

Gurit

1HY 2016 Results

Zurich, August 25, 2016



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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 1HY 2016 Business Update



□ Growth

- 3% organic growth
- Wind market sales YOY decline (3%), ca. 15% contraction in China
- Tooling sales with over 40% growth YoY
- Aero business growth of 9.7% YoY ahead of US sales opportunities
- Marine leisure Europe hurt by project delays, fair demand in RoW
- Automotive material sales growing – but could be faster
- Automotive Components – Hungary component manufacturing technology works, better program demand pipeline than in last 18 months.

□ Capacities

- Capacity increases in Tooling, Balsa and Automotive completed



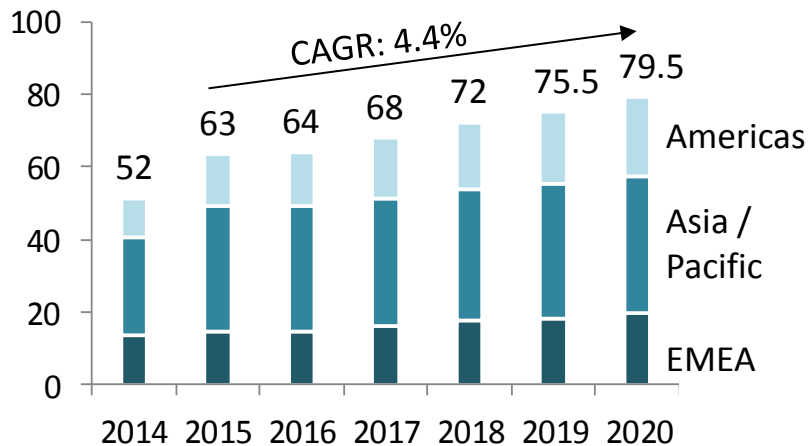
- ❑ **Growth** 3% (2.5% in reported CHF): CHF 182.3 m (2015: CHF 177.8 m)
- ❑ **Op. Profit and RoS: CHF 19.1 m** (2015: CHF15.8 m) and **10.5%** (2015: 8.9%) - confirmed profitability steadiness since 2015
- ❑ **Investment** for future growth increased:
 - **Capex of CHF 7.5 m** (2015: CHF 6.6 m): mainly Tooling, Hungary and Balsa capacity
 - **R&D** investment raised to 1.8% of net sales (2015: 1.7%)
- ❑ **Balance Sheet and Cash Flow KPI:**
 - **Operating Cash Flow** of CHF 12.6 m (2015: CHF 7.3 m)
 - **Net Cash Position** of CHF 17.0 m (2015: CHF 20.4 m)
 - **Equity Ratio** solid at 72.9% (2015: 70%)



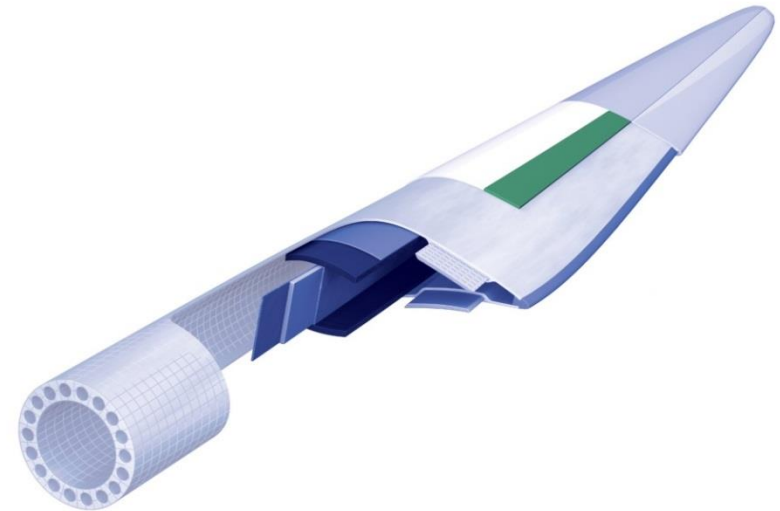
Development by Key Markets



Capacity Installed Annually*



* Source: GWEC April 22, 2016



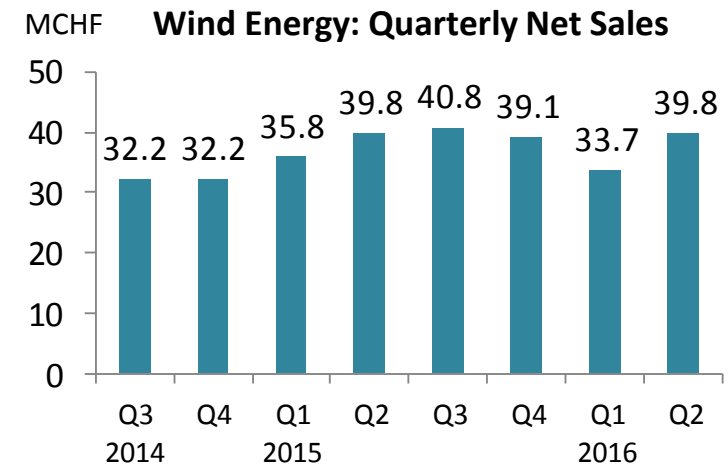
- **GWEC 2016:** Overall market forecast revised following misjudgement for 2015
- **Gurit Outlook: Some 55 GW expected for FY 2016 globally**
- China some 15% lower than 2015, 2HY should show some upside (end of destocking)
- Strong growth in India, single-digit growth in Americas and EU/MEA expected

Results & Achievements 1HY 2016

- **Net sales:** CHF 73.5 million (1HY 2015: CHF 75.5 m)
- Decline by 3% due to weaker Chinese market (-15%)
Offset in India and US/EU not sufficient for Gurit to grow
- **Operations:** Balsa capacity expansion in Ecuador and China completed
- **Sourcing:** Attractive commodity prices (oil-driven) and Balsa wood sourcing in APAC on track

Focus 2HY 2016

- Use new Balsa capacity
- Product innovation plans for SAN/PVC/PET for 2017+



Results & Achievements 1HY 2016

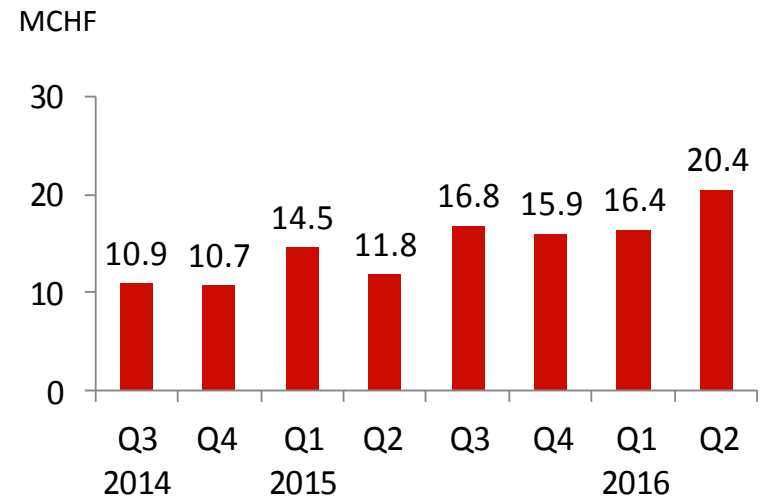
- **Net sales:** CHF 36.8 million (1HY 2015: CHF 26.3 m)
- Increase by 40.2%, higher than expected due to ongoing high demand from Chinese and especially international customers
- **Operations:**
 - Completion of factory expansion in China
 - Set-up of production facility in Poland



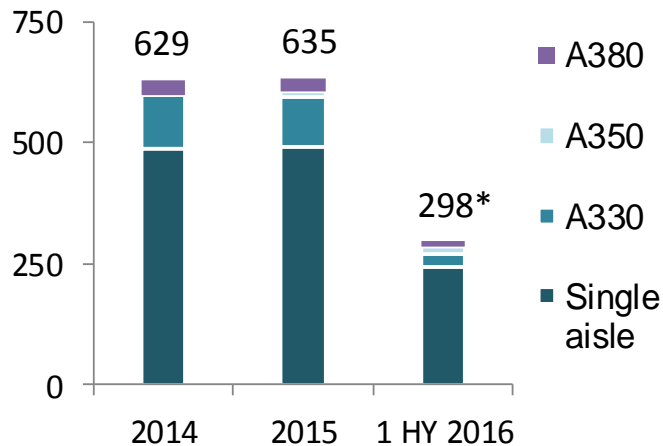
Tooling: Quarterly Net Sales

Focus 2HY 2016

- Readiness for first mould orders in the new European production site
- Overall demand situation expected to be not quite as strong as 1HY 2016



Aircraft Deliveries by Type



* Source: Airbus Order Book



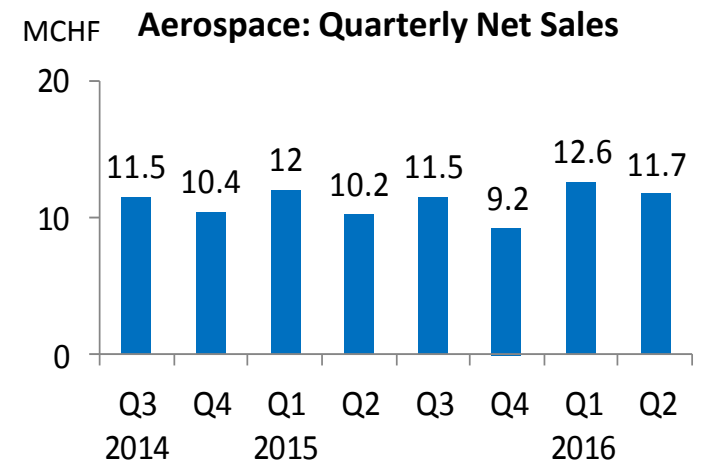
- **Commercial aerospace market** expected to continue to grow at a CAGR of 4.6% to 2020 according to DTTL / Deloitte Global due to:
 - Low crude oil & commodity prices
 - Continued increase in passenger travel (increase in wealth in India, China, ME)
 - Continued increase in freight transportation requirements
- **Use of advanced composite materials per aircraft increasing steadily**
- **Combined Airbus & Boeing order book** shows backlog of >12.000 aircraft, equivalent to 8-9 years of production

Results & Achievements 1HY 2016

- **Net sales:** CHF 24.3 million (1HY 2015: CHF 22.2 m)
- Increase by 9.7% due to stronger demand and customer qualifications mainly in Europe
- **Operations:** Successful production equipment qualifications and site quality audits
- **New product development:** Better Price/Performance bearing fruit

Focus 2HY 2016

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





Market demand

- Buying decisions in **Marine** market Europe sluggish in 1HY, order situation expected to reverse to more positive in 2HY 2016.
- **Automotive** material market demand positive YoY but in absolute level still small. Continued high interest in lightweight solutions, continued low number of projects in technical implementation, yet signs of improvements. We expected a better momentum in 2HY 2016.
- **Other material markets** (construction and industrial) - project-driven with good 1HY 2016 – tensions in MEA region expected to impact 2HY 2016 (Oil price effects on spending propensity and political tensions)

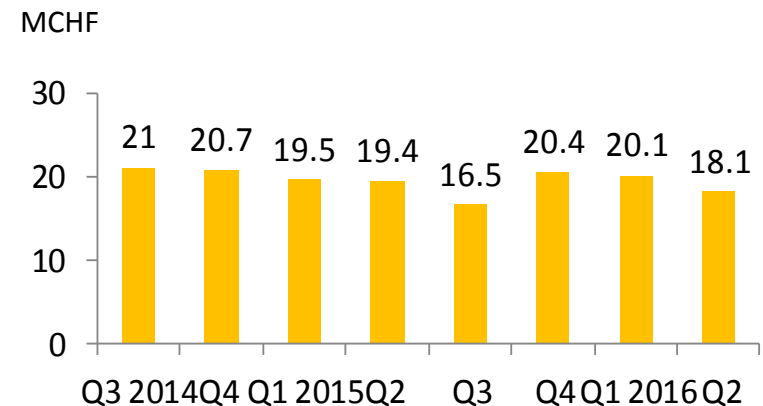
Results & Achievements 1HY 2016

- **Net sales:** CHF 38.2 million (1HY 2015: CHF 38.9 m)
- Decrease by 1.8% due to Marine project delays in Europe and slower than expected technology adoption in automotive materials

Focus 2HY 2016

- Continued material qualification in automotive
- Continued market development and support activities for new material markets
- Further enhancement and broadening of product offering

**Other Material Markets:
Quarterly Net Sales**



Results & Achievements 1HY 2016

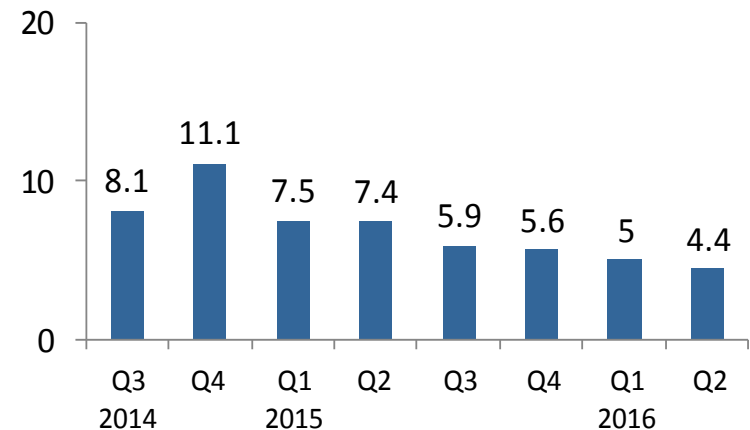
- **Net sales:** CHF 9.4 million (1HY 2015: CHF 14.9 m)
- Further anticipated decrease of -36.8% due to known contract expirations over 2015
- **Operations:**
 - Successful completion of production set-up in Hungary – press, robotized parts bonding, robot paint shop
 - Successful ramp-up of first order to run rate achieved



Focus 2HY 2016

- Benefit optimally from much stronger deal flow in components in 2HY 2016

MCHF **Composite Components: Quarterly Net Sales**



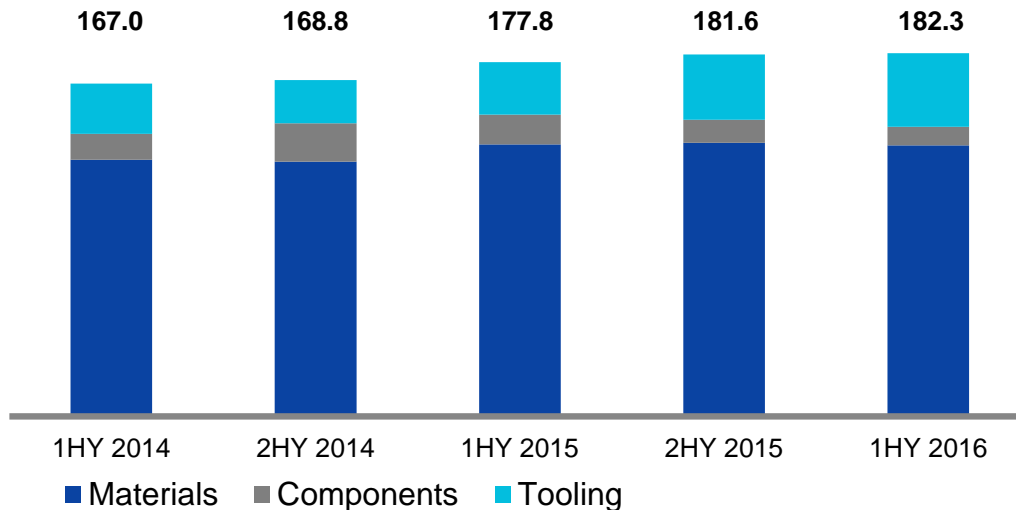
Financial Results 1HY 2016



Net Sales Analysis by Markets



Net sales in MCHF



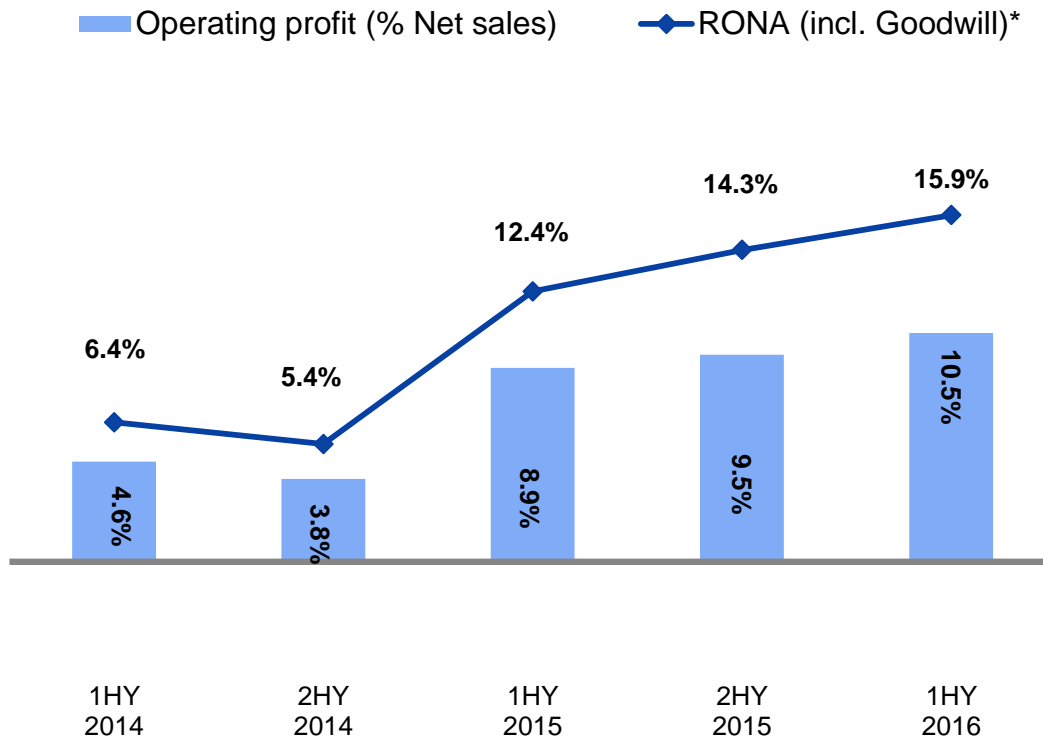
Net sales in MCHF	1HY 2016	1HY 2015	Δ 1HY 2016 vs 1HY 2015	Δ 1HY 2016 vs 1HY 2015 FX adj.
Wind Energy	73.5	75.5	-2.7%	-3.1%
Other Material markets	62.5	61.0	2.4%	2.4%
Composite Materials	136.0	136.6	-0.4%	-0.6%
Composite Components	9.4	14.9	-36.8%	-35.4%
Tooling	36.8	26.3	40.2%	44.3%
Total Net Sales	182.3	177.8	2.5%	3.0%

- **Materials sales**
 - Lower **wind market** in Asia compared to very strong 1HY 2015 was partly offset by higher sales in Europe.
 - **Other material markets** improved compared to previous year thanks to higher Aero sales

- **Components sales** affected by slower than anticipated start and acquisition of new programs

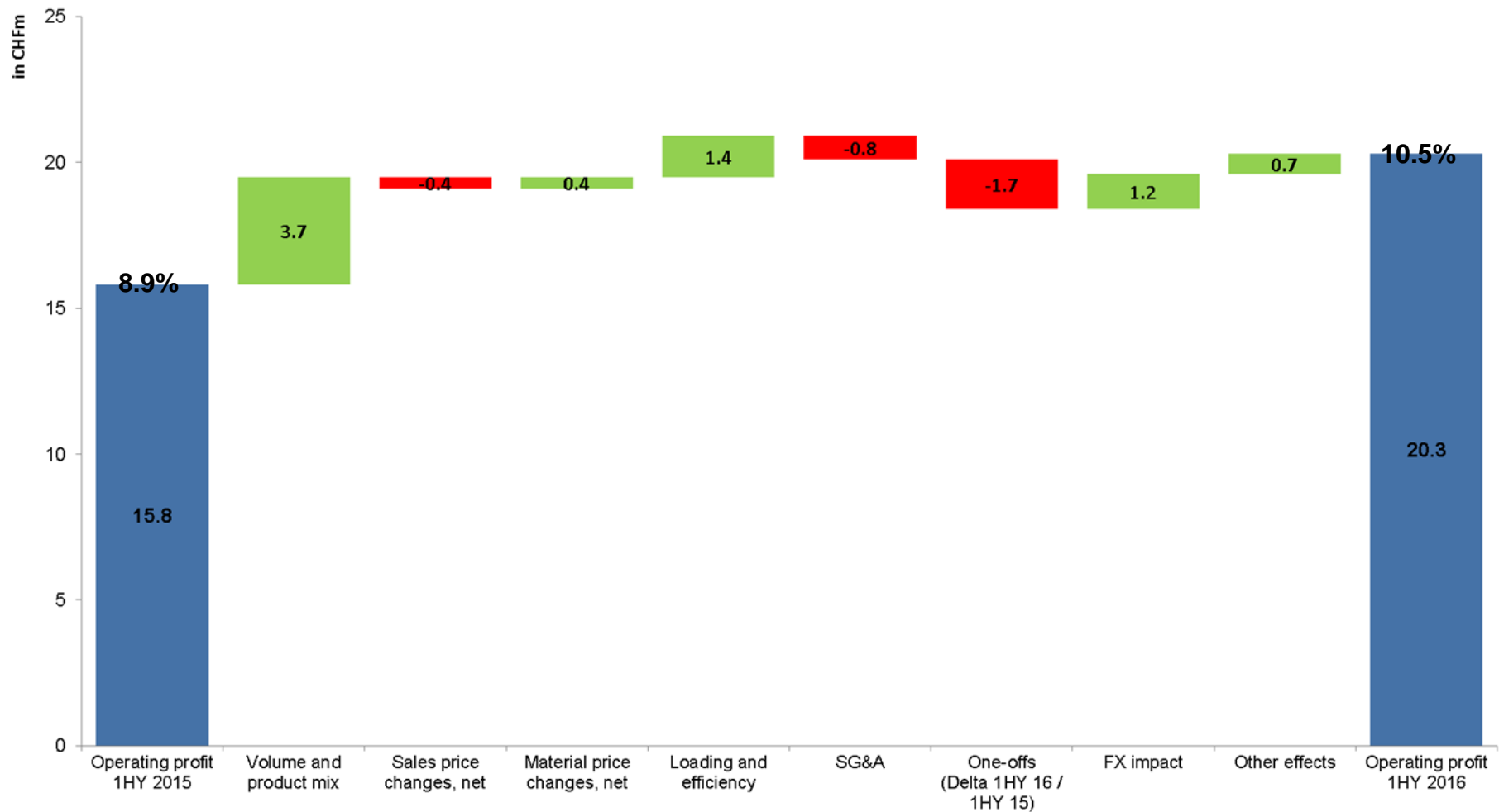
- **Tooling sales** increased even further, 40% vs. 1HY 2015 and 13% vs. 2HY 2015, driven by increased export sales

Operating Profit and EBIT Development

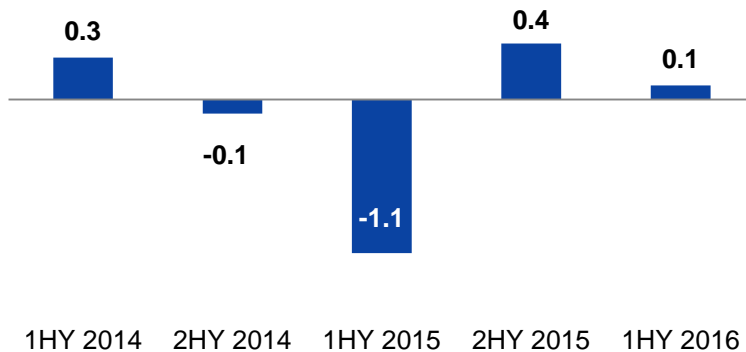


- **Operating profit above medium term target of 8 - 10%** of net sales:
 - despite one-off charges of CHF 2.5m (mainly impairments)
 - Mainly thanks to higher volumes in Tooling and a favorable sales mix in Composite Materials
- Continued **RONA** improvement and trend based on increased operating profit development on a stable asset basis

Operating Profit Bridge 1HY 2015 to 1HY 2016

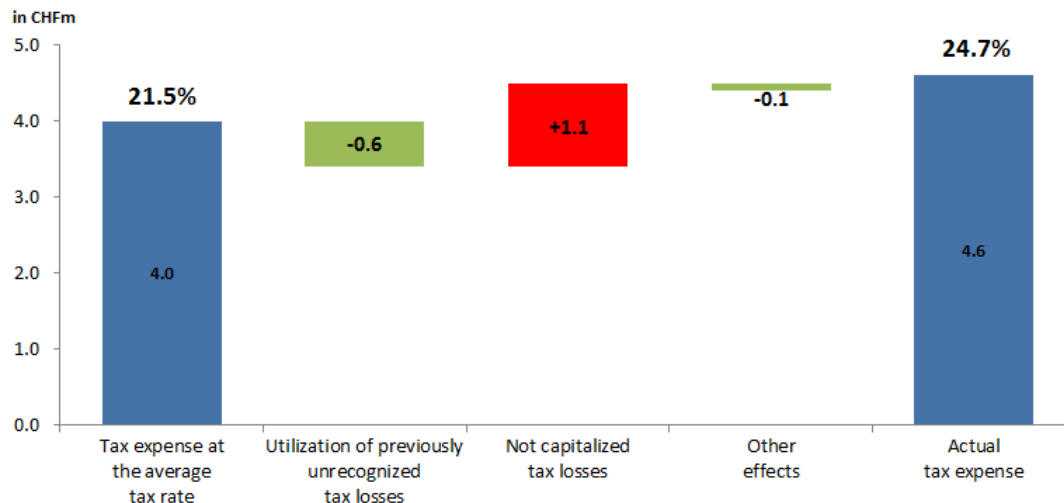


Exchange result



Closely monitored and hedged balance sheet exposures kept the exchange result small

Income Tax Expense



Tax rate burdened by not capitalized tax losses by certain subsidiaries, partly offset by the utilization of previously unrecognized tax losses by other subsidiaries.

Profit and Loss



Consolidated P&L	1HY 2016		1HY 2015		Variance	
	CHFm	% NS	CHFm	% NS	CHFm	%-pts
Net sales	182.3	100.0%	177.8	100.0%	4.5	0.0%
Gross margin	94.0	51.6%	92.8	52.2%	1.2	-0.6%
Personnnel expenses	-42.2	-23.1%	-42.0	-23.6%	-0.1	0.5%
Other expenses	-30.2	-16.6%	-34.2	-19.2%	4.0	2.6%
Operating profit before one-offs	21.6	11.8%	16.6	9.3%	5.0	2.5%
One-off items	-2.5	-1.4%	-0.8	-0.4%	-1.7	-0.9%
Operating profit	19.1	10.5%	15.8	8.9%	3.3	1.6%
Financial & exchange result	-0.4	-0.2%	-2.0	-1.1%	1.6	0.9%
Taxes	-4.6	-2.5%	-4.2	-2.4%	-0.4	-0.2%
Net result	14.1	7.7%	9.6	5.4%	4.5	2.3%
Earnings per bearer share	CHF 30.14		CHF 20.51			

Balance Sheet



Consolidated Assets	Jun 2016		Dec 2015		Variance	
	CHFm	%	CHFm	%	CHFm	%
Cash and cash equivalents	21.1	9%	29.8	12%	-8.7	-3%
Trade receivables	70.8	29%	65.2	26%	5.6	3%
Inventories	52.7	21%	51.2	20%	1.5	1%
Other current assets	18.9	8%	20.2	8%	-1.3	0%
Deferred income tax assets	3.3	1%	3.1	1%	0.2	0%
Property, plant and equipment	74.2	30%	75.4	30%	-1.2	0%
Intangible assets	5.6	2%	5.9	2%	-0.4	0%
Other non-current assets	0.8	0%	0.3	0%	0.5	0%
TOTAL ASSETS	247.4	100%	251.2	100%	-3.9	0%

Consolidated Liabilities and Equity	Jun 2016		Dec 2015		Variance	
	CHFm	%	CHFm	%	CHFm	%
Borrowings	4.2	2%	9.5	4%	-5.3	-2%
Trade payables	29.0	12%	25.0	10%	4.1	2%
Derivative financial instruments	1.1	0%	1.8	1%	-0.7	0%
Other current liabilities	28.5	12%	28.7	11%	-0.2	0%
Deferred income tax liabilities	1.6	1%	3.5	1%	-1.8	-1%
Provisions	2.7	1%	3.4	1%	-0.8	0%
Equity	180.3	73%	179.5	71%	0.8	1%
TOTAL LIABILITIES AND EQUITY	247.4	100%	251.2	100%	0.8	1%

- Trade working capital remains at 26% of annualized net sales (2015 year-end: 25%)
- Solid balance sheet: Net cash of CHF 17m, Equity ratio of 73% and Quick Ratio of 172%

Consolidated Cash Flow	1HY 2016	1HY 2015	Change
	CHFm	CHFm	CHFm
EBIT	19.1	15.8	3.3
Depreciation, amortisation, impairment	7.0	4.7	2.3
Change in working capital	-7.3	-10.1	2.8
Other cash flow from operating activities	-6.2	-3.1	-3.1
Net cash flows from operating activities	12.6	7.3	5.3
Purchase of PPE and Intangibles	-7.5	-6.6	-0.9
Free Cash flow	5.1	0.7	4.4
Change in borrowings	-5.1	-8.0	2.9
Distribution to shareholders	-7.0	-4.0	-3.0
(Loans granted) / loan repayments received	-0.4	0.1	-0.5
Purchase of treasury shares	-0.6	-0.2	-0.4
CHANGE IN CASH AND CASH EQUIVALENTS	-8.0	-11.4	3.4

- Operating cash flow improved by 73% due to strong operating result, partly offset by increases in net working capital and CHF 2m withholding tax payments
- Capital expenditures relate mainly to capacity increases in Tooling and the plants in Ecuador and in Hungary.
- Continued reduction of borrowings

Financial Results 1HY 2016

Conclusion



- **Net Sales**
 - Low single-digit growth expected for 2016
- **Operating Profitability**
 - Gurit strives to confirm the profitability target level of 8-10% in 2016



Questions & Answers

