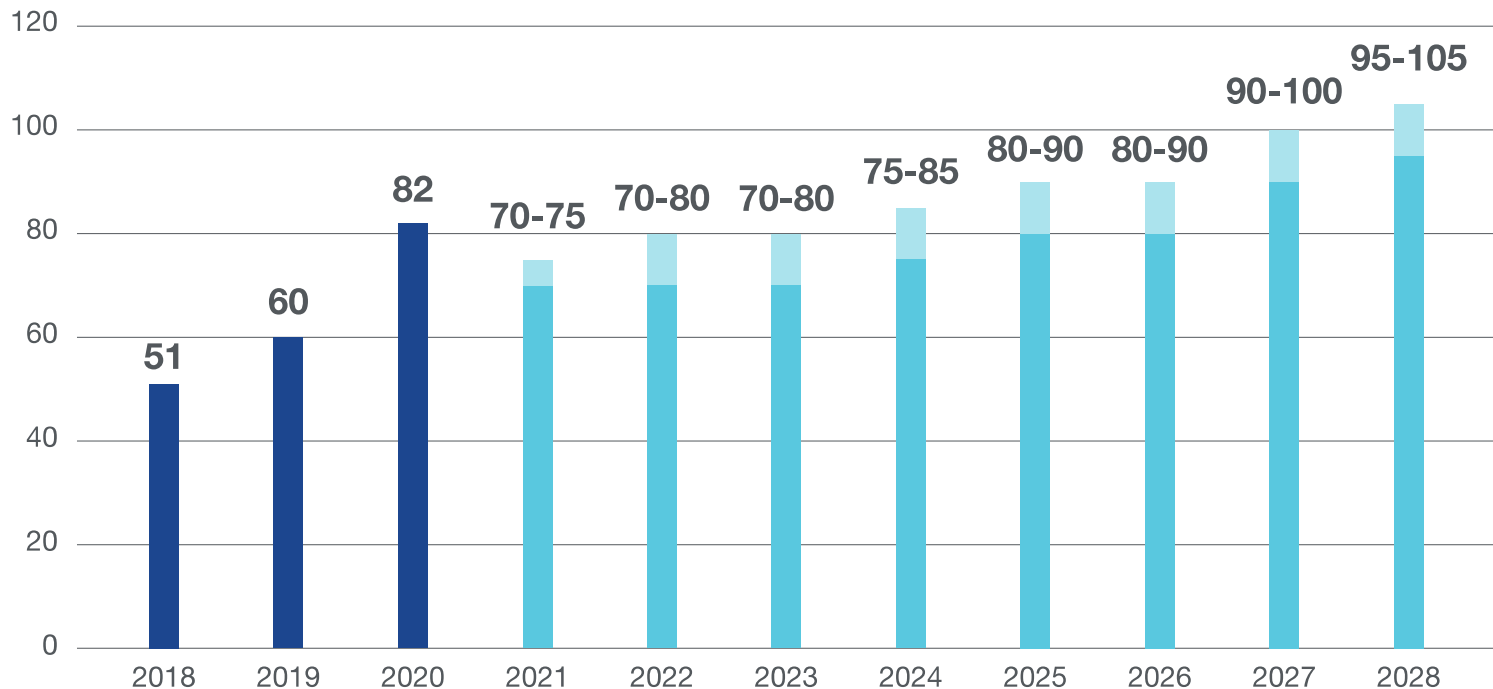


### Strong long-term growth perspective:

- **Net-zero emission targets established:** CHN (2060); JPN, KOR & CAN (all 2050)
- **USA:** Biden administration with encouraging signals and beneficial for renewables
- **EU Green Deal:** 60 GW by 2030, 300 GW by 2050 (offshore wind)

# Wind energy continues long-term growth trajectory

Wind power capacity installed annually\*



■ 2018 – 2020: based on GWEC data

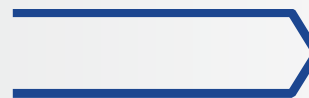
■ 2021 onwards: internal assumptions

- **China** wind turbine grid-connections **grew rapidly** due to an **installation rush** before the expiry of feed-in tariffs for onshore wind
- 2021 will be at **lower level** as a result of **China prebuilds**, partially offset by **stronger global wind markets**
- Anticipate **fast rebound on 80+ GW levels** as early as 2022 driven by net-zero plans and renewables growth

# Wind market trends & Gurit's strategic positioning

## Technologies

- **Larger rotors** and **split blade** technology
- **Digitalization & Modularization**
- **End of Life** management & **recyclability** of turbine components



- Drive **Tooling Automation**, **sensor integration** and **Industry 4.0** forward
- Build on **Inhouse PET value creation**
- Engage in **EoL** customer discussions with **Next Gen core materials**

## Market

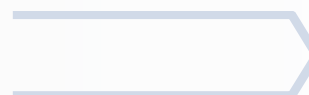
- **Onshore blade** manufacturing footprint continues to consolidate in best cost countries
- **Offshore** project tied to local content req.
- Rising wind blade **service & repair** market



- Expand **global manufacturing footprint** and leverage **co-location synergies**
- Strengthen Gurit's offering for wind blade **repair kits**

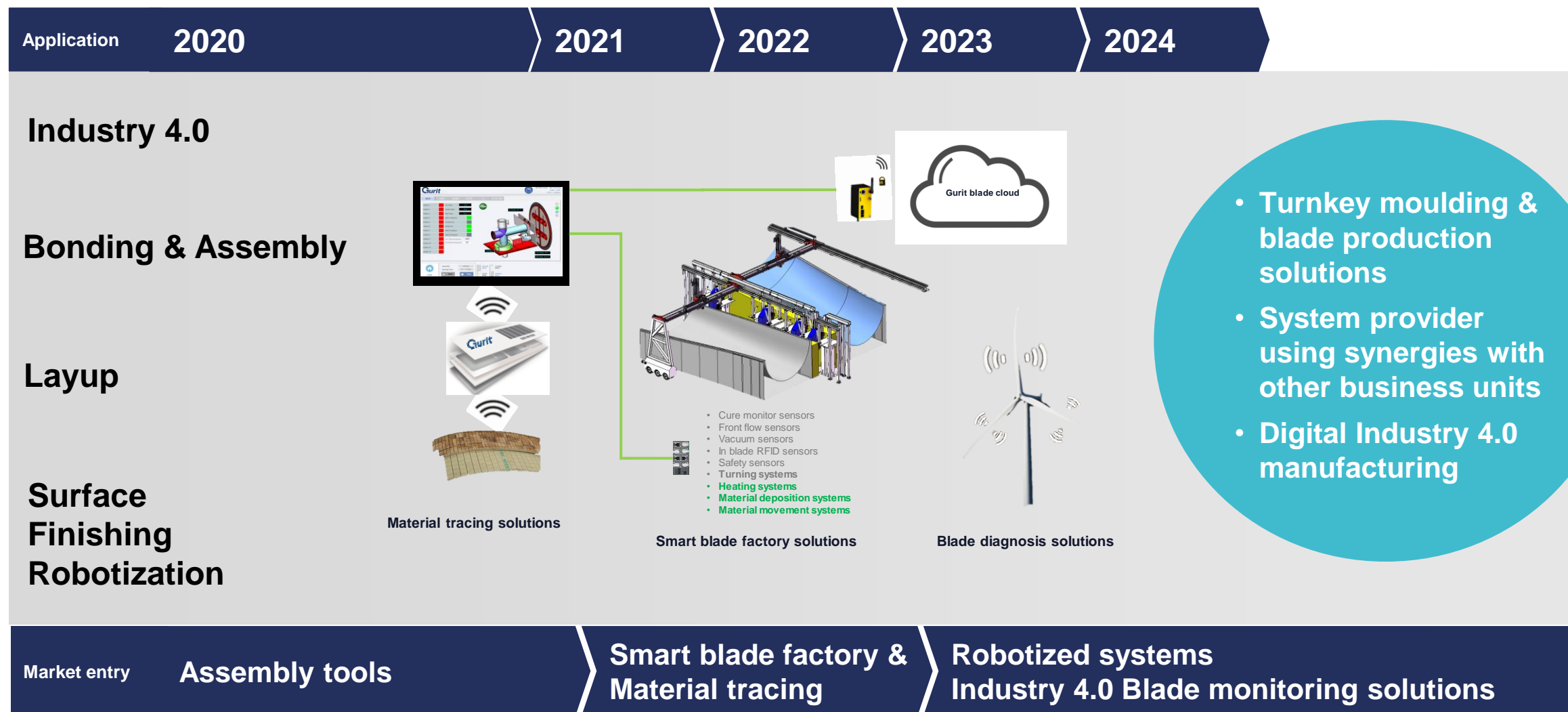
## Wind OEM expectations towards supply base

- OEM reduce **supply chain complexity** and integrate core suppliers in **early development** process
- R&D capabilities, cost leadership, global footprint, financial strength & sustainability as key **decision criterias** to select strategic suppliers



- Transition from component supply to **systems solution provider**
- Strengthen **engineering capacities** and bundle Gurits application know-how
- Tier-1 **supply chain management**

# Tooling automation & digitalization roadmap



- Turnkey moulding & blade production solutions
- System provider using synergies with other business units
- Digital Industry 4.0 manufacturing

# Wind market trends & Gurit's strategic positioning

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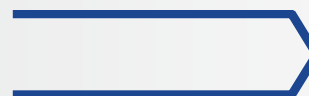
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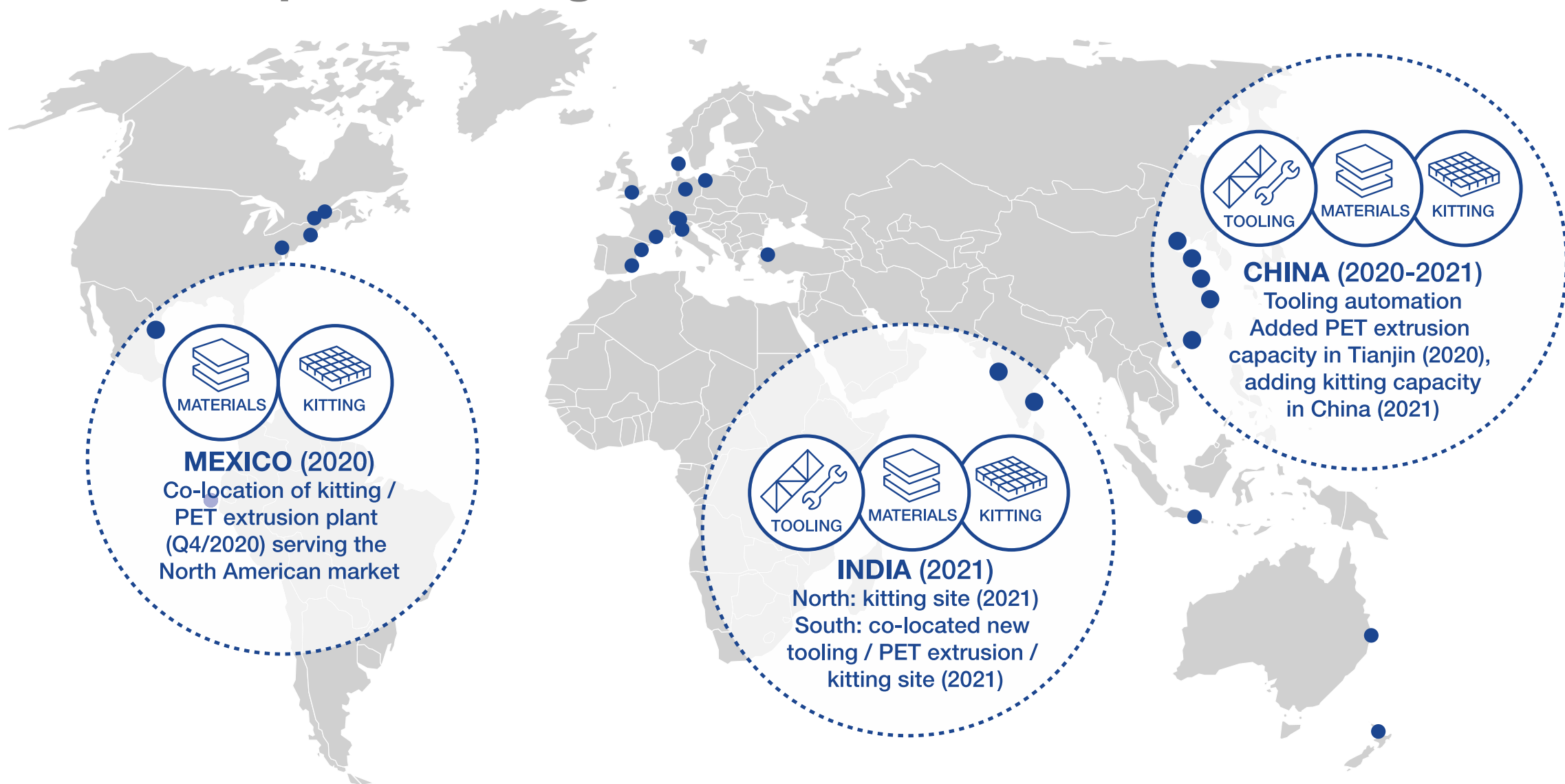
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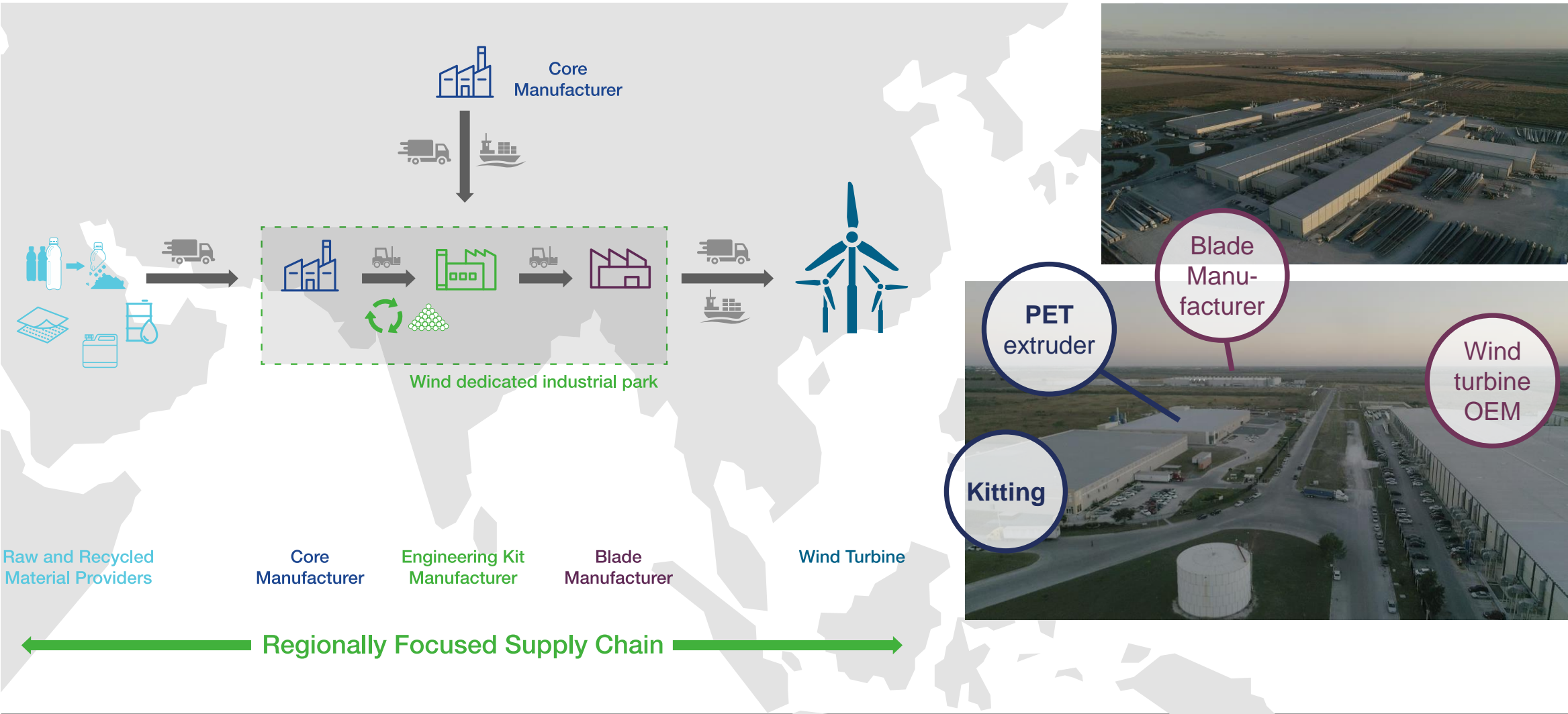
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# Global footprint: strategic investments





# Leveraging synergies in dedicated wind industry parks



# Wind market trends & Gurit's strategic positioning

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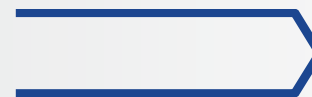
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# Growth opportunities outside of Wind business



## Marine

**Materials:**  
Corecell™, Kerdyn™,  
formulated & prepreg

**Applications:**  
5-35m boats, superyachts,  
raceyachts, multiple  
components



## Transportation

**Materials:**  
Prepreg, Kerdyn™

**Applications:**  
Body panels,  
structural & cosmetic,  
Kerdyn™ for  
refrigerated trucks



## Rail

**Materials:**  
FR prepreg,  
Kerdyn™,  
FR panel solution

**Applications:**  
Multiple interior  
& exterior



## Agriculture

**Materials:**  
Prepreg, adhesive

**Applications:**  
Carbon booms



## Civil / Building

**Materials:**  
Kerdyn™ FR, formulated &  
prepreg for architectural  
applications

**Applications:**  
Window infill, sills, doors &  
architectural

# Gurit started implementation of sustainability strategy

## Implementation 2021–

- Sustainability organisation
- Related workstreams
- Commitments & transparent reporting



Download the Gurit Sustainability Report 2020:  
[www.gurit.com/sustainability](https://www.gurit.com/sustainability)





# Gurit to become climate neutral in 2021\*

## Our approach to climate neutrality:

### 1. Reduce emissions

Optimize production & transportation, reduce waste

### 2. 100% Renewable electricity

### 3. Compensation

for emissions that cannot yet be avoided:  
Wind energy project in India



\* for direct emissions under direct influence (GHG scope 1, 2, partial 3)

# Summary and Guidance

- Strong **execution**, solid **portfolio**, robust **balance sheet**
- Temporary reduced **wind demand** in **China**; **Balsa price** normalization
- **Mid-term growth outlook**: Expand **manufacturing footprint** & grow **innovation leadership** position as **system supplier** to the wind industry
- Marine markets recovering **on pre-COVID levels**, Industrial offering **new growth potentials**
- Aerospace has **stabilized** at a low level, gradual longer-term recovery expected.

## Guidance 2021

- Sales in the range of **CHF 530 – 580 million**
- Operating **profit margin between 9 – 11%**

# 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.

Contact: [investor@gurit.com](mailto:investor@gurit.com)

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## Next dates

- April 14: **Q1 net sales results**
- August 17: **1HY2021 results**
- End of August: **Capital Markets Day**
- October 15: **Q3 net sales results**



# Thank you for your attention

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