



# Analyst and Investor Call

## Report 9M 2021

October 2021, Munich

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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.

# 2021 9M results confirm SCHALTBAU's profitable growth strategy

## Our Environment

- Economy is further recovering, but pace decreased due to material shortages and COVID-19 induced order delays
- “Digitale Schiene” drives market growth in Rail infrastructure in GER
- High project volumes in Rolling Stock in Western Europe, but some project shifts
- High growth dynamic in New Energy / New Industry and e-Mobility

## Our Highlights

- **Execution of strategy 2023 delivers expected results:**
  - Significantly improved profitability in Rolling Stock (Bode) with 3.7% EBIT margin
  - After Sales revenues up 25% Y/Y at €56 M with attractive margins
  - Rail core business with amended portfolio and strong growth for level crossings
  - High growth momentum in New Energy / New Industry, with orders up 48% Y/Y
  - New order for e-Mobility Automotive, increased number of samples delivered
  - NEXt factory and Zwieseler Spinne on track

## Our Financials

- **Order intake impacted by project delays:** orders 4% down Y/Y
- **Continuing profitable growth path despite challenging market conditions and tough Y/Y comps:** Revenue +3%, EBIT +3%, EBIT margin 5.0%
- **Strengthened balance sheet** through convertible

## Our Guidance '21

- **Guidance 2021 confirmed**
  - Orders €550 - 580 M, revenue: €520 - 540 M
  - EBIT margin approx. 5%



## Status Takeover Offer Carlyle

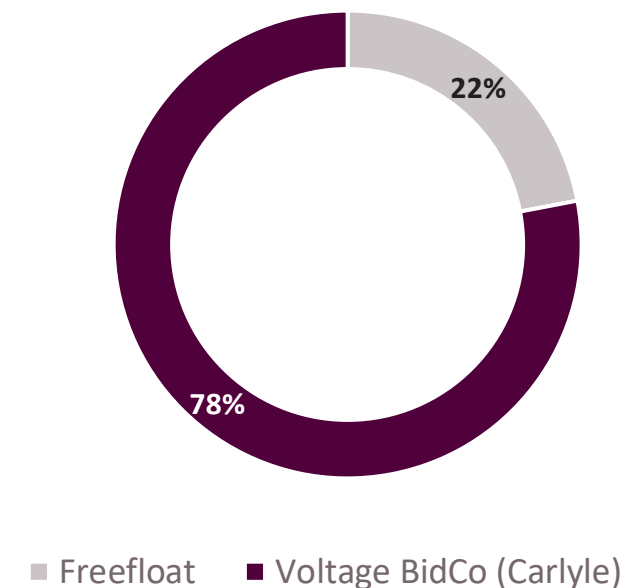
Management and Supervisory Board support the Takeover Offer

- **25.8.21 Voluntary Public Takeover Offer (VPTO)** by Voltage BidCo GmbH (Carlyle) - 69% of voting rights (fully diluted) already secured by irrevocable undertakings
- **7.10.21 Intention to launch Delisting Offer** after completion of VPTO
- **11.10.21 End of acceptance period of VPTO – 78.2% of voting rights** (77.7% fully diluted) secured
- **25.10.21 Closing /VPTO Settlement / transfer of shares**
- Delisting intended end of 2021

### Shareholder structure

October 2021

Total number of shares 10,851,921





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

## Key mid-term strategic directions

## Key strategic targets by 2026

01	Sustainable <b>performance improvement</b> (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	<b>Profitable growth in the core business:</b> Rail Infrastructure and Rolling Stock/Bus	Rail revenue CAGR 4-6% from 2020 to 2026 (>2x market-growth <sup>1</sup> )
03	<b>Growing the After Sales business</b> , 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	<b>Development of new DC components and applications in New Energy / New Industry, and e-Mobility</b> , 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 Interlocking pilot project Zwieseler Spinne on track as planned**  
Laboratory setup to show the communication of the components was presented to DB and EBA (Eisenbahn- Bundesamt = federal railway office)

### Rolling Stock

**Ongoing execution of full potential plan improves profitability**  
EBIT margin at Bode at 3.7% (+2.6 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 25% Y/Y to € 56M at attractive margins

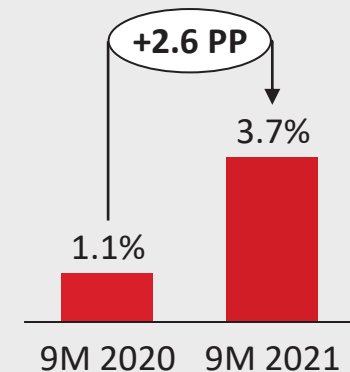
### Laboratory setup "Zwieseler Spinne"



Secure computing-  
hardware for  
"Zwieseler Spinne"

### Rolling Stock / Bode

EBIT margin in %



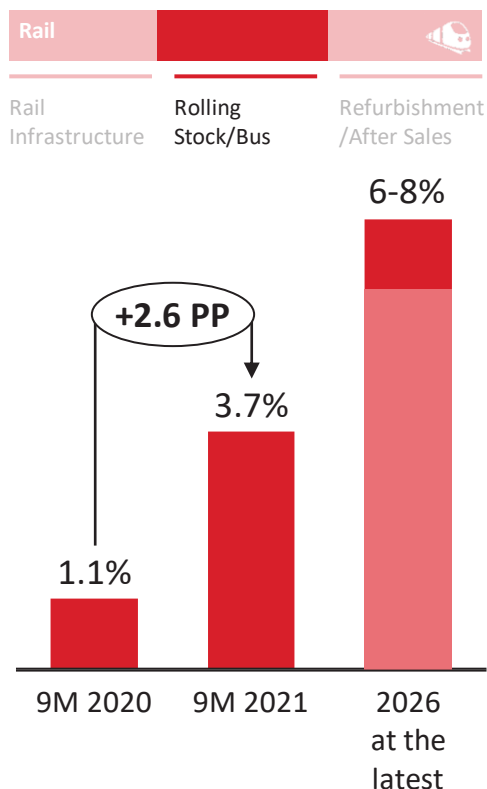
# Rolling Stock: Executing Full Potential Plan to reach 6-8% EBIT margin

## Deep Dive Rolling Stock / Bode

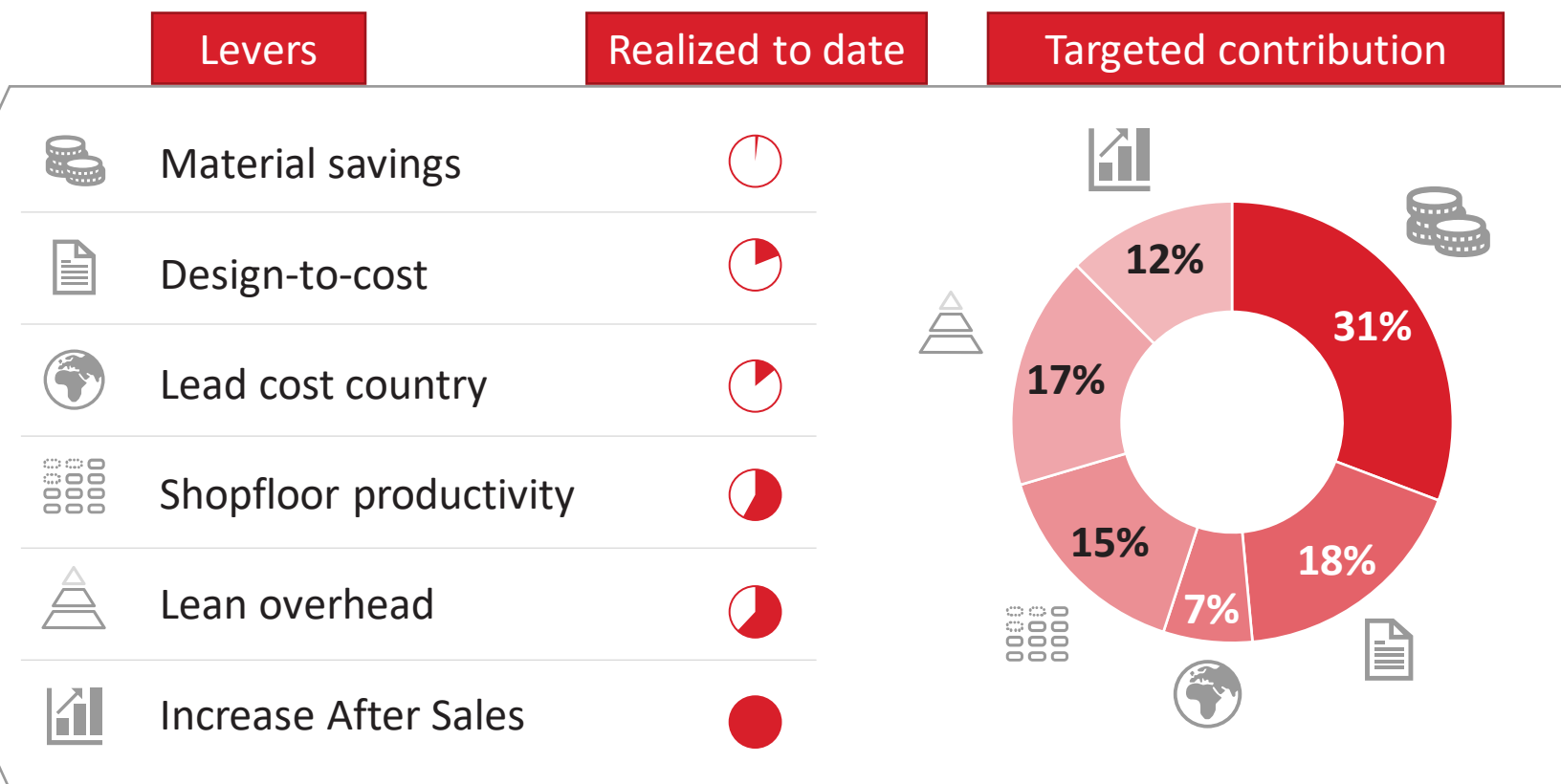
01 Sustainable performance improvement  
(profitability, return on capital, and cash generation)

## Key targets Rolling Stock / Bode

EBIT margin in %



## Levers to improve profitability and realized potential



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

## DC POWER



### Schaltbau continues strong performance at a steady high EBIT margin

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

### New Energy / New Industry: Strong growth dynamic

Order intake up 48% Y/Y, revenue up 38% Y/Y

### e-Mobility: Continuing strong growth momentum

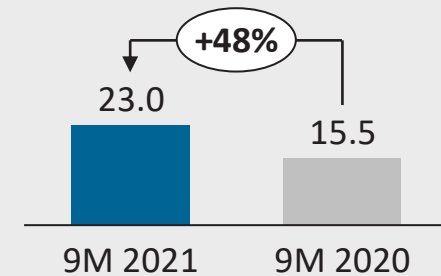
e-Mobility Charging revenue up 83% Y/Y, order intake up 24% Y/Y, second supplier nomination in e-Mobility Automotive and increased number of sample deliveries

### NExT Factory on track

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

### New Energy / New Industry

Order intake in €M



### NExT



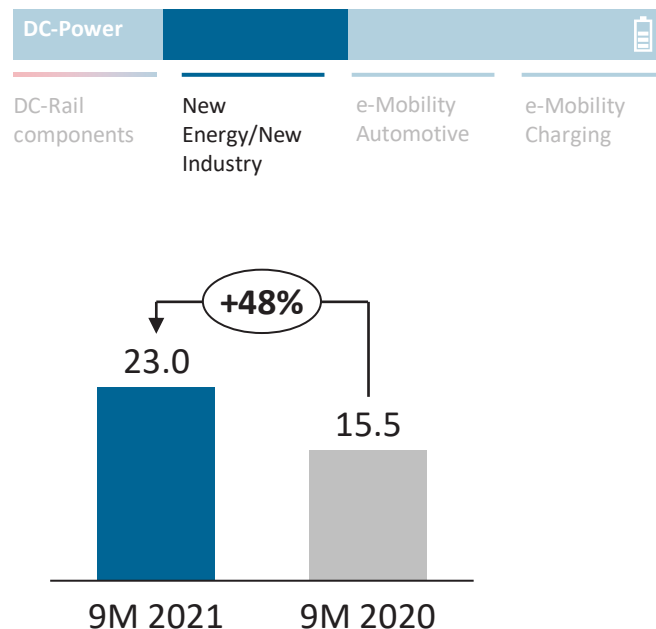


# New Energy / New Industry: Exciting growth opportunities with components material handling and high-power charging

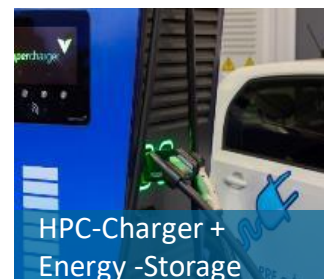
04 Development of new DC components and applications in New Energy/New Industry, and e-Mobility, entering high-growth markets

## New Energy / New Industry

Order intake in €M



## Use-cases for component business



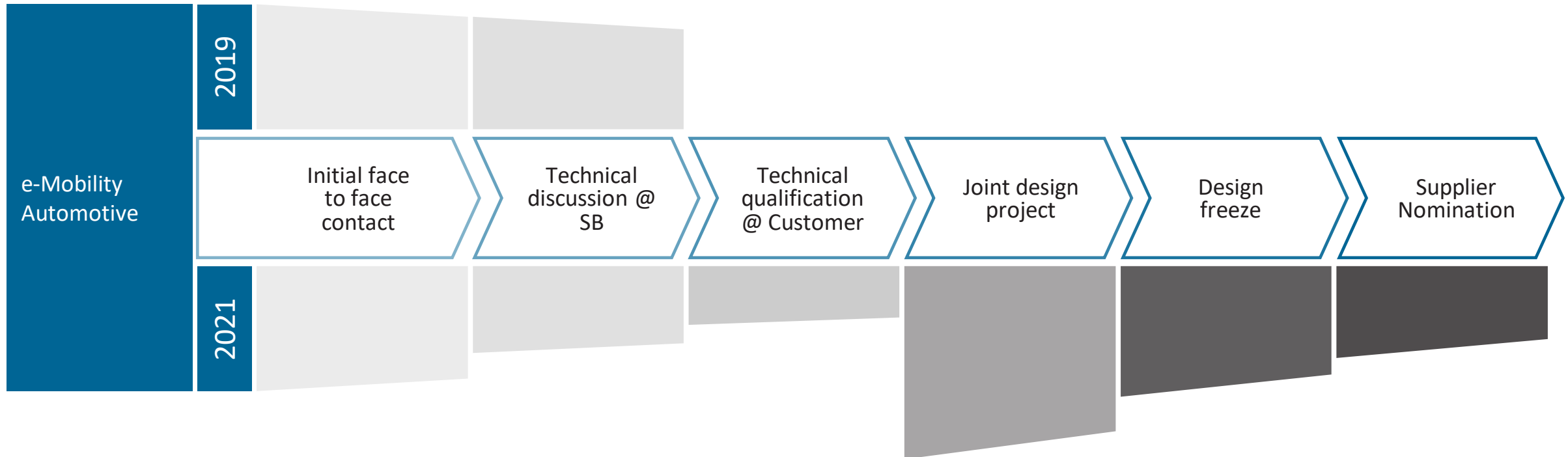
Our contactors are used in combinations of energy storage with HPC-Chargers, which allows peak-shaving. Continuous charging of the energy storage and peak consumption of energy by the e-vehicle



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

# DC Power / Schaltbau GmbH: nomination of a leading European equipment supplier for e-busses

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



New: Schaltbau was nominated for serial supply of propulsion systems for e-busses. Client: leading European supplier



## NExT Factory on track as planned: shell construction ongoing



# Continuing profitable growth path despite one-off transaction costs

Financial highlights 9M 2021

- 1 **Continuing profitable growth path despite one-off transaction costs:** revenue +3%, EBIT +3%, EBIT margin 5,0% – one-off transaction costs from the Carlyle take-over in Q3 – tough Y/Y comps due to some one-time effects in FY20
- 2 **Order intake impacted by slower awarding process:** orders down 4% Y/Y – orders expected to catch-up Q4, particularly at Bode – continued healthy book-to-bill ratio of 1.0
- 3 **Improved profitability at Bode,** with EBIT margin at 3.7% (+2.6PP) thanks to the executing the full potential plan – **SB GmbH continuing dynamic growth in New Energy/New Industry, with EBIT margin being steady at a high level**
- 4 **Net working capital temporarily spiked** due to tight supply situation and delayed shipments – construction of NExT progressing as planned with **investments impacting free cash flow**
- 5 **Strengthened balance sheet through issued mandatory convertible bonds in April:** improved equity ratio (37.6%) and reduced financial leverage (1.1X net debt/EBITDA)
- 6 **Re-affirming our 2021 guidance:** orders €550 - 580M, revenue €520 - 540M, EBIT-margin ~5% of sales



# Continuing profitable growth path despite one-off transaction costs

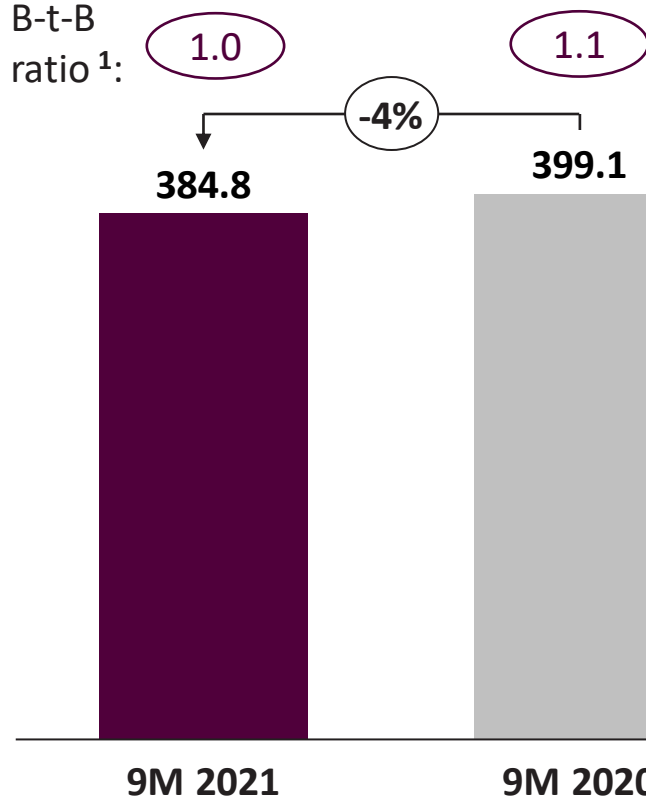
SCHALTBAU Holding Group – Key Financials – 9M 2021 (1/3)

## Order Intake

in €M

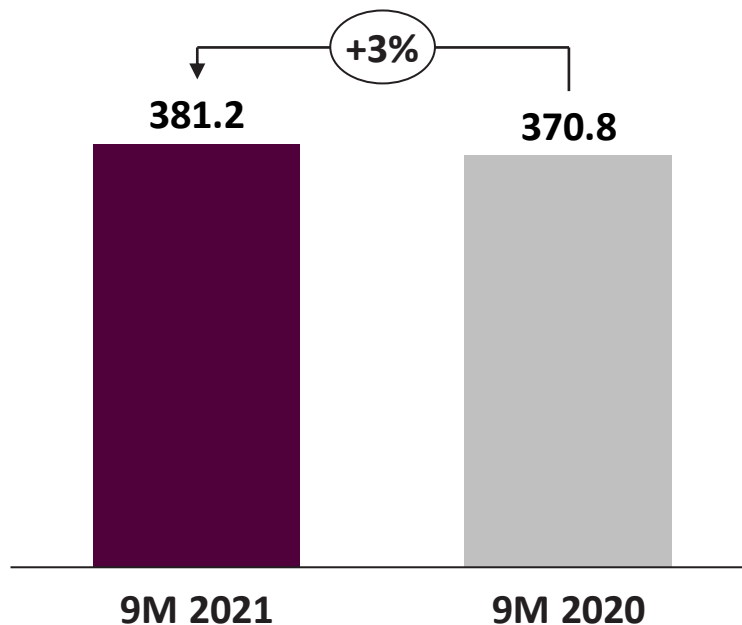
B-t-B

ratio <sup>1</sup>:



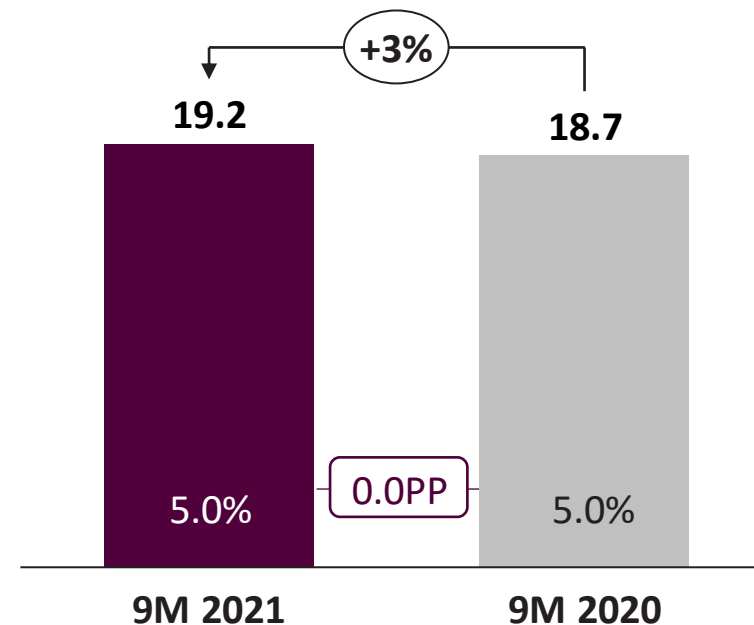
## Revenue

in €M



## EBIT

in €M and in % of revenue



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

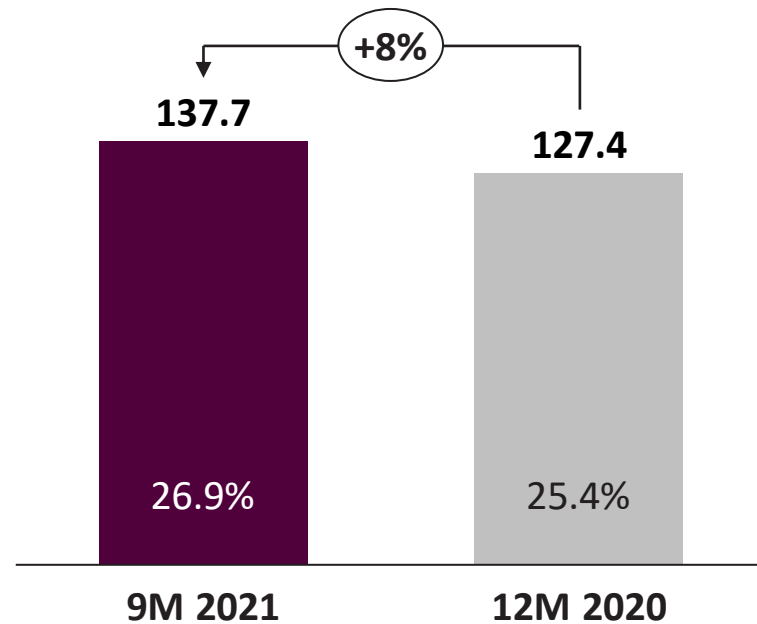


# NWC temporarily spiked due to tight supply markets & delayed shipments – investments in NExT factory impacting free cash flow

SCHALTBAU Holding Group – Key Financials – 9M 2021 (2/3)

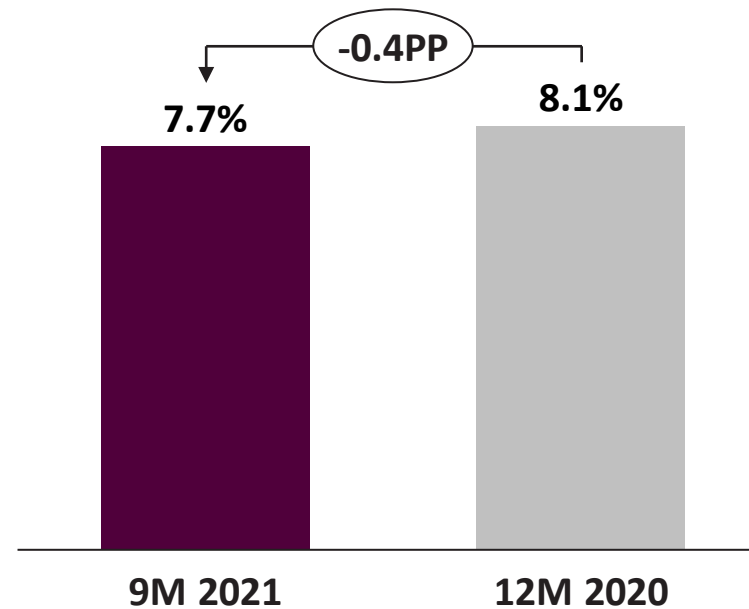
## Net Working Capital (NWC)

in €M and in % of revenue<sup>1</sup>



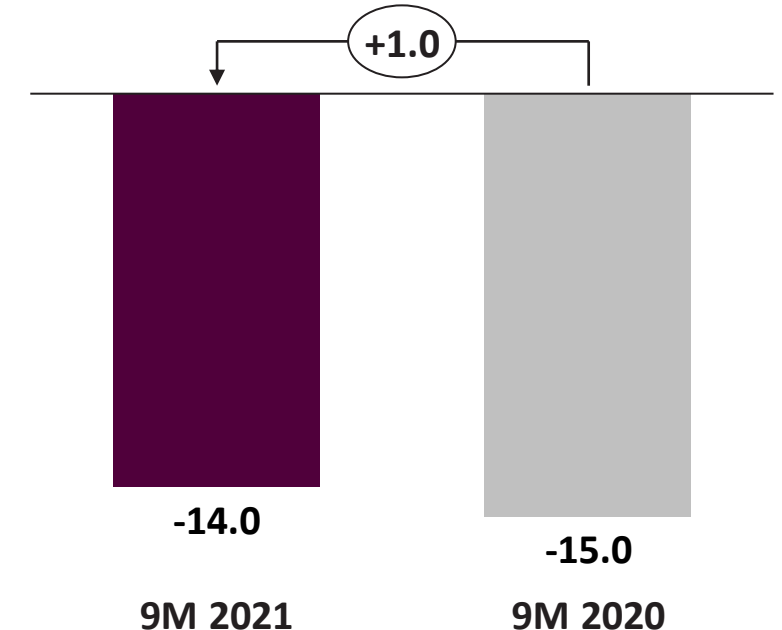
## Return on Capital Employed (ROCE)

EBIT<sup>1</sup> / Employed Capital, in %



## Free Cash Flow

In €M



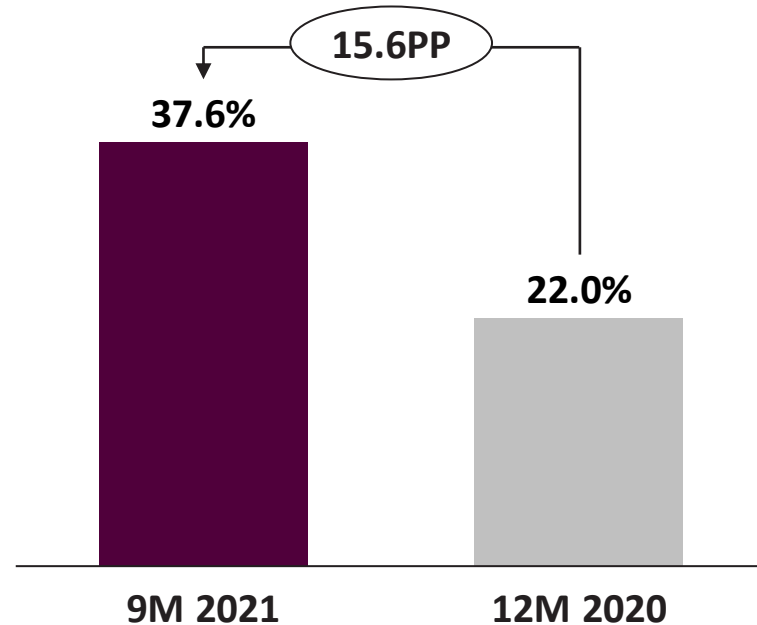
(1) Of last twelve months (LTM)

# Strengthened balance sheet through issued mandatory convertible bonds: improved equity ratio (37.6%) and reduced financial leverage (1.1X)

SCHALTBAU Holding Group – Key Financials – 9M 2021 (3/3)

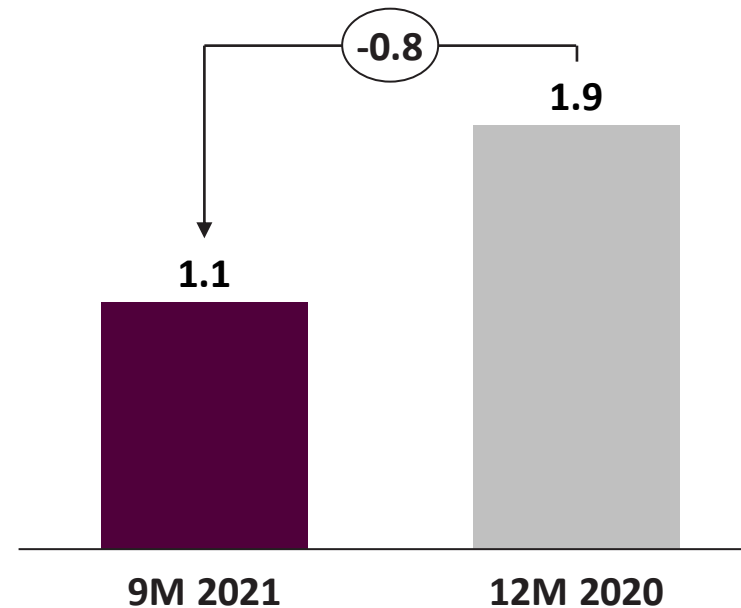
## Equity Ratio

In %



## Financial Leverage

Net Debt<sup>1</sup>/EBITDA<sup>2</sup>, 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 expectations – expecting strong performance in Q4

## Pintsch Segment – Key Financials – 9M 2021

(€M, rounded)	9M 2021	9M 2020	YoY Change
Order intake	63.3	57.6	10.0%
Revenue	52.8	53.9	-2.1%
EBIT	1.1	3.8	-71.8%
EBIT Margin	2.1%	7.1%	-5.1PP

- **Continuing strong order intake:** mainly due to level crossing systems, benefiting from investment program “Digitale Schiene Deutschland”
- **Solid revenue level, expecting strong Q4:** strong growth in level crossing, some project shifts into Q4 – expecting strong shipments in Q4 with backlog in place
- **EBIT continuing to trend in-line with expectations:** Historically, back-end loaded business – tough Y/Y comps due to some positive one-off effects in FY20

### Rail



Rail Infrastructure

Rolling Stock/Bus

Refurbishment/  
Aftersales

### DC Power



DC Rail  
components

New Energy/New  
Industry

e-Mobility  
(Automotive)

e-Mobility  
(Charging)

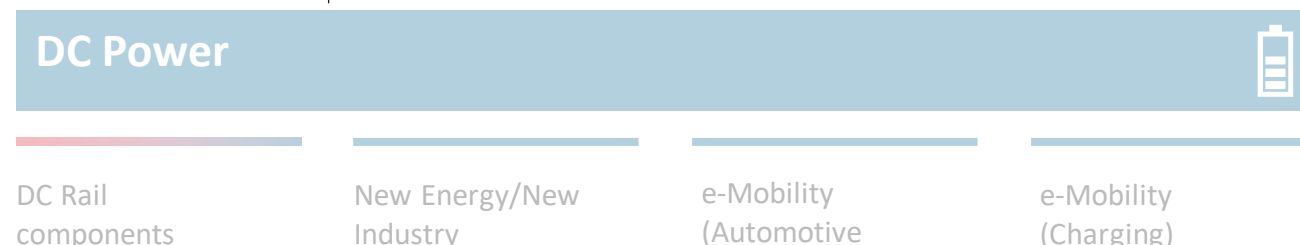
# Rolling stock (Bode): EBIT margin improved significantly, benefiting from strong growth in profitable aftersales business along with realized cost savings

## Bode Segment – Key Financials – 9M 2021

(€M, rounded)	9M 2021	9M 2020	YoY Change
Order intake	166.9	209.9	-20.5%
Revenue	180.3	191.6	-5.9%
EBIT	6.7	2.1	218.9%
EBIT Margin	3.7%	1.1%	2.6PP



- **Soft order intake year-to-date, expecting orders to catch-up in Q4:** softness in OE rail due to some project push-outs along with lower orders in bus, partially offset by strong growth momentum in aftersales
- **Soft revenue** due to some deferred shipments in core rail business, partially 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



# SBRS: Strong revenue growth, driven by a large-scale, low-profitable refurbishment project – strong growth momentum in the e-Mobility business

## SBRS Segment – Key Financials – 9M 2021

(€M, rounded)	9M 2021	9M 2020	YoY Change
Order intake	31.0	27.3	13.8%
Revenue	36.4	20.8	74.9%
EBIT	2.3	2.2	6.3%
EBIT Margin	6.4%	10.3%	-3.9PP

- **Continued good orders growth momentum:** strong order intake in the e-Mobility fast-charging business
- **Strong revenue growth** due to the revenue recognition of a large-scale refurbishment project along with continued strong revenue growth in e-Mobility projects
- **EBIT margin** impacted by a large-scale, low-profitable refurbishment project – underlying profitability improved compared to previous year

### Rail



Rail Infrastructure

Rolling Stock/Bus

Refurbishment/  
Aftersales

### 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 – EBIT margin influenced by increased inflationary pressure

Schaltbau GmbH Segment – Key Financials – 9M 2021

(€M, rounded)	9M 2021	9M 2020	YoY Change
Order intake	123.5	104.4	18.3%
Revenue	111.7	104.6	6.8%
EBIT	17.9	19.0	-5.7%
EBIT Margin	15.9%	18.0%	-2.2PP



- **Continuing strong orders in New Energy /New Industry, while Rail recovered from COVID-19**
  - New Energy / New Industry up 48% Y/Y
  - Rail recovered from COVID-19 dip in 2020
- **Solid revenue growth, despite challenges to deliver shipments due to tight supply markets**
  - New Energy/New Industry up 38% Y/Y
  - Rail with delivery challenges despite backlog
- **EBIT margin being steady at a high level, despite higher material and transportation costs – EBIT margin impacted by some one-off effects in FY20**

## Rail



Rail Infrastructure

Rolling Stock/Bus

Refurbishment/  
Aftersales

## 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, despite the one-off transaction costs due to Public Takeover Offer by Carlyle

Schaltbau Holding Group – Full-year 2021 Guidance<sup>1</sup>



Order intake  
**€ 550 – 580**  
million

Sales  
**€ 520 – 540**  
million

EBIT-Margin  
**approx. 5%**

<sup>1</sup>The 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 to execute strategy 2023: profitable growth despite tough market conditions due to material shortages and COVID-19 induced order delays
- 2** Profitability on a sustainable higher level –  
Strengthened balance sheet through issued mandatory convertible bonds
- 3** Profitability at Bode has significantly improved: EBIT margin +2.6PP at 3.7% thanks to realized cost savings, improved productivity, and growing After Sales revenue
- 4** Accelerated growth in After Sales, backed by large installed base –  
revenue up 25% Y/Y at attractive margins
- 5** Continued high growth momentum in New Energy / New Industry: revenue +38%, orders +48% Y/Y –  
second supplier nomination in e-Mobility Automotive and increased number of sample deliveries
- 6** Re-affirming guidance for fiscal year 2021 –  
positive long-term outlook with high growth potential

# **SCHALTBAU**

## **GROUP**

Schaltbau Holding AG  
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[www.schaltbaugroup.de](http://www.schaltbaugroup.de)

# Consolidated balance sheet 9M 2021 - Schaltbau Group

Assets (k€)	30.09.2021	31.12.2020
Intangible Assets	46.778	43.416
Property, plant and equipment	103.316	94.438
Investment property	3.536	3.678
At-equity accounted investments	618	2.154
Other investments	1.549	2.067
Deferred tax assets	12.539	9.204
<b>Non-current assets</b>	<b>168.336</b>	<b>154.957</b>
Inventories	132.019	118.690
Trade account receivables	83.514	72.816
Current tax assets	374	162
Other receivables and assets	17.183	19.850
Contract assets (current)	15.617	5.982
Cash and cash equivalents	19.466	39.379
<b>Current assets</b>	<b>268.173</b>	<b>256.879</b>
<b>Total assets</b>	<b>436.509</b>	<b>411.836</b>

Equity and liabilities (k€)	30.09.2021	31.12.2020
<b>Equity</b>	<b>163.988</b>	<b>90.735</b>
Personnel-related provisions	42.257	44.323
Other provisions	336	499
Financial liabilities	48.165	108.598
Contract liabilities (non-current)	148	11.727
Other liabilities	680	6.465
Deferred tax assets	3.102	1.817
<b>Non-current liabilities</b>	<b>94.688</b>	<b>173.429</b>
Personnel-related provisions	12.288	14.224
Other provisions	29.184	26.144
Income tax payable	2.477	3.306
Financial liabilities	18.759	10.587
Trade accounts payable	46.837	41.869
Contract liabilities (current)	31.032	22.219
Other liabilities	37.256	29.323
<b>Non-current liabilities</b>	<b>177.833</b>	<b>147.672</b>
<b>Total equity and liabilities</b>	<b>436.509</b>	<b>411.836</b>



# Consolidated income statement 9M 2021 - Schaltbau Group

(k€)	30.09.2021	30.09.2020
Revenue	381.162	370.846
Change in inventories of finished and work in progress	5.964	11.397
Own work capitalised	1.473	1.019
<b>Total output</b>	<b>388.599</b>	<b>383.262</b>
Other operating income	4.718	9.223
Cost of materials	(197.016)	(203.503)
Personnel expense	(129.768)	(126.023)
Depreciation, amortisation and impairment losses	(12.639)	(11.713)
Other operating expenses	(33.677)	(31.837)
Impairment losses	(1.018)	(730)
<b>Profit/loss before financial result and taxes (EBIT)</b>	<b>19.199</b>	<b>18.679</b>
Results from investments	(156)	734
Financial result	(4.330)	(4.982)
<b>Profit/loss before taxes</b>	<b>14.713</b>	<b>14.431</b>
Income taxes	1.510	(4.955)
<b>Group net profit/loss for the year</b>	<b>16.223</b>	<b>9.476</b>

## Consolidated cash flow statement 9M 2021 - Schaltbau Group

(€m, rounded)	9M 2021	9M 2020
Cashflow from operating activities	4.8	-5.1
Cashflow from investing activities	-18.8	-9.9
Free Cashflow	-14.0	-15.0
Cashflow from financing activities	-6.0	6.6
Cash funds at the end of the year	19.5	16.9