



**MONTANA
AEROSPACE**

Montana Aerospace AG
FY 2021 Earnings Presentation

04 April 2022

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FY 2021 Earnings Call

Presenters



Dr. Markus Nolte
CEO



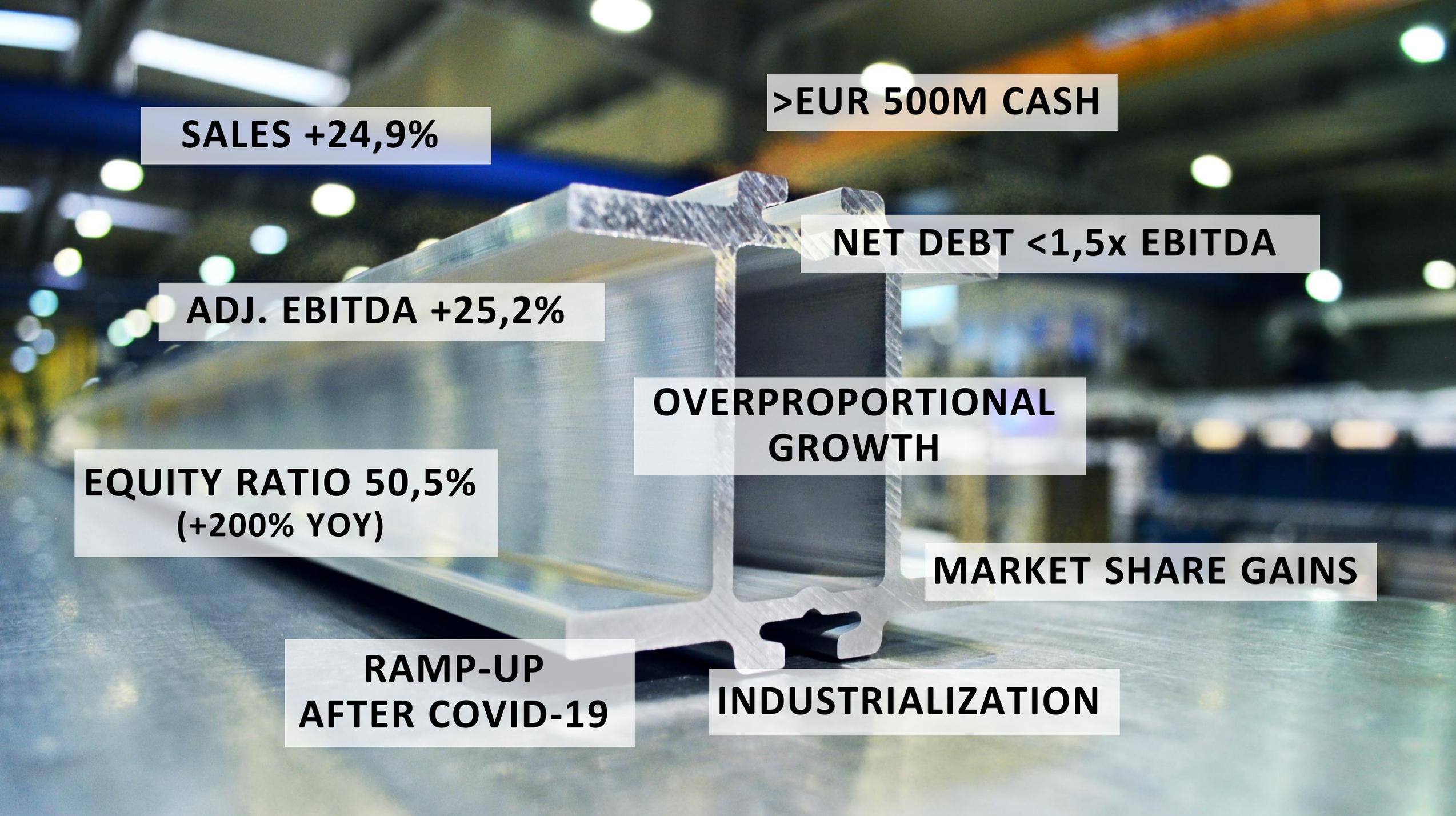
Dr. Michael Pistauer
CFO



Marc Vesely recte Riha
Head of M&A and Investor Relations



RESULT
2021



SALES +24,9%

>EUR 500M CASH

ADJ. EBITDA +25,2%

NET DEBT <1,5x EBITDA

EQUITY RATIO 50,5%
(+200% YOY)

**OVERPROPORTIONAL
GROWTH**

MARKET SHARE GAINS

**RAMP-UP
AFTER COVID-19**

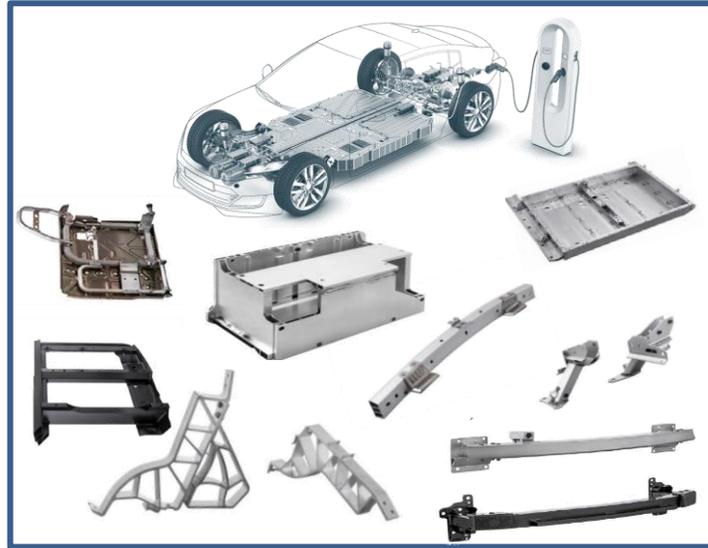
INDUSTRIALIZATION



AEROSPACE



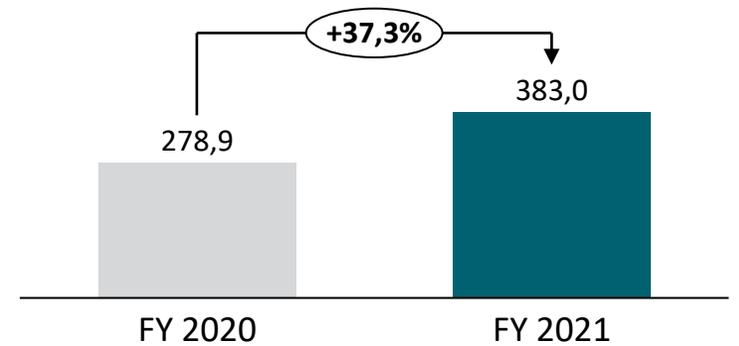
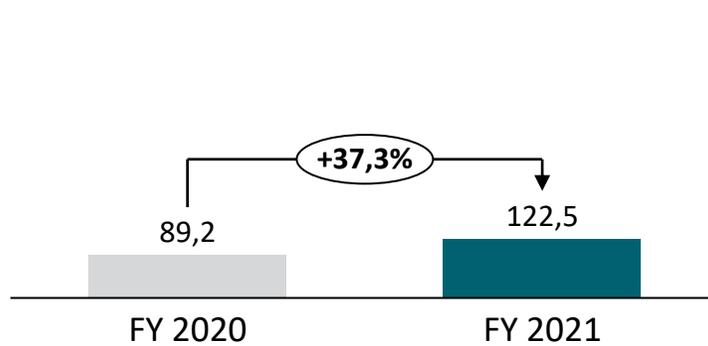
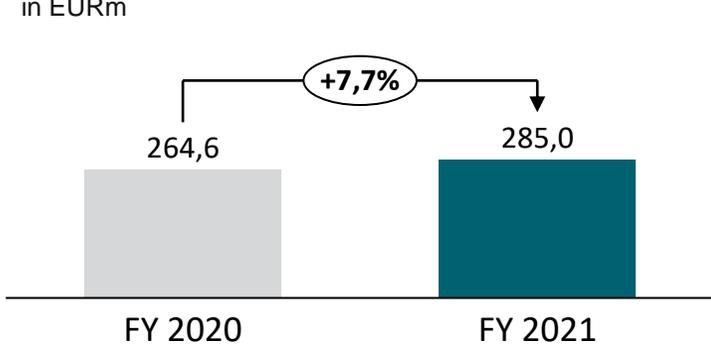
E-MOBILITY



ENERGY



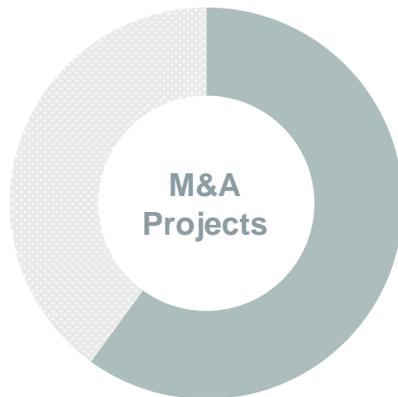
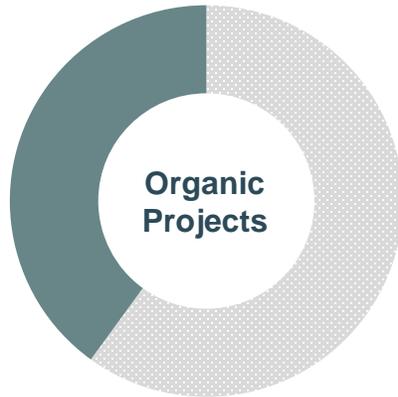
in EURm





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

Use of Proceeds



Initiatives

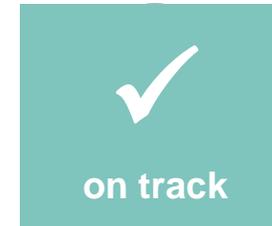
 Expansion of capacities and ramp-up of new capabilities (e.g. Titanium, Composite)

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

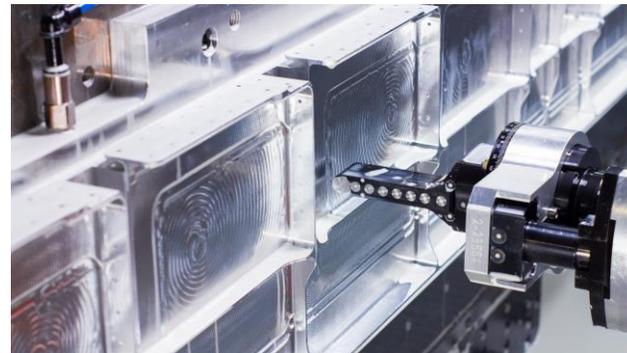
 Strategic acquisitions

 Additional M&A targets to further consolidate supply chain

Status



SITE	FLOOR SPACE	CAPEX	UTILIZATION 2022	FULL UTILIZATION	ON TRACK	CONTRACT BASIS
Baia Mare, RO	80,000 m ²	>EUR 150m	~25%	~2024	✓	✓
Da Nang, VN	40,000 m ²	<EUR 100m	~25%	~2024	✓	✓✓
3 rd Heavy Press (3 rd HP)	11,000 m ²	>EUR 35m	<5%	~2024/25	✓	✓
Cast House & Recycling 3 rd HP	3,000 m ²	>EUR 15m	0%	~2024/25	✓	✓





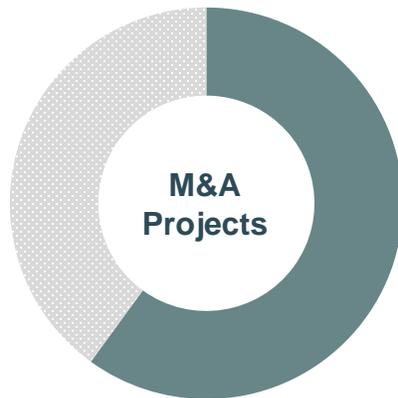
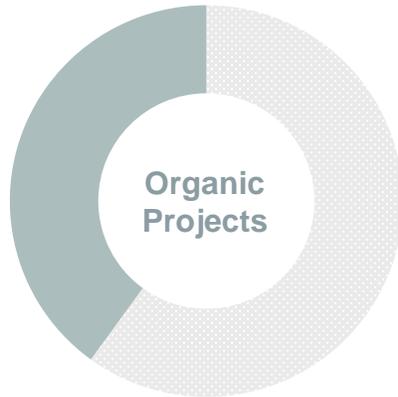
GLOBAL FOOTPRINT STRENGTHENED BY SELECTED INVESTMENTS AND M&A





PROCEEDS FROM IPO TO SUPPORT THE EXECUTION OF IDENTIFIED M&A PIPELINE

Use of Proceeds



Initiatives

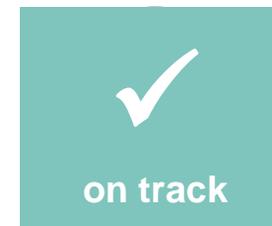
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 Capacity expansion and efficiency improvements (e.g. 3rd Heavy Press)

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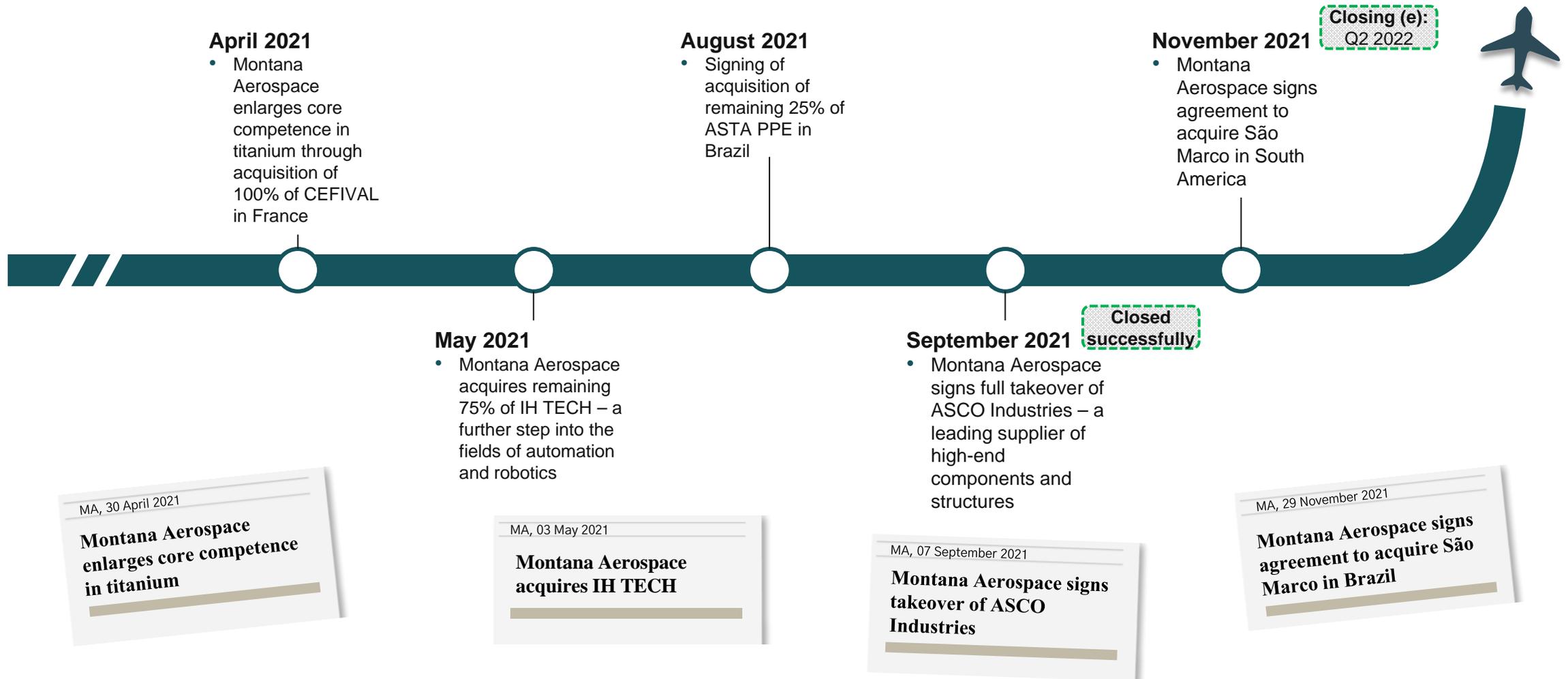
Status





MONTANA AEROSPACE FOLLOWS ITS STRINGENT M&A PLAN – EXECUTING AND DELIVERING, AS PROMISED DURING THE IPO PHASE

2021 Deal Pipeline – 5 M&A transactions already executed within 9 months





FINANCIALS



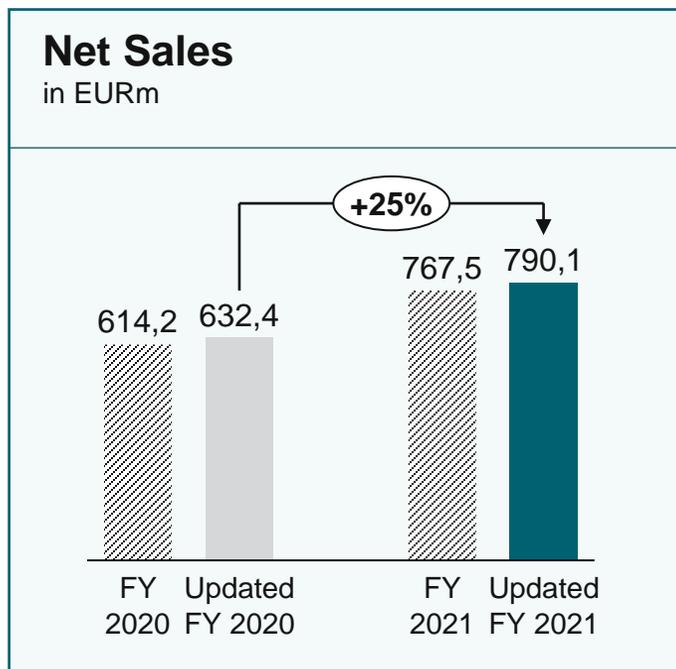


MONTANA AEROSPACE – FAST RECOVERY, FINANCIALS APPROACHING PRE-COVID LEVEL

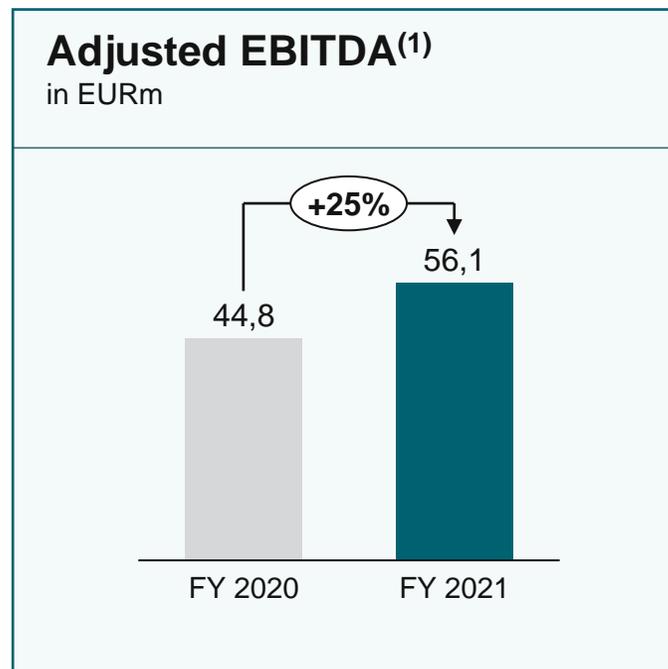


in EURm	FY 2020		FY 2021	yoy change	
Net Sales	632,4		790,1	+24,9%	
Adj. EBITDA	44,8		56,1	+25,2%	
CAPEX spent*	133,3		121,4	-8,9%	
Net Debt	424,9		81,8	-343,1	
Equity Ratio	17,0%		50,5%	+197,1%	

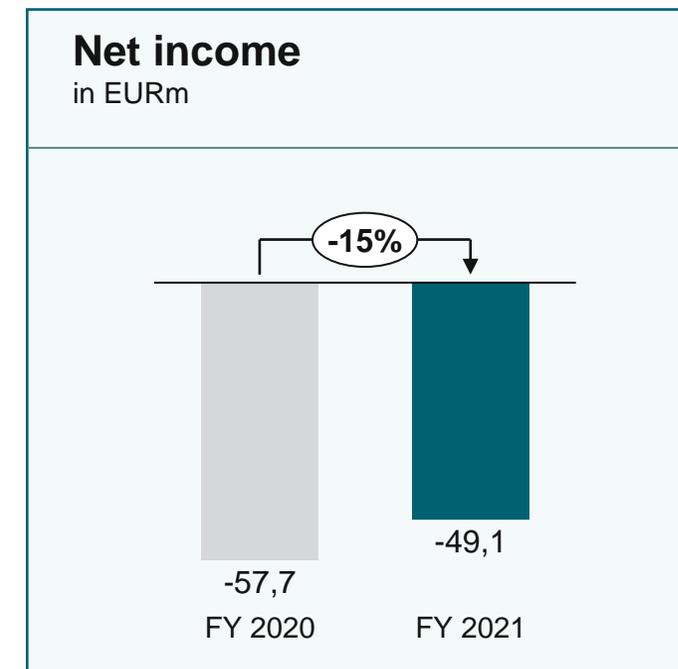
(*) Acquisition of intangible assets and property, plant and equipment



- **Strong sales recovery**, supported by loyal customer basis and high demand, growth **driven by aerospace business** segment
- **Updated** revenue due to **change in accounting – scrap sales** now included (**previously in other operating income**)



- Further **utilization of synergy effects from M&A deals** seen in result
- **IPO & MSOP cost** make up for majority of **adjustment** volume



- Fixed cost **optimization &** effects through **deferred taxes**
- **Streamlined production** process reduced negative result

⁽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



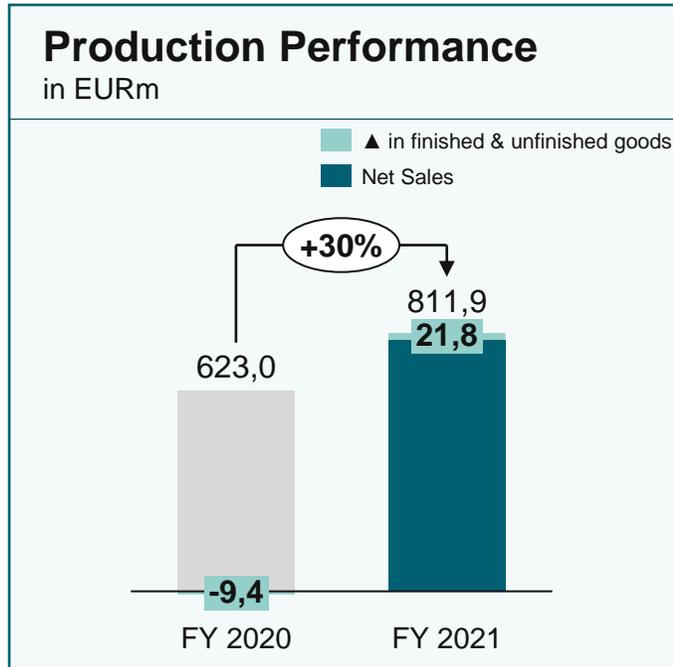
Starting in the Annual Report 2021 we start reporting detailed segment results

**SEE ANNUAL
REPORT**

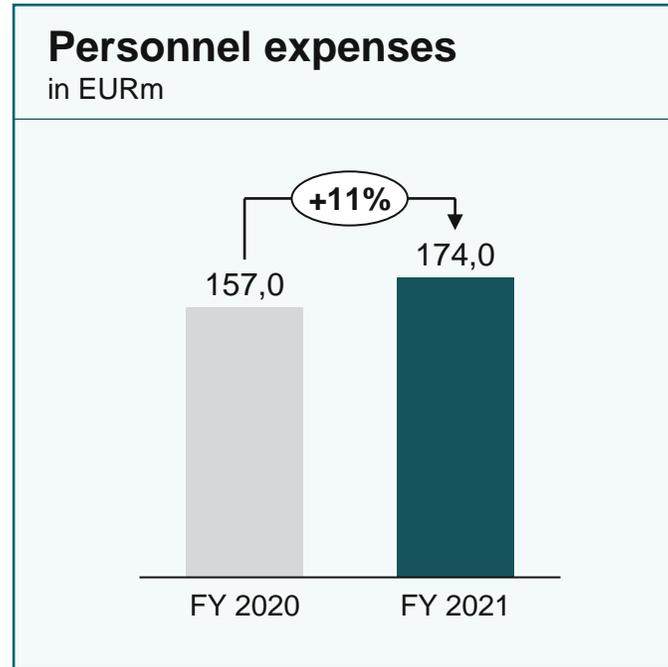
(in TEUR)	Aerospace		E-mobility		Energy		Total		Reconciliation		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
External net sales	284,587	264,515	122,493	88,978	382,972	278,893	790,052	632,386			790,052	632,386
Net sales between segments	378	132	1	179			379	312	-379	-312	0	
Total net sales	284,965	264,647	122,494	89,157	382,972	278,893	790,431	632,698	-379	-312	790,052	632,386
Adjusted EBITDA	42,942	43,295	6,538	-4,943	8,564	8,221	58,044	46,573	-1,964	-1,724	56,080	44,849
Non-operative income and expenses	-7,815	-12,397	2,044	1,216			-5,771	-11,181	-4,256	-377	-10,027	-11,558
EBITDA	35,127	30,898	8,582	-3,727	8,564	8,221	52,273	35,392	-6,220	-2,101	46,053	33,291

NET SALES in EURm	FY 2020		FY 2021	YoY change
Aerospace	264,6 (41,8% of total sales)		285,0 (36,1% of total sales)	+7,7%
E-Mobility	89,2 (14,1% of total sales)		122,5 (15,5% of total sales)	+37,3%
Energy	278,9 (44,1% of total sales)		383,0 (48,5% of total sales)	+37,3%
Adj. EBITDA* in EURm	FY 2020		FY 2021	YoY change
Aerospace	43,3 (92,3% of adj. EBITDA)		42,9 (73,9% of adj. EBITDA)	+0,9
E-Mobility	-4,9 (negative)		6,5 (11,2% of adj. EBITDA)	+10,0
Energy	8,2 (17,7% of adj. EBITDA)		8,6 (15,3% of adj. EBITDA)	+0,7

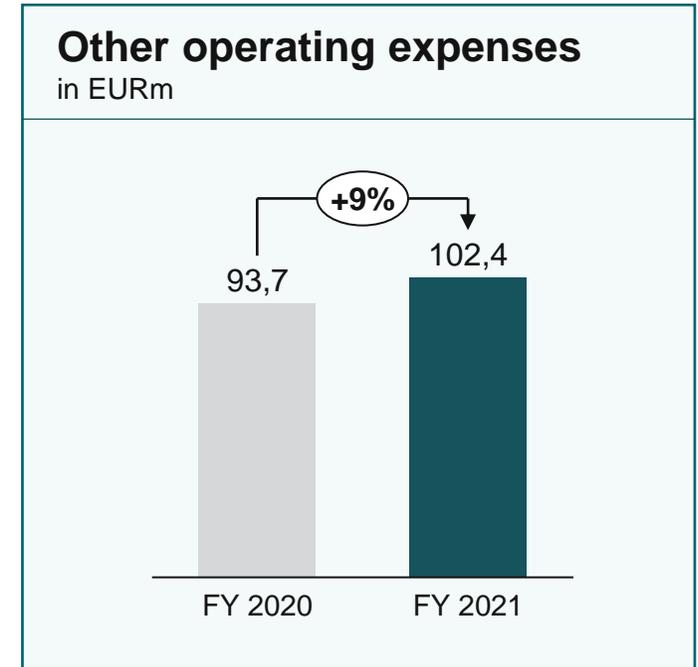
* Segment adj. EBITDA not adjusted for reconciliations on a group level (intra-group interdependencies and facts that cannot be directly allocated to any segment)



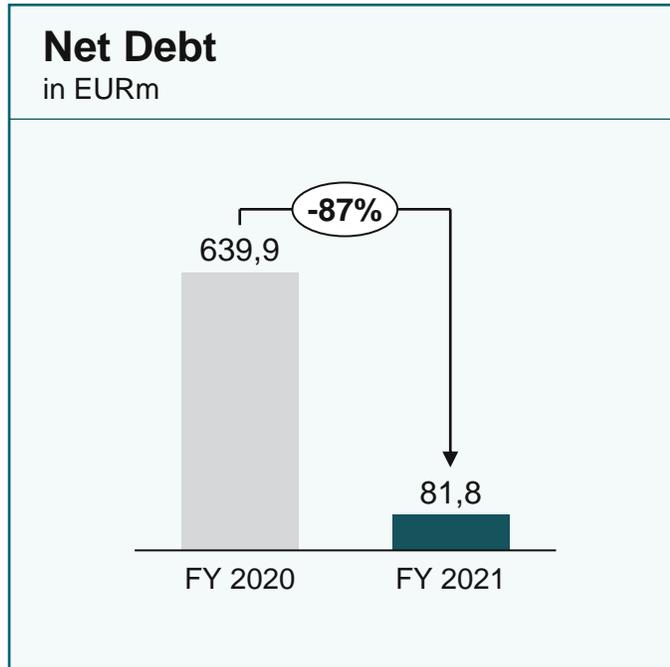
- **Output strong** as deliveries approach pre-Covid level, displaying high level of **production process agility**
- During **steep production ramp-up**, **personnel expense** was held **stable** with underproportional increase



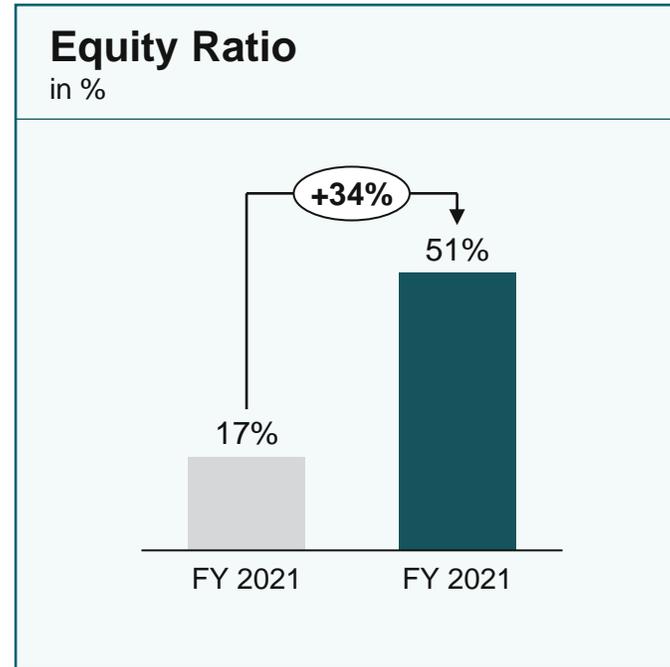
- **Risen average FTEs** in 2021 compared due to **ramp-up of current production** and contracted sales growth
- **FTE count growth exceeds FTE expense** growth



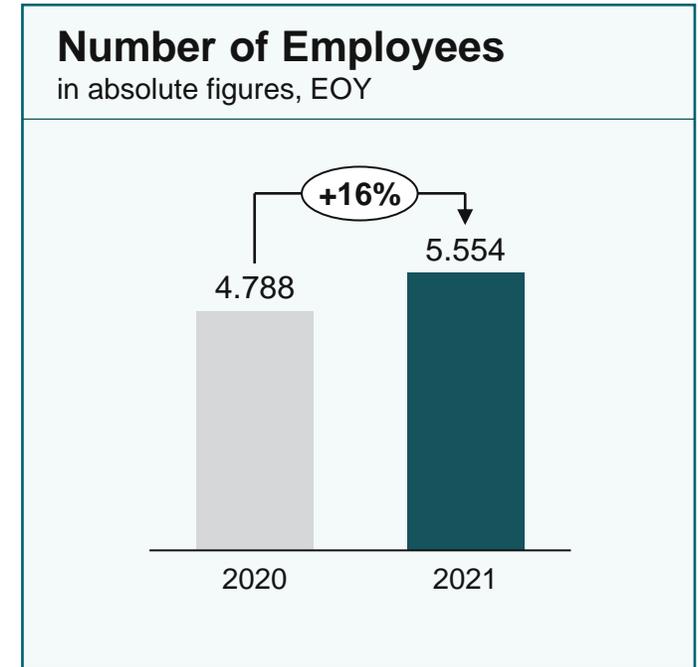
- External fees supported **cost & efficiency optimization**
- **Legal advisory cost reduces financial risk** of potential future lawsuits



- **Cash proceeds from IPO of EUR 394m gross receipts and non-redeemable loan (approx. EUR 154m) contributed to attractive improvement**
- **Adverse impact by negative Free Cash Flow**



- **IPO and capital increase strengthening equity basis**
- **However, Net result with negative influence on ratio**



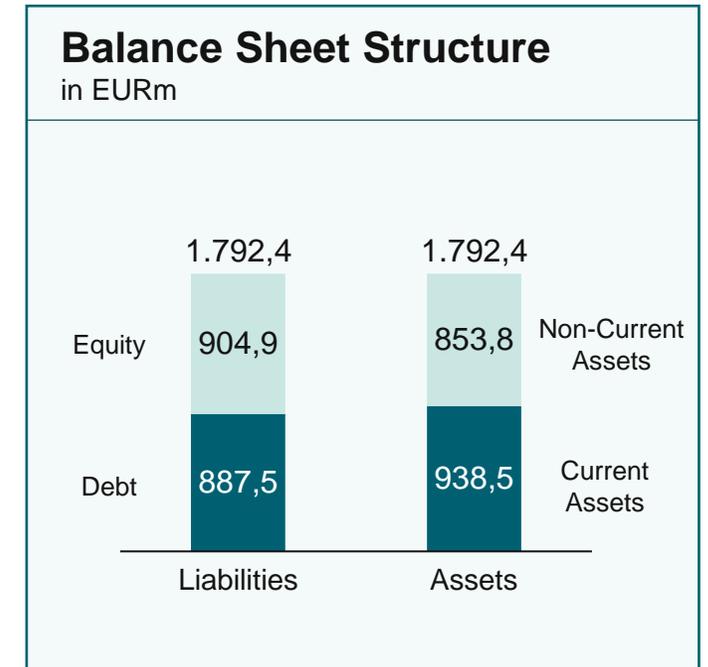
- **Increase reflects ramp-up related frontloading primarily in Romania and Vietnam**



- **Inventory build-up in (new) plants** responsible for part of the increase
- **Large raw material reserve sustained** to avoid **constraints** in global supplies
- **Sales growth** included – receivables up vs. prev. period

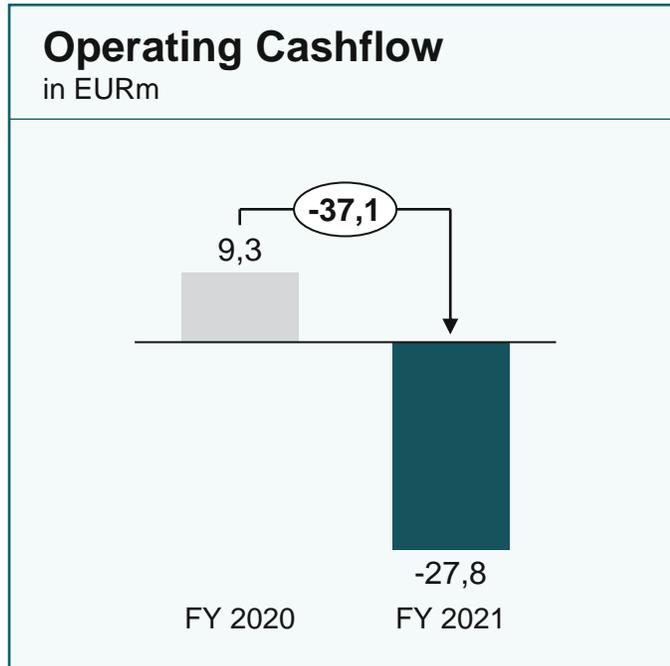


- **Cash proceeds from IPO of EUR 394m gross receipts** and converted **non-redeemable loan** (approx. EUR 154m) contributed to attractive improvement
- **Majority of debt guaranteed** by Montana Tech Components AG via **promissory notes**

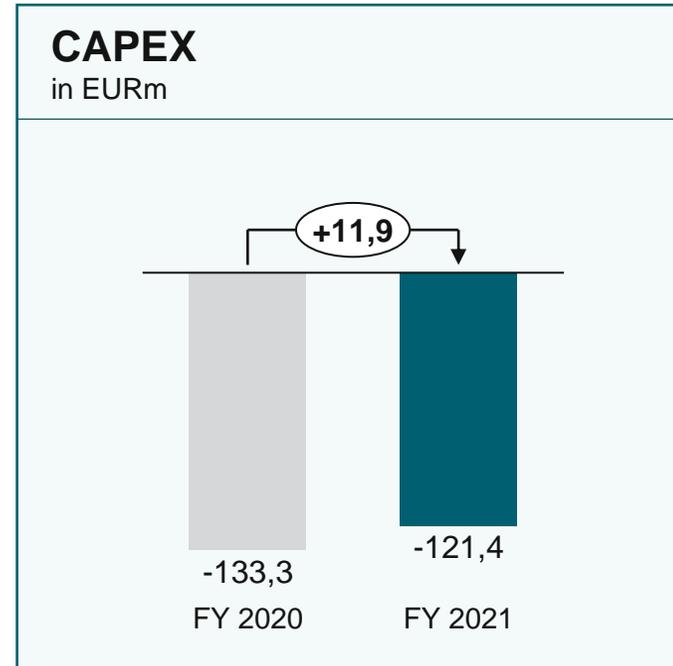


- **Strong Equity position** gives us **firepower & resilience**
- **Net result** currently negative, **impacting the Equity ratio negatively**

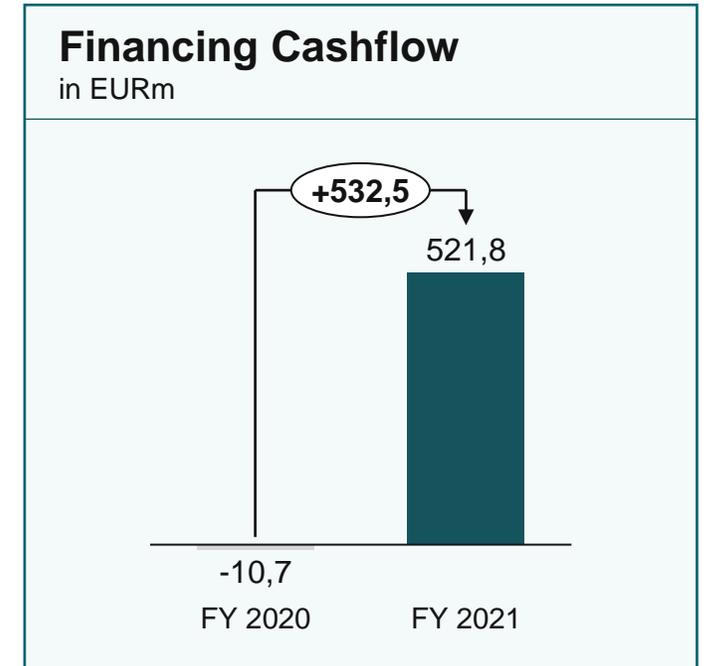
*Non – current financial debt



- Operating cash flow in 2021 lower, mainly due to high inventory build-up (+60,9m)



- Investments in line with strategy, from now on approximation to sustainable capital expenditure



- IPO + capital increase responsible for strong cash flow from investing activities



MONTANA
AEROSPACE

asco



ACQUISITION
OF ASCO



WORLD CLASS LEADER OF HIGH LIFT DEVICES, LARGE STRUCTURAL PARTS AND COMPLEX MECHANICAL ASSEMBLIES MADE OUT OF ALUMINUM, TITANIUM AND STEEL

Overview

 <p>up to 260m revenue p.a. between 2018-20</p>	 <p>~1,100 Employees</p>
 <p>4 Manufacturing Sites</p>	 <p>~140k m² Covered Industrial Surface</p>

asco

ONE STOP SOLUTION FOR HIGH-LIFT MECHANISMS & COMPLEX MECHANICAL SUB-ASSEMBLIES



Product Portfolio

<p>High Lift Mechanisms</p> 	<p>Complex Structural Parts & Assemblies</p> 	<p>Interfaces & Attachments</p> 
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Own IP & **single source** on important high-lift mechanisms

Titanium and hard metal machining **specialist**

Aluminium high-speed machining for large complex components



THE COLLABORATION OF TWO LEADING PLAYERS WOULD CREATE A STRONG INDUSTRIAL CHAMPION BEST POSITIONED TO LEVERAGE CUSTOMER NEEDS OF TOMORROW

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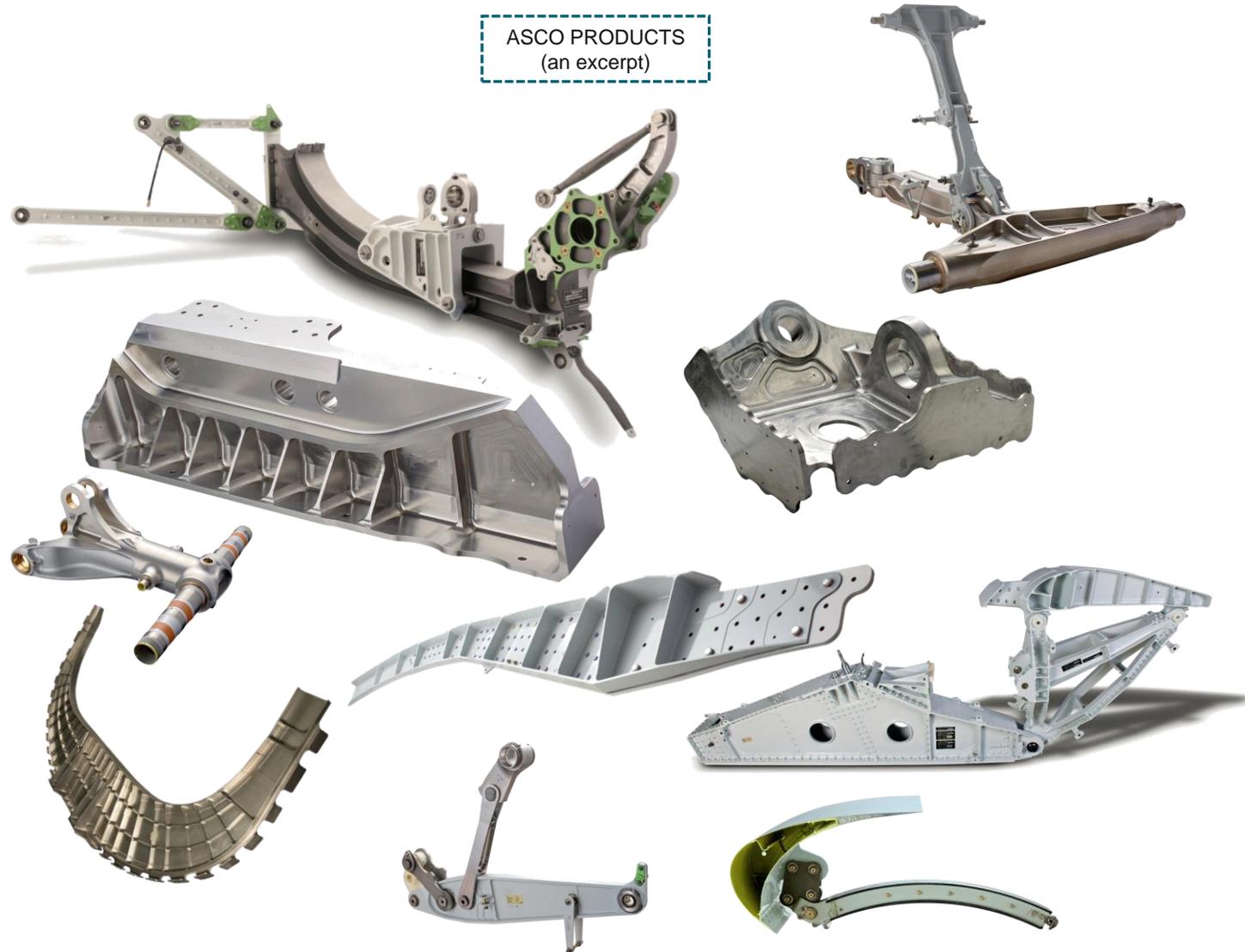
#1 Aerostructures Supplier

- Quality
- Costs
- Reliability
- Innovation
- Carbon Footprint

#1



AIRBUS **BOEING**
LOCKHEED MARTIN
COMAC **Gulfstream** etc...



DEAL TERMS

- 1 Payment split in **cash & share consideration**
- 2 **Earn-out option until 2025** amounting to **EUR 30m**

- 1 Goal: **15% EBITDA margin** at **EUR 300m revenue**
- 2 On top **high synergy potential** in Group, adding further benefit

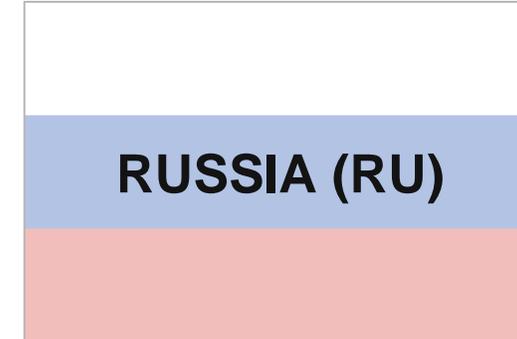
INVESTMENT RATIONALE



**GUIDANCE
2022**



MINIMAL EXPOSURE TO REGION MITIGATES POTENTIAL COMPANY RISK



For **2022**, **direct impact** of approx. **€8.0m sales at risk** o/w **€4.5m** are already received as a **prepayment**



Overall, **indirect risks** on **energy price development** as well as **impact on raw material prices**



On raw material, **minimal direct risk** for **Montana Aerospace** due to **long value chain**; **potentially some tailwind** due to **high prices for margins** as well as **jumping into new contracts**



Montana Aerospace: no offices or facilities in RU or UA



Overall, company risk at low level due to high recycling capabilities (less dependent from material supply) and minimal geographic exposure to crisis region

EXPECTATIONS FOR 2022

1

Aerostructures: worldwide sales expected to grow further based on build rate development

2

Vertical integration positions Montana Aerospace as the one-stop-shop for development of future airplane types

3

Revenue expected to roughly double within two years with approx. **EUR 1.4bn sales in 2023** and approx. **EUR 1.6 bn in 2024**

4

2023 means an **inflection point for Montana Aerospace** as we have the goal to generate a **positive Free Cash Flow again**



- 1 Global **demand for new, efficient aircrafts on high level**, keeping OEM **build rates rising to record levels**
- 2 **Vertical integration** positions Montana Aerospace as the **one-stop-shop** for OEMs
- 3 **Revenue** expected to **roughly double within two years** with approx. **EUR 1.4bn sales in 2023** and approx. **EUR 1.6 bn in 2024**
- 4 **2023** means an **inflection point for Montana Aerospace** as we have the goal to generate a **positive Free Cash Flow again**



AEROSPACE

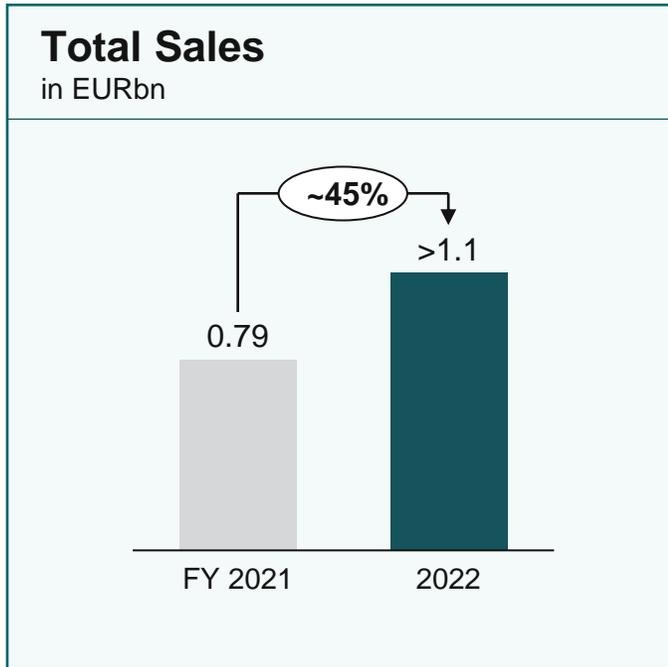
- **Aerostructures sales** worldwide to increase sharply, build rates ramp up continuing with fastened speed
- Ongoing **cost pressure** and **local to local** approach as well as ESG need – **additional chances for Montana**
- Globally, **massive challenges concerning** Material, HR, Energy and Inflation **on costs as well as Transportation**
- We can **grow over proportionally** due to our **set up and strategic positioning**

E-MOBILITY

- **E-Mobility** continuing to be the **driver for mobility** sector growth in **2022 and onwards**
- **Automotive high challenges** due to supply chain issues, however **E-Mobility „favoured“** in comparison to **other automotive segments**

ENERGY

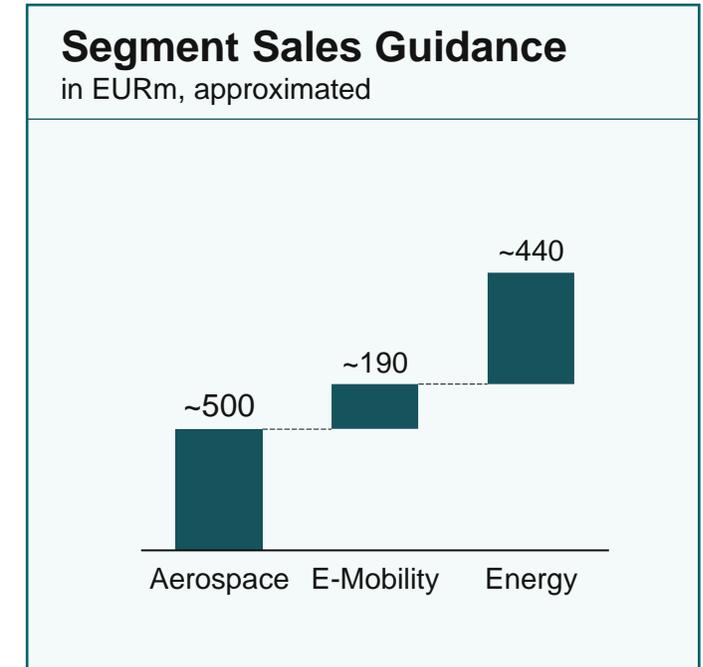
- **Globally**, we see still **high need for infrastructural expansion** programs
- **Electricity production** (especially green energy) and **grid performance projects** are key in many regions for meeting their goals
- within this environment **we expect to grow over proportionally**



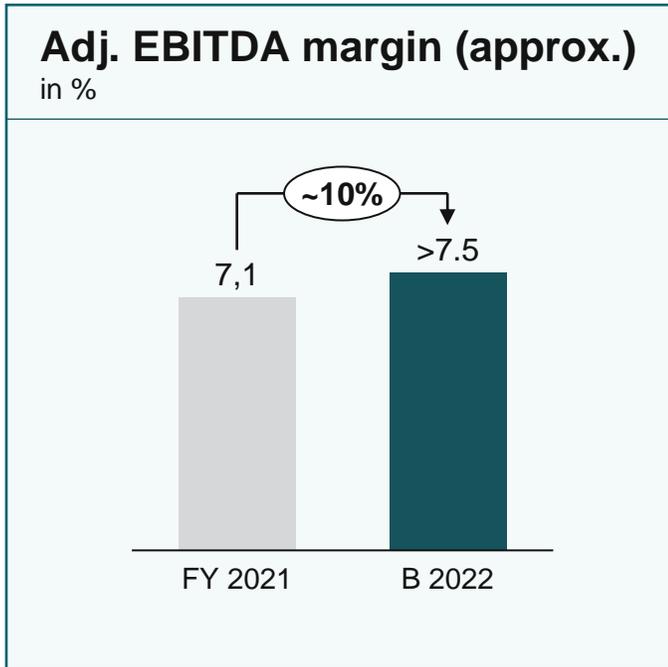
- **Sales increase driven by sustainable growth in all segments**
- **Aerospace as key driver of growth** and re-established as largest segment



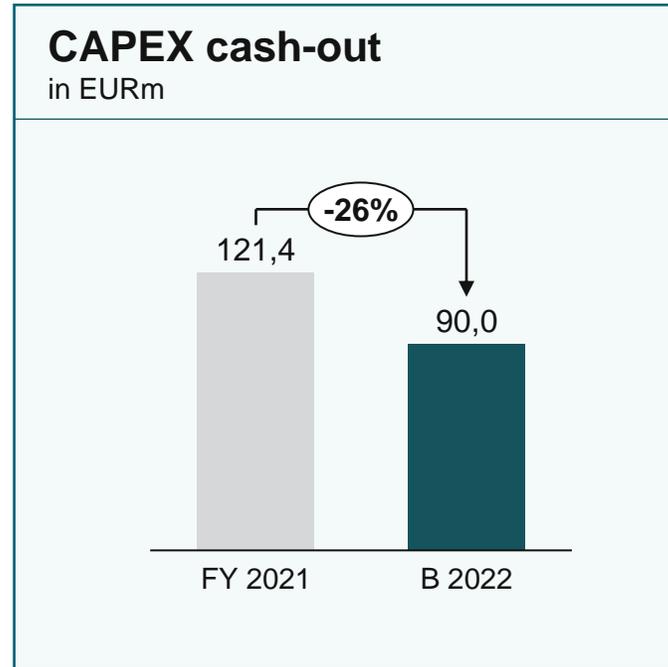
- **Total revenue** estimated to grow by approximately 40%, partly **due to organic** effects, partly **due to acquisitions**



- **Aerospace driver of growth**, re-gaining position as largest segment
- E-Mobility and Energy with **further positive outlook** and **stable growth**



- Slightly **overproportional** development of EBITDA margin in 2022



- Cash out in 2022 approximately **EUR 90m**, representing a **further decrease** towards only sustainable CAPEX

OUTLOOK 2023 & ONWARDS

- 2023**
Sales increase by another **~20%**
- Overproportional EBITDA growth
- Massive **CAPEX** reduction
- Positive Free Cash Flow**
- 2024**
Full Utilization of CAPEX programs
- Highly accretive business & synergy effects



MONTANA AEROSPACE BUILD RATE GUIDANCE: AN EXPECTED NEW NORMAL

Montana Aerospace guidance is based on the following build rates

Build rates by key platforms

AIRBUS		2022	2023	2024	2025
A220		6/mo	8/mo	10/mo	10/mo
A320 family		51/mo	60/mo	62/mo	63/mo
A330		2/mo	2/mo	2/mo	2/mo
A350		5/mo	5/mo	6/mo	6/mo
BOEING		2022	2023	2024	2025
B737 MAX		24/mo*	40/mo	48/mo	53/mo
B767		2/mo	2/mo	2/mo	3/mo
B777		2/mo	3/mo	3/mo	4/mo
B787		4/mo	6/mo	6/mo	7/mo



2020-2021: COVID-19 ✓

2022: BUILD RATE RAMP-UP

ENERGY COST INFLATION



- **Pass-through clauses cover >2/3 of current global energy cost rise**
- Establishing **independent energy supply** (e.g. **solar panels**)

HUMAN RESOURCES



- **Chasing for talent** – skilled employees required for fast ramp-up
- Our **global footprint** enables international workforce sourcing

TRANSPORTATION



- **Supply chain** under pressure, **cost is passed through**
- **Integrated value chain** reduces cost & **increases flexibility**

MATERIAL



- **Stable and diversified supply** with materials & **high inventory**
- Establishing **independent energy supply** (e.g. **solar panels**)

