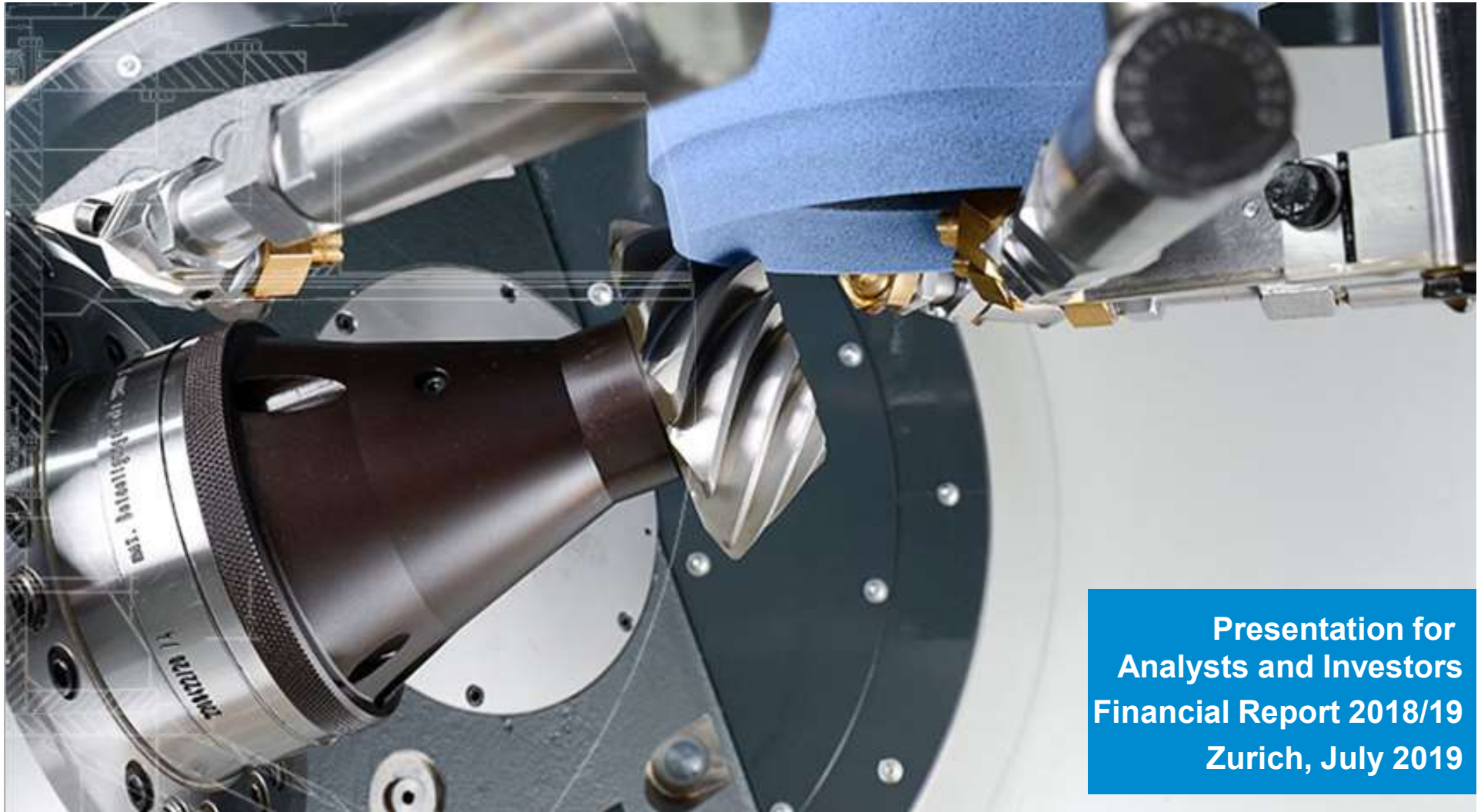




KLINGELBERG AG

Precision gearing champion with Swiss and German heritage



Presentation for
Analysts and Investors
Financial Report 2018/19
Zurich, July 2019

Disclaimer

This presentation may contain specific forward-looking statements, e.g., statements including terms like "believe", "assume", "expect", "forecast", "project", "may", "could", "might", "will" or similar expressions. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may result in a substantial divergence between the actual results, financial situation, development or performance of Klingelberg Group and those explicitly or implicitly presumed in these statements. Such factors include, but are not limited to, future global economic conditions, changed market conditions, competition from other companies, effects and risks of new technologies, costs of compliance with applicable laws, regulations and standards, diverse political, legal, economic and other conditions affecting markets in which the Klingelberg Group operates, and other factors beyond its control. Against the background of these uncertainties, readers should not rely on forward-looking statements. Klingelberg Group assumes no responsibility to up-date forward-looking statements or to adapt them to future events or developments.

This presentation may contain certain measures that are not measures defined by Swiss GAAP FER. These non-Swiss GAAP FER financial measures have limitations as analytical tools and should not be viewed as indicators of, or alternatives to, the Group's results or any performance or liquidity measures under Swiss GAAP FER, as set forth in its consolidated financial statements. The non-Swiss GAAP FER financial measures should therefore be considered as supplementary information to, and read only in conjunction with, the consolidated financial statements of the Group. Since not all companies compute these or other non-Swiss GAAP FER financial measures in the same way, the manner in which the Klingelberg Group's management has chosen to compute the non-Swiss GAAP FER financial measures presented herein may not be comparable with similarly defined terms used by other companies. As a result, you are cautioned not to place undue reliance on any non-Swiss GAAP FER financial measures and ratios included herein.

Agenda

1	Introduction and Highlights
2	Financial results
3	Projects
4	Outlook
5	Q&A

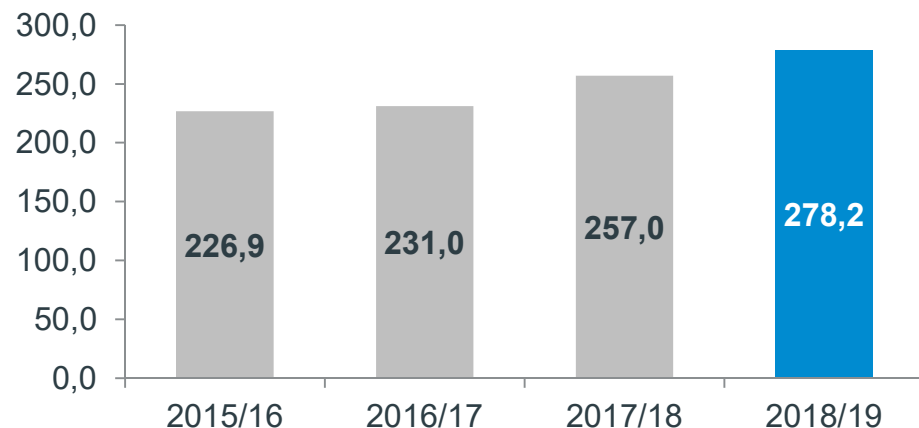
1 Highlights of 2018/19

1	Record-high in sales and order intake
2	Adj. Operating result (EBIT) of EUR 31,1 million
3	Net change in cash rises to EUR 20,1 million
4	Strong equity ratio of 64%
5	Market entry of Speed Viper on track
6	Proposed dividend amounts to CHF 1,00 per share (Payout ratio of approx. 40%)

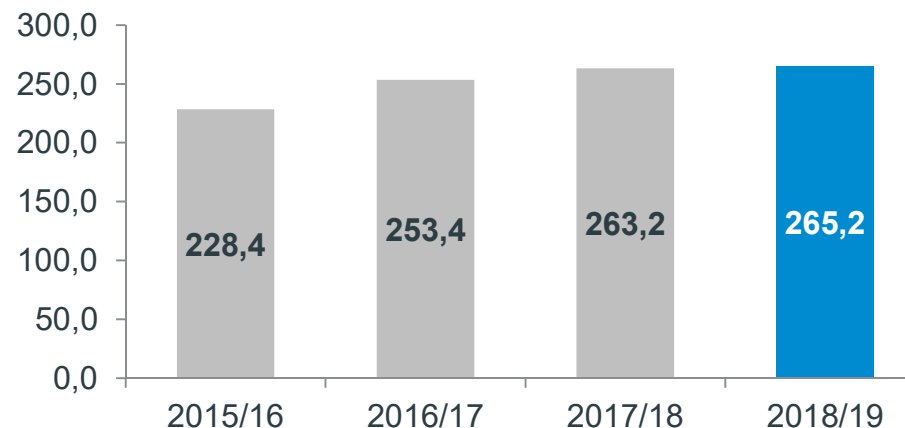
2 Sales of EUR 278 million at upper end of promised range

KLINGELNBERG Group – Sales and orders (in €m)

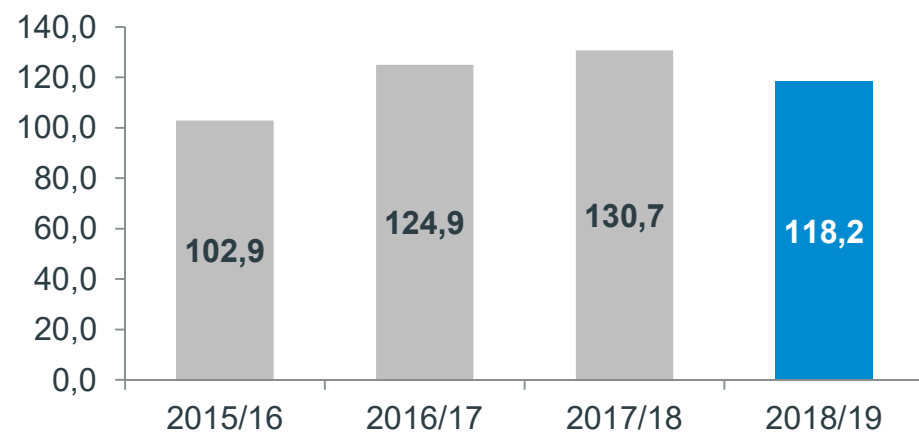
Net sales



Order intake



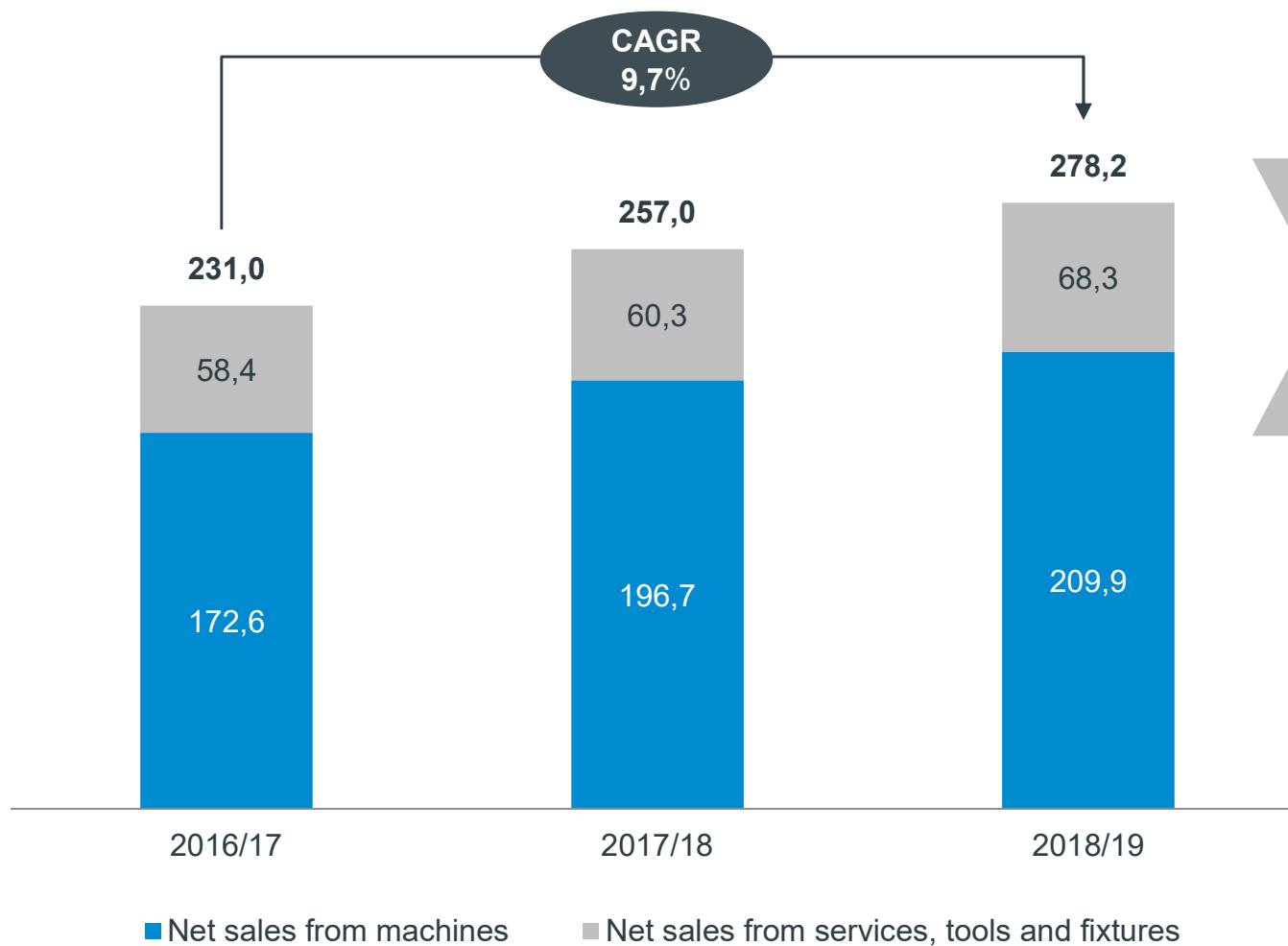
Order backlog



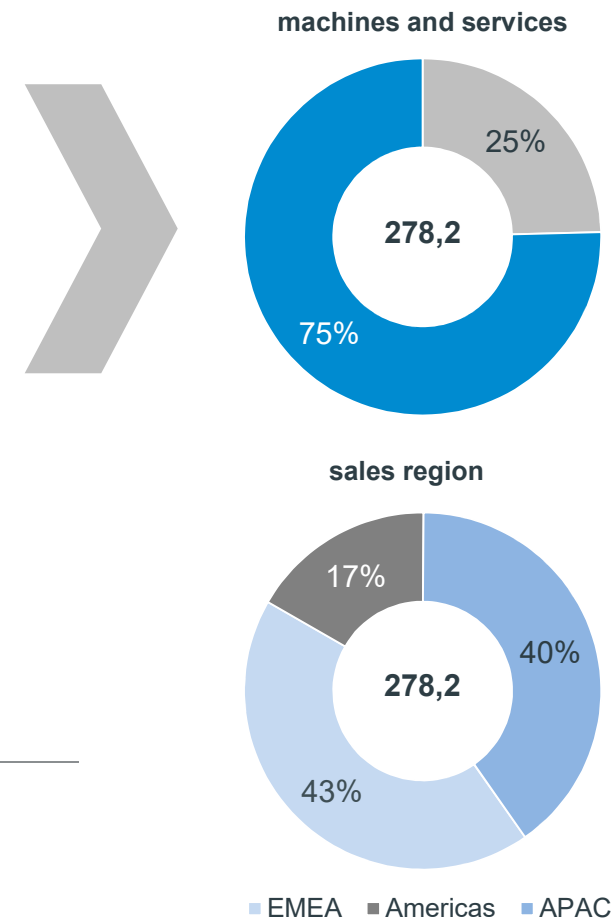
- Net sales grew by 8,2% reaching a record-high of EUR 278,2 million. So net sales were on track as guided.
- Order intake rises by EUR 2,0 million to EUR 265,2 million.

2 Solid growth in machine sales was complimented by even stronger growth in aftersales business

KLINGELNBERG Group – Sales (in €m)



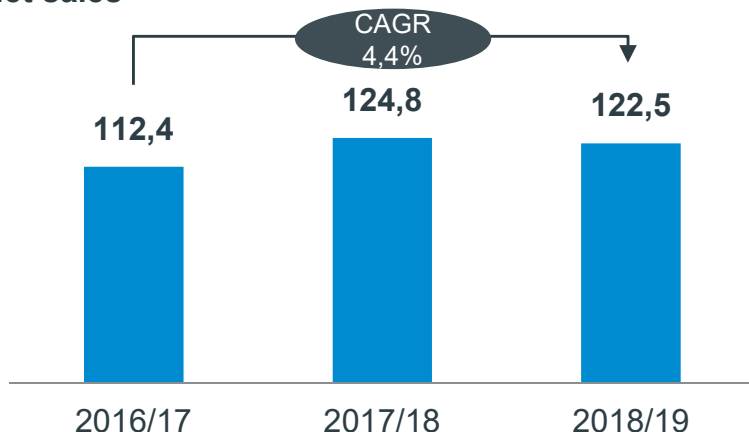
Net sales split by... (2018/19)



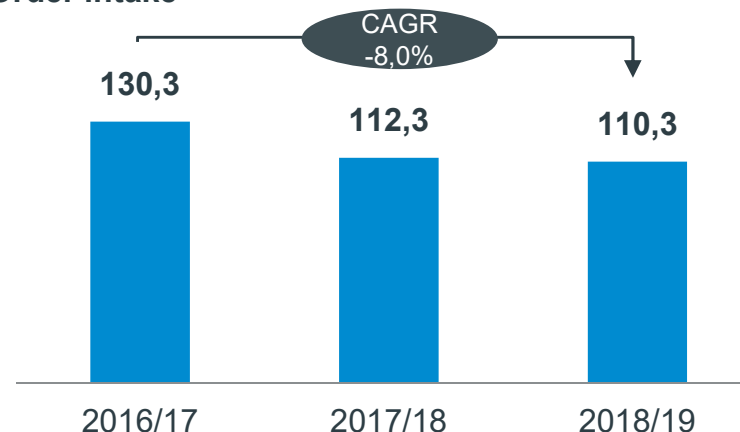
2 Bevel Gear segment sales cooling off slightly

Bevel Gears development (in €m)

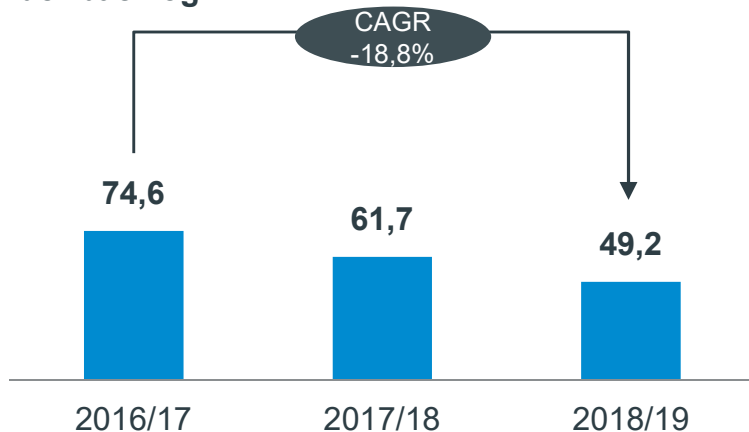
Net sales



Order intake



Order backlog



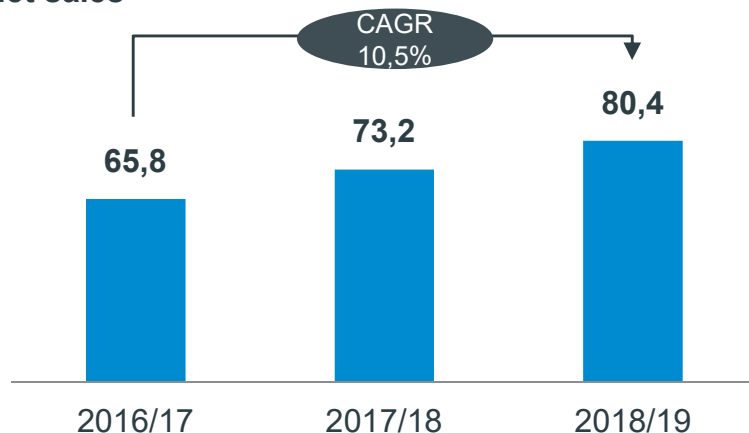
- The impending trade conflicts, unclear Brexit situation and current discussions on electric mobility in particular are leading to restrained economic activity in the automotive industry.
- At the end of the financial year, order intake was approximately EUR 2,0 million or 1,8% down on the previous year.

Note: Unless otherwise indicated, all figures are rounded up or down to the nearest hundred thousand Euros.

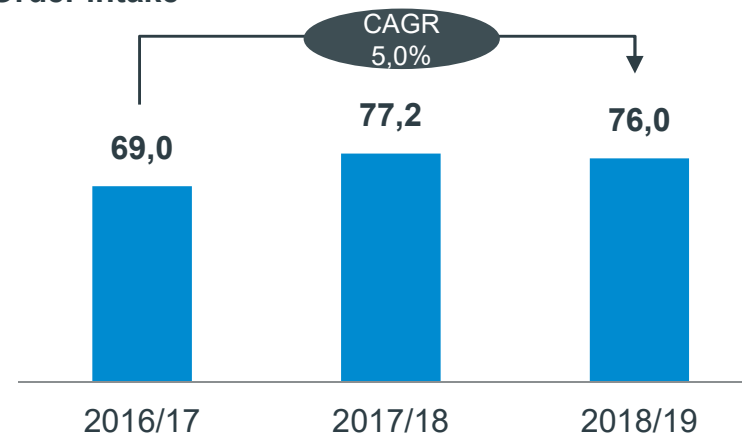
2 Measuring Centers business continuous sales growth by new applications

Precision Measuring Centers development (in €m)

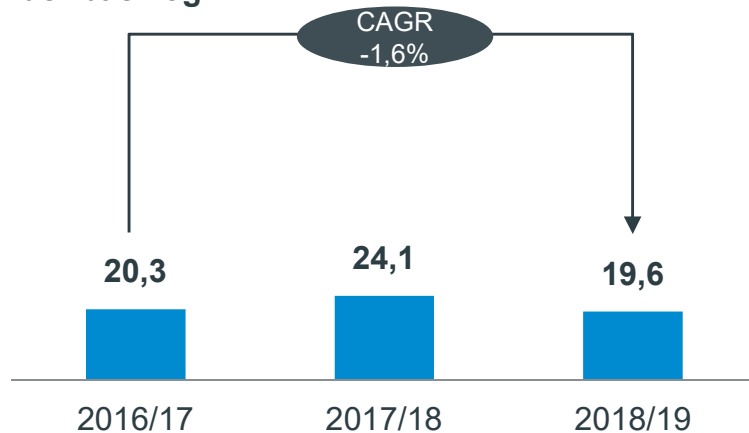
Net sales



Order intake



Order backlog



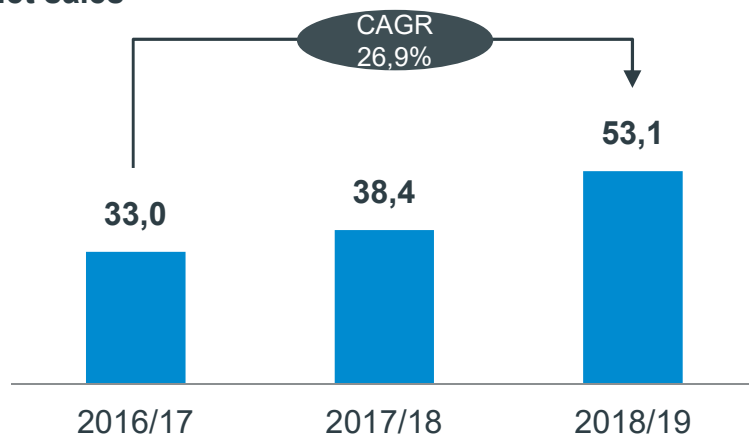
- With net sales of EUR 80,4 million, the Measuring Centers segment exceeded the previous year by EUR 7,2 million or 9,9%.
- Order intake of EUR 76,0 million is at a high level, but does not quite match the strong previous-year figure. Due to very short delivery times, this does not mean a mandatory drop in sales for 2019/20.

Note: Unless otherwise indicated, all figures are rounded up or down to the nearest hundred thousand Euros.

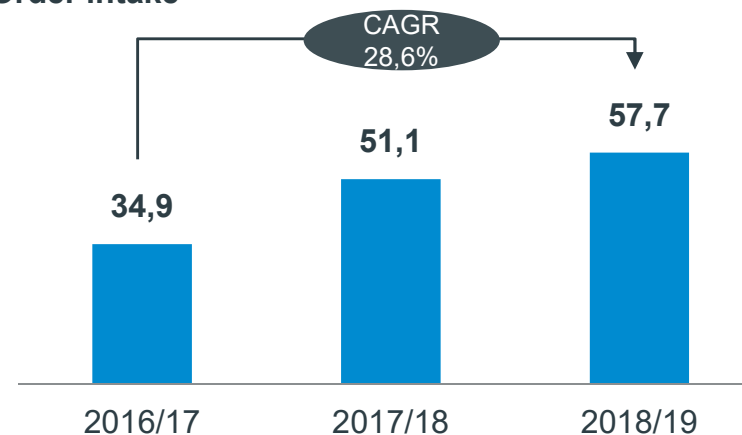
2 As promised: build up of Cylindrical Gear business on track

Cylindrical Gears development (in €m)

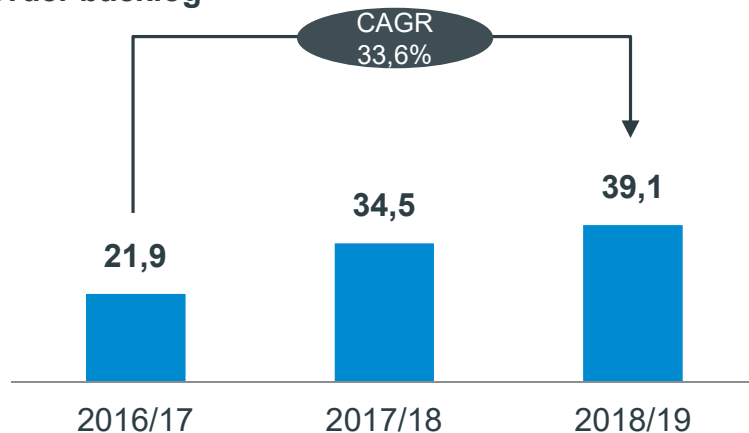
Net sales



Order intake



Order backlog



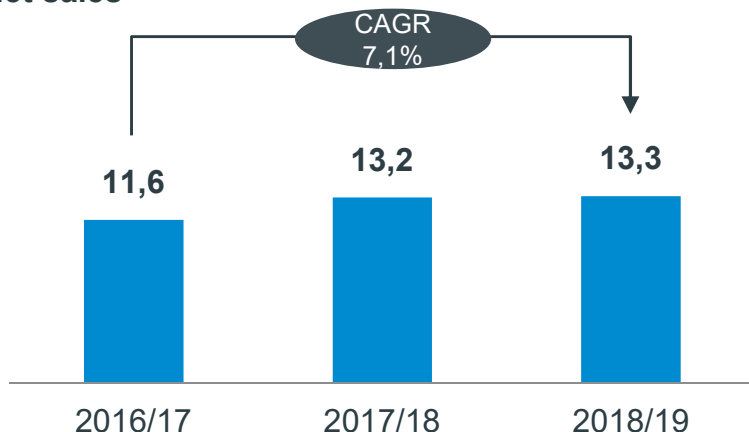
- Significant increase in net sales from EUR 38,4 million in 2017/18 to EUR 53,1 million (+38,2%) was achieved.
- With an increase to EUR 57,7 million, the ambitious order intake level of the previous year again was exceeded by EUR 6,6 million.

Note: Unless otherwise indicated, all figures are rounded up or down to the nearest hundred thousand Euros.

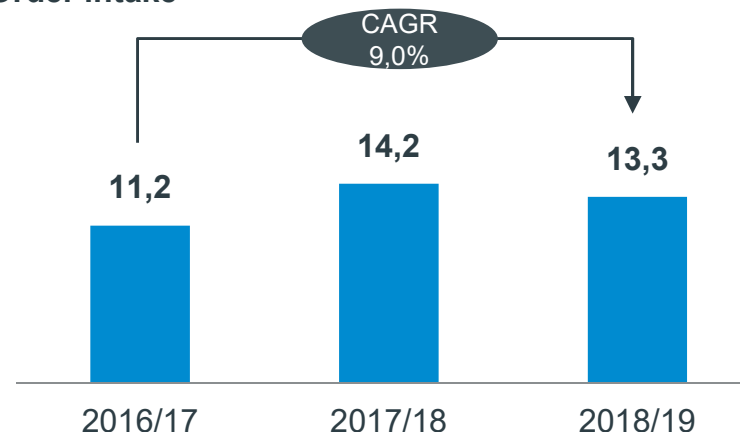
2 Drive Technology persists in stable market environment

Drive Technology development (in €m)

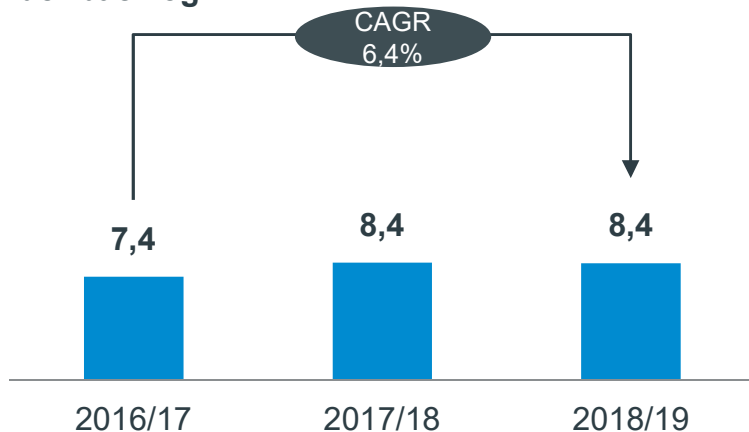
Net sales



Order intake



Order backlog



- Compared to the previous year, the Drive Technology segment recorded a slight increase in net sales by EUR 0,2 million to EUR 13,3 million.
- Order impulses from the consolidated and price-stable mining industry partially compensate for weakening cargo ship construction.

Note: Unless otherwise indicated, all figures are rounded up or down to the nearest hundred thousand Euros.

2 Strong sales led to outstanding operating result

Income statement KLINGELNBERG Group

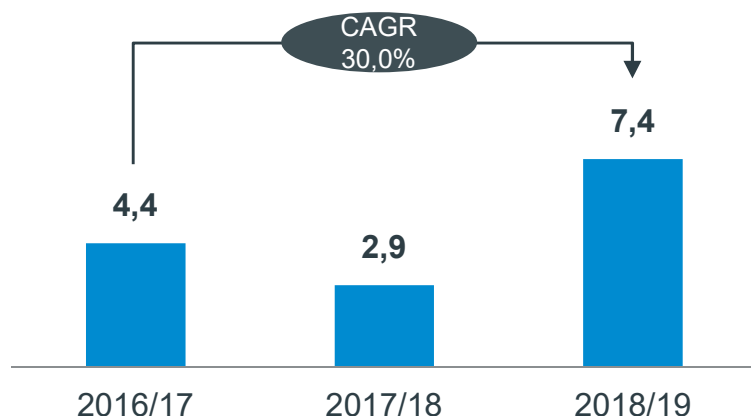
in €m	FY 2016/17 ACTUAL		FY 2017/18 ACTUAL		FY 2018/19 ACTUAL		Deviations 2018/19 vs. 2017/18	
Net sales from goods and services	231,0	100%	257,0	100%	278,2	100%	21,2	8%
Other operating income	4,4	2%	2,9	1%	7,4	3%	4,5	155%
Change in inventory of finished and unfinished goods	-0,5	0%	5,5	2%	-0,4	0%	-5,9	-108%
Raw material expense	-85,9	-37%	-100,9	-39%	-108,3	-39%	-7,5	-7%
Personnel expense	-86,3	-37%	-94,8	-37%	-101,2	-36%	-6,4	-7%
Depreciation on tangible fixed assets	-6,2	-3%	-6,1	-2%	-5,9	-2%	0,2	3%
Amortisation on intangible assets	-0,5	0%	-0,5	0%	-0,5	0%	0,0	
Other operating expense	-38,1	-16%	-41,5	-16%	-39,9	-14%	1,6	4%
Share of result from joint ventures	0,3	0%	0,3	0%	0,6	0%	0,3	82%
Operating result	18,3	8%	22,1	9%	30,0	11%	7,9	36%
Financial result	-2,1	-1%	-0,8	0%	-3,2	-1%	-2,4	
Profit before income taxes	16,2	7%	21,3	8%	26,8	10%	5,5	26%
Income taxes	-5,1	-2%	-7,1	-3%	-7,6	-3%	-0,5	-8%
Net profit	11,1	5%	14,2	6%	19,2	7%	5,0	35%

- Excluding IPO costs, adjusted EBIT for the financial year totaled EUR 31,1 million and exceeded previous financial year by EUR 8,3 million.
- Unless otherwise indicated, all figures are rounded up or down to the nearest hundred thousand Euros.

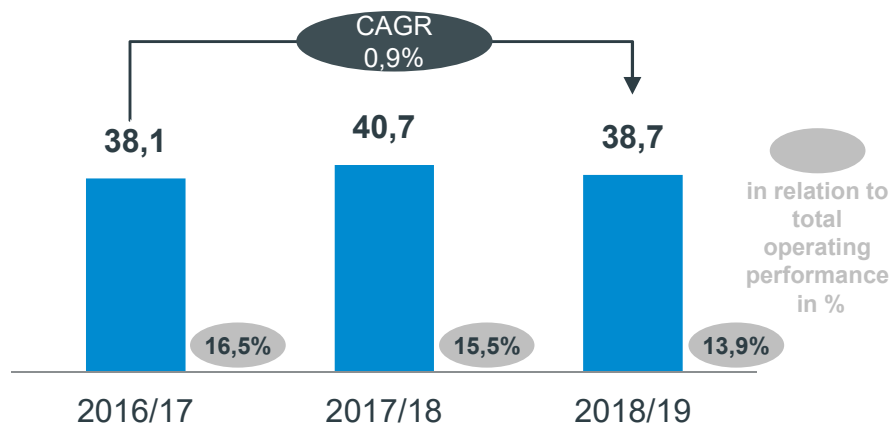
2 Operational leverage can be seen at operating expenses

Income and cost development of the KLINGENBERG Group (in €m)

Other operating income



Adjusted other operating expense



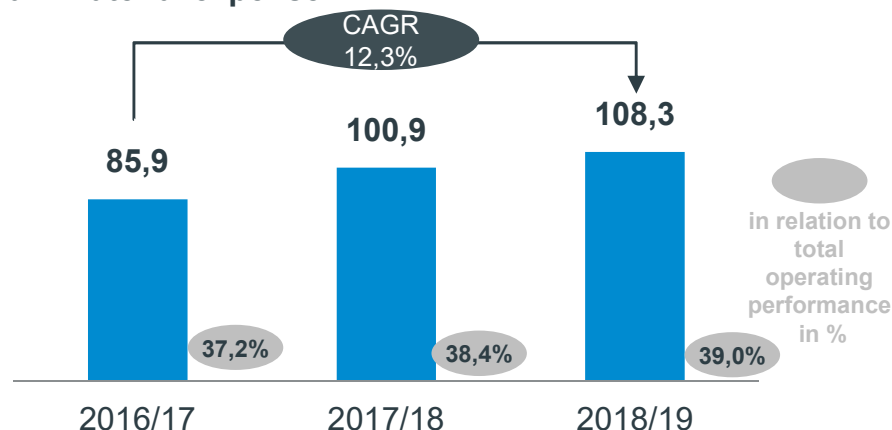
- Higher capitalization of demonstration machines (in particular Measuring Centers and Speed Vipers) of EUR 3,6 million resulted in higher other operating income.
- The other operating expense ratio adjusted by EUR 1,1 million IPO costs amounted to 13,9% at the end of the financial year, a remarkable 1,6 percentage points down on the previous year.
- Total operating performance is the sum of net sales from goods and services and change in inventory of finished and unfinished goods.

Note: Unless otherwise indicated, all figures are rounded up or down to the nearest hundred thousand Euros.

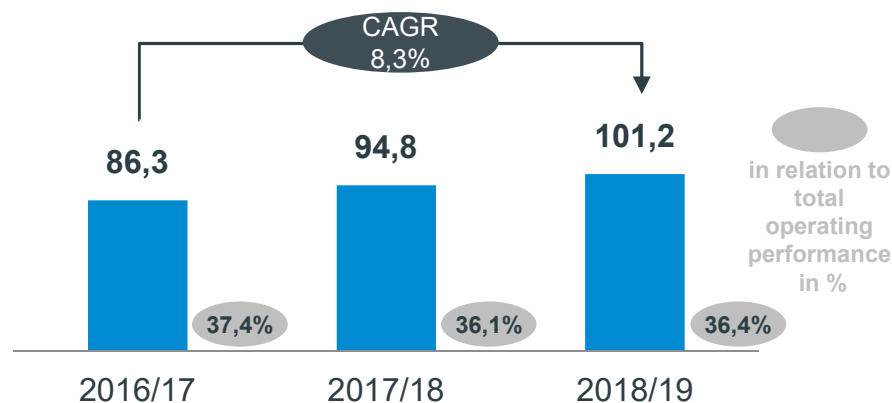
2 Higher output leads to higher costs

Income and cost development of the KLINGENBERG Group (in €m)

Raw material expense



Personnel expense



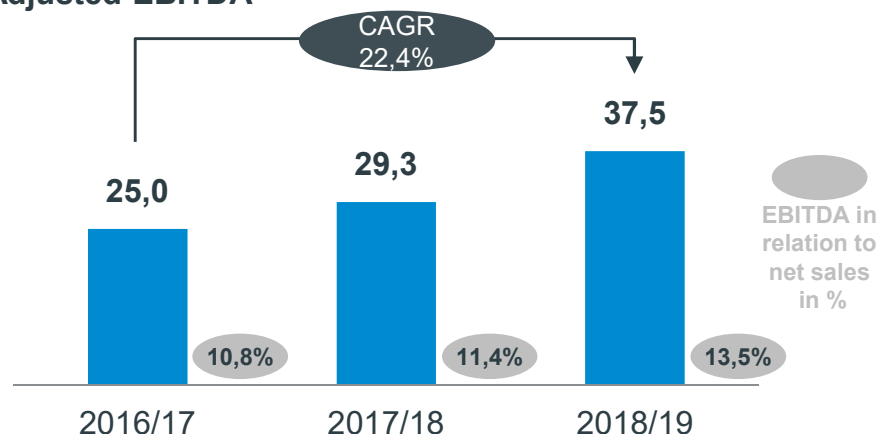
- Driven by higher operating performance, raw material expenses increased by EUR 7,5 million. As a result, the KLINGENBERG Group's materials ratio rose to 39,0%, 0,6 percentage points above the previous year's level. Excluding the shift in capitalized machinery, the materials ratio would have been 38,5%, almost at the previous year's level.
- The significant increase in total operating performance of EUR 15,3 million resulted in 43 more employees than in the previous year.
- Total operating performance is the sum of net sales from goods and services and change in inventory of finished and unfinished goods.

Note: Unless otherwise indicated, all figures are rounded up or down to the nearest hundred thousand Euros.

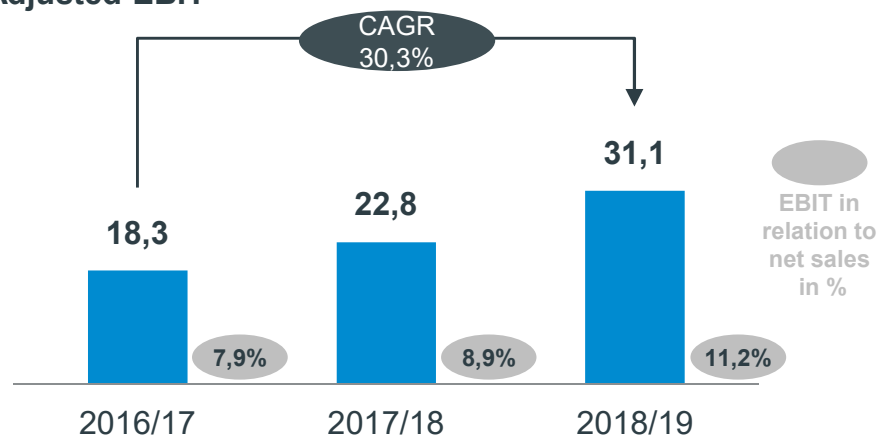
2 Klingelberg delivered EBIT above guidance

Adjusted EBITDA & EBIT 3 development (in €m)

Adjusted EBITDA



Adjusted EBIT



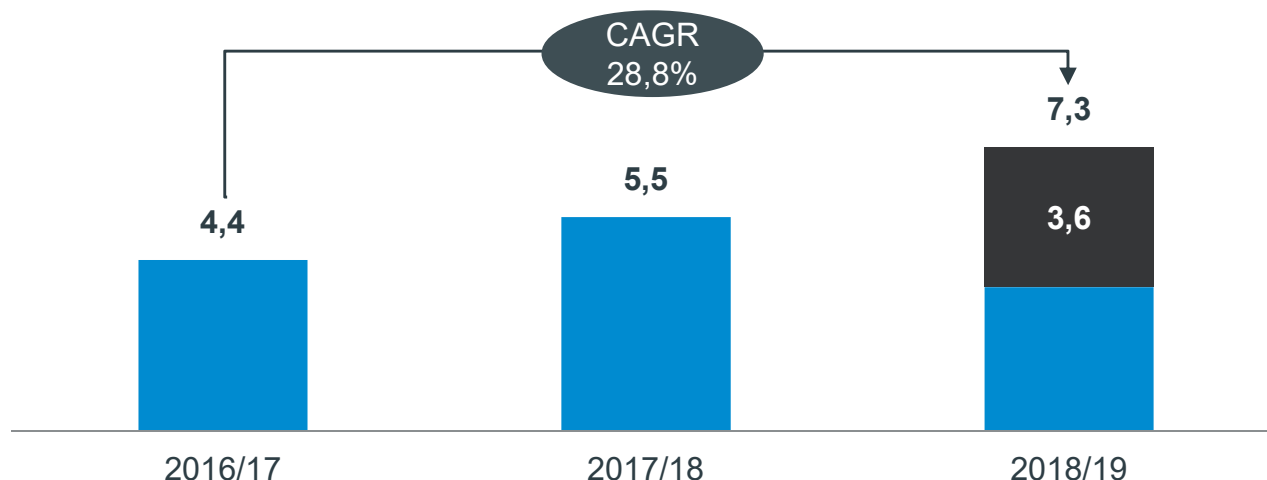
- Excluding IPO costs, adjusted EBIT for the financial year totaled EUR 31,1 million and exceeded previous financial year by EUR 8,3 million. The stronger increase in sales combined with stringent cost awareness led to an increase in the EBIT margin adjusted for IPO costs to 11,2%.
- EBITDA includes the operating result plus depreciation on tangible fixed assets and amortization on intangible assets.
- EBIT is the operating result excluding non-operating and extraordinary results.
- Both measures are adjusted by IPO costs such as bank charges, consulting, travel expenses, etc.

Note: Unless otherwise indicated, all figures are rounded up or down to the nearest hundred thousand Euros.

2 Healthy increase in cash

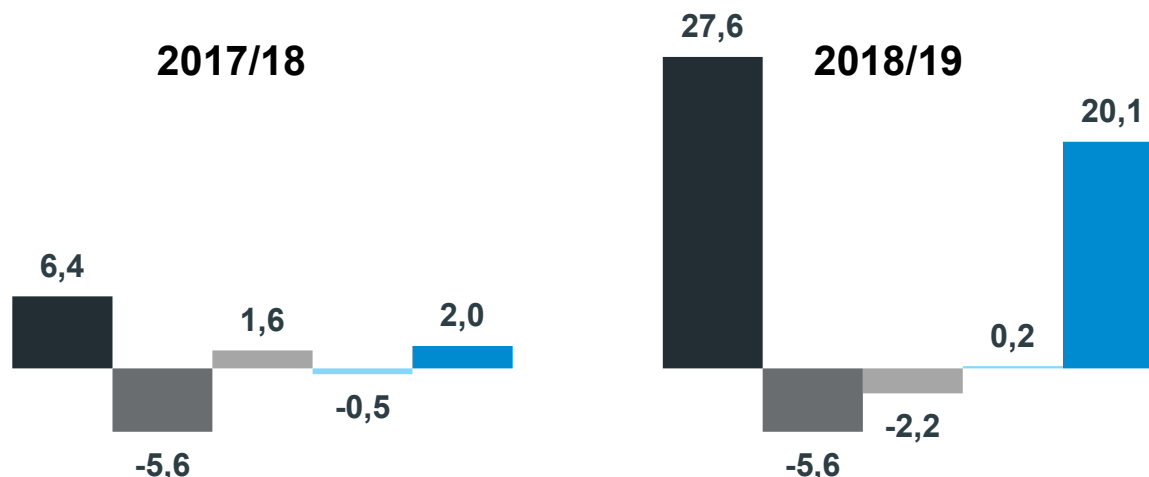
Mainly due to the increase in the operating result

Capital expenditures on tangible fixed assets (in €m)



- Higher capitalization of demonstration machines (in particular Measuring Centers and Speed Vipers) of EUR 3,6 million.
- At the same time, there was an increase in inflows from the sale of tangible fixed assets of EUR 0,9 million, which resulted mainly from the sale of machines produced by the company itself.

Cash Flow (in €m)



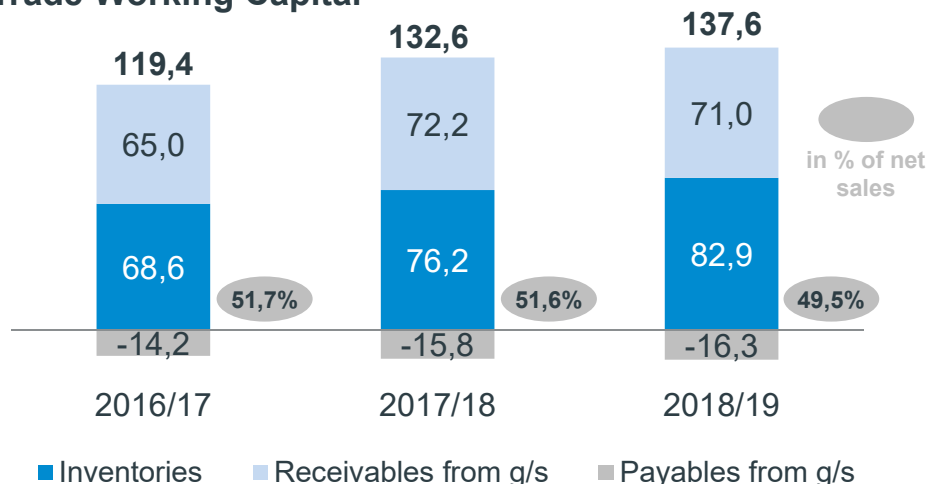
- Cash flow from operating activities
- Cash flow from investing activities
- Cash flow from financing activities
- Currency translation effects
- Net change in cash

Note: Unless otherwise indicated, all figures are rounded up or down to the nearest hundred thousand Euros.

2 Excellent liquidity and impressive equity ratio

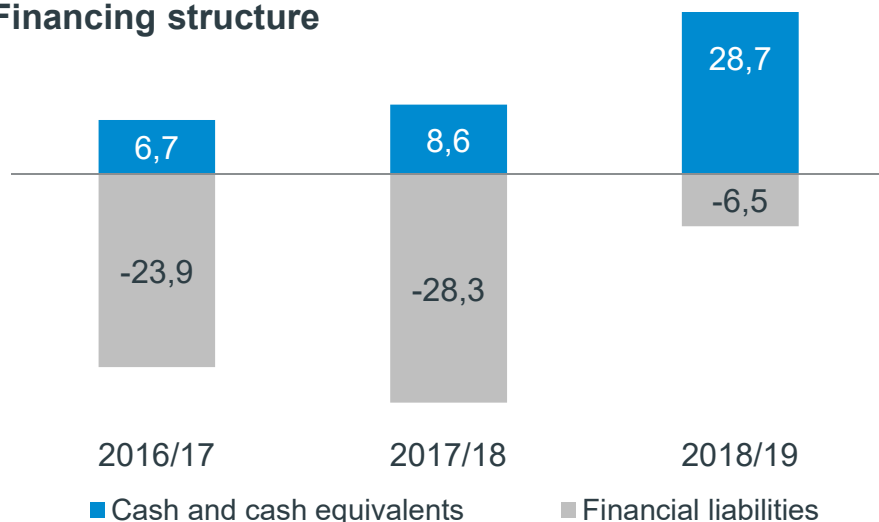
Balance sheet ratios (in €m)

Trade Working Capital

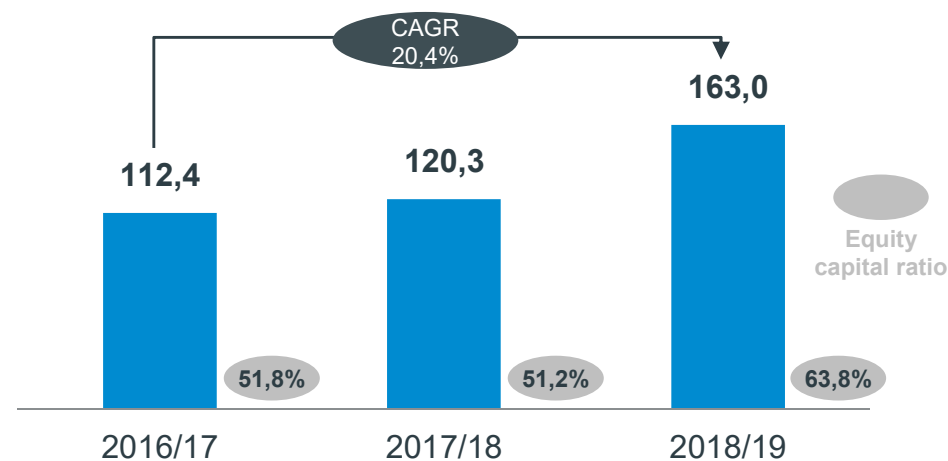


- Not capitalized R&D costs amounted to EUR 24,4 million, which represented 8,8% of net sales.
- Trade working capital stays stable in relation to net sales.
- Equity rose by EUR 42,7 million. This increase is mainly due to the capital increase in connection with the IPO as well as higher net profit.

Financing structure



Equity capital (2016/17 inclusive loan from shareholder (subordinated))



Note: Unless otherwise indicated, all figures are rounded up or down to the nearest hundred thousand Euros.

3 Strong pipeline of new products and applications going forward

Projects

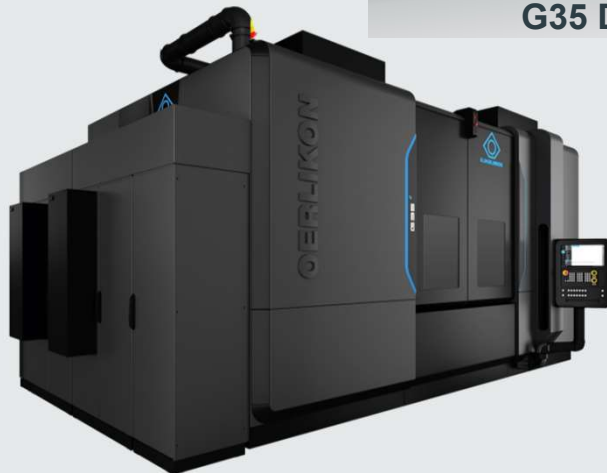


Hybrid of tactile and optical measurement - KLINGELBERG exclusive technology



Bearing

Camshaft/Crankshaft




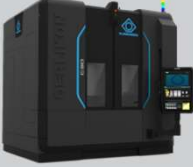




G35 DS



for robotic industry

4 Outlook

Segment net sales	Guidance for 2019/20
Cylindrical Gear 	
Measuring Centers 	
Bevel Gear 	
Drive Technology 	

5 Thank you! – Q+A



Visit us at the EMO (16 – 21 September, Hanover, Germany), Hall 26, Booth B110

Appendix

KLINGELNBERG Group

Balance sheet

in €m	FY 2017/18 ACTUAL		FY 2018/19 ACTUAL		Deviations	
Cash and cash equivalents	8,6	4%	28,7	11%	20,1	
Receivables from goods and services	72,2	31%	71,0	28%	-1,2	-2%
Inventories	76,2	32%	82,9	32%	6,6	9%
Other current assets	10,2	4%	6,8	3%	-3,4	-33%
Non-current assets	67,8	29%	66,0	26%	-1,8	-3%
Total assets	235,0	100%	255,4	100%	20,3	9%
Short-term financial liabilities	22,0	9%	1,7	1%	-20,3	-92%
Other long-term financial liabilities	6,3	3%	4,7	2%	-1,6	-25%
Payables from goods and services	15,8	7%	16,3	6%	0,5	3%
Other liabilities	70,6	30%	69,7	27%	-0,9	-1%
Total equity	120,3	51%	163,0	64%	42,7	36%
Total liabilities and equity	235,0	100%	255,4	100%	20,3	9%

- Unless otherwise indicated, all figures are rounded up or down to the nearest hundred thousand Euros.