

Investor Presentation



1st half 2018

conzzeta

Disclaimer

The information in this presentation about the business performance of the Conzzeta Group is of a summary nature only. The information in the Annual Report and half-year report of Conzzeta AG and on the website www.conzzeta.com prevails.

Although the greatest possible care was taken with the preparation of the presentation, Conzzeta takes no responsibility for its completeness or correctness. Unless otherwise specified, the figures are based on the annual results for 2017 and 2016.

The presentation also contains statements about expected future financial and operational developments which are based on subjective assessments. Any liability for loss or damage arising directly or indirectly from the information in this presentation is expressly excluded.

Group overview, priorities & outlook

Segment updates

Sheet Metal Processing: Bystronic

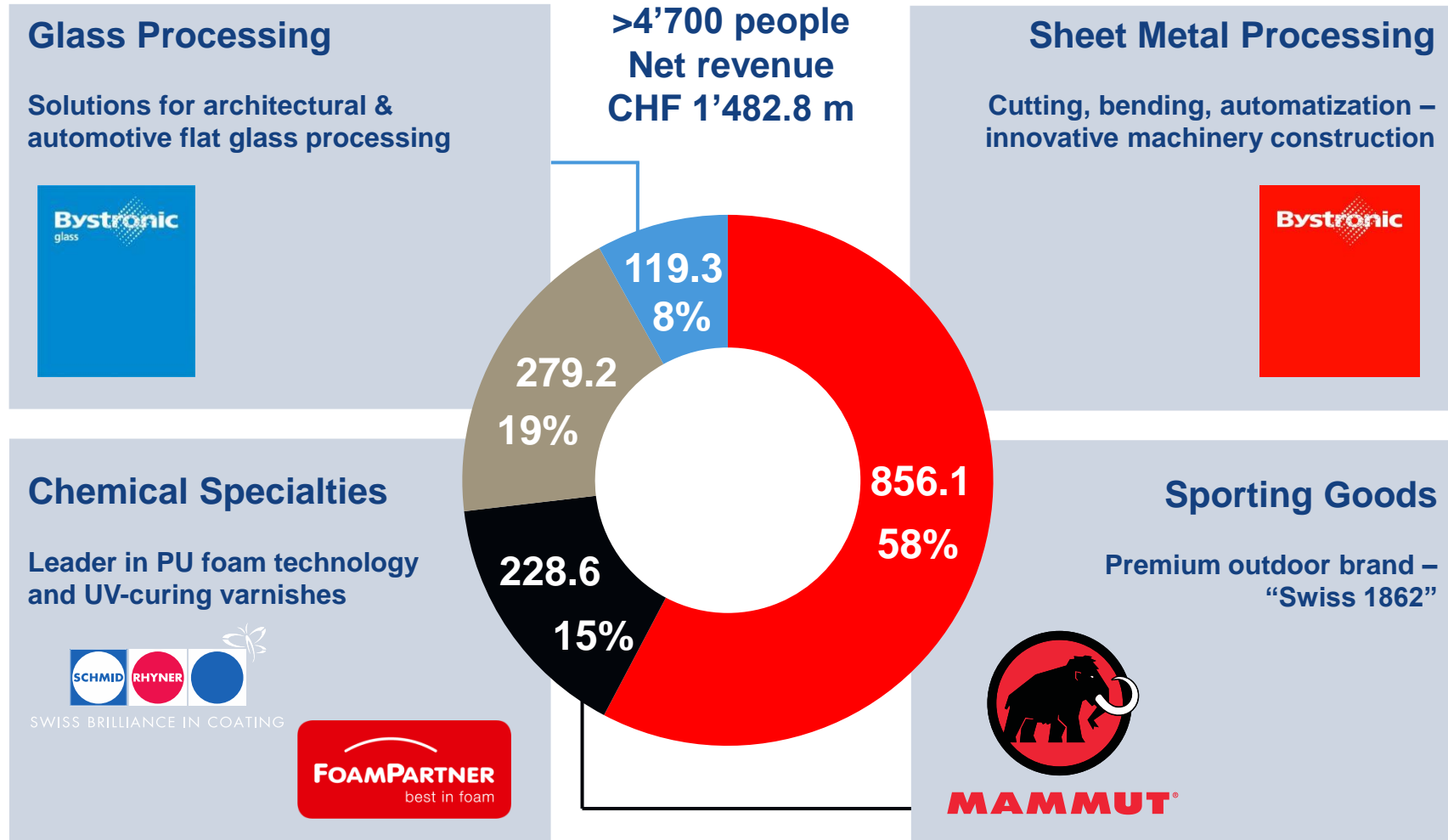
Sporting Goods: Mammut Sports Group

Chemical Specialties: FoamPartner and Schmid Rhyner

Glass Processing: Bystronic glass

Board of directors, management & investor contact

Conzzeta portfolio overview – striving for leading positions in attractive target markets



All figures FY 2017

Conzzeta in transition

Corporate Governance

- 2014 Revised shareholder structure, new Chairman and majority-independent Board of Directors
- 2016 New Group CEO

Transparency

- 2014 Enhanced segment reporting

Business Portfolio

- 2014 Divestment ixmation, acquisition Benien
- 2015 Spin-off PLAZZA
- 2016 Acquisitions Hydra, DNE Laser, FMG
- 2017 Acquisition Otto Bock Kunststoff, sale US JV
- 2018 Acquisitions ISAtec, TTM Laser

-
- Shareholder agreement between three entrepreneurial families
 - 29% of capital and 51% of voting rights
 - Focus on growth and value creation

Differentiated business steering with focus on market orientation and value creation

*Swiss mid cap industrial portfolio
with entrepreneurial anchor shareholders
operating in attractive global markets
with focus on value creation and dividend*

Financial aspiration
Net sales growth >5%
EBIT margin 8-10%
RONOA >15%

Sheet Metal Processing



Grow

globally and build scale to strengthen #3 market position

Sporting Goods



Build

on strong brand; grow in defined international outdoor markets

Chemical Specialties



Grow

globally with specialties for flexible foams and overprint varnishes

Glass Processing



Improve

cost base and realize potential from energy efficient solutions

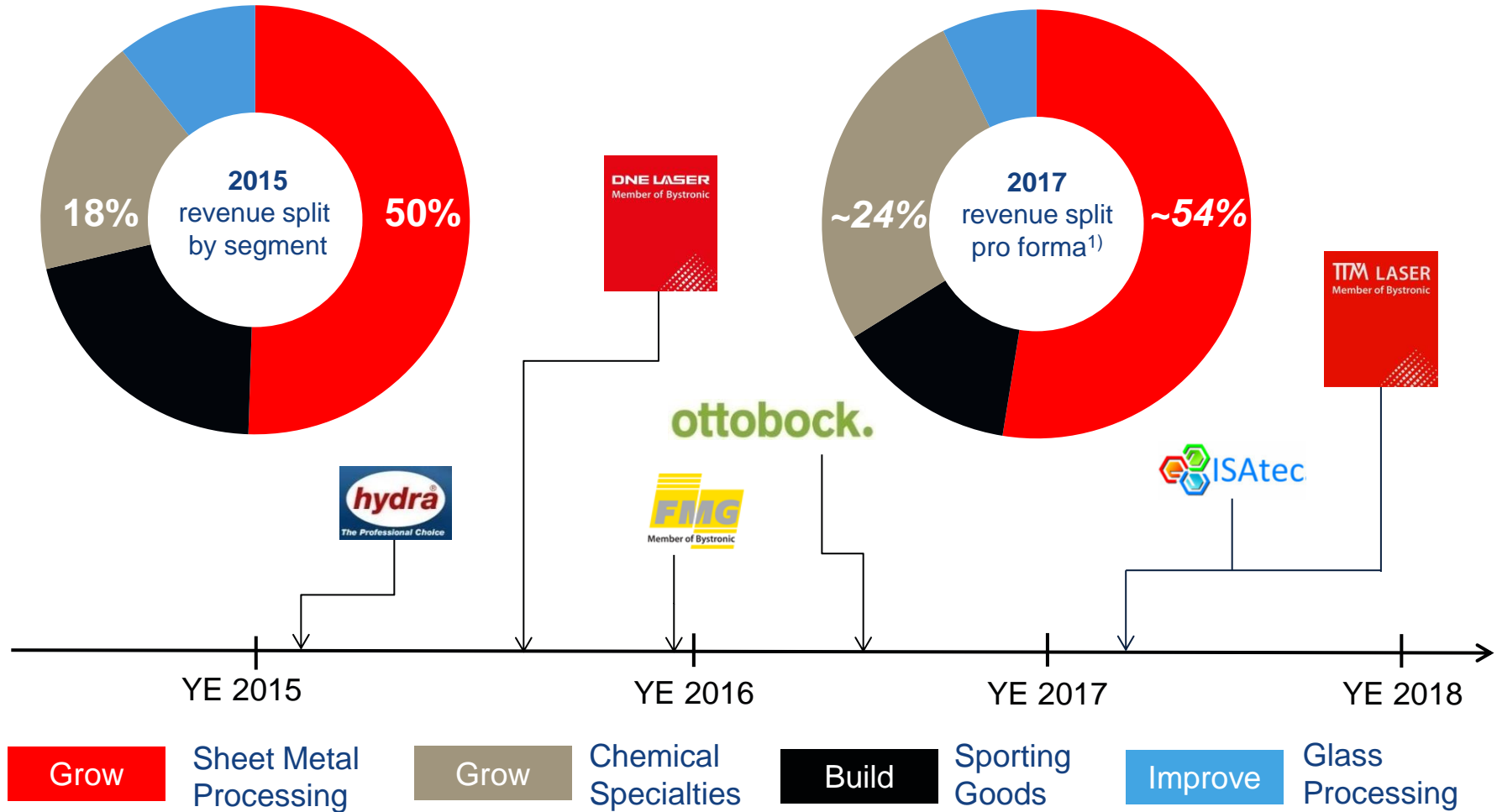
Net Cash

CHF 0.4bn

Differentiated business steering
Market orientation / speed / innovation

Business excellence & Conzzeta competencies
People / funding / governance / risk

Consistent strategy execution with enhanced revenue contribution from defined growth segments

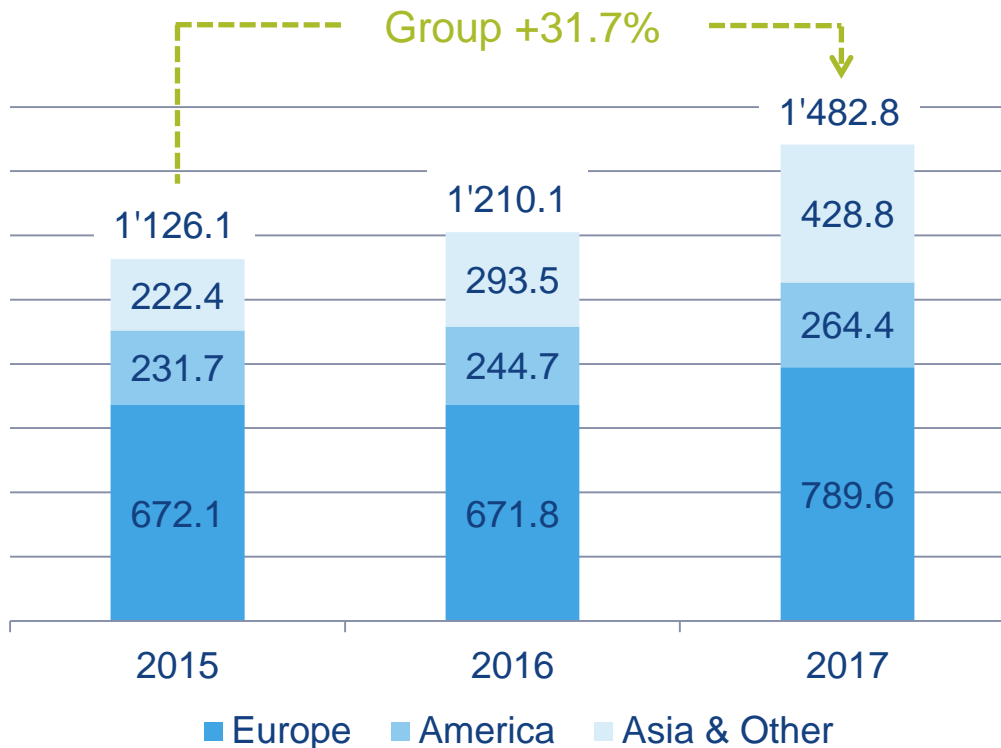


¹⁾ Pro forma, i.e. Conzzeta 2017 Net revenue incl. OB 4M17 revenue annualized.

Internationalization & Market Orientation – net revenue in Asia +95.5% vs YE 2015

Conzzeta

Net revenue by region in CHF m



**Innovative portfolio
of products & solutions –
strengthening footprint
in growth regions**

Group Priorities

1. Internationalization
2. Market orientation
3. Business excellence
4. People development

People Development & Business Excellence – initial initiatives and enhanced capabilities

- **Inaugural Group-wide Talent Development Program**

- 15 participants delivered 9 specific projects with measurable contribution and benefits under “rapid results approach”

- **Introduction of Global Management Team**

- ~80 most senior managers; aligning bonus schemes and introducing share-based long-term incentive plan

- **New corporate Strategy and M&A function**

- **Rollout of Business Excellence (BEX)**

- Collaborative initiative across the Group with defined initiatives within every Business Unit



The 15 participants of the inaugural Talent Development Program, Hong Kong, June 2017

Excellence drives performance, and performance leads to success

2017 key performance figures

(in CHF m)	2017	2016	Δ
Net revenue	1'482.8	1'210.0	+22.5%
Total Revenue	1'500.9	1'210.8	+24.0%
EBIT	123.2	84.4	+46.0%
EBIT margin	8.2%	7.0%	+ 120 bps
Group result	97.4	63.9	+52.4%
Net operating assets	490.7	401.6	+22.2%
Operating FCF	65.4	76.0	-10.6
Free cash flow (FCF)	-96.0	92.9	-188.9

- **Comparable¹⁾ order entry +25%**
(investment goods)
- **Comparable¹⁾ net revenue +14.3%**
– strong 2nd half-year
- EBIT reported incl. one-time gain of CHF 8.8 m from divestment;
EBIT adj. 114.4 m – margin 7.6%
- Group result adjusted 88.6 m
– margin 5.9%
- NOA driven by M&A
– **RONOA adj. 19.5%**
- Operating FCF driven by higher business volume and operating investments (reinvestment rate 1.3)
- Free Cash Flow driven by M&A
- **Equity ratio 68.2%**

¹⁾ Comparable, i.e. at constant foreign exchange rates and considering change in scope.

Strong 2 HY 2017, driven by both machinery businesses and Sporting Goods

(in CHF m)	1HY 2015 ¹⁾	2HY 2015 ¹⁾	2015 ¹⁾	1HY 2016	2HY 2016	2016	1HY 2017	2HY 2017	2017
Net revenue	531.0	595.1	1'126.1	522.7	687.4	1'210.0	623.5	859.3	1'482.8
Total revenue	541.0	582.8	1'123.8	543.0	667.8	1'210.8	658.6	842.3	1'500.9
Operating result (EBIT)	31.6	44.3	75.9	26.2	58.2	84.4	38.3	84.9	123.2
in % of total revenue	5.8%	7.6%	6.8%	4.8%	8.7%	7.0%	5.8%	10.1%	8.2%

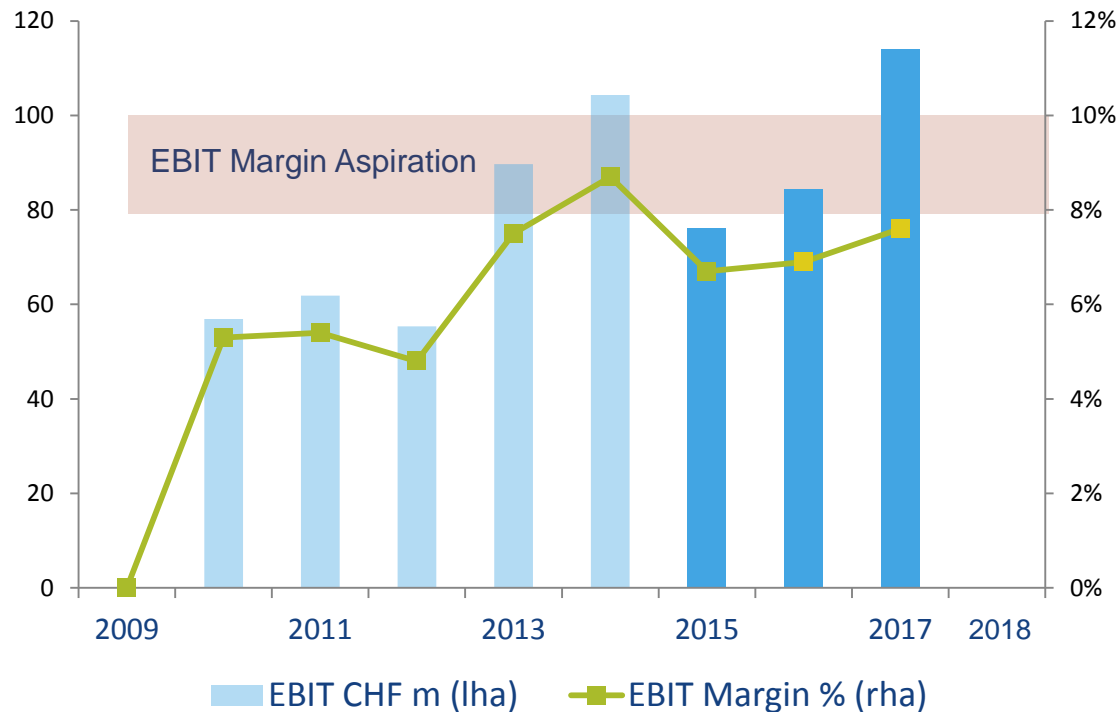
- 2nd half typically stronger than 1st half of the year
- Strong 2HY17 EBIT, driven by Sheet Metal Processing, Glass Processing and Sporting Goods, partly offset by Chemical Specialties
- 2HY 2017 vs 2HY 2016

Net revenue	Operating result
▪ Reported +25.0%	▪ Reported +45.9%
▪ Comparable +16.8%	▪ Comparable +24.7%

¹⁾ Excluding Real Estate segment, spun off in 2015.

Conzzeta priorities & outlook for 2018

EBIT* performance history



- Innovative product portfolio and financial strength
- Consistent strategy execution
- Group priorities unchanged
 1. Internationalization
 2. Market orientation
 3. Business excellence
 4. People development
- Business Units still on different performance levels
- Continuously managing towards the Group's financial aspiration
- We currently see a constructive operating environment, robust client activities and a higher order backlog

Within current environment, we expect high single-digit growth for 2018 and higher profitability at EBIT level with an enhanced EBIT margin

* 2015 continued businesses; 2017 excl. CHF 8.8m one-off gain.

Group overview, priorities & outlook

Segment updates

Sheet Metal Processing: Bystronic

Sporting Goods: Mammut Sports Group

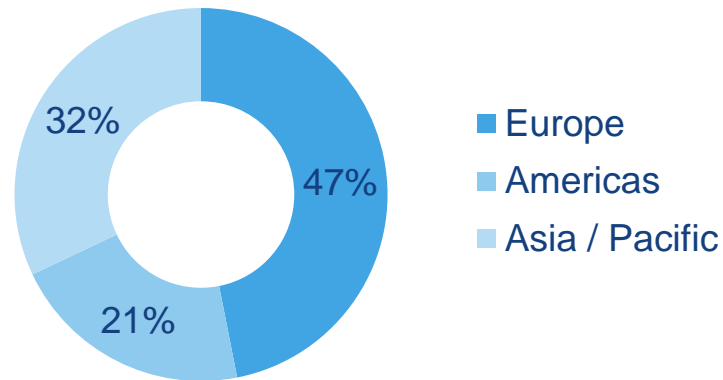
Chemical Specialties: FoamPartner and Schmid Rhyner

Glass Processing: Bystronic glass

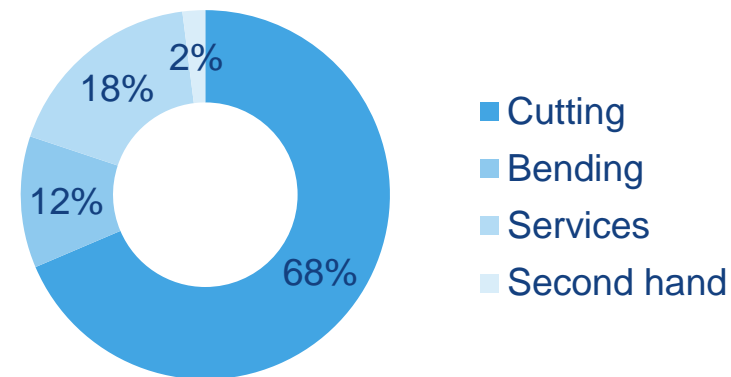
Board of directors, management & investor contact

Sheet Metal Processing business profile

Net revenue by region¹⁾

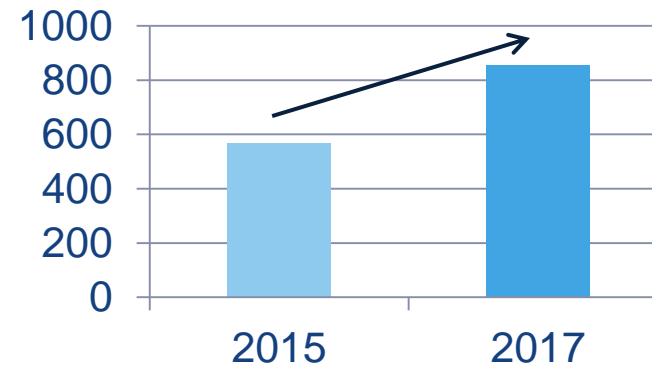


Net revenue by business segment¹⁾



¹⁾ 2017

Net revenue trend (CHF m)



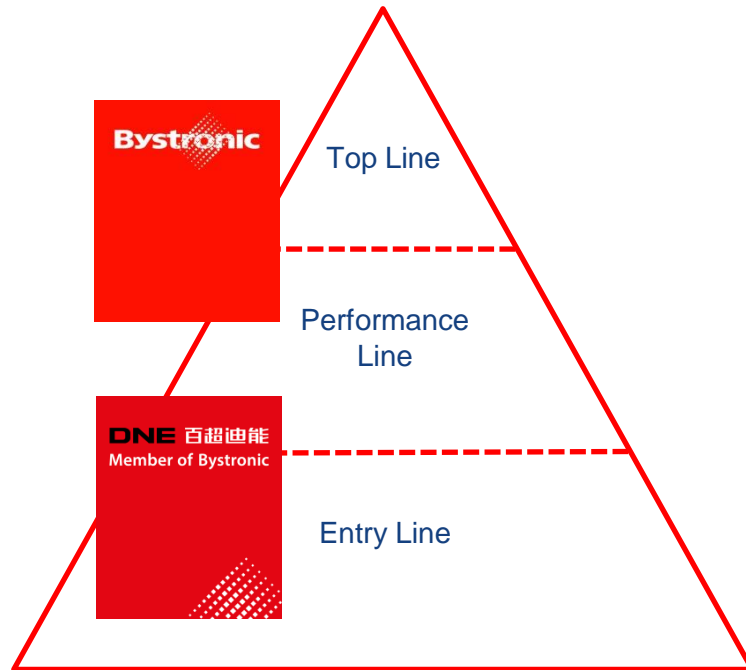
CAGR 22.7%

Organic growth across regions; acquisitive mainly in Asia

Market and position

- Technology leadership position, in cutting, bending, automation (Industry 4.0)
- Accessible market volume CHF ~4.5 bn; Bystronic with global #3 market position
- Customer structure
 - 80% job shops, 20% OEMs
 - Diversified across industry sectors
 - No customer with >1% of Net revenue

Driving growth on three pillars – product innovation / client segmentation / market development



Fully integrated production cells with high performance laser cutting machines / bending robots / storage



Stand-alone laser cutting machines with enhanced performance (up to 6 KW) and automation; innovative bending solutions



Stand-alone laser cutting machines with low to mid performance (up to 4 KW)

Consistent strategy execution

1 Digital Transformation

- Industry 4.0
- MES
- New services

2 Integrated Solutions

- One piece flow
- Production cells
- Robots / automation

3 Technology Leadership

- Own components
- Platforms, standards
- Market segmentation

4 Growth Plans

- Market initiatives
- Key Accounts
- Financing Solutions

5 Business Excellence

- Talent management
- Lean operations
- Commercial Excellence

6 M&A

- Capitalize on DNE & FMG
- Identify new targets



Mobile information in real time for remote machinery control and productivity increase



Augmented reality to enhance effectiveness of technical client support on site

Build on solid top 3 global position within served market – strive for above market growth organically and through bolt-on M&A; maintain solid profitability

Sheet Metal Processing with very strong momentum

CHF m	2017	2016	Δ
Net revenue	856.1	650.9	+31.5%
Operating result (EBIT)	98.0	63.0	+55.5%
EBIT margin	11.2%	9.7%	+150 bps
Net operating assets	173.0	159.0	+8.8%



ByStar Fiber with ByTrans Cross, BySort and ByTower

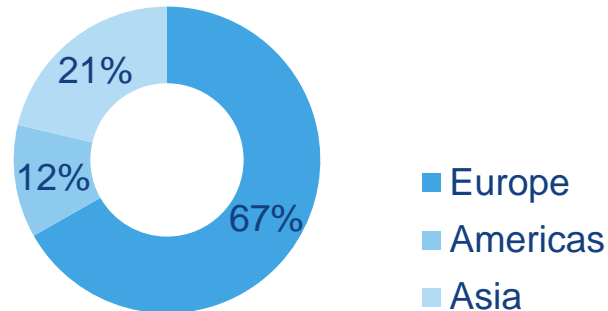
Operational performance

- Comparable net revenue +23.7% with double-digit growth across all regions
- Continuously high level of innovation
- Strong demand for newly introduced products, including high performance cutting systems, mobile bending equipment, automation and software solutions (e.g. Bystronic MES)
- Continued investments in building global footprint, market development and productivity

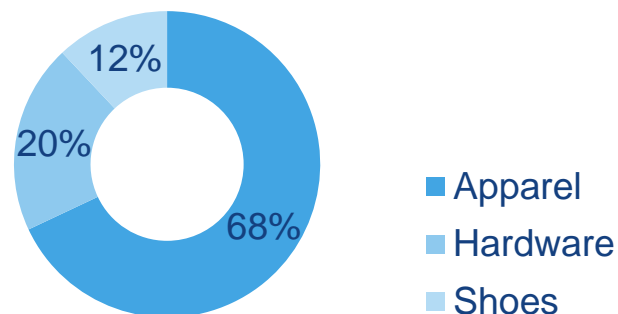
High level of order entry maintained with high order backlog for 1HY2018



Net revenue by region¹⁾

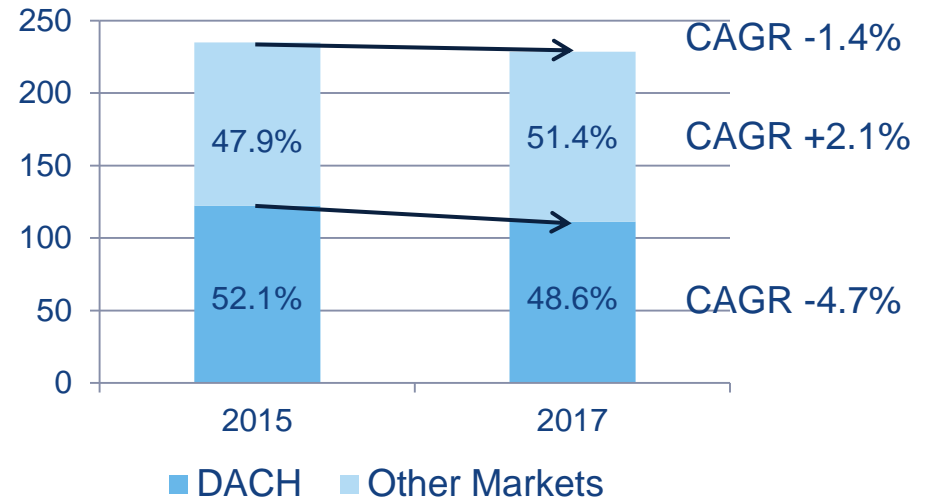


Net revenue by product category¹⁾



¹⁾2017

Net revenue trend; CHF m, FY



Market and position

- Premium mountain outdoor sports brand with global ~#7 market position
- Responding to competitive pressure and change in client behavior with 5 years strategic plan launched in early 2016
- Build-up of retail capabilities and wholesale excellence ongoing

Strategy program overview – building retail capabilities & wholesale excellence as response to competitive pressure and change in client behavior

Multichannel Management & Digitalization

I

- Deepening relationships with selected wholesale partners
- Strengthening and enhancing direct to consumer business
- Holistic consumer data management

Consumer Centricity – Product & Brand

II

- Innovative products and designs in preparation
- Reducing collections to increase style efficiency
- Enhancing margin contribution and eliminating liquidations sales

Internationalization

III

- Set-up of ASIA hub in Hong-Kong
- Enhancing reach through 3rd party online market places
- Optimizing sales efficiency in DACH region

January 2016

Kick off

2017

2018 Today

2019

2020

Consistent, steady progress with implementation; 2017 as year of transition; enhanced revenue and result contribution expected for 2018, but still below aspiration level

Sporting Goods with notably better 2HY EBIT performance

CHF m	2017	2016	Δ
Net revenue	228.6	232.9	-1.9%
Operating result (EBIT)	0.1	1.2	-91.7%
EBIT margin	0.1%	0.5%	-40 bps
Net operating assets	116.5	108.1	+7.8%



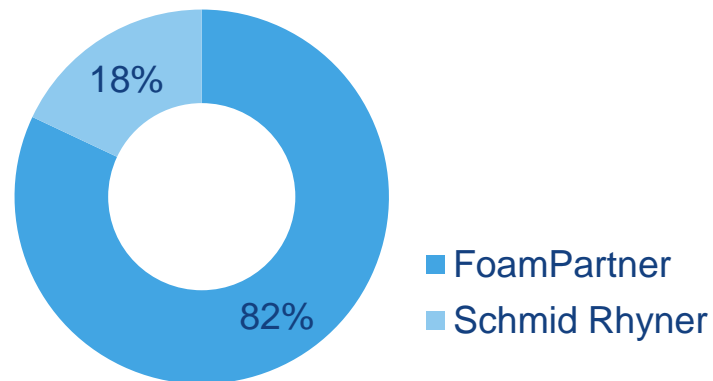
Operational performance

- Net revenue including reduction of CHF 9.5 m low-margin sales to support premium position
- Notably better 2HY EBIT performance of CHF 10.0 m vs. CHF 5.8 m in 2HY 2016
- 2HY with increased contribution margin from improved wholesale quality and enhanced retail capabilities
- Annual cost base up by CHF ~12 m with >30 additional FTE's to build capabilities in international markets, digitalization, retail and design in context of 5 year strategy program

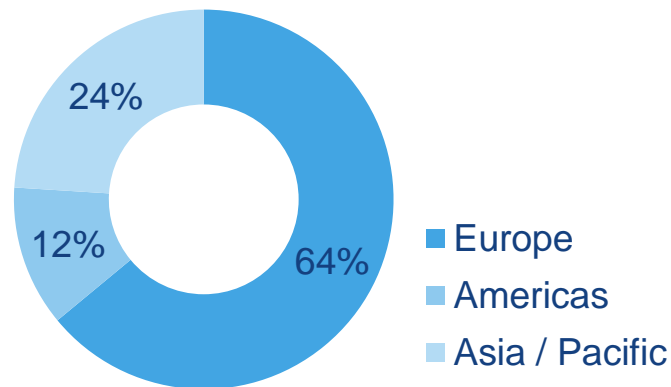
Efforts to build “sell out”-mentality with progress in regard to channel mix



Net revenue by business unit¹⁾

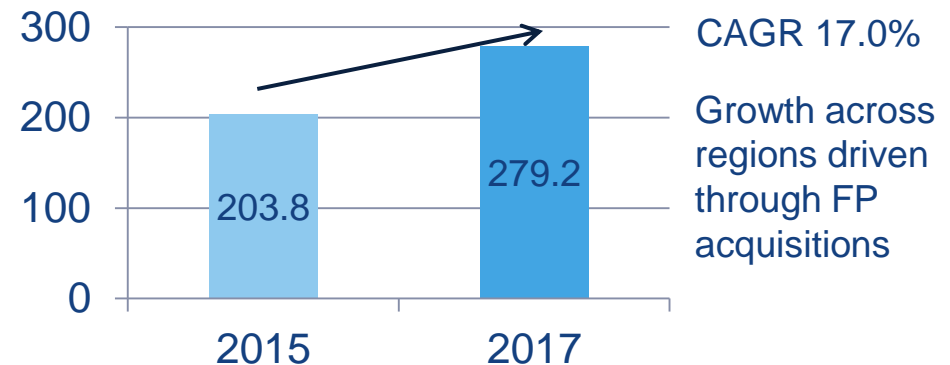


Net revenue by region¹⁾



¹⁾ 2017

Net revenue trend; CHF m, FY



FoamPartner

- Leader in specialty polyurethane foam technology within selected market segments

Schmid Rhyner

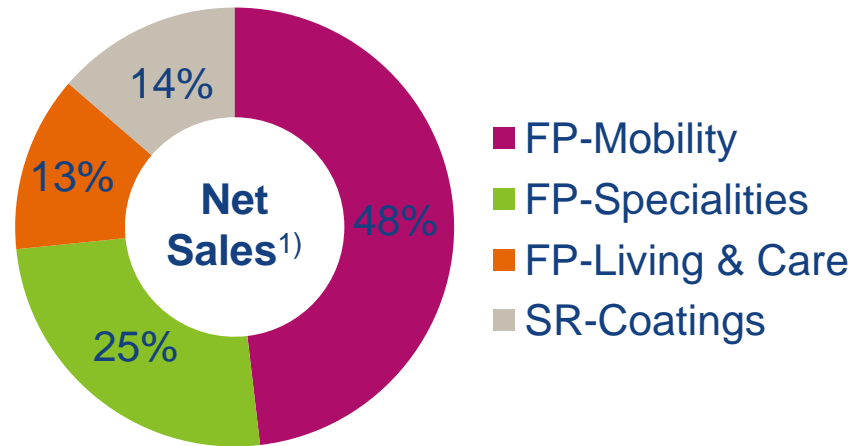
- Leader in UV-curing varnishes and innovation partner for graphic industry

Chemical specialties

- Relevant market size CHF ~7bn; growth above GDP driven by Asia and the Americas
- Largely customized solutions

Chemical Specialties – opportunities within FoamPartner business unit after 2017 M&A transactions

FoamPartner

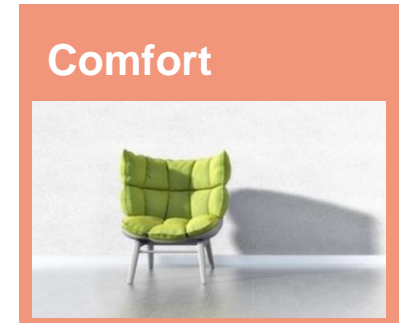


- Complementary product portfolio with enhanced footprint and resolved legacy structures in China and the US
- New management team announced 29th of January - integration on track
- Footprint optimization in Europe from 2018 onwards to align with growth plans

Become best in Foam!

1) 2017 pro forma Net revenue split by market segments

Otto Bock Kunststoff



Chemical Specialties with lower operating result masked by one-off gain

CHF m	2017	2016	Δ
Net revenue	279.2	219.7	+27.1%
Operating result (EBIT)	24.8	23.1	+7.4%
EBIT margin	8.8%	10.5%	-170 bps
Net operating assets	186.9	112.7	+65.8%



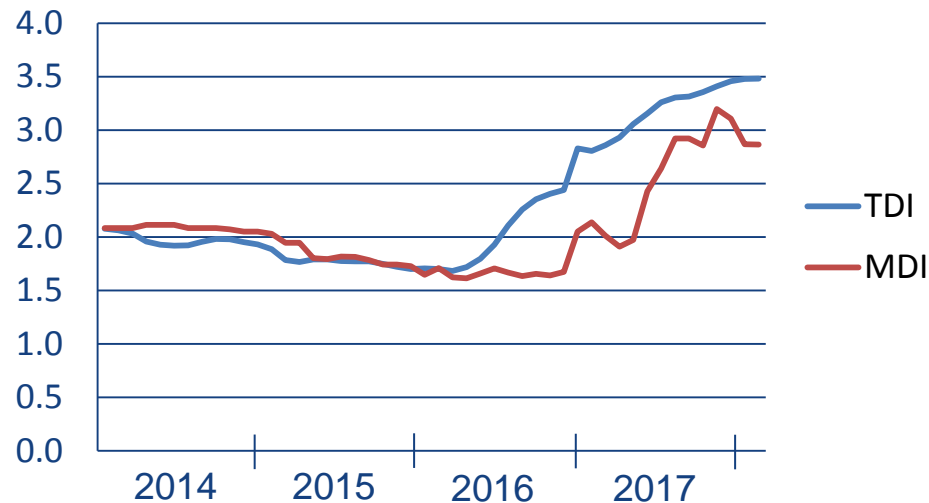
Operational performance

- Comparable net revenue +4.9%, Otto Bock Kunststoff consolidated as of September 1, 2017
- EBIT margin excluding CHF 8.8 m one-off divestment gain of 5.7%
- Margin pressure particularly within foaming businesses, driven by increased raw material costs (net CHF ~7 m), integration costs (CHF ~2 m) and higher operational costs; no direct financial impact from BASF incident

Priorities 2018 for new FoamPartner management: Pricing, OB / FP integration and regional strategies

Chemical Specialties – deep dive on FoamPartner raw material situation

Market prices TDI / MDI - (Eur / Kg)¹⁾



FP²⁾ weighted RM price index +22% in 2017, incl. TDI, MDI, Esther and Ether Polyols

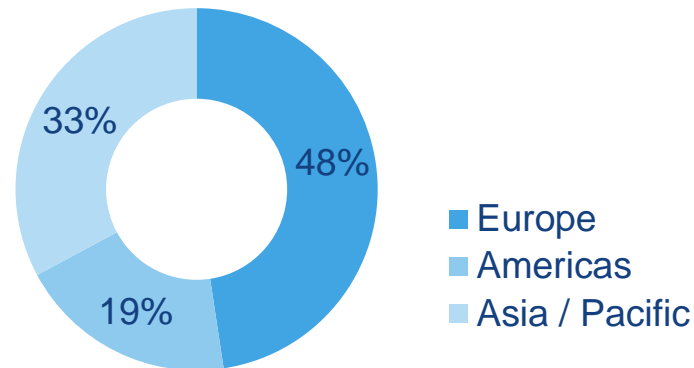
- High raw material prices persisted throughout 2017, expected easing in 2HY did not materialize
- Pricing measures launched in 2017 not sufficient; mitigation of cost increase <50%
- Further measures initiated, also at Otto Bock Kunststoff
- Expect raw material costs to remain at elevated level for the time being, requiring excellence in pricing and tight cost control

¹⁾ Source: ICIS/Tecnon.

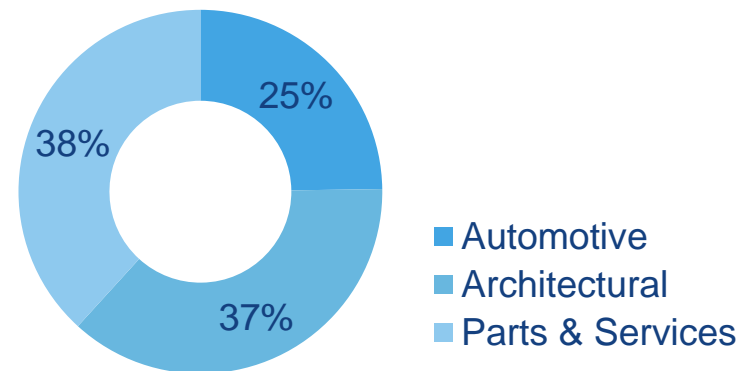
²⁾ FP stand alone, i.e. without Otto Bock Kunststoff.

Glass Processing – business profile

Net revenue by region¹⁾

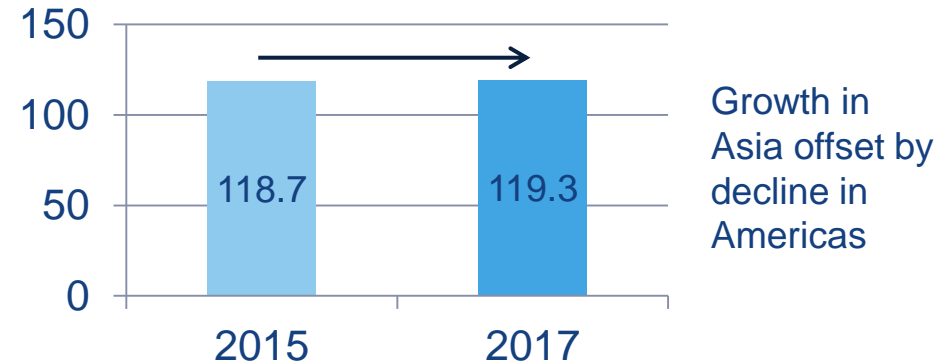


Net revenue by business segment¹⁾



¹⁾ 2017

Net revenue trend; CHF m, FY



Market and position

- Solutions and services for the processing of architectural and automotive glass
- Accessible market volume CHF ~0.7 bn; Bystronic glass with #2 market position
- Efforts ongoing to become a more integrated company with improved processes and a strengthened footprint in Asia

Bystronic glass adjusting organization to better meet client demand

Market drivers and market structure

- Increasing requirements in regard to energy efficiency and noise reduction
- Stable growth trend in architectural markets from continued urbanization above GDP growth
- Opportunities from trend to thin-glass applications in automotive markets
- Narrow market structure with elevated result volatility in automotive



Value proposition

- Focus on customers productivity in the processing of flat glass through holistic systems approach
- Full processing solutions from cutting to inspection in cooperation with partners
- Comprehensive service packages
- Market-oriented focus, e.g. on energy-efficient architectural and light-weight automotive glass

Improve global operations and drive innovation to complement high-end solutions with quality mid-range products

Glass Processing with accelerated momentum in 2 HY

CHF m	2017	2016	Δ
Net revenue	119.3	106.9	+11.6%
Operating result (EBIT)	6.3	1.0	+530%
EBIT margin	5.4%	0.9%	+450 bps
Net operating assets	23.1	19.3	+19.7%



B'CHAMP

Operational performance

- Accelerated momentum in 2HY17 in regard to net revenue and order entry
- EBIT favorably impacted by reduced cost base in German manufacturing site
- Measures to further optimize global processes and to enhance efficiency ongoing, first progress to strengthen sales and operations in China
- New product features to process automotive thin glass, broadening areas of application

Good progress and continued efforts towards the Group's financial aspiration

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Board of directors, management & investor contact

Conzzeta Board of Directors

Ernst Bärtschi



Lic. oec. HSG, born 1952
Chairman of the BoD
since 2014

Werner Dubach



Dipl. Ing. Chem. ETH, MBA
born 1943
Member of the BoD
since 1993

Dr. Roland Abt



Dr. oec. HSG, born 1957
Member of the BoD
since 2014

Philip Mosimann



Dipl. Ing. ETH, born 1954
Member of the BoD
since 2007

Dr. Matthias Auer



Dr. iur., born 1953
Member of the BoD
since 1996

Urs Riedener



Lic. oec. HSG, born 1965
Member of the BoD
since 2014

Jacob Schmidheiny



Lic. oec. publ., born 1943
Member of the BoD
since 1977

Robert F. Spoerry



Dipl. Masch.-Ing. ETH, MBA,
born 1955
Member of the BoD
since 1996

Conzzeta Executive Committee

Michael Willome



Lic. oec. HSG, born 1966
Group CEO
since 2016

Kaspar W. Kelterborn



Lic. oec. HSG, born 1964
Group CFO
since 2006

Barbara Senn



Attorney at Law, LL.M.
born 1967
General Counsel since
2010 Member of the Group
Executive Board since 2014

Alex Waser



Automobile Engineer HTL,
MBA, born 1967
**Head of the Sheet Metal
Processing business unit**
since 2013

Dr. Burghard Schneider



Dr. Ing., born 1965,
**Head of the Glass
Processing business unit**
since 2014

Dr. Oliver Pabst



Dr. oec. HSG, born 1966,
**Head of the Sporting
Goods business unit**
since 2016

Jakob Rohner



Dipl. Ing. HTL, MBA,
born 1958
**Head of the Graphic
Coatings business unit**
since 2011

Dr. Michael Riedel



Dr. rer. nat., born 1968,
**Head of the Foam Materials
business unit**
since January 2018

Financial calendar & contact

Financial calendar

2018

March 20	Year-end results as at December 31, 2018	Zurich
April 24	Annual General Meeting	Zurich
April 30	Payment of dividend	
August 10	Half-year results as at June 30, 2018	Conference Call

2019

March 20	Year-end results as at December 31, 2018	Zurich
April 16	Annual General Meeting	Zurich

Investor Relations contact

Ticker symbols



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