



Media and Financial Analysts trip 2015
November 10, 2015

Martin Hirzel, CEO Autoneum and Dr. Martin Zwysig, CFO Autoneum

Agenda

Presentation Martin Hirzel, CEO

1. **Who we are**
2. Diesel on focus – consequences and chances
3. Focus on two strategic priorities
 - 2.1 Practice Operational Excellence
 - 2.2 Pursue consolidation opportunities

Presentation Dr. Martin Zwysig, CFO

1. Autoneum's Targets 2020 in the light of the Chinese economic slow down and Brazil's economic crisis

Who we are

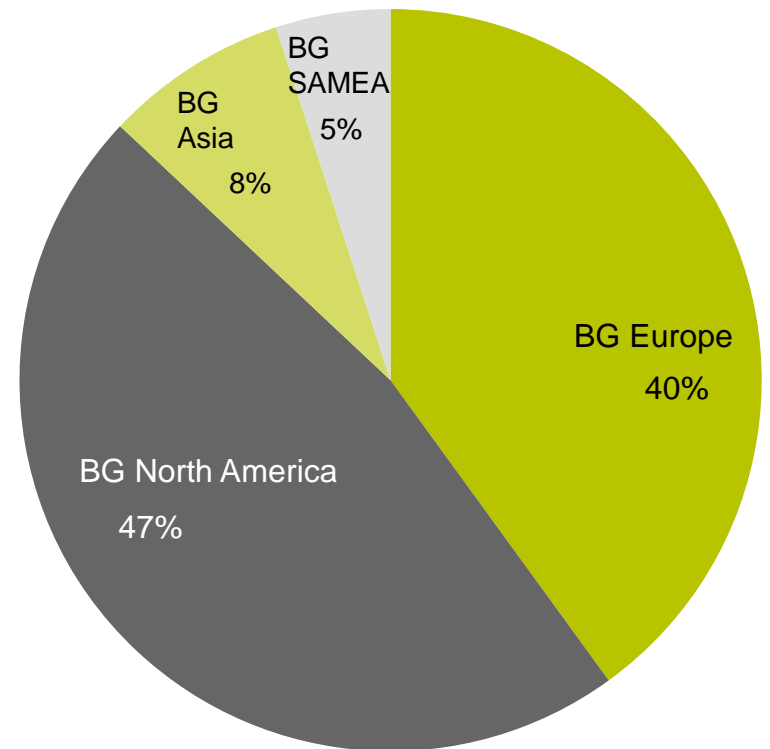
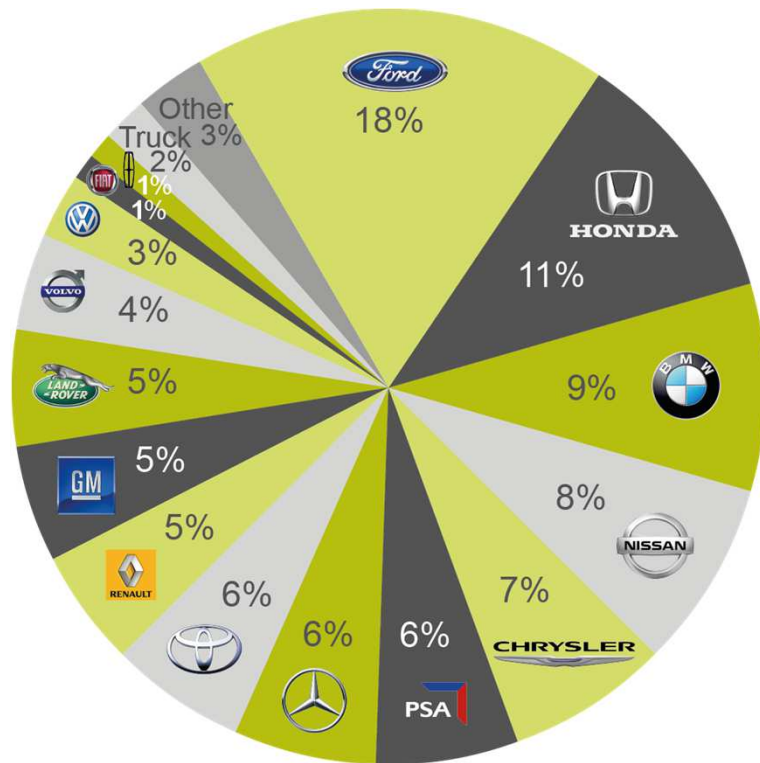
Autoneum in a nutshell



Profitable growth in all regions

Well-diversified global customer base

Share in net sales HY 2015:



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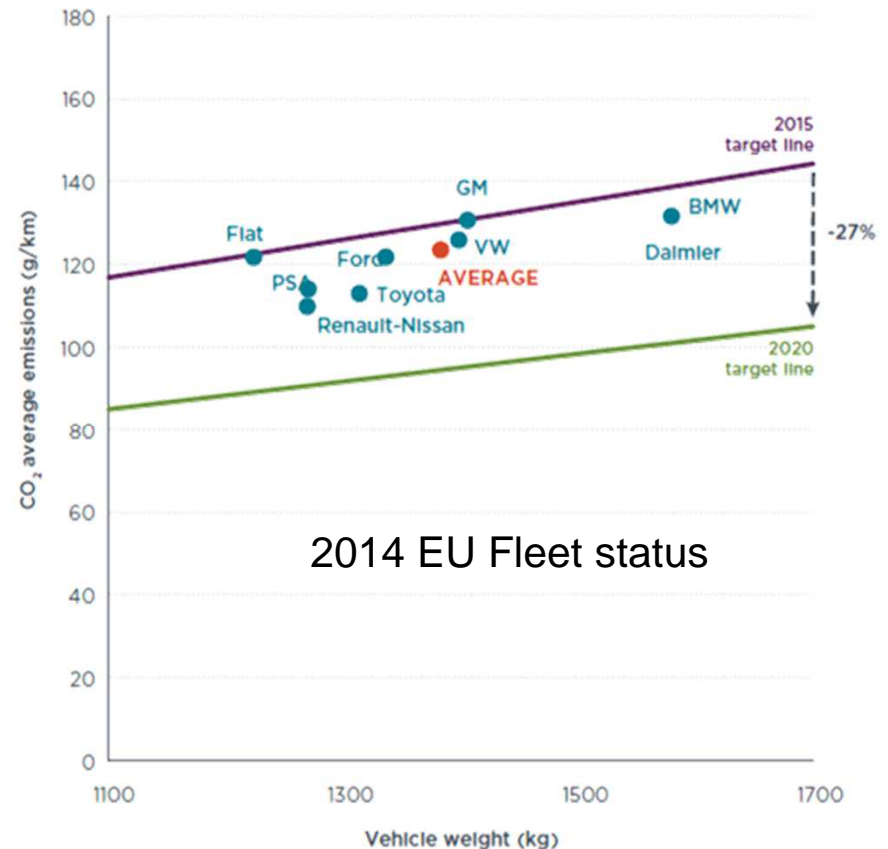
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Diesel on focus

Worldwide regulation of CO₂ emissions

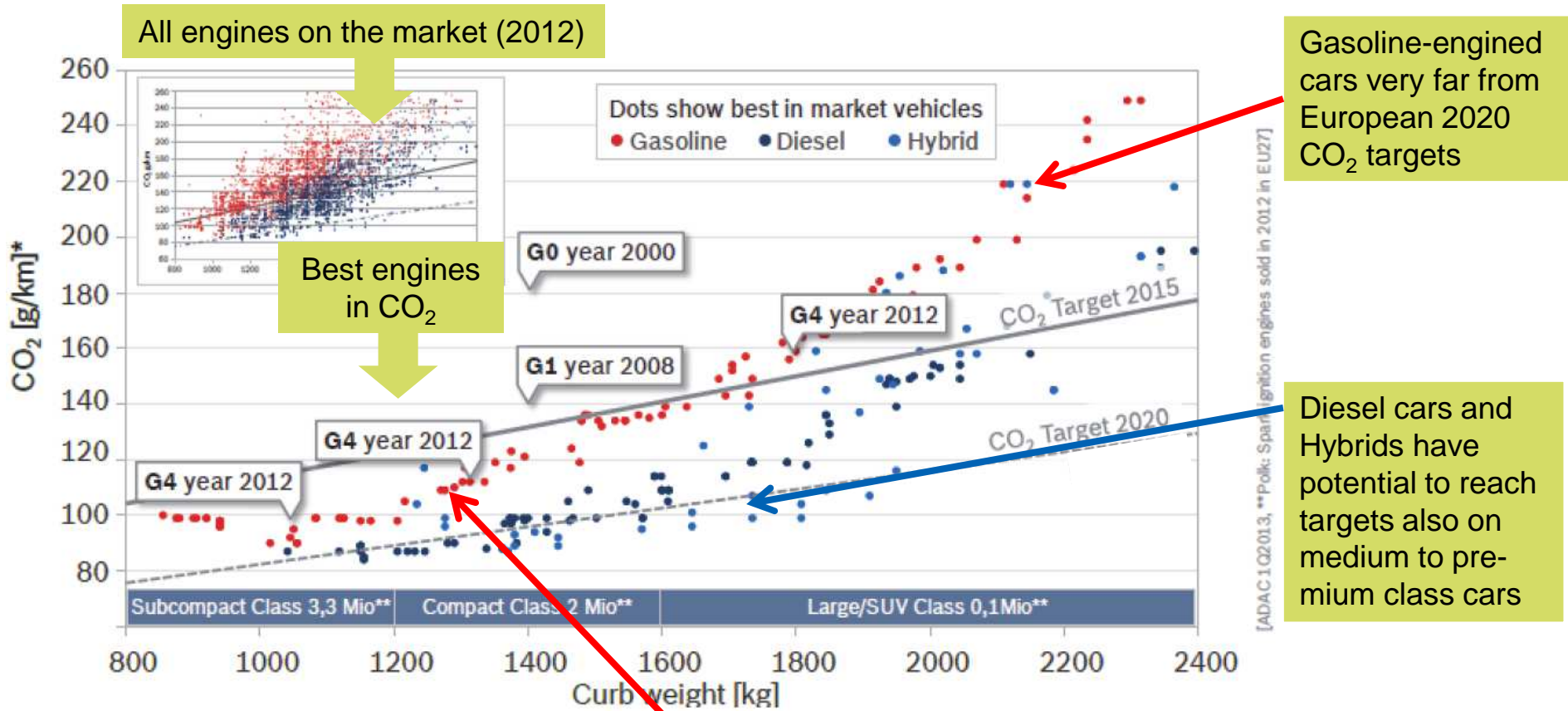
- Worldwide and tightening regulation of CO₂ emissions
- All OEMs are far from the European 2020 CO₂ targets
- CO₂ emission limits can only be met by downsizing of engines, Diesel cars and/or hybridization (HEV)
- Price premium of Hybrids is comparable to Diesel models (around 3,000\$ on a mid-sized sedan in the USA)



Source: ICCT "CO₂ emissions from new passenger cars in the EU: car manufacturers' performance in 2014", July 2015

Diesel on focus

CO₂ targets reachable only with Diesel cars and/or Hybrids



Gasoline-engined cars very far from European 2020 CO₂ targets

Diesel cars and Hybrids have potential to reach targets also on medium to premium class cars

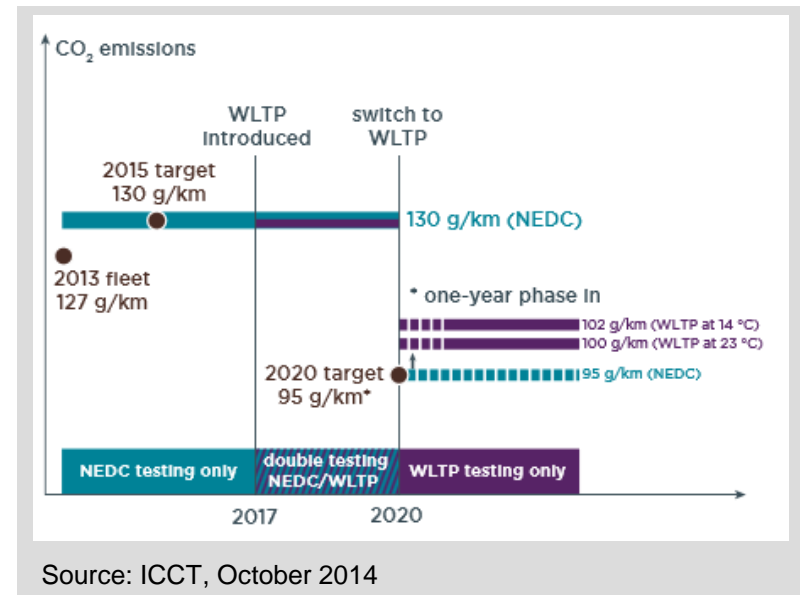
Gasoline-engined subcompact/compact cars far from 2020 CO₂ targets

Source: Bosch GmbH: "Shaping the Future – Innovations for Efficient Mobility", 2013

Diesel on focus

Test cycle development

- Current status: OEMs have to meet NOx limits in New European Driving Cycle (“NEDC”) -> “real-world” NOx emissions of Diesel cars substantially higher than certified limit
- New World-Harmonized Light-Duty Vehicles Test Procedure (“WLTP”) to be introduced in 2017: stricter test procedures showing (higher) emissions more representative of the real usage
- Start of double testing phase of NEDC & WLTP in 2017 -> in parallel, real road tests (Real-driving emissions “RDE”) for passenger cars in Europe



Diesel on focus

Consequences for Autoneum

- Autoneum benefits from trend to hybridization and downsizing of engines: Future Hybrids will tend to have higher sound package contents compared to gasoline-engined vehicles
- Planned changes in regulations (WLTP and RDE) will favor Autoneum's efficiency-boosting technologies like **engine encapsulations** and **aerodynamic underfloor systems**
- Other general trends on ICE engines (gasoline and Diesel) are favorable to Autoneum:
 - **Downsizing:** higher noise emissions if output power is maintained
 - **Turbocharging:** high frequency tones that may require special treatments
 - **Powertrain lightweighting:** higher combustion and mechanical noise



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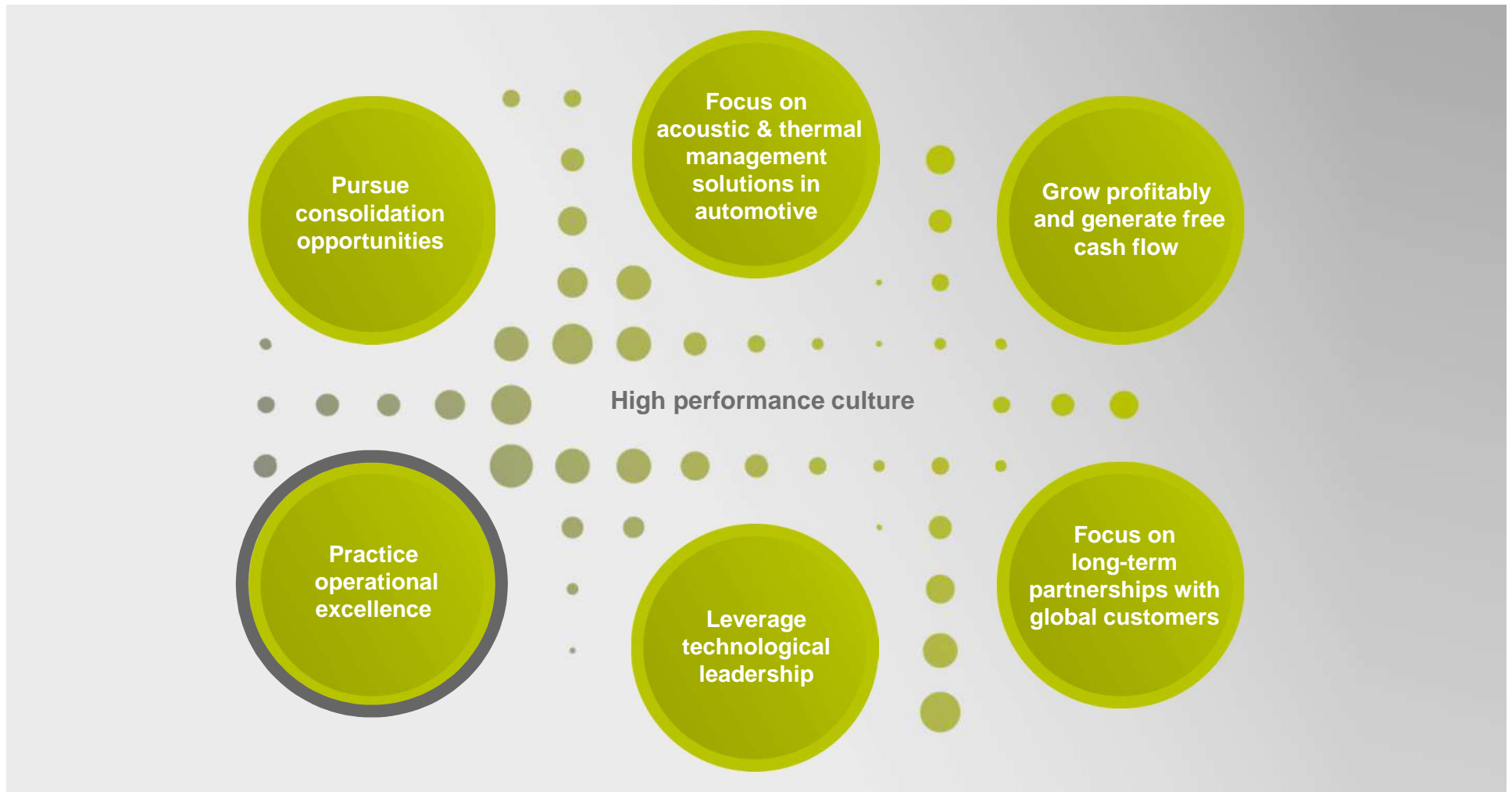
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Strategic priorities

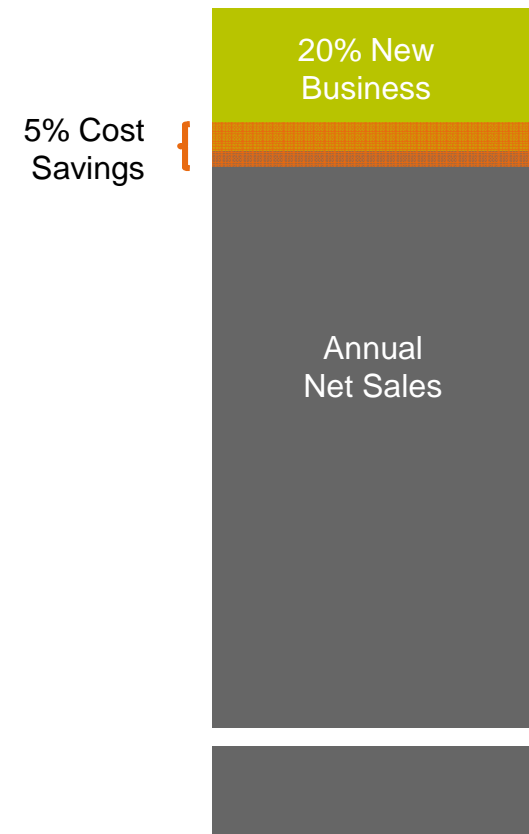
Clear profile as automotive supplier



Practice Operational Excellence

Cost savings: part of supplier's business model

- Key element of Autoneum's business model: annual cost savings of 5% of net sales
- Position maintaining: up to 20% of annual net sales to be substituted by new orders and innovations
- New business offers highest saving potential with regard to products and processes








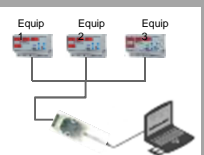


Practice Operational Excellence

Operational Excellence Process @Autoneum

Database Management	Good Practice Sharing	Standardization	Eight key Group Initiatives
<ul style="list-style-type: none"> • Central data base for all cost-saving projects (implementation levels 1–6) • Register used on corporate and plant level • (Budget) control of savings and implementation status 	<ul style="list-style-type: none"> • Plant benchmarking • Selection of key good practices • Workshops on: <ul style="list-style-type: none"> • Operations • APS • EHS • Maintenance • Purchasing • etc. 	<ul style="list-style-type: none"> • Sustaining of expert network • Definition and roll-out of manufacturing processes, equipment and technology standards 	<ol style="list-style-type: none"> 1 Basic lines optimization 2 Recycling 3 Waste collection 4 Mizusumashi 5 Maintenance 6 Energy management 7 Cold molding 8 Hot molding

Practice Operational Excellence

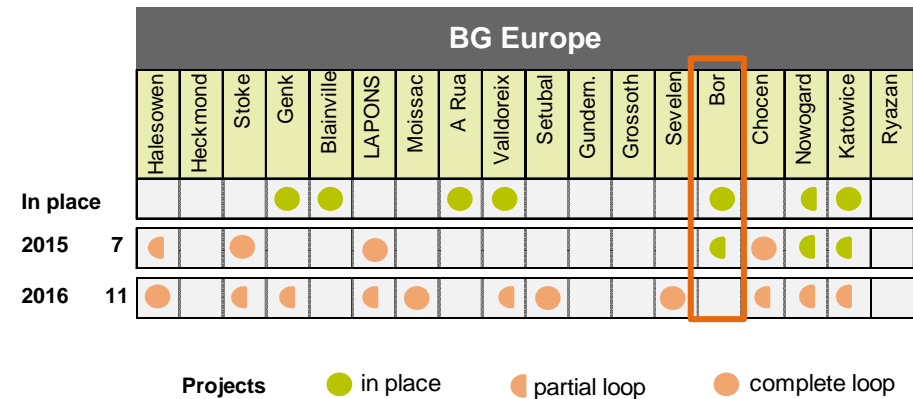
Eight key Group Initiatives

<p>Vertical Integration</p>	<p>Basic lines optimization</p> <p>Target: Vertical integration improvement (e.g. by cost-efficient equipment)</p>		<p>Recycling</p> <p>Target: Landfill reduction by re-use of material on basic lines and development of recycling channels</p>	
<p>Value stream</p>	<p>Waste collection</p> <p>Target: Elimination of manual handling; ergonomics & layout improvement</p>		<p>Mizusumashi</p> <p>Target: Increase of value added by continuous flow</p>	
<p>Opex efficiency</p>	<p>Maintenance</p> <p>Target: Standardization and roll-out of preventive maintenance procedures</p>		<p>Energy management</p> <p>Target: Energy monitoring, consumption reduction and contract optimization</p>	
<p>Technologies standardization</p>	<p>Cold molding</p> <p>Molding standardization</p>		<p>Hot molding</p> <p>Molding standardization, hydraulic system improvement</p>	

Example of Group Initiatives

Mizusumashi roll-out – example BG Europe

- “Mizusumashi” means “water strider” in Japanese and refers to a shopfloor worker who moves like an insect quickly and efficiently from place to place
- Worker on Mizu train collects and delivers material and supplies to colleagues at a work station -> keeps production going without disruption



Mizusumashi effect:

- Internal visualization of customer requirements at each step of the production process
- Continuous improvement of material flow efficiency
- Increased safety conditions
- Cost reduction (e.g. by elimination of forklift use)
- Less energy consumption



Mizusumashi pull-flow in A Rua, ES

Example of Group Initiatives

Waste collection – example BG North America

Targets:

- Implementation of waste exhaust system
- Improvement of ergonomics at work-cell
- Elimination of forklift use
- Closed loop: recycling and re-use of production waste integrated

➔ efficient and sustainable production

		BG North America									
		Or. Lall.	Or. Wynn	Or. Spart.	Bloomsb.	Aiken	Jefferson	London	Tillsonburg	S-L Potosi	Hermosillo
In place								●			
2015	1		●								
2016	5	●	●			●	●	●			

Projects ● in place ● partial loop ● complete loop



Example of Group Initiatives

Cold molding – example BG Asia

- **Target:** to standardize the carpet process by semi or fully automated carpet production lines
- Carpet system is based on multilayer preparation and considers customer requirements (e.g. aesthetics and performance)

Multi-stage conversion process:



Benefits of carpet conversion standardization:

- increase in efficiency and safety (ergonomics)
- modular equipment to increase line flexibility



From design...



...to reality

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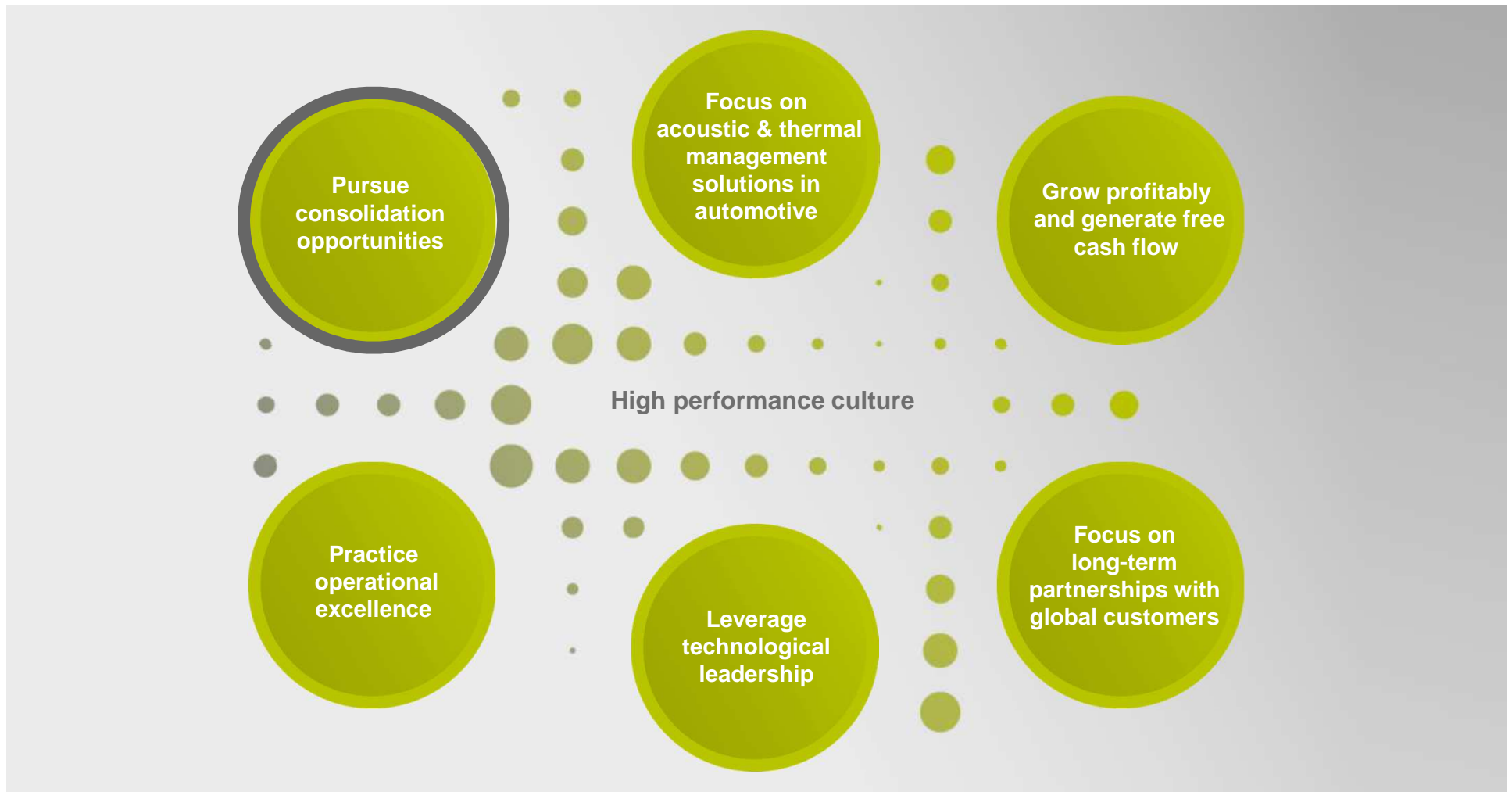
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Strategic priorities

Pursue consolidation opportunities



Three options of acquisitions

«Filling the gaps»

Description

Small add-ons to gain new technologies, innovative materials and/or customer access

Consideration

- Maximize return of Autoneum shareholders
- Strengthen technological leadership
- Less complex, affordable transactions



Three options of acquisitions

Taking over production capacities

Description

Selective acquisition of plants or business units from (business exiting) competitors

Consideration

- «Make» or «Buy» decision
 - Gain market share
 - Synergy potential
 - Optimize footprint
- ➔ customer driven and supported consolidation



Three Options of Acquisitions

Merger/Take-over of competitor

Description

Acquisition of a (large) direct competitor

Consideration

- Customer resistance due to increased supplier concentration
 - ➔ negative sales synergies
- Objectionable market dominance (anti-trust law)
- High restructuring costs
- Costly and complex integration



NO OPTION

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Targets 2020

Accelerate profitable growth

- Net sales of 2'600 million CHF
- Emerging markets: >20% share in Group's net sales
- EBITDA margin of 12%
- Equity ratio >40%
- RONA >20%
- Target dividend payout of at least 30% of net result attributable to Autoneum shareholders



Targets 2020: Net sales

Net sales 2'600 million CHF¹, annual growth of 4-5%²

Growth rate in local currencies (LC)

	2012	2013	2014	HY 2015	Achievement
Group	13%	10%	2%	6%	😊
BG Europe	1%	5%	0%	7%	😊
BG North America	33%	13%	1%	5%	😊
BG Asia	3%	26%	15%	21%	😊
BG SAMEA	8%	8%	5%	-8%	😞

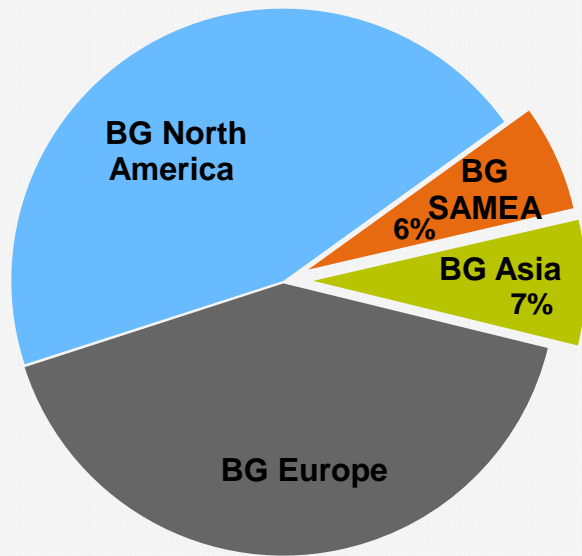
¹excluding currency effects

²in local currencies

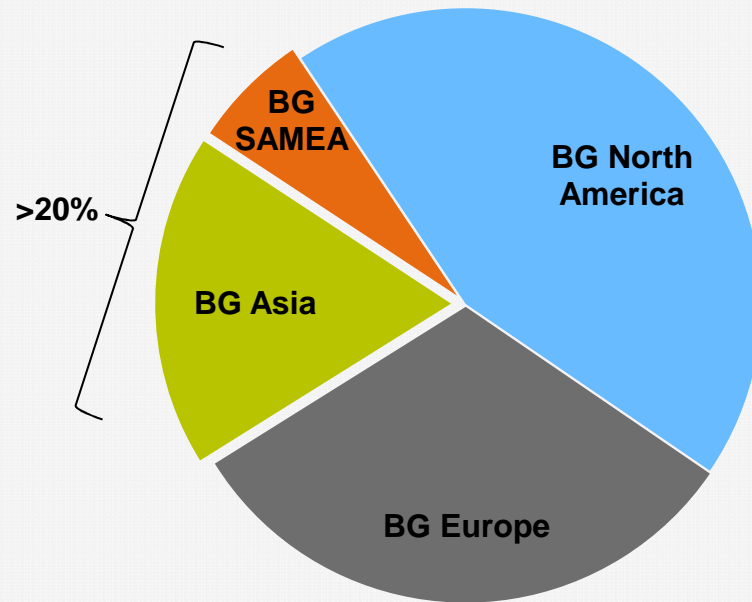
Targets 2020: emerging markets >20%¹

Growth in emerging markets mainly through BG Asia

2014: 1'955 million CHF



2020: 2'600 million CHF³



¹of Group net sales

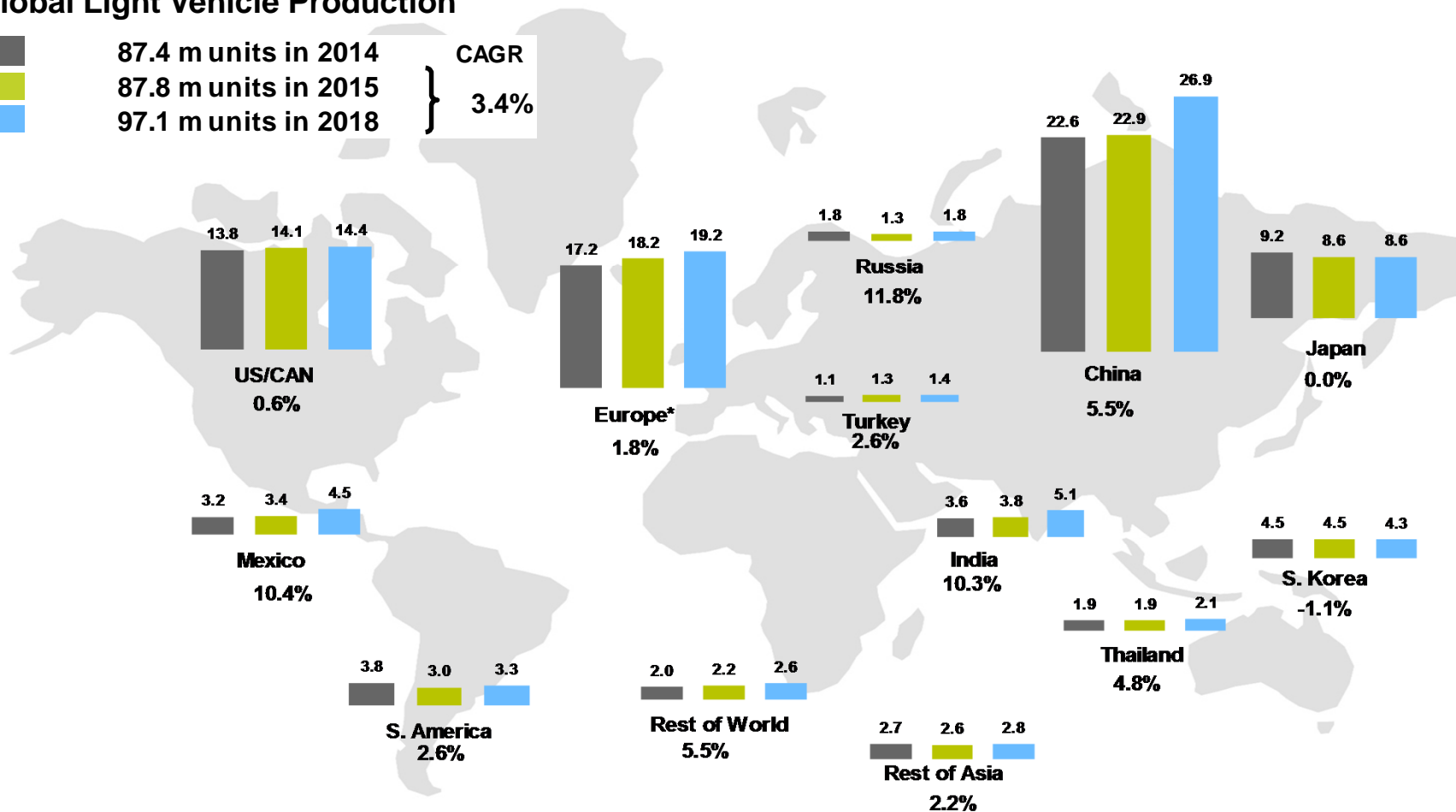
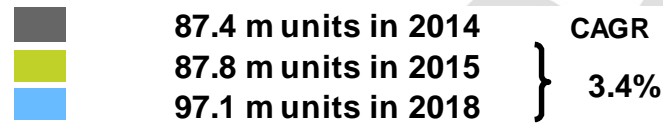
²Compound Annual Growth Rate

³excluding currency effects

Targets 2020: emerging markets >20%¹

Growth in emerging markets mainly through BG Asia

Global Light Vehicle Production

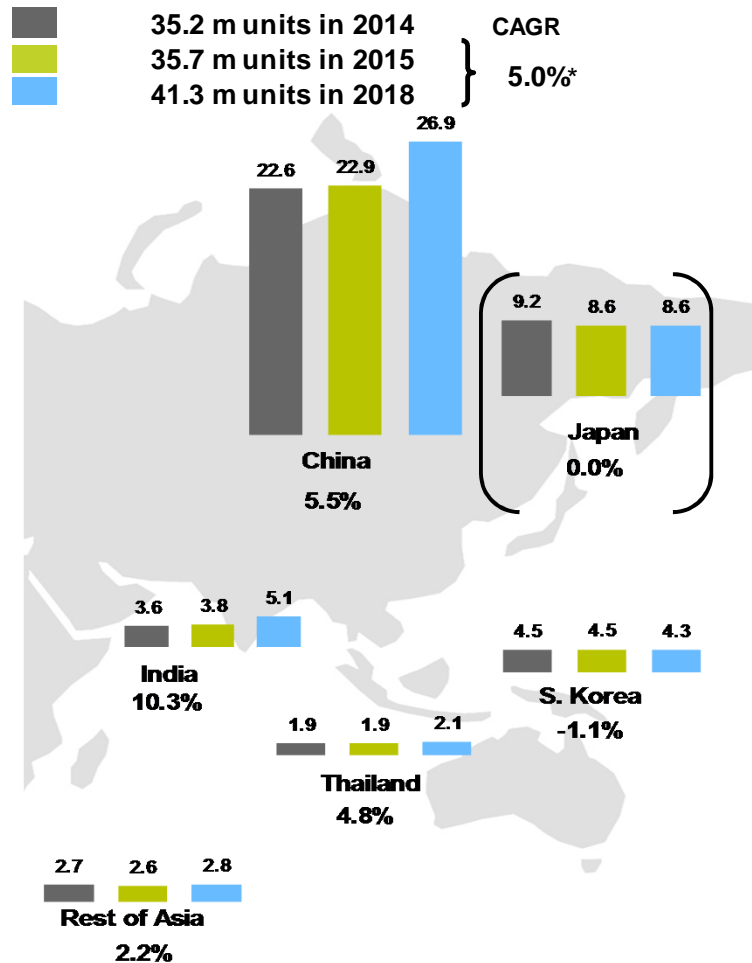


¹of Group net sales

Source: IHS Light Vehicle Production Forecast, October 2015; *Europe w/o Russia and Turkey

Targets 2020: emerging markets >20%¹

Asia growth strategy



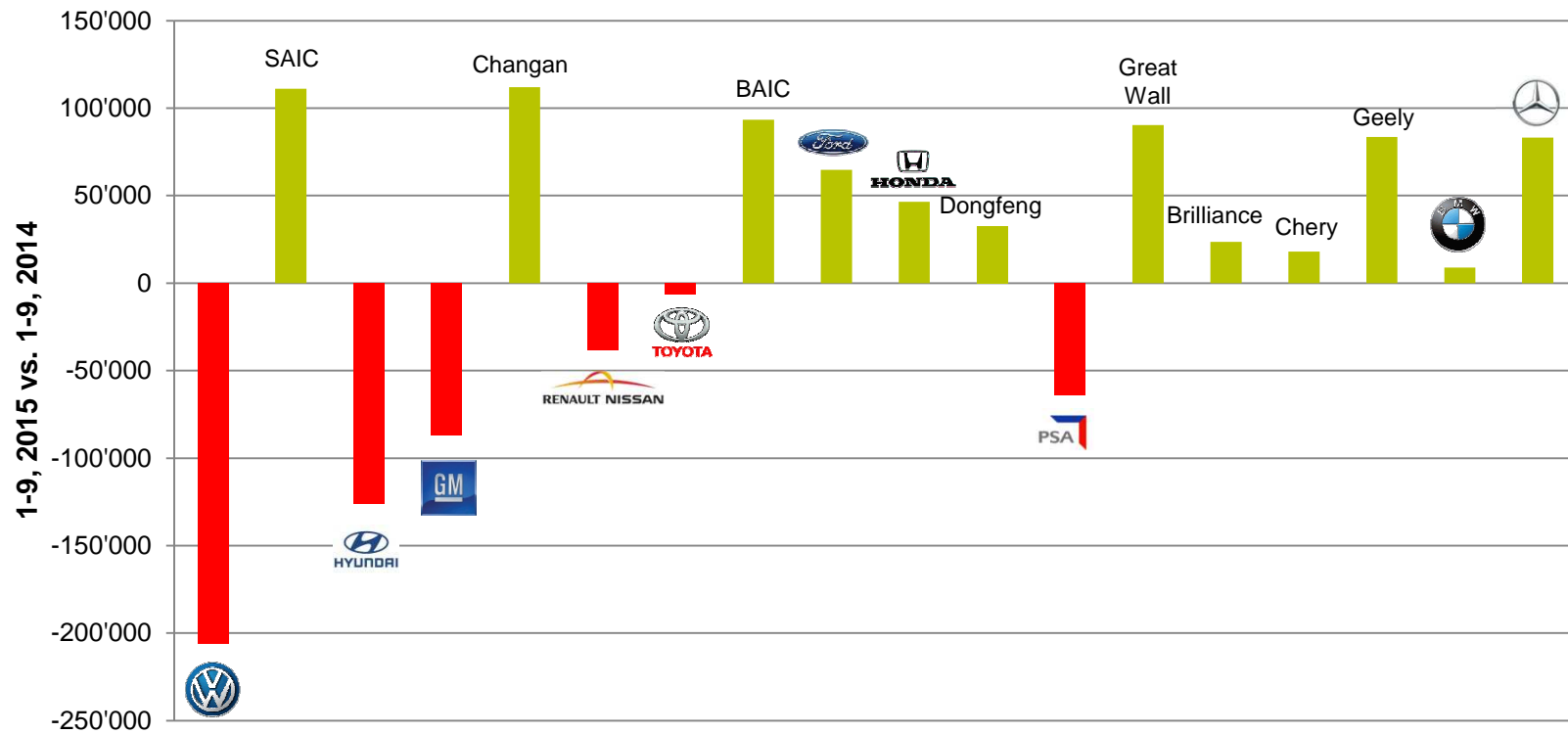
¹of Group net sales

- 1 Enhance customer portfolio
 - HYUNDAI KIA MOTORS
 - Great Wall
 - BAIC
 - GAC MOTOR
 - 2 Enlarge product portfolio
 - Underbody (RUS)
 - Vertical integration (carpet)
 - 3 Increase market share at existing customers
 - PSA
 - BMW
 - Ford
 - CHRYSLER
 - GM
 - VW
 - FIAT
 - HONDA
 - TOYOTA
 - Mercedes
 - LAND-ROVER
 - NISSAN
 - RENAULT
 - VOLVO
 - 4 Entering other countries
 - Thailand
 - S. Korea
 - Indonesia
- Consistent action plan developed
 - Customer relationship management enhanced
 - Footprint considerations part of action plan

Source: IHS Light Vehicle Production Forecast, October 2015; *Total volumes and CAGR excl. Japan

Targets 2020: emerging markets >20%¹

China: development of OEM production volumes YTD








Source: XBI, October 2015

¹of Group net sales

Targets 2020: EBITDA margin of 12%

Well underway but still some way to go

EBITDA margin					
	2012	2013	2014	HY 2015 ¹	Achievement
Group	7.6%	9.0%	10.3%	10.6%	
BG Europe	4.1%	5.2%	8.3%	8.2%	
BG North America	10.6%	12.0%	11.3%	12.1%	
BG Asia	15.5%	17.5%	18.6%	18.3%	
BG SAMEA	4.2%	4.6%	3.9%	-5.2%	

¹Financials are disclosed before expenses in relation to the settlement with the German Federal Cartel Office in the amount of 31.5 million CHF.

Targets 2020: EBITDA margin of 12%

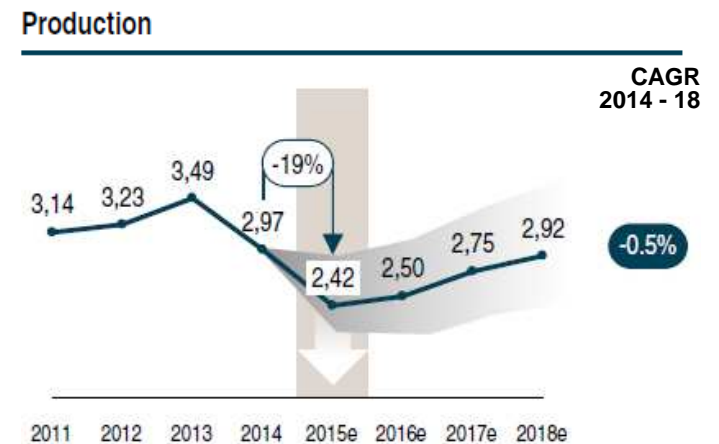
BG SAMEA: engine trouble

Brazil: The sick man of emerging markets...

- Economic activity continues to deteriorate, business confidence remains close to historical lows and unemployment rate increased again
- Current recession will prove Brazil's worst in recent history
- 2015 GDP expected to contract by 3.0% vs. 0.1% growth in 2014
- Substantial currency devaluation of -33% vs. USD and CHF since January 15, 2015
- No recovery expected in 2016

... hitting the auto industry badly


- Predicted moderate recovery in 2016 light vehicle production questionable



Source: Roland Berger, UBS, Financial Times

Targets 2020: Equity ratio >40%

HY 2015 influenced by currency translation and dividend

Equity Ratio					
	2012	2013 ²	2014 ²	HY 2015 ²	Achievement
Equity Ratio¹	32%	33%	36%	29%	
Total assets in million CHF	960	999	1'099	1'144	
Equity in million CHF ¹	303	329	393	337	

¹ without subordinated shareholder loans

² incl. impact of IAS 19 revised

Targets 2020: RONA >20%

Since 2013 RONA in the region of 20%

Return on net assets (RONA)					
	2012	2013	2014	HY 2015	Achievement
Return on net assets	10.0%	18.0%¹	20.3%	17.8%²	
Cost of Capital	8.7%	8.7%	8.7%	8.7%	
Value creation	1.3%	9.3%	11.6%	9.1%	
Return in million CHF	49	89	116	54	
Ø net assets in million CHF	509	494	572	605	

¹before one-time expenses

²Annualized calculation and before expenses in relation to the settlement with the German Federal Cartel Office in the amount of 31.5 million CHF.

HY Guidance 2015

Global environment (updated)

- Muted growth of global automobile production to around 88 million light vehicles in 2015 (growth rate of 0.5%)¹

Sales

- Continuation of sales growth in LC in seasonally weaker HY2 leading to sales increase above the forecasted 4-5% in FY 2015
- Despite negative currency effects, Group sales consolidated in Swiss francs should slightly exceed the previous year's level

Profitability

- EBIT margin of HY2 will turn out better than EBIT margin of HY2 2014
- Key factors: significant improvement of BG Europe's EBIT margin and performance of BG North America and BG Asia

¹according to IHS estimates, October 2015

Contacts and event calendar

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Important dates 2016

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ISIN	CH0127480363

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