



Inventing success together

SFS Investor Day 2020
Heerbrugg, 9 September 2020

20

Agenda

1. SFS DNA and business update (9:00 am)

Jens Breu

2. Financial update

Jens Breu/Rolf Frei

Financial update

Q&A

3. Divisional focus (9:45 am)

Automotive division

Electronics division

Construction division

Medical division

Q&A

Alfred Schneider

George Poh

Arthur Blank

Jens Breu

4. Plant tour/buffet lunch (11:15 am)

SFS DNA

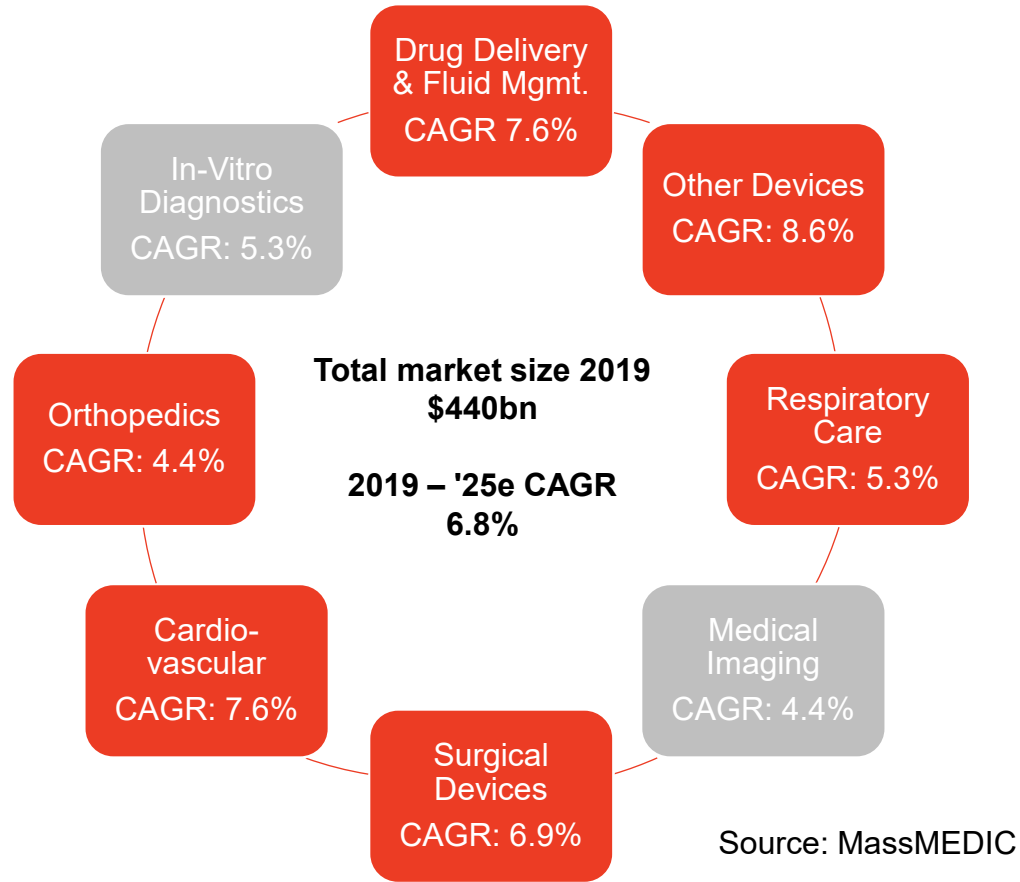
Mission critical products for selected niche applications

We are by your side – 24/7



Mission critical products for selected niche applications

We are by your side – 24/7



Medtech market snapshot on SFS position

- Well positioned within 6 of 8 global medtech markets
- Broad customer base whereas 10 of the top 15 global Medtech OEM's are buying customers
- Positioned as development and manufacturing partner for new devices, implants or complex components

Mission critical products for selected niche applications

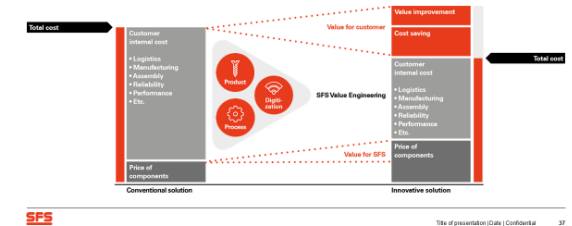
We are by your side – 24/7

Key drivers of outsourcing decisions

- Scalability**
 - Access to scalable capacity to ensure reliable production in support of the market's demand
- Cost savings**
 - Cost containment via automation and pursuit of economies of scale
- Vertical integration**
 - Vendor optimization by consolidating multiple phases of the product life cycle with “one-stop-shop” suppliers
- Quality**
 - Consistent compliance to required quality standards
- Technology know-how**
 - Enhancement of non-core technical competences



SFS value proposition Inventing success together



SFS

Title of presentation (Date) | Confidential | 31

Our core technologies Excellence in technology enables compelling solutions



Global sales & manufacturing platform Customer proximity supported by local presence



Relevance of Additive Manufacturing (AM)

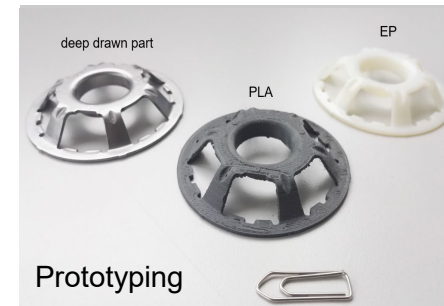
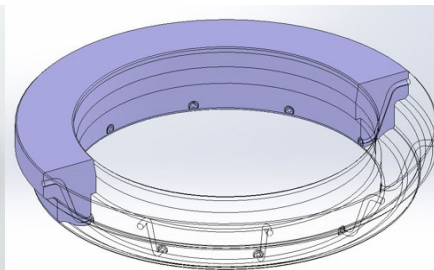
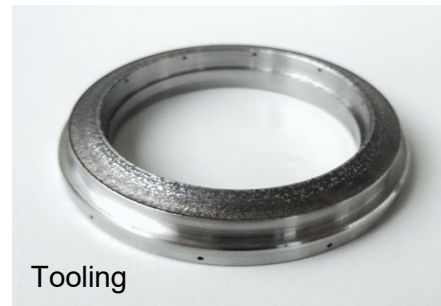
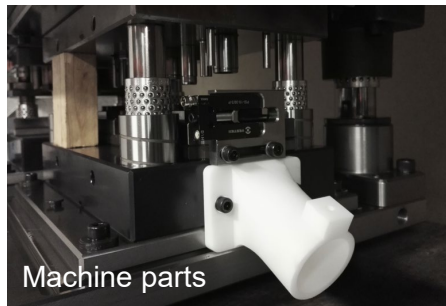
Potential in product development and operations

Potential

- Rapid prototyping
- No tooling costs
- Realization of difficult geometries
- Continued market penetration leading to technology enhancements and sinking prices

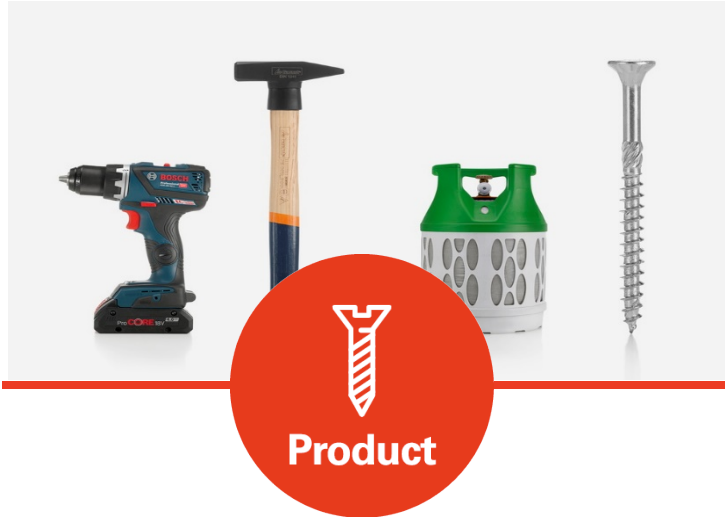
Current limitations

- Limited material availability
- Output rate in serial production
- Material characteristics (surface, density, porosity)
- Post processing requirements



SFS Value Engineering – Reference Case D&L

Creating sustainable benefit



Large D&L product offering in tools and fasteners (>150,000 items) allows customer to source more than 5,000 articles from SFS, leading to reduce supplier base



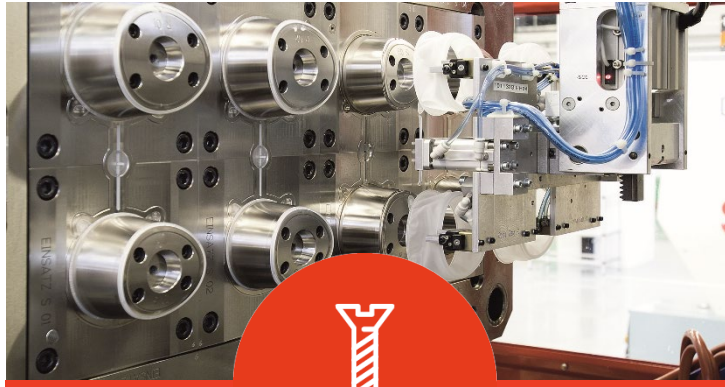
Efficient supply processes and global footprint offer stable supply chain for customer's Swiss and international facilities



SFS logistic systems (eLogistics, eShop, toolLog) created for tailor made order processes, resulting in increased efficiency, reduced inventory and lower risk of shortages

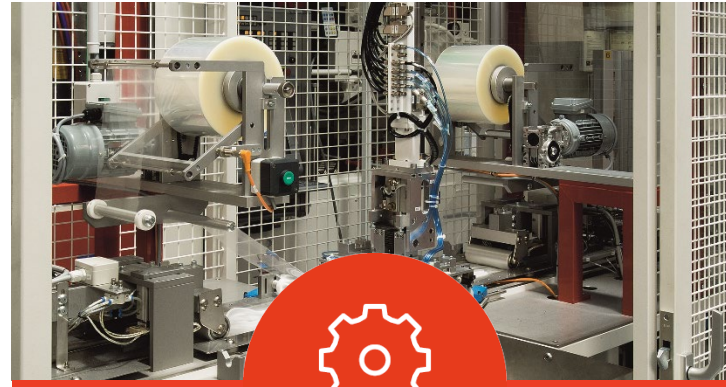
SFS Value Engineering – Reference Case Dental

Creating sustainable benefit



Product

In depth plastics injection molding know-how allowed to fulfill customer's material requirements for the dental industry. High market acceptance resulting 110m parts in 2019



Process

Labelling, packaging and storage directly at SFS' site and shipments to customer's distribution hub allow for significantly reduced handling



Digitization

Leverage Industry 4.0 opportunities of digitization to constantly improve processes

Business update

Key takeaways updated

Priorities of 1H 2020 driven by COVID-19 pandemic

- Priorities of 1H 2020 driven by COVID-19 pandemic
 - Turning attention to employee safety
 - Balancing manufacturing capacity
 - Cost management while maintaining innovation activities
- 1H 2020 with an organic decline of –10.4%
 - 1st quarter: solid organic growth of 0.9% y-o-y
 - 2nd quarter significantly impacted by the pandemic: organic growth of –21.0%
 - Despite decline in revenue healthy EBIT margin of 9.2% and EBITDA margin of 15.5%
- 2H 2020 – Expectations
 - Organic growth in Medical and Electronics to continue compared to 1H
 - Expect solid further recovery step, especially in Automotive and Construction markets
 - Industrial customers in Switzerland and Germany to have slightly slower recovery
 - Aircraft business to remain challenging, further visibility on new “normal” not yet given

Headlines Engineered Components segment updated

Automotive stimulated | Industrial remains weak

- COVID-19 with significant impact on demand:
 - 1H 2020 organic sales –13.5% y-o-y
 - Electronics and Medical with organic growth
- Acquisition of T&M adds deep drawing to the North American manufacturing capabilities
- Temporary measures taken to offset impact on profitability from decline in end market sales, resulting in EBIT of CHF 35.1m (9.1%)
- In order to realize the acquired growth projects at Industrial and Medical divisions, significant investments in site expansions are made in Switzerland and the USA

Key figures Engineered Components

in CHF million (unaudited)	2020 Jul/Aug	2020 1H	2019 1H
Third party sales		380.1	454.2
Sales growth comparable	–9.1%	–13.5%	
EBITDA		69.1	96.4
As a % of net sales		17.9	21.0
Operating profit (EBIT) adjusted		35.1	73.9
As a % of net sales		9.1	16.1
Average Capital Employed		710.3	680.6
Investments		48.6	44.3
Full-time equivalents (FTE)		6,978	7,310
ROCE in %		9.9	21.7

Headlines Fastening Systems segment updated

Continued investments in expanding market reach

- Less pronounced impact of COVID-19 on construction market and scope effects limiting decline of segment sales to –10.0% y-o-y
- Investments into expansion of market reach with acquisition of MBE
- Development at Riveting division significantly impacted by low demand from automotive and industrial customers
- Impact of weaker demand on operating results offset by temporary capacity reductions and tight cost management
 - 1H EBIT margin at 9.5% (CHF 22.7 m)

Key figures Fastening Systems

in CHF million (unaudited)	2020 Jul/Aug	2020 1H	2019 1H
Third party sales		234.0	248.3
Sales growth comparable	–2.7%	–10.0%	
EBITDA		32.2	34.1
As a % of net sales		13.5	13.4
Operating profit (EBIT)		22.7	24.0
As a % of net sales		9.5	9.4
Average Capital Employed		288.5	294.8
Investments		4.3	9.1
Full-time equivalents (FTE)		2,386	2,459
ROCE in %		15.7	16.3

Headlines Distribution & Logistics segment updated

Positive results despite difficult environment

- Organic sales of CHF 159.6 m representing a decline of –2.6% y-o-y
- Multi-channel approach particularly beneficial during COVID-19 induced lockdown with e-commerce site being an effective alternative
- EBIT margin at 8.9% supported by cost measures
- Iso Raunjak who joined SFS in 1992 appointed new head of the segment, taking over from Josef Zünd who retired

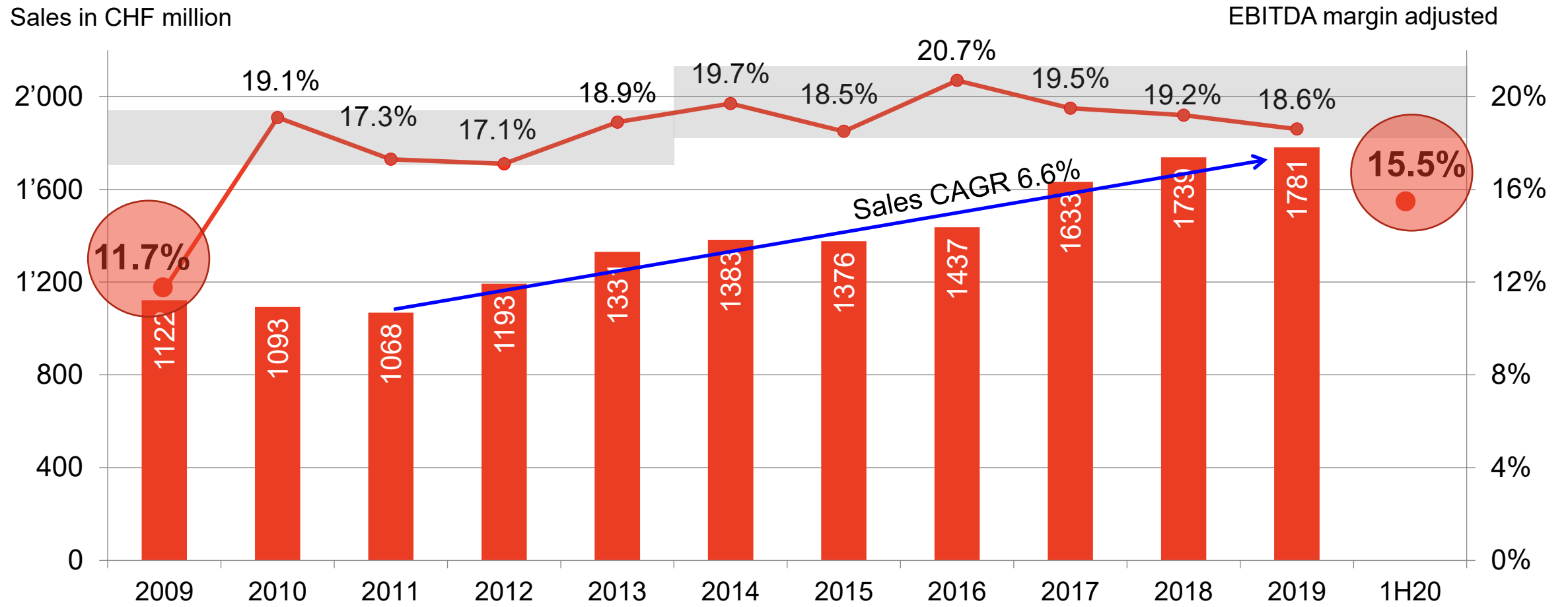
Key figures Distribution & Logistics

in CHF million (unaudited)	2020 Jul/Aug	2020 1H	2019 1H
Third party sales		159.6	165.3
Sales growth comparable	–2.4%	–2.6	
EBITDA		17.2	21.2
As a % of net sales		10.6	12.6
Operating profit (EBIT) adjusted		14.5	13.3
As a % of net sales		8.9	7.9
Average Capital Employed		129.0	138.5
Investments		1.9	1.6
Full-time equivalents (FTE)		595.0	618.0
ROCE in %		22.4	19.2

Financial update

Historical background

1H20 EBITDA stronger than during crisis in 2009



KPI summary 1H 2020

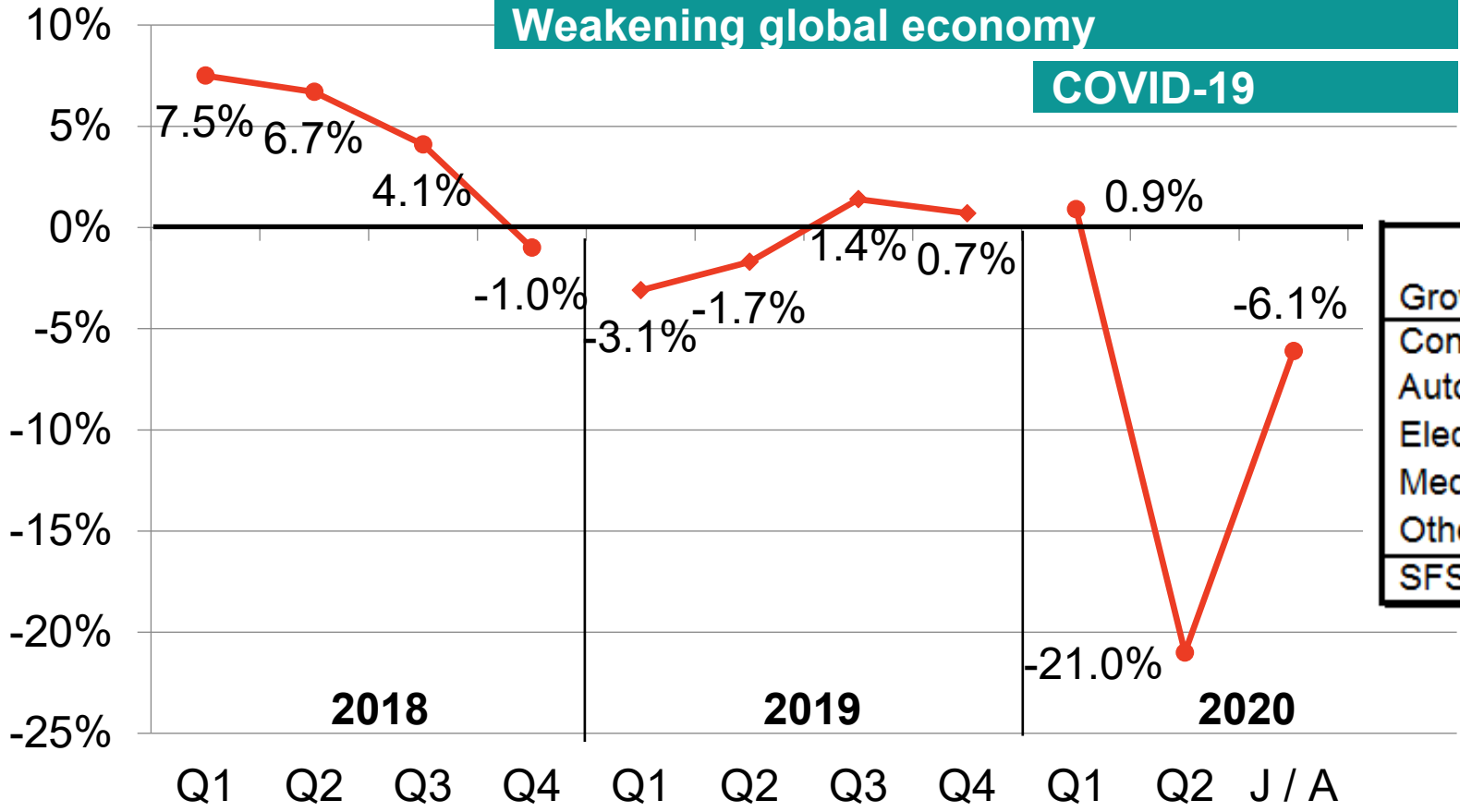
Solid performance in challenging times

In CHF million		1H 2020	%	1H 2019	%	yoy
Sales		773.7		867.8		-10.8%
EBITDA	margin	120.3	15.5%	152.6	17.6%	-21.2%
EBIT adjusted	margin	71.0	9.2%	109.2	12.6%	-34.9%
Net income	margin	53.9	7.0%	88.6	10.2%	-39.1%
Equity	ratio	1,169.0	72.7%	1,139.2	75.5%	2.6%
Net cash		-11.4		-51.9		
Capex	% net sales	56.6	7.3%	56.4	6.5%	0.4%
Free cash flow	conversion rate	46.0	38.2%	48.7	31.9%	-5.5%
ROCE		12.6%		19.5%		

Organic sales development end markets

July & August better than expected

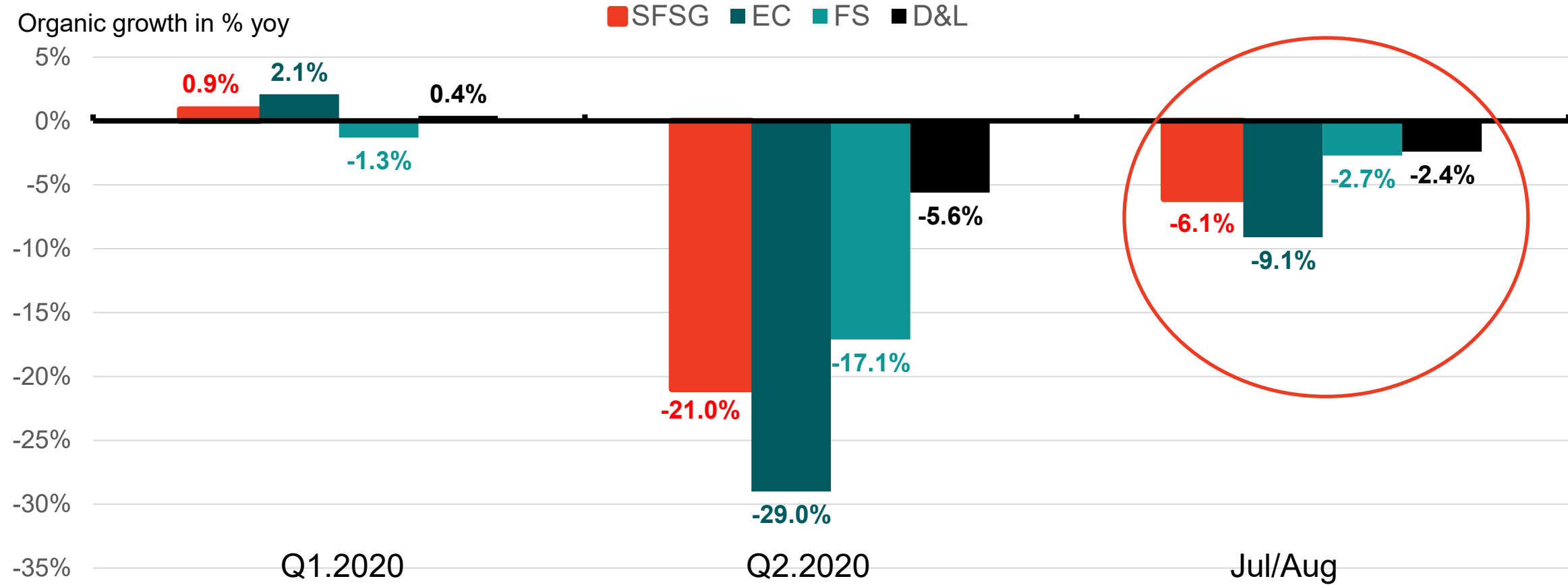
Organic growth in % yoy



Growth yoy	Q1.2020	Q2.2020	Jul/Aug
Construction	0.0%	-11.6%	-1.1%
Automotive	-4.1%	-57.6%	-9.9%
Electronics	13.8%	0.8%	-1.8%
Medical	11.8%	0.1%	-5.8%
Others	-4.6%	-15.7%	-14.9%
SFS Group	0.9%	-21.0%	-6.1%

Organic sales development segments

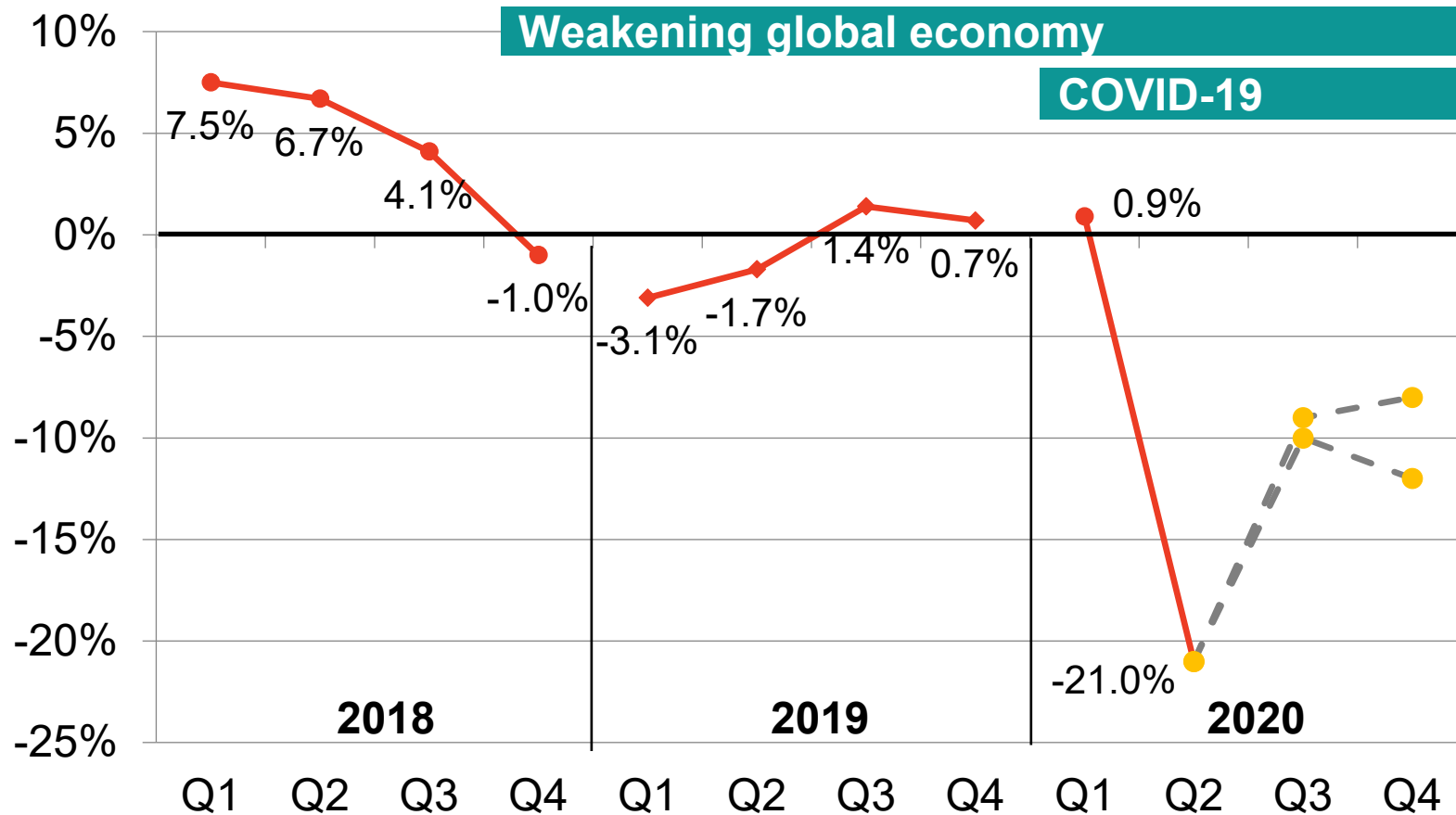
Strong impact in Q2 | Improvement in July & August



Organic sales development

Q4 with limited visibility | We stay cautious

Organic growth in % yoy



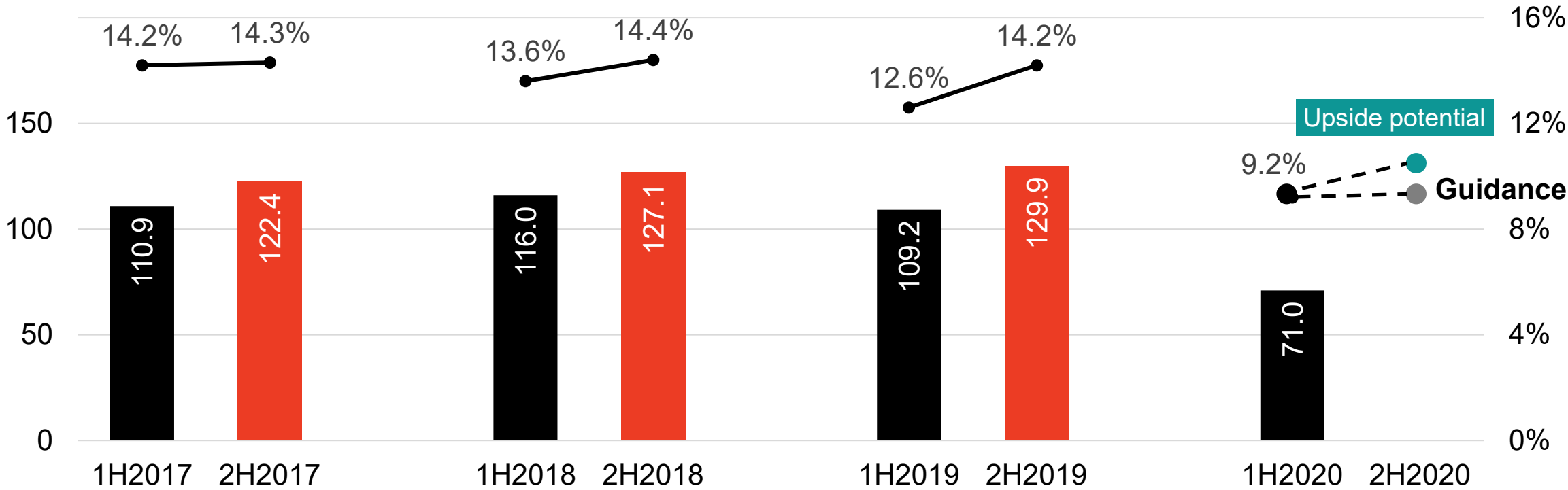
- Q4 uncertain due to low visibility
- “shortened” V-curve
- upside potential possible

Operating profitability

Q4 with limited visibility | We stay cautious

EBIT adjusted in CHF million

EBIT adjusted margin in %



Guidance 2H2020

Q4 with limited visibility | We stay cautious

	2020 G (March*)	1H2020 A	2H2020 G (July**)
Gross sales CHF million		773.7	> 773.7
Gross sales growth	0–2%	–10.8%	
Organic	–1.5%–0.5%	–10.4%	
Scope	1.5%	3.4%	
FX	n/a	–3.8%	
EBIT adjusted	12–14%	9.2%	~ 9.2%

* In March we were not in a position to assess the impact of COVID-19

** SFS assumes no second wave of COVID-19 in 2H2020

A = Actual G = Guidance

Mid-Term guidance

Maintained potential to outgrow global GDP

	Mid-term guidance (dated 2014, IPO)	Mid-term guidance (dated 2020)
Gross sales (in local currency, incl. bolt-on M&A)	5–7%	3–6%
EBIT margin adjusted	15–17%	13–16%

Remarks for update:

- Global GDP growth decelerated
- Mix effects (share FS increased)
- Widening the range due to increased volatility

Q&A

Divisional focus

Automotive division

Alfred Schneider, Head of Automotive division

Positioning and market trends

Positioned to serve above average growing segments

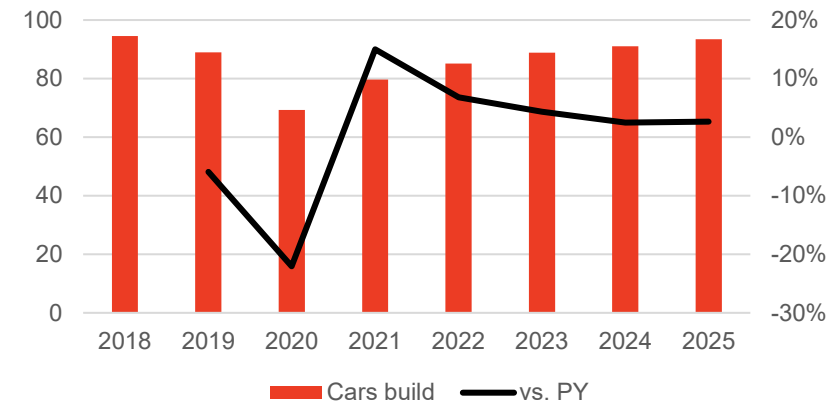
Position within automotive market

- Supplying the automotive industry and its supply chain with precision components
- Focus on areas of
 - Active and passive safety
 - Autonomous driving
 - Engine efficiency and electrification
- Activities focused on EU, NA, CN and IN
- Major key accounts served world-wide

Key trends in industry



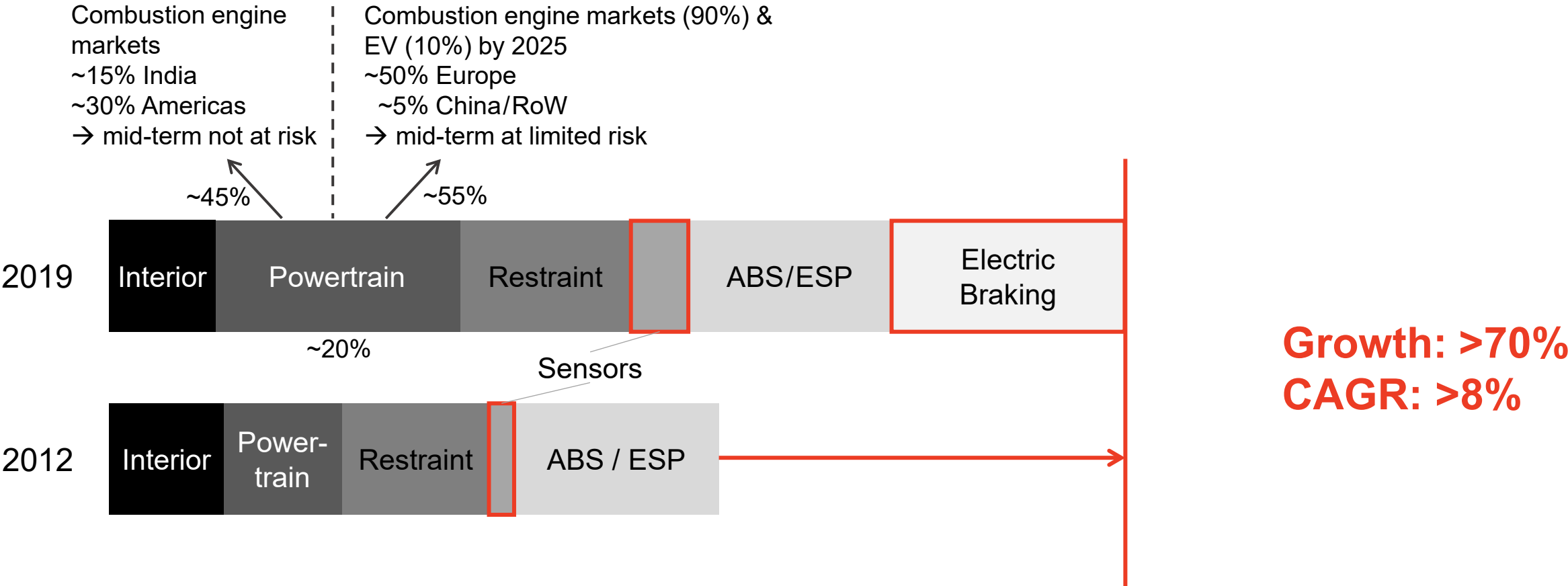
Global light vehicle production forecast (2018-'25)



Source: IHS, July 2020

Growth drivers Automotive division

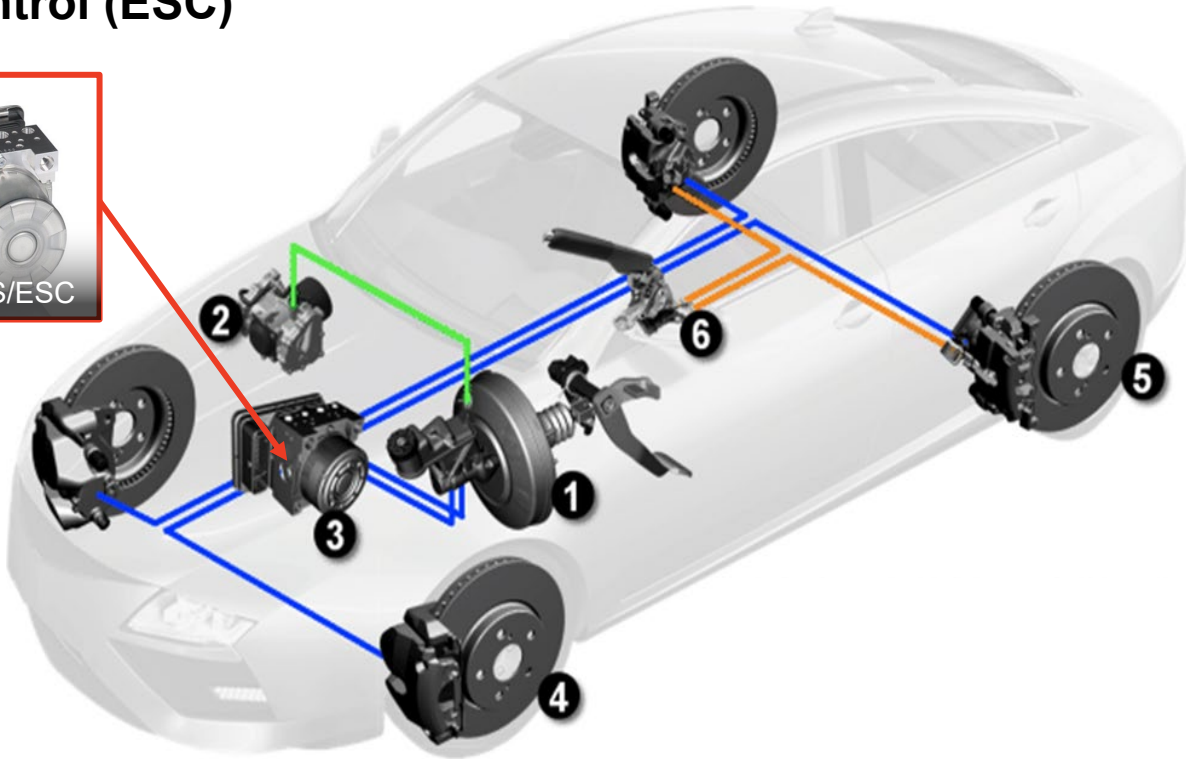
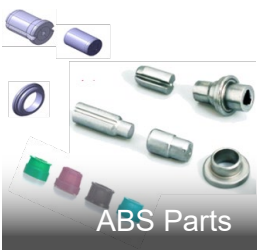
Growth largely independent from specific drive concept



Car with conventional hydraulic brake system

SFS value content in ABS/ESC only

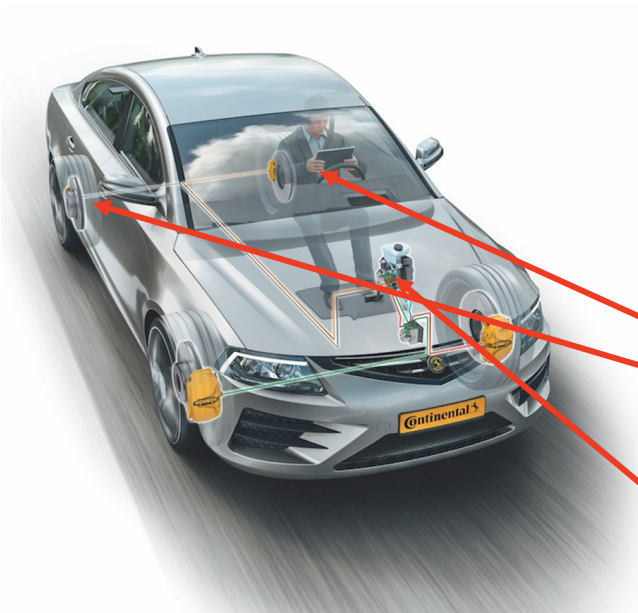
Anti blocking system (ABS)/
Electronic stability control (ESC)



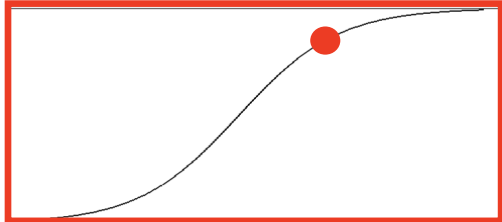
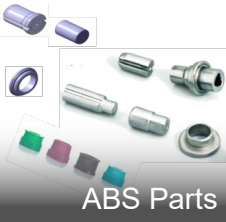
System components	
1	Brake booster
2	Vacuum pump
3	ABS/ESC
4	Brake caliper
5	Brake caliper with park brake
6	Park brake lever

Car with modern 'brake by wire' brake system

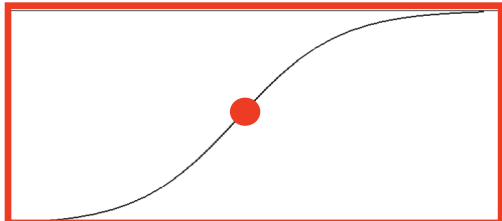
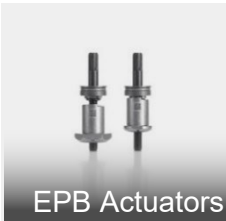
Potential SFS value content up to ~5x higher



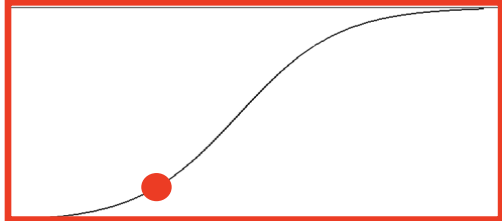
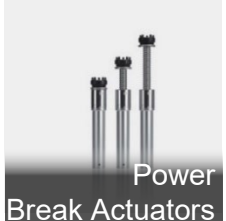
ABS/ESC



Electric Parking Brake (EPB)



Integrated Brake System



Global light vehicle production forecast

- 2020: 70m vehicles
- 2025: 95m vehicles

Source: IHS, July 2020

Expansion of production capacities at Heerbrugg

Realization of new projects for braking applications

- Continued new project wins from key customers in the area of electric braking applications require expansion of production capacity in Heerbrugg
- Planned investment into first step of build-out estimated at CHF 25–30m, providing necessary production space until 2027
- Customers will benefit from the site's leading position in production of know-how intensive and innovative products based on highly efficient and automated processes
- Investment allows to serve global key customers with components in EU (CH, Heerbrugg), NA (US, Medina) and Asia (CN, Nantong)

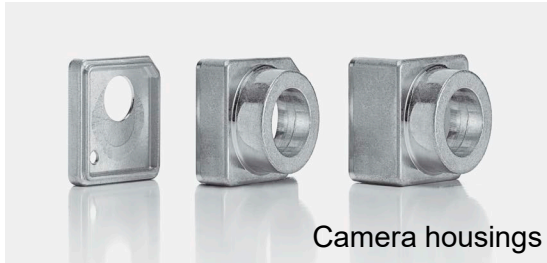


Cameras/sensors for autonomous driving

Significant growth potential for the years to come

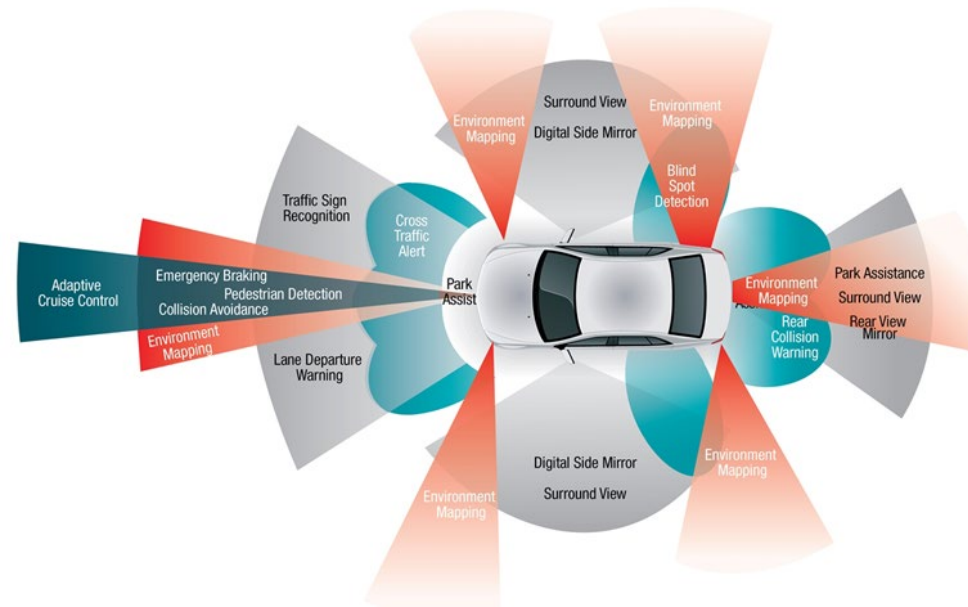
Surround view camera (4x/car)

Market penetration: <5%



Front camera (1x/car)

Market penetration: <10%



- Long-Range Radar
- LIDAR
- Camera
- Short-/Medium – Range Radar

Ultrasonic parking sensor (8–12x/car)

Market penetration: <30%



Radar (1x/car)

Market penetration: <10%



Automotive division priorities

Key initiatives to grow top and bottom line

**Capacity
management**

→ Match production capacity and demand situation

**Leverage on
innovations**

→ Maintain focus on identified innovation trends

Employees

→ Continue with preventive measures to protect employee health & safety

**Leader in BSD
technology**

→ Foster global leading market position in actuator technology

**Global
platform**

→ Leverage global platforms to deploy key products and technologies in Asia and US

Electronics division

George Poh, Head of Electronics division

Positioning and market trends

Positioned to serve above average growing segments

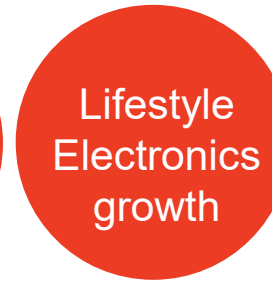
Position within electronics market

- Supplying the electronics industry based on 7 core technologies and with 8 core products
- Focus on end market segments
 - Mobile Devices
 - Lifestyle Electronics
 - Hard Disc Drive
- Manufacturing activities focused on Asia
- Global marketing including North America
- Major key accounts served world-wide

Key trends in industry



→ Growth driven by emerging markets demand, technology upgrades, customer product ecosystem growth & accessories expansion

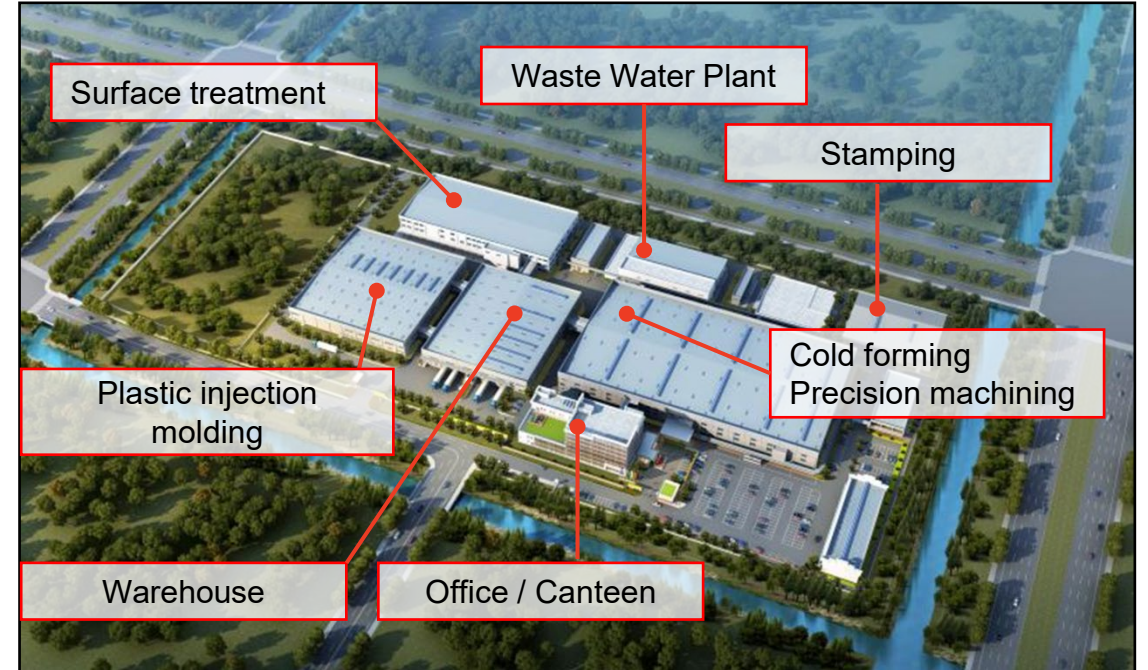


→ Cloud data storage to drive demand for Nearline HDD but SSD will replace certain HDD applications

New Nantong facility

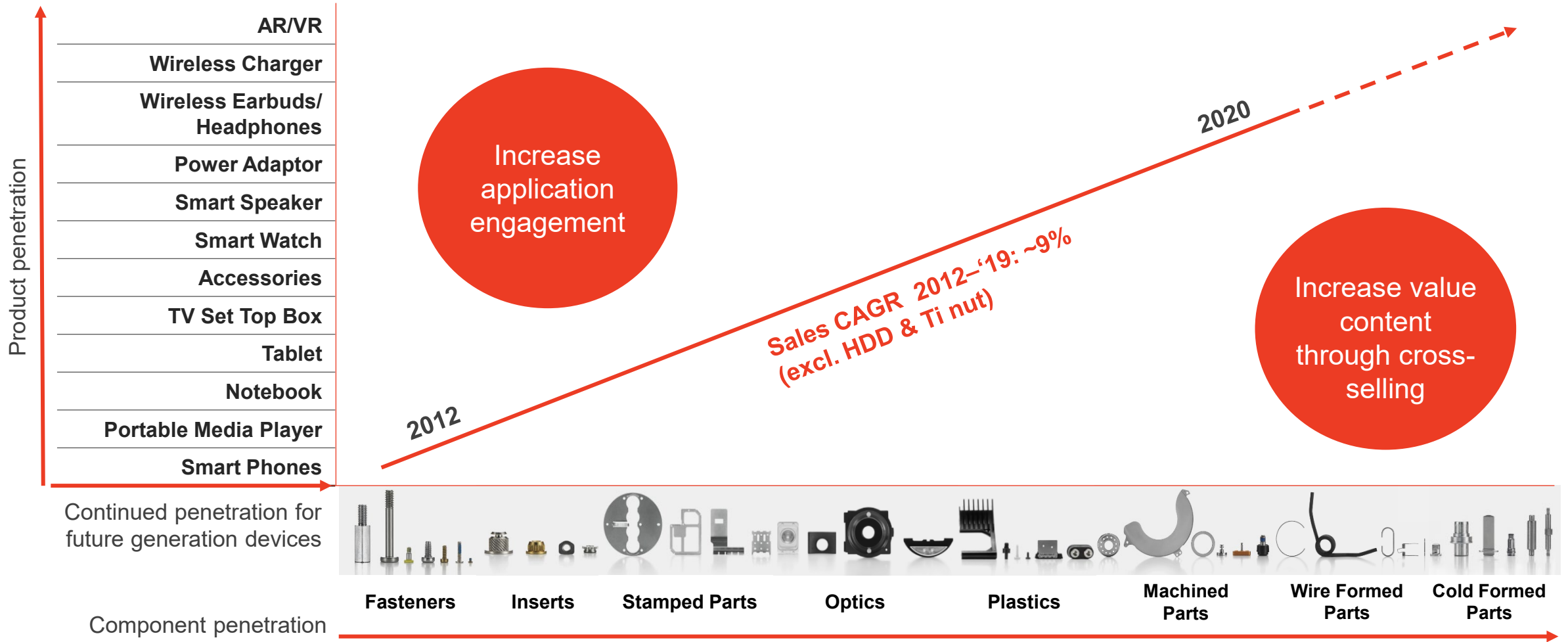
Platform to expand SFS' business in Asia

- Located one hour north of Shanghai, second largest site (77,000 m²) of SFS after Heerbrugg
- All SFS core technologies combined under one roof
- License for comprehensive in-house plating solution
- Platform for development of other SFS businesses (Automotive, Industrial, D&L) in Asia
- Home base of Electronics' mobile devices and lifestyle electronics businesses
- Abundant potential for further growth (space and utilization rate), land reserves of approx. 20,000 m²



Multilevel customer penetration

Growth across product ecosystem and technologies



Hard Disk Drives (Malaysia Plant)

Freed-up capacity leveraged for other growth projects

- Growth in High Capacity Enterprise Drives (Near Line, “NL”) applied in data centers and by cloud service providers
- > 30% higher SFS value content in NL HDD than other applications
- Freed-up capacity used for
 - Manufacturing of medical components
 - Support Lifestyle Electronics customer expansion in South East Asia

Electronics division priorities

Key initiatives to grow top and bottom line

**Nantong
platform**

→ Support other SFS divisions to leverage Nantong platform and grow their Asia business

Employees

→ Human capital development at all levels and ensuring employee health & safety

**Customer
ecosystem
penetration**

→ Increase share of wallet in lifestyle electronics and mobile devices

**HDD
replacement**

→ Leverage Malaysia plant for medical business and other applications in electronics

Construction division

Arthur Blank, Head of Construction division

Construction division in a nutshell

Clear orientation in a fragmented market

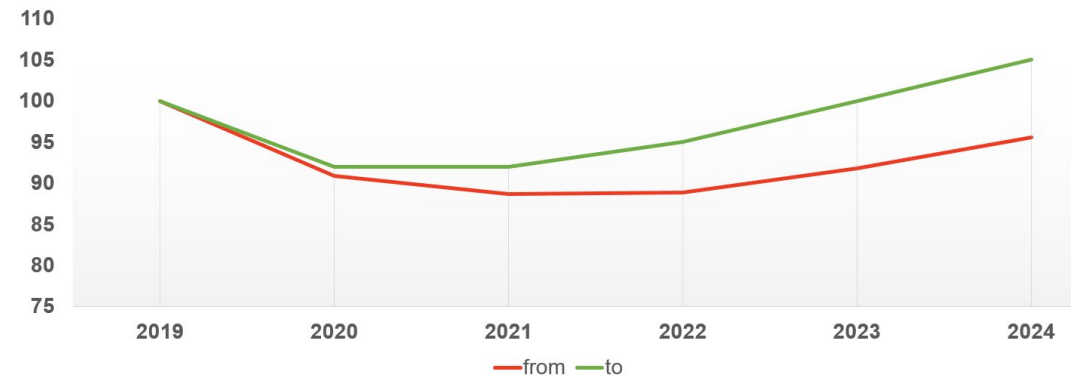
Position within construction market

- “The building envelope specialist”
- Supplying fastening technology to the building envelope, quality hinges and fall arrest systems with high customer benefit
- Activities focused on EU and NA
- Local market organizations in order to respond quickly to specific customer needs
- Major key accounts served worldwide

Peculiarities of business

- No dependence on individual large customers
- Regional rules, norms and habits
- Time-critical orders – often next day delivery

Anticipated market development (2019–'24)



Top 3 key drivers for change and innovation

More green, efficient and safe = market growth



Efficient building envelope

- Energy saving
- Sustainability
- New buildings and renovation



New methods drive efficiency

- Modular building (off-site)
- Building Information Modelling
- Robotics

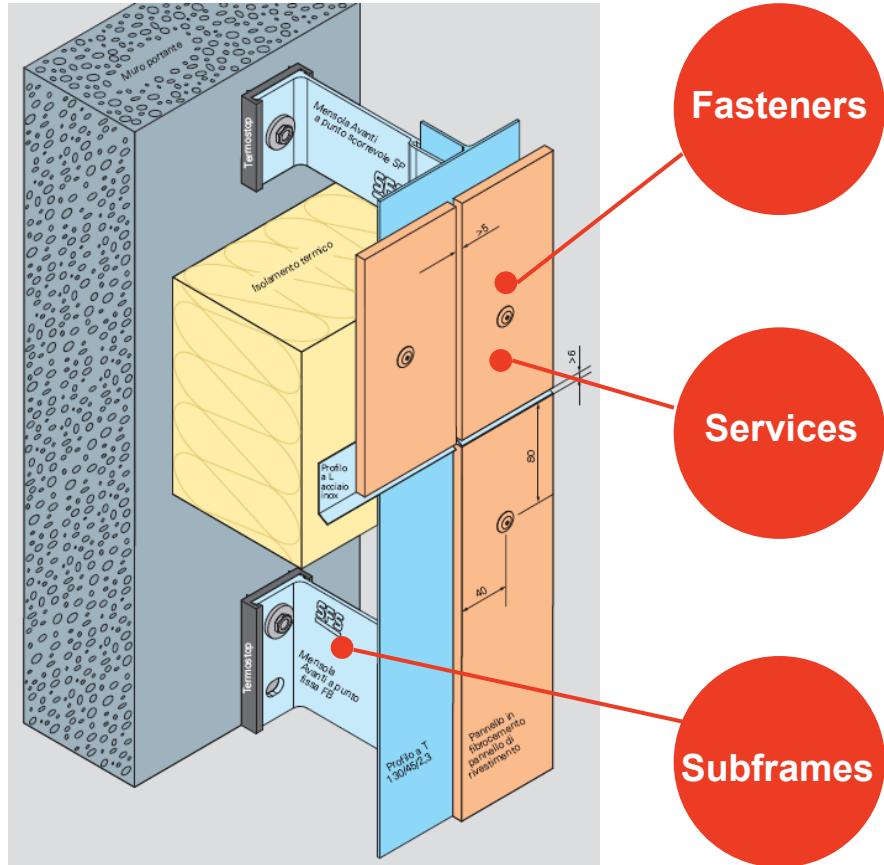


Safety at height

- Avoid falling of buildings
- Safe work conditions
- Compliance

Value generation at high quality façade

Increase value take per square meter



Example: 2,000 m² rainscreen façade

- In the past “only” fasteners
- Today painted fasteners and subframes

Value generation with safety systems

Broad, focused product portfolio for building envelope

- Received order for fastenings to the building envelope
- Additional business with the same contractors for roof fall protection systems
 - 2,200 support units (customer-specific, SFS made)
 - 18 km stainless steel cable
 - Training on site
 - Reliable delivery



Value generation at installation process

Innovation to increase installation process efficiency



Product

Innovative and patented fastener for the invisible fastening of façade panels. Compared to other solutions simpler installation and lower costs



Process

Efficient installation process with in-house developed setting tool from GESIPA



Digitization

Technical values, BIM data and sales via eShop

Construction division priorities

Key initiatives to grow top and bottom line



eCommerce

→ Further expansion of eCommerce activities with focus on e-shop



Employees

→ Human capital development and ensuring employee health & safety



Supply chain

→ Adapt supply chain to optimize product availability at the point of sales



Innovation

→ Continue to develop value adding solutions

Medical division

Jens Breu, Head of Medical division

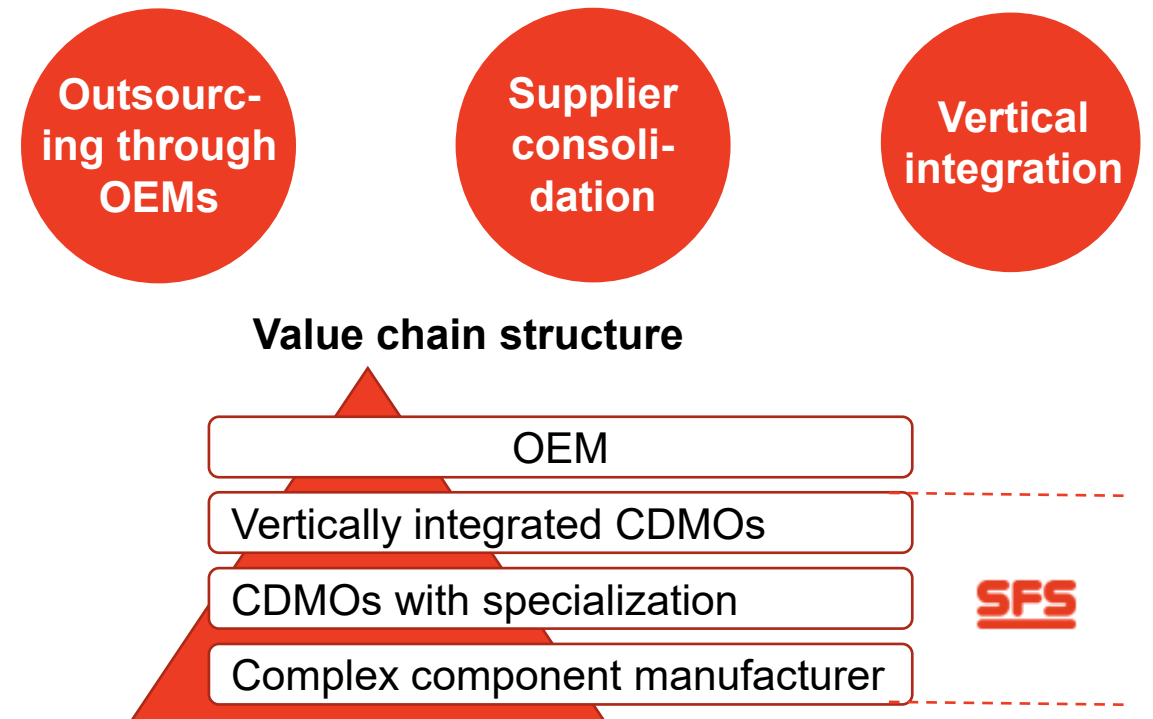
Positioning and market trends

Focus on high-growth market segments

Position within medical market

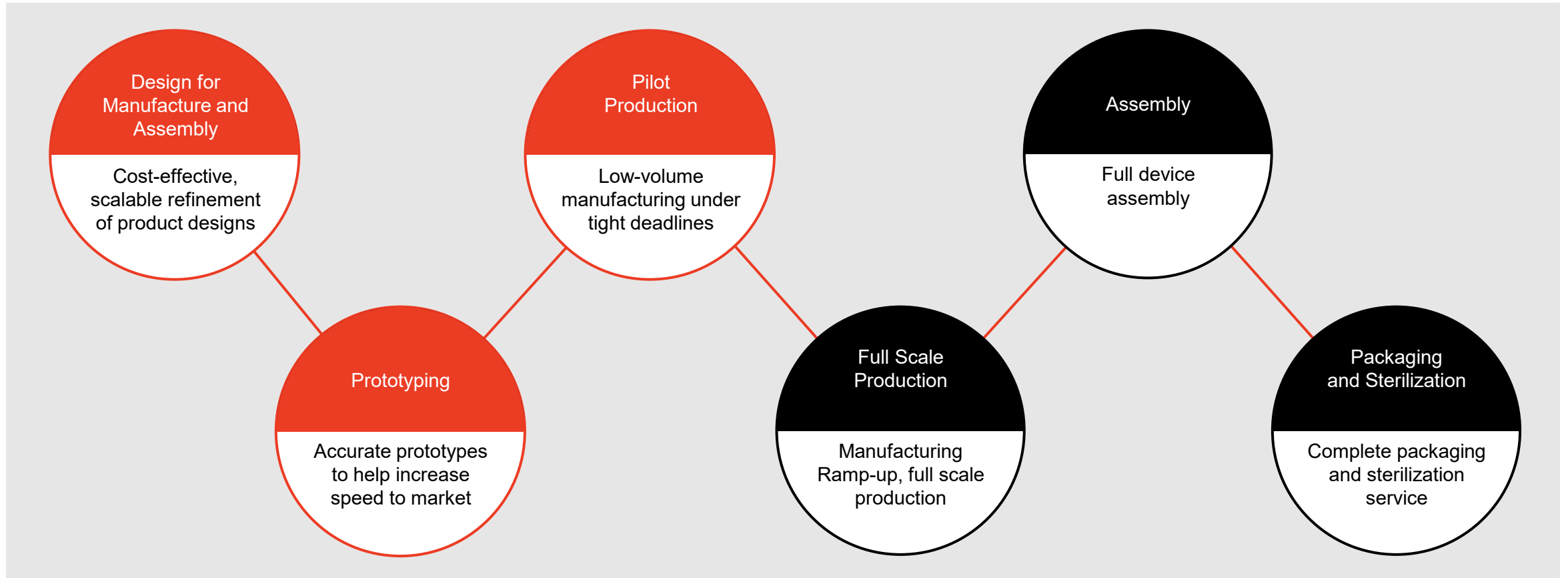
- End-to-end contract manufacturer of components and complete medical devices for OEM customers
- Focus on applications areas
 - Medical
 - Dental
 - Pharma
- Activities focused in North and Central America with expanding presences in Europe and Asia
- ISO 13485 certified at all sites, FDA compliant as required

Key trends in industry



Positioning of Tegra Medical

Vertically integrated, true end-to-end solutions provider

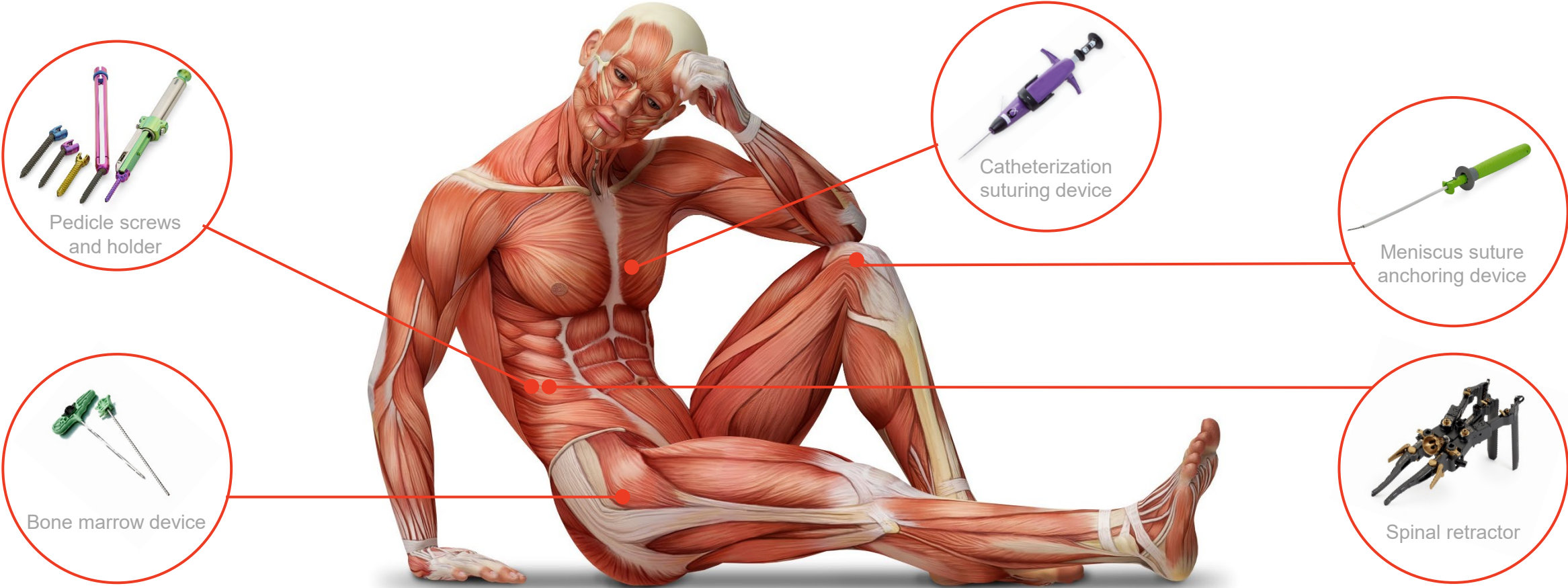


 Prototyping and Product Development (GENESIS Tech Center Services)

 Manufacturing Capabilities (at production sites)

Selected products and applications

“Where medical devices come to life.”



Global sales & manufacturing platform in development

Local presences and capabilities to serve global OEMs



Cold forming



Precision Machining



Precision Laser



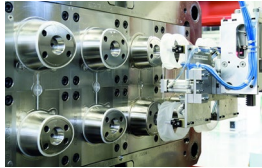
Grinding



EDM



Injection Molding



Assembly



Clean room & sterilization



Medical priorities

Key initiatives to grow top and bottom line

Globalization

→ Increase engagement and participation in European and Asian medical markets

Employees

→ Continue with preventive measures to protect employee health & safety

Organization

→ Develop global SFS medical organization to establish and leverage global platform capabilities

Branding

→ Use Tegra Medical brand for global activities

Divisional focus

Q&A

Thank you for your attention

Inventing **success** together

Disclaimer

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