

kontron

Explore the Kontron Group

We are a fast-moving multinational technology leader.



Q3 2023

November 3rd, 2023



Kontron: Q3 Results & Company Highlights



Results Highlights

- › **Strong improvement in profitability**
Q3/23 vs Q3/22
EBITDA +74%; net income* +250%
- › **Solid revenue growth of 14.4%**
- › **Strong order intake in Q3**
Stable book-to-bill ratio of 1.19
Backlog of EUR 1.7bn
- › **EUR 292m of liquidity**
+EUR 59m payable by Vinci



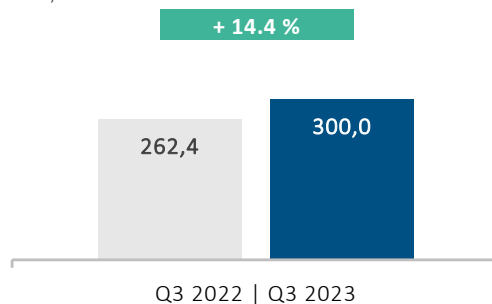
Company Highlights

- › **Net income guidance raised**
to EUR >72m (before: EUR >66m)
- › **3 M&A transactions in progress**
Hartmann + Altimate + Bsquare to strengthen “Software + Solutions” segment
- › **“Share Buyback Programm II 2023”**
Up to 4 million shares (6.26% of current share capital) with a maximum amount of EUR 70m

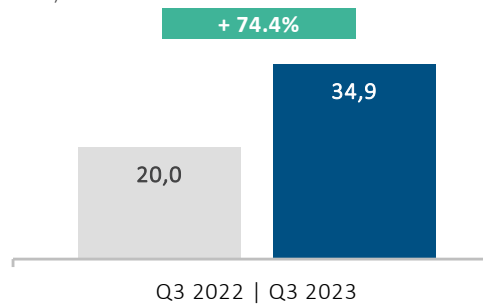
KPIs Q3 2023



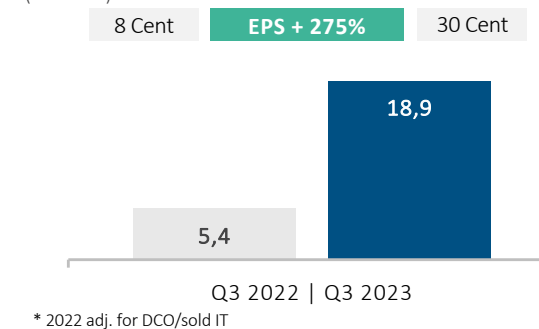
Revenue (in EUR m)



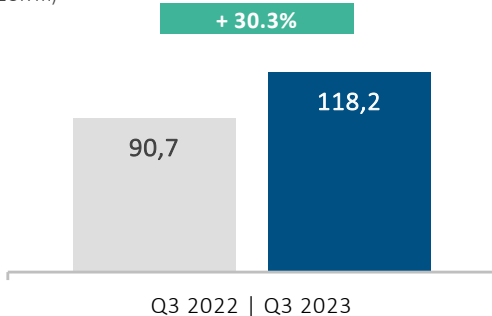
EBITDA (in EUR m)



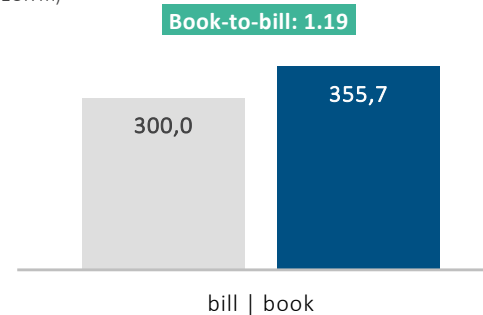
Operating Net Income after NCI* (in EUR m)



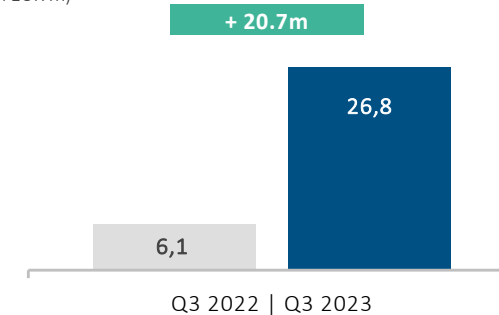
Gross Margin (in EUR m)



Order Entry vs. Revenues (in EUR m)



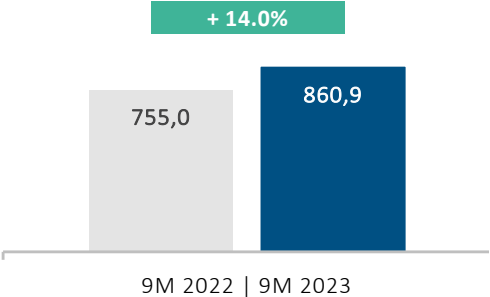
Operating Cash Flow (in EUR m)



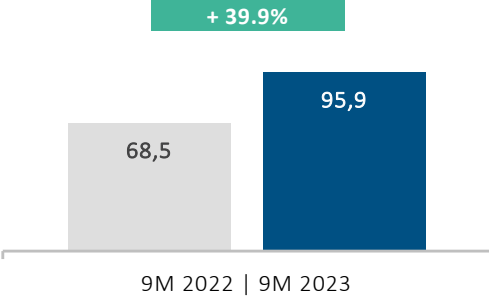
KPIs 1-9M 2023



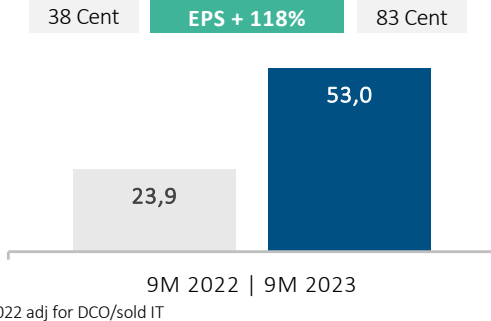
Revenue (in EUR m)



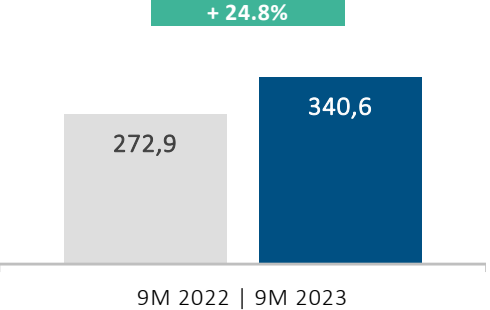
EBITDA (in EUR m)



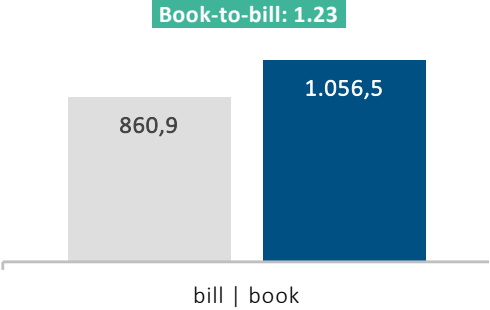
Operating Net Income after NCI* (in EUR m)



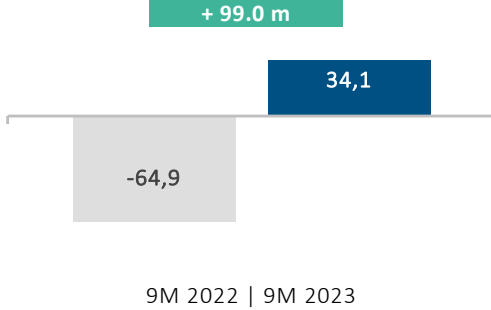
Gross Margin (in EUR m)



Order Entry vs. Revenues (in EUR m)



Operating Cash Flow (in EUR m)



Kontron Group Balance Sheet


Equity and liquidity very strong



in m EUR	30.09.2023	31.12.2022
NON-CURRENT ASSETS	447,5	412,1
Fixed Assets	415,9	379,0
as of Property, Plant and Equipment	104,0	95,5
as of Goodwill	199,8	189,4
Other Assets	31,5	33,1
CURRENT ASSETS	889,2	1.028,8
Inventories	250,0	192,6
Trade Receivables	167,3	148,1
Contract Assets from Customers	57,7	54,2
Cash and Cash Equivalents	292,3	437,8
Other Receivables and Prepayments	121,7	189,7
Assets Classified as Held for Sale	0,0	6,3
Total Assets	1.336,6	1.440,9

in m EUR	30.09.2023	31.12.2022
EQUITY	617,6	635,7
Accumulated Results	439,7	449,6
as of Treasury Shares	-9,6	0,0
NON-CURRENT LIABILITIES	138,6	252,6
Long-Term Loans and Borrowings	64,1	193,8
Other Non-Current Liabilities	74,5	58,9
CURRENT LIABILITIES	580,4	552,6
Trade Payables	228,2	226,3
Contract Liabilities from Customers	73,9	78,5
Short-Term Loans and Borrowings	155,6	125,7
Other Current Liabilities	122,7	117,3
Liabilities Classified as Held for Sale	0,0	4,8
Total Liabilities & Equity	1.336,6	1.440,9

Equity Ratio	46,2%	44,1%
Total Net Cash/(Net Debt)*	72,7	118,3
Working Capital excluding IFRS 15**	189,1	114,4
Working Capital excluding IFRS 15** (31.9.2022):	211,0	

 Strong cash position: EUR 292m cash + EUR 59m open payment from Vinci (despite EUR 73m dividend + SBB and EUR 108m debt paid)

* 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)

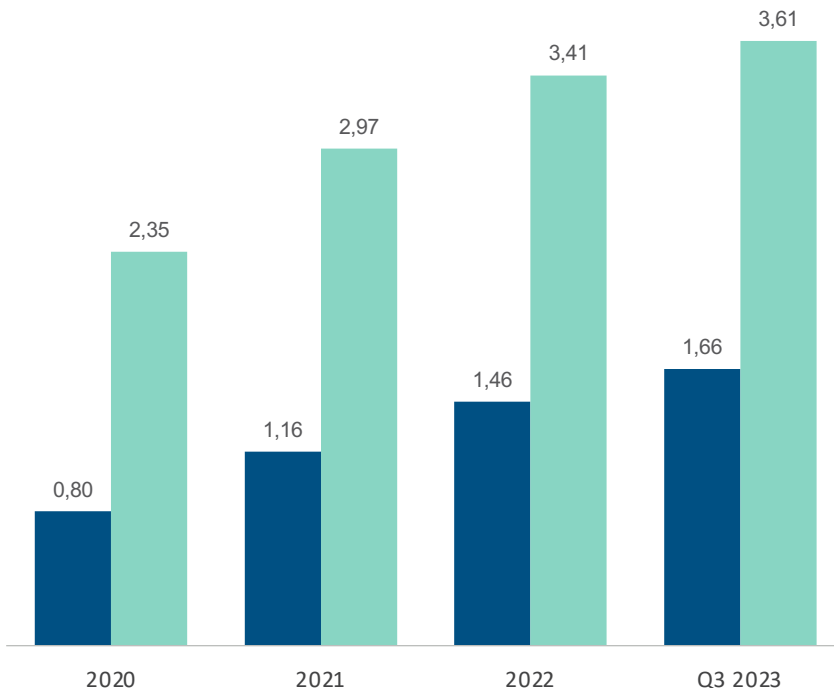
The New Kontron

Backlog and Design wins



(in EUR bn)

■ Backlog ■ Design wins



Top Design Wins in 9M 2023

	Country	Volume EUR
Railway	FR	150m
Avionics	US	90m
Medical	DE	60m
Railway/Security	FR	60m
Telecommunication	AT	50m
Medical	DE	50m
Defense	US	42m
Railway	SK	40m
Industrial	US	35m
Defense	US	34m

M&A strategy



Replace sold IT segment by strategic IoT acquisitions

M&A is a core competence of Kontron

- › Replace EUR 387m of sold IT business with IoT acquisitions
- › Target: High synergies with Kontron → 12% EBITDA within 2 years
- › Complementary IoT technologies to improve portfolio
- › Finance by existing cash and cash flow – not shares

5 IoT technology acquisitions signed in 2023

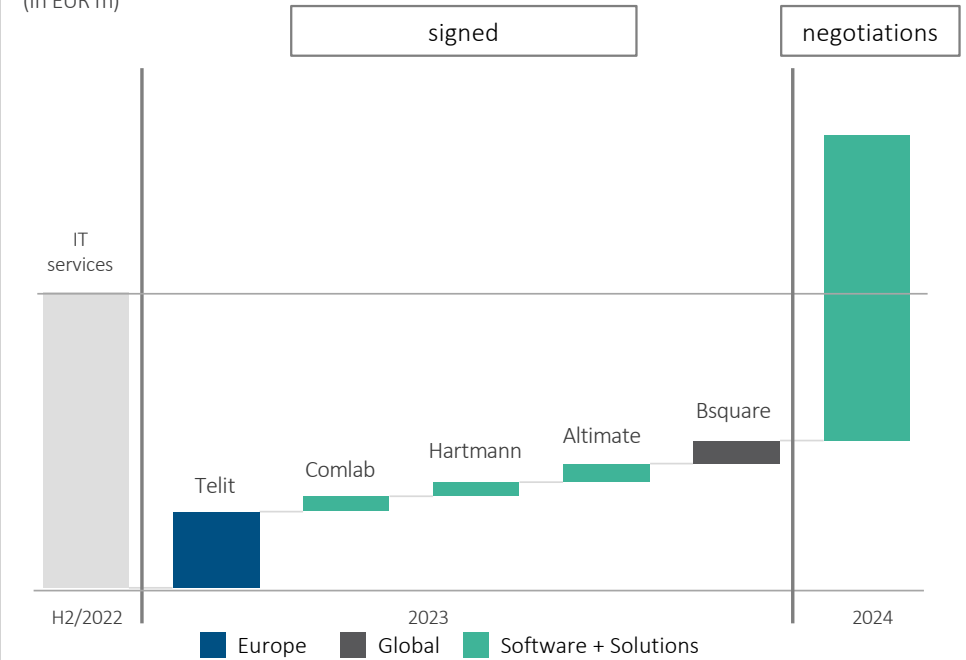
- › Carve out Telit (DE): 5G modules for data connection of IOT
- › Comlab (CH): Data repeaters and communication for trains
- › Hartmann (CH): VPX systems for the Defense market
- › Altimate (RO): Public transport solutions
- › Bsquare (USA): Software for IOT connections

Kontron M&A pipeline for 2024

- › Currently 3 acquisition projects

M&A activities

(in EUR m)

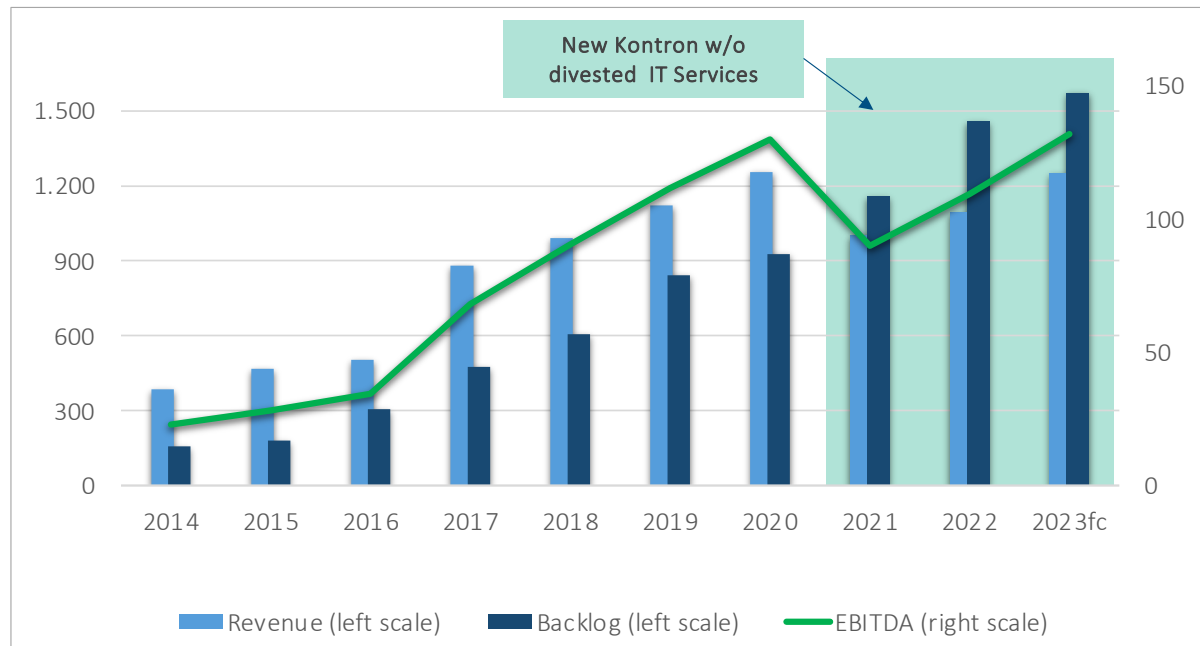


➤ We will replace our sold IT services by high growth IoT technology

The New Kontron



Net profit guidance increased to EUR >72m (before: EUR >66m)



New Guidance 2023 & Outlook 2025			
(in EUR million)	2023E old	2023E new	2025E*
Revenue	1,200m	1,200m	2,000m
EBITDA margin (in %)	11%	>11%	13%
Net Profit	>66m	>72m	140m

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

* Incl. M&A

Summary



Achievements Q3-23

- › Strong order intake of EUR 356m (book-bill 1.19x)
- › Significantly improved net income of EUR 18.9m Q3-23) vs. EUR 5.4m (Q3-22)
- › Three M&A transactions signed



Targets

- › FY2023 Guidance increased:
 - › Net income EUR >72m (before: EUR >66m)
 - › Revenue EUR 1,200m
- › EUR 2,000m at EUR 140m net income in 2025
- › Further M&A transactions planned in 2024



Risks

- › Economical climate
- › Political instability
- › External risks are greater than internal risks



Opportunities

- › Sufficient cash for acquisitions
- › One of only a few European technology players
- › 5G connectivity for machines
- › Artificial intelligence applications



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