

INSPIRED BY EFFICIENCY



Annual press conference, March 20, 2020

ANNUAL REPORT 2019

(presentation translated from original in German)

Paul Zumbühl
CEO Interroll Worldwide Group

[interroll.com](https://www.interroll.com)

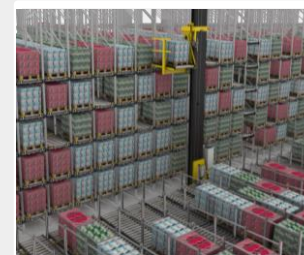
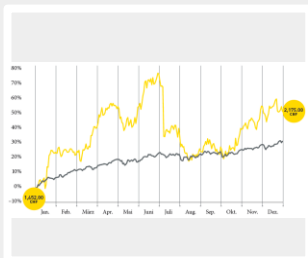
Agenda



1. Overview Paul Zumbühl, CEO
2. Added value through productivity and digitalization Jens Strüwing, Executive Vice President Products & Technology
3. Exploiting market opportunities Jens Karolyi, Senior Vice President Corporate Marketing & Culture
4. Result 2019 Paul Zumbühl, CEO
5. Summary and outlook Paul Zumbühl, CEO

Highlights 2019

Result, innovation, growth, platform strategy



RECORD PROFIT

Net profit **+ 8.0%**
Cash flow **+ 47.8%**
Net Sales (local curr.): **+2.3%**
Order intake (local curr.): **-5.7%**
Strong development after a record year.

STRONG INNOVATION PIPELINE FOR 2020-2023

Interroll is consistently expanding and deepening its platform solutions for material flow and strengthening its capacity for innovation.

CAPACITIES FOR GROWTH

Interroll is providing additional new capacity to support strong growth in all regions.

INTEGRATED SOLUTIONS FOR AUTOMATION

With new products, the Modular Pallet Conveyor Platform (MPP) enables continuous conveying and Storage processes.

Our growth strategy

Solutions, Markets, Service



Innovative products

Geographic Expansion

Service business



Regional presence

EMEA	Americas	Asia Pacific
<ul style="list-style-type: none"> - Sorters & Conveyors: Strong growth - "Cell division": CoE* Sorter / CoE Conveyors - New plant in South Germany (Apr 21) 	<ul style="list-style-type: none"> - High potential - USA: Sales territories divided into 4 regions - New plant in Atlanta (Apr 20) 	<ul style="list-style-type: none"> - Localization Value creation - New factory in Thailand - New factory in China (Mar 22)

*CoE= Center of Excellence

Innovations

- DC Platform (Feb 19)
- Modular Pallet Conveyor Platform (MPP) (Feb 19) plus Stacker Crane / Transfer Car extensions (Nov 19)
- High Performance Crossbelt Sorter (Feb 20)

Service

- Installed base greatly expanded (400 sorters)
- Further expansion of the service organization
- New business models under development

Our business model

Interroll as enabler



Market

- Market environment: increasingly dynamic
- Material handling market attractive for new entrants, consolidation

Interroll

- Platform products for globally consistent / tested solutions
- Proximity to customers: own network in key markets and industries
- Technology partner for global integrators and local players



Fit for the future

Long-term recipe for success

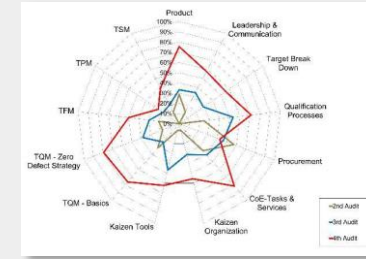


- Regular "health checks" with the aim of maintaining competitiveness at the highest level
- Early analysis and adjustment instead of future restructuring
- Orientation towards internal and external benchmarks
- Fitness through Lean Management & Kaizen
- Value Engineering: Reduction of product costs
- Global purchasing strategy and digitalization

Example: Interroll Sales System (ISS)



Example: Interroll Production System (IPS)



Tailwind for our future

External drivers of internal logistics



Faster delivery times



Individualisierung



Globalization



Digitization



Flow of goods volume



Sustainable solutions



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The background of the slide features a blurred image of computer code in white and blue text on a dark background, overlaid on a purple and blue data visualization pattern.

ADDED VALUE THROUGH PRODUCTIVITY AND DIGITISATION

Jens Strüwing
Executive Vice President Products & Technology

Products & Technology

Challenges, opportunities, trends

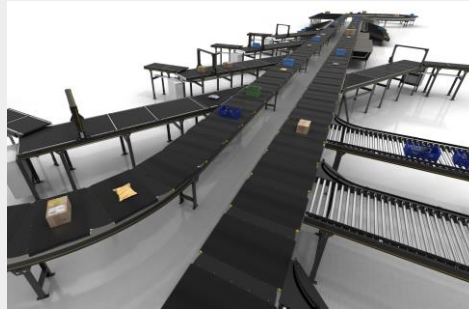


Capacities



New products and a focus on growth opportunities require capacity adjustments in all regions of the world.

Innovation



Offensive to generate added value for customers and end users.

Innovation Project & Development Center (IPDC) was massively strengthened.

Digitization



Interroll's dual strategy

1. Increasing customer benefit through digitisation
2. Digitisation in the production sector (IoT)

Expansion of our capacities

Global expansion



EMEA

- High utilization of conveyor and sorter production
- New plant in Mosbach to increase capacity
- Start in April 2021
- investments of > EUR 45m

Americas

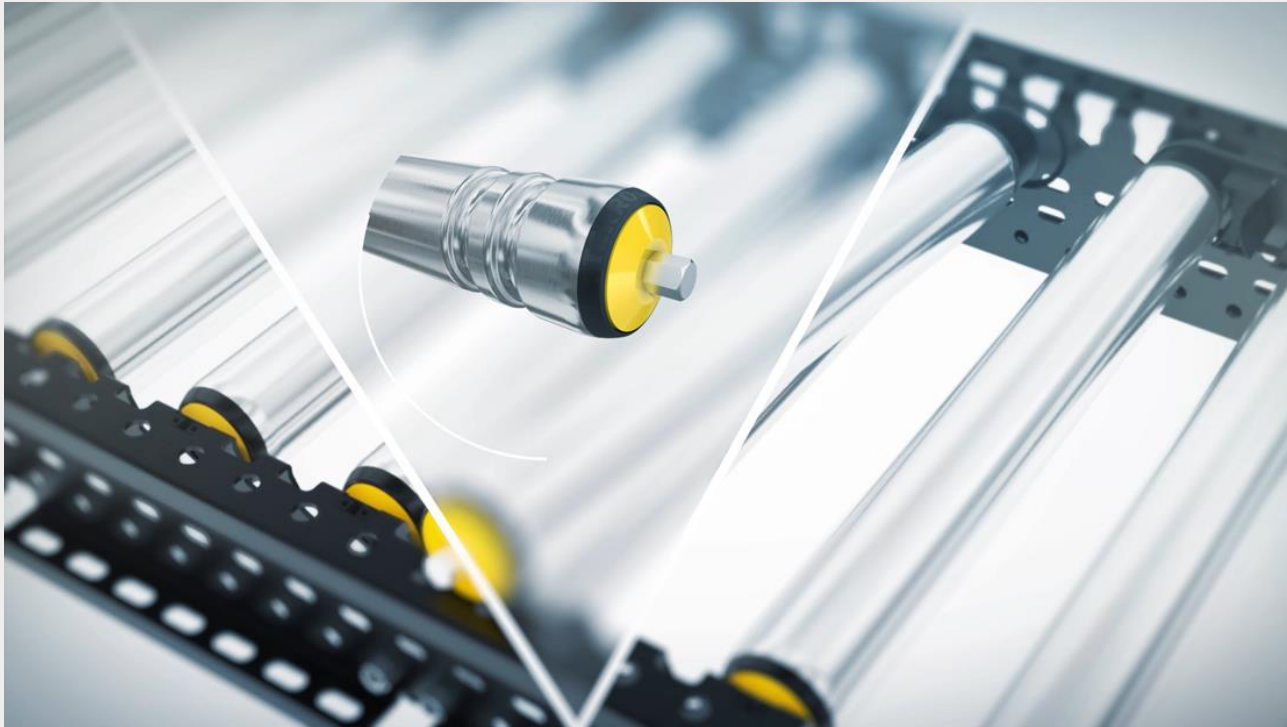
- High potential for sorter projects
- Additional plant in Hiram (Atlanta, USA)
- Production start in April 20
- Investments USD 11m

Asia-Pacific

- Strong growth in the region, special potential in SE Asia
- New factory in Thailand in operation since June 2019
- New own factory planned in Suzhou (Mar 22)

Innovation

The platform strategy as a starting point



Innovation

The platform strategy as a starting point



Innovation in practice

Interroll High Performance Crossbelt Sorter (HPCS)



Relevant markets:

- CEP*
- Distribution

NEW: MX025H
High Performance
Crossbelt Sorter

High-performance segment

Relevant markets:

- E-Commerce
- Fashion
- Distribution

PROVEN:
ST6160/ST 6130
Horizontal/Vertical
Crossbelt Sorter

Middle segment

Relevant markets:

- Fashion & textile industry
- Distribution

New sorter solutions
planned for Q1/21

Basic
segment

* Courier, Express, Parcel

Digitalization at Interroll

Triple benefit: Production, product and process



Digitalization of the Production

- Digitization Product Lifecycle Management
- IPS: Interroll Production System as digital production system
- man-machine networking
- paperless production

Productivity



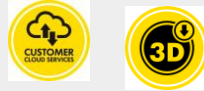
Customer benefits



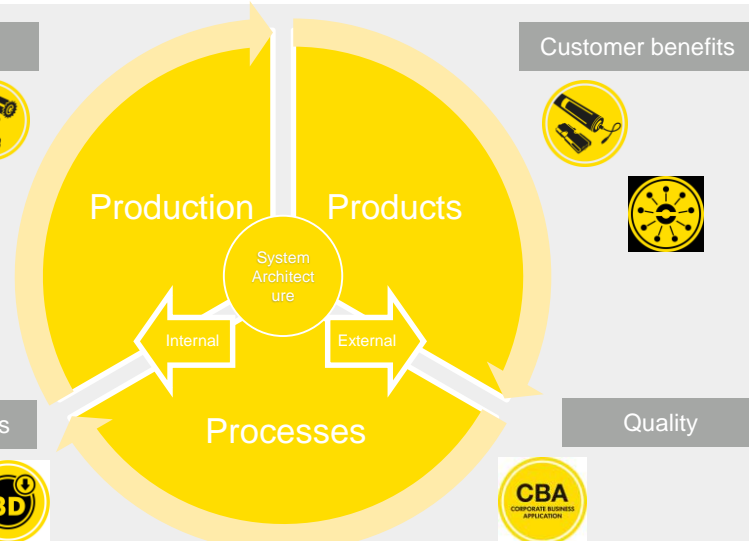
Digitalization of the products

- Example EC 5000: Big Data
- MultiControl: M2M-compatible control system
- sorter control
- Product identification

Delivery times



Quality



Digitalization of the processes

- CAD Layouter Tool: Upgrades and integration of simulation
- Variant configuration
- customer relationship management
- SAP as a global standard
- Globally networked planning
- Automation of order processing and production

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SEIZING OPPORTUNITIES, REALIZING POTENTIAL

Jens Karolyi
Senior Vice President Corporate Marketing & Culture

interroll.com

Interroll positions itself as market leader

Trendsetter, solution provider, partner, authority

- Strategic positioning measurably driven forward
- Extended range of web tools implemented
- Strategic partnerships concluded with institutes and consultants
- Presence at 31 trade fairs worldwide (2019)



»Gar nicht oder zögerlich zu modernisieren, ist bald keine Option mehr«

Interview: Jens Stöwing ist Executive Vice President und Head of Products & Technology bei Interroll. Mit abgeleitete Journalist hat das Mitglied der Konzernleitung über die wichtigsten Markttrends sowie die Expansionspläne seines Unternehmens gesprochen. Interview: Tobias Rauer

Fachartikel
21. November 2019



Video 7-Eleven

Perfect Equation



**24/7 by 7-Eleven:
a perfect equation**

Rolling On Interroll

The strongest partner network in our industry



- Partners: Locally leading medium-sized system integrators/ OEMs, who are growing even more dynamically with Interroll
- About 100 partners worldwide (40 countries, all continents)
- Potential: Very high growth, new business areas, joint impetus for global industry standards
- Interroll promotes joint projects
- Network of experts and brand ambassadors

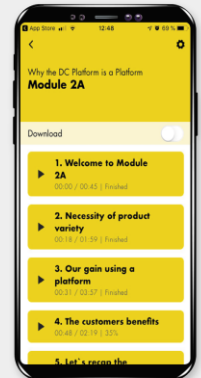
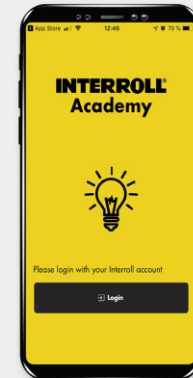


Interroll Academy - a statement

Company-wide campus for a 'global mindset



- Interroll strategy becomes accessible to all employees
- Leadership: 200 managers trained
- Cooperation with renowned partners (e.g. Krauthammer and Fraunhofer)
- Mobile Learning, podcasts, collaboration tools
- Self Assessments, Gamification
- Customer training for our platform solutions



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A photograph of a modern building with a curved glass facade. A large, dark, textured statue of a human figure stands in front of the building. The sun is shining brightly behind the statue, creating a lens flare effect. A yellow rectangular box is overlaid on the bottom left of the image.

RESULT 2019

Paul Zumbühl
CEO Interroll Worldwide Group

Growth in all product groups

Overview of the 2019 financial year



Rollers:

Sales 2019: CHF 110.1 million (+ 1.9% vs. previous year)

- Strong sales growth PY on a solid basis
- Record in Europe (> 8m units conveyor rollers)



Drives and controls:

Sales 2019: CHF 172.4 million (+ 1.3% vs. previous year)

- Market share gains through world leading 24V/48V technology
- EC 5000 establishes itself on the market



Growth in all product groups

Overview of the 2019 financial year



Pallet & Carton Flow:

Sales 2019: CHF 54.0 million (-10.7% vs. PY)

- Cyclical nature of projects
- Interfaces with MPP create new market potential



Conveyors & Sorters:

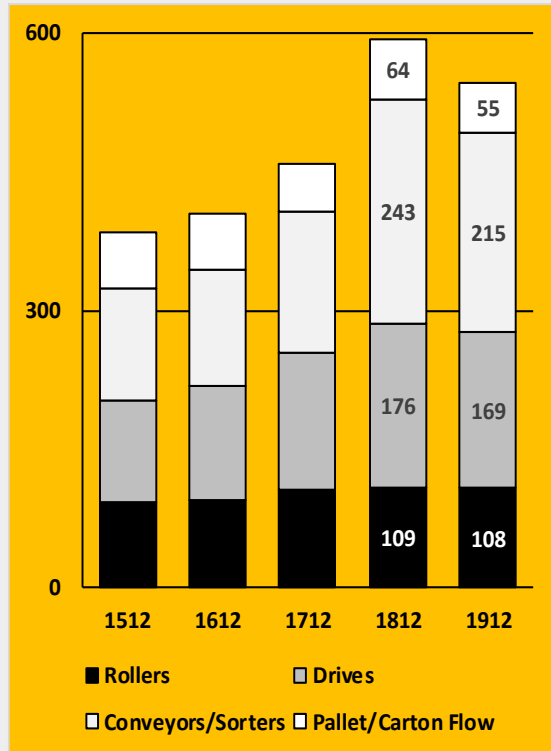
Sales 2019: CHF 223.2 million (+ 1.2% vs. PY)

- Modular Conveyor Platform (MCP) globally strong (e.g. Korea)
- Discontinuation of major projects in the sorter sector replaced by small projects in the year under review



Order intake in CHF million

By product groups



Orders received CHF 546.5 million

-7.8% (PY: +29.4%)

2019 in local currencies: -5.7%

Net sales CHF 559.7 million

-0.0% (PY: +24.2%)

2019 in local currencies: +2.3%

Incoming orders to net sales

0.98 (PY: 1.06)

Incoming orders 2014-2019: +9.3% p.a.

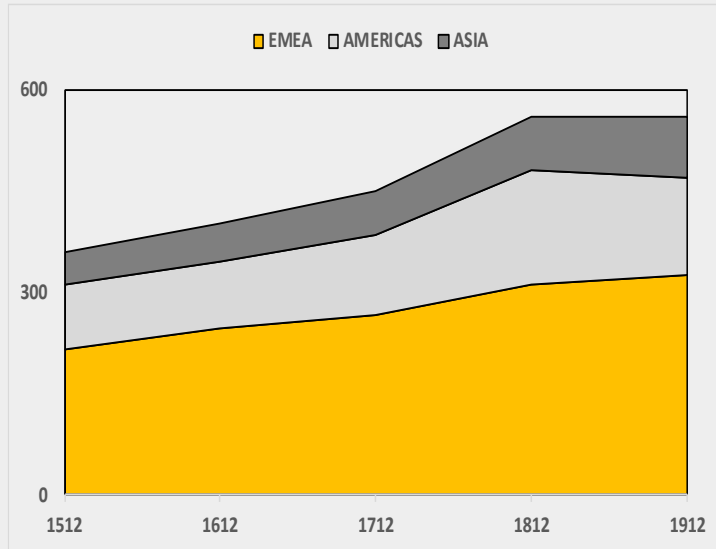
Sales 2014-2019: +10.8% p.a.

Net sales in CHF million

By regions



EMEA as a strong core region. Loss of major projects in the USA compensated by numerous smaller projects.



Net sales share

16% **Asia-Pacific**

26% **Americas**

58% **EMEA**

Growth 19

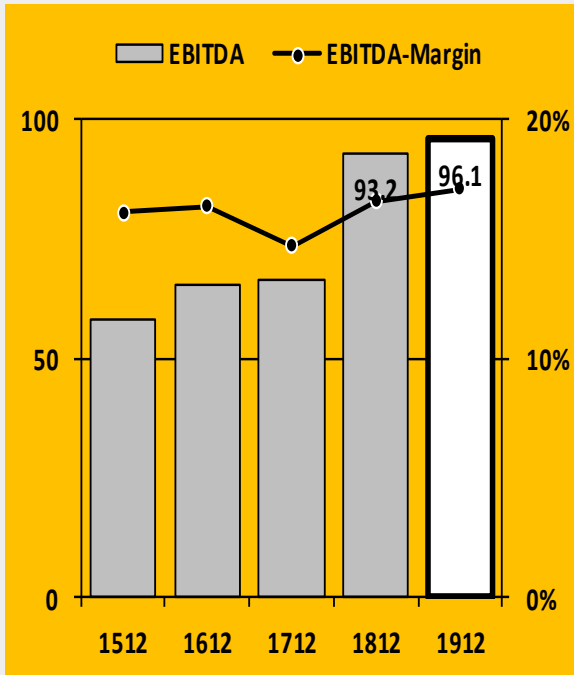
+12,9%

-13.8% (one-off effects)

+4,4%

EBITDA

in CHF million



Better margin, higher efficiency

EBITDA CHF 96.1 million (+3.1%)

EBITDA margin 17.1% (previous year: 16.6%)

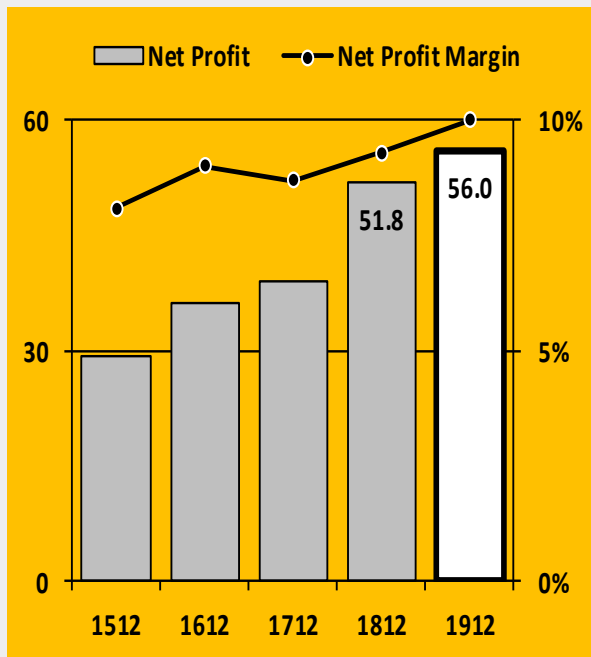
Increased depreciation and amortisation (IFRS 16),
compensated by lower depreciation and amortisation
(SAP)

EBIT CHF 72.3 million (+4.2%)

EBIT margin 12.9% (previous year: 12.4%)

Net profit

In CHF million



Lower tax rate

(22.2% in 2019 vs. 24.3% in 2018)

Net profit CHF 56.0 million (+8.2%)

(PY: CHF 51.8 million)

Net profit margin 10.0%

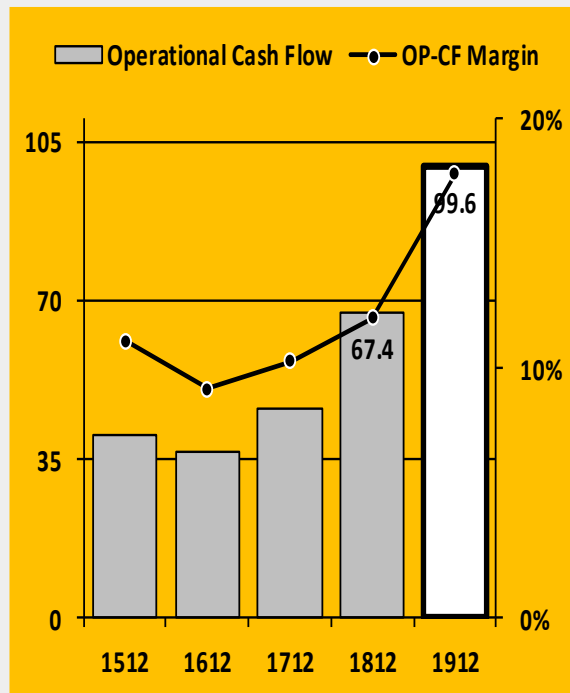
(PY: 9.3%)

Equity CHF 304.0 million

(PY: CHF 284.8 million)

Operating cash flow

In CHF million



Higher net profit
Less inventory and accounts receivable

Operating cash flow CHF 99.6 million
(PY: CHF 67.4 million)
Margin: 17.8%

Investments CHF 33.6 million
(PY: CHF 28.6 million)

Free cash flow CHF 66.9 million
(PY: CHF 40.9 million)
margin: 12.0%

Responsible corporate governance strengthened



- Interroll reaffirms its commitment to responsible corporate governance with progress reports at the end of February each year to the **UN Global Compact**.
- Successes were achieved in the rollout of a code of conduct for suppliers and in **further and more in-depth compliance training**.
- By extending the **Compliance Management System (CMS)** throughout the Group, Interroll intends to strengthen its competitiveness in the long term.



Global Compact
Network Switzerland

Upcoming General Assembly

Proposals of the Board of Directors



**The General Assembly on
8 May 2020 will be proposed:**

A dividend of CHF 22.50 per share (+2.3%)
(FJ: CHF 22,00)

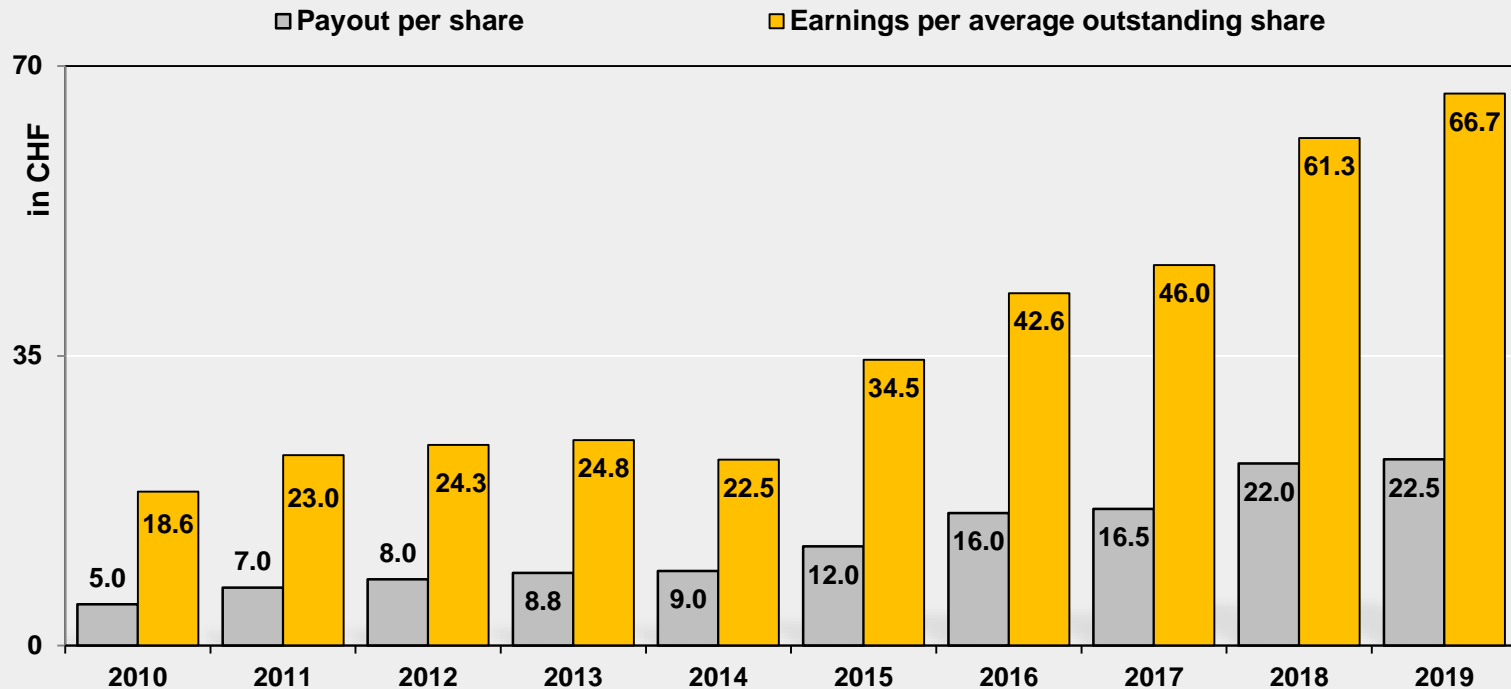
The payout ratio reaches 33.7%
(PY: 35.9%)

Board of Directors: Proposal for the election of
Mr. Markus Asch, Deputy CEO of
Alfred Kärcher SE & Co KG (D)



Development of the dividend

Period from 2010 onwards



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SUMMARY & OUTLOOK

Paul Zumbühl
CEO Interroll Worldwide Group

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Outlook 2020

Leading the change in internal logistics



Industry management: shaping the evolution of material flow together with the users. New opportunities in food and e-commerce.

Innovation & Service: deepening the platform and decentralized intelligence, expanding local service

Capacity expansion with long-term vision: new plants in Germany, USA, China and Thailand. Investments in employees and qualification.

Outlook 2020

- Order intake/turnover: uncertain economic development
- Innovation and efficiency programs continue at full speed
- Investments: Capacity expansion and digitalisation as per explanations



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Questions

