Exyte Group
Financial Statement H1/2019

August 14th, 2019

Figures at a glance H1/2019
(change year-on-year)

Order Intake	Sales	Adj. EBIT	Adj. EBIT margin	FTEs
€ 2,431 m*	€ 1,734 m	€ 96 m	5.5%	5,761
(-17.8%*)	(+2.7%)	(+17.1%)	(+12.2%)	(+9.0%)

** This figure declined as expected in the first half year of 2019 y-o-y as a major project with an exceptionally big volume was booked in Q1/2018.*

Preface

Ladies and Gentlemen,

We are proud that we continue to grow and significantly improve our profitability, despite a challenging overall market environment. In the first six months of 2019, we have increased our sales by 2.7% and our adjusted EBIT by 17.1% year-on-year. The adjusted EBIT margin amounted to 5.5% in the first half of 2019, which represents an improvement of 12.2% over the same period of the previous year.

The business segment Advanced Technology Facilities (ATF; in particular semiconductors), is without doubt our strongest business. Sales of € 1.45 billion represent a growth of 13% compared to a strong first half of 2018. The other two strategic business segments Life Sciences & Chemicals (LSC) and Data Center (DTC) remain important priorities for us and we are convinced that we will continue to grow also in these two growing markets. We are for instance very satisfied to have booked an order intake of close to € 500 million in DTC in the first half year of 2019, which is more than 4 times the figure of the previous year.

Dr. Wolfgang Büchele
CEO Exyte AG

While Asia-Pacific (APAC) remains our largest market, we are very pleased that we have seen a strong growth in the European market (EMEA). We were able to increase our sales significantly and even doubled our order intake in this region. Europe continues to be a strategic priority for us.

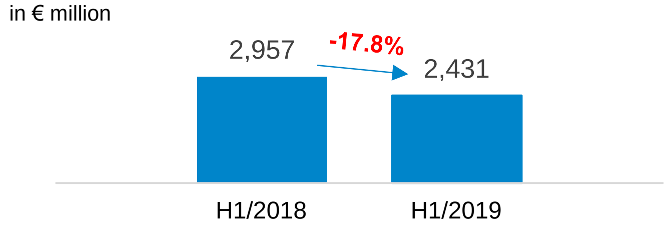
Based on our positive development in the first six months of the year, we raise our sales outlook for the full year 2019 and are now expecting record sales in the magnitude of € 4.0 billion (2018: € 3.5 billion). At the same time, we expect our order intake to stay at the level of the previous year (2018: € 4.4 billion) and anticipate a higher adjusted EBIT than the previous year (2018: € 170 million).

In the medium term, we aim to achieve sales of € 5 billion at an adjusted EBIT margin of 5%.

With best regards,
Dr. Wolfgang Büchele

Overview: Exyte H1/2019 financials

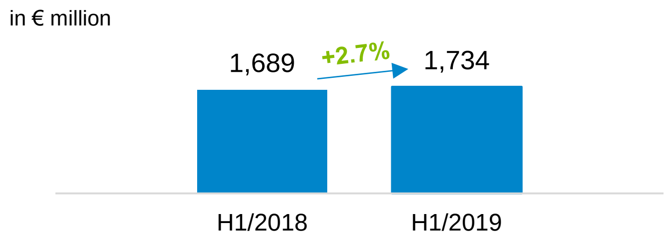
Order intake



Order intake of € 2,431 million in H1/2019

- Order intake was expectedly below strong H1 in 2018, which was marked by a major semiconductor project in APAC.
- Strong order book with an order backlog of € 3,591 million. (H1/2018: € 3,426 million)

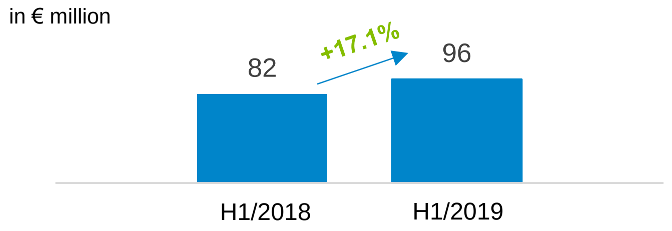
Sales



Exyte continues to grow

- Exyte increases sales to € 1,734 million, corresponding to a y-o-y increase of 2.7% (H1/2018: € 1,689 million)

adj. EBIT[1]



Adjusted EBIT[1] improved substantially

- Higher adjusted EBIT (€ 96 million) compared to prior year (H1/2018: € 82 million).
- EBIT margin (adjusted) increased by 12.2% to 5.5% (H1/2018: 4.9%).

1) For explanation of EBIT adj. see "Earnings Performance" and "Figures at a glance".

Order intake by region H1/2019

Order Intake by Region

in € million

	H1/2019	H1/2018
APAC	**707**	1,931
EMEA	**1,277**	634
AMER	**415**	354
TECH[1]	**44**	58

1) Tech: Exyte Technology (Equipment)

EMEA won major semiconductor and data center projects and recorded substantial growth

- Exyte serves customers in all key markets with a regional focus determined by our customers' investment plans and specific needs.
- With new major projects in Ireland, Austria, Denmark and Israel, order intake of EMEA doubled to € 1,277 million (H1/2018: € 634 million).
- Order intake in APAC decreased to € 707 million (H1/2018: € 1,931 million), due to a major project received in Q1 2018.
- In AMER, where a new important semiconductor project was awarded, order intake increased slightly by 17% to € 415 million (H1/2018: € 354 million).
- The Technology ("TECH") segment includes the design, development and manufacturing of cleanroom products for controlled environments. Order intake of TECH decreased slightly to € 44 million (H1/2018: € 58 million).

Order intake by business segment H1/2019

Order Intake by Business Segment

in € million

	H1/2019	H1/2018
Advanced Technology Facilities (ATF)	**1,781**	2,569
Life Sciences & Chemicals (LSC)	**114**	153
Data Center (DTC)	**488**	105
Regional Specific Business (RSB)	**53**	122

ATF remains strong; DTC recorded highest growth

- With an order intake € 1,781 million, the Advanced Technology Facilities (ATF) business segment remains our strongest business. The order intake is below the level of H1/2018, due to a major project received in Q1 2018 in APAC (H1/2018: € 2,569 million).
- Order intake of € 114 million in the business segment Life Sciences and Chemicals (LSC) was lower than that of the previous year (H1/2018: € 153 million).
- Two significant data center projects were awarded in Denmark and Taiwan, so that the order intake in Data Center (DTC) business segment soared to € 488 million, which is more than 4 times the figure of the previous year (H1/2018: € 105 million).
- Exyte also conducts regional specific business, which is not of strategic relevance (RSB segment).
- **The substantial order backlog of € 3,591 million** is a solid basis for sustained growth well beyond 2019 (H1/2018: € 3,426 million).

Sales by region H1/2019

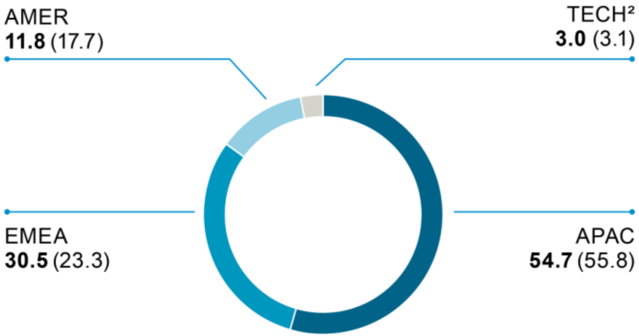
Sales by Region[1]

in € million

	H1/2019	H1/2018
APAC	**963**	961
EMEA	**537**	401
AMER	**207**	305
TECH	**53**	54

Sales development by region H1/2019[1]

in % (previous year)



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

EMEA delivered a strong performance besides APAC

- In the first half year of 2019, Exyte generated around 55% of its sales in APAC, 30% in EMEA and 12% in AMER.
- Exyte Technology contributed 3% of Group sales.
- Owing to the strong performance of the on-going projects in Singapore, China and Malaysia, APAC contributed more than half of the sales of Exyte.
- Major ATF and DTC projects led to a noticeable increase of sales in EMEA; y-o-y increase of 34% to € 537 million.
- In AMER sales were below the level of the first half of 2018. However, the sales in the second quarter of 2019 outperformed the first quarter of 2018 by 56%.

Sales by business segment H1/2019

ATF continues to be the main driver of Exyte's growth

- The Advanced Technology Facilities (ATF) business segment continues to be Exyte's main growth driver.
- Sales in the ATF business segment rose by 13% to € 1,448 million (H1/2018: € 1,281 million) on account of large projects in Singapore, Ireland, Shanghai and Austria.
- In the Life Sciences and Chemicals (LSC) business segment, sales totaled € 156 million, which resulted in a slight decrease y-o-y (H1/2018: € 162 million).
- In the Data Center (DTC) business segment sales (€ 76 million) were below H1/2018 (€ 94 million), as the newly awarded major projects have just begun to generate sales.
- In the RSB segment, sales decreased as expected to € 55 million (H1/2018: € 160 million).

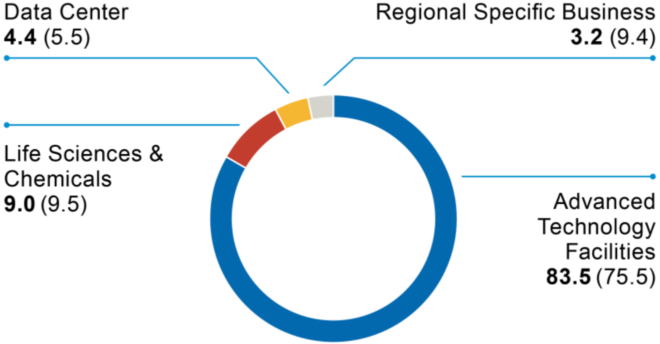
Sales by Business Segment[1]

in € million

	H1/2019	H1/2018
Advanced Technology Facilities (ATF)	**1,448**	1,281
Life Sciences & Chemicals (LSC)	**156**	162
Data Center (DTC)	**76**	94
Regional Specific Business (RSB)	**55**	160

Sales development by Business Segment H1/2019[1]

in % (previous year)



[1] Before consolidation

Earnings performance H1/2019

Adjusted EBIT[1]

in € million

	H1/2019	H1/2018
Reported EBIT	**94.3**	**91.1**
Adjustments	1.8	-8.8
of which due to reorganization of former M+W group (bad debt allowance)	0	-9.1
of which due to restructuring measures	0.6	-0.9
of which due to relocation	1.2	1.2
Adjusted EBIT[1]	**96.1**	**82.3**

Exyte made a considerable progress in terms of profitability

- Adjusted EBIT[1] (adjusted earnings before interest and taxes) improved substantially in the first half year of 2019. It increased by 17% to € 96 million compared to the previous year (H1/2018: € 82 million).
- The adjusted EBIT margin increased to 5.5% in the first six months of 2019 (H1/2018: 4.9%).
- Exyte is on the right track to achieve its objective of an adjusted EBIT margin of 5% in the medium-term.

1) The adjusted EBIT is defined as earnings before interest and tax, adjusted for restructuring costs incurred in connection with the strategic realignment of the Exyte Group, costs incurred for the closure and relocation of sites, costs in connection with capacity adjustments within the context of optimization programs, income or expenses deriving from litigation proceedings involving historical legacy issues and income or expenses in connection with the reorganization of the Exyte Group (allowances for impairment losses).

Outlook FY 2019

- The management board of the Exyte Group expects the positive development to continue for the full year. Our expectation is that the incoming orders will be at the level of the previous year (2018: € 4.4 billion), despite the major project with an exceptionally large volume booked in Q1/2018.

- We expect new record sales in the magnitude of € 4.0 billion for the current financial year (2018: € 3.5 billion). Thereby, we expect the Advanced Technology Facilities Business segment to remain our strongest business segment.

- We anticipate a moderate increase for the adjusted EBIT (2018: €170 million).

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Appendix

Figures at a glance

Figures at a glance

in € million

	Jan. 1 – Jun. 30, 2019	Jan. 1 – Jun. 30, 2018	Growth
Key figures			
Backlog (at end of the period)	3,591	3,426	4.8%
Order intake	2,431	2,957	-17.8%
Sales	1,734	1,689	+2.7%
Gross profit	147	126	+16.7%
Gross profit margin in %	8.5	7.5	1.0 pp
EBIT	94	91	+3.3%
EBIT margin in %	5.4	5.4	+0 pp
Adjusted EBIT[1]	96	82	+17.1%
Adjusted EBIT margin in %	5.5	4.9	+0.6 pp
Group net profit	87	79	+10.1%
Group net profit in % of sales	5.0	4.7	+0.3pp
Earnings per share (in €)	0.58	0.53	+9.4%
No. of Employees (full-time equivalents at the end of the period)	5,761	5,286	+9.0%
Investments in property, plant and equipment	3	12	n.a.
Amortization and depreciation	9	3	+200.0%
Cash flow from operating activities	-210	205	n.a.
Cash flow from investing activities	-3	-12	n.a.
Free cash flow	-213	193	n.a.
	Jun. 30, 2019	**Dec. 31, 2018**	
Net working capital	-447	-690	
Net working capital in % of sales[2]	-12.5	-19.5	+7.0 pp

1) The adjusted EBIT is defined as earnings before interest and tax, adjusted for restructuring costs incurred in connection with the strategic realignment of the Exyte Group, costs incurred for the closure and relocation of sites, costs in connection with capacity adjustments within the context of optimization programs, income or expenses deriving from litigation proceedings involving historical legacy issues and income or expenses in connection with the reorganization of the Exyte Group (allowances for impairment losses).
2) The percentage in H1/2019 is calculated based on the Sales of last 12 months, which is €3,576 million. Full year 2018 Sales: € 3,531 million.

Net Working Capital

Net Working Capital

in € million

	Jun. 30, 2019	Dec. 31, 2018
Inventories	99	114
Trade receivables	304	353
Trade payables	-837	-906
Trade working capital	**-434**	**-439**
Contract assets	269	170
Contract liabilities	-298	-437
Net position deriving from construction contracts	**-28**	**-267**
Net working capital (3rd Party, outside M+W Group)	**-462**	**-705**
Trade receivables from affiliated, non-consolidated entities	21	28
Trade liabilities due to affiliated, non-consolidated entities	-6	-12
Net working capital (3rd Party, outside Exyte Group)	**-447**	**-690**
In % of sales[1]	**-12.5%**	**-19.5%**

1) The percentage in H1/2019 is calculated based on the Sales of last 12 months, which is €3,576 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 using banks to finance its operations and ensures that payment obligations can be met at all times.
- As of June 30, 2019, Exyte's net working capital ratio is -12.5% and therefore continue to be very comfortable.

Consolidated Income Statement

Consolidated Income Statement

in € K

	Jan. 1 – Jun. 30, 2019	Jan. 1 – Jun. 30, 2018
Sales	1,734,251	1,688,743
Cost of sales	-1,587,718	-1,563,075
Gross profit on sales	**146,533**	**125,668**
Selling expenses	-17,919	-15,642
Administrative costs	-38,619	-24,230
Research and development costs	-90	-141
Other operating income	10,630	13,636
Other operating expenses	-6,276	-8,107
Result from operations (EBIT)	**94,259**	**91,147**
Interest and similar income	12,870	6,135
Interest and similar expenses	-12,096	-1,548
Earnings before taxes	**95,033**	**96,676**
Taxes on income	-8,023	-18,031
Consolidated net profit for the year	**87,010**	**78,645**

Consolidated Balance Sheet

Consolidated Balance Sheet

in € K

	Jun. 30, 2019	Dec. 31, 2018
Assets		
Intangible assets	133,016	133,387
Property, plant and equipment	109,546	61,455
Financial assets	2,653	2,650
Other non-current assets	300	457
Deferred tax assets	70,644	67,597
Non-current assets	**316,159**	**265,546**
Inventories	98,994	114,459
Contract assets	269,338	169,765
Trade receivables and other receivables	584,773	609,207
Cash and cash equivalents	602,440	845,328
Current assets	**1,555,545**	**1,738,759**
Total assets	**1,871,704**	**2,004,305**
Equity	**456,629**	**368,511**
Provisions for pensions	8,814	8,722
Other non-current provisions	5,512	6,792
Non-current financing liabilities	39,808	0
Other non-current liabilities	1,268	1,268
Deferred tax liabilities	542	277
Non-current liabilities	**55,945**	**17,059**
Tax provisions	7,914	32,716
Other current provisions	52,984	47,671
Current financing liabilities	87,915	78,212
Trade payables and other current liabilities	912,136	1,023,306
Contract liabilities	298,180	436,830
Current liabilities	**1,359,130**	**1,618,735**
Total Equity and Liabilities	**1,871,704**	**2,004,305**

Consolidated Cash Flow Statement

Consolidated Cashflow Statement

in € K

		Jan 1. – Jun. 30, 2019	Jan. 1 – Jun. 30, 2018[1]
	Earnings before tax (EBT)	95,033	96,676
+	Interest (excluding currency gains/losses) with gross cash flow	-3,581	-4,589
+	Depriciation and amortization & impairment losses	8,994	3,028
+/-	Net gains/losses from disposal of non-current assets	62	139
+/-	Other non-cash based expenses and income	2,764	-4,064
-	Interest paid	-1,910	-1,183
+	Interest received	6,276	5,868
=	**Operating result before changes in working capital**	**107,638**	**95,875**
+/-	Change in provisions	3,136	68
+/-	Change in working capital	-251,163	139,010
+/-	Change in other assets and liabilities	-30,924	-7,456
=	**Cash flow from operating activities before income taxes**	-171,313	227,497
-	Income tax payments	-39,160	-22,064
=	**Cash flow in / from operating activities**	**-210,473**	**205,433**
+/-	Net payment in intangible assets	-179	-405
+/-	Net payment in property, plant and equipment	-3,172	-11,983
+/-	Net payment in financial assets	217	92
=	**Cash flow in investing activities**	**-3,134**	**-12,296**
+/-	Transactions with the M+W Group GmbH Consolidated	-31,852	-113,853
+	Proceeds from transactions with equity providers	0	0
+	Proceeds from borrowings taken up with banks	0	26,183
-	Payments for leases	-5,020	-15
=	**Cash flow in financing activities**	**-36,872**	**-87,685**
=	**Total changes in cash and cash equivalents**	**-250,479**	**105,452**
+/-	Exchange rate effects and other changes to cash and cash equivalents	7,542	-21,278
+	Cash and other equivalents at the beginning of the period	760,997	362,754
=	**Cash and cash equivalents at the end of the period[2]**	**518,060**	**446,928**

1) The Consolidated Cash Flow Statement is presented in the same period of the previous year.
2) 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 the 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. The Company neither plans nor undertakes to update any forward-looking statements.