

# Media & Analyst Conference Half-Year Results 2016



WELCOME

Zurich – August 4, 2016

# Content

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- 1 Welcome and Introduction
- 2 Half-Year Results 2016
- 3 Strategic Focus
- 4 Outlook H2 2016
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# Schweiter at a Glance

SCHWEITER TECHNOLOGIES IS A GLOBAL TECHNOLOGY GROUP COMPRISING THE TWO DIVISIONS  
**3A COMPOSITES AND SSM TEXTILE MACHINERY**

## Portfolio



**Development & manufacturing of**

- **composite panels,**
- **materials for sandwich solutions,**
- **integrated sandwich components**

concentrating on the segments

- Core Materials
- Architecture
- Display
- Transport & Industry



**Traditional machinery making**

- Textile machinery

## Strategy & Goals



Focus on innovation, customer centricity and value creation as key success factor



Strengthen the current positions through organic growth and strategic acquisitions



Promote lean structures and direct lines of communication

## Key Figures 2015



~915m CHF sales



>90m CHF EBITDA



Global presence in more than 50 countries



Equity ratio ~68%



Dividend payment: 40 CHF per share



# One Group – two leading Divisions

**3A**  
COMPOSITES

**3A Composites**

Global market leader in composite panels and core materials for sandwich solutions

Revenues: 800 – 1'000 MCHF

Employees: ~4'200  
(of which ~1'800 in Ecuador and Papua New Guinea)

**SSM**

**SSM Textile Machinery**

Leading manufacturer of machines for yarn processing and precision winding

Revenues: 70 - 100 MCHF

Employees: ~250

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# Highlights H1 2016

**16%**

Increase in Sales

Successful integration of acquisitions made in 2015

Double digit growth of top & bottom line in Core Materials

Strong performance of Display in Europe due to combined market offering with Polycasa

Sound top and bottom line of Architecture business as well as in Textile Machinery

**>12%**

EBITDA margin

Significant EBITDA improvement of 40% (organic: 22%)

Focus on earnings quality & savings in costs resulting in improved EBITDA margin

Accelerated profitability improvement at Polycasa, supported by favorable raw material prices

Textile Machinery with an increased EBITDA margin >13%

**32m**

Operating Cash Flow

Tight working capital management

High cash balance of CHF 126m (after CHF 57m dividend distribution)

Strong equity ratio of 64%



# Group Results

| <i>in CHF Mio.</i>                      | <b>H1<br/>2016</b> | <b>H1<br/>2015</b> | <b>Total<br/>2015</b> | <b>H1/H1<br/>%</b> |
|---|--------------------|--------------------|-----------------------|--------------------|
| Orders received                         | 548.0              | 463.7              | 955.2                 | 18%                |
| Net sales                               | 501.3              | 431.0              | 915.4                 | 16%                |
| EBITDA                                  | 61.5               | 43.8               | 92.1                  | 40%                |
| <i>in % of net sales</i>                | <i>12.3%</i>       | <i>10.2%</i>       | <i>10.1%</i>          |                    |
| EBIT                                    | 48.2               | 31.5               | 65.9                  | 53%                |
| Net income                              | 34.5               | 18.7               | 50.1                  | 85%                |
| Employees (end of period) <sup>1)</sup> | 4475               | 4810               | 4689                  | -7%                |

<sup>1)</sup> of which 1783 employees (H1 2015: 2120 employees) in balsa wood plantations and sawmills in Ecuador and in Papua New Guinea

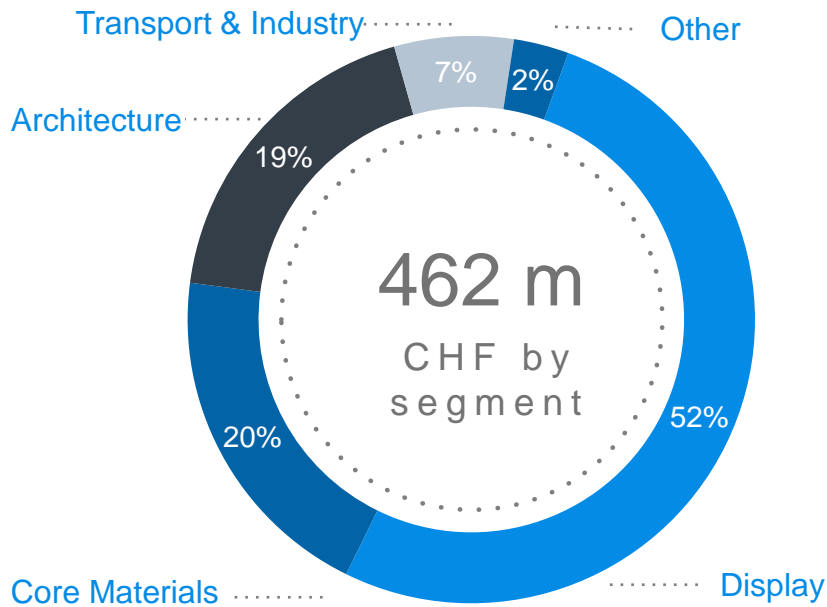
# 3A Composites Results

| <i>in CHF Mio.</i>                      | <b>H1<br/>2016</b> | <b>H1<br/>2015</b> | <b>Total<br/>2015</b> | <b>H1/H1<br/>%</b> |
|---|--------------------|--------------------|-----------------------|--------------------|
| Orders received                         | 498.8              | 427.4              | 885.5                 | 17%                |
| Net sales                               | 462.3              | 392.5              | 840.8                 | 18%                |
| EBITDA                                  | 57.9               | 40.6               | 85.5                  | 42%                |
| <i>in % of net sales</i>                | <i>12.5%</i>       | <i>10.3%</i>       | <i>10.2%</i>          |                    |
| EBIT                                    | 45.1               | 28.9               | 60.5                  | 56%                |
| Employees (end of period) <sup>1)</sup> | 4218               | 4552               | 4432                  | -7%                |

<sup>1)</sup> of which 1783 employees (H1 2015: 2120 employees) in balsa wood plantations and sawmills in Ecuador and in Papua New Guinea



# 3A Composites Revenues H1 2016



# 3A Composites Results

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- Double-digit growth of top-line in Core Materials supported by strong wind market in EU & US and solid marine business in the US.
- Display business in Europe benefited from joint market presence with Polycasa Group. Improvement of Polycasa's profitability faster than originally anticipated, supported by positive raw material price development.
- European Architecture business with slightly declining sales vs. H1/2015 mainly due to capacity constraints (major reconstruction of production line in Germany).
- Gratifying growth of Architecture business in Asia Pacific, driven by India and South East Asia.
- Display business in the US with strengthened profitability despite lower volumes (weak Display sales in the beginning of the year).
- Mass Transportation: continued positive development of bus business. Transfer of part of production from Switzerland to Poland negatively impacting profitability.
- Ongoing initiatives at all sites to further increase efficiencies and profitability growth.

# SSM Results

| <i>in CHF Mio.</i>        | <b>H1<br/>2016</b> | <b>H1<br/>2015</b> | <b>Total<br/>2015</b> | <b>H1/H1<br/>%</b> |
|---------------------------|--------------------|--------------------|-----------------------|--------------------|
| Orders received           | 49.2               | 36.3               | 69.7                  | 36%                |
| Net sales                 | 38.8               | 38.3               | 74.3                  | 1%                 |
| EBITDA                    | 5.3                | 4.5                | 9.1                   | 17%                |
| <i>in % of net sales</i>  | <i>13.6%</i>       | <i>11.7%</i>       | <i>12.3%</i>          |                    |
| EBIT                      | 4.8                | 3.9                | 8.0                   | 21%                |
| Employees (end of period) | 251                | 252                | 251                   | 0%                 |

# SSM Results

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- High level of orders received with a growth of 36%, driven by continued good performance in Bangladesh and Taiwan and recovered market in Turkey.
- Slight increase in sales (+1%) despite difficult market conditions in some key markets (China, India, Brazil).
- Innovations presented at the International Textile Machinery Exhibition in Milan (ITMA) turned into major orders.
- Realignment of production and transfer of texturing machines business to SSM site in Galbiate (Italy) on track.
- Continued R&D expenditures to secure market leadership.



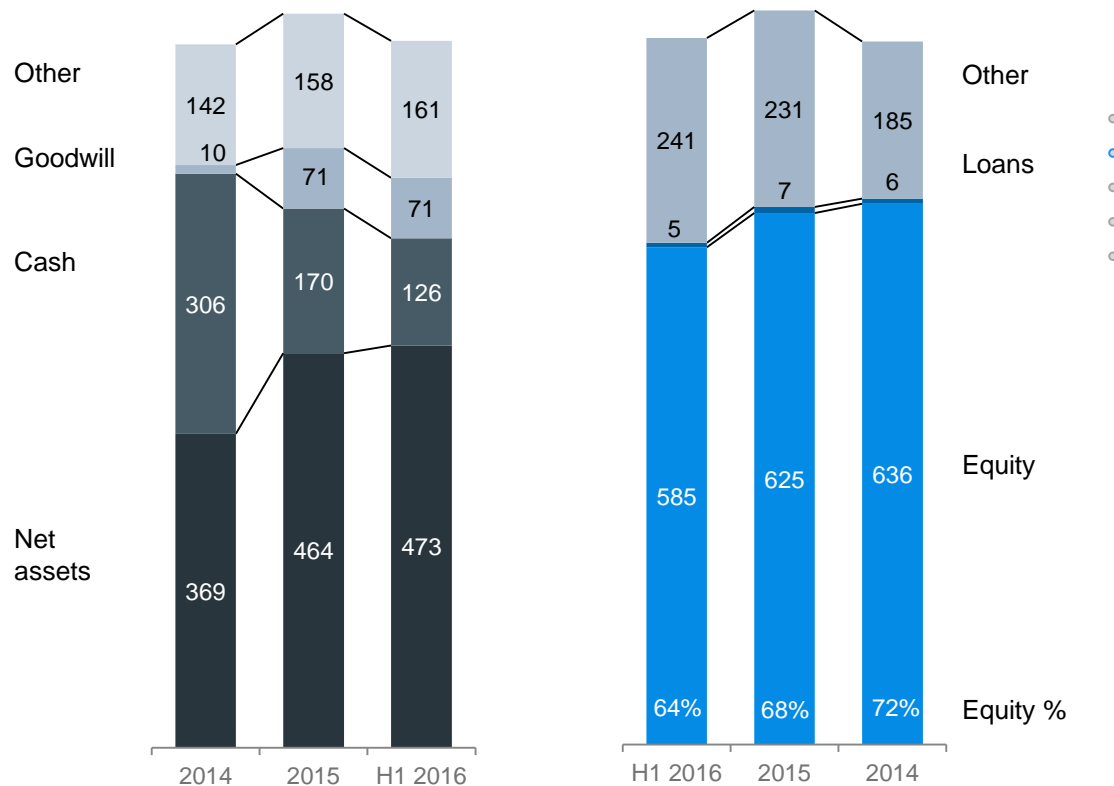
# Strong Balance Sheet

Cash position CHF 126 Mio.

Practically no short & long term bank liabilities

Shareholders' Equity CHF 585 Mio. = CHF 408 per share

Equity ratio 64%



# Cash Development

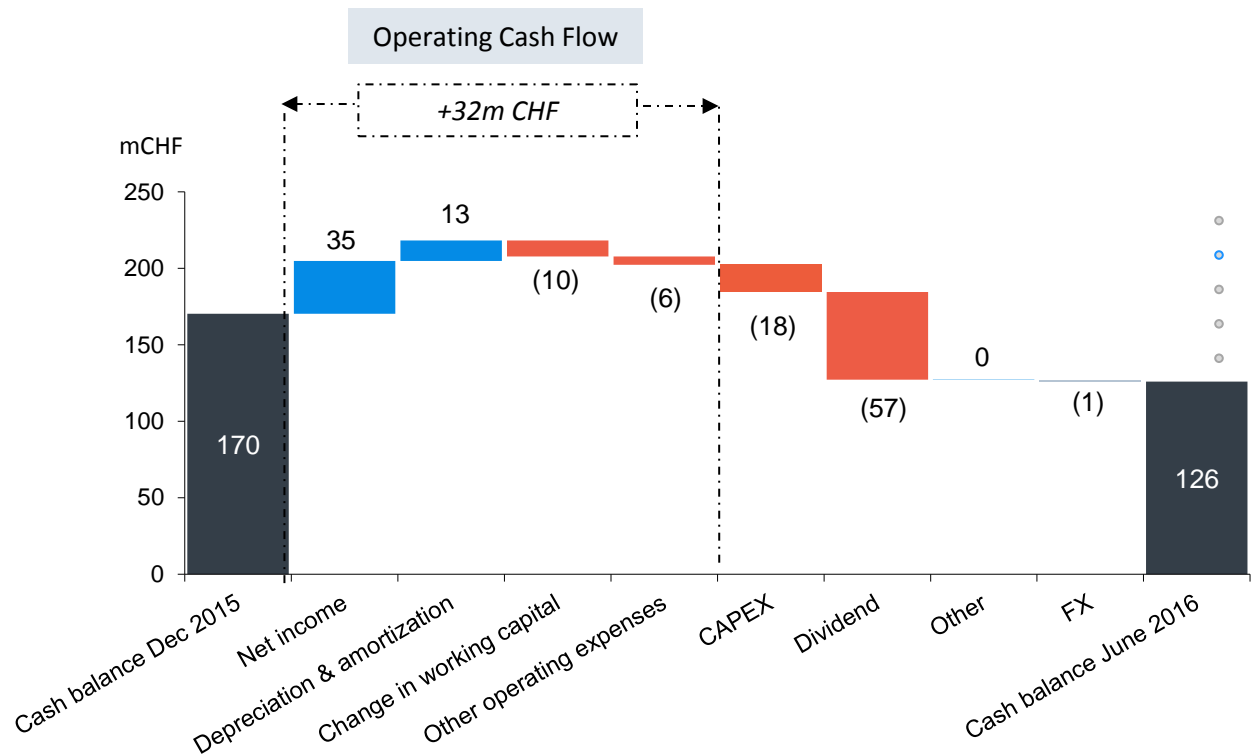
Cash position CHF 126 Mio.

Significant increase in net income to CHF 35 Mio.

Tight working capital management

Dividend payment of CHF 57 Mio.

CAPEX expanding market reach of product offerings and enhancing production efficiency



# Cash Flow Statement

| <i>in CHF Mio.</i>                           | H1<br>2016   | H1<br>2015    | %           |
|--|--------------|---------------|-------------|
| Net income                                   | 34.5         | 18.7          | 84%         |
| Depreciation & amortization                  | 13.3         | 12.3          | 8%          |
| Change in working capital                    | -10.4        | -26.2         | 60%         |
| Other operating income/expense               | -5.5         | 4.0           | -238%       |
| <b>Operating Cash Flow</b>                   | <b>31.9</b>  | <b>8.8</b>    | <b>263%</b> |
| Cash Flow from investing activities          | -16.4        | -126.4        | 87%         |
| <b>Cash Flow before financing activities</b> | <b>15.5</b>  | <b>-117.6</b> | <b>113%</b> |
| Dividend                                     | -57.3        | -57.2         | 0%          |
| Repayment of financial liabilities & Other   | -1.4         | -1.5          | 7%          |
| FX   | -1.3         | -9.3          | 86%         |
| <b>Cash Flow of H1</b>                       | <b>-44.5</b> | <b>-185.6</b> | <b>76%</b>  |

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# Strategic Focus

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- General strategy considerations:
  - Invest into attractive industrial activities with growth potential
  - Apply proven concepts of innovation management, supply chain management, direct marketing/sales organization and lean structures
- Focus on Composite business as dominant business field
- Empower acquired companies to support the Composite business model
- High cash balance allow further acquisitions in current and new business fields
- Attractive dividend / payback of free cash to shareholders



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# Outlook H2 2016

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## General

- Sound performance for H2 2016 expected, at a similar level than H1.
- Full effect of synergy potentials within 3AC.
- Profitability of 3AC impacted by further raw material price developments.

## 3A Composites

- Global wind business expected to flatten slightly.
- Further expansion of non-wind business (marine and industrial applications in Core Materials).
- Positive outlook for Architecture and Display business in the main markets; increased demand for high-quality, fire retardant Architecture products in Middle East & Asia. Production limitation in Europe due to reconstruction of production line in Germany solved.
- Strong demand for light weight solutions in mass transportation.



# Outlook H2 2016

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## SSM Textile Machinery

- Based on high levels of order book as of June 30, 2016 higher performance for H2 expected.
- Innovations presented at ITMA 2015 and hand-shake orders translated into major projects.
- Full effect from realignment of production / transfer of texturing machines business to Galbiate (Italy) will materialize in late 2016 / early 2017.
- Ongoing focus on innovations, costs and efficiencies.



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# APPENDIX

DIVISIONAL  
INFORMATION

# 3A Composites

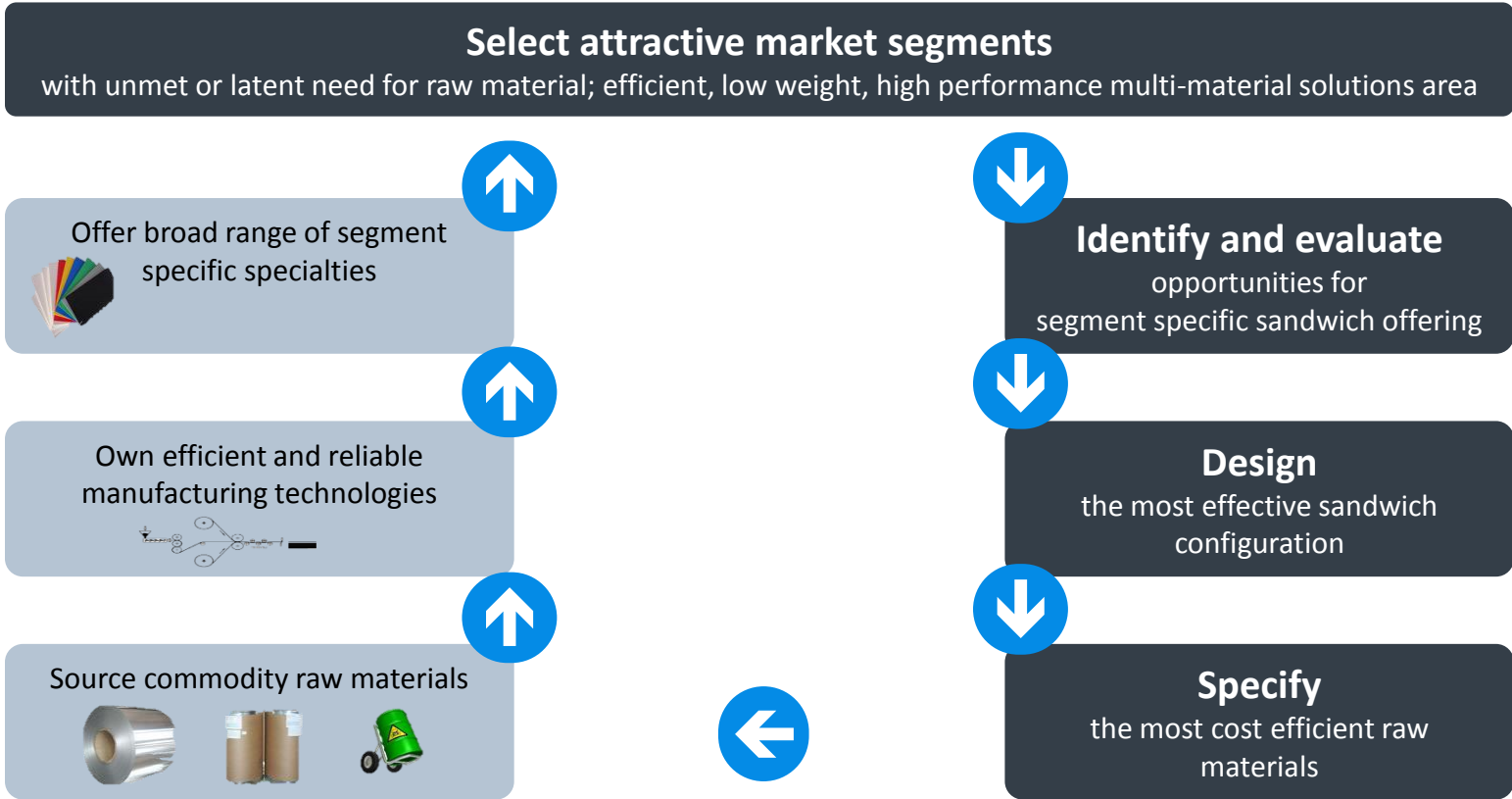
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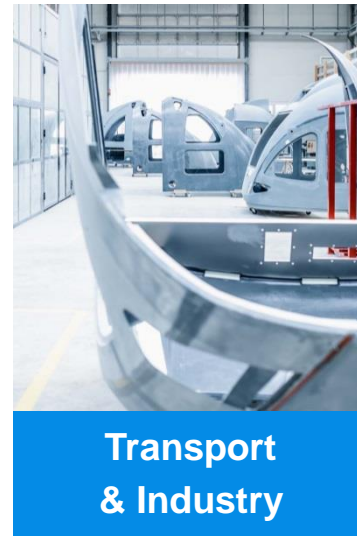
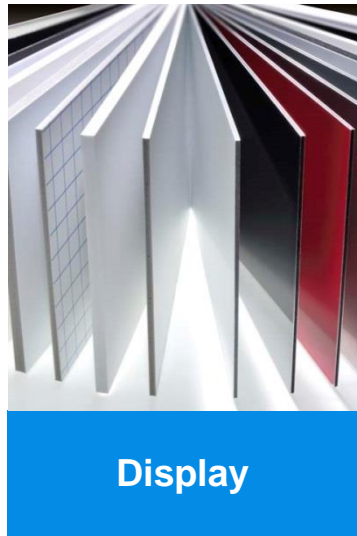
The global market leader in composite panels and core materials for sandwich solutions



# 3A Composites - Business Idea

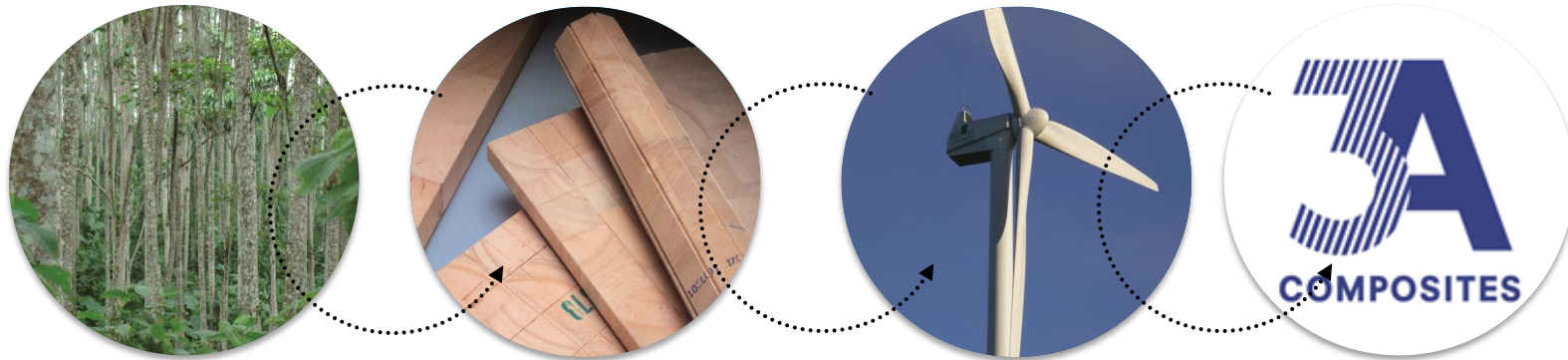


# 3A Composites – Market Segments





# Core Materials



## M

aterials

### Engineering Plastics

- Polyester (PET)
- Polyetherimide (PEI)
- Polyvinylchloride (PVC)
- Polystyrene (PS)
- Polyurethane (PUR)

### Balsa

- Standard Balsa (Baltek SB)
- Premium Balsa (Baltek SBC)
- Veneer based Balsa (Banova & Baltek VBC)

## P

roducts

### Structural Airex and Baltek Core Materials

- Plain Sheets
- Contour Core
- Kit

### Banova FLEX Bending Plywood

### Balsa PLY Panels

## A

pplications

### Structural and semi-structural sandwich applications

**Wind Energy:** Blades and Nacelles

**Marine:** Motoryachts, Sailing Yachts, Multihull

**Road:** Bus & Coach, Trucks, Vans & Recreational Vehicles

**Rail:** Highspeed, Intercity, People Mover

### Aerospace:

Radome, Interior parts

### Infrastructure:

Road & Pedestrian Bridges

## B

rands

**AIREX**

**BALTEK**

**BANOVA**

# Core Materials



## References

1 SSP Technology A/S | Denmark  
Root joints of rotor blades with  
**AIREX® T90.150**

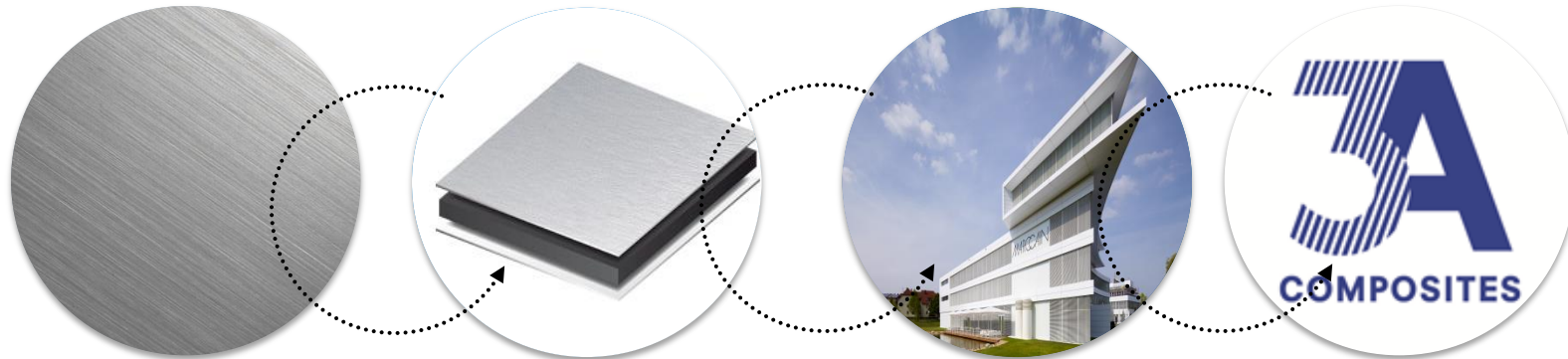
2 Sailing yachts and motorboats,  
Bavaria | Germany  
**AIREX® C70**

3 Interior & Furniture for Super yacht  
**BANOVA®**

4 Kon-Tiki2  
Expedition raft made of **BALSA** logs



# Architecture



## M

aterials

**Skin Material**

Aluminum sheets

**Core Material**

Polyethylene (PE)  
Fire Rated PE (Plus)  
Non Combustible PE (A2)  
Aluminum-Honeycomb

## P

roducts

**Aluminium Composite Materials (ACM)**

- Alucobond Standard Panels
- Alucobond Fire Rated Panels
- Alucore Honeycomb Panels

with a wide range of different surface design:

- Mill Finish
- Clear Coat
- Butler Finish
- Spectra Colours

## A

pplications

**Market Segments**

- Sport, Airport, Public Space, Retail, Hotel, Hospital, Corporate, Residential

**Applications**

- Facades / Flying Roofs
- Exterior/ Interior Cladding
- Corporate Identity Signage

## B

rands

**ALUCOBOND®**

**ALUCOBOND®A2**

**ALUCOBOND®plus**

**ALUCORE®**



# Architecture



## References

1 Paläon, Schöninger Speere  
Schöningen | Germany  
**ALUCOBOND® mirror**

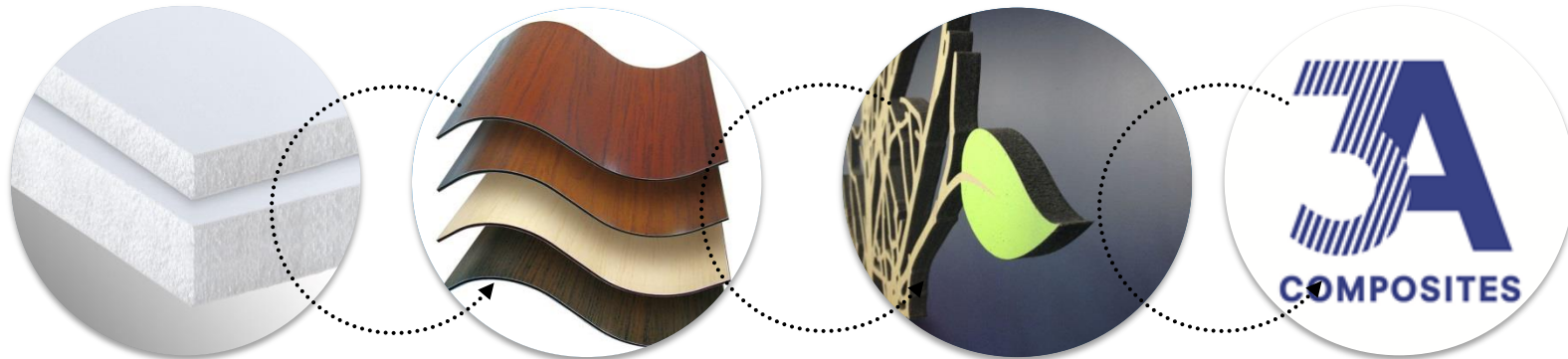
2 ONGC Office  
Mumbai | India  
**ALUCOBOND® Plus**

3 Sunshine Radiotherapy Services Building  
St. Albans | Australia  
**ALUCOBOND® Plus spectra**

4 Glen Innes Music and Art Centre  
Auckland | New Zealand  
**ALUCOBOND® design**



# Display



## M

aterials

**Skin Material**

Coated Aluminum, Paper, Polystyrene, Coated Paper, PVC, Self adhesive Films

**Core Material**

Polystyrene (PS)  
 Polyurethane (PUR)  
 Polyethylene (PE)  
 Polypropylene (PP)  
 Aluminum-Honeycomb

## P

roducts

**Aluminum Composite Materials (ACM)**

**Foamed Sheets**

**Foam Boards**

**Clear Sheets**

## A

pplications

- Fotomounting
- Interior / Exterior Signs
- Routed Sign Faces
- POP Displays
- Exhibit Constructions
- Screen Printing
- Kiosks / Carts
- Dimensional Letters
- Digital Printing
- Shop Fitting

## B

rands

- |                   |                  |
|-------------------|------------------|
| <b>DIBOND®</b>    | <b>HYLITE®</b>   |
| <b>FOREX®</b>     | <b>SMART-X®</b>  |
| <b>KAPA®</b>      | <b>SINTRA®</b>   |
| <b>FOAM-X®</b>    | <b>FOME-COR®</b> |
| <b>GATORFOAM®</b> |                  |
| <b>FOAMALITE®</b> |                  |
| <b>POLYCASA</b>   |                  |

# Display



## References

1 Ski tunnel  
Kopaonik | Serbia  
**Polycasa® PC**

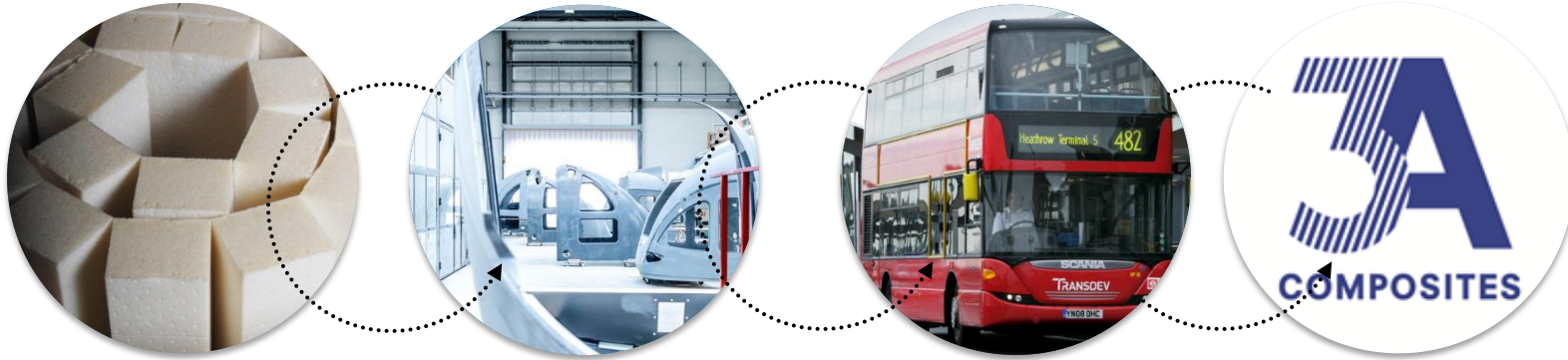
2 Shop window, Mode Zinser  
Singen | Germany  
**GATORFOAM®**

3 C&A Signage  
Düsseldorf | Germany  
**KAPA®**

4 Pop Up Retail Shopping Bags  
London | UK  
**DIBOND®**



# Transport & Industry



## Materials

- Engineering Foams  
PET, PVC, PUR, PEI
- Balsa based Core Materials
- Balsa Plywood Panels & Bending Plywood
- Aluminium Composite Material (ACM)
- GRP Sandwich Material
- Aluminium Honeycomb Panels
- Lightweight Foamboards

## Products

- 3D Front Cabins for Railway Vehicle
- Structural Aluminium-Foam Sandwich Elements
- Sandwich Solutions with integrated Functions (e.g. floor heating)
- Interior Parts
- Headliners and Roof reinforcements for Automotive
- Insulation solutions
- GRP Sandwich Rotorblades

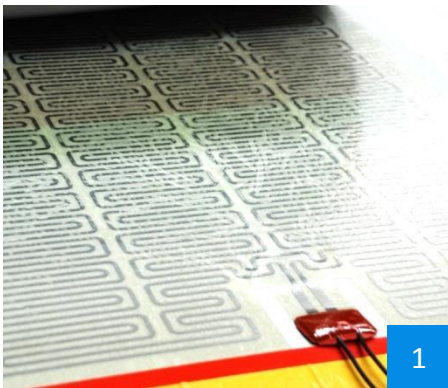
## Applications

- Railway Body Shell (Roofs, Floors, Cabins)
- Bus & Coach Roof and Floors
- Automotive Headliner and Interior
- Recreational Vehicle & Marine Furniture
- Insulated Truck Walls and Floors
- Air Conditioning Equipment
- Building Interior
- Ski and Snowboards

## Brands



# Transport & Industry



## Products

1 **COMFLOOR®**  
Integrated Floor Heating System

2 **INNOCAB®** Front Cabin  
Sandwich-panel structures made  
of fiber-reinforced plastic

3 **KAPA®** Term automotive DVDs

4 **XBODY®** sandwich parts





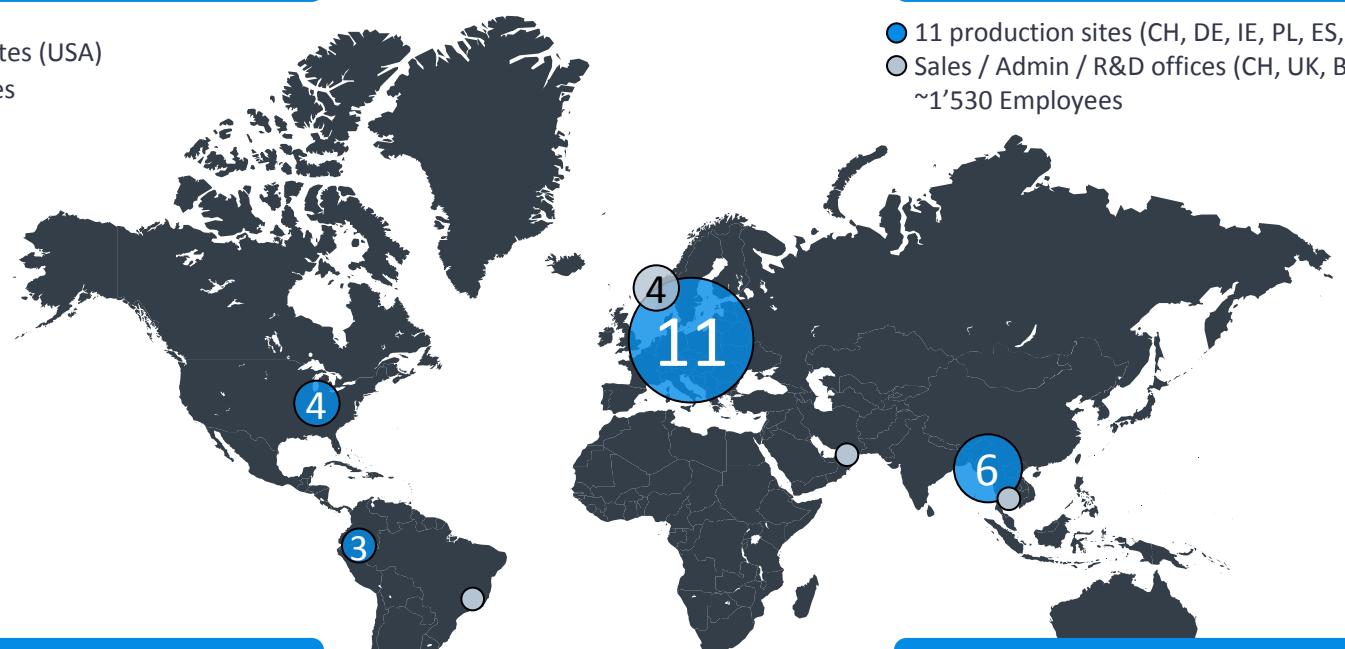
# Strong Global Presence

## ASSETS IN NORTH AMERICA

- 4 production sites (USA)  
~330 Employees

## ASSETS IN EUROPE

- 11 production sites (CH, DE, IE, PL, ES, CZ, SK)
- Sales / Admin / R&D offices (CH, UK, BE)
- ~1'530 Employees



## ASSETS IN LATIN AMERICA

- 3 production sites (EC)
- Sales office (BR)
- 106 plantations; 9'298 ha in Ecuador
- ~770 Employees

## ASSETS IN ASIA PACIFIC / CHINA

- 6 production sites (CN, IN, PNG)
- Sales office (SGP, UAE)
- ~1'590 Employees

# SSM Textile Machinery

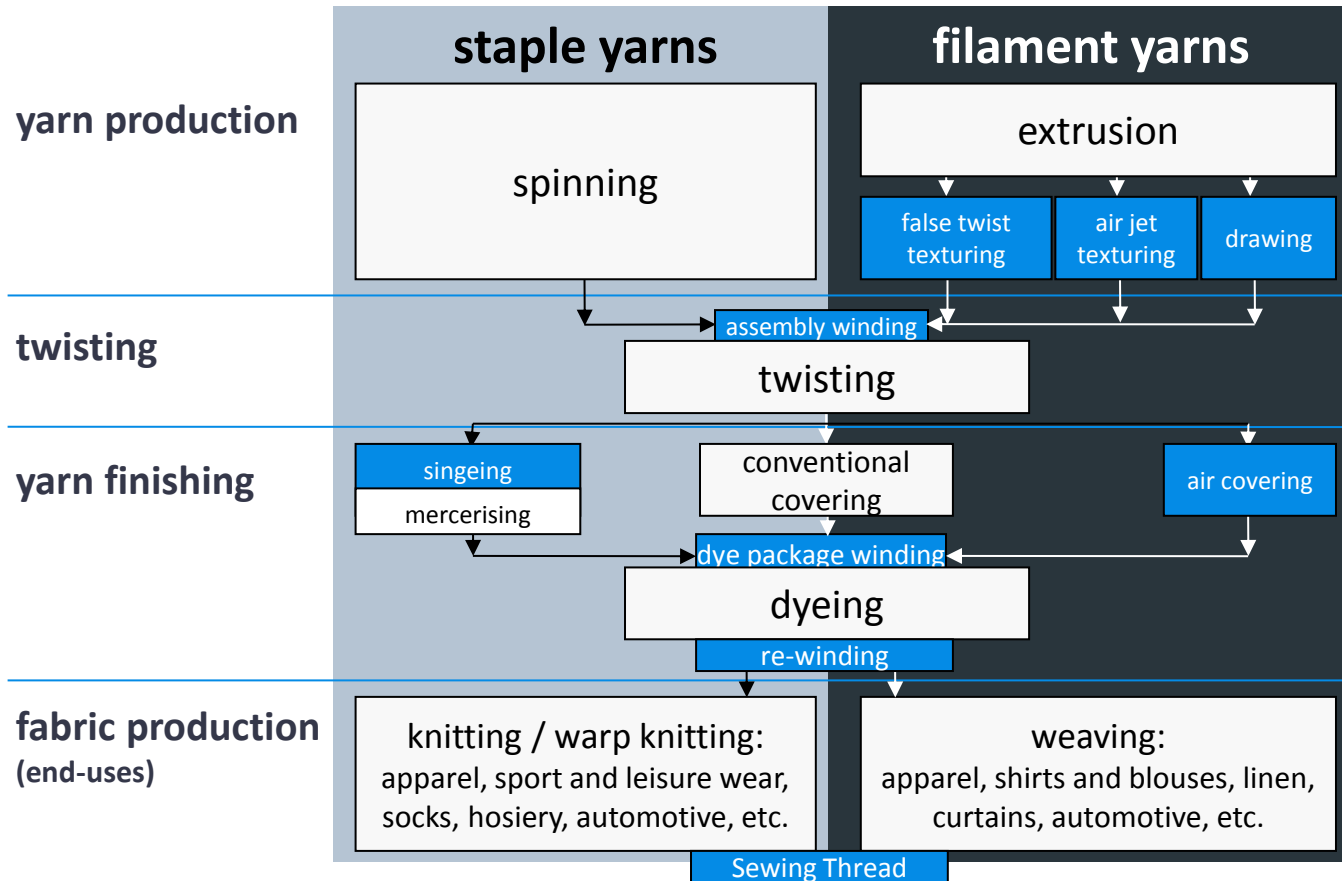
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Leading  
manufacturer of  
machines for  
yarn processing  
and precision  
winding

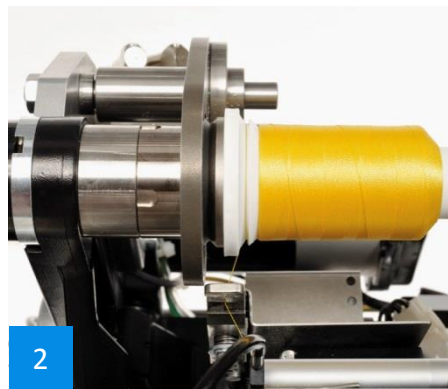
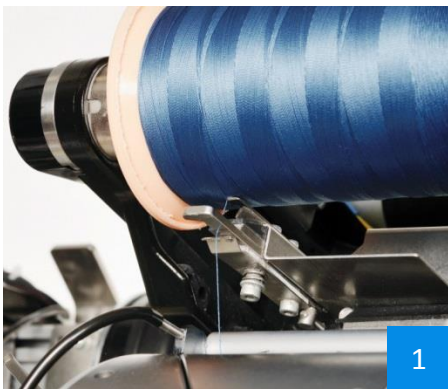


# SSM - Strong niche positions in the production chain



All blue marked areas are supported by SSM equipment

# SSM Textile Machinery



## Products

1 Sewing Thread Finish-Winding  
**Kingspool / SSM TK2-20 KT**

2 Sewing Thread Finish-Winding  
**Kingspool with «Snap» /  
SSM TK2-20**

3 Air Texturing  
**Glass fibre / SSM DP5-T**

4 Italian Factory, SSM GIUDICI  
**TG.30 / False Twist Texturing**



# Strong Global Presence



- Sales, Manufacturing, Service
- Representative offices
- Local service stations

# Disclaimer

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