2020 HALF-YEAR RESULTS

komax

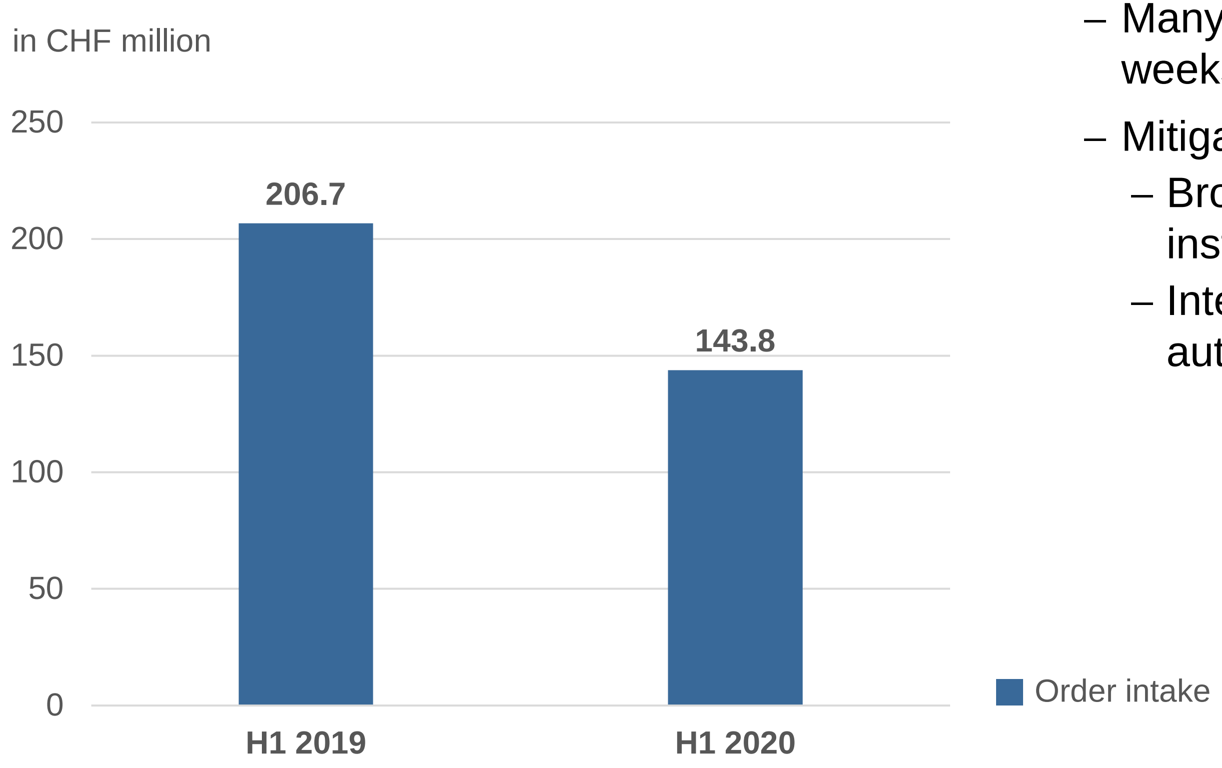
18 August 2020

1st half of 2020 in brief

Structural adjustments and cost-cutting measures in focus

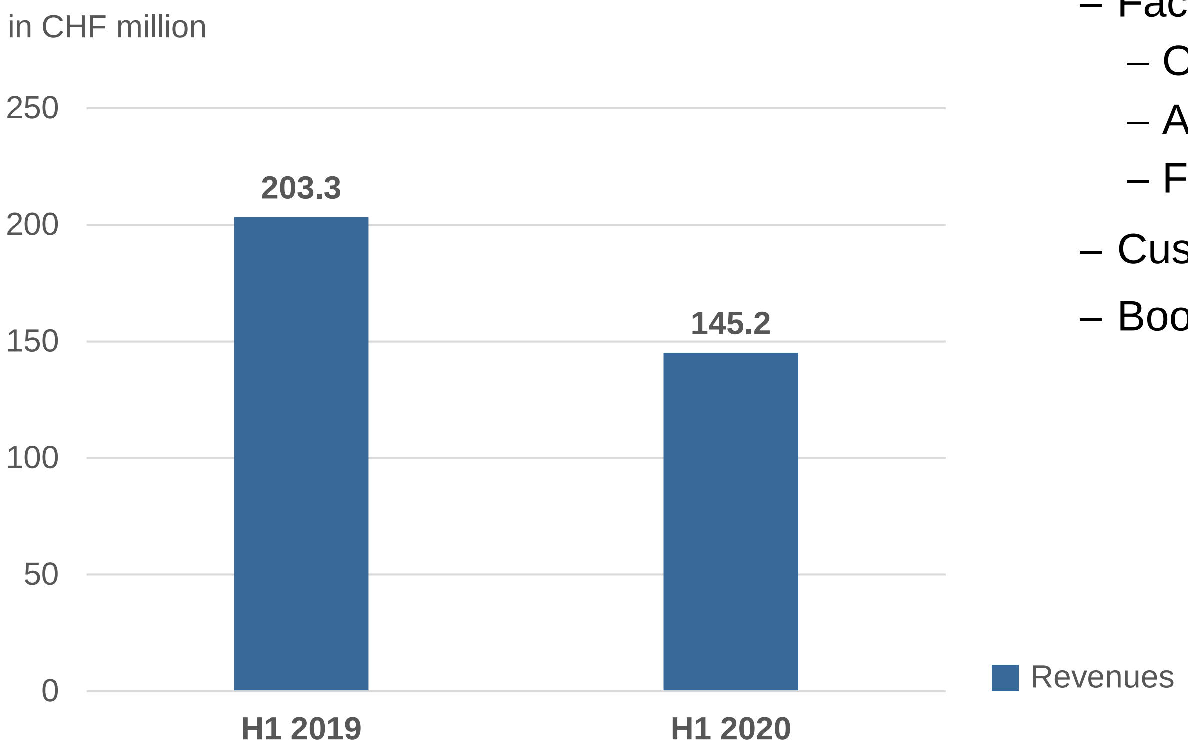
- **Automotive industry heavily affected by COVID-19**
  - Many auto manufacturing plants closed for several weeks
- **33% fall in number of vehicles produced**
  - First half 2020: 30 million vehicles
  - First half 2019: 45 million vehicles
- **Structural adjustments and comprehensive cost-cutting measures mitigate consequences of COVID-19**
  - Swift and rigorous implementation of multifaceted package of measures
- **Liquidity planning and long-term securing of financing**
  - Increase in syndicated loan facility and adjustment of financial covenants in keeping with more difficult conditions
- **Completion and occupation of newbuild in Dierikon**
  - First machines produced in April 2020

Sharp fall in order intake due to lower automotive production



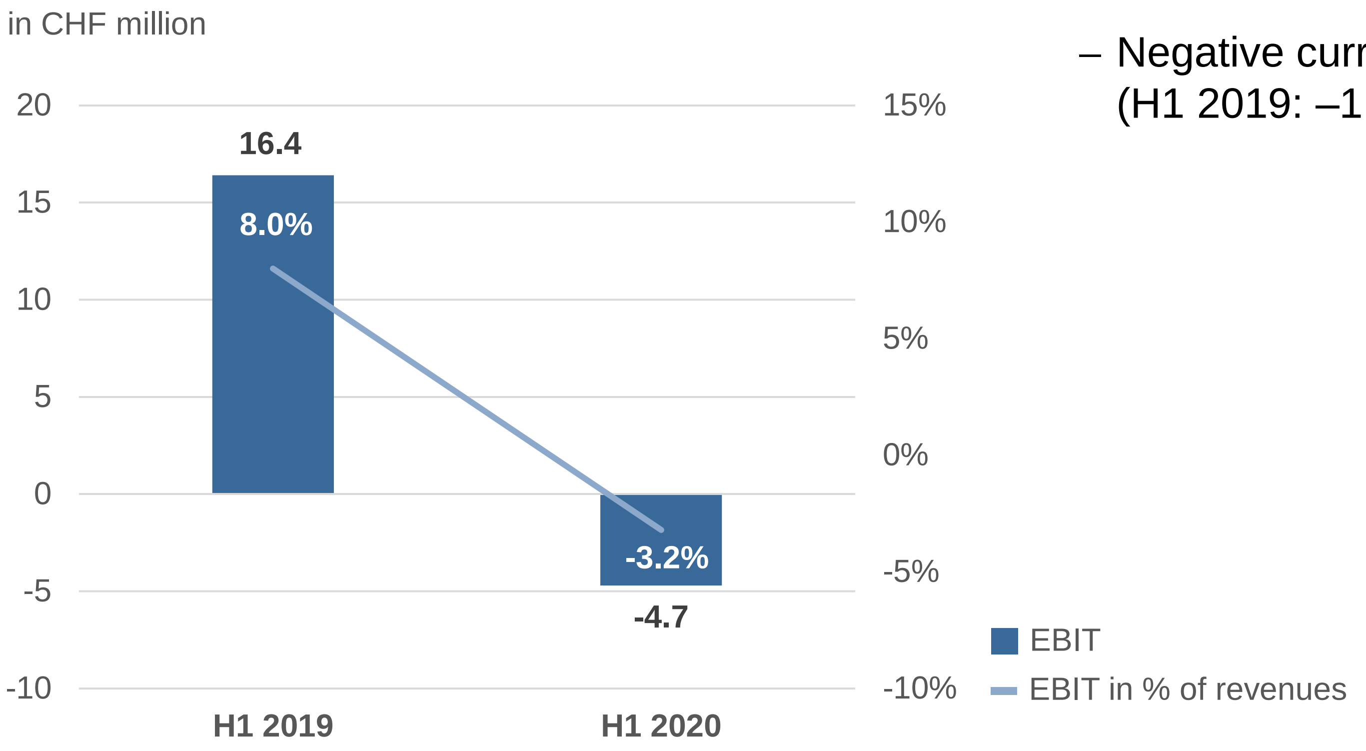
- Order intake down by 30.4%
- Many auto manufacturer plants closed for several weeks
- Mitigation of decline in order intake through:
  - Broad product portfolio, extensive customer and installed machine base worldwide
  - Intensive sales activities, including outside of the automotive industry

COVID-19 has major impact on revenue development



- Revenues decrease by 28.6%
- Factors behind development of revenues
  - Organic decline: –29.5%
  - Acquisition-related growth: +4.3%
  - Foreign currency impact: –3.4%
- Customers postponing automation projects
- Book-to-bill ratio: 0.99

Comprehensive cost-cutting measures mitigate loss significantly



- Disadvantageous product mix – sharp decline in volume business
- Negative currency effect at EBIT level: –1.2% ppts (H1 2019: –1.1% ppts)

AGENDA

1 **Financial performance**

2 Structural adjustments and cost-cutting measures

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Revenues decline in all regions

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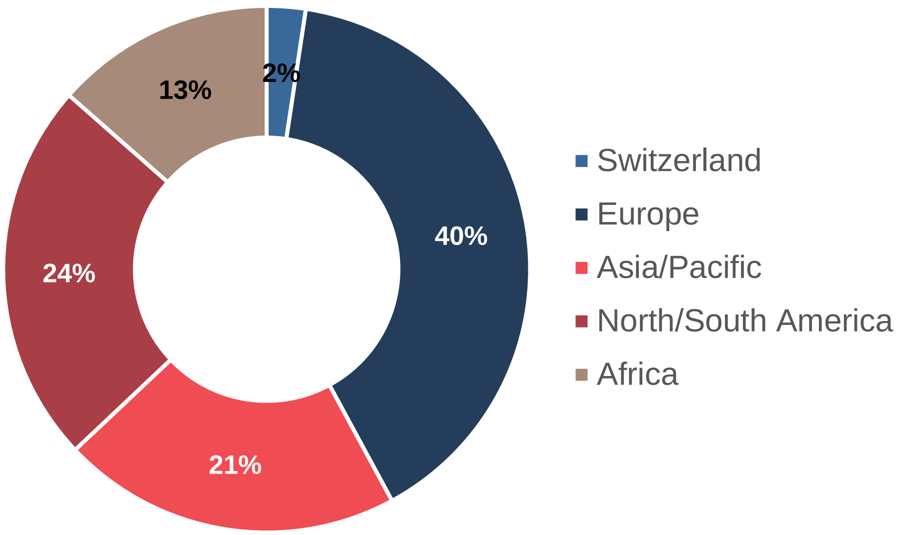
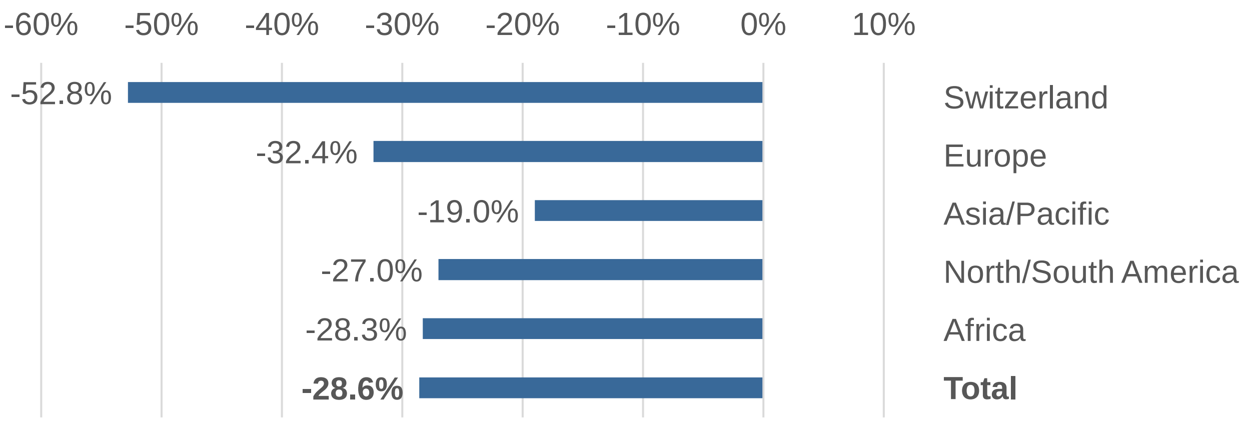
Revenues by region



Revenues by region H1 2019

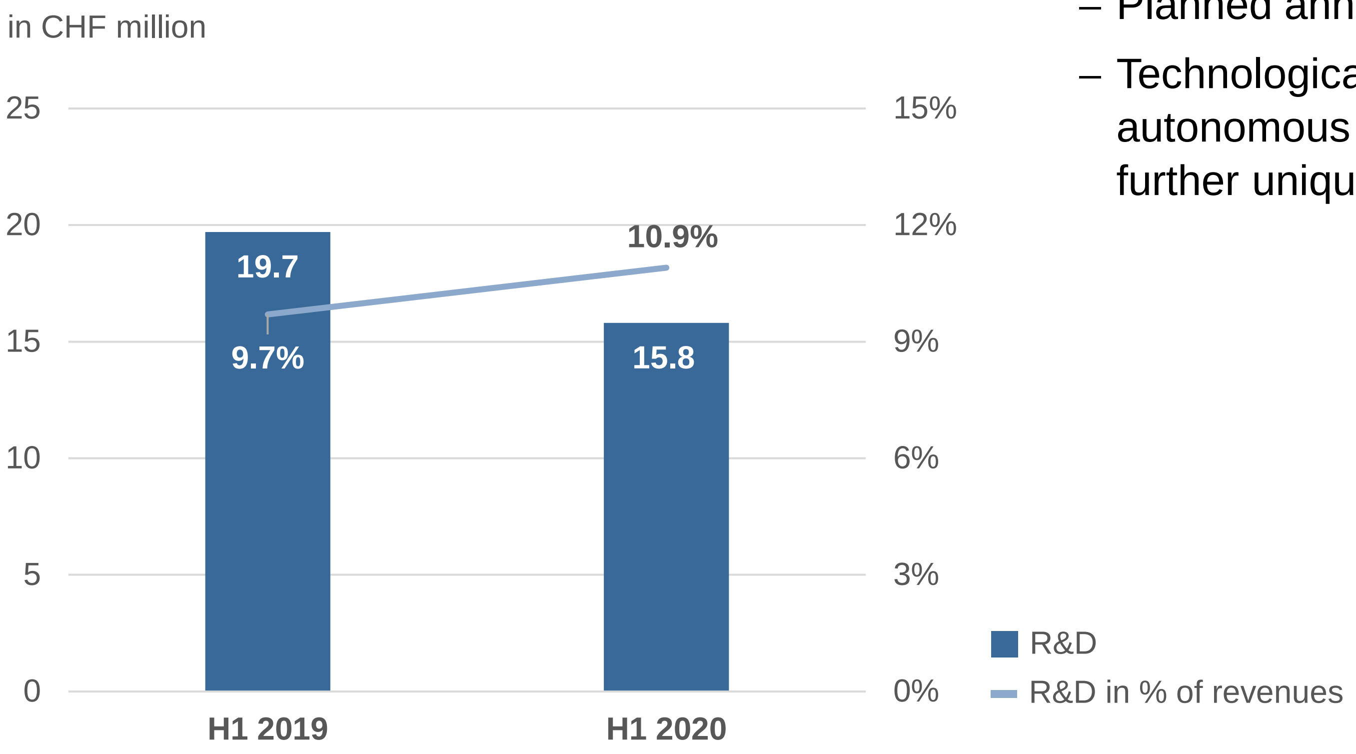
- Switzerland 2%
- Europe 42%
- Asia/Pacific 18%
- North/South America 24%
- Africa 14%

Change from first half 2019



Gradual recovery in Asia following significant decline in revenues in the first quarter

Reduction of internal and external R&D expenditure



- Investment in R&D is the foundation of future success
- Planned annual R&D spending: 8%–9%
- Technological shift in automotive industry (e-mobility, autonomous driving, etc.) creating opportunities for further unique selling propositions

Negative currency effect

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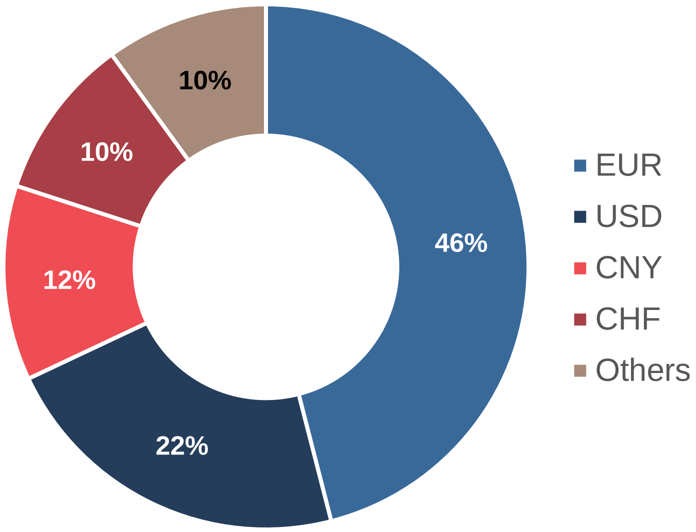
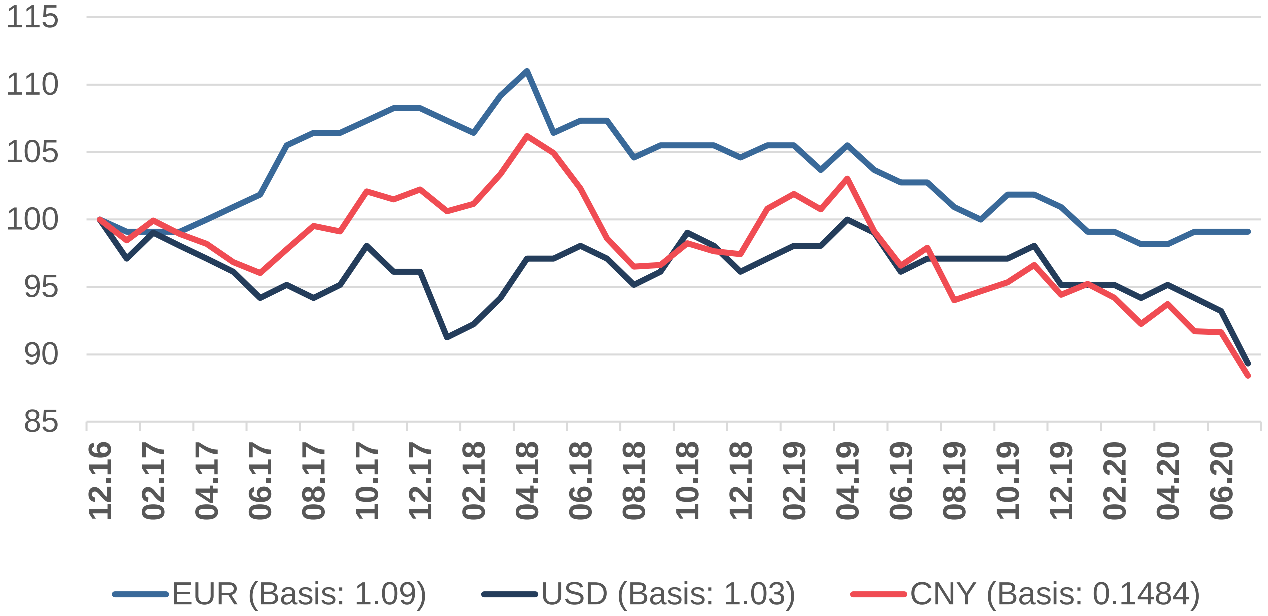
Revenues by currency





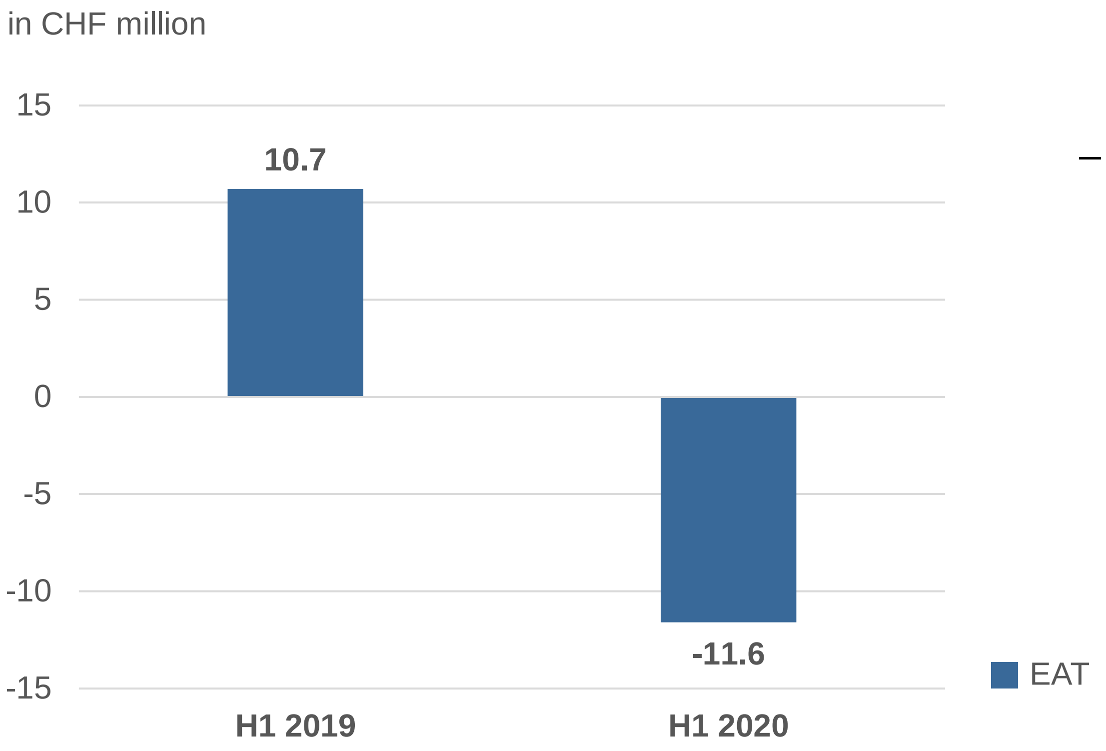
Revenues by currency H1 2019

- EUR 49%
- USD 20%
- CNY 10%
- CHF 10%
- Others 11%

– **Foreign currency impact H1 2020**
revenues: –3.4%, gross profit margin: –2.7 ppts, EBIT margin: –1.2 ppts

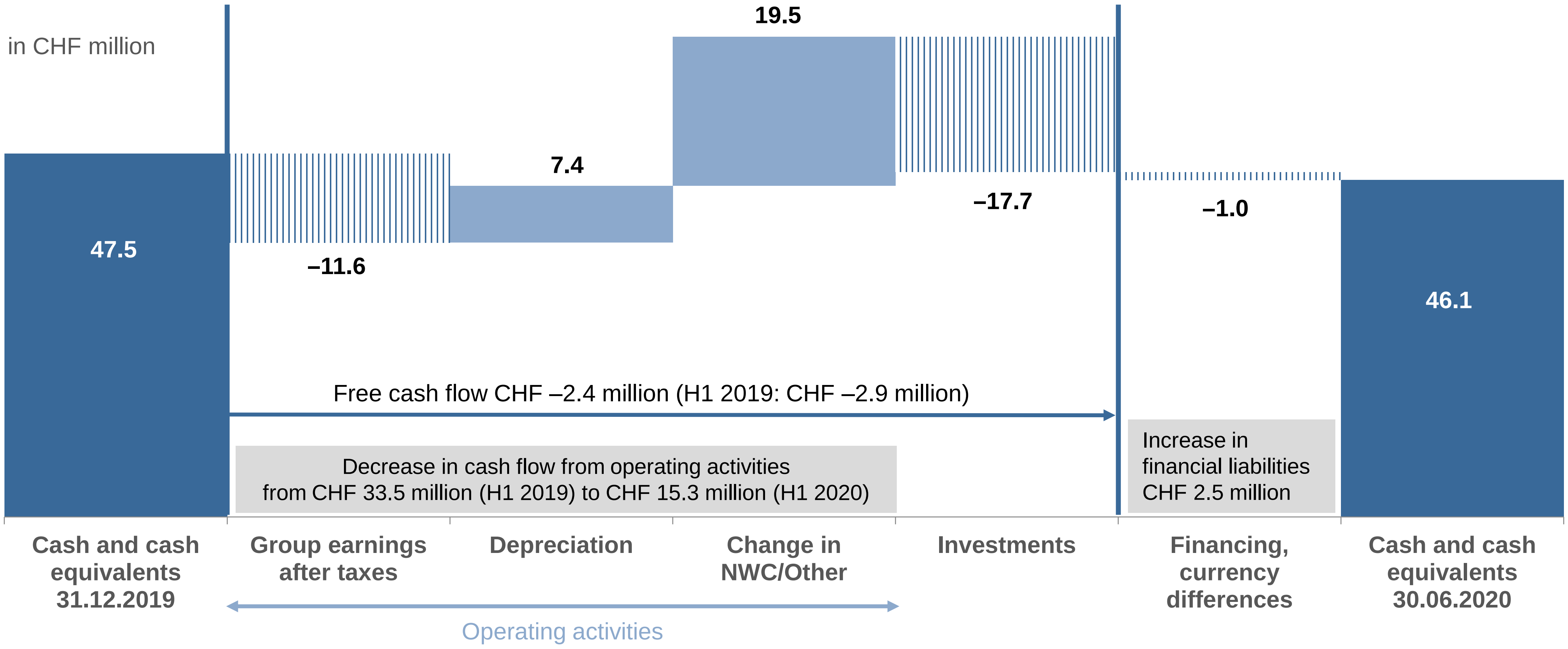
– **Foreign currency impact H1 2019**
revenues: –1.9%, gross profit margin: –1.1 ppts, EBIT margin: –1.1 ppts

Financial result impacts on Group earnings after taxes (EAT)



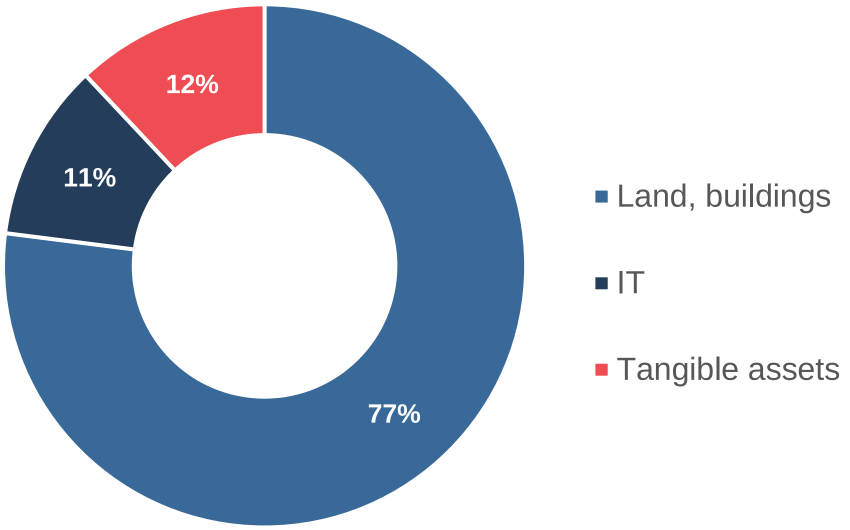
– Financial result of CHF –4.7 million (H1 2019: –2.2 million) mainly comprises unrealized foreign exchange losses on loans to subsidiaries in emerging markets as well as higher interest costs
– Tax expenses of CHF –2.2 million (H1 2019: –3.4 million)
  – A number of companies reported a profit in the first half of 2020
  – No capitalization of tax-loss carryforwards for companies reporting a loss

Slight improvement in free cash flow despite negative EAT



Significantly lower investment volume

Gross investment
(excl. acquisition and sale of companies)



- Investment freeze, aside from completion of the new building in Dierikon
- Remaining payments in H2 2020 for completion of new building: approx. CHF 7 million
- Net investment in non-current assets (excl. acquisition and sale of companies): CHF 16.7 million (H1 2019: CHF 24.8 million)
  - Property, plant, and equipment (CHF 15.1 million, of which buildings: CHF 12.9 million)
  - Intangible assets (CHF 1.6 million)

New building in Switzerland occupied

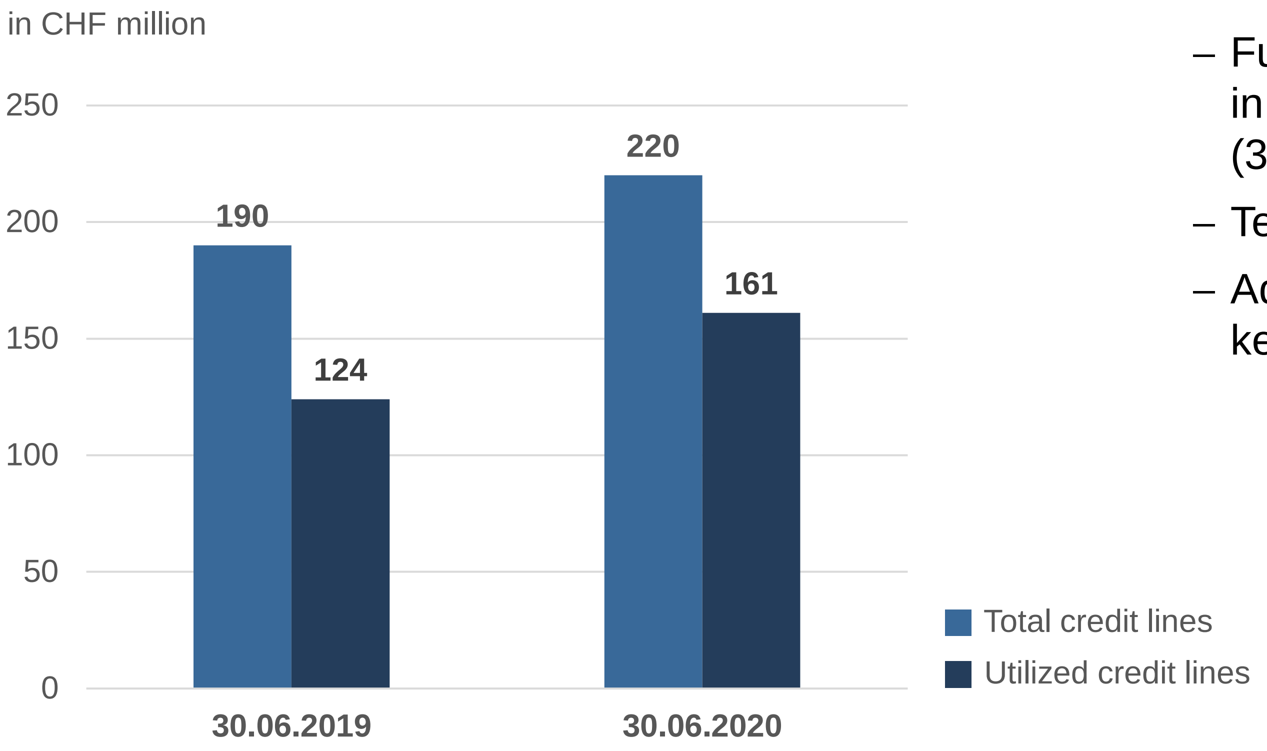
First machines produced in April 2020

- Vertical factory
- More than 20,000 m²
- State-of-the-art, automated small-parts storage area (15,000 items) with intralogistics system
- Reduction in number of Swiss locations from three to two as per end 2020
- Final cost of newbuild approx. 4% below budget

CAPEX

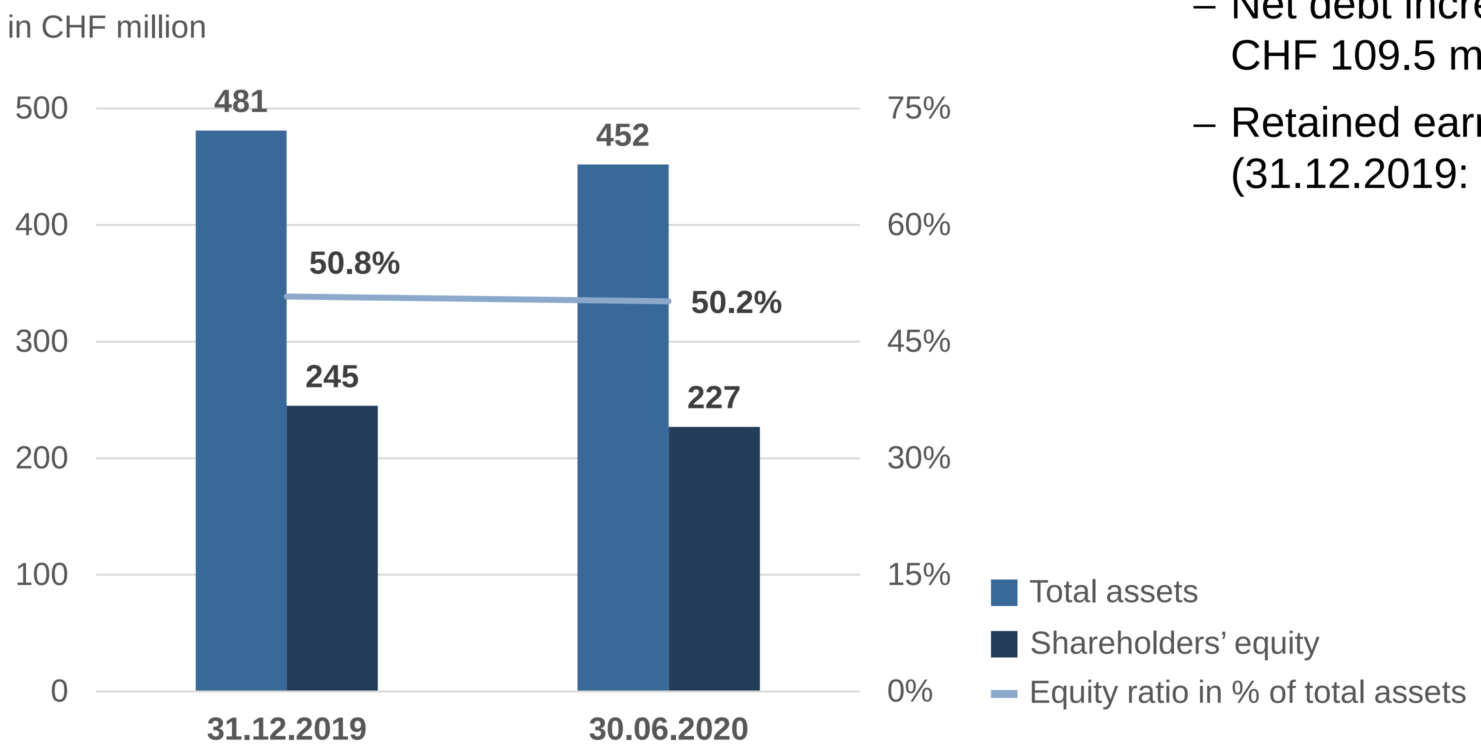
- 2019: CHF 54 million
- 2020: CHF 24–26 million
- from 2021: 2%–3% of revenues annually

Liquidity and long-term financing assured thanks to credit facility



- Increase of the syndicated loan to CHF 190 million
- Further local credit lines for subsidiaries in the amount of CHF 30 million (31.12.2019: CHF 30 million)
- Term until January 2023
- Adjustment of financial covenants with banks in keeping with difficult current conditions

Financial base remains solid



- Continued high equity ratio
- Net debt increases only slightly to CHF 109.5 million (31.12.2019: CHF 106.2 million)
- Retained earnings of CHF 205.5 million (31.12.2019: CHF 223.8 million)

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Multifaceted package of measures

Structural adjustments and short-term cost-cutting measures

Swift and rigorous implementation of numerous measures to cut costs in the short term

- Introduction of short-time working in various countries
- Reduction of external services (e.g. research and development)
- Postponement of projects
- Recruitment freeze
- Travel freeze
- Massive reduction in marketing expenditure

Multifaceted package of measures

Structural adjustments and sustainable cost-cutting measures

Adjustment of headcount to current market situation

– All production sites: reduction of temporary and fixed-term staff, also some redundancies
– Reduction in headcount in 2020 to date: 150 employees or around 7% of workforce

Streamlining of management structures

– Merger of various functions such as Global Sales, Marketing, Service, Lean Management, and Digital Transformation

Package of measures – core elements

Structural adjustments and sustainable cost-cutting measures

Consolidation of locations

– Reduction in number of production sites in North America (previously: US and Mexico; new: Mexico)

Risk minimization

– Reduction of customer-specific activities in the companies Exmore (Belgium), Komax AG (Switzerland), Komax SLE (Germany), and Laselec (France)

Increase in market orientation of innovation center in Switzerland

– Restructuring in early 2021

– Significant streamlining of management structure: shorter communication paths and more rapid decision-making processes in order to react to changing market needs with greater agility

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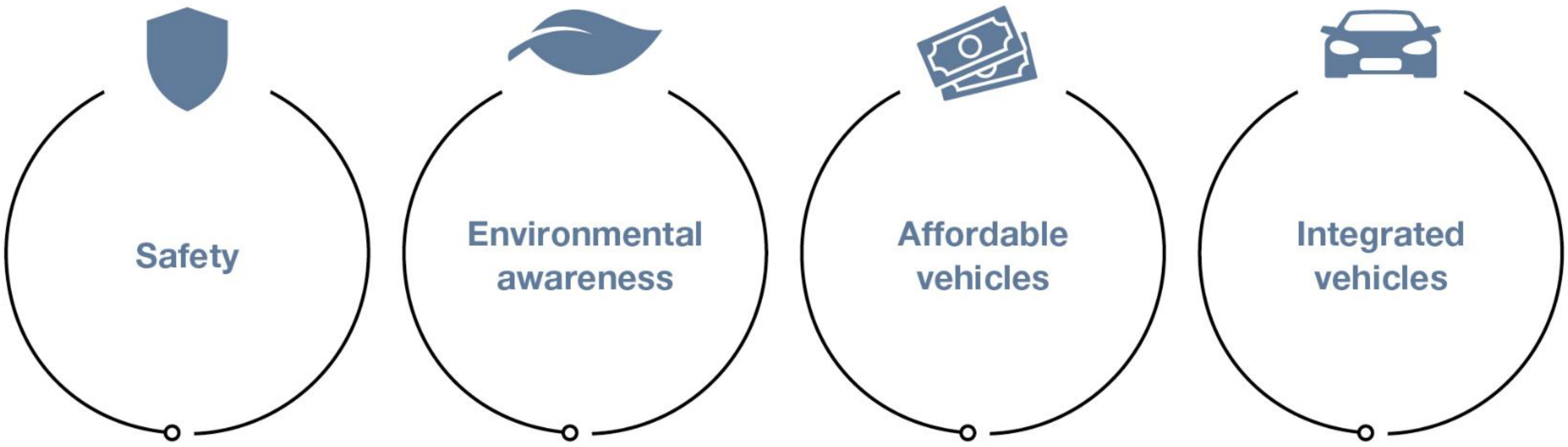
Global megatrends in the automotive industry



Current trends present many opportunities

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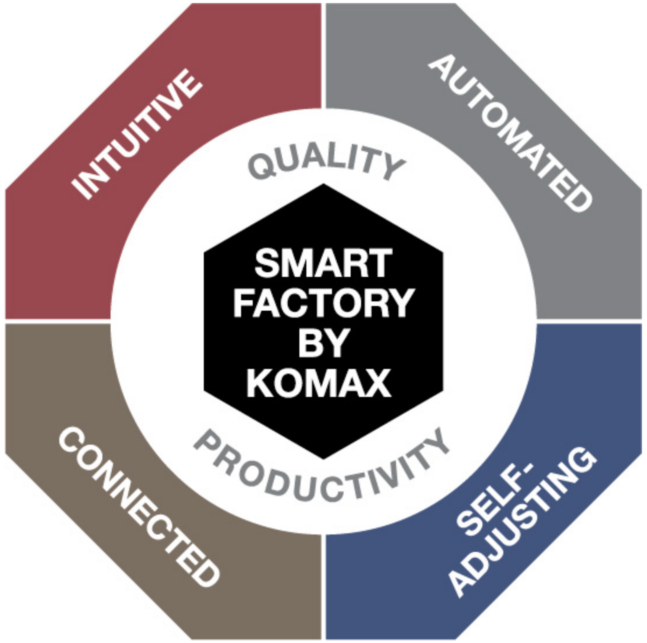
We have plenty of potential for future growth

Smart City

Smart Mobility

SMART FACTORY by KOMAX

Simpler, more convenient, and safer



Sigma 688 ST

Komax Connect

TSK Connect

Q1250

Focused strategy

SOLUTIONS ALONG THE VALUE CHAIN

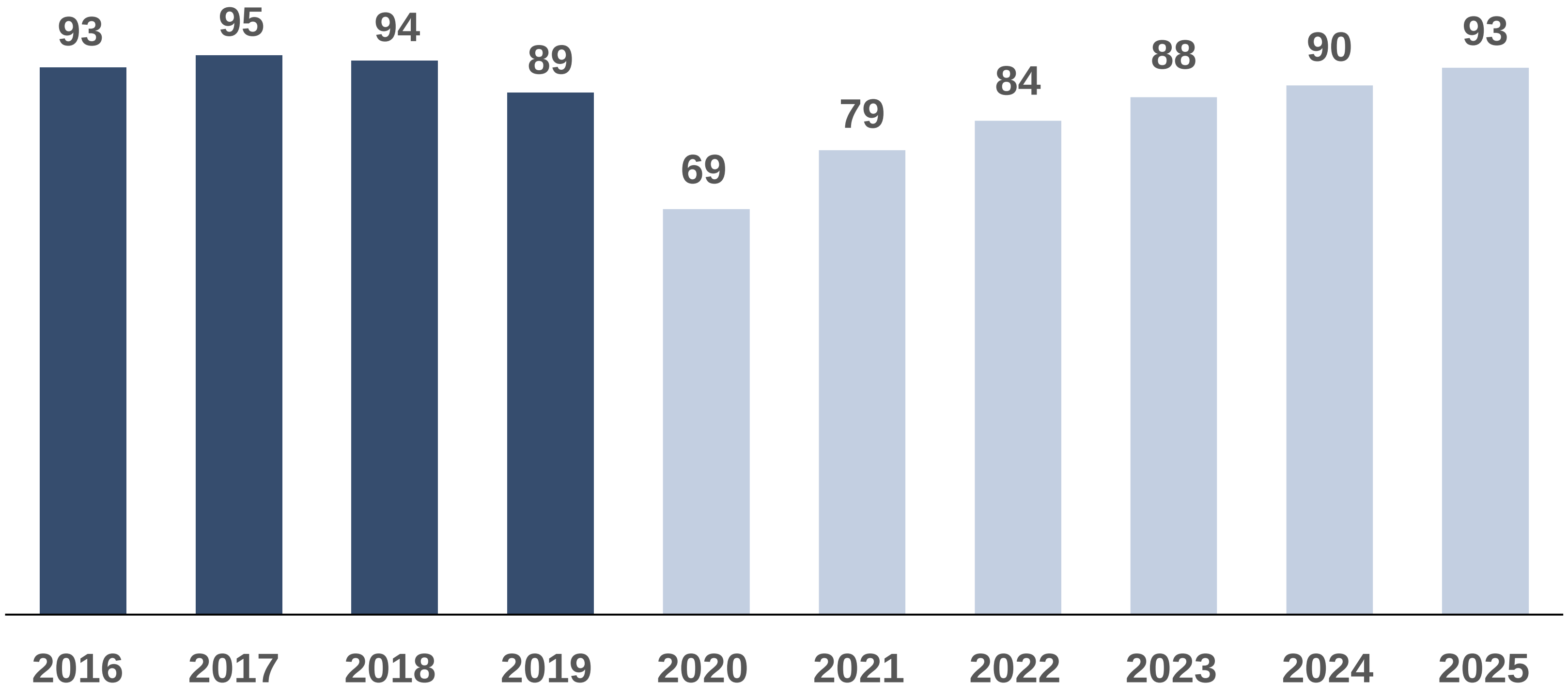
INNOVATIVE PRODUCTION CONCEPTS

GLOBAL CUSTOMER PROXIMITY

DEVELOP NON AUTOMOTIVE MARKETS

Vehicle production set to increase again from 2021

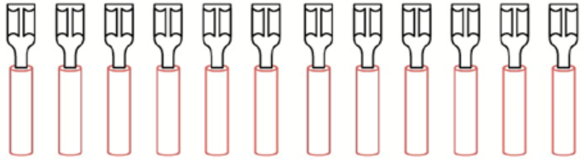
Production of passenger cars and light commercial vehicles
in million vehicles



Source: IHS Markit, July 2020

Steady rise in level of automation (CAGR: 2%–3%)

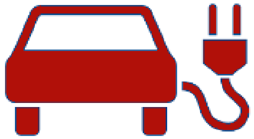
Numerous reasons



rising number of wires

rising wage costs

autonomous driving



e-mobility

traceability

miniaturization

staff availability

Mid-term targets up to 2023

REVENUES	CHF **450–550** million	• Primarily organic growth • Increase in number of vehicles produced from 2021 (CAGR: 8%–9%) • Increase in level of automation (CAGR: 2%–3%)
EBIT	CHF **50–80** million	• EBIT dependent on product mix • EBIT strongly influenced by volume business (crimp-to-crimp) • Low revenues (CHF 450 million) resulting in low EBIT (CHF 50 million)
PAYOUT	**50%–60%** of EAT	• Shareholders benefiting from sustained generation of value • Attractive dividend policy • Dividend dependent on business performance; no minimum dividend

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Outlook

Visibility as regards business development remains very low and it is difficult to gauge how strongly the market will recover in the second half of the year. It is therefore not yet possible to issue any forecast for the 2020 financial year.

Contact / Financial calendar

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Financial calendar

Investor Day	23 October 2020
Preliminary information on 2020 financial year	26 January 2021
Annual media and analyst conference on the 2020 financial results	16 March 2021
Annual General Meeting	14 April 2021
Half-year results 2021	17 August 2021

Disclaimer

This presentation contains forward-looking statements in relation to Komax which are based on current assumptions and expectations. Unforeseeable events and developments could cause actual results to differ materially from those anticipated. Examples include: changes in the economic and legal environment, the outcome of legal disputes, exchange rate fluctuations, unexpected market behavior on the part of our competitors, negative publicity and the departure of members of management. The forward-looking statements are pure assumptions, made on the basis of information that is currently available.

QUESTIONS?