



MANZ AG

WEBCAST FINANCIAL FIGURES 9M/2016

NOVEMBER 15, 2016 / DIETER MANZ, MARTIN HIPPE



- Revenues of EUR 167.3m nearly on previous years' level (9M/2015: EUR 169.0m)
 - Missing follow-up orders related to cancelled order in Energy Storage division
 - Final contract signature for CIGS orders postponed to the end of 2016
- Financial result of third quarter significantly influenced by high cost base due to maintenance of capacities required for execution of order for CIGSfab
 - Despite this strategic decision, improvement of cost base and stabilization of earnings realized through ongoing optimization of structures and processes
 - EBITDA of EUR -15.2m improved by EUR 5.5m compared to the previous year
 - EBIT of EUR -25.7m (9M/2015: EUR -30.1m)
- Ongoing focus on fast alignment of structures and processes to realize a sustainable and profitable growth

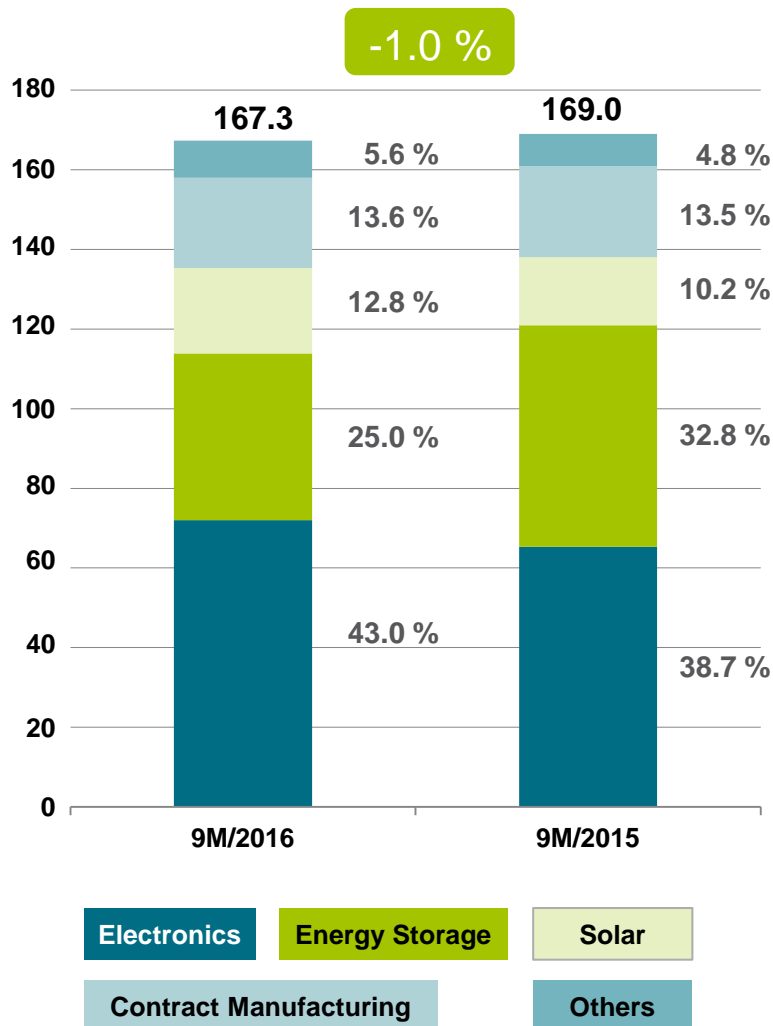


- Due to increased complexity (more companies involved, higher order volume), negotiations for CIGS orders took longer than initially planned
- Joint establishment of R&D company for acceleration of technology development
 - Manz CIGS Technology GmbH will be acquired by new R&D Joint Venture
 - Positive earnings effects by elimination of annual operating costs in the lower two-digit million range as well as selling price of the subsidiary
 - Cooperation partners cover operational costs of Manz CIGS Technology GmbH from November 2016 till final formal signature is completed
 - High commitment of partners; November payment already received!
 - No further cost burden for Manz AG immediately
- Subject of the Agreement are as well CIGSfab purchase orders in triple-digit million range
 - Biggest order in company history
 - Very positive impact on business development from 2017 on

REVENUE DEVELOPMENT

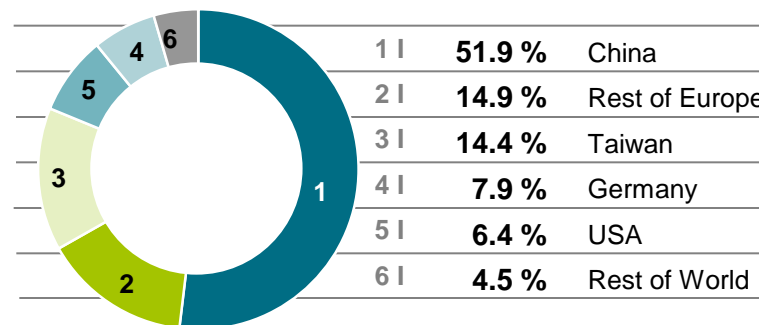
Revenue by business units

in EUR million



Revenue by region – shipment of tools

as of September 30, 2016



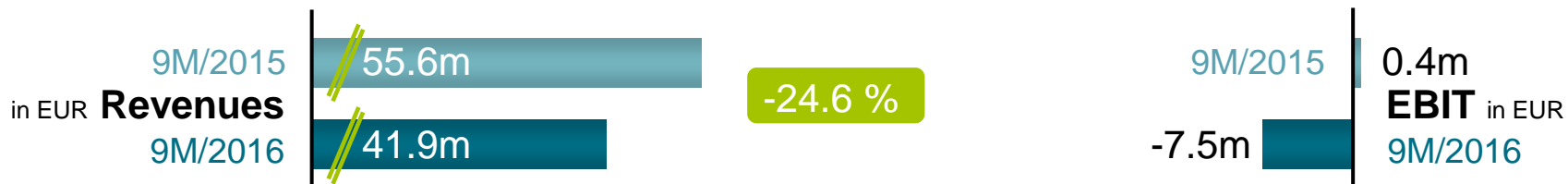
- ➔ Contribution of Electronics division to revenues grew from 38.7 % in 09-2015 to 43.0 % in 09-2016 (EUR 72.0m)
- ➔ Revenue of BU Energy Storage burdened by missing follow-up orders due to order cancellation of customer
- ➔ China and Taiwan represent a 66.3 % share of total revenues

- **Electronics: Growth in revenues driven by strong demand from Asia**

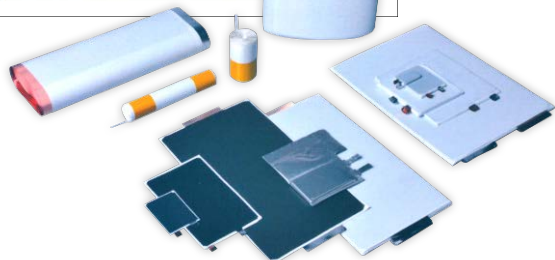


- Demand of Asian customers for display production equipment led to revenue growth compared to first 9 months of 2015
- Strong decline of business with production systems for Electronic Devices Industry as a result of risk mitigation after recent negative experiences
 - Development of diversified customer base is most important task, but will take some time
- Profitability improved due to better capacity utilization and projects with higher margins

● Energy Storage: Performance influenced by order cancellation

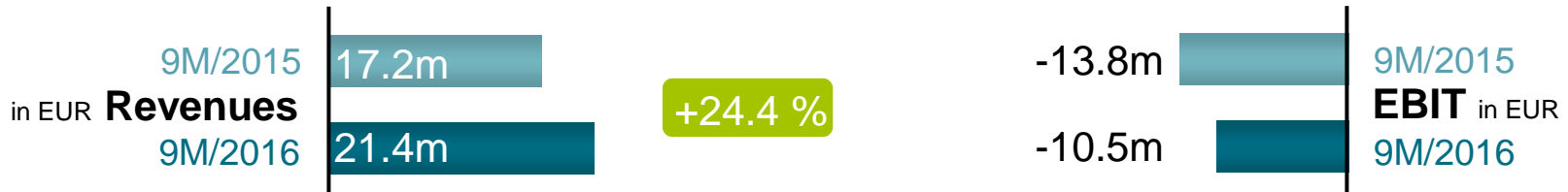


- Missing follow-up orders because of order cancellation
 - Preliminary order stop by major customer in June
 - Settlement agreement reached: no further negative earnings effects for Manz from the order
- High dynamics in e-mobility sector offering high future growth potential
 - Excellent positioning of Manz due to high experience gained in consumer electronics industry and successful projects in the e-mobility sector
- Focus of sales activities on broader customer portfolio
 - Investment in future with current impact on profitability



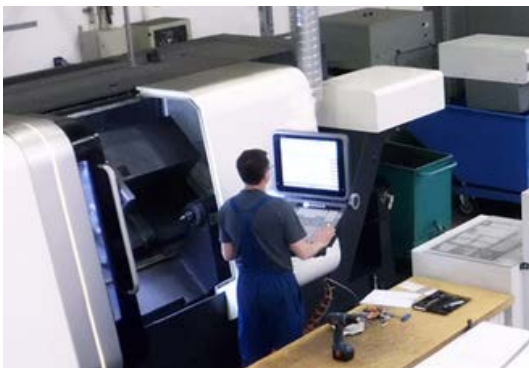
REVIEW SOLAR DIVISION

- **Solar: Postponed contract signing for CIGS orders; revenues and earning will fully impact 2017 and 2018 fiscal year**



- Growth in revenue due to high demand for advanced automation systems and successful sale of machines on stock for the production of crystalline solar cells
- Earnings influenced by maintenance of capacities and intense R&D activities in CIGS thin-film technology
- Signing of framework agreement executed beginning of November
 - ➔ Agreement on all major terms of final contract successfully achieved

● **Contract Manufacturing: Stable development**



- Contract manufacturing for the semiconductor, medical, packaging, and automotive industry
 - Revenues influenced by cyclical development of semiconductor industry
 - Relevant revenue contribution shifted to fourth quarter of 2016
 - Expansion of OEM business in Taiwan with foundation of Joint Venture “Talus Manufacturing”
 - Earnings influenced by start-up expenses of Talus
 - Talus will contribute sustainably to positive development of this segment

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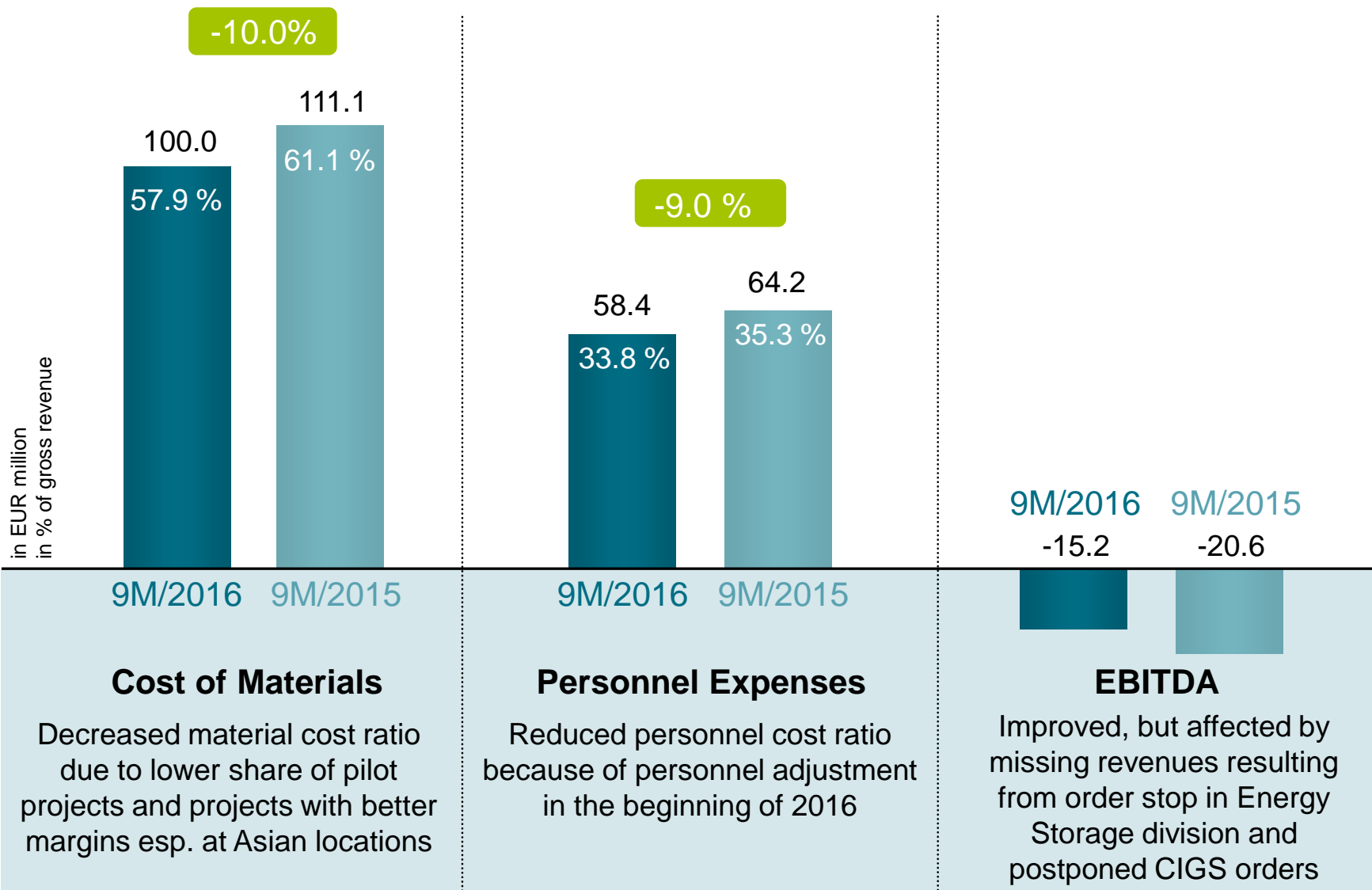
9M

FINANCIAL FIGURES

in EUR million	Jan.1 – Sep. 30 2016	Jan.1 – Sep. 30 2015
Revenues	167.3	169.0
Gross revenue	172.6	181.9
Other operating income	4.0	5.4
Costs/Expenses	191.7	208.0
EBITDA	-15.2	-20.6
Depreciation	-10.5	-9.5
EBIT	-25.7	-30.1

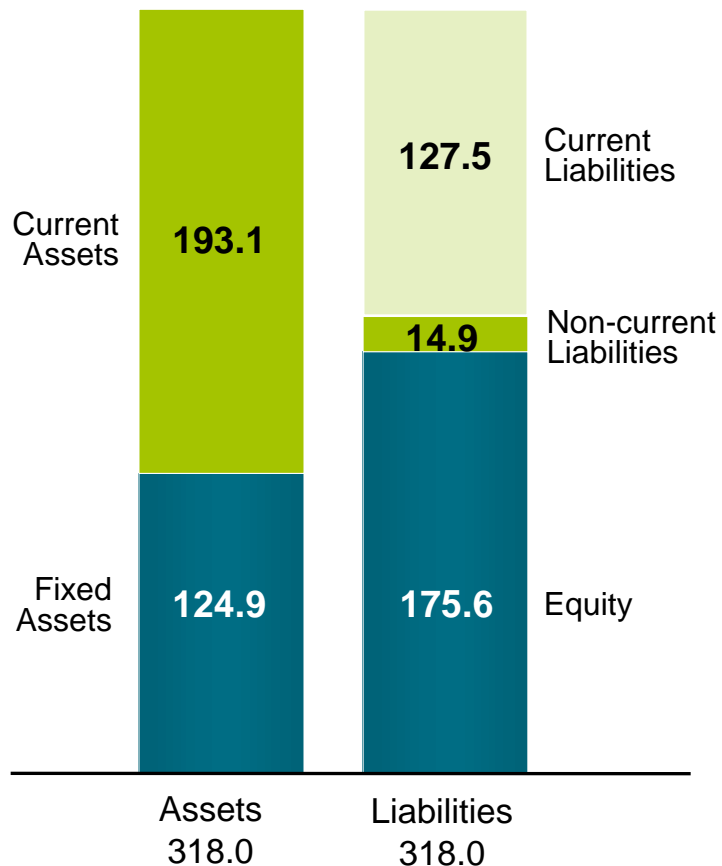
- Revenues nearly on previous years' level but impacted by postponed final contract signature for CIGS orders and missing follow-up orders related to cancelled order in Energy Storage division
- Gross revenue decreased because of less capitalized R&D costs
- Reduced overall cost base due to transfer of serial machines to lower-cost locations
- EBITDA of EUR -15.2m reflects initial successes of reorganization in the group but still negative
- Depreciation of EUR -10.5m only consists of scheduled depreciation
- EBIT of EUR -25.7m improved compared to previous year

INCOME STATEMENT



BALANCE SHEET

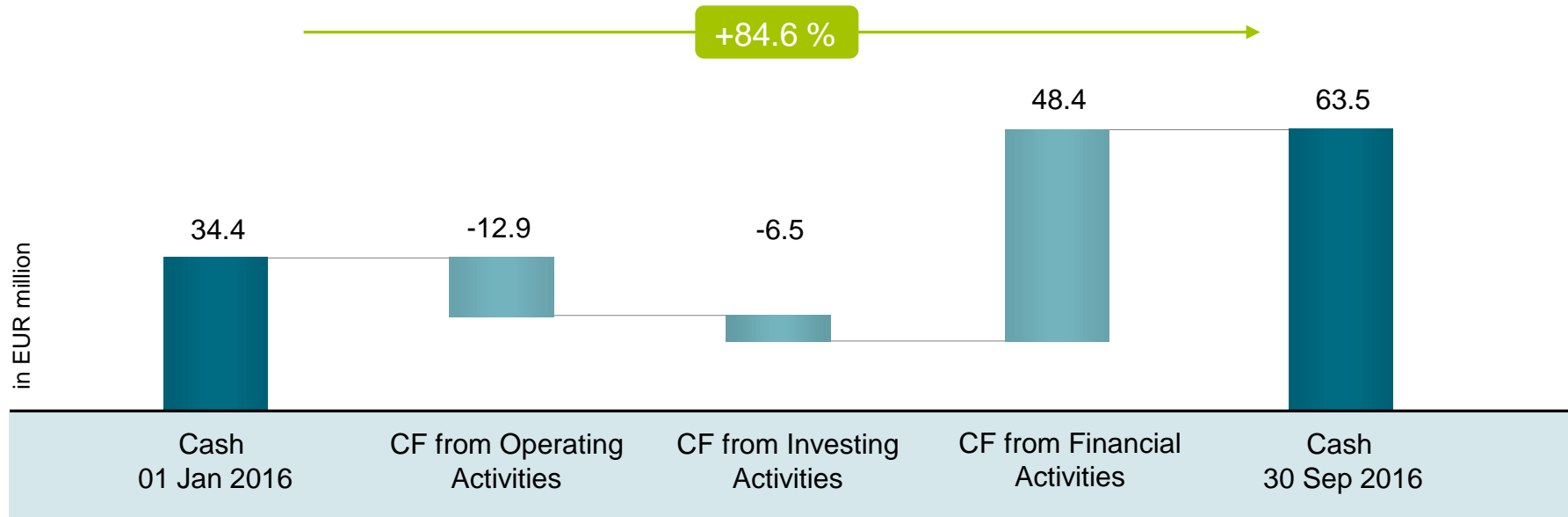
as of September 30, 2016
in EUR million



	Definition	Sep. 30, 2016	Dec. 31, 2015	Change
Equity Ratio	$\frac{\text{equity}}{\text{total assets}}$	55.2 %	42.8 %	+12.4 pp
Net Working Capital <small>(in EUR million)</small>	current assets ./. liquid funds ./. non-interest-bearing current liabilities	56.3	56.1	+0.4 %
Net Debt <small>(in EUR million)</small>	interest-bearing liabilities ./. liquid funds	-7.8	48.6	-116 %

- Equity ratio with 55.2 % on very good level
- Net working capital at previous year's level
- Net cash influenced by increase in liquid funds because of capital increase in May 2016 as well as down-payments for projects in Asia

CASH FLOW



- Improved cash flow from operating activities of EUR -12.9m (9M/2015: EUR -59.8m) reflects improved EBIT and lower increase of inventories and accounts receivable
- Cash flow from investing activities of EUR -6.5m (9M/2015: EUR -18.4m) reflects investments in R&D
- Cash flow from financing activities of EUR 48.4m (9M/2015: EUR -83.0m) influenced by equity injection resulting from the capital increase and reduction of financial liabilities

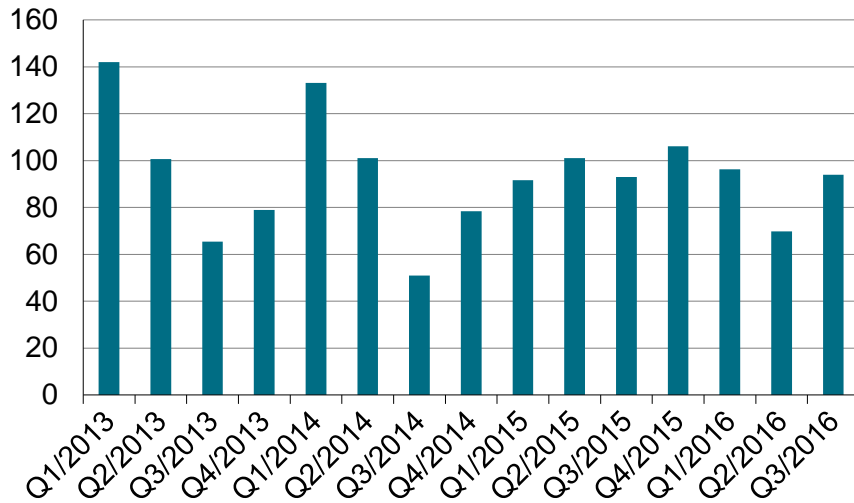
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OUTLOOK

Development of Order Backlog



- Order backlog at the end of September 2016 at a high level

→ Backlog in business unit Energy Storage affected by missing follow-up orders due to order stop by major customer

→ Very good development of Electronics division

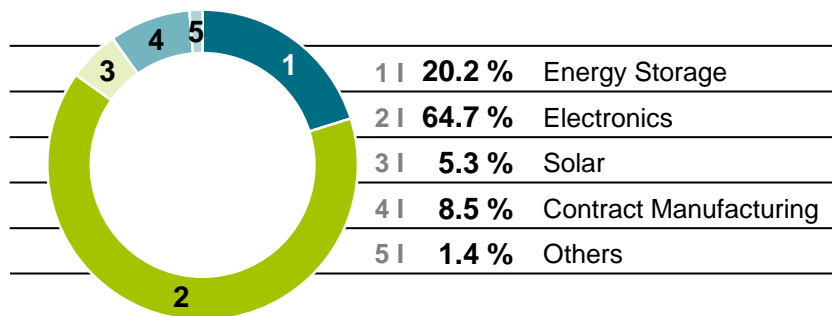
→ Increased demand for production equipment for electronic components

→ Orders related to Speedfactory project by adidas are shown here

→ Stable percentage of Solar division and Contract Manufacturing segment

Order Backlog: EUR 93.9m

as of September 30, 2016





- Consequent continuation of our comprehensive improvement program headed by CRO
 - Implementation of measures is proceeding well
 - Significant cost reduction realized
- Focus on completion of Due Diligence for the Manz CIGS Technology GmbH in order to get final formal signature of CIGSfab contracts as soon as possible
 - Pursue of our diversification strategy: success of company based on 3 equally strong business units
- Expansion of our good position as leading non-Asian company in the growth market Energy Storage
- Further growth in Electronics division by continuous diversification within product portfolio and customer base as well as strengthening of international sales structures
- Adjusted guidance for 2016 due to postponed revenues and earnings from a CIGS purchase order: “revenues at previous year’s level and significantly improved EBIT”

THANKS

THANK YOU
VERY MUCH FOR
YOUR ATTENTION!

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Stock Key Data and Shareholder Structure

ISIN	DE000A0JQ5U3	
Stock Market Segment	Regulated Market (Prime Standard)	
Capital Stock	7,744,088	
Opening Price	19 EUR (Sep. 2006)	
Shareholder Structure	Dieter Manz Ulrike Manz Shanghai Electric Free Float	24.66 % 2.66 % 19.67 % 53.01 %