

Schaltbau Holding AG
Group Interim Report
9 Months 2020

29 October 2020



SMART SOLUTIONS
FOR POWER AND MOBILITY

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General remark

Figures may not add up due to rounding.

All figures without exceptional items and like-for-like for prior year.

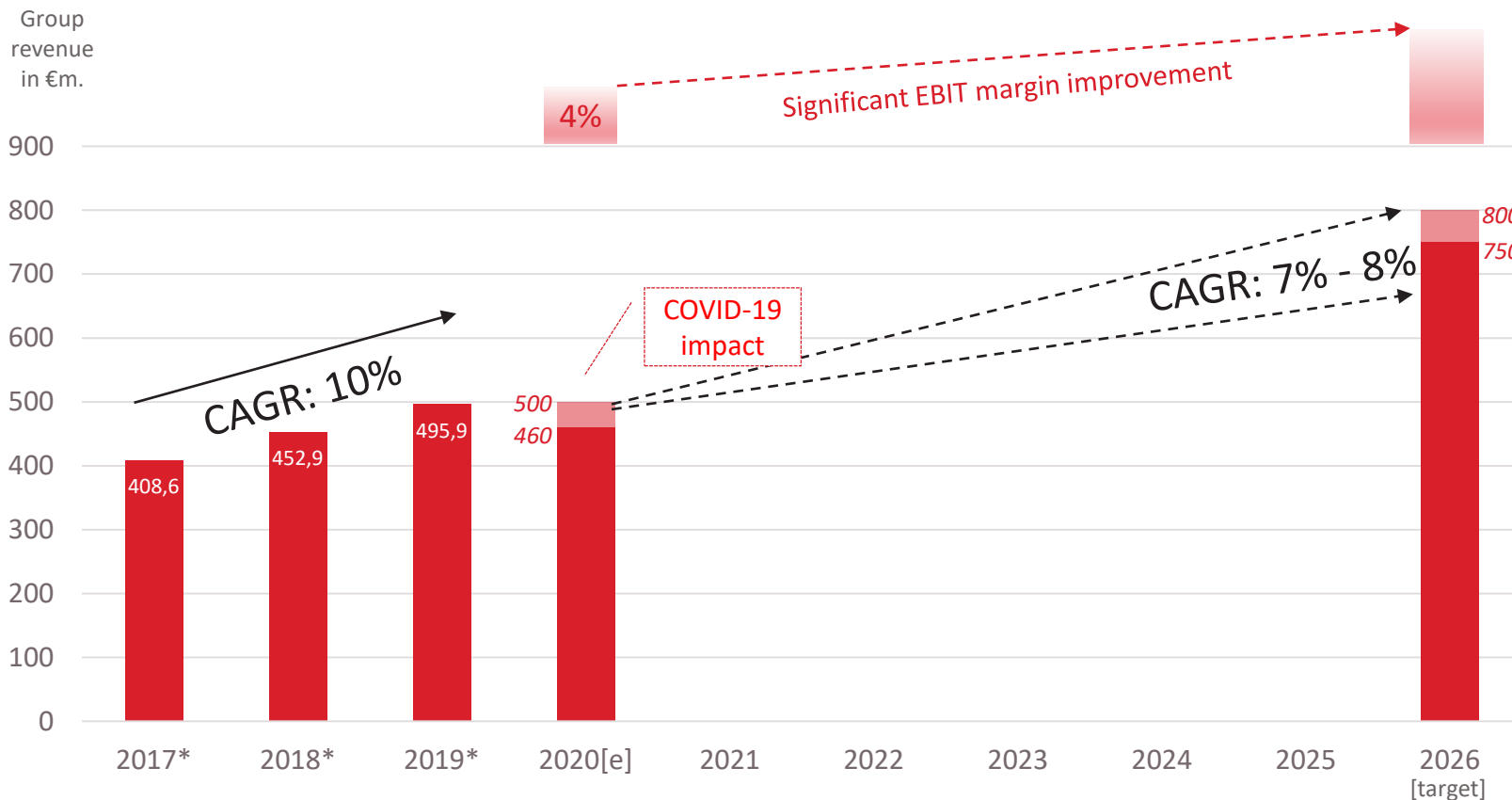
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SMART SOLUTIONS
FOR POWER AND MOBILITY



Exploiting mid-term revenue potential to outgrow markets



2026 targets

- **Moderate growth** of existing business
 - Rail & Bus
- **Strong growth** of new markets business
 - New Industry
 - New Energy
 - New Mobility





2026 targets

- Group revenue target: € 750 – 800m.
- Significant EBIT margin improvement



* Like-for-Like.

Profitable growth based on existing & new business

	Segment	FC 2020	Plan 2026
	Bode	ca. 83 %	↗
	Schaltbau		↗
	Pintsch		↗
	SBRS		↑
	Rail and Bus		↗
	Schaltbau	ca. 6 %	↑
	Bode		→
	SBRS		↑
	New Mobility / E-mobility		↑
	Market	ca. 3 %	↑
	Schaltbau		↑
	New Industry/New Energy		↑
	Market	ca. 8 %	↑
	Bode		↗
	Bus		↗



Main drivers for profitability:

Bode:

- Address product and process complexities
- Exploit productivity advantages throughout existing locations (best cost country approach)



Schaltbau:

- Significant throughput improvements in new plant
- Modular development approach for new applications



Pintsch:

- Develop digital solutions to be part of the concept of "Digitale Schiene Deutschland"



SBRS:

- Expand on leading position for high power charging market niches



Solid existing business as growth base for new markets



- **Solid basis for sustainable growth due to**
 - **leading international position as technology provider of components and systems for rolling stock, rail infrastructure, commercial road vehicles and other industrial applications**
 - **Excellent market positions in DC switching technology and in the field of entry systems for rolling stock**
 - **Excellent positioning to benefit from mega trends as a key technology provider for new applications:**

New Energy / New Industry

- Energy generation & storage systems
- Smart grids / smart network control
- DC Industry concepts



9 months 2020 in a nutshell

Key figures (in € million, unless stated otherwise).	9M 2020	9M 2019	Δ
Order intake like-for-like	399.1	413.4	-14.3
Order book like-for-like	509.9	508.0	+1.9
Sales like-for-like	370.8	354.6	+16.2
EBIT like-for-like	18.7	15.7	+3.0
EBIT margin (in %) like-for-like	5.0	4.4	+0.6
Group net profit	9.5	8.1	+1.4
Earnings per share (in €)	0.79	0.6	+0.19
Free cash flow**	-14.4	2.8	n.a.
	30/09/2020	31/12/2019	Δ
Net financial debt*	105.9	82.2	+23.7
Equity	96.4	97.4	-1.0
Employees at period-end (count)	2.943	2.863	+80

* Lease liabilities are included

** Adjustment of individual items in the presentation of the previous year's cash flow due to reclassification

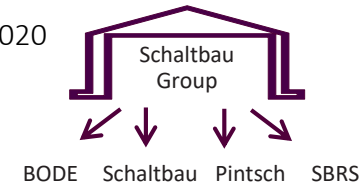
Recent material events and transactions

Schaltbau
9M 2020



Structural changes

- Change in segment reporting; strengthening of sub-brands
- Initial consolidation of Schaltbau India with effect from January 1, 2020
- Deconsolidation of Pintsch Brasil in June 2020



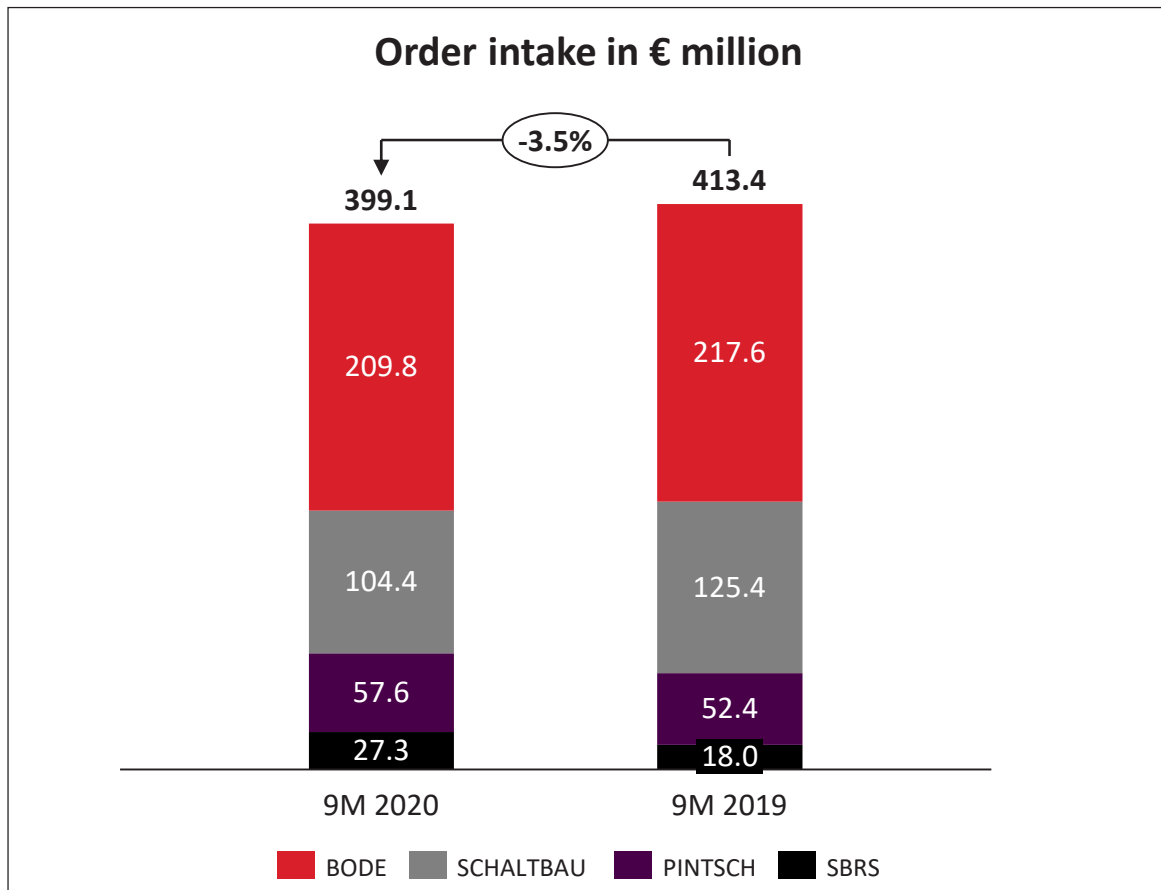
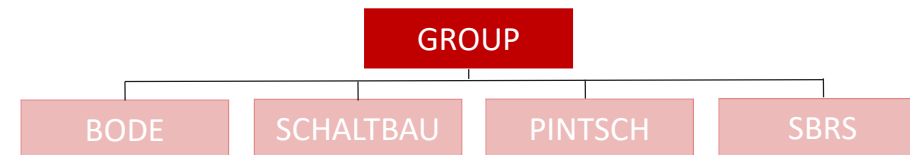
Financial performance

- 9M figures are significantly influenced by COVID-19 pandemic
- Order intake of € 399.1 million, down by € 14.3 or 3.5% vs. 9M 2019; Book-to-bill ratio at 1.1; order book end September 2020 at € 509.9 million vs. € 508.0 September 2019
- Sales volume at € 370.8 million, increased by € 16.2 million or 4.6% vs. 9M 2019
- EBIT at € 18.7 million vs. € 15.7 million 9M 2019
- Credit line of syndicated loan agreement increased by € 60 million to € 172 million

Governmental changes

- Dr. Jürgen Brandes was appointed to the Executive Board on March 4, 2020, effective April 1, 2020.
- Thomas Dippold (former Chief Financial Officer) resigned from the Executive Board on September 1, 2020.
- Prof. Dr. Thorsten Grenz, was appointed as new interim Chief Financial Officer of Schaltbau Holding AG on September 1, 2020. His Supervisory Board mandate will be suspended in the meantime.

Order intake still in line with expectations



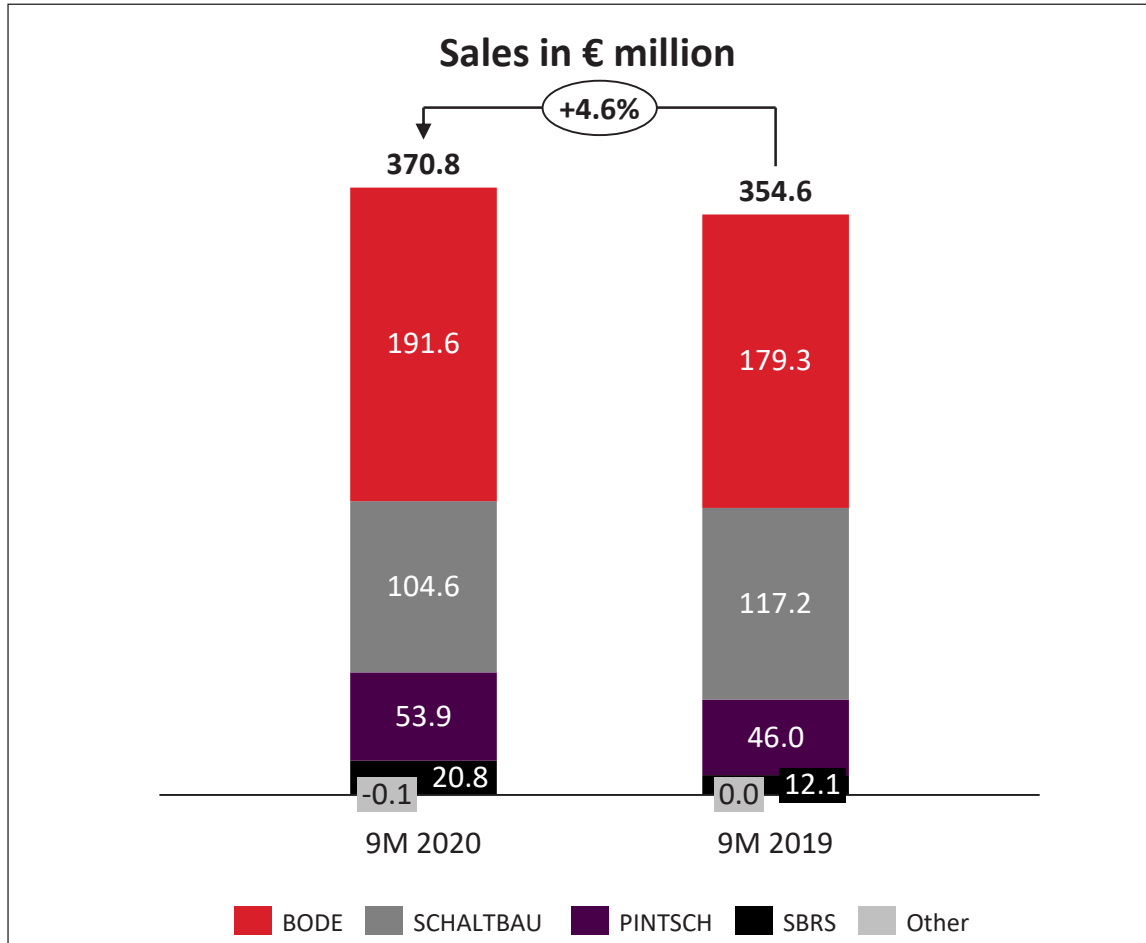
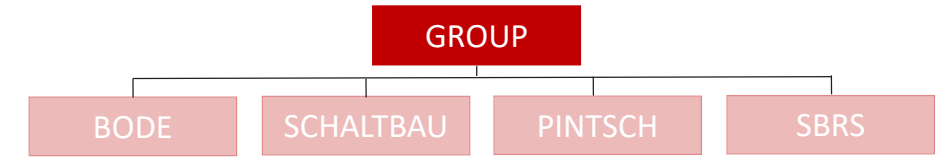
- Solid order intake of € 399.1 million in 9M 2020
 - Order intake at BODE down by -3.5% vs. prior year* because of COVID-19 but over expectations
 - SCHALTBAU down by -16.7% vs. prior year; overall downturn of industry because of COVID-19 pandemic
 - PINTSCH up by 9.9% vs. prior year; high demand for axle counting systems and shunting technology
 - SBRS up by 51.7% or € 9.3 million vs. prior year; increased order intake for E-Mobility and Rail refurbishment projects

- Order book end of September 2020 of € 509.9 million, up 1.9% vs. € 508.0 million 9M 2019

*Prior year order intake is decreased by € 6.5 million by additions in accruals

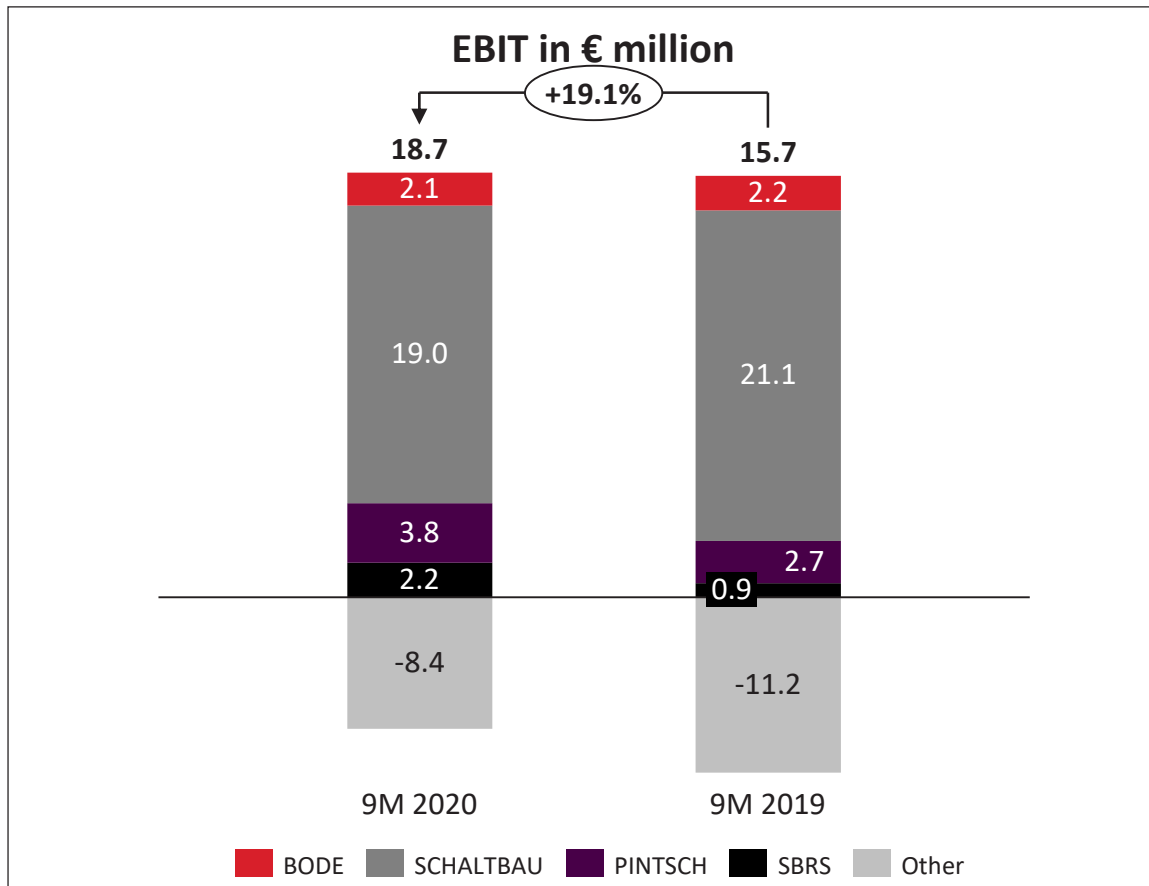
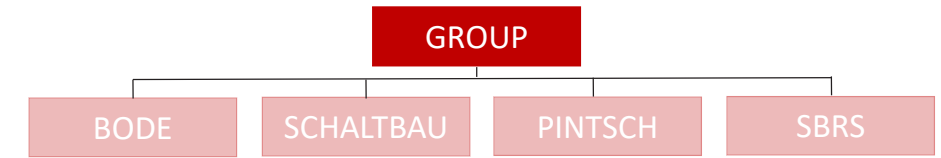
Increase in Sales despite COVID-19 pandemic

SCHALTBAU
GROUP



- Sales increased by 4.6% vs. 9M 2019, or € 16.2 million
 - Sales at BODE above prior year*
 - Volume decrease at SCHALTBAU mainly driven by Schaltbau Germany and XIAN due to COVID-19; partly compensated by higher sales at SPII
 - Sales at PINTSCH increased strongly vs. 9M 2019 mainly resulting from finalised projects and a high demand for axle counting systems
 - Sales increase at SBRS € 8.7 million vs. 9M 2019
- Sales split:
 - Germany 36.9%
 - Rest of Europe 46.4%
 - Rest of world 16.7%

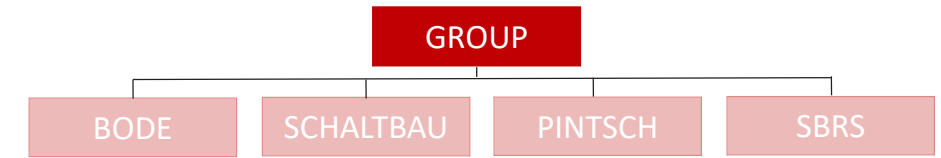
EBIT affected by COVID-19 pandemic



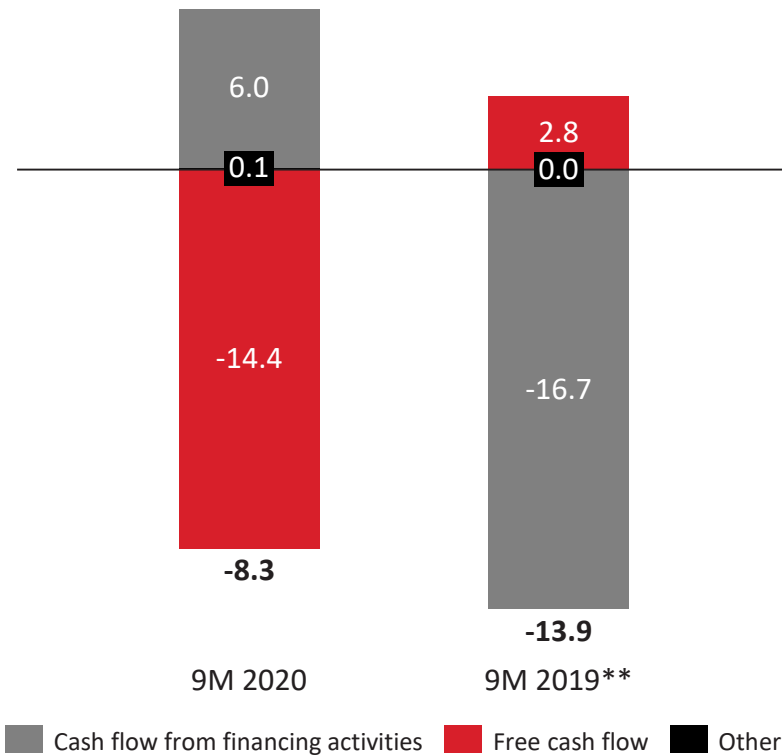
- EBIT increased by € 3.0 million vs. 9M 2019*.
- EBIT development mainly caused by
 - Stable EBIT margin at Schaltbau
 - Higher sales and better EBIT margin at Pintsch
 - Strong EBIT contribution from SBRS resulting from higher sales volume

*Prior year EBIT is decreased by € 6.5 million by additions in accruals

Negative free cash flow mainly influenced by increased working capital



In € million

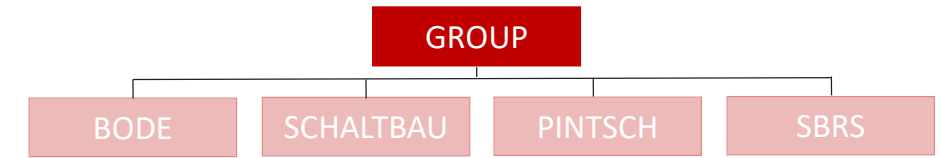


- Negative free cash flow in 9M 2020
 - Negative cash flow from operating activities of € -4.3 million mainly due to increased working capital.
 - Cash flow from investments at € -10.1 million
- Financing cash flow in 9M 2020 mainly reflects
 - Paid interest € 3.4 million
 - Paid dividends to minorities € 3.3 million
 - Loan repayment € 9.9 million
 - Outflows overcompensated by use of overdraft facility
 - Prior year was mainly influenced by positive changes of utilisation of syndicated credit line

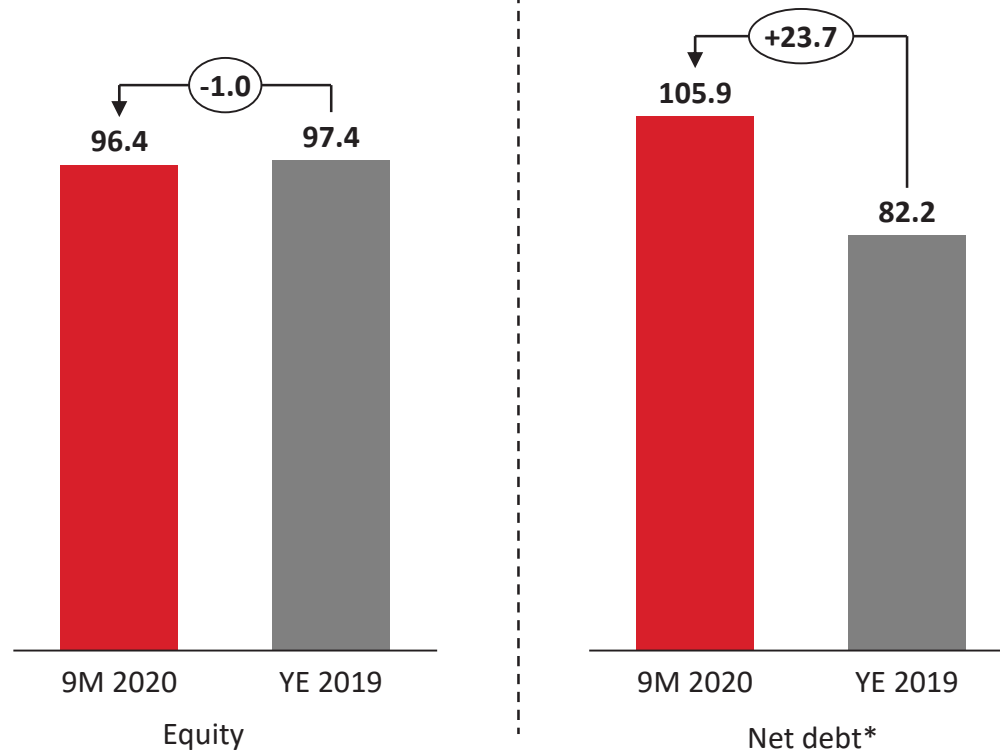
* Includes change in cash funds due to exchange rate fluctuations

** Prior year adjusted due to current cash-flow presentation

Equity lower, net debt increased



Equity and net debt in € million, period-end



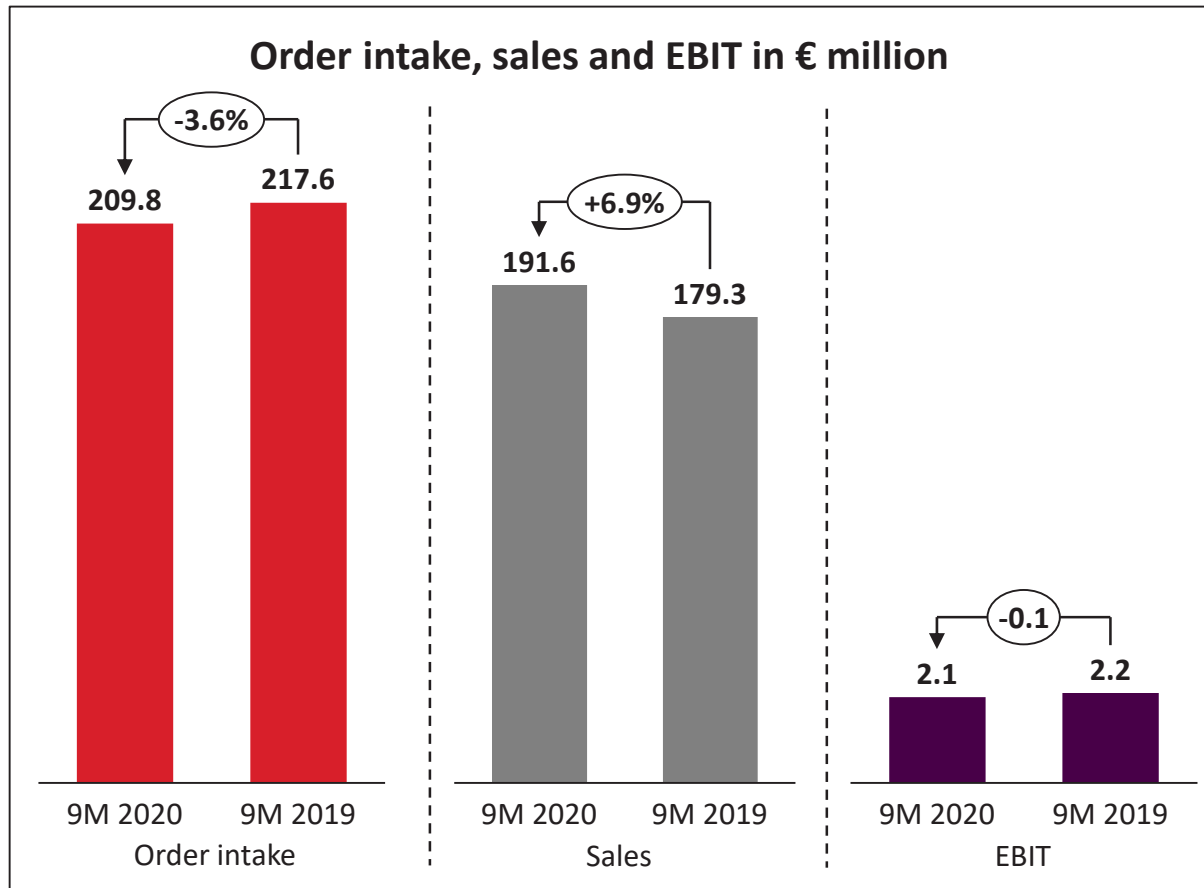
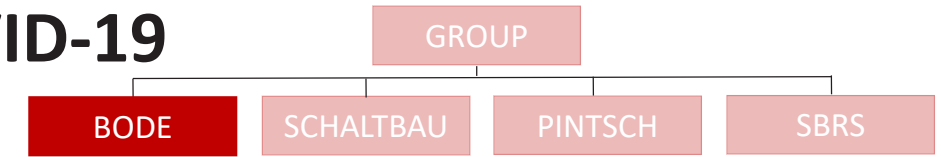
* Lease liabilities are included

- Equity decreased by € 1.0 million vs. year-end 2019
 - Increased retained earnings and Group net profit + € 6.1 million
 - Change in currency translation reserve - € 5.8 million
 - Change in equity of minorities - € 1.3 million

- Increase of net debt by € 23.7 million in 9M 2020
 - Investments in tangible and intangible assets € 10,9 million
 - Higher Net Working Capital

Bode

Order intake, sales, EBIT affected by COVID-19

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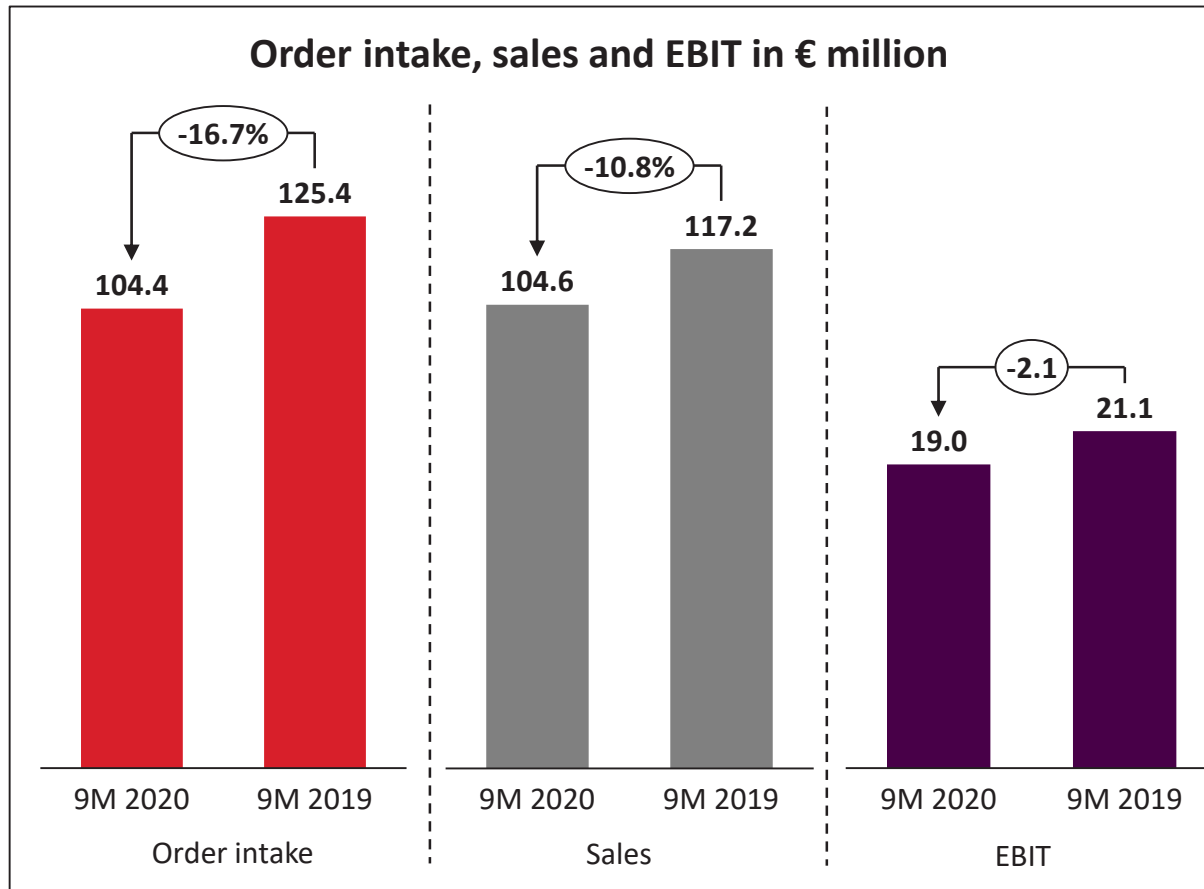
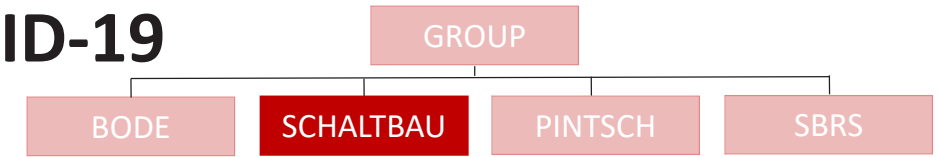
- Order intake* down by € 7.7 million but still at a high level (BtB-Ratio of 1.1); negative development mainly driven by Road business
- Sales* above prior year; negatively affected by temporary shut-downs of several customers (e.g. Hitachi, CAF, MAN, Evobus and VW), downturn in Automotive and phase-out of Streetscooter (Deutsche Post)
- EBIT* slightly below prior year:
 - Negative sales mix
 - Productivity affected by COVID-19 (missing parts, higher sickness rates, etc.)
 - Negative one-off effects

*Prior year order intake, revenues and EBIT are decreased by € 6.5 million by additions in accruals

Schaltbau

Order intake, sales, EBIT affected by COVID-19

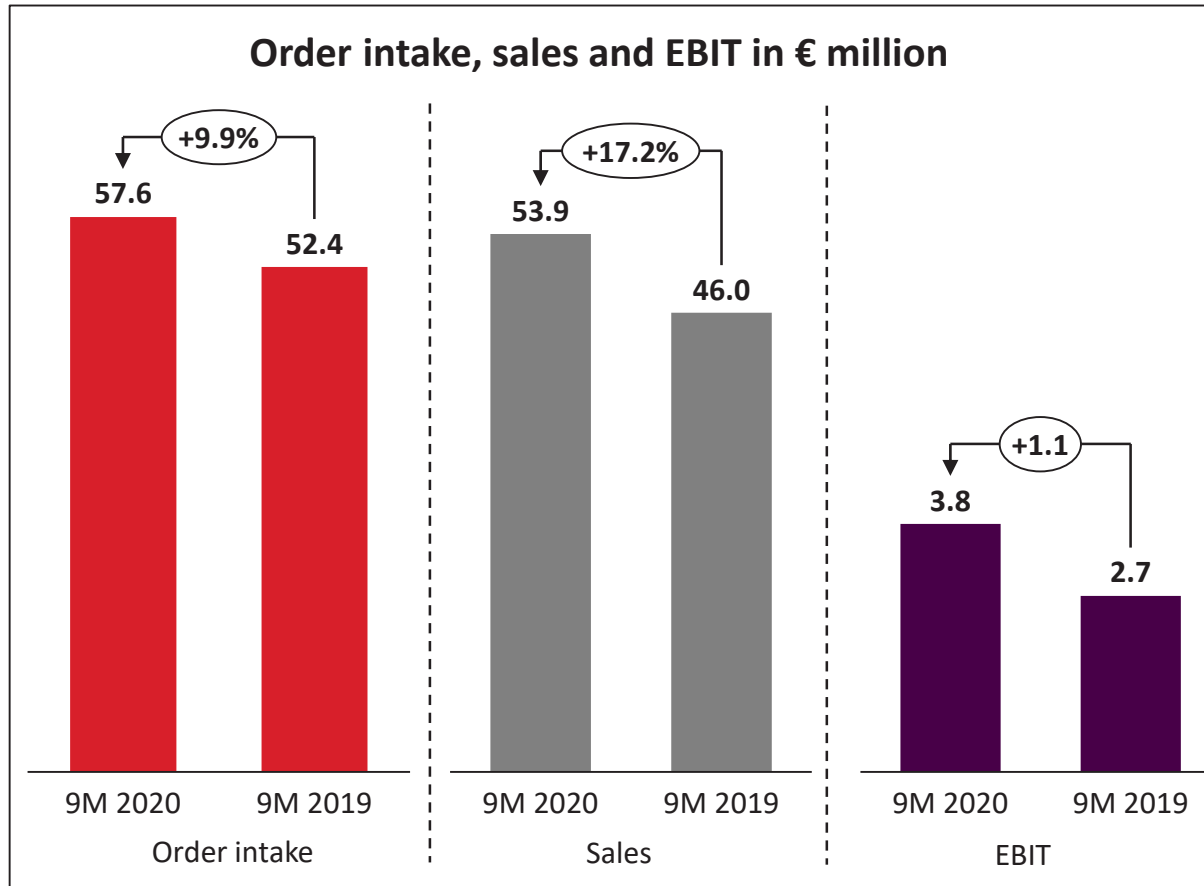
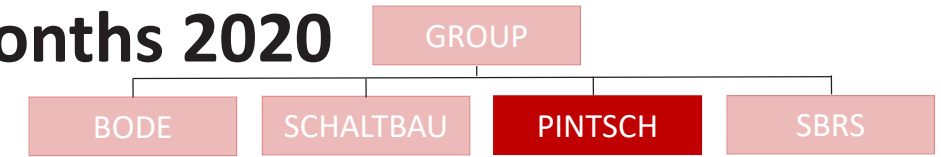
SCHALTBAU
GROUP



- Order intake in 9M 2020 by € 21.0 million below 9M 2019 due to Covid-19 related restrained demand and delayed orders from customers in both markets rail and industrial
- Due to short lead times in the component business declined sales as consequence
- EBIT in 9M 2020 by € 19.0 million, but below prior year due to the reduced sales level; contingency measures through cost-cutting as well as short-time work limit negative effect on EBIT
- EBIT-margin could therefor be maintained and reached 18.0% (9M 2019: 17.9%)

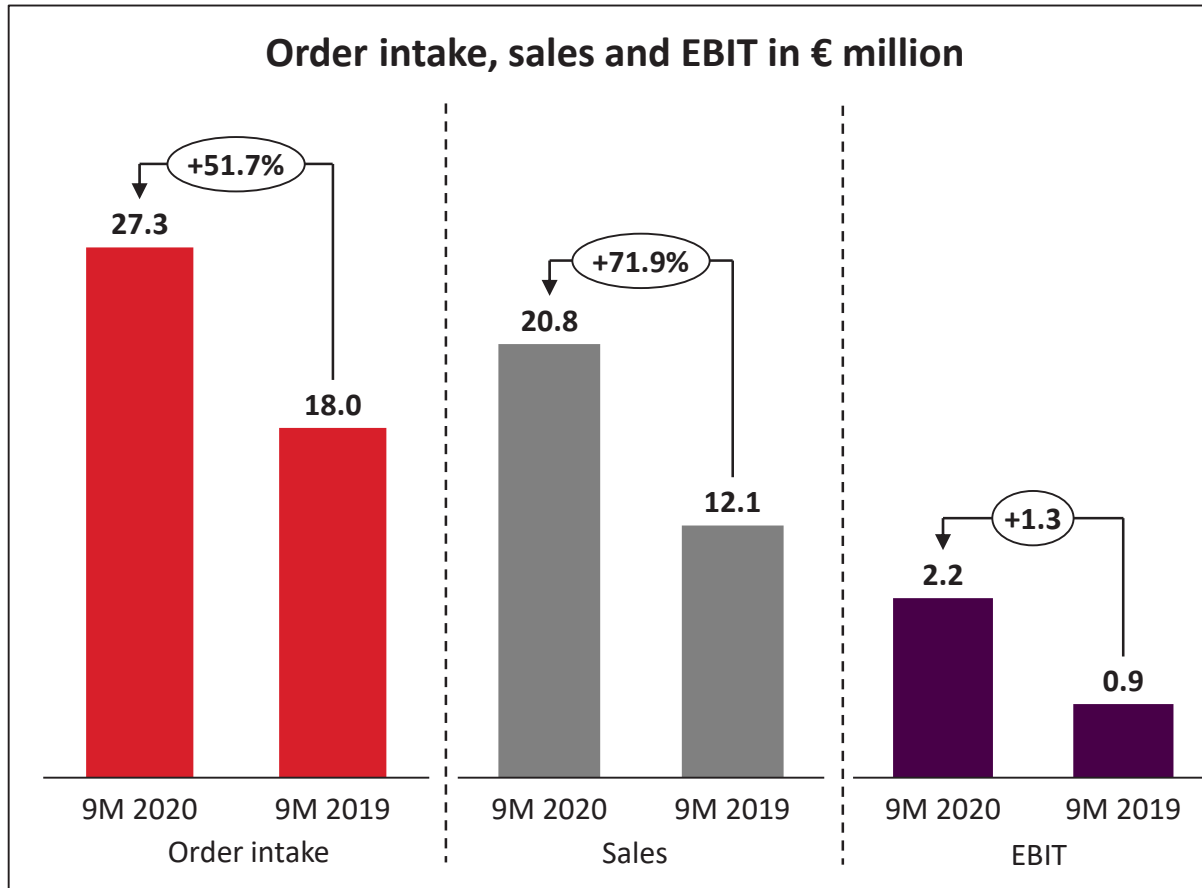
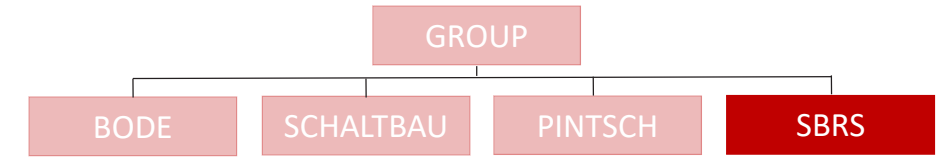
Pintsch

Strong order intake and sales in first 9 months 2020



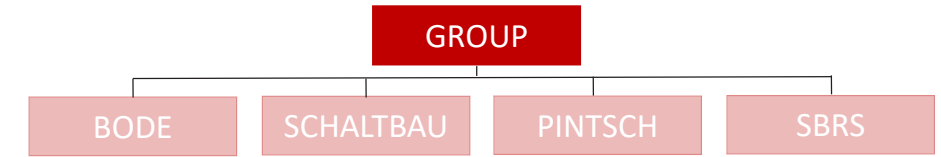
- Order intake up by € 5.2 million vs. 9M 2019
 - High order intake for axle counting systems in 9M 2020
 - Many projects awarded in shunting business
- Strong sales increase of € 7.9 million
 - High demand for axle counting systems
 - Finalisation of projects in level crossing systems
- EBIT at € 3.8 million increased by € 1.1 million
 - EBIT development in line with expectations
 - EBIT positively affected by deconsolidation of Pintsch Brazil € 0,9 million
 - One off effects in 9M 2019 because of sale of PSD material

Strong growth in first 9 months 2020



- Strong increase of order intake by € 9.3 million 9M 2020 vs. 9M 2019
 - Excellent growth in E-Mobility and Rail Refurbishment projects
- Increase of sales by € 8.7 million 9M 2020 vs. 9M 2019
 - Completion of this year's major project started
- EBIT increased due to higher sales by € 1.3 million to € 2.2 million

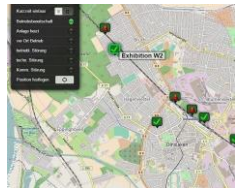
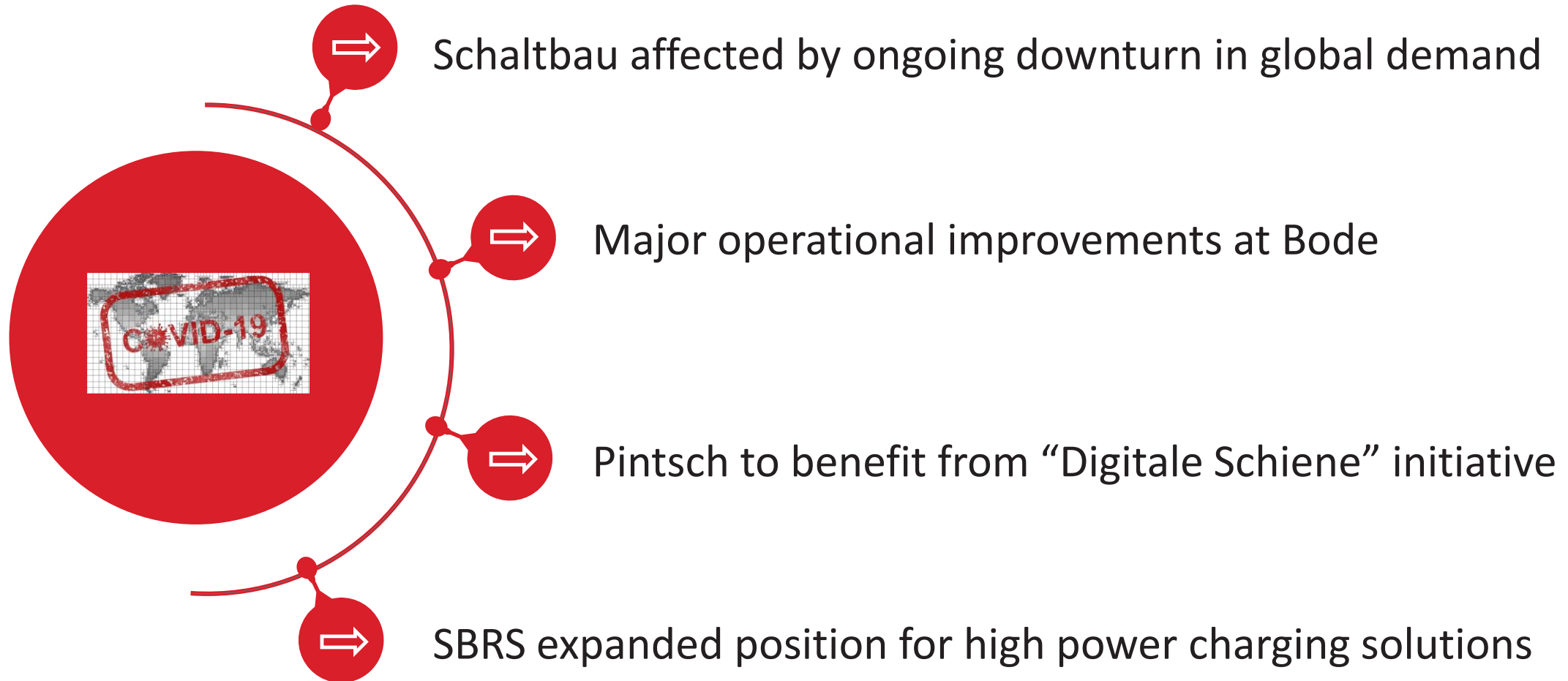
Revenue guidance FY 2020 at the upper end



- The expected effects from the COVID-19 pandemic are reflected in the current guidance for the FY 2020.
- The further development of the spread of the COVID-19 pandemic and consequences for the business development of Schaltbau are constantly monitored.
- Confirmation COVID-19 guidance at the upper end in terms of sales and EBIT compared to outlook as of March 30, 2020

Outlook (in € million)	Original scenario FY 2020 (before COVID- 19 impact)	Outlook FY 2020	
		As of 03/30/2020	As of 09/30/2020
Order intake	520 – 540	520 – 540	520 – 540
Sales	520 – 540	460 – 500	500
<i>Bode</i>	Moderate increase	Moderate decline	Moderate decline
<i>SBRS</i>	Strong increase	Strong increase	Strong increase
<i>Pintsch</i>	Moderate increase	Stable	Moderate increase
<i>Schaltbau</i>	Strong increase	Moderate decline	Moderate decline
EBIT margin	6 % – 7 %	4 %	4 %

Business situation with non-uniform COVID-19 impact



NExT Factory – main project targets

NExT Factory



- Maximum flexibility of buildings and facilities regarding ...
- ✓ New products and sales growth of individual product groups
- ✓ New and more efficient technologies and processes – i.e. in logistics



- High transparency between the different functions (i.e. production-related office locations)
- Meeting new customer requirements (i.e. new test laboratories for automotive industry)



- Third-party usability of the property



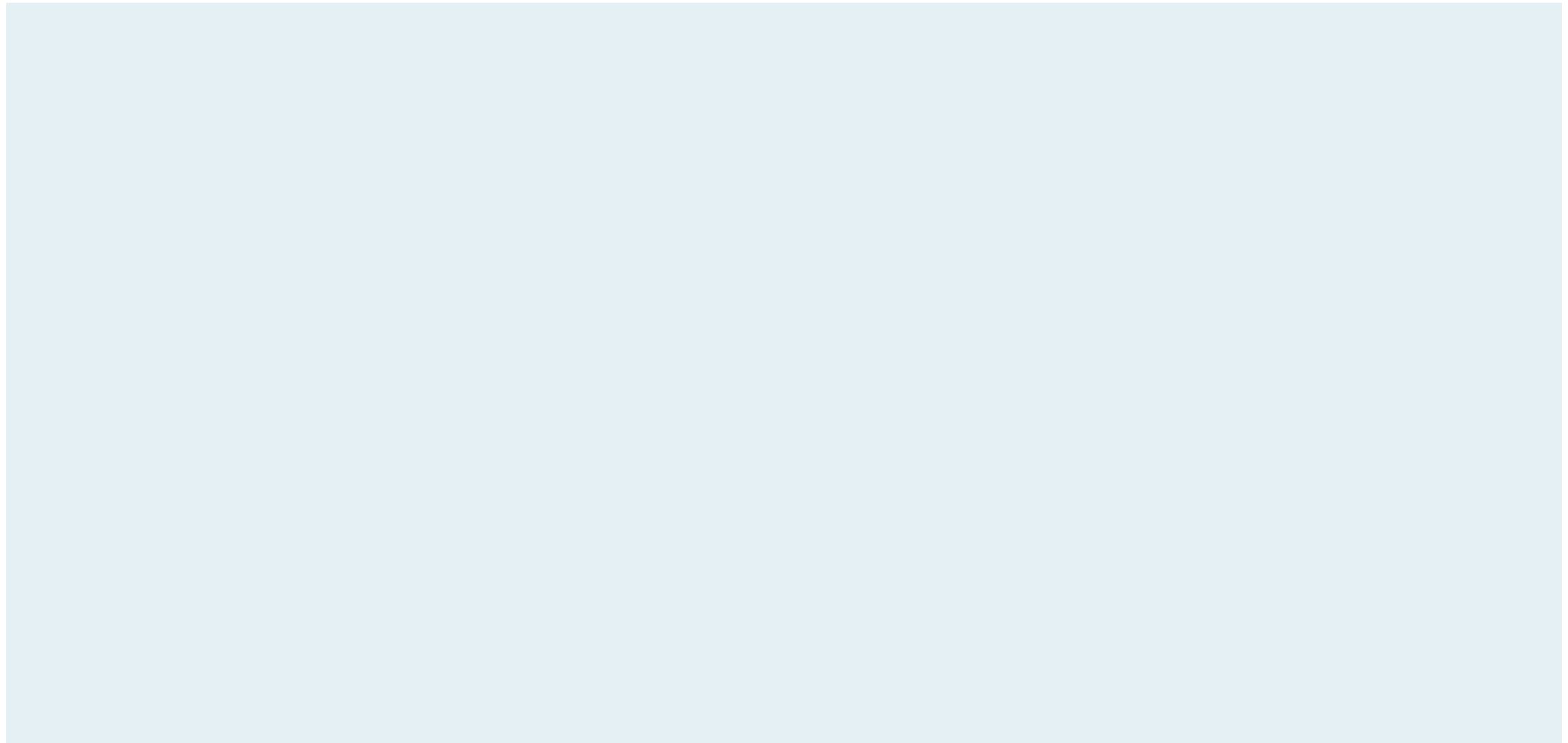
- Increasing employee satisfaction via modern workplace design
- ✓ Modern and functional factory design meets industry benchmark
- ✓ Realization of a "showcase area" for attractive product presentation



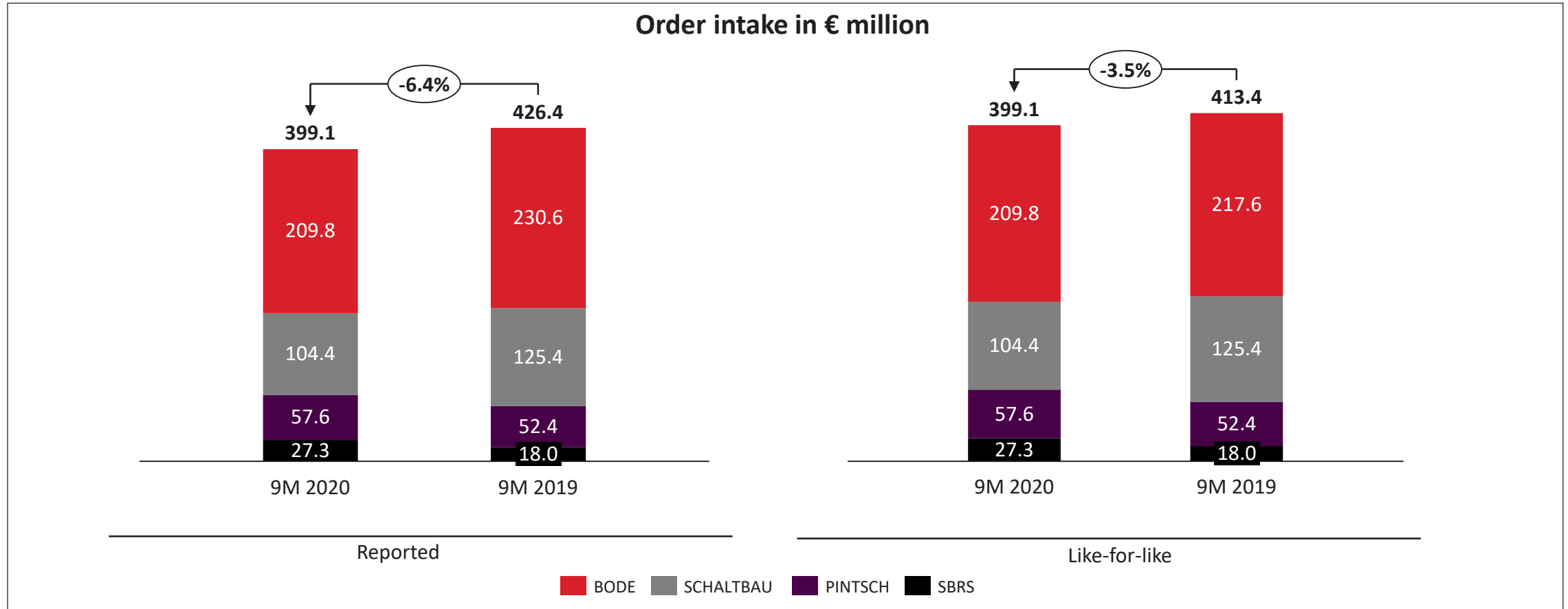
- ZERO-CARBON-FACTORY → resource efficiency & zero emissions
- SMART FACTORY → digital, autonomous, networked

Updated analyst estimates & recommendations

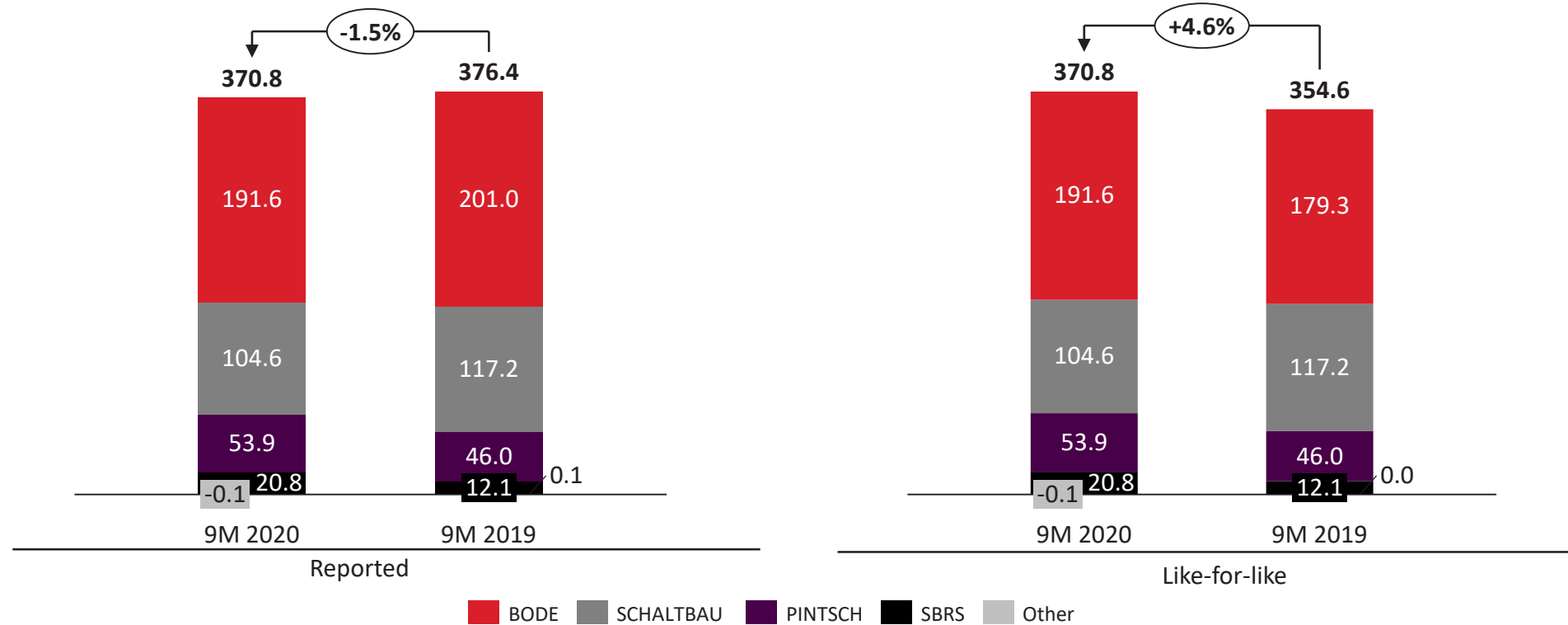
	Broker	Analyst	Recommendation	Price Target	Date
	Commerzbank	Michael Junghans	Buy	33.00 €	07/30/2020
	DZ Bank	Alexander Hauenstein	Buy	34.00 €	07/30/2020
	EQUITS	Thomas Schießle	Buy	32.90 €	07/31/2020
	MAINFIRST	Florian Pfeilschifter	Buy	34.00 €	10/16/2020
	Quirin Privatbank	Klaus Soer	Buy	31.00 €	07/31/2020
	Warburg Research	Christian Cohrs	Buy	32.00 €	08/18/2020
CURRENT CONSENSUS				32.82 €	

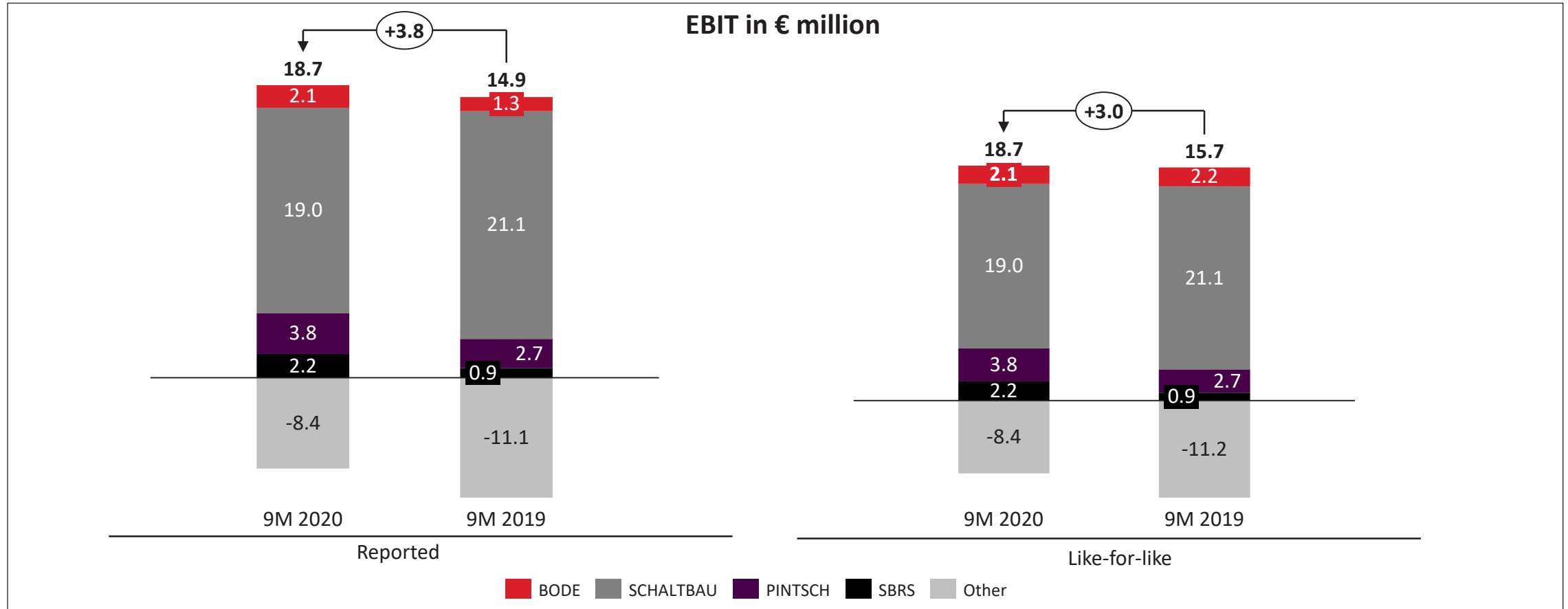


Order intake



Sales in € million





SCHALTBAU GROUP

Financial calendar and contact details

Upcoming events:

- 16-18 Nov Eigenkapitalforum
- 25 Nov DZ-Bank Equity Conference

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