

R&S Group

Investor Presentation

January 2025



We guarantee energy

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Today's speakers

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Markus Laesser
Group CEO



Matthias P. Weibel
Group CFO

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Introduction and strategic highlights

Markus Laesser | Group CEO



We guarantee energy

AI data centre demands and renewable energy . . . are driving equipment orders

FINANCIAL TIMES

World's largest transformer maker warns of supply crunch

AI data centre demands and renewable energy's dispersed nature are driving equipment orders for power grid upgrades



Demand for transformers has suddenly rocketed and is expected to grow to a \$67bn market by 2030 © Nao Mukadi/AFP/Getty Images

Quote in recent FT article:

. . . “transformer manufacturers would be hard-pressed to boost output quickly enough to meet demand to upgrade grids, with supplies strained by the growing needs of data centres used for generative artificial intelligence.”

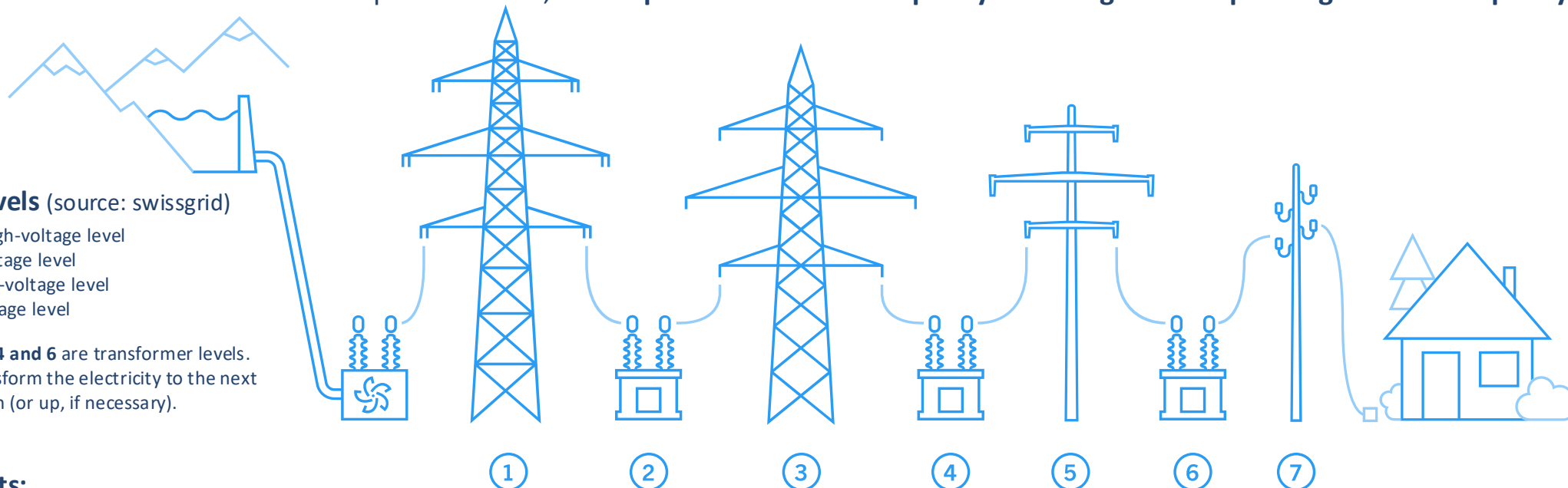
The transformer market is at an inflection point for growth

The expansion of the electricity grid substitution is critical in the substitution by electrical energy. Transformers are essential in electricity transmission & distribution. In developed countries, the **required transformer capacity is ~3x higher than power generation capacity**.

Grid levels (source: swissgrid)

- 1 extra-high-voltage level
- 3 high-voltage level
- 5 medium-voltage level
- 7 low-voltage level

Stages 2, 4 and 6 are transformer levels. They transform the electricity to the next level down (or up, if necessary).



Products:

Power Transformers (PT)

up to 120 MVA

Distribution Transformers (DT)

up to 20 MVA

Distribution Transformers

Oil-immersed (ODT) and Cast Resin (CRT)

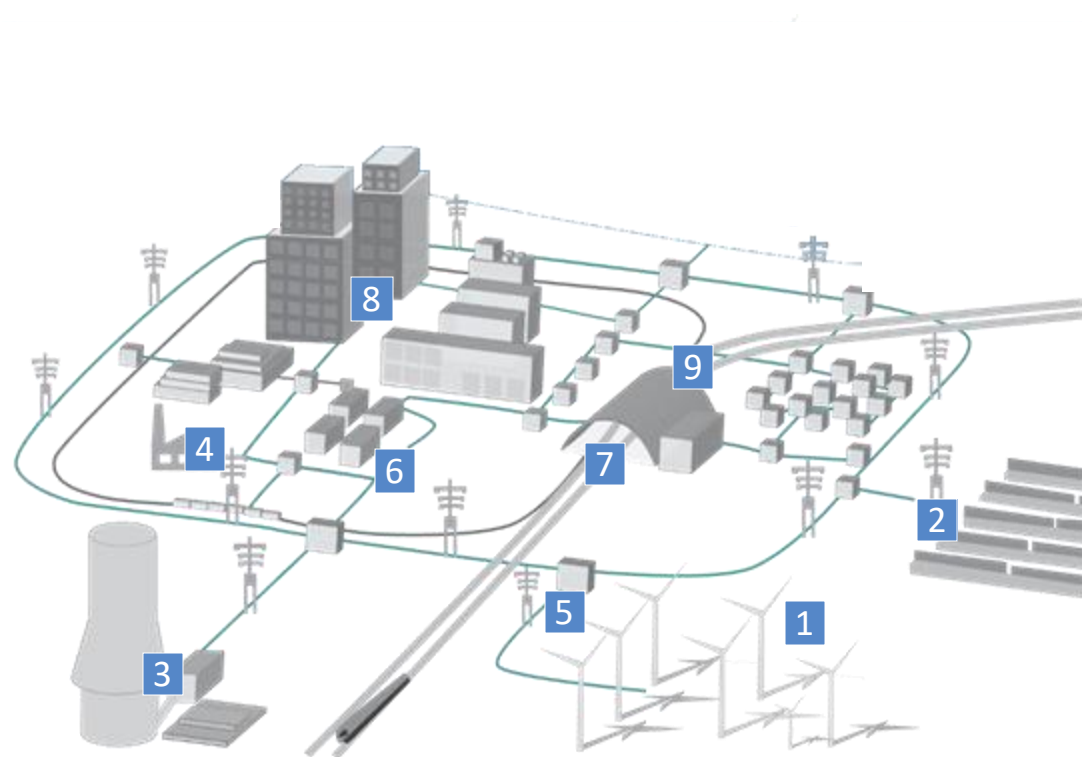
up to 2.5 MVA and 10 MVA

Single-phase Transformers

up to 100 kVA



R&S Group covers many applications across the grid



- | | | |
|-------------------|----------------------------|-----------------|
| 1 Wind parks | 4 Industry | 7 Transport |
| 2 Solar parks | 5 HV substations | 8 Buildings |
| 3 Power plants | 6 Transformer substations | 9 Construction |
| 10 Shore to ship | | |

10

Renewables



E-mobility



Datacentres



Strong secular market tailwinds and massive replacement requirement

Secular tailwinds...

Continued expansion of installed power generation capacity (GW) per region



Increase of global population



Increase of economic activity



Changing consumer behavior



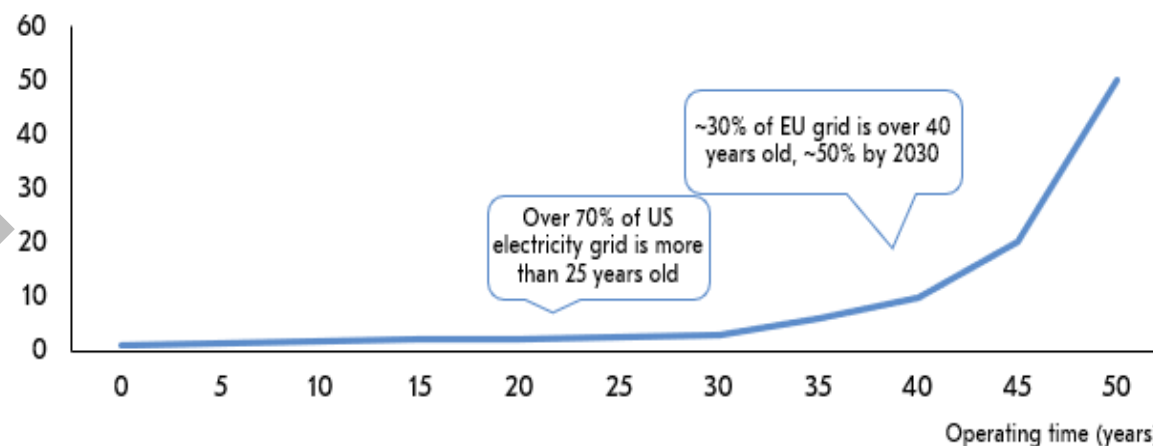
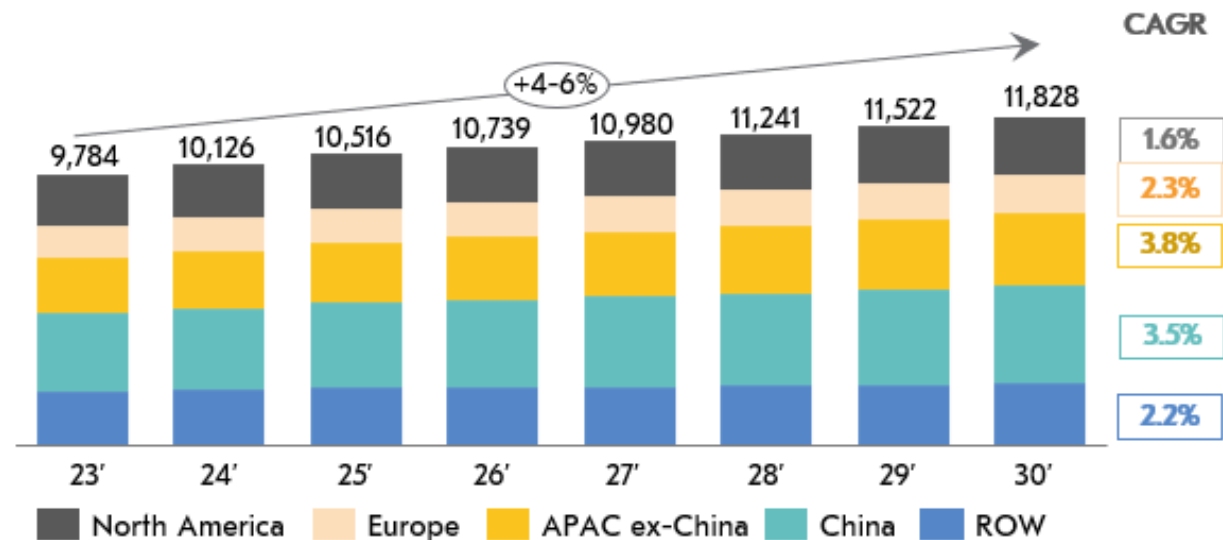
Increased access to electricity

...combined with massive replacement requirements

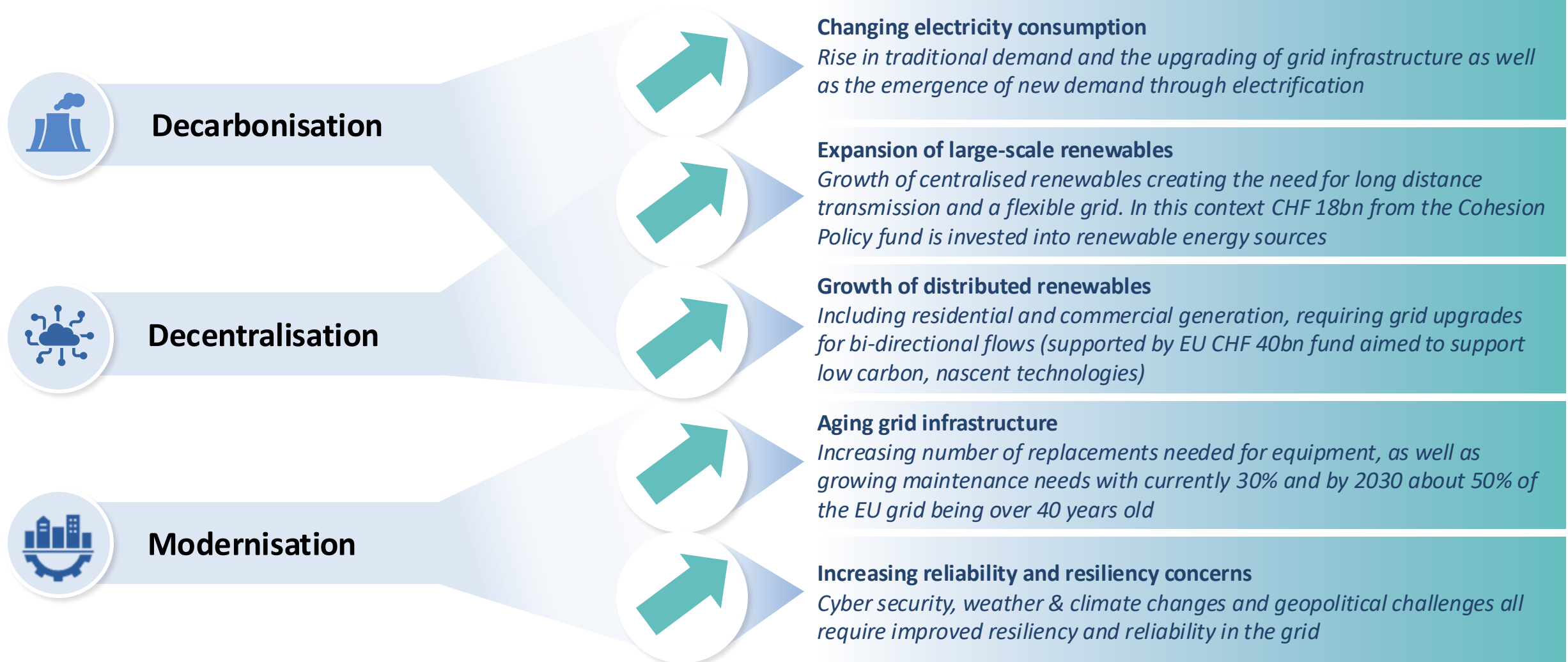
Ageing grid infrastructure demanding replacement:
Failure rate of transformers (%)



Failure rate increases exponentially after 30 years of operation

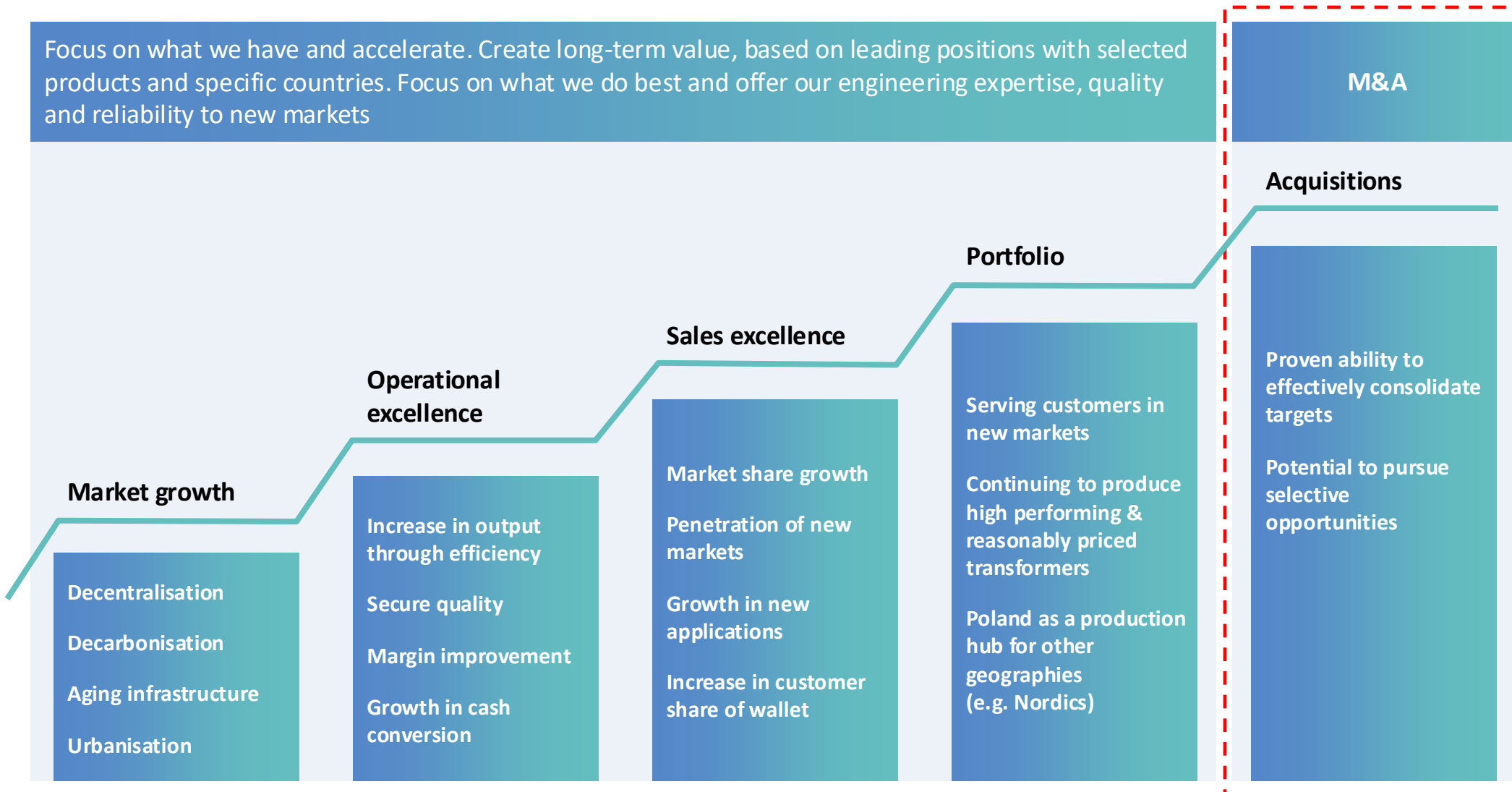


Well-positioned to capture growth from the ubiquity of electrification



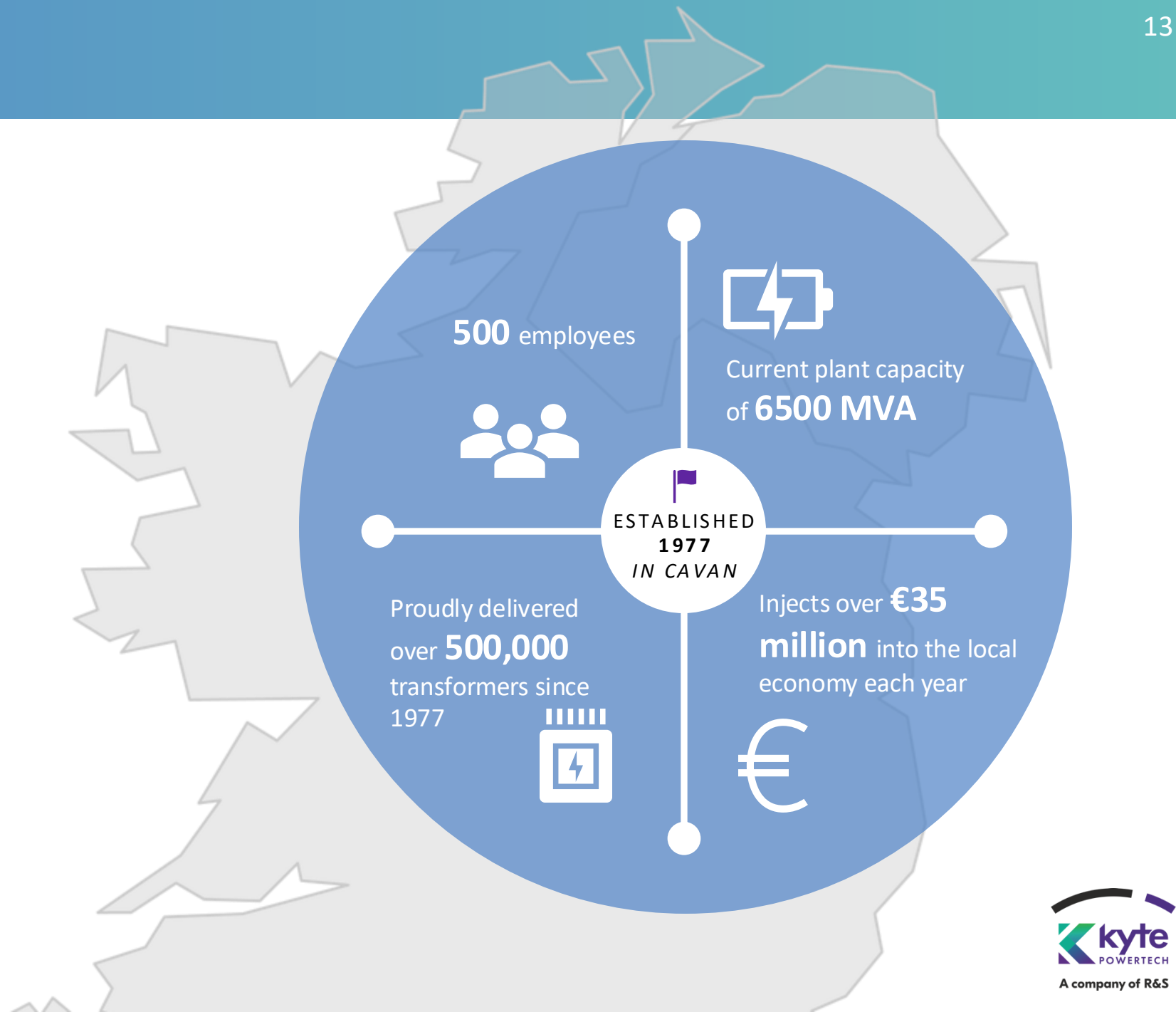
Strategic pillars – M&A has always been an instrumental part

Focus on what we have and accelerate. Create long-term value, based on leading positions with selected products and specific countries. Focus on what we do best and offer our engineering expertise, quality and reliability to new markets






About Kyte Powertech

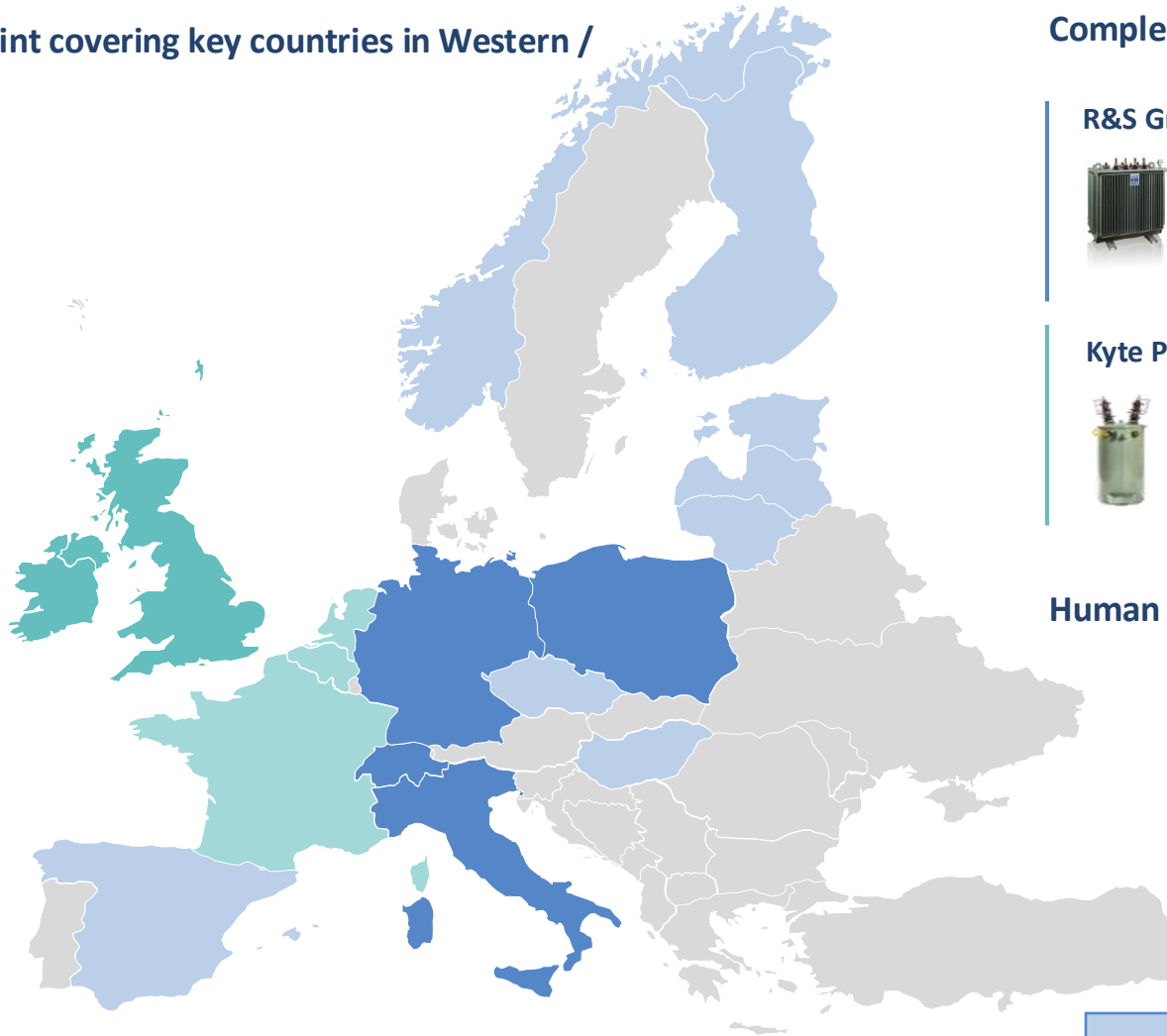
Kyte Powertech has significantly expanded to become a **leading manufacturer** of custom, high-quality distribution transformers for the electrical industry, underscored by entrepreneurial drive and customer-centric values.



Adding footprint and expanding product portfolio and skill sets

Complementary footprint covering key countries in Western / Central Europe

-  Kyte core market
-  Kyte secondary market
-  R&S core market
-  R&S secondary market



Complementary product portfolio – key products

R&S Group



Distribution transformers
Up to 36kV & 2.5MVA



Power transformers
Up to 145kV & 120MVA



Cast resin transformers
Up to 52kV & 20MVA



Instrument transformers
Up to 36kV

Kyte Powertech



Single phase transformers
15-100kVA



Small/medium transformers
15-315kVA



Big transformers
1.2-10MVA



Substations
400kVA-1MVA

Human Resources: Number of employees


635




500

+ Middle East

Strong rationale for the combination of R&S Group & Kyte Powertech

The combination of R&S Group and Kyte will increase R&S Group's profile as a public company, strengthen market leading positions, create a deeper management bench, and enhance product offerings and technical expertise for both companies

1

Combined increase in leading market positions

2

Diversified product portfolio

3

Supportive market fundamentals

4

Enhanced technical knowledge and capabilities

5

Skilled and experienced management team

6

Attractive financial profiles



Combined financials with business plan & guidance

Matthias P. Weibel | Group CFO

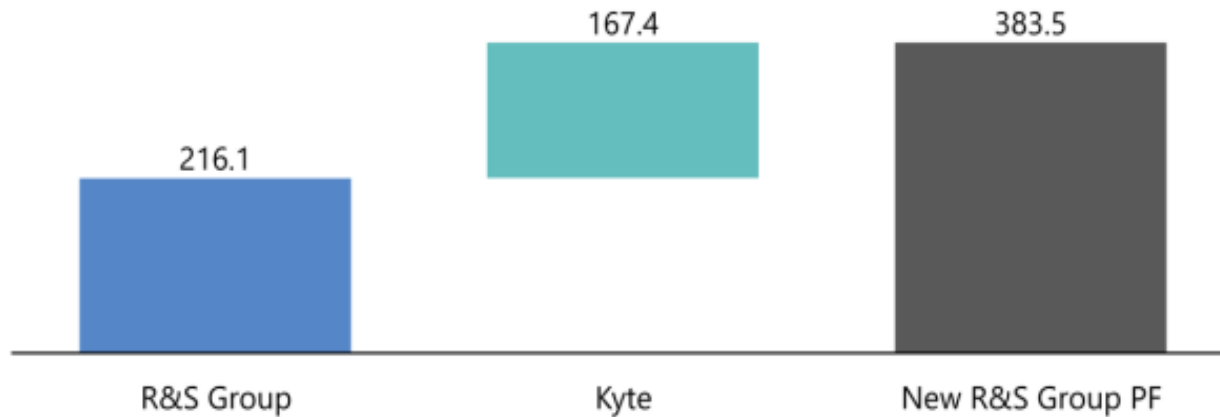


R&S

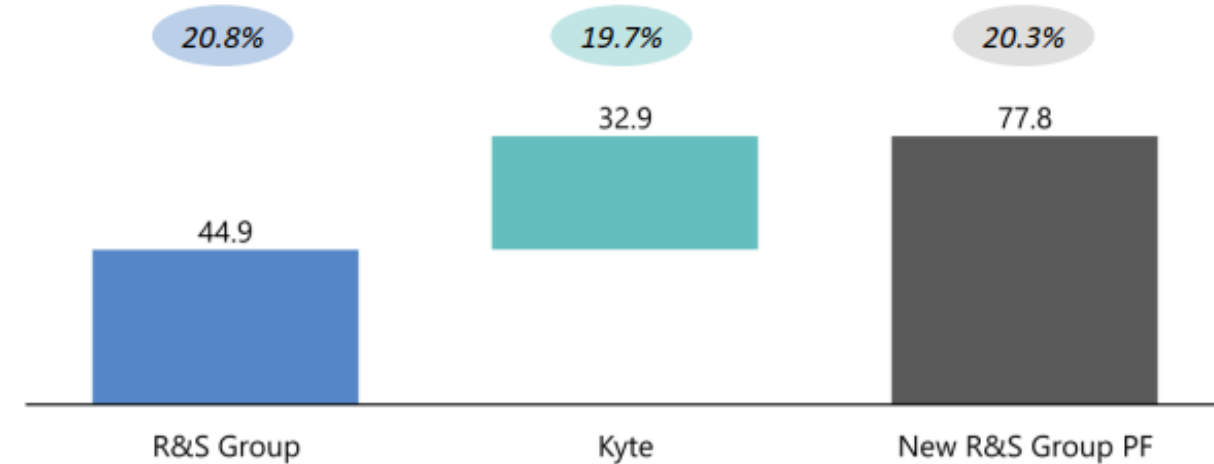
We guarantee energy

Complementary financial profiles over the last 12 months (LTM)

Adj. net sales (June 2024 LTM, CHFm)^{1,2}



Adj. EBIT (June 2024 LTM, CHFm)^{1,2} Margin

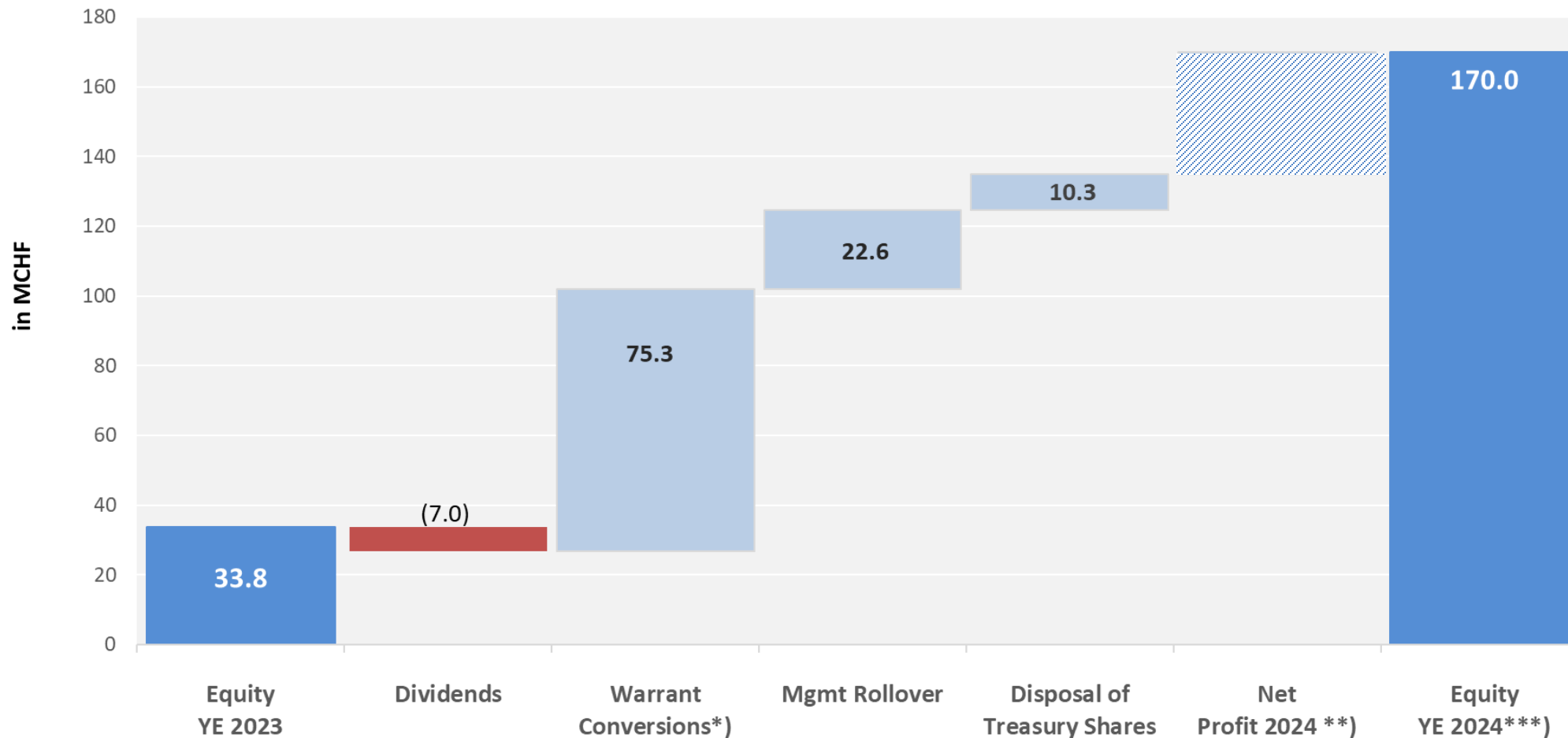


Notes: New R&S Group pro forma numbers represent a simple addition of R&S Group and Kyte figures, without including synergies and accounting standards, PPA and other adjustments

1 FX rate for Kyte at EUR/CHF 0.96

2 Adjusted for CHF 9.5m loss from disposal of R&S Group's Czech plant SERW in December 2023 and M&A transaction costs of CHF1.6m

Development of R&S Equity in recent months



*) conversions from 1 July 2024 to 30 October 2024 from conditional capital; total amount of shares outstanding now at 37.2 Mio . 1% of warrants still outstanding.

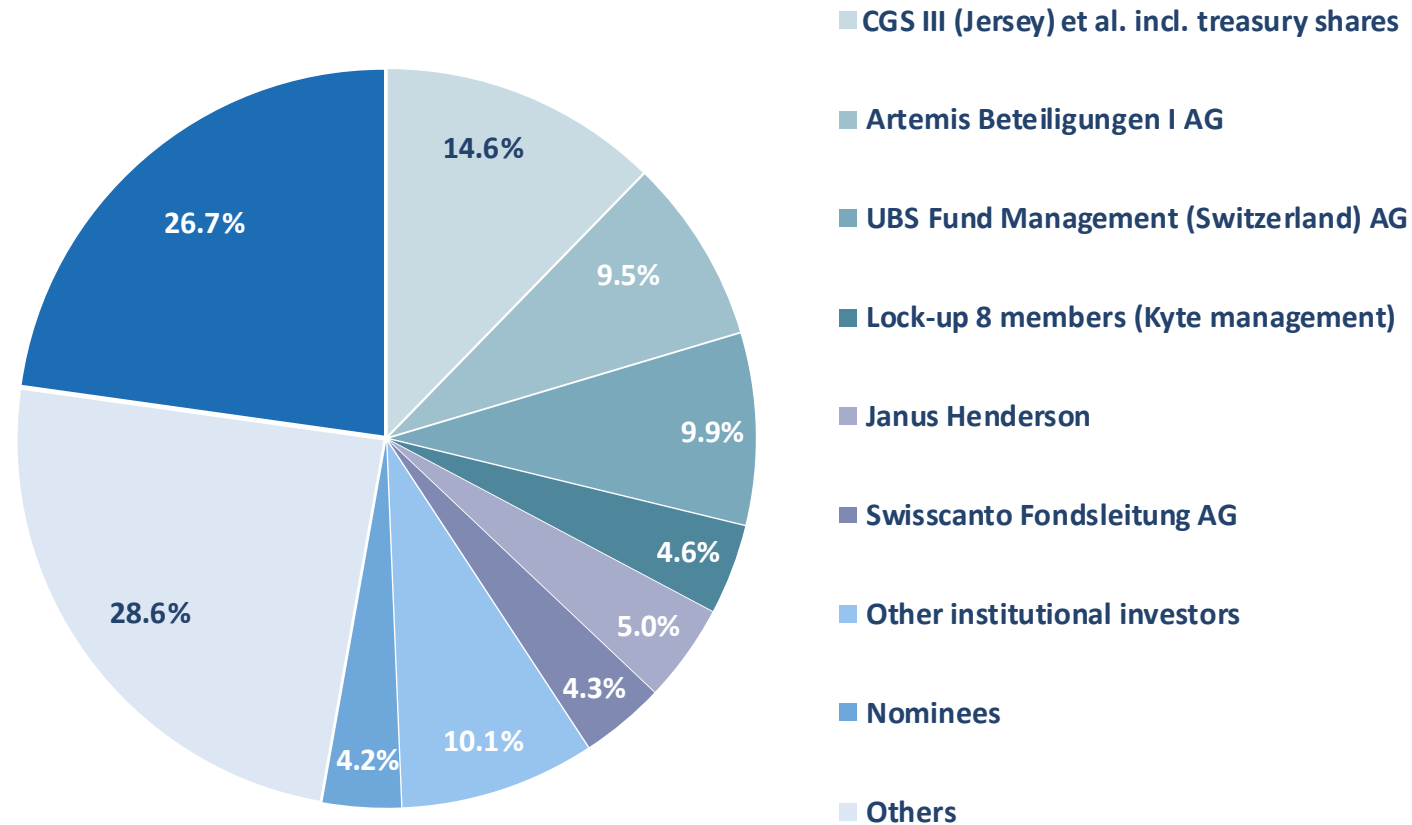
**) estimation based on current guidance

***) before goodwill offsetting

Shareholder base as of 31 December 2024

Per 31 December 2024¹

Free float of 76.0%²



Number of shareholders: 1'639

Number of shares outstanding: 37.2m

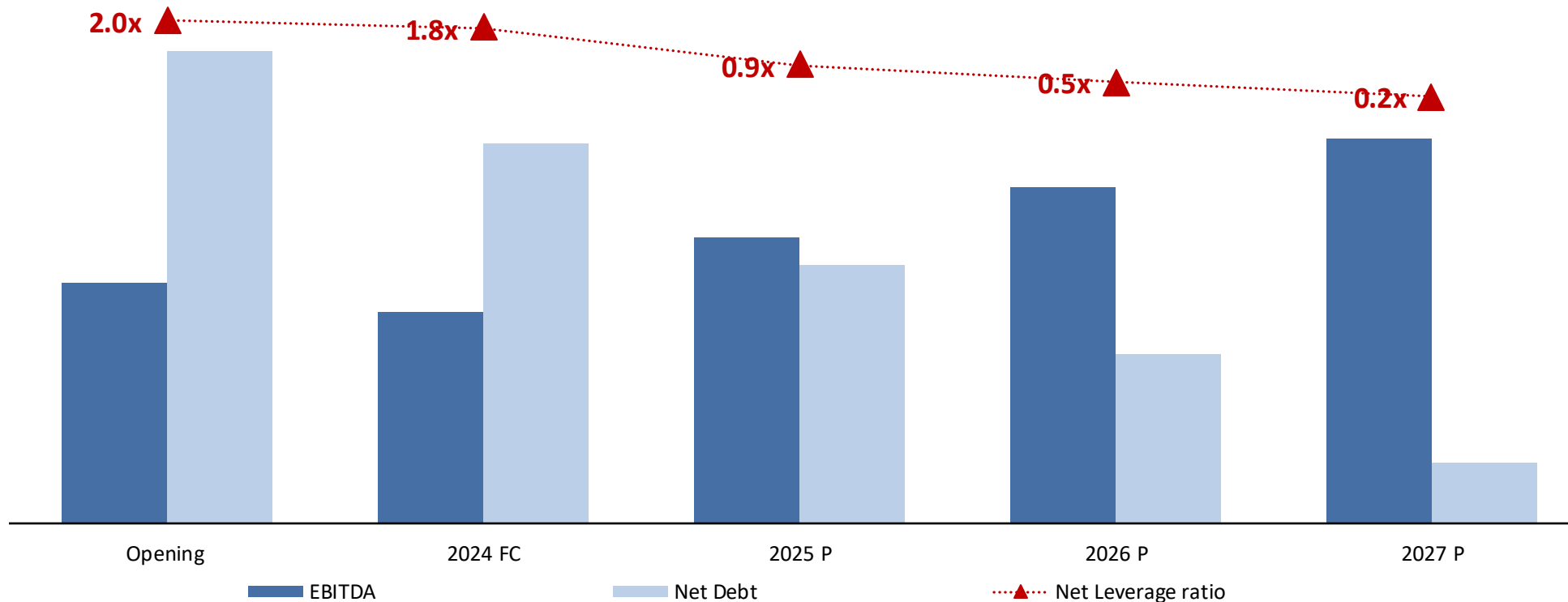
1) Significant shareholders >3% with percentage as filed with SER Disclosure Office

2) Free float according to definition of SIX Index Division excludes CGS et al and Artemis

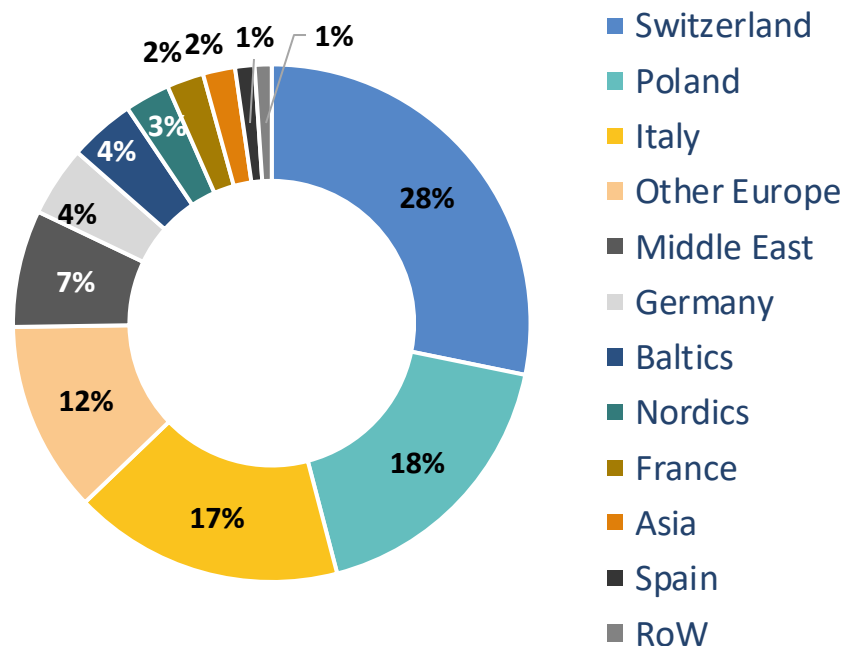
Acquisition financing

Successful refinancing of the bridge loan just before signing: Syndicated 5-year loan with 9 banks in the amount of CHF 160 million and CHF 30 million RFC (revolving credit facility).

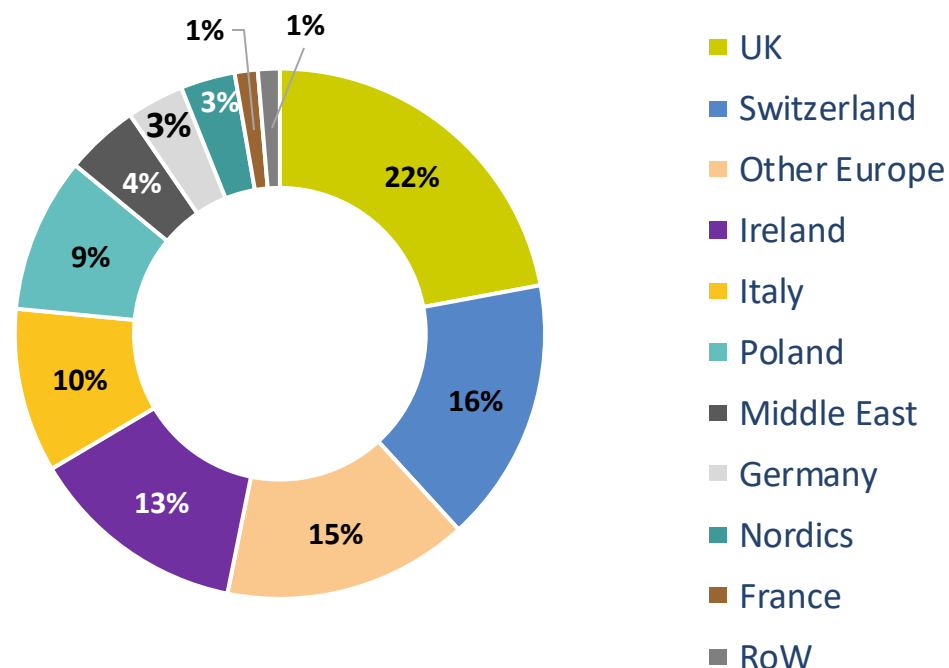
Warrant conversions and continuous growth will lead to a net leverage of around 1.8 by end of 2024.



R&S Group sales segmentation by country (2023 A adj.)¹



Combined sales mix HY 2024 by country (%) after integration of Kyte

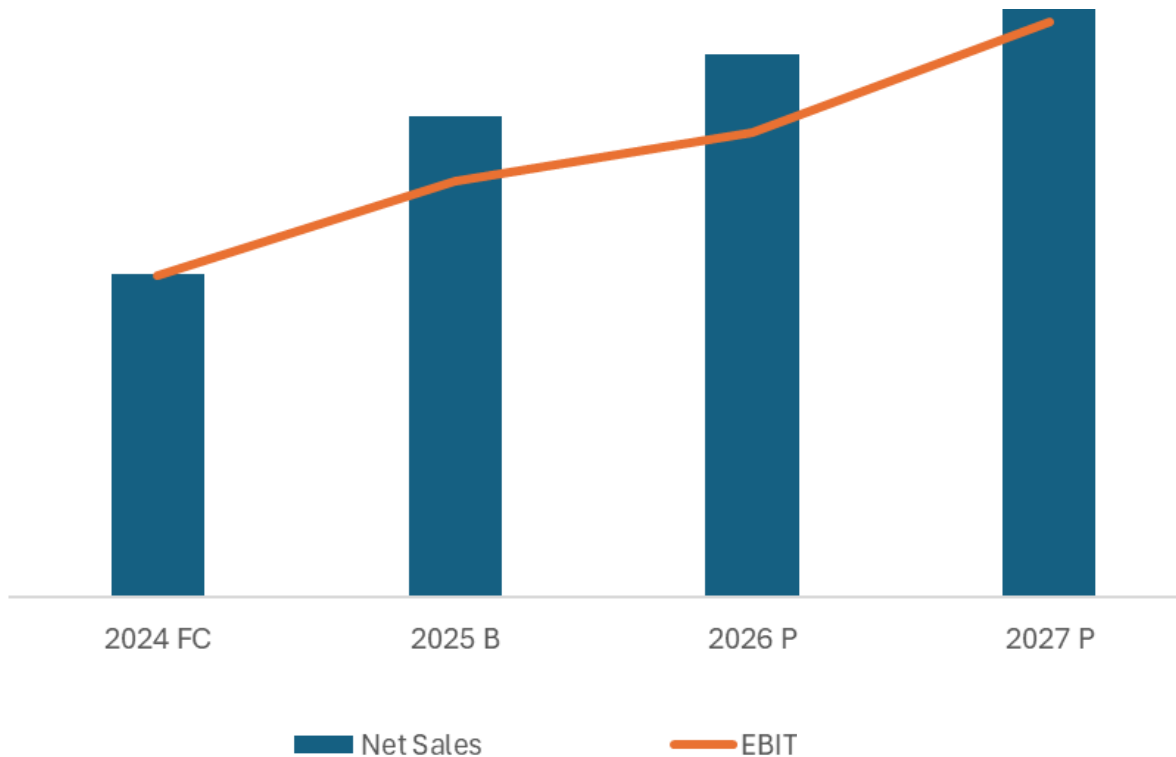


- The combined sales mix HY2024 by country of Kyte and R&S shows a good diversification across the countries of Western and Eastern Europe, but also potential and white spots in the Nordics, Spain, Middle East.
- With additional capacities, even further expansion of market shares in already strong home markets such as UK is feasible.

¹ excluding SERV which was divested in 2023

Sales and EBIT development

Illustrative sales and EBIT development based on guidance



Developments:

- Based on the current backlog and positive market trends, double-digit sales growth in 2025 and beyond is expected
- Gross margins will balance out and normalize at 45% depending on the product groups
- EBIT of 20%

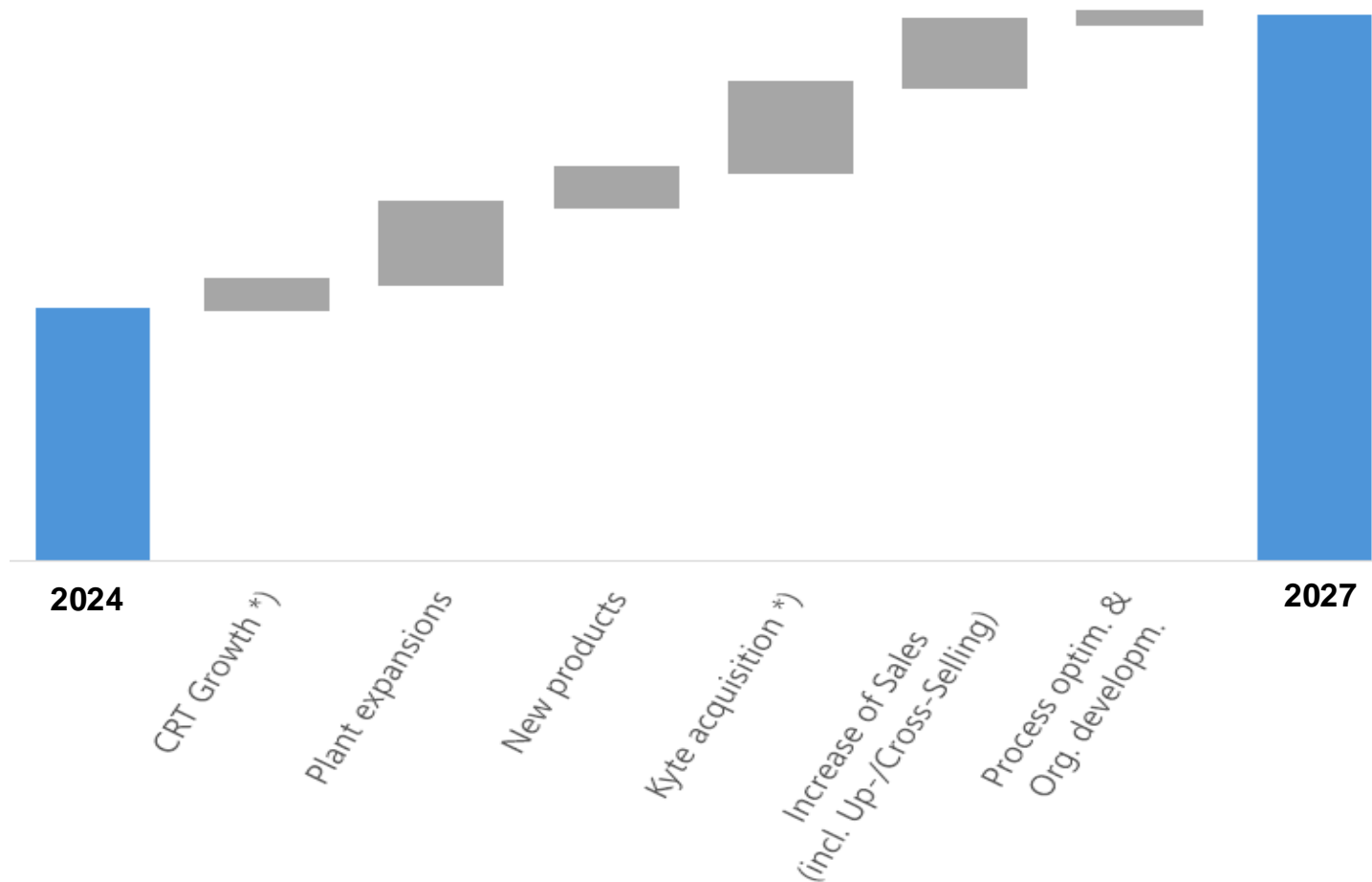
Assumptions:

- Strategic initiatives take full effect, with more capacities and more high-margin sales
- Cost of key materials remain stable and availability of quantity volumes is ensured
- No price or margin erosion expected
- Continuing high level of efficiency (variable cost structures) in all plants

Strategic initiatives drive continued profitable growth

Sales expected to grow around 12% over the next years.

Major contribution for growth comes from ongoing strategic initiatives.



*) excluding effect of cross-selling

Launch of 3rd wave of investments will boost business further

<i>in MCHF</i>	2023 A	2024 FC	2025 B (incl. Kyte)	2026 P	2027 P
Total for Maintenance & Expansion	5.6	8.0	24.0	27.0	13.0
<i>in % of Net Sales</i>	2.6%	2.7%	5.5%	5.5%	2.2%
	1st wave				
		2nd wave			
			3rd wave		
				ERP	

Note: In the long term, it is assumed that investments for maintenance will be at the level of depr./ amort..

sep. Budget for ERP project; not included in Capex numbers above

- New Core Production and Cutting Line for Tesar Italy and Tesar PL
- New Vertical Winding Machines for Łódź and ramp-up of new plant in Bochnia (PL)
- Plant expansions for Power TR and Kyte

The **3rd wave** includes the ramp-up of the new ODT production in Poland (new legal entity Rauscher Stoecklin Polska). It also includes a new greenfield project in Poland, which will require Capex particularly in 2025 and 2026 (major impact on top-line from summer 2026 onwards).

R&S to deliver profitable growth on a sustainable basis

	2024 outlook	Mid-term outlook	Commentary
Net sales growth	Confirmed Above 12%	Confirmed Around 12%	<ul style="list-style-type: none"> Mid-term outlook organic growth over the cycle Strong tailwind from global electrification demand, decarbonization, decentralization and aged grids
EBIT margin	Confirmed Around 20% of net sales	Confirmed Around 20% of net sales	<ul style="list-style-type: none"> Resilient gross profit margin profile Economies of scale from continued net sales growth Operational excellence supporting margin expansion
Free cash flow margin	Changed >12% of net sales	Changed 10-12% of net sales	<ul style="list-style-type: none"> FCF equals cash flow from operating activities minus cash flow from investing activities 2024 reduced due to M&A transaction costs and subsequent tax payments in Italy Mid-term lower as investment waves increase Capex by 3%
Dividend policy and leverage	Confirmed CHF 0.50 per share	Confirmed CHF 0.50 per share	<ul style="list-style-type: none"> Stable dividend for FY2024 to FY2026, thereafter accelerated Mid-term target leverage of around 1.5x Net Debt / LTM EBITDA Excess cash to be returned to shareholders

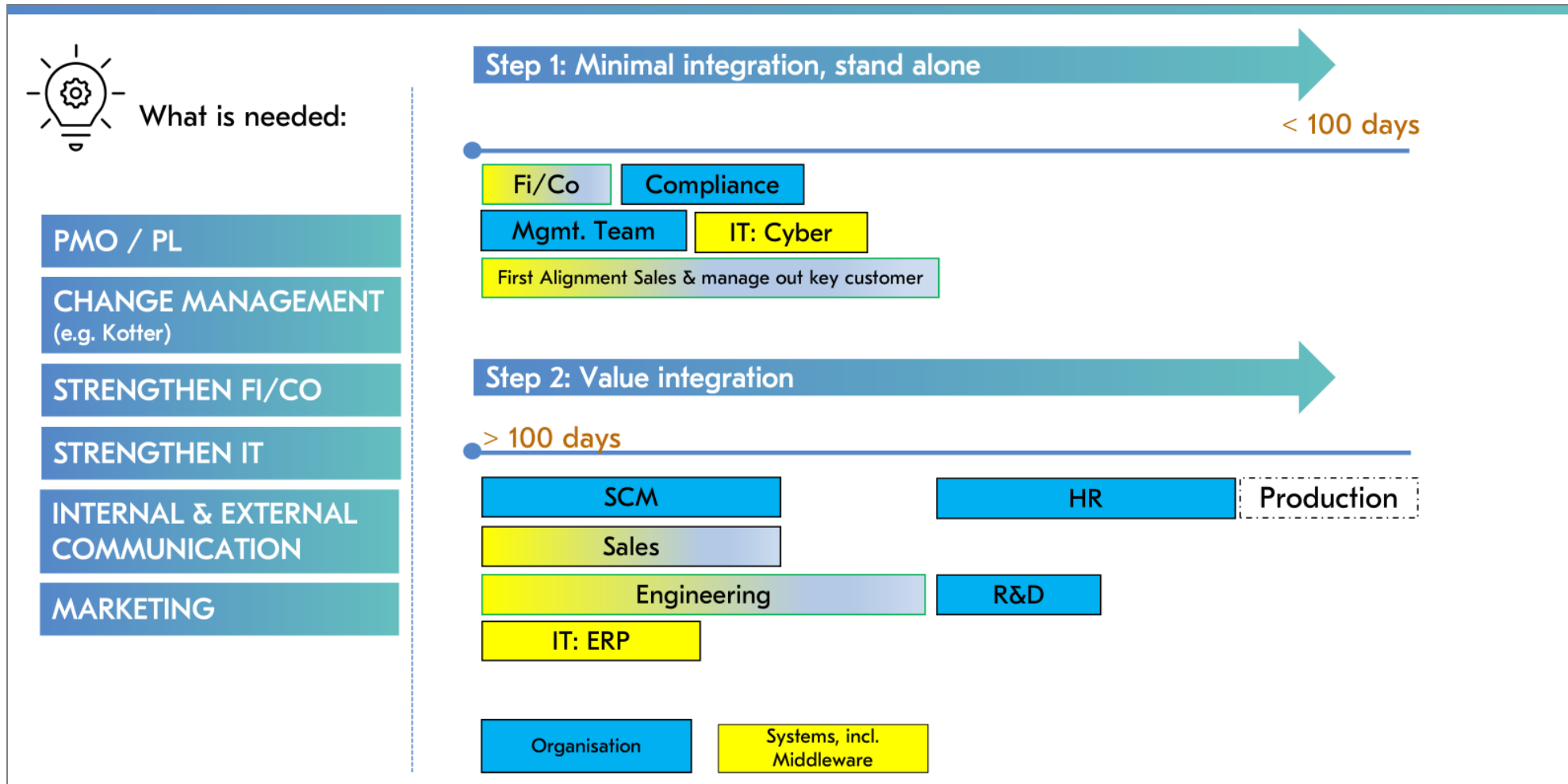
Strategy including integration of Kyte

Markus Laesser | Group CEO



2-Step integration approach

Strong progress achieved through distinguished workstreams



Synergies across the value chain

Strategic Synergies

- Cross-Selling (products, territories)
- Upselling opportunities (expand with existing customers)
- Strategic investments







Operational Synergies

- Alignment of supply chain management
- Technical advancement & cross-pollination
- Production streamlining
- Portfolio management



Upselling / Cross-Selling potential

Leverage combined product portfolio / depending on available factory capacity

Region	Opportunity	Timing	Estimated sales potential ¹	Mid-point scenarios estimated at CHF 20 – 30 million until 2027
	Kyte 4-6MVA distribution transformers to the German market	1-2 years	CHF 5 - 15 million	
	R&S 10-40MVA power transformers to UK and Ireland generation market via EPC	2-3 years	CHF 2 - 3 million	
	R&S cast resin distribution transformers to the UK and Ireland market for data centres	0.5-2 years	CHF 1 - 4 million	
	R&S 20-25MVA power transformers to UK and Ireland utilities	3-5 years	CHF 2 - 3 million	
	R&S 400-1,000kVA distribution transformers to the UK	0.5-1 years	CHF ~ 1 million	
	R&S 20-25MVA power transformers to Belgium and Netherlands utilities (already pursued by R&S)	2-3 years	CHF 5 - 15 million	

Source: Company information, Market information

¹ conservative estimates over respecting timing period

Strategic initiatives drive continued profitable growth

Mission & Vision

WE GUARANTEE ENERGY!

Quality, reliable, independent, strong & profitable growth above market,
leader in providing products to protect the environment,
strong collaboration with customers, creating sustainable value for shareholders

Values & Culture

Customer centricity

Entrepreneur- & Intrapreneurship

Empowerment & Performance

Sustainability

How to get there

1 CRT growth with hunting for market share, entering new applications

2 Plant expansions; ODT transformers and doubling PT capacity

3 Extending PT market with SPT product line and new applications

4 Kyte Powertech growth

5 Increasing PT sales, especially penetrating German market (incl. Up-/Cross selling)

6

Organizational Development

7

Process and cost optimization

One ERP

Get fit for growth

Culture as underlying key driver for leadership



Outlook & take aways

Markus Laesser | Group CEO



We guarantee energy

R&S Group aims to deliver profitable growth thanks to sound market fundamentals, execution on strategy, market initiatives including cross-selling, substantial investments into capacity expansion and specific strategic initiatives.

1

Introduction | Strategy execution
Strategic pillars – M&A has always been an instrumental part

Consistent **execution** on the group's **strategic roadmap** has resulted in **successful financial and operational performance**, including **M&A**.

2

Strategy | Market opportunities
Upselling / Cross-Selling potential

Leverage combined product portfolio / depending on available factory capacity

Region	Opportunity	Timing	Estimated sales potential*
Germany	Kyle 4-6MVA distribution transformers to the German market	1-2 years	CHF 3 - 15 million
UK and Ireland	R&S 10-40MVA power transformers to UK and Ireland generation market via EPC	2-3 years	CHF 2 - 3 million
UK and Ireland	R&S cast resin distribution transformers to the UK and Ireland market for data centres	0.5-2 years	CHF 1 - 4 million
UK and Ireland	R&S 20-25MVA power transformers to UK and Ireland utilities	3-5 years	CHF 2 - 3 million
UK and Ireland	R&S 400-1,000MVA distribution transformers to the UK	0.5-1 years	CHF - 1 million
Belgium and Netherlands	R&S 20-25MVA power transformers to Belgium and Netherlands utilities (already pursued by R&S)	2-3 years	CHF 5 - 15 million

Mid-point scenarios estimated at CHF 20 - 30 million until 2027.

Strong **market positions and demand**, entry into new markets and applications and **cross-selling potential** underline the positive momentum.

3

Combined financials | Impact of Strategic Initiatives
Strategic initiatives drive continued profitable growth

Sales expected to grow around 12% over the next years.
Major contribution for growth comes from ongoing strategic initiatives.

Long term growth spurred by **specific strategic initiatives** based on combined business plan.

4

Strategy | Update on Initiatives
Strategic initiatives drive continued profitable growth

Mission & Vision
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Values & Culture
Customer centricity
Empowerment & Performance
Entrepreneurship & Intersubjectivity
Sustainability

How to get there

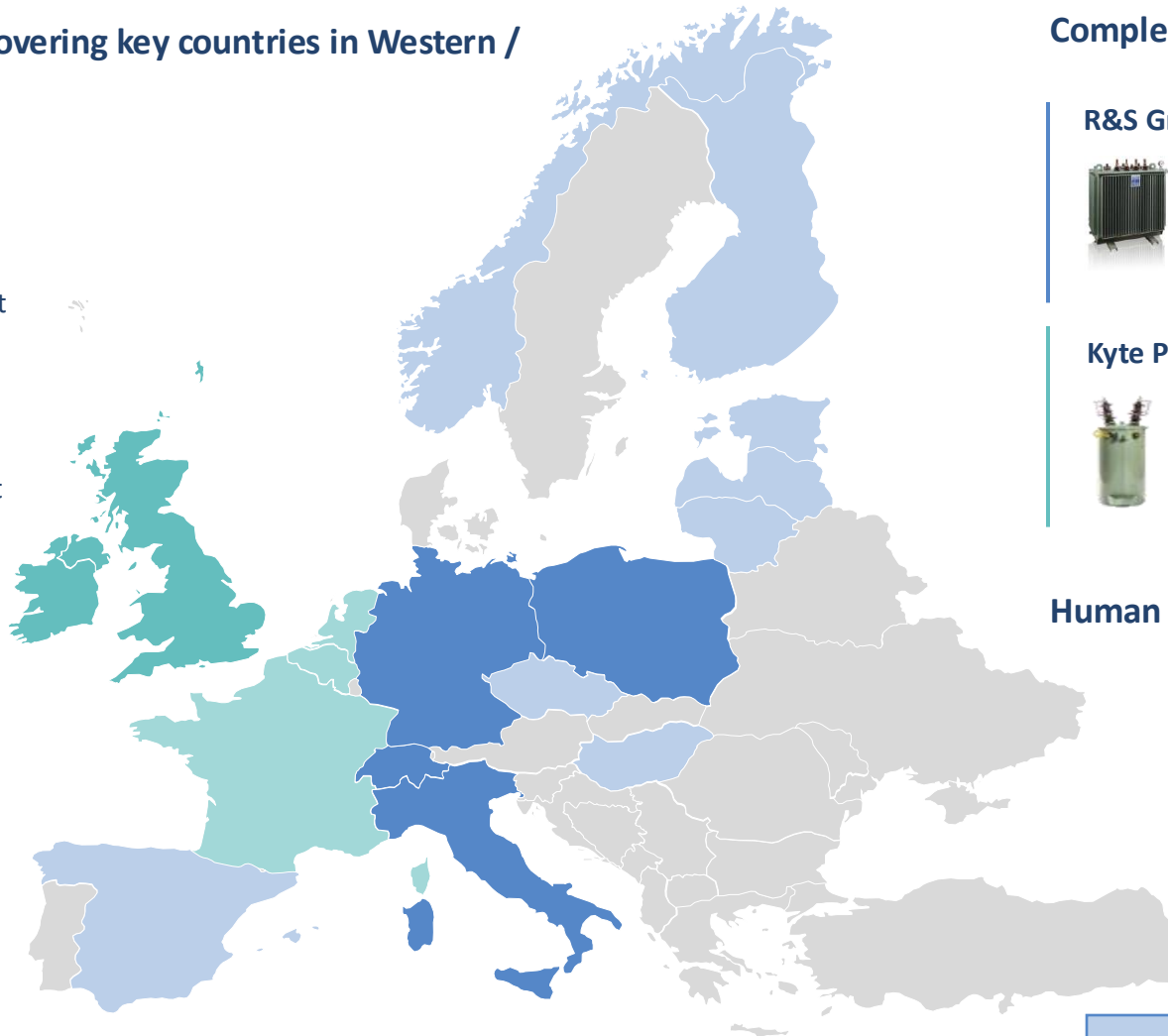
- 1 CRT growth with hunting for market share, entering new applications
- 2 Plant expansion; CRT Transformers and doubling PT capacity
- 3 Extending PT market with SPT product line and new applications
- 4 Kyle PowerTech growth
- 5 Increasing PT sales, especially penetrating German market (incl. Up-/Cross selling)

Strategic initiatives drive **continued profitable growth**.

Scale matters – R&S Group is well positioned

Geographic footprint covering key countries in Western / Central Europe

- Kyte core market
- Kyte secondary market
- R&S core market
- R&S secondary market



Source: Company information, Market information

Complemented product portfolio – key products

R&S Group



Distribution transformers
Up to 36kV & 2.5MVA



Power transformers
Up to 145kV & 120MVA



Cast resin transformers
Up to 52kV & 20MVA



Instrument transformers
Up to 36kV

Kyte Powertech



Single phase transformers
15-100kVA



Small/medium transformers
15-315kVA



Big transformers
1.2-10MVA



Substations
400kVA-1MVA

Human Resources: Number of employees

R&S
635



kyte
POWERTECH
500

+ Middle East

Q&A

Thank you for your attention.

We are now happy to
answer your questions.



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Financial Calendar 2025

Trading update full-year 2024 sales
Release of full-year 2024 results
Annual General Meeting

06 March 2025
15 April 2025
14 May 2025

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Appendix



R&S Group focuses on sustainability and reduction of GHG emissions



R&S plans to **cut operational greenhouse gas emissions** by 33% by 2033 compared with today's level.



R&S's goal is to achieve **ISO 50001** certification for energy management in all plants by 2025 by improving energy efficiency, reducing environmental footprint and supporting sustainable operations.



Capacity expansion for new markets



Focus on oil-immersed distribution transformers

Capacity expansion:

- Target output of above 1,000 units in the first build-up phase
- Planned expansion to 2,600 units
- Ramp-up in Q4-2024 and first deliveries to customers in Q1-2025

Deliveries to our key markets:

- Germany
- Poland
- Nordics

Germany offers promising potential



Achievements since market entry for last 2 years:

- Successful build-up of stable customer base in Renewables with power transformers
- Existing customer base of Substation Builders and Industrial projects with distribution transformers
- In H1 2024, Germany contributed around 5% to R&S Group sales

Outlook:

- Upsell with existing customer base, build long-term partnerships and extend footprint with selected Utilities
- Increase market share in Germany with indirect sales network
 - Extend to Municipalities and Industrial projects
 - Develop Industrial applications e.g. Transportation and Harbour electrification

Data centers



Requirements of data centers:

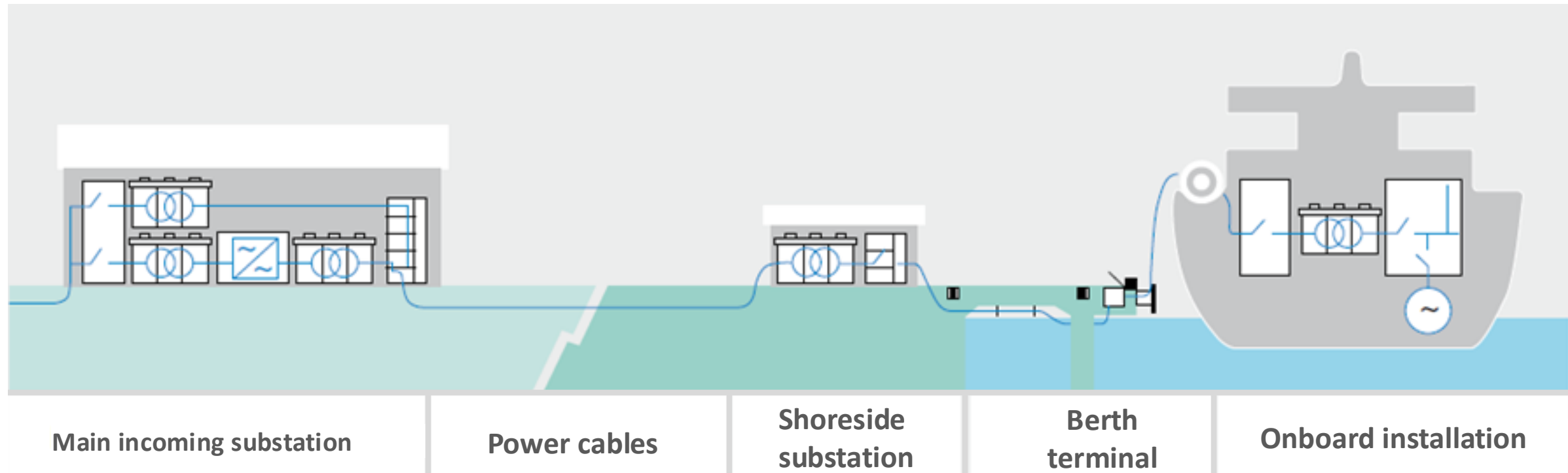
- Power flows 24 hours a day all year round without interruption
- Data centers consume huge amounts of power, 10...1000MW, growing at the upper limits
- Fluctuating loads create transient overvoltage and resonance effects
- Specific arrangement and characteristics of the transformer windings required

Our solution:

- Detailed modelling and long-term observation of load behaviors
- Our knowledge of these effects allow to design the windings for high safety and service life of a transformer

R&S Group with its product portfolio is well positioned to address this application

Harbor electrification



- Pollution in cities surrounding busy harbours is largely due to vessels docking to ports and maintaining power production for the hotel load
- Connecting to shore power cut emissions significantly
- EU directive 2005/33/EG requires the ship in port to switch off the thermal motors and source electricity from land-based sources
- **First projects won**

Key findings market research Transformers Magazine



Survey participants:

253 responses from at least 19 countries and 5 continents (in HY1 2024)
(mix of TSOs, OEMs and Transformer Component Suppliers)

Q6: What are the investment plans for new transformers in your grid or in the grids to which you supply products/services (in terms of MVA capacity), in the period 2030-2033 compared to the period 2020-2023?

All responses:

	Pct.	Rank
Lower by more than 30%	4.5%	6
Lower by 10-30%	6.8%	5
Lower by 0-10%	0.0%	7
About the same	18.2%	3
Higher by 0-10%	22.7%	2
Higher by 10-30%	31.8%	1
Higher by more than 30%	15.9%	4

Around 70% estimate investment plans for new transformers in 2030 – 2033 to be higher than it was in 2020-2023



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