

kontron

Explore the Kontron Group

We are a fast-moving multinational technology leader.



FY 2023 Results

March 28, 2024



FY2023 at a glance

Revenues

EUR 1,226m
+15%

EBITDA

EUR 126m
+15%

OpCF

EUR 117m
+163%

Net Income

EUR 75.3m
+36%

EPS

EUR 1.23

Backlog

EUR 1,686m
+16%

Regional distribution:
DE 17%, AT 11%, Europe
Rest 53%, NA 11%, Asia 9%

FY22 comparable figures had been impacted by extraordinary effects in connection with the sale of the IT service business. Adjustment of FY22 revenues due to changed assessment of principal/agent status: EUR 30m lower revenues, no effect on EBITDA, Net Income from Continuing Operations.

Successful Year 2023 – Above expectations

Strong Results, FY23 guidance beat

- › Net income higher than guidance (EUR >72m) and consensus (EUR 72.3m)
- › Strong book-to-bill ratio of 1.18 -> backlog of EUR 1,686 million
- › 30% net income growth expected in 2024 after 36% growth in 2023

We closed: EUR 700m revenues to expand IoT-Business

- › Major acquisition of Katek group (Q1 2024) & financing with subsidized OeKB loan
- › Hartmann + Comlab + Bsquare strengthen “Software + Solutions”, Telit for connectivity

Strategy

- › Leader in specialized IoT vertical markets (smart trains, aerospace, green energy)
- › Launch of KontronOS: Operating System with supreme security, K-grid: connectivity

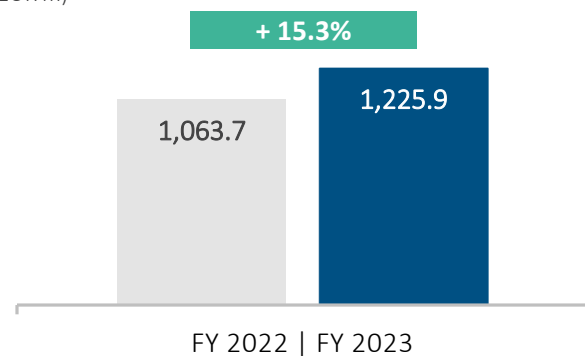
Capital Markets

- › Member of TecDax® and SDAX®
- › 8 analysts' share price targets at EUR 28.7 (average)

KPIs FY 2023

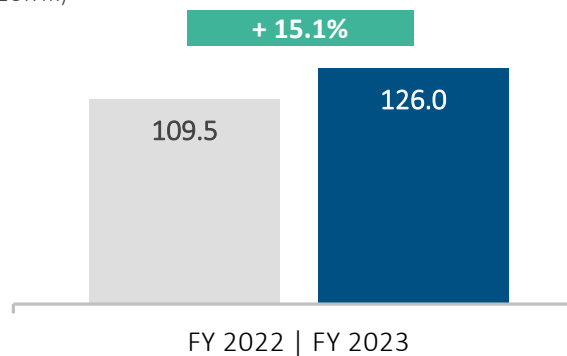
Revenue

(in EUR m)



EBITDA

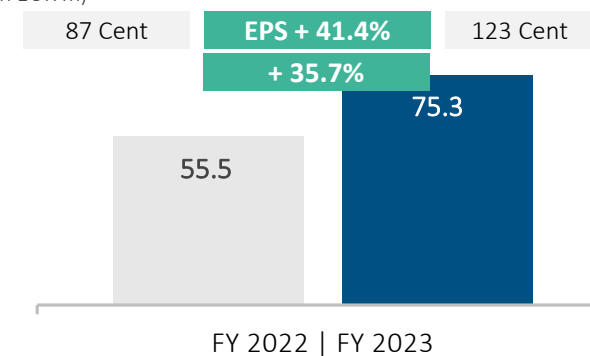
(in EUR m)



* 2022 adj for DCO/sold IT, reported EBITDA EUR 70.0 Mio.

Operating Net Income after NCI*

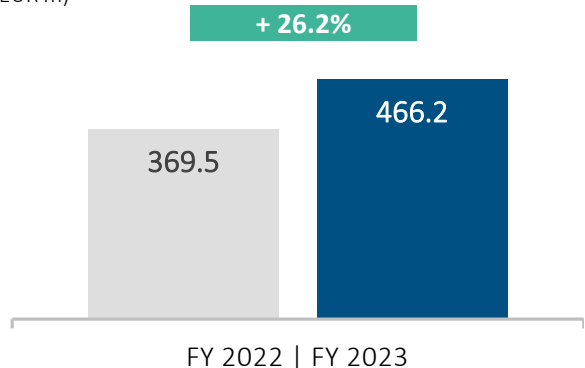
(in EUR m)



* 2022 adj for DCO/sold IT, reported Net Income EUR -12.3 Mio.

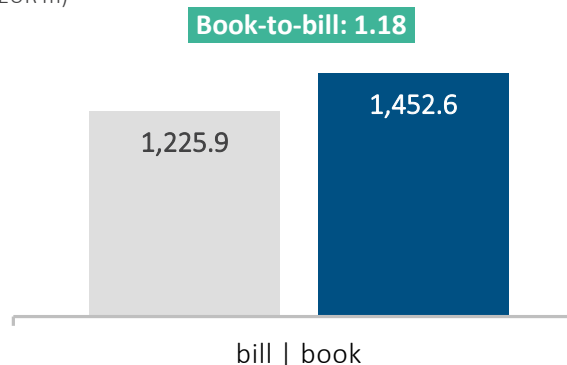
Gross Margin

(in EUR m)



Order Entry vs. Revenues

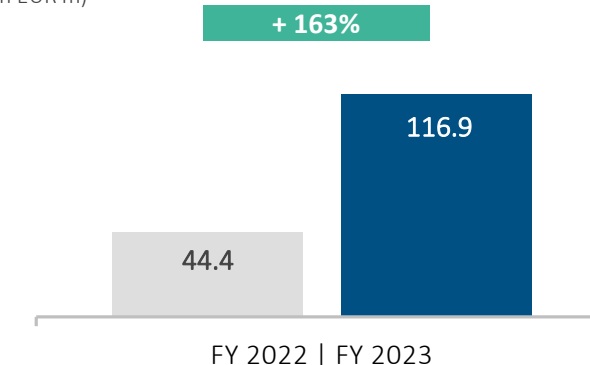
(in EUR m)



Book-to-bill: 1.18

Operating Cash Flow

(in EUR m)




Kontron Group Balance Sheet

Equity and liquidity very strong

in m EUR	12/31/2023	12/31/2022
NON-CURRENT ASSETS	492.5	412.1
Fixed Assets	449.4	379.0
as of Property, plant and equipment	110.4	95.5
as of Goodwill	216.6	189.4
Other Assets	43.1	33.1
CURRENT ASSETS	878.2	1,028.8
Inventories	229.1	192.6
Trade receivables	213.6	148.1
Contract Assets from Customers	38.1	54.2
Cash and cash equivalents	332.2	437.8
Other receivables and prepayments	65.2	189.7
assets classified as held for sales	0.0	6.3
Total Assets	1,370.7	1,440.9

in m EUR	12/31/2023	12/31/2022
EQUITY	604.0	635.7
accumulated results	462.8	449.6
as of Treasury shares	-43.0	0.0
NON-CURRENT LIABILITIES	136.1	252.6
Long-term loans and borrowings	60.1	193.8
Other Non-Current Liabilities	76.0	58.9
CURRENT LIABILITIES	630.6	552.6
Trade payables	273.1	226.3
Contract Liabilities from Customers	69.6	78.5
Short-term loans and borrowings	150.9	125.7
Other Current Liabilities	137.0	117.3
liabilities classified as held for sale	0.0	4.8
Total Liabilities & Equity	1,370.7	1,440.9

Equity Ratio	44.1%	44.1%
Total Net Cash/(Net Debt)*	121.2	118.3
Working Capital excluding IFRS 15**	169.6	114.4

 In 2023: EUR 118m of debt repaid, EUR 109m of SBB and dividend 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)

Strong cash generation

Delinquent backlog normalized in 2023

Status liquidity

- › EUR 332m cash on hand
- › EUR 19m ST receivables from Vinci (in Q2)
- › EUR 130m available lines
- › EUR 90m additional lines amidst Katek integration

➤ Liquidity amounts to EUR 600m after Katek acquisition but used only cautiously in strengthening of business

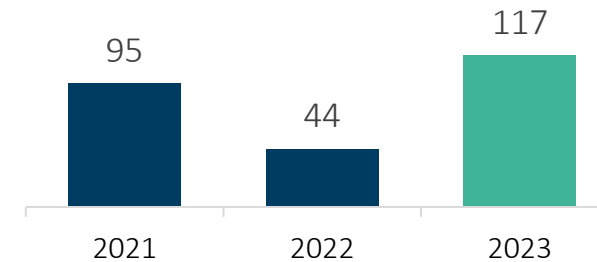
Shareholder participation

- › 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

Cash generation (op CF)

(In EUR m)



We will maintain cash conversion target of 75% in 2024

Kontron: Major KPIs

Strong operational development

in EUR m	2023	2022	Comment
Revenues	1,225.9	1,063.7	+15% growth driven by strong demand, organic growth: +9.8%
Gross Margin (in %)	38.0%	34.7%	Target 2024: 40%
EBITDA	126.0	109.5*	One-time restructuring cost of IT service business; 2025 even higher margin expected
Net profit CO	75.3	55.5*	Higher than expected net profit, 36% vs. 2022 (adjusted)
Equity ratio	44%	44%	Stable equity ratio, will go down in 2024 due to Katek acquisition, back to 40% in 2025
Working Capital	169.6	114.4	Still high based on supply chain crisis, shrinking since 3 months
Operating CF	116.9	44.4	Very strong cashflow generation; cash conversion rate of 93% exceeding target of 75%
FTE / engineers	4,838	4,475	As of 2/3 engineers
Net cash	121.2	118.3	2024e: Net debt of EUR 95m after Katek, target net cash back to net cash in 2025

Adjustment of FY22 revenues due to changed assessment of principal/agent status: EUR 30m lower revenues, no effect on EBITDA

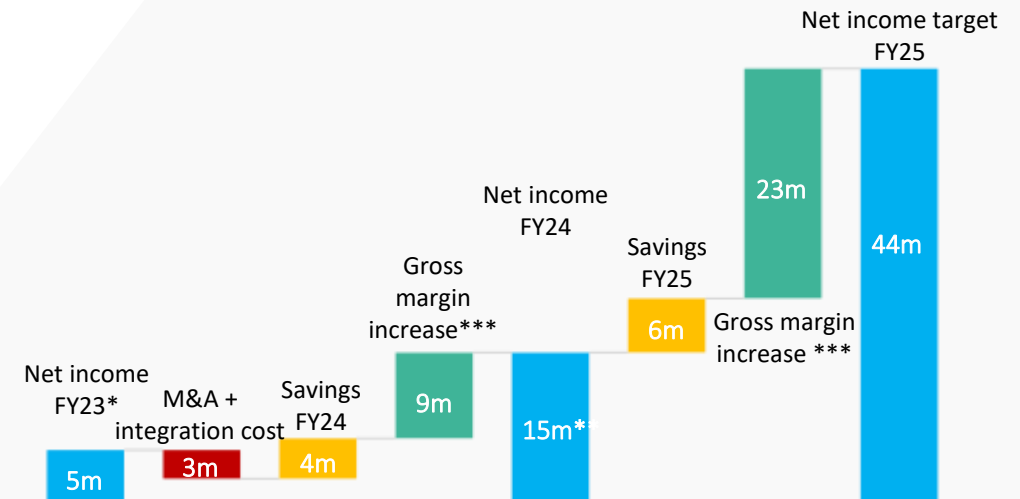
*FY22 adjusted for effects from sale of IT service business

Katek integration

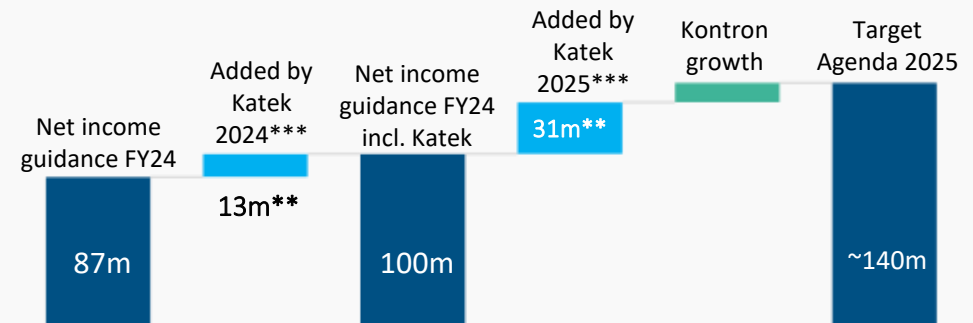
Jan 18	Signing: 60% in Katek for EUR 129m	✓
March	Closing & consolidation	✓
March	EUR 125m acquisition loan	✓
Mid April	EUR 15/share tender offer launched	
May	Tender offer completed & delisting	
Q2 2024	Integration completed	
Q4 2024	New product line incl. software	
2025	Group Gross Margin of 40%	
2025/26	Potentially Squeeze out	

→ Katek is a game changer for increasing profit and revenues by 40% until 2025

Road to Net Income improvement Katek



Road to Net income improvement Kontron



* Katek consensus ** Minorities remaining *** Based on Kontron technology

Kontron 2024 structure

10 new divisions in 3 segments

Europe

Global

Software + Solutions

update

Industrial
670m

Telecom
190m

update

North America
230m

Software
80m

Transport
200m

Services
210m

new

ODM
280m

Asia
90m

update

Aerospace
140m

new

GreenTec
330m

Rev FC 24*
€ 1,350m

EBITDA**	10%
GM	35%

Rev FC24*
€ 320m

EBITDA**	8%
GM	30%

Rev FC24*
€ 750m

EBITDA**	15%
GM	50%

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

** Margin on external revenues

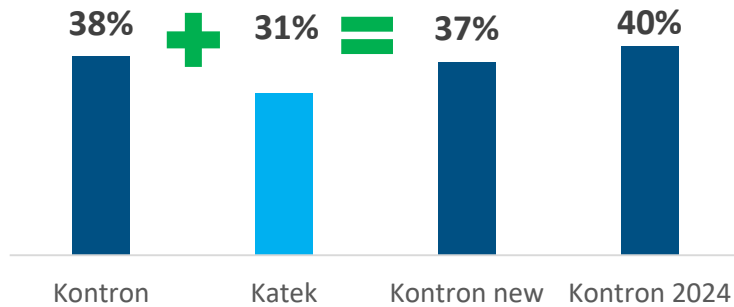
before HQ fee in % of external revenue

Investment Rationale: Complementary solutions

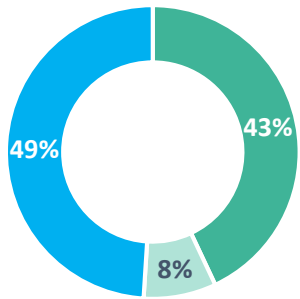
Transforming Green Technologies with IoT software



Product Synergies (Gross Margin)

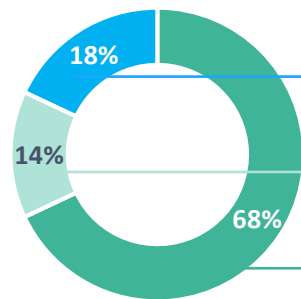


Katek: Revenue share



GreenTec Aerospace Manufacturing services

EBITDA share



EBITDA margin

2.1%
10.2%
9.1%

Major product synergies (EUR 32m)

- › Add Kontron IoT Software = security, grid control, remote maintenance
- › Katek solar inverters + Kontron SW = smart IoT solar inverter
- › Katek EV chargers + Kontron SW = smart IoT EV charger

➔ Increase gross margin by 5% (EUR 32m)

Limited Cost synergies (EUR 10m) – no major layoffs

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

➔ Katek generated 2023 82% of its EBITDA in solutions with EBITDA margin of approx. 10%

Strong brainpower for unique industry solutions



3,600 engineers (incl. Katek)

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



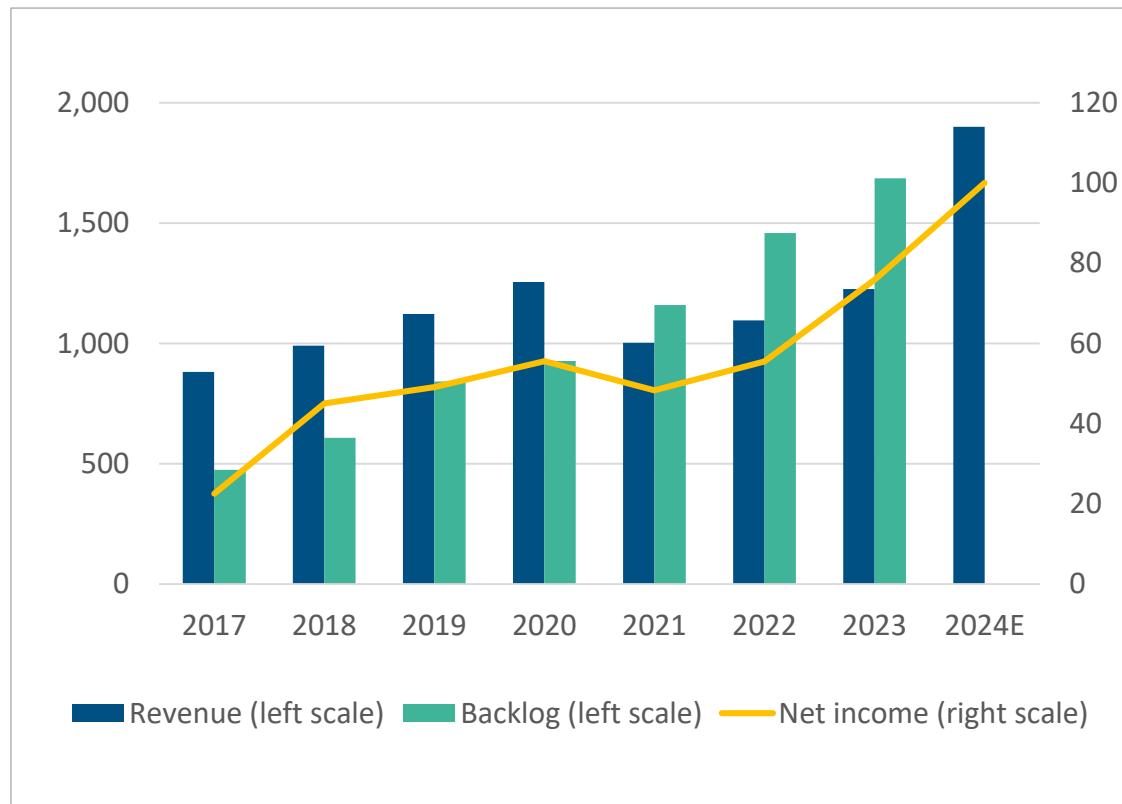
Aerospace and defense

- ✓ 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)	Results 2023	Guidance 2024
Revenue	1,226	1,900
Net Income	77.7	100



Agenda 2025: EUR 2bn revenues and EUR 140m net income

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Q&A

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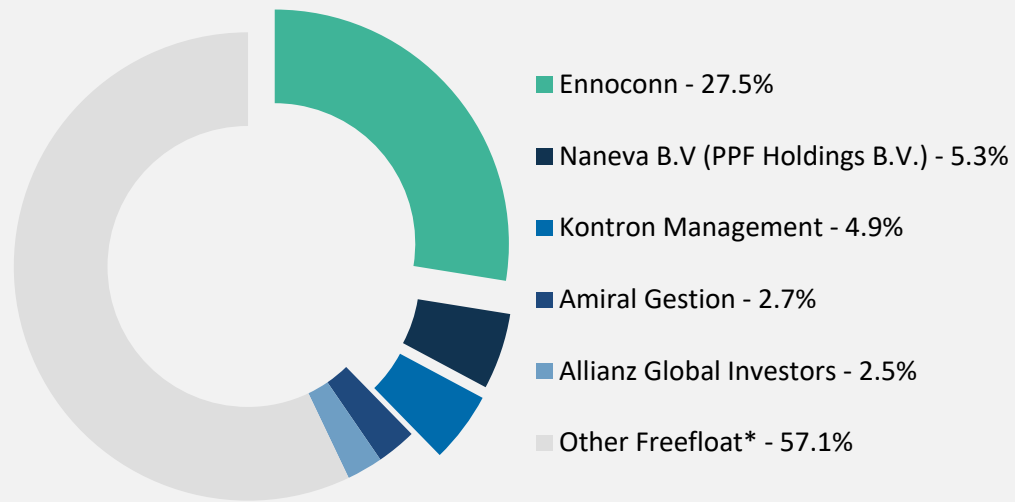
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APPENDIX

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

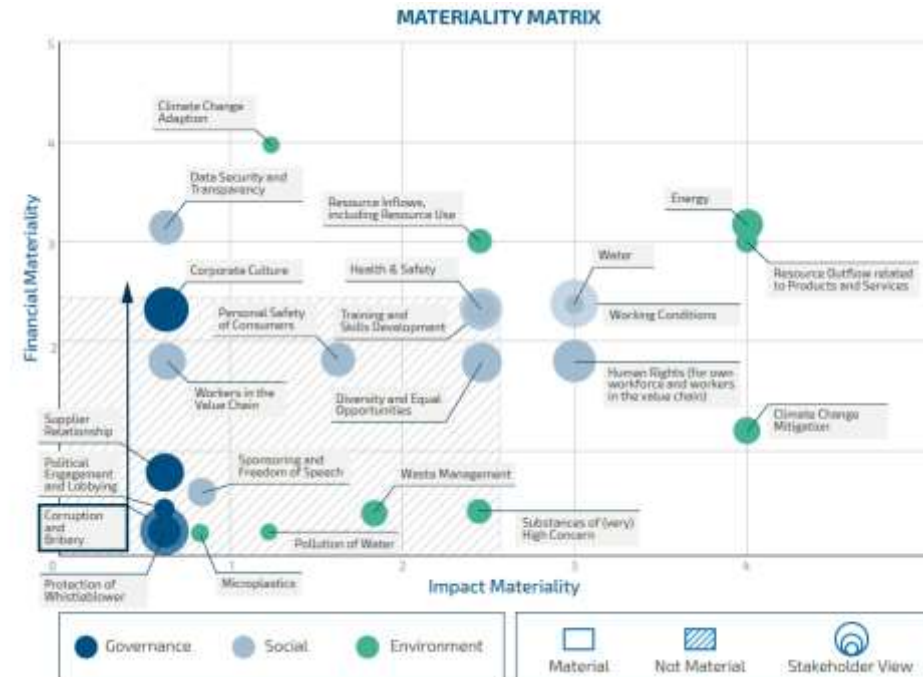
Average Target Share Price **EUR 28.70**

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

