



# Gurit 2019 Results Media and Analyst Conference

**Rudolf Hadorn, CEO**

**Philippe Wirth, CFO**

Zurich, 27 February 2020

*WITH PASSION FOR A SUSTAINABLE FUTURE*



## 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	<b>Business Update</b>
2	<b>Financial Results</b>
3	<b>Outlook and Summary</b>
4	<b>End of webcast; Questions</b>

The Gurit logo is located in the top right corner of the image. It consists of the word "Gurit" in a bold, blue, sans-serif font. The background of the entire slide is a composite image featuring two large white wind turbines on the left and right, a white commercial airplane flying in the upper right, and a white sailboat with its sails up in the center, all set against a blue sky and ocean.

**Gurit**

## Our vision Our mission

**With passion  
for a sustainable future**

**Our mission is in wind energy and lightweighting.**

We are a system partner for wind energy customers globally, with focus on the wind turbine blade. With our unique offerings and in-depth understanding of the value chain we help to increase wind energy competitiveness and promote its sustainable growth. For lightweighting applications we use our knowledge and expertise to provide high-performance materials and engineering.

# Sustainability Report 2019



## Sustainability Report

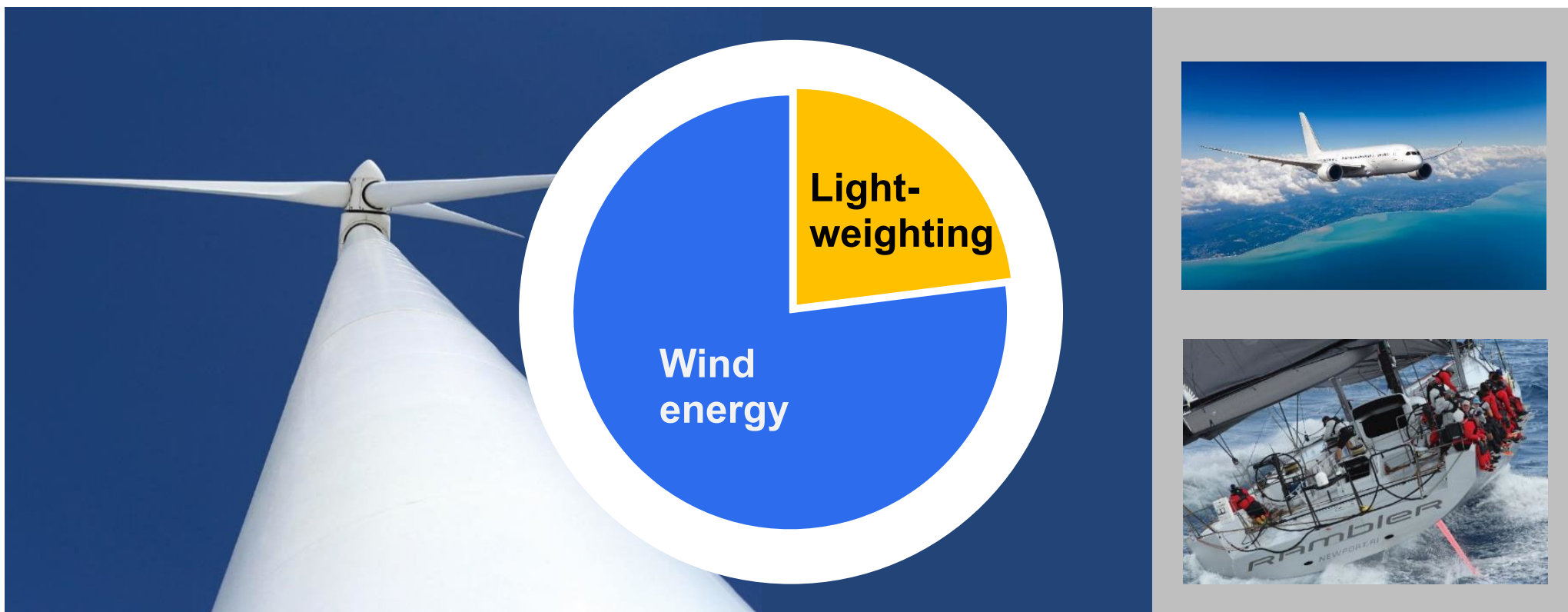
2019



The Gurit Sustainability Report is available as a separate document and as a chapter of the Annual Report 2019

[www.gurit.com/sustainability](http://www.gurit.com/sustainability)

# Our Business - Wind Energy and Lightweighting



As of 31 Dec 2019, continued business

# Wind Market Opportunity

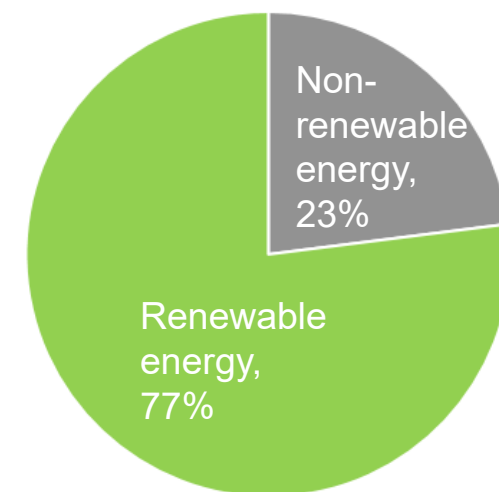


# Why focus on Wind Energy?

## Long term growth drivers for renewable energy:

Cost competitiveness at par/below non-renewable energy creation

- + Decarbonisation of energy generation
- + De-centralisation of energy generation
- + Digitalisation of networks and consumers



Global investment by 2050

*“We see USD 13.3 trillion invested in new power generation assets of the 32 years to 2050. Of this, 77% goes to renewables. **Wind attracts USD 5.3 trillion....**”*

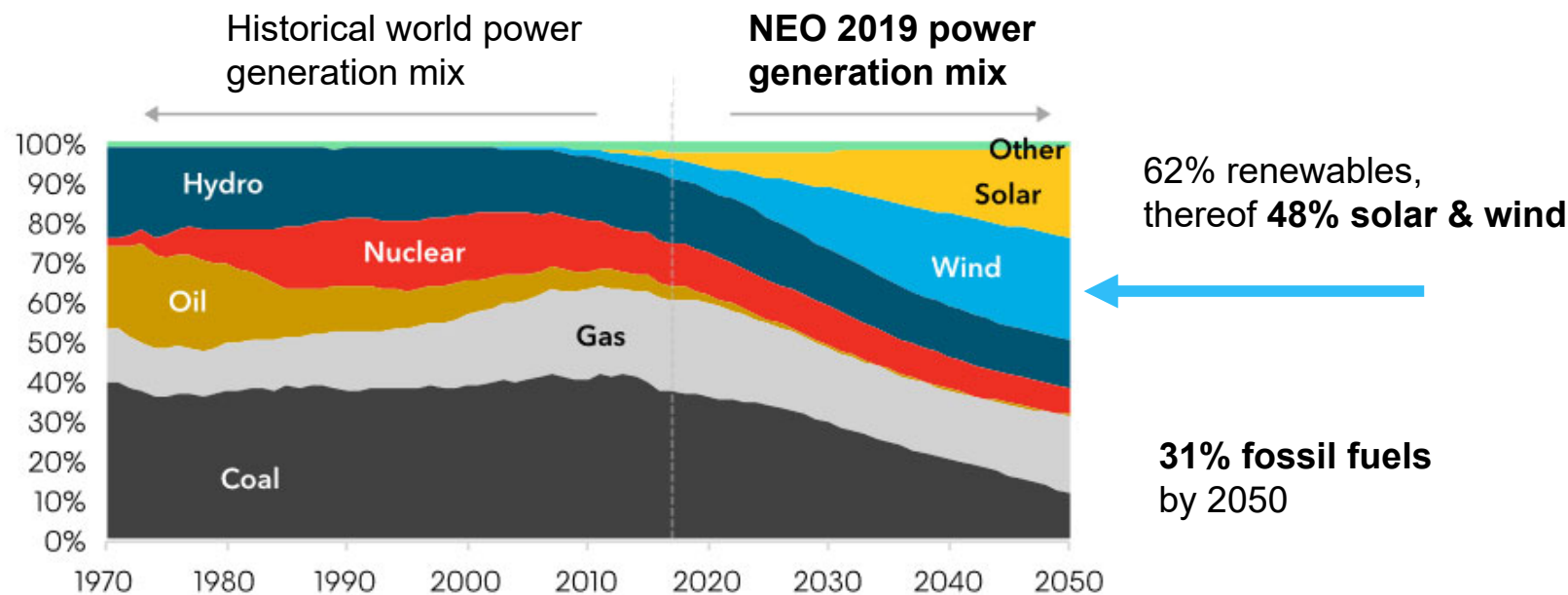
Source: BloombergNEF New Energy Outlook 2019



# Global power generation mix

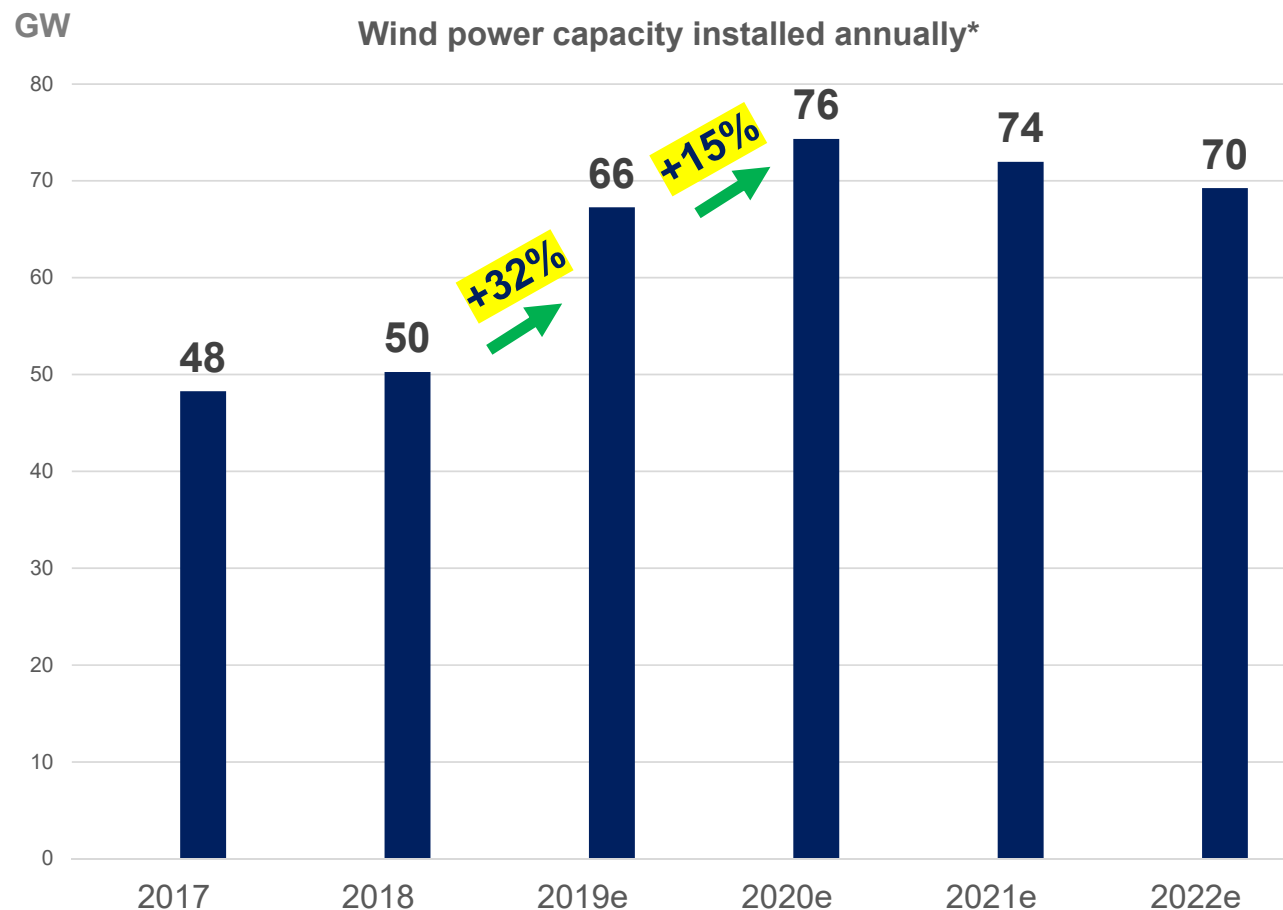
*“Wind and solar make up almost 50% of world electricity in 2050 – “50 by 50”  
– and help put the power sector on track for 2 degrees to at least 2030.”*

*Source: BloombergNEF, New Energy Outlook (NEO) 2019*



Source: BloombergNEF, New Energy Outlook 2019

# Wind Energy Demand Outlook

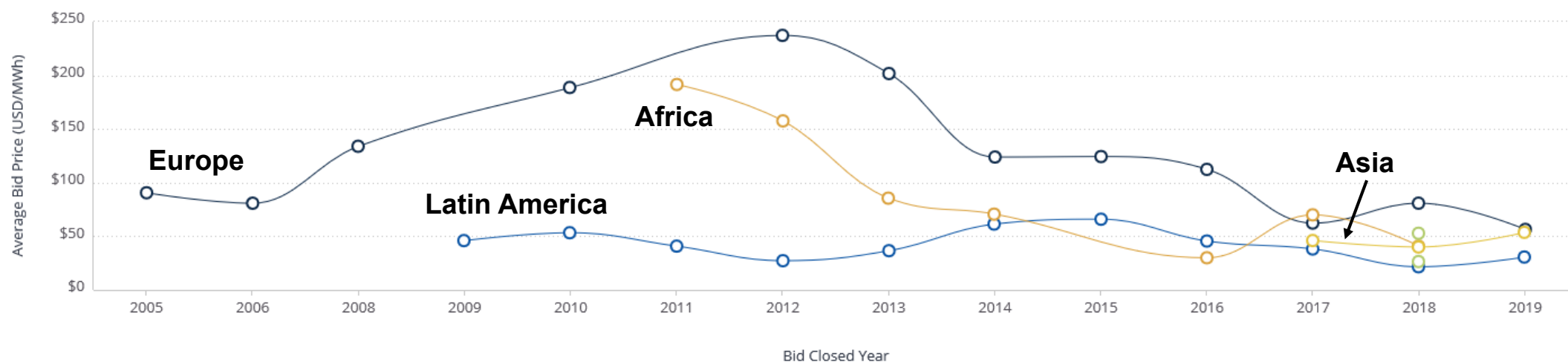


## Wind growth trends and major changes

- **2020:** further increase forecasted to 76 GW
- **2021+:** overall demand situation may improve;
  - **US PTC** ends 2020 but offshore support is in discussion
  - **China tariff** ends 2021
  - **India** demand step-up 2020
  - **EU:** reactions to missing the climate targets

\* Source: Wood Mackenzie Q4/2019

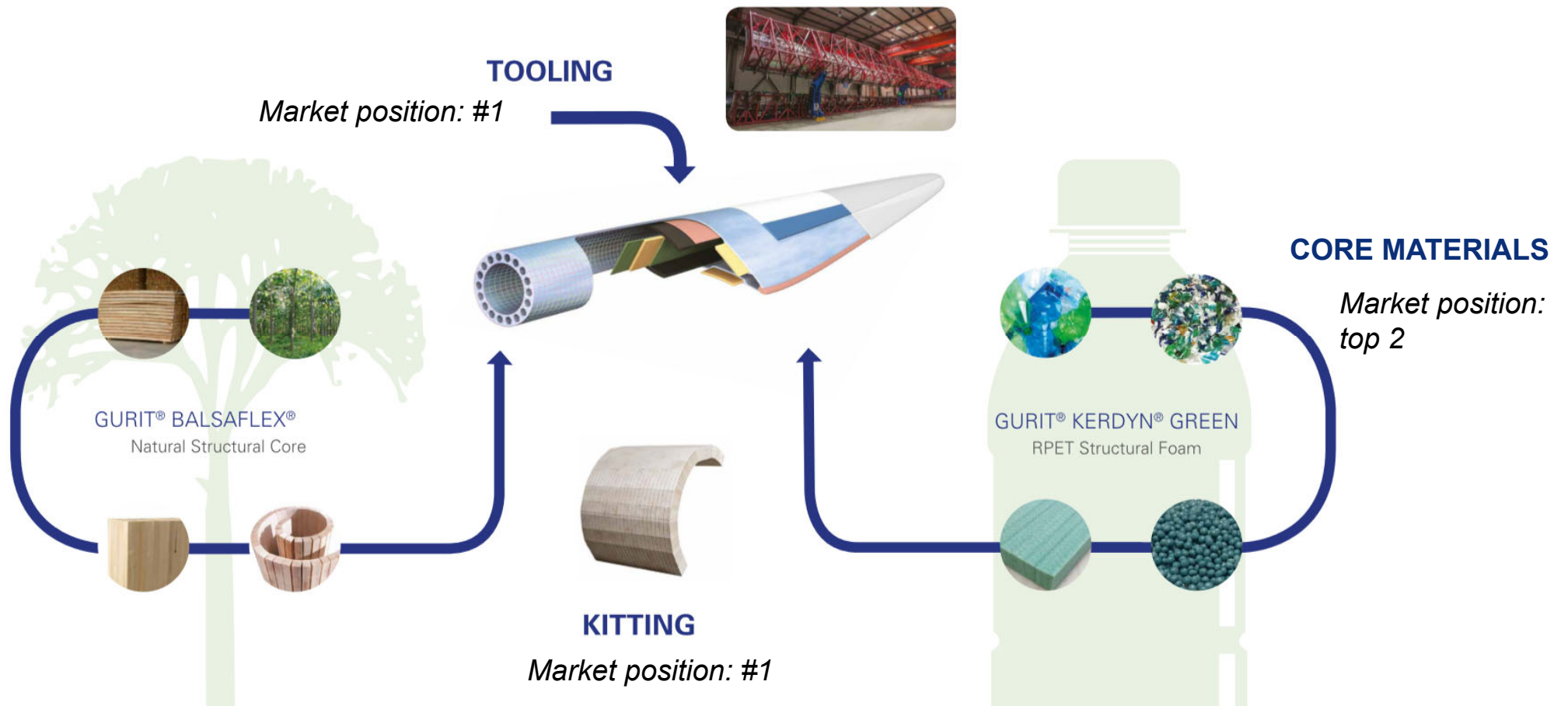
# Average wind energy auction prices drop by region



**Average auction prices 2019:**  
**Asia: 53.7 USD / MWh**  
**Europe: 56.42 USD / MWh**  
**Latin America: 30.66 USD / MWh**

Source: Wood Mackenzie: 2019

# Our global leading offering for the Wind industry





# Gurit 2019 Business Review



## Key Financial Notes 2019

- **Net Sales growth:** 35.5% to CHF **576.4 million**; (2018: CHF 425.3 million)  
currency-adjusted **organic** growth 11.3%
- **Operating Profit growth:** 81.8% to CHF **51.9 million** (2018: CHF 28.6 million)
- **Operating Cash Flow raised by** 240.3% to CHF **65.9 million** (2018: CHF 19.4 million)



## Key Financial Notes 2019

- **Equity Ratio increase** by 6.4%-pts to **40.2%**  
(2018: 33.8%)
- **Net Debt: reduced** by 33.9% to **CHF 52.9 million**  
(2018: Net debt of CHF 80.0 million)
- **CAPEX raised** by 61.4% to **CHF 24.7 million**  
(2018: CHF 15.3 million)



## Gurit investments in organic growth 2019/2020

### Strategic investment program for future growth

- **PET extrusion capacity** increase 2019/2020:
  - **3 additional** extrusion lines in deployment
  - **400% capacity increase** in 2021 vs, 2018
  - «Innovation Program **PET 2021**» underway
- **Balsa** expansion Indonesia 2019/2020
- **Vertical Integration:** PET recycling acquisition, «Recycled bottle to precision core kit»





## Gurit investments in organic growth 2019/2020

### Major strategic investment program for future growth

- **Wind: Geographic footprint expansion:**
  - **Mexico:** Kitting and PET extrusion in Matamoros for Americas market, complete 2020
  - **India** Wind strategy roll-out:
    - Tooling plant in India: Set-up starts now (2020)
    - Kitting plants in North and South and PET extrusion plant: in evaluation (2020)
- **Aerospace: Prepreg capacity expansion** in Kassel for Aero demand (2020)

➔ **Combined Capex 2019+2020: 50-60 mCHF**

## Key Business Notes

### Health and Safety

- Program started to reduce LTAR by 50% from 2019 to 2022

### Wind organic growth

- Wind market momentum – global **material** shortage - capacity rises
- **Balsa** shortage, disruptive sourcing prices - normalisation exp. late 2020
- **Multi-year supply agreements** for synthetic core material concluded
- Own **PET extrusion** design helps timelines and creates USP's
- **3 extruders** in deployment 2019/2020 in China and Mexico

### Operating Efficiency

- **Aero:** Merger of Zullwil site into Kassel started (to complete 2021)
- **Materials & Kitting** synergies: co-location starts in Mexico 2020
- **Footprint** expansion: Mexico, Indonesia – region for region approach



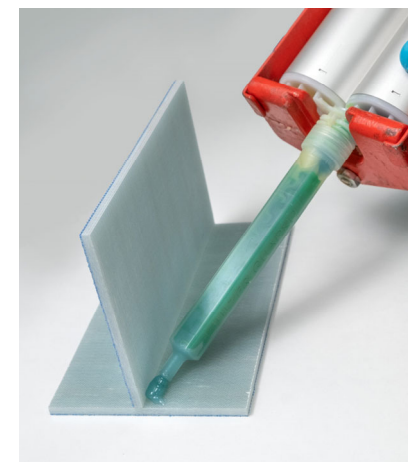
## Key Business Notes

### Acquisitions and divestments

- Acquisition Italian PET recycling business
- Sale of Gurit Automotive business - completed 2/2020

### New product introductions

- Spabond 800 adhesive
- AMPRO multipurpose laminating systems
- New power hinge / tooling automation



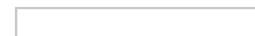
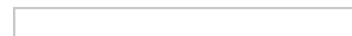
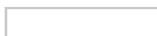
## Offering in Lightweighting

- **Aerospace:**  
Innovation programs for industrialized prepregs and low heat release epoxy development; additional prepreg tower for 2020; further customer qualifications to broaden customer base
- **Railway:**  
Increase market presence, promote use of composite technology
- **Marine:**  
Business development of new segments (commercial Marine);  
Promotion of existing strong offering, e.g. Corecell core materials; prepregs; formulated product range
- Take advantage of **Brand position as a solution provider**

# Development in Business Units



*WITH PASSION FOR A SUSTAINABLE FUTURE*



## Composite Materials

**Net Sales 2019: CHF 249.5m** (2018: CHF 221.3m)

Growth by 12.8% (FX adjusted: 15.2%) vs. 2018

Sales growth driven by the vibrant Wind energy market, sales in Marine and Industrial saw a slight decline.

### Key Business Steps 2019

Ramp-up of PET production; PET recycling feedstock acquisition

Completed new PET extruder design (big size extruder)

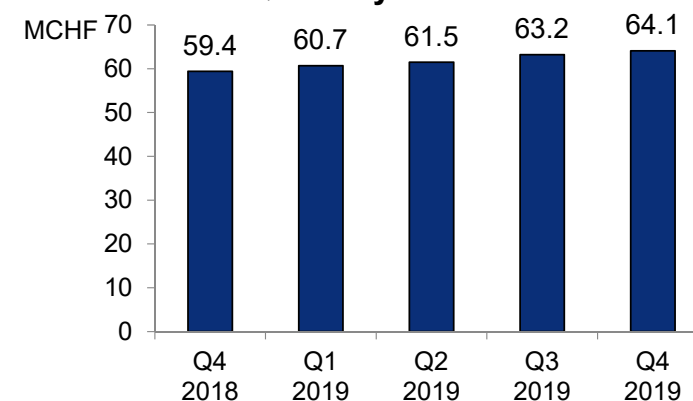
Commissioned 1 additional extruder in China

Concluded multi year core agreements

### Business Outlook 2020

- PET production capacity expansion in Mexico and China
- Deploy India strategy
- Raise Balsa volume availability

**Composite Materials:  
Quarterly Net Sales**





## Tooling

**Net Sales 2019: CHF 106.1m** (2018: CHF 118.5 m)  
Decrease -10.5% (currency-adjusted: -8.6%) vs. 2018  
Very strong first half year and an expected weaker 2HY.

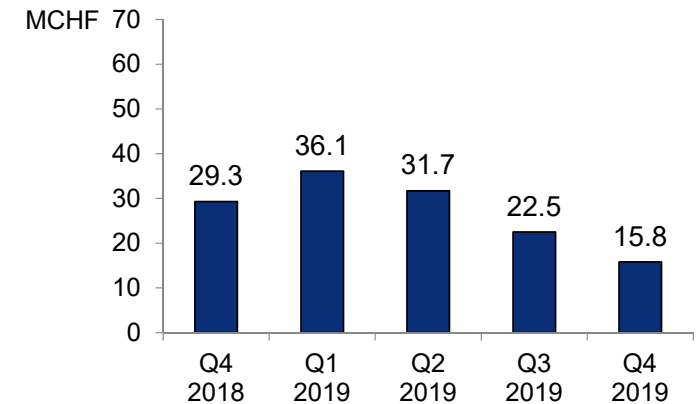
### Key Business Steps 2019

- New power hinge
- R&D for tooling automation solutions

### Business Outlook 2020

- Set-up India plant
- Tooling automation for big blade production – innovation
- New power hinge generation market launch

**Tooling: Quarterly Net Sales**



## Gurit Kitting

### Net Sales 2019: CHF 190.7m

Consolidated as of mid October 2018. Majority of the acquisition effect Gurit reported. Kitting is on a very strong growth track versus prior year.

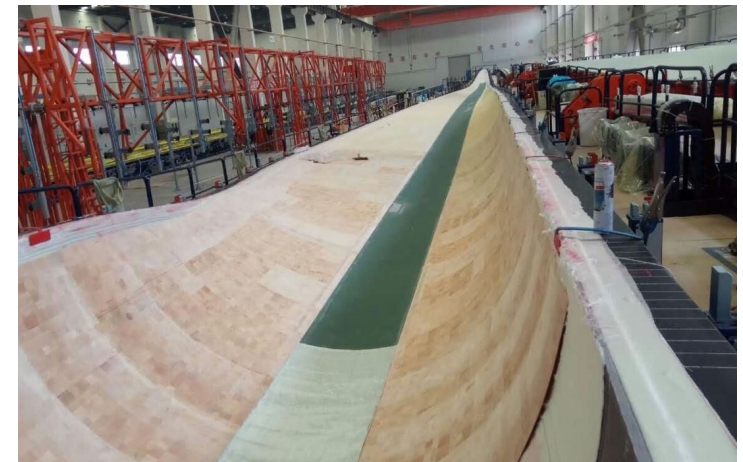
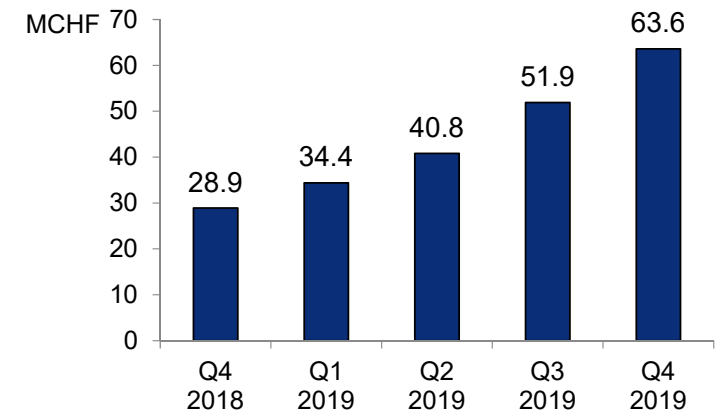
### Key Business steps 2019

Geographic footprint expansion, Mexico added as 7<sup>th</sup> production site;  
Foster strong business **growth** as seen in past years

### Business Outlook 2020

- First co-location PET extrusion/Kitting goes live in Mexico.
- Execute India and China kitting expansion strategies.
- Next generation manufacturing technology ready.

Kitting: Quarterly Net Sales





## Aerospace

**Net Sales 2019: CHF 53.5m** (2018: CHF 49.9m)

Both the European and American market generated solid demand.

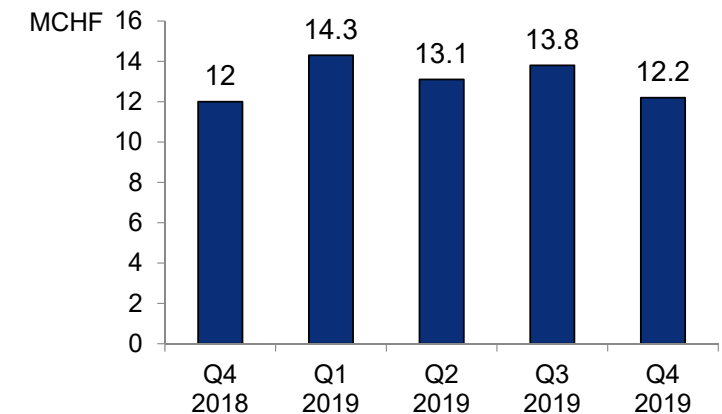
### Key Business Steps 2019

- Multi-year plant renewal, manufacturing capacity expansion and technology enhancement program in Kassel.
- Announced closure of Zullwil plant in 2021.
- Innovation focus on new interior material development.

### Business Outlook 2020

Expect continuous global growth of commercial air transport  
Focus on innovation and new product qualifications  
Work on transfer Zullwil/Kassel

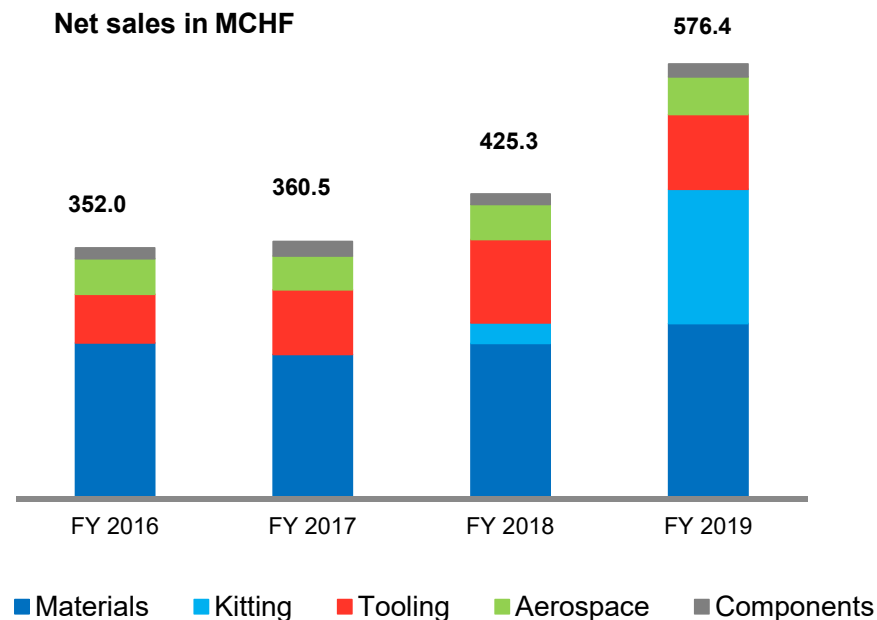
**Aerospace: Quarterly Net Sales**



# Agenda

1	<b>Business Update</b>
2	<b>Financial Results</b>
3	<b>Outlook and Summary</b>
4	<b>End of webcast; Questions</b>

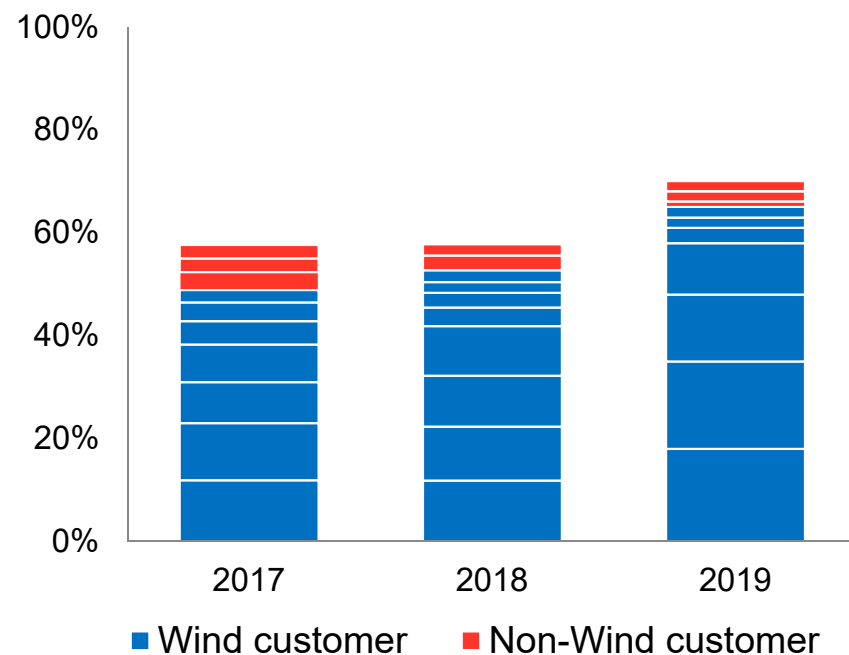
# Net Sales Analysis by Markets



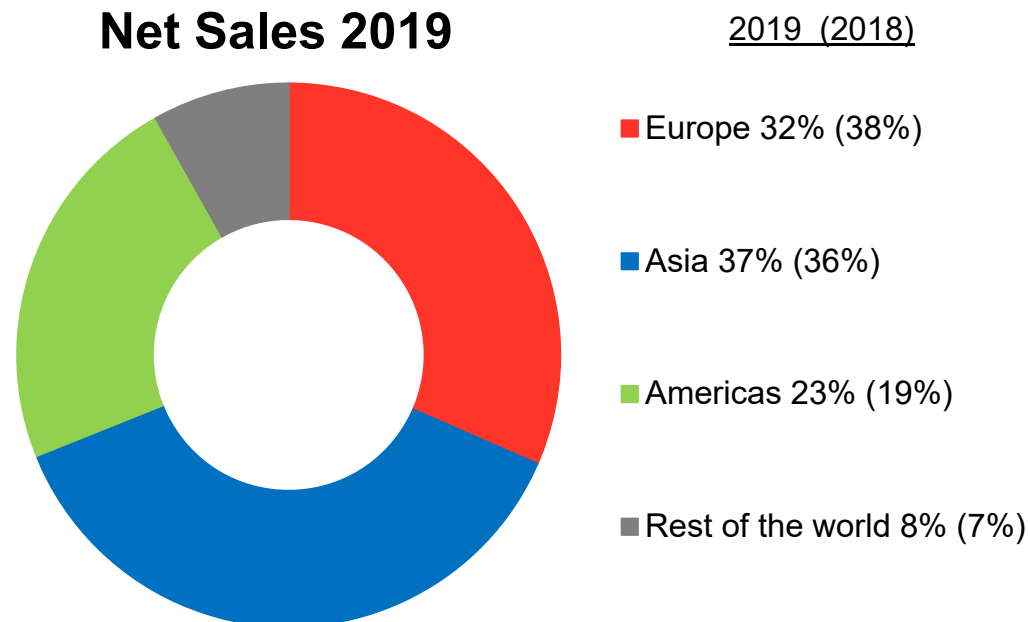
- Overall **strong growth +38.6%** adjusted for currency
- **Organic growth +11.3%** adjusted for currency
- **Composite Material** growth was driven by wind energy demand
- **Tooling** below prior year with weaker second half and shift to China
- **Aerospace** with strong demand in Europe and North America

## Customer concentration & Net sales by destination

**Top 10 customers  
in % of Total Net Sales**



**Net Sales 2019**



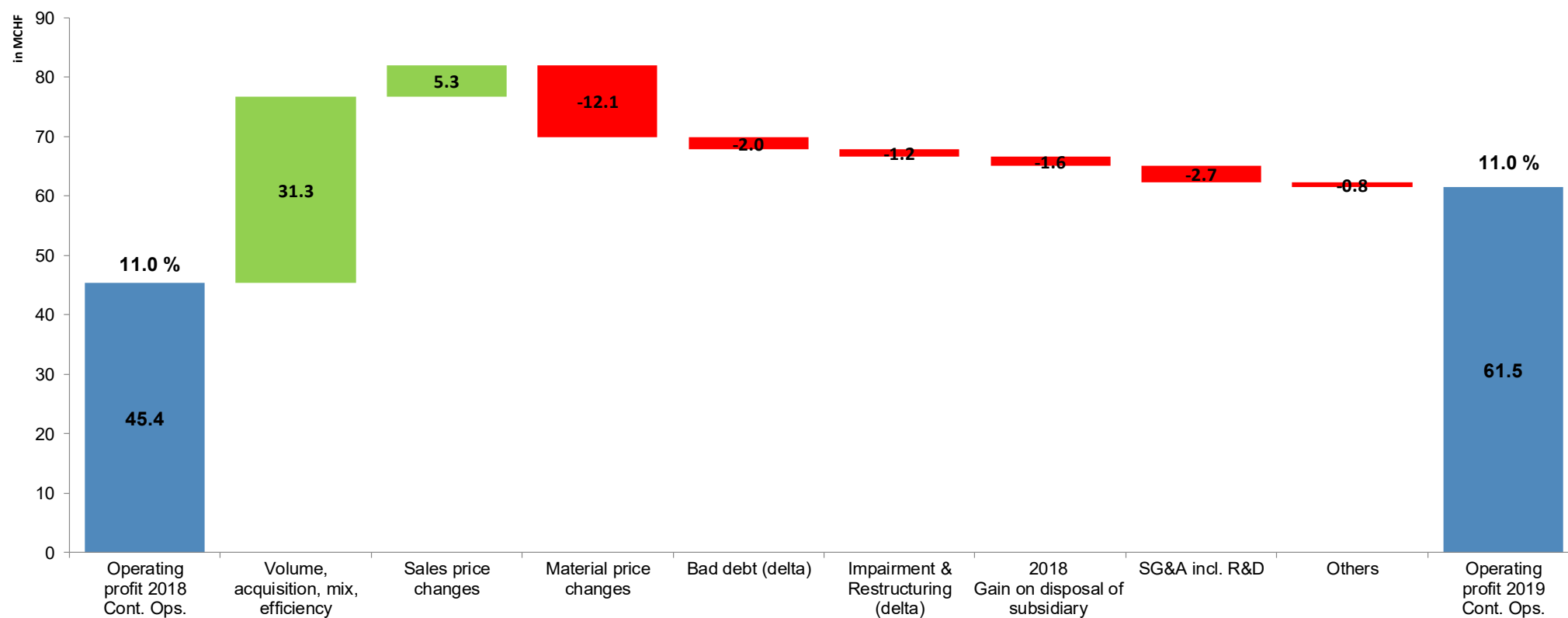
# Income Statement

(Continued Operations)

Consolidated Income Statement Continued Operations	2019		2018		Growth
	MCHF	% NS	MCHF	% NS	%
<b>Net sales</b>	<b>558.3</b>	<b>100.0%</b>	<b>410.6</b>	<b>100.0%</b>	<b>36.0%</b>
COGS	-437.2	-78.3%	-319.4	-77.8%	36.9%
<b>Gross profit</b>	<b>121.1</b>	<b>21.7%</b>	<b>91.3</b>	<b>22.2%</b>	<b>32.7%</b>
SG&A	-55.7	-10.0%	-47.7	-11.6%	16.7%
Other operating income and expense, net	-3.9	-0.7%	1.8	0.4%	-310.7%
<b>Operating profit</b>	<b>61.5</b>	<b>11.0%</b>	<b>45.4</b>	<b>11.0%</b>	<b>35.7%</b>

# Operating Profit Bridge 2018 vs. 2019

(Continued Operations)



# Income Statement

Consolidated Income Statement	2019		2018		Growth
	MCHF	% NS	MCHF	% NS	%
<b>Net sales</b>	<b>576.4</b>	<b>100.0%</b>	<b>425.3</b>	<b>100.0%</b>	<b>35.5%</b>
COGS	-458.2	-79.5%	-343.0	-80.6%	33.6%
<b>Gross profit</b>	<b>118.2</b>	<b>20.5%</b>	<b>82.3</b>	<b>19.4%</b>	<b>43.5%</b>
SG&A	-56.9	-9.9%	-49.4	-11.6%	15.2%
Other operating income and expense, net	-9.4	-1.6%	-4.4	-1.0%	113.3%
<b>Operating profit</b>	<b>51.9</b>	<b>9.0%</b>	<b>28.6</b>	<b>6.7%</b>	<b>81.8%</b>
Finance result	-5.0	-0.9%	-0.8	-0.2%	535.7%
Extraordinary result	0.0	0.0%	-1.0	-0.2%	-100.0%
Taxes	-12.1	-2.1%	-6.9	-1.6%	74.3%
<b>Profit for the year</b>	<b>34.9</b>	<b>6.1%</b>	<b>19.9</b>	<b>4.7%</b>	<b>75.5%</b>
<b>Earnings per bearer share</b>	<b>CHF</b>	<b>76.06</b>	<b>CHF</b>	<b>42.96</b>	
<b>Distribution per bearer share (proposed/resolved)</b>	<b>CHF</b>	<b>25.00</b>	<b>CHF</b>	<b>20.00</b>	

# Balance Sheet

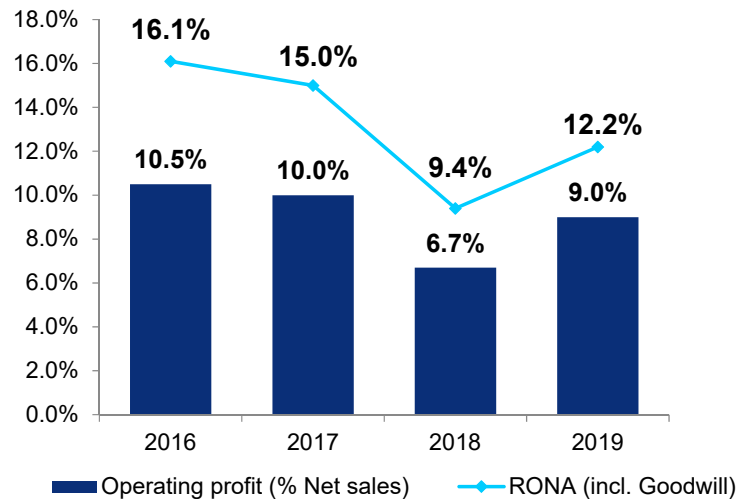
Consolidated Assets	Dec 2019		Dec 2018		Variance
	MCHF	%	MCHF	%	%
Current Assets	260.1	71.7%	268.4	72.6%	-3.1%
Non-current Assets	102.7	28.3%	101.3	27.4%	1.4%
<b>TOTAL ASSETS</b>	<b>362.8</b>	<b>100%</b>	<b>369.7</b>	<b>100%</b>	<b>-1.9%</b>

Consolidated Liabilities and Equity	Dec 2019		Dec 2018		Variance
	MCHF	%	MCHF	%	%
Current Liabilities	136.5	37.6%	153.3	41.5%	-10.9%
Non-current Liabilities	80.4	22.1%	91.4	24.7%	-12.1%
Equity	146.0	40.2%	125.1	33.8%	16.7%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>362.8</b>	<b>100%</b>	<b>369.7</b>	<b>100%</b>	<b>-1.9%</b>

- **Net debt** at **CHF 52.9m** at year end 2019 compared to CHF 80.0m in the previous year
- The **equity ratio** increased to **40.2%** at year end 2019 from 33.8% in 2018.



## Return on Net Assets (RONA)



- **RONA** at 12.2% increased 2.8%-pts compared to prior year
- Increase in average asset base more than offset by strong **operating profit growth**
- RONA will **continue to improve** as we exit the Auto business and will be more efficient in Aero

# Cash Flow

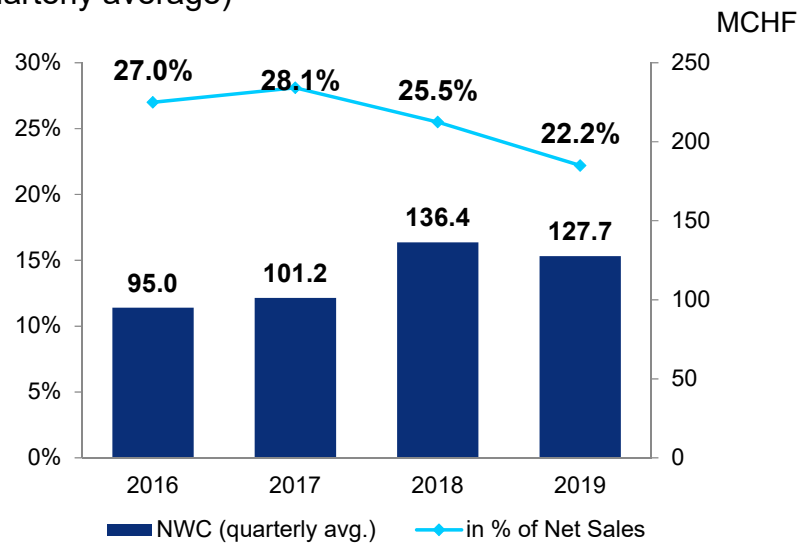
Consolidated Cash Flow	2019	2018	Variance
	MCHF	MCHF	MCHF
<b>EBIT</b>	51.9	27.6	24.3
Depreciation, amortisation, impairment	20.1	16.2	3.8
Change in working capital	6.8	-14.3	21.1
Other cash flow from operating activities	-12.9	-10.2	-2.7
<b>Net cash flows from operating activities</b>	<b>65.9</b>	<b>19.4</b>	<b>46.5</b>
Purchase of PPE and Intangibles	-24.6	-14.2	-10.4
Proceeds from sale of PPE	0.9	0.1	0.7
<b>Free Cash Flow</b>	<b>42.1</b>	<b>5.3</b>	<b>36.8</b>
Business acquisition	-4.3	-78.5	74.1
Disposal of subsidiaries	0.0	0.6	-0.6
Loans granted, net of repayments	-0.9	-0.6	-0.2
Change in borrowings	-27.9	89.6	-117.5
Distribution to shareholders	-9.3	-9.3	0.0
Purchase of treasury shares	-1.2	-1.2	0.0
<b>Change in Cash and cash equivalents</b>	<b>-1.4</b>	<b>5.9</b>	<b>-7.3</b>

- **Free Cash Flow at CHF 42.1m.**  
An improvement of CHF 36.8m compared to prior year
  - Higher profitability
  - Timing of customer payments (late last year)
- **CAPEX** increase mainly due to Kitting

# Net Working Capital & Capex

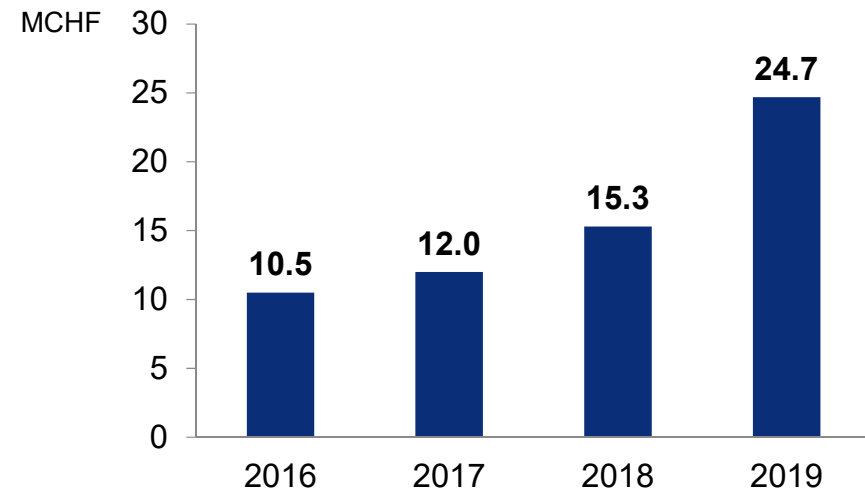
## Net Working Capital

(quarterly average)



Continued focus on Net Working Capital is improving NWC in % of sales to 22.2% in 2019

## Capex



### Major investments in 2019:

- **PET production** capacity increase
- Ramp-up of new Kitting facility in **Mexico**

# Agenda

1	<b>Business Update</b>
2	<b>Financial Results</b>
3	<b>Outlook and Summary</b>
4	<b>End of webcast; Questions</b>

## Summary and Outlook

- **Very positive growth and financial results** across **all metrics in 2019**
- **Focused growth:** Wind Energy is more than three quarters of total sales in 2019
- **Strong Wind market growth of 15%** globally from 66GW in 2019 to 76GW in 2020
- Major **footprint** and **capacity expansion** program underway across Gurit

### Outlook 2020\*

Gurit expects to achieve a high single-digit organic revenue growth to around CHF 600 million in 2020. We further expect to achieve an operating profit in the range of 8.5-11.0% for the fiscal year 2020.

\* Includes moderate Corona virus impact and the automotive divestment effective as of 1.2.2020