

Media & Analyst Conference Half-Year Results 2017



Zurich – August 18, 2017

Content

- 1 Welcome and Introduction
- 2 Half-Year Results 2017
- 3 Strategic Focus
- 4 Acquisition Athlone Extrusions
- 5 Outlook H2 2017
- 6 Appendix




Schweiter at a Glance

SCHWEITER TECHNOLOGIES IS A GLOBAL GROUP OF COMPANIES DEVELOPING, MANUFACTURING AND COMMERCIALIZING COMPOSITE PANELS AND CORE MATERIALS FOR SANDWICH CONSTRUCTIONS.

Key Figures 2016 ¹⁾

-  918m CHF sales
-  112m CHF EBITDA
-  Global presence in more than 50 countries
-  Equity ratio ~70%
-  Dividend pay-out: 40 CHF per share

Portfolio

-  **Development & manufacturing of**
 - **composite panels,**
 - **materials for sandwich solutions,**
 - **integrated sandwich components**
- concentrating on the segments
 - Core Materials
 - Architecture
 - Display
 - Transport & Industry

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

¹⁾ Key figures of continuing operations

Rationale to sell SSM Textile Machinery

- SSM Textile Machinery is in a very good shape, however:
 - Best ownership approach: Rieter is the better owner to further develop and expand SSM's business
 - SSM will add complementary technology & market segments to Rieter
 - SSM contributes less than 10% to Schweiter's total net sales
- Rieter will continue operating SSM's Textile Machinery business in the present form
- SSM's headquarter and R&D center of excellence will remain in Horgen; the production facilities in Switzerland, Italy and China as well as the world-wide distribution network will be preserved
- Schweiter Technologies will focus on its core business – the composite material business of 3A Composites
- Proceeds from the sale will be invested in the expansion and further development of the composite material business as well as acquisitions complementing 3A Composites

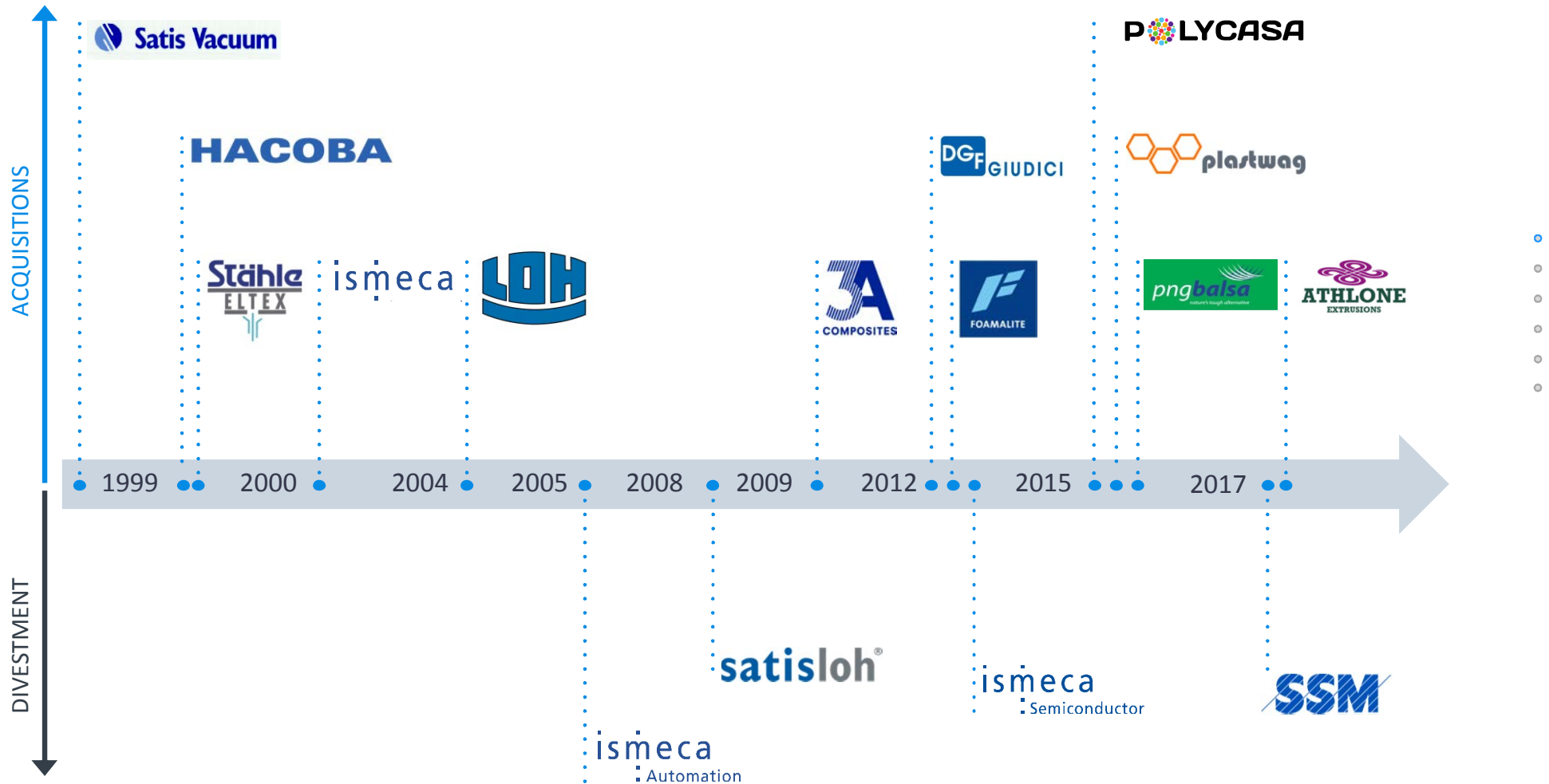


Details of the transaction

- Share purchase agreement signed on June 30, 2017
- Simultaneous closing as of June 30, 2017
- Total proceeds of 124 mCHF (incl. cash balances remaining within SSM)
- Enterprise value of 100 mCHF on a cash-free / debt-free basis
- Book gain of 91 mCHF



16 successful transactions since 1998



Content

- 1 Welcome and Introduction
- 2 Half-Year Results 2017
- 3 Strategic Focus
- 4 Acquisition Athlone Extrusions
- 5 Outlook H2 2017
- 6 Appendix



Highlights H1 2017

6%

Increase in Sales
(in local currencies)

Double digit top-line growth of Architecture segment in Europe and the US

Display segment with double digit sales growth in US and positive development in EU

Solid top-line in Core Materials despite temporary shortage of Balsa supply

~11%

EBITDA margin

EBITDA -6% vs. H1/2016 due to temporary higher raw material prices and higher start-up costs of a new production line

Sales price increases implemented to offset higher raw material prices - positive impact on margins in H2

26mCHF

Operating Cash Flow

Slight increase in net income from continuing operations

Higher working capital to increase responsiveness and supply a broader product range to the market

High cash balance of 232 mCHF (after 57 mCHF dividend distribution)



Group Results

<i>in mCHF</i>	H1 2017	H1 2016	Total 2016	H1/H1 %
Orders received	505.7	498.8	946.5	1%
Net sales	485.6	462.5	917.5	5%
EBITDA	52.6	56.2	112.3	-6%
<i>in % of net sales</i>	10.8%	12.2%	12.2%	
EBIT	38.9	43.4	85.6	-10%
Net income from continuing operations	30.9	30.5	60.5	1%
Net income from discontinued operations	98.6	4.0	10.2	
Net income	129.5	34.5	70.6	275%
Employees (end of period) ¹⁾	4032	4224	4086	-5%

¹⁾ of which 1 542 employees (H1 2016: 1 783 employees) in balsa plantations and sawmills in Ecuador and in Papua New Guinea

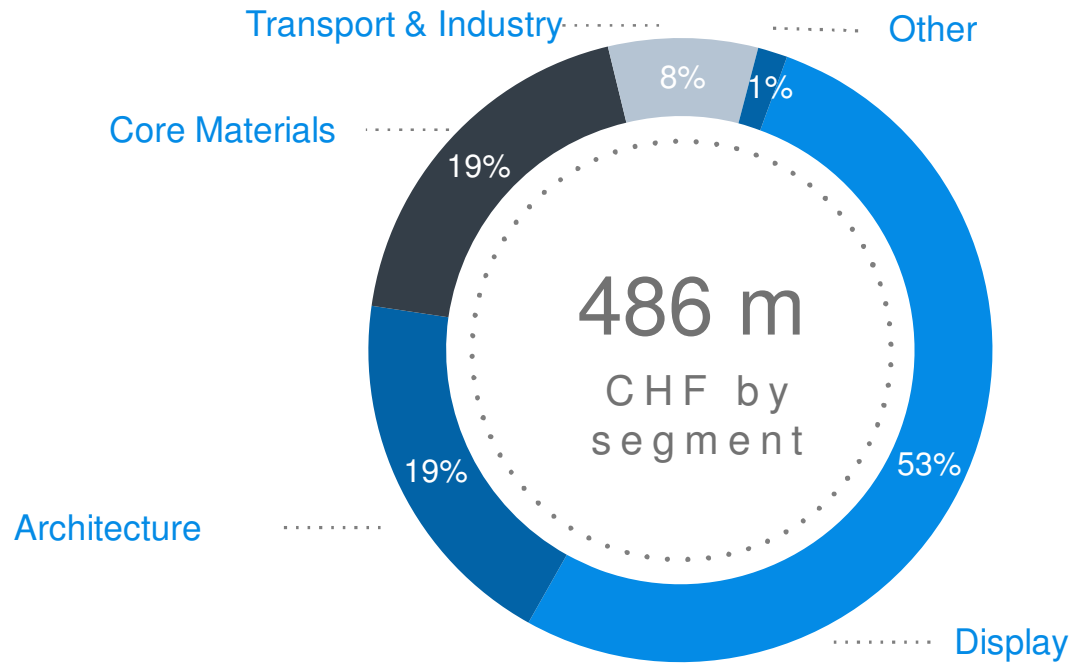
3A Composites Results

<i>in mCHF</i>	H1 2017	H1 2016	Total 2016	H1/H1 %
Orders received	505.7	498.8	946.5	1%
Net sales	485.6	462.3	917.2	5%
EBITDA	53.9	57.9	115.4	-7%
<i>in % of net sales</i>	<i>11.1%</i>	<i>12.5%</i>	<i>12.6%</i>	
EBIT	40.1	45.1	88.7	-11%
Employees (end of period) ¹⁾	4025	4218	4080	-5%



¹⁾ of which 1 542 employees (H1 2016: 1 783 employees) in balsa plantations and sawmills in Ecuador and in Papua New Guinea

3A Composites Revenues H1 2017



3A Composites Results

- Double-digit growth of top-line in the US and European Architecture business due to an ongoing strong demand, a strong customer focus and accelerated delivery times
- Display business in the US with double-digit sales growth driven by product innovations, realignment of the sales and distribution organization and large customer orders
- Solid performance of the European Display business supported by the continuing product range expansion and increased presence in the visual communication market
- Sound business development in Core Materials supported by the ongoing strong demand in the wind market as well as in the marine business in the US. Temporary shortage of balsa supply prevented higher topline (due to heavy rains and resulting floods in Ecuador)
- Transport business with double digit growth rates of top- and bottom-line supported by an increased demand for lightweight components
- Ongoing initiatives at all sites to further increase efficiencies and profitability growth
- Performance driven by innovations, customer focus and superior products



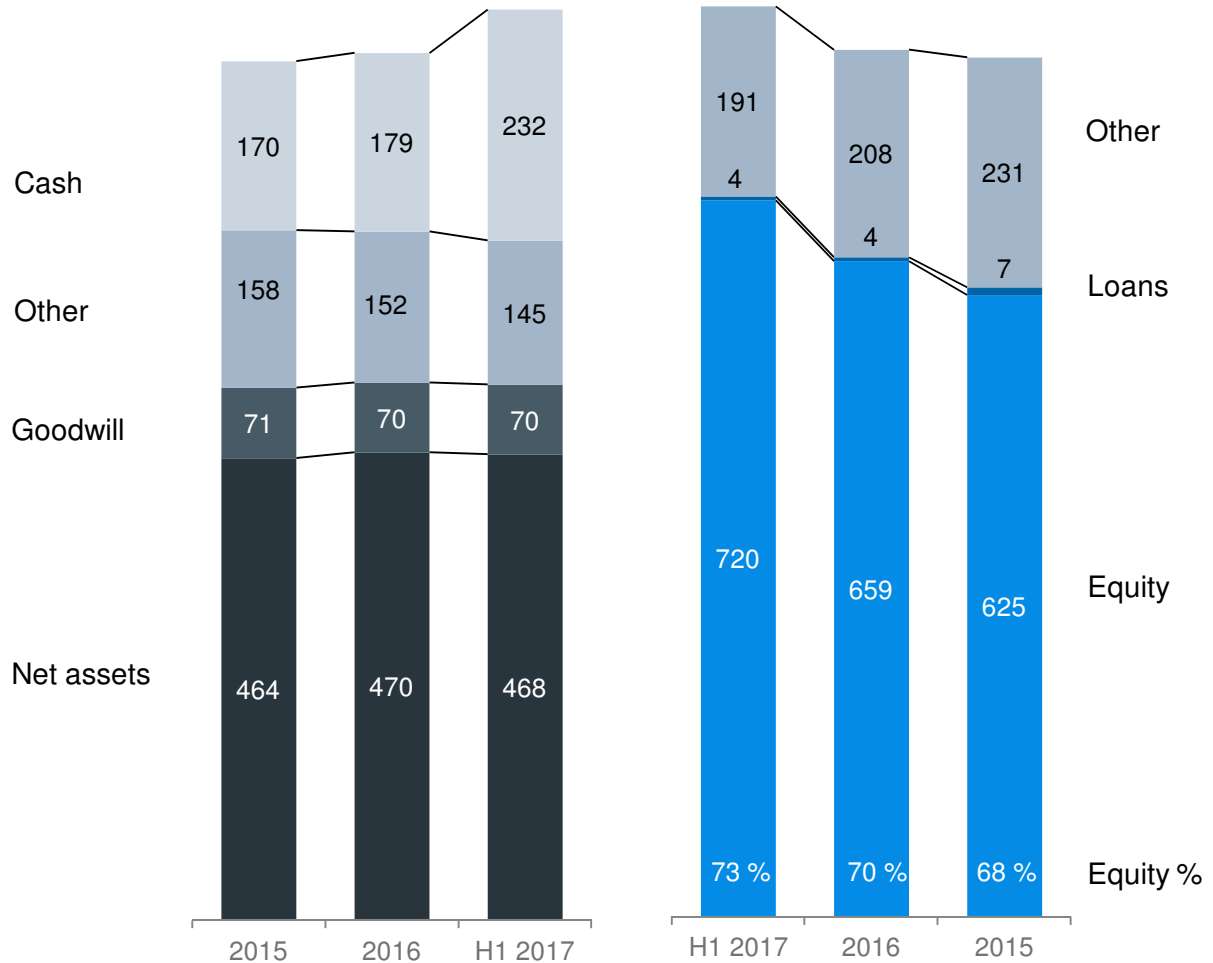
Strong Balance Sheet

Cash position 232 mCHF

Practically no short & long term bank liabilities

Shareholders' Equity
720 mCHF = CHF 503 per share

Equity ratio 73%



Cash Development I

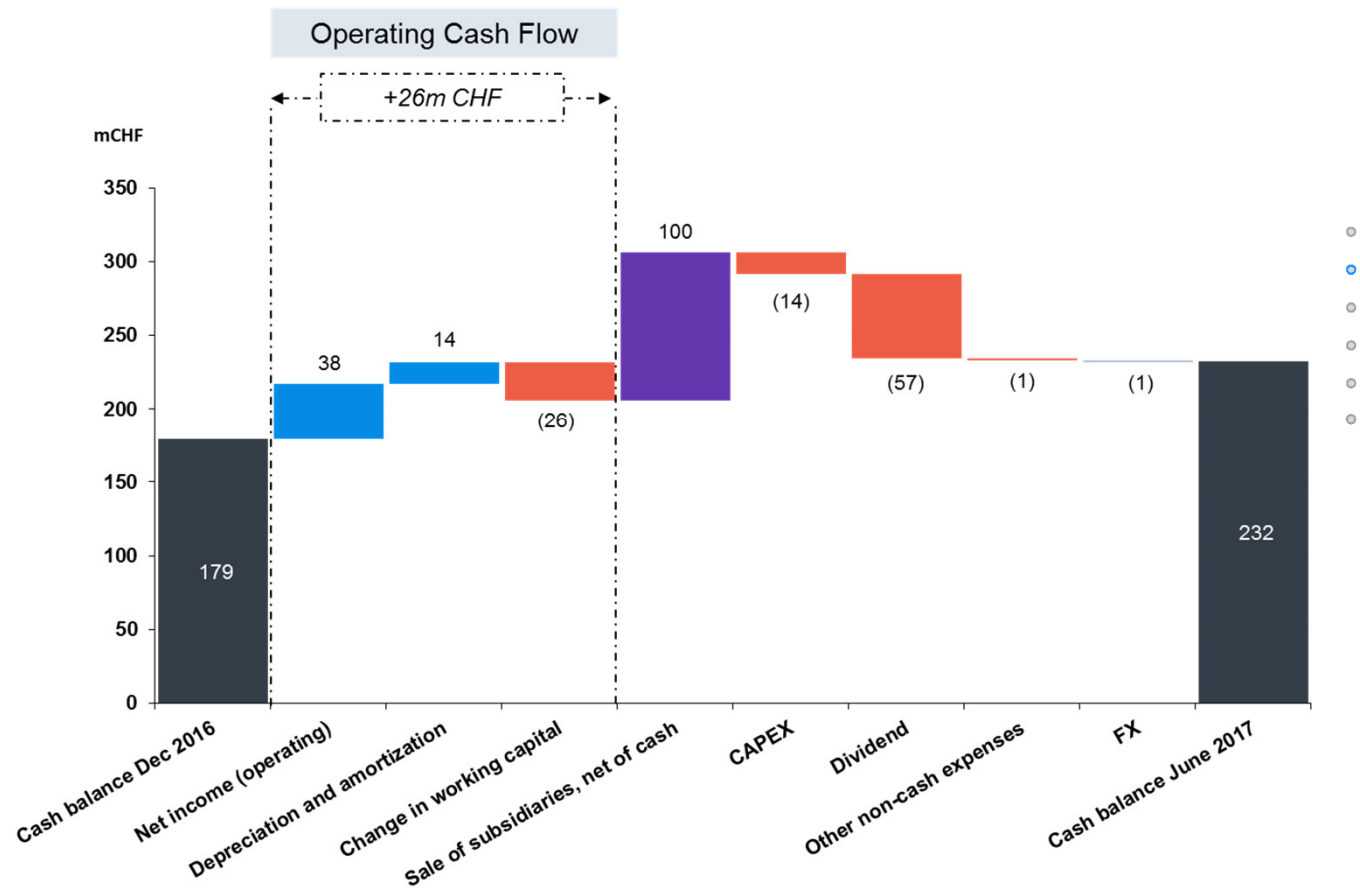
Cash position 232 mCHF

.....
 Increase in net income to 38 mCHF

.....
 Proceeds from sale of SSM division of 100 mCHF

.....
 Dividend payment of 57mCHF

.....
 CAPEX expanding market reach of product offerings and enhancing production efficiency



Cash Flow Development II

<i>in mCHF</i>	H1 2017	H1 2016	%
Net income (operating)	38.1	34.5	10%
Depreciation & amortization	14.3	13.3	8%
Change in working capital	-25.8	-10.4	-148%
Other operating income/expense	-0.6	-5.5	89%
Operating Cash Flow	26.0	31.9	-18%
Cash Flow from investing activities	86.3	-16.4	626%
Cash Flow before financing activities	112.3	15.5	625%
Dividend	-57.3	-57.3	0%
Repayment of financial liabilities & Other	-0.6	-1.4	57%
FX	-1.4	-1.3	-8%
Cash Flow of H1	53.0	-44.5	219%



Content

- 1 Welcome and Introduction
- 2 Half-Year Results 2017
- 3 Strategic Focus**
- 4 Acquisition Athlone Extrusions
- 5 Outlook H2 2017
- 6 Appendix



Strategic Focus

- 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
- Grow Composite business organically as well as via acquisitions
- 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



Content

- 1 Welcome and Introduction
- 2 Half-Year Results 2017
- 3 Strategic Focus
- 4 Acquisition Athlone Extrusions**
- 5 Outlook H2 2017
- 6 Appendix



Acquisition Athlone Extrusions



Key facts

Closing date:
31 July 2017

.....

Net Sales 2016:
62 mEUR

.....

Purchase Price:
48 mEUR (cash free / debt free)

.....

Independent thermoplastic sheet extruder and compounder

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Complementary product range with a strong presence in the automotive and sanitaryware business

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Similar technologies to expand product offering

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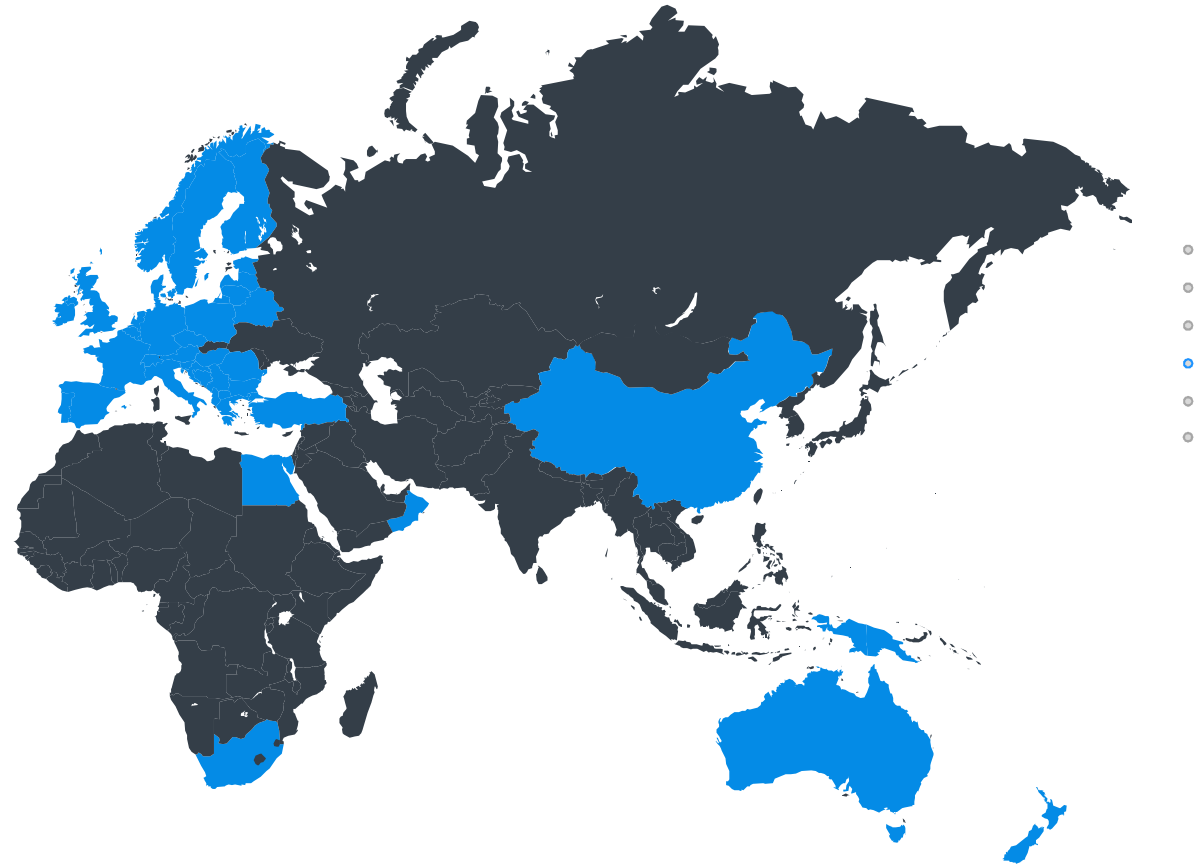
Acquisition Athlone Extrusions

- Athlone Extrusions was founded in 1971 and is a privately owned, independent thermoplastic sheet extruder and compounder
- Since its foundation the company has had an impressive growth supported by continuous investments in the production facility to expand capacity and improve efficiency through technical innovation
- The manufacturing facility is one of the largest single site extrusion facilities in Europe (production capacity: 35 000 tonnes p.a.) and is located in the town of Athlone, Ireland



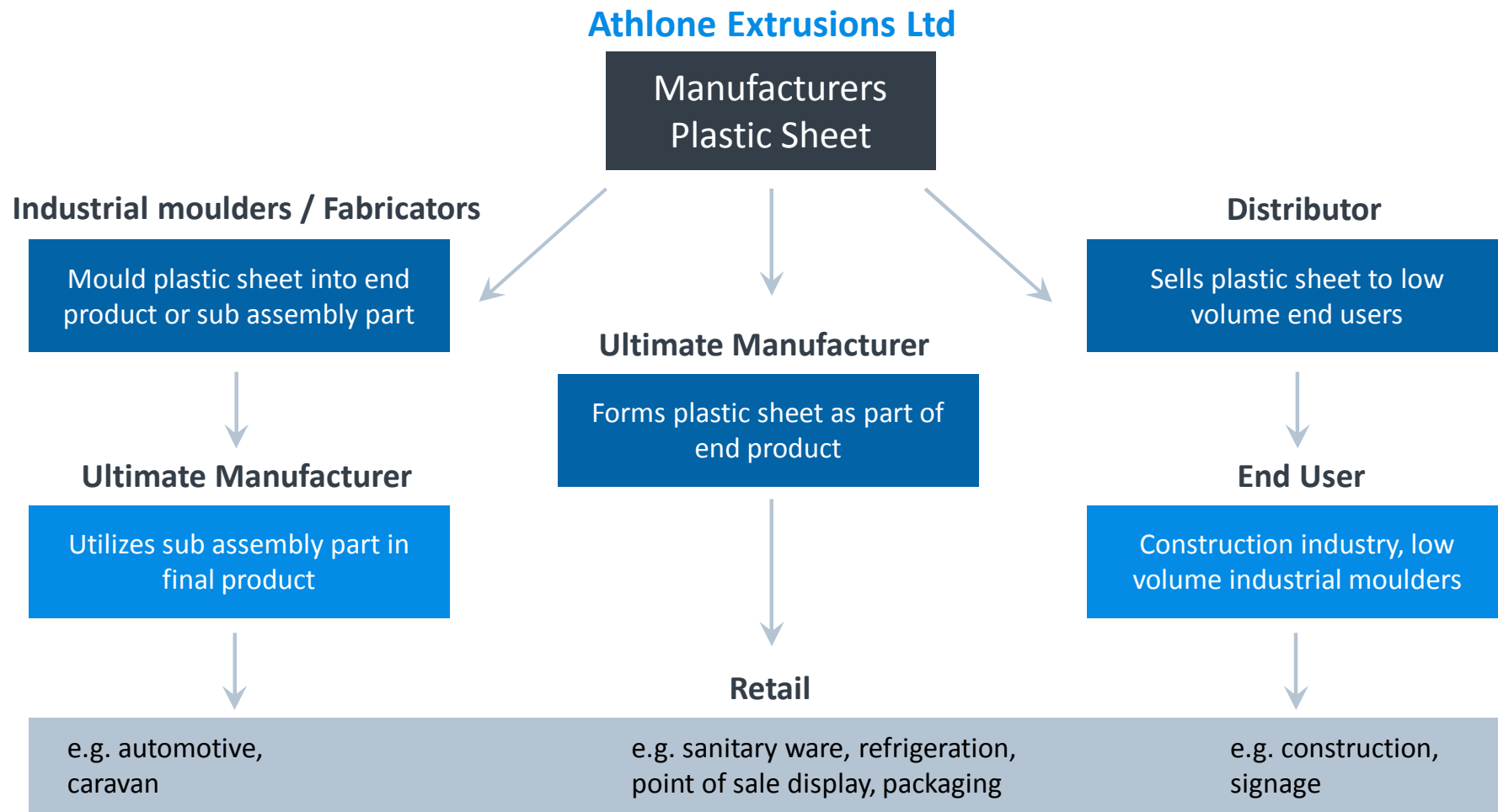
Acquisition Athlone Extrusions

Athlone Extrusions Ltd. produces in Ireland, has sales offices in Ireland, England and the Netherlands and exports to over 50 countries worldwide



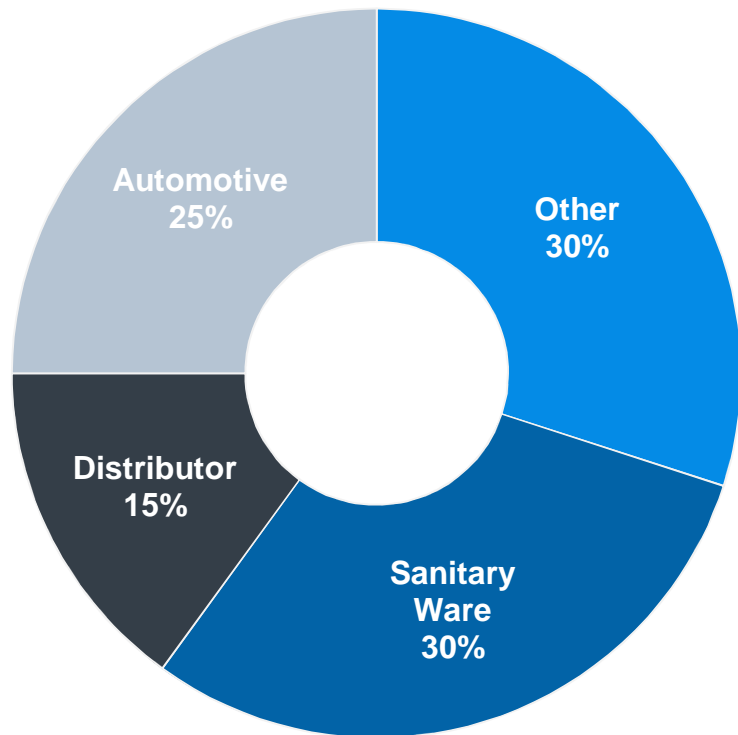
Acquisition Athlone Extrusions

Attractive route-to-market strategy with only 15% of product sold through distributors



Acquisition Athlone Extrusions

Sales FY 2016
by market segment



PRODUCTION

- Low order sizes, short batch production runs
- Short turnaround times
- Value added product specifications

CUSTOMER RELATIONSHIP

- Qualified and experienced sales teams
- Sell direct to customer, only 15% to distributors
- Strong technical support

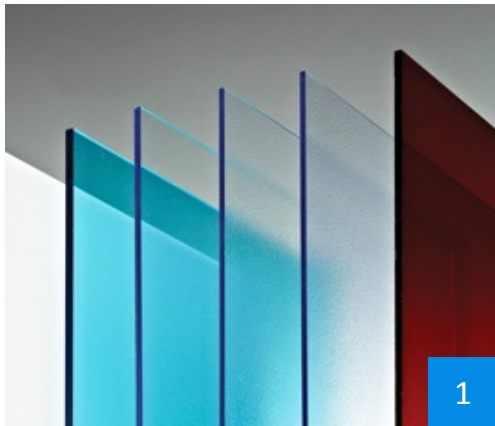
PRODUCT DEVELOPMENT

- Proven ability to develop new markets
- Products developed in recent years include: doorskins, foils, metallics and soft touch ABS
- Current development focused on furniture products

COST EFFICIENCY

- Very efficient in manufacturing and waste management
- Net purchaser of regrind – use all own waste and purchase waste externally at lower cost
- Variable costs managed in line with volume

Acquisition Athlone Extrusions



Product solutions / applications

1 Polystyrene:

Sheet materials used in applications where low cost and attractive appearance are requirements – e.g. as advertising displays

2 High Impact Polystyrene (HIPS):

Materials with high impact strengths easily moulded into products in a multitude of industry sectors – e.g. as sanitary-ware

-
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3 ABS:

Materials with similar performance to HIPS but with a higher impact strength, rigidity, durability and better chemical resistance - e.g. as automotive interior trim

4 Acrylic - Capped ABS:

Materials with impact strength and durability combined with good scratch resistance and improved aesthetic performance – e.g. as vehicle roofs & cover panels

Acquisition Athlone Extrusions

- Athlone's ultimate end customers include some of the largest and most well recognised companies in the world

Automotive	Sanitary Ware	Point of Sale	Other
 			
 			
 			
 			
 			



Content

- 1 Welcome and Introduction
- 2 Half-Year Results 2017
- 3 Strategic Focus
- 4 Acquisition Athlone Extrusions
- 5 Outlook H2 2017**
- 6 Appendix



Outlook H2 2017

General

- Sound performance for H2 2017 expected
- Organic top-line growth expected to continue
- Acquired Athlone business will contribute to further growth
- Profitability expected to be positively impacted by sales price increases

3A Composites

- Positive outlook for Architecture and Display business in the main markets
 - Display business supported by the overall solid market demand, product innovations, customer focus and the realignment of the sales and distribution organization in the US
 - Architecture business benefitting from increased demand for high-quality, fire retardant products. Rebound in China supports organic growth of the Asian Architecture business.
- Increased price pressure in Core Materials due to merger of several global wind customers. Adverse impact cushioned by further expansion of non-wind business (marine and industrial applications)
- Ongoing strong demand for light weight solutions in Mass Transportation



APPENDIX

DIVISIONAL
INFORMATION

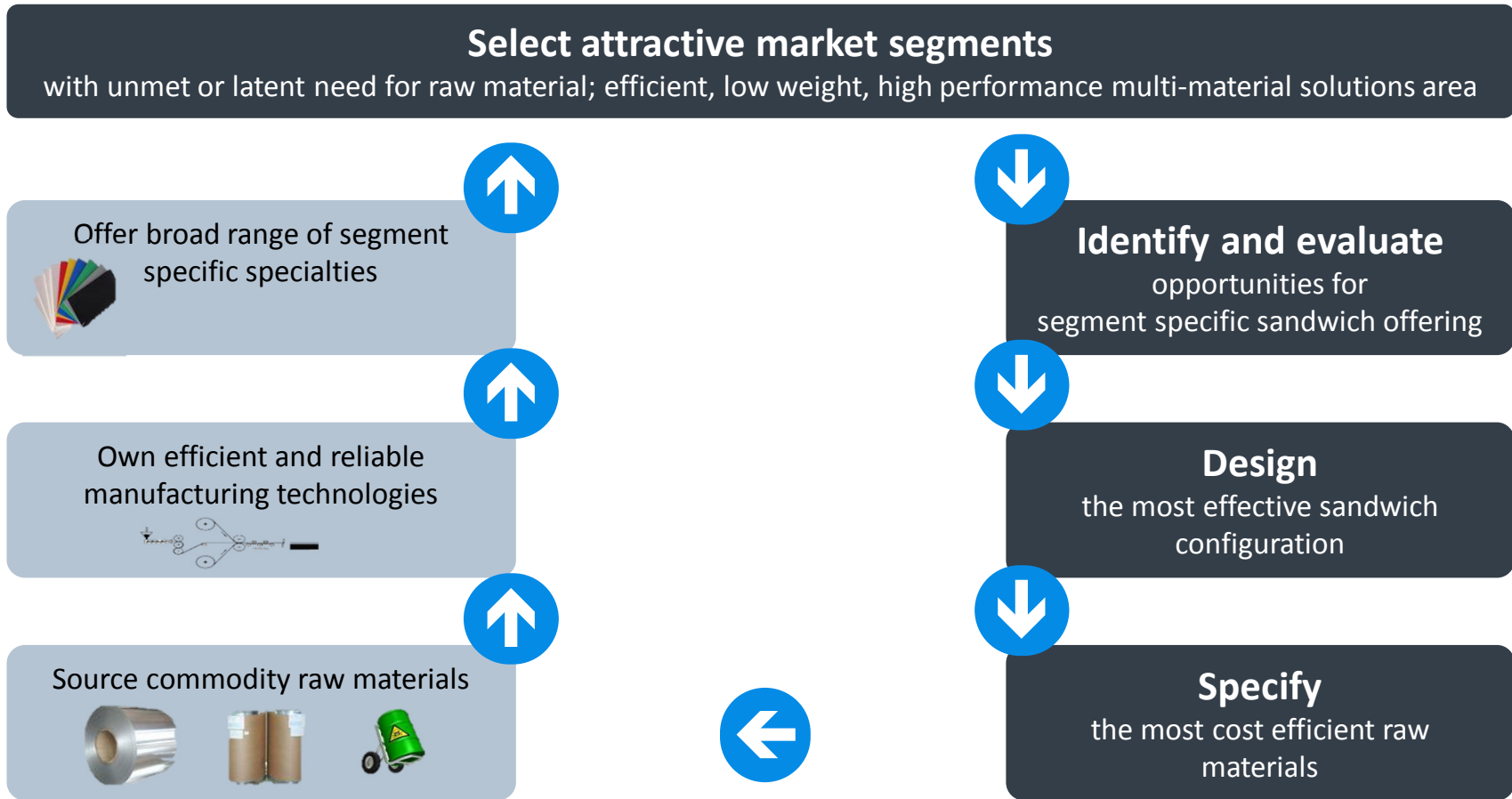
3A Composites



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



3A Composites - Business Idea

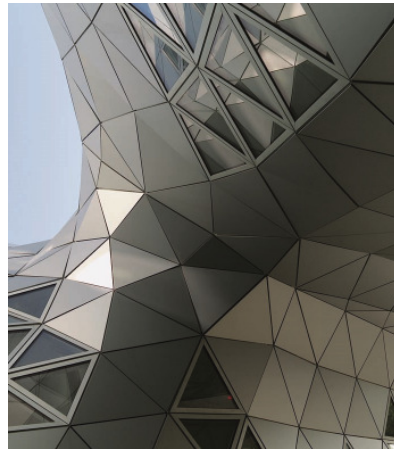


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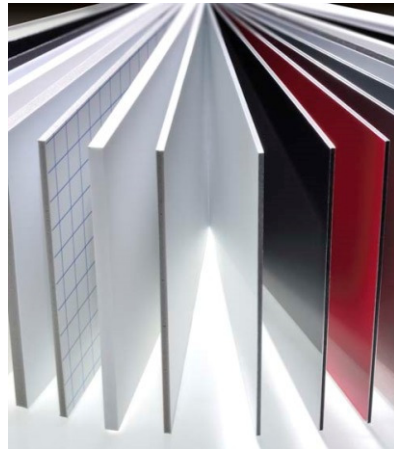
3A Composites – Market Segments



Core Materials



Architecture



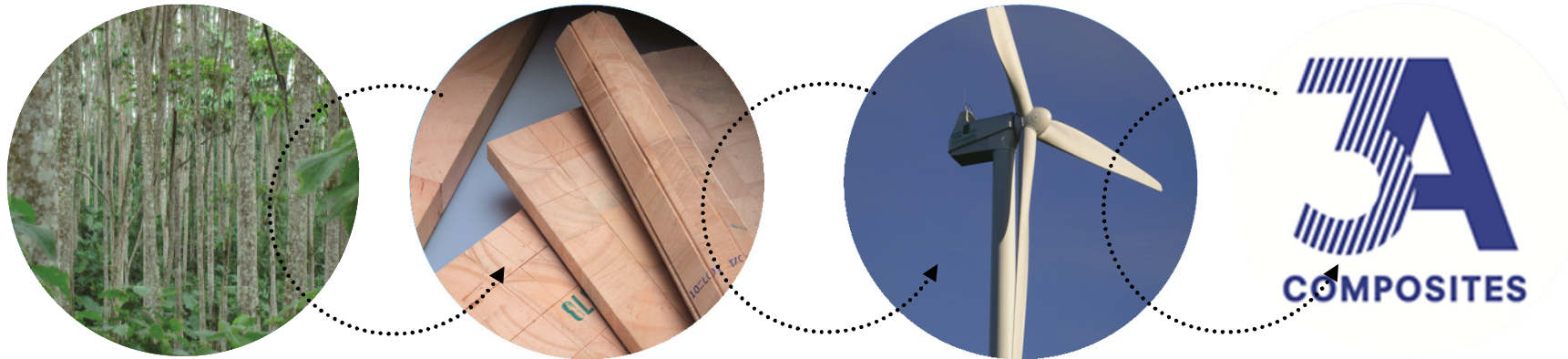
Display



Transport & Industry



Core Materials



Materials

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)

Products

Structural Airex and Baltek Core Materials

- Plain Sheets
- Contour Core
- Kit

Banova FLEX Bending Plywood

Balsa PLY Panels

Applications

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

Brands

AIREX

BALTEK

BANOVA



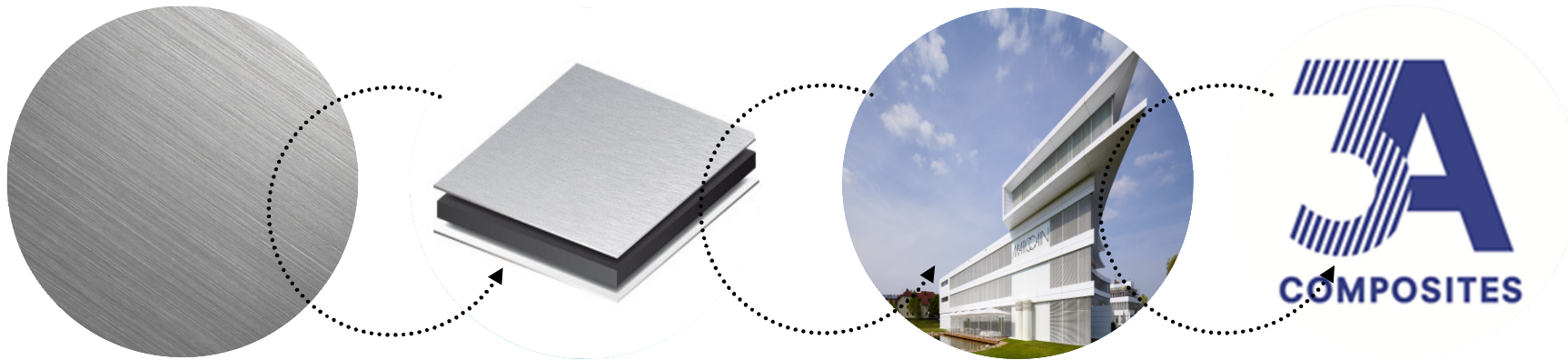
Core Materials



References

- 1 Wind turbine blade
BALTEK® SBC | AIREX® T10 | AIREX® T92
- 2 Airbus high performance core material
AIREX® R82
- 3 Interior & Furniture for Super yachts
BANOVA®
- 4 Bcomp ski cores
BALTEK® VBC

Architecture



Materials

Skin Material

Aluminum sheets

Core Material

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

Products

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

Applications

Market Segments

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

Applications

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

Brands

ALUCOBOND®

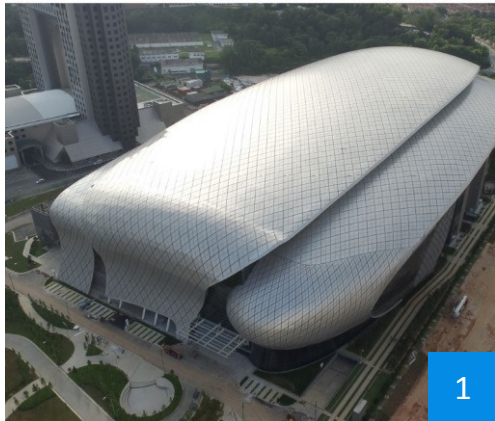
ALUCOBOND®A2

ALUCOBOND®plus

ALUCORE®



Architecture



References

1 MITEC Convention Centre
Kuala Lumpur | Malaysia
ALUCOBOND® Plus

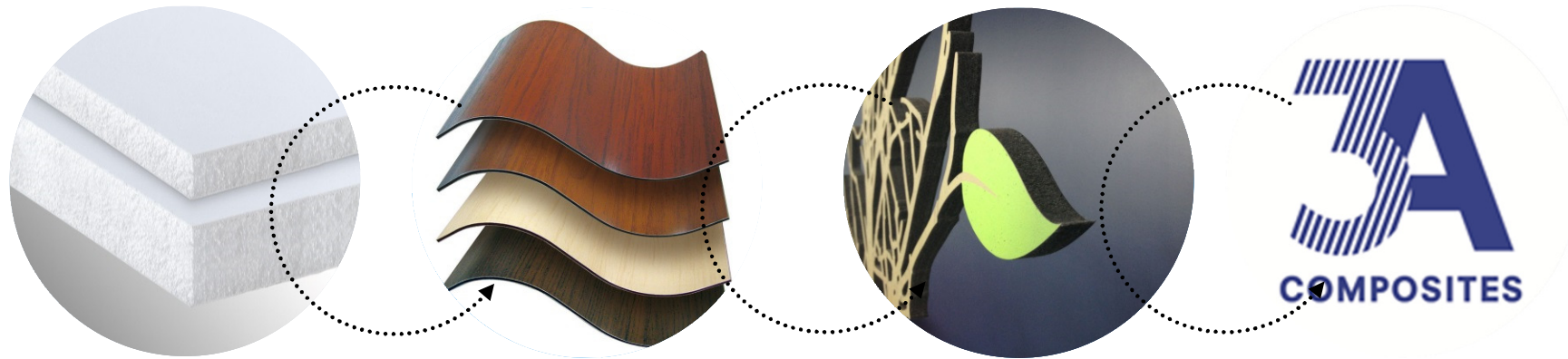
2 Air traffic tower
San Francisco | U.S.A.
ALUCOBOND® Plus

3 Villagio Vista Commercial Office
Accra | Ghana
ALUCOBOND®

4 Marina Barrage shelters
Singapore
ALUCOBOND® Plus



Display



Materials

Skin Material

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

Core Material

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

Products

Aluminum Composite Materials (ACM)

Foamed Sheets

Foam Boards

Clear Sheets

Applications

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

Brands

DIBOND®

FOREX®

KAPA®

FOAM-X®

GATORFOAM®

FOAMALITE®

POLYCASA

BANOVA

HYLITE®

SMART-X®

SINTRA®

FOME-COR®



Display



References

1 Shop Design Hirmer Moden
Munich | Germany
KAPA® bright

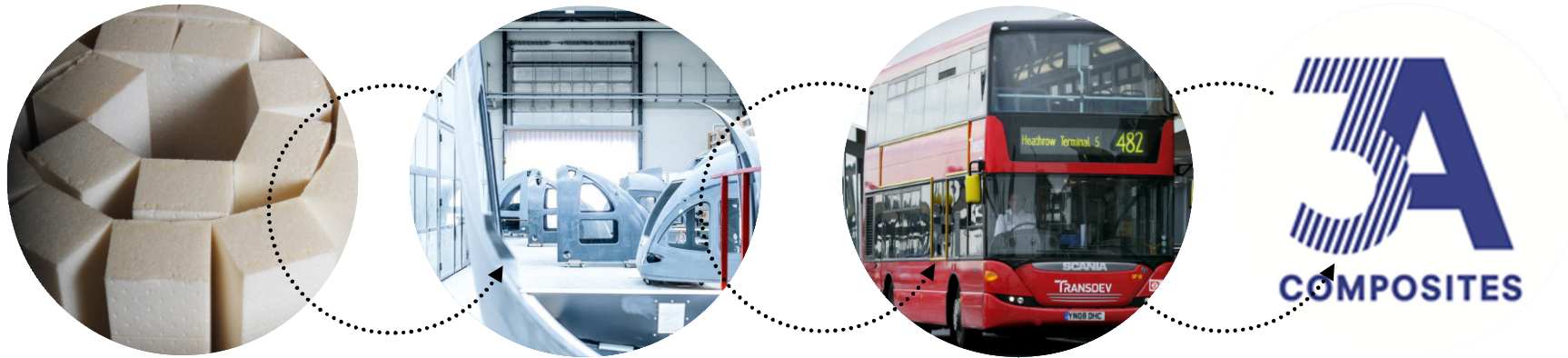
2 Wide Format Digital Printing Sample
Davidson | North Carolina | USA
BANOVA® print

3 Show-Truck Hugo Boss
Germany
DIBOND®

4 Office application
Hooglede – Gits | Belgium
CRYLUX®



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



References

- 1 **COMFLOOR®**
Integrated Floor Heating System
Bombardier Twindexx
- 2 **INNOCAB®** Sandwich FRP Front Cabin
Stadler FLIRT3
- 3 **ALUCORE®** side flap/cladding
Zikun Fahrzeugbau GmbH
- 4 **XBODY®**
Sandwich roof & intermediate deck
ADL Enviro 500s



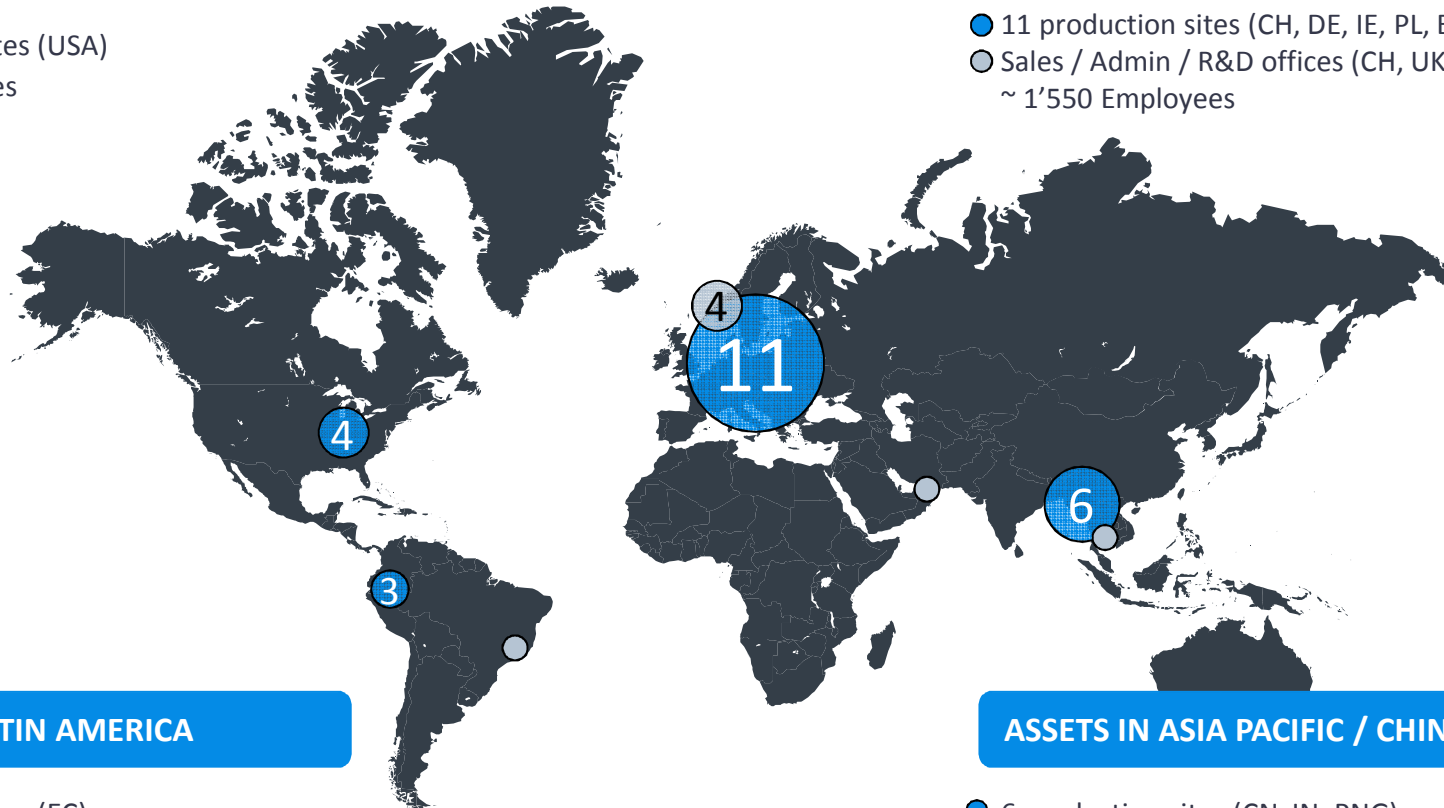
Strong Global Presence

ASSETS IN NORTH AMERICA

- 4 production sites (USA)
~ 350 Employees

ASSETS IN EUROPE

- 11 production sites (CH, DE, IE, PL, ES, CZ, SK)
- Sales / Admin / R&D offices (CH, UK, BE)
~ 1'550 Employees



ASSETS IN LATIN AMERICA

- 3 production sites (EC)
- Sales office (BR)
106 plantations; 9'298 ha in Ecuador
~ 750 Employees

ASSETS IN ASIA PACIFIC / CHINA

- 6 production sites (CN, IN, PNG)
- Sales office (SGP, UAE)
~ 1'500 Employees

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