

A man with short brown hair, wearing a light blue button-down shirt and blue jeans, stands with his hands on his hips in a factory setting. The background is filled with rows of white plastic chairs on a production line. The lighting is bright and even.

**+GF+**

Annual Media Conference

# **2018 financial year**

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27.02.2019

# A successful year 2018

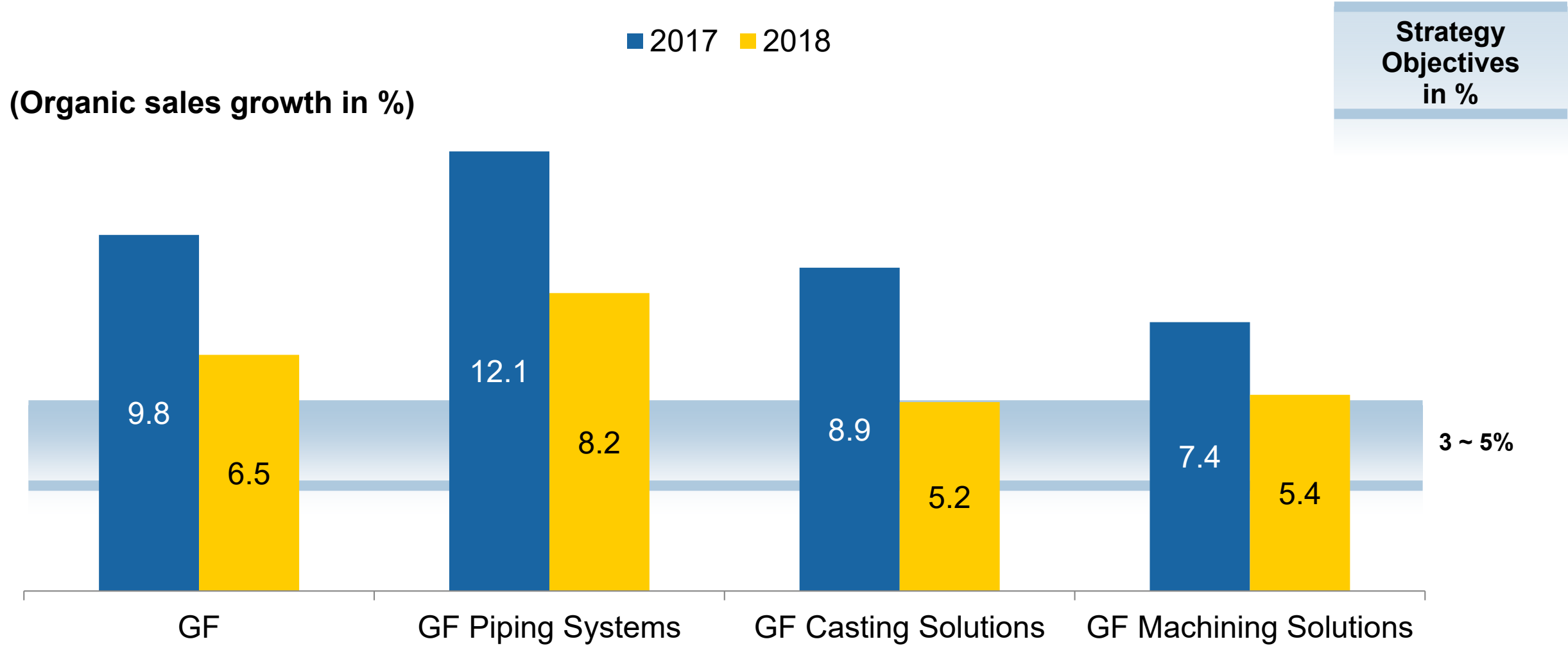


- Top line up by 10% to CHF 4'572 million, organic growth at 7%
- EBIT increased to CHF 382 million, 9% above previous year
- Earnings per share grew 11% to CHF 69
- Proposed dividend increased to CHF 25 / share (from CHF 23)

# Major steps achieved towards strategic transformation

- Name of GF Automotive changed to GF Casting Solutions
- Acquisition done in promising aerospace castings
- Two large German automotive iron foundries divested

# All three divisions grew, GF Piping Systems the most

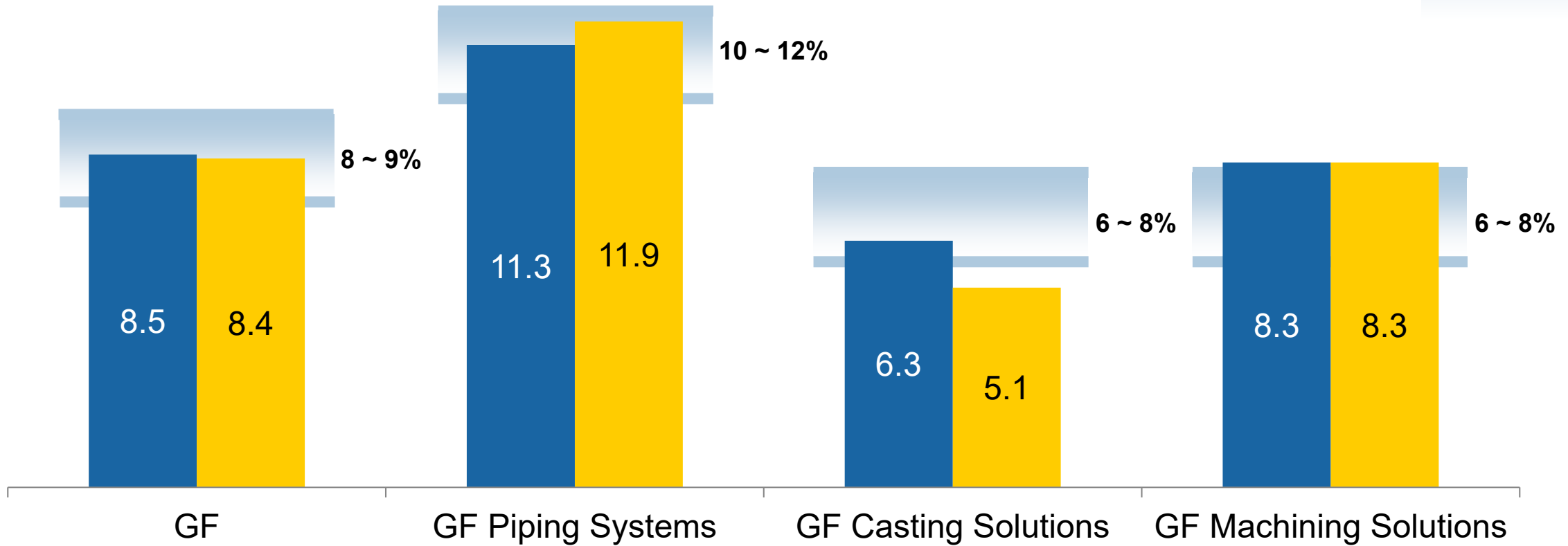


# Profitability well in line with strategy objectives

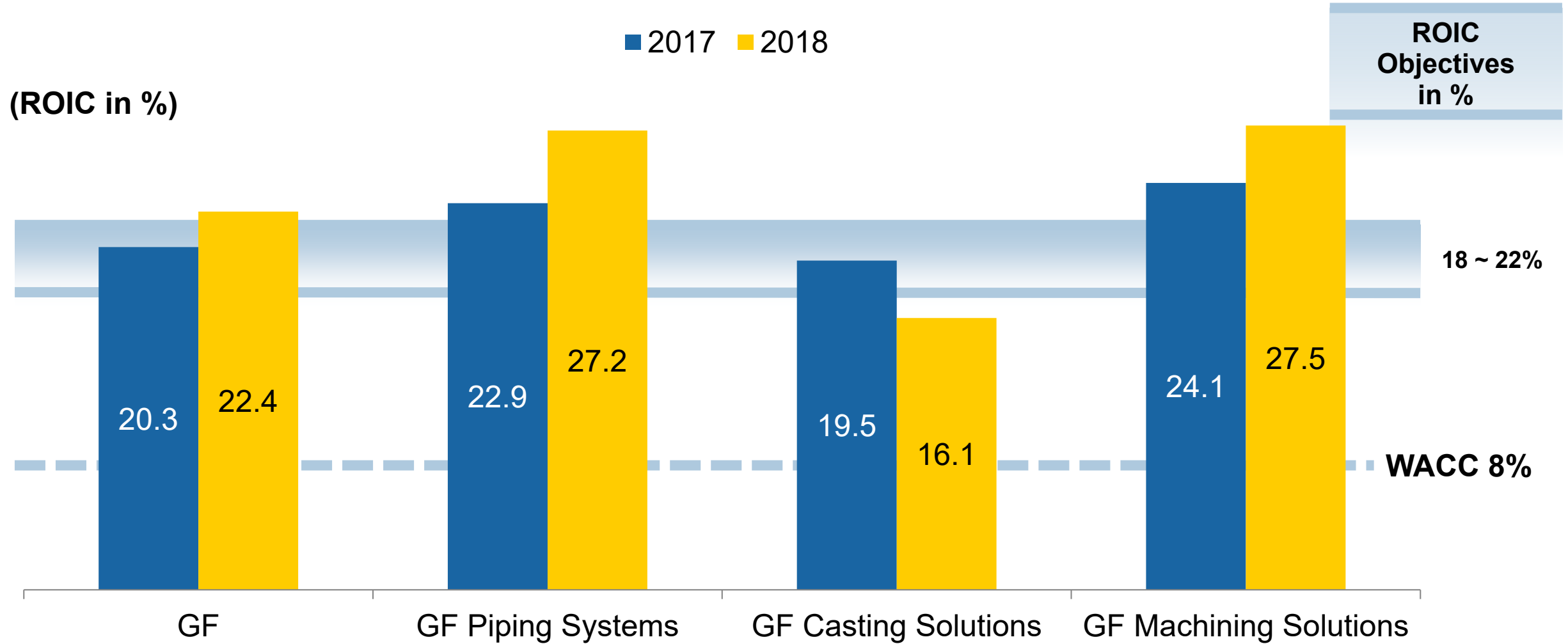
(EBIT margin in %)

■ 2017 ■ 2018

Strategy Objectives in %



# ROIC above target range





# High growth, high profitability

- Sales up 9% to CHF 1'821 million, organically 8%
- Industry and utility sector with double digit growth
- All regions increased, America the most
- EBIT up 15% to CHF 217 million



Desalination plant

# New products, new segments support sales growth



A whole line of digital smart valves

Cooling of data centers



# Sales up, profitability down

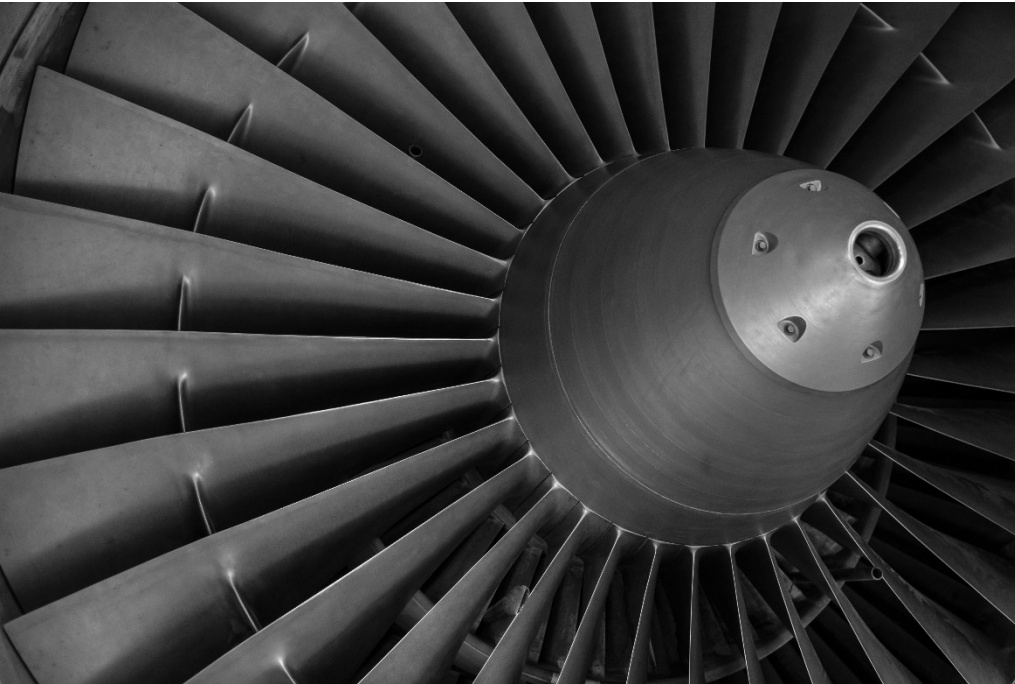
- High order intake, especially for e-cars
- Sales up 14% to 1'687 million, organic growth at 5%
- EBIT reached CHF 86 million down from CHF 93 million in 2017, due to plant ramp-up investments



Housing of E-Motor for  
Audi Q6 e-tron

# Aerospace casting specialist acquired, two German automotive iron casting plants divested ...

Precicast (Switzerland)



Aircraft engine rear vane



Singen / Mettmann (Germany)



**... profitability objectives accordingly increased**

# Well balanced worldwide presence supports profitable growth

- High growth in Aerospace and medical sectors, especially in US
- China market subdued in 2nd half-year on trade tensions concerns
- Sales up 8% to CHF 1'066 million, organic growth at 5%
- EBIT reached CHF 88 million, up 7%



CUT 200 Dedicated machine plus aircraft engine component



GF Machining Solutions

# New integrated 3D printing systems will support future sales growth



DMP Factory 500



Fuel Injection nozzles



Andreas Müller, CFO

# Consolidated financial statements

# Solid growth at all three divisions



CHF million	Δ %			
	2018	2017	growth	organic growth <sup>1)</sup>
GF Piping Systems	1'821	1'678	8.5 %	8.2 %
GF Casting Solutions	1'687	1'482	13.8 %	5.2 %
GF Machining Solutions	1'066	992	7.5 %	5.4 %
<b>Corporation</b>	<b>4'572</b>	<b>4'150</b>	<b>10.2 %</b>	<b>6.5 %</b>
Sales 1st Semester	2'396	1'992	20.3 %	11.9 %
Sales 2nd Semester	2'176	2'158	0.8 %	1.4 %

1) Adjusted for changes in scope of consolidation and stated at previous year's foreign exchange rates.

# GF Corporation

## Sales per division



CHF million

	2018	2017	Δ % growth	organic growth <sup>1)</sup>
GF Piping Systems	1'821	1'678	8.5 %	8.2 %
GF Casting Solutions	1'687	1'482	13.8 %	5.2 %*
GF Machining Solutions	1'066	992	7.5 %	5.4 %
<b>Corporation</b>	<b>4'572</b>	<b>4'150</b>	<b>10.2 %</b>	<b>6.5 %</b>

GF Casting Solutions (organic) adjusted for metal price effects	3.0 %*
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<b>Corporation (organic) adjusted for metal price effects</b>	<b>5.7 %</b>
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1) Adjusted for changes in scope of consolidation and stated at previous year's foreign exchange rates.

# GF Piping Systems with 57% of the total EBIT

	EBIT (CHF million)		EBIT margin %	
	2018	2017	2018	2017
GF Piping Systems	217	189	11.9 %	11.3 %
GF Casting Solutions	86	93	5.1 %	6.3 %
GF Machining Solutions	88	82	8.3 %	8.3 %
<b>Corporation</b>	<b>382</b>	<b>352</b>	<b>8.4 %</b>	<b>8.5 %</b>
EBIT 1st Semester	208	168	8.7 %	8.4 %
EBIT 2nd Semester	174	184	8.0 %	8.5 %



# Adverse currency impact in the second half of 2018

CHF million

	Sales			EBIT		
	H1	H2	Total	H1	H2	Total
EUR	93	-9	84	8	-1	7
USD	-11	13	2	-3	-2	-5
CNY	23	-9	14	4	-2	2
TRY	-9	-26	-35	-3	-5	-8
Others	1	-8	-7	0	-2	-2
<b>Total currency impact</b>	<b>97</b>	<b>-39</b>	<b>58</b>	<b>6</b>	<b>-12</b>	<b>-6</b>

# Currency impact per division



CHF million

	Currency impact	
	Sales	EBIT
GF Piping Systems	-8	-9
GF Casting Solutions	52	2
GF Machining Solutions	14	2
GF Corporate Management	-	-1
<b>Corporation</b>	<b>58</b>	<b>-6</b>

**EBIT increased by CHF 30 million**

CHF million

	2018	2017	Δ
<b>Sales</b>	<b>4'572</b>	<b>4'150</b>	<b>10 %</b>
Gross value added	1'668	1'539	8 %
Personnel expenses	-1'139	-1'048	9 %
<b>EBITDA</b>	<b>529</b>	<b>491</b>	<b>8 %</b>
Depreciation, amortization	-147	-139	6 %
<b>EBIT</b>	<b>382</b>	<b>352</b>	<b>9 %</b>
Financial result	-35	-31	13 %
<b>Ordinary result</b>	<b>347</b>	<b>321</b>	<b>8 %</b>
Non-operating result	1	1	-
<b>Profit before taxes</b>	<b>348</b>	<b>322</b>	<b>8 %</b>
Income taxes	-69	-64	8 %
Non-controlling interests	2	-6	133%
<b>Net profit after minorities</b>	<b>281</b>	<b>252</b>	<b>12%</b>

**Free cash flow**

CHF million

	2018	2017
EBITDA	529	491
Changes in net working capital	-77	-30
Income taxes/interest paid	-79	-82
Other changes	24	31
<b>Cash flow from operating activities</b>	<b>397</b>	<b>410</b>
Additions to property, plant, and equipment	-234	-207
Cash flow from acquisitions/divestitures	-154	-74
Other additions/disposals, net	-16	1
<b>Cash flow from investing activities</b>	<b>-404</b>	<b>-280</b>
<b>Free cash flow</b>	<b>-7</b>	<b>130</b>
<b>Free cash flow before acquisitions/divestitures</b>	<b>147</b>	<b>204</b>



**Capex CHF 234 million**

**Acquisitions CHF 154 million**

Innovation and production center,  
Biel, Switzerland



GFPS, Schaffhausen, Switzerland



Precicast, Novazzano, Switzerland



GF Linamar, Mills River, USA



# Key figures at a glance

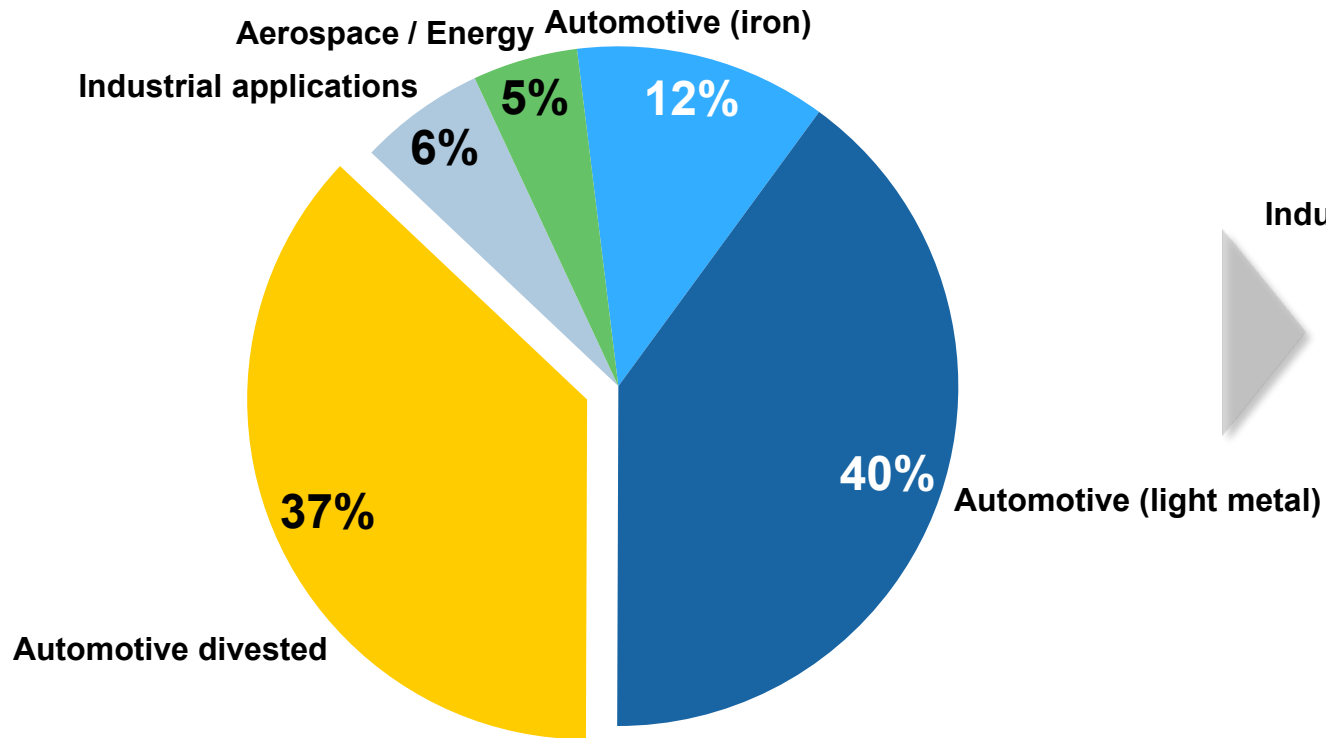


	2018	2017
Net debt in CHF	238	183
Net debt / EBITDA (multiple)	0.4x	0.4x
ROIC in %	22.4	20.3
Return on Equity in %	19.9	20.1
Earnings per share in CHF	69	62
Dividend (proposed) per share in CHF	25	23
Number of employees (incl. trainees)	15'027	15'835

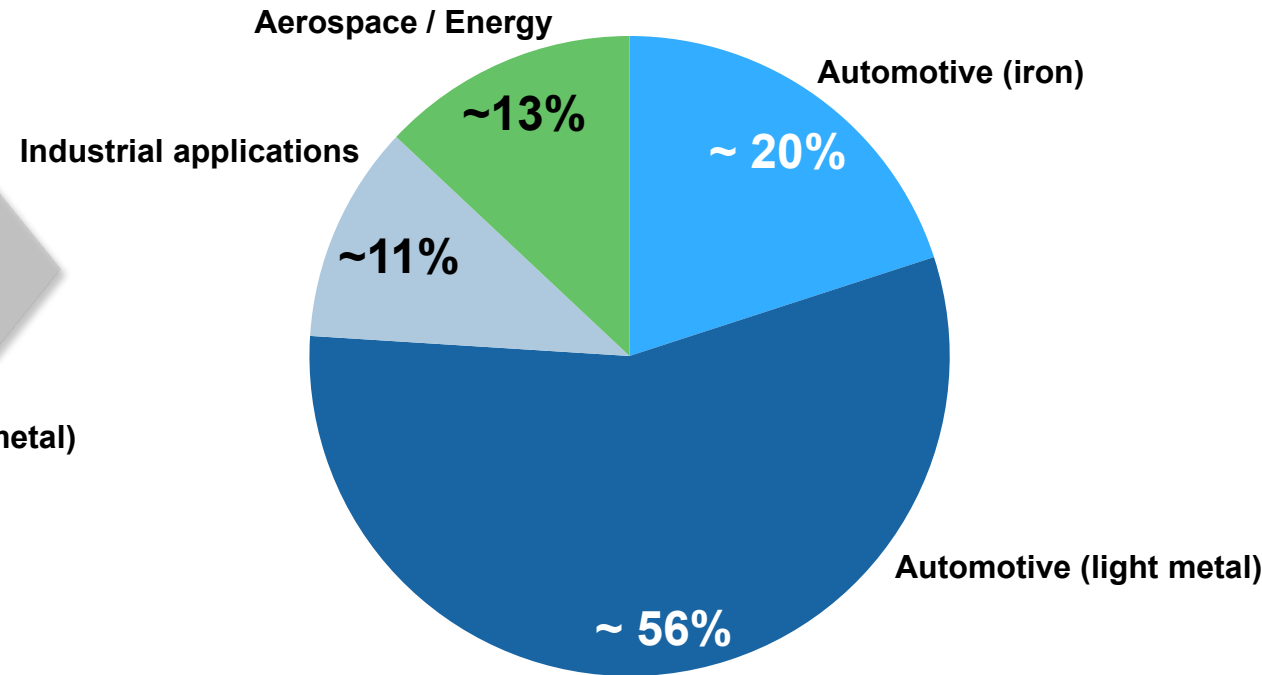
# Divestment of two European Iron Casting facilities

# Divestment of two European iron casting plants – impact on GF Casting Solutions

Sales split 2018



Sales split post transaction





# Divestment of two European iron casting plants – transaction details

- Deconsolidation of the two companies as of December 1, 2018
- Sale of two plants for CHF 52 million and sale of production equipment (including financing) for CHF 10 million
- Purchase price was granted in full as vendor loan of CHF 62 million
  - Expected repayment over 5 years
  - Stepped-up interest rate 3 – 5%
- Profit neutral transaction – no effect on results 2018

# Profitability objectives for Strategy 2020 increased ...

From

**ROS 8-9%**  
**ROIC 18-22%**

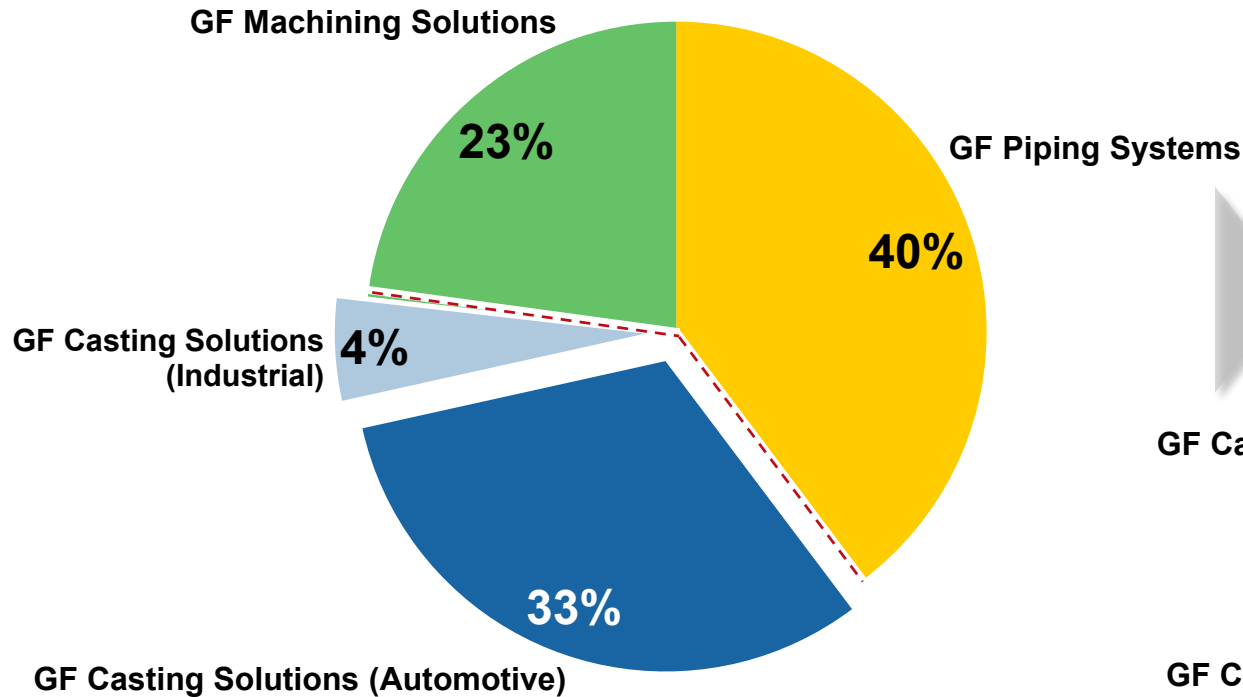


To

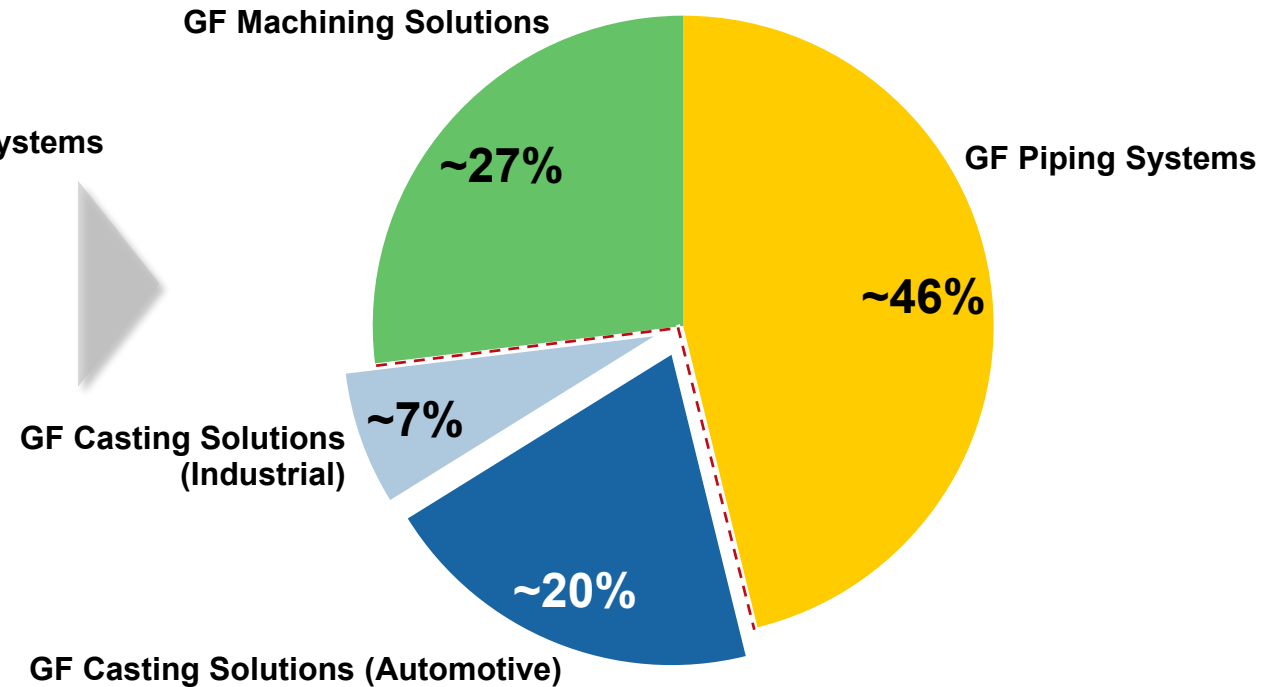
**ROS 9-10%**  
**ROIC 20-24%**

# ... as weight of GF Piping Systems substantially increased ...

CHF 4'572 million sales split pre-transaction



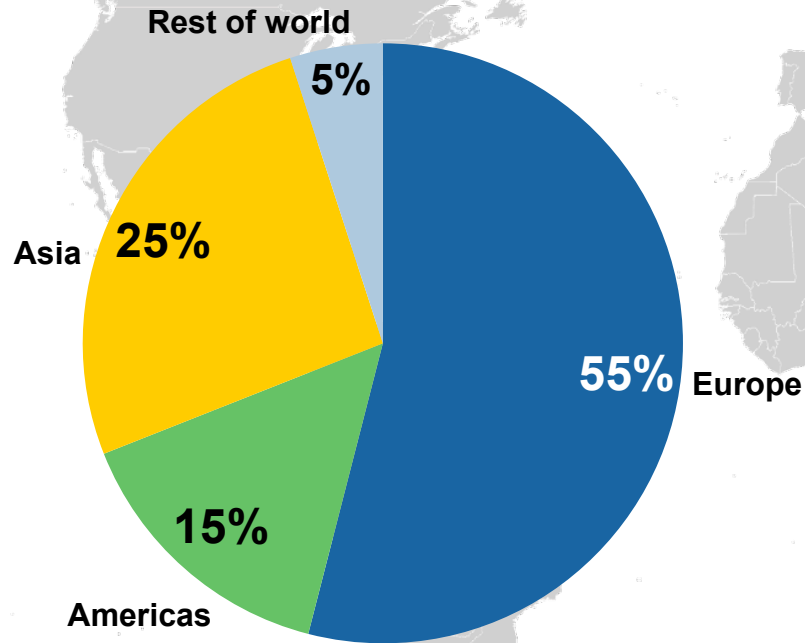
CHF 3'980 million sales (proforma) split post-transaction



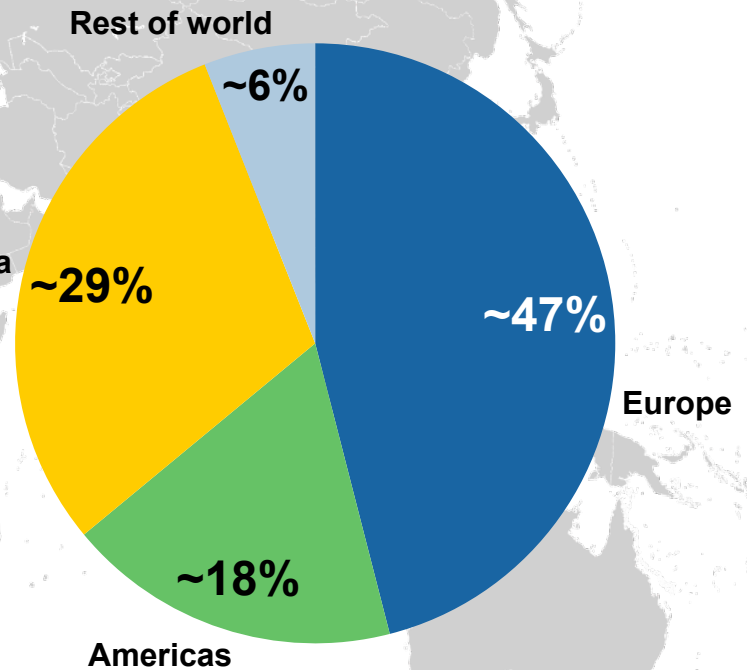
... and exposure to automotive industry reduced

# This results in a better balanced geographical footprint

CHF 4'572 million sales split pre-transaction



CHF 3'980 million sales (proforma) split post-transaction



# Outlook 2019

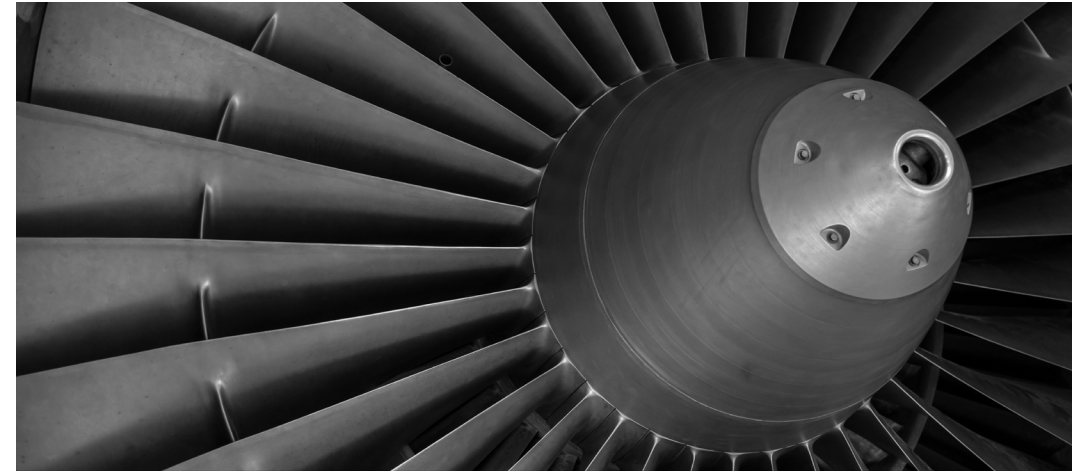
**Uncertain and volatile  
market conditions,**

**but**

- New products, new market segments to sustain GF Piping Systems continuous growth
- Reshaped portfolio leads to higher profitability at GF Casting Solutions
- Automation and new technologies to support growth at GF Machining Solutions

Further organic sales growth

Profitability in line with revised 2020 targets





**Thank you**

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