



kontron

Explore the Kontron Group

We are a fast-moving multinational technology leader.



Earnings Call Q1 2023

May 4th, 2023

New Kontron: High- and Lowlights Q1 2023



Highlights

- › **Increase in net profitability**
EUR 16.6m (6% margin)
- › **Positive operat. cash flow**
EUR 5.2m (Q1-23) vs. EUR -60m (Q1-22)
- › **EUR 438m of liquidity**
+EUR 59m payable by Vinci;
EUR 83m debt reduced in Q1-23
- › **EUR 1.57bn backlog**
Q1 book-to-bill ratio of 1.41



Q1 2023

Lowlights

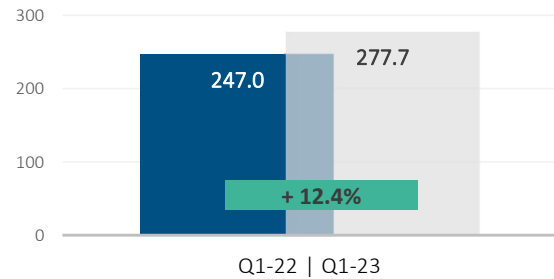
- › **Chip shortage:** EUR 88m of overdue orders (down EUR 39m from peak)
- › **Inventory/cash drain back to normal:** EUR -57m op. cash flow 1-9/2022; Oct2022 - Mar2023 strong recovery of +EUR 106m
- › **Share price did not follow results:** -5.4% since release of FY2022

KPI's Q1 2023

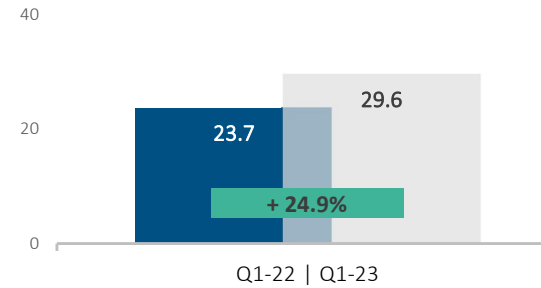
Healthy start for the New Kontron



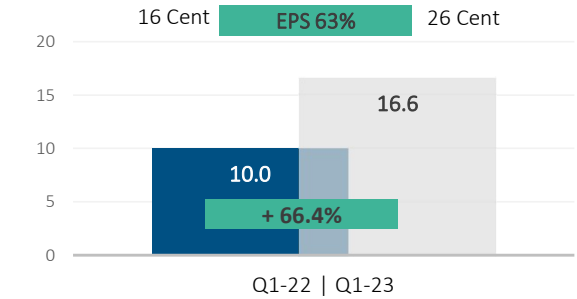
Revenue
(in EUR m)



EBITDA
(in EUR m)

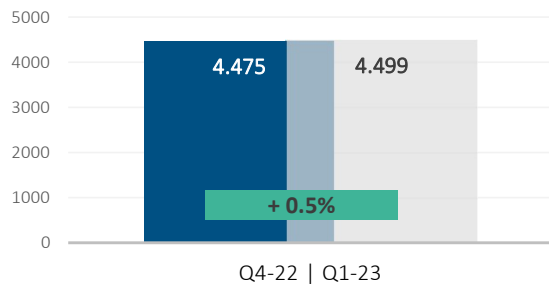


Operating Net Income after NCI*
(in EUR m)

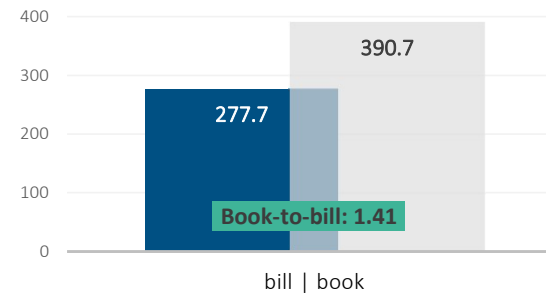


* 2022 adj for DCO/sold IT

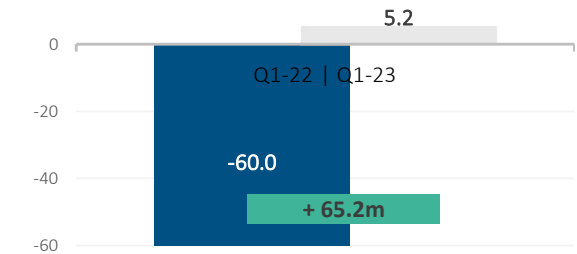
Employees
(in FTEs)



Order Entry vs. Revenues; Total Backlog EUR 1,570m
(in EUR m)



Operating cash flow
(in EUR m)



Kontron Group Balance Sheet as of 31.03.2023



Equity and liquidity very strong

| Mio. EUR | 31.03.2023 | 31.12.2022 |
|-------------------------------------|---------------|---------------|
| NON-CURRENT ASSETS | 413,2 | 412,1 |
| Fixed Assets | 382,3 | 379,1 |
| as of Property, plant and equipment | 97,8 | 95,5 |
| as of Goodwill | 188,4 | 189,4 |
| Other Assets | 30,9 | 33,1 |
| CURRENT ASSETS | 953,4 | 1028,8 |
| Inventories | 213,4 | 192,6 |
| Trade receivables | 144,0 | 148,1 |
| Contract Assets from Customers | 47,0 | 54,2 |
| Cash and cash equivalents | 438,4 | 437,8 |
| Other receivables and prepayments | 104,6 | 189,8 |
| assets classified as held for sales | 6,0 | 6,3 |
| Total Assets | 1366,6 | 1440,9 |

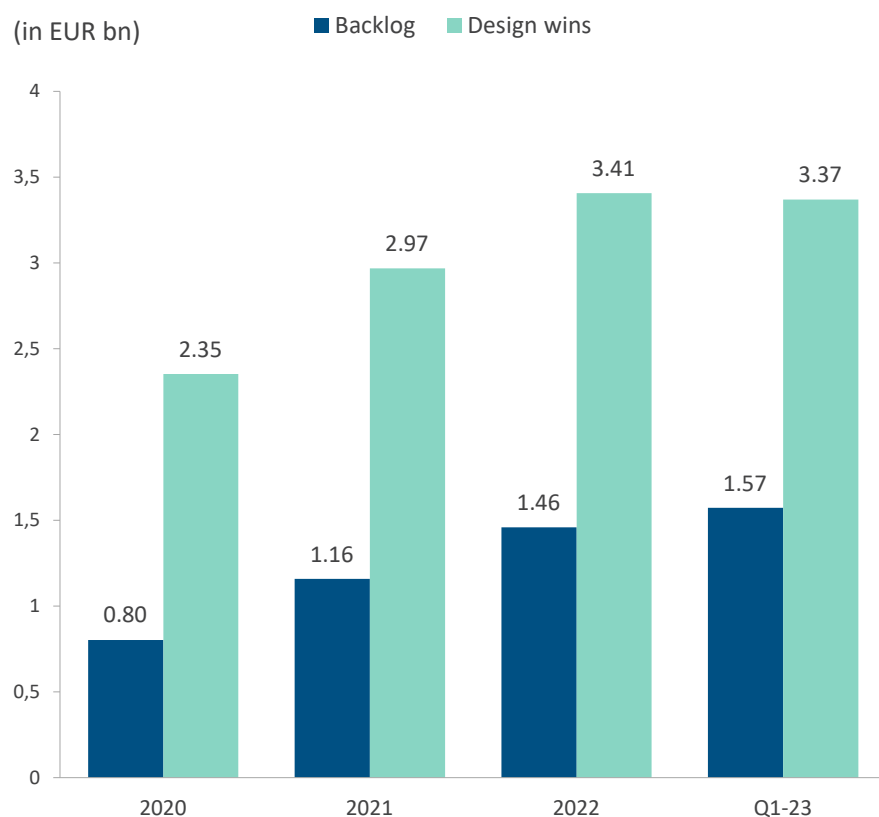
| | 31.03.2023 | 31.12.2022 |
|---|---------------|---------------|
| EQUITY | 645,8 | 635,7 |
| accumulated results | 446,2 | 449,6 |
| as of Treasury shares | -5,4 | 0,0 |
| NON-CURRENT LIABILITIES | 258,5 | 268,7 |
| Long-term loans and borrowings | 191,8 | 193,8 |
| Other Non-Current Liabilities | 66,7 | 74,9 |
| CURRENT LIABILITIES | 462,3 | 552,6 |
| Trade payables | 204,7 | 226,3 |
| Contract Liabilities from Customers | 79,6 | 78,5 |
| Short-term loans and borrowings | 61,6 | 125,7 |
| Other Current Liabilities | 116,4 | 117,3 |
| liabilities classified as held for sale | | 4,8 |
| Total Liabilities & Equity | 1366,6 | 1440,9 |

| | | |
|--|--------------|--------------|
| Equity Ratio | 47,3% | 44,0% |
| Total Net Cash/(Net Debt)* | 185,0 | 118,3 |
| Working Capital excluding IFRS 15** | 122,7 | 114,4 |

- Very strong cash position: EUR 438m cash + EUR 59m open purchasing price from Vinci
- In Q1 EUR 66.1m of financial debt and EUR 16.9m of factoring repaid

The New Kontron

Backlog and Design wins



Top 10 Customers 2022

| | Country | Volume EUR |
|------------------------------------|---------|------------|
| Czech railway provider | CZ | 24.7m |
| Multinational telecom provider | UK | 16.5m |
| Medical respiratory machines | GER | 16.5m |
| UK railway provider | UK | 13.1m |
| Global leader in medical equipment | USA | 11.8m |
| Chemical glass company | USA | 10.2m |
| French railway provider | FR | 10.1m |
| Automation manufacturer | GER | 8.0m |
| Machine manufacturer | GER | 8.0m |
| Medical manufacturer | GER | 7.1m |

Top 10 customers account for 12% of revenues > 3,000 customers in total

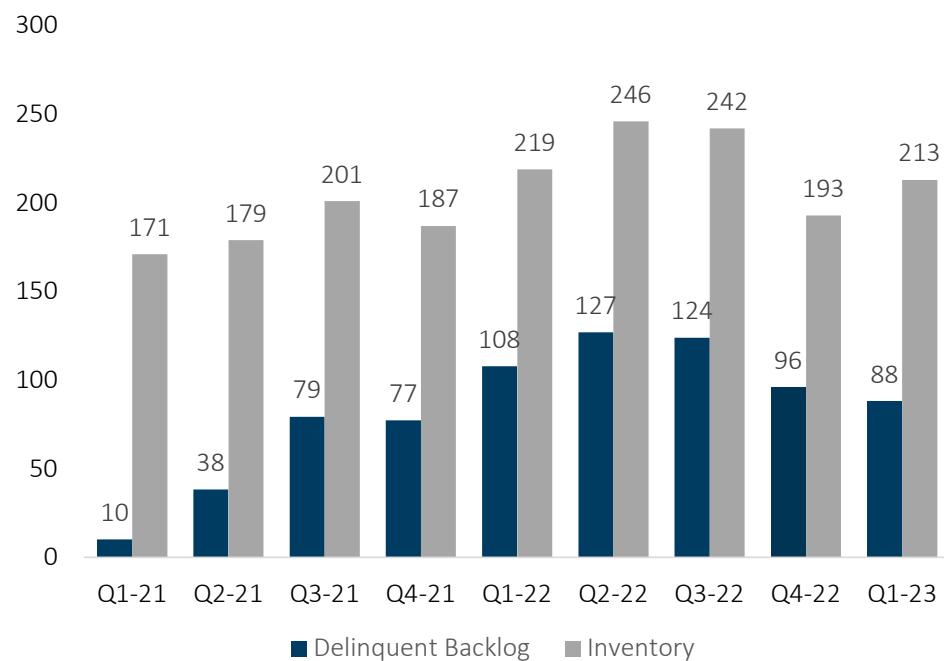
Additional Disclosures

Q1 2023



Delinquent Backlog and Inventory Development

(In EUR m)



Op. cash flow adjustments

In TEUR

| | |
|--------|-----------------------------------|
| 5,224 | STATED OP. CASH FLOW |
| 16,905 | Decrease in A/R factored in Q1-23 |
| 22,129 | ADJUSTED OP. CASH FLOW |

Organic growth

In TEUR

| | Q1-22 | Q1-23 |
|-----------------------------|---------|--------------|
| Stated revenues | 247,019 | 277,671 |
| Divestments (RUS/UA/BY/CZ+) | | +7,372 |
| Acquisitions (Lucom/Arce) | | -4,470 |
| Organic growth | | 14.0% |

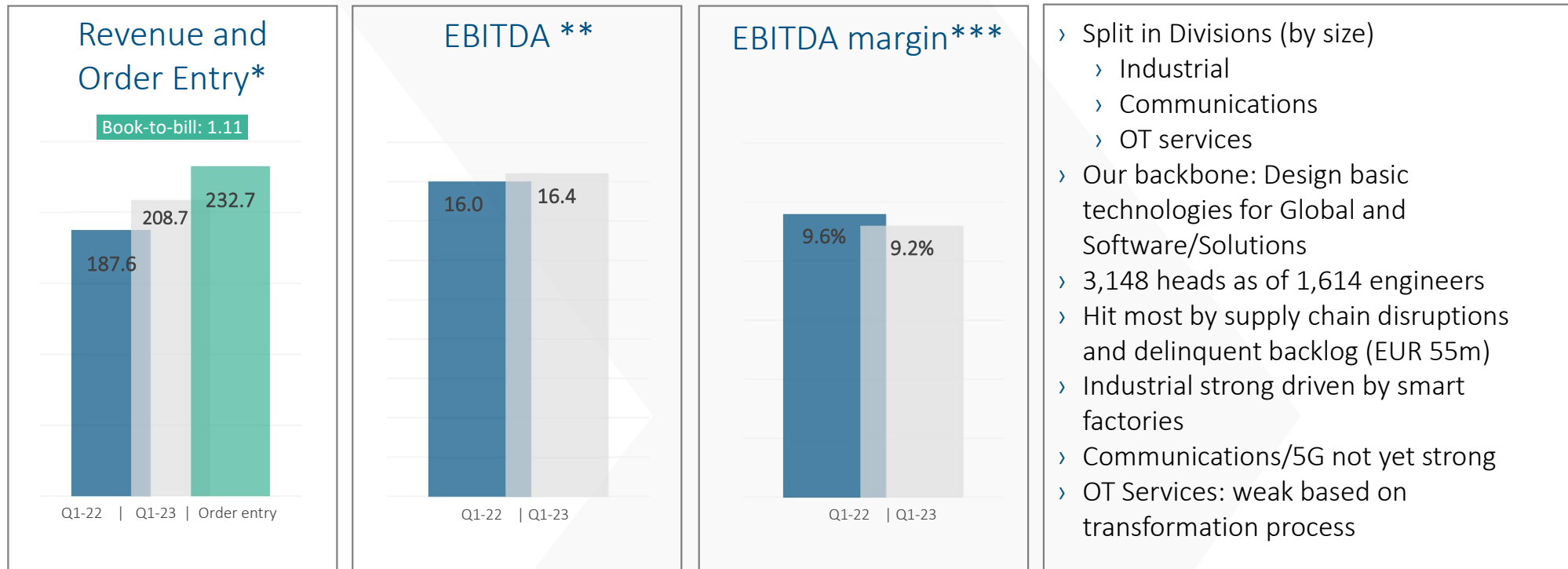
Geographical split Q1-23

(In %)

| | Revenue | EBITDA |
|---------------|---------|--------|
| Europe | 79.6% | 86.4% |
| North America | 12.8% | 8.5% |
| Asia | 7.7% | 5.1% |

Europe

Segment overview Q1 2023



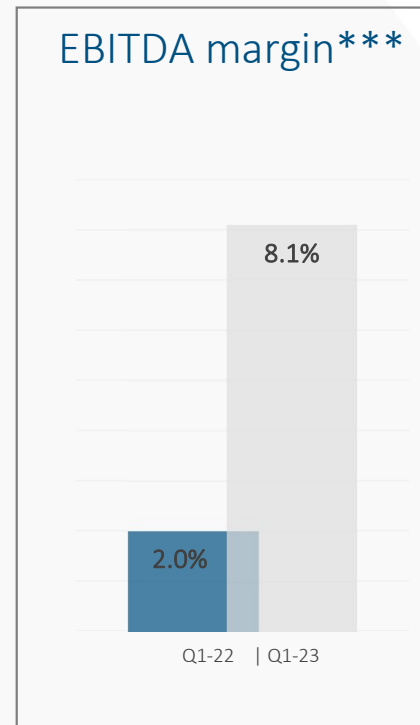
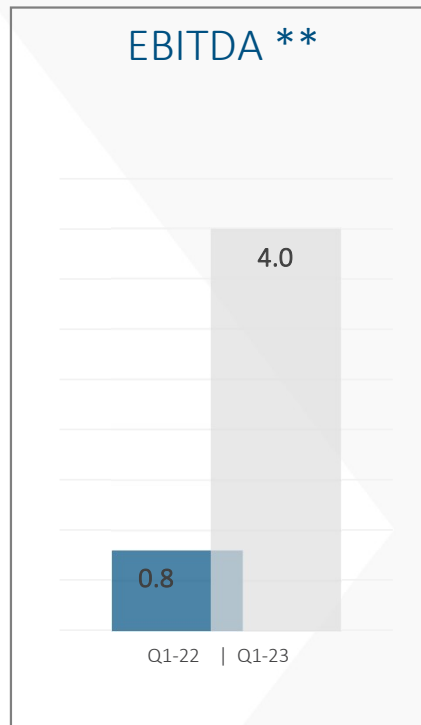
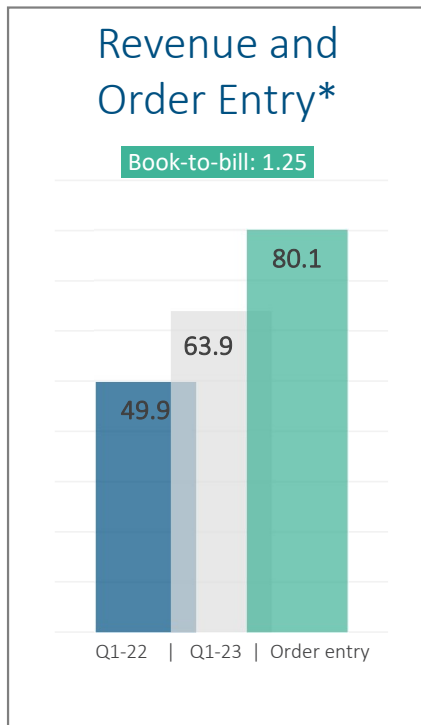
(In EUR m)

➤ Target is to increase EBITDA in 2025 to 12%

* 3rd Party and IC revenues | ** EBITDA before IC HQ fees (part of Europe Segment) | *** EBITDA before HQ fee in % of external revenue

Global

Segment overview Q1 2023



- › Split in Regions (by size)
 - › USA
 - › China
- › Acts as a sales channel to sell European basic technology and SW
- › Locally engineering for customization and avionics
- › USA did grow 48% vs Q1-2021 (change in mgmt. and strategy)
- › Strong book-to-bill driven by USA
- › 454 heads as of 184 engineers
- › Hit most by supply chain disruptions and delinquent backlog (EUR 32m)
- › USA: strong growth, avionics recovery
- › Asia: steady growth

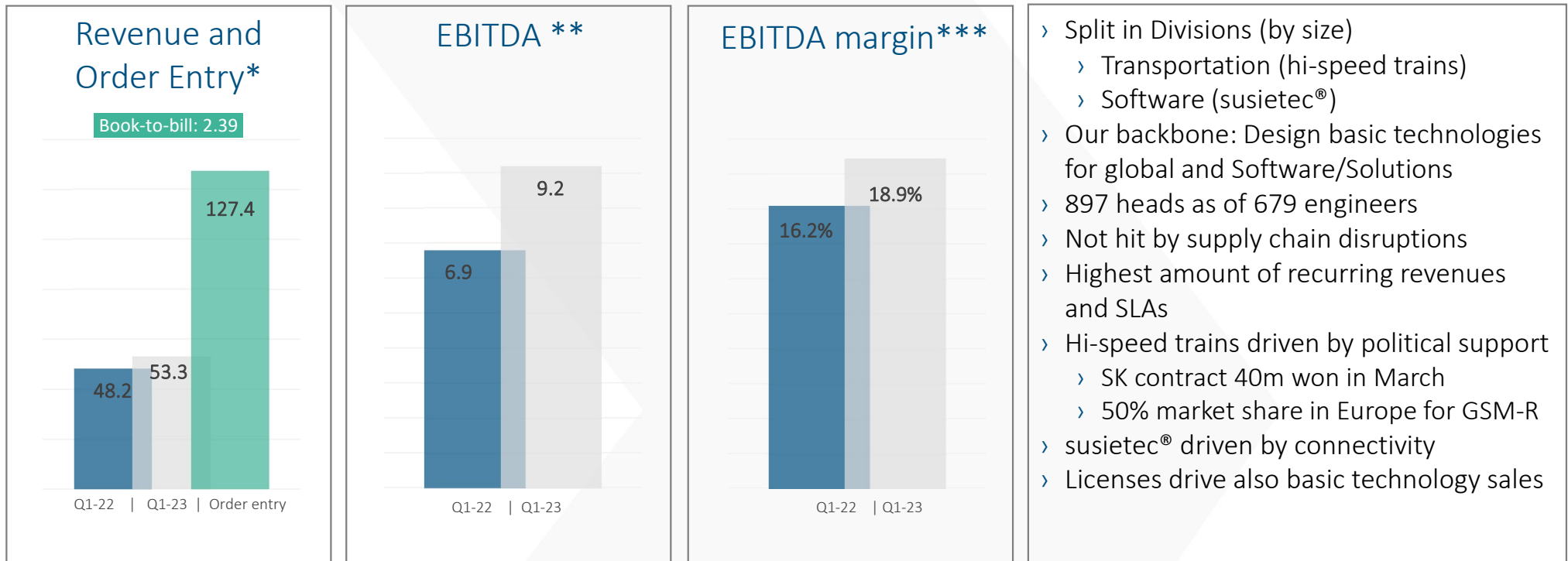
(In EUR m)

➤ Today 20% of revenues in USA + China; target 30%

* 3rd Party and IC revenues | ** EBITDA before IC HQ fees (part of Europe Segment) | ***EBITDA bef. HQ fee in % of external revenue

Software + Solutions

Segment overview Q1 2023



(In EUR m)

➤ Will be biggest segment by 2026

* 3rd Party and IC revenues | ** EBITDA before IC HQ fees (part of Europe Segment) | *** EBITDA bef. HQ fee in % of external revenue

The New Kontron

Bigger acquisitions planned



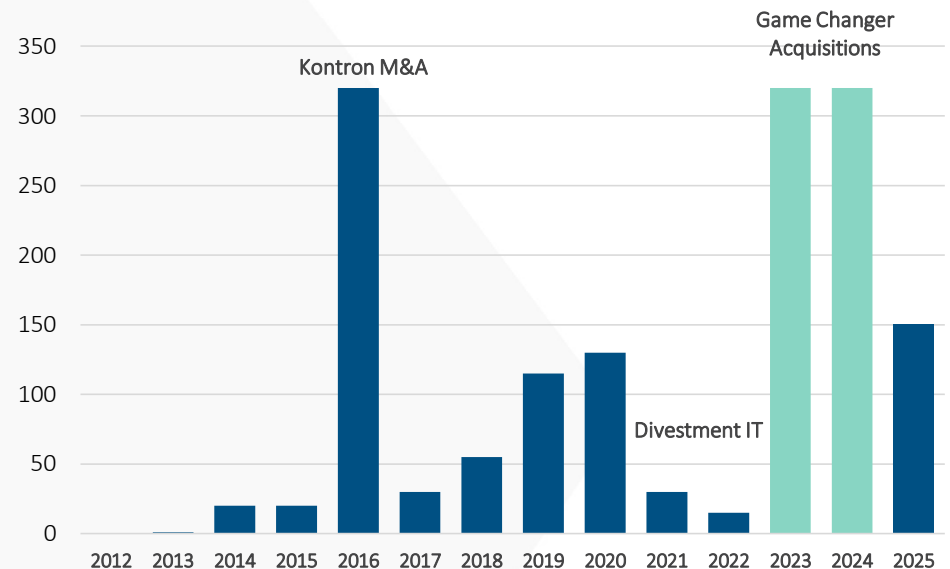
M&A is a core competence of Kontron

- › Half of growth by M&A (10% /year), half organic
- › Target: Restructuring situations at no profit = low prices
- › High synergies with Kontron = achieve >10% EBITDA within 2 years

Kontron M&A pipeline

- › Currently 7 offers/LOIs running (av. size > EUR 100m revenue)
- › As of 5 for Software + Solutions, 1 for Europe, 1 for Global
- › As of 4 of them we have been working on > 1 year
- › As of 5 of them we expect a go/no go decision in the next 3 months
- › Only 1 target in structured process
- › Target is to close 2 in 2023 (min. EUR 250m and up to EUR 700m in revenues)

M&A Volume (in EUR m)



We are negotiating hard to get the best price for Kontron, this takes time, but we are almost there

The New Kontron



Cash Usage 2023

Liquidity on hand March 2022

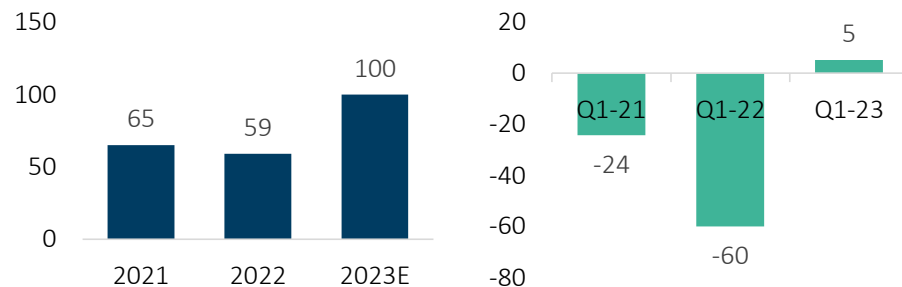
- › EUR 438.4m cash on hand
- › EUR 59m ST receivables from Vinci
- › EUR 180m non utilized lines
- › EUR 61.6 ST debt

➤ Liquidity amounts to EUR 700m

Cash usage for acquisitions and operations

- › Q1 factoring reduced by 16.9m, ST debt by EUR 66.1m
- › Target Q2-Q4/23: reduce further EUR 20m debt
- › Spend min. EUR 300m in acquisitions

Cash generation (op. CF)



Shareholder participation

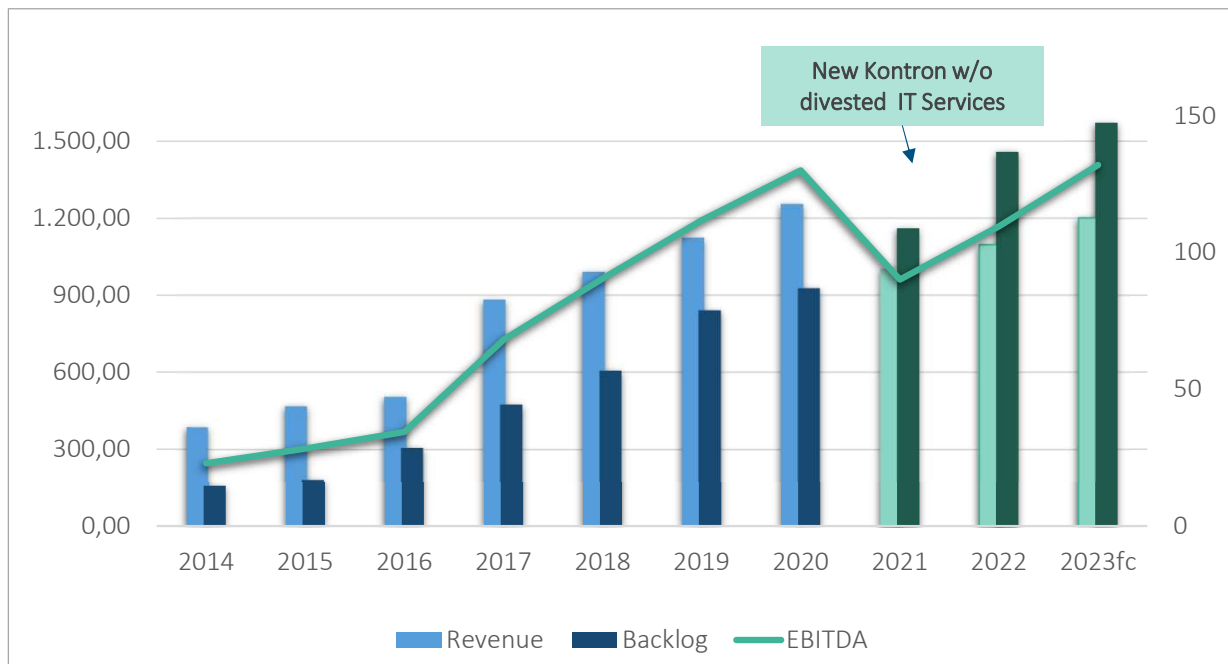
- › EUR 63m: Propose dividend of 1EUR/share in May
- › Rule: Spend 50% of net earnings in Dividend or SBB
- › 2023: SBB EUR 10m started, increase depending on share price

➤ 2023 spend min. EUR 75m (up to EUR 150m)
2024 min. EUR 35m

The New Kontron



Guidance 2023 increased by 10% to EUR 66m – we expect no extraordinary effects



| Guidance 2023 & Outlook 2025 | | |
|------------------------------|--------|---------|
| In Mio. EUR | 2023E | 2025E |
| Revenue | 1,200m | 2,000m* |
| EBITDA | 11% | 13% |
| Net Profit | 66m | 140m |

* Incl. M&A

Vision 2030: Transformation to IoTaaS / SLAs will boost Net Earnings close to 10%

Summary



Achievements Q1-23

- › Strong order intake of EUR 391m (book-to-bill 1.41)
- › Refocus on IIoT completed “the new Kontron”
- › Significant improved net income of EUR 16.6m (Q1-23) vs 10.0m (Q1-22)



Targets

- › Guidance 2023:
 - › Revenue ~EUR 1,200m
 - › Net income EUR 66m
- › EUR 2,000m IIoT revenues at > 13% EBITDA in 2025
- › Complete major acquisitions in 2023



Risks

- › Chip shortage (improvement on the way)
- › Economical climate
- › Address right technology trends



Opportunities

- › Sufficient cash for “game changer” acquisitions
- › One of only a handful of European Technology players
- › 5G connectivity for machines



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Q&A Session

May 4th, 2023

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