

kontron

Explore the Kontron Group

We are a fast-moving multinational technology leader.



Investor Presentation

May 2024



Who we are

Leader of Smart Industrial IoT Solutions

8,000

Employees*

1.9bn

Revenue (EUR)*

100m

Net Result (EUR)*

>10%

Organic growth p.a.*

Member of SDAX®

Member of TecDAX®

HQ in Austria; listed in Germany

*Management estimates for 2024 and organic growth mid-term guidance.

Focused on large and growing B2B-IoT market

Number of connected IoT devices grows globally by 30%

Fully integrated technology platform

Integrated (SW+HW) solutions

Driven by customers success, blue-chip customers

>4,500 customers in total

Leading provider of disruptive IoT connectivity technology

Real time 5G/6G connectivity, susietec® toolset, KontronOS, Kontron Grid

Kontron's IoT: In the heart of many industries

kontron



End-to-end communication for mission-critical networks



Autonomous Driving



In-flight entertainment & communication systems



Industrial IoT – Smart Factory



GreenTec

The IoT Market

Key Metrics

64 billion

connected IoT devices by 2025 worldwide (from 29 billion in 2022)

\$ 254 billion

Industrial IoT revenues in FY23; expected 13% CAGR (2024-2028)

31% growth

machines connected to the Internet by 2025

21% adoption

of 5G across mobile internet connections by 2025



Focus Industries



Smart Factories



Transportation



Green/Clean Energy



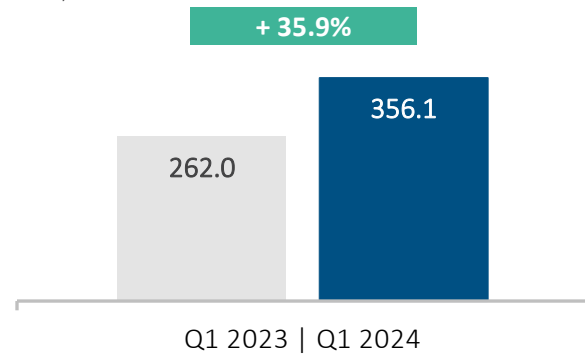
Aerospace

High entry barriers: single source customization – real time software – expensive customer products with low volume

KPIs Q1 2024

Revenue

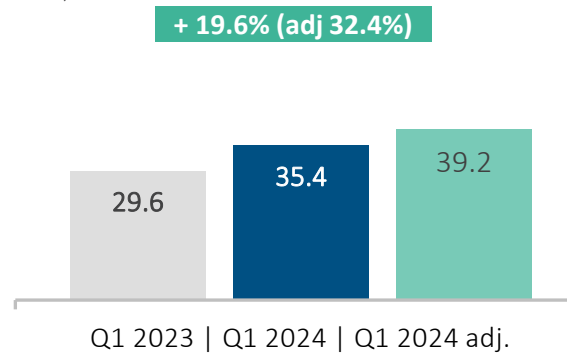
(in EUR m)



Adjustment of Q1 23 revenues due to changed assessment of principal/agent status

EBITDA

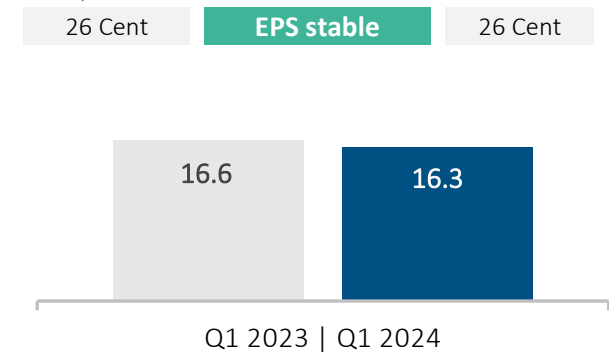
(in EUR m)



* Q1 2024 burdened by EUR 3.8m M&A and one time effects

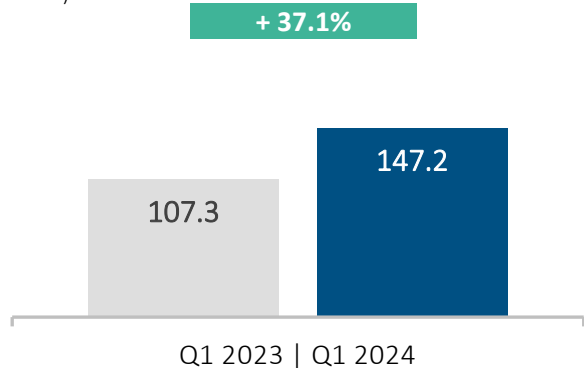
Net Result after NCI*

(in EUR m)



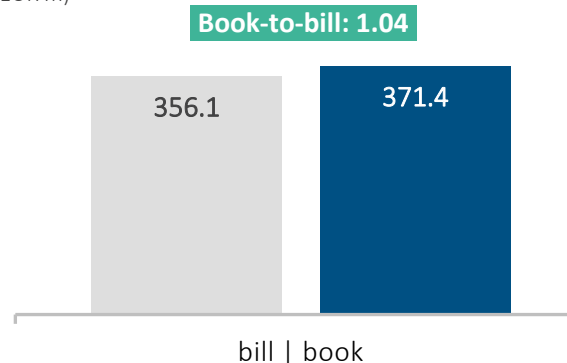
Gross Margin

(in EUR m)



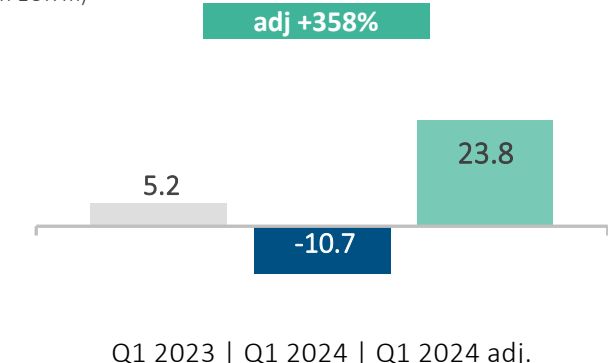
Order Entry vs. Revenues

(in EUR m)



Operating Cash Flow

(in EUR m)



* adjusted for the reduced factoring and a deferral effect for 2023

Kontron Group Balance Sheet

Equity and liquidity very strong

in m EUR	3/31/2024	12/31/2023
NON-CURRENT ASSETS	716.2	492.5
Tangible assets	224.5	110.4
Intangible assets	146.0	102.4
Goodwill	273.7	216.6
Other assets	72.0	63.0
CURRENT ASSETS	1,168.1	878.2
Inventories	443.8	229.1
Trade receivables	239.0	213.6
Contract assets from customers	53.3	38.1
Cash and cash equivalents	356.2	332.2
Other receivables and prepayments	75.8	65.2
Assets classified as held for sales	0.0	0.0
Total assets	1,884.4	1,370.7

in m EUR	3/31/2024	12/31/2023
EQUITY	670.2	604.0
Accumulated results	479.1	462.8
as of treasury shares	-44.7	-43.0
NON-CURRENT LIABILITIES	388.4	136.1
Long-term loans and borrowings	233.5	60.1
Other liabilities and provisions	154.9	76.0
CURRENT LIABILITIES	825.8	630.6
Trade payables	325.0	273.1
Contract liabilities from customers	77.5	69.6
Short-term loans and borrowings	204.0	150.9
Other liabilities and provisions	219.2	137.0
Liabilities classified as held for sale	0.0	0.0
Total liabilities & equity	1,884.4	1,370.7

Equity ratio	35.6%	44.1%
Total net cash/(net debt)*	-81.4	121.2
Working capital**	357.8	169.6

Still EUR 356m cash after paying Katek price

* Definition Net Cash: Cash and cash equivalents less non-current and current financing liabilities (excl. liabilities from leasing according to IFRS 16)

** Definition Working Capital: Inventories plus trade receivables less trade payables (excl. IFRS 15 contract assets and liabilities)

Additional disclosures

Q1 2024

Katek share in Q1 results In EUR m	Kontron Q1/24	Katek share Q1/24 (March)
Reported revenues	356.1	54.1
Gross margin (in %)	41.3%	35.8%
EBITDA (adjusted)	39.2	5.3
Net result	16.3	0.6
Inventory	443.8	211.0
Cash	356.2	28.6
Financing debt	-437.6	-105.2
Order backlog	1,842	140
Design wins	5,347	1,346

2024 we expect EUR 13m net profit from Katek

in EUR m	Result	Extraordinary Effects
EBITDA (reported)	35.4	
Adjustment	3.8	M&A and one-time effects
EBITDA (adjusted)	39.2	

in EUR m	Result	Extraordinary Effects
Op. Cashflow (reported)	-10.7	
Adjustment	18.9	Year-end turn effect 2023 (see EC 2023)
Reduction Factoring	15.6	
Op. Cashflow (adjusted)	23.8	

Strong cash generation

Liquidity further expanded

Status liquidity

- › EUR 356m cash and cash equivalents
- › EUR 19m ST receivables from Vinci (in Q2)
- › EUR 130m available lines
- › EUR 90m additional lines amidst Katek integration

➤ **Liquidity amounts to EUR 600m but only to be used cautiously in strengthening of business**

Shareholder participation

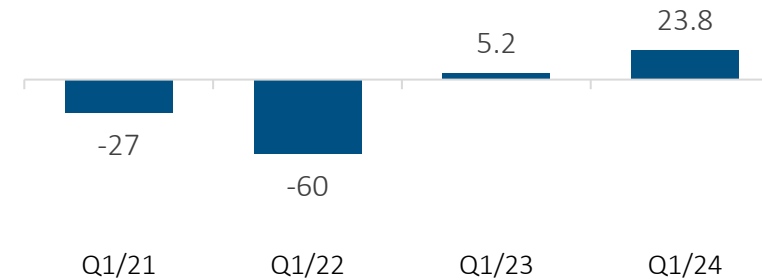
- › Rule: Spend 50% of net earnings in Dividend or SBB
- › EUR 31m: Proposed dividend

➤ **2024 est. proposed dividend of 50 EUR Cent/share in May (+43% vs 2022)**

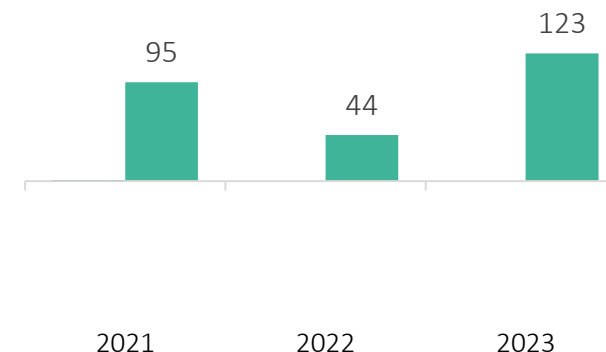
2023: special dividend of EUR 1/share due to the sale of the IT service business; 2022: EUR 0.35, 2021: EUR 0.30

Cash generation per quarter Q1 (operating Cash Flow)

(In EUR m)



Cash generation per year (operating Cash Flow)



Kontron: Major KPIs

Strong operational development

in EUR m	Q1 2024	Q1 2023	Comment
Revenues	356.1	262.0	+35.9%; Katek contributed EUR 54m
Gross Margin (in %)	41.3%	41.0%	Strong gross margin result of the strategic realignment towards IoT
EBITDA	35.4	29.6	Q1 2004 includes 3.8m M&A costs and one-off effects
Net profit	16.2	16.6	Q1 2024 Includes M&A costs and one-off effects
Equity ratio	35.6%	44.1% (YE23)	Back to 40% in 2025
Working Capital	357.8	169.6 (YE23)	Increase in inventories from Katek
Operating CF (adj.)	23.8	5.2	Adjusted for factoring and year-end turn effect 2023
FTE	7,838	4,838 (YE23)	Majority are engineers
Net cash(+)/debt(-)	-81.4	121.2 (YE23)	Target: back to net cash in 2025

Design win volume increases to EUR 5.4 billion



Backlog rose to EUR 1.8 billion

Kontron wins a EUR 34 Mio contract for a GSM-R system in the Czech Republic

13.03.2024 | Austria

Kontron Transportation, a company of Kontron group won the public procurement for the construction of a GSM-R (Global System for Mobile Communication-Railways) system in the Czech Republic.

The construction extends the existing GSM-R digital radio network op-

Kontron: Another design win of over EUR 50 million from a heavy machinery manufacturer – Design win volume increases to EUR 3.7 billion

23.11.2023 | Austria

Contract win - Kontron signs contracts with romanian railways

13.09.2023 | Austria

Kontron and Thales GTS România S.R.L. signed new contracts in the lower double-digit million range on implementing a new GSM-R system in Romania.

A milestone in the further development of railways in Romania has been set. With this project the rail communications will be expanded. The safety of the commercial traffic will increase on the rail lines "Lugoj – Timisiora East" and "Cluj Napoca–Oradea–Episcopia Bihor".

Contract wins: Kontron signs 3 major railway contracts worth exceeding EUR 100m

07.02.2024 | Austria

Vienna, February 07, 2024 – Kontron announces contract wins in Ireland, Austria, and Slovenia worth exceeding EUR 100m. With these milestone contracts, Kontron Transportation underlines its strong capability to deploy mission-critical communication sys-

Kontron announces two design wins in the field of energy management amounting to a total of EUR 25 million

23.10.2023 | Austria

Kontron is pleased to announce two design wins with combined lifetime revenues of approximately EUR 25 million, Kontron will Fibre-to-the-home for many households in Austria

29.06.2023 | Austria

Contract in the mid double-digit million range between Kontron and Speed Connect Austria signed

Kontron group contributes to the access to modern fibre-to-the-home networks by implementing the active network equipment for Speed Connect Austria's fibre-to-the-home solution.

The contract in the mid double-digit million range between Speed

Kontron signs a contract over EUR 30m for optical network solutions

05.12.2023 | Austria

Kontron, a pioneering force in IoT technology, announces the signing of a contract exceeding EUR 30m for fiber optic solutions. The new client is a significant player in the telecommunications sector in Germany. Kontron's Slovenian subsidiary for broadband solutions will support the Telco operator with cutting-edge server systems and software for the construction and maintenance of the net-

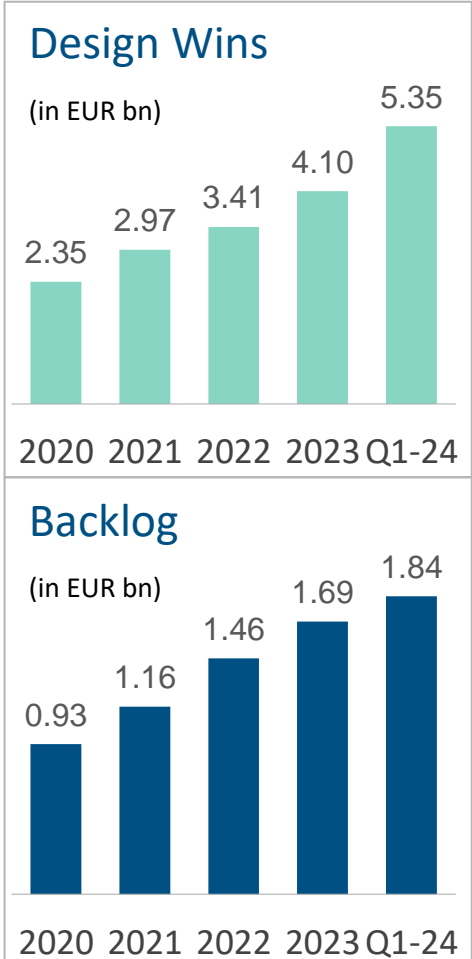
Strong growth in the avionics market: Kontron announces two design wins amounting to a total volume of EUR 100m

10.10.2023 | Austria

Kontron announces the securing of two design wins with a combined volume of approximately EUR 100m. These wins involve Kontron AG: New year begins with major new orders and new brand identity

10.01.2023 | Austria

LinZ, 10.01.2023: Technology group Kontron (www.kontron.com, ISIN AT0000A0E9W5, WKN A0X9EJ, KTN) has seen a successful end to the business year. In addition to signing major new strategic contracts, Kontron completed the sale of the majority of its IT services business to VINCI Energies S.A., which is a global information and communications technology group through its Axians brand. With this sale,



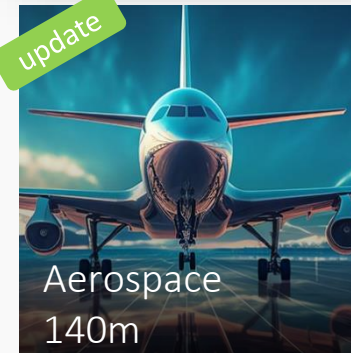
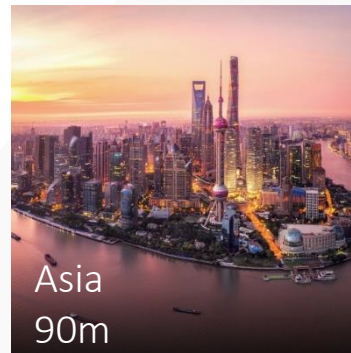
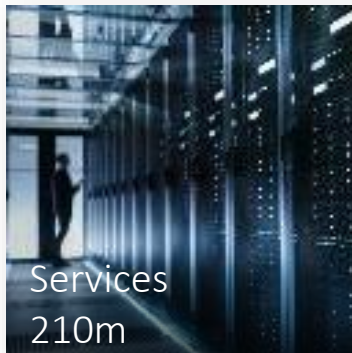
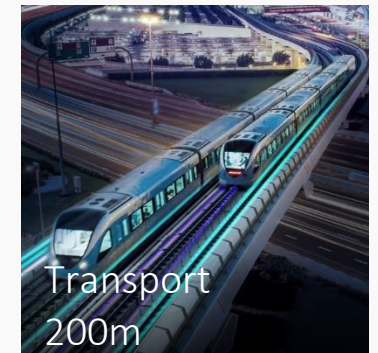
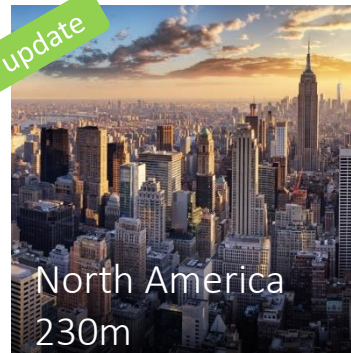
Kontron 2024 structure

10 new divisions in 3 segments

Europe

Global

Software + Solutions



Rev FC 24* EBITDA** 10%
GM 35%

€ 1,350m

Rev FC24* EBITDA** 8%
GM 30%

€ 320m

Rev FC24* EBITDA** 15%
GM 50%

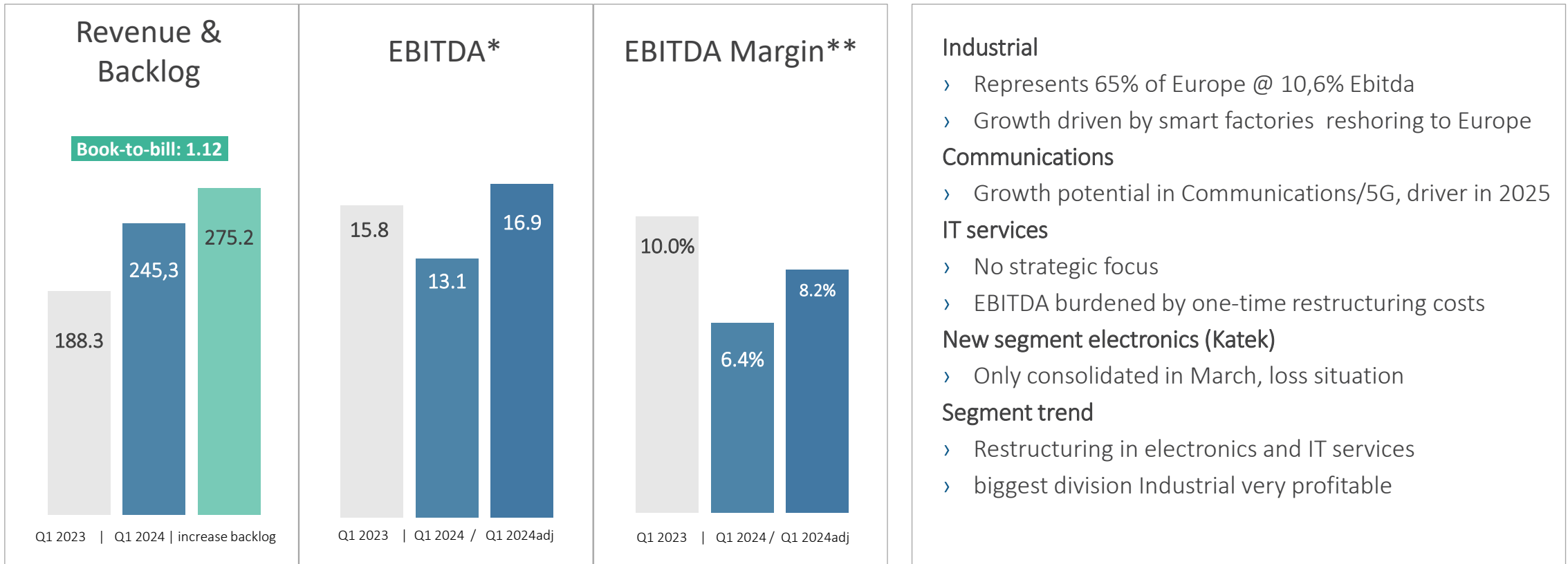
€ 750m

* incl. EUR 1,900m external and EUR 520m IC revenues

** Margin on external revenues

before HQ fee in % of external revenue

Europe: Strong growth in industrial IoT technology



Industrial

- › Represents 65% of Europe @ 10,6% Ebitda
- › Growth driven by smart factories reshoring to Europe

Communications

- › Growth potential in Communications/5G, driver in 2025

IT services

- › No strategic focus
- › EBITDA burdened by one-time restructuring costs

New segment electronics (Katek)

- › Only consolidated in March, loss situation

Segment trend

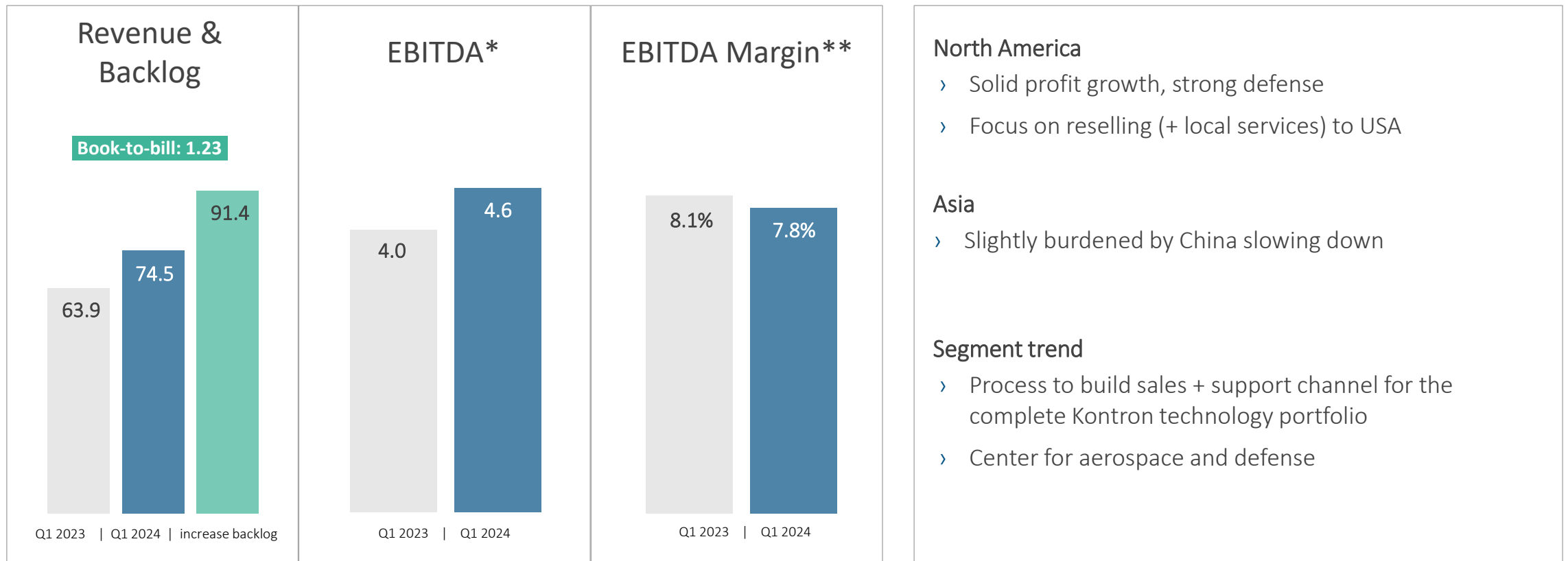
- › Restructuring in electronics and IT services
- › biggest division Industrial very profitable

Cash cow for Kontron Group

* EBITDA before Intercompany HQ fees (part of Europe Segment)
 ** EBITDA before HQ fee in % of external revenue

Global: Back to normal profitability

Sales channel to sell European technology & customizing

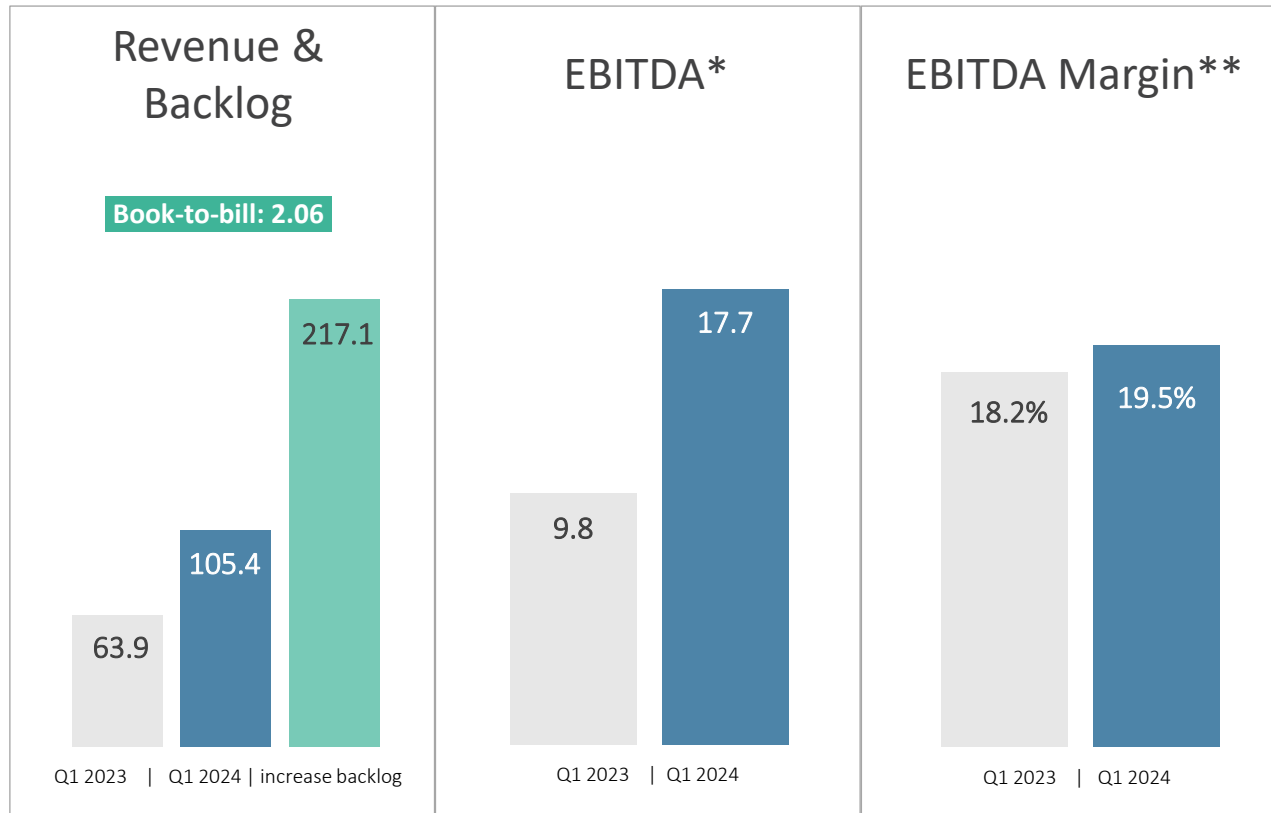


➤ America performs well in solutions segment in defense

* EBITDA before Intercompany HQ fees (part of Europe Segment)
** EBITDA before HQ fee in % of external revenue

Software + Solutions: Fast growing

Strongest growing segment with strongest margin



Software (susietec®)

- › Launch KontronOS and KontronGrid
- › Become Windows standard for machines

Transportation (high-speed trains)

- › political support, Q1 150m wins: CZ, SLO, AT, IRL
- › Market leader for GSM-R, EUR 130m design wins

Defense and aerospace

- › Strong growth in defense communications and high performance VPX systems

New segment GreenTec

- › Only consolidated in March
- › Extreme growth potential due to strong political support

Segment trend

- › Highest amount of recurring revenues and SLAs

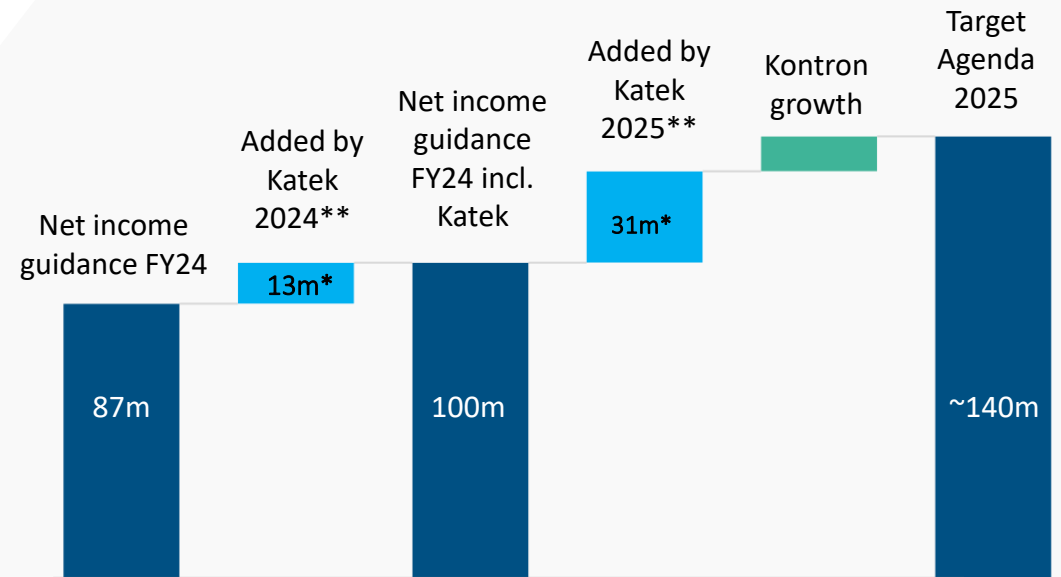
➤ most profitable and strongest growth segment, generated 50% of Group EBITDA in Q1 2024

Katek integration

Jan 18	Signing: 60% in Katek for EUR 129m	✓
March	Closing & consolidation	✓
March	EUR 125m acquisition loan	✓
April 15	EUR 15/share tender offer launched	✓
mid May	Tender offer completed & delisting	
Q2 2024	Integration completed	
Q4 2024	Group Margin of 40% - new portfolio	
2025/26	Potentially Squeeze out	

→ Katek is a game changer for increasing profit and revenues

Road to Net income improvement Kontron



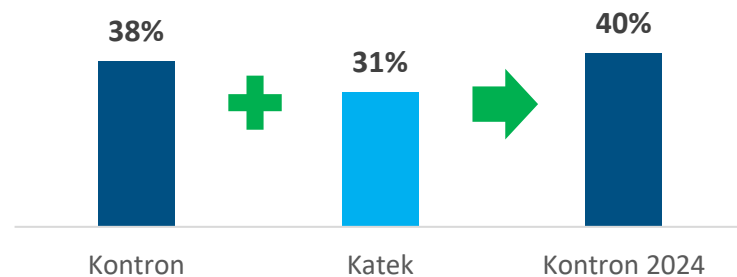
* Minorities remaining ** Based on Kontron technology

Why is Katek a good acquisition ?

Transforming Green Technologies with IoT software



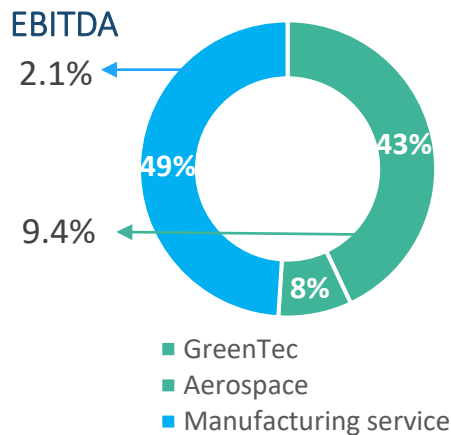
Product Synergies (Gross Margin)



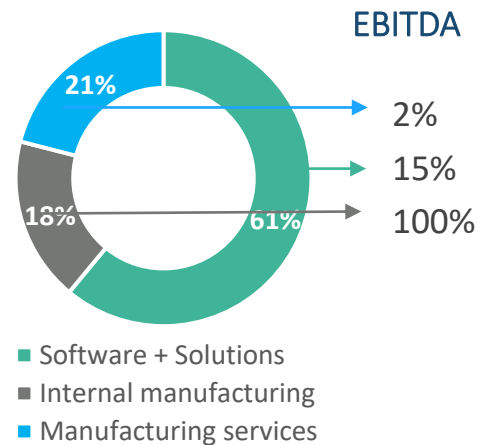
Huge product synergies (we expect +5% GM = EUR 32m)

- › Katek’s solar and EV charger products are highly profitable
- › Adding intelligence and IoT connectivity will increase customer benefits and EBITDA margin significantly
- › Kontron will utilize 40% of Kateks manufacturing capacity and increase further – “made in Europe” politically supported

Katek 2023 Revenues



Target in Kontron in 2024



Cost synergies (EUR 12m)

- › Benefitting from favorable financing terms of Kontron
- › Only one stock exchange listing
- › Administrative cost savings



GreenTec Division will achieve 15% EBITDA in 2024 for Kontron’s Software + Solutions segment

Strong brainpower for unique industry solutions



3,000 engineers

Software for all IoT end devices

- High margins and long-term service contracts

Basic IoT software



- ✓ KontronOS (highest security standard, remote maintenance, remote control)
- ✓ Kontron Grid connects up to 1mn devices to smart grids
- Target install on all Kontron and other IoT devices
=> “Windows for machines”

Artificial Intelligence

- ✓ HAILO chips for customized scalable applications
- ✓ Video surveillance, defect detection, robotics
- ✓ Target get IoT applications smarter and simpler to operate



Smart solutions for vertical markets

- High margins and long-term service contracts

Mission-critical control systems for high-speed trains

- ✓ European Train Control System Level 3
- ✓ New standard FRMCS will accelerate migration and requires 5G



GreenTec with IoT software

- ✓ Solar systems connected to the IoT grid (smart home)
- ✓ Smart e-mobility chargers connected to the grid



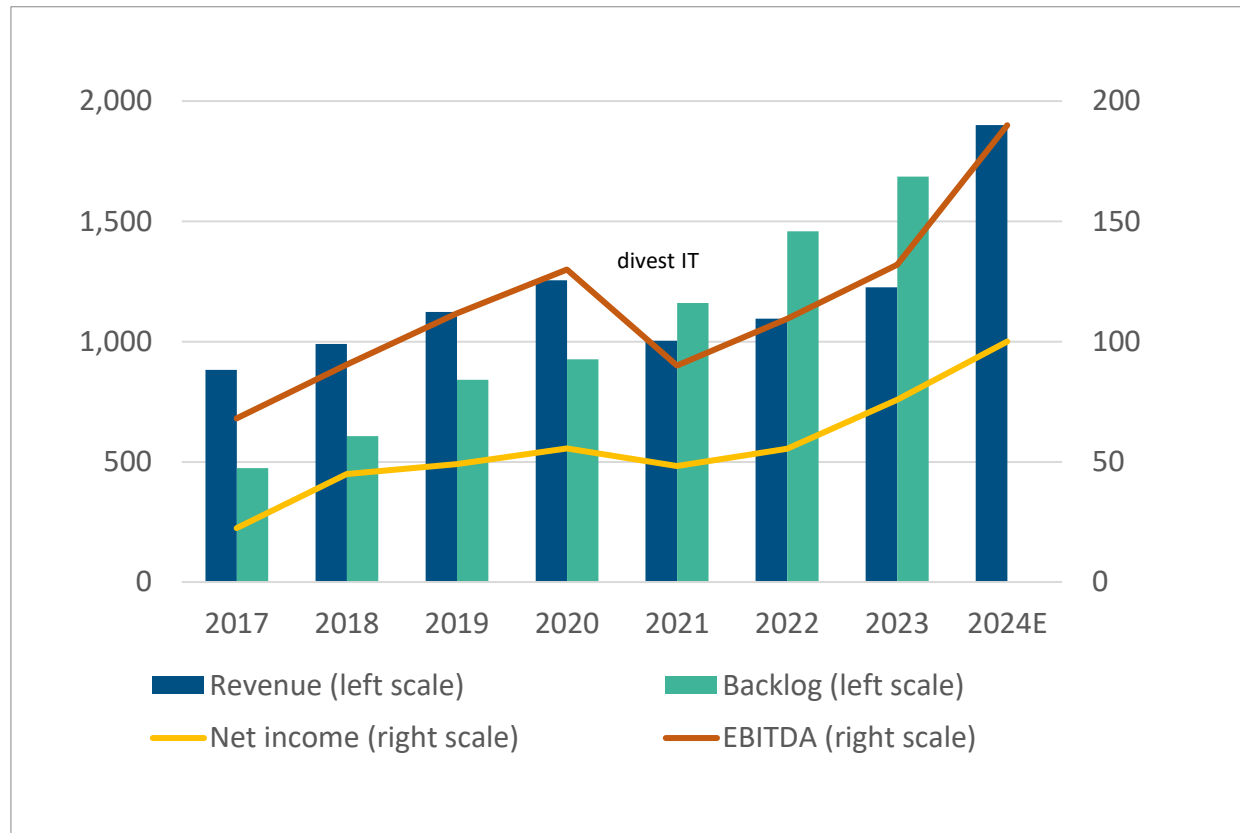
Aerospace and defense

- ✓ Mission critical
- ✓ VPX - highest performance for defense
- ✓ SGOS installed in 4,000 planes



History and 2024 forecast

Continuous strong growth of revenues and net income



(in EUR million)	Guidance 2024	Y-o-y growth
Revenue	1,900	55%
EBITDA	190	51%
Net Income	100	33%

➤ Agenda 2025 (released 2022) targeted EUR 2bn revenues and EUR 140m net income -> appears realistic

Why invest in Kontron?

Profitable long-term growth



- › Excellent position to profit from the megatrends digitalisation, AI and sustainability via IoT products
- › EBITDA margin improvement of GreenTec products through IoT software (remote maintenance, security firewall etc.)
- › Utilise European technology and security worldwide
- › Highly diversified, global and long-term customer base in a niche market with high entry barriers

Strong financial position



- › Cash conversion rate target of 75%
- › Solid tax shield in Austria
- › Favorable low debt profile in high-interest environment
- › <0.75x Net debt/EBITDA expected, will improve in view of planned inventory reduction

Engineering excellence



- › Unmatched R&D power of 3,600 engineers (incl. Katek) and annual spending of EUR 200m
- › Cost-efficient in-house engineering resources in CEE (average salary: 47k p.a.) as an attractive Western employer
- › Increasing share of software in portfolio (proprietary IoT toolset susietec®) and GreenTec products (solar inverters, E-Mobility)
- › Customised IoT solutions for Smart Factories, Medical, Defense, 5G Connectivity, Aerospace, Transportation, GreenTec

Attractive shareholder return



- › Strong cash-generating business
- › 50% of net income distributed to shareholders
- › Dividend in 2024 of EUR 0.50 per share
- › Upside potential: PE ratio of 13.7 (2024E)*

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We are a fast-moving multinational technology leader.

Q&A

Disclaimer

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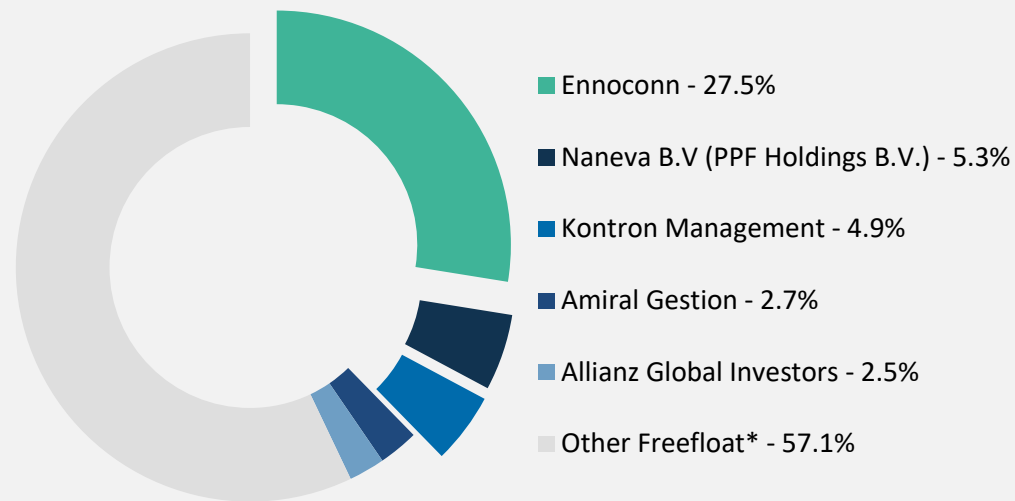
We are a fast-moving multinational technology leader.

APPENDIX

The Kontron Share

SDAX® & TecDAX® member

Shareholder Structure



Target: Increase strategic shareholder base

Coverage**

Erste Group	Buy: EUR 26.50
Hauck & Aufhäuser	Buy: EUR 30.00
Jefferies	Buy: EUR 29.00
Kepler Cheuvreux	Buy: EUR 25.00
mwb research (prev. Alster)	Buy: EUR 34.00
Pareto Securities	Buy: EUR 31.00
Stifel	Buy: EUR 27.00
Warburg Research	Buy: EUR 26.00

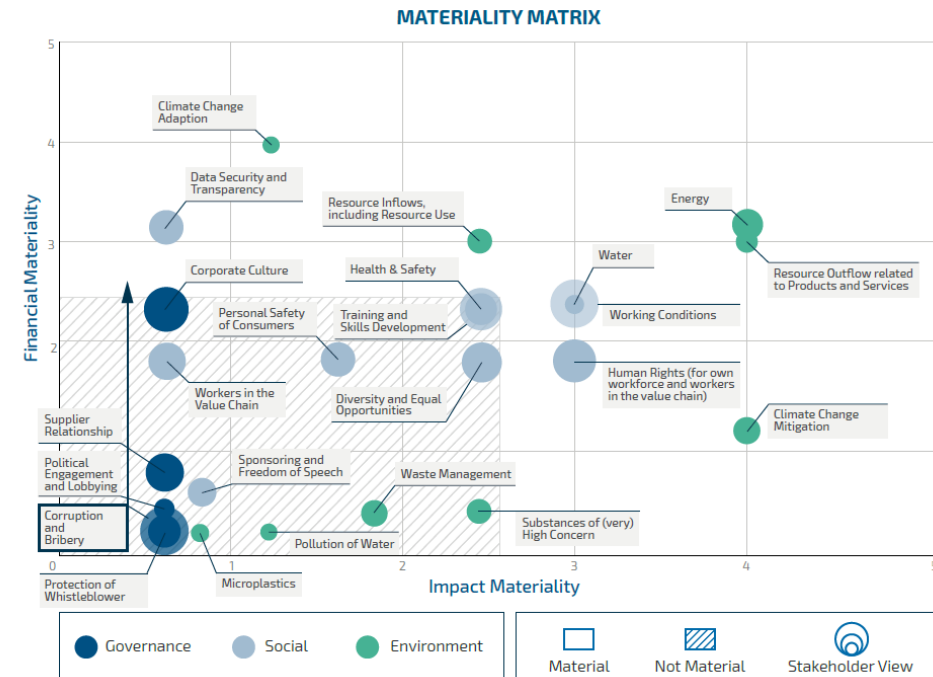
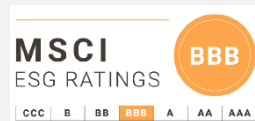
Average Target Share Price **EUR 28.70**

1 additional analyst will take on coverage of Kontron

Update on ESG: Achievements

Recognition of Kontron's ESG efforts

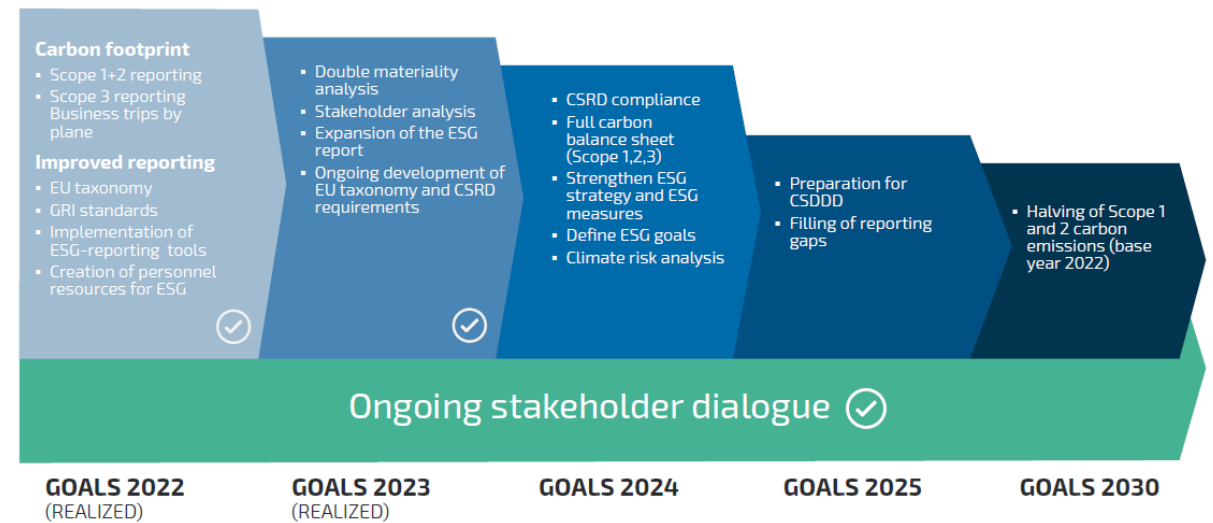
- › MSCI: BBB (stable since 2021)
- › EcoVadis: 50 - rated above industry average
- › Sustainalytics: 20.2 (low risk starts at 20)
- › Moody's: 38 – improvement by 4 points since 2022
- › ISS ESG: C- (stable)



- › Double Materiality Analysis (CSRD requirement) was completed – 10 material topics identified
- › Education
 - Kontron Sustainable Leadership Academy 2024 (focus on female employees)
 - Data Security Training Focus
- › Employee Survey – conducted among approx. 4,700 employees

Update on ESG: Outlook & Targets

- › Corporate Carbon Footprint (Full disclosure on Scope I, II, III)
- › Climate Risk Analysis
- › EU Taxonomy alignment
- › CSRD compliance – Sustainability Statement 2024 (ESRS) based on Double Materiality Analysis
- › Kontron’s Green Products – communicating our products better (product carbon footprint)
- › Kontron’s Green Products – Connecting sustainable Energy and ESG for higher performance
- › GreenTec – Upgrading GreenTec with IoT
- › CSDDD preparation
- › Compliance targets – update of policies (Supplier Code of Conduct, Code of Conduct, etc), increase in number of participants and participation rate of compliance trainings, integration of acquired companies



Competitive landscape

FY 2023 results

Leap forward in 2024 with Katek

Selected competitors in Industrial IoT	Revenue (in USD m)	Region
Curtiss Wright*	2,845	North America
Advantech	2,100	Asia
Beckhoff**	1,600	Europe
Kontron	1,400	Europe
ABB B&R	1,100	Europe
Mercury*	1,000	North America
Adlink	370	Asia
Seco	230	Europe
Eurotech	100	Europe
% as of total market (USD 254bn)	4%	

* Also not Industrial IoT revenues

** FY22 revenues

Our distinctive competitive advantages

- › Unmatched R&D scale: EUR 200m annual investments
- › Cost efficient solutions: EUR 47k p.a. average salary
- › Differentiated technology platform for high-value low-volume use cases
- › Deep and established relationships in the ecosystem: Intel, ARM, FoxConn, Microsoft, Siemens, GE, Nvidia, Hailo