Exyte Group

Financial Statement FY2019 – Summary

July 29th, 2020

Figures at a Glance FY 2019

Order Intake €4,756 m (+8%)[1]	**Sales €3,889 m** (+10%)[1]	**Adj. EBIT €223 m** (+31%)[1]	**Adj. EBIT margin 5.7%** (+0.9PP)[1]	**Net Profit €165 m** (+13%)[1]

EPS 1.10 €	**Op. CF €71 m**	**FCF €68 m**	**Net WC €-572 m**	**Equity Ratio 25.9%**	**FTE[2] 5,170**

[1] Change year-over-year.
[2] Full-time equivalent as of December 31, 2019.

Preface

Dear Ladies and Gentlemen,

2019 was an excellent year for us. Exyte generated sales of €3.9 billion (2018: €3.5 billion), increased its order intake to €4.8 billion (2018: €4.4 billion) and boosted its profitability by 31%, achieving an adjusted EBIT of €223 million compared to €170 million in 2018.

Sales growth was particularly strong in Europe (EMEA) due to significant semiconductor projects being awarded to us in Ireland and Austria. While sales in EMEA grew by 57% year-over-year, sales in Asia-Pacific (APAC) and the USA (AMER) were expectedly slightly below the previous year's level. At the same time, order intake in EMEA grew significantly, which led to an overall order intake of €4.8 billion (+8% vs. 2018).

In 2020 we have faced challenges caused by the Covid-19 pandemic. At the moment, we perceive that this pandemic would have a negative impact on our most important KPIs, i.e. order intake, revenue, and adjusted EBIT. Since the full impact of the Covid-19 pandemic cannot be reliably estimated, the Executive Board is currently predicting lower 2020 order intake than in 2019. Thanks to the healthy backlog at the end of 2019, we expect 2020 sales to be similar to 2019 sales. However, due to the changes in the project portfolio mix, we anticipate a slight decline in the adjusted EBIT compared to 2019.

These financial projections are based on the assumption that the remainder of 2020 will not be marked by a second wave of coronavirus infections globally on the same scale as the first, and that the easing of global restrictions will gradually continue until the end of the summer. We further project that the weakened global economy will show clear signs of recovery in the second half of the year as the impacts from the various government stimulus packages are fully realized.

In the medium term, we continue to aim for sales of €5 billion and a sustained adjusted EBIT margin of ≥ 5%.

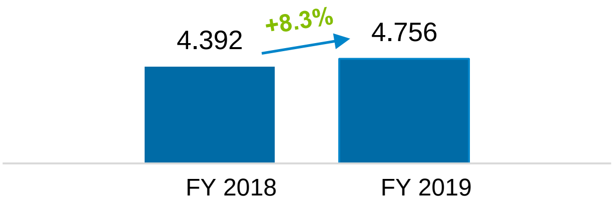
Best regards,
Dr. Wolfgang Büchele

Dr. Wolfgang Büchele
CEO Exyte AG

Overview: FY 2019 Financials

Order intake

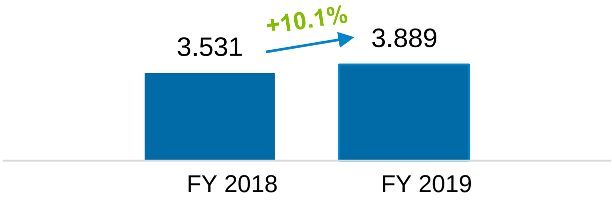
in €million



- Achievement of record level of order intake in 2019.
- The substantial order backlog of €3,711 million is a solid basis for sustained growth well beyond 2019 (FY 2018: €2,902 million).

Sales

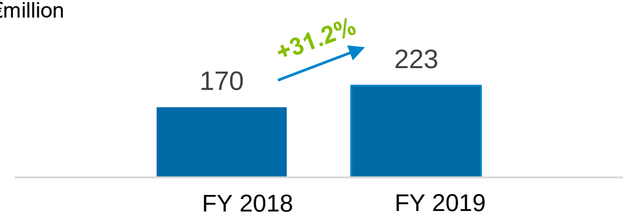
in €million



- Solid increase of sales compared to 2018.
- Sales objective of €5 billion in the medium term is on track.

adj. EBIT[1]

in €million



- Significant improvement of adjusted EBIT by 31.2% compared to 2018.
- Increase of adjusted EBIT margin from 4.8% in FY 2018 to 5.7% in FY 2019.

1) For explanation of adjusted EBIT, please see "Earnings Performance" or "Key Figures."

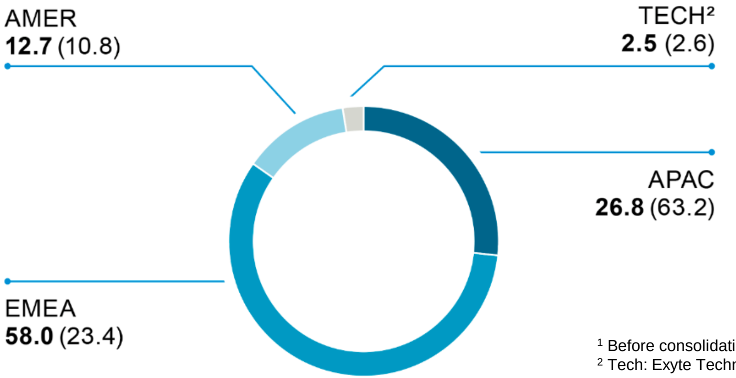
Order Intake by Region FY 2019

Order Intake by Region[1]

in €million

	FY 2019	FY 2018
APAC	**1,286**	2,807
EMEA	**2,783**	1,040
AMER	**612**	478
TECH[2]	**118**	117

in % (previous year)



[1] Before consolidation
[2] Tech: Exyte Technology (Equipment)

EMEA was awarded major semiconductor and data center projects and achieved substantial growth

- With new major projects in Ireland, Austria, Denmark, and Israel, order intake of EMEA increased substantially, making it the largest contributor to the Group’s order intake.
- Order intake in APAC decreased expectedly due to a major project having been awarded in 2018, leading to a very high comparable.
- In AMER, order intake increased due to the award of two substantial ATF projects.

Order Intake by Business Segment FY 2019

ATF remains strong; DTC recorded highest growth

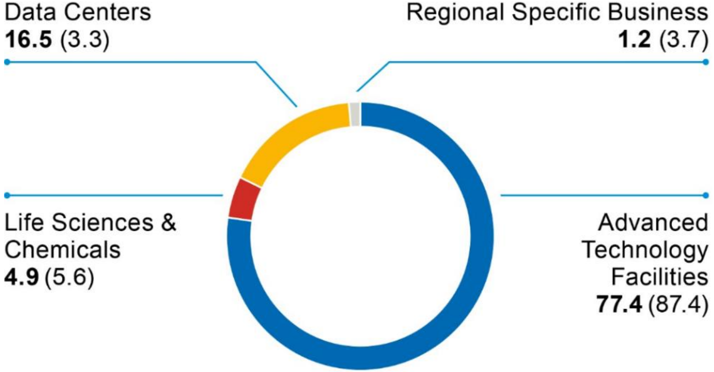
- The ATF business segment remains the strongest segment of Exyte although its share in Group order intake decreased by 10%. A semiconductor project with an exceptionally high order value was awarded in Ireland.
- Order intake of LSC almost reached the level of the previous year.
- Order intake in the DTC business segment increased substantially in absolute terms as well as in terms of its proportion of Group total.
- In line with strategy, order intake of RSB became less significant.

Order Intake by Business Segment

in €million

	FY 2019	FY 2018
Advanced Technology Facilities (ATF)	**3,680**	3,833
Life Sciences & Chemicals (LSC)	**234**	245
Data Centers (DTC)	**784**	145
Regional Specific Business (RSB)	**58**	164

in % (previous year)



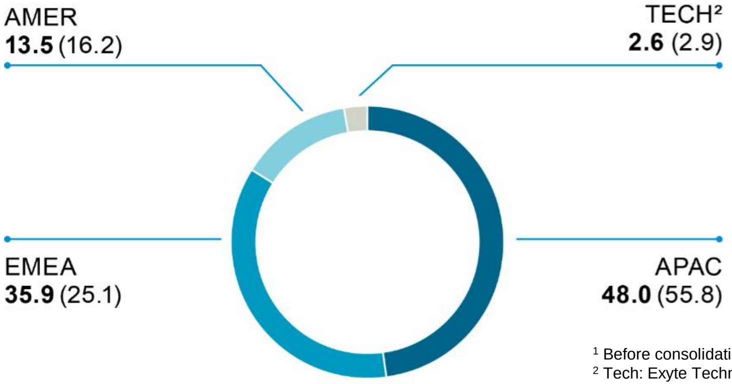
Sales by Region FY 2019

Sales by Region[1]

in €million

	FY 2019	FY 2018
APAC	**1,886**	1,993
EMEA	**1,412**	899
AMER	**531**	578
TECH	**103**	105

in % (previous year)



[1] Before consolidation
[2] Tech: Exyte Technology (Equipment)

EMEA delivered a strong performance alongside APAC

- APAC remains the largest region in terms of sales, owing to the major ongoing projects in Singapore, China, and Malaysia.
- Significant ATF and DTC projects led to a noticeable increase of sales in EMEA, 57% higher compared to 2018.
- In AMER, sales were below the level of 2018. However, sales in the second half of 2019 outperformed the same period of 2018 by 19%.

Sales by Business Segment FY 2019

ATF continues to be the main growth driver

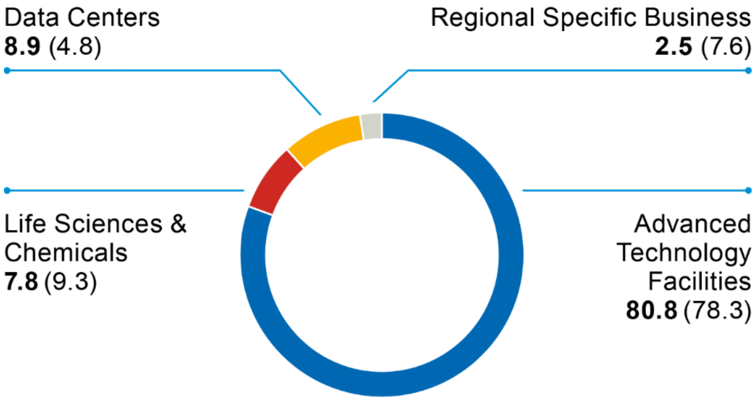
- Sales in the ATF business segment increased YOY by 13.7% on account of large ongoing projects in Singapore, Ireland, USA, Austria, and China.
- In the LSC business segment, sales decreased marginally.
- Due to large projects, sales in the DTC business segment in 2019 were significantly higher than in 2018.
- As expected, sales in the RSB segment dropped significantly, which was mainly related to the discontinuation of the solar business in the US.

Sales by Business Segment

in €million

	FY 2019	FY 2018
Advanced Technology Facilities (ATF)	**3,143**	2,765
Life Sciences & Chemicals (LSC)	**304**	328
Data Centers (DTC)	**346**	171
Regional Specific Business (RSB)	**96**	267

in % (previous year)



Earnings Performance FY 2019

Adjusted EBIT[1]

in €million

	FY 2019	FY 2018
Reported EBIT	**212.7**	**170.0**
Adjustments	10.3	0.2
of which due to reorganization of former M+W group (bad debt allowance)	0.2	-12.4
of which due to restructuring measures	4.7	8.2
of which due to relocation	2.4	4.4
of which other adjustments	3.0	
Adjusted EBIT[1]	**223.0**	**170.2**

Exyte made considerable progress in terms of profitability

- Adjusted EBIT[1] (adjusted earnings before interest and taxes) substantially increased by 31% compared to the previous year.
- The adjusted EBIT margin amounted to 5.7% in 2019, which represents a y-o-y increase of 0.9pp (FY 2018: 4.8%).
- Exyte is on the right track to achieve its objective of a sustainable adjusted EBIT margin of ≥ 5% in the medium term.

1) The adjusted EBIT is defined as a result from operations (EBIT) adjusted by restructuring costs related to the strategic realignment of Exyte Group, costs relating to location closing and relocation costs, costs regarding capacity adjustments linked to optimization programs, income or expenses from lawsuits relating to legacy issues, income or expenses relating to the reorganization of Exyte Group (bad debt allowance), and costs for other unusual or extraordinary events which are not normally recurring or not in the normal course of business (EBIT adjustments).

Outlook Financial Year 2020

- The coronavirus has continued to spread as the global Covid-19 pandemic evolves. At the moment, we perceive that this pandemic would have a negative impact on our most important KPIs, i.e. order intake, sales, and adjusted EBIT. Since the full impact of the Covid-19 pandemic cannot be reliably estimated, we are now predicting lower 2020 order intake compared to 2019. Thanks to the healthy backlog at the end of 2019, we expect 2020 sales to be at a similar level as in 2019. However, due to the changes in the project portfolio mix, we anticipate a slight decline in the adjusted EBIT compared to 2019.

- These financial projections are based on the assumption that the remainder of 2020 will not be marked by a second wave of coronavirus infections globally on the same scale as the first, and that the easing of global restrictions will gradually continue until the end of the summer. We further project that the weakened global economy will show clear signs of recovery in the second half of the year as the impacts from the various government stimulus packages are fully realized.

- In the medium term, Exyte continues to aim for annual sales of €5 billion and an adjusted EBIT margin of ≥ 5%.

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Appendix

Key Figures

in €million

	Jan. 1 – Dec. 31, 2019	Jan. 1 – Dec. 31, 2018	Growth
Order intake	4,756	4,392	+8.3%
Sales	3,889	3,531	+10.1%
Gross profit	332	289	+14.9%
Gross profit margin in %	8.5	8.2	+0.3pp
EBIT	213	170	+25.3%
EBIT margin in %	5.5	4.8	+0.7pp
Adjusted EBIT[1]	223	170	+31.2%
Adjusted EBIT margin in %	5.7	4.8	+0.9pp
Group net profit	165	146	+13.0%
Group net profit margin in %	4.2	4.1	+0.1pp
Earnings per share (in €)	1.10	0.97	+13.4%
No. of Employees (full-time equivalents at the end of the period)	5,170	5,561	-
Cash flow from operating activities	71	562	-
Cash flow from investing activities	-3	-42	-
Free cash flow	68	520	-

	Dec. 31, 2019	Dec. 31, 2018	
Order backlog	3,711	2,902	+27.9%
Net working capital	-572	-690	-
Net working capital in % of sales[2]	-14.7	-19.5	+4.8 pp

1) The adjusted EBIT is defined as a result from operations (EBIT) adjusted by restructuring costs related to the strategic realignment of Exyte Group, costs relating to location closing and relocation costs, costs regarding capacity adjustments linked to optimization programs, income or expenses from lawsuits relating to legacy issues, income or expenses relating to the reorganization of Exyte Group (bad debt allowance), and costs for other unusual or extraordinary events which are not normally recurring or not in the normal course of business (EBIT adjustments).
2) The percentage in FY 2019 is calculated based on the 2019 sales, which is €3,889 million. Full year 2018 sales: €3,531 million.

Net Working Capital

in €million	Dec. 31, 2019	Dec. 31, 2018
Inventories	67	114
Trade receivables	380	353
Trade payables	-971	-906
Trade working capital	**-524**	**-439**
Contract assets	296	170
Contract liabilities	-346	-437
Working capital from construction contracts	**-50**	**-267**
Net working capital from third parties	**-574**	**-705**
Trade receivables from affiliated, non-consolidated entities	12	28
Trade liabilities due to affiliated, non-consolidated entities	-10	-12
Net working capital – including (non-consolidated) affiliated entities	**-572**	**-690**
In % of sales[1]	**-14.7%**	**-19.5%**

1) The percentage in FY 2019 is calculated based on the 2019 sales, which is €3,889 million. Full year 2018 sales: €3,531 million.

Financing and working capital development

- As part of the implementation of projects, funding is provided by trade receivables, advance client payments, and trade payables.
- The vast majority of projects therefore do not require additional financing.
- A high cash position enables Exyte to avoid debt to finance its operations and ensures that payment obligations can be met at all times.
- As of December 31, 2019, Exyte's net working capital ratio is -14.7% and therefore continues to be at a very comfortable level.

Consolidated Income Statement

in €k	Jan. 1 – Dec. 31, 2019	Jan. 1 – Dec. 31, 2018
Sales	3,889,167	3,531,452
Cost of sales	-3,557,510	-3,242,332
Gross profit on sales	**331,657**	**289,120**
Selling expenses	-33,211	-30,029
Administrative costs	-74,407	-73,174
Research and development costs	-229	-241
Other operating income	19,401	31,550
Other operating expenses	-30,550	-47,246
Result from operations (EBIT)	**212,661**	**169,980**
Other financing costs	-2,618	0
Interest and similar income	25,661	23,251
Interest and similar expenses	-26,025	-17,725
Earnings before taxes	**209,679**	**175,506**
Taxes on income	-44,753	-29,353
Consolidated net profit for the year	**164,926**	**146,153**

Consolidated Balance Sheet

in €k

	Dec. 31, 2019	Dec. 31, 2018
Assets		
Intangible assets	132,861	133,387
Property, plant and equipment	116,502	61,455
Financial assets	66	2,650
Other non-current assets	174	457
Deferred tax assets	62,354	67,597
Non-current assets	**311,957**	**265,546**
Inventories	66,799	114,459
Contract assets	295,672	169,765
Trade receivables and other receivables	638,540	609,207
Cash and cash equivalents	769,406	845,328
Current assets	**1,770,417**	**1,738,759**
Total assets	**2,082,374**	**2,004,305**
Equity	**540,349**	**368,511**
Liability		
Provisions for pensions	10,486	8,722
Other non-current provisions	12,606	6,792
Non-current financing liabilities	41,425	0
Other non-current liabilities	1,307	1,268
Deferred tax liabilities	5,079	277
Non-current liabilities	**70,903**	**17,059**
Tax provisions	14,782	32,716
Other current provisions	60,607	47,671
Current financing liabilities	13,798	78,212
Trade payables and other current liabilities	1,036,522	1,023,306
Contract liabilities	345,413	436,830
Current liabilities	**1,471,122**	**1,618,735**
Total Equity and Liabilities	**2,082,374**	**2,004,305**

Consolidated Cash Flow Statement

in €k		Jan 1. – Dec. 31, 2019	Jan. 1 – Dec. 31, 2018
	Consolidated earnings before tax (EBT)	209,679	175,505
-	Income tax payments	-53,221	-33,460
+	Net interest (excluding foreign currency exchange gains or losses)	-6,762	-9,691
+	Amortization and depreciation	22,203	6,401
+	Impairment losses	2,618	0
+/-	Net gains/losses deriving from the disposal of non-current assets	1,464	257
+/-	Other non-cash based income and expenses	14,967	2,052
-	Interest paid	-4,003	-2,760
+	Interest received	11,812	12,632
=	**Operating cash flow before changes in working capital**	**198,757**	**150,936**
+/-	Change in provisions	17,061	11,680
+/-	Change in working capital	-149,348	393,142
+/-	Change in other assets and liabilities	4,794	6,526
=	**Cash flow from operating activities**	**71,264**	**562,284**
+/-	Net payment[1] in intangible assets	-388	-336
+/-	Net payment[1] in property, plant and equipment	-5,963	-42,451
+/-	Net payment[1] in financial assets	667	1,039
+	Proceeds from the disposal of consolidated entities	2,429	50
=	**Cash flow in investing activities**	**-3,255**	**-41,698**
+/-	Transactions with the M+W Group GmbH Group	-63,387	-130,875
+/-	Net payment[1] related to borrowings from banks[2]	-80,036	26,391
-	Payments for leases	-13,438	-30
+/-	Cash flow in other financing activities	-5,198	476
=	**Cash flow in financing activities**	**-162,059**	**-104,038**
=	**Cash-based changes in cash and cash equivalents**	**-94,050**	**416,548**
+/-	Exchange rate effects and other changes to cash and cash equivalents[2]	102,459	-18,305
+	Cash and other equivalents at the beginning of the period	760,997	362,754
=	**Cash and cash equivalents at the end of the period[3]**	**769,406**	**760,997**

1) Net payment = Proceeds - Payment.
2) The cash deposits pledged as security in 2018 were released from the pledge in 2019.
3) In 2018, Cash and cash equivalents according to cash flow statements differs from reported cash and cash equivalents in Balance Sheet largely due to restricted cash.

Disclaimer

This presentation contains forward-looking statements, which are based on current estimates and assumptions made by the corporate management of Exyte Group. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate, and similar formulations. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and the results actually achieved by Exyte Group and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside the company’s control and cannot be accurately estimated in advance, such as the future economic environment and the actions of competitors and others involved in the marketplace.