

**Bernhard Wiehl, CFO**

# **IR Presentation, March 2020**



Autoneum. Mastering sound and heat.

# Agenda

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1. **Autoneum at a glance**
2. Highlights and results financial year 2019
3. Outlook 2020
4. Technology trends

# Who we are

## Autoneum in a nutshell

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# About Autoneum At a glance



Stock-listed  
company (SIX  
Swiss Exchange)



Represented in  
25 countries

Around  
**13000**  
employees worldwide



55 production facilities  
worldwide

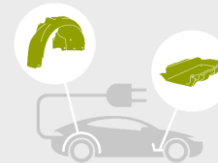
## 2019 in review



Acoustic expertise for  
half a century in Canada



3 customer awards  
for Argentinian plant



Innovations for e-cars:  
Alpha-Liner and  
Hybrid-Acoustics PET



Online configurator  
Acoustic Garage

# Strategic orientation

## Focus on future mobility

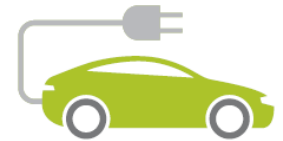
### Strategic priorities



### Strategic focus areas



Accelerate Asia



Innovate for New Mobility



Drive Digitalization



Advance Sustainability

# Organization

## Group Executive Board

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**Matthias  
Holzammer**

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**CEO**



**Bernhard Wiehl**

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**CFO**



**Dr Alexandra  
Bendler**

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**Head  
BG Europe**



**Greg Sibley**

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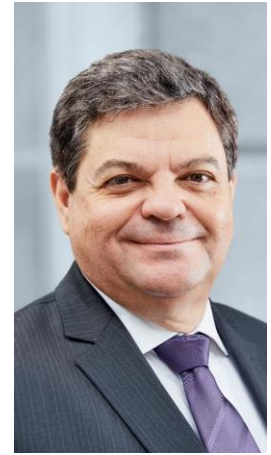
**Head  
BG North America**



**Andreas Kolf**

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**Head  
BG Asia**



**Fausto Bigi**

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**Head  
BG SAMEA**

# Leading in acoustic and thermal management

## Our products

### Engine bay

- Engine encapsulations
- Hoodliners and outer dashes
- Engine and battery covers

### Body treatment

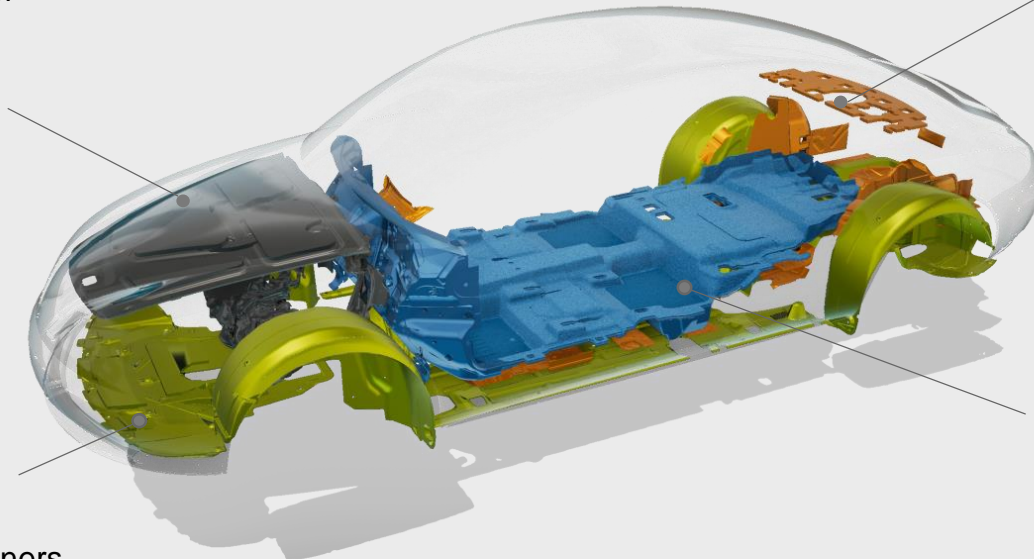
- Dampers
- Stiffeners

### Underbody

- Underbody shields
- Wheelhouse outer liners
- Battery pans
- Heatshields

### Interior floor

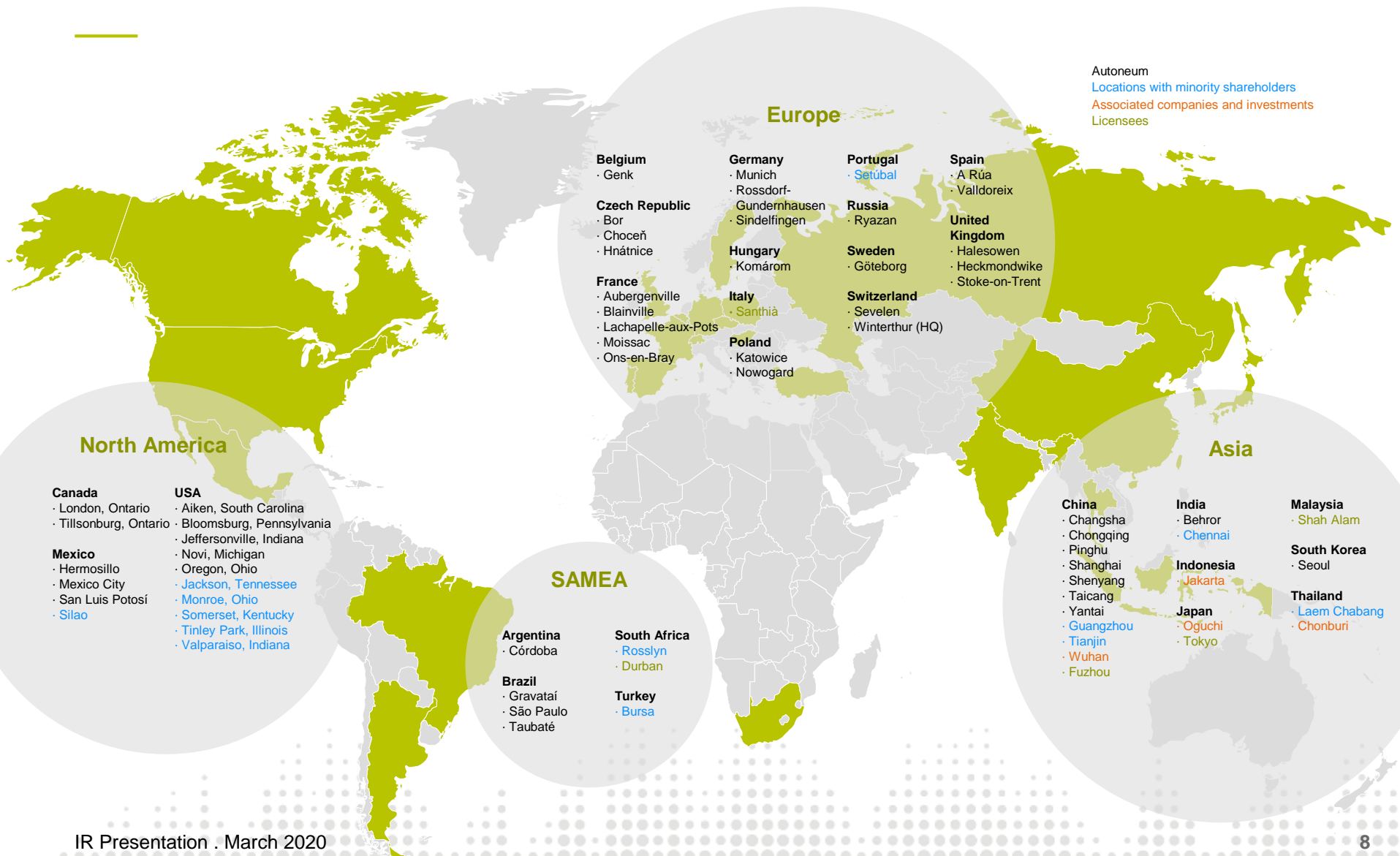
- Inner dashes
- Floor insulators
- Tufted carpets
- Needlepunch carpets
- Floor mats
- Spacers and crash pads





# Global presence

## Active in all automotive markets





# Customers

## Most car manufacturers worldwide

### Light vehicles



### Commercial vehicles



# Facts and figures 2019

## Key financials

**2297.4**

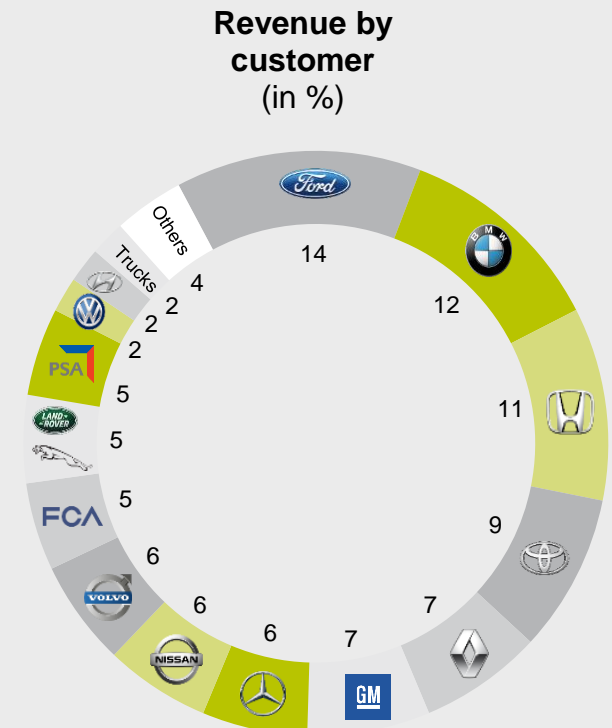
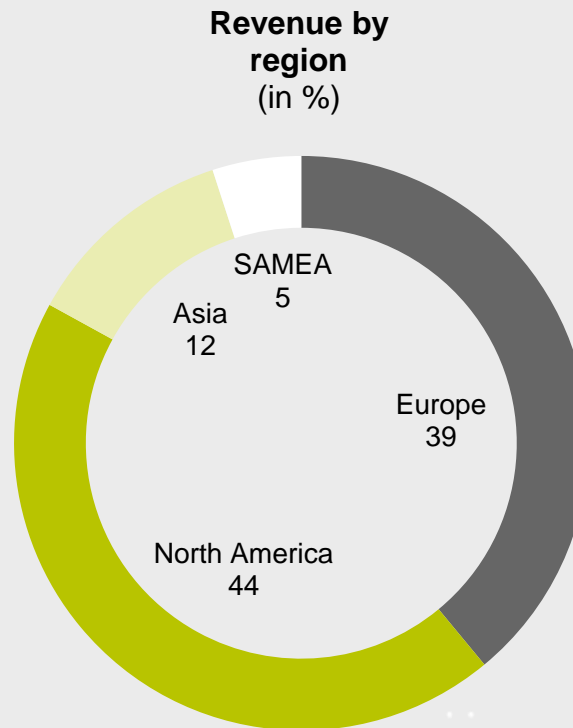
CHF million  
Revenue

**1.5%\***

EBIT margin

**-77.7**

CHF million  
Net result





\*Without one-time effects from impairment of fixed assets.

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# Global collaboration

## Proximity to customers

Research and Development Center / Product Management	Regional acoustic and Development Centers	Customer interface / Customer Business Units	Vehicle manufacturers
<b>Winterthur, Switzerland</b> <ul style="list-style-type: none"> <li>· Vehicle acoustics</li> <li>· Thermal management</li> <li>· Products/materials &amp; processes</li> <li>· Benchmarking</li> <li>· Testbench</li> </ul>	 Europe <b>Aubergenville, France</b> <b>Katowice, Poland</b> <b>Gundernhausen, Germany</b> <b>Sevelen, Switzerland</b>		
	 North America <b>Novi (MI), USA</b>		
	 Asia <b>Shanghai, China</b> <b>Tokyo, Japan (ATN Auto Acoustics)</b>		
	 SAMEA <b>São Paulo, Brazil</b>		

# Advance Sustainability Strategy 2025

## Key achievements in 2019

With its **Advance Sustainability Strategy 2025**, Autoneum has defined an ambitious set of environmental, social and ethical targets



More than 60 eco-efficiency projects:



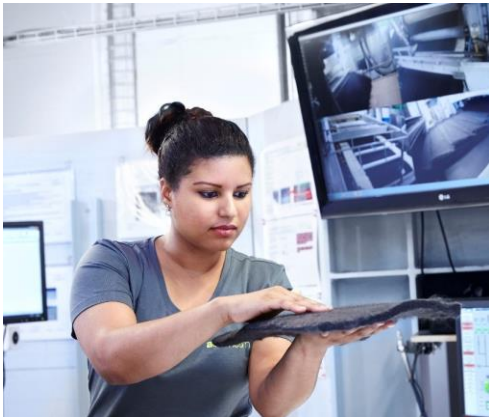
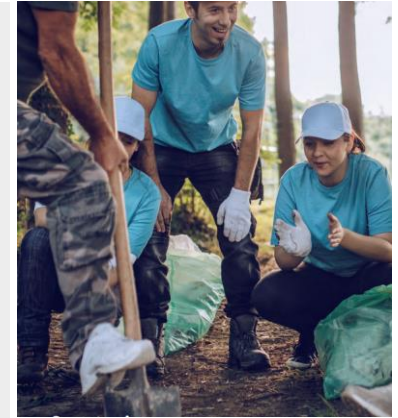
Waste reduction



Energy consumption



Water usage



Launch of **three innovations** with a high sustainability performance



130

community projects implemented globally

# Agenda

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# 2019: year in review



## Financials

- Organic revenue growth of 2.5% outpaced declining market
- EBIT margin before one-time impairments at 1.5% mainly due to operational losses at BG North America. Including impairments of CHF 68.0 million, EBIT margin was at -1.4%
- Net result including impairments at CHF -77.7 million
- Improved free cash flow despite lower earnings
- Waiver of dividend for 2019 proposed
- Equity ratio of 32.7% before IFRS 16 effects



## Market

- 2<sup>nd</sup> consecutive year of decreasing global automobile production
- Volume drops in all regions led to a market decline of -5.6%
  - Europe: -4.1%
  - North America: -3.8%
  - Asia: -6.2%
  - SAMEA (South America, Middle East and Africa): -10.8%
- Global production share of battery electric vehicles (BEV) still low with 2% in 2019



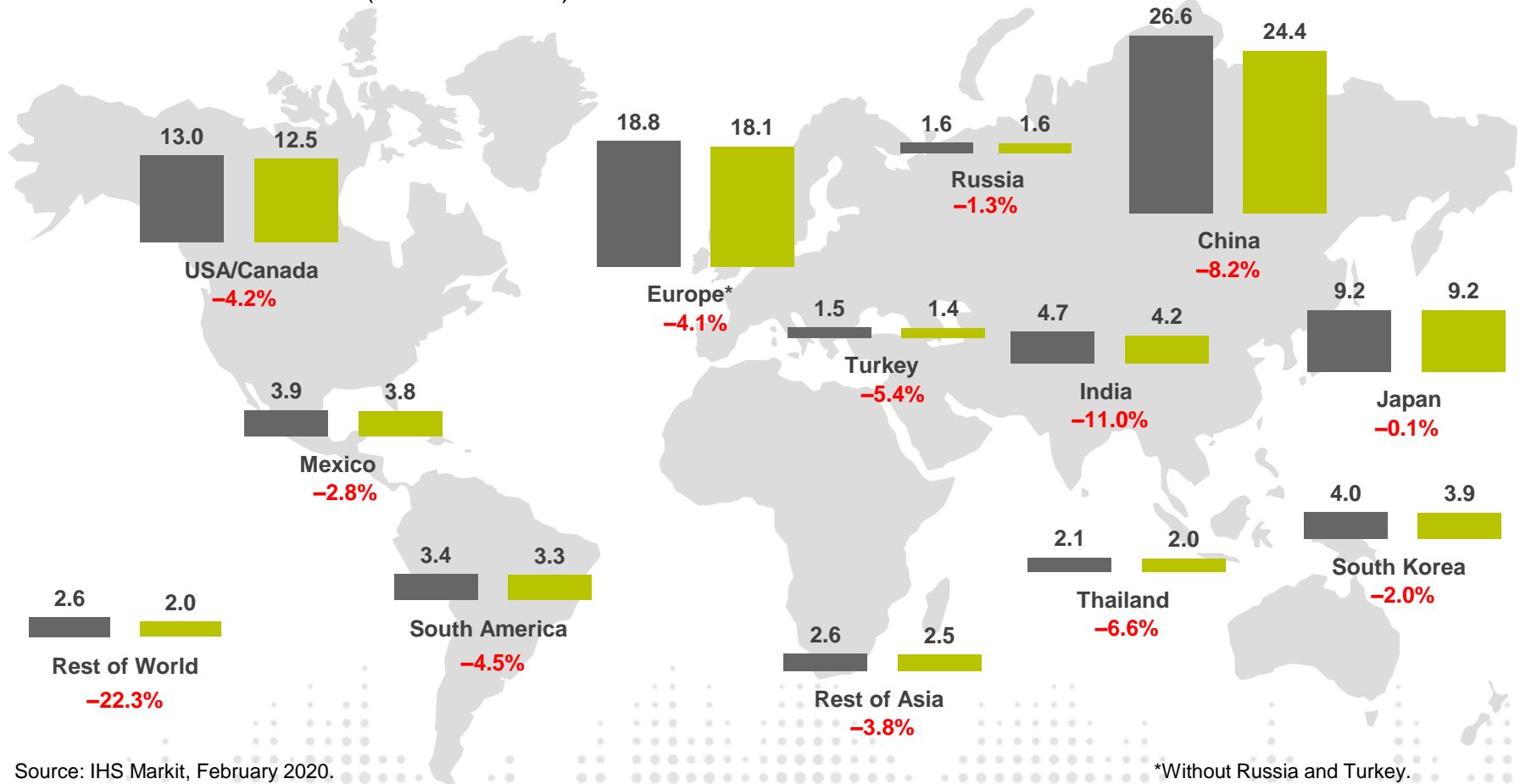
## Strategy

- Roll-out of lightweight Ultra-Silent technology in Asia
- Expansion of vertical integration by new non-woven line in Bor, Czech Republic
- Launch of dedicated BEV component: battery undercover made of Ultra-Silent
- SAP roll-out at 7 sites in Europe and China
- More than 60 sustainability projects worldwide focusing on waste, energy and water efficiency

# Light vehicle production 2019 by region

## Significant decline in all major markets

■ 2018: 94.2 million light vehicles (LVs)  
 ■ 2019: 88.9 million LVs (**-5.6%** vs. 2018)



Source: IHS Markit, February 2020.

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# Update North America

## Root causes and effects of crisis

Root causes		Effects
<b>Aggressive growth and sales strategy</b>	<ul style="list-style-type: none"> <li>➤ Aggressive acquisition pricing</li> <li>➤ Launch without production-ready products</li> <li>➤ Lack of risk and complexity consideration</li> </ul>	<b>Destabilization of two US plants</b>
<b>Lack of required production capabilities</b>	<ul style="list-style-type: none"> <li>➤ Limited customer know-how of European customer requirements</li> <li>➤ New hires with limited experience</li> <li>➤ Little local industrial and operational experience</li> </ul>	<b>Overinvested footprint with large overhead</b>
<b>Lack of processes and internal data transparency</b>	<ul style="list-style-type: none"> <li>➤ Weak program management</li> <li>➤ Lack of proper financial and operational controlling</li> </ul>	
<b>Sub-optimal production set-up</b>	<ul style="list-style-type: none"> <li>➤ Too much equipment and tooling from new suppliers</li> <li>➤ Unplanned shift of programs from US plant in Aiken (SC) to other North American plants in order to ensure supply</li> </ul>	<b>Negative supplier status with customers on site</b>

# Key figures

## Overview

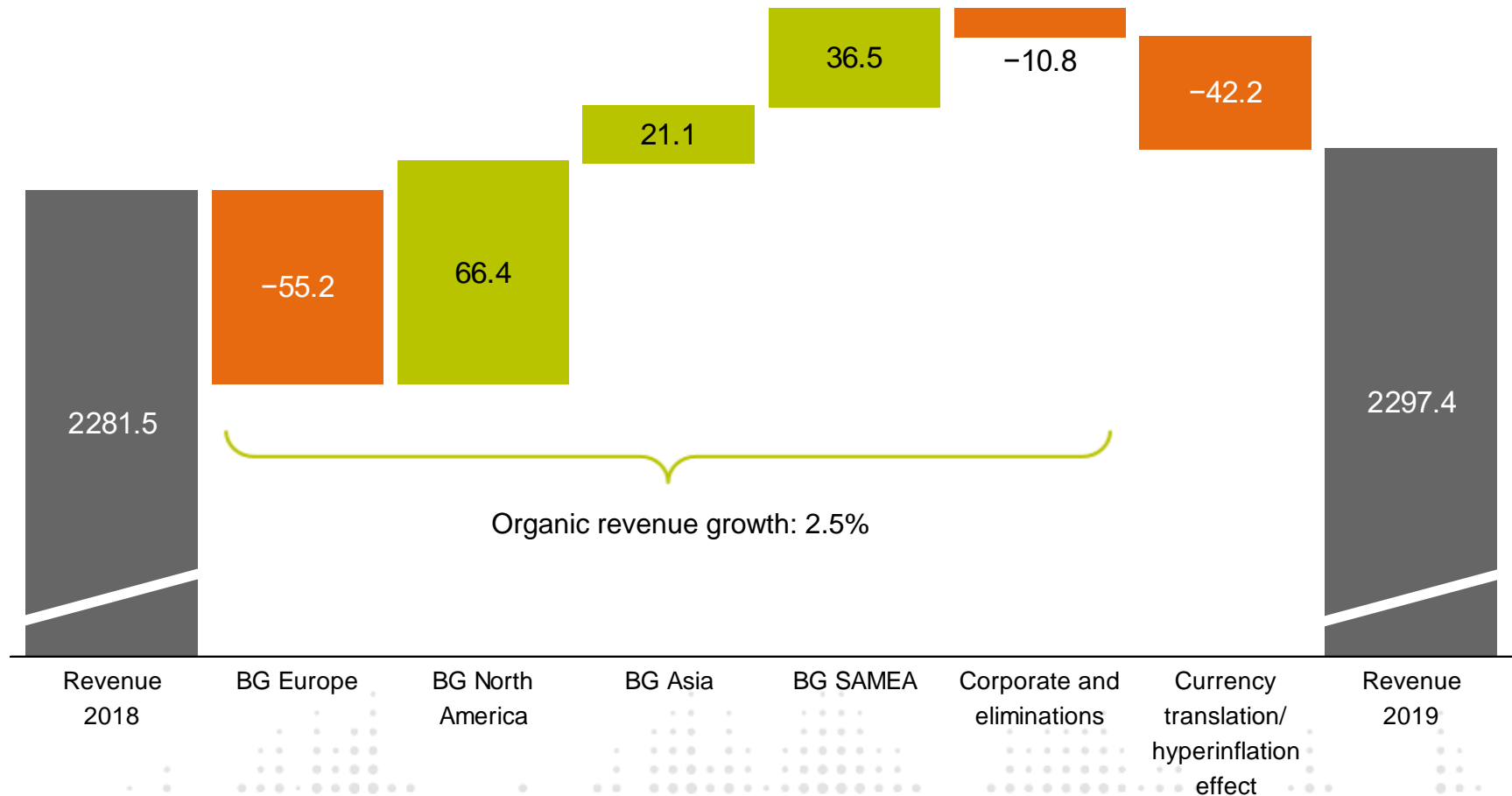
CHF million	2018	2019	Change
Revenue	2281.5	<b>2297.4</b>	15.9
EBITDA	197.2	<b>164.0</b>	-33.2
<i>in % of revenue (change in pp)</i>	8.6%	<b>7.1%</b>	-1.5
EBIT before one-time effects*	114.1	<b>35.0</b>	-79.1
<i>in % of revenue (change in pp)</i>	5.0%	<b>1.5%</b>	-3.5
EBIT	114.1	<b>-32.9</b>	-147.0
<i>in % of revenue (change in pp)</i>	5.0%	<b>-1.4%</b>	-6.4
Net result	74.7	<b>-77.7</b>	-152.4
Investments in tangible assets	162.6	<b>125.8</b>	-36.8
Free cash flow	-40.7	<b>-9.9</b>	30.8
RONA (change in pp)	7.8%	<b>-3.9%</b>	-11.8
Basic earnings per share (EPS) in CHF	11.83	<b>-20.82</b>	-32.65

\*Without one-time effects from impairment of fixed assets.

# Revenue development

## Growth in declining global market

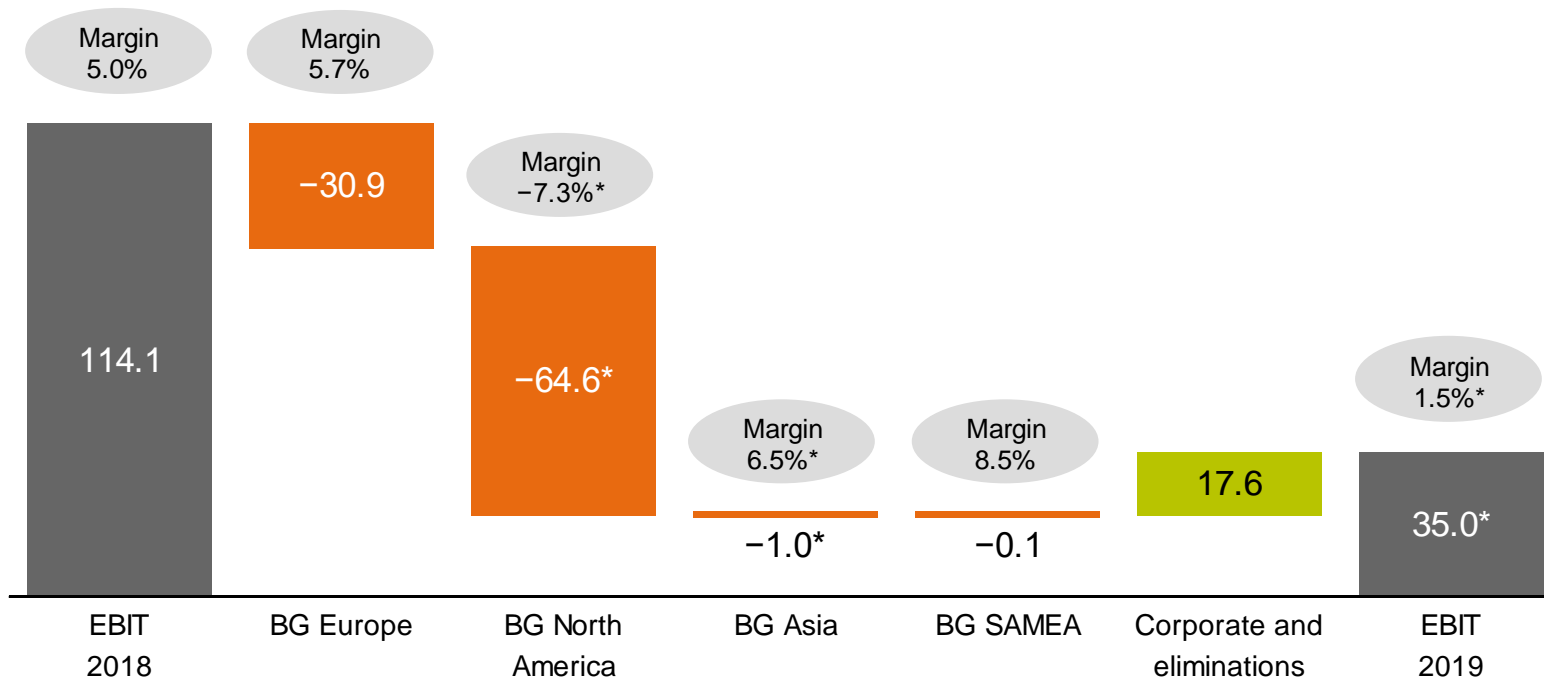
CHF million



# EBIT development\*

## Declining market and inefficiencies impacted EBIT

CHF million



\*Before one-time effects from impairment of fixed assets.

# Income statement

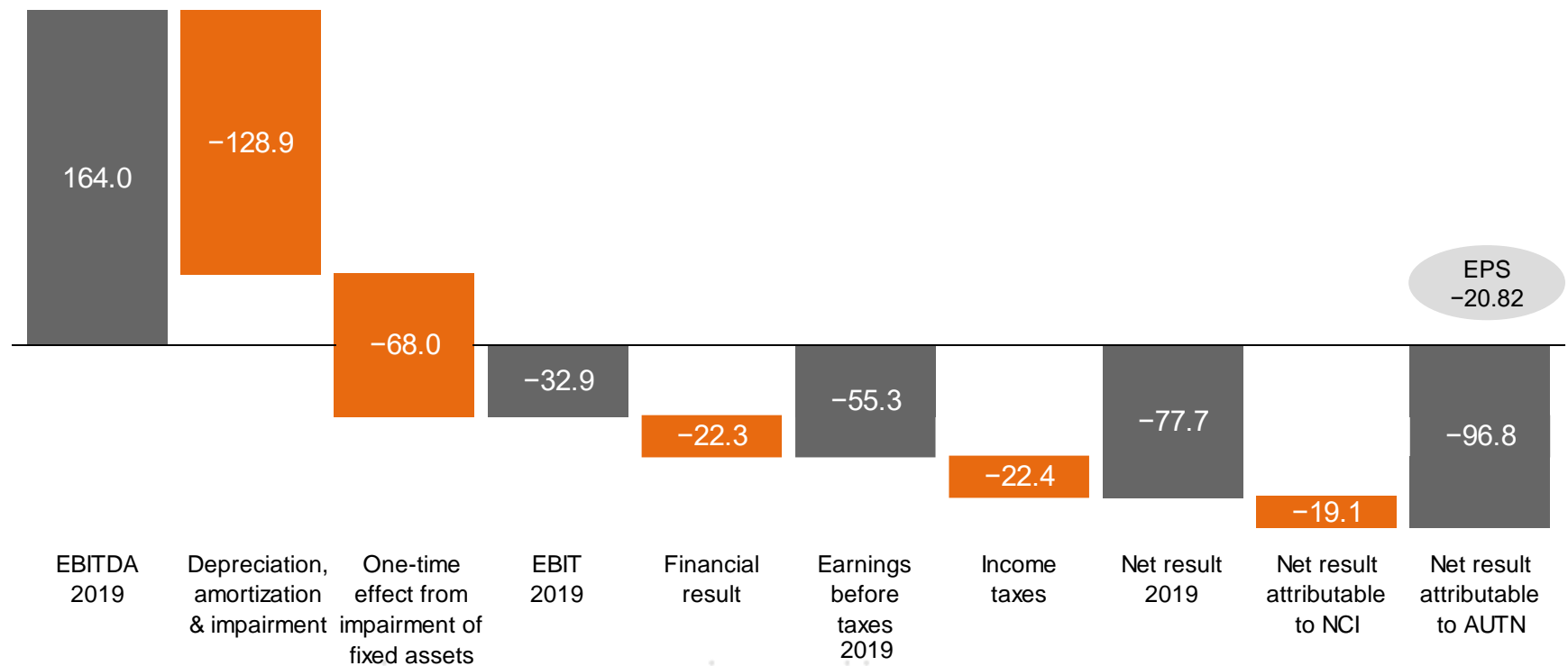
## New standard for lease accounting (IFRS 16)

CHF million	2018	2019 (excl. IFRS 16)	IFRS 16 effects	2019 (incl. IFRS 16)
Revenue	2 281.5	2 297.4		2 297.4
Material expenses	-1 101.1	-1 154.6		-1 154.6
Employee expenses	-627.3	-642.8		-642.8
Other expenses	-404.1	-401.2	38.0	-363.2
Other income	48.1	27.3		27.3
<b>EBITDA</b>	<b>197.2</b>	<b>126.0</b>	<b>38.0</b>	<b>164.0</b>
<i>in % of revenue</i>	8.6%	5.5%	1.7%	7.1%
Depreciation, amortization & impairment	-83.1	-163.6	-33.3	-196.9
<b>EBIT</b>	<b>114.1</b>	<b>-37.6</b>	<b>4.7</b>	<b>-32.9</b>
<i>in % of revenue</i>	5.0%	-1.6%	0.2%	-1.4%
Financial result	-9.6	-11.4	-10.9	-22.3
<b>Earnings before taxes</b>	<b>104.5</b>	<b>-49.0</b>	<b>-6.2</b>	<b>-55.3</b>
Income taxes	-29.8	-23.4	1.0	-22.4
<b>Net result</b>	<b>74.7</b>	<b>-72.5</b>	<b>-5.2</b>	<b>-77.7</b>

# Net result

## Walk from EBITDA to net result

CHF million



## Balance sheet

# Lower equity ratio as a result of higher net debt

CHF million	31.12.2018	31.12.2019 (excl. IFRS 16)	IFRS 16 effects	31.12.2019 (incl. IFRS 16)
<b>Total assets</b>	1601.3	<b>1 539.4</b>	299.7	<b>1 839.1</b>
Non-current assets (excl. leased assets)	878.1	<b>857.0</b>	1.0	<b>858.0</b>
Leased assets	19.4	<b>18.0</b>	298.7	<b>316.7</b>
Net working capital	99.6	<b>86.2</b>		<b>86.2</b>
Cash and cash equivalents	93.1	<b>98.7</b>		<b>98.7</b>
Borrowings (excl. lease liabilities)	355.9	<b>433.7</b>		<b>433.7</b>
Lease liabilities	21.0	<b>20.2</b>	304.4	<b>324.6</b>
Net debt	283.7	<b>355.2</b>	304.4	<b>659.6</b>
<b>Shareholders' equity</b>	627.7	<b>503.6</b>	-4.7	<b>498.9</b>
<i>in % of total assets</i>	39.2%	<b>32.7%</b>	-5.6%	<b>27.1%</b>

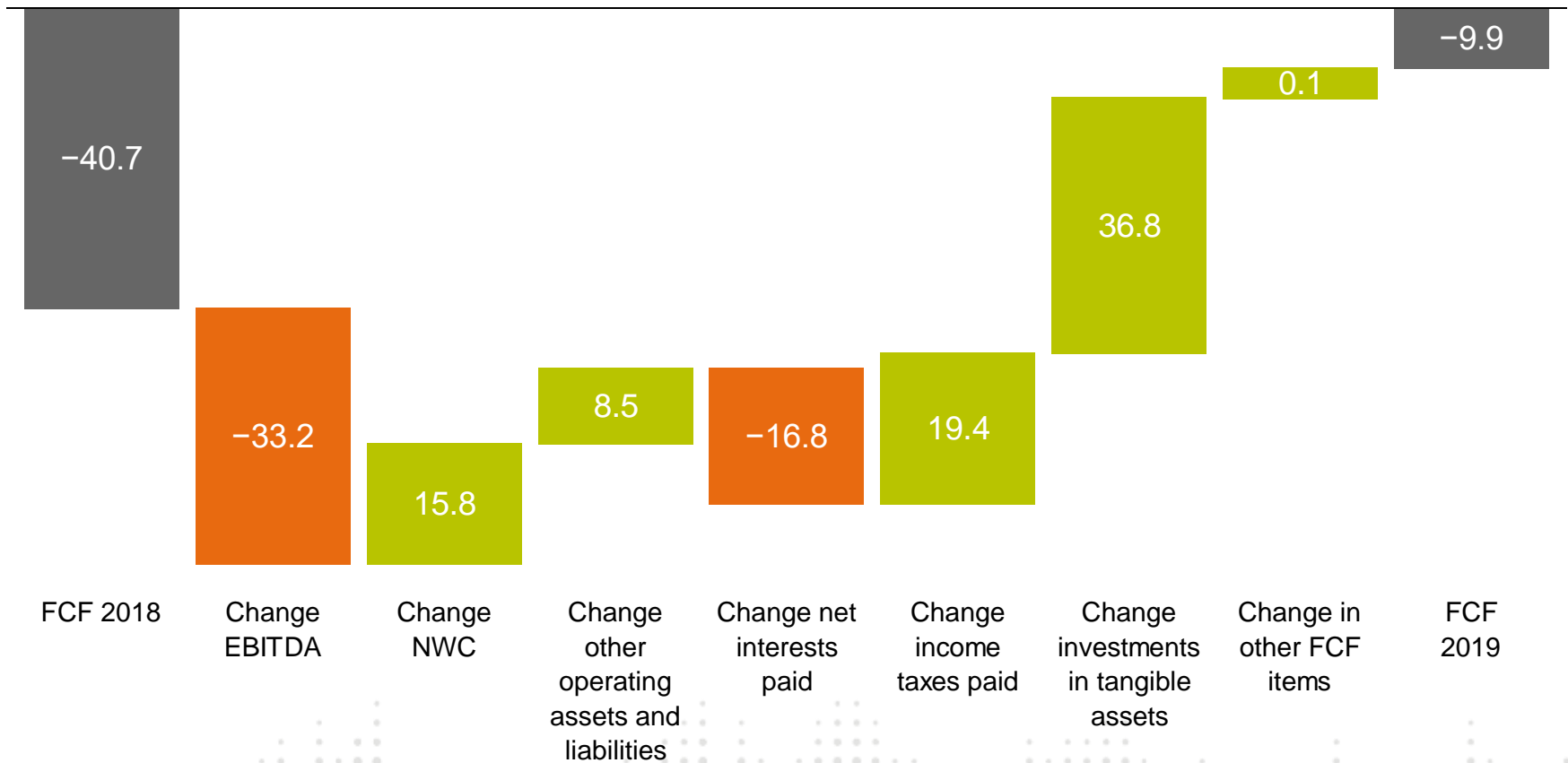
- Investments in tangible assets reduced by CHF 36.8 million compared to 2018
- Net working capital slightly below 2018 level
- Higher net debt caused by negative free cash flow and dividend payments
- Equity ratio including IFRS 16 effects lowered to 27.1% mainly due to dividend payments and the negative net result



## Free cash flow (FCF) generation

# Improved free cash flow despite lower earnings

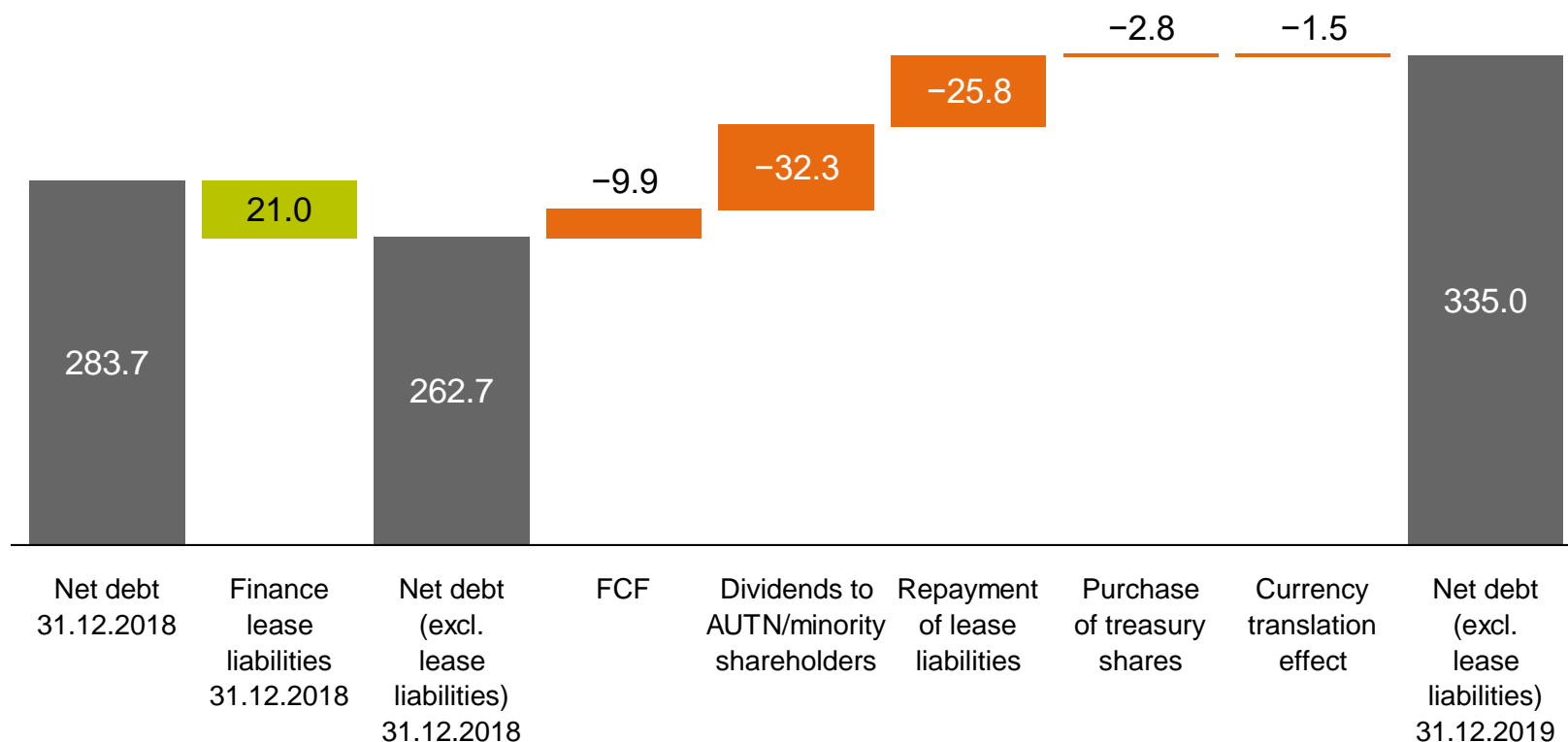
CHF million



# Net debt

## Higher net debt due to lack in FCF generation

CHF million



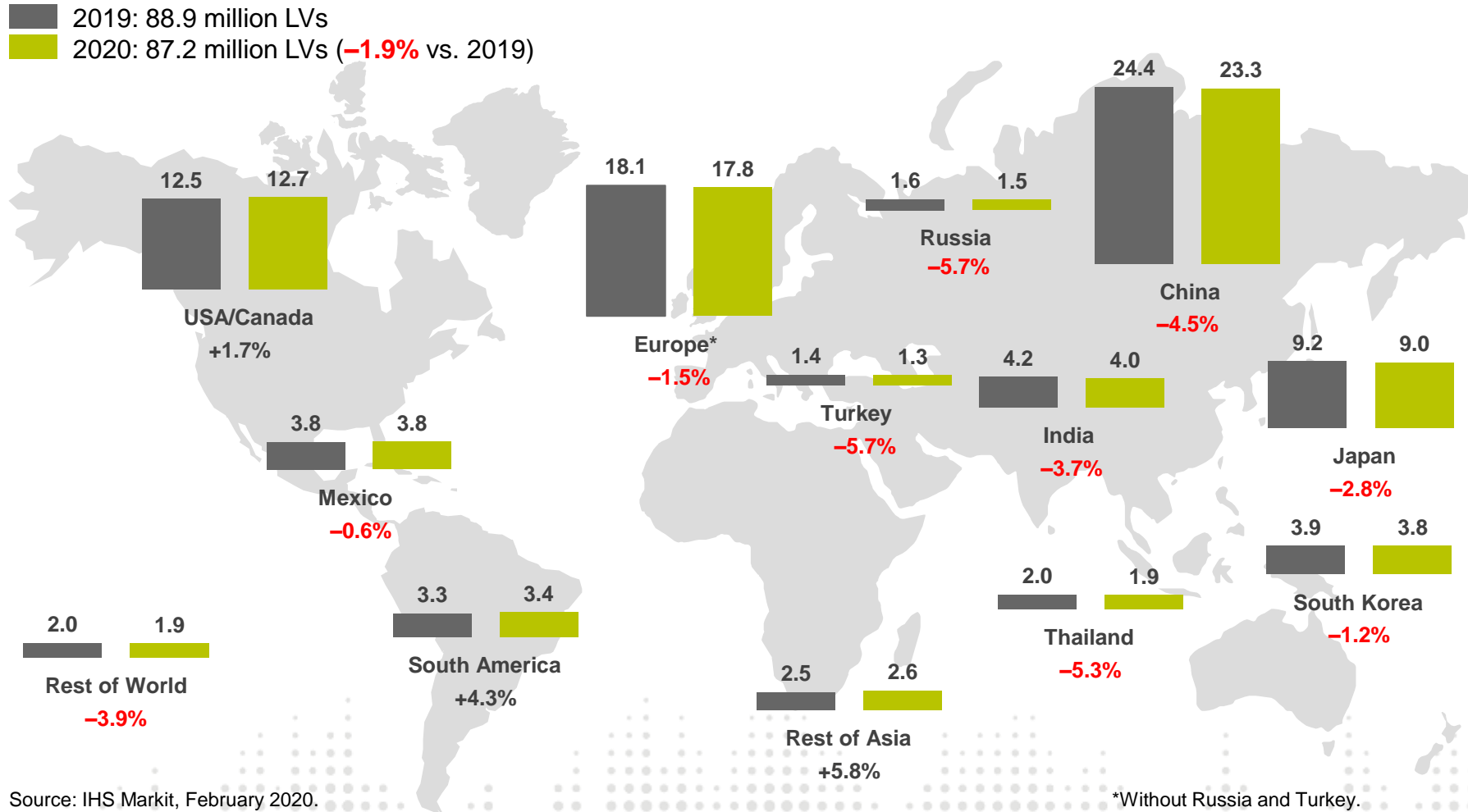
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# Light vehicle production forecast 2020

## Further decline in global automobile production



Source: IHS Markit, February 2020.

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# Outlook

## Action plan 2020

### Improve profitability

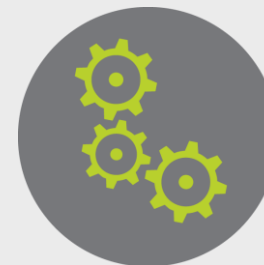
- Turnaround program BG North America
  - Implementation of improvement actions to significantly reduce losses in 2020
  - Identification of additional improvements beyond 2020
- Increase in manufacturing performance at all Business Groups
  - Reduction of scrap rates
  - Increase machine utilization
  - Increase share of recycled material
  - Reduction of production inventory
- Strict cost management in all other areas

### Generate positive free cash flow and reduce net debt

- Reduction of production and tooling inventories
- Utilization of high investments of past years

### Improve product portfolio and innovate for e-mobility

- Advancement of existing product portfolio (performance, costs & sustainability)
- Development of additional dedicated BEV components



# Action plan turnaround North America

## Turnaround program in full swing

- Comprehensive North America turnaround program initiated and implementation started at all locations
- Specific action plan for US plant in Aiken in order to improve operational and commercial performance

**Seven work packages have been implemented:**

### Plant efficiency

- Efficiency increases through optimization of material, production, operational and indirect labor expenses based on benchmark

### Sales excellence

- Pricing adjustments based on volume and program changes
- Change management

### Launch reliability

- Transfer of lessons learnt to future program launches
- Secure launch readiness and profitability of new programs

### Purchasing & supply chain

- Material cost reduction driven by commodity benchmark of other BGs
- Freight cost optimization

### Overhead & SG&A

- Optimize overhead structures and selling, general and administrative (SG&A) expenses

### Footprint

- Product-plant allocation optimization
- Transfer of carpet program from back-up location to US plant in Aiken
- Utilization of free capacity in new Mexican plant

### Aiken improvement plan

- Reduce off-standards
- Improve product design and manufacturing processes
- Optimize layout and material flows
- Commercial negotiations

# Turnaround program in North America

## Improvements of Aiken plant in USA

**Dedicated support from internal expert team working on Aiken plant recovery since Q4/2019**

First achievements:

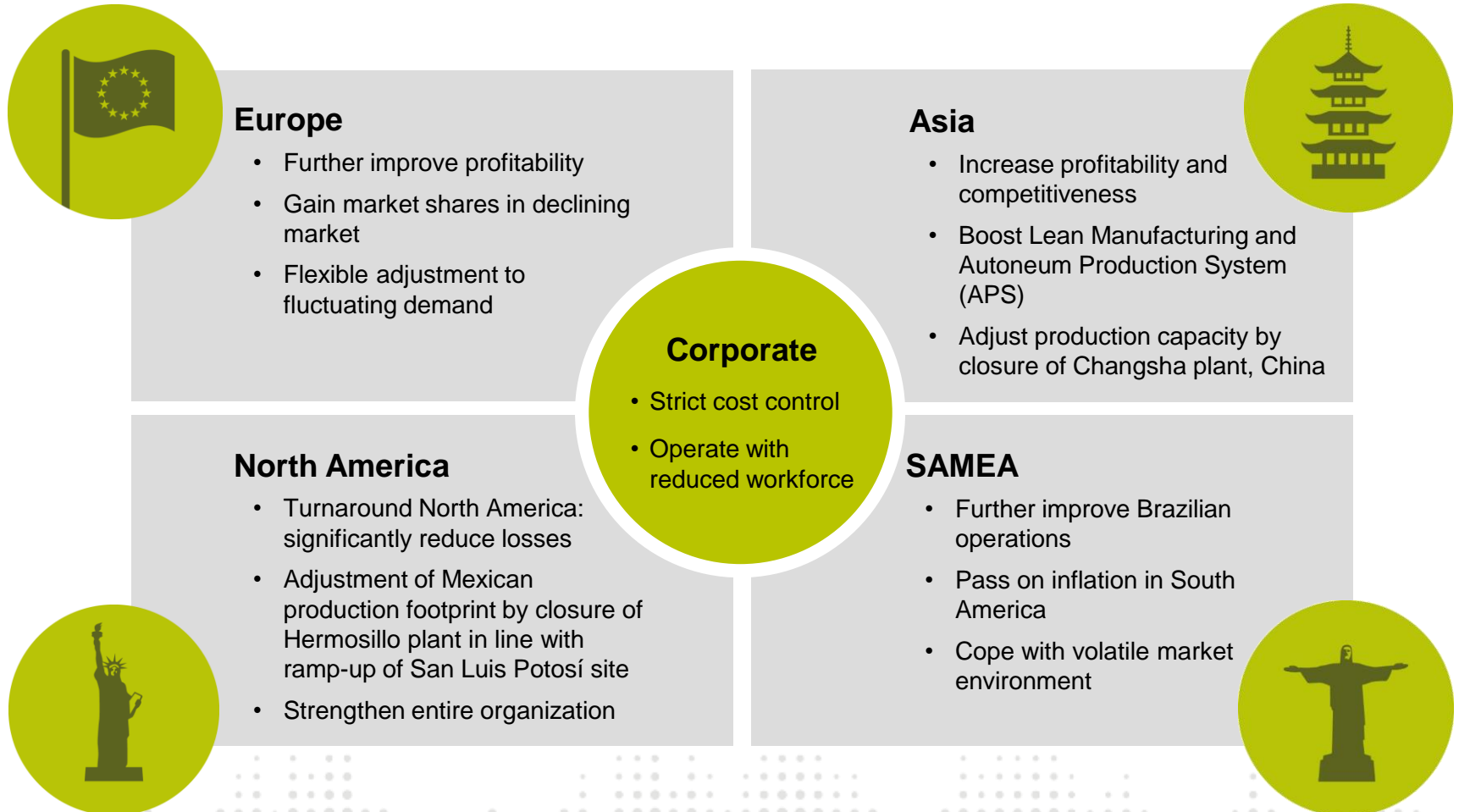
- Production inventory reduced from CHF 9.5 million to CHF 6 million
- Scrap rates improved from >12% to <4%
- Direct labor reduced from 480 to 330 employees
- Other manufacturing expenses reduced by CHF ~ 0.3 million per month
- Carpet blank sizes were decreased by 10%
- Various product optimizations are being tested with customers and have been implemented partly
- First successful negotiations on requested product changes with one of two major customers, negotiations ongoing





# Action plan 2020 per region

## Focus on turnaround in North America



# Guidance 2020



## Revenue

Revenue growth is expected to be at market level.



## Market

Global automobile production is forecasted to decrease.\*



## Profitability & cash

- Based on the uncompromising focus on the turnaround and the implementation of corresponding measures in North America, Autoneum aims at significant increases in profitability and a slightly positive net result.
- Free cash flow should be in the mid double-digit million range, having a positive effect on net debt.
- Based on further operational and financial improvements in 2021 ("Year of Transition"), Autoneum expects a return to a sound profitability level in 2022.

\*IHS Markit 2020.

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## New mobility

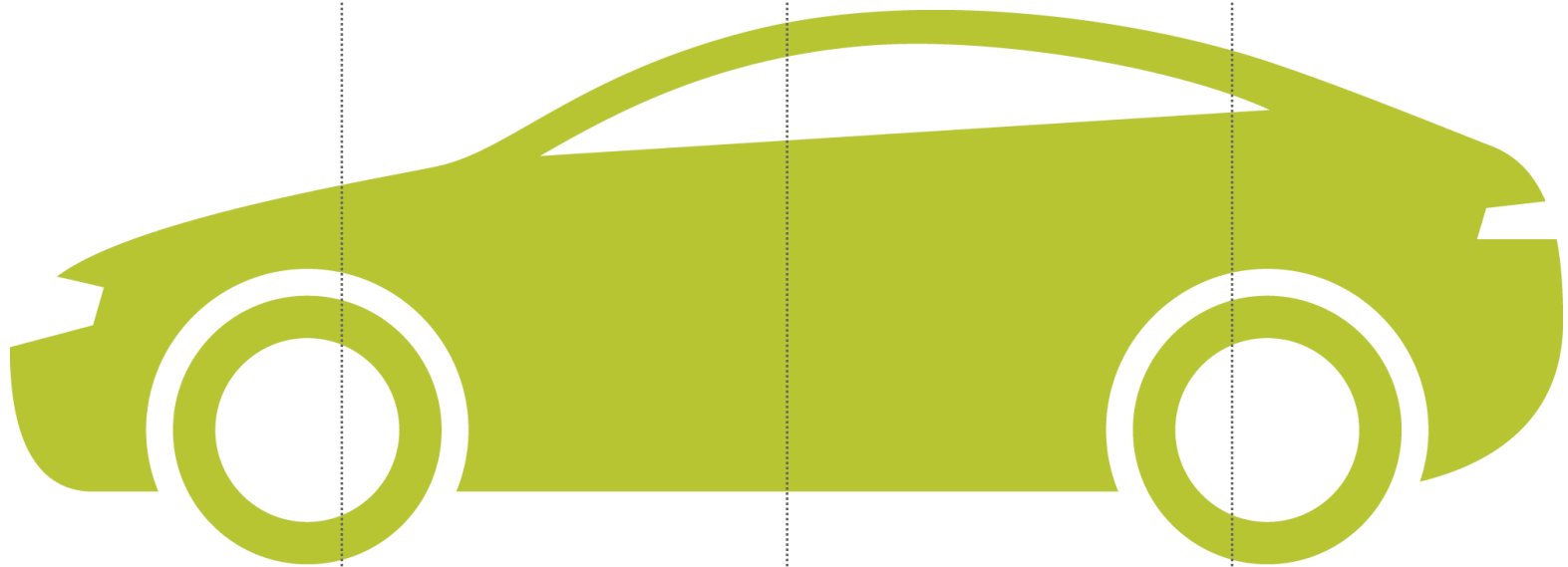
# Trends impacting beyond 2020

E-mobility

Connectivity

Autonomous driving

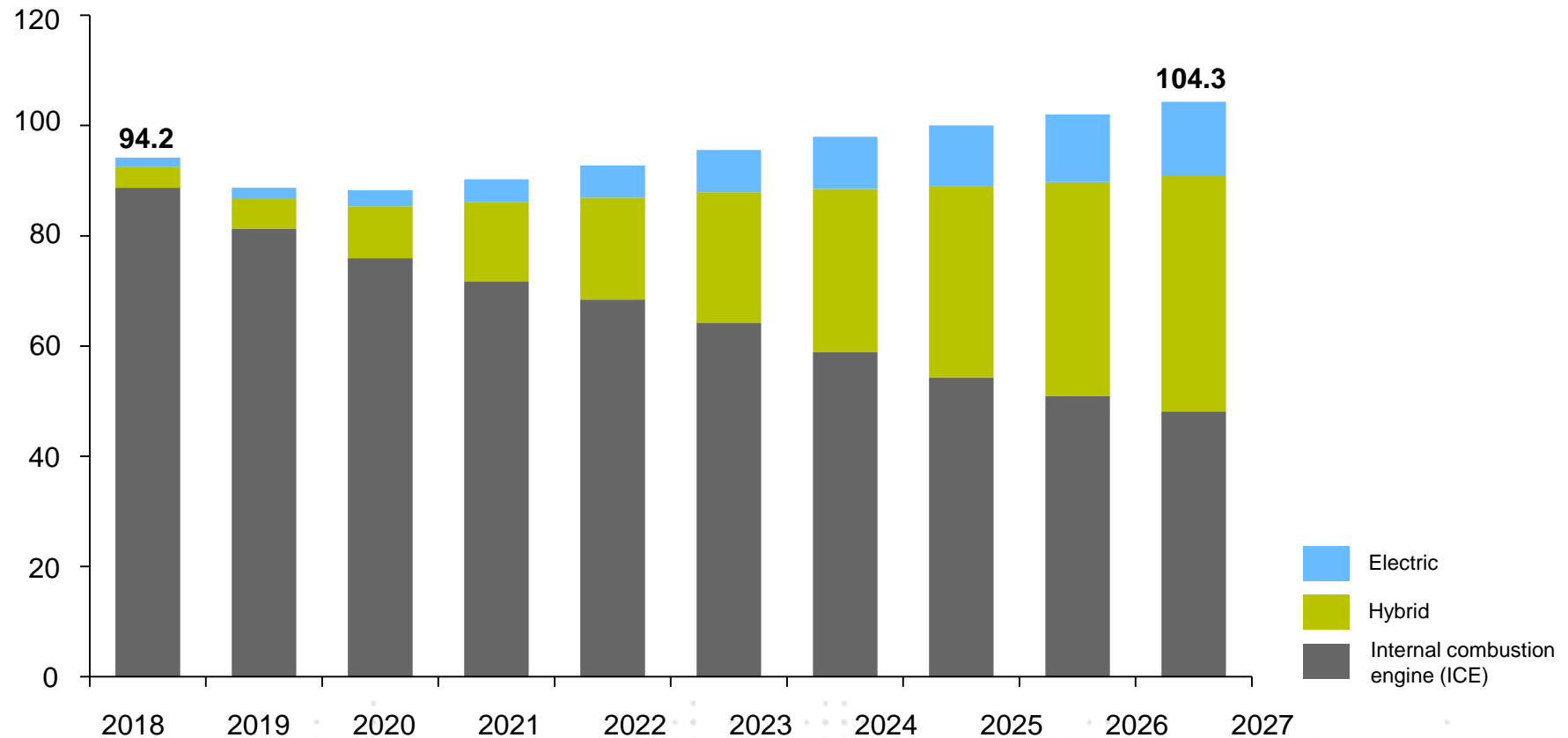
Shared mobility



## Drivetrain electrification

# Hybrid to be the predominant drivetrain

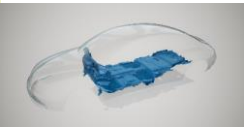



In million units



Source: IHS Powertrain Forecast, January 2020

# 2019 revenue split by product line

## Autoneum Group

	Interior floor	Underbody	Engine bay	Body treatment	Other
	 <ul style="list-style-type: none"> <li>• Non-woven carpets</li> <li>• Tufted carpets</li> <li>• Inner dashes</li> <li>• Floor insulators</li> <li>• Floor mats</li> <li>• Spacers/crash pads</li> </ul>	 <ul style="list-style-type: none"> <li>• Underbody shields</li> <li>• Floor pans</li> <li>• Heatshields</li> <li>• Wheelhouse outer liners</li> </ul>	 <ul style="list-style-type: none"> <li>• Engine and body mounted parts</li> <li>• Engine top cover</li> <li>• Hoodliners</li> <li>• Outer dashes</li> <li>• Water box shields</li> </ul>	 <ul style="list-style-type: none"> <li>• Dampers/stiffeners</li> <li>• Other acoustic parts</li> </ul>	<ul style="list-style-type: none"> <li>• Trunk parts</li> <li>• Interior trim parts</li> <li>• Truck parts</li> </ul>
BG Europe	18%	10%	5%	1%	3%
BG North America	33%	6%	4%	—	3%
BG Asia	6%	2%	1%	1%	1%
BG SAMEA	3%	2%	1%	—	—
	59%	21%	10%	2%	8%

# Drivetrain electrification

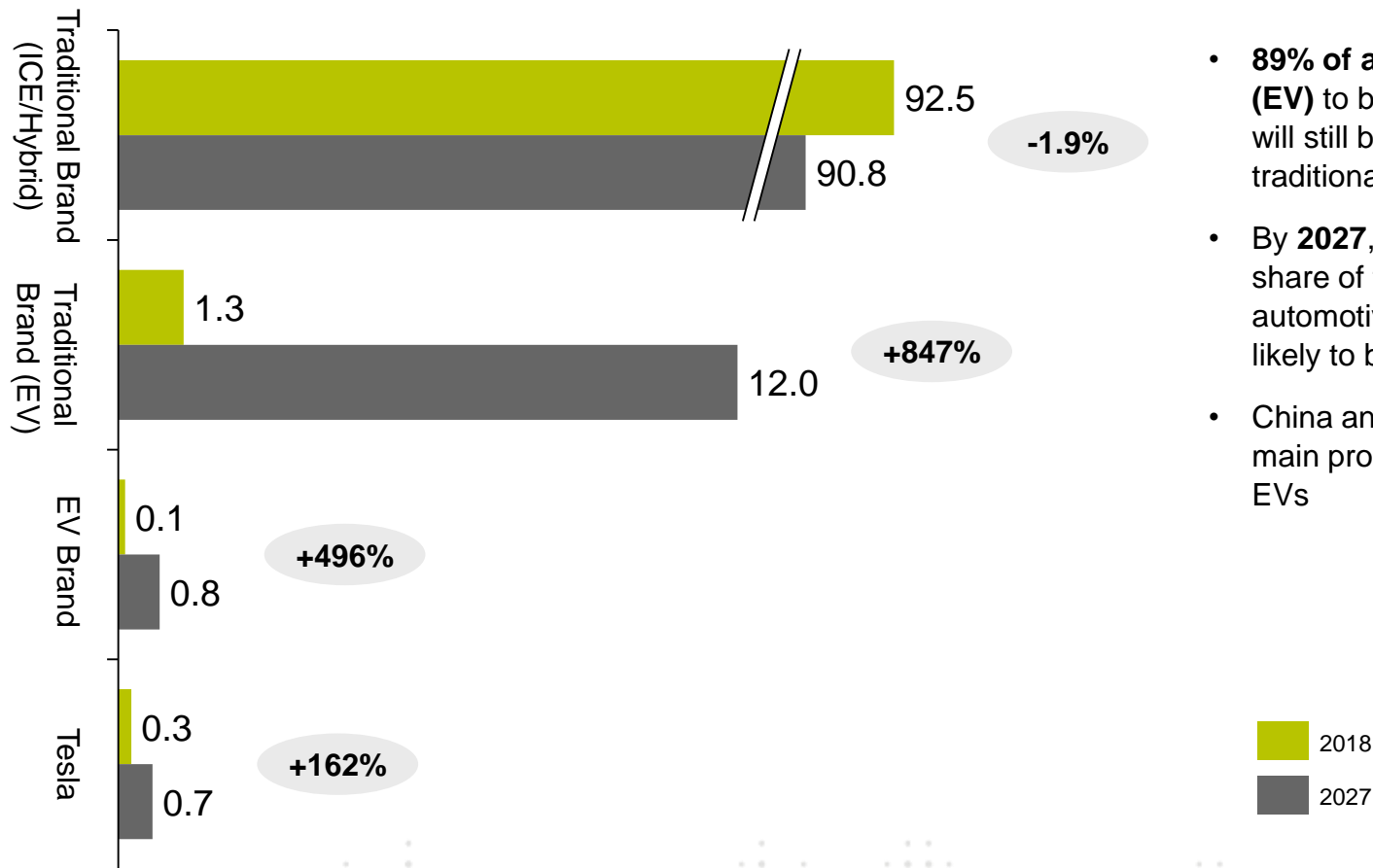
## Impact on current product portfolio

Products		ICEs	Hybrids	BEVs
Carpets		✓	✓	✓
Floor insulators		✓	✓	✓
Inner dashes		✓	✓	✓
Underbody systems		✓	✓	✓
Wheelhouse outer liners		✓	✓	➔
Heatshields		✓	➔	✗
Engine bay (in general)		✓	✓	✓



## Drivetrain electrification

# Traditional automotive brands keep the lead



- **89% of all electric vehicles (EV)** to be produced by **2027** will still be owned by a traditional automotive brand
- By **2027**, the production share of traditional automotive brands is still likely to be **>98%**
- China and the EU are the main production regions for EVs

Source: IHS Powertrain Forecast, January 2020

# Research and development

## Facts and figures

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**Global network**  
with R&D headquarters in  
Winterthur, Switzerland



**15 customer projects** for  
vehicle pre-development



**Around 90%** of all  
innovations brought to  
the market



Supply of **eleven new**  
**electric cars in China**



**Scientific leadership** of the  
Automotive Acoustics Conference



**Over 300 employees**  
worldwide

# Hybrid-Acoustics PET

## Quietness and sustainability also for ICEs and BEVs



### Market needs:

- Powertrain acoustic treatment with high insulation
- Recycled content > 25%, glass free, recyclable
- Temperature resistance
- Cost effective

### Hybrid-Acoustics PET powertrain encapsulation

- 100% PET felt, up to 50% recycled content, glass free, zero waste process, own production, recyclable
- Multi-layer felt layout: optimized acoustic performance based on Hybrid-Acoustics concept
- Globally available: Europe, USA, Asia
- IP protected

# Ultra-Silent battery undercover

## More range and quietness for BEVs



### Market needs:

- Thermal insulation of the battery casing
- Tire noise reduction for interior and environmental noise reduction
- Protection against gravel impact
- Recycled content and recyclability
- High durability
- Low weight

### Ultra-Silent battery undercover:

- 100% PET textile product
- Recycled content up to 70%
- Recyclable at end of life
- Combining good acoustic absorption and good thermal insulation
- Very high durability
- Globally available: Europe, USA, Asia
- Cost effective and lightweight

# Acoustic wheelhouse outer liners

## Quietness for passengers and the environment



### Market needs:

- Reduce interior road noise, in particular for BEVs
- Reduce tire noise to the environment
- Protect the body in white
- Improve aerodynamics
- Reduce weight

### Autoneum solutions:

- Textile material, also 100% PET version
- Recycled content and recyclable
- Lightweight and good acoustic absorption
- Option: Patented External Resistant Absorber (ERA) optimized acoustic patch
- Option: Alpha-Liner, innovative coating for improved acoustics and anti-icing



## Hybrid-Acoustics ECO+

# Quietness and sustainability for ICEs and BEVs



### Market needs:

- Interior acoustic treatment delivering acoustic insulation and absorption at the same time
- High recycled content
- Lightweight
- Cost effective

### Hybrid-Acoustics ECO+ inner dashes

- Post-industrial cotton felt, up to 70% recycled content, zero waste process, own production, recyclable
- Multi-layer felt layout: optimized acoustic performance based on Hybrid-Acoustics dynamic stiffness concept
- One shot process and globally available materials
- IP protected

## Prime-Light

# Quietness, sustainability and low odor



### Market needs:

- Lightweight and sustainable alternative to heavy layer and polyurethane foam
- High design freedom (low and high thickness)
- Lower odor and emissions
- Cost effective

### Prime-Light floor insulators

- Post-industrial cotton felt, up to 80% recycled content, zero waste process, own production, recyclable
- 100% fiber-based solutions have lower odor and emissions than heavy layer and foam
- One shot process and globally available material
- IP protected

# Contact persons

## Investors and financial analysts

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[www.autoneum.com](http://www.autoneum.com)

## Important dates

Annual General Meeting 2020  
Semi-Annual Report 2020

March 25, 2020  
July 28, 2020

## SIX Swiss Exchange stock listing:

Ticker symbol	AUTN
Securities number	12748036
ISIN	CH0127480363



# Disclaimer

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All statements in this report which do not reflect historical facts are statements related to the future which offer no guarantee with regard to future performance; they are subject to risks and uncertainties including, but not limited to, future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors outside the Company's control. The vehicle production figures for 2019 and forward looking are based on the latest estimates of IHS Markit.

# Notes

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# autoneum

Mastering sound and heat.