ANDRITZ CAPITAL MARKET DAY

DOMENICO IACOVELLI | VIENNA | SEPTEMBER 17, 2019
AGENDA

1. Schuler at a Glance
2. Technology & Products
3. Financial Key Figures
4. Market Environment
5. Strategy & Outlook
SCHULER AT A GLANCE
SCHULER AT A GLANCE
FACTS & KEY FIGURES

- Provider of first-rate technology and innovative system solutions for the digital transformation of forming technology
- Founded 1839 in Göppingen, Germany
- Products: Presses, automation and software solutions, dies, process know-how, and services for the entire metalforming industry
- Top-tier customers: Car manufacturers and their suppliers, forging, household, household appliance and electronics industries, mints
- 6,574 employees in more than 40 countries

<table>
<thead>
<tr>
<th>Schuler Group 2018 (in Mil. €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
</tr>
<tr>
<td>Order intake</td>
</tr>
<tr>
<td>EBITDA</td>
</tr>
<tr>
<td>EBITDA margin</td>
</tr>
<tr>
<td>EBITA</td>
</tr>
<tr>
<td>EBIT margin</td>
</tr>
<tr>
<td>Employees incl. Apprentices</td>
</tr>
</tbody>
</table>
OUR GLOBAL CUSTOMER BASE
SOLUTIONS BY INDUSTRY

AUTOMOTIVE

TIER 1-3

E-MOBILITY

RAILWAY

AEROSPACE

APPLIANCES

MINTING

INDUSTRIAL APPLICATIONS
ORDER INTAKE 2018 BY REGION
ASIA AND CHINA STRONG, NORTH AMERICA AND EUROPE DECLINING

<table>
<thead>
<tr>
<th>Region</th>
<th>2018 (Mil. €)</th>
<th>2017 (Mil. €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>178</td>
<td>(232)</td>
</tr>
<tr>
<td>Europe</td>
<td>471 (548)</td>
<td>(34)</td>
</tr>
<tr>
<td>Asia*</td>
<td>466</td>
<td>(293)</td>
</tr>
<tr>
<td>China</td>
<td>466</td>
<td>(32)</td>
</tr>
<tr>
<td>South America</td>
<td>52 (32)</td>
<td>(34)</td>
</tr>
<tr>
<td>Rest of World</td>
<td>(2)</td>
<td>(232)</td>
</tr>
<tr>
<td>Total</td>
<td>1,255 (1,141)</td>
<td>(548) (34)</td>
</tr>
</tbody>
</table>

* excl. China

2018
( ) 2017
in Mil. €
EMPLOYEES 2018 (INCL. APPRENTICES)

BY REGION

North America
420

Europe
4,344

South America
473

China
1,337

TOTAL
6,574

December 31, 2018
SCHULER: AUTOMOTIVE ACCOUNTS FOR ~77% OF THE BUSINESS
ORDER INTAKE FROM AUTOMOTIVE OEM, TIER 0.5 & AUTOMOTIVE SUPPLIERS
(IN MIL. €)

SCHULER: SPLIT OF ORDER INTAKE 2018

Automotive: 77% (970 Mil €)
Non-Automotive: 23% (285 Mil. €)
TOTAL: 1,255 Mil. €
PRESS TECHNOLOGY FOR THE AUTOMOTIVE INDUSTRY
SYSTEM SOLUTIONS FOR MASS PRODUCTION

PRESS LINES

TRANSFER & PROGDIE PRESSES

TRYOUT SYSTEMS
PRESS TECHNOLOGY FOR LIGHTWEIGHT AUTOMOTIVE CONSTRUCTION
INNOVATIVE SYSTEMS FOR ALL MANUFACTURING PROCESSES

HOT STAMPING

COLD FORMING/HYDROFORMING

COMPOSITES FORMING
SOLUTIONS FOR THE SUPPLIER INDUSTRY
AT HOME IN EVERY INDUSTRY

AUTOMATIC BLANKING PRESSES

SERVO PRESSES

TWIN SERVO PRESSES
HIGH SPEED TECHNOLOGY
FOR HIGH VOLUMES

BATTERY

DRIVES & GENERATORS

MINTING
FINANCIAL KEY FIGURES
### Development of Financial Key Figures

**SHARP DECLINE OF EARNINGS**

#### Sales (in Mil. €)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (Mil. €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1,178.5</td>
</tr>
<tr>
<td>2015</td>
<td>1,200.0</td>
</tr>
<tr>
<td>2016</td>
<td>1,174.2</td>
</tr>
<tr>
<td>2017</td>
<td>1,233.1</td>
</tr>
<tr>
<td>2018</td>
<td>1,212.1</td>
</tr>
</tbody>
</table>

#### Order Intake (in Mil. €)

<table>
<thead>
<tr>
<th>Year</th>
<th>Order Intake (Mil. €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1,193.7</td>
</tr>
<tr>
<td>2015</td>
<td>1,015.7</td>
</tr>
<tr>
<td>2016</td>
<td>1,199.5</td>
</tr>
<tr>
<td>2017</td>
<td>1,141.0</td>
</tr>
<tr>
<td>2018</td>
<td>1,255.1</td>
</tr>
</tbody>
</table>

#### EBITDA (in Mil. €; in %)

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA (Mil. €)</th>
<th>EBITDA (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>120.9</td>
<td>10.3%</td>
</tr>
<tr>
<td>2015</td>
<td>70.9</td>
<td>5.9%</td>
</tr>
<tr>
<td>2016</td>
<td>122.6</td>
<td>10.4%</td>
</tr>
<tr>
<td>2017</td>
<td>141.4</td>
<td>11.5%</td>
</tr>
<tr>
<td>2018</td>
<td>71.5</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

#### EBITA (in Mil. €; in %)

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITA (Mil. €)</th>
<th>EBITA (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>101.0</td>
<td>8.6%</td>
</tr>
<tr>
<td>2015</td>
<td>44.9</td>
<td>3.7%</td>
</tr>
<tr>
<td>2016</td>
<td>101.8</td>
<td>8.7%</td>
</tr>
<tr>
<td>2017</td>
<td>117.1</td>
<td>9.5%</td>
</tr>
<tr>
<td>2018</td>
<td>45.3</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

**EBITA adjusted:**

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITA adjusted (Mil. €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>89.0</td>
</tr>
<tr>
<td>2015</td>
<td>119.6</td>
</tr>
<tr>
<td>2016</td>
<td>84.1</td>
</tr>
<tr>
<td>2017</td>
<td>87.2</td>
</tr>
<tr>
<td>2018</td>
<td>47.2</td>
</tr>
</tbody>
</table>
DEVELOPMENT OF SALES

STRONG DECLINE IN SALES WITHOUT ACQUISITIONS

in Mil. €

CAGR w/o acquisitions
-6.1%

Total CAGR:
+0.3%

Schuler Group without acquisitions

Acquisitions of Yadon, AWEBA & Farina

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales in Mil. €</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1,200.0</td>
</tr>
<tr>
<td>2016</td>
<td>1,174.2</td>
</tr>
<tr>
<td>2017</td>
<td>1,233.1</td>
</tr>
<tr>
<td>2018</td>
<td>1,212.1</td>
</tr>
</tbody>
</table>

Total CAGR: +0.3%

CAGR w/o acquisitions: -6.1%

Acquisitions of Yadon, AWEBA & Farina

Schuler Group without acquisitions
# EQUITY & EQUITY RATIO

EQUITY RATIO AT A HISTORICALLY HIGH LEVEL

<table>
<thead>
<tr>
<th>Equity (in Mil. €)</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>322.0</td>
<td>369.1</td>
<td>438.4</td>
<td>498.4</td>
<td>495.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equity ratio (in %)</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>28.7</td>
<td>34.3</td>
<td>32.2</td>
<td>39.0</td>
<td>40.1</td>
</tr>
</tbody>
</table>
MARKET ENVIRONMENT
DECLINING FORGE & PRESS MARKET IN GERMANY

CONSUMPTION

<table>
<thead>
<tr>
<th>Year</th>
<th>Press, € million</th>
<th>Forge, € million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1,076</td>
<td>190</td>
</tr>
<tr>
<td>2014</td>
<td>886</td>
<td>92</td>
</tr>
<tr>
<td>2015</td>
<td>744</td>
<td>68</td>
</tr>
<tr>
<td>2016</td>
<td>714</td>
<td>68</td>
</tr>
<tr>
<td>2017</td>
<td>536</td>
<td>134</td>
</tr>
<tr>
<td>2018</td>
<td>429</td>
<td>209</td>
</tr>
</tbody>
</table>

VDW, Schuler
GLOBAL SHIFT IN DEMAND | VOLUME IN EUROPE CONTINUING TO SINK & EXPECTED TO SETTLE AT LOW LEVEL

Actual order intake situation

- 29.6%: Germany
- 17.8%: Rest of Europe
- 18.8%: North America (incl. Mexico)
- 27.0%: Brazil
- 5.4%: China
- 1.4%: Rest of World

Expected order intake situation

- 33.5%: Germany
- 18.7%: Rest of Europe
- 18.7%: North America (incl. Mexico)
- 22.3%: Brazil
- 5.8%: China
- 1.7%: Rest of World
Our answer to the challenging market conditions is CORE – Schulers’ strategy program.

The past 1.5 years have shown that the implementation of CORE is proving successful: In acquiring orders, opening up new markets, and rolling out new products in line with market requirements.

CORE has prevented the current economic downturn from having an even stronger impact on order intake.
CORE | HOW WE AIM TO LEAD SCHULER TO NEW STRENGTH

FOCUS ON SCHULER’S CORE BUSINESS

- Build top-quality presses (performance, quality, ...)
- State-of-the-art in innovation and technology
- Product development strictly aligned with customer and market needs
- Development of customer solutions offering best value for money while being profitable for Schuler
- Avoidance of over-engineering
- Excellent project management
- Leadership which our employees can rely on
- Reduction of cost overruns
CORE STRATEGY

OVERVIEW OF MOST IMPORTANT RESULTS

- Market environment remains difficult – strict implementation of CORE without alternative
- Customers buy innovations – over € 300 million additional order intake from new products since 2018
- Product strategy, digitalization and localization as the three pillars for Schuler’s success
PRODUCT STRATEGY
PRODUCT STRATEGY | AMBITIOUS TARGETS FOR PRODUCT DEVELOPMENT, COST MANAGEMENT, ORDER INTAKE & PROFITABILITY

- Each division has a promising product strategy with ambitious targets for product development, cost management, order intake and profitability

- Realignment of the product portfolio to meet growing demand from new markets

- Closure of non-marketable and unprofitable product lines

- Standardization as a cost reducer and development accelerator
SCHULER INNOVATION RATE IN NEW MACHINE BUSINESS AT AROUND 30%
NEW PRODUCTS MAKE A STRONG CONTRIBUTION TO ORDER INTAKE

- From the beginning of 2018 to the end of May 2019, the Schuler Innovation Rate (SIR) for the Automotive, Industry and Hydraulic divisions was around 30% on average
- For the first five months of 2019, it was as high as around 50%
- The SIR describes the ratio of Schuler product innovations for new orders received by the three new machine divisions with major tasks in product development
OVERVIEW PRODUCT STRATEGY

HOW TO REACH OUR TARGETS

- **Automotive**: Tapping the mid-price segment
- **Industry**: Attacking the biggest market
- **E-Mobility**: Participating in the growth of this future market
- **Service**: Extension of Spare Part Business
POTENTIAL
AUTOMOTIVE NEW MARKETS

Traditional Schuler Customers

Schuler Potential

A-Segment
High end

B-Segment
“Good enough”

C-Segment
Low budget

Transformation
NEW PRODUCTS WITH CONTRIBUTION TO ORDER INTAKE

EXAMPLE: PRESS LINE NEXT

- Press Line Next as modular concept based on Servo 16
- Servo presses and mechanical presses based on the same platform → standardization
- Modular principle thus implemented for the first time also for large presses
- Orders Schuler received in 2019 thanks to Press Line Next include VW Zwickau and Smart Press Shop (Porsche Joint Venture)

Further contribution to order intake with Press Line Next expected during the year
MARKET SERVED BY SCHULER’S INDUSTRY DIVISION
MARKET SIZE 2018 BY REGION

OUR MAIN TOPICS

- Sales drive and targeted penetration of our major market
- Tapping the mid-price segment – which is new for us – with marketable products
FURTHER EXAMPLES FOR MARKET-DRIVEN PRODUCT INNOVATIONS

LP16

- Development of hydraulic hot stamping press LP16 for lightweight construction
- A standardized, modular system enables a significant reduction in costs and throughput time; roll-out for other press types is underway

MSP

- Cost-optimized servo press with 200, 400 and 800 t of press force developed to gain market share in A-segment
- Expansion to 630, 1,000 and 1,250 t in progress and can already be offered
- > 60 MSP offers on the market as a result of CORE

LASER BLANKING LINE 2.18

- Developed as a cost-effective alternative to the classic LBL
- This market-compliant product innovation enabled us to tap new customer groups, such as Tier 1 and Steel Service Centers
E-MOBILITY OUTLOOK 2030

There is no alternative other than to gradually replace the combustion engine with technologies that enable the transport sector to play its vital part in the control of global warming.

1. China remains by far the largest market for BEVs with sales of 775,000 in 2018.
2. Chinese OEMs plan to invest up to $152bn in EV over the next 5-10 years.
3. The CO₂ targets have already been set (target 2025: 90 g/km, 2030: 60 g/km).
4. The share of BEVs would grow to 29% by 2030.

5. European OEMs will invest up to $96bn in EV over the next 5-10 years.
6. The strict CO₂ targets for 2025 and 2030 have already been set (target 2025: -15%, 2030: -37.5%).
7. The share of BEVs would grow to 27% by 2030.

8. The competitiveness of electric vehicles in the USA will lag behind China and the EU.
9. American OEMs will invest up to $29bn in EV over the next 5-10 years.
10. The CO₂ targets are currently being reviewed to see whether relaxation is appropriate (abandoning the transition from 163 g/mil in 2025 to 132 g/mil in 2030).
11. The share of BEVs would grow to 9% by 2030.
ELECTROMOBILITY IS A FUTURE MARKET FOR SCHULER
WE AIM TO PARTICIPATE IN THE GROWTH OF THIS MARKET

MANUFACTURERS OF HYBRID AND ELECTRIC VEHICLES, AS WELL AS ONE BATTERY PRODUCER, ARE ALREADY USING SCHULER EQUIPMENT TO PRODUCE COMPONENTS FOR ELECTRIC CARS:

- BMW produces carbon parts for its i3 on our hydraulic lines
- We have orders from Tesla, Evergrande and Borgward for press lines to produce car body parts
- VW manufactures the motor laminations for the e-Golf and e-up! on a Schuler Smartline
- Samsung placed an order for machines to produce battery housing for electric vehicles
GROWING DEMAND FROM ELECTRIC VEHICLE MANUFACTURERS

EXAMPLE: ORDER FROM ELECTRIC CAR MANUFACTURER NIO

- We notice a growing demand from electric vehicle manufacturers in Asia
- In March 2018, Schuler received an order from the Chinese electric vehicle start-up NIO
- Scope of delivery: servo press line 16 and servo tryout press incl. FoL/EoL from Schuler Automation
- 18 months ready for die
- Line highlights:
  - High stroke rate for aluminum parts (16 strokes per min.)
  - First applications from Schuler’s Smart Press Shop

NIO specializes in the production of electric cars. In addition, the company is involved in the FIA Formula E, the first racing series for one-seat racing cars with purely electric drive.
SERVICE | EXTENSION OF SCHULER’S SPARE PART BUSINESS

TARGETS & ACTIONS

- Continuous improvement of Service level to customers
- Increase spare parts portfolio
- Delivery time of standard parts below 48 h
- Quotation time < 2 days (average)
- Set-up an order processing center ("Auftragszentrum") to improve internal supply chain
- Marketing campaign for spare parts
DIGITALIZATION
ACCELERATION OF DIGITALIZATION
MORE AGILITY WHEN DEVELOPING DIGITAL PRODUCTS

- As a corporate function, the new MMS Product Home pools expert knowledge on the Machine Monitoring System from the divisions
- The aim is to achieve fast and cost-effective development of digital products and services
- This is achieved by agile Sprint Teams
  - Specialists and experts from the divisions work together on a specific project over several weeks
  - Continuous further development in the next sprint

Successful transition to much more agile structures for the development of digital products
ACCELERATION OF DIGITALIZATION

EXAMPLES OF DEVELOPMENT PROJECTS & FEASIBILITY STUDIES

- Testing of cloud solutions for machine data on the Digital Twin of a German premium Automotive OEM and other customers
- “IIoT Challenge 50+” with the ambition of equipping 50 already installed Industry machines with MMS by year-end
- Process monitoring offers customers numerous opportunities for the press hardening of lightweight construction parts
- Digital Twin as the basis for future virtual launches and thus for much shorter delivery times
  - Pilot MSD range; roll-out to other products planned
- Potential for new business with virtual operator training held by Schuler Forming Academy
  - Training on virtual line, while real line is still producing. No more expensive disruptions to production
FURTHER EXAMPLES FOR MARKET-DRIVEN PRODUCT INNOVATIONS

PROCESS MONITORING SYSTEM

- Real-time video and thermal imaging of the complete hot stamping line
- Continuous recording of process data (by sensors in the press, die, furnace and cooling units) and synchronizing
- Production conditions of each part verifiable

Next step: Predictive Maintenance
LOCALIZATION
REALIGNMENT OF GLOBAL SITE RESPONSIBILITIES

“LOCAL FOR LOCAL”

- Optimize Schuler’s global footprint
- Stronger use of existing plants in China and Brazil
  - Increase value added in China
  - Strengthen production in Brazil incl. expansion of local hydraulic business
- Germany remains Schuler’s core location
- Customers in Europe will continue to be served from Germany
Despite the initial successes of CORE, Schuler continues to be burdened by difficult market conditions and increasing competitive pressure. The effects are already visible in the deterioration in profitability due to lower margins and underutilization, particularly in the German plants.

For this reason, we have to adjust our capacities in Germany. With our “Future Concept for Schuler” launched in July 2019, we want to continue to secure our competitiveness and reposition ourselves strategically in the long-term.
FUTURE CONCEPT
IMPROVEMENT IN SCHULER’S COMPETITIVE STANDING

WHAT OUR FUTURE CONCEPT AIMS TO ACHIEVE BY 2022

- Improve utilization of global growth opportunities by strengthening international sites and expanding product portfolio in line with market needs
- Create a sustainable perspective for the remaining business activities in Germany
- Increase Schuler’s profitability, thereby strengthening our scope for technological innovations and systematic digitalization
SUSTAINED CHANGE IN MARKET CONDITIONS

THEREFORE NO ALTERNATIVE TO LOCALIZATION FOR SCHULER

- Difficult market environment with sustained change in supply and demand conditions
- Increasing shift in demand away from Germany and Europe – especially toward Asia
- Around 80% of press line orders will come from car manufacturers’ foreign production facilities in the future
- The cost, tariff and foreign exchange trend in Germany means that this growing international demand can no longer be served competitively from Germany

Local production necessary to win international orders
MEASURES TO ADAPT CAPACITIES IN GERMANY TO CHANGED COMPETITIVE CONDITIONS & COST PRESSURE

- Reduce internal manufacturing depth across all divisions
- Close new machine production at Göppingen site
  - Field service and on-site assembly to stay in Göppingen
  - Göppingen to remain head office with corresponding corporate functions and an important location for research and development, innovation, engineering and Service
- Reduce capacities for manufacturing, assembly and on-site assembly also in Erfurt and other German sites
- Significant savings in administrative, selling and general expenses at all sites and divisions in Germany
IMPACT OF MEASURES ON JOBS IN GERMANY

- The number of jobs in Germany will decline in total by around 500
- At around 350 jobs, production will account for the overwhelming share of this reduction
- Implementation details are now being discussed with worker representatives
REDUCTION OF MANUFACTURING IN GERMANY BY MORE THAN 30%

Value added in Germany continuously reduced
By 2022, the number of employees in Germany will fall by 32%
OVERVIEW

EXPECTED SAVINGS & ONE-OFF COSTS

- Schuler expects total one-off costs of around € 85 million in 2019
- In addition, Schuler will recognize impairment charges on its company investments of around € 25 million
- The first savings are expected as of the second half-year 2020
- Together with the effects from the restructuring program 2018, these savings will reach their full extent of around € 60 million compared to the current fiscal year as of 2022
- Gradual improvement in operating profitability by 2021 at the latest
EXCURSION: RESTRUCTURING PROGRAM 2018
AROUND 330 WERE ALREADY AFFECTED BY THE 2018 PROGRAM

- In 2018, a restructuring program was initiated with the aim of reducing COGS and OPEX
- The main drivers for cost reduction were process optimization, digitalization and adaptation of the organization
- In this context, the decision has already been taken to reduce the workforce by 330, particularly in administration
- At present, 210 employees have already left the company, 30 more will be laid off in 2019. The remaining 90 employees will be reduced in 2020 and 2021
- This will result in savings of around € 20 million in 2019

The 2018 restructuring program & the new program lead to a HC reduction in Germany of 830 in total
OUTLOOK

GOOD OPPORTUNITIES IF LOCALIZATION IS STRICTLY PURSUED

- Current economic downturn and structural change can be countered by
  - Focusing on our core competencies
  - Reducing the risk of underutilization
  - Cost discipline

- Systematic utilization of our strengths in Germany and abroad
THANK YOU
FOR YOUR ATTENTION