



Finance

Felix Bodmer, CFO
Investor's day | 12 November 2014

Outline

- Building Security, Forster Profile Systems:
New distribution model
- Balance sheet and credit metrics
- Outlook 2014
- Key initiatives 2015

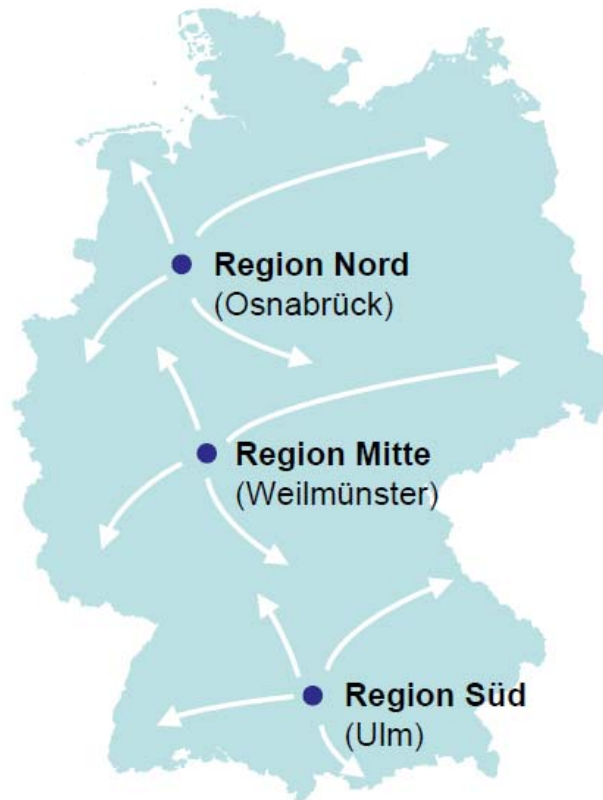
Building Security, Forster Profile Systems New Distribution model in Germany



Today's independent distributors in DE:

- Breakdown of German market into five independent distributors
- Dealer-specific distribution systems and organisation models
- German distribution divided into
 - six logistic centres
 - eight sales-/administrative (slight overlap) areas

Building Security, Forster Profile Systems New Distribution model in Germany



Switch to direct distribution system for DE:

- Three integrated locations envisaged with:
 - Regional internal sales service
 - Storage capacities
 - Mobile sales force
- Two biggest territories already taken-over by Forster in 2014
- Implementation to be completed in 2016

Building Security, Forster Profile Systems

Positive effect on growth and pricing

- Direct distribution to boost revenues in Germany
 - ca. 1/3 own products: Higher value-added improves profitability
 - ca. 2/3 trading products with thin margins (e.g., glass, fixtures)
- Investments in additional regional internal sales service, increased storage capabilities and new mobile sales force
- Customer proximity will improve pricing power in the mid-term
- Short-term impact:
 - Positive absolute EBIT contribution
 - EBIT-margin dilution from higher revenues base, external 'trading' products

Mid-term focus for Division: EBIT-margin >8%

AFG's credit quality

Sustainably building a stronger credit profile

Business Profile

- ✓ Good product and service mix
- ✓ Good customer base diversification
- ✓ Good market positions and brands
- ✗ High cyclical industry exposure
- ✗ High exposure to key markets (CH/D)

Financial Profile

- ✓ Moderate financial policy
- ✓ Commitment to solid capital structure
- ✗ Limited size and profitability
- ✗ Cash flow generation capacity
- ✗ Capital efficiency and adequacy

Sustainably strengthening AFG's credit profile

AFG's continuous focus on improving its business and financial profile will sustainably yield a stronger credit profile and quality

Translating financial targets into credit metrics

Adjusting AFG's key credit financials

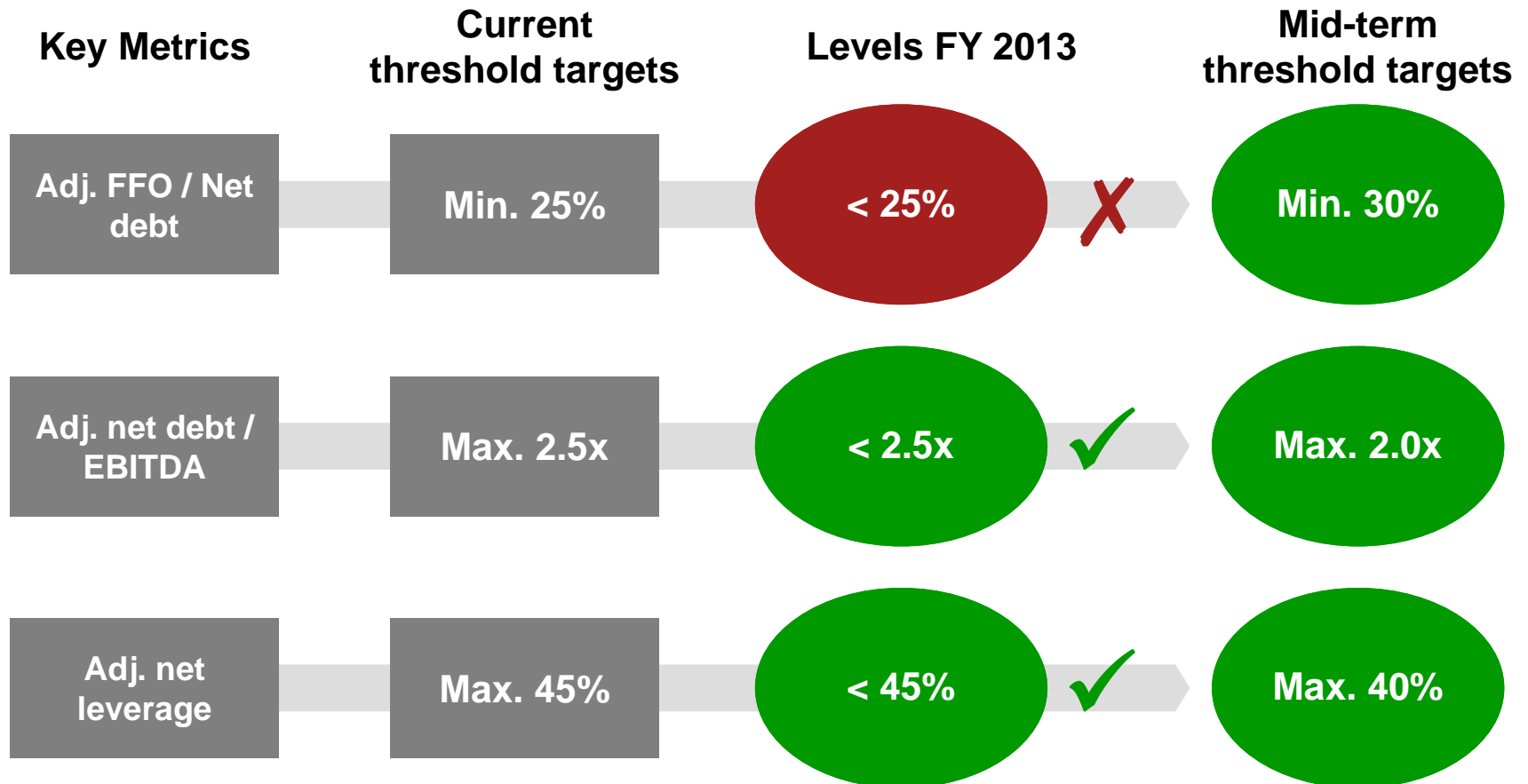
AFG's key financial targets (revenues growth, EBIT-%, ROCE, FCF)

FY 2013 (CHF m)	EBITDA	FFO	FCF	Cash	Debt	Equity
Unadjusted financials	103	53	22	185	341	369
Operating leases and rents	15	12			77	
Pension liabilities	-1				15	3
Operating cash needs				-20		
Adjusted financials	117	65	22	165	433	372



AFG's key credit metrics

Moving towards meeting higher threshold levels



Outlook 2014 AFG Group

Improvements vs. H1 14, but still behind targets

- **Revenues: Economic uncertainty have negative impact in H2 2014**
 - Building Envelope still disappointing
 - Building Technology on track
 - Building Security recovered, but not as strong as expected
 - Contribution from Sabiana as expected in July 2014

- **EBIT: Below comparable prior-year figure, disappointing margin**
 - Negative leverage from disappointing volumes
 - Cost optimization measures initiated, but impact lagging behind
 - Positive contribution from Sabiana

- **Net profit: Turnaround expectation for 2014 confirmed**
 - 2014 still expected to be first profitable year for AFG since 2010

- **STI Group divestment: To be completed by end of 2014**

Guidance for FY 2014 Update for Growth and EBIT-margins

in million CHF, resp. in %	2012	2013	2014 (guidance Aug. 2014)	2014 Guidance update
Net revenues	919.7	1'004.6		
Adjusted organic growth	-2.1%	-0.2%	~ 1%	~ -3%
EBITDA margin, adjusted	10.2%	10.2%		
EBIT margin, adjusted	6.3%	6.3%	> 5%	> 4%
Free Cash Flow (FCF), adjusted	13.2	31.0		
ROCE*, adjusted	6.3%	7.8%		

* Return on Capital Employed (ROCE), adjusted = EBIT adjusted / CE adjusted

AFG Group: Outlook 2015

Get core business back on track

- Issues at Building Envelope addressed with highest priority:
 - Execution of project 'Footprint CH'
(move PVC windows manufacturing from Altstätten (CH) to Pravenec (SK))
 - Finally integrate Dobroplast (sales force, product quality) properly

- Build-up growth on positive Sabiana platform, continue smooth integration

- Targeted investments in R&D and innovation:
 - Develop basic window for wood / wood-aluminium

- Continue corporate cost optimisation programs

Agenda

Important events 2015

22 January 2015	Release of 2014 net revenues
03 March 2015	Financial media / analyst conference presenting 2014 results
17 April 2015	Annual General Meeting for business year 2014



Thank you
