



Investor Call

Q3 2018

Plochingen, November 28, 2018 - public-side information only

CEO – Dr. Hadi Saleh CFO – Eric Oellerer

Investor Call – 2018 Q3 Financial Information

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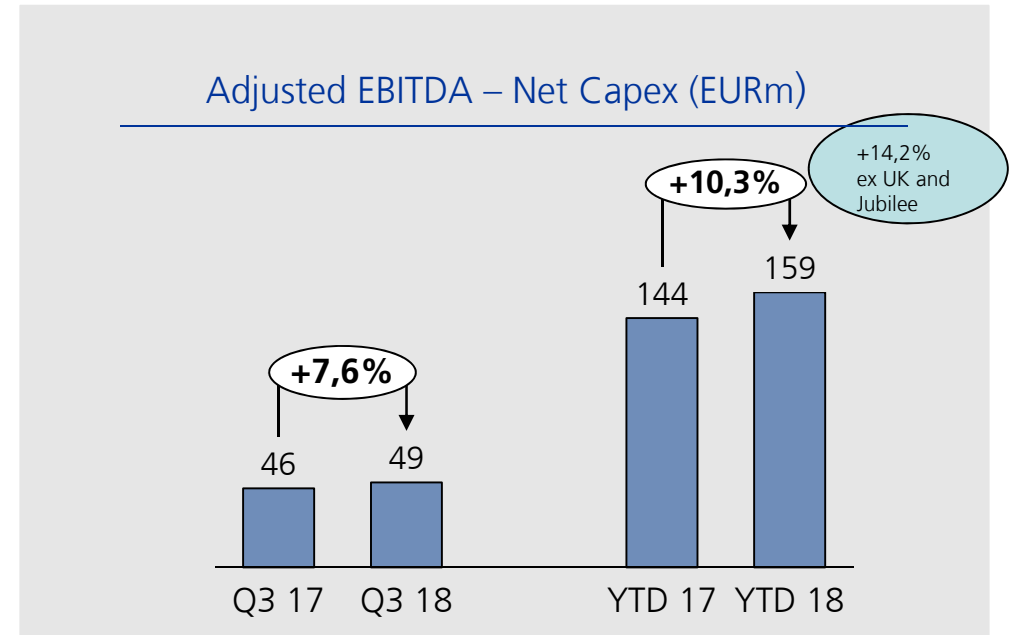
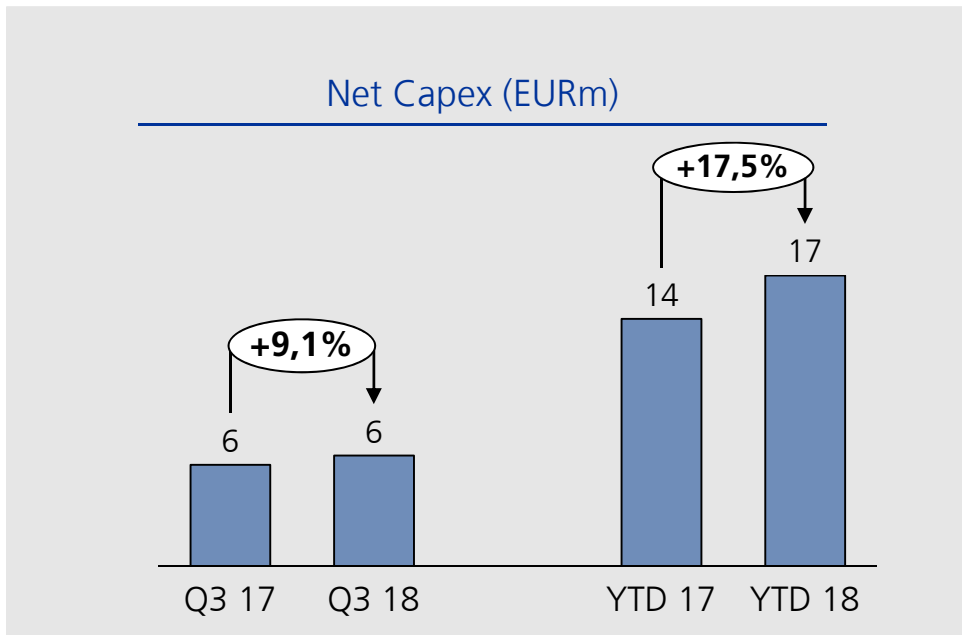
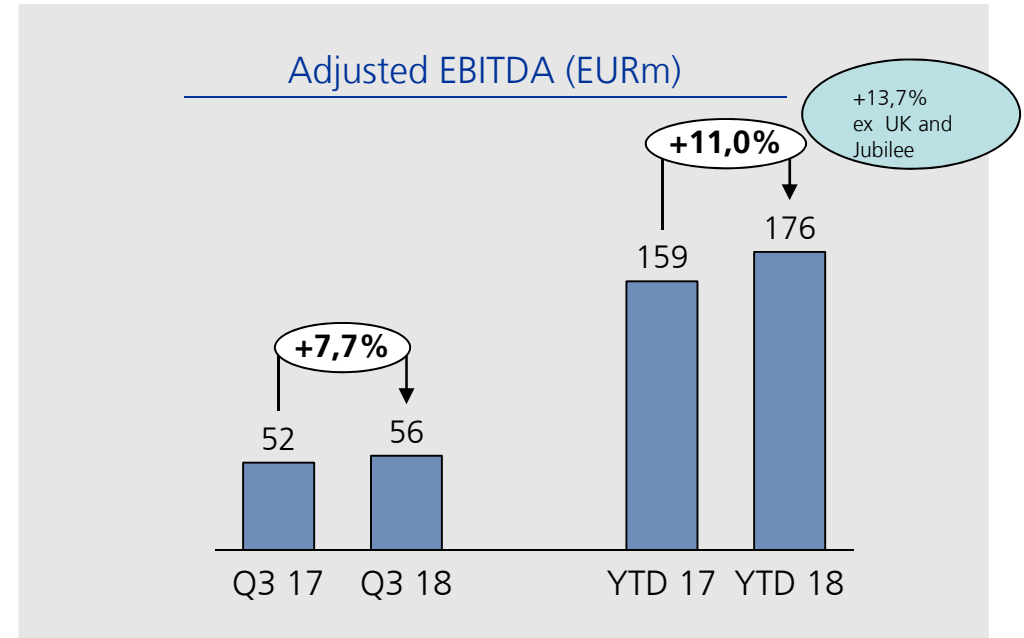
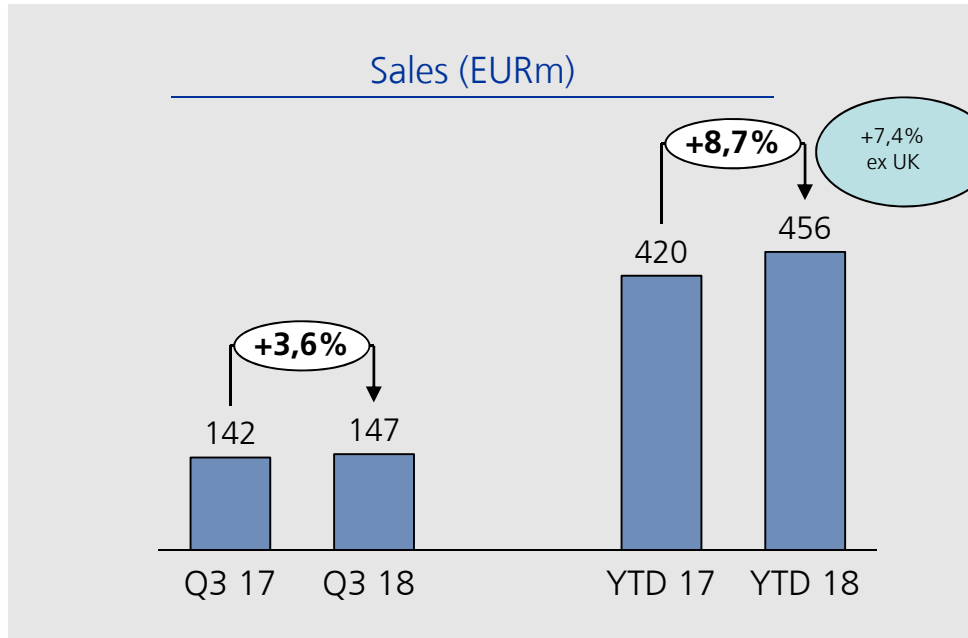
Overview of Q3 Performance



- Group Sales Q3'18: EUR 147m +3.6% vs. PY driven by ongoing strong market conditions
- Medical Products Sales Q3'18: EUR 55m +7.7% vs. PY driven by volumes and mix
- Industrial Sales Q3'18: EUR 91m +1.2% vs PY with good performance across markets, especially automotive, electronics and Textile machinery
- Group Adjusted EBITDA Q3'18: EUR 56m +7.7% vs. PY, increase coming from
 - Volume and mix effect, limited price effects
 - Operational excellence and cost control
- Adjusted EBITDA margin Q3'18 of 37.9%
- Total Net debt Leverage ratio Q3'18: 6.5x

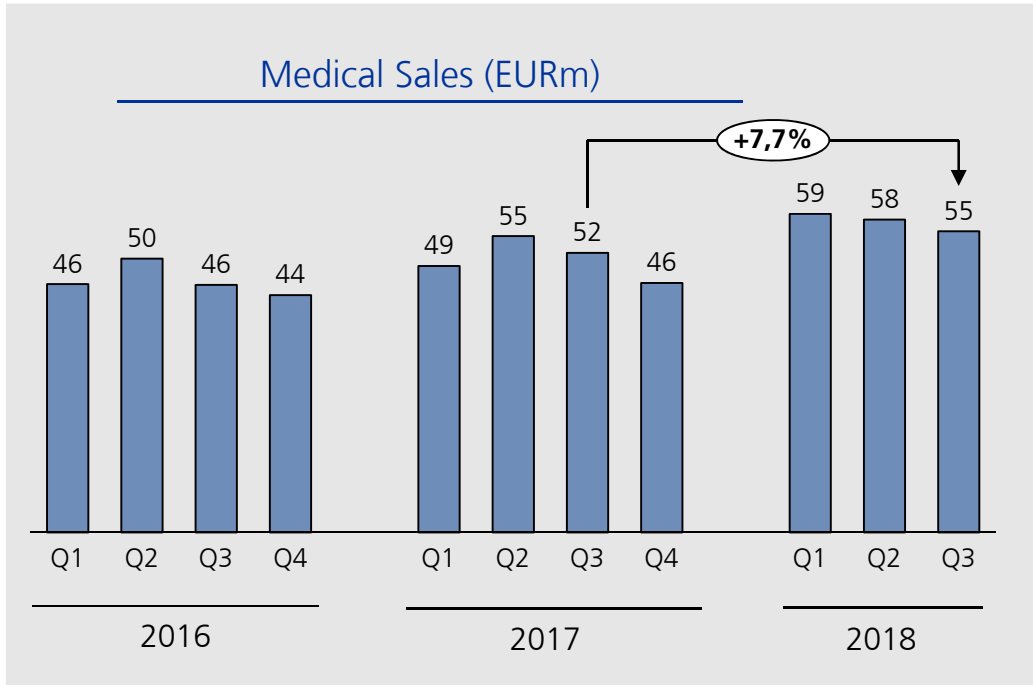


Strong Q3 2018 Performance



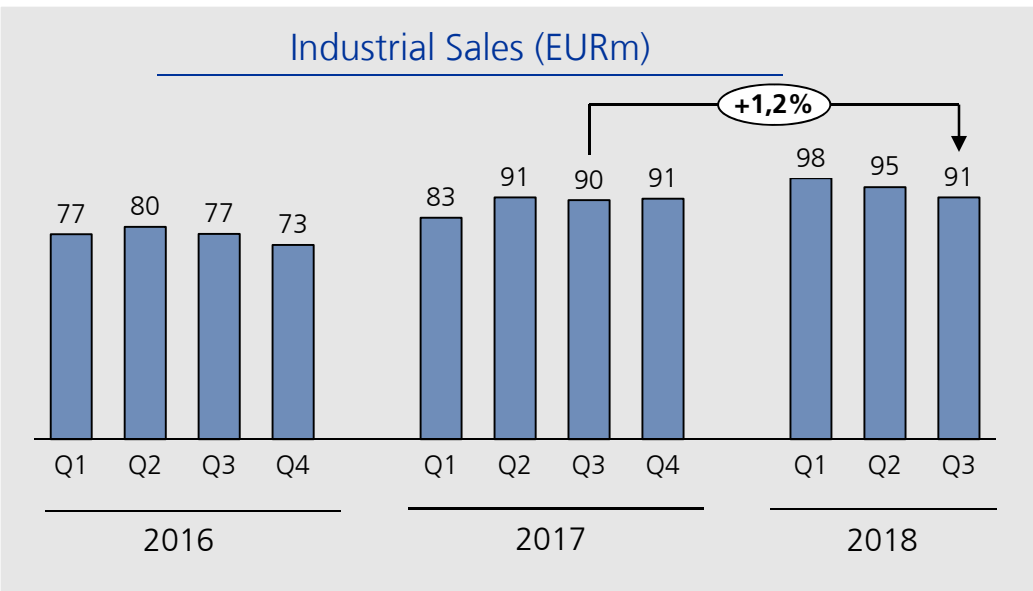
Ex UK & Jub – excluding the UK Electro Ceramics acquisition and the release of a long-term Jubilee provision in June 17
 Note: All figures in EURm at actual rate

Medical and Industrial Sales Trend



Comments

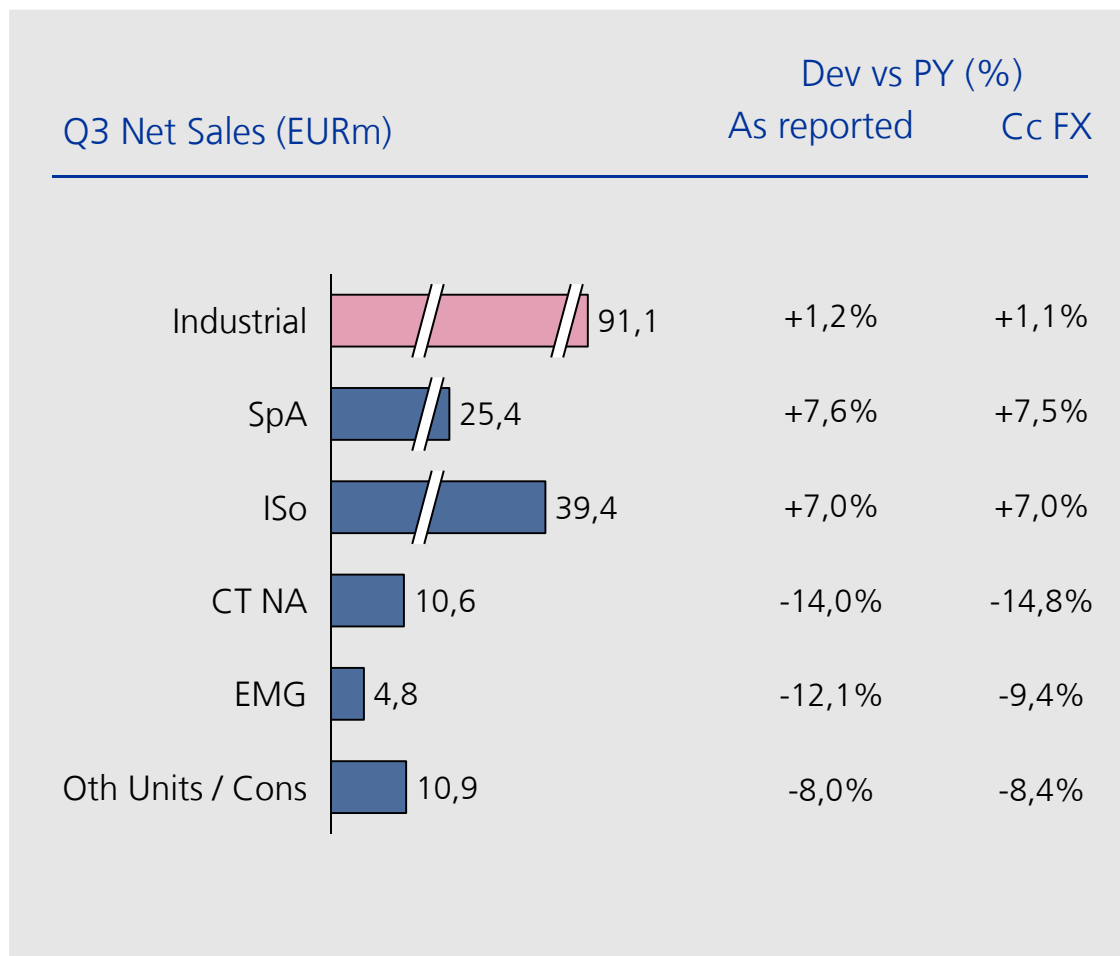
- Q3'18 Medical Sales +7.7% above PY
- Q3'18 Components sold +6.1% above PY
- Market fundamentals unchanged



Comments

- Q3'18 Industrial Sales +1.2% vs. PY
- The increases mainly in automotive, electronics and Textile machinery markets

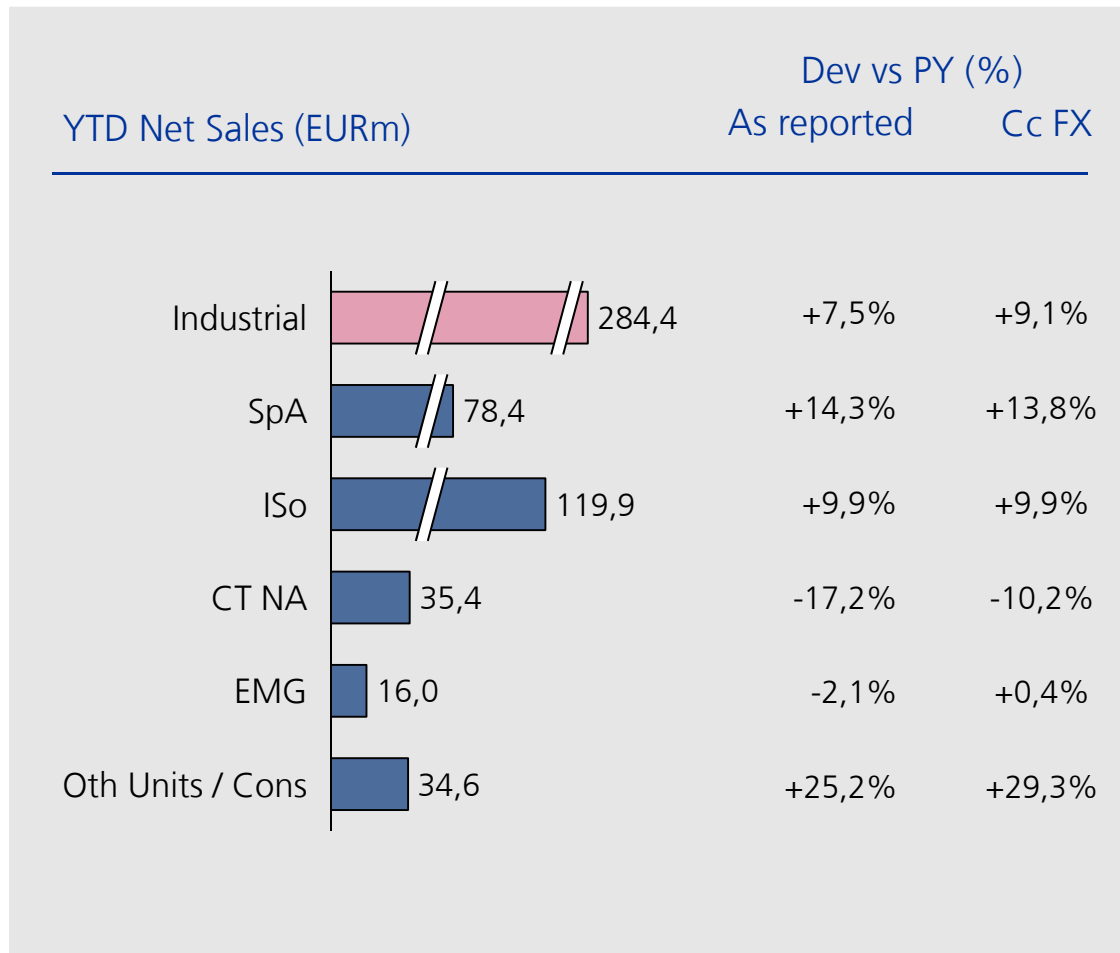
Q3 2018 Industrial Sales



Comments

- Q3'18 Specialty Applications growth driven by:
 - Strong textile market
 - Cutting Tools for automotive
- Q3'18 Industrial Solutions growth driven by:
 - Ceramic substrates for electronics and automotive
- Q3'18 North America softer (-14.8% ccFX) driven by lower EOC business and discontinued medical device project
- EMG driven by lower demand from main customer

YTD 2018 Industrial Sales



Comments

- YTD'18 performance reflecting overall market trends and market momentum carrying over from 2017
- SpA and ISo sales reflecting growing demand from Automotive and Electronics markets, supported by strong textile machinery cycle
- CTNA affected by softer EOC catalyst carrier market cycle and a discontinued medical device project
- EMG driven by lower demand from main customer
- Other units driven by the UK Electro Ceramics acquisition, growth on a like-for-like basis at +12.1% ccFX mainly coming from our Chinese affiliate

Q3 2018 Management Financials

In EURm	Q3 2018	Q3 2017	Δ
Net Sales	146,6	141,6	3,6%
Medical Products	55,5	51,5	7,7%
Industrial	91,1	90,0	1,2%
Gross Profit ⁽¹⁾	76,6	72,8	5,1%
<i>as % of Sales</i>	52,2%	51,4%	
SG&A⁽¹⁾	-21,1	-21,2	-0,7%
<i>as % of Sales</i>	-14,4%	-15,0%	
Other Inc./Exp.⁽¹⁾	0,1	0,0	-317,4%
<i>as % of Sales</i>	0,0%	0,0%	
Adj. EBITDA	55,6	51,6	7,7%
<i>as % of Sales</i>	37,9%	36,4%	

(1) w/o Depreciation and Amortisation

Comments

- Q3'18 Sales growth:
 - Volume growth both segments
 - Medical growing faster than Industrial
 - Limited price erosion in both segments, in line with historical trends
- Q3'18 Gross margin: +0.8%pts vs PY, due to mix with Medical growing faster than Industrial, ongoing productivity measures and higher capacity utilization
- Q3'18 SG&A: ongoing cost control with careful cost increase reflecting the market conditions
- Adj. EBITDA margin at 37.9% with 1.5%pts above PY

Note: All figures in EURm at actual FX rate including normalisation adjustments

YTD 2018 Management Financials

In EURm	YTD 2018	YTD 2017	Δ
Net Sales	456,2	419,7	8,7%
Medical Products	171,9	155,2	10,7%
Industrial	284,4	264,5	7,5%
Gross Profit ⁽¹⁾	242,6	223,3	8,6%
<i>as % of Sales</i>	53,2%	53,2%	
SG&A⁽¹⁾	-66,7	-64,7	3,1%
<i>as % of Sales</i>	-14,6%	-15,4%	
Other Inc./Exp.⁽¹⁾	0,0	-0,1	-101,8%
<i>as % of Sales</i>	0,0%	0,0%	
Adj. EBITDA	176,0	158,5	11,0%
<i>as % of Sales</i>	38,6%	37,8%	

(1) w/o Depreciation and Amortisation

Comments

- YTD'18 Sales growth:
 - Volume growth both segments
 - Medical growing faster than Industrial
 - Limited price erosion in both segments, in line with historical trends
- YTD'18 Gross margin: on the same level as PY, on a like-for-like^(*) basis +0.8%pts vs PY due to mix with Medical growing faster than Industrial and benefitting from productivity measures and higher capacity utilization
- YTD'18 SG&A: ongoing cost control with careful cost increase reflecting the market conditions, partly offset by the UK impact
- Adj. EBITDA margin at 38.6% with 0.8%pts above PY
- Adj. EBITDA on like-for-like (excluding Jubilee provision and impact of UK acquisition) basis showing a growth rate of +13.7%

Note: All figures in EURm at actual FX rate including normalisation adjustments

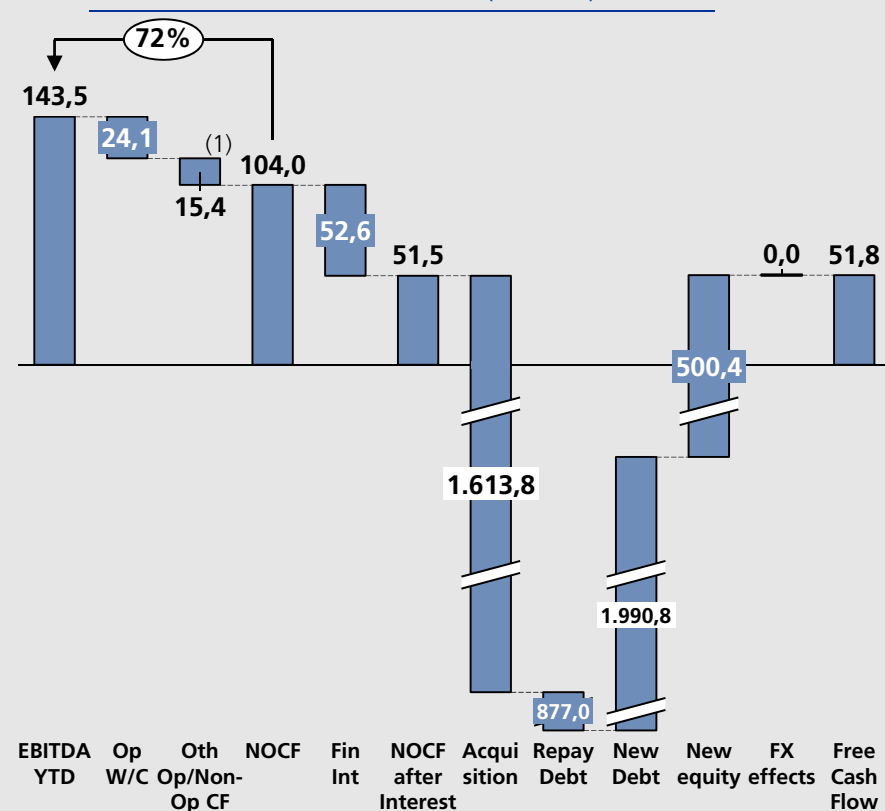
YTD 72% Operational Cash Conversion

FCF Development (EURm)



- (1) EUR -40,5m cash outflow includes the distribution of EUR -56.5m which has been made out of the group as a repayment of the shareholder loan (principal EUR 52,8m and accrued interest 3,7m), financing activities EUR -25,2m and cash received from drawing of revolver loan EUR 16.0m
- (2) EUR -57.8m cash outflow includes the acquisition of UK Electro Ceramics EUR -55.5m, repayment of revolver loan EUR -16.0m and repayment loan and interest EUR -15.4m offset by cash received from factoring EUR +5.2m
- (3) EUR -9.3m cash outflow includes a EUR -48.9m reimbursement of shareholder loan completed in July 2017(EUR -48.7m principal plus EUR -0.2m interest accrued), financing activities EUR -27,3m and cash received from drawing of revolver loan EUR 22.0m

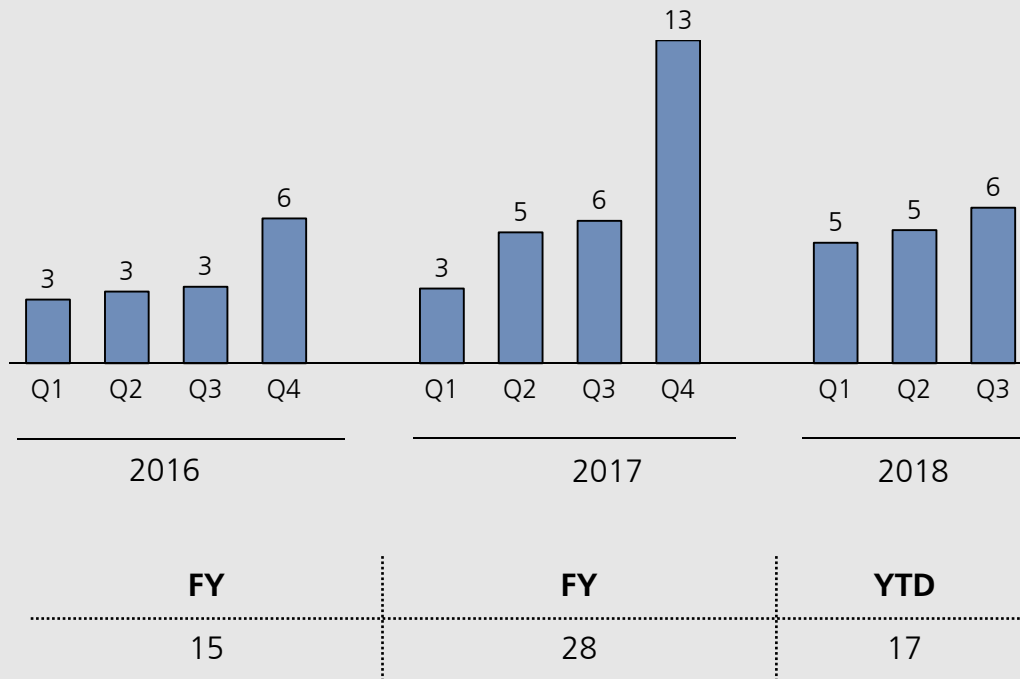
FCF – YTD 2018 (EURm)



- (1) Including mainly EUR -17.9m Investing, EUR -13.3m Tax, EUR +15.8m change in other provisions/assets/liabilities

Net Capex Development

Net Capex (EURm)

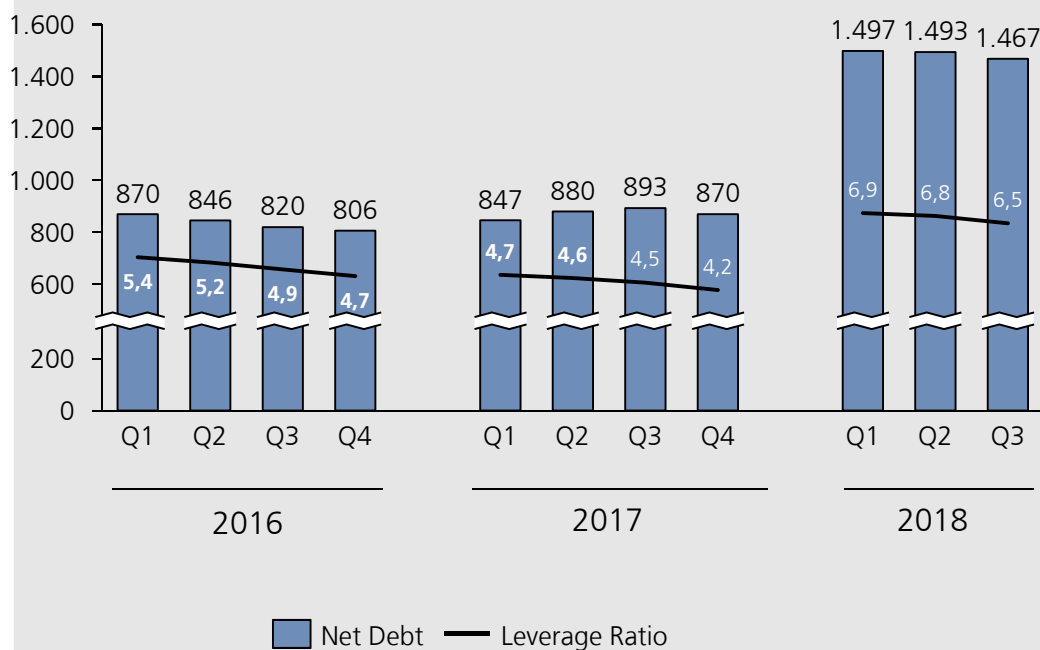


Comments

- Net Capex in Q3'18 - similar as Q3'17
- Reflecting project phasing and the market environment
- Net Capex is expected to further accelerate in Q4 in line with plan

Net Debt And Leverage Ratio

Net Financial Debt (EURm)



EURm	Sep 30, 2017	Sep 30, 2018
Senior Debt	602,1	1.121,2
Bonds	306,7	406,0
Other	0,0	0,0
Revolver	22,0	0,0
M2M Currency Swap ⁽¹⁾	-22,6	0,0
Accrued Interests	5,0	6,1
Gross Debt	910,3	1.533,2
- Cash	-17,0	-66,6
Total Net Debt	893,2	1.466,7
LTM adj. EBITDA	203,5	224,1
Leverage Ratio	4,5x	6,5x

(1) Mark to Market Currency Swap available in 2017 on a quarterly basis



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