

# Gurit

## First Half-Year 2015 Results

Zurich, August 24, 2015



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.

# Key Messages on 1HY 2015 Business Result (1)



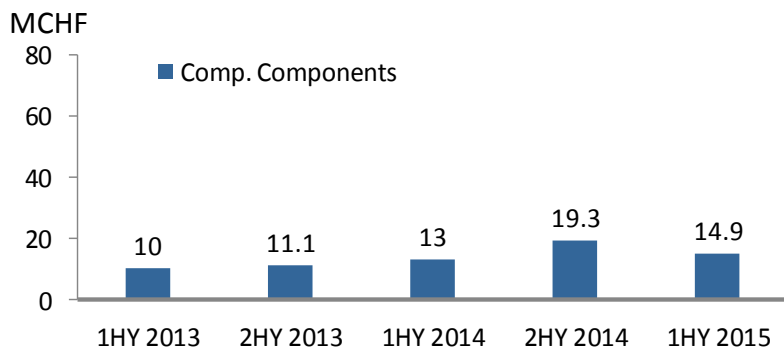
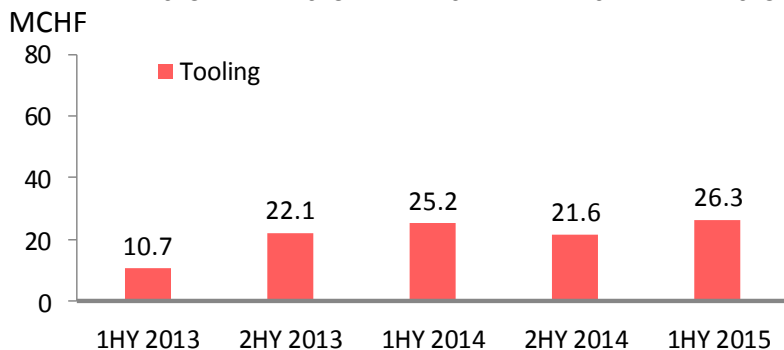
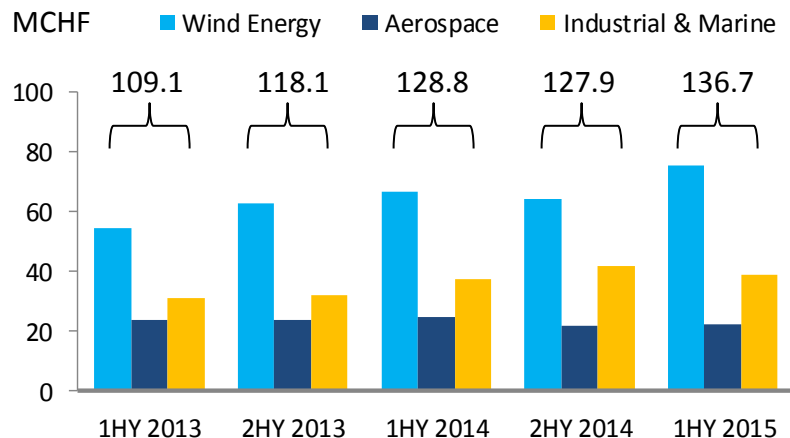
- Sustained sales growth momentum — YoY net sales rose by 6.5% (currency-adjusted: 9.1%) to CHF 178 million in 1HY 2015
- Operating profit of CHF 15.8 million, profitability margin up 93%, with 8.9% reaching set mid-term target range of 8-10%
- Capex of CHF 6.6 million in Aero, Tooling and Automotive
- Operating cash flow of CHF 7.3 million (1HY 2014: -1.8 million)

# Key Messages on 1HY 2015 Business Result (2)



Net Sales in MCHF by area 1HY 2015; Change in % vs. 1HY 2014	<b>Group</b>	<b>177.8</b>	<b>+6.5%</b>
	Wind Energy	75.6	+13.1% (+40% w/o prepreg offset)
	Other Material Markets	61.0	-1.5%
	Composite Components	14.9	+14.5%
	Tooling	26.3	+4.4%
Earnings	Operating profit of CHF 15.8m (1HY 2014: CHF 7.7m) — up 105%		
	Operating profit margin at 8.9% (1HY 2014: 4.6%) — up 93%		
	Profit for the period of CHF 9.6m (1HY 2014: CHF 7.1m) — up 35%		
Cost and Expenses	Operational efficiency improvements — strong in CM, some lag in CC		
	Investments progressing as planned		

# Net Sales Development by Target Markets



## Gurit Composite Materials

- Wind Energy market with strong demand
- Slight decrease in Aerospace (FX and project delay to Q3)
- Growth in Industrial, a bit weaker in Marine (FX and projects)

## Gurit Tooling

- Tooling going at full loaded capacity

## Gurit Composite Components

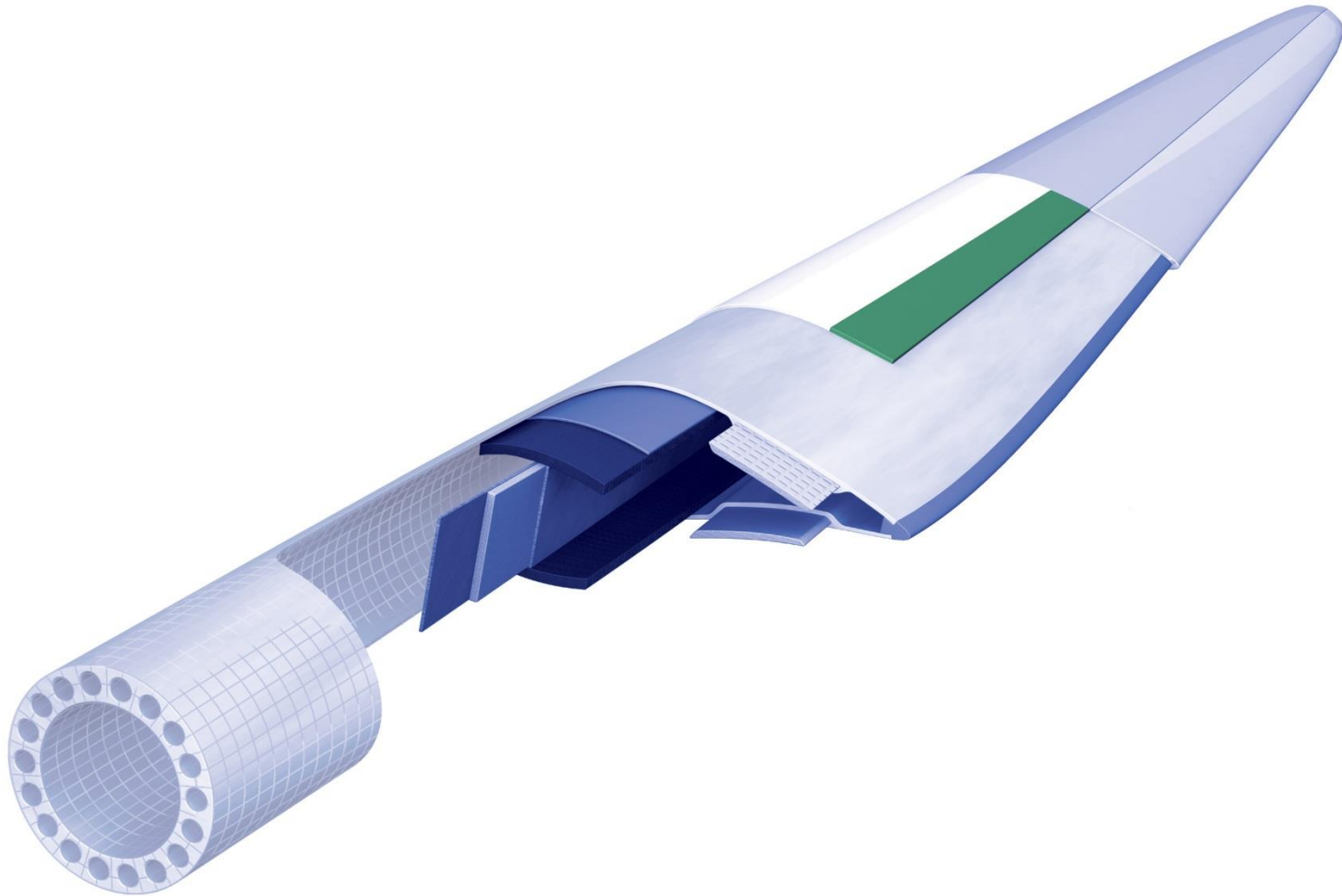
- Composite Components on track vs 1HY 2014 but dip from project cycles as compared to 2HY 2014

## Strategic growth pillars start to materialize

- Six growth fields defined
- New Executive Team members on board (CFO, GM Composite Components)
- Composite Materials:
  - Qualification processes for new application fields (ballistics, automotive) ongoing; first sales results achieved
  - Expansion of customer base and dynamic sales in the balsa wood business
  - Full roll-out of PVC material trading activities as planned
- Composite Components:
  - Combination of automotive and structural engineering completed
  - Industrialization of car part production in Hungary progressing as planned; investment activities ongoing, equipment fully ordered, readiness by Q1-2016
  - Supply of visual carbon roofs produced with the new press technology
  - First engineered hoods for volume contract delivered only 4-5 months after contract conclusion

# Development by Key Markets





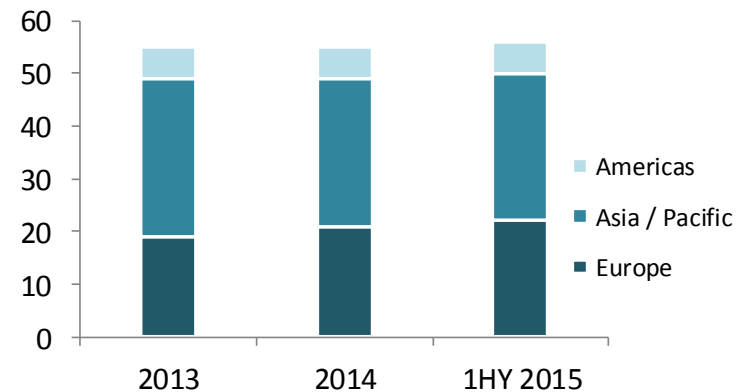
## Strategy

- Compensate residual prepreg drop due to technology shift to infusion with core material offering and achieve net growth
- Comprehensive material offering from core materials to repair solutions create USP's
- Balanced sales split across regions and customers

## Recent achievements

- All core material plants well loaded
- Further expansion of balsa wood business to new record levels
- Liquidity and pricing levels in the Asian markets recovering

Number of Gurit Customers



## Market environment 1HY 2015

- Americas – moderate market development with solid demand
- Asia – favorable business uptake based on funding and incentives in CN and IN
- Europe – mature market with stable demand

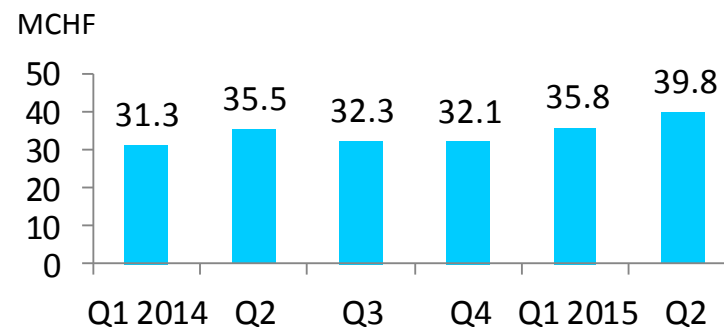
## Results 1HY 2015

- Net sales of CHF 75.6 million, up 13.1% vs. 1HY 2014

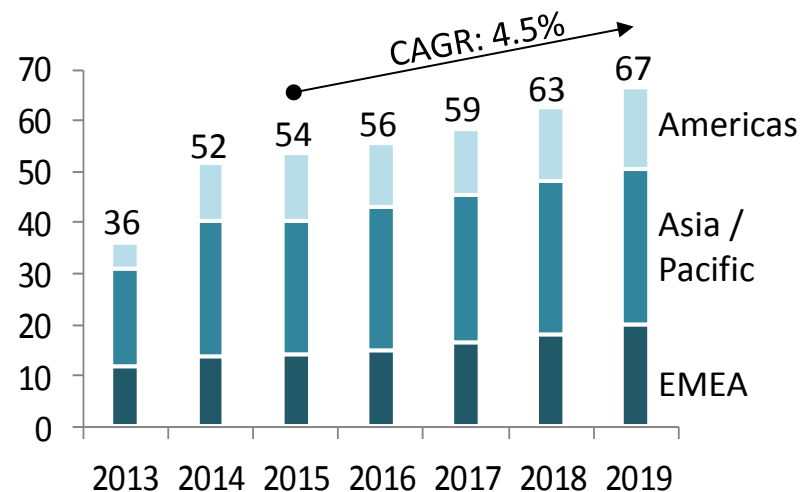
## Outlook (GWEC 2014, and own estimates)

- Europe: Stable 2015, mid single digit % growth 2016-2019
- Asia: Very dynamic in 2015, lower single digit growth 2016-2019, overall economic prospect in China cloudy 2015/2016
- US: PCT support 2016 confirmed, overall installation rates stagnant 2016-2018, thereafter return to growth
- Growth in LAM and MEA setting in

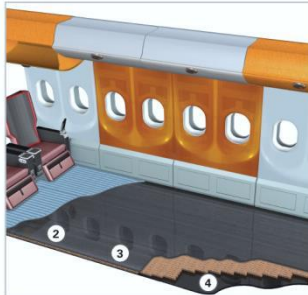
## Wind Energy: Quarterly Net Sales



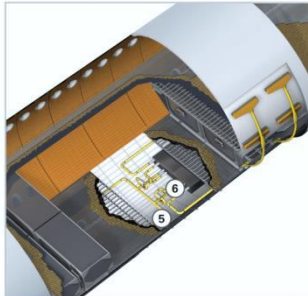
## GW Installed Annually\*



\* Source: GWEC 2014



FLOORING



DUCTING



INTERIOR COMPONENTS



- |                     |           |
|---------------------|-----------|
| ① EH 250            | ⑤ PN 900  |
| ② EH 420C<br>PH 840 | ⑥ PN 901  |
| ③ EP 121            | ⑦ PF 811  |
| ④ EP 137            | ⑧ PHG 600 |

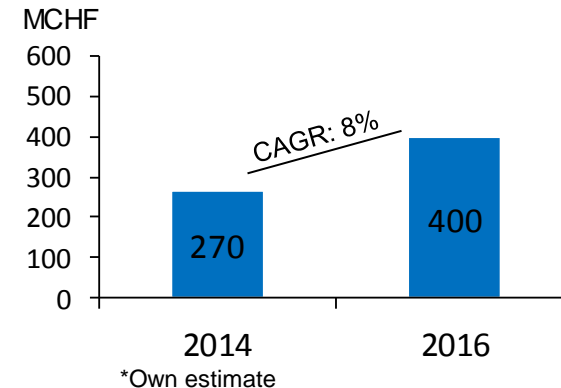
## Strategy

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

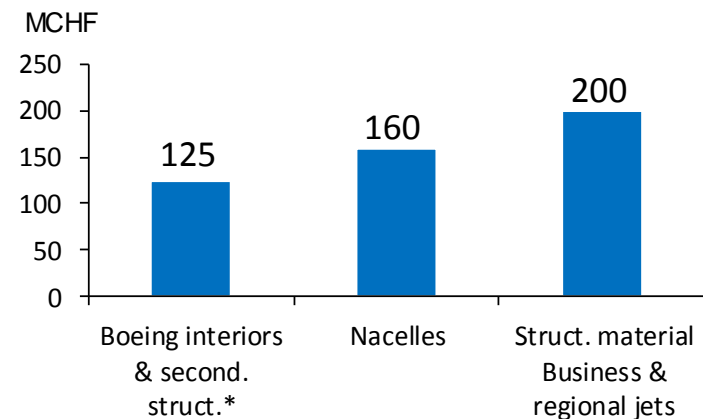
## Recent achievements

- Installation of new prepreg tower in Kassel
- Successful renewal of existing customer contracts, new sales leads generated
- Qualification for large OEM ongoing
- Upgrading of production equipment and product offering
- Strengthening of technical resources

## Industry Growth Potential – Accessible Market\*



## Aero Market Opportunities

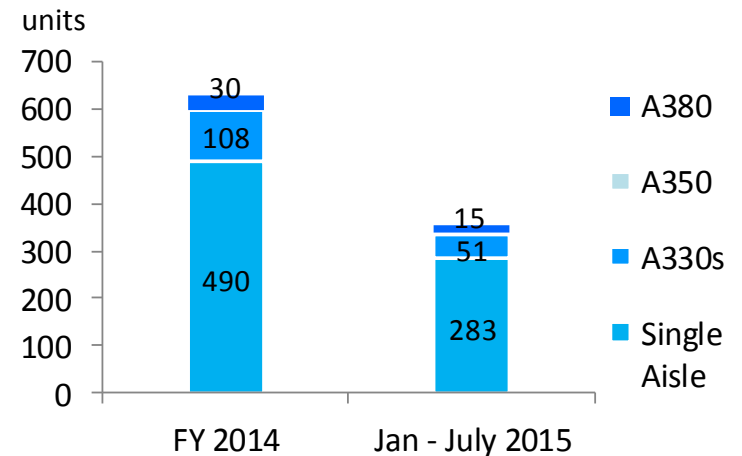


\* Also included in current accessible market

## Market environment 1HY 2015

- Growing build rates for some single aisle programs
- Delays in A350 ramp-up within the supply chain
- Lower A380 build rates (30 units in FY 2014, 15 units January to July 2015)
- Consolidation of Aero supplier base creating new entry opportunities for Gurit

Airbus Deliveries per Program



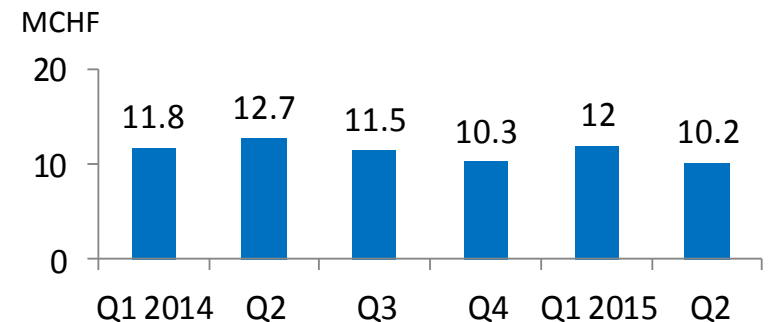
## Results 1HY 2015

- Net sales of CHF 22.2 million
- Slight decrease in sales due to project delay and FX

## Outlook

- Gain market share in mid size OEMs
- Qualification with significant mid-term sales potential to be completed during 2015

Aerospace: Quarterly Net Sales



# Other Material Markets



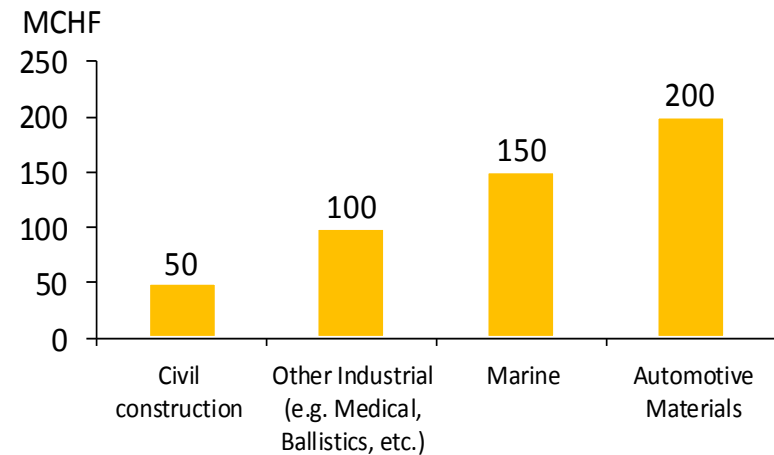
## Strategy

- Further penetrate all leisure and commercial boat sectors in core materials, in particular
- Generate further sales leads and qualifications for automotive materials offering
- Further advance material qualification for new application fields (rail, ballistics, etc.)
- Approach other industry potentials for current offering of prepreg and core material

## Recent achievements

- Several new projects secured
- New automotive and industrial accounts won
- Qualification processes for additional accounts ongoing
- New technology for automotive segment well received in testing

**Minimum Size of Industrial Market Opportunities\***



\*Own estimate

## Market environment 1HY 2015

- Marine market demand steady growing over time, yet below previous year level (project timings)
- Addressable automotive composite material market growing, increased interest for new fast curing and visual prepreg technology
- Conversion to composite materials in other industrial markets yet to see bigger volumes

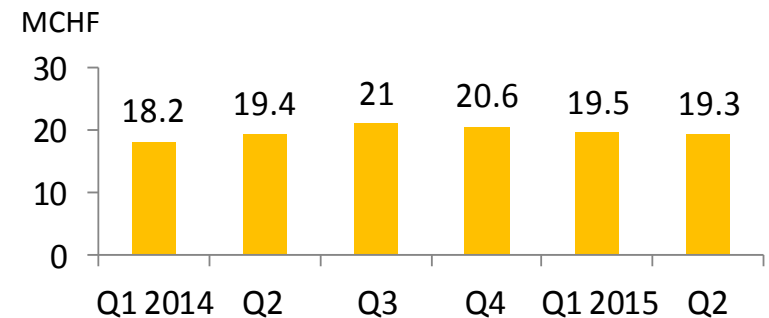
## Results 1HY 2015

- Net sales of CHF 38.8 million, up 3.6% from CHF 37.5 million in 1HY 2014
- Stable growth path

## Outlook

- Further moderate growth momentum expected from new markets, more dynamical once automotive material sales are setting in

**Other Material Markets:  
Quarterly Net Sales**





## 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 2015 also for multi- megawatt projects (Blade length >70 m)
- Continue to develop and sell related equipment (metal structure products) and support Composite Components

## Recent achievements

- Running at full capacity since 2014
- Production efficiency on a sustained good level
- New customer wins

## Market environment 1HY 2015

- Strong demand especially in Asia (Multi Megawatt programs)
- Trend to longer, special moulds in small series, need for larger series of moulds of same size (Re-tooling)
- Ongoing trend to outsource mould manufacturing at OEMs

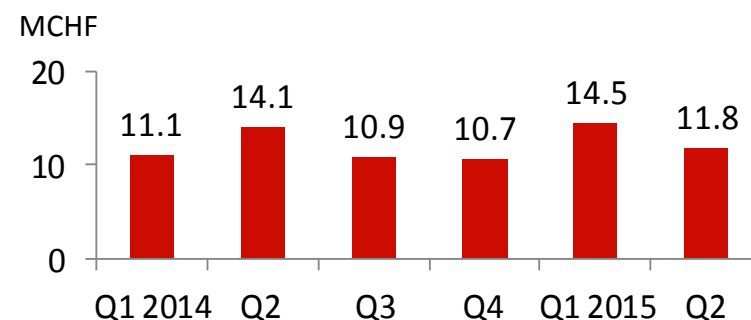
## Results 1HY 2015

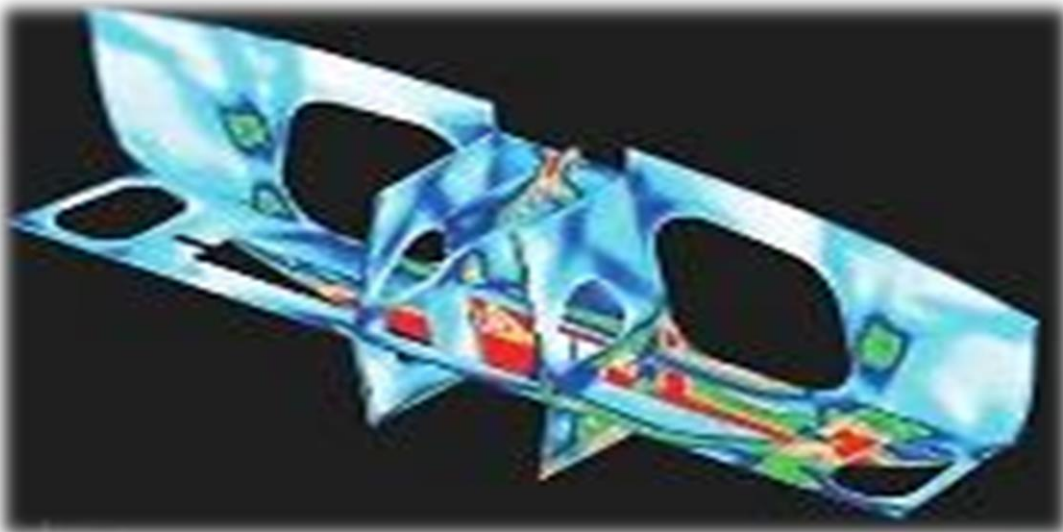
- Net sales of CHF 26.3 million, up 4.4% vs. 1HY 2014

## Outlook

- Continued strong loading of tooling expected to continue until the middle of 2016

Tooling: Quarterly Net Sales





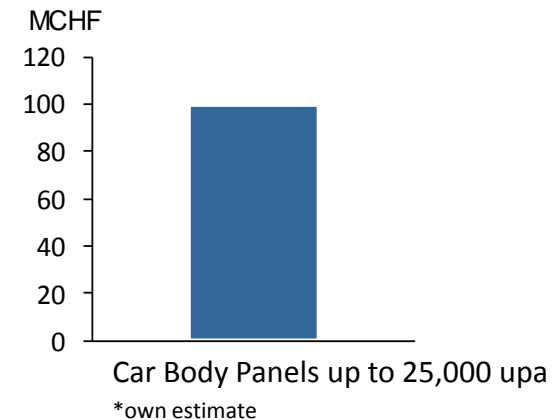
## Strategy

- Further grow client/project base for unique, complex-shaped, smaller series, Class-A, lightweight exterior car body panels
- Win additional orders for industrialized press manufacturing technology for less complex-shaped, higher volume exterior car body panels
- Win orders for bus and other vehicle parts

## Recent achievements

- Combination of automotive and structural engineering completed
- New GM Composite Components on board
- Industrialization of car part production in Hungary progressing as planned; investment activities ongoing
- Supply of visual carbon roofs produced with the new press technology
- First engineered hoods for volume contract delivered only 4-5 months after contract conclusion

**Size of new Automotive Press Technology Market\***



## Market environment 1HY 2015

- Increasing interest in the automotive market for composite solutions – especially for weight, parts accuracy and visual carbon components
- Interest in composite parts for busses and other vehicles

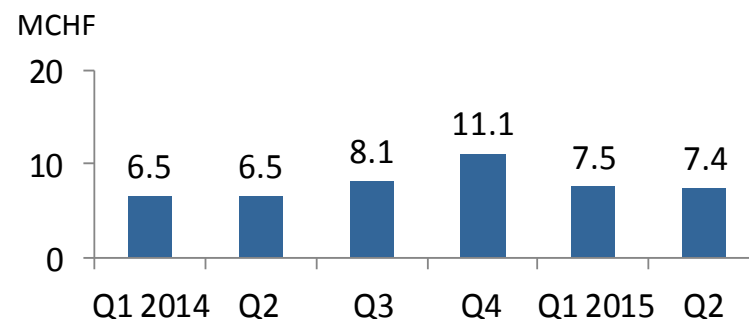
## Results 1HY 2015

- Net sales of CHF 14.9 million, up 14.5% vs 1HY 2014
- 1HY 2015 sales below Q4-2014 level due to time gap between projects

## Outlook

- Gain more orders for pressed and manual parts for growth
- Complete set-up of industrialized production in Hungary

Composite Components: Quarterly Net Sales



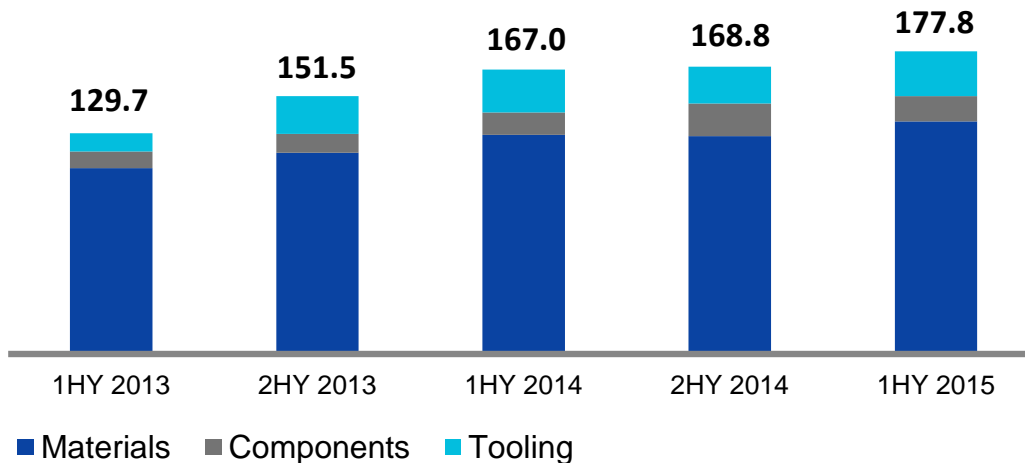
# Financial Results 1HY 2015



# Net Sales Analysis by Market

## Steady growth since 1HY 2013

### Net sales in MCHF

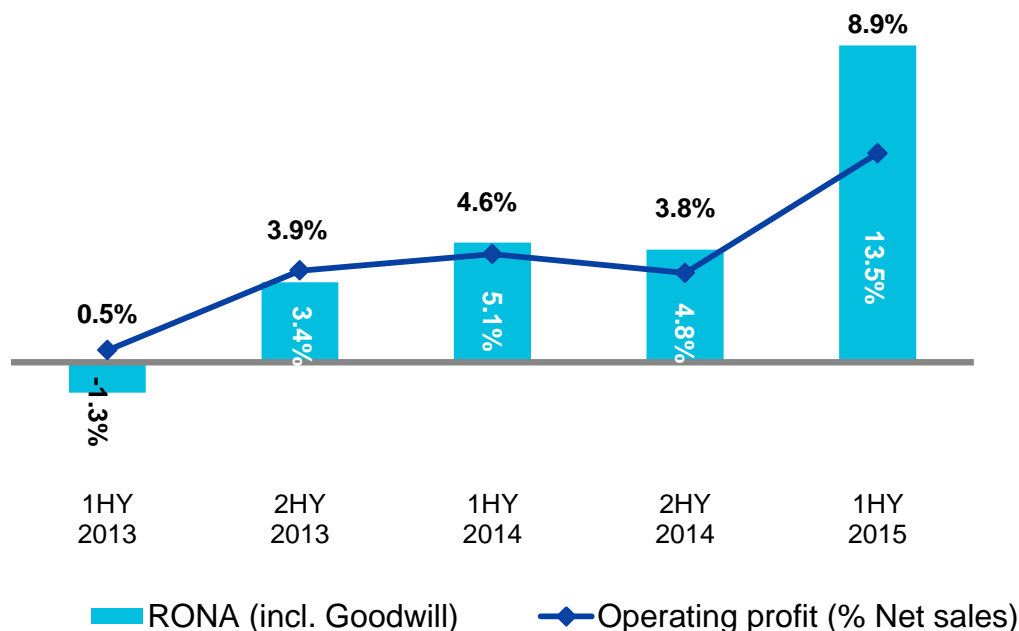


- Well-balanced core materials product offering more than offsetting prepreg program end in Wind Energy
- Other Material Markets with slight currency- adjusted increase but yet below expectation
- Components above 1HY 2014, but below 2HY 2014 due to time gap between old/new program phasing's
- Tooling capacity again fully utilized

Net sales in CHFm	1HY 2015	1HY 2014	Δ 1HY 2015 vs 1HY 2014	Δ 1HY 2015 vs 1HY 2014 FX adj.
Materials, Wind Energy	75.5	66.8	13.1%	18.5%
Materials, Other Markets	61.0	62.0	-1.5%	2.3%
<b>Composite Materials</b>	<b>136.6</b>	<b>128.8</b>	<b>6.0%</b>	<b>10.7%</b>
<b>Composite Components</b>	<b>14.9</b>	<b>13.0</b>	<b>14.5%</b>	<b>17.6%</b>
<b>Tooling</b>	<b>26.3</b>	<b>25.2</b>	<b>4.4%</b>	<b>-2.0%</b>
<b>Group Total</b>	<b>177.8</b>	<b>167.0</b>	<b>6.5%</b>	<b>9.1%</b>

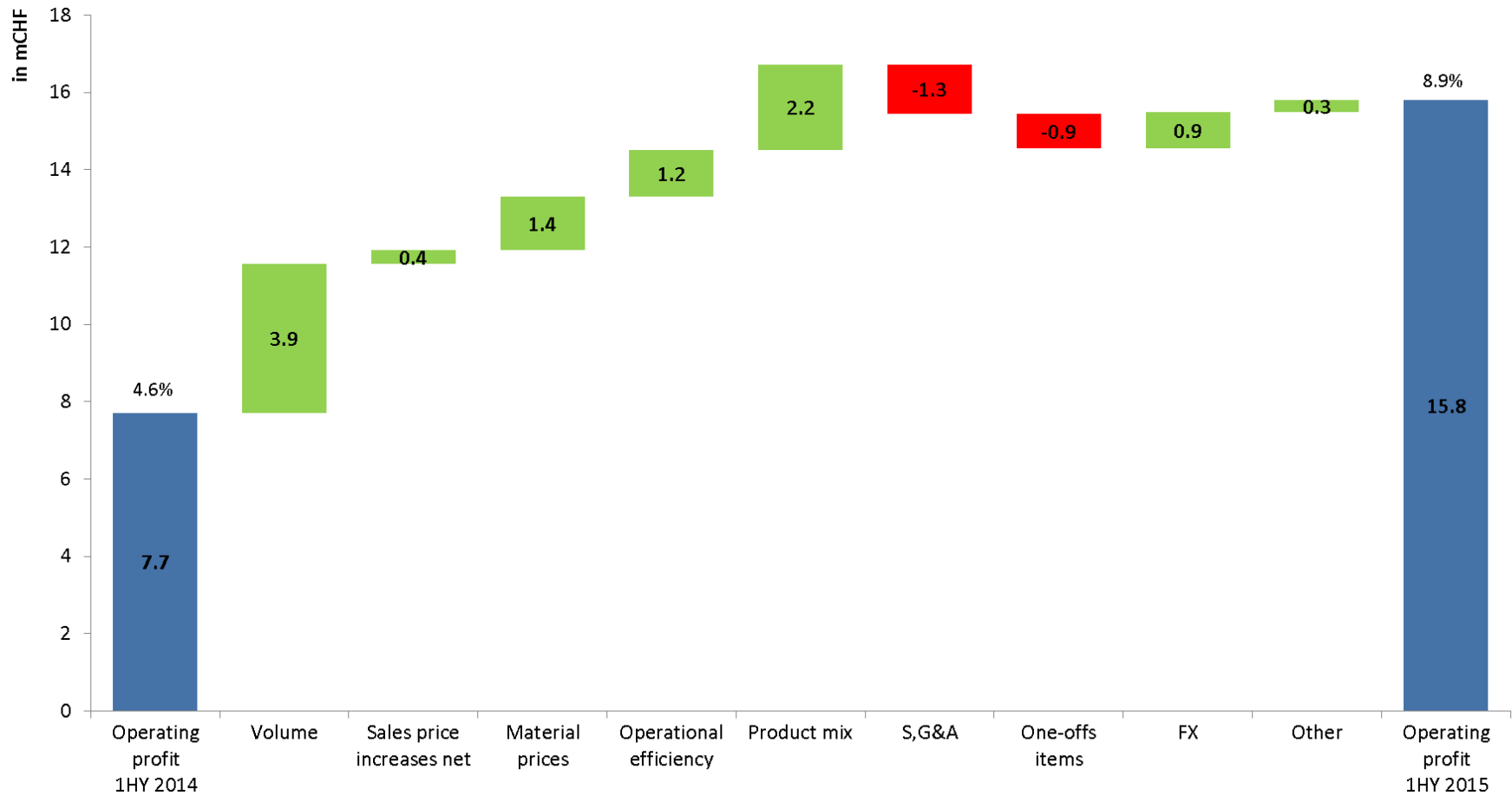
## Significant Operating profit margin improvement up to 8.9% of net sales

### RONA and Operating profit

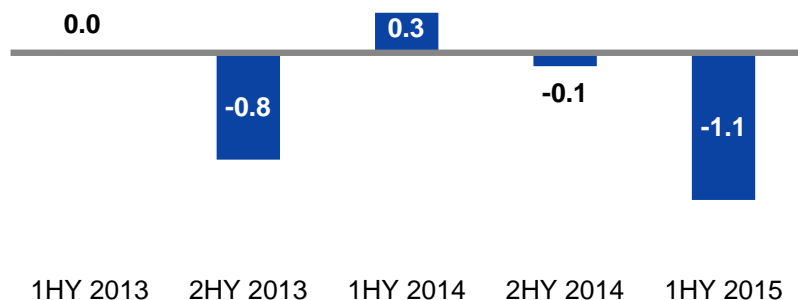


- Operating profit margin at medium term target of 8 - 10% thanks to
  - high utilization of core material capacities
  - continued strong Tooling sales
  - favorable market conditions within Wind Energy market
  - operational improvements
  - favorable sourcing conditions
- Significant RONA improvement and trend based on increased operating profit development on a stable asset basis

# 1HY Operating Profit Bridge from 2014 to 2015

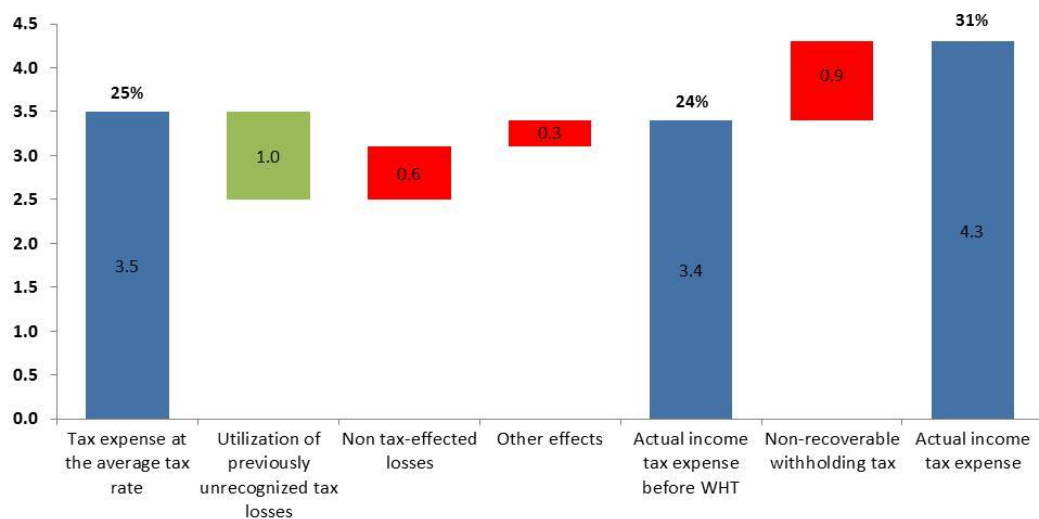


## Exchange Result



- Exchange losses in 2015 due to high exchange rate volatility and not fully hedged FX exposures

## Income Tax Expense



- Income tax expenses burdened primarily by non-recoverable withholding taxes. Non-tax effected losses, offset by utilization of unrecognized tax losses

# Net Result 1HY 2015



Consolidated P&L	1HY 2015		1HY 2014	
	CHFm	% NS	CHFm	% NS
<b>Net sales</b>	<b>177.8</b>	<b>100.0%</b>	<b>167.0</b>	<b>100.0%</b>
Gross margin	92.8	52.2%	81.9	49.0%
Personnnel expenses	-42.0	-23.6%	-43.8	-26.2%
Other operating expenses	-34.2	-19.2%	-30.5	-18.2%
<b>Operating profit before one-offs</b>	<b>16.6</b>	<b>9.3%</b>	<b>7.6</b>	<b>4.5%</b>
One-off items	-0.8	-0.4%	0.1	0.1%
<b>Operating profit</b>	<b>15.8</b>	<b>8.9%</b>	<b>7.7</b>	<b>4.6%</b>
Non-operating & extraordinary result	0.0	0.0%	2.1	1.2%
<b>EBIT</b>	<b>15.8</b>	<b>8.9%</b>	<b>9.8</b>	<b>5.8%</b>
Interest income and expenses	-0.6	-0.3%	-0.3	-0.2%
Exchange gains and losses	-1.1	-0.6%	0.3	0.2%
Other financial income and expenses	-0.3	-0.2%	-0.1	-0.1%
Taxes	-4.2	-2.4%	-2.5	-1.5%
<b>Net result</b>	<b>9.6</b>	<b>5.4%</b>	<b>7.1</b>	<b>4.3%</b>
<b>Earnings per bearer share</b>	<b>CHF 20.51</b>		<b>CHF 15.19</b>	

## Positive Free Cash Flow resulting from improved EBIT

Consolidated Cash Flow	1HY 2015	1HY 2014	Change
	CHFm	CHFm	CHFm
<b>EBIT</b>	<b>15.8</b>	<b>9.8</b>	<b>6.0</b>
Depreciation, amortisation, impairment	4.7	4.5	0.1
Change in working capital	-10.1	-10.6	0.5
Other cash flow from operating activities	-3.1	-5.5	2.4
<b>Net cash flows from operating activities</b>	<b>7.3</b>	<b>-1.8</b>	<b>9.1</b>
Purchase of PPE and Intangibles	-6.6	-4.3	-2.3
Proceeds from sale of PPE	0.0	2.2	-2.2
<b>Free Cash flow</b>	<b>0.7</b>	<b>-3.9</b>	<b>4.6</b>
Change in borrowings	-8.0	5.7	-13.7
Distribution to shareholders	-4.0	-3.5	-0.5
Repayments of loans receivable	0.1	0.0	0.1
Purchase of treasury shares	-0.2	-0.2	0.0
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-11.4</b>	<b>-1.9</b>	<b>-9.5</b>

- Working capital increase mainly driven by higher Accounts Receivables and only partially compensated by higher Accounts Payable
- General increase in CAPEX spend mainly related to a new tower in Kassel and the Hungary plant expansion
- Significant reduction in borrowings within first 6 months in 2015

# Balance Sheet



Consolidated Assets	Jun 2015		Dec 2014	
	CHFm	%	CHFm	%
Cash and cash equivalents	15.7	7%	29.0	11%
Trade receivables	74.8	31%	67.8	27%
Inventories	50.8	21%	54.8	22%
Other current assets	17.8	7%	19.6	8%
Deferred income tax assets	2.5	1%	2.4	1%
Property, plant and equipment	70.8	30%	73.8	29%
Intangible assets	5.3	2%	5.7	2%
Other non-current assets	0.4	0%	0.4	0%
<b>TOTAL ASSETS</b>	<b>238.1</b>	<b>100%</b>	<b>253.4</b>	<b>100%</b>

- Increase in trade receivable reflecting regional sales growth shift and underlying markets
- Inventory reduced within 1HY 2015, but still with additional potential for 2<sup>nd</sup> half of 2015

Consolidated Liabilities and Equity	Jun 2015		Dec 2014	
	CHFm	%	CHFm	%
Borrowings	15.4	6%	24.8	10%
Trade payables	25.6	11%	24.4	10%
Other current liabilities	26.1	11%	26.7	11%
Derivative financial instruments	1.6	1%	0.9	0%
Deferred income tax liabilities	0.4	0%	0.2	0%
Provisions	2.4	1%	2.9	1%
Equity	166.6	70%	173.4	68%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>238.1</b>	<b>100%</b>	<b>253.4</b>	<b>100%</b>

## Solid balance sheet:

- Net cash of CHF 0.4m
- Equity ratio of 70%
- Quick Ratio of 157%

# Outlook 2HY 2015



- **Net Sales:**
  - Prudently optimistic view on the further development of the wind energy market in the 2HY 2015
  - Net sales for FY 2015 expected to amount to around CHF 350 million, representing some 4% growth over FY 2014
  
- **Operating profitability:**
  - Operating profit margin for FY 2015 expected to come in at the reported mid-term target of eight to ten percent

