



Analyst and Investor Call

Q1 2021

April 2021, Munich

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

Forward-looking statements

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SCHALTBAU off to a good start in Q1 2021

Our Environment

- COVID-19 induced order delays for Rolling Stock in USA and UK
- High rail project volumes in the market in Western Europe (France and Spain)
- Q1 confirms growing demand for DC-Power applications in new markets
- Interruptions of supply chain led to material shortages

Our Highlights

- **Good start into 2021 despite COVID-19**
- **Execution of Strategy 2023 delivers first results:**
 - Improved profitability in Rolling Stock (Bode) - EBIT margin at 3.5% (+2.2PP)
 - After Sales business revenues up 24% YoY to €17 M at attractive margins
 - Continuing to gain traction in the new markets e-Mobility and New Energy / New industry
 - Construction of NExT factory on track

Our Financials

- **Focus on financial performance is paying off: profitability has further improved**
- 3M 2021: Revenue +4% at €124 M, EBIT +59% at €6.1 M, EBIT margin +1.7PP at 4.9%
- Growth financing secured through mandatory convertible bond of €60 M

Our Guidance '21

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



Rail: Solid start into the fiscal year — good progress in improving the profitability of the Rolling Stock business (Bode)

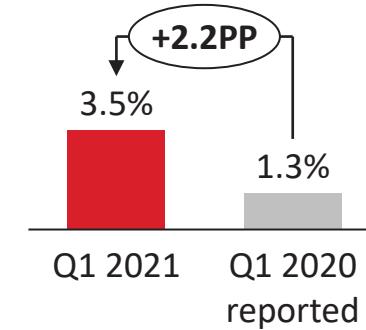
Rail



- Solid start into fiscal year 2021 for Rail business, delivering first results of strategy 2023
 - Improved profitability at Bode with 3.5% EBIT margin, up 2.2PP primarily due to the growing After Sales business, the improved shop floor productivity and the streamlined overhead
 - After Sales business revenues up 24% YoY to €17 M at attractive margins, mainly driven by Rolling Stock / Bode
- Pilot project digital interlocking-system "Zwieseler Spinne" on track; project approach has been approved by the customer/authorities
- Exciting customer feedback for new entry system design concept
- High project volumes in the market for Rolling Stock, however short-time order delays expected due to the COVID-19 uncertainty

Rolling Stock/Bode

EBIT margin in %



Rolling Stock/Bode - Shopfloor



DC-Power: Gaining momentum in the targeted new markets

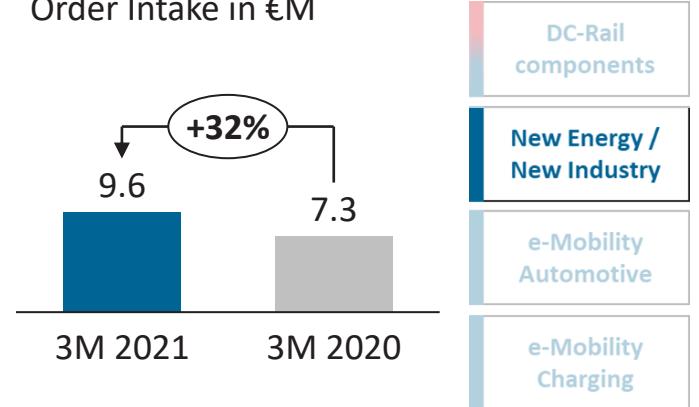
DC-Power: Components and Applications



- Strong start into fiscal year 2021, gaining momentum in the targeted new markets
 - Orders in DC-Power rising, with orders in New Energy/New Industry up 32% in 3M 2021
 - Progressing sales funnel for e-Mobility, more potential customers in technical qualification and design freeze phase
- Configurable modular design for contactors enables fast and flexible reaction to customer requirements in the new markets
- NExT factory on track: groundwork almost completed; start of production targeted for fall 2022

New Energy/New Industry

Order Intake in €M



NExT factory (March 2021)



Focus on four key strategic directions to create sustainable value – key strategic targets defined

Key mid-term strategic directions

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

2 Profitable growth in the core business:
Rail infrastructure and rolling stock/bus

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

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

Key strategic targets by 2026

Group: high single-digit EBIT margin
Group: mid-teens ROCE
Rolling Stock (Bode): EBIT margin 6-8%

Rail revenue CAGR 4-6% from 2020 to 2026
(>2x market-growth¹)

After Sales revenue CAGR 6-7% from 2020 to
2026 (from ~€60 M 2020 to ~ €100 M in 2026)

Doubling DC-Power revenues by 2026
(from ~€160 M in 2020 to ~€300 M in 2026)

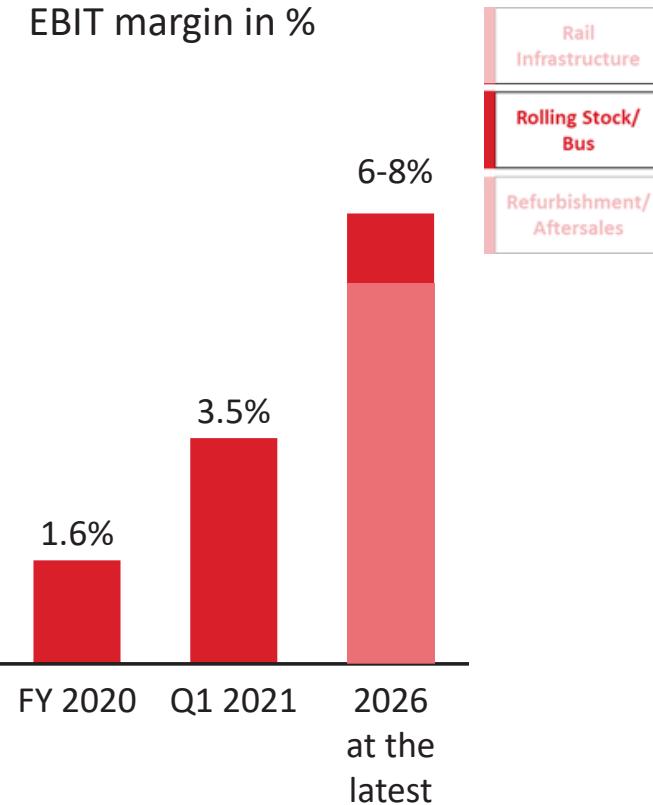
(1) UNIFE World Rail Market Study forecast 2020-2025, p.136: CAGR of 2.3%

Rolling Stock / Bode: Levers and specific targets defined to improve profitability to 6-8% at the latest by 2026

Deep Dive Rolling Stock/Bode

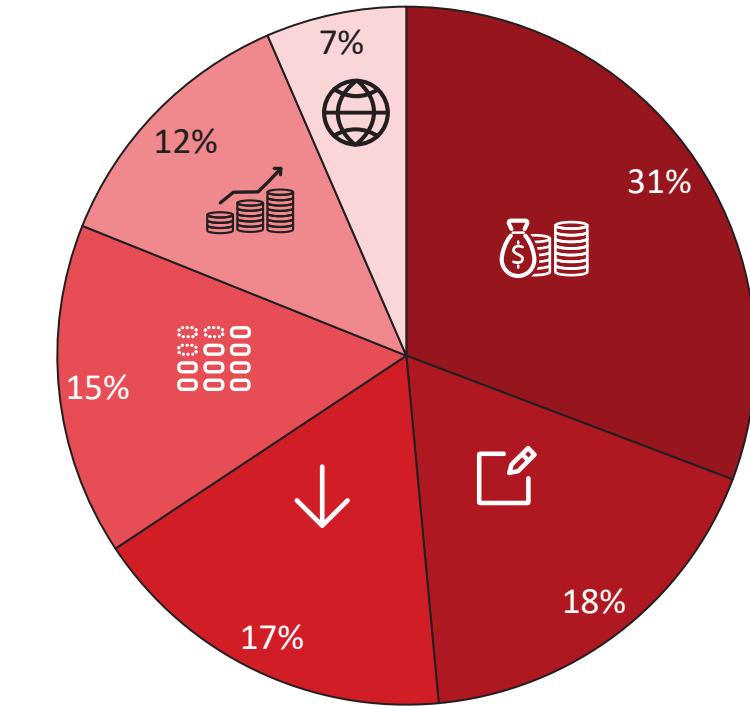
Key Targets Rolling Stock / Bode

EBIT margin in %



Levers

- 1 Sustainable performance improvement (profitability, return on capital, and cash generation)
- Material savings
- Design-to-Cost
- Lead Cost Country
- Shopfloor-Productivity
- Lean Overhead
- Increase After Sales

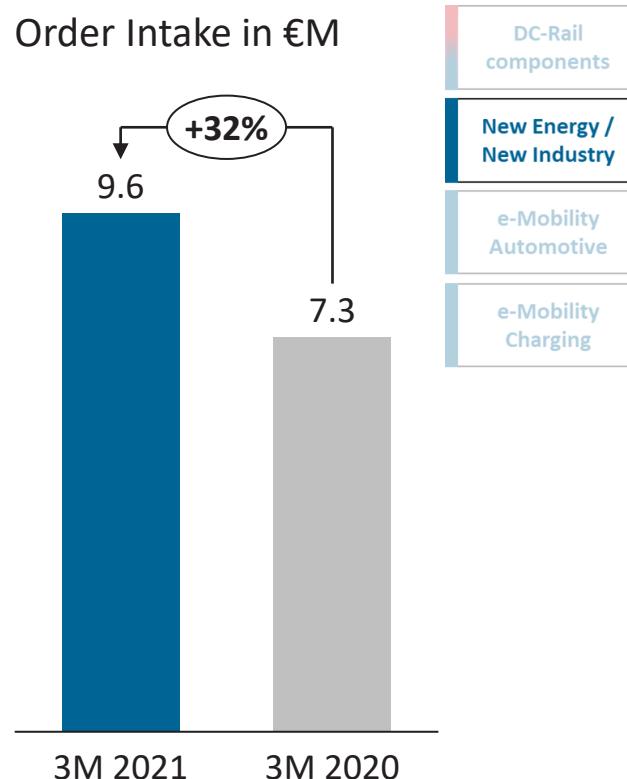


DC-Power gaining momentum in New Energy / New Industry

Deep Dive New Energy/New Industry

New Energy/New Industry

Order Intake in €M



Selected use cases

4

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



Test-benches



Components for charging



E-Ferries

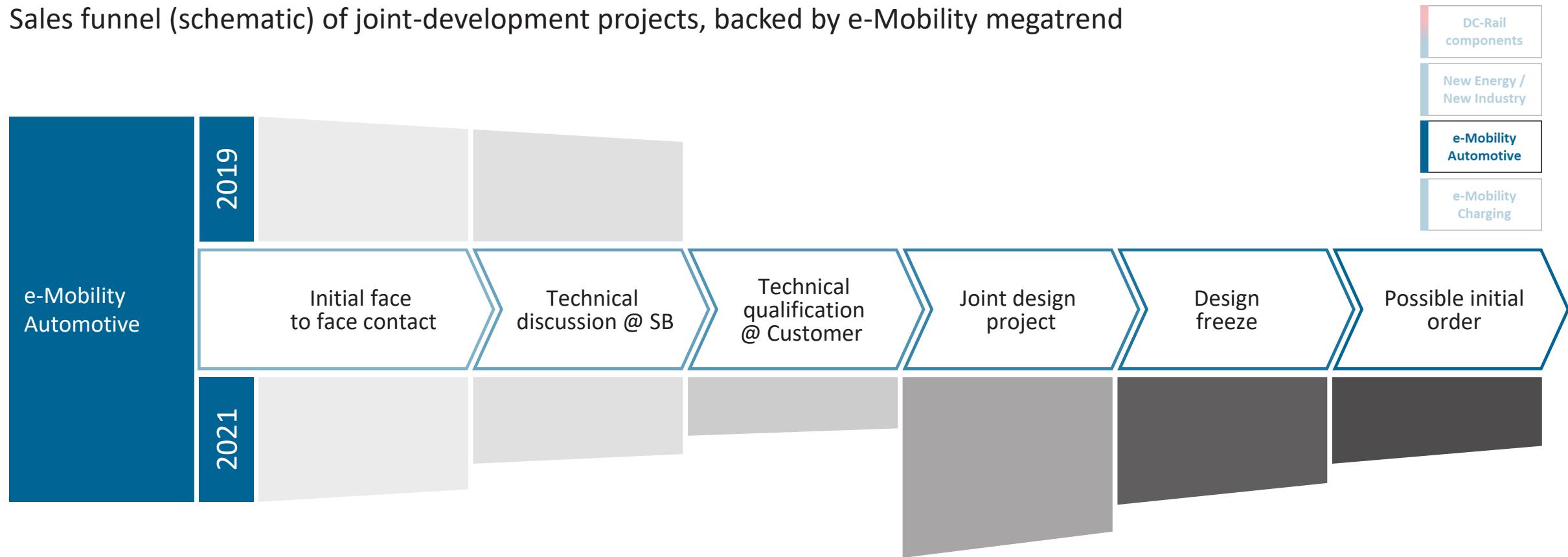
Contactors for test-bench applications: Electric machines development or end-of-line checks, batteries, battery simulations, power electronics, fuel cells

Contactors mainly for DC HPC-chargers including energy storage (high power charging) which operates at 50 kW up to more than 350 kW for passenger cars, e-buses, trucks and future applications

First small orders for contactors for electric ferries which are using batteries with a capacity of approx. 4.000 kWh.

DC-Power: Progressing sales-funnel in e-Mobility Automotive is key for future success

Sales funnel (schematic) of joint-development projects, backed by e-Mobility megatrend



Groundwork for NExT factory in Velden almost completed (March 2021)



New work

Excellence

Technology driven



Green: DC-technology at work

Got off to a good start in Q1 2021, continuing our profitable growth path, with improved profitability – growth financing secured

Financial highlights 3M 2021

- 1** Continuing profitable growth path at improved profitability: Revenue +4%, EBIT +59%, EBIT margin 4.9% (+1.7PP)
- 2** Healthy book-to-bill ratio of 1.1 – all segments with a book-to-bill ratio of >1, except Bode (normal fluctuations)
- 3** Net working capital temporarily spiked due to COVID-19 related project delays along with tight supply markets
- 4** Improved profitability at Bode, with EBIT margin at 3.5% (+2.2PP) – Schaltbau GmbH gaining momentum in targeted New Markets, EBIT margin improved to 15.8% (+1.0PP)
- 5** Growth financing secured through issuing mandatory convertible bonds of €60 M
- 6** Re-affirming our 2021 guidance: orders (€550 – 580 M), revenue (€520 – 540 M), EBIT-margin (~5% of sales)

Continuing our profitable growth path with improved profitability

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

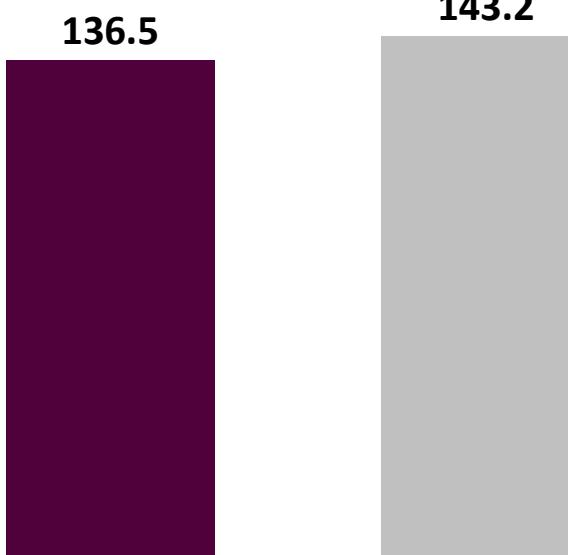
Order Intake

in €M

B-t-B
ratio¹:

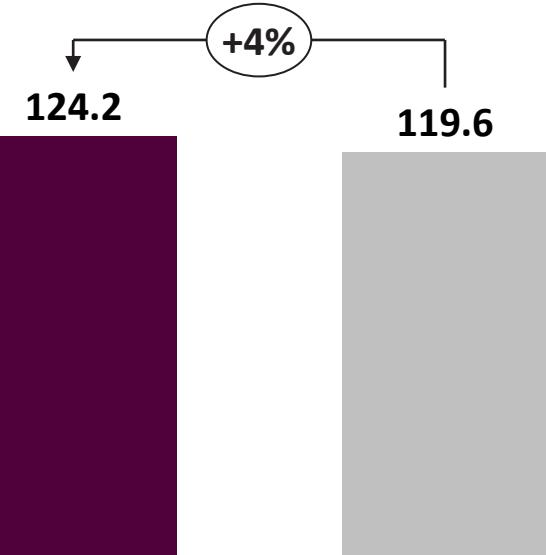
1.1

1.2



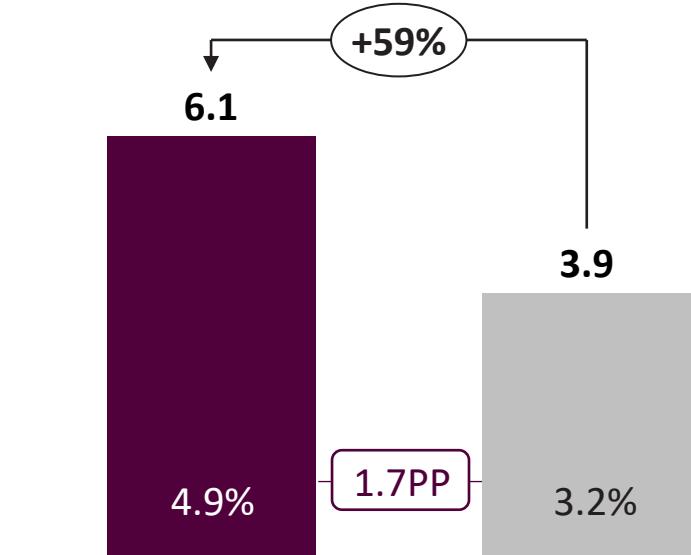
Revenue

in €M



EBIT

in €M and in % of revenue



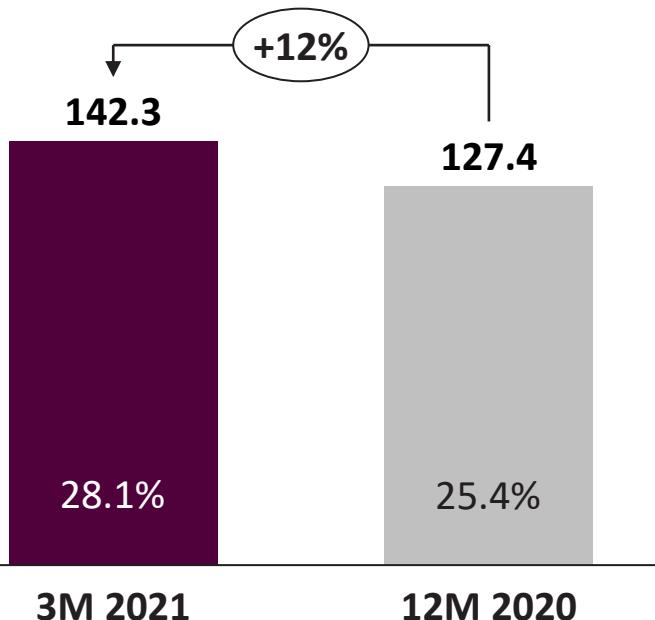
(1) B-t-B: Book to Bill ratio

Improved ROCE – Net Working Capital temporarily spiked due to project delays and tight supply markets

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

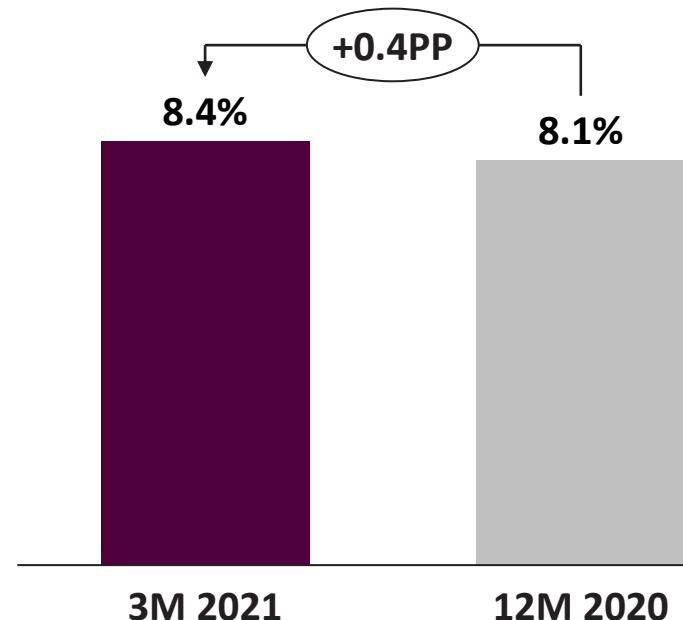
Net Working Capital

in €M and in % of revenue¹



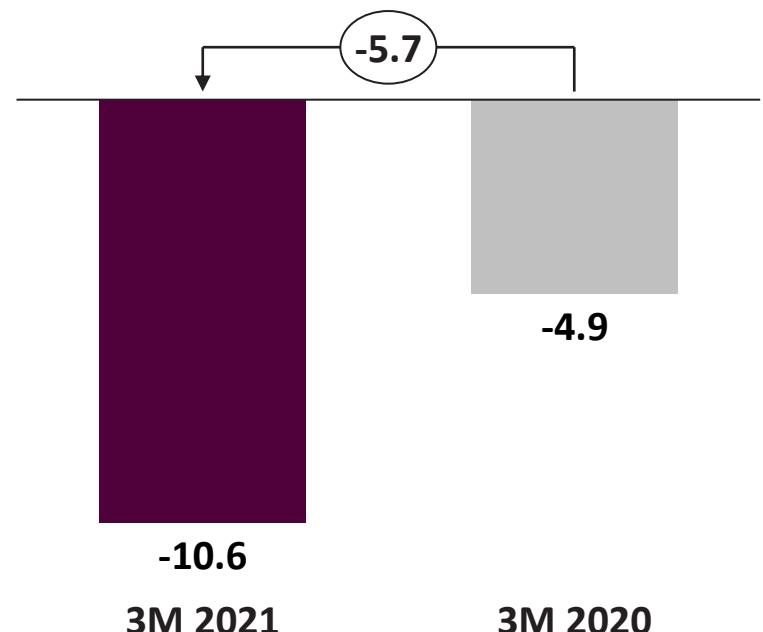
Return on Capital Employed (ROCE)

EBIT¹ / Employed Capital, in %



Free Cash Flow

In €M



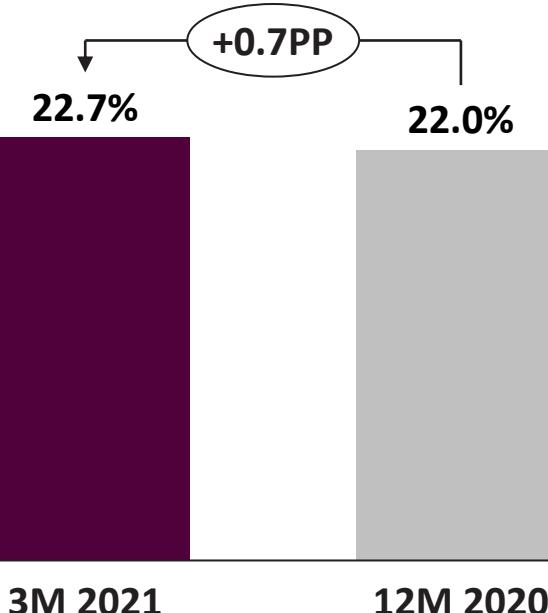
(1) Of last twelve months (LTM)

Equity ratio slightly improved, to be further strengthened by MCB¹ – financial leverage remains around the targeted level of 2X

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

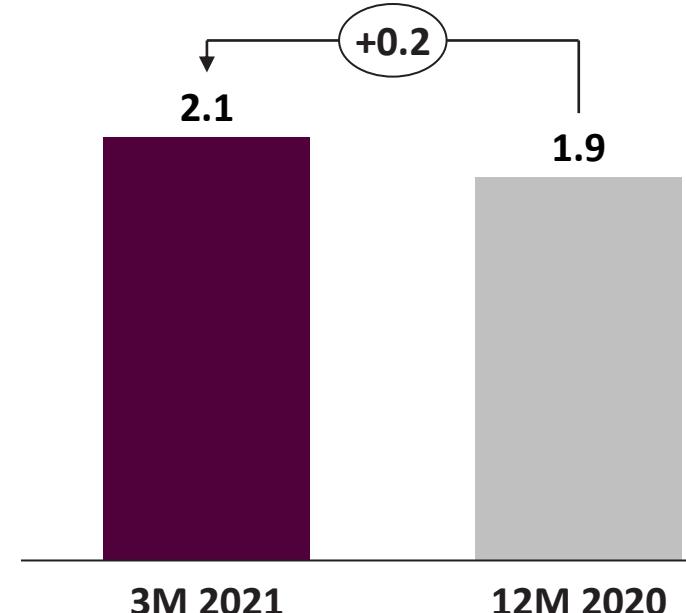
Equity Ratio

In %



Financial Leverage

Net Debt¹/EBITDA², in turns



(1) MCB: Mandatory Convertible Bond

(2) Net debt is defined as the reported net financial liabilities and lease liabilities

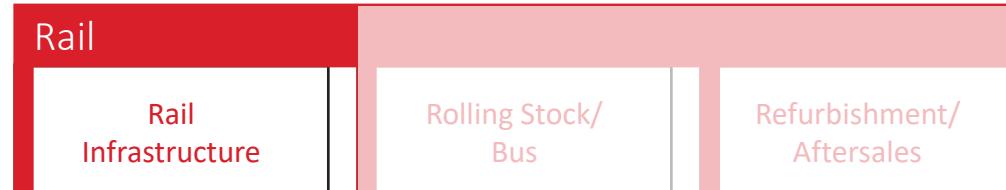
(3) Of last twelve months (LTM)

Rail infrastructure (Pintsch): Solid start to fiscal year 2021, in-line with historical seasonality – strong order intake

Pintsch Segment – Key Financials – 3M 2021

(€M, rounded)	3M 2021	3M 2020	YoY Change
Order intake	25.1	19.5	29.2%
Revenue	16.2	19.4	-16.4%
EBIT	0.2	0.7	-76.4%
EBIT Margin	0.9%	3.4%	-2.4PP

- **Strong order intake:** mainly for level crossing components and axle counting systems
- **Solid revenue level, in-line with historical seasonality** – tough Y/Y comps due to the one-off revenue from the terminated PSD project in Q1 2020
- **Positive EBIT margin despite low seasonal revenue in Q1:** Historically back-end loaded business resulting in back-end loaded EBIT contribution



Rolling stock (Bode): EBIT margin improved significantly (+2.2PP) – order intake reflects normal fluctuation in project business

Bode Segment – Key Financials – 3M 2021

(€M, rounded)	3M 2021	3M 2020	YoY Change
Order intake	57.1	72.8	-21.6%
Revenue	61.0	62.6	-2.5%
EBIT	2.2	0.8	160.0%
EBIT Margin	3.5%	1.3%	2.2PP

- Order intake reflects normal fluctuation in the project business: order decline Y/Y mainly due to a strong Q1 2020 in the rail business along with the phase-out of a major bus customer
- Solid revenue: slightly below previous year mainly due to lower revenue in the automotive business
- EBIT margin improved significantly: margin expansion mainly due to the growing after-market business, the improved shop floor productivity and the streamlined overhead



Components (Schaltbau): Gaining momentum in the targeted new markets, strong EBIT margin at 15.8%

Schaltbau GmbH Segment – Key Financials – 3M 2021

(€M, rounded)	3M 2021	3M 2020	YoY Change
Order intake	42.0	41.1	2.1%
Revenue	35.9	33.6	6.7%
EBIT	5.7	5.0	13.9%
EBIT Margin	15.8%	14.8%	1.0PP

- Strong orders from new markets, while rail business not yet fully recovered:
 - Gaining traction in New Energy/New Industry, with orders up 32% Y/Y
 - Rail business not yet fully recovered due to supply-related backlogs of the rail car OEMs
- Revenue back on the growth trajectory: recovery is primarily led by China, while western markets are not yet fully recovered
- Strong EBIT margin at 15.8%, up 1.0PP Y/Y, mainly driven by the operating leverage on the higher sales volume



SBRS: Continuing the dynamic growth momentum, primarily driven by the e-Mobility (Charging) business

SBRS Segment – Key Financials – 3M 2021

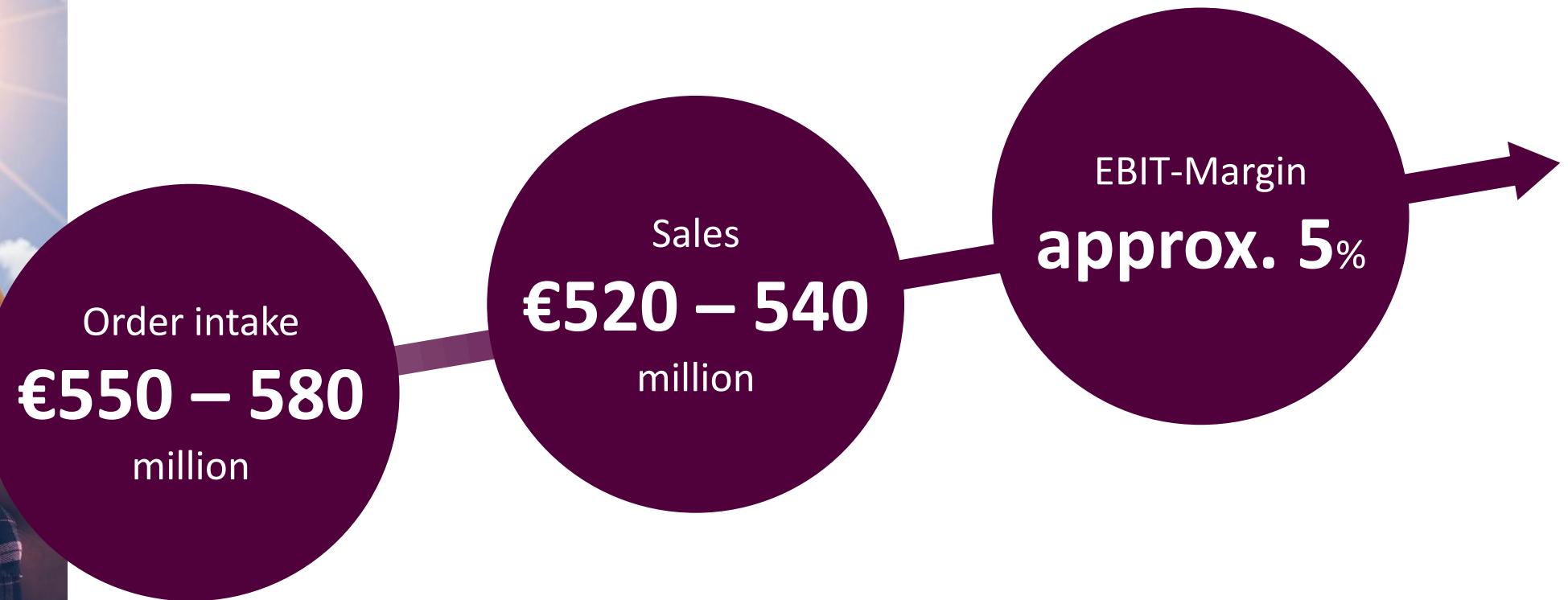
(€M, rounded)	3M 2021	3M 2020	YoY Change
Order intake	12.2	9.8	25.4%
Revenue	11.0	3.9	179.9%
EBIT	0.4	0.1	218.6%
EBIT Margin	3.6%	3.2%	0.4PP

- **Continued strong orders momentum:** continued strong orders momentum in the e-Mobility business (fast-charging)
- **Strong revenue growth:** mainly due to revenue recognition of the e-Mobility (charging) projects
- **Solid EBIT margin:** margin impacted by some one-off effects, expecting margin to improve for the rest of the year



Guidance 2021: Re-affirming our guidance for full-year 2021, backed by a good start in Q1 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** Good start into 2021, continuing profitable growth path – Zwieseler Spinne and NExT factory on track
- 2** Targets and levers for Strategy 2023 defined – execution delivers first results
- 3** Focus on financial performance starting to pay off – profitability further improved (Bode +2.2PP EBIT-margin)
- 4** Growing the After Sales business in Rail, with revenue up 24% at attractive margins
- 5** Gaining momentum in the new high-growth markets New Energy/New Industry (orders up 32%)
- 6** Re-affirming guidance for fiscal year 2021

SCHALTBAU

GROUP



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Consolidated balance sheet Q1 2021 - Schaltbau Group

Assets (k€)	31.03.2021	31.12.2020	Equity and liabilities (k€)	31.03.2021	31.12.2020
Intangible Assets	43.242	43.416	Equity	93.705	90.735
Property, plant and equipment	95.255	94.438	Pension provisions	37.050	39.102
Investment property	3.631	3.678	Personnel-related provisions	6.531	5.221
At-equity accounted investments	1.642	2.154	Other provisions	467	499
Other investments	2.048	2.067	Financial liabilities	106.962	108.598
Deferred tax assets	8.971	9.204	Contract liabilities (non-current)	11.724	11.727
Non-current assets	154.789	154.957	Other liabilities	6.788	6.465
Inventories	127.568	118.690	Deferred tax assets	1.759	1.817
Trade account receivables	77.880	72.816	Non-current liabilities	171.281	173.429
Current tax assets	181	162	Personnel-related provisions	10.512	14.224
Other receivables and assets	18.102	19.850	Other provisions	28.955	26.144
Contract assets (current)	7.147	5.982	Income tax payable	3.183	3.306
Cash and cash equivalents	27.143	39.379	Financial liabilities	14.138	10.587
Current assets	258.021	256.879	Trade accounts payable	40.524	41.869
Total assets	412.810	411.836	Contract liabilities (current)	22.602	22.219
			Other liabilities	27.910	29.323
			Non-current liabilities	147.824	147.672
			Total equity and liabilities	412.810	411.836

Consolidated income statement Q1 2021 - Schaltbau Group

(k€)	31.03.2021	31.03.2020
Revenue	124.151	119.559
Change in inventories of finished and work in progress	5.768	5.821
Own work capitalised	474	422
Total output	130.393	125.802
Other operating income	1.775	2.894
Cost of materials	(67.447)	(67.239)
Personnel expense	(42.839)	(43.056)
Depreciation, amortisation and impairment losses	(3.984)	(3.908)
Other operating expenses	(10.671)	(10.678)
Impairment losses	(1.108)	40
Profit/loss before financial result and taxes (EBIT)	6.119	3.855
Results from investments	(163)	221
Financial result	(1.463)	(1.480)
Profit/loss before taxes	4.493	2.596
Income taxes	(706)	(877)
Group net profit/loss for the year	3.787	1.719

Consolidated cash flow statement Q1 2021 - Schaltbau Group

(€m, rounded)	Q1 2021	Q1 2020
Cashflow from operating activities	-7.3	-1.7
Cashflow from investing activities	-3.3	-3.2
Free Cashflow	-10.6	-4.9
Cashflow from financing activities	-1.6	-6.4
Cash funds at the end of the year	27.1	15.0