

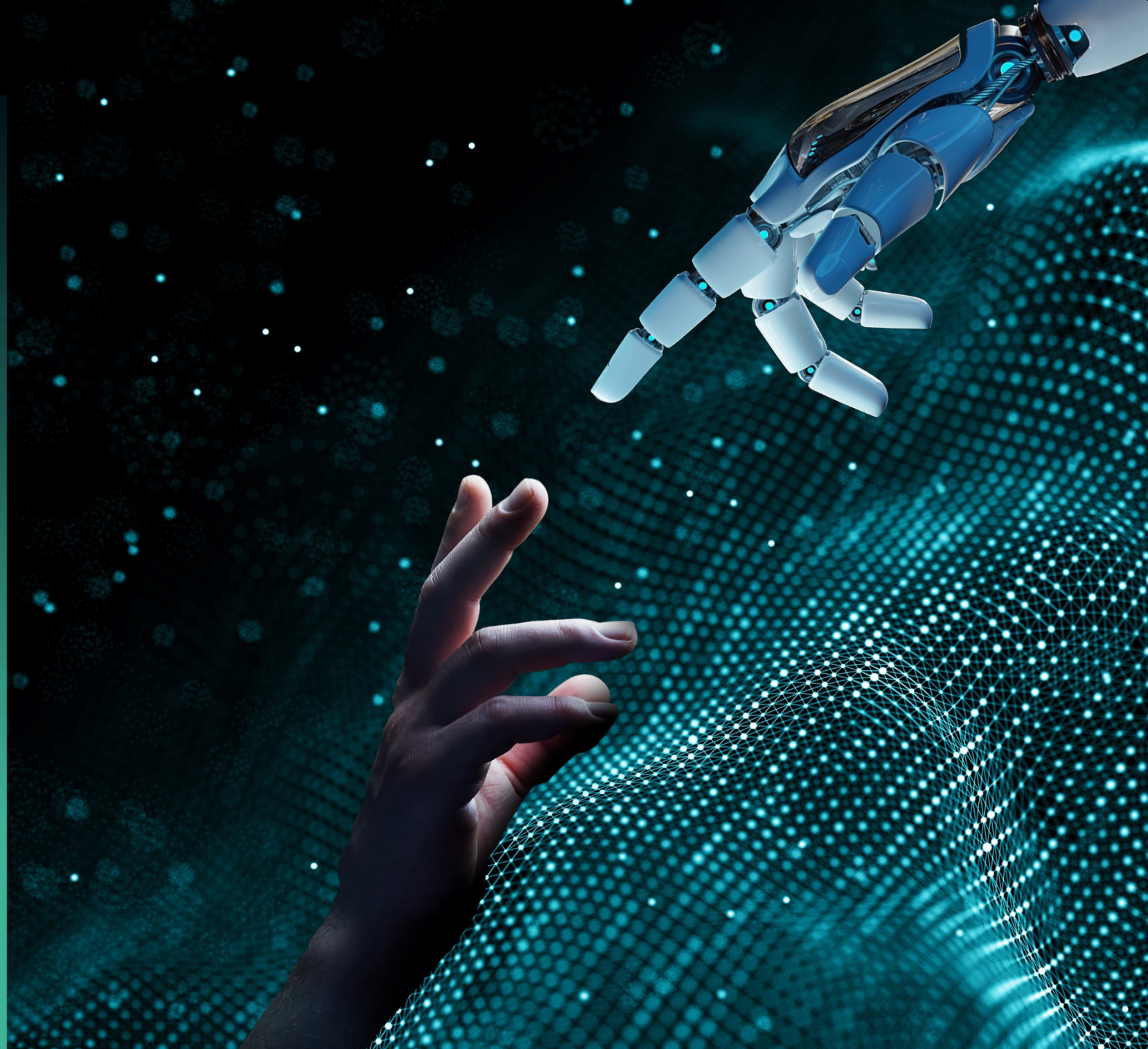


Explore the Kontron Group

We are a fast-moving
multinational
technology leader.

IR Presentation

February 2023



Leader of Smart Industrial IoT Solutions



**Member
of SDAX®**

Listed in GER
HQ in AT

~1.2bn

Expected Revenue
(EUR)

4,300

Employees

>10%

Organic
Growth p.a.

>60m

Expected Net
Result (EUR)

Focused on the large, diverse and growing Industrial IoT market (IIoT)

Fully integrated technology platform addressing high-growth end markets

Integrated (SW+HW) solutions for smart factories, transportation, data connectivity, medical and smart energy

Custom-built solutions for high-growth Industrial IoT end markets

Industrial, Communications, Medical, Smart Energy and Transportation

Driven by customers success, leading disruptive technologies, blue-chip customers

Leading provider of disruptive IoT connectivity technology

Real time 5G/6G connectivity, susietec® Toolset, over 3200 SW/HW engineers

Transformation update – 2022 summary

Highlights

- › Divestment of IT Services **completed**
- › **EUR 350M+** of net cash expected from transaction
- › Big leap in **IoT focus and clean up of legal structure**
- › Strong customer momentum - backlog of **EUR 1.6bn** and book-to-bill ratio of 1.3x for 6 quarters








Lowlights

- › **Chip shortage:** EUR 124M of delayed but not lost orders
- › **EUR 120M** Cash drain until Q3 – due to disruptive supply chains
- › Russian war: **>50% of business in region stopped**

The New Kontron – Before and after IT divestment



	S&T AG 2021	New Kontron 2023	Comment
Company name	S&T AG	Kontron AG	Changed at AGM May 2022 – S&T related to IT biz; Kontron to IoT products
Divestment		25% of Revenue (22) 28% of EBITDA (22)	392M divestment price equal 38% of current market cap (1040M)
Entities (as of operative)	88 (78)	42 (32)	Much less complex structure with no relevant minorities
Exposure CIS region	7% CIS	3%	Not material anymore, East European activities within EU drastically reduced
Peer group	 	  	

Our targets

01 REFOCUS

Disruptive IoT Technologies
5G – smart factory – AI

02 REBRAND



03 IMPROVE NET PROFITS

Increase Net profit margins by 60%
2021 (3.6%) – 2023 (5%) – 2025 (7%)

The New Kontron – Before and after IT divestment (cont'd)

	s&t	kontron*	Comment
	S&T AG 2021	New Kontron 2023	
Revenues (EUR M)	1,342	~ 1,200	Reflects divestment of EUR 392M in IT service and EUR 40M in Russia
Order backlog	1,334 (Dec-21)	1,395 (Sep-22)	IT divestment already replaced by new IoT orders
Design win pipeline	3,367 (Dec-21)	3,318 (Sep-22)	Strong IoT design win pipeline
Gross margin (%)	36%	> 40%	Change in product mix, will further increase margin after 2023
Net profit (EUR M)	48.3 (3.6%)	> 60 (5%)	Will increase in 2023 despite divested IT services
Employees (#)	6,206	4,343	Decline driven by project “Focus” and departure from Russia
Revenue / FTE (EUR K)	216	276	
Equity ratio	32%	> 45%	
Cash & cash equivalents (EUR M)	296	600	Increased cash and less total assets, includes holdback

The IoT Market

Key Metrics

29 billion

CONNECTED DEVICES BY 2022

with 64 billion IoT devices worldwide by 2025

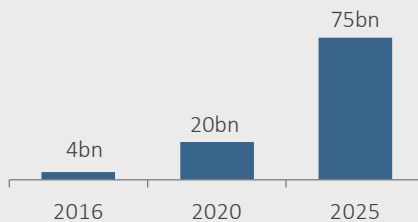
\$ 148.6 billion

INDUSTRIAL IOT REVENUE

with a 11.4% CAGR from 2022

31% growth

MACHINES CONNECTED to the Internet by 2025



21% adoption

OF 5G ACROSS MOBILE INTERNET CONNECTIONS by 2025



Focus industries



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

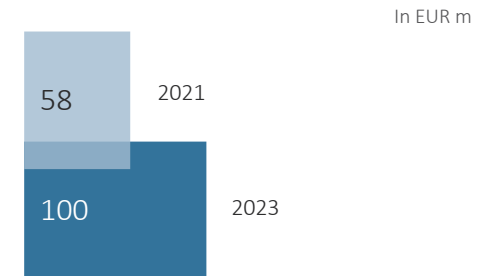
Technology: We own disruptive technologies



Real-time IoT Software enabling Edge AI

susietec® IoT software framework:

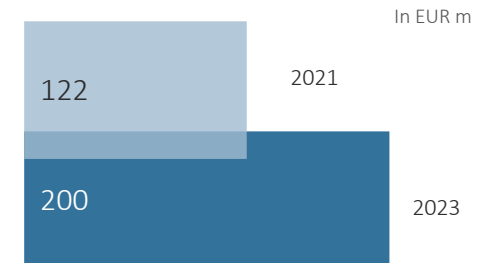
- › Improve software product portfolio: Embedded SW, Soft PLC, TSN (real-time networks)
- › EUR 100M software revenues planned by 2023, triggering add of 250M IoT products



5G IoT WAN Networks

5G enables WAN networks for machines at high data bandwidth

- › Iskratel is specialist for 5G, many synergies with susietec®
- › Build up networks with IoT SW and our edge devices



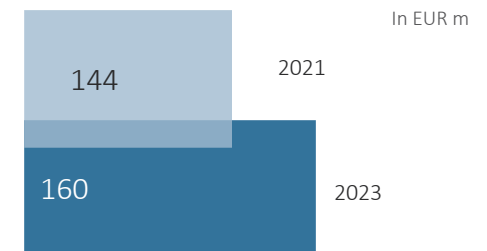
Train Control Systems

Mission critical control systems for highspeed trains

- › New standard FRMCS will accelerate migrations and require 4G/5G
- › Partnership with Siemens Mobility to deploy a 2,000km high-speed rail network in Egypt

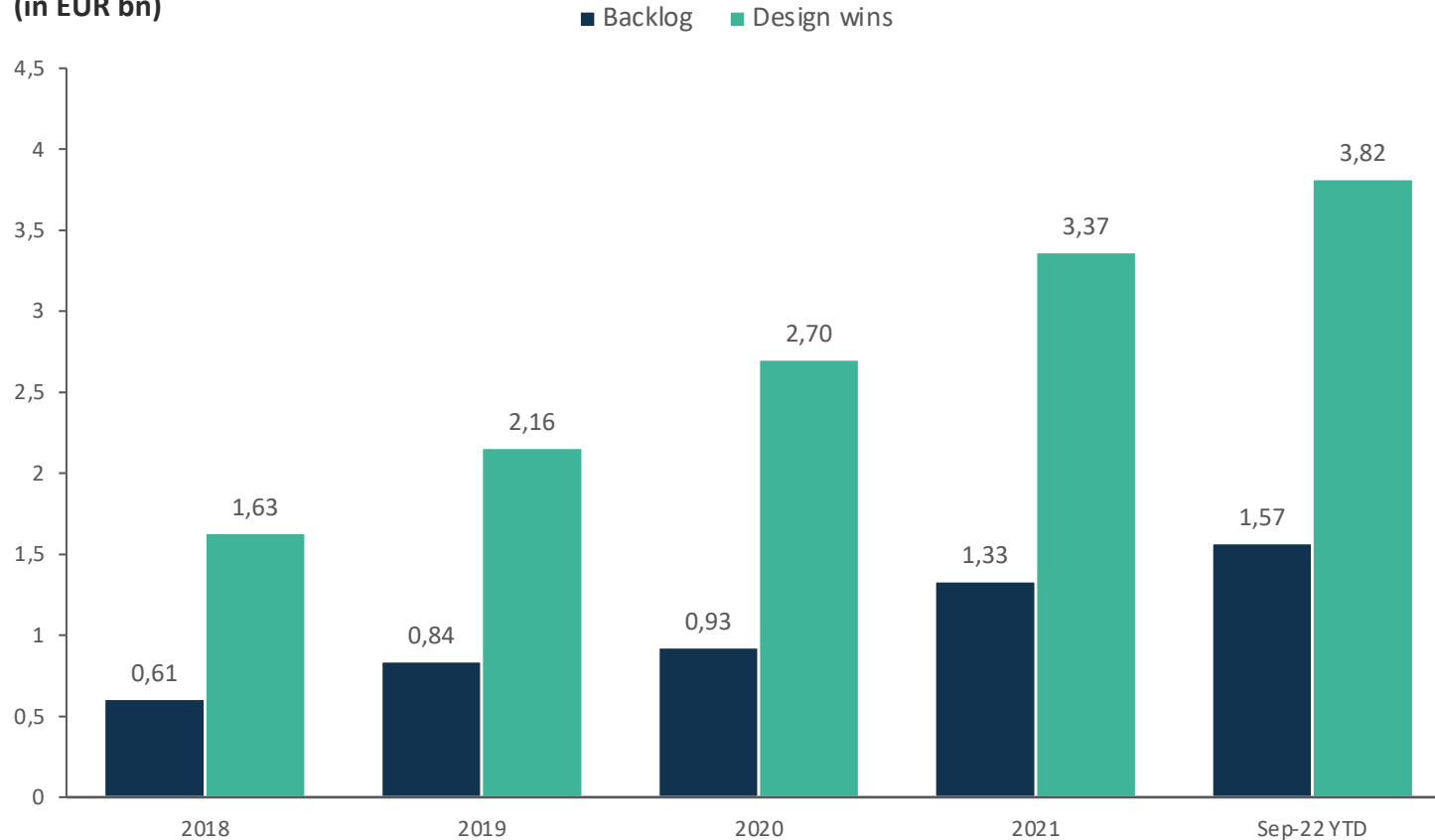


SIEMENS



Backlog and design wins excl. project “Focus”

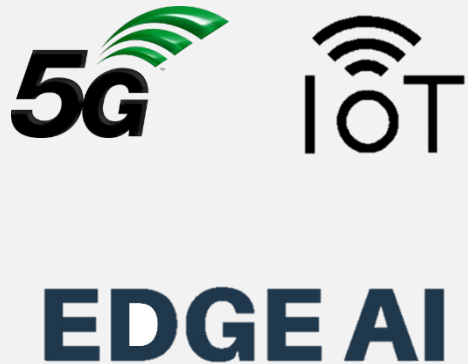
(in EUR bn)



- › **Accelerated growth in Software & Solutions division**
 - › Design wins increase: 2 to 21% 2018 - 2022
 - › Backlog increase: 4 to 20% 2018 - 2022
- › **Diversified customer base**
 - › Largest customer accounts for less than 3% of revenues
- › **Focus industries are growing rapidly**
 - › Largest customers are smart factories, rail & avionics, healthcare, smart energy

Drivers to our growth strategy

Market structure and growth



Software & Solutions division



Proven M&A track record



Kapsch CarrierCom AG

kapsch >>>



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 to achieve >10% EBITDA within 2 years

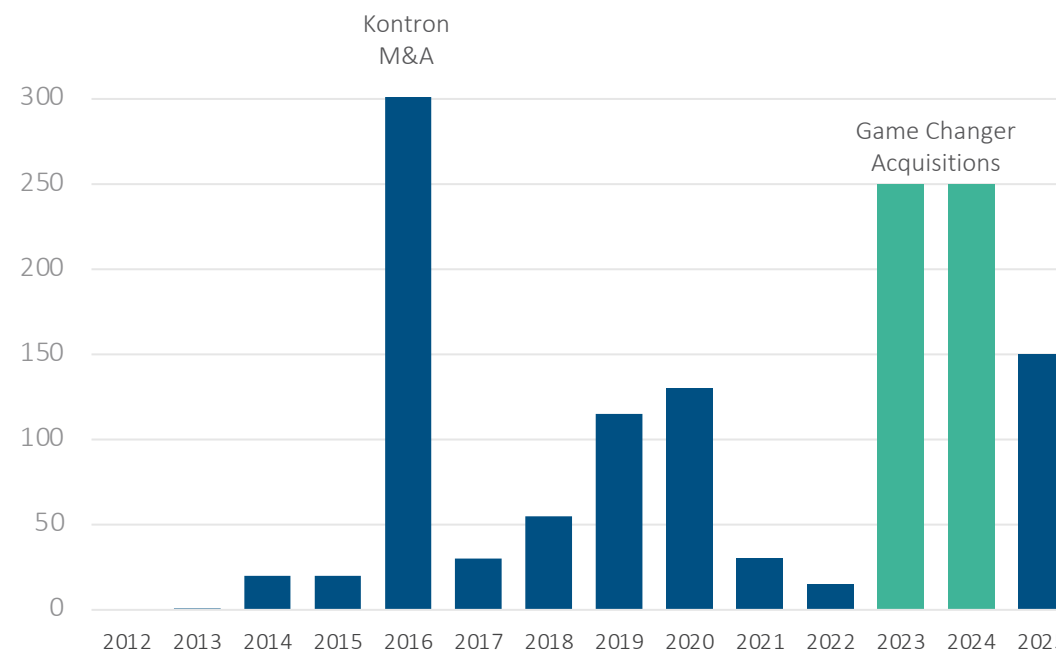
Kontron M&A pipeline

- › Based on ~EUR 400M Focus proceeds game changer acquisitions
- › Pipeline of 4 companies > EUR 1,000M revenues
- › First transaction in H1/2023 likely
- › Regional focus: Go global (North America, China) and Europe

Divestments 2022

- › Russia, Belarus, Focus

M&A Volume (in EUR m)



› **First transaction H1/2023, Kontron intends to acquire min. EUR 250M in 2023 and 500M in 2023/2024**

Guidance and Outlook

Guidance 2022	Operating continued	Operating discontinued	Focus sale and strategic realignment
Revenue	EUR 1,100M	EUR 390M	
EBITDA	EUR 110M	EUR 39M	
Net Profit	EUR 56M*	EUR 12M	Min EUR 160M

* 2022 net result includes discontinued operations, Revenues and EBITDA not

Vision 2030

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

Guidance 2023 / Outlook Agenda 2025

	2023E	2025E
Revenue	EUR 1,200M	EUR 2,000M
EBITDA	11%	13%
Net Profit	>60M	140M

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