



EFFICIENCY. DO IT. RIGHT.

CAPITAL MARKETS DAY ANDRITZ
VIENNA, OCTOBER 6, 2015

AGENDA

- 1 Schuler at a glance
- 2 Financial performance
- 3 Market development
- 4 Production efficiency – Production program
- 5 Our strategy – Growth, innovation and efficiency
- 6 Joint venture with Chinese press manufacturer Yadon
- 7 Outlook

SCHULER AT A GLANCE

SCHULER AT A GLANCE

Facts and figures

- **Technological and global market leader in the metal forming industry**
- Founded 1839 in Göppingen, Germany
- **Products:** Cutting-edge presses, automation, dies, process know-how, and services for the entire metalforming industry and lightweight vehicle construction
- **Top-tier customers:**
Car manufacturers and their suppliers, packaging, household equipment, aerospace, minting
- **Innovation by technology:** Key to our success

Schuler Group 2014

Sales	1.2 billion €
New orders	1.2 billion €
EBITDA	124.0 million €
EBITDA margin	10.5 %
EBITA	104.1 million €
EBITA margin	8.8 %
EBIT	102.2 million €
EBIT margin	8.7 %
Employees incl. apprentices ¹⁾	5,423

SIX DIVISIONS WITH GLOBAL RESPONSIBILITY



AUTOMOTIVE



HYDRAULIC



INDUSTRY



SYSTEMS



SERVICE



AUTOMATION

FINANCIAL PERFORMANCE

STABLE DEVELOPMENT – GROWTH OUTSIDE AUTOMOTIVE

NEW ORDERS
in € million

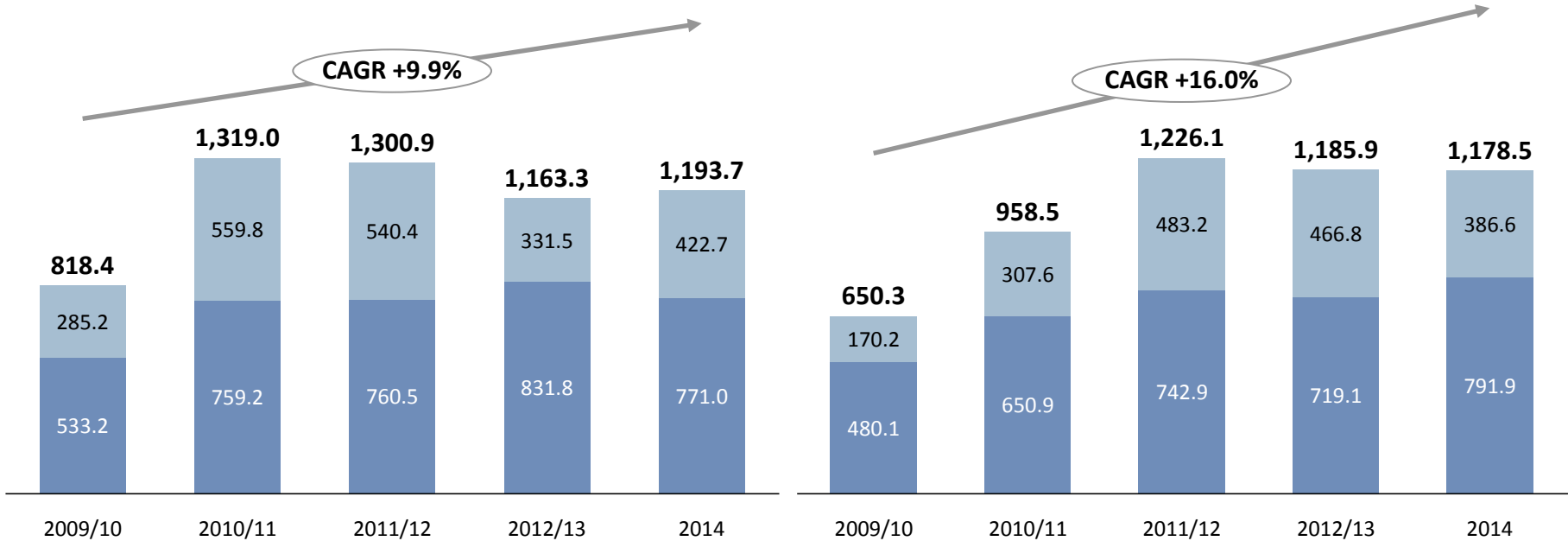
Division Automotive
Other Divisions

CAGR +9.9%

SALES
in € million

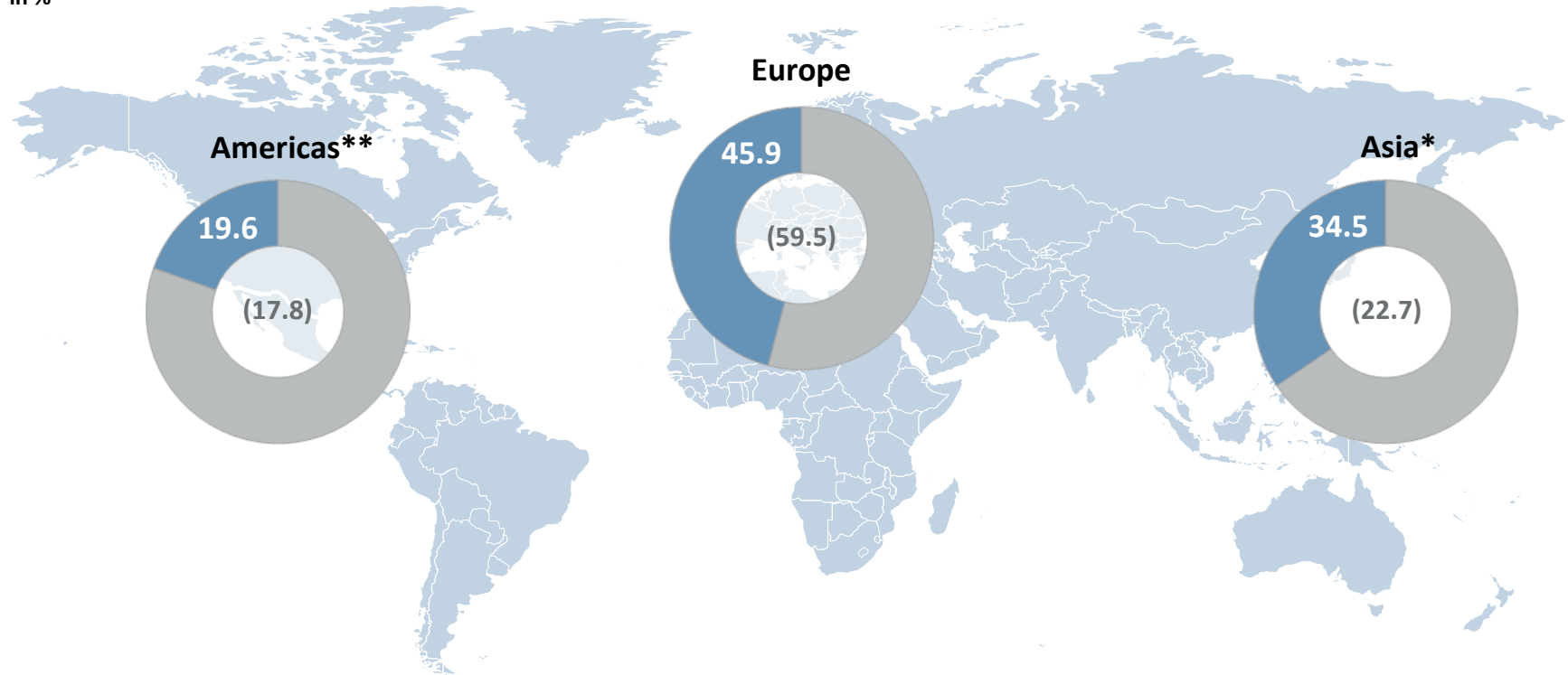
Division Automotive
Other Divisions

CAGR +16.0%



EUROPE AND ASIA WITH HIGHEST LEVEL OF NEW ORDERS

NEW ORDERS
in %



■ 2014

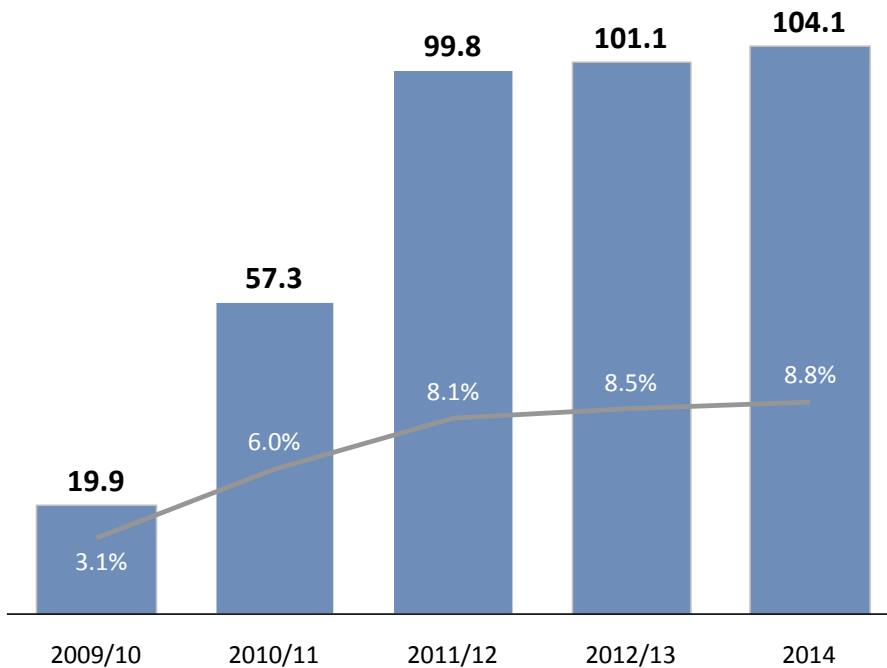
() Figures for 2012/13

* Incl. other regions
** North and South America

FURTHER GROWTH IN EBITA MARGINS

EBITA
in € million

— EBITA margin in %



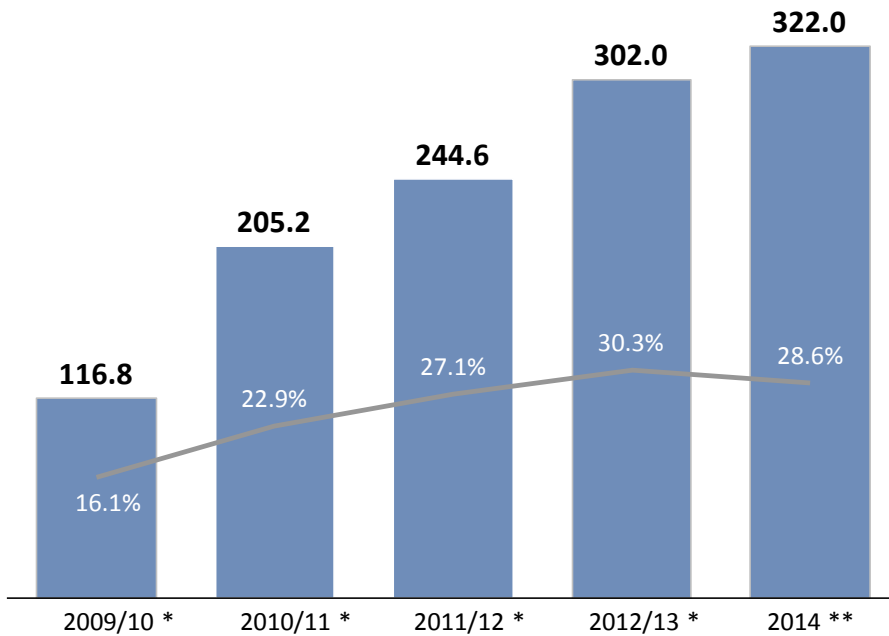
With a press force of 140 meganewtons and a height of 22 meters, Schuler supplied the largest forging press in its history.

EQUITY RATIO OF 28.6%

EQUITY RATIO

in € million

— Equity ratio in %



Audi uses Schuler's new technology for blanking lines

*as of Sept. 30.
**as of Dec. 31.

OVERVIEW OF KEY FIGURES 6M 2015

Key figures (in € million)	6M 2014	6M 2015	Change
New orders	554.6	424.6	-23.4%
Sales revenues	540.2	570.0	+5.5%
Order backlog ⁽¹⁾	1,053.7	939.6	-10.8%
EBITDA EBITDA margin	47.5 8.8%	49.9 8.8%	+5.1%
EBITA EBITA margin	37.9 7.0%	39.5 6.9%	+4.2%
EBIT EBIT margin	37.0 6.8%	38.6 6.8%	+4.3%
Group profit	25.0	25.9	+3.6%
Employees ^{(1) (2)}	5,470	5,275	-3.6%

- Sales of € 570.0 million were 5.5% above prior-year level thanks to good realization of existing projects
- Order intake significantly (-23.4%) below prior year as several automotive orders were postponed
- EBITDA margin at prior year level (8.8%) with higher sales volume

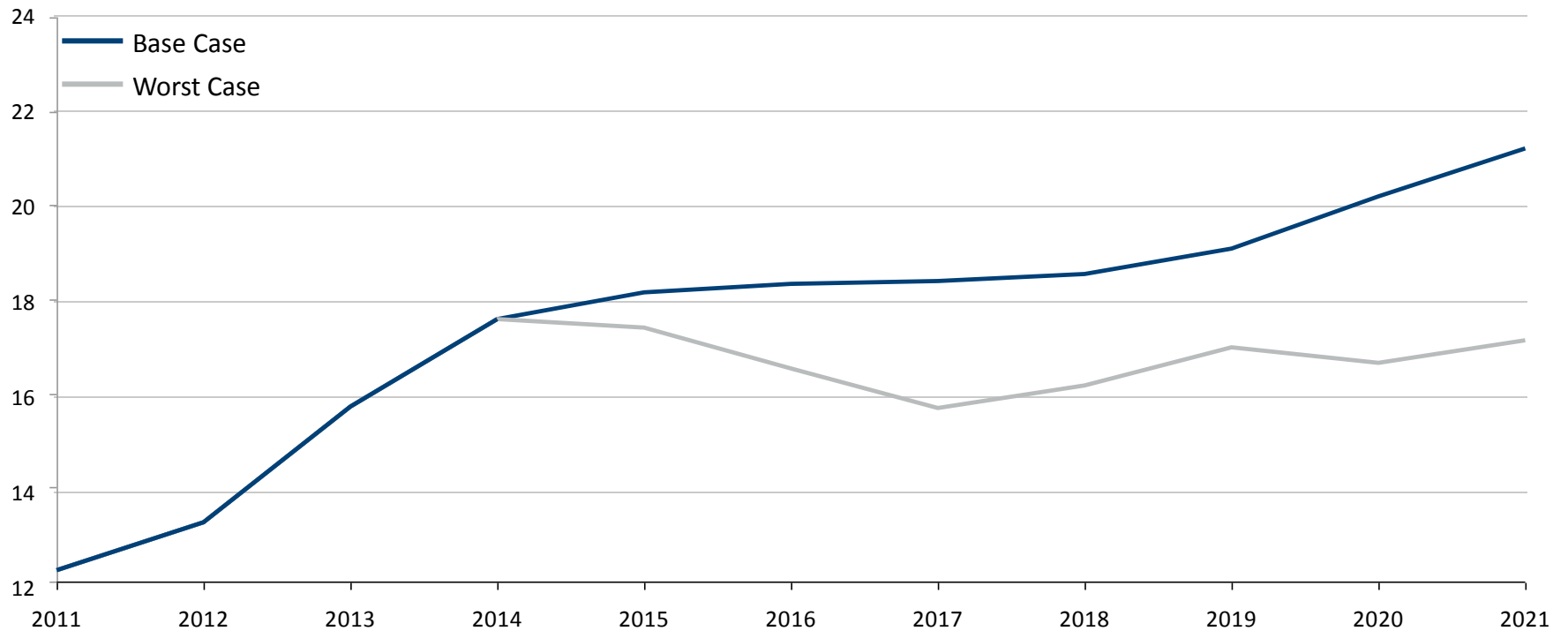
⁽¹⁾ as of June 30

⁽²⁾ incl. apprentices

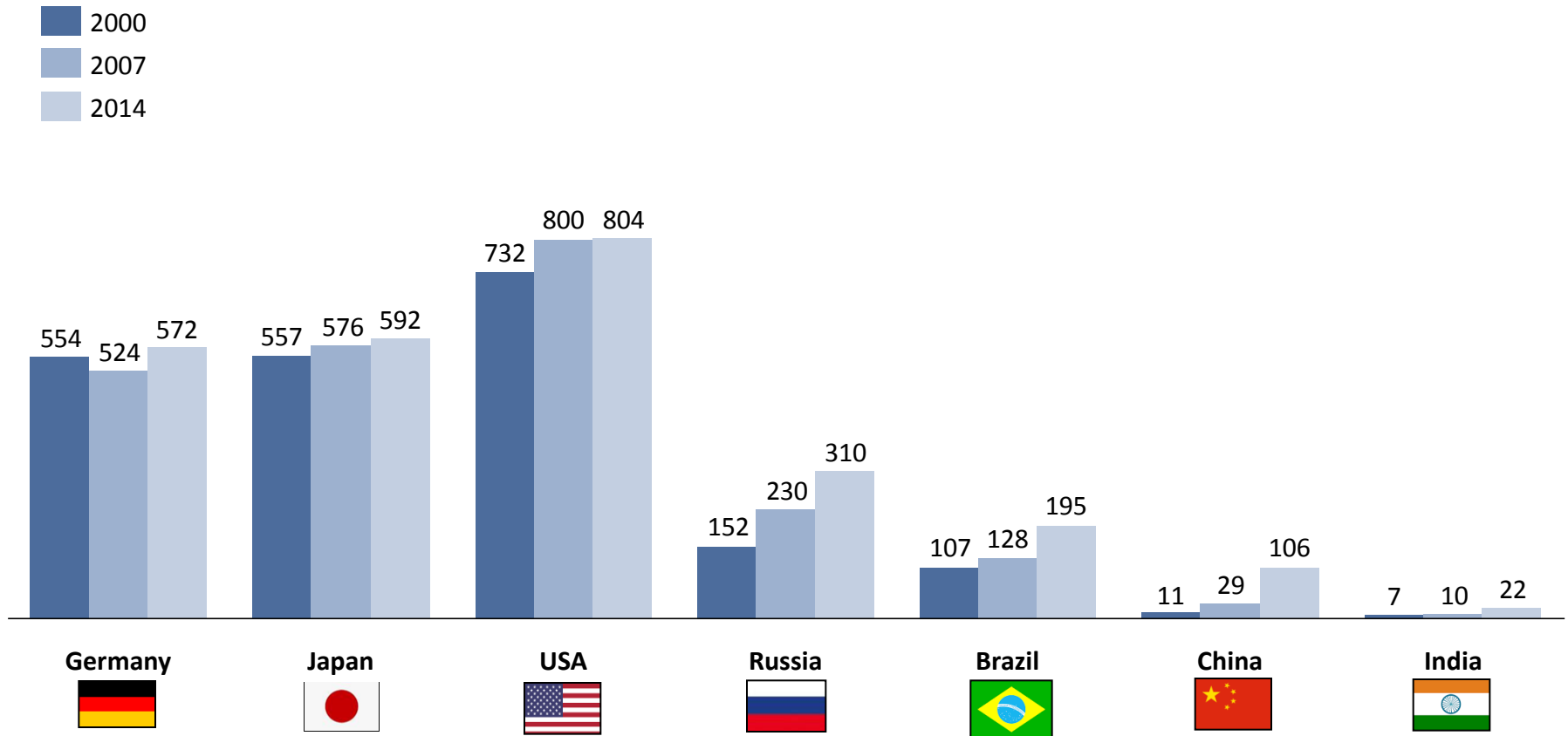
MARKET DEVELOPMENT IN CHINA

FORECAST PASSENGER CAR UNTIL 2021 CHINA

Car units in million



VEHICLE DENSITY PER 1,000 INHABITANT – WORLD (2000-2014)



PRODUCTION EFFICIENCY: PRODUCTION PROGRAM

REASONS FOR THE NEED TO REORGANIZE PRODUCTION IN GERMANY

- Schuler's German production sites have **evolved historically** and their **structure is largely unchanged** since the merger of Schuler and Müller Weingarten
- Schuler has **too many production facilities in Germany** whose **capacities are not utilized to the full**. It makes economic sense to **pool these capacities** in order to achieve a **better level of utilization**

WE ARE PURSUING TWO OBJECTIVES WITH THE FORTHCOMING FACTORY CONSOLIDATION:

①

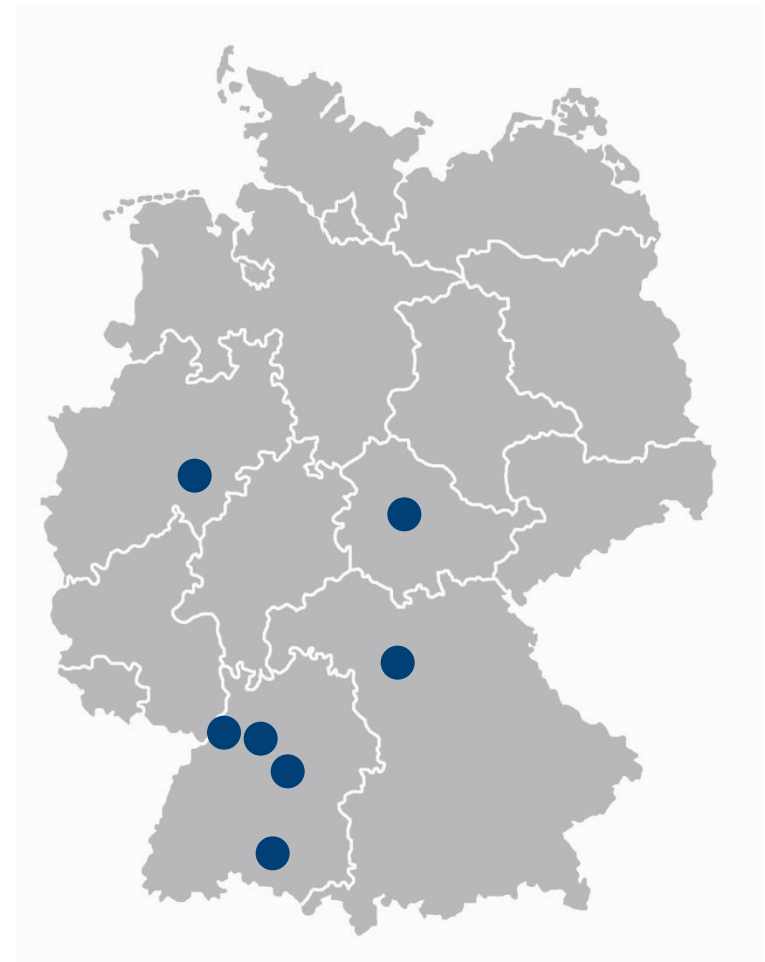
Streamlining of historically evolved site structure in Germany. Significant reduction of fixed costs

②

Most cost-effective way of handling increasingly cyclical nature of business in Automotive and Hydraulic divisions

SCHULER HAS TOO MANY PRODUCTION SITES IN GERMANY

- ① With **seven production sites** in Germany, Schuler has too many factories
 - ② These facilities are operating **below capacity, in terms of their space and machine utilization**
 - ③ Entry into **new market segments** has **changed the product mix**: lower ratio of in-house manufacturing
 - ④ **Markets are changing** and we have created the necessary structures – e.g. in Dalian
 - ⑤ **Total capacity in Germany** is well above the **regional share of sales in Europe**
- These developments are changing the capacity needs in Germany



EFFECT ON JOBS IN PRODUCTION



Site	Employees
Weingarten	approx. 230
Waghäusel	approx. 130
Netphen	approx. 80*
Total	approx. 440

*Production and Industry division

THE PRODUCTION CONCEPT WILL STRENGTHEN THE LONG-TERM COMPETITIVENESS OF SCHULER

- The **planned measures** will place a **one-off** burden on earnings of **around € 55 million**. The **cost savings** will amount to **approx. € 30-35 million** per year
- The reduction of structural costs will lead to **lower costs for products** and thus **strengthen the competitiveness of our divisions**
- We are **reducing the risk of underutilization** in the case of economic fluctuations



OUR STRATEGY
– GROWTH, INNOVATION AND EFFICIENCY

GROWING TOGETHER – ASSURING LONG-TERM SUCCESS FOR SCHULER

ON OUR WAY TO A
GLOBAL COMPANY

- Prepare for **dynamic growth** and increasing company size
- **Solve complex company structures**
- Provide **local products** in big markets

CLEAR RESPONSIBILITY AND
EFFICIENT PROCESSES

- Divisions with **global sales and technology responsibility**
- Efficient and **global product strategy**
- **Central use of resources**

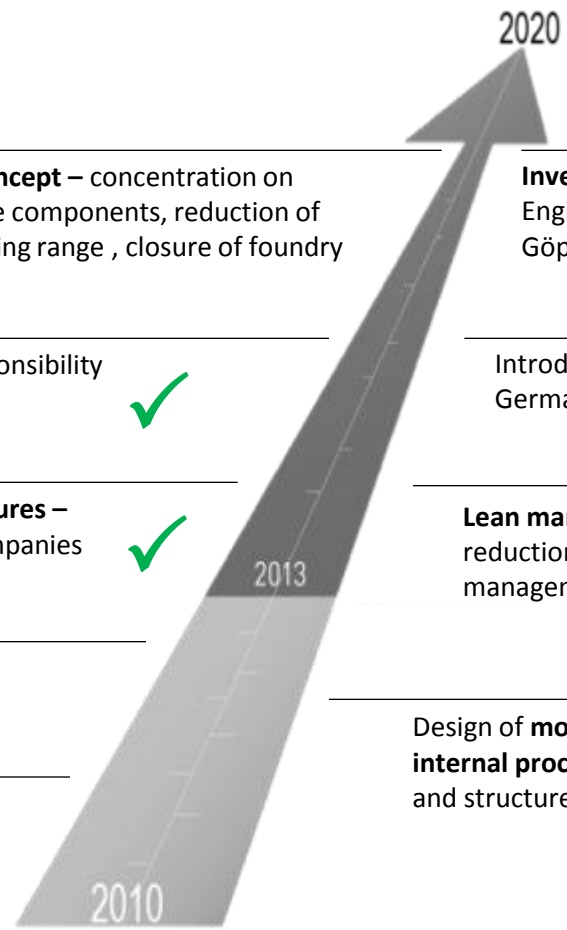


Strategy Program “Growing Together”: Generating growth, innovation and efficiency



GROWTH
INNOVATION
EFFICIENCY

GROUP STRATEGY PROGRAM GROWING TOGETHER GENERATING GROWTH, INNOVATION AND EFFICIENCY



New production concept – concentration on manufacture of core components, reduction of vertical manufacturing range , closure of foundry

Investment in more efficient **infrastructure:** Engineering and Technology Center at location Göppingen, optimization of Weingarten plant

Six Divisions with global responsibility

Introduction of **Shared Services** in Germany

Elimination of complex group structures – merger of several German group companies

Lean managing structure – distinct reduction of board and second level management

Elimination of double functions
e.g. purchase and IT

Design of **more efficient internal processes**, procedures and structures

Merger of the two big group companies **Müller Weingarten** and **Schuler Pressen**

2010

2013

2020





ASIA IN FOCUS

EXPANSION OF PRODUCTION AND PROXIMITY TO CUSTOMERS IN CHINA

NEW PLANT IN DALIAN:

- **Capacities tripled** up to **16,000 square meters**, **investment volume** of approx. **€ 16 million**

IN SHANGHAI

- **Strategic procurement, supply management, local engineering** capacities to be established

EXPANSION OF SALES AND SERVICE IN CUSTOMER REGIONS



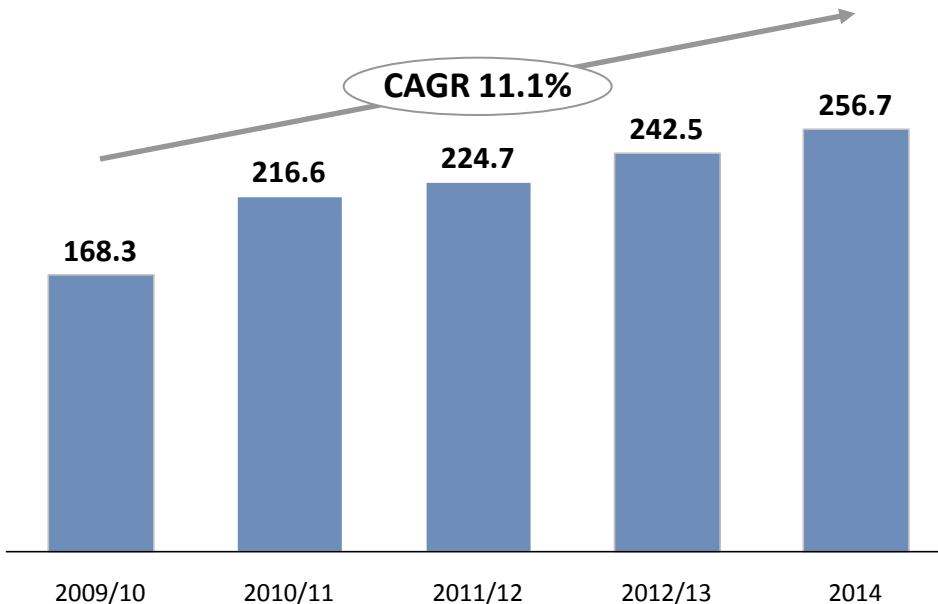
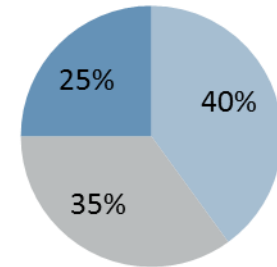
Local content in Asia is going to be raised significantly



GROWTH VIA IMPROVED SERVICE OFFERINGS

INCREASING SALES BY EXPANDING SERVICE PORTFOLIO

- Growing importance of comprehensive **“Life Cycle Support”** and **“Performance Enhancements for Customer Machinery”**
- Installed **production base** of over **20,000 presses**
- **Realignment** and **expansion of service range**, e.g. service contracts



- Modernizations
- Spare parts
- Field Service, Advanced Service, Used Presses

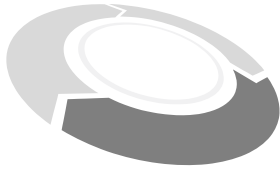


PRESS HARDENING FOR MADE TO MEASURE LIGHTWEIGHT COMPONENTS STRONG DEMAND FROM AUTOMOBILE INDUSTRY AND SUPPLIERS

Technology Center Press Hardening in Göppingen

Schuler combines expertise in the field of press hardening to become an overall system provider





RESOURCE EFFICIENCY AS A DRIVER FOR INNOVATION

SUSTAINABLE SYSTEM SOLUTIONS IN PRESS SHOP GAINING IMPORTANCE

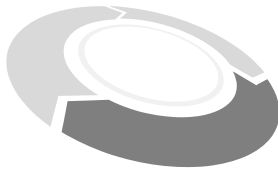
- Energy **costs** increasingly important **factor**
- **Forming systems** play an essential part
- System provider Schuler has the **big picture** (electricity, air and cooling water)...
- ...and, as a technology leader, can leverage potential **in the process**
- ECOFORM **bundles energy-saving measures** while maintaining maximum productivity



SUSTAINABLE
FORMING SOLUTIONS

SAVINGS THAT PAY OFF

-20% to -60% energy savings compared to predecessor



EXAMPLE

SERVO PRESS LINE

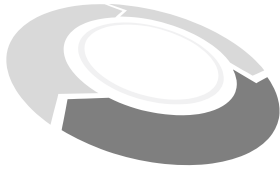
-22%	by using own DC power supply network (Schuler Smart DC Grid)
-3%	by using intelligent stand-by and pause switching
-25%	by using energy-saving cushion (Schuler Energy Saving Cushion)

-50%



SAVING

of 3 million kWh per year



EXAMPLE

NEW AUTOMATIC BLANKING PRESS MSC 2000

-25%	by doing without gear transmission and using roller bearings
-15%	by using newly developed drivetrain with reduced mass moment of inertia
-10%	by substituting the oil lubrication system

-50%

SAVING

from 100,000 to 50,000 kWh per year



JOINT VENTURE WITH CHINESE PRESS MANUFACTURER YADON

SCHULER ACQUIRES MAJORITY SHAREHOLDING IN CHINESE MACHINE TOOL MANUFACTURER YADON

- Schuler has acquired a majority stake in the Chinese machine tool manufacturer **Yangzhou Metal Forming Machine Tool Co., Ltd. (Yadon)**
- Agreement to purchase a majority stake of at least **51%** in Yadon signed
 - Cooperation is **subject to approval by the relevant anti-trust authorities**
 - Contract will be **closed** (i.e. transfer of shares to Schuler) on receipt of this approval
- Yadon will **not** be integrated into the Schuler organization
- Yadon will continue to be headed by the **local management** team



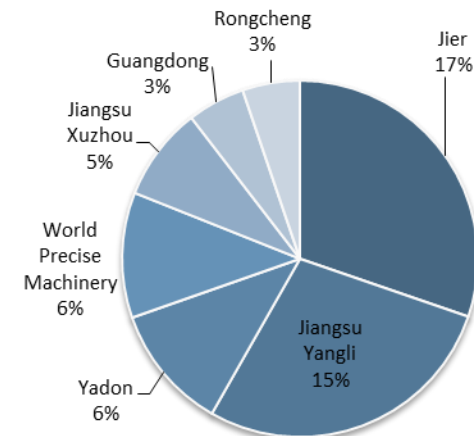
After 26 hours of negotiation in Göppingen, Schuler and Yadon signed a share purchase agreement (SPA) on June 20, 2015

YADON SUCCESSFUL IN MID- AND LOW-RANGE SEGMENT

- **Yadon** is one of **China's leading press manufacturers**
- Its **clients** include major Chinese companies – including **automotive suppliers, manufacturers of heat exchangers** for air conditioning units, electric motor producers, and the entire **metalworking industry**
- At its **three facilities**, Yadon produces **mechanical presses and components** for metalforming – such as C-frame presses, blanking presses and presses in tie rod design
- Yadon currently serves the **C segment**



Chinese Market of Mechanical Presses by Manufacturer (2014)
Market share in percent



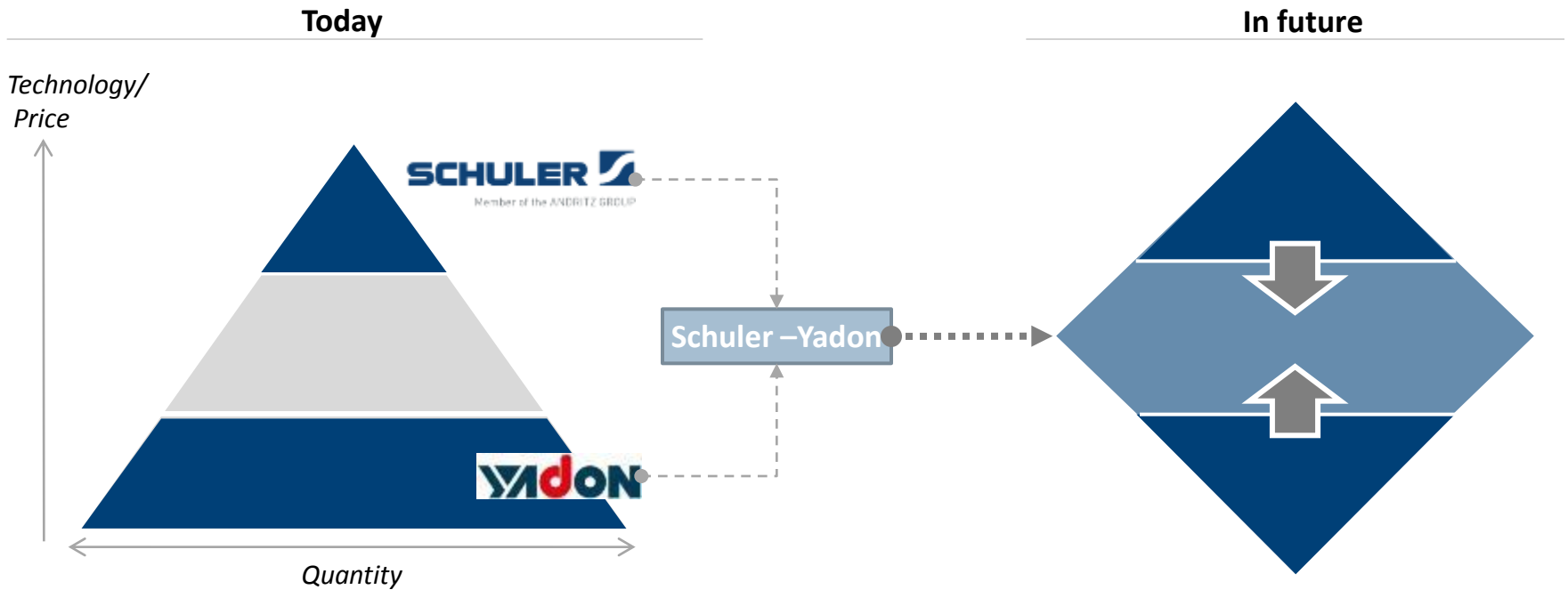
YADON'S STRENGTHS

- Strong **market and brand reputation**
 - Best market reputation among C segment manufacturers
- Own **sales network** (second-largest in China)
- Quality regarded as high by customers
 - In some areas similar to Taiwanese manufacturers like Chinfong and Seyi with regard to quality of comparable products
- **Technology- and innovation-driven** with its own development division



STRATEGIC FIT

MARKET DEVELOPMENT & COOPERATION TARGET



OUTLOOK

SUCCESSFUL INTO THE FUTURE

- Continuous **long-term growth** for global **automobile industry**
- Increased **growth** for market segments outside **the automotive** sector
- Development of **volume markets (B segment)**
- Dynamic **overseas growth** and moderate growth in Europe
- Increased **localization of production**
- Development of **fast-growing service business**
- Growth due to **strategic acquisitions**
- **Financial outlook 2015:**
 - Sales in 2015 slightly above prior-year figure
 - One-off burden on earnings of around **€ 55 million** due to production concept
 - EBITA margin without burden from production concept slightly down on previous year



Strategies for growth in existing and new markets.

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FORMING THE FUTURE