



Half-year 2017

Investors' and Analysts'
Presentation

August 17, 2017



Experienced Management: Bringing Schaltbau Back on Track



Dr. Bertram Stausberg

Spokesman of the Executive Board, CEO (since Apr. 1, 2017)

- Co-CEO Bertelsmann Printing Group (2016)
- CEO Be Printers and Prinovis Ltd. & Co. KG (2012-15)



Thomas Dippold

CFO (since Jan. 1, 2017)

- CFO Faber-Castell AG (2014-16)
- CFO Semikron International (2008-14)



Dr. Martin Kleinschmitt





CRO (since Aug. 9, 2017)

- Member of the Executive Board Noerr Consulting AG
- Interim management of various SMEs as CFO/CRO

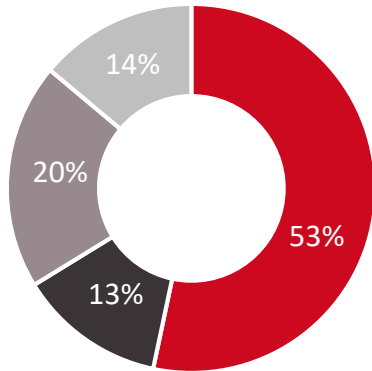
Our common objective

“We will strictly follow the cornerstones of our management agenda to return to the profit zone as quickly as possible and justify the confidence of our shareholders and financing banks. Furthermore, through stringent cost management, we are securing additional scope for investing in future projects that are critical to our organic growth.”

Mobility Enabler: Core Markets and Product Range

Segments	Mobile Transportation Technology	Components	Stationary Transportation Technology	
Sectors	Automotive	Rolling Stock	Industrial Solutions	Rail Infrastructure
				
	<p>Product Range</p> <ul style="list-style-type: none"> • Door systems for buses • Control electronics and access systems • Sliding doors • Box/door units for delivery vans (StreetScooter) <p>Exemplary Customers</p> <ul style="list-style-type: none"> • Deutsche Post DHL (StreetScooter) • Volkswagen • Major bus OEMs (Daimler, Solaris, MAN, etc.) 	<p>Product Range</p> <ul style="list-style-type: none"> • Door systems and exteriors • Interiors, sanitary systems • Auxiliary power, information and communication systems • Electromechanical components • Driver desks <p>Exemplary Customers</p> <ul style="list-style-type: none"> • Alstom • Bombardier • Siemens Transportation • Stadler Group 	<p>Product Range</p> <ul style="list-style-type: none"> • Heavy-duty brake systems for material handling • Industrial brakes and couplings • Hydraulic power units for wind turbines • Contactors, switches, connectors (e. g., renewable energy, material handling) <p>Exemplary Customers</p> <ul style="list-style-type: none"> • PSA International (ports) • General Electric • Jungheinrich & Kion 	<p>Product Range</p> <ul style="list-style-type: none"> • Crossing safety technology • Rail point heating systems • Shunting and marshalling technology • Axle counter systems • Tunnel safety lighting • Platform screen doors <p>Exemplary Customers</p> <ul style="list-style-type: none"> • Deutsche Bahn • Other rail infrastructure operators

Sales by sector 2016



- Rolling Stock
- Automotive
- Industrial Solutions
- Rail Infrastructure

Rail Industry: Schaltbau's Most Important Market Shows Positive Trend

Major market opportunities

Digitalization / Automation:

Digitalization of subsystems and components

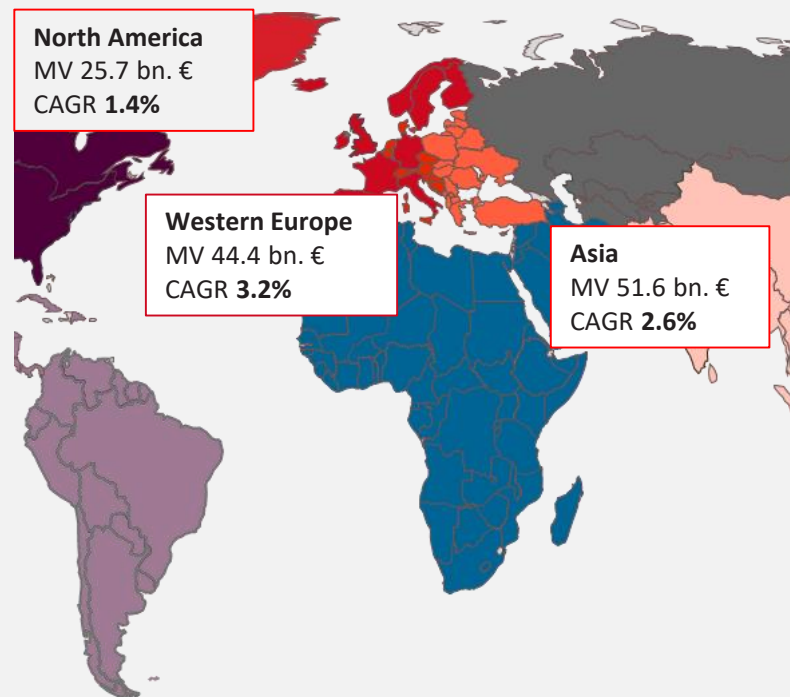
Urbanization:

Increasing demand for passenger trains in urban regions, strong focus on reliability of solutions

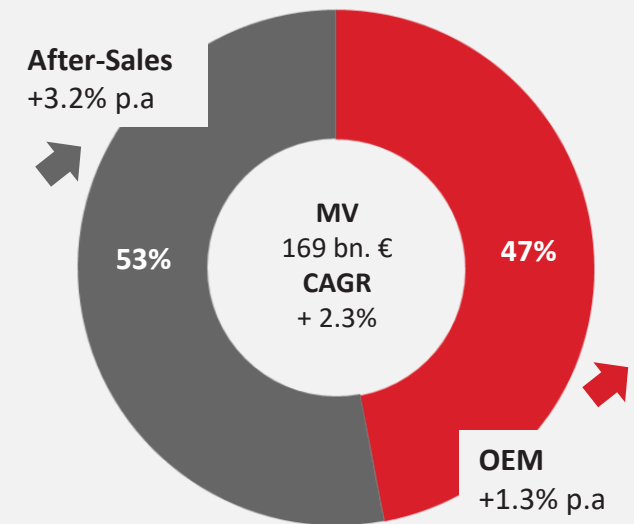
Deregulation / Standardization:

Better access to growth segments such as after-sales and new geographic markets

Schaltbau's core markets show largest market volume and above average growth



After-sales is growing faster than OEM segment (CAGR until 2020)

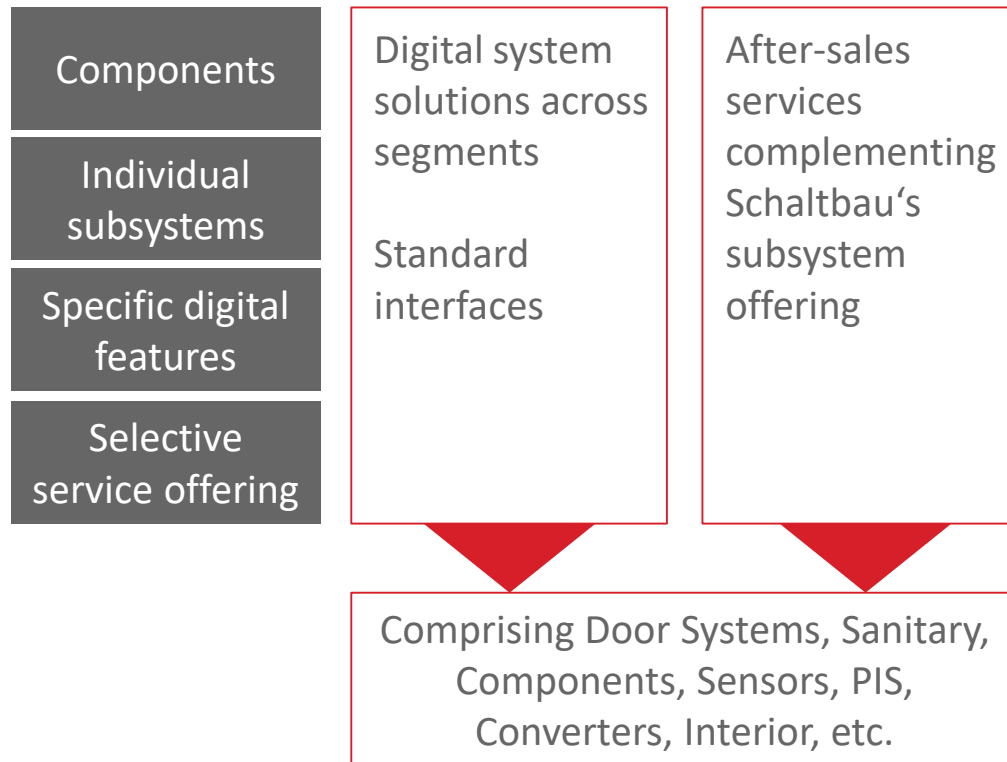


Challenges: Major Fields of Action Addressed by new Executive Board



Exemplary Group Strategy Approaches: Focus on Train Automation and After-Sales Growth

Forward integration



Digitalization opportunities

Need for digital subsystems:
Opportunity to interlock competencies and establish as subsystem provider

Further market consolidation:
Smaller suppliers could quickly lose touch

Win-Win opportunities:
Schaltbau well positioned to initiate partnerships with OEMs and tech companies

After-sales service opportunities

Growing footprint in After-sales segment:
Participating in strong market growth

Life-cycle approach:
Rail operators in need of one-stop service provider

Risk diversification:
Service contribution partly offsetting volatile OEM demand

Overall Assessment of H1 2017 Performance

Overall assessment

- Q2 2017 figures show significant increase of revenue compared to Q1 2017, and positive EBIT in Q2 2017 (H1 2017 negative)
- Despite positive trend in Q2, semi-annual order intake and revenue remain slightly below expectations, mainly caused by level crossing technology and industrial brakes
- Executive Board decided to accelerate restructuring, with particular focus on Stationary Transportation Technology segment
- Restructuring and other extraordinary one-time expenses expected to impact EBIT of Schaltbau Group, resulting in an adjustment of FY guidance

Consolidation effects

- Schaltbau Sepsa, fully consolidated since Sept. 30, 2016, leads to an increase of order intake (+15.7 m. €) and revenue (+19.4 m. €) of Schaltbau Group and Mobile Transportation Technology segment; Schaltbau Sepsa also contributes to material and personnel costs and adds negative earnings to Group P&L
- Sale of “Warntechnik” (warning technology) in 2016 reduces revenue of Schaltbau Group and Stationary Transportation Technology segment by 1.7 m. €
- Shift of refurbishment business with revenue of approx. 5 m. € (H1) from Stationary to Mobile Transportation Technology segment
- Formerly fully-owned Mobile Transportation Technology entity in China became part of a new joint venture (to be consolidated at-equity) => one-time positive EBIT effect in Q2 2017

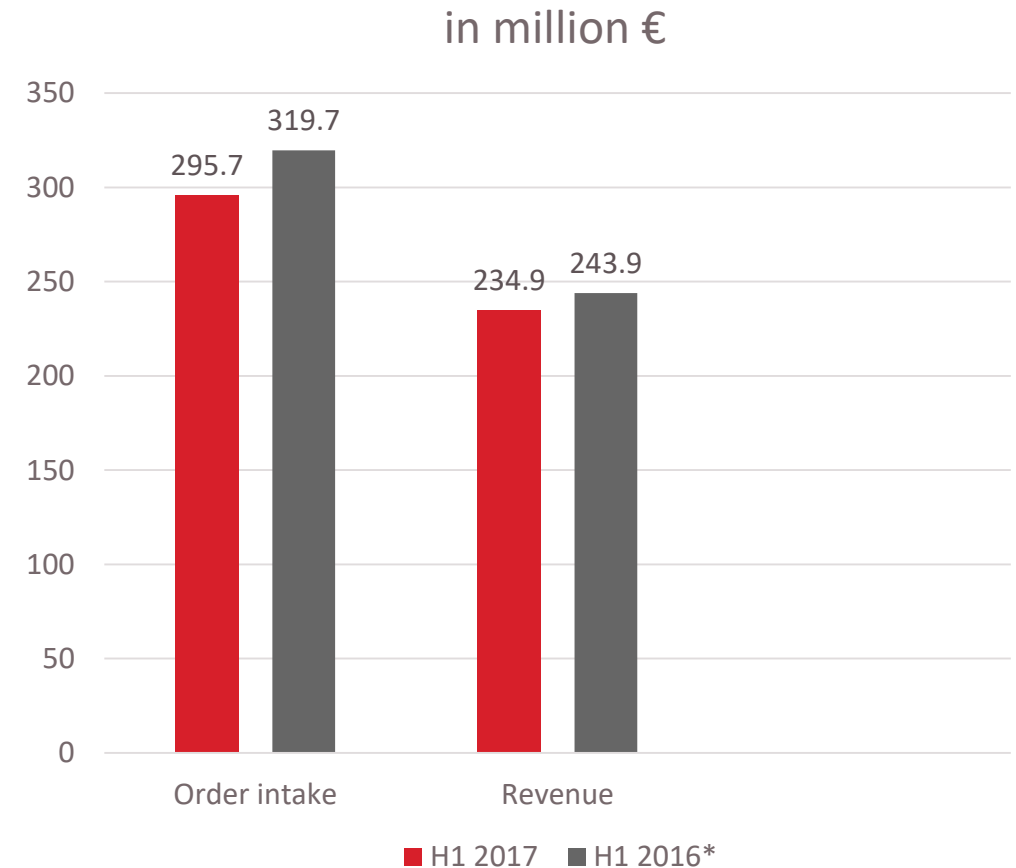
H1 2017 – Key Figures

Group key performance figures in million €	H1 2017	H1 2016*	Δ (absolute)
Order intake	295.7	319.7	-24.0
Revenue	234.9	243.9	-9.0
EBITDA	4.9	17.2	-12.3
Profit before interest and taxes (EBIT)	-4.7	9.6	-14.3
<i>EBIT margin</i>	-2.0%	3.9%	-5.9%P
Group net profit	-10.9	1.0	-11.9
Earnings per share (in €)	-1.84	-0.29	-1.55
Free cash flow	-20.9	2.1	-23.0
Employees as of June 30 (in heads)	3,304	3,056	+248
	June 30, 2017	Dec. 31, 2016	Δ (absolute)
Net financial debt	161.4	148.0	+13.4
Equity	108.5	107.1	+1.4

*previous year's figures were adjusted due to retrospective consolidation of subsidiaries

Declining Order Intake and Revenue

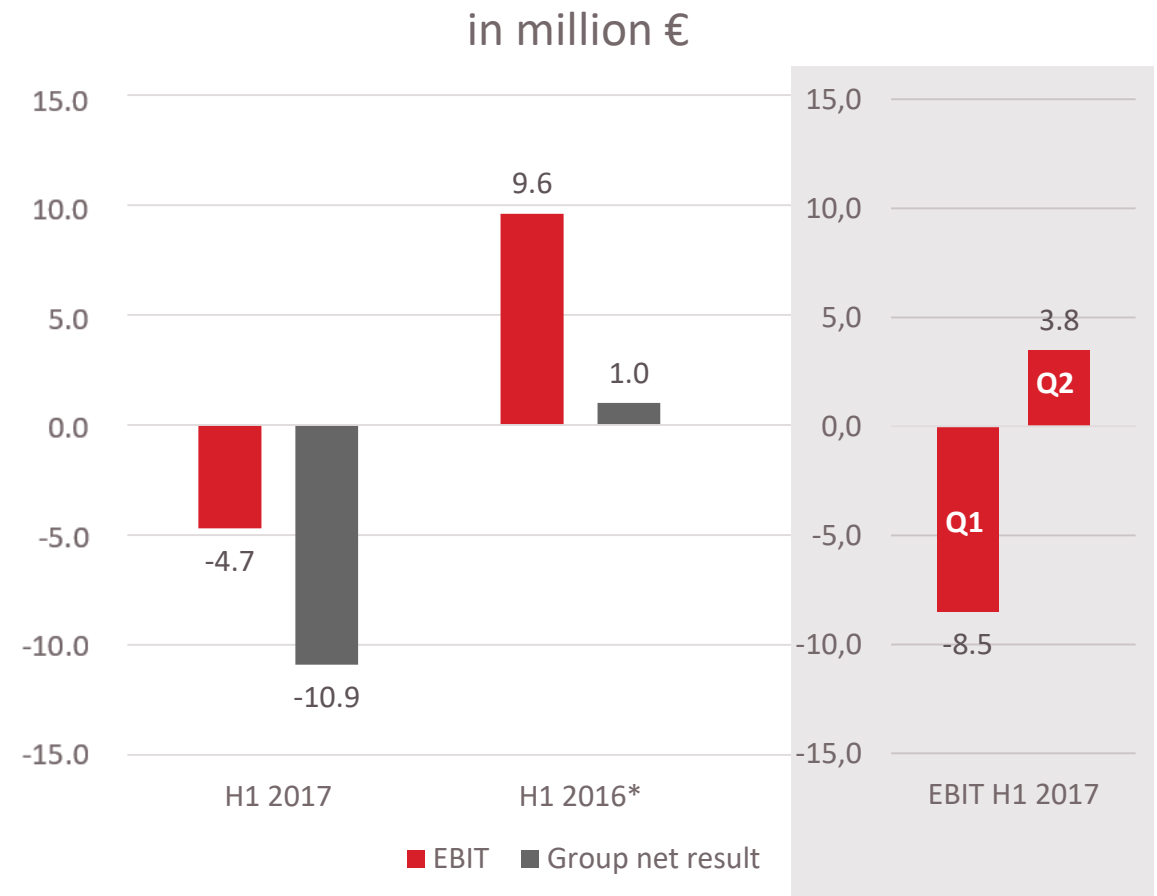
- Declining order intake and revenue include opposing segment developments:
 - Growth in Mobile Transportation Technology segment, mainly driven by consolidation effects
 - Sharp decline in Stationary Transportation Technology due to consolidation effects and lower customer demand
 - Decline in Components segments mainly resulting from China and Italy
- Order book shows increase of +14.4% to 491.7 m. € (end of 2016: 429.8 m. €)



*previous year's figures were adjusted due to retrospective consolidation of subsidiaries

Negative EBIT in H1, but Positive in Q2

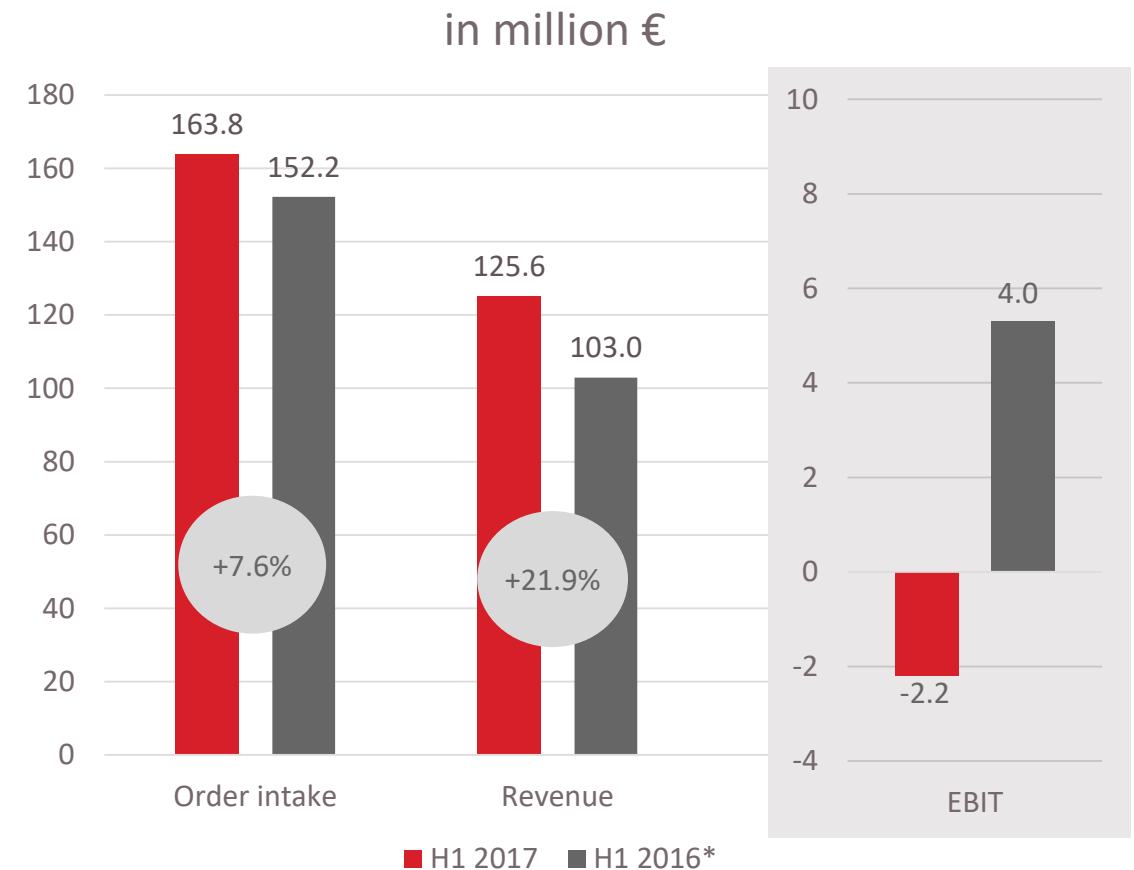
- Negative EBIT mainly results from Schaltbau Sepsa Group, Schaltbau Pintsch Group, and Schaltbau Holding
- EBIT margin down to -2.0% (H1 2016: 3.9%)
- Positive trend: EBIT margin of 3.1% in Q2
- Below EBIT:
 - Higher interest expenses reflect amendments made to financing contracts in March 2017
 - Earnings per share of -1.84 € (H1 2016: -0.29 €)



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Mobile Transportation Technology: Growth mainly driven by consolidation effects

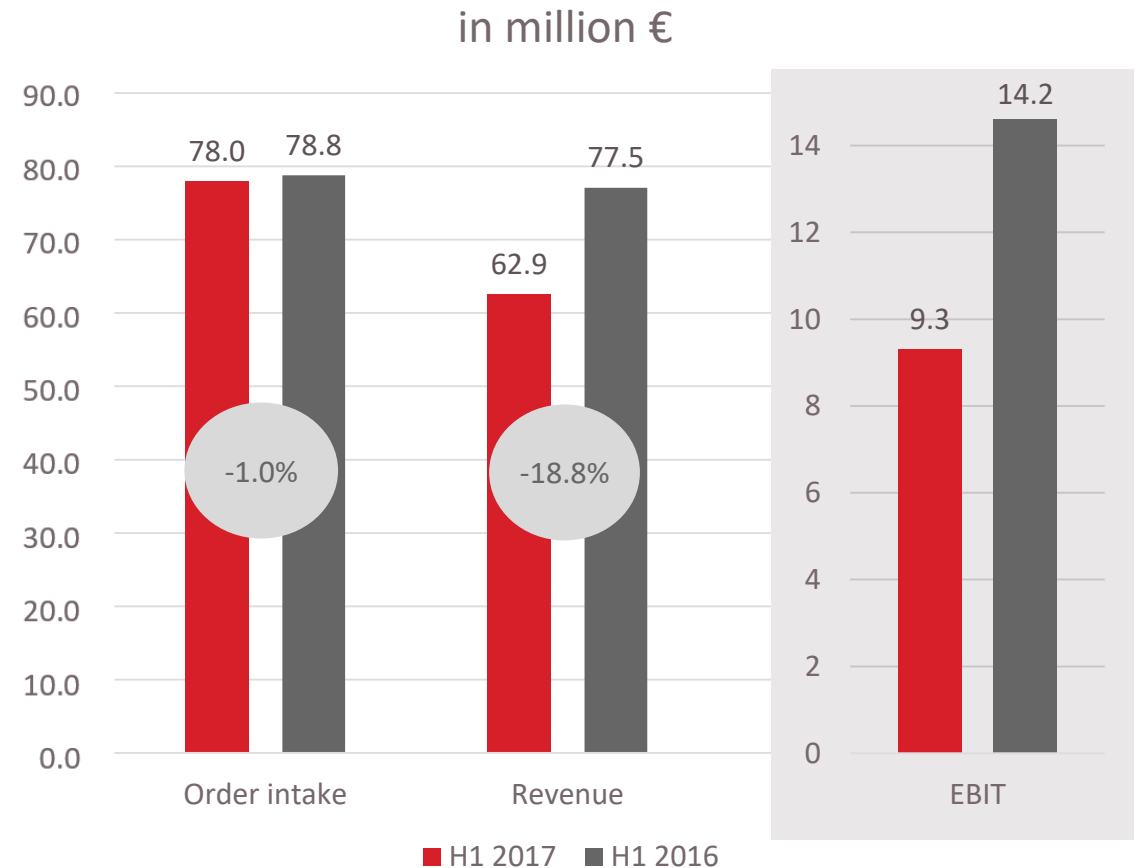
- Increase in order intake by 7.6%
 - Consolidation effects (+23.7 m. €), mainly Schaltbau Sepsa Group
 - Schaltbau Bode Group above previous year
- Revenue growth of 21.9%
 - Consolidation effects (+24.4 m. €)
 - Schaltbau Bode Group: increase in bus and automotive revenue, decrease in rail revenue
 - Schaltbau Alte above previous year
- EBIT margin of -1.8% (2016: 3.9%)
 - Negative contribution of Schaltbau Sepsa Group
 - Improvement to Q1: positive EBIT in Q2



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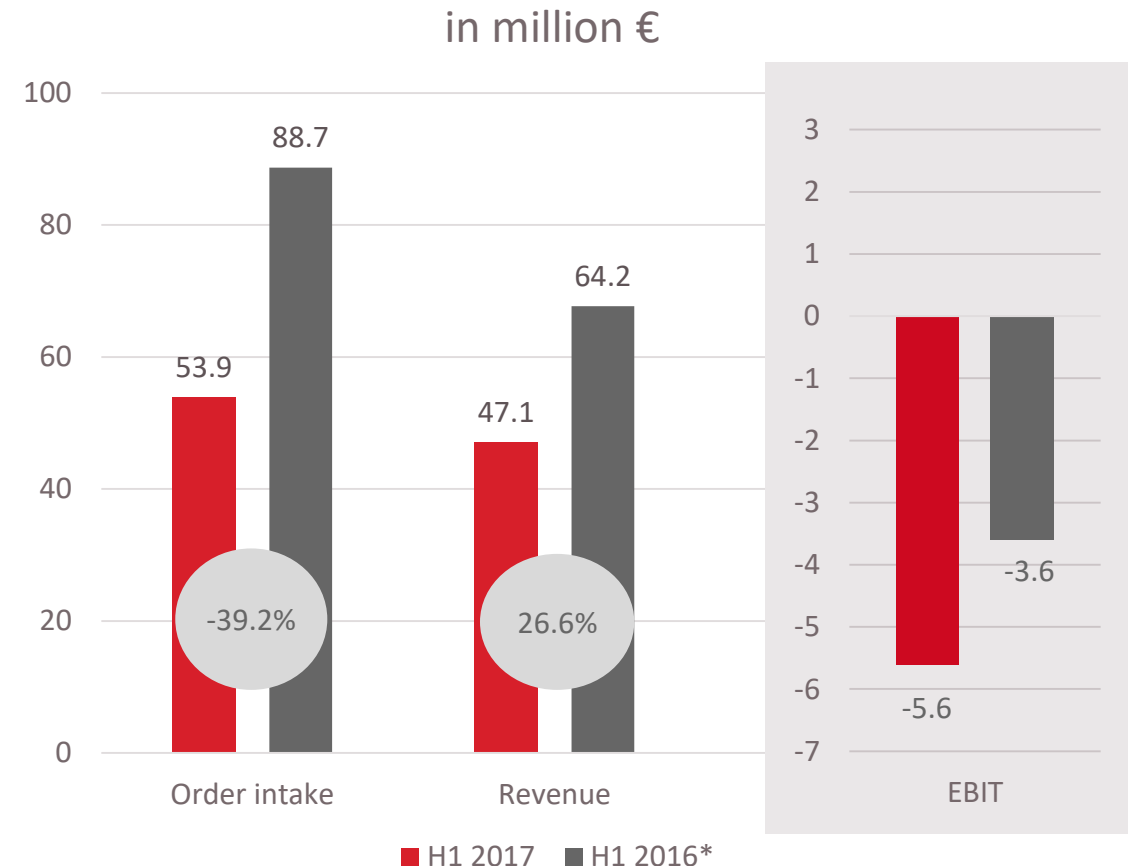
Components: Positive Development Outside of China

- Order intake almost at previous year's level
 - Continuously challenging market environment in China due to investment shift from locomotives and long-distance rail to metros
 - Low number of new projects in Italy
 - Positive development of worldwide snap-action switch sales
- Significant decline in segment revenue (-18.8%)
 - Revenue reductions in China and Italy
 - Other regions at previous year's level
- EBIT margin of 14.9% (2016: 18.4%)



Stationary Transportation Technology: Order and Revenue Loss

- Significantly lower order intake (-39.2%) in both business units (rail infrastructure and brake systems)
 - Consolidation effects (-8.0 m. €)
 - Brakes: Port operators hit by market decline and consolidation in the shipping industry
 - Level crossings: Continuously low relevant investments by rail infrastructure operators (mainly Deutsche Bahn Group)
- Revenue decline of 26.6%
 - Consolidation effects (-5.2 m. €)
 - Significantly lower revenue from rail infrastructure products and brake systems
- EBIT margin of -11.9% (2016: -5.7%)
 - Revenue decline and initial restructuring costs
 - Partly offset by cost savings

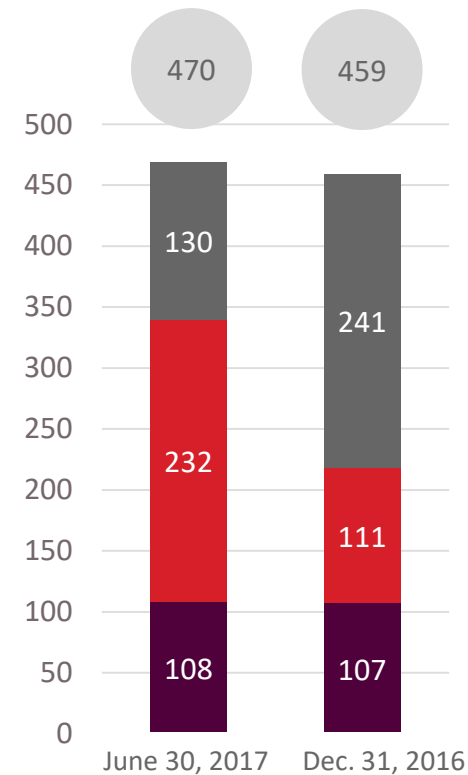


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Financing Successfully Renegotiated - Situation Remains Challenging

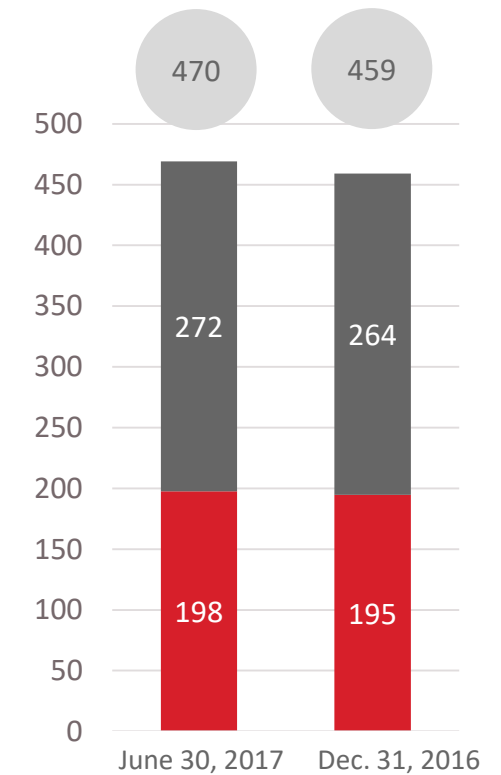
- Successful renegotiation of credit facilities (March 2017); capital increase (May 2017)
- Maturities in December 31, 2016 figures were distorted (negotiations about amended financial terms still ongoing at that time); issue was solved in March 2017
- Key figures:
 - Long-term liabilities at 232 m. €, including 168 m. € financial debt
 - Short-term liabilities down to 130 m. €, including 19 m. € financial debt
 - Net financial debt at 161 m. € (end of 2016: 148 m. €)
 - Equity ratio of 23.1% (end of 2016: 23.3%)
- Leverage (net financial debt to annual EBITDA) remains too high
- End of February 2018: bridge financing to mature
- Mid-term goals: Reduce net financial debt (ratio), increase equity (ratio)

Liabilities in million €



■ Equity ■ Non-current ■ Current

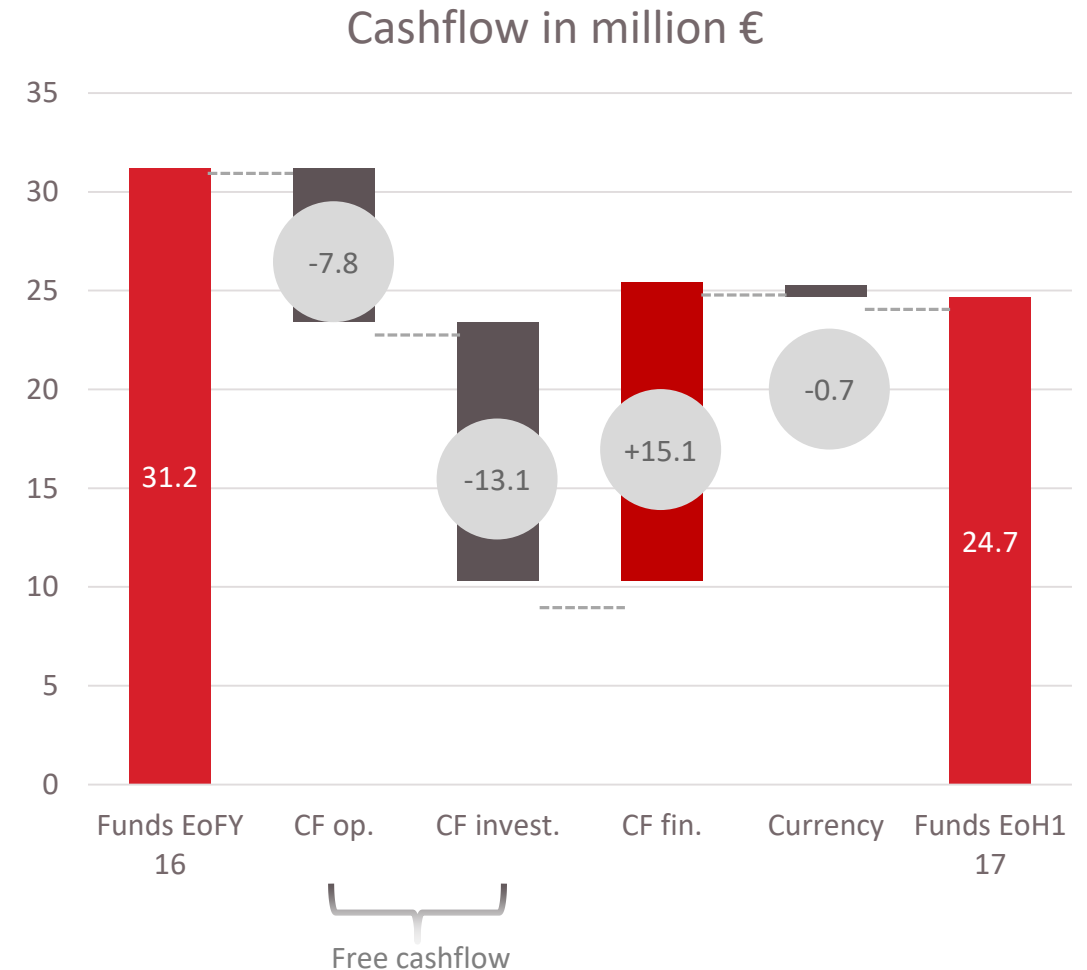
Assets in million €



■ Non-current ■ Current

Negative Free Cashflow in H1 2017

- Operating cashflow reflects moderate EBITDA and increase of working capital (due to increase in order book)
- Cash outflow for investments:
 - ordinary CapEx cash outflow at similar level to H1 2016
 - one-off cash outflow due to change in affiliate structure in China, expected to be offset by almost corresponding cash inflow in Q3
- Resulting free cashflow at -20.9 m. €
- Financial cashflow mainly reflects:
 - 15.5 m. € cash inflow from capital increase
 - 8.2 m. € cash inflow from net increase of gross debt
 - 8.9 m. € cash outflow for interest, and minority dividends
- Group-wide liquid funds of 24.7 m. € as of June 30, 2017



Guidance Adjusted to Reflect Restructuring One-offs

- Revenue and EBIT H1 2017 slightly below expectations, despite modest upswing in Q2
- In addition, accelerated restructuring activities of Stationary Transportation Technology segment (and of selected international activities) as well as unexpected quality and warranty expenses will impact Schaltbau Group EBIT in H2 2017
- Without extraordinary effects, EBIT guidance would remain at lower end of the previously estimated range

Outlook	Adjusted guidance FY 17*	Previous guidance FY 17*	2016	H1 2017	H1 2016**
Order intake million €	Slight improvement	Stable	551.2	295.7	319.7
Revenue million €	520-540 (expected at lower end)	520-540	509.1	234.9	243.9
<i>thereof: Mobile Transportation Technology</i>	Significant improvement	Significant improvement	222.2	125.2	102.7
<i>thereof: Stationary Transportation Technology</i>	Significant decline	Decline	149.3	47.1	64.2
<i>thereof: Components</i>	Slight decline	Decline	137.5	62.6	77.1
EBIT million €	2-5	15-21	-14.5	-4.7	9.6

* compared to FY 16

** previous year's H1 figures were adjusted due to retrospective consolidation of subsidiaries

Key Figures as of June 30, 2017

Income statement key figures in H1 2017 in million €	H1 2017	H1 2016*	Δ
Order intake	295.7	319.7	-24.0
Revenue	234.9	243.9	-9.0
EBITDA	4.9	17.2	-12.3
Profit before interest and taxes (EBIT)	-4.7	9.6	-14.3
<i>EBIT margin</i>	<i>-2.0%</i>	<i>3.9%</i>	<i>-5.9%P</i>
Group net profit	-10.9	1.0	-11.9
of which attributable to shareholders of Schaltbau Holding AG	-11.5	-1.8	-9.7
Earnings per share (undiluted and diluted) in €	-1.84	-0.29	-1.55
	June 30, 2017	Dec. 31, 2016	Δ
Order book	491.7	429.8	+61.9
Employees as of June 30 (in heads)	3,304	3,370	-66

*previous year's figures were adjusted due to retrospective consolidation of subsidiaries

Key balance sheet and cash flow statement figures in million €	June 30, 2017	Dec. 31, 2016	Δ in %
Balance sheet			
Fixed assets	182.2	179.2	+1.7
Working capital	166.8	161.9	+3.1
Capital employed	349.0	341.1	+2.3
Group equity	108.5	107.1	+1.3
<i>Return on capital employed (ROCE)</i>	-2.7%	-4.2%	+1.5%P
Net financial liabilities	161.4	148.0	+9.0
Balance sheet total	469.6	459.1	+2.3
Cash flow statement	H1 2017	H1 2016*	Δ
Cash flow from operating activities	-7.8	8.7	-16.5
Cash flow from investing activities	-13.1	-6.7	-19.8
Cash flow from financing activities	15.1	-0.9	+16.0
Change in cash funds	-6.4	0.2	-6.6

*previous year's figures were adjusted due to retrospective consolidation of subsidiaries

Group key performance figures by segment	Mobile Transportation Technology		Components		Stationary Transportation Technology		Group	
	H1 2017	H1 2016*	H1 2017	H1 2016	H1 2017	H1 2016*	H1 2017	H1 2016*
Order intake	163.8	152.2	78.0	78.8	53.9	88.7	295.7	319.7
External sales	125.2	102.7	62.6	77.1	47.1	64.2	234.9	243.9
EBITDA	2.9	6.3	11.8	17.0	-3.8	-1.4	4.9	17.2
EBIT	-2.2	4.0	9.3	14.2	-5.6	-3.6	-4.7	9.6
<i>EBIT margin</i>	<i>-1.8%</i>	<i>3.9%</i>	<i>14.9%</i>	<i>18.4%</i>	<i>-11.9%</i>	<i>-5.7%</i>	<i>-2.0%</i>	<i>3.9%</i>
Segment result	-3.3	-0.8	7.9	10.8	-7.1	-4.7	-10.9	1.0
	June 30, 2017	Dec. 31, 2016	June 30, 2017	Dec. 31, 2016	June 30, 2017	Dec. 31, 2016	June 30, 2017	Dec. 31, 2016
Order book	319.5	263.2	88.0	72.8	84.2	93.8	491.7	429.8

*previous year's figures were adjusted due to retrospective consolidation of subsidiaries

Disclaimer

This presentation contains statements regarding future developments based on information currently available to us. 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.

Financial Calendar 2017 (remaining)

- Interim Report 9M: November 16, 2017

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