

INSPIRED BY EFFICIENCY

A photograph of a modern, curved glass building at dusk or dawn. A bronze statue of a man's head and shoulders is in the foreground, partially obscuring the building. The sun is low on the horizon, creating a bright lens flare effect through the glass windows.

Interroll Group H1/2020 Analyst Webcast

Heinz Hösli, Group CFO
Interroll Holding AG

Martin Regnet, Global PR Manager
Interroll Holding AG

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

Agenda



- 🕒 Welcome
- 🕒 Brief Introduction Heinz Hössli
- 🕒 Group Overview
- 🕒 Financial Highlights H1/2020
- 🕒 Q & A

Introduction Heinz Hössli (Group CFO)



- ☺ Born 1969, Swiss
- ☺ Certified Public Accountant (CPA) from EXPERTsuisse, Zurich, CH
- ☺ Holds a Global Executive MBA from Duke's Fuqua School of Business in Durham (USA) with recognition as a Fuqua Scholar.
- ☺ Previous roles: CFO/VP Advanced Materials (2012 to Mar 2020) at Bühler Group as well as VP Finance & Controlling Advanced Materials and CFO of the Business Area Die Casting (2009 to 2011).
- ☺ 2002 to 2009: various leadership roles as CFO of Bühler subsidiaries in the US and Mexico.
- ☺ Heinz Hössli worked as Auditor for Ernst & Young and other smaller advisory service firms, before joining Bühler in 1999 as Internal Group Auditor.



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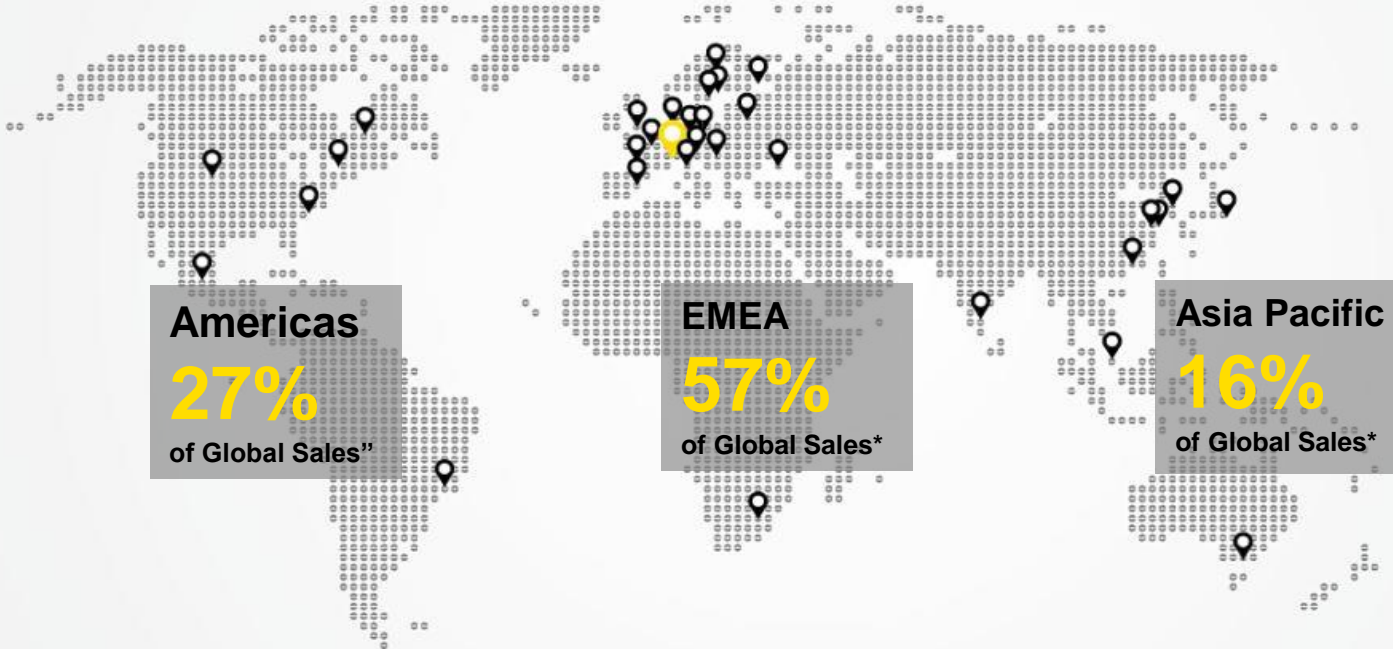
Group Overview

Martin Regnet, Global PR Manager
Interroll Holding AG

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

Interroll

Leading global provider for material handling solutions



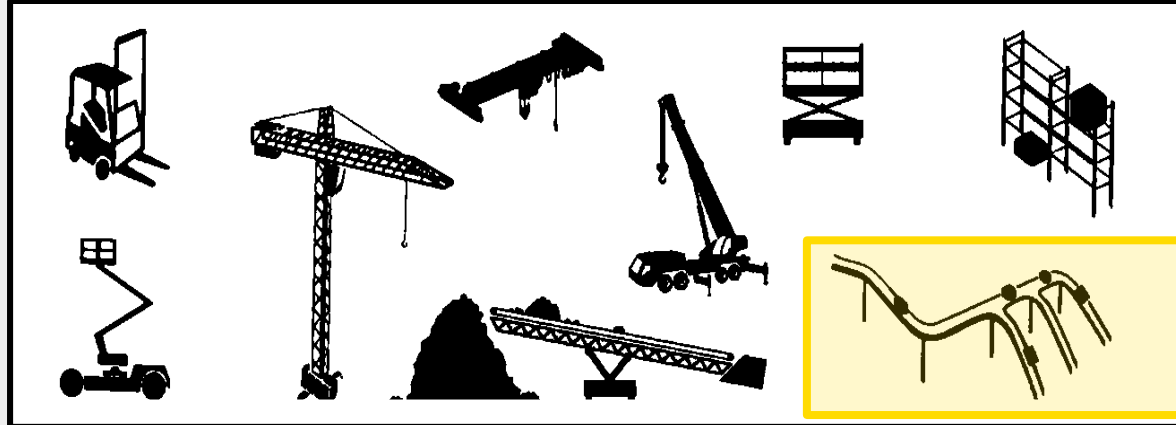
- 2,400 employees
- 34 companies
- 16 main factories
- Headquarters in Switzerland
- 28,000 customers
- Founded in 1959
- CHF 559.7 Mio. in Net Sales*
- 10.0% Net Income Margin

*2019 figures

Internal Logistics Solutions are part of Material Handling Equipment Manufacturing



Material Handling Equipment Manufacturing (MHEM) Market
> CHF 150 billion (2020), growing at a CAGR of 4-7% (2020-2025)


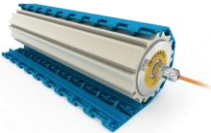














Internal Logistics Solutions are a part of the MHEM Market.

Relevant market for Interroll products: CHF 5-7 billion worldwide.
Interroll market share: 8-11% worldwide.

Our key products



| 2019 | Rollers 19.7% of group revenues | Drives 30.8% of group revenues | Conveyors & Sorters 39.9% of group revenues | Pallet Handling 9.6% of group revenues |
|-------------------------|--|---|--|---|
| Product, Service | Rollers are the non-driven, moving parts of conveyor systems. They are Interroll's original business, having manufactured more than 500m and currently selling over 60k variations. | Drives are responsible for creating and controlling the movement of the conveyor belts. They include driven conveyor rollers, drum motors and control units. | Conveyor modules are tracks made of rollers (for pallets) or belts (for boxes), which run through the warehouse or factory and allow items (either goods or materials) to be transported. | Solutions for dynamic storage, which use gravity to move items to the right place for easy storage and removal. Solutions can operate both on a LIFO or FIFO principle. |
| Product example |  |  |  |  |
| Key end-markets | Distribution centres, CEP, e-commerce, industrial | Airports, food processing, supermarkets, retail, auto | Distribution centres, CEP, e-commerce, airport | Distribution centres, production lines, box/canister handling, auto |
| Clients example |    <small>www.tgw-group.com</small> |   |    |   |

Our business model

Interroll as enabler



Market

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

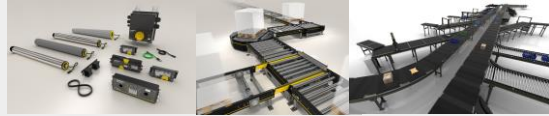
Interroll

- 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



Our growth strategy

Solutions, Markets, Service



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)



Regional presence

EMEA

- Sorters & Conveyors: Strong growth
- "Cell division": CoE* Sorter / CoE Conveyors
- New plant in South Germany (Q2/ 21)

Americas

- High potential
- USA: Sales territories divided into 4 regions
- New Atlanta plant fully operational (Jul 20)

Asia Pacific

- Localization Value creation
- New factory in Thailand (Sep 19)
- New factory in China (Mar 22)

Service business



Service

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

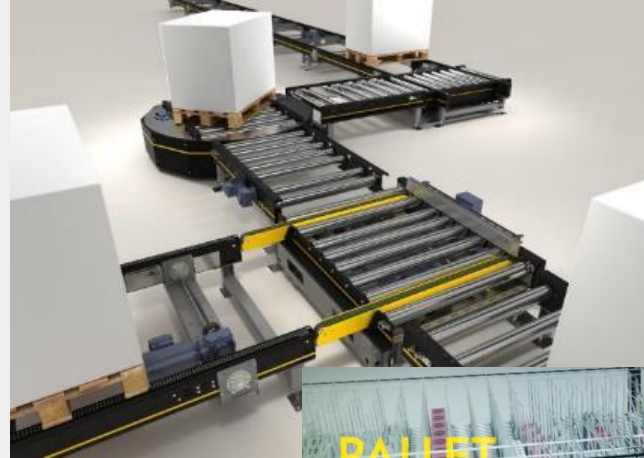
*CoE= Center of Excellence

Smart Pallet Handling Solutions

Overview



- Interroll offers a comprehensive, set of modular pallet handling solutions:
- MPP – The Modular Pallet Conveyor Platform
- Stacker Crane & Transfer Car
- Pallet Flow
- Combined they constitute the **ultimate high-quality solution for the entire flow of pallets** throughout manufacturing plants and distribution centers.



Smart Pallet Handling Solutions

Benefits At A Glance



PALLET TYPES



SCALABILITY



DURABILITY AND LOW MAINTENANCE



VERSATILITY



LOW CONVEYING HEIGHT



EASINESS

Interroll Sorter

More than 400 installations worldwide



- More than 400 sorters installed worldwide
- 20 years of experience as a neutral partner for sorters
- Well-known customers from CEP, fashion, e-commerce and other industries
- Proven mechanical design, reliable accurate discharge
- Interroll has entered a new market segment with the High-Performance Crossbelt Sorter!



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

Organizational structure

Members of Group Management



Paul Zumbühl
Chief Executive Officer



Heinz Hössli
Chief Financial Officer



Maurizio Catino
Executive Vice President
Head of Global Sales & Service



Jens Strüwing
Executive Vice President
Head of Products & Technology



Jens Karolyi
Senior Vice President
Corporate Marketing & Culture



Dr. Ben Xia
Executive Vice President
Head of Operations Asia



Richard Keely
Executive Vice President
Head of Operations Americas

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Financial Highlights H1/2020

Heinz Hösli, Group CFO
Interroll Holding AG

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Performance summary H1/2020



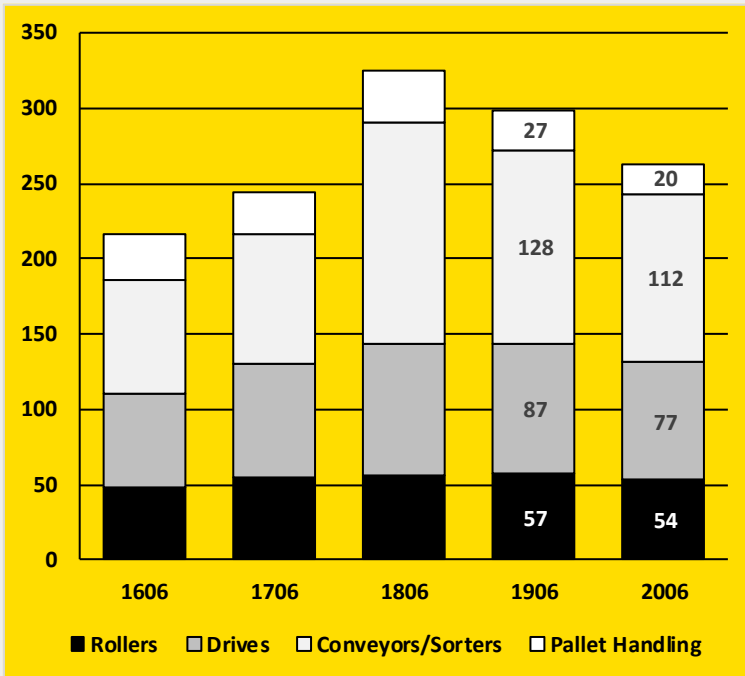
- ☉ **-11.9% order intake decline** (previous year: -7.9%)
Local currency: -6.1%
All regions show a decline in order intake
- ☉ **-10.6% sales decline** (previous year: +8.4%)
Local currency: -4.8%
EMEA and Americas show a decline in sales but Asia-Pacific is growing
- ☉ **+3.5% EBIT growth to CHF 32.3m** (previous year: CHF 31.2m)
High cost discipline underlined
- ☉ **+12.5% operating cash flow: CHF 45.6m** (previous year: CHF 40.6m)
19.6% from sales (PY: 15.6%)

Order intake: CHF 263.4m (-11.9%)

Local currency: -6.1%



In CHF million



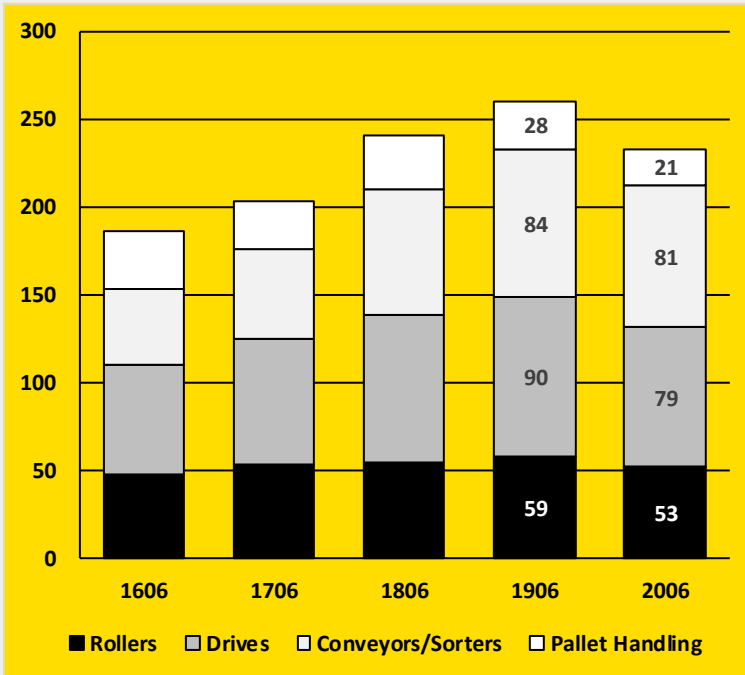
- Rollers: -5.9%
- Drives: -10.5%
- Conveyors & Sorters: -12.4%
- Pallet Handling: -24.9%
- Book-to-bill Ratio: 1.13 (PY: 1.15)

Sales: CHF 233.2m (-10.6%)

Local currency: -4.8%



In CHF million



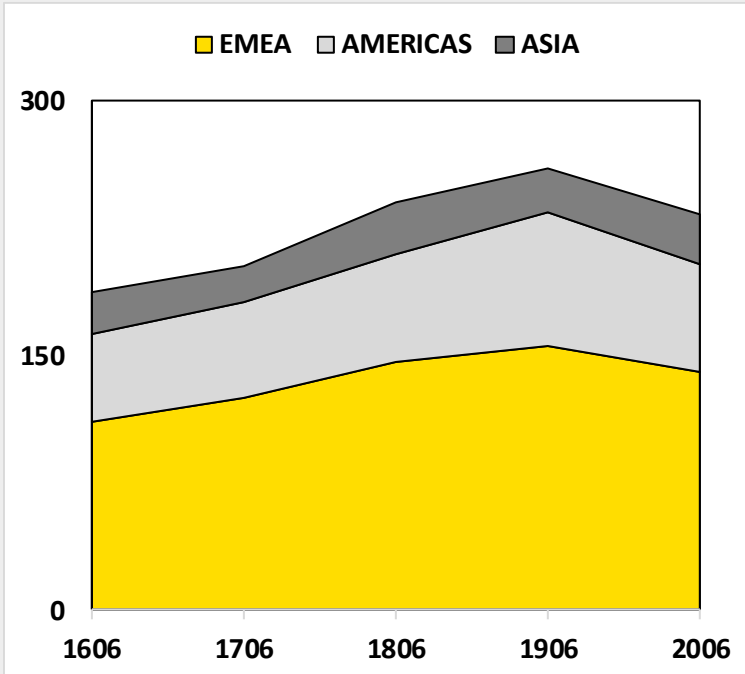
- Rollers: -10.6%
- Drives: -12.3%
- Conveyors & Sorters: -3.5%
- Pallet Handling: -26.6%
- Book-to-bill Ratio: 1.13 (PY: 1.15)

Sales by region: CHF 233.2m (-10.6%)

Local currency: -4.8%



In CHF million



Sales development:

- EMEA: -10.1%
- Americas: -18.8%
- Asia-Pacific: +10.7%



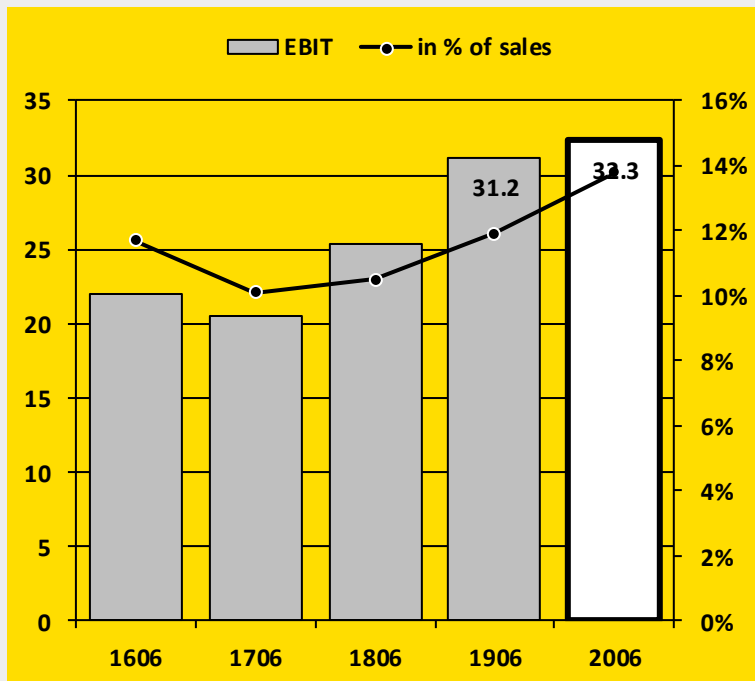
Sales by region:

- EMEA: 60% (PY: 60%)
- Americas: 27% (PY: 30%)
- Asia-Pacific: 13% (PY: 10%)

EBIT: CHF 32.3m (+3.5%)



In CHF million



- ☺ Favorable margin from product mix
- ☺ High cost and investment discipline

EBITDA CHF 43.5m (+0.1%)

In % of sales 18.7% (PY: 16.7%)

- ☺ Depreciation almost unchanged
- ☺ Amortization lower

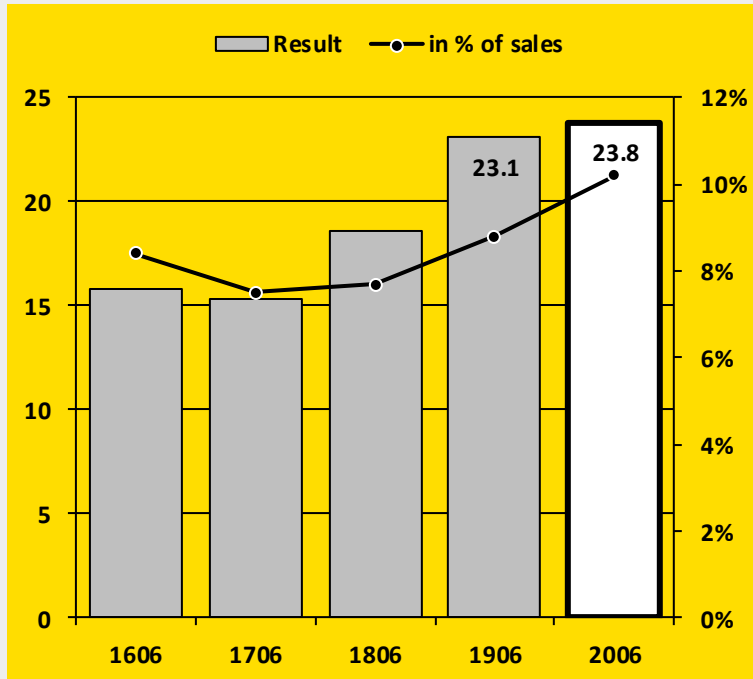
EBIT CHF 32.3m (+3.5%)

In% of sales 13.8% (PY: 11.9%)

Result: CHF 23.8m (+3.1%)



In CHF million



- ⦿ Negative financing result from FX currency loss
- ⦿ Lower tax rate

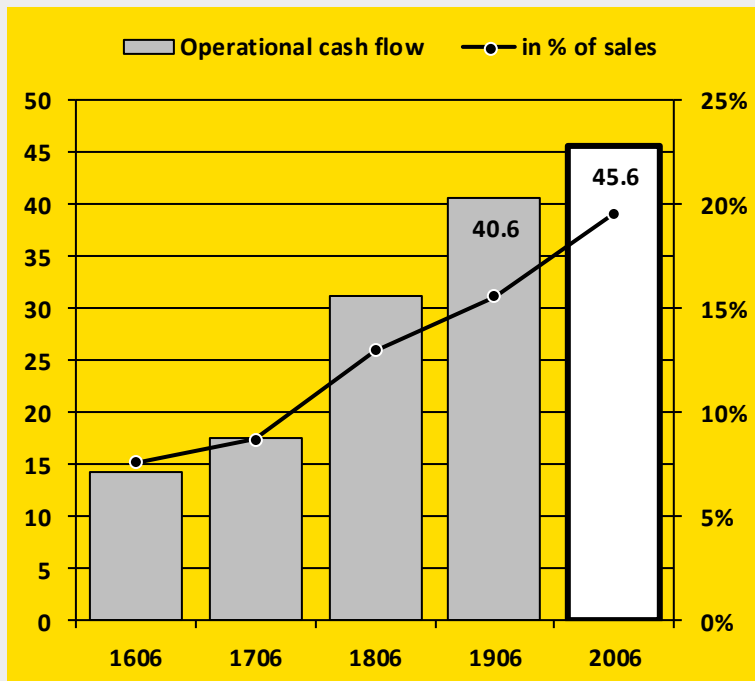
Result CHF 23.8m (+3.1%)

In % of sales 10.2% (PY: 8.8%)

Operating cash flow: CHF 45.6m (+12.5%)



In CHF million



☺ Lower NWC (inventories/WIP and trade receivables)

☺ Less income tax paid

**Operating cash flow CHF 45.6m
(+12.5%)**

In % of sales: 19.6% (PY: 15.6%)

☺ Investments CHF 26.0m (PY: CHF 11.7m)

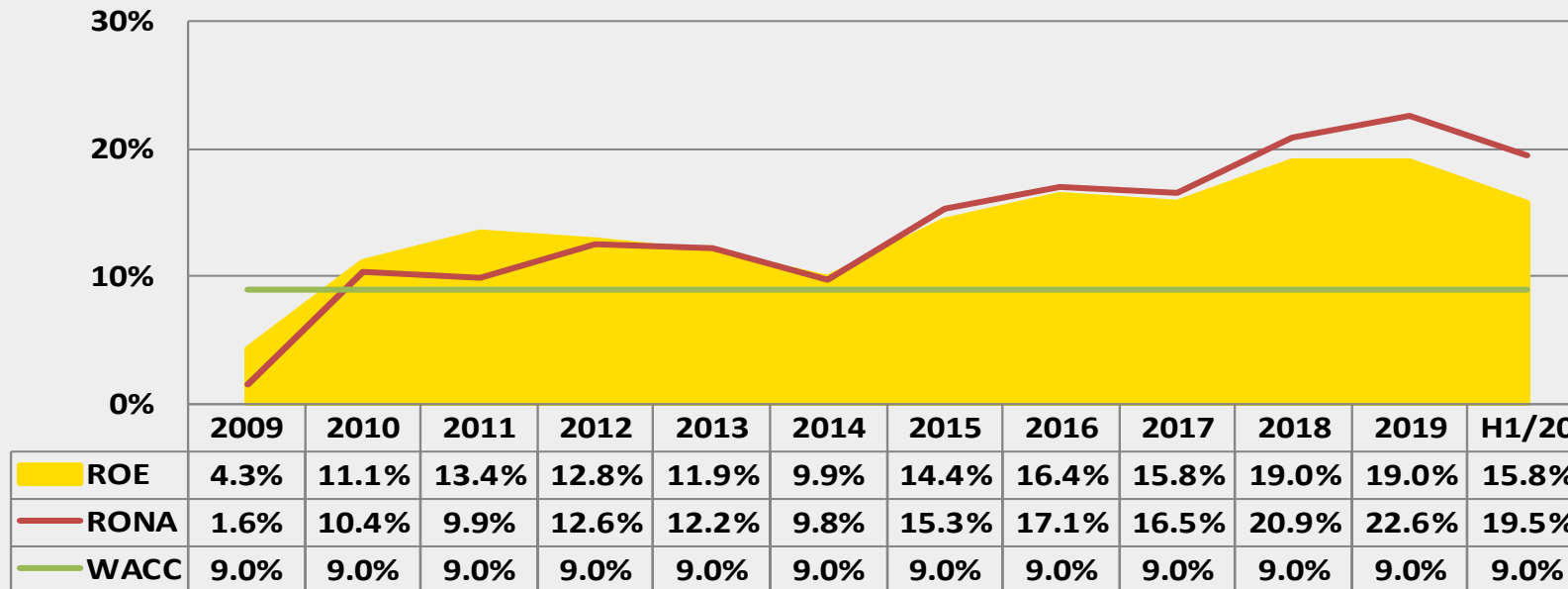
Free cash flow CHF 20.0m (-31.6%)

In % of sales: 8.6% (PY: 11.2%)

Value creation: ROE 15.8% and RONA 19.5%



ROE vs. WACC of 9%



Profitable growth – now and in the future



- ☺ Interroll is cautiously optimistic on **accelerating business dynamics in H2/2020** (compared to H1/2020).
- ☺ Based on its strong market position, its innovative products, available capacities for growth and the fast growing end markets served (E-Commerce, CEP, Food & Beverage, Distribution & Industry), **Interroll sees significant long-term potential.**



Click into the respective picture to start any of these videos

Half-year report 2020



<https://www.interroll.com/investor-relations/reports-and-publications>



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Thank you for your attention!

Do you have any questions?



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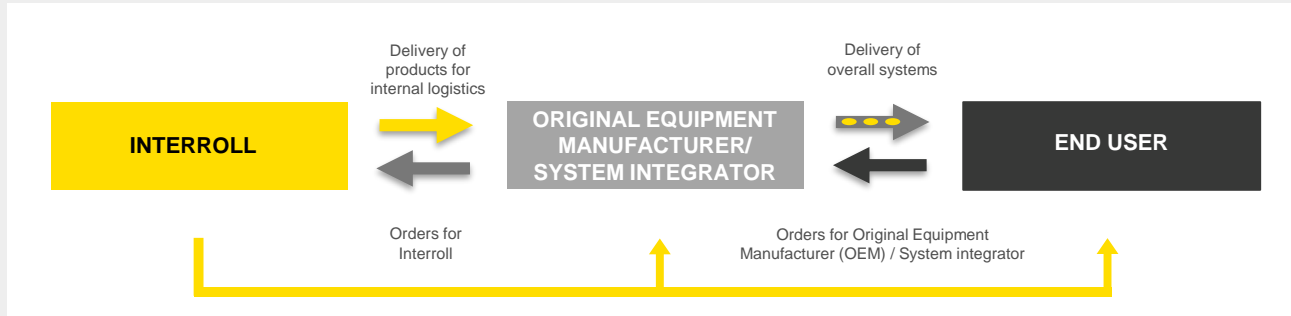
This presentation contains certain future-oriented statements. Future-oriented statements include all statements which do not relate to historical facts and events and contain future-oriented expressions such as “believe”, “estimate”, “assume”, “expect”, “forecast”, “intend”, “could” or “should” or expressions of a similar kind. Such future-oriented statements are subject to risks and uncertainties since they relate to future events and are based on the company’s current assumptions, which may not in the future take place or be fulfilled as expected.

Even if the actual results for Interroll Holding AG, including its financial position and profitability and the economic and regulatory fundamentals, are in accordance with such future-oriented statements in this presentation, no guarantee can be given that this will continue to be the case in the future as development in the economic and regulatory frameworks may vary substantially from those explicitly or implicitly assumed or described in this presentation.

BACKUP



Interroll – Customer – End User Relationship



Product competitors



OEMs/System Integrators



End Users



Competitors overview



| | Explanation | Our opportunity |
|--|--|--|
| Direct competition | Majority local, few global competitors for individual Interroll products <u>No</u> competitors (local and/or global) for the complete Interroll product portfolio | Extend market share due to higher technology, quality and global availability |
| Indirect competition | Other technologies/products are used for same application (e.g. Gear Motor, 400V, etc.) | Substitute «old» and energy consuming technology by Interroll products (e.g. Drum Motor, 24V, etc.) |
| In-house competition by System Integrators and OEMs | System Integrators and OEMs still produce some products in-house (<u>no</u> core activity for them) | Outsourcing to Interroll due to lower cost, higher quality and innovation (our core competence and economy of scales) |

References (a selection)

These end users trust Interroll's solutions



References

Partners (a selection)



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

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



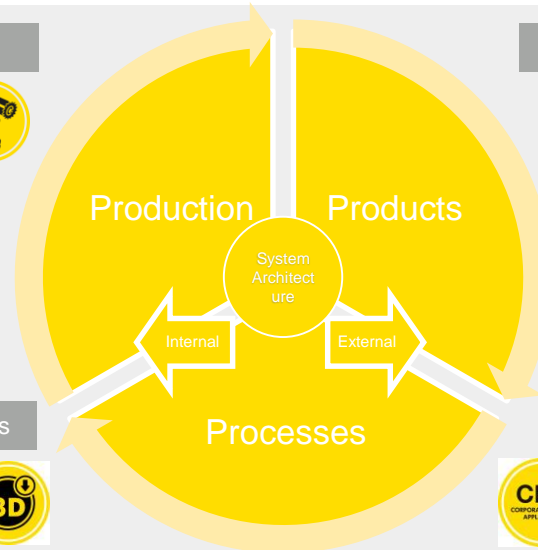
Digitalization of the products

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

Delivery times



Quality



Digitalization of the processes

- CAD Layer 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