



Investor and Analyst Call
FY 2018

2 April 2019



SMART SOLUTIONS
FOR POWER AND MOBILITY



Disclaimer

This presentation contains statements regarding future developments based on information currently available. As a result of risks and uncertainties, actual outcomes could differ from the forward-looking statements made.

Schaltbau Holding AG does not intend to update these forward-looking statements.

General remark

Numbers may not add up due to rounding.

Agenda

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Experienced management team bringing Schaltbau back to historical profitability



Dr Albrecht Köhler

**Chief Executive Officer
(since May 2018)**

- Freelance interim CEO / COO (2016-18)
- Deputy CEO GAZ Group (2014-16)
- Managing Director Knorr Bremse rolling stock bus. unit (2000-14)
- Leading general management and operations roles at Dt. / Daimler Benz Aerospace (1989-1999)



Volker Kregelin

**Chief Officer for Mobile & Stationary
Transp. Techn. (new since 1 Dec 2018)**

- Leading sales and general management roles in MTT & STT at Bombardier Trnspt. (2007-18)
- Reg. head / COO at Dematic (2004-07)
- Senior roles in projects, operations and sales at Siemens and Adtranz / Bombardier Trnspt. (1993-2003)



Thomas Dippold

**Chief Financial Officer
(since Jan 2017)**

- CFO Faber-Castell AG (2014-16)
- CFO Semikron International (2008-14)
- Head of Controlling Schott AG (2002-08)

**Our
common
objectives**

- Return to profit
- Secure financing capabilities
- Manage sustainable growth

FY 2018 at a glance

Key figures (in € million, unless stated otherwise)	FY 2018	FY 2017	Δ
Order intake	631.3	594.0	+37.3
Order intake like-for-like*	553.9	511.0	+42.9
Sales	518.3	516.5	+1.8
Sales like-for-like*	477.7	426.2	+51.5
EBIT	-7.3	-23.0	+15.7
EBIT margin (in %)	-1.4	-4.4	+3.0
EBIT before 2018 exceptional items	16.0	2.4	+13.6
Group net profit	-14.1	-49.6	+35.5
Earnings per share (in €)	-1.93	-8.04	+6.11
Free cash flow	21.9	-23.8	+45.7
Employees at period-end (count)	3,157	3,370	-213
	31/12/2018	31/12/2017	
Net financial debt	100.4	158.4	-58.0
Equity	93.8	70.6	+23.2

* Excluding Pintsch Bubenzer and Sepsa contributions: Pintsch Bubenzer was deconsolidated on 1 March 2018, Sepsa was classified as held for sale in November 2017

Overall assessment of FY 2018 (1/2)

Restructuring achievements in FY 2018

Financial restructuring – stabilisation of financial position and strengthening of equity base

- Sale of Pintsch Bubenzer with cash inflow of € 28.4 million
- Successful capital increase with cash inflow of € 46.5 million
- Timely repayment of bridge financing of € 25 million plus deferred interests of € 7 million

Balance sheet restructuring – reduction of risks

- Necessary extraordinary impairments of Alte and Bode UK in the amount of € 14.0 million due to negative earnings performance
- Extraordinary effects from the release and recognition of provisions for onerous contracts
- Extraordinary impairment of capitalised expenses at Pintsch in the amount of € 3.0 million

Operative restructuring – measures to increase efficiency and optimize processes

- Collective restructuring agreement at Pintsch with cost savings of € 2 million each in 2018 and 2019
- Start of two operational excellence programs:
 - “Fit for future” program at Bode and Rawag
 - “A tiempo” program at Alte



Overall assessment of FY 2018 (2/2)

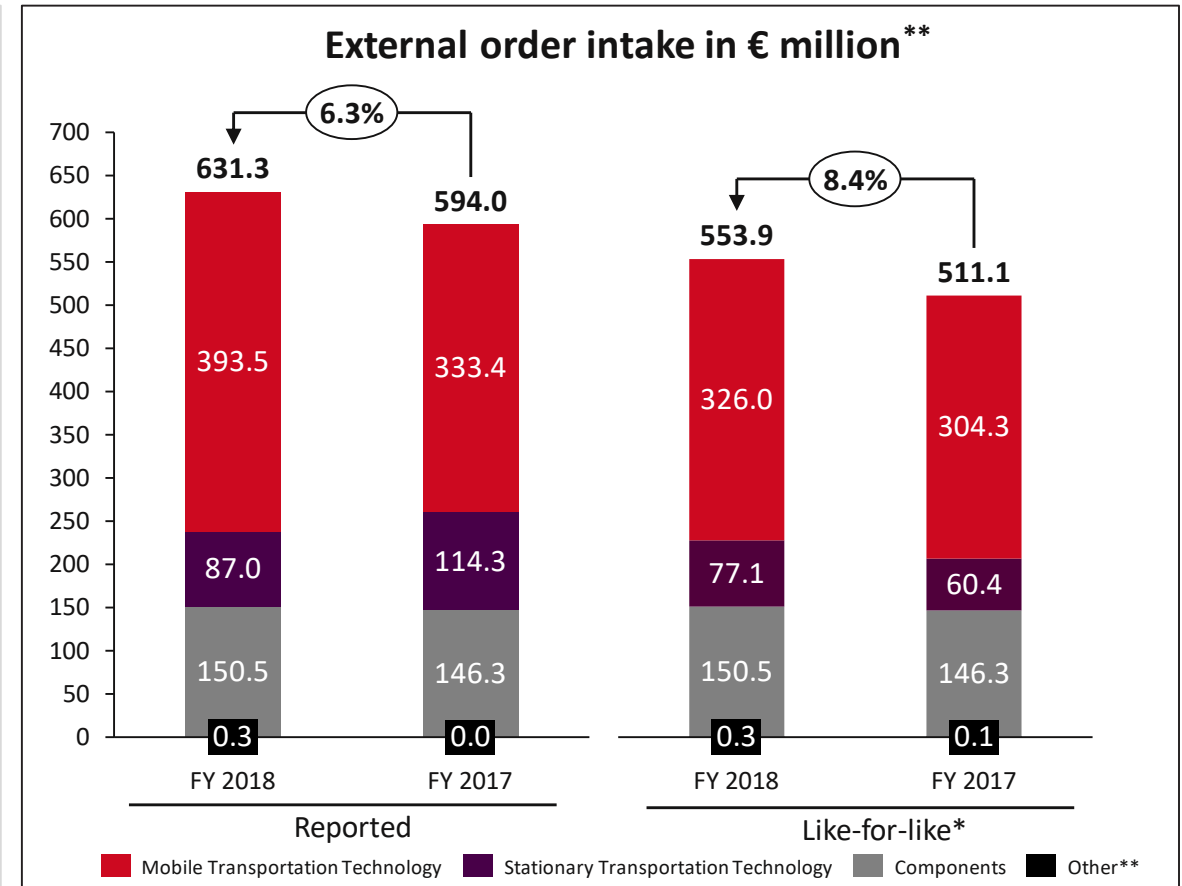
- **Operating performance in line with expectations**
- Strong order intake of € 631.3 million; book-to-bill ratio at > 1.2; order book end of December 2018 at € 583 million
- Sales volume at € 518.3 million, up 0.3% vs. FY 2017; **organic growth of 12.1%* vs. FY 2017**
- Reported EBIT at € -7.3 million after € -23.0 million in FY 2017, **EBIT before exceptional items at € 16.0 million or 3.3% of revenues**
- **Operating guidance for FY 2018 achieved**

* Excluding Pintsch Bubenzer and Sepsa contributions: Pintsch Bubenzer was deconsolidated on 1 March 2018, Sepsa was classified as held for sale in November 2017

Order intake increases like-for-like by 8% with all segments contributing

- High order intake of € 631.3 million in FY 2018
 - Strong development in Mobile Transportation mainly driven by a USD 47 million order of Kawasaki Rail Car to Sepsa for the supply of information and auxiliary power units for New York City Transit Authority (USA)
 - Stationary Transportation like-for-like with growth of 27.6% vs. FY 2017; Q2 2018 win of train formation unit project at Pintsch Tiefenbach was one of the main contributors to this positive development
 - Like-for-like, overall increase of 8.4% or € 42.9 million, all segments contributed to the growth

- Order book at end of 2018 at € 583.0 million, up 14.7% vs. € 508.3 million end of 2017

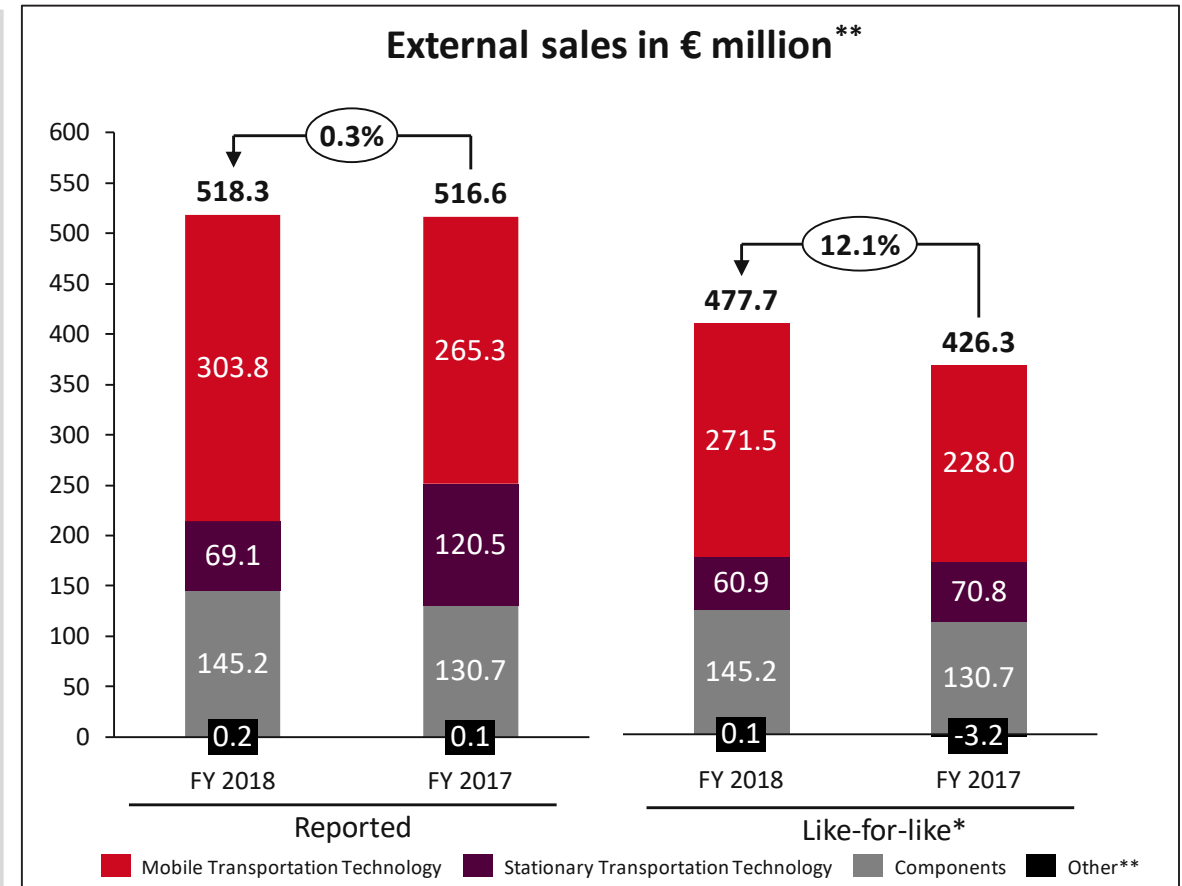


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** Including consolidation effects

Sales grow by 12% like-for-like, Mobile Transportation and Components with strong performance

- Sales grow by 0.3% vs. FY 2017, an increase of € 1.7 million
 - Significant volume increase in Mobile Transportation Technology (mainly Bode and Rawag) and strong sales volume development in Components
 - Sales in Stationary Transportation significantly below prior year, mainly due to sale of Pintsch Bubenzer in Q1 2018
- Adjusted by the deconsolidation of Pintsch Bubenzer and Sepsa growth of 12% vs. FY 2017
- Sales split:
 - Germany 36%
 - Europe ex Germany 47%
 - Rest of world 17%

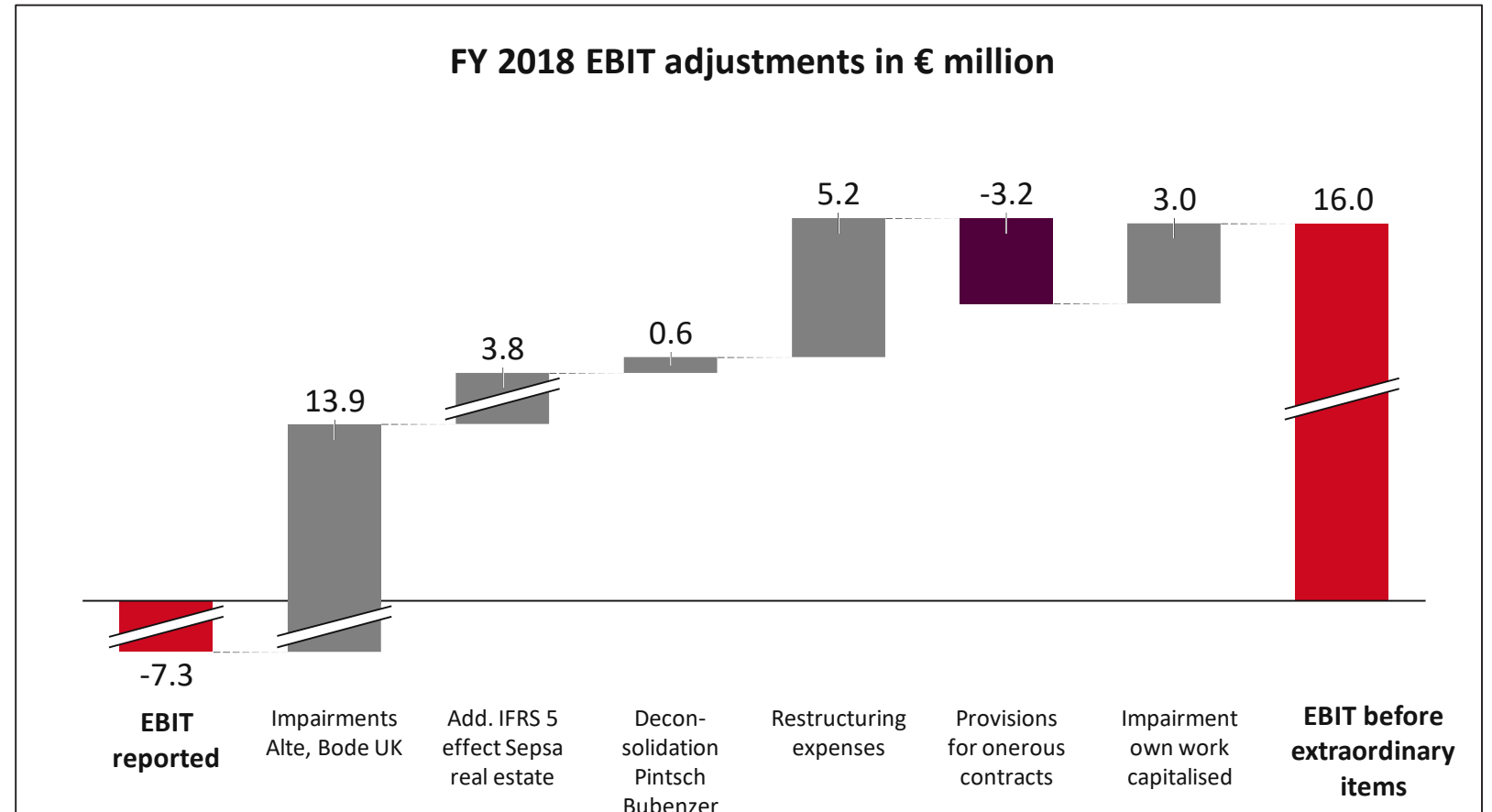


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** Including consolidation effects

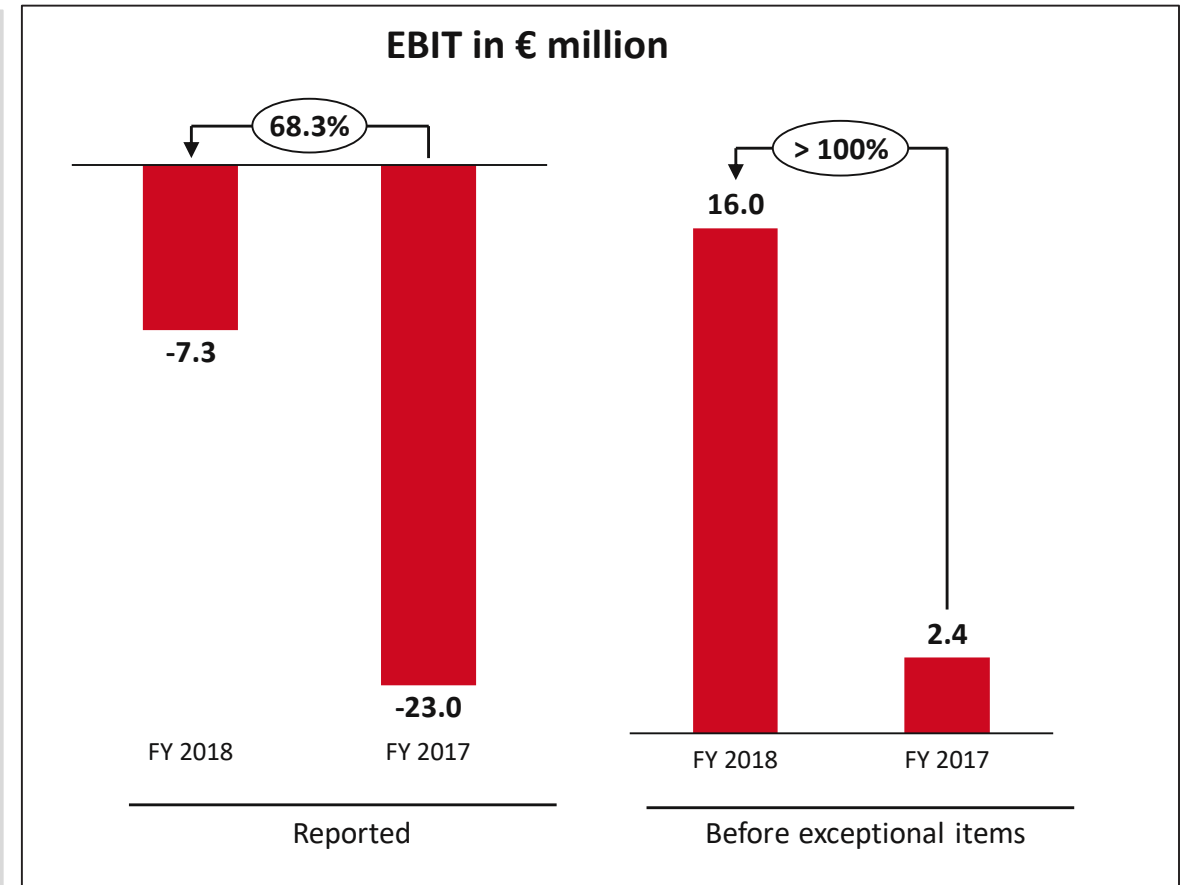
FY 2018 EBIT impacted by a number of one-off effects

- Reported FY 2018 EBIT at € -7.3 million (€ -23.0 million in FY 2017), adjusted by one-off effects at € 16.0 million (€ 2.4 million in FY 2017)
- Adjustments mainly driven by
 - Impairments of Alte and Bode UK
 - Restructuring expenses (e.g. severance payments, consulting costs, CRO)



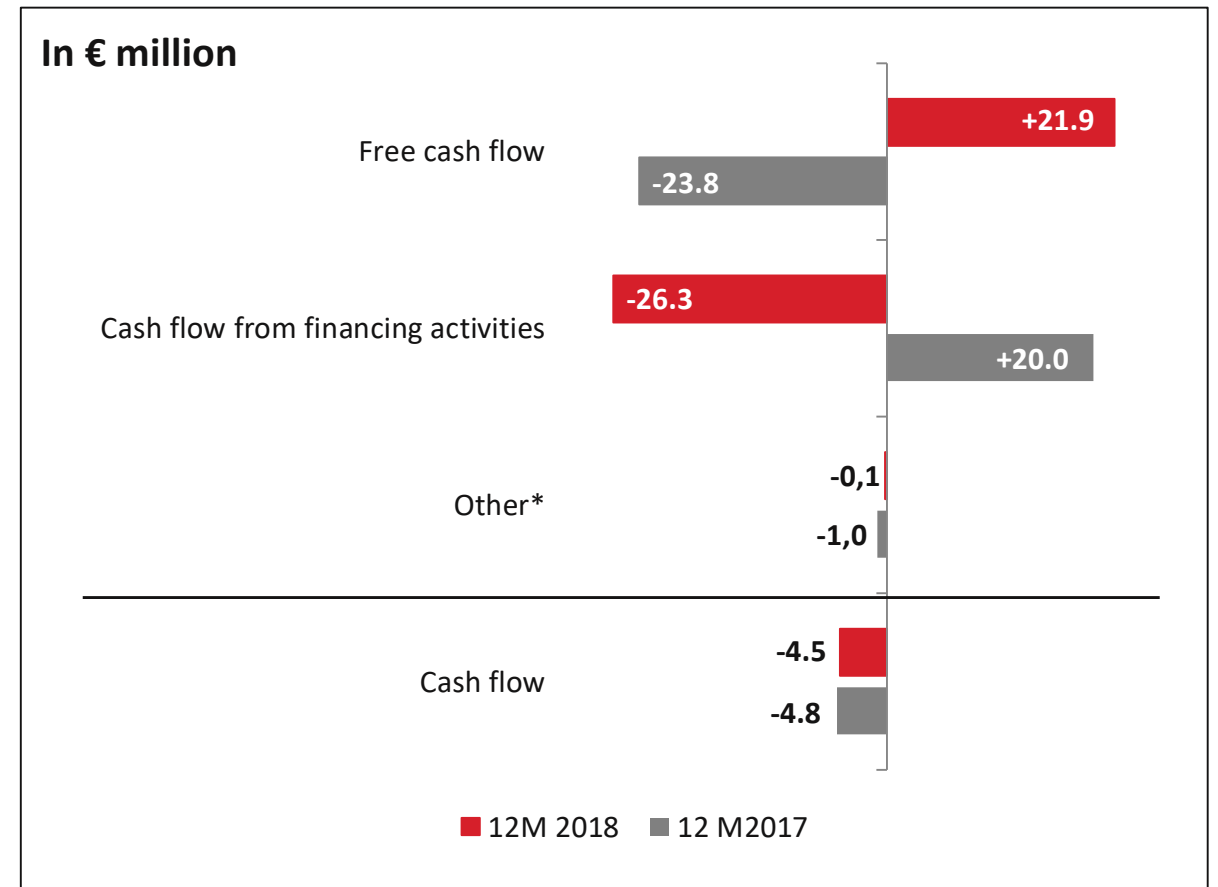
Significant EBIT improvement vs. FY 2017 both reported and before extraordinary items

- Reported EBIT up by 68% or € 15.7 million vs. FY 2017
- EBIT before extraordinary items at € 16.0 million (+€ 13.6 million vs. FY 2017). Improvement mainly caused by:
 - Sales growth in Components with high gross margins
 - Positive effects from restructuring activities (e.g. Pintsch)
 - Productivity improvements, material savings
 - Sepsa classified as asset held for sale in 2017 with no impact on EBIT



Cash flow in FY 2018 is affected by sale of Pintsch Bubenzer, capital increase and higher working capital

- Positive free cash flow driven by
 - € 29.3 million cash inflow from sale of Pintsch Bubenzer
 - € 15.6 million release of funds from an escrow account
 - Positive effects set off in part by higher working capital and release of provisions (e.g. PSD)
- Financing cash flow in FY 2018 mainly reflects:
 - € 46.5 million cash inflow from capital increase
 - € 74.7 million cash outflow due net repayment of loans

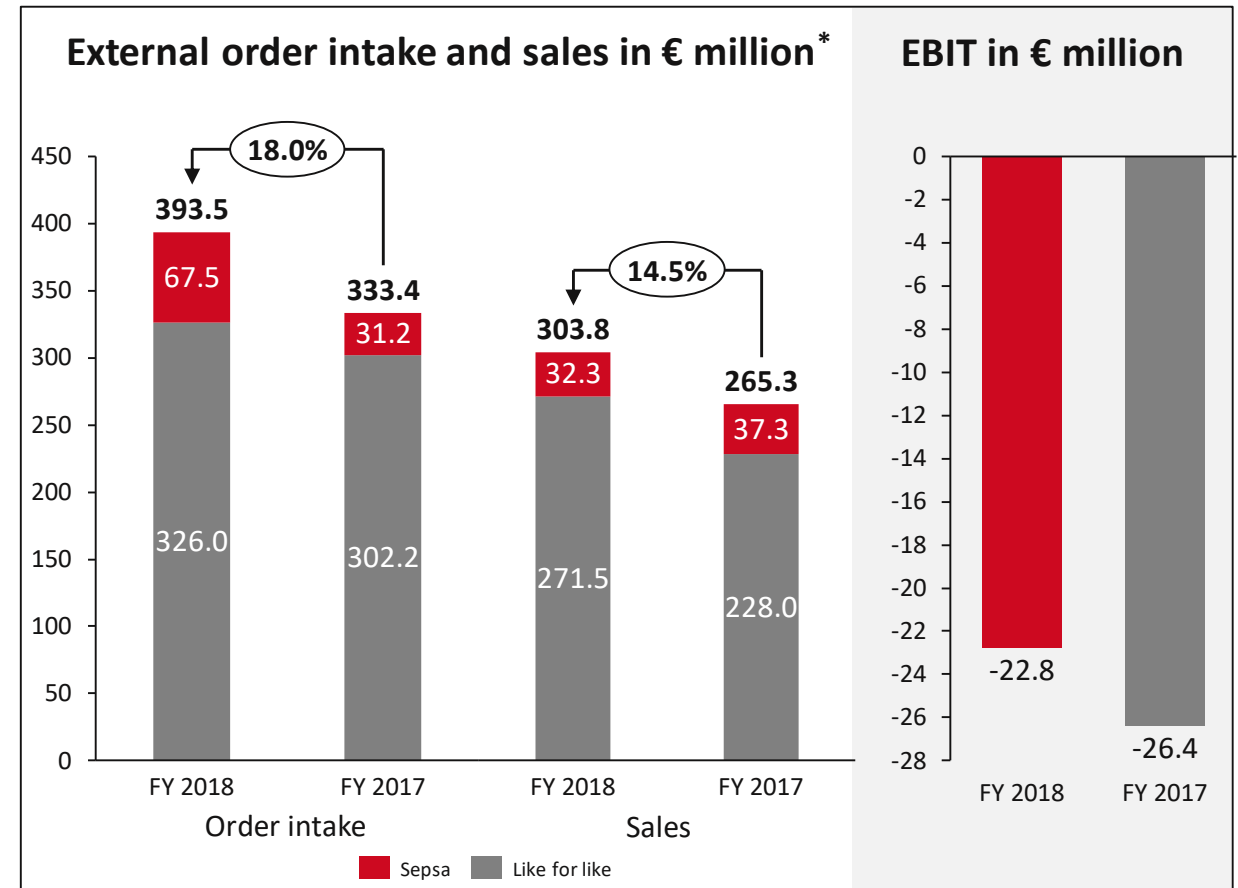


* Includes change in cash funds due to exchange rate fluctuations

Mobile Transportation Technology

Sales growth driven by positive development at Bode Group

- Increase in external order intake impacted by Sepsa (Kawasaki Order / New York City Transit Authority) and growth at Bode Group
- External sales growth of € 38.5 million driven by Bode Group
- EBIT at € -22.8 million
 - FY 2018 impacted by one-off effects amounting to € 21.9 million
 - Impairment of Alte and Bode UK (€ 13.9 million)
 - IFRS 5 effects from purchase of Sepsa real estate in Q3 2018 (€ 3.8 million)
 - Restructuring costs Q4 2018 (€ 1.8 million)
 - Negative operating contribution from Alte mainly due to ramp-up of low-margin OEM projects and operational inefficiencies
 - Further improvements in productivity expected to have EBIT impacts in 2019



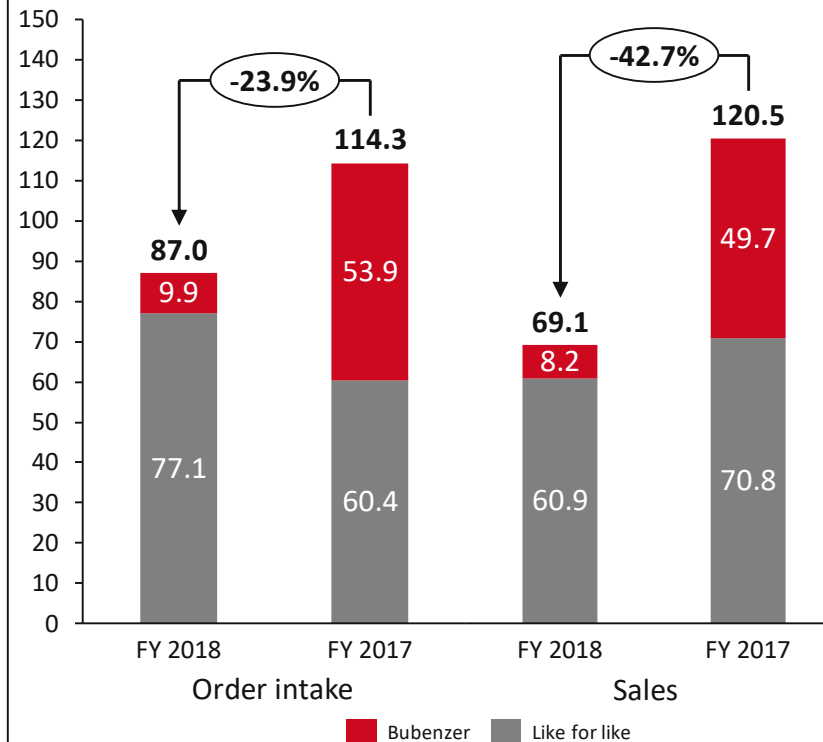
* Figures may not add up and/or match exactly with figures consolidated on Group level, due to rounding

Stationary Transportation Technology

Stabilisation and positive impacts from restructuring activities

- External order intake down due to the sale of Pintsch Bubenzer; like-for-like with a growth of 27.6%. FY 2018 positively impacted by a significant order for a train formation unit
- Sales decrease of 42.7% primarily driven by the sale of Pintsch Bubenzer; like-for-like sales down by € 9.9 million as a result of several customer push-outs
- EBIT at € 2.6 million
 - Improvement largely due to the release of provisions for onerous contracts for the PSD project in Brazil and cost reductions, set off in part by impairments on capitalised development costs
 - Positive EBIT effects resulting from restructuring activities and the renegotiation on PSD Sao Paulo will continue to impact 2019

External order intake and sales in € million



EBIT in € million

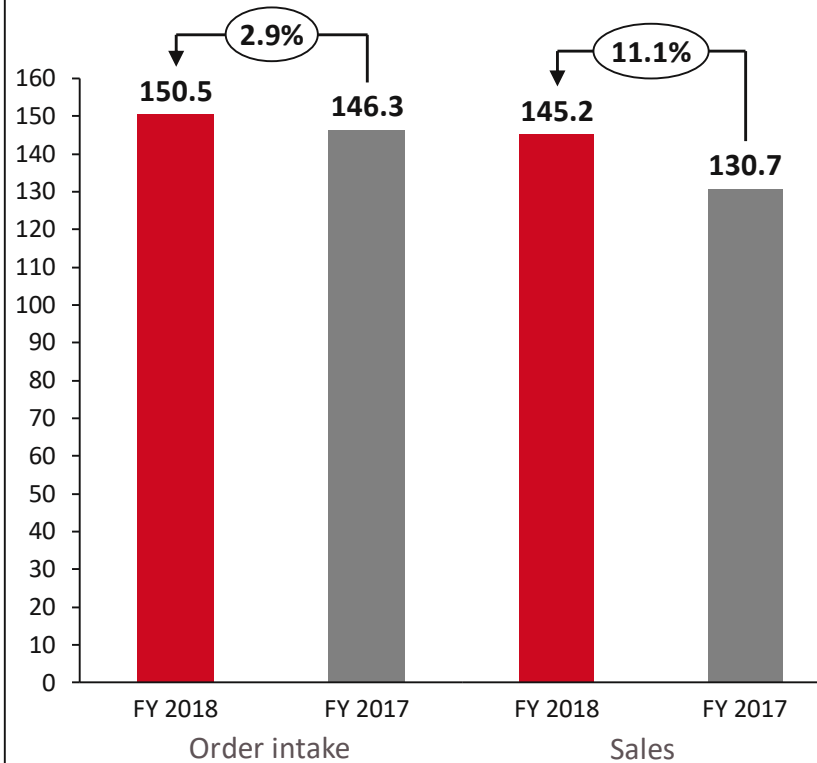


Components

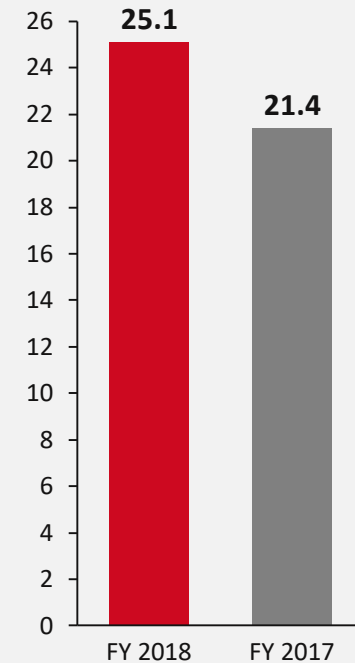
Ongoing strong operational performance

- Strong external order intake in FY 2018
- External sales improves by € 14.5 million; ongoing high demand of connectors, snap-action switches and contactors
- EBIT improves to a very high level of € 25.1 million
 - Positive EBIT development vs. FY 2017 driven by high sales volume, favorable product mix and additional productivity improvements
 - Strong EBIT margins expected to be continued in 2019

External order intake and sales in € million



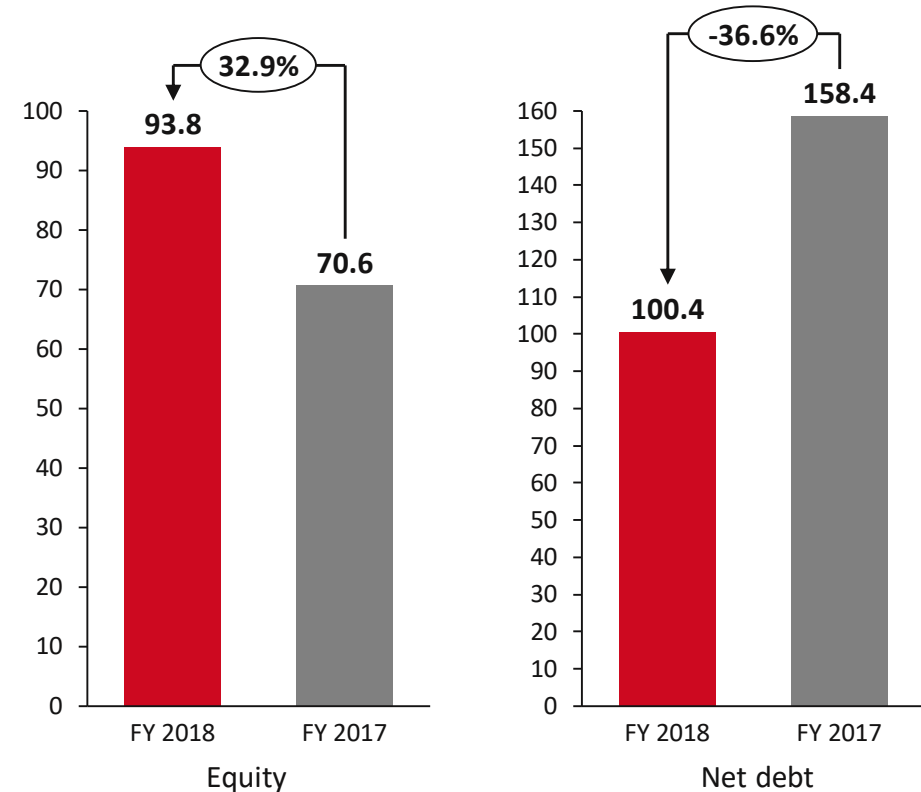
EBIT in € million



Equity substantially strengthened, net debt significantly reduced

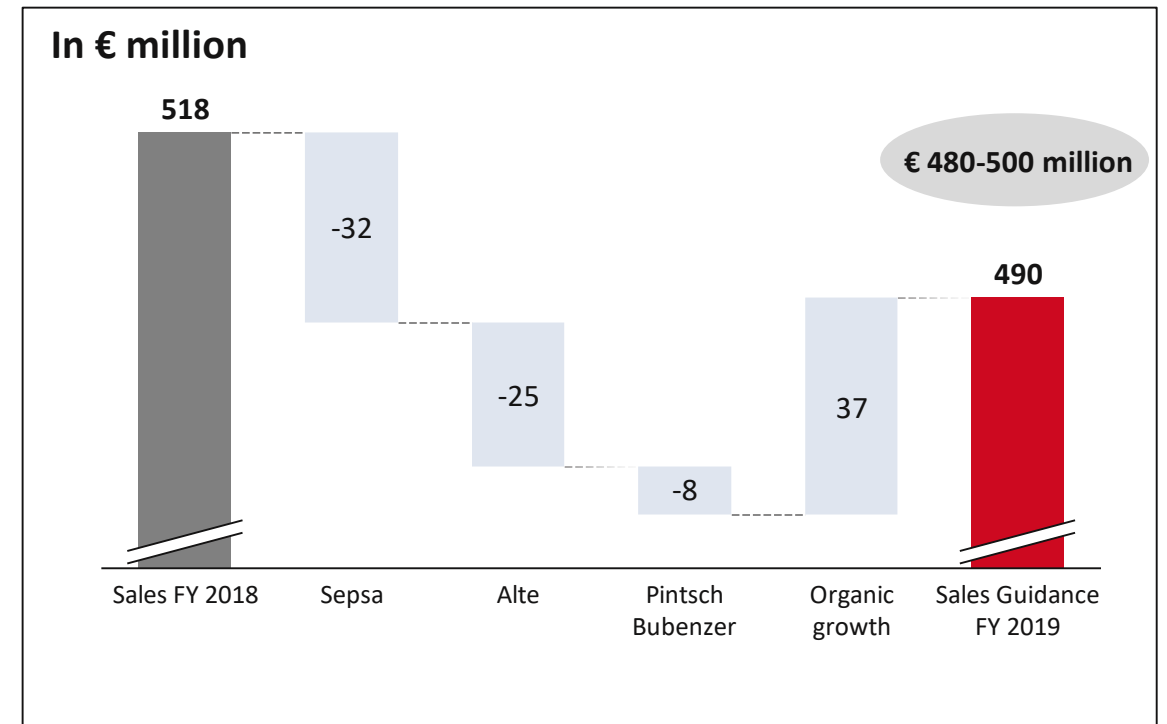
- Equity increases by € 23.2 million following the successful capital increase in February 2018; equity ratio at 23.7% as of 31 December 2018 (up from 15.6% at year-end 2017)
- Reduction of net debt by € 58.0 million in FY 2018
 - Repayment of € 25.0 million in bridge financing
 - Additional repayment of current account liabilities

Restructuring of equity and net debt in € million



Outlook - Sales guidance 2019 with strong organic growth

- Sales guidance for 2019 in range of € 480-500 million (without Sepsa and Alte)
- Organic growth expected for FY 2019
 - All business segments contribute
 - Bode Group is main growth driver



Guidance FY 2019

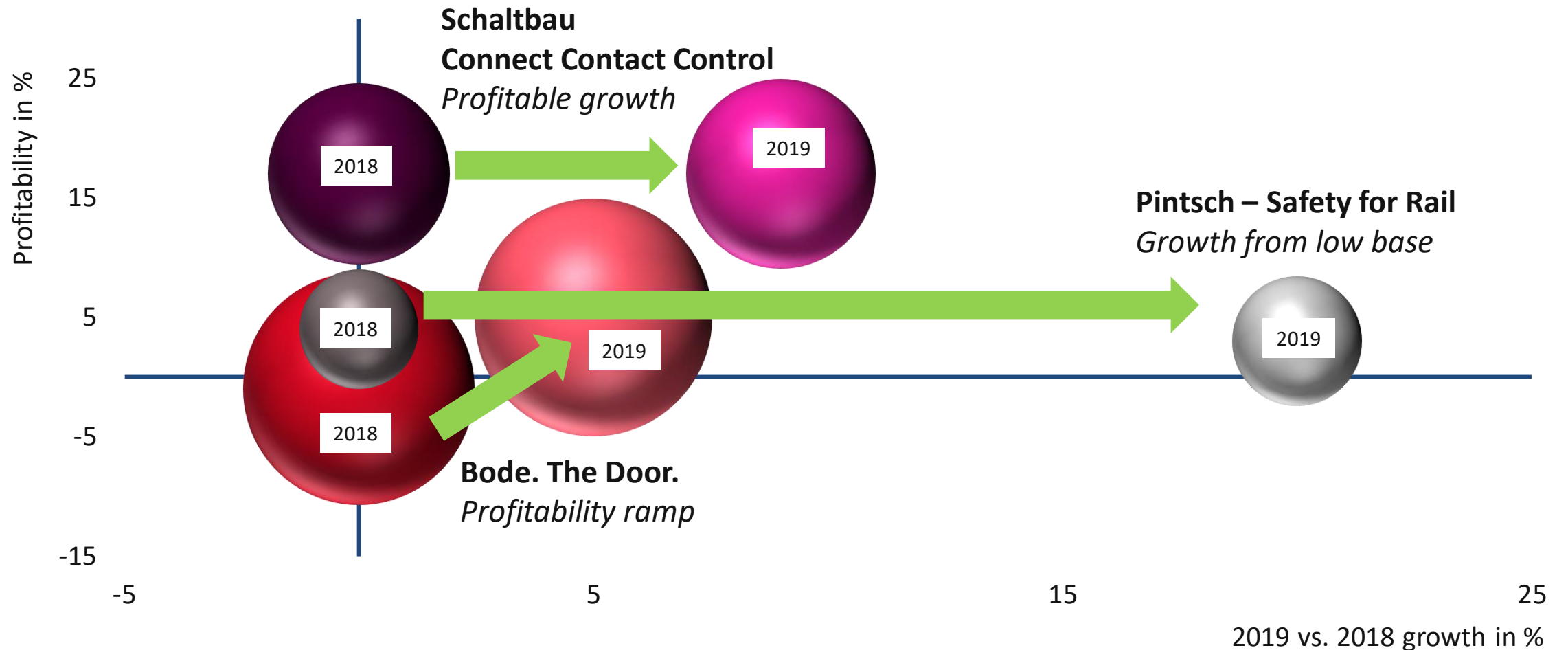
- Strong 2018 order intake as one of the drivers to ensure growth in 2019
- Positive effects from restructuring measures and reduction of risk exposure (PSD) will continue to impact the 2019 EBIT performance
- Additional measures to increase the 2019 EBIT performance include optimisation of production and logistic processes, realisation of material savings and renegotiations of customer contracts of low-margin projects

Outlook (in € million)	Guidance FY 2019*
Order intake	480-500**
Sales	480-500**
<i>Mobile Transportation Technology</i>	<i>Increase</i>
<i>Stationary Transportation Technology</i>	<i>Slight increase</i>
<i>Components</i>	<i>Increase</i>
EBIT margin	Around 5-6%**

* Compared to FY 2018

** Excluding Sepsa, Alte, Pintsch Bubenzer and exceptional items

Portfolio development 2019 vs. 2018



Bubbles show 2018/2019 E profitability and 2019E/2018 year-on-year revenue growth. Bubble size represents significance for Schaltbau, based on revenue share. Green arrows represent expected development trend 2019 vs. 2018.

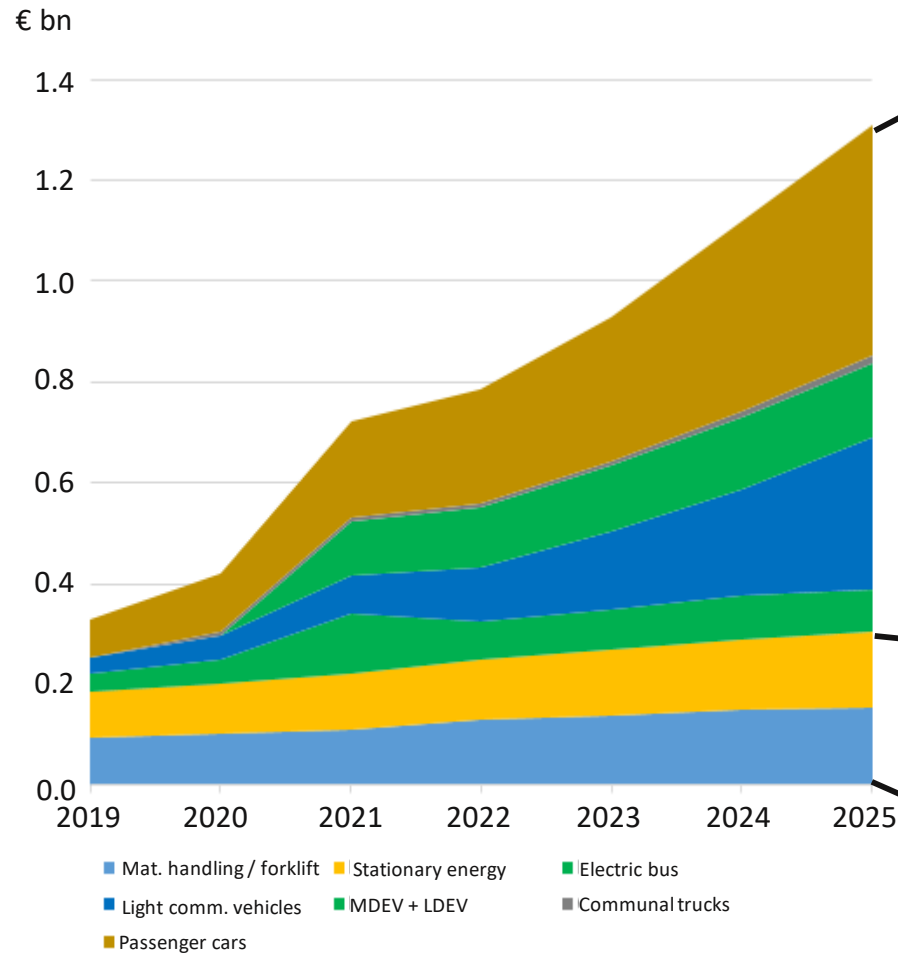
Market for door systems shows strong growth perspective




- Bode is a core Schaltbau Group brand and a specialist in the development and manufacture of electric and pneumatic vehicle door systems for trains, buses and commercial vehicles
- All three areas have high development potential within the growth markets of public transport and electromobility
(e.g. entry systems for e-shuttle buses and autonomously-driven people mover)
- The best-in-class mechanical quality – Bode door systems are known to be safe, durable and reliable – in combination with intelligent software offers remarkable growth opportunities
- **World market door systems:**^{*}
c. \$700m in 2018 for rolling stock alone, is likely to grow to at CAGR of c. 10-15% in the next couple of years, strongly driven by ramp in digital door system functionality
Schaltbau at current has a market share of 30-35% in Europe and 18-20% globally

* Schaltbau analysis based on various third party market research and own estimates


The global market for relevant DC contactors* is predicted to grow at CAGR of >20%




- 1. Electric passenger cars**




Boom expected, depending on infrastructure
- 2. Electric communal trucks**




Niche business
- 3. Electric light duty (≤6t) + medium duty (≤16t) commercial vehicles**




Stable yearly demand, based on existing figures
- 4. Electric light commercial vehicles**




Extraordinary growth due to increasing short-distance deliveries and suitable charging infrastructure in depots
- 5. Electric bus family (6, 8, 12 metres)**



Stable yearly demand, based on existing figures
- 6. Stationary energy**



Moderate/stable growth due to market saturation and long usage times
- 7. Material handling**



Stable growth due to logistics increase

* Estimates include Europe, USA, China and Russia for all listed DC energy storage applications; Schaltbau analysis based on various third party market research, e. g. from International Organisation of Motor Vehicle Manufacturers OICA, German Association of the Automotive Industry VDA, McKinsey and German Centre of Automotive Management CAM, as well as own estimates

Financial calendar and contact details

2019

- **30 April** 3M 2019 Interim Statement
- **18 June** Annual General Meeting
- **31 July** 6M 2019 Interim Report
- **31 October** 9M 2019 Interim Statement

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