



**MONTANA
AEROSPACE**

Montana Aerospace AG
HY 2021 Earnings Presentation

16 August 2021

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H1 2021 Earnings Call

Presenters



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CEO



Dr. Michael Pistauer

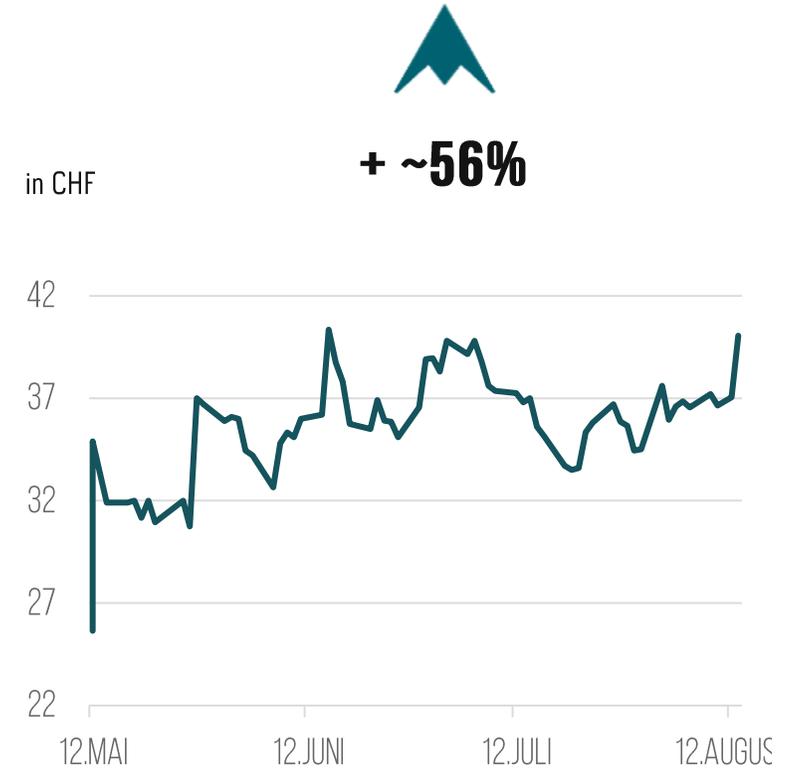
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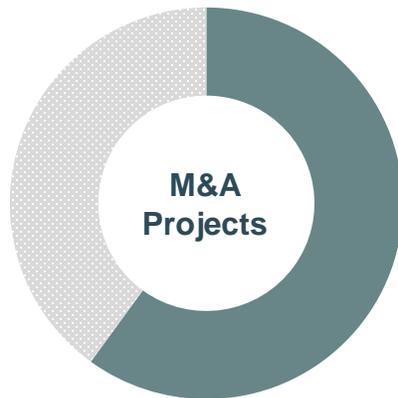
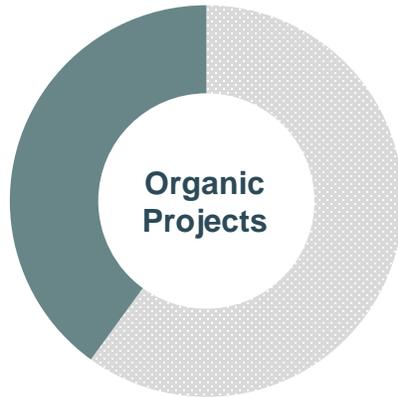
HIGHLY SUCCESSFUL IPO OF MONTANA AEROSPACE ON THE SIX SWISS STOCK EXCHANGE, RAISING CHF 400 MILLION FOR FUTURE GROWTH





PROCEEDS FROM IPO TO SUPPORT THE EXECUTION OF IDENTIFIED M&A PIPELINE AND ORGANIC GROWTH PROJECTS

Use of Proceeds



Initiatives

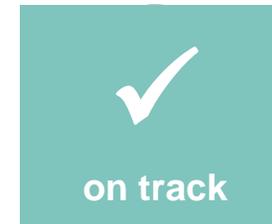
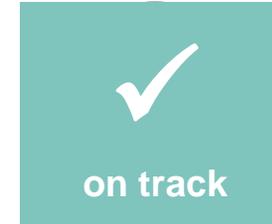
 **Expansion of capacities and ramp-up of new capabilities (e.g. Titanium, Composite)**

 **Capacity expansion and efficiency improvements (e.g. 3rd Heavy Press)**

 **Strategic acquisitions**

 **Additional M&A targets to further consolidate supply chain**

Status







Market Update

Comparison to H1 2020

Aerospace

- Still **highly influenced** by **Covid-19 impact**
- **Pre-Covid passenger** rates are back in regions with **reduced travel bans** (e.g. China / USA domestic) – **international travels** still significantly impacted
- Announcement of **increased build rates** from Airbus, Boeing, Embraer – **targeting record numbers** by **2024**
- **Demand for aerostructures recovering** during H1 2021 but **still impacted by inventory levels** as built up during Q1-2020 – promising outlook for rest of the year

- H1 2020 demand was **unaffected** from Covid until April / May 2020
- Most suppliers **saw record deliveries** from OEMs
- Slow reduction of pull rates in H1 2020 created **high inventory levels** in entire supply chain

E-Mobility

- **Electric Vehicle** production and sales **growing fast** at accelerated pace
- Temporary impact from global **chip shortage** impacting e-mobility sector only **slightly**
- Remains **important growth market**

- Shift into **E-Mobility** accelerated even during Covid crisis
- OEMs & large Tier 1's affected in 2020 by temporary **production shut downs**

Energy

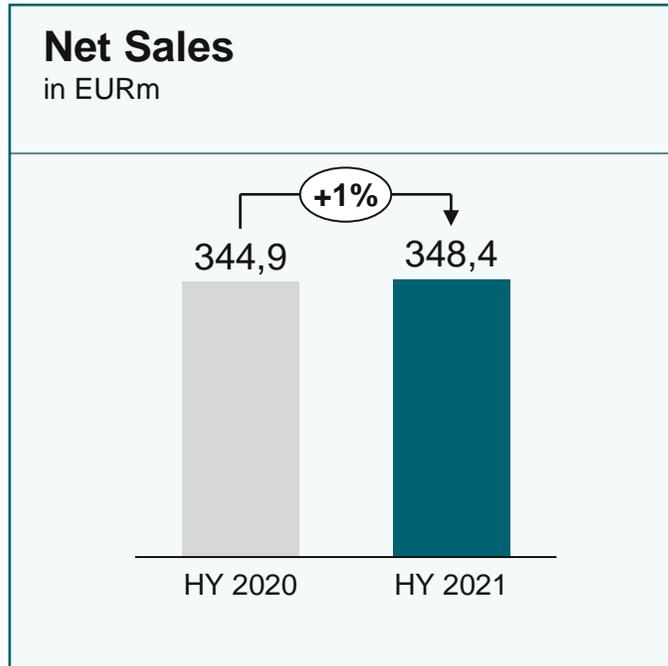
- Backed by **global industry recovery** and high investments into **energy infrastructure**
- Growing demand from **BRIC countries**

- Throughout 2020 **stable demand** but **immense efforts** on logistics due to Covid-19 situation

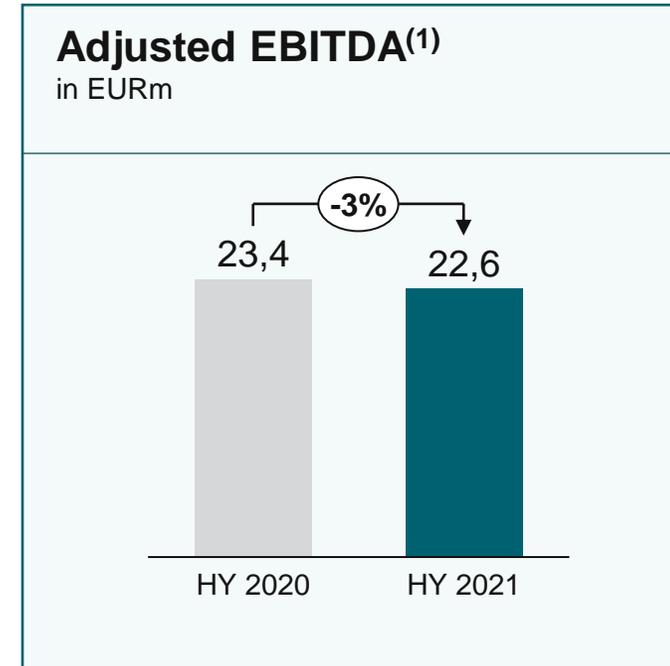


<i>in EURm</i>	HY1 2020		HY1 2021	<i>yoy change</i>	
Net Sales	344,9		348,4	+3,5	
Adj. EBITDA	23,4		22,6	-0,8	
CAPEX spent	-74,9		-59,9	+15,0	
Net Debt	639,9		162,6	-477,3	
Equity Ratio	17,0%*		46,2%	+29%	
Contracted Sales**	3.900,0***		4.300,0	+400,0	

(*) comparison period is 31 December 2020; (**) aerospace only – we calculate Contracted Sales by multiplying the value of parts and shipsets to be delivered to our customers under a long-term supply contract over the contract term at the expected build rates which are based on forecast information and estimates provided by customers, as adjusted by our management. (***) figure represents contracted sales as per IPO

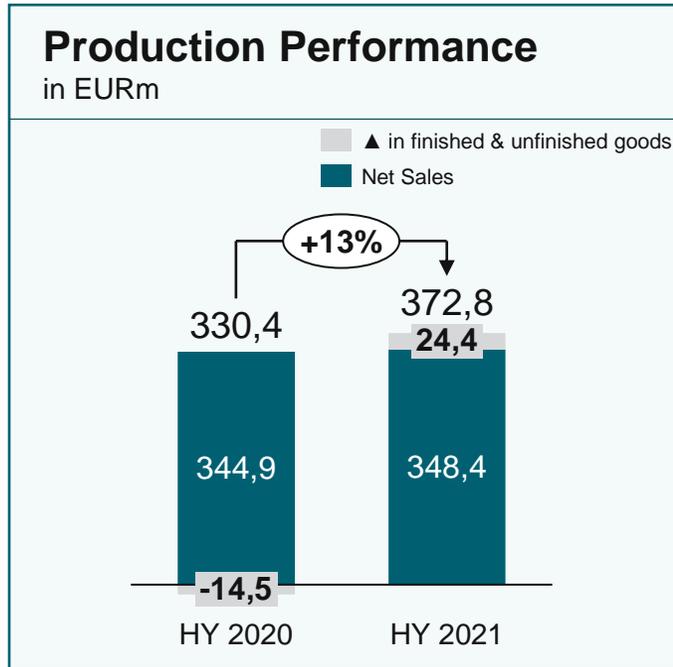


- Sales Development **was strongest** in **Energy**, followed by **E-Mobility**
- **Acquisitions** of **Cefival** and **IH Tech** contributing EUR 1,4m and EUR 0,3m respectively to Net Sales

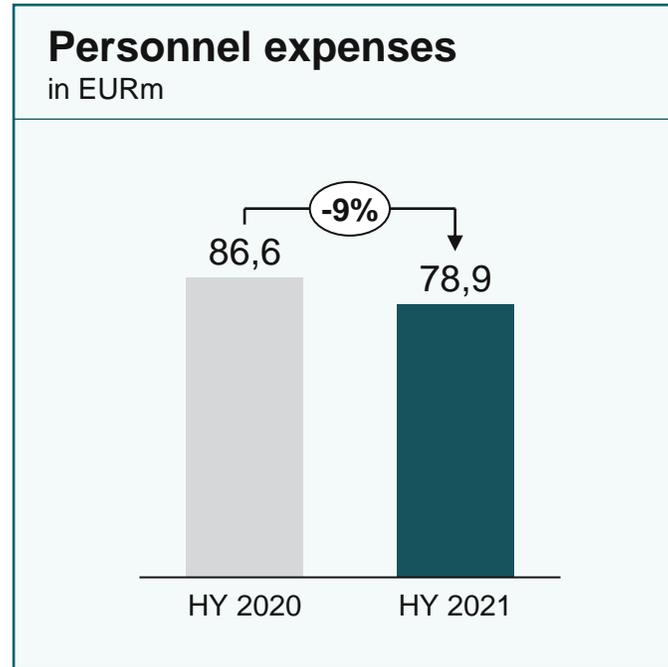


- Adj. EBITDA **only by 3%** below previous period
- **Major adjustments** are related to one-off and non-operative effects (**most notably** costs related to **IPO & MSOP**)
- **Reduced activated costs** indicate **higher margin quality**
- Accelerated recovery increases **ramp-up cost of new facilities** on temporary base

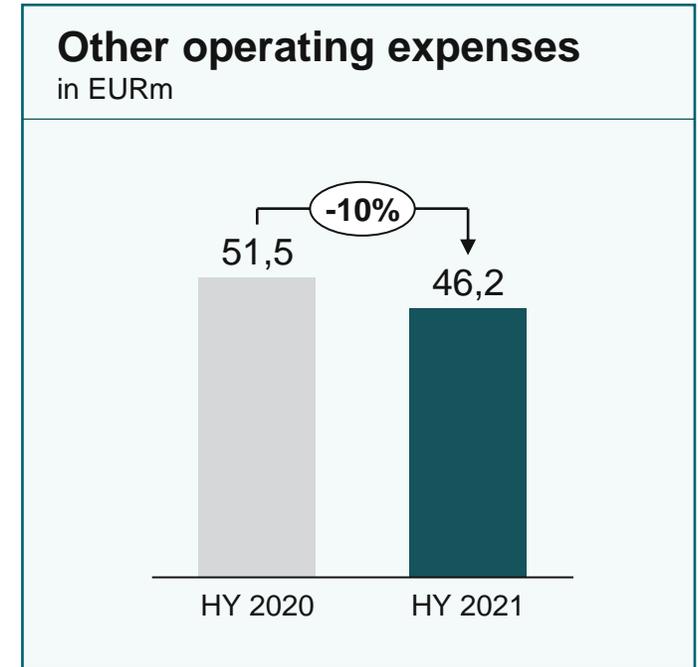
⁽¹⁾ Adjusted EBITDA refers to operating profit before interest, taxes, depreciation and amortization adjusted for one-off effects – in particular legal costs for the Arconic lawsuit, IPO related cost, MSOP (Management Stock Option Program) related cost, Other service cost from affiliated companies as well as expected rental income from affiliated companies



- **Sales increase** due to **strong Energy** and **E-Mobility** sector
- **Increase in WIP/FG** in expectation of higher aerospace deliveries **starting H2 2021**



- **Lower average FTEs** in HY 2021 than HY 2020 reflect **Covid-related adjustment** of workforce during H2 2020
- Additional impact through **higher productivity** and **shift to BCC**
- **Highest reductions** in high-cost-countries (USA)



- Focus on other **fixed costs** including **external fees** helped to reduce other **operating expenses** in line with the **personnel costs reduction**

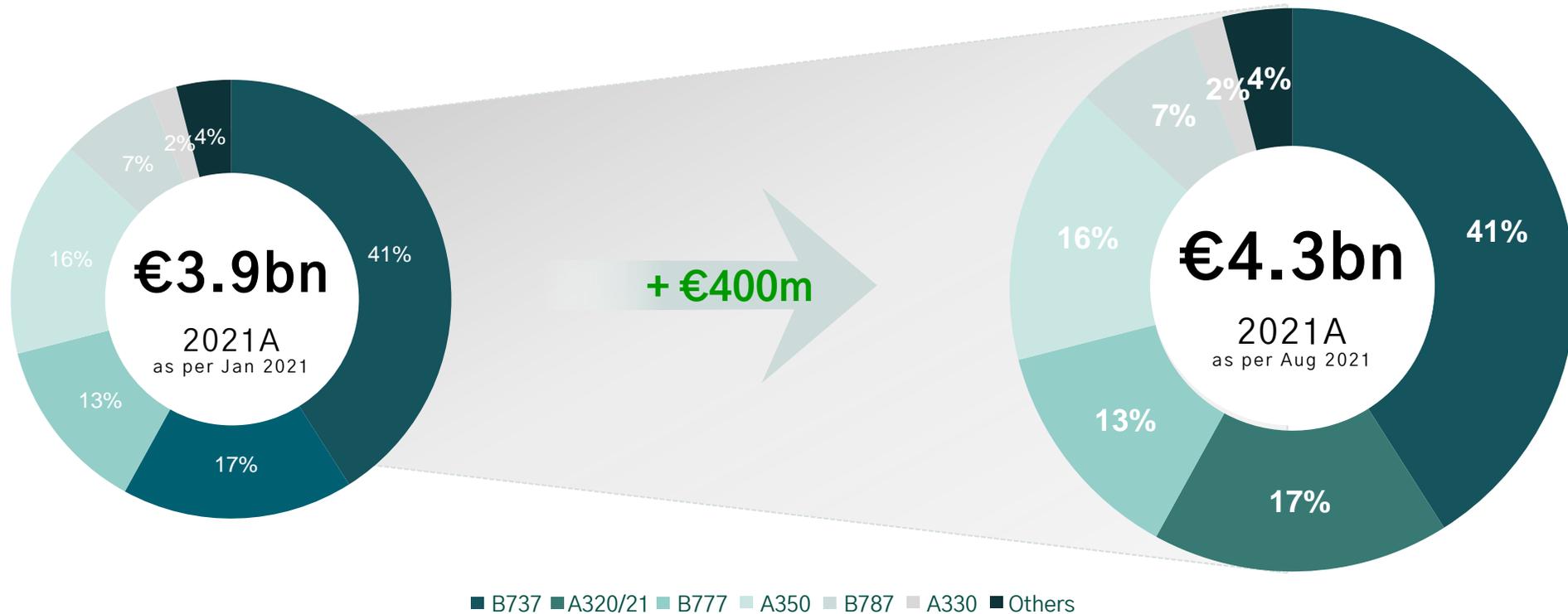


<i>in EURm</i>	HY1 2020		HY1 2021	yoy change
Aerospace	159,9 <i>(46% of total sales)</i>		116,3 <i>(33% of total sales)</i>	-27%
E-Mobility	44,1 <i>(13% of total sales)</i>		54,5 <i>(16% of total sales)</i>	+24%
Energy	141,1 <i>(41% of total sales)</i>		177,9 <i>(51% of total sales)</i>	+26%

- **Aerospace sales**, with EUR 116 million, **reduced by around 27%**. The first months of 2020 showed the **strongest aerospace sales ever** in the history of Montana Aerospace AG, **driven** by a slow reduction of demand of the entire aerospace supply chain at the beginning of the **COVID-19** pandemic. **Margin profile on last year’s level**.
- The **largest sales contribution** has been provided **by Energy**. Our **leading market position** helped us **increase market share** and **sales** (mainly in the Americas), as well as **worldwide profitability**. Margins in our Energy segment **rose by approximately 10%**.
- **E-mobility sales growing** by **almost 25%** to EUR 54 million driven by market, the successful integration of the acquired Intermato and the ramp up of newly installed capacities. With this background **margins significantly improved** and passed break-even with a further **positive outlook**.



Contracted Aerospace sales development



Note: Contracted sales = Contract period x shipset value x MA build-rate estimates



Qualitative Sector Guidance

Aerospace

- **Increasing build rates** from recovering markets result in **constantly growing sales**
- **Still challenging times** but **promising** outlook supported by **ramp-up** of new plants

E-Mobility

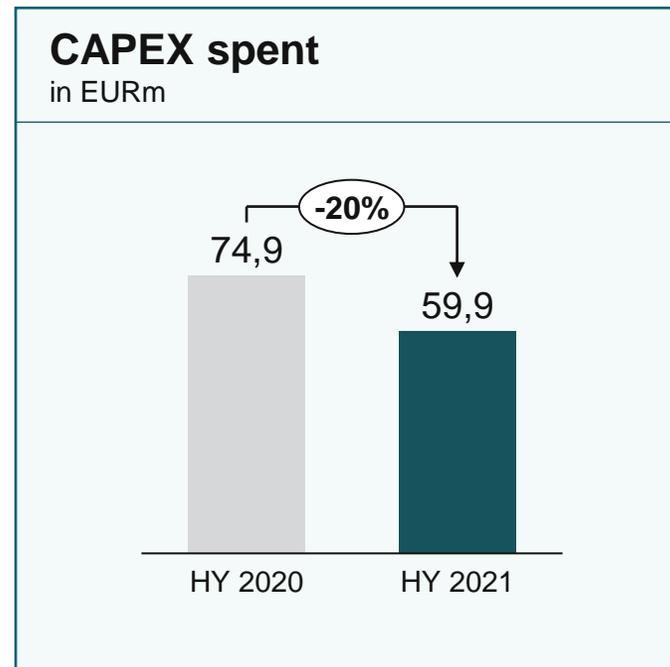
- **Continuous growth expected** but at a **lower pace** than H1 2021

Energy

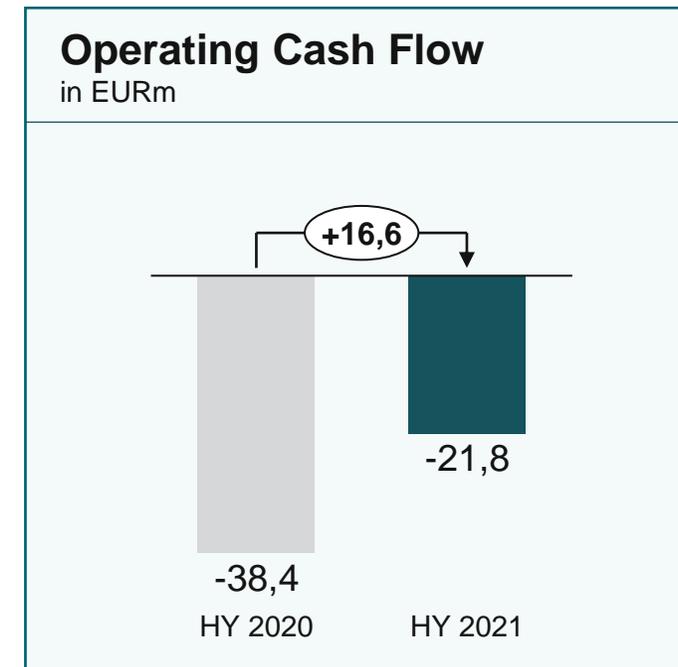
- **Tailwind** also for **H2 2021** – increased sales compared to **H1 expected**



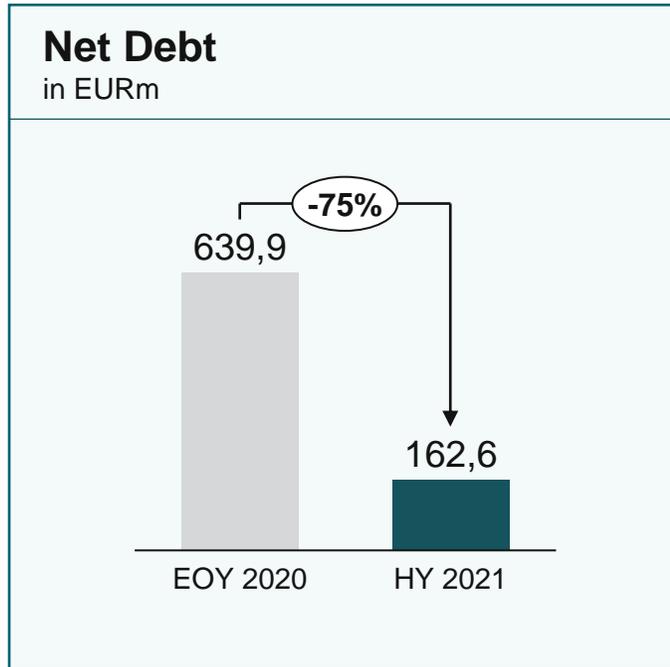
- Increase mostly due to **inventory build-up of new plants**
- **WIP/FG upvaluation** due to **higher LME raw material prices**
- **Raw material** stocked up pro-actively to avoid **constraints** in global supplies
- **Receivables** up due to **stronger sales** month of June 21 vs. June 20



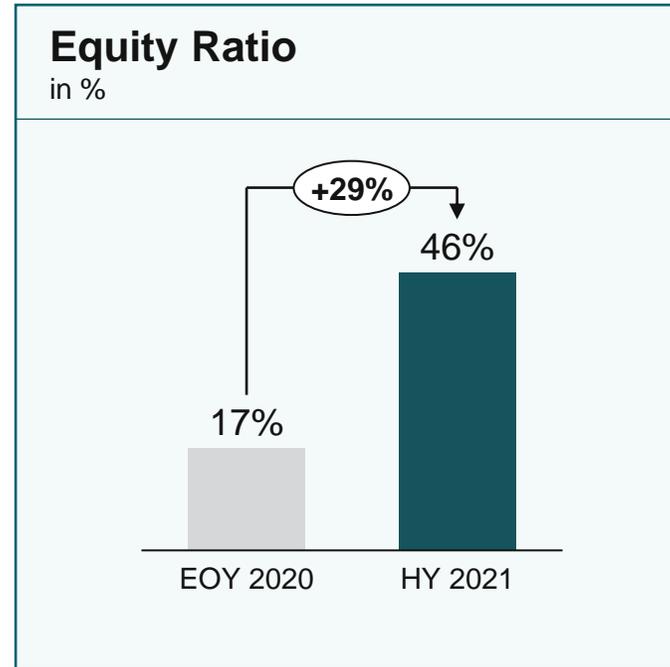
- **Implementation** of CAPEX programs following ambitious **timeline**
- **Decrease** in spending supported by postponement of projects with minor impact
- **Organic growth** plans **on track** following expected use of IPO funds



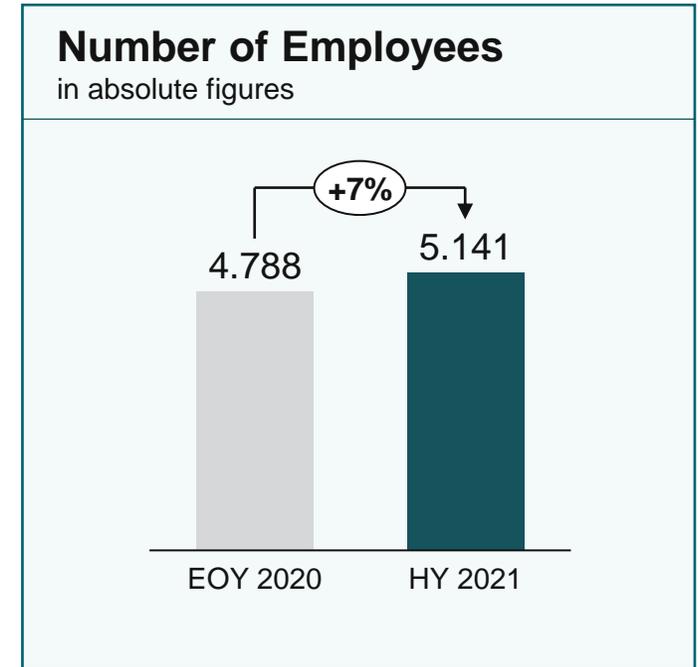
- **Operating Cash Flow** massively improved → **still negative** due to **Trade Working Capital increase**



- Improvement by **cash inflow** through **IPO** amounting to approx. **EUR 394m gross receipts** and **non-redeemable loan** (approx. **EUR 154m**)
- **Negatively** affected by **Free Cash Flow** of **EUR -76m**



- Main drivers **equity increase** through **IPO** and **non-redeemable loan**
- **Negatively** impacted by **Net result** of **EUR -26m**



- **Increase reflects ongoing expansion in BCC:**
 - UAC Vietnam **+189**
 - Alu Menziken Group **+63**
 - Acquired entities IH Tech **(+18)** and Cefival **(+61)**



- 1 For the rest of the year, we expect a **constant increase in sales** up to a level of around **EUR 750m** (*excluding any further acquisition activity*)
- 2 **Operative margin levels to be improved** and we intend to proportionally develop **profitability**
- 3 We accelerate our **organic growth**. The ramp-up of our **new plants** and the industrialization of **new products** will help us benefitting from the **accelerated recovery** of the **aerospace industry**
- 4 We make good progress with our **inorganic growth plans**. We see a realistic chance to make next **M&A** steps earlier than expected
- 5 **Higher build rates** were just announced by our aerospace customers starting already in **2022 to 2024** – the long-term trend in aerospace remains **fundamentally positive**

