



# Investor Call

## Q4 2018

**Plochingen, April 3, 2019 - public-side information only**

CEO – Dr. Hadi Saleh

CFO – Eric Oellerer

# Investor Call – 2018 Q4 Financial Information Disclaimer

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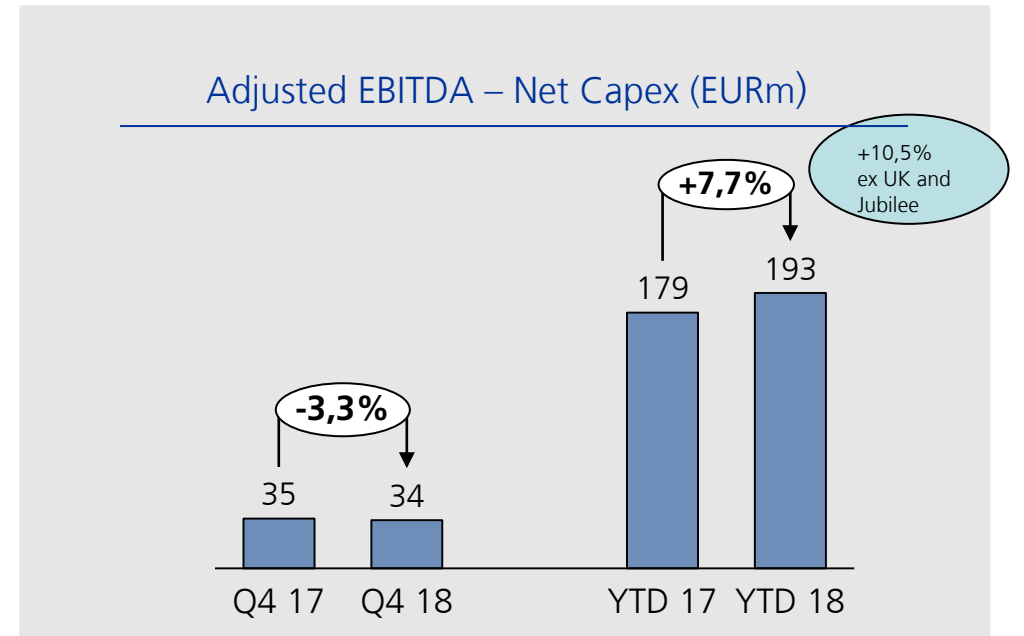
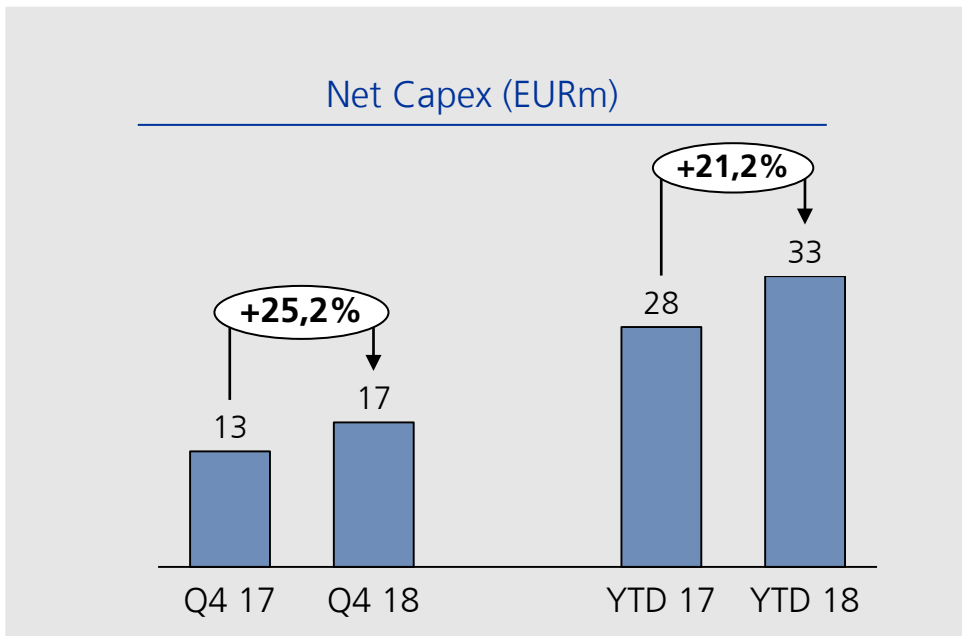
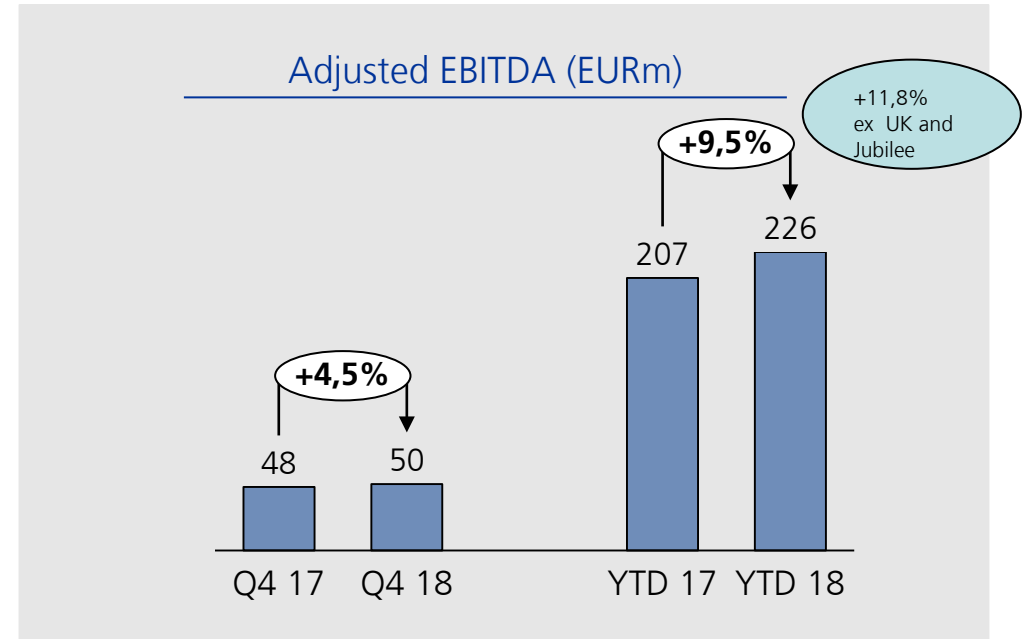
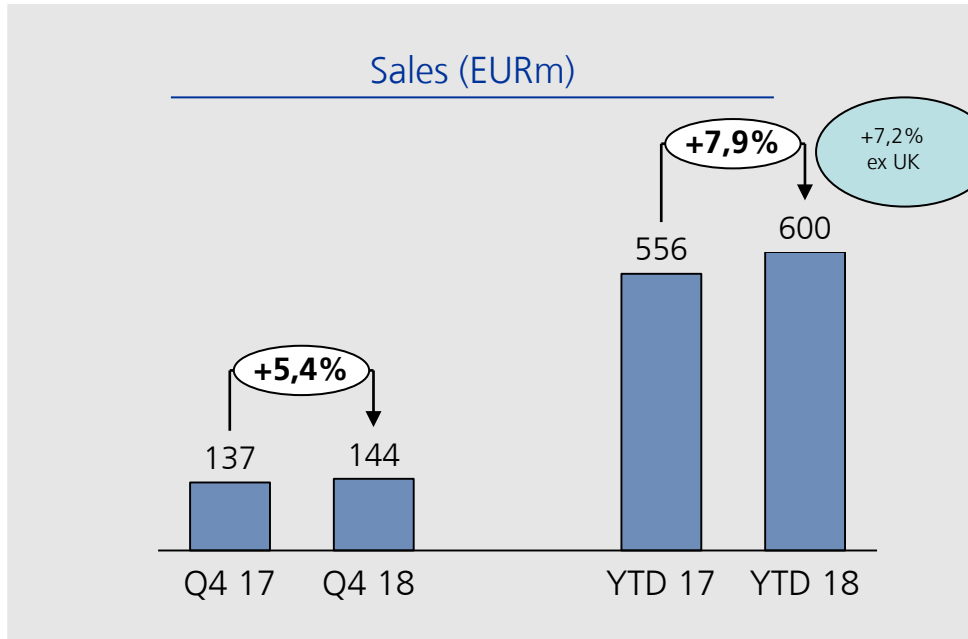
# Overview of Q4 Performance



- Group Sales Q4'18: EUR 144m +5.4% vs. PY
- Medical Products Sales Q4'18: EUR 55m +18.9% vs. PY driven by strong volumes and favourable mix
- Industrial Sales Q4'18: EUR 89m -1.4% vs PY with softening demand in some key markets such as construction, offset by good development in textile machinery
- Group Adjusted EBITDA Q4'18: EUR 50m +4.5% vs. PY, increase coming from
  - Volume and mix effect, limited price effects
  - Operational excellence and cost control
- Adjusted EBITDA margin Q4'18 of 35.0%
- Total Net debt Leverage ratio Q4'18: 6.5x



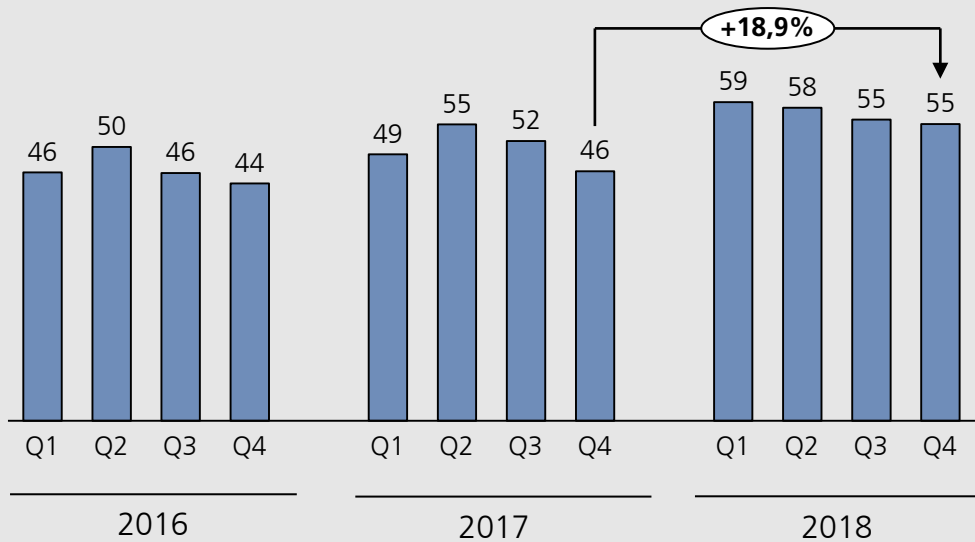
# Strong Q4 2018 Performance



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

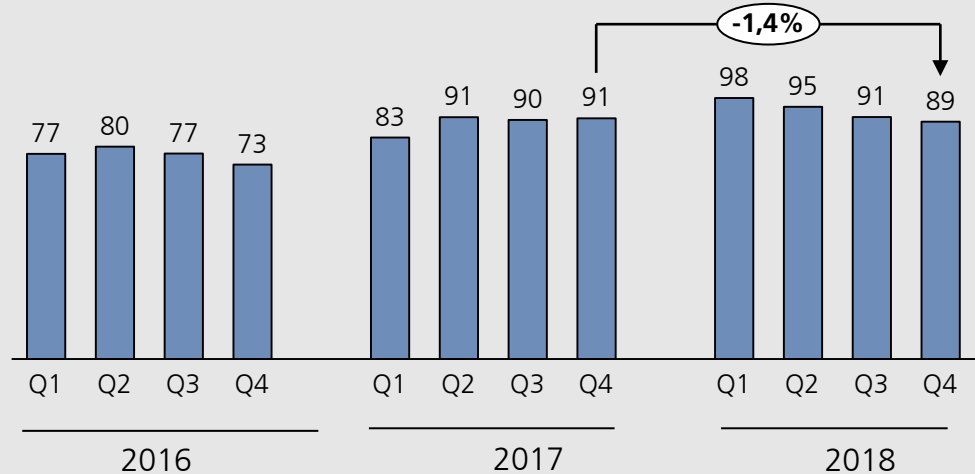
Medical Sales (EURm)



## Comments

- Q4'18 Medical Sales +18.9% above PY
- Q4'18 Components sold +11.7% above PY
- Market fundamentals unchanged

Industrial Sales (EURm)

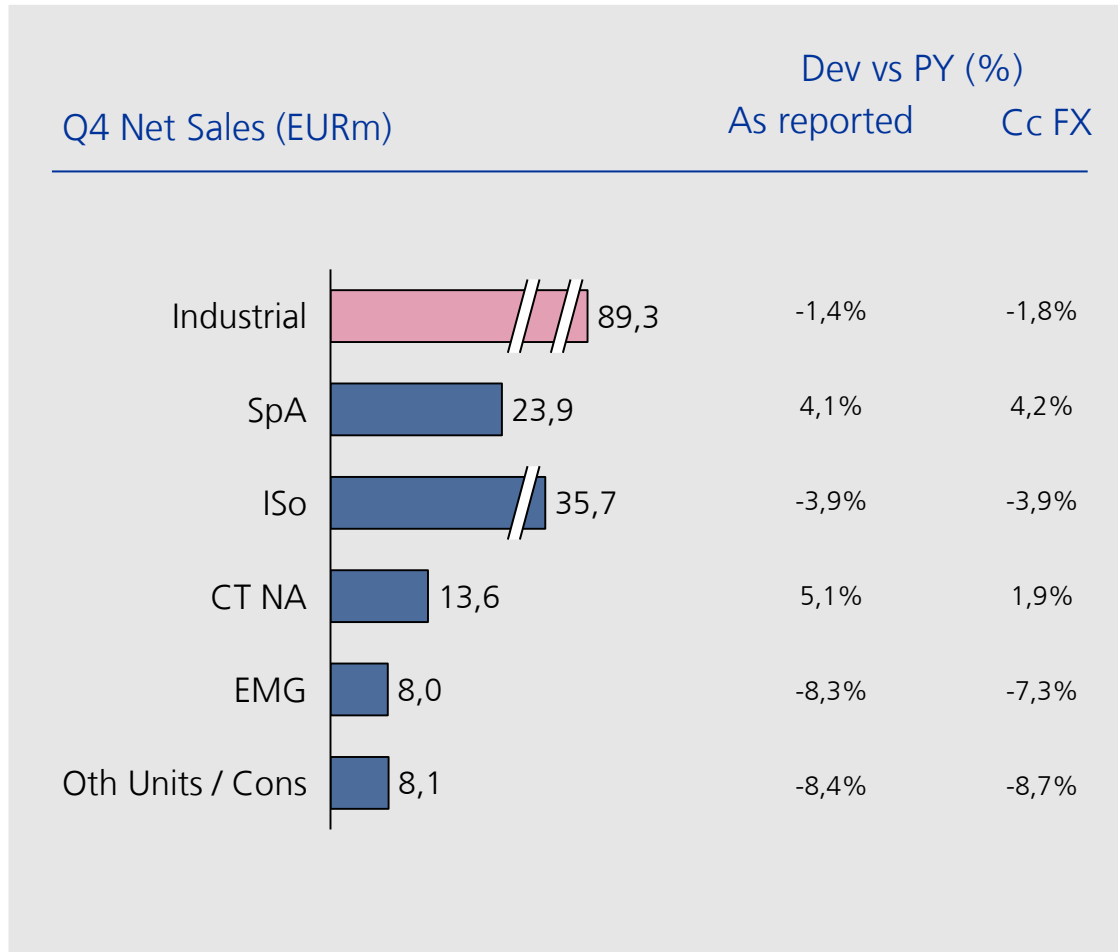


## Comments

- Q4'18 Industrial Sales -1.4% vs. PY
- Softening demand in some key markets such as construction and automotive, offset by good development in textile machinery



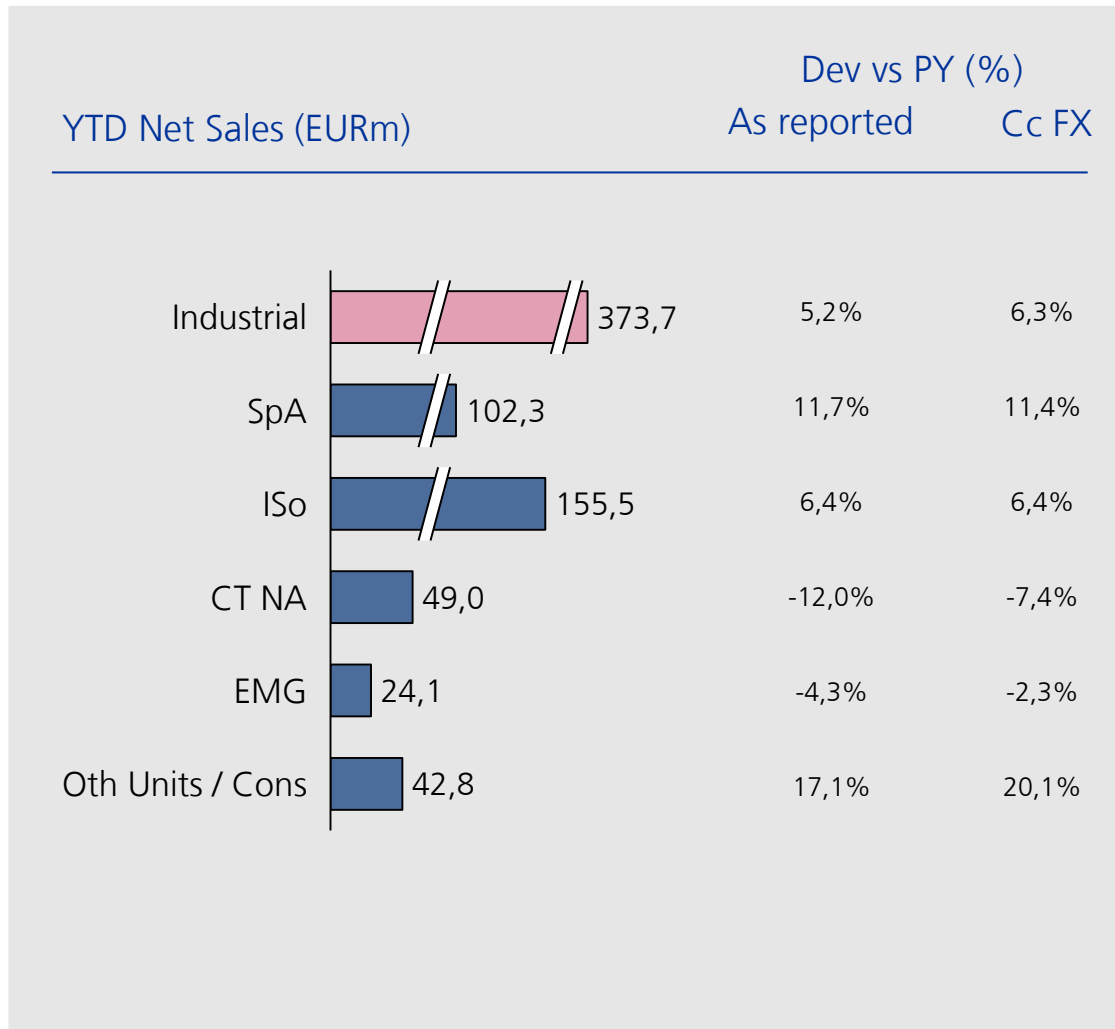
# Q4 2018 Industrial Sales



## Comments

- Q4'18 Specialty Applications growth driven by:
  - Continued strong textile market
- Q4'18 Industrial Solutions driven by:
  - Lower volumes for construction (faucets)
  - Stable electronics
- Q4'18 North America increase (+1.9% ccFX), driven by good performance in core business compensating the discontinued medical device project
- EMG driven by lower demand and mix changes from main customer

# FY 2018 Industrial Sales



## Comments

- FY'18 performance reflecting overall market trends, with softer development towards year end
- Growth in SpA and ISo sales reflecting strong demand from Automotive, general Industrial markets and Electronics markets as well as strong textile machinery cycle
- CTNA affected by 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 +12.4% ccFX mainly coming from our Chinese affiliate

# Q4 2018 Management Financials

In EURm	Q4 2018	Q4 2017	Δ
<b>Net Sales</b>	<b>144,0</b>	<b>136,6</b>	<b>5,4%</b>
Medical Products	54,7	46,0	18,9%
Industrial	89,3	90,6	-1,4%
<b>Gross Profit <sup>(1)</sup></b>	<b>73,2</b>	<b>68,9</b>	<b>6,2%</b>
<i>as % of Sales</i>	50,8%	50,5%	
<b>SG&amp;A<sup>(1)</sup></b>	<b>-22,9</b>	<b>-20,9</b>	<b>9,9%</b>
<i>as % of Sales</i>	-15,9%	-15,3%	
<b>Other Inc./Exp.<sup>(1)</sup></b>	<b>0,1</b>	<b>0,1</b>	<b>-55,2%</b>
<i>as % of Sales</i>	0,0%	0,1%	
<b>Adj. EBITDA</b>	<b>50,3</b>	<b>48,1</b>	<b>4,5%</b>
<i>as % of Sales</i>	35,0%	35,3%	

(1) w/o Depreciation and Amortisation

## Comments

- Q4'18 Sales growth:
  - Medical growing faster than Industrial
  - Limited price erosion in both segments, in line with historical trends
- Q4'18 Gross margin: +0.3%pts vs PY, due to mix with Medical growing faster than Industrial, ongoing productivity measures and higher capacity utilization
- Q4'18 SG&A: mainly driven by higher consulting and audit expenses
- Adj. EBITDA margin at 35.0% slightly below PY

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



# YTD 2018 Management Financials

In EURm	YTD 2018	YTD 2017	Δ
<b>Net Sales</b>	<b>600,2</b>	<b>556,3</b>	<b>7,9%</b>
Medical Products	226,5	201,2	12,6%
Industrial	373,7	355,2	5,2%
<b>Gross Profit <sup>(1)</sup></b>	<b>315,8</b>	<b>292,2</b>	<b>8,1%</b>
<i>as % of Sales</i>	52,6%	52,5%	
<b>SG&amp;A<sup>(1)</sup></b>	<b>-89,6</b>	<b>-85,6</b>	<b>4,7%</b>
<i>as % of Sales</i>	-14,9%	-15,4%	
<b>Other Inc./Exp.<sup>(1)</sup></b>	<b>0,1</b>	<b>0,0</b>	<b>472,1%</b>
<i>as % of Sales</i>	0,0%	0,0%	
<b>Adj. EBITDA</b>	<b>226,3</b>	<b>206,7</b>	<b>9,5%</b>
<i>as % of Sales</i>	<b>37,7%</b>	37,2%	

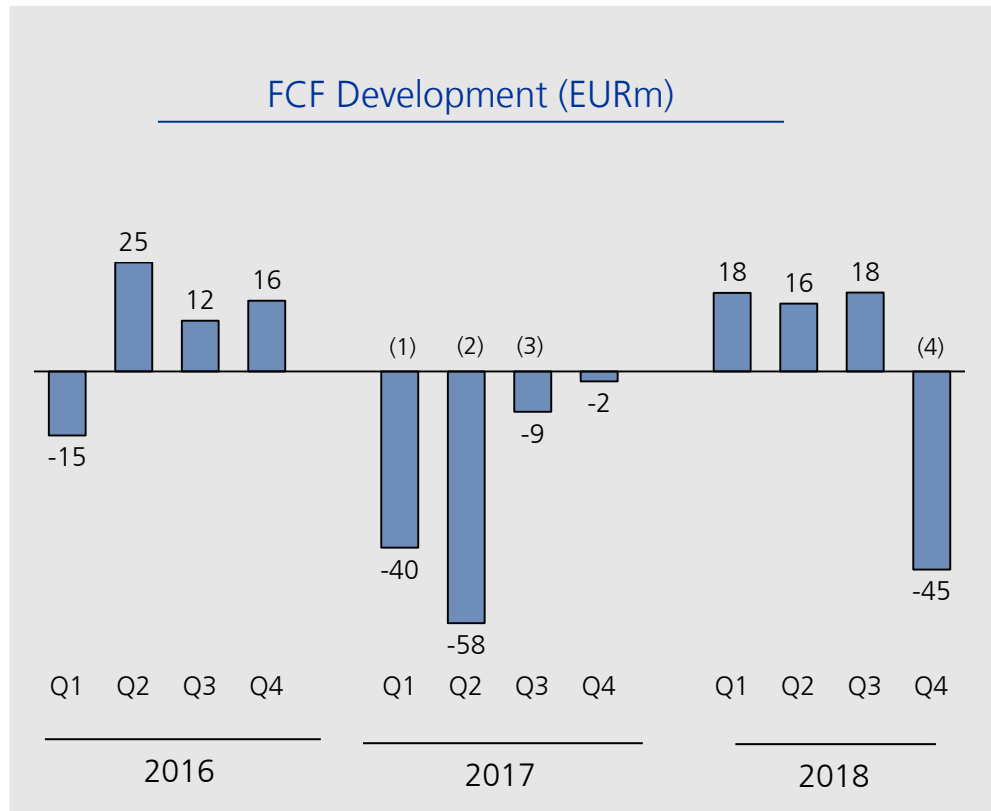
(1) w/o Depreciation and Amortisation

## Comments

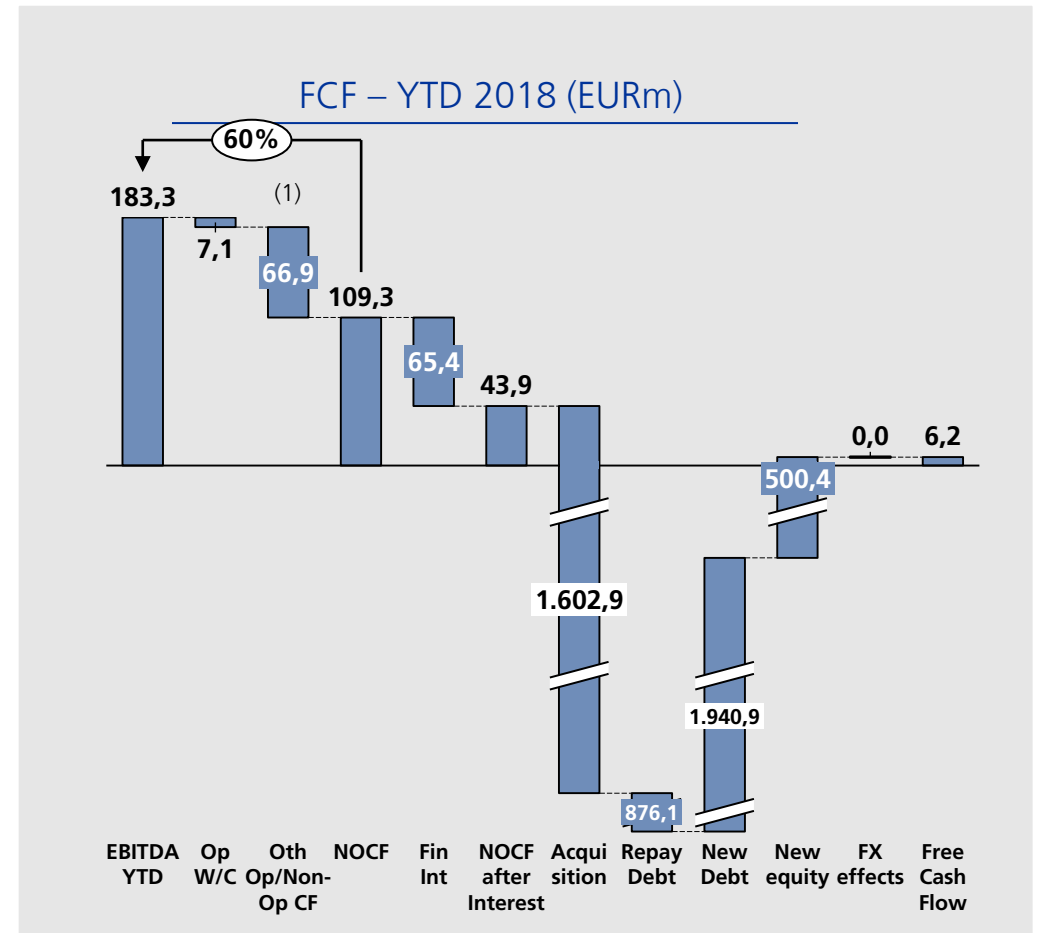
- YTD'18 Sales growth:
  - Volume growth both segments
  - Medical growing faster than Industrial
  - Limited price erosion in both segments, in line with historical trends
- YTD'18 Gross margin: on the same level as PY, on a like-for-like (excluding Jubilee provision and impact of UK acquisition) basis +0.7%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 37.7% with 0.5%pts above PY
- Adj. EBITDA on like-for-like basis (excluding Jubilee provision and impact of UK acquisition) showing a growth rate of +11.8%

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

# YTD 60% Operational Cash Conversion



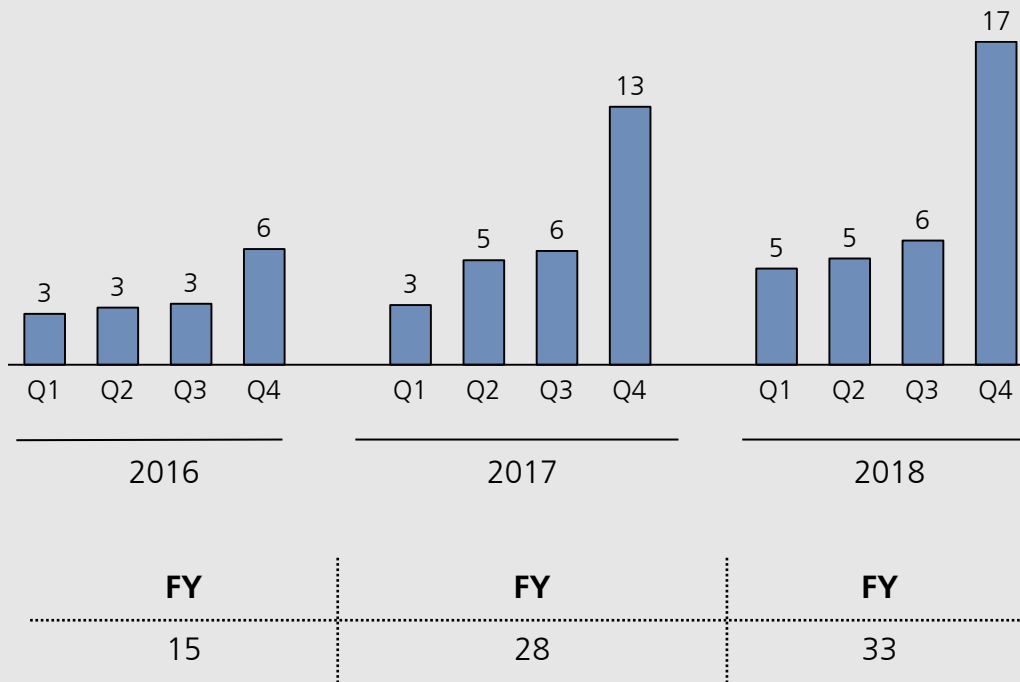
- (1) EUR -40,5m cash outflow includes the distribution of EUR -56.5m which has been made out of the group as a repayment of the shareholder loan (principal EUR 52,8m and accrued interest 3,7m), financing activities EUR -25,2m and cash received from drawing of revolver loan EUR 16.0m
- (2) EUR -57.8m 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
- (4) EUR -45,5m cash outflow includes voluntary repayment of EUR 32m and USD 15m and a repurchase of bond with face value of EUR 5m at value 96



- (1) Including mainly EUR -31.6m Investing, EUR -31.4m Tax and EUR -3.9m change in other provisions/assets/liabilities

# Net Capex Development

Net Capex (EURm)

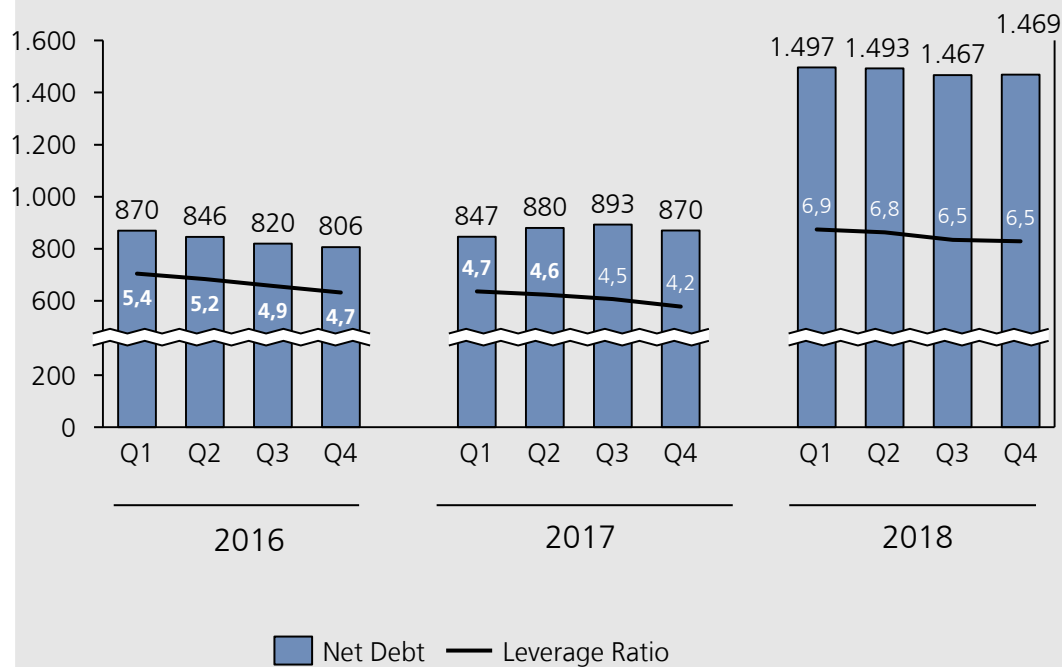


## Comments

- Net Capex accelerated in Q4'18 expected and in line with plan
- Reflecting project phasing
- Capex is split nearly evenly between maintenance and growth with an increased focus on asset productivity

# Net Debt And Leverage Ratio

Net Financial Debt (EURm)



EURm	Dec 31, 2017	Dec 31, 2018
Senior Debt	588,0	1077,7
Bonds	306,7	401,0
Other	0,0	0,0
Revolver	0,0	0,0
M2M Currency Swap <sup>(1)</sup>	-21,2	-
Accrued Interests	11,4	11,0
<b>Gross Debt</b>	<b>884,8</b>	<b>1489,7</b>
- Cash	-14,8	-21,1
<b>Total Net Debt</b>	<b>870,1</b>	<b>1468,6</b>
LTM adj. EBITDA	206,7	226,3
<b>Leverage Ratio</b>	<b>4,2</b>	<b>6,5</b>

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



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