



kontron

CAPITAL MARKET UPDATE

Hannes Niederhauser, CEO

August 31st, 2022



KONTRON SIGNED TO SELL ITS IT SERVICE BUSINESS



10th of August 2022 Kontron signed to sell most of its IT service business to Vinci

Buyer is Vinci, a listed French construction/energy company

- › Revenues: EUR 43.2B with 218,000 employees = EUR 55B market cap
- › Axians: IT subsidiary EUR 2.8B revenues with 12,000 employees

Not all IT services were sold

- › Sold: EUR 337m of IT revenues : DE, CH, PL, HR, CZ, SK, RS, MD, MK, ALB, CG (FY 2021) with EUR 37,4m EBITDA, 1642 employees
- › Not sold: AT, HU, RO representing in 2021 EUR 228m of Revenues and 827 employees

The agreed price

- › EUR 400m (est.) as of EUR 365m for the business and EUR 40m balance sheet related (fixed at closing)
- › Equals: 1.2 * Revenues and 10.7 * EBITDA
- › estimated closing Dec 1st (after European anti trust approval)
- › 85% Payable at closing/fixed balance sheet – 15% in escrow until Jun 2024 to cover warranties

SIMULATION DISCONTINUED OPERATION



in EUR m	Kontron before	Discontinued operation	The new Kontron	Kontron before	Discontinued operation	The new Kontron	The new Kontron
	2021 Act	2021 Act	2021 Act	H1/2022 Act	H1/2022 Act	H1/2022 Act	2022
Revenues	1.342	337	1.005	661	168	492	1.120
COGS	-852	-207	-645	-415	-104	-310	
Gross margin	490	130	360	246	64	182	
Staff	-314	-76	-238	-164	-38	-126	
OPEX	-85	-23	-62	-44	-10	-34	
EBITDA	126	38	88	61	17	44	112*
D/A	-64	-11	-53	-30	-5	-25	
Interest	-8	-2	-6	-2	0	-2	
Taxes	-5	-6	0	-3	-2	0	
Discontinued			19			10	
Net Profit	48	19	48	26	10	26	56

* Operational, transaction profit excl.

KPI – BEFORE AND AFTER FOCUS



in MEUR	S&T AG 2021	The new Kontron 2023*	Comment
Company name	S&T AG	Kontron AG	Changed at ASM May 2022, S&T related to IT biz, Kontron to IoT products
Revenues	1,342	> 1,200	2023 after divesting EUR 337m IT service, 40m Russia
GM in %	36%	> 40%	Change in product mix, will further increase after 2023
EBITDA	126.3 (9.4%)	132 (11%)	
Net profit	48.3 (3.6%)	> 60 (5%)	2023 after divestment of IT services
Employees	6,206 (Dec. 21)	4,000	Minus 1,640 „Focus“, minus 380 Russia, before M&A
Revenue / FTE	216 TEUR	300 TEUR	
Equity ratio	32%	> 45%	Increased cash and less total assets
Entities (as of operative)	80	58 (32)	Less complex structure
Exposure CIS region	7% CIS	< 3%	CIS no more material, EE countries within EU drastically reduced

*Mgmt. estimates

NEW BUSINESS MODEL – 8 DIVISIONS IN 3 SEGMENTS



* incl. I/C revenues ; ** before HQ-fee distribution

THE IOT MARKET

IOT STATISTICS OVERVIEW*



<p>29 Billion</p> <p>CONNECTED DEVICES</p> <p>by end of 2022 – 18B related to IoT 5G networks will drives organizations growth</p>	<p>More</p> <p>SMART CITIES</p> <p>will continue to sprout in the near future with smart traffic and energy solutions</p>	<p>\$ 148.6 Billion</p> <p>INDUSTRIAL IOT REVENUE</p> <p>with a 11.4% CAGR from 2022</p>
<p>64 Billion</p> <p>IOT DEVICES WORLDWIDE</p> <p>by 2025</p>	<p>\$ 3 Billion</p> <p>IIOT CONNECTED DEVICES</p> <p>The worldwide Industrial IoT connected devices market will grow to \$ 3 billion in 2030</p>	<p>Potential</p> <p>TO GENERATE \$4,000B TO \$11,000B**</p> <ul style="list-style-type: none"> › in economic value by 2025 › greatest contribution from factories (\$1,2 to 3,700B) › followed by smart cities, health care, retail, non-urban outdoor environments, custom production environments, automotive, home, and office

Sources: Mgmt. estimates, Techjury, Ericsson, Enterra Solutions, Markets and Markets, Market Data Forecast, Statista

** Source: McKinsey Global Institute

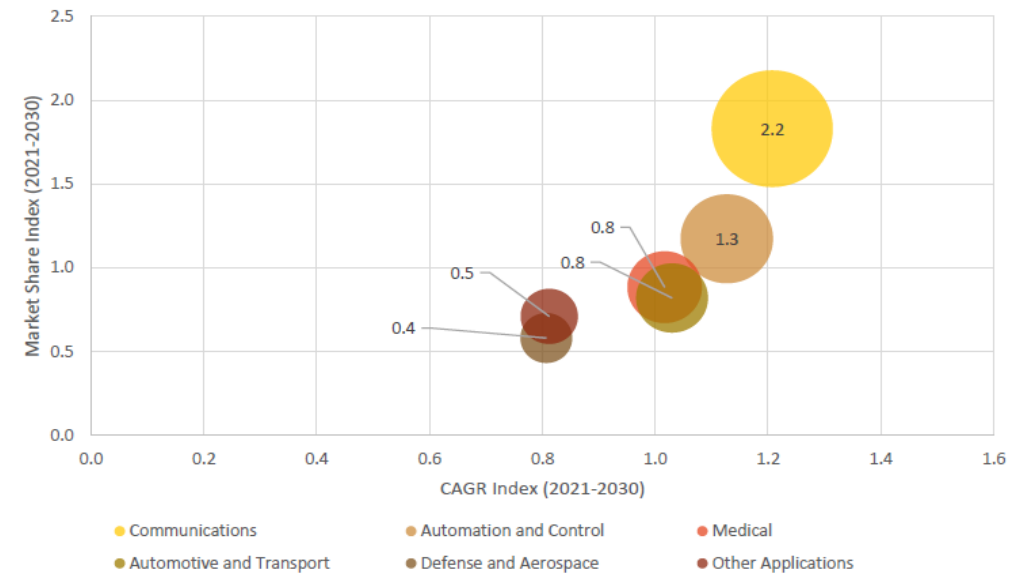
THE INDUSTRIAL IOT MARKET COMPETITION



Main competitors in Industrial IoT	Revenue (in USD m)	Region
Mercury*	3,800	North America
Curtiss Wright*	2,500	North America
Advantech	1,900	Asia
Kontron*	1,342	Europe
Beckhoff	1,200	Europe
ABB B&R	705	Europe
Adlink	350	Asia
Seco	116	Europe
Eurotech	63	Europe
% as of total market (USD 148B)	9%	

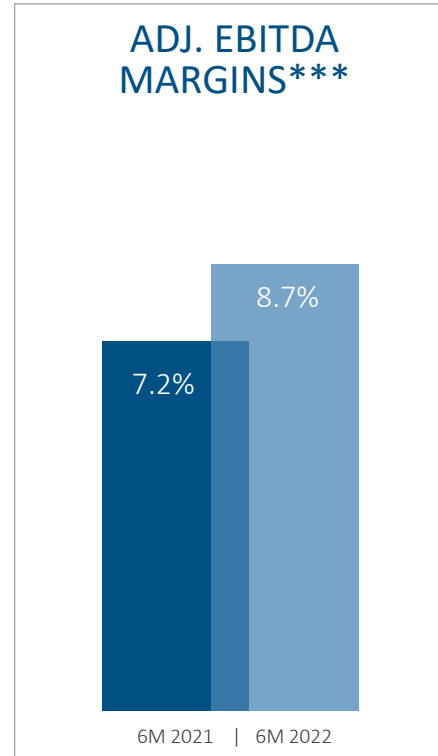
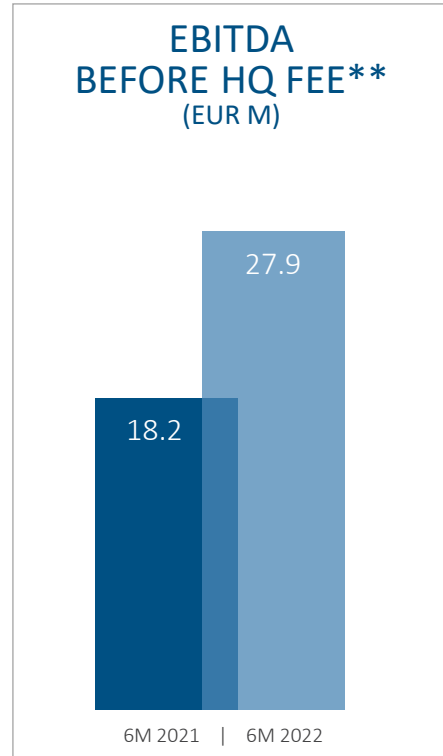
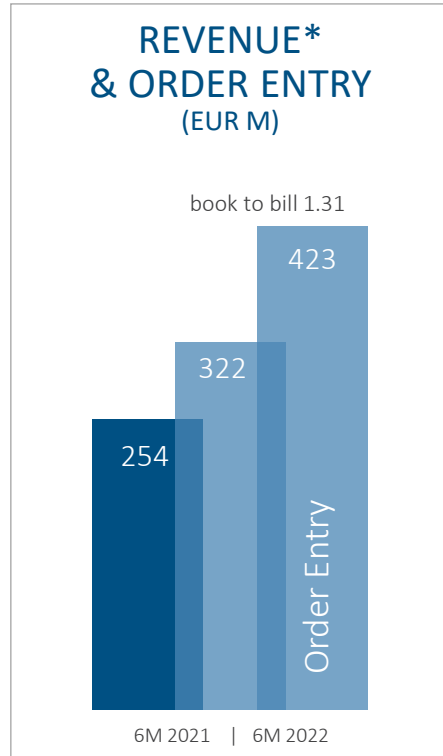
* Also not Industrial IoT revenues

GLOBAL EMBEDDED COMPUTING MARKET ATTRACTIVENESS 2021 – 2023



Market very fragmented, limited economy of scale and niche technologies stop big players to enter

EUROPE

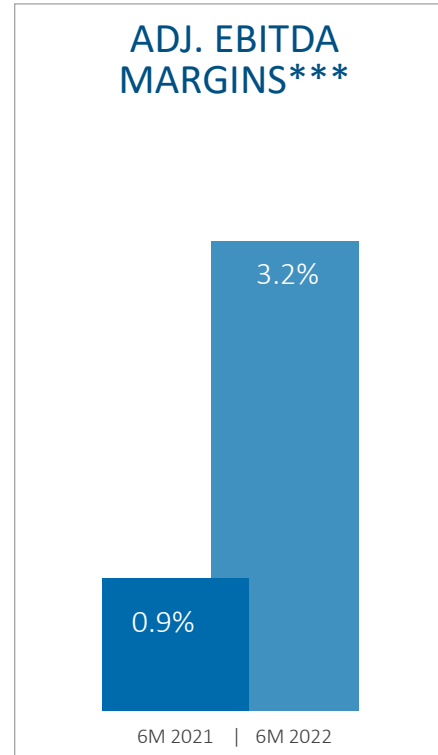
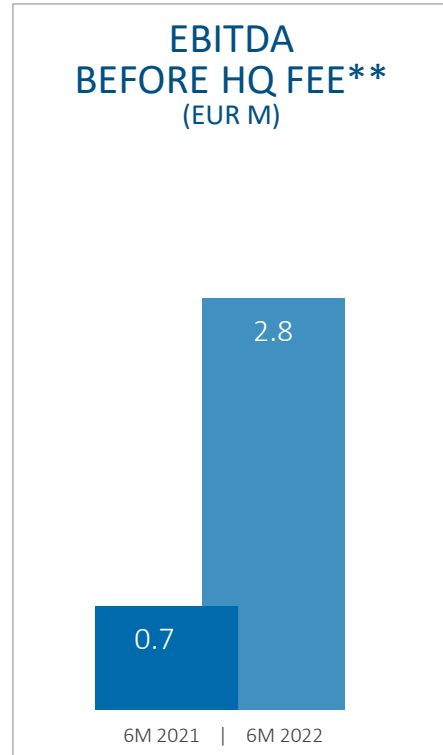
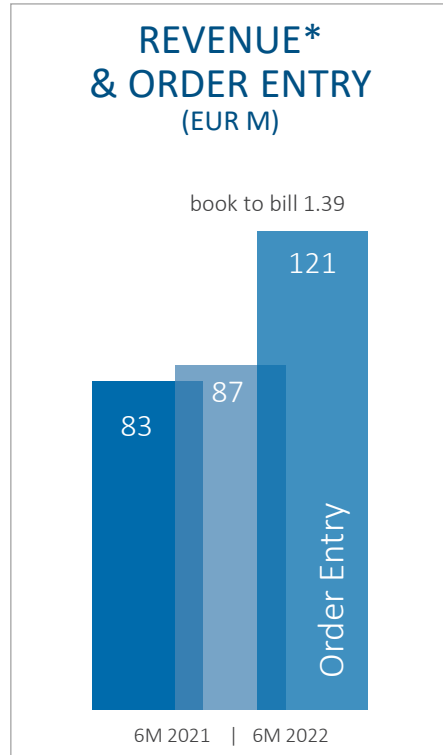


- › Biggest segment - contains the divisions
 - Industrial
 - ODM (design + manufacturing)
 - Services
 - Communications
- › EUR 800m revenues with 2,800 employees
- › #1 Industrial IOT biz in Europe – no biz outside EU
- › 5G IIoT communication gaining speed
- › Strong growth due to growing Industrial IoT market (11.4% p.a.)

“ Europe ” growth driven by 5G connectivity and strong order intake

- 3rd Party revenue
- ** EBITDA before charged management fees from Kontron AG
- *** HQ-fee adjusted EBITDA in % of external revenue

GLOBAL



210m segment with 480 people

Region of CN + USA grows faster than Europe

No focus on other countries

- › global segment will midterm represent 35% of Kontron (today 18%)

- › we utilize European technologies globally

Kontron has a “being” local strategy which means local management and also custom engineering and production locally

- › GM not as Europe -> we need to expand local custom Software, high IC revenues share margin with Europe

Target 2025 EUR 500m @ 10% EBITDA

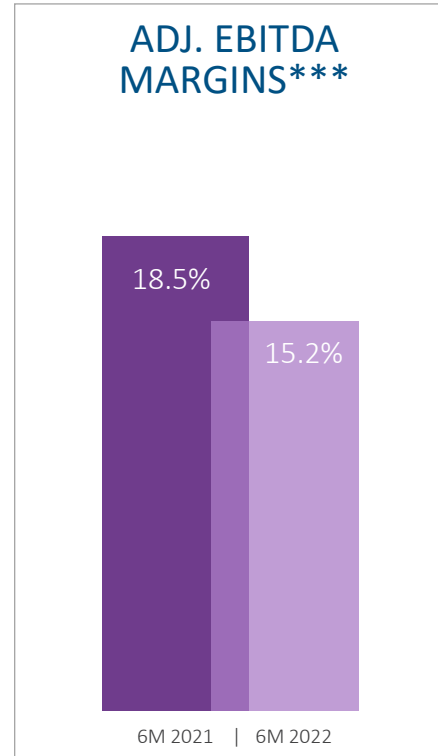
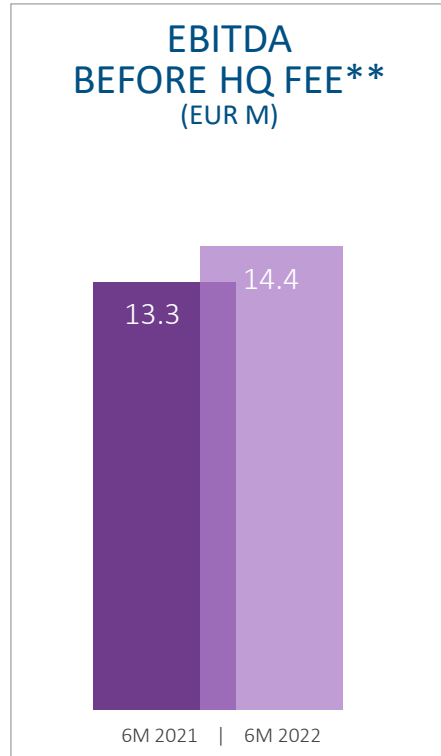
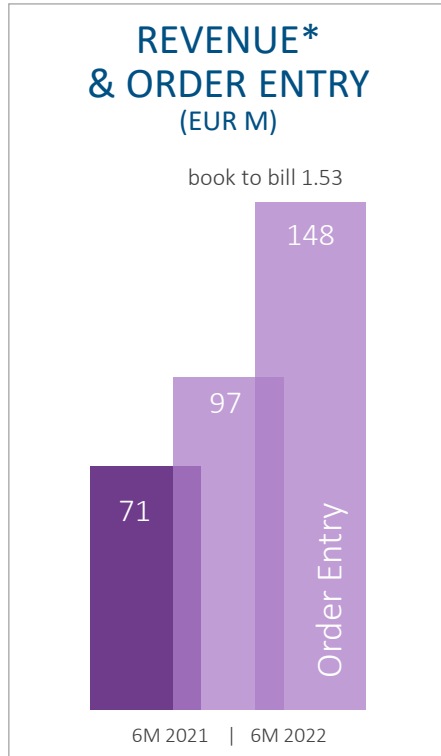
Push regional expansion to USA + CN to utilize R&D

* 3rd Party revenue

** EBITDA before charged management fees from Kontron AG

*** HQ-fee adjusted EBITDA in % of external revenue

SOFTWARE AND SOLUTIONS



- › Fastest growing and highest profit segment
- › EUR 210m revenues @ 17% EBITDA with 800 employees
- › Most M&A investments in this segment
- › Prepare to market solutions globally
- › more 24/7 service agreements and less only product sales

Software licences pull even more revenues from Industrial IOT Division

* 3rd Party revenue

** EBITDA before charged management fees from Kontron AG

*** HQ-fee adjusted EBITDA in % of external revenue

TARGETS AFTER FOCUS



SHORT TERM 2022

- › Reorganize Kontron group -> more efficient
- › Rebrand “Kontron” & position company to IOT products
- › New story, new peer group for stock market

LONG TERM „AGENDA 2025“

- › Get more global (35% outside Europe in China/USA)
- › Convert to more Software by own R&D and M&A
 - › 2 acquisitions in 2022 done, more to come
- › Improve profitability significantly
- › We own disruptive technologies
 - › 5G
 - › Smart factory - susietec
 - › AI

IMPROVE NET PROFITS

- › Tax improvement – 1.8% management fee to use
- › Slim HQ
- › Interest improvement – reduce EUR 8m
- › Amortization + depreciation reduced (result of Focus)
- › No minorities
- › Reduced travel policy, home office strategy = less space

NEW ACQUISITIONS IN Q3 / 2022



LUCOM GMBH, GERMANY



- › Product: 5G connectivity for IoT equipment
- › EUR 6.6m revenues @ 14% EBITDA
- › Price: EUR 5m
- › Signing and closing 31st of Aug 2022
- › Will strengthen our Software Division
- › Located in Germany
- › Key synergies:
 - expand connectivity of susietec
 - market globally via in Kontron



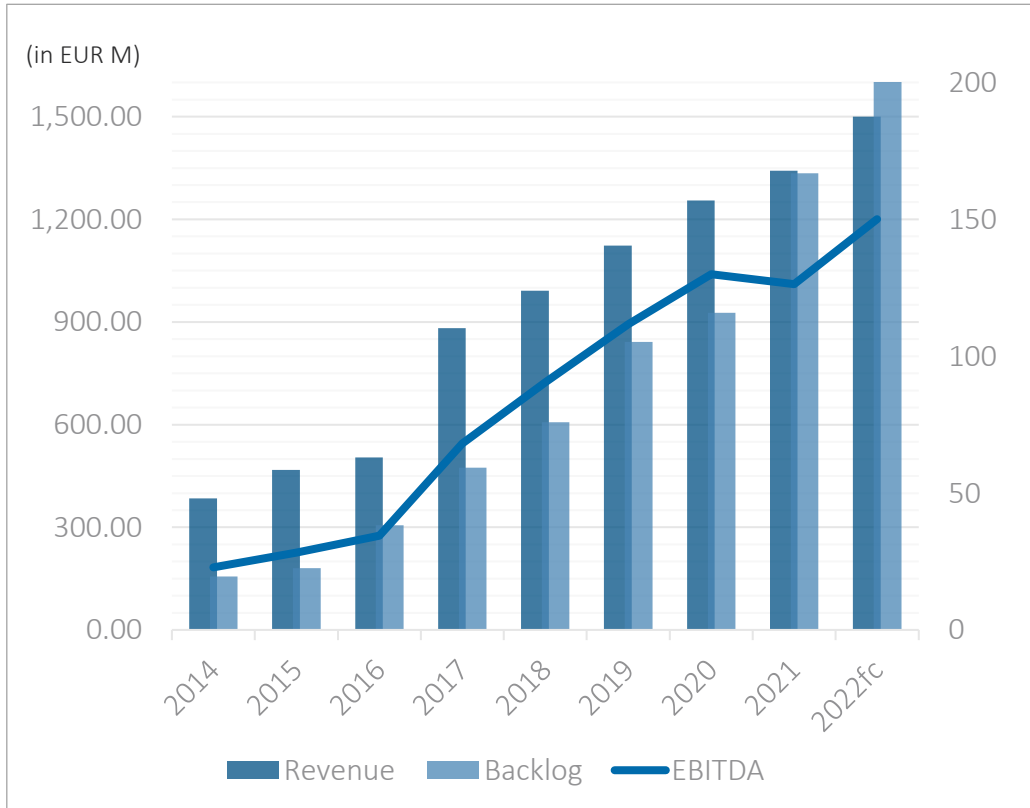
ARCE MOBILITY SOLUTIONS S.A.U., SPAIN



- › Product: ticketing for Public Transport
- › EUR 11m revenues @ 13% EBITDA (FY 2021)
- › Price: EUR 7.6m
- › Signing 29th of Aug – closing 31st of Sep. (FDI-approval)
- › Increase Transportation business in Iberia
- › Key synergies: - merge product lines, expand market to Europe



FORECAST „THE NEW KONTRON“



GUIDANCE 2022

	continued	disc. operations
Revenue	EUR 1,120m	EUR 380m
EBITDA	EUR 112m	EUR 38m

AGENDA 2025

	S&T 2021act	New Kontron 2022fc	New Kontron 2025p
Revenue	EUR 1,342m	EUR 1120m	EUR 2000m
EBITDA	EUR 126.3m	EUR 112m*	EUR 260m
Net Profit	EUR 48.3m	EUR 56m	EUR 120m

* operative, no divestment profits incl.

Vision 2030 – transformation to IoT aaS/SLAs will boost, EBITDA above 15%