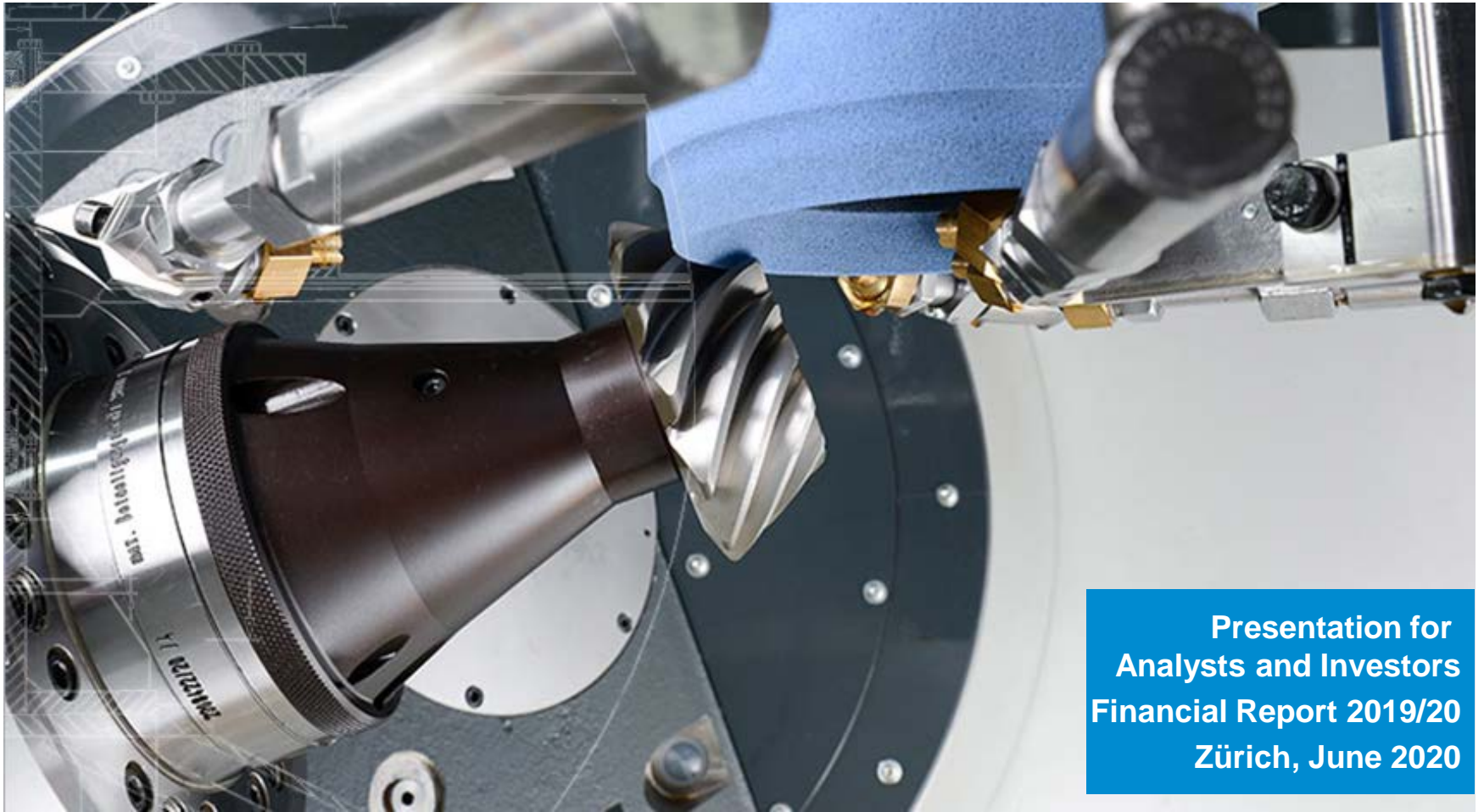




KLINGELBERG AG

Precision gearing champion with Swiss and German heritage



Presentation for
Analysts and Investors
Financial Report 2019/20
Zürich, June 2020

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Agenda

1	Introduction and Key facts
2	Financial results
3	KL2025 and corona-induced measures
4	Q&A

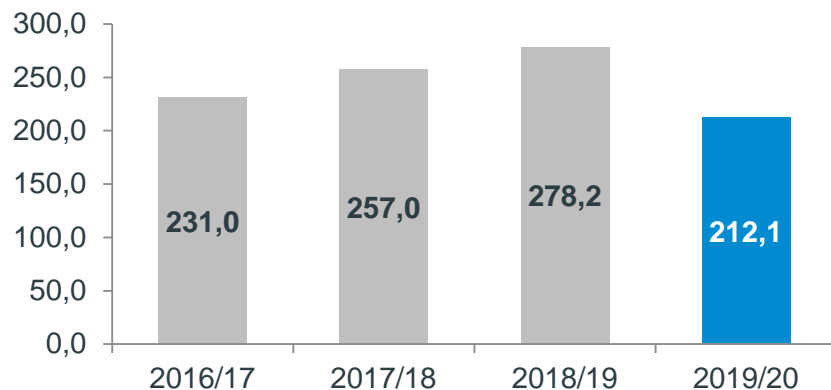
1 Key facts 2019/20

1	Net sales of EUR 212,1 million (-23,8%)
2	Order intake fell by EUR 70,7 million (-26,7%) to EUR 194,5 million
3	EBIT amounted to EUR -18,8 million; excluding the one-off costs of the efficiency enhancement program of EUR 14,0 million, KLINGELNBERG is reporting a loss of EUR 4,8 million.
4	Equity ratio solid at 53,7%
5	Proposal to suspend Dividend
6	Efficiency Enhancement Program in full execution

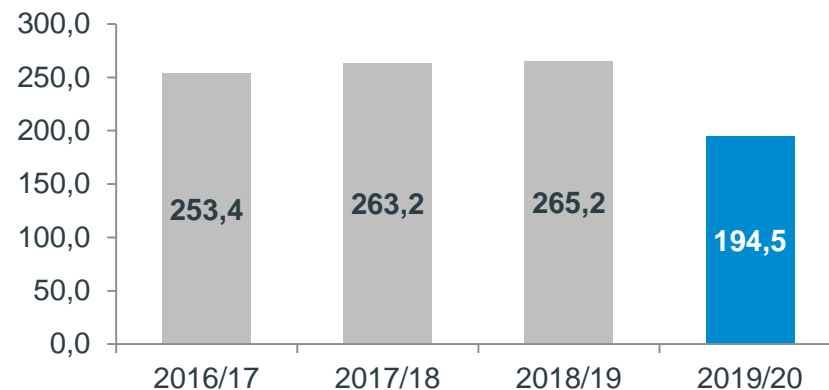
2 Sales and order intake declined significantly

KLINGELNBERG Group – Sales and orders (in €m)

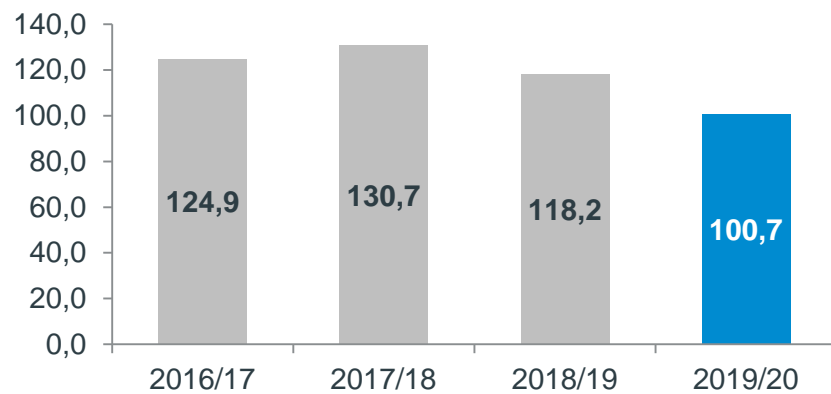
Net sales



Order intake



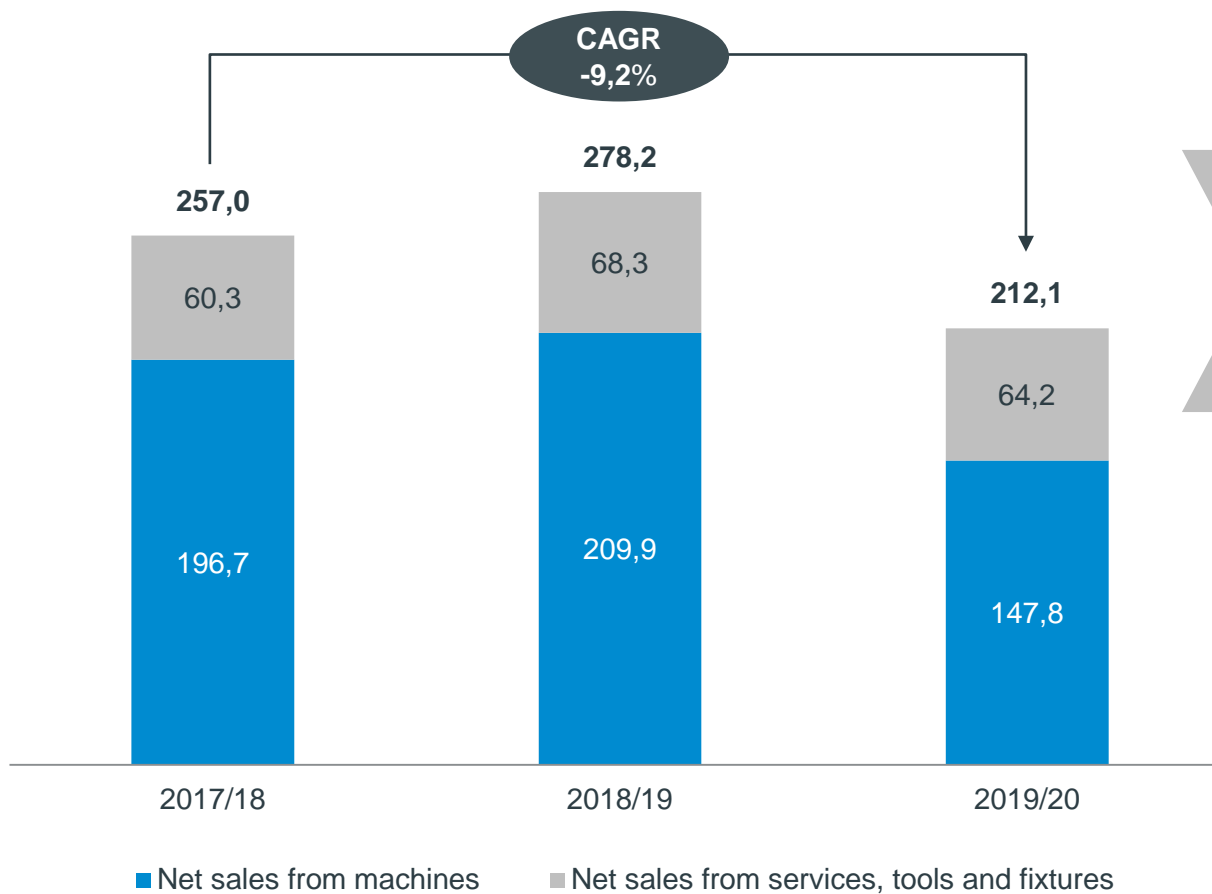
Order backlog



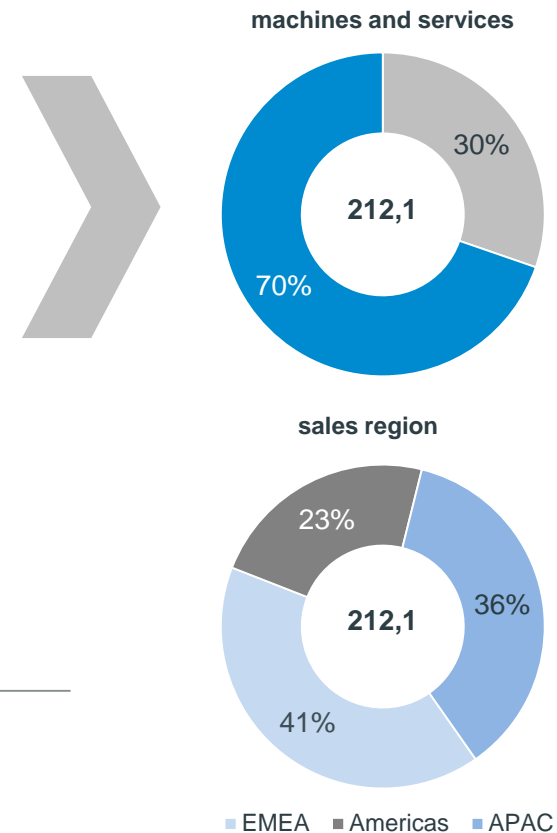
- Net sales decreased by 23,8% compared to the previous year.
- Order intake fell by EUR 70,7 million to EUR 194,5 million.
- Despite Corona, the order backlog still amounts to EUR 100,7 million.

2 Decline in machine sales - aftersales business stable

KLINGELNBERG Group – Sales (in €m)



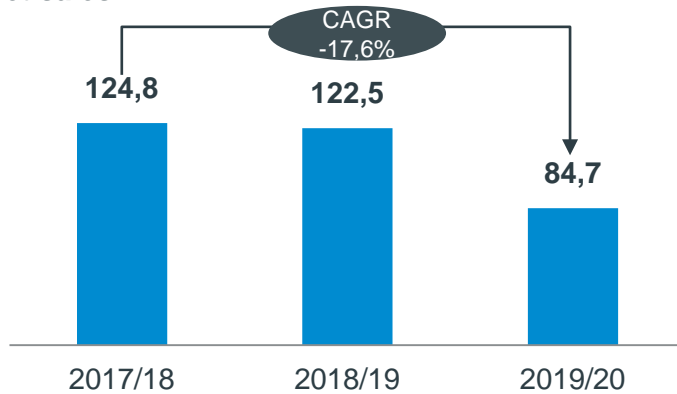
Net sales split by...
(2019/20)



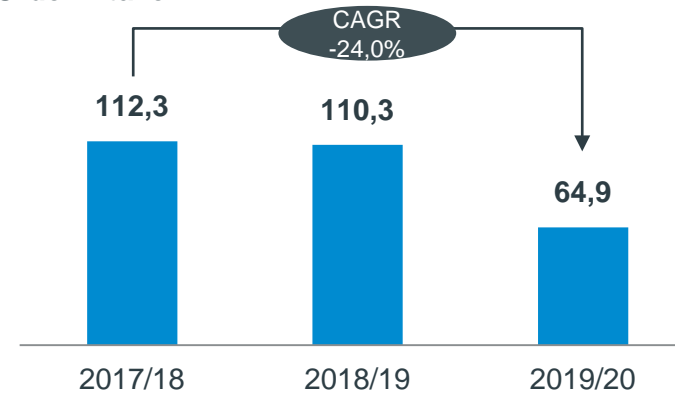
2 Bevel Gear segment faces a broad range of global challenges

Bevel Gears development (in €m)

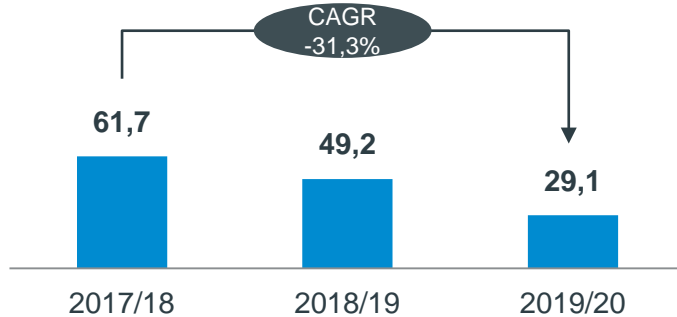
Net sales



Order intake



Order backlog



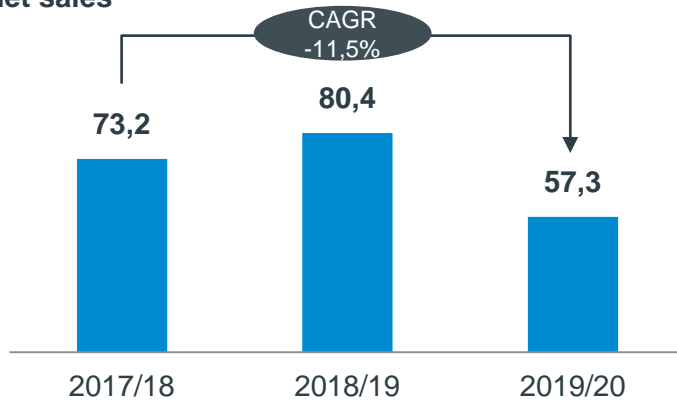
- The increasing urgency of reducing emissions in the context of climate policy is prompting economic policymakers to accelerate the switch from the combustion engine to other forms of drive.
- In contrast, the order situation in the bevel gear service area continued to develop stable.

Note: Unless otherwise indicated, all figures are rounded up or down to the nearest hundred thousand Euros.

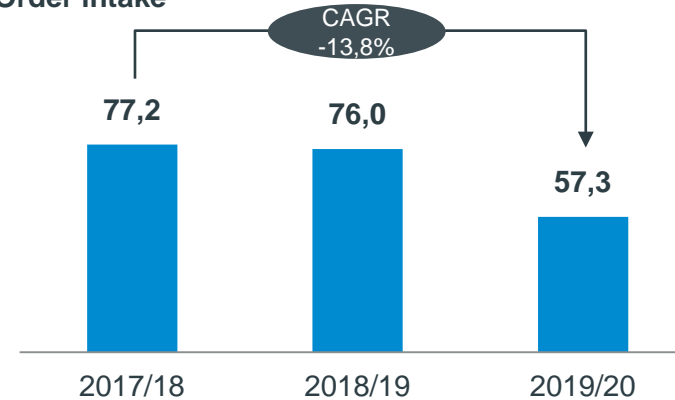
2 Measuring Centers business is making further progress through a broader diversification

Precision Measuring Centers development (in €m)

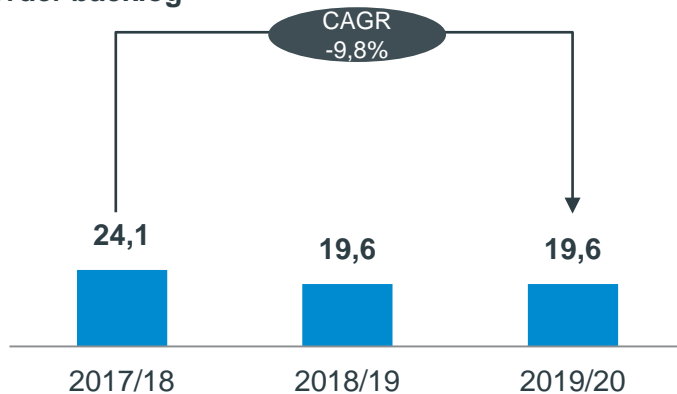
Net sales



Order intake



Order backlog



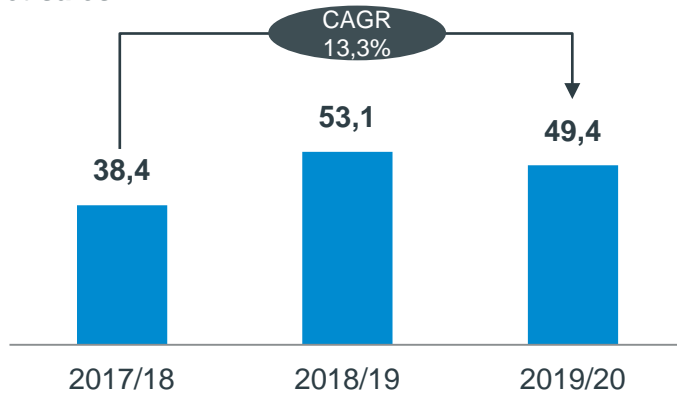
- Compared to the previous year, the Measuring Center segment recorded a decrease in net sales of EUR 23,1 million or 28,8%.
- Order intake of EUR 57,3 million showed a significant sales drop of EUR 18,7 million. But the segment was able to successfully position itself in new markets (e.g. robotics industry).

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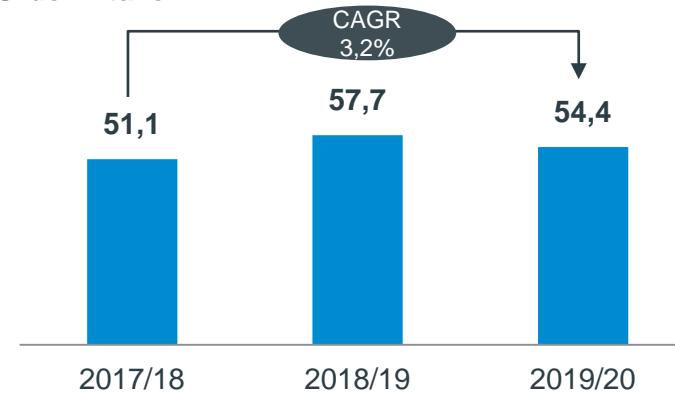
2 Cylindrical Gear business achieved respectable results

Cylindrical Gears development (in €m)

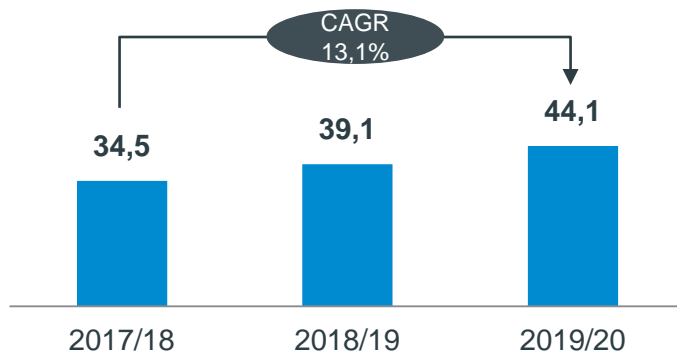
Net sales



Order intake



Order backlog



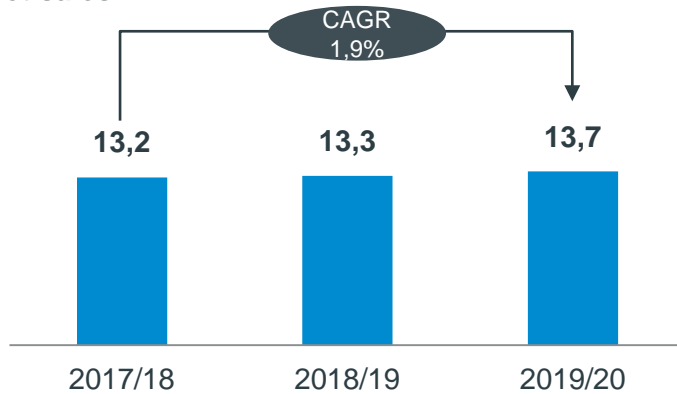
- Due to the restrictions imposed in connection with the coronavirus pandemic a slight cooling in net sales from EUR 53,1 million in 2018/19 to EUR 49,4 million (-7,0%) is noticeable.
- With an decrease to EUR 54,4 million, the level of incoming orders was slightly below that of the previous year (EUR 57,7 million).

Note: Unless otherwise indicated, all figures are rounded up or down to the nearest hundred thousand Euros.

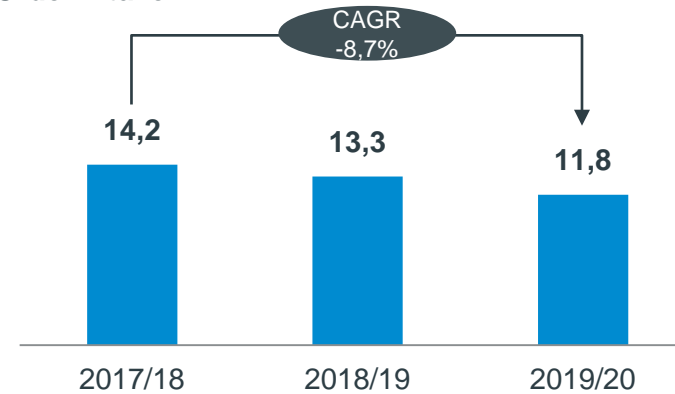
2 Drive Technology exceeded the previous year

Drive Technology development (in €m)

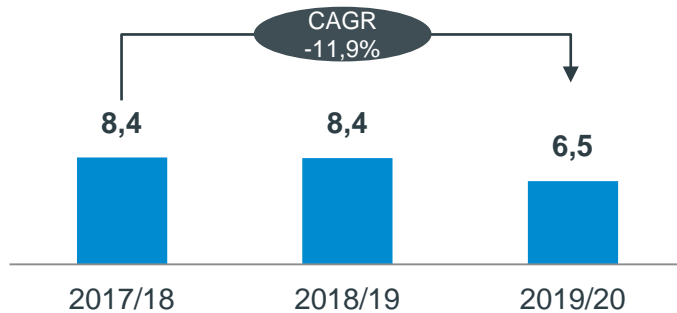
Net sales



Order intake



Order backlog



- The Drive Technology segment was able to outperform the previous year. Net sales increased from EUR 13,3 million to EUR 13,7 million (+2,6%).
- Due to persistent overcapacities in global cargo shipbuilding, sales impulses are increasingly coming from the mining sector.

Note: Unless otherwise indicated, all figures are rounded up or down to the nearest hundred thousand Euros.

2 Operating result declined due to economic slowdown

Income statement KLINGELNBERG Group

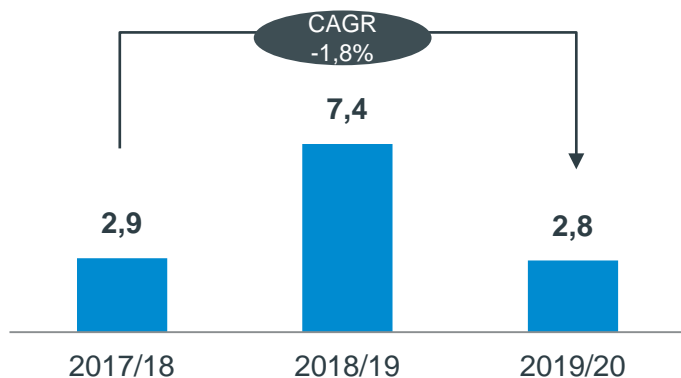
	FY 2017/18 ACTUAL		FY 2018/19 ACTUAL		FY 2019/20 ACTUAL		Deviations 2019/20 vs. 2018/19	
Net sales from goods and services	257,0	100%	278,2	100%	212,1	100%	-66,1	-24%
Other operating income	2,9	1%	7,4	3%	2,8	1%	-4,6	-62%
Change in inventory of finished and unfinished goods	5,5	2%	-0,4	0%	10,6	5%	11,0	
Material expense	-100,9	-39%	-108,3	-39%	-90,6	-43%	17,7	16%
Personnel expense	-94,8	-37%	-101,2	-36%	-110,6	-52%	-9,4	-9%
Depreciation on tangible fixed assets	-6,1	-2%	-5,9	-2%	-5,3	-3%	0,6	9%
Amortisation on intangible assets	-0,5	0%	-0,5	0%	-0,5	0%	0,0	
Other operating expense	-41,5	-16%	-39,9	-14%	-37,7	-18%	2,2	5%
Share of result from joint ventures	0,3	0%	0,6	0%	0,5	0%	-0,1	-15%
Operating result	22,1	9%	30,0	11%	-18,8	-9%	-48,8	-163%
Financial result	-0,8	0%	-3,2	-1%	-2,1	-1%	1,0	33%
Profit before income taxes	21,3	8%	26,8	10%	-20,9	-10%	-47,7	-178%
Income taxes	-7,1	-3%	-7,6	-3%	-4,5	-2%	3,1	41%
Net profit	14,2	6%	19,2	7%	-25,4	-12%	-44,6	

- The significant decline in net sales combined with the one-off costs for the efficiency enhancement program led to a decrease in the adjusted EBIT margin to -8,9%.
- Excluding these one-off costs, KLINGELNBERG is reporting an operating loss of EUR 4,8 million.
- Unless otherwise indicated, all figures are rounded up or down to the nearest hundred thousand Euros.

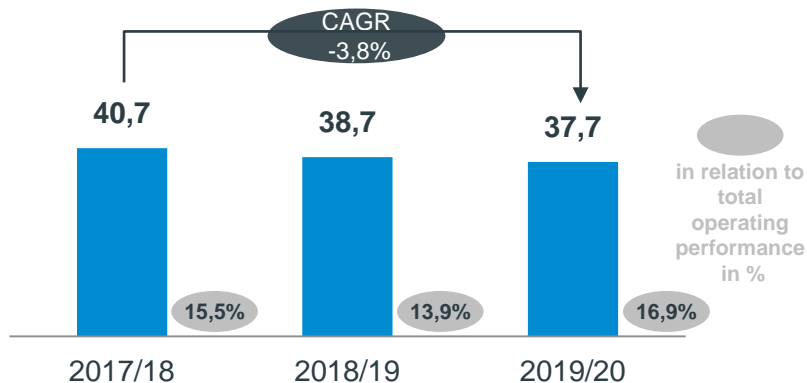
2 Other operating income and expense decreased over time

Income and cost development of the KLINGENBERG Group (in €m)

Other operating income



Adjusted other operating expense



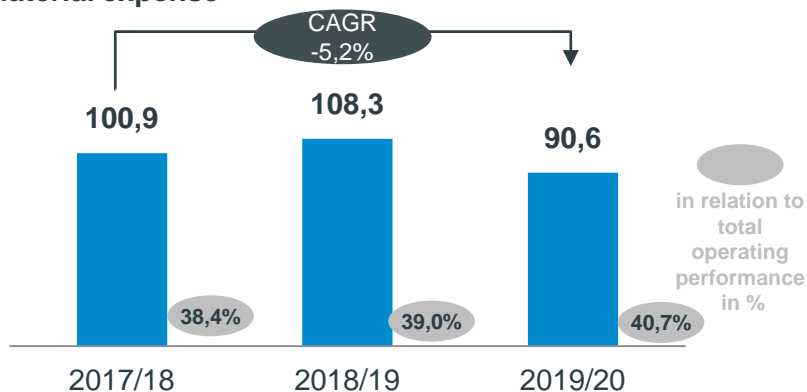
- Other operating income decreased by EUR 4,6 million compared to the previous financial year. This is mainly due to the capitalization of a lower number of rental and demonstration machines (especially measuring equipment and Speed Viper; EUR -3,3 million).
- Other operating expense amounted to EUR 37,7 million at the end of the financial year, EUR 1,0 million less than the adjusted other operating expense (without IPO costs) in the previous year.
- The adjusted other operating expense ratio amounted to 16,9% at the end of the financial year, 3,0 percentage points above the previous year. This was due to the significant decrease in total operating performance of EUR 55,1 million.

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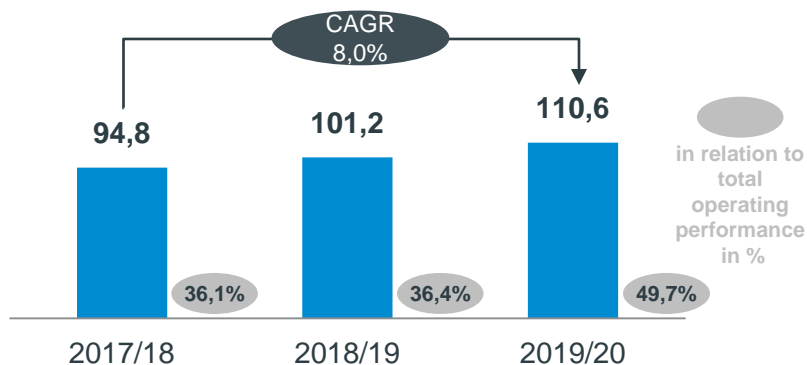
2 Personnel expense burdened by one-off costs

Income and cost development of the KLINGENBERG Group (in €m)

Material expense



Personnel expense

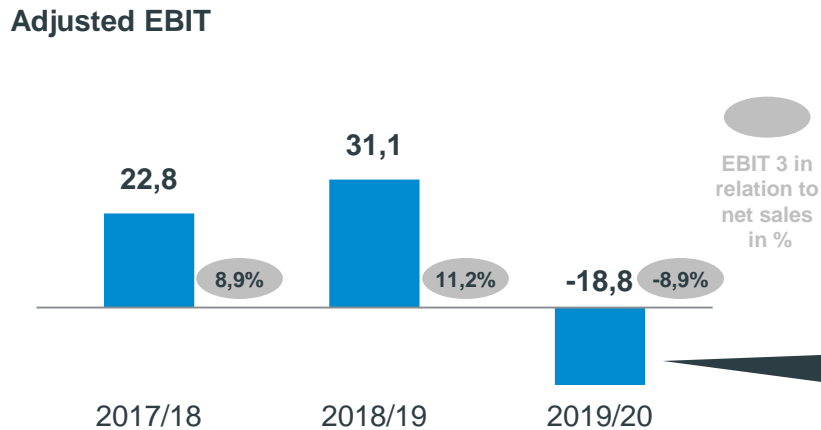
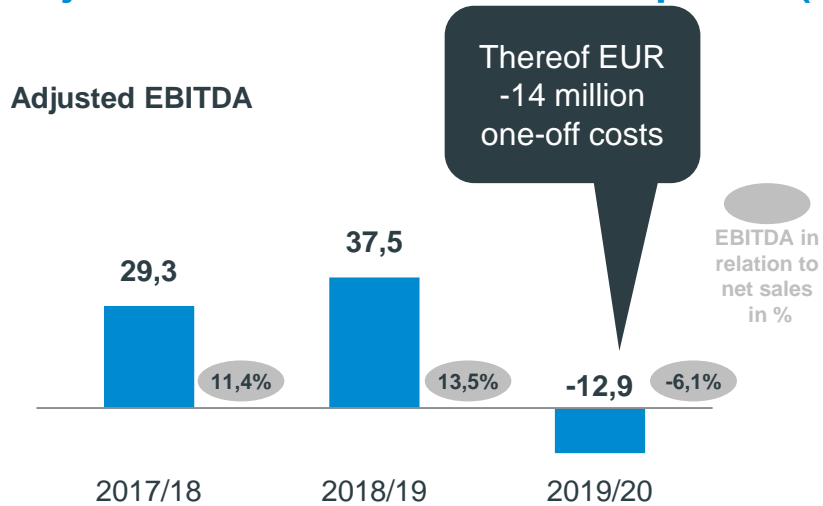


- Driven by lower operating performance, material expenses decreased by EUR 17,7 million. Due to the increase in the change in inventories and one-off costs arising from the efficiency enhancement program, the KLINGELNBERG Group's materials ratio rose to 40,7% – 1,7 percentage points above the previous year's level.
- Personnel expenses amounted to EUR 110,6 million at the end of the financial year, higher by EUR 9,4 million over the previous year. This development is primarily due to a provision for personnel expenses by KLINGELNBERG GmbH in the amount of EUR 8,6 million in the context of the efficiency enhancement program.

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2 EBIT in line with economic development

Adjusted EBITDA & EBIT development (in €m)



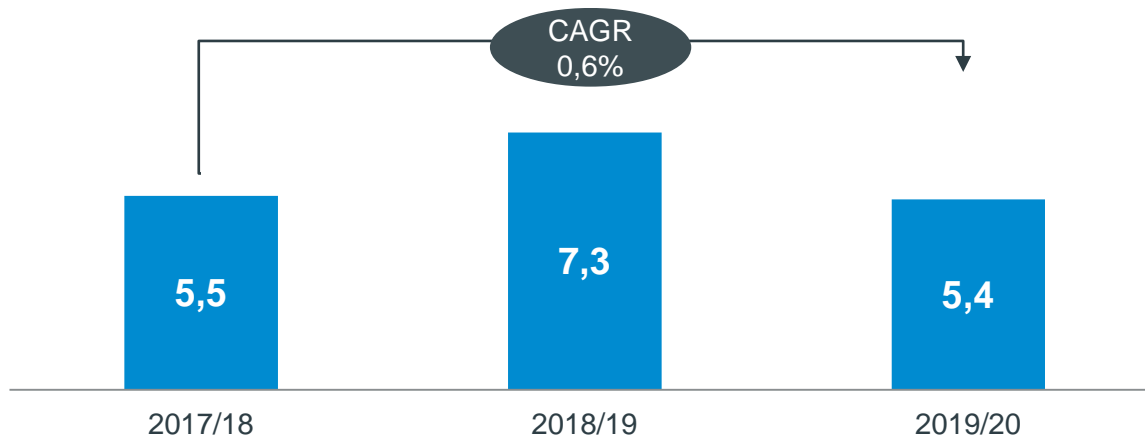
- As there were no IPO costs this financial year, the EBIT / EBITDA was equal to the adjusted EBIT / EBITDA.
- The measures of the efficiency enhancement program impacted the operating result in the financial year 2019/20 with one-off costs of EUR 14,0 million. These finally resulted in an operating result of EUR -18,8 million.

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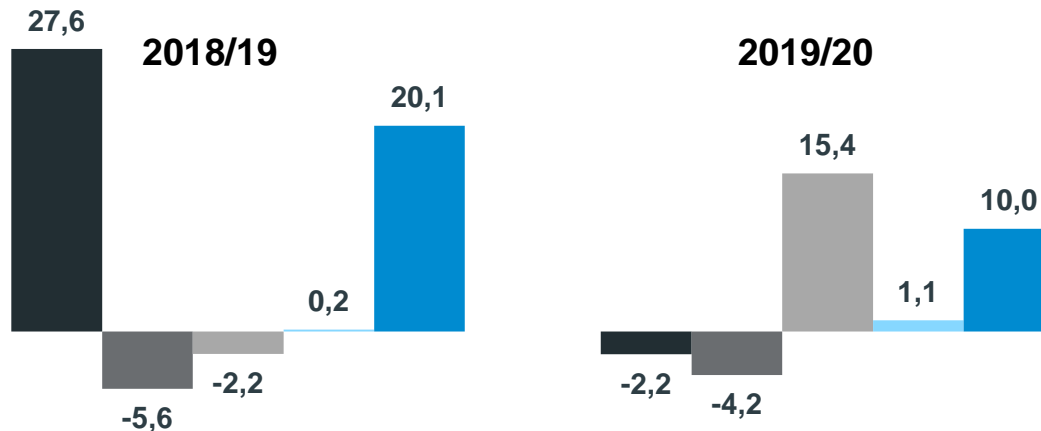
2 Cash flow

...from operating activities amounts EUR -2,2 million

Capital expenditures on tangible fixed assets (in €m)



Cash Flow (in €m)



- A significant decrease in the capitalization of rental and demonstration machines of EUR 3,3 million led to a decrease in capital expenditures.
- The cash flow from operating activities fell by EUR 29,8 million compared to the financial year 2018/19. This decline was mainly due to the change in net profit from EUR 19,2 million in the financial year 2018/19 to EUR -25,4 million.

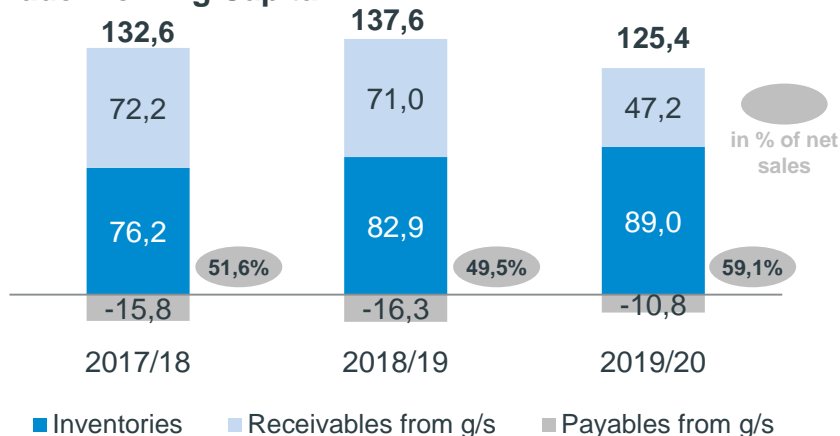
- Cash flow from operating activities
- Cash flow from investing activities
- Cash flow from financing activities
- Currency translation effects
- Net change in cash

Note: Unless otherwise indicated, all figures are rounded up or down to the nearest hundred thousand Euros.

2 KLINGELNBERG Group continues to have a stable financial position

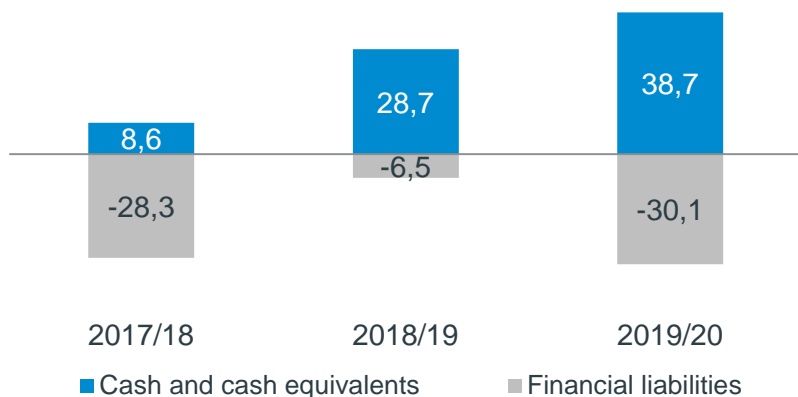
Balance sheet ratios (in €m)

Trade Working Capital

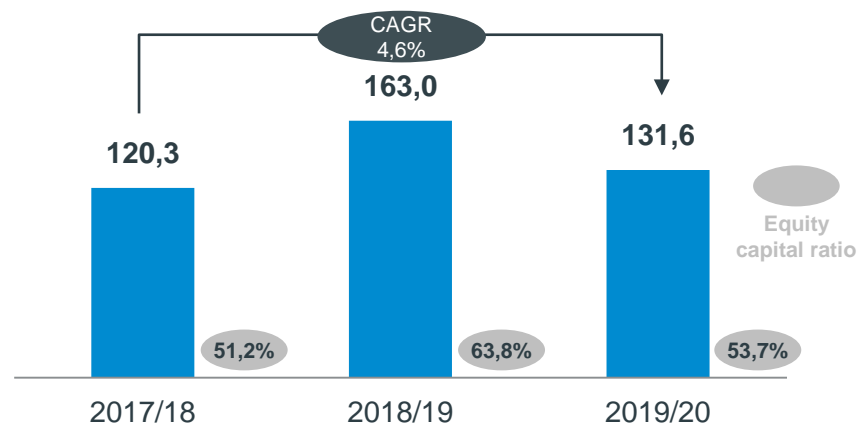


- Not capitalized R&D costs amounted to EUR 24,9 million, which represented 11,7% of net sales.
- Financial liabilities increased significantly due to the financing of inventories in line with the shift in sales as well as the increase in cash.
- Equity fell by EUR 31,4 million. This decline is due, on the one hand, to the lower net profit and, on the other hand, to the distribution of dividends from capital reserves.

Financing structure



Equity capital



Note: Unless otherwise indicated, all figures are rounded up or down to the nearest hundred thousand Euros.

3 KL 2025 and Corona-induced short term measures

KL 2025 – structural measures

KLINGELNBERG Efficiency Enhancement Program:

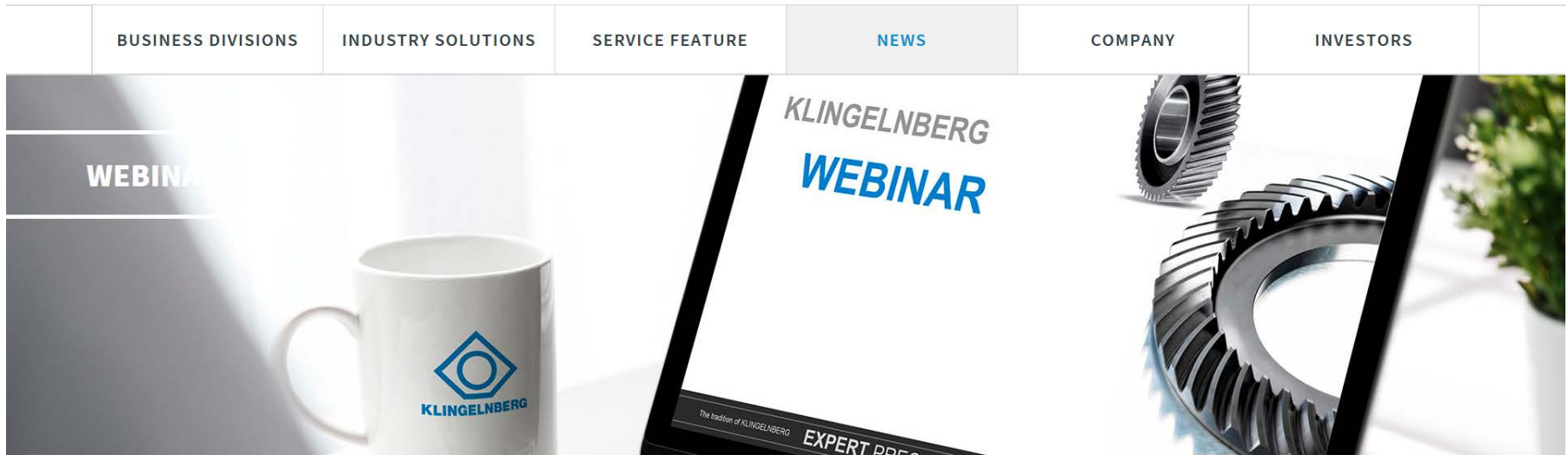
- Ramp down facility Győr/Hungary and focussing production in Hungary (□)
- Ramp down Ettlingen, focussing production and mechanical engineering in Hückeswagen (□)
- Strengthening sales activities by announcing CSO (□)
- Resulting with one-off cost of EUR 14,0 million (□)
- Full-Year-Effect around EUR 10 million in FY 2021/22

3 KL 2025 and Corona-induced short term measures

Corona-induced short term measures for a stable Cash-Position

- Strict cost-discipline
- Optimization of inventories
- Hiring freeze
- Implementation of short-time work in Hückeswagen and Zürich
- Restrictive approval of investments
- Intensive tracking of Supply Chain

4 Thank you! – Q+A



Join us: Knowledge in compact format: KLINGELNBERG webinar series Webinars

Knowledge of current topics in the gear industry – that's what machine manufacturer KLINGELNBERG is now offering in a series of live sessions running 60 minutes each. Industry experts will be speaking on a broad array of topics in the areas of measuring technology, cylindrical gear and bevel gear technology, and drive technology.

Appendix

KLINGELNBERG Group

Balance sheet (in €m)

	FY 2018/19 ACTUAL		FY 2019/20 ACTUAL		Deviations	
Cash and cash equivalents	28,7	11%	38,7	16%	10,0	35%
Receivables from goods and services	71,0	28%	47,2	19%	-23,8	-34%
Inventories	82,9	32%	89,0	36%	6,1	7%
Other current assets	6,8	3%	6,9	3%	0,1	1%
Non-current assets	66,0	26%	63,1	26%	-2,9	-4%
Total assets	255,4	100%	244,9	100%	-10,5	-4%
Short-term financial liabilities	1,7	1%	27,1	11%	25,3	
Other long-term financial liabilities	4,7	2%	3,0	1%	-1,7	-37%
Payables from goods and services	16,3	6%	10,8	4%	-5,5	-34%
Other liabilities	69,7	27%	72,5	30%	2,8	4%
Total equity	163,0	64%	131,6	54%	-31,4	-19%
Total liabilities and equity	255,4	100%	244,9	100%	-10,5	-4%

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