



+GF+

Financial Analysts' Conference

2018 financial year

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27.02.2019

A successful year 2018

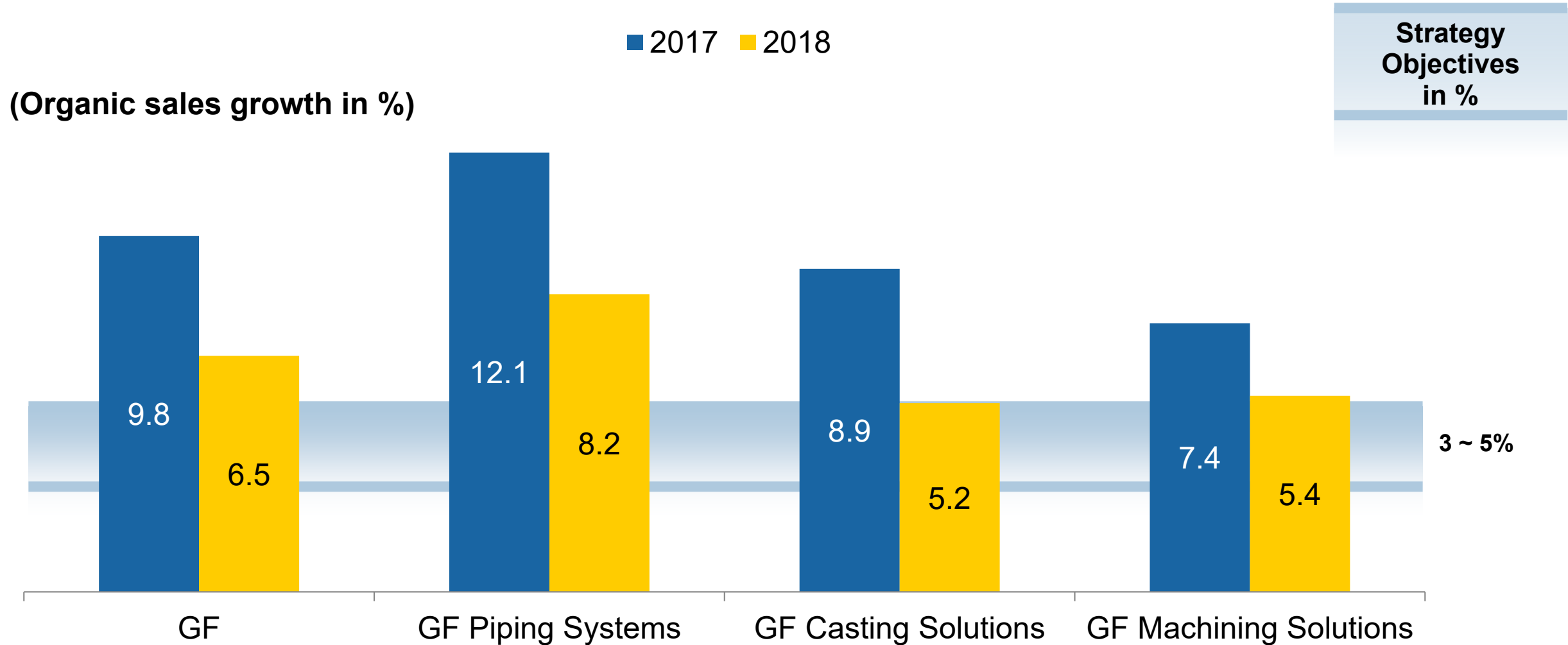


- Top line up by 10% to CHF 4'572 million, organic growth at 7%
- EBIT increased to CHF 382 million, 9% above previous year
- Earnings per share grew 11% to CHF 69
- Proposed dividend increased to CHF 25 / share (from CHF 23)

Major steps achieved towards strategic transformation

- Name of GF Automotive changed to GF Casting Solutions
- Acquisition done in promising aerospace castings
- Two large German automotive iron foundries divested

All three divisions grew, GF Piping Systems the most

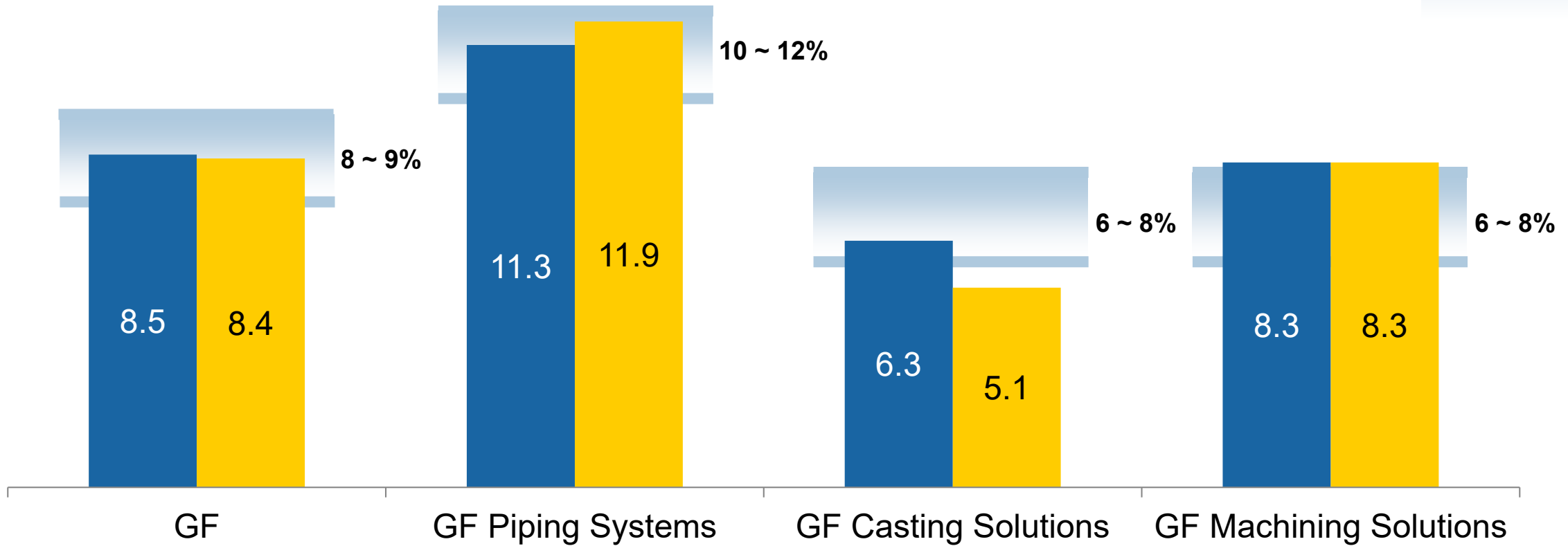


Profitability well in line with strategy objectives

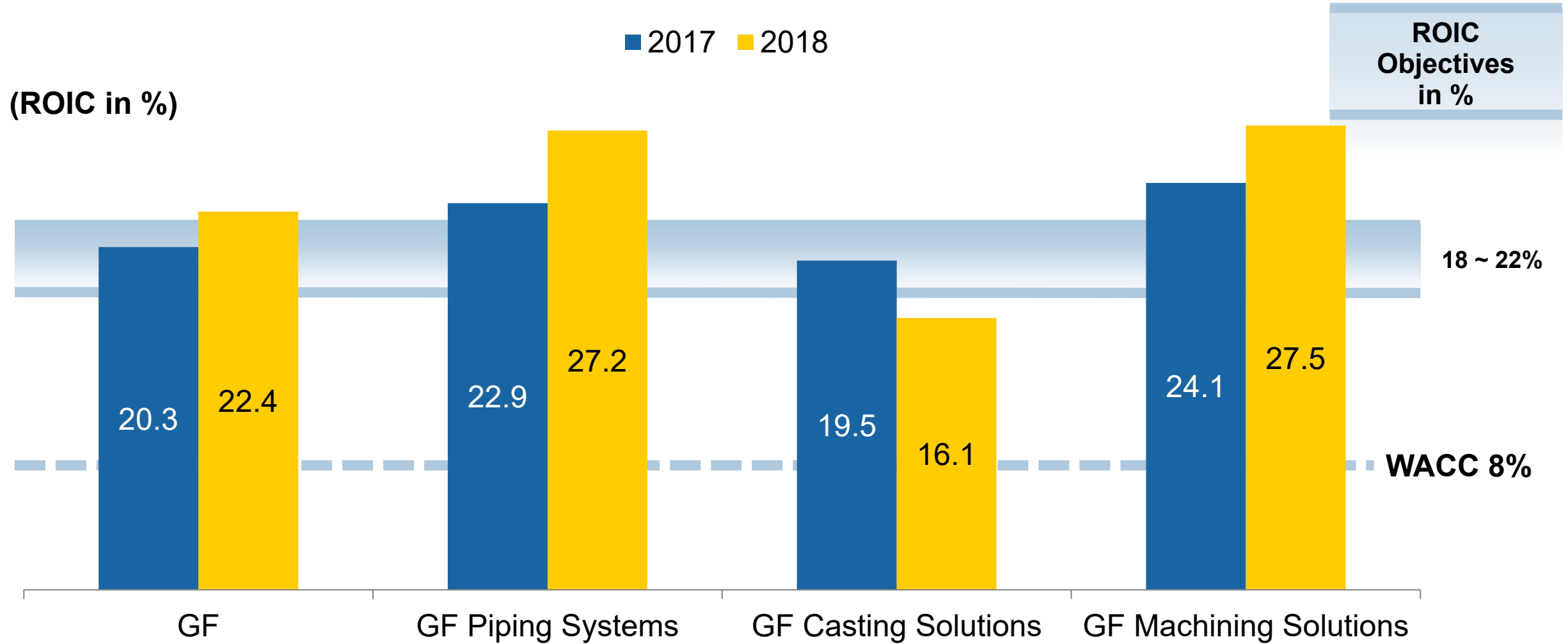
(EBIT margin in %)

■ 2017 ■ 2018

Strategy Objectives in %



ROIC above target range



High growth, high profitability

- Sales up 9% to CHF 1'821 million, organically 8%
- Industry and utility sector with double digit growth
- All regions increased, America the most
- EBIT up 15% to CHF 217 million



Desalination plant

New products, new segments support sales growth



A whole line of digital smart valves

Cooling of data centers

Sales up, profitability down

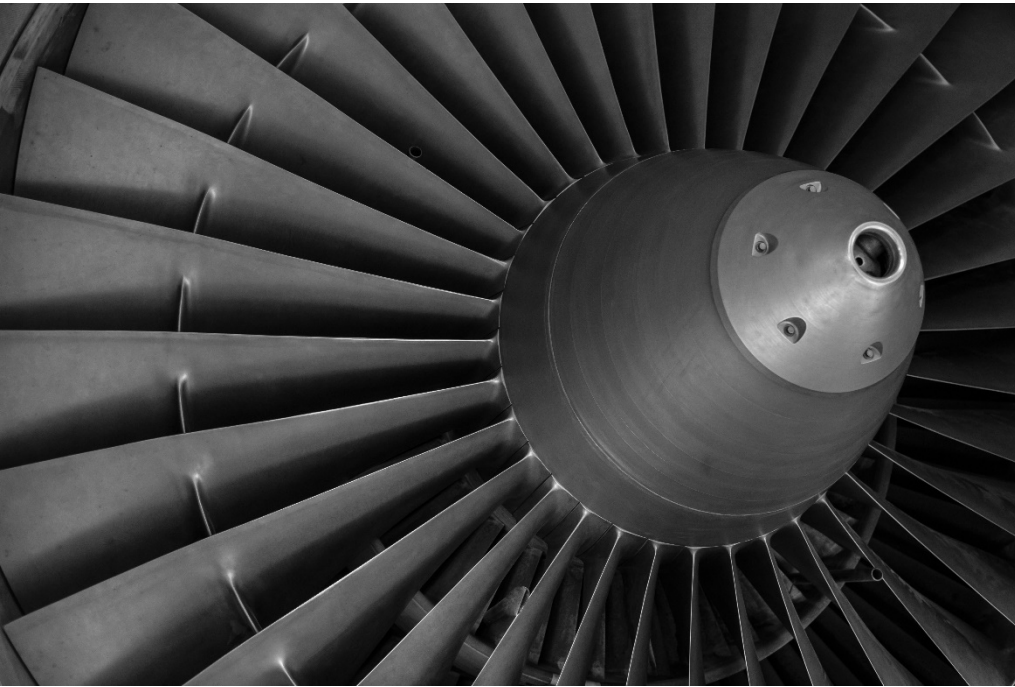
- High order intake, especially for e-cars
- Sales up 14% to 1'687 million, organic growth at 5%
- EBIT reached CHF 86 million down from CHF 93 million in 2017, due to plant ramp-up investments



Housing of E-Motor for
Audi Q6 e-tron

Aerospace casting specialist acquired, two German automotive iron casting plants divested ...

Precicast (Switzerland)



Aircraft engine rear vane



Singen / Mettmann (Germany)



... profitability objectives accordingly increased

Well balanced worldwide presence supports profitable growth

- High growth in Aerospace and medical sectors, especially in US
- China market subdued in 2nd half-year on trade tensions concerns
- Sales up 8% to CHF 1'066 million, organic growth at 5%
- EBIT reached CHF 88 million, up 7%



CUT 200 Dedicated machine plus aircraft engine component



GF Machining Solutions

New integrated 3D printing systems will support future sales growth



DMP Factory 500



Fuel Injection nozzles

Andreas Müller, CFO

Consolidated financial statements

Solid growth at all three divisions



CHF million	Δ %			
	2018	2017	growth	organic growth ¹⁾
GF Piping Systems	1'821	1'678	8.5 %	8.2 %
GF Casting Solutions	1'687	1'482	13.8 %	5.2 %
GF Machining Solutions	1'066	992	7.5 %	5.4 %
Corporation	4'572	4'150	10.2 %	6.5 %
Sales 1st Semester	2'396	1'992	20.3 %	11.9 %
Sales 2nd Semester	2'176	2'158	0.8 %	1.4 %

1) Adjusted for changes in scope of consolidation and stated at previous year's foreign exchange rates.

GF Corporation
Sales per division



CHF million

	2018	2017	Δ % growth	organic growth ¹⁾
GF Piping Systems	1'821	1'678	8.5 %	8.2 %
GF Casting Solutions	1'687	1'482	13.8 %	5.2 %*
GF Machining Solutions	1'066	992	7.5 %	5.4 %
Corporation	4'572	4'150	10.2 %	6.5 %

GF Casting Solutions (organic) adjusted for metal price effects 3.0 %*

Corporation (organic) adjusted for metal price effects 5.7 %

1) Adjusted for changes in scope of consolidation and stated at previous year's foreign exchange rates.

GF Piping Systems with 57% of the total EBIT

	EBIT (CHF million)		EBIT margin %	
	2018	2017	2018	2017
GF Piping Systems	217	189	11.9 %	11.3 %
GF Casting Solutions	86	93	5.1 %	6.3 %
GF Machining Solutions	88	82	8.3 %	8.3 %
Corporation	382	352	8.4 %	8.5 %
EBIT 1st Semester	208	168	8.7 %	8.4 %
EBIT 2nd Semester	174	184	8.0 %	8.5 %

Adverse currency impact in the second half of 2018

CHF million

	Sales			EBIT		
	H1	H2	Total	H1	H2	Total
EUR	93	-9	84	8	-1	7
USD	-11	13	2	-3	-2	-5
CNY	23	-9	14	4	-2	2
TRY	-9	-26	-35	-3	-5	-8
Others	1	-8	-7	0	-2	-2
Total currency impact	97	-39	58	6	-12	-6

Currency impact per division

CHF million

	Currency impact	
	Sales	EBIT
GF Piping Systems	-8	-9
GF Casting Solutions	52	2
GF Machining Solutions	14	2
GF Corporate Management	-	-1
Corporation	58	-6

EBIT increased by CHF 30 million

CHF million

	2018	2017	Δ
Sales	4'572	4'150	10 %
Gross value added	1'668	1'539	8 %
Personnel expenses	-1'139	-1'048	9 %
EBITDA	529	491	8 %
Depreciation, amortization	-147	-139	6 %
EBIT	382	352	9 %
Financial result	-35	-31	13 %
Ordinary result	347	321	8 %
Non-operating result	1	1	-
Profit before taxes	348	322	8 %
Income taxes	-69	-64	8 %
Non-controlling interests	2	-6	133%
Net profit after minorities	281	252	12%

Balance Sheet**Total Assets reduced due to divestments**

CHF million

	2018	%	2017	%
Cash and cash equivalents	542		633	
Trade accounts receivable	697		754	
Inventories on stock	779		773	
Other current assets	110		117	
Current assets	2'128	62	2'277	63
Property, plant, and equipment for own use	1'130		1'206	
Intangible assets	34		29	
Deferred tax assets	53		85	
Other financial assets	99		13	
Non-current assets	1'316	38	1'333	37
Assets	3'444	100	3'610	100

Balance Sheet**Equity ratio further increased to 41.5%**

CHF million

	2018	%	2017	%
Current liabilities	1'124		1'418	
Non-current liabilities	892		823	
Liabilities	2'016	59	2'241	62
Share capital	4		4	
Capital reserves	26		26	
Treasury shares	-9		-8	
Retained earnings	1'361		1'295	
Non-controlling interests	46		52	
Equity	1'428	41	1'369	38
Liabilities and equity	3'444	100	3'610	100

Free cash flow

CHF million

	2018	2017
EBITDA	529	491
Changes in net working capital	-77	-30
Income taxes/interest paid	-79	-82
Other changes	24	31
Cash flow from operating activities	397	410
Additions to property, plant, and equipment	-234	-207
Cash flow from acquisitions/divestitures	-154	-74
Other additions/disposals, net	-16	1
Cash flow from investing activities	-404	-280
Free cash flow	-7	130
Free cash flow before acquisitions/divestitures	147	204

Capex CHF 234 million

Acquisitions CHF 154 million

Innovation and production center,
Biel, Switzerland



GFPS, Schaffhausen, Switzerland



Precicast, Novazzano, Switzerland



GF Linamar, Mills River, USA



Key figures at a glance

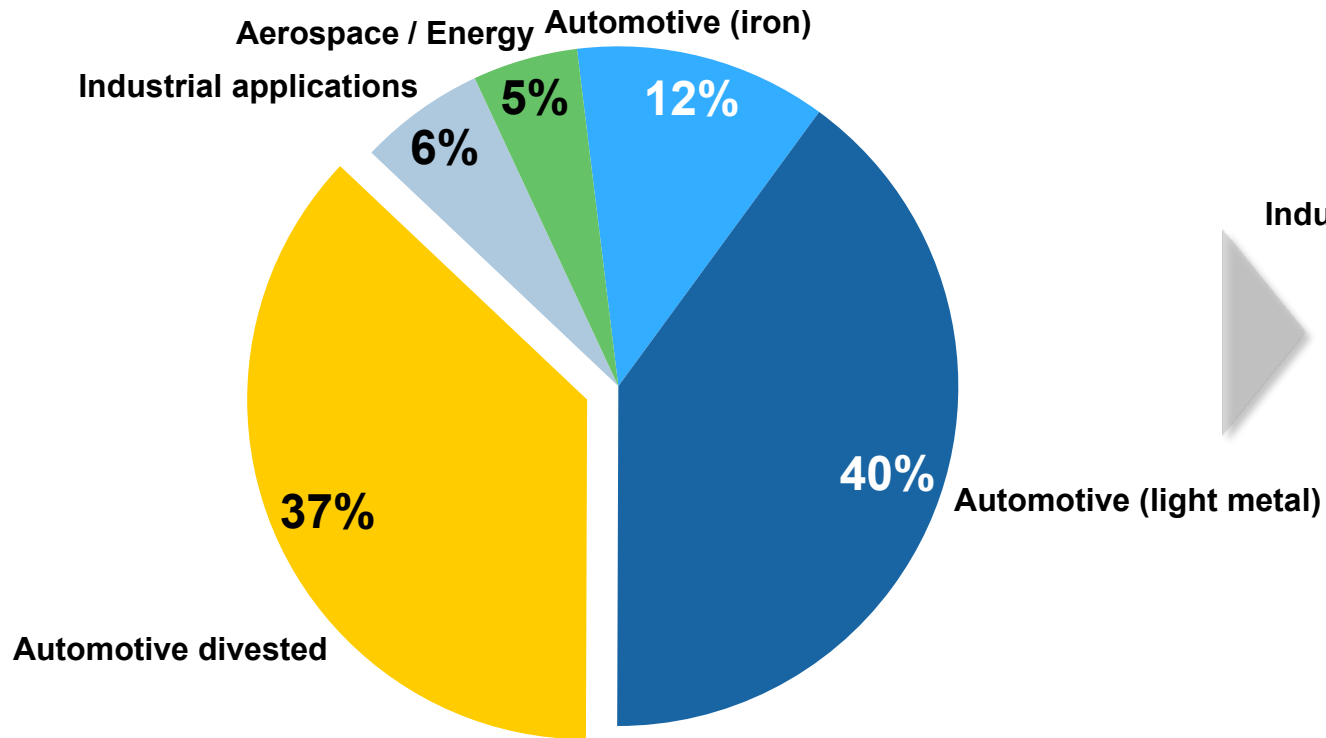


	2018	2017
Net debt in CHF	238	183
Net debt / EBITDA (multiple)	0.4x	0.4x
ROIC in %	22.4	20.3
Return on Equity in %	19.9	20.1
Earnings per share in CHF	69	62
Dividend (proposed) per share in CHF	25	23
Number of employees (incl. trainees)	15'027	15'835

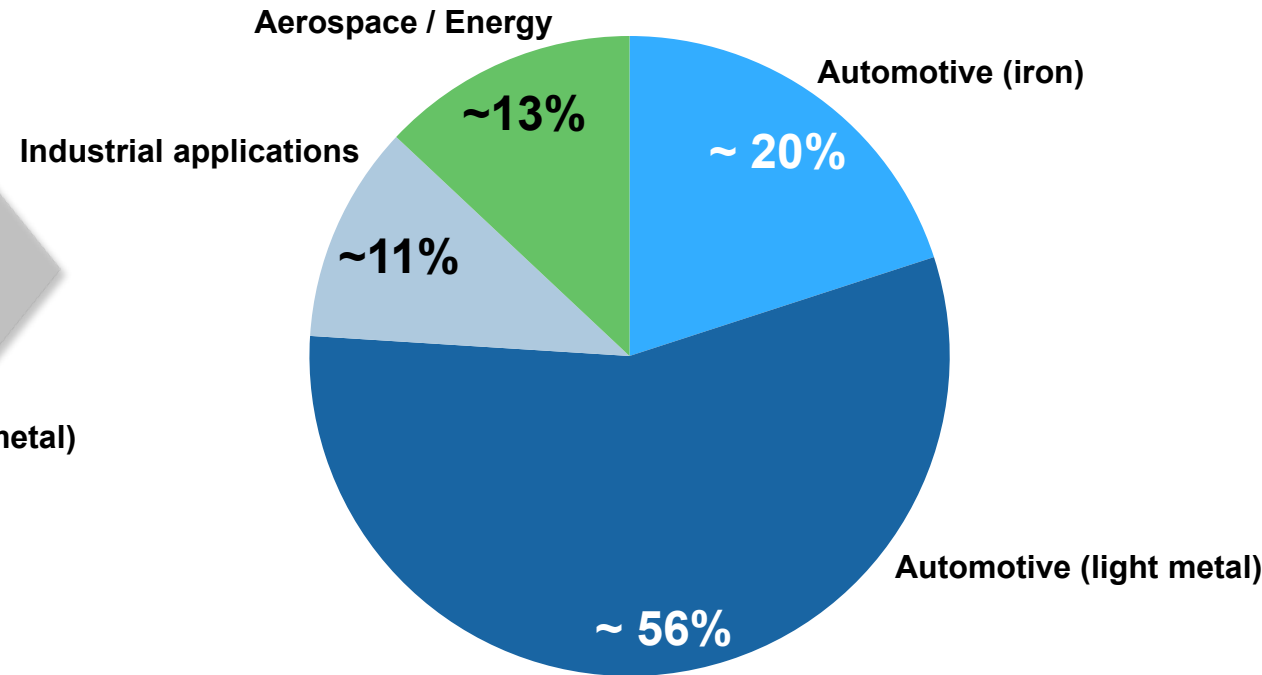
Divestment of two European Iron Casting facilities

Divestment of two European iron casting plants – impact on GF Casting Solutions

Sales split 2018



Sales split post transaction



Divestment of two European iron casting plants – transaction details

- Deconsolidation of the two companies as of December 1, 2018
- Sale of two plants for CHF 52 million and sale of production equipment (including financing) for CHF 10 million
- Purchase price was granted in full as vendor loan of CHF 62 million
 - Expected repayment over 5 years
 - Stepped-up interest rate 3 – 5%
- Profit neutral transaction – no effect on results 2018

Profitability objectives for Strategy 2020 increased ...

From

ROS 8-9%
ROIC 18-22%

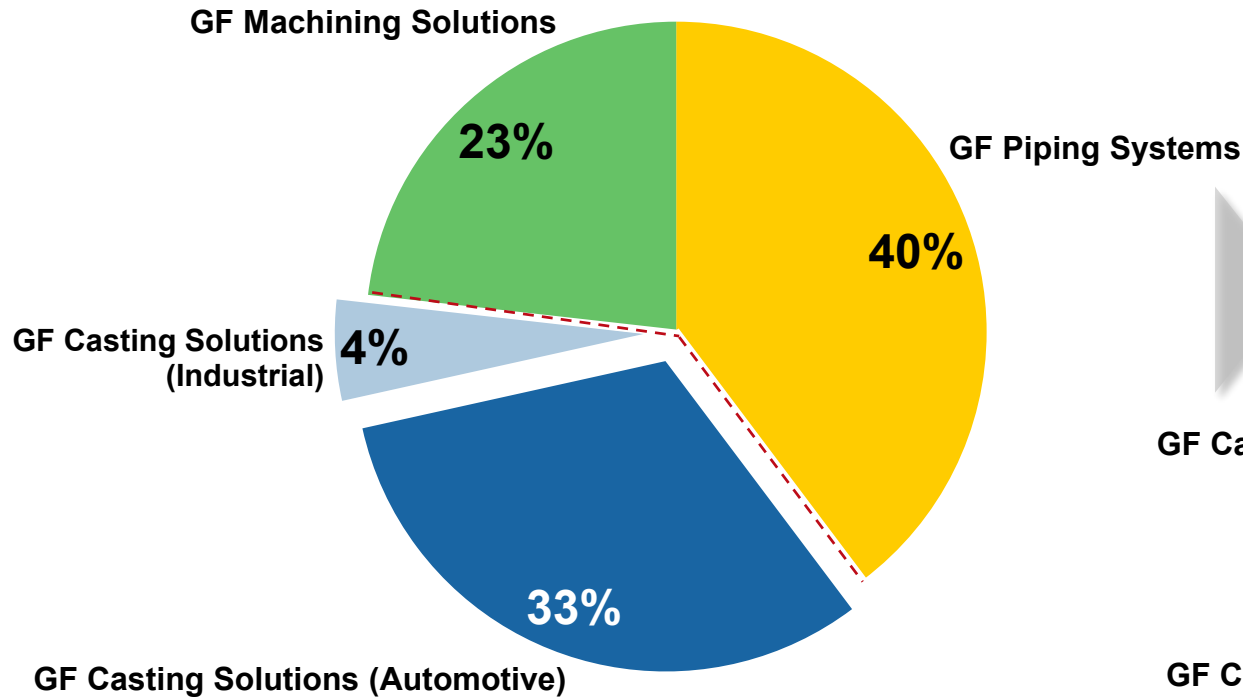


To

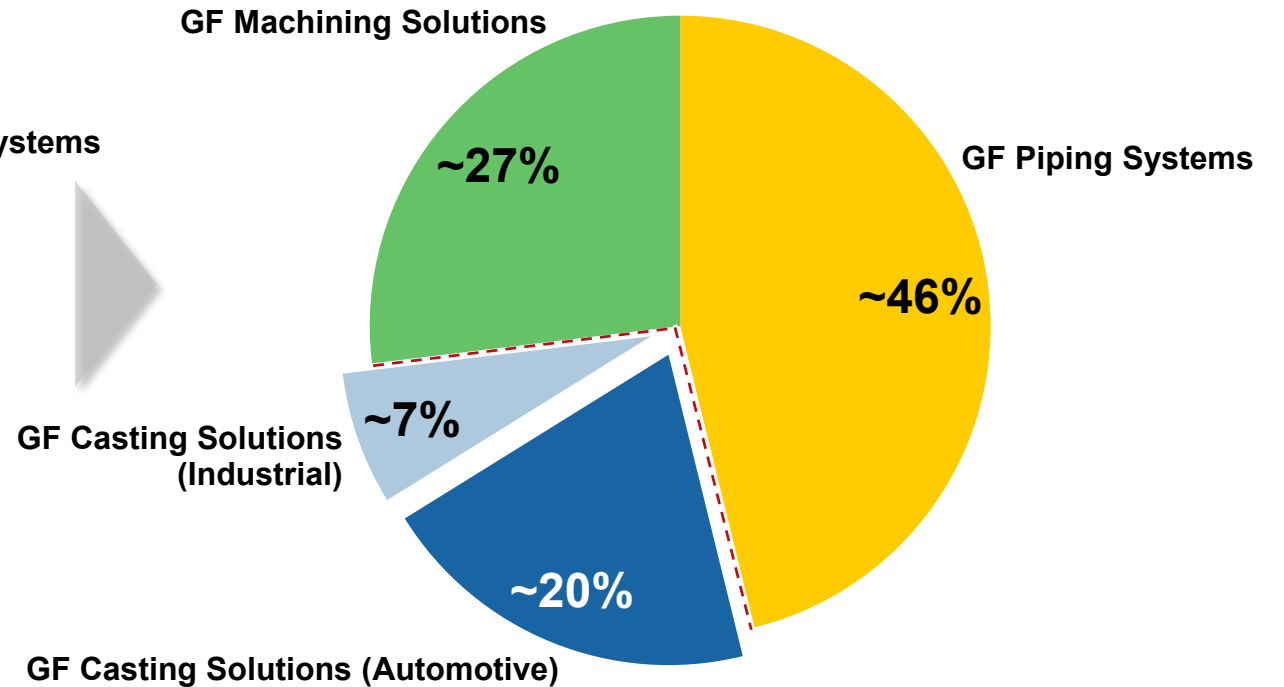
ROS 9-10%
ROIC 20-24%

... as weight of GF Piping Systems substantially increased ...

CHF 4'572 million sales split pre-transaction



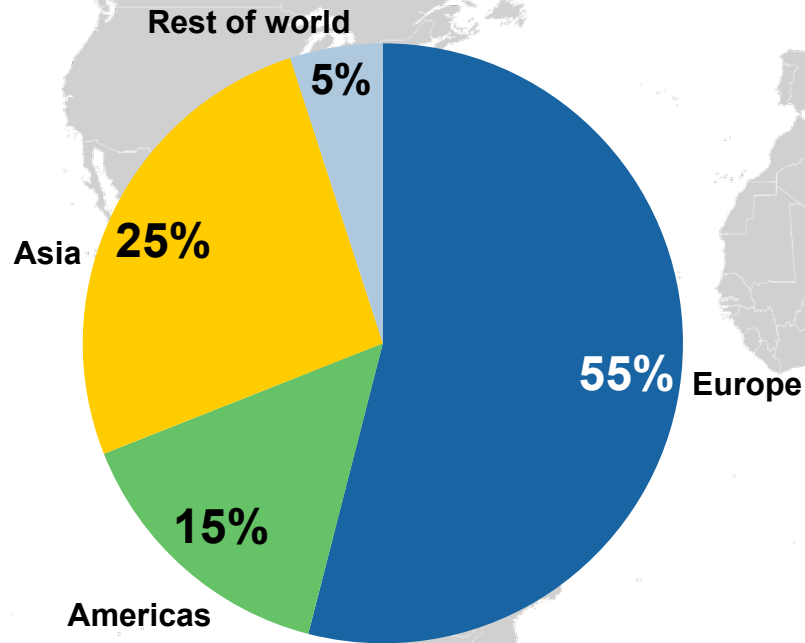
CHF 3'980 million sales (proforma) split post-transaction



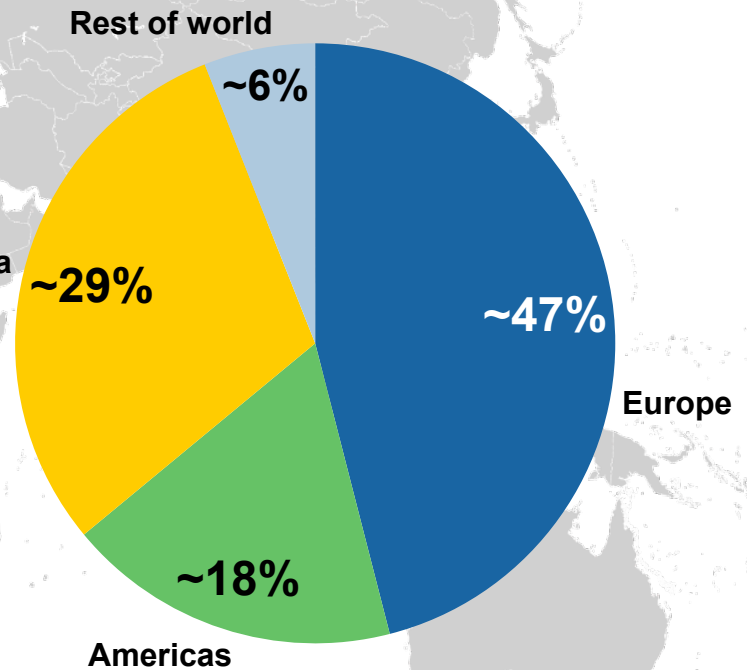
... and exposure to automotive industry reduced

This results in a better balanced geographical footprint

CHF 4'572 million sales split pre-transaction



CHF 3'980 million sales (proforma) split post-transaction



Outlook 2019

**Uncertain and volatile
market conditions,**

but

- New products, new market segments to sustain GF Piping Systems continuous growth
- Reshaped portfolio leads to higher profitability at GF Casting Solutions
- Automation and new technologies to support growth at GF Machining Solutions

Further organic sales growth

Profitability in line with revised 2020 targets



Thank you

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