

Financial Results Press Conference 2020

28 April 2020

Company Representatives



Matthias Schoenberg

Chairman of the
Management Board

CEO



Dr. Jochen Hauck

Member of the
Management Board

COO



Michael Schmitz

Member of the
Management Board

CFO



Head of Press Office

Eric Schönel

Agenda

1 **Business Performance 2019**

Matthias Schoenberg

2 **Annual Financial Statements 2019**

Michael Schmitz

3 **First Quarter of 2020**

Michael Schmitz

4 **Strategic Development**

Matthias Schoenberg

5 **Strategy Projects**

Dr. Jochen Hauck

6 **Outlook 2020**

Matthias Schoenberg

7 **Questions & Answers**

Business Performance 2019

Weaker global economic conditions



- German economy expands for tenth year in succession – Rate of growth much less dynamic, tentative capital expenditure on machinery and equipment
- Growth in eurozone down markedly year on year at 1.2 per cent

Europe



- Growth remains robust but proves less dynamic
- Driven by private consumption on the back of historically low unemployment rate

USA



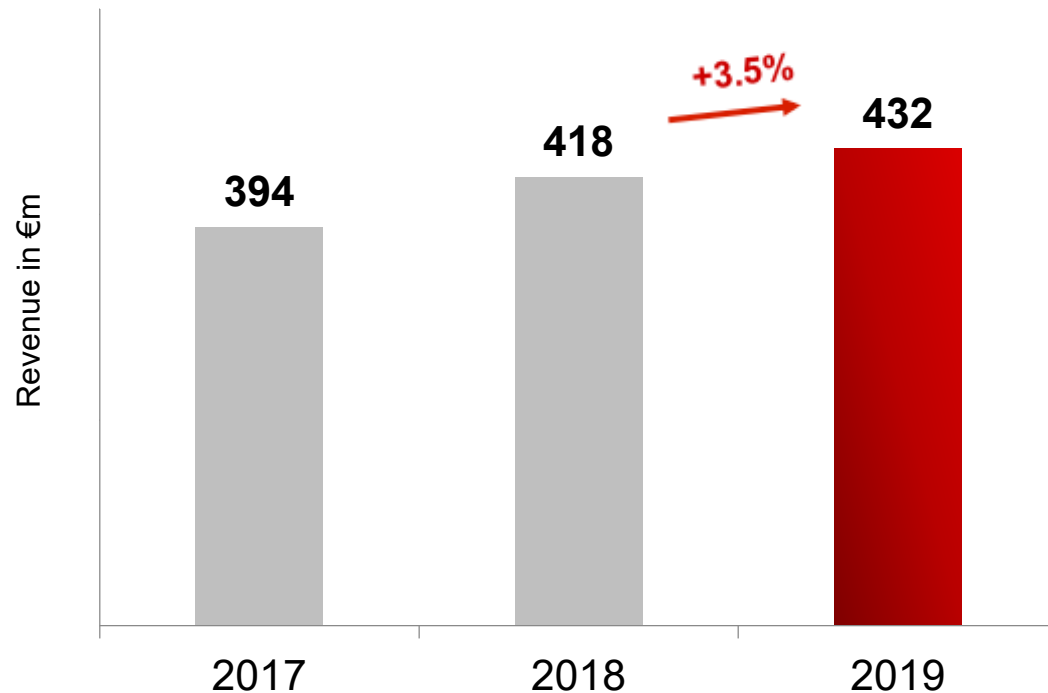
- Historically low economic growth of 6.1 per cent
- Waning domestic demand due in part to trade war with USA

Asia & Pacific

Business Performance 2019

Further expansion in revenue – Growing significance of US business

Revenue SIMONA Group



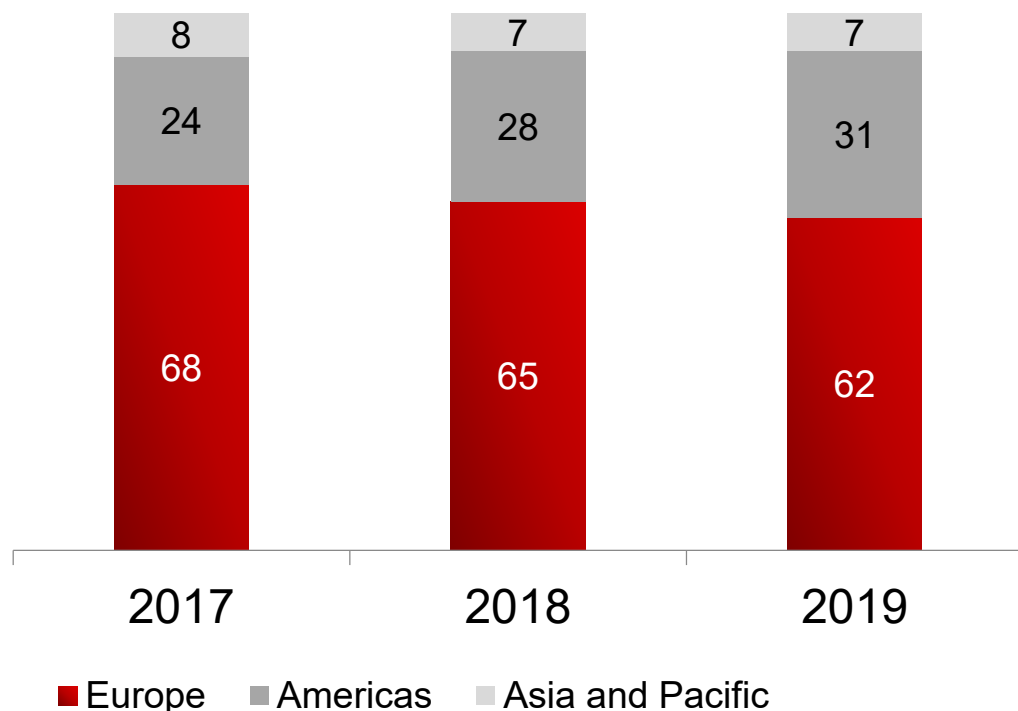
Sales revenue

- €432 million (+3.5%)
- Just short of revenue guidance of €435-450 million
- Acquisition-induced growth through first-time consolidation of SIMONA PMC for full annual period
- Total revenue growth: €14.6 million
 - €4.2 million organically Pipes and Fittings business
 - €3.4 million organically in the US
 - €5.7 million reduction in Semi-Finished Parts business Europe
 - €14.3 million first-time consolidation of SIMONA PMC for full annual period

Business Performance 2019

Slowdown in Europe – Sustained buoyancy in US – Asia stable

Revenue by region (in per cent)



Europe

€270 million ↘ 1.5%

- Weak Semi-Finished Parts business in Western Europe, particularly Italy and France, stable trend in D-A-CH region
- Good performance for Pipes and Fittings in Central Europe and D-A-CH region
- Slight growth in Eastern Europe

Americas

€132 million ↑ +16%

- Organic growth €3.4 million
- Dynamic aviation and Industrial Products business
- Consolidation of PMC for full annual period contributes €14.3 million to growth

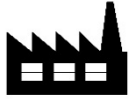
Asia and Pacific

€31 million →

- Business stable year on year amid economic downturn

Business Performance 2019

Market segments



- Sluggish business trend in chemical industry (revenue -5%)
- Export-driven mechanical engineering sector impacted by weak global economy (production -2%)
- Decline in order intake within chemical plant engineering sector from €4.0bn to €3.2bn
- **SIMONA managed to stand its ground in this environment and retain its volumes**

CPI,
Machining



- Construction capex remains high, positive revenue trends in public, private and commercial building industry
- **SIMONA affected by quality and cost issues in Sign & Graphics business of Semi-Finished Products division (product and quality offensive initiated)**
- **Very positive development of Pipes and Fittings in infrastructure business**

Sign & Display,
Construction



- Solid growth rates within market for aircraft interiors, but slight loss in forward momentum
- Poor year for automotive industry
- **SIMONA Boltaron benefits from growing aviation market**
- **Automotive business favourable thanks to new models**

Aviation,
Automotive

Business Performance 2019

Semi-Finished Parts: Slowdown in Europe – Pipes and Fittings: Growth on track



Semi-Finished Parts

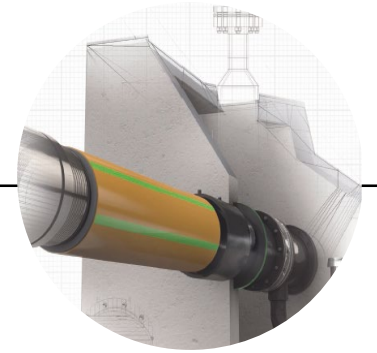
↑ **+3%**

€344
million in revenue

80%
revenue share

- Growth drivers: aviation and industrial products business in US as well as first-time consolidation of PMC for full annual period
- Stable business trend for solid and hollow rods
- PVC foam sheet business still under pressure

Pipes and Fittings



↑ **+5%**

€88
million in revenue

20%
revenue share

- Growth targets met
- Positive trend in global industrial products business
- Expansion of Infrastructure business in Germany and Eastern Europe

Business Performance 2019

Applications – Projects in 2019



Australia: Mobile air filter system made of SIMONA® twin-wall sheets



Eastern Europe: SIMONA® PVC sheets with rail certification
Eastern Europe



USA: SIMONA Boltaron translucent decor sheets for Virgin Atlantic



D: SIMONA® PP-H AlphaPlus® sheets for food industry



D: SIMONA® PE100 RC pipes for drinking water supply



D: SIMONA® drainage pipes in tunnel engineering



NL: SIMONA® protective-jacket pipes for trenchless laying

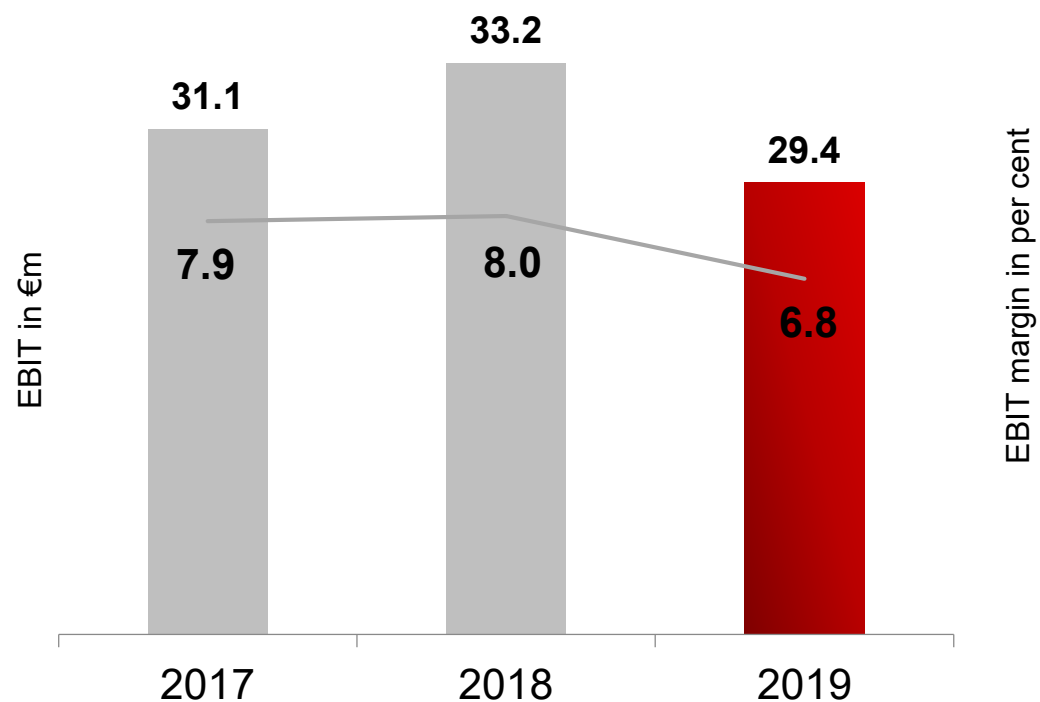


CH: SIMONA® SPC pipes for district heating grid Lake Lucerne

Business Performance 2019

Significant earnings contribution US

EBIT SIMONA Group



EBIT

- Profitability in target range with EBIT margin of 6.8%
- Persistently strong earnings contribution from US
- Profitability in Europe well below expectations
- Earnings just within positive territory despite difficult trading conditions

Consolidated Financial Statements 2019

Earnings

in €m	2019		2018		Change	
Revenue	432.5	100.0%	417.9	100%	14.6	3.5%
Other income	4.6	1.1%	4.9	1.2%	-0.3	-6.1%
Changes in inventories	-2.1	-0.5%	7.3	1.7%	-9.4	>100%
Cost of materials	226.5	52.4%	233.0	55.8%	-6.5	-2.8%
Staff costs	85.7	19.8%	78.8	18.9%	6.9	8.8%
Depreciation, amortisation and write-downs	17.4	4.0%	15.1	3.6%	2.3	15.2%
Other expenses	76.0	17.6%	69.9	16.7%	6.1	8.7%
EBIT	29.4	6.8%	33.2	8.0%	-3.8	-11.4%
Net finance cost	-1.4	-0.3%	-0.9	-0.3%	-0.5	55.6%
EBT	28.0	6.5%	32.2	7.7%	-4.2	-13.0%
Income taxes	7.4	1.7%	8.0	1.9%	-0.6	-7.5%
Profit for the period	20.6	4.8%	24.3	5.8%	-3.7	-15.2%

Consolidated Financial Statements 2019

Total assets up – Cash position re-strengthened after acquisitions

ASSETS	in €m	31/12/2019		31/12/2018	
Intangible assets		38.0	9%	39.1	10%
Property, plant and equipment		138.7	32%	129.1	32%
Other non-current assets		23.2	5%	11.8	3%
Non-current assets		200.0	46%	180.0	45%
Inventories		89.7	21%	92.4	23%
Trade receivables		59.7	14%	64.0	16%
Other current assets		12.4	3%	12.0	3%
Cash and cash equivalents		68.4	16%	52.5	13%
Current assets		230.1	54%	220.9	55%
Total assets		430.2	100%	400.9	100%

Consolidated Financial Statements 2019

Increase in pension provisions – Further reduction in non-current financial liabilities

EQUITY AND LIABILITIES	in €m	31/12/2019		31/12/2018	
Equity		216.2	50%	220.7	55%
Financial liabilities		11.9	3%	15.3	4%
Provisions for pensions		136.2	32%	104.4	26%
Other provisions		4.5	1%	3.5	1%
Other liabilities (incl. lease liabilities and deferred tax liabilities)		11.9	3%	9.8	2%
Non-current liabilities		164.4	39%	133.0	33%
Financial liabilities		3.4	1%	3.4	1%
Provisions for pensions		1.8	0%	1.7	0%
Other provisions		1.1	0%	2.0	0%
Trade payables		18.7	4%	21.0	5%
Other liabilities (incl. lease liabilities and income tax liabilities)		24.4	6%	19.1	5%
Current liabilities		49.4	11%	47.2	12%
Total equity and liabilities		430.2	100%	400.9	100%

Consolidated Financial Statements 2019

Financial base remains solid – Liquidity strengthened

in €m	31/12/2019	31/12/2018
Total equity and liabilities	430.2	400.9
Equity	216.3	220.7
Equity ratio	50%	55%

in €m	31/12/2019	31/12/2018
Cash	68.4	52.5
Financial liabilities	-15.2	-18.7
Positive net cash	53.1	33.8
Undrawn lines of credit	19.0	19.0

- Reduction in IFRS actuarial interest rate from 1.90% to 0.91%
- Equity down due to expenses from pension obligations (€19m)
- Equity ratio thus falls from 55% to 50%
- Liquidity up due to higher net cash from operating activities

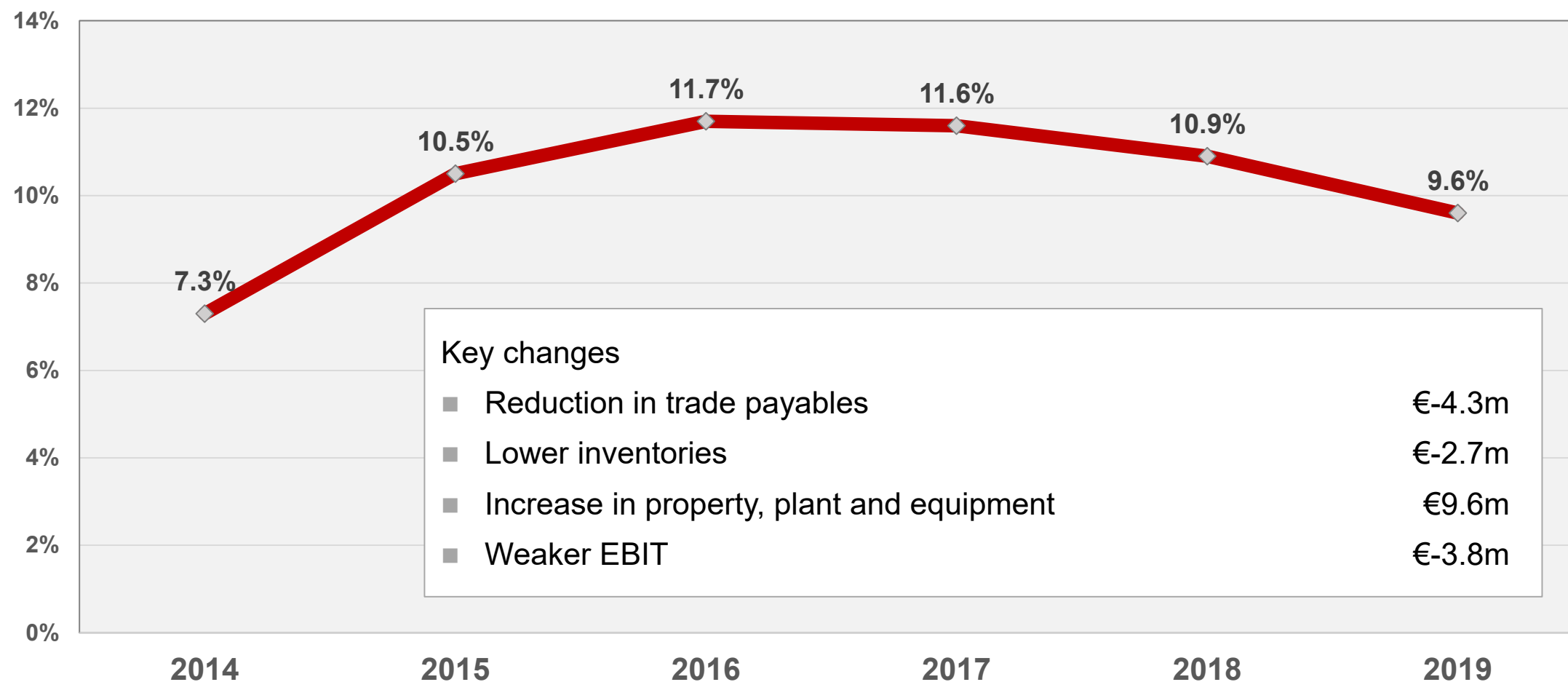
Consolidated Financial Statements 2019

Increase in operating cash flow

GROUP STATEMENT OF CASH FLOWS	2019	2018	Change
in €m			
Cash and cash equivalents 1 January	52.5	68.0	-15.5
Cash and cash equivalents 31 December	68.4	52.5	15.9
Change in cash and cash equivalents	15.9	-15.5	31.4
Net cash from operating activities	51.6	34.8	16.8
Net cash used in investing activities	-23.2	-39.8	16.6
Net cash used in financing activities	-12.9	-10.9	-2.0
Influence of forex movements on liquidity	0.4	0.4	0
Change in cash and cash equivalents	15.9	-15.5	31.4

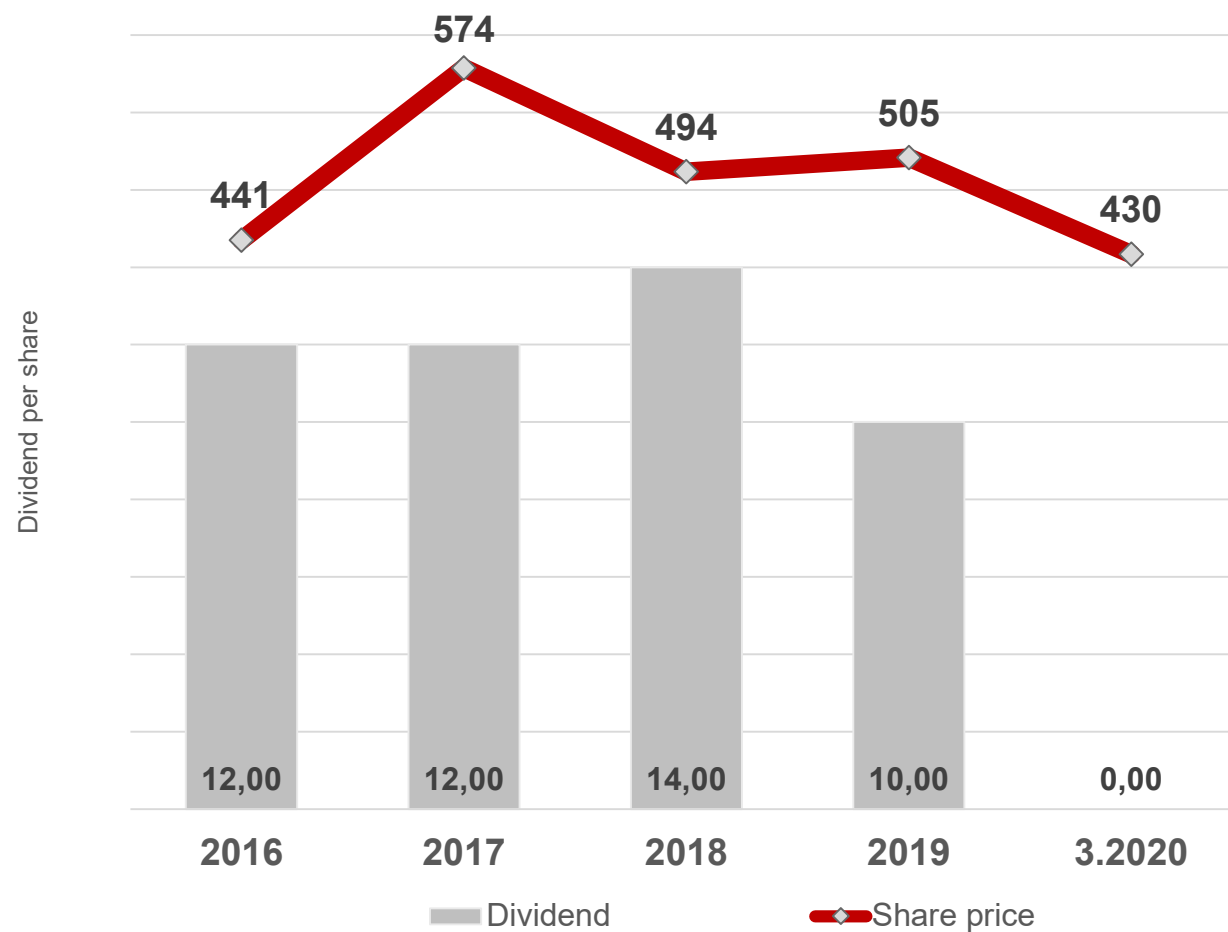
Consolidated Financial Statements 2019

ROCE slightly lower – Net working capital improved



Consolidated Financial Statements 2019

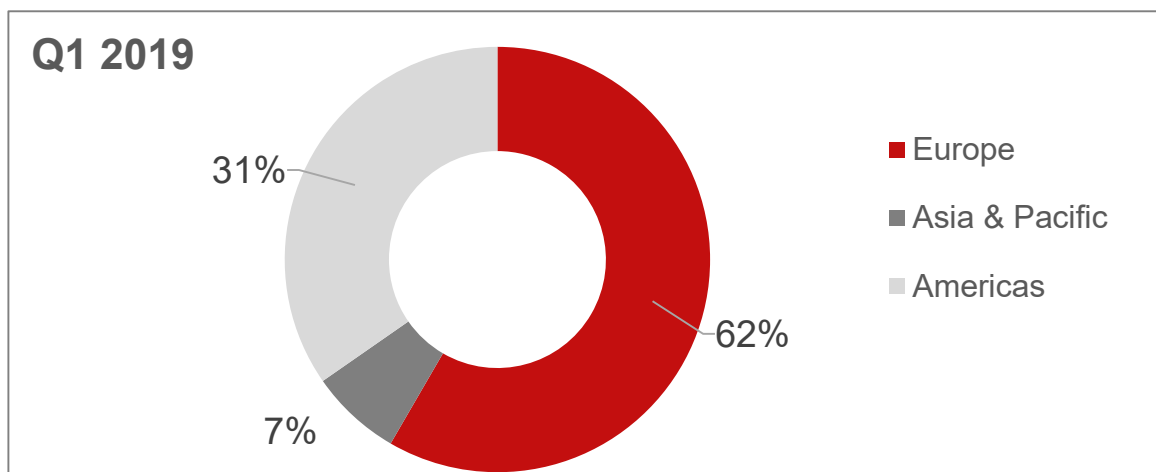
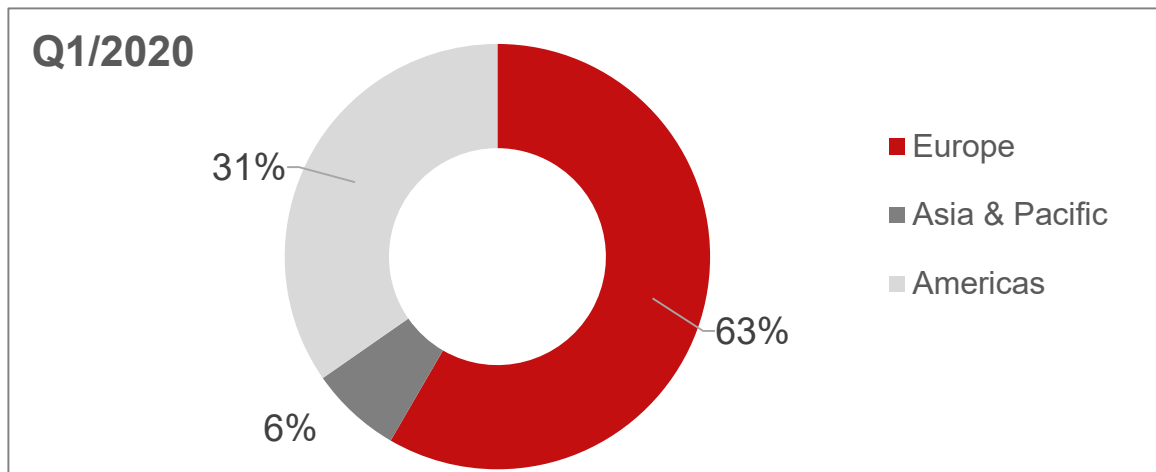
Change in dividend proposal to strengthen liquidity



- Proposed dividend payout
€10.00 per share = €6.0m
- Dividend proposal adjusted to
anticipated impact of
coronavirus pandemic and
heightened liquidity
requirements
- Dividend yield 2.0 per cent

Group Q1/2020

Stable performance against backdrop of initial effects of coronavirus pandemic



Region	€m	€m (change)	in % (change)
Europe	67.8	-1.5	-2.1%
Asia & Pacific	6.1	-1.0	-14.2%
Americas	33.8	-0.8	-2.4%
Total	107.7	-3.3	-3.0%

Group Q1/2020

Good quarterly result – Strategic projects begin to bear fruit

in €m	Q1/2020	Q1 2019	Change
Revenue	107.7	111.0	-3.3
Gross profit	56.2	52.8	3.4
<i>Gross profit margin</i>	<i>52.2%</i>	<i>47.6%</i>	9.7%
Staff costs	22.9	22.1	0.8
Other costs incl. write-downs	23.7	22.3	1.4
EBIT	9.6	8.4	+1.2
EBIT % of revenue	8.9%	7.6%	+17.1%

Strategic Development

Focus on



Focus on customer and application orientation

Goal: Company with highest degree of end-consumer orientation in application areas served



Focus on process orientation

Goal: Implement continuous improvement at all levels, maximum reliability in all processes, leveraging global production synergies



Focus on global action

Goal: Corporate management at global level, cultivating global fields of business

Strategic Development

Applications



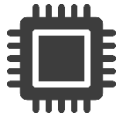
Aquaculture

- Growing market, global opportunities
- Good adaptation to existing product range
- Synergies Pipes, Fittings, Semi-Finished Parts
- Evolution to global solutions provider



Desalination systems

- Growing market, global opportunities
- Good adaptation to existing product range
- Synergies Pipes, Fittings, Semi-Finished Parts



Semicon

- Global industry – Excellent potential in Asia
- SIMONA already covers broad materials portfolio
- FM certifications – Specifications
- Synergies Pipes, Fittings, Semi-Finished Parts



Construction / Infrastructure

- Civil engineering (rehabilitation of utility lines, energy transport, water treatment)
- Expansion Pipes and Fittings business USA
- Good potential for wall linings, etc.



Interior finish of trains

- Growing market
- New materials requirement based on European standards
- Proximity to aviation market

Strategic Development

Status of strategic projects



Customer and application orientation

- New Target Operating Model
- Organise Semi-Finished Parts business along market segments
- Establish expert knowledge for closer end-customer dialogue, independent of sales channel
- IT strategy and digitalisation

Strategic Development

Status of strategic projects



Process orientation and efficiency

- Projects aimed at optimising sheet production and logistics
 - Focus: Automation, broader use of production lines, material feed
- Investment programme Kirn
- Global knowledge transfer and best practice

SIMONA Group 2020

Outlook

Projections
2020

Revenue forecast not reliably possible in current situation