



Analyst and Investor Call

Report 6M 2021

July 2021, München

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Safety and Availability
for **Rail** and **DC-POWER**

Forward-looking statements

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Figures may not add up due to rounding.

First HY 2021 results underline SCHALTBAU's profitable growth strategy

Our Environment

- Economy is recovering, however still tight supply chains with material shortages
- COVID-19 induced order delays for Rolling Stock in USA and UK
- High project volumes in Rolling Stock in Western Europe
- Accelerated growth dynamic in New Energy / New Industry and e-Mobility

Our Highlights

- **Execution of strategy 2023 delivers first results:**
 - Significantly improved profitability in Rolling Stock (Bode) with 3.4% EBIT margin
 - After Sales revenues up 18% Y/Y at €36 M at attractive margins
 - Tuck-in acquisition of Wolber Antriebstechnik GmbH strengthens Rail core business
 - Gaining momentum in New Energy / New Industry, with orders up 49% Y/Y
 - e-Mobility: nomination as supplier for platform of a leading commercial vehicle OEM
 - NExT factory and Zwieseler Spinne on track

Our Financials

- **Order intake gaining momentum:** orders up 3% Y/Y (6M) and up 12% Y/Y (Q2)
- **Continuing profitable growth path with improved profitability:**
 - Revenue +6%, EBIT +42%, EBIT margin 5.4% (+1.4 PP)
- **Strengthened balance sheet** through convertible

Our Guidance '21

- **HY results underline FY outlook - guidance 2021 confirmed**
 - Orders €550 - 580 M, revenue: €520 - 540 M
 - EBIT margin approx. 5%



Recap Strategy 2023 - four key strategic directions to create sustainable value

Key mid-term strategic directions

Key strategic targets by 2026

01	Sustainable performance improvement (profitability, return on capital, and cash generation)	Group: high single-digit EBIT margin Group: mid-teens ROCE Rolling Stock (Bode): EBIT margin 6-8%
02	Profitable growth in the core business: Rail Infrastructure and Rolling Stock/Bus	Rail revenue CAGR 4-6% from 2020 to 2026 (>2x market-growth ¹)
03	Growing the After Sales business , utilizing the installed base and growth in modernizations/refurbishments	After Sales revenue CAGR 6-7% from 2020 to 2026 (from ~€60 M 2020 to ~ €100 M in 2026)
04	Development of new DC components and applications in New Energy / New Industry, and e-Mobility , entering high-growth markets	Doubling DC Power revenues by 2026 (from ~€160 M in 2020 to ~€300 M in 2026)

(1) UNIFE World Rail Market Study forecast 2020-2025, p.136: CAGR of 2.3%

Rail Infrastructure / Rolling Stock: In line with expectations, long-term growth prospects intact, full potential plan improves profitability

RAIL



Infrastructure

Strong order intake indicates high shipments / sales volume in Q4

High demand for level-crossings

Digital level crossing pilot project Zwieseler Spinne on track as planned

Test hardware implemented

Tuck-in acquisition of WOLBER

Wolber's point machine technology and components complement Pintsch's portfolio

Rolling Stock

Ongoing execution of full potential plan improves profitability

EBIT margin at Bode at 3.4% (+3.2 PP Y/Y) from After Sales, productivity, leaner overhead

Long-term growth prospects intact

COVID-19 pandemic caused temporary delays in orders and some project shifts in the US

After Sales

Strong growth in After Sales, backed by large and growing installed base

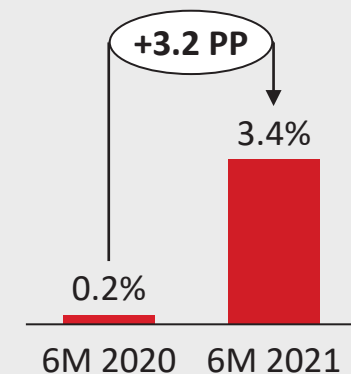
After Sales 18% Y/Y to € 36M at attractive margins

Point machine (Wolber)



Rolling Stock / Bode

EBIT margin in %



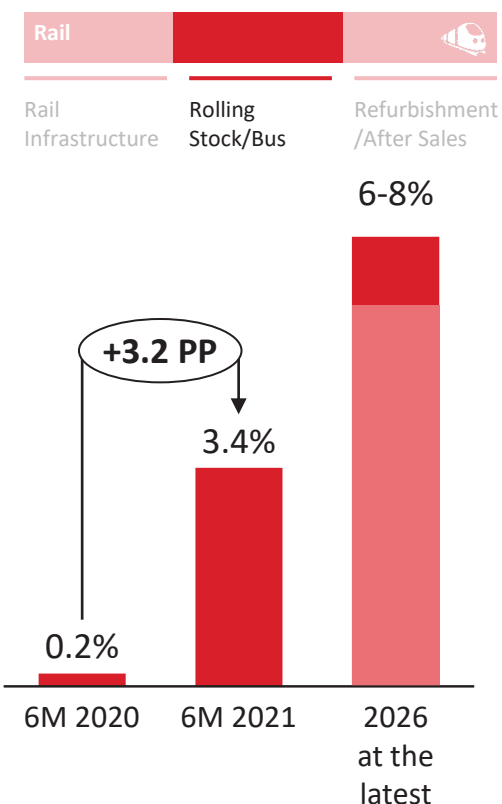
Rolling Stock: Executing Full Potential Plan to reach 6-8% EBIT margin

Deep Dive Rolling Stock / Bode

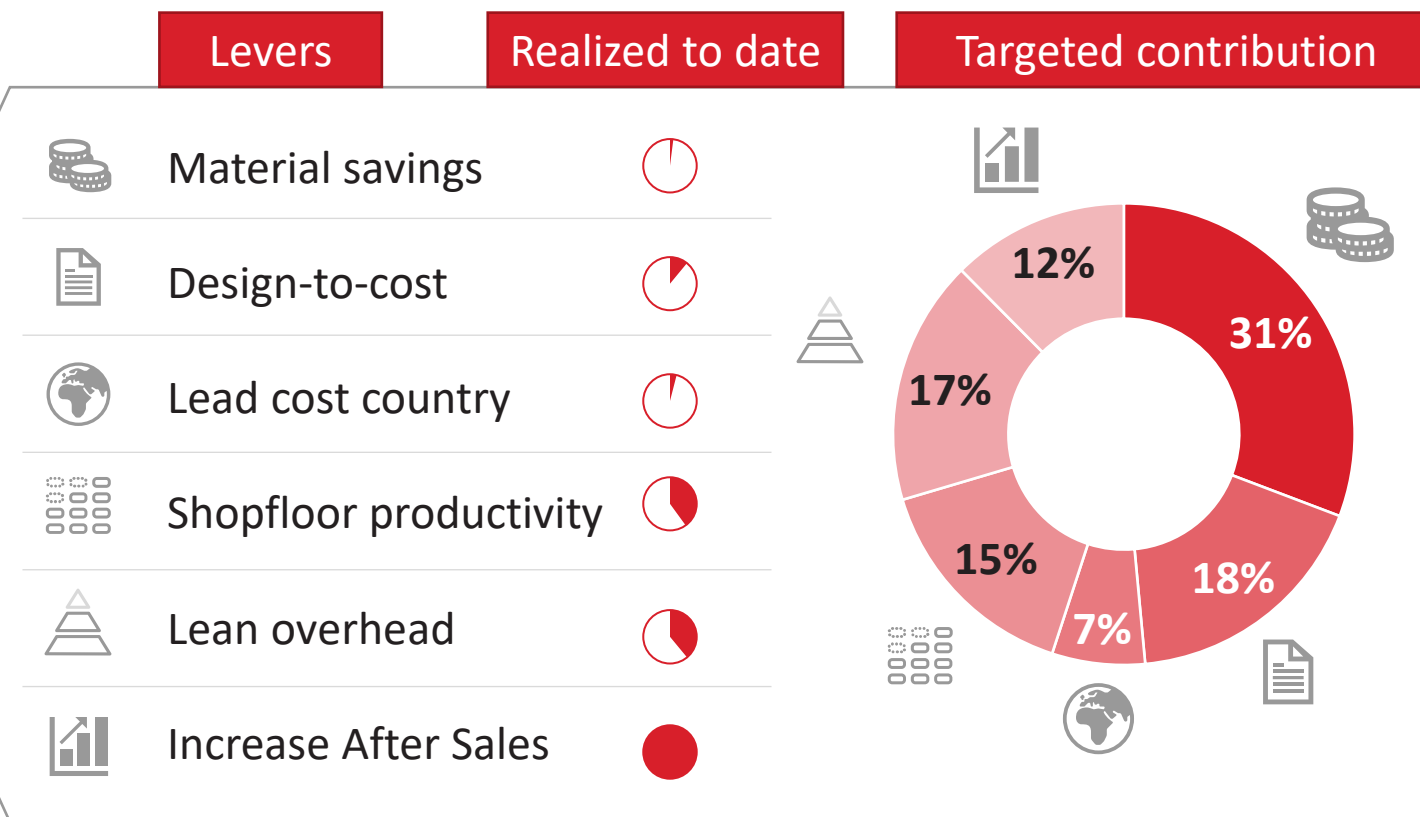
01 Sustainable performance improvement
(profitability, return on capital, and cash generation)

Key targets Rolling Stock / Bode

EBIT margin in %



Levers to improve profitability and realized potential



Rolling Stock: Ongoing double-digit growth in After Sales, backed by large and growing installed base

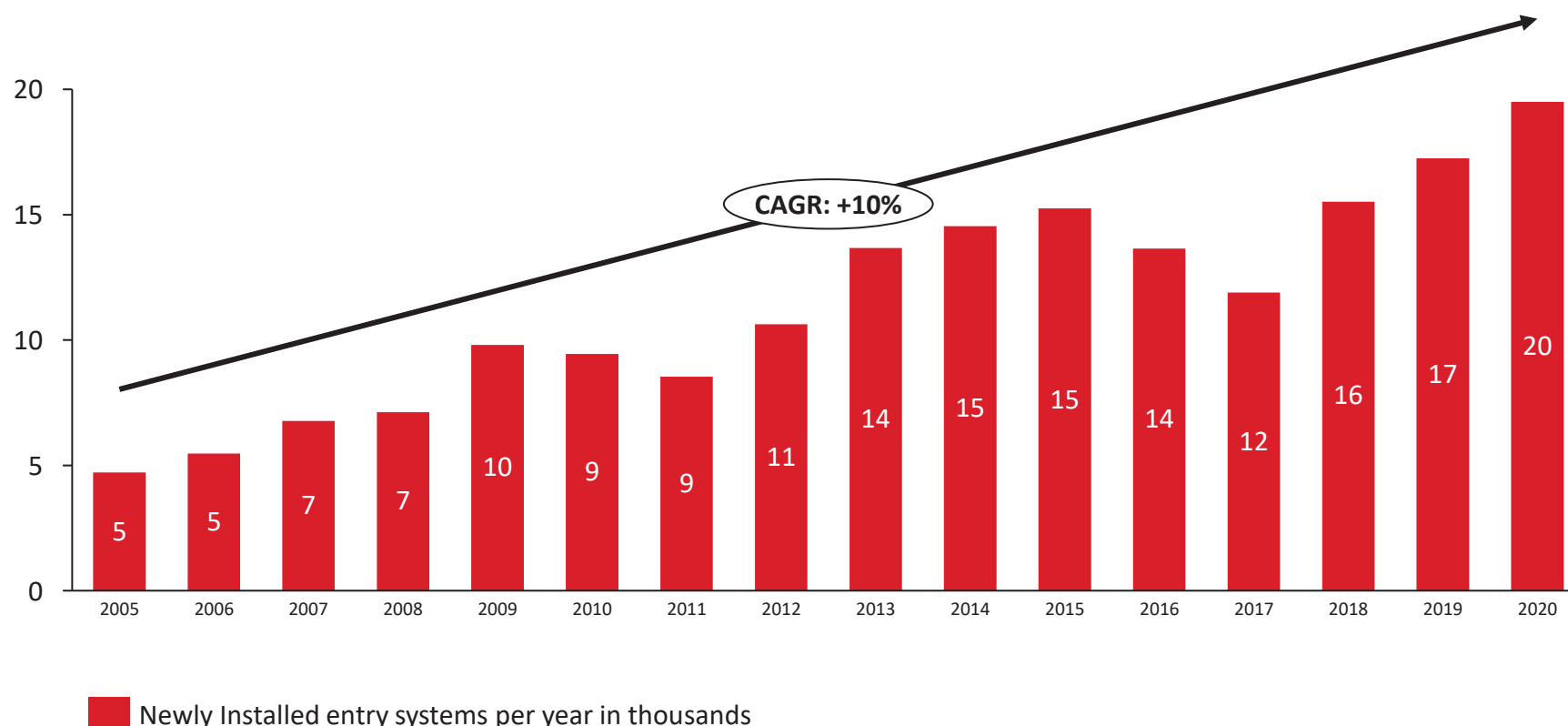
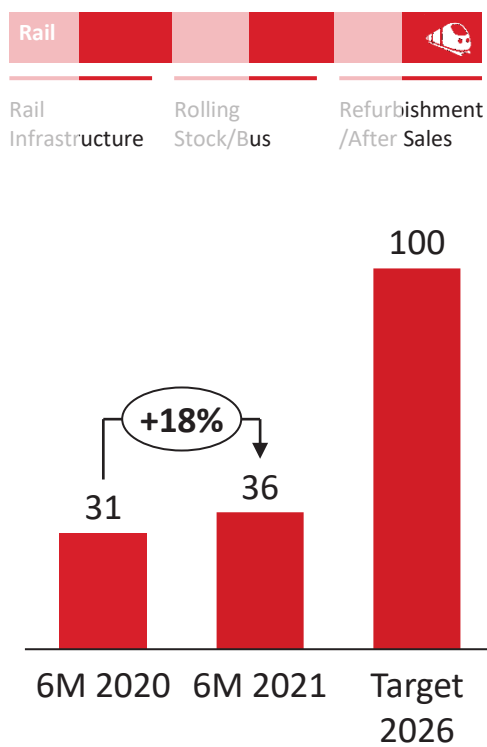
Deep Dive Rolling Stock / Bode

03 Growing the After Sales business, utilizing the installed base in aftersales and growth in modernizations/refurbishments

Key targets Rolling Stock / Bode

Installed base Bode to date: 180,000 entry systems

After Sales revenue in €M



Strengthening Rail Infrastructure (Pintsch) with tuck-in acquisition: WOLBER Antriebstechnik



WOLBER Antriebstechnik GmbH

- Supplier of components for rail signaling technology
- Founded 2002, based in Germany
- Specialist for point machines: R&D, production, refurbishment
- New point machine developed together with DB
- Middle positioning and robust mechanics are strong USPs
- Financials 2020: Revenue ~€2 M, low double-digit EBIT margin

Strategic rationale

- Complements Pintsch's portfolio
- Point machine is key actuator for rail infrastructure
- Accelerated growth for Wolber through Pintsch's strong market access

Point machine WA 160i-V



DC Power: Strong performance of Schaltbau GmbH, high demand from new markets, first platform win for e-Mobility (Automotive)

DC POWER



Schaltbau continues strong performance at a steady high EBIT margin

Double-digit growth rates in order intake and revenue, backed by new markets

New Energy / New Industry: Strong growth dynamic

Order intake up 49% Y/Y, revenue up 36% Y/Y

e-Mobility (Charging): Continuing strong growth momentum

Order intake up 33% Y/Y, revenue up 129% Y/Y

Special purpose C800 contactor with strong USPs

Exactly meeting the requirements of the automotive industry for high range and fast charging

e-Mobility (Automotive): First nomination as supplier

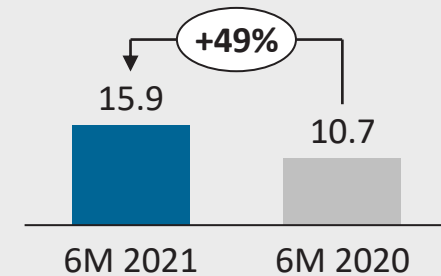
E-truck platform of a leading commercial vehicle OEM; estimated SOP 2023

NExT Factory on track

Groundwork completed, shell building under construction and NExT DC-grid project started

New Energy / New Industry

Order intake in €M



NExT

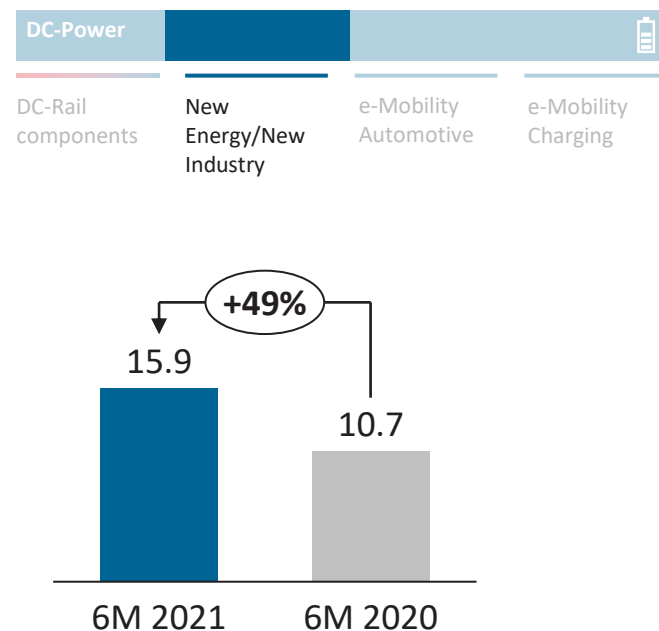


New Energy / New Industry: Exciting growth opportunities with components material handling and high-power charging

04 Development of new DC components and applications in New Energy/New Industry, and e-Mobility, entering high-growth markets

New Energy / New Industry

Order intake in €M



Use-cases for component business



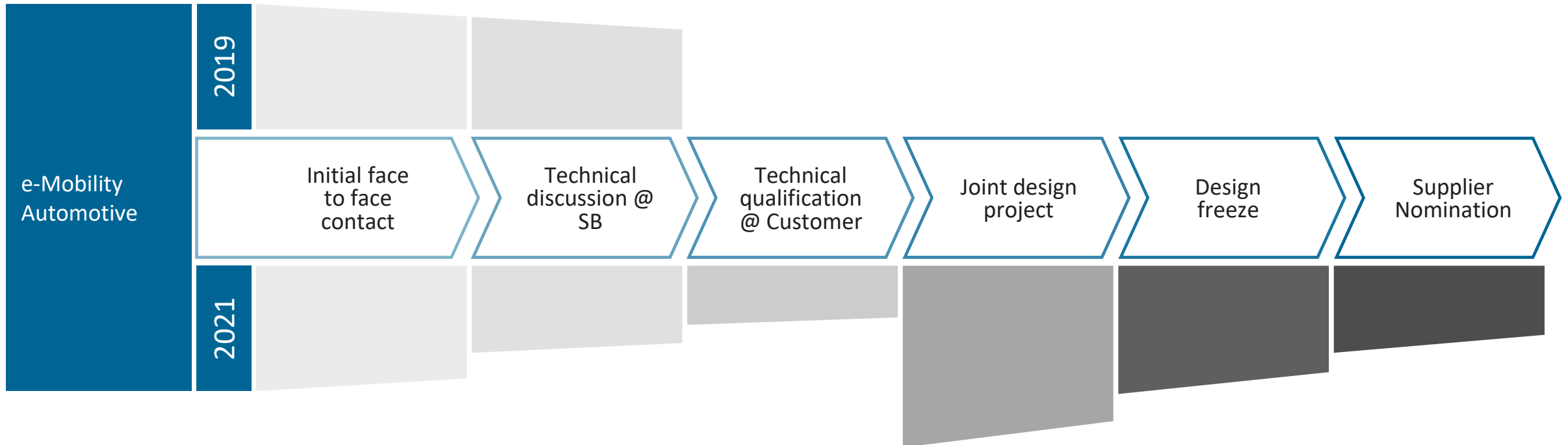
Material handling: forklifts are in an advanced stage of electrification, therefore a relevant use case for DC contactors



Contactors for DC high-power chargers which operate at 50 kW up to more than 350 kW for passenger cars, e-buses, trucks and future applications

DC Power / Schaltbau GmbH: first nomination as supplier for platform of a leading commercial vehicle OEM

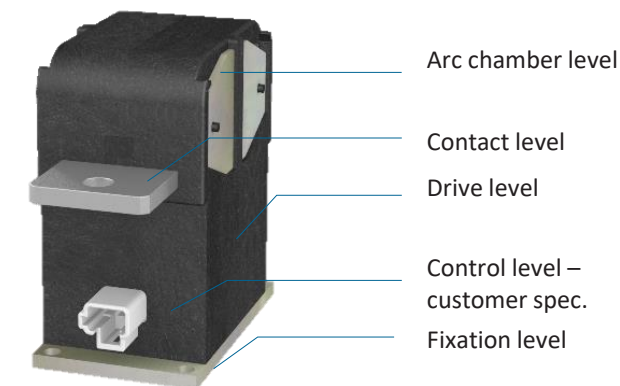
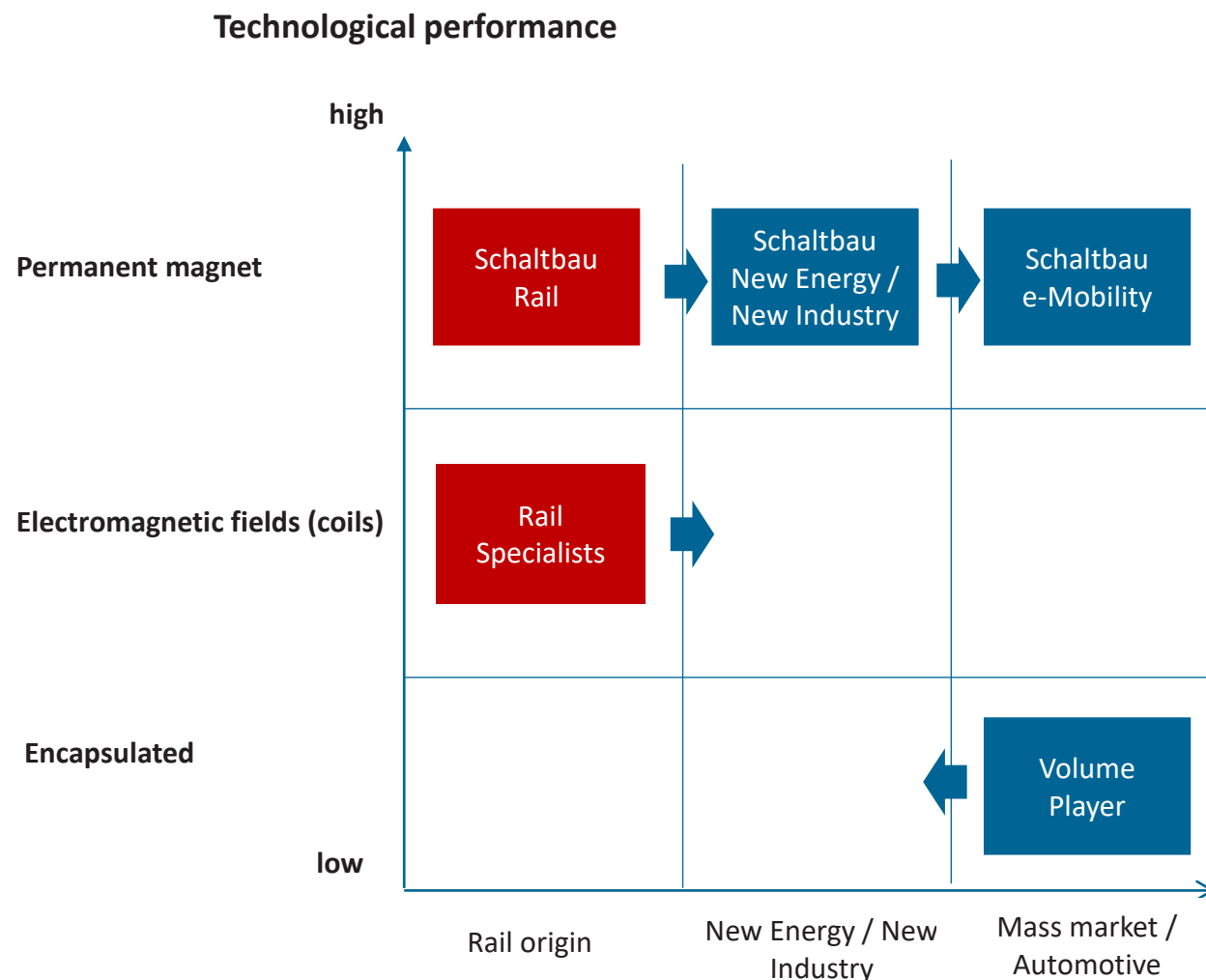
04 Development of new DC components and applications in New Energy/New Industry, and e-Mobility, entering high-growth markets



First platform win: nomination as supplier for platform of a leading commercial vehicle OEM, SOP expected for 2023

DC Power / Schaltbau GmbH: Superior technological performance and mass market production capacity will drive growth

04 Development of new DC components and applications in New Energy/New Industry, and e-Mobility, entering high-growth markets



New
C800 Contactor
family



1 Euro in similar scale

NExT Factory on track as planned: shell construction has started



04 Development of new DC components and applications in New Energy/New Industry, and e-Mobility, entering high-growth markets

Continuing profitable growth path at improved profitability – strong cash generation in Q2 – strengthened balance sheet through convertible

Financial highlights 6M 2021

- 1 Continuing profitable growth path at improved profitability:** revenue +6%, EBIT +42%, EBIT margin 5,4% (+1,4PP) – **strong Y/Y performance in Q2:** revenue +8%, EBIT +30%, EBIT margin 5,8% (+1,0PP)
- 2 Order intake continuing to gain momentum:** orders up 3% H1 and up 12% in Q2 – healthy book-to-bill ratio of 1.1, with book-to-ratio in all segments >1 – strong order intake at Pintsch (+18% Y/Y) and SB GmbH (+14% Y/Y)
- 3 Improved profitability at Bode,** with EBIT margin at 3.4% (+3.2PP) – **SB GmbH continuing dynamic growth in New Energy/New Industry,** with **EBIT margin being steady at a high level**
- 4 Reduced net working capital** by €15,5M compared to Q1, despite temporarily elevated inventory levels – **generated €8.2M of free cash flow in Q2** despite investment in NExT factory thanks to strong operating cash flow
- 5 Strengthened balance sheet through issued mandatory convertible bonds in April:** improved equity ratio (38.0%) and reduced financial leverage (0.7X net debt/EBITDA)
- 6 Re-affirming our 2021 guidance:** orders (€550 - 580M), revenue (€520 - 540M), EBIT-margin (~5% of sales)

Continuing profitable growth path at improved profitability – strong performance in Q2 2021

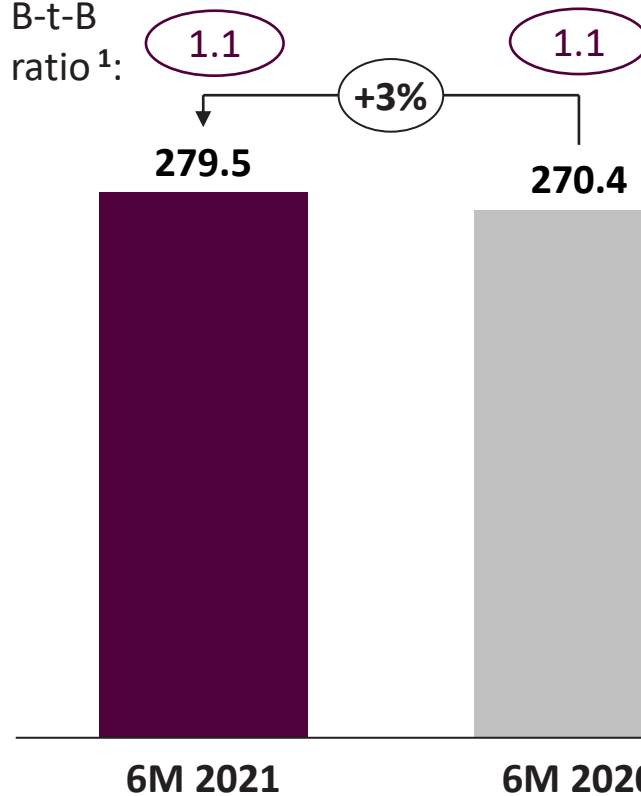
SCHALTBAU Holding Group – Key Financials – 6M 2021 (1/3)

Order Intake

in €M

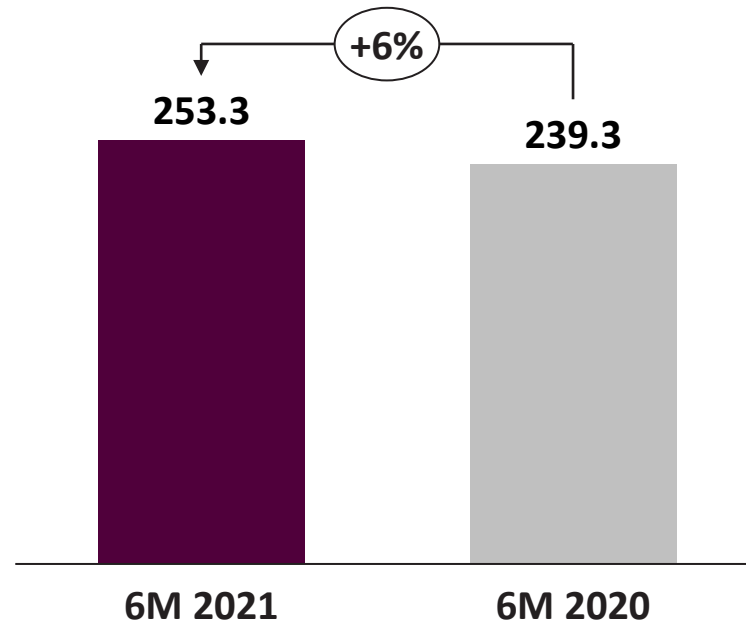
B-t-B

ratio ¹:



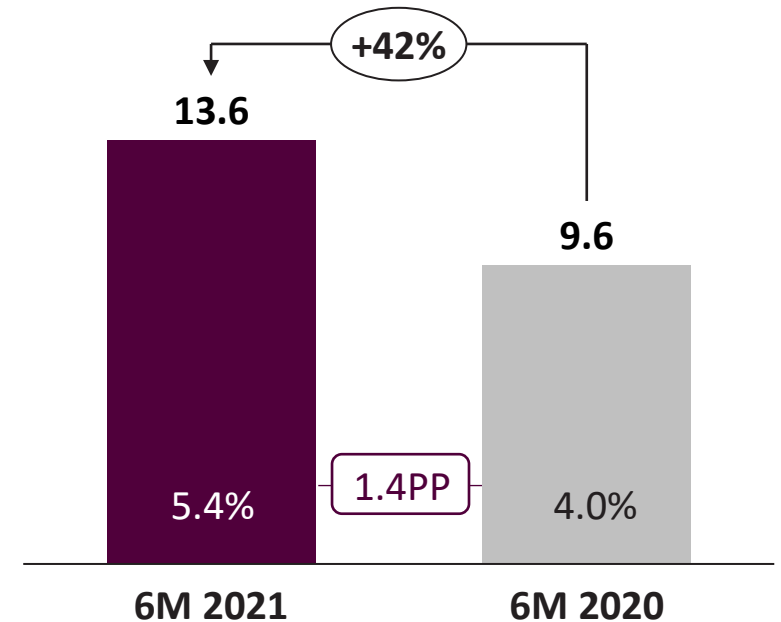
Revenue

in €M



EBIT

in €M and in % of revenue



(1) B-t-B: Book to Bill ratio

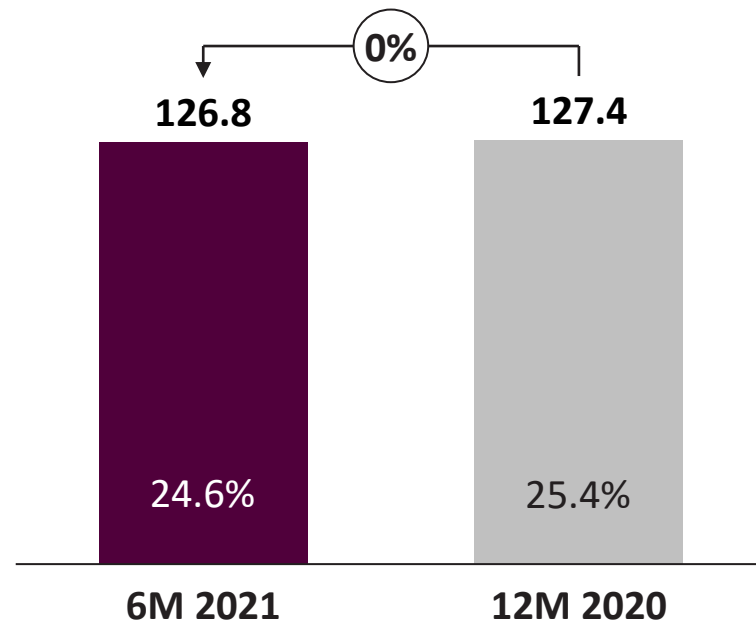
Reduced net working capital by €15.5M compared to Q2 – generated €8.2M of free cash flow in Q2 despite investment in NExT factory – ROCE improved

SCHALTBAU
GROUP

SCHALTBAU Holding Group – Key Financials – 6M 2021 (2/3)

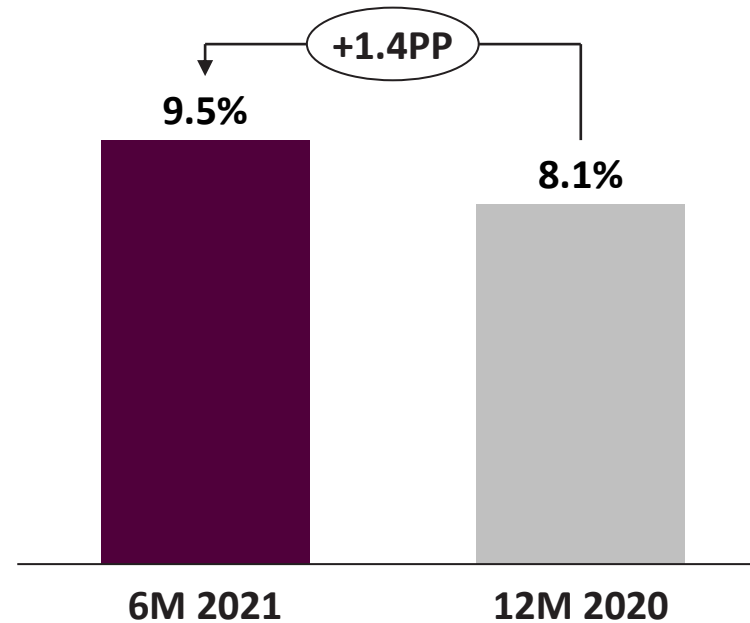
Net Working Capital

in €M and in % of revenue¹



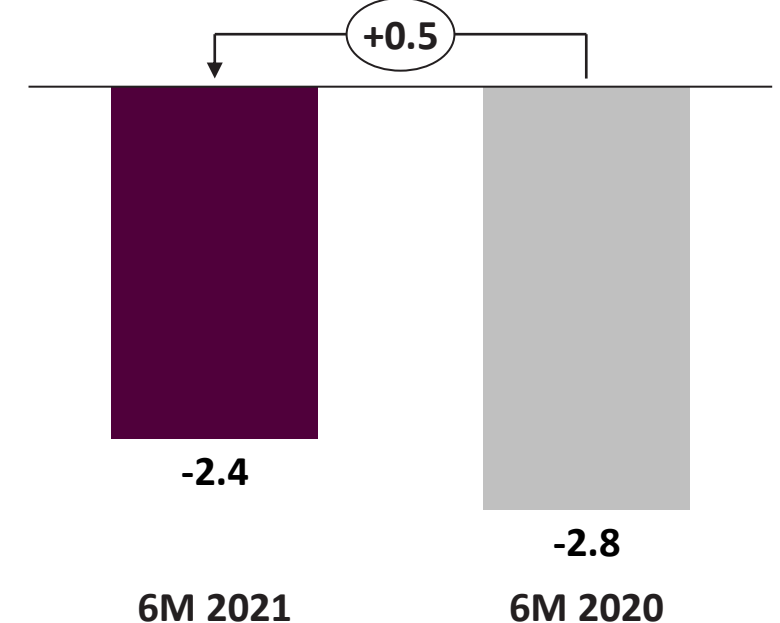
Return on Capital Employed (ROCE)

EBIT¹ / Employed Capital, in %



Free Cash Flow

In €M



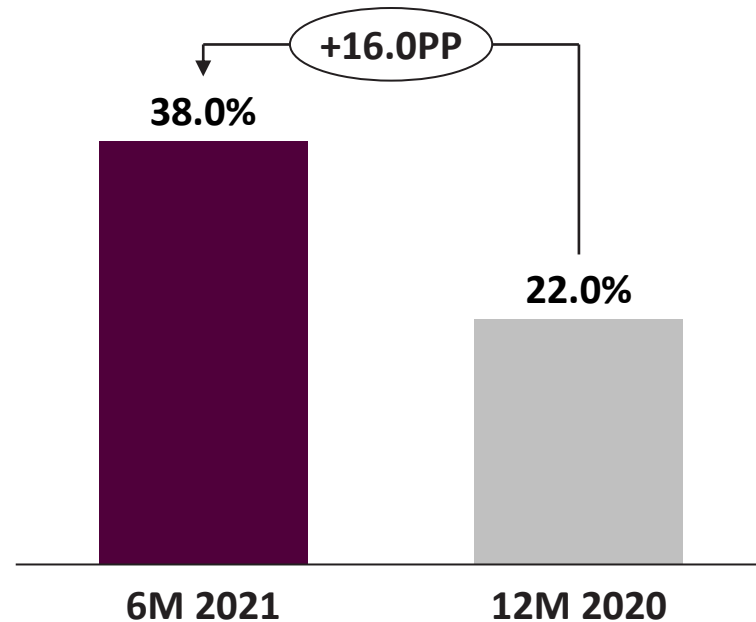
(1) Of last twelve months (LTM)

Strengthened balance sheet through issued mandatory convertible bonds: improved equity ratio (38.0%) and reduced financial leverage (0.7X)

SCHALTBAU Holding Group – Key Financials – 6M 2021 (3/3)

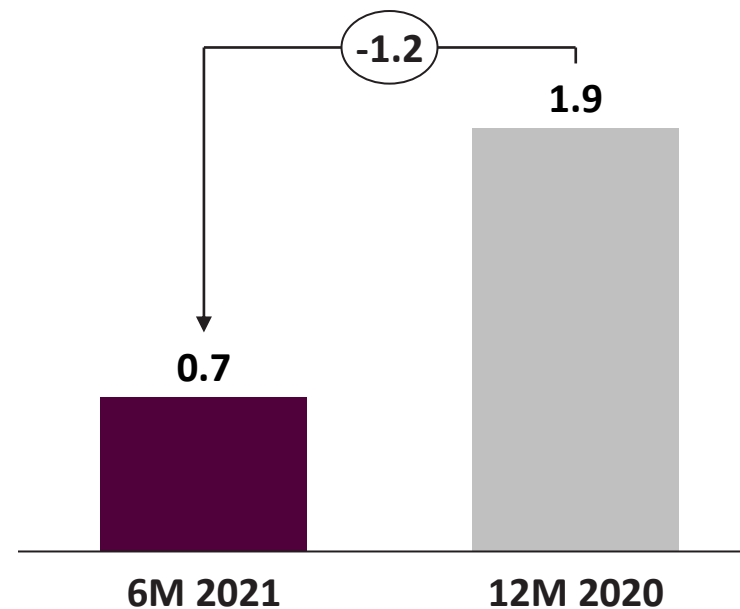
Equity Ratio

In %



Financial Leverage

Net Debt¹/EBITDA², in turns



(1) Net debt is defined as the reported net financial liabilities and lease liabilities
(2) Of last twelve months (LTM)

Rail Infrastructure (Pintsch): Continuing strong order intake – revenue and EBIT in line with historical seasonality – expecting strong performance in Q4

Pintsch Segment – Key Financials – 6M 2021

(€M, rounded)	6M 2021	6M 2020	YoY Change
Order intake	49.7	42.2	17.7%
Revenue	34.6	34.8	-0.4%
EBIT	0.8	2.1	-61.0%
EBIT Margin	2.4%	6.1%	-3.7PP

- **Continuing strong order intake:** mainly for level crossing systems, benefiting from investment program “Digitale Schiene Deutschland”
- **Solid revenue level, in-line with historical seasonality:** strong growth in level crossing – tough Y/Y comps due to the one-off revenue from the terminated PSD project
- **Positive EBIT margin despite low seasonal revenue in 6M:** Historically back-end loaded business – tough Y/Y comps due to the one-off EBIT from the terminated PSD project

Rail



Rail Infrastructure

Rolling Stock/Bus

Refurbishment/
After Sales

DC Power



DC Rail
components

New Energy / New
Industry

e-Mobility
(Automotive)

e-Mobility
(Charging)

Rolling Stock (Bode): EBIT margin improved significantly, benefiting from growth in profitable aftersales business and savings from Full Potential Plan

Bode Segment – Key Financials – 6M 2021

(€M, rounded)	6M 2021	6M 2020	YoY Change
Order intake	124.5	135.3	-7.9%
Revenue	121.4	124.7	-2.7%
EBIT	4.1	0.2	1974.9%
EBIT Margin	3.4%	0.2%	3.2PP

- **Strong order intake in Q2, catching up soft orders in Q1:** orders up 8% Y/Y in Q2, and improved sequentially by €10M vs. Q1 – solid orders in rail, while orders in bus are down due to the phase-out of a major OEM
- **Solid revenue**, slightly below PY mainly due to lower revenue in bus and automotive, largely offset by strong growth in aftersales
- **EBIT margin improved significantly**, mainly due to the strong growth in aftersales, along with cost savings from improved shop floor productivity and streamlined overhead

Rail



Rail Infrastructure

Rolling Stock/Bus

Refurbishment/
After Sales

DC Power



DC Rail
components

New Energy / New
Industry

e-Mobility
(Automotive)

e-Mobility
(Charging)

SBRS: Continuing the dynamic growth momentum, primarily driven by the e-Mobility business – EBIT margin back on track in Q2

SBRS Segment – Key Financials – 6M 2021

(€M, rounded)	6M 2021	6M 2020	YoY Change
Order intake	23.1	20.9	10.8%
Revenue	20.8	11.8	76.8%
EBIT	1.3	1.3	-0.3%
EBIT Margin	6.0%	10.5%	-4.5PP

- **Continued solid orders momentum:** continued strong order intake in the e-Mobility fast-charging business
- **Strong revenue growth,** mainly due to revenue recognition of the e-Mobility projects
- **EBIT margin back on track in Q2:** EBIT margin at 8.7% in Q2, with 6M margin impacted by negative one-off effect in Q1 – expecting EBIT margin of ~6% in H2 on higher revenue

Rail



Rail Infrastructure

Rolling Stock/Bus

Refurbishment/
After Sales

DC Power



DC Rail
components

New Energy / New
Industry

e-Mobility
(Automotive)

e-Mobility
(Charging)

Components (Schaltbau): Continuing dynamic growth in New Energy / New Industry, with EBIT margin being steady at a very high level

Schaltbau GmbH Segment – Key Financials – 6M 2021

(€M, rounded)	6M 2021	6M 2020	YoY Change
Order intake	82.2	72.1	14.0%
Revenue	76.4	68.1	12.2%
EBIT	12.7	11.9	6.7%
EBIT Margin	16.4%	17.3%	-0.9PP

- **Continuing strong orders in New Energy / New Industry, while Rail recovering from COVID-19**
 - New Energy / New Industry up 49% Y/Y H1
 - Rail continuing to recover from COVID-19
- **Strong revenue growth, primarily driven by New Energy / New Energy**
 - New Energy / New Industry up 36% Y/Y H1
 - Rail up 8% Y/Y H1
- **EBIT margin being steady at a very high level:**
EBIT margin at 17.1% in Q2, EBIT margin in Q2 2020 impacted by one-off effect from the first-time consolidation of the subsidiary in India

Rail



Rail Infrastructure

Rolling Stock/Bus

Refurbishment/
After Sales

DC Power



DC Rail
components

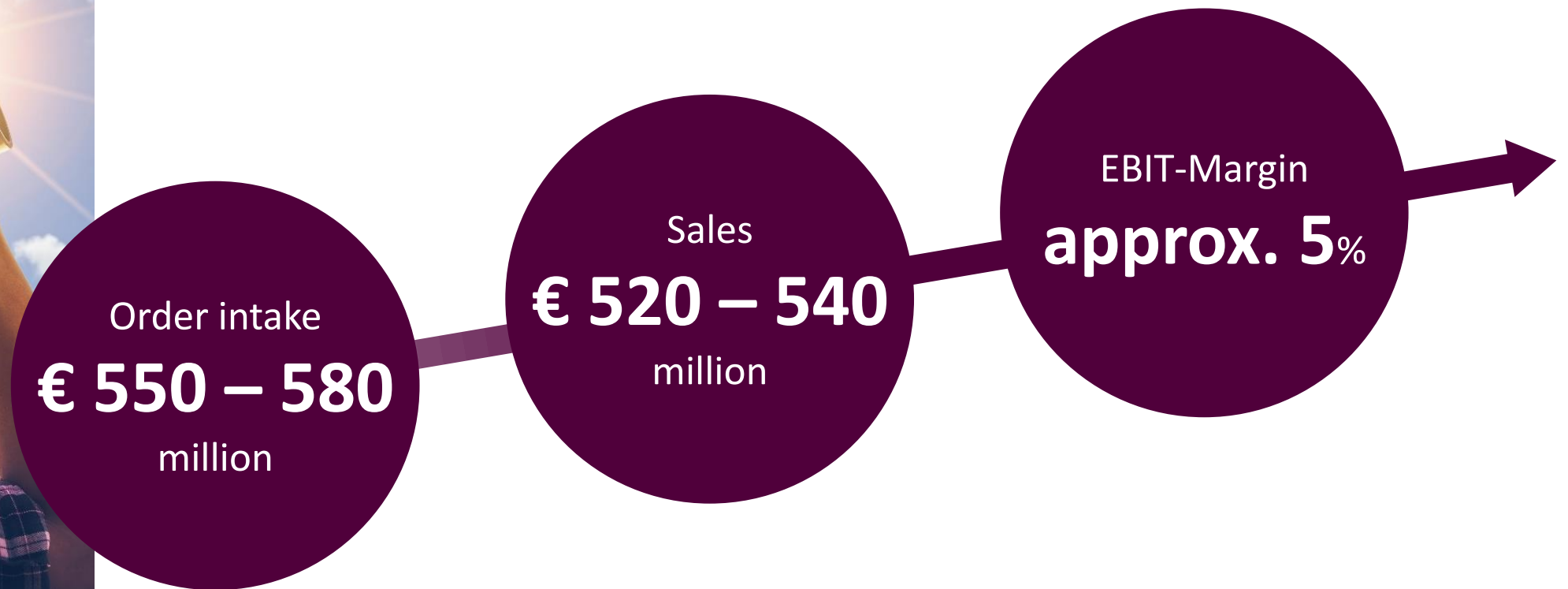
New Energy / New
Industry

e-Mobility
(Automotive)

e-Mobility
(Charging)

Guidance 2021: Re-affirming our guidance for full-year 2021, backed by a good first half year and a healthy backlog to ship

Schaltbau Holding Group – Full-year 2021 Guidance¹



¹The expected effects from the COVID-19 pandemic are reflected in the current guidance for the FY 2021. This estimate also takes into account information after the end of the financial year.

Key Takeaways

- 1 Continuing profitable growth path, execution of Strategy 2023 is delivering expected results
- 2 Financial performance has improved – Group EBIT margin +1.4PP at 5.4%
- 3 Profitability at Bode has significantly improved – EBIT margin +3.2PP at 3.4%
- 4 Accelerated growth in After Sales, backed by large installed base – revenue up 18% Y/Y at attractive margins
- 5 Gaining momentum in New Energy / New Industry (orders +49% Y/Y), first supplier nomination in e-Mobility
- 6 Re-affirming guidance for fiscal year 2021 – positive long-term outlook with high growth potential

SCHALTBAU

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Consolidated balance sheet 6M 2021 - Schaltbau Group

Assets (k€)	30.06.2021	31.12.2020
Intangible Assets	43.056	43.416
Property, plant and equipment	98.872	94.438
Investment property	3.583	3.678
At-equity accounted investments	898	2.154
Other investments	1.548	2.067
Deferred tax assets	12.425	9.204
Non-current assets	160.382	154.957
Inventories	129.194	118.690
Trade account receivables	78.930	72.816
Current tax assets	153	162
Other receivables and assets	17.625	19.850
Contract assets (current)	11.552	5.982
Cash and cash equivalents	26.305	39.379
Current assets	263.759	256.879
Total assets	424.141	411.836

Equity and liabilities (k€)	30.06.2021	31.12.2020
Equity	161.097	90.735
Personnel-related provisions	42.937	44.323
Other provisions	359	499
Financial liabilities	40.954	108.598
Contract liabilities (non-current)	151	11.727
Other liabilities	687	6.465
Deferred tax assets	1.436	1.817
Non-current liabilities	86.524	173.429
Personnel-related provisions	10.112	14.224
Other provisions	26.257	26.144
Income tax payable	3.830	3.306
Financial liabilities	17.523	10.587
Trade accounts payable	47.582	41.869
Contract liabilities (current)	33.695	22.219
Other liabilities	37.521	29.323
Non-current liabilities	176.520	147.672
Total equity and liabilities	424.141	411.836

Consolidated income statement 6M 2021 - Schaltbau Group

(k€)	30.06.2021	30.06.2020
Revenue	253.260	239.317
Change in inventories of finished and work in progress	7.512	9.868
Own work capitalised	1.028	907
Total output	261.800	250.092
Other operating income	3.562	6.940
Cost of materials	(133.135)	(131.799)
Personnel expense	(88.114)	(85.460)
Depreciation, amortisation and impairment losses	(8.270)	(7.885)
Other operating expenses	(21.138)	(21.866)
Impairment losses	(1.075)	(407)
Profit/loss before financial result and taxes (EBIT)	13.630	9.615
Results from investments	132	422
Financial result	(2.602)	(3.040)
Profit/loss before taxes	11.160	6.997
Income taxes	2.006	(2.957)
Group net profit/loss for the year	13.166	4.040

Consolidated cash flow statement Q1 2021 - Schaltbau Group

(€m, rounded)	6M 2021	6M 2020
Cashflow from operating activities	5.9	3.8
Cashflow from investing activities	-8.2	-6.6
Free Cashflow	-2.4	-2.8
Cashflow from financing activities	-10.8	-6.9
Cash funds at the end of the year	26.3	15.6