



**MONTANA
AEROSPACE**

Montana Aerospace AG
Q1 2022 Earnings Presentation

05 May 2022

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Q1 2022 Earnings Call

Presenters



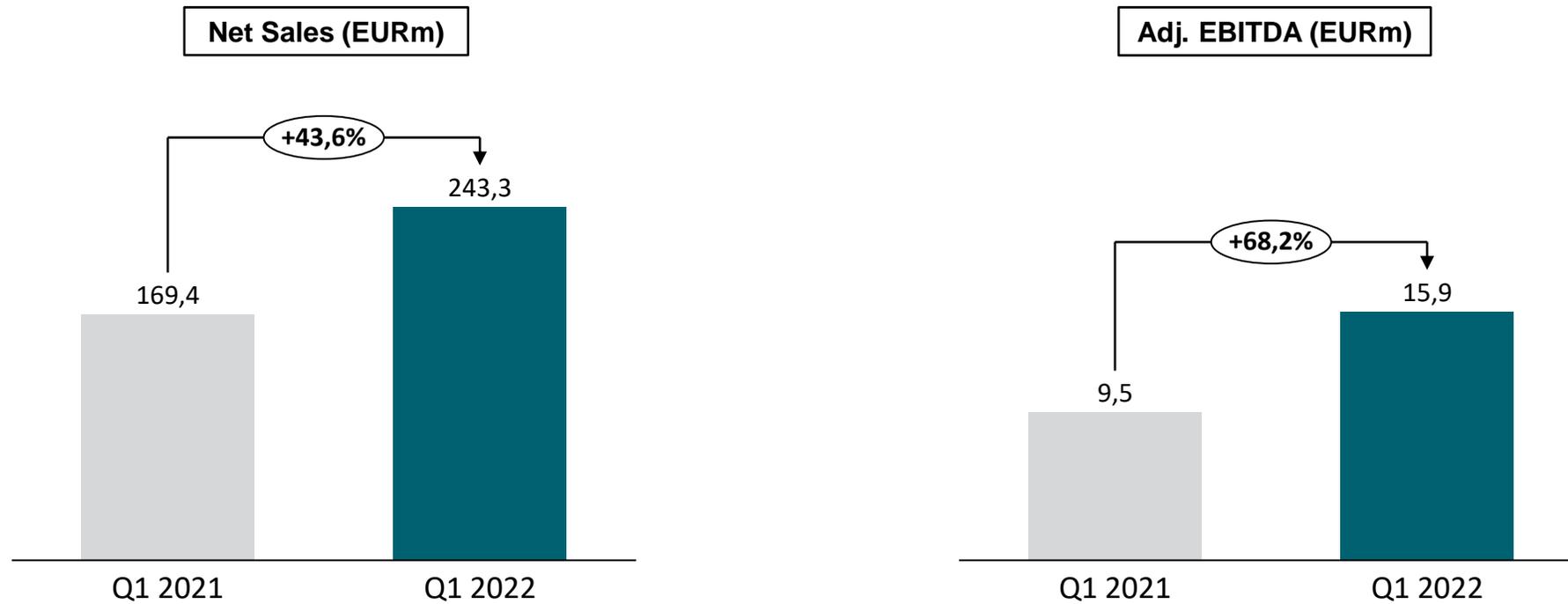
Dr. Michael Pistauer
CFO



Marc Vesely r.Riha
Head of M&A and IR



REPORT Q1 2022



CLEAR DEVELOPMENT TOWARDS ANNOUNCED GUIDANCE

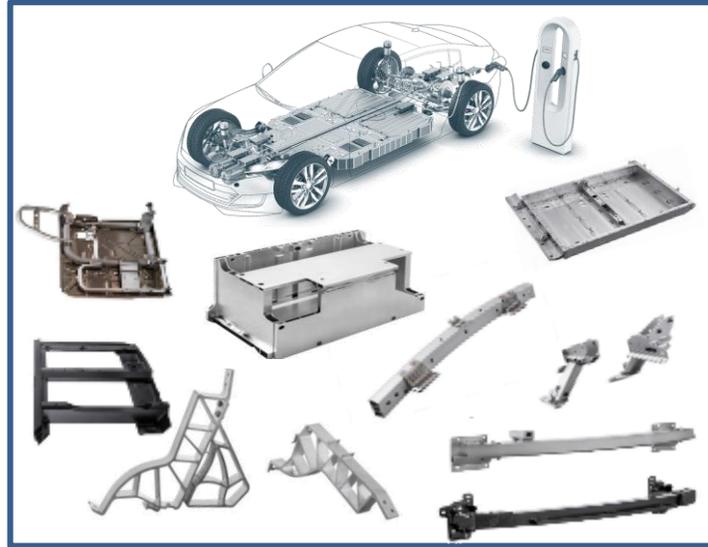


EXCEPTIONAL SALES PERFORMANCE IN ALL THREE SEGMENTS

AEROSPACE



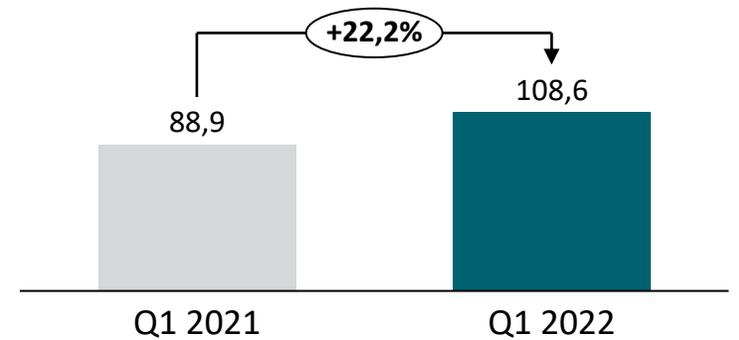
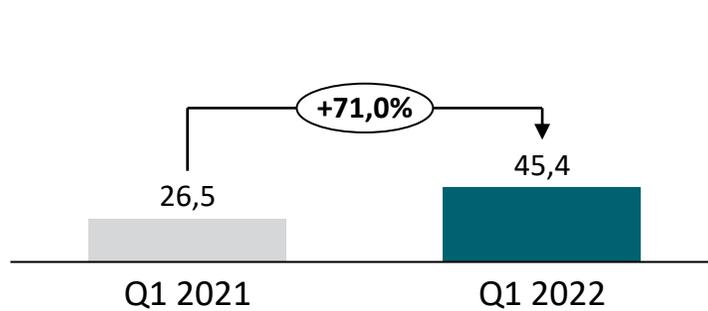
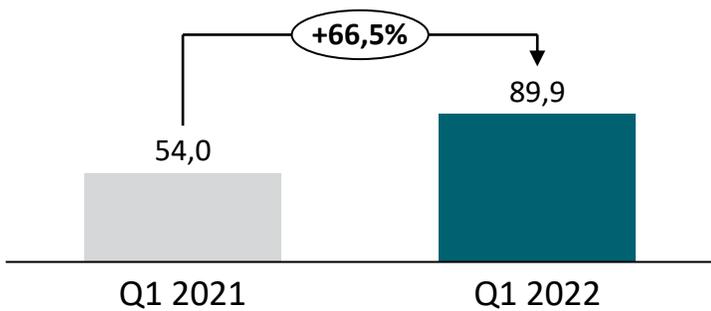
E-MOBILITY



ENERGY



in EURm

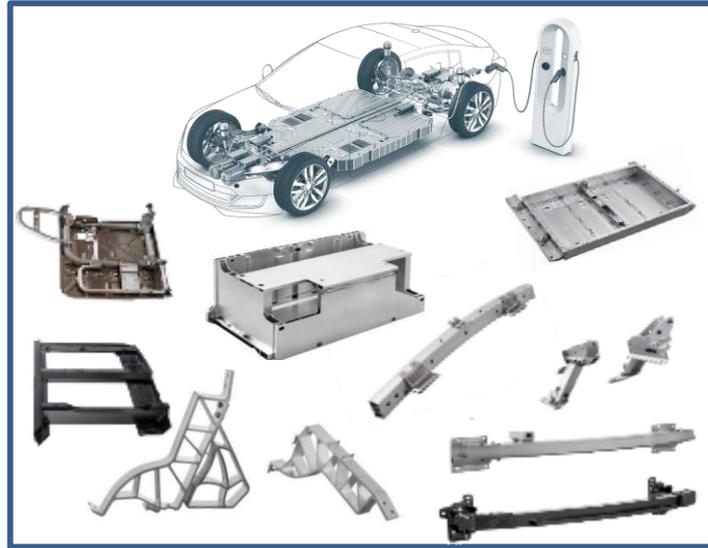




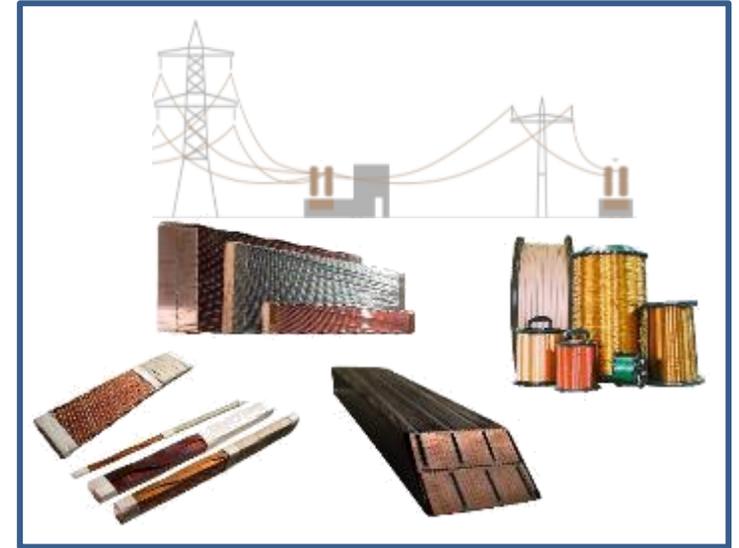
AEROSPACE



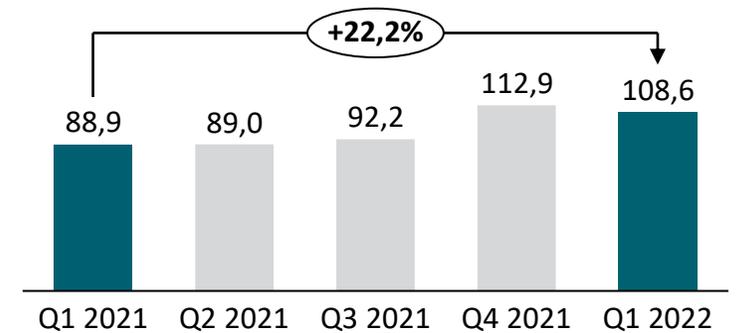
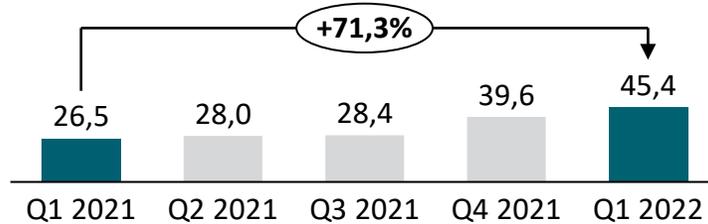
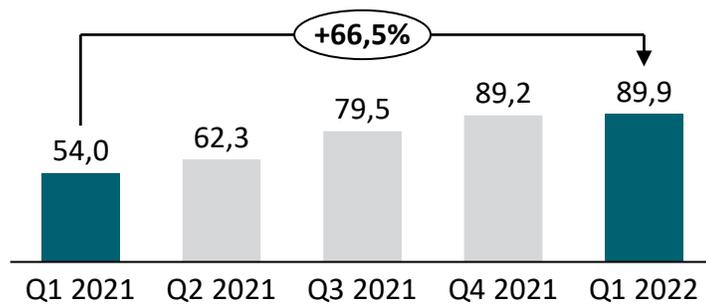
E-MOBILITY



ENERGY



in EURm





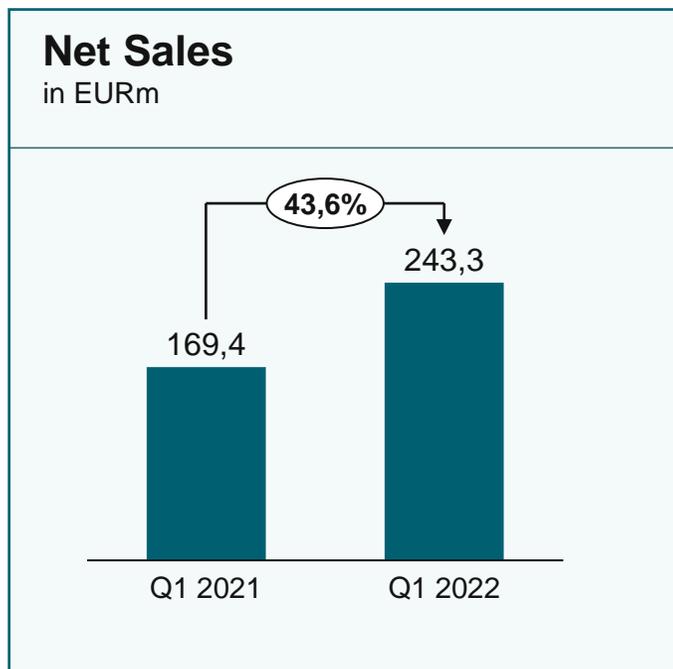
FINANCIALS



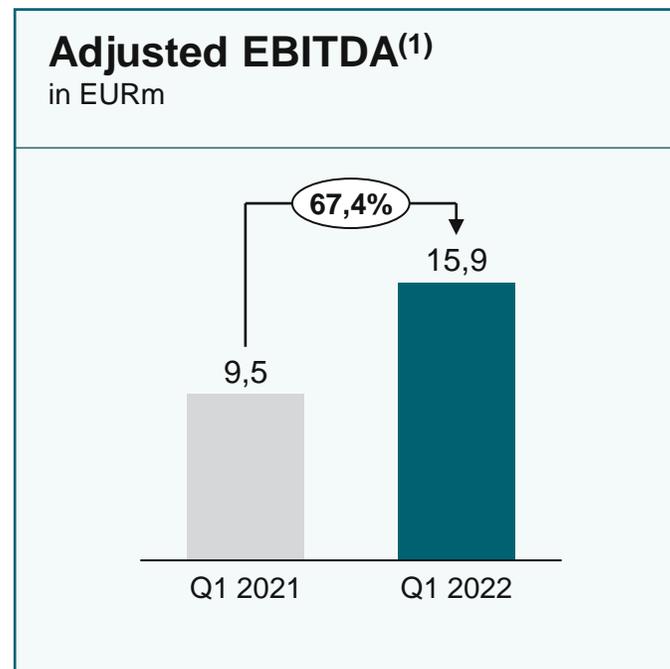
MONTANA AEROSPACE – FAST RECOVERY, FINANCIALS APPROACHING PRE-COVID LEVEL

<i>in EURm</i>		Q1 2021	Q1 2022	yoy change	
Net Sales		169,4	243,3	+43,6%	✓
Adj. EBITDA		9,5	15,9	+67,4%	✓
CAPEX spent*		42,0	21,8	-48,1%	✓
Reflecting acquisition of ASCO	TWC**	265,2	409,7	+54,5%	~
	Total Assets**	1.792,4	2.155,8	+20,3%	✓

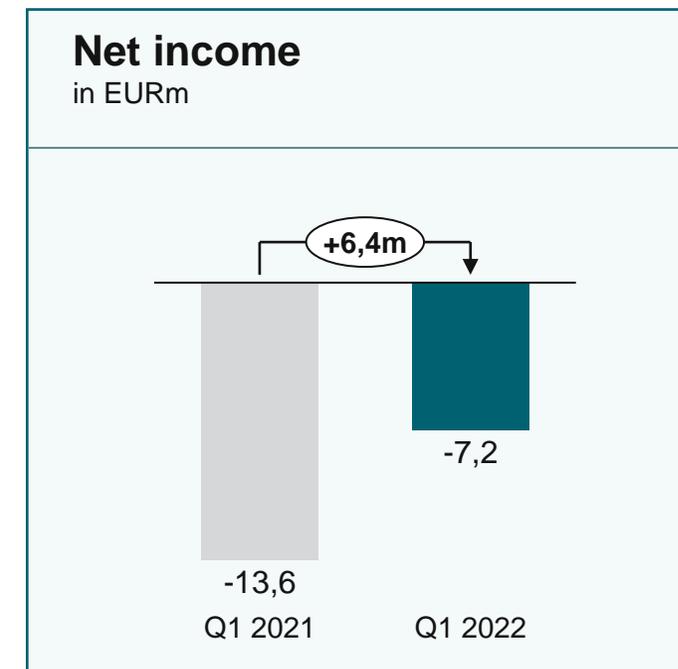
(*) Acquisition of intangible assets and property, plant and equipment; (**) reflecting acquisition of ASCO



- **Strong sales recovery**, supported by loyal customer basis and high demand, growth **driven by aerospace business** segment



- **MSOP cost makes up for majority of adjustment** volume
- Increased **EBITDA** still highly impacted by **low utilization, constant ramp-up** and **inflationary effects**



- **Profit after tax improvement** driven by EBITDA
- **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 and MSOP (Management Stock Option Program) related cost

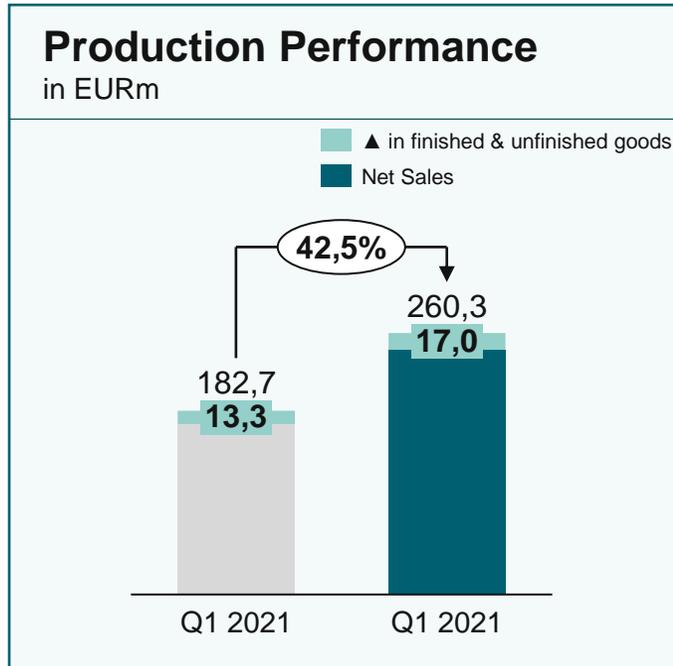


NET SALES & ADJ. EBITDA BY SEGMENT

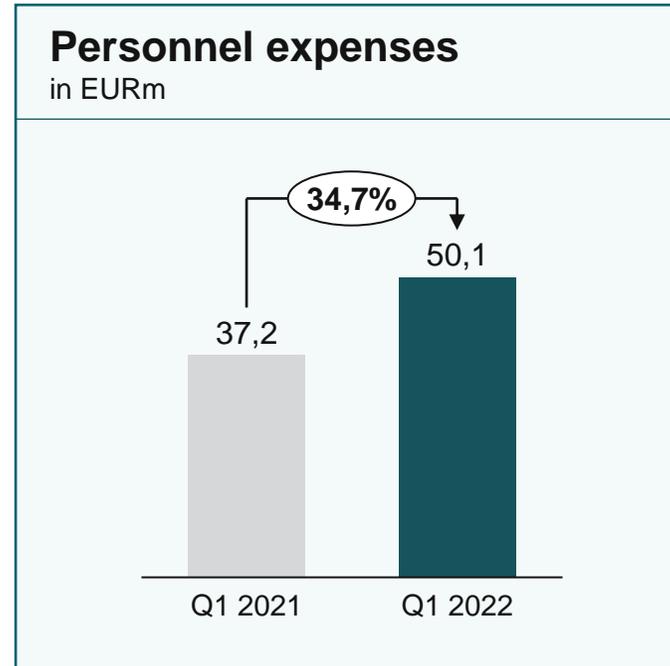
NET SALES <i>in EURm</i>	Q1 2021		Q1 2022	YoY change
Aerospace	54,0		89,9	+66,5%
E-Mobility	26,5		45,3	+70,9%
Energy	88,9		108,6	+22,2%

Adj. EBITDA* <i>in EURm</i>	Q1 2021		Q1 2022	YoY change
Aerospace	6,2		11,9	+91,9%
E-Mobility	1,1		4,2	+295,3%
Energy	2,6		1,4	-46,2%

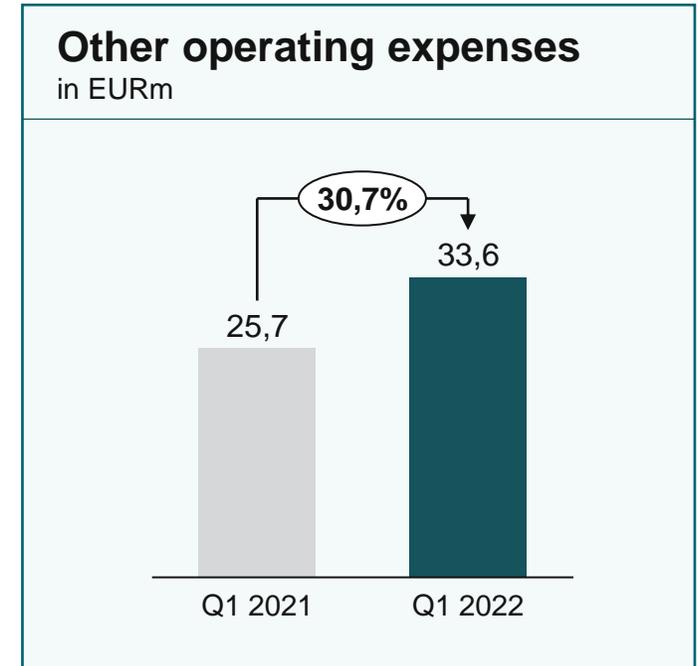
* Segment adj. EBITDA not adjusted for reconciliations on a group level (intra-group interdependencies and facts that cannot be directly allocated to any segment), detailed list of reconciliation to be found in Q1 report on website



- **Output strong** as deliveries surpass pre-Covid level, displaying high level of **production process agility**
- **Performance** growth clearly **over personnel expense increase** in absolute and relative terms



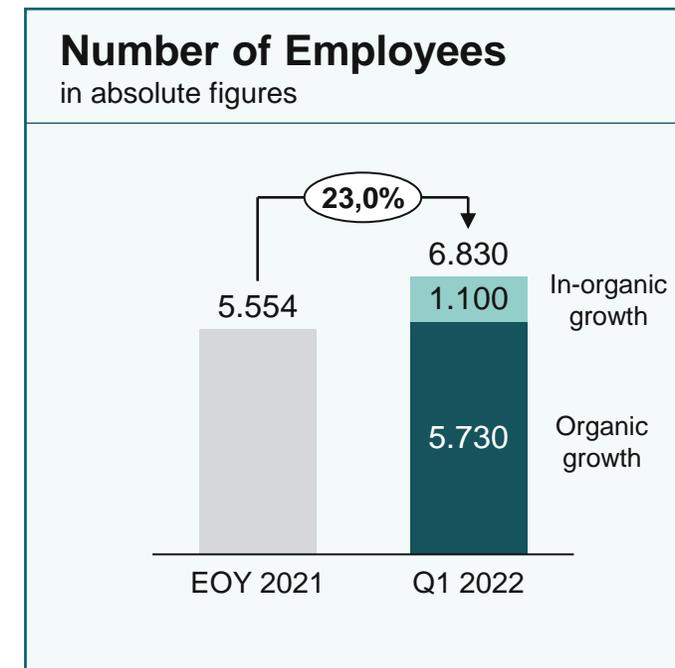
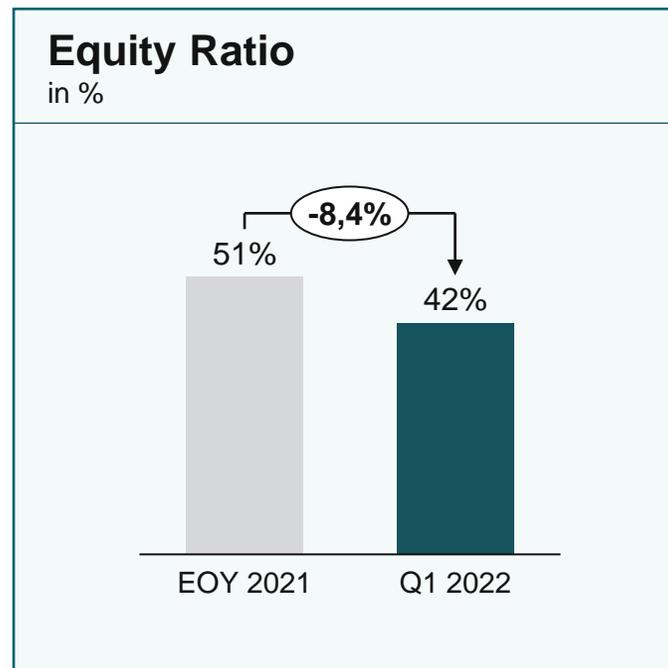
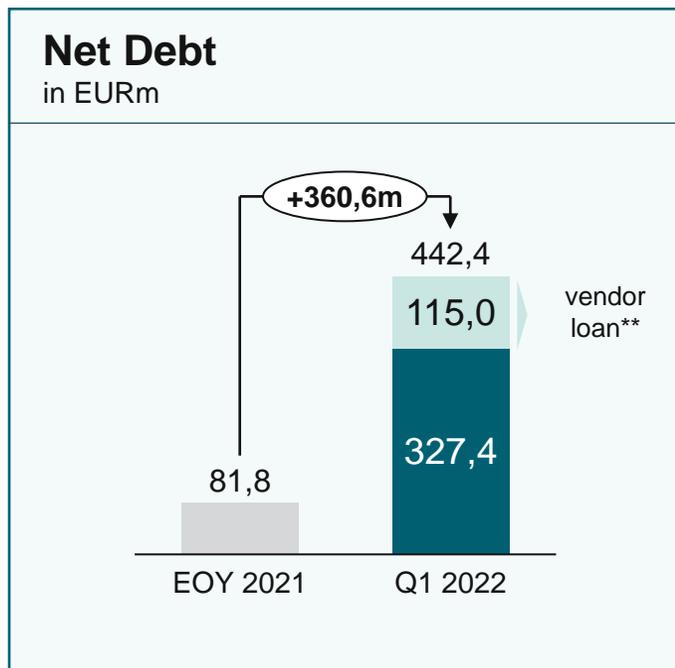
- **Demand increase** resulted in **overtime**
- **Dynamic labor market** → salary increases to hire **new and retain existing talents**



- Main **drivers freight and energy cost**
- **Initiatives** for reducing energy cost and switch to **green energy** planned



SOLID FINANCIAL BASIS FOR FUTURE GROWTH – CF STATEMENT + BALANCE SHEET INCLUDE ASCO ACQUISITION (BASED ON PRELIMINARY FIGURES)



- **Increase** mostly due to **ASCO acquisition** (purchase price, vendor loan, acquired net debt)
- **Remainder impact** by negative **Free Cash Flow** (TWC* increase)
- **Vendor loan** still included in Q1 Net Debt – **however**, eo April **only maximum EUR 30m** remain in **debt**; **remainder converted to equity**

- Lower ratio due to **expanded asset base**
- **Additionally, net result** with slight **negative influence** on ratio

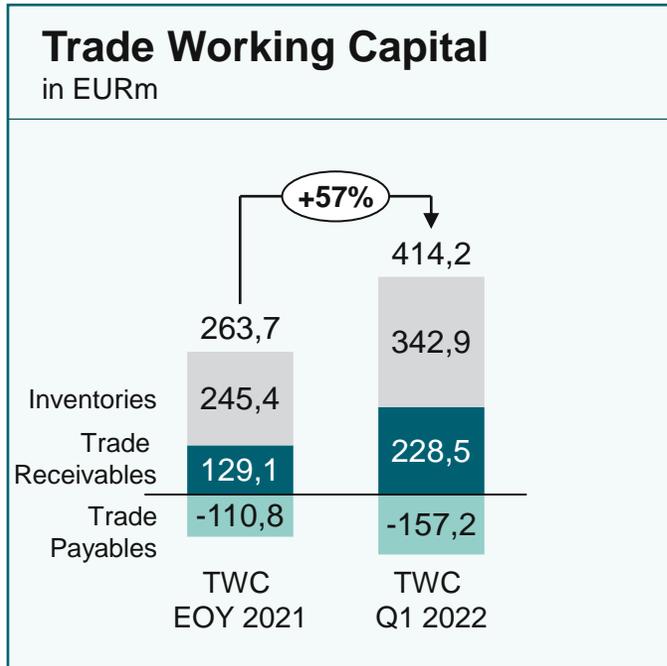
- Primarily driven by **ASCO acquisition**
- Further ramp-up in **Romanian entities**

Q1 2022 cash flow statement as well as the balance sheet already reflect the extended asset base due to the acquisition of ASCO (based on preliminary figures).

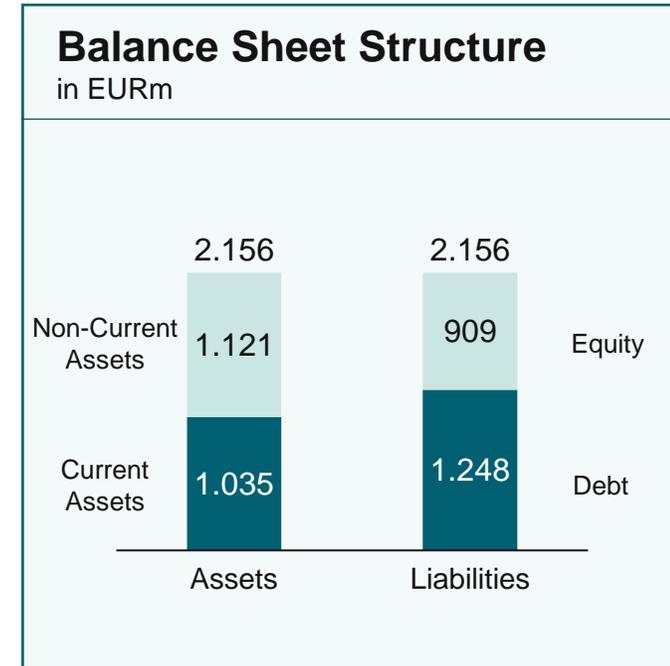
*Trade Working Capital, **EUR 115m vendor loan are still included in Q1 Net Debt. However, as of the end of April, only maximum EUR 30m debt remain, with the rest having been converted to shareholders equity, thereby reducing net debt.



SOLID FINANCIAL BASIS FOR FUTURE GROWTH – CF STATEMENT + BALANCE SHEET INCLUDE ASCO ACQUISITION (BASED ON PRELIMINARY FIGURES)



- Mostly due to **ASCO acquisition**
- Increase in line with **expanded production**
- **Raw material reserve sustained** to avoid **constraints** in global supplies
- **Sales growth** included – receivables up vs. prev. period

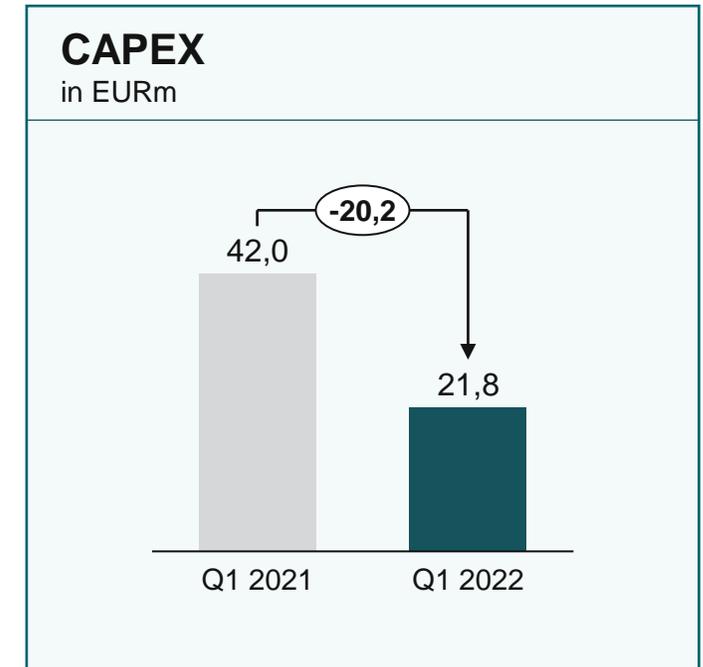
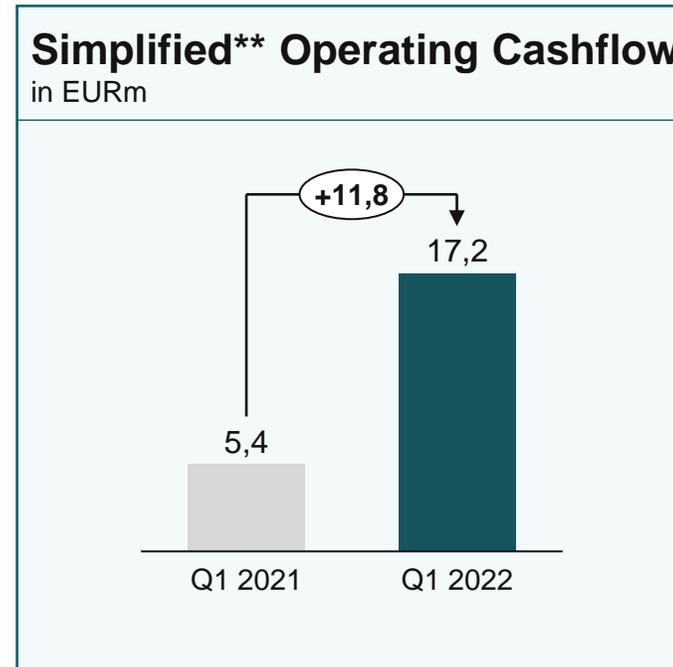
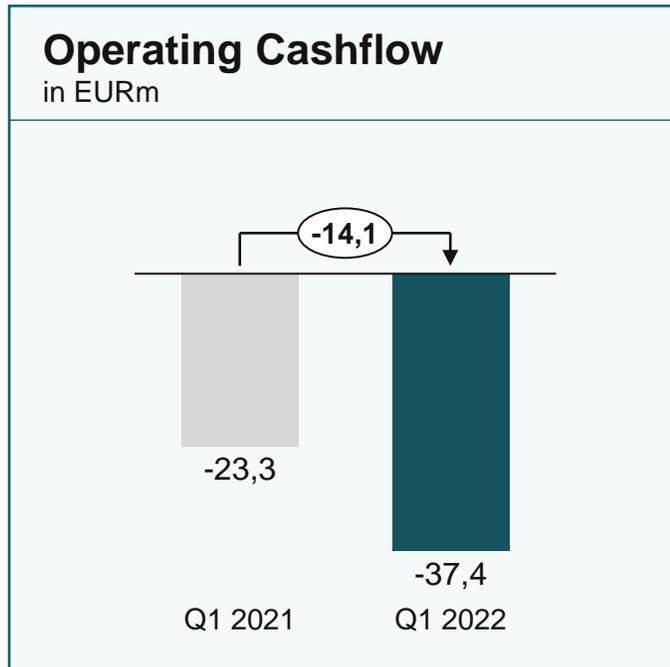


- **Strong equity position** gives us firepower & **resilience**
- **Net result** currently negative, **impacting the equity ratio negatively**

Q1 2022 cash flow statement as well as the balance sheet already reflect the extended asset base due to the acquisition of ASCO (based on preliminary figures).



SOLID FINANCIAL BASIS FOR FUTURE GROWTH – CF STATEMENT + BALANCE SHEET INCLUDE ASCO ACQUISITION (BASED ON PRELIMINARY FIGURES)



- Operating cash flow in 2022 lower, mainly due to **TWC*** increase (EUR 57m) o/w **inventory build-up** (+EUR 34,3m)

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

Q1 2022 cash flow statement as well as the balance sheet already reflect the extended asset base due to the acquisition of ASCO (based on preliminary figures).

* Trade Working Capital, **Simpl. Op. CF = Result before tax + net interest income + D&A + gains and losses from disposals of PPE & intangible assets + other non-cash items



INTEGRATION OF ASCO



COLLABORATION OF TWO LEADING PLAYERS CREATES A STRONG AEROSTRUCTURES
 PLAYER BEST POSITIONED TO MEET CUSTOMER NEEDS OF TOMORROW

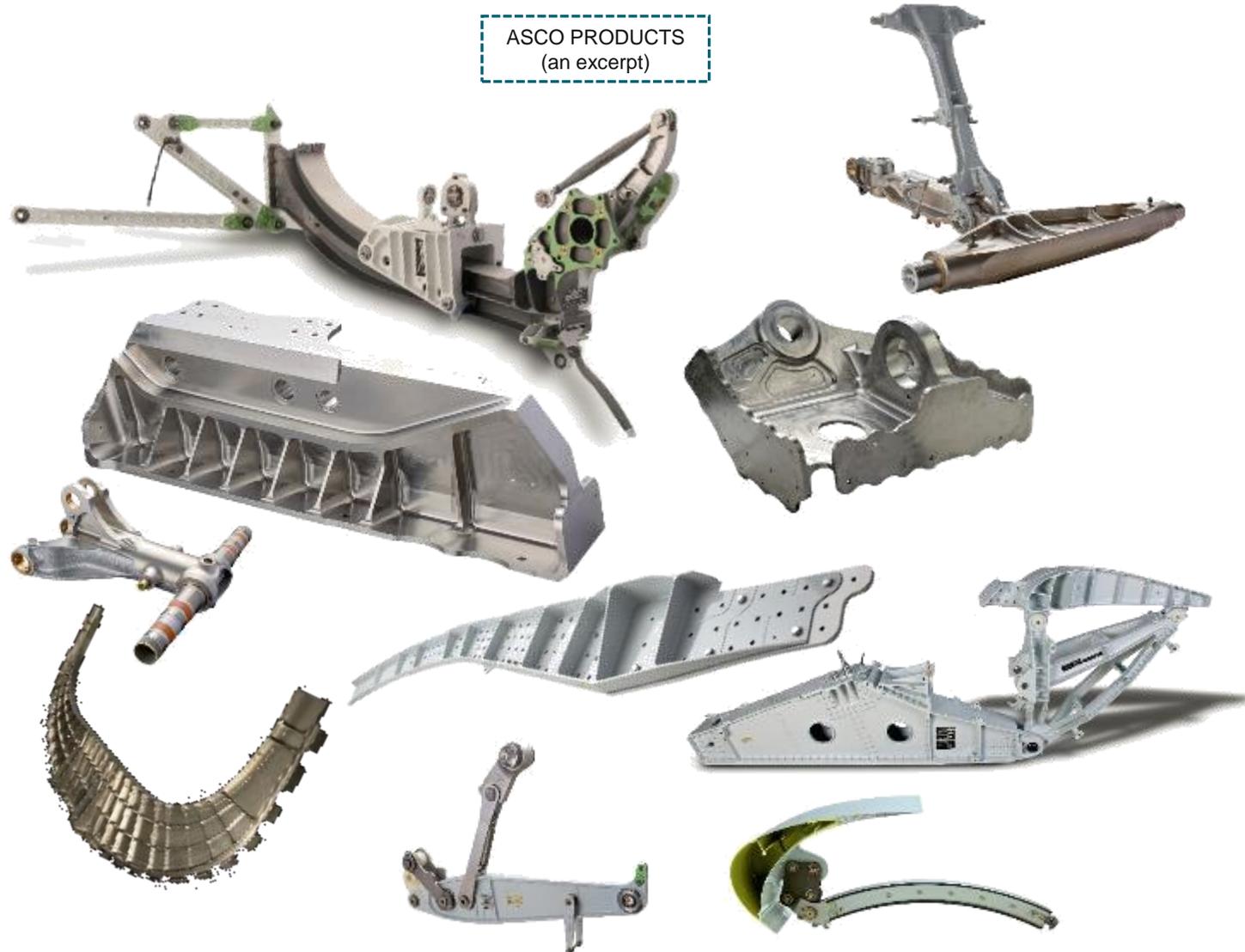


#1 Aerostructures Supplier

- Quality
- Costs
- Reliability
- Innovation
- Carbon Footprint

#1





ASCO PRODUCTS
(an excerpt)

DEAL TERMS

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

INVESTMENT RATIONALE

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



GUIDANCE 2022





MONTANA AEROSPACE BUILD RATE ASSUMPTIONS: AN EXPECTED NEW NORMAL



Montana Aerospace management expects build rates to stabilize at new levels

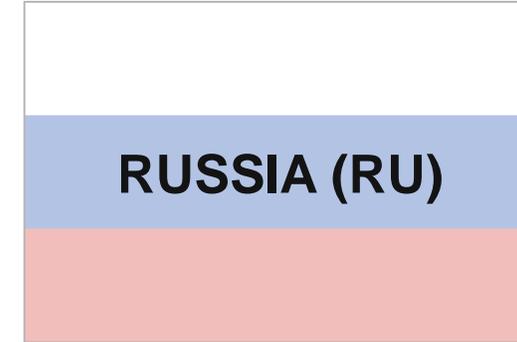
Build rates by key platforms

AIRBUS		2019 pre-covid	2020 covid-figures	2021 covid-figures	2022	2023	2024	2025
A220		n/a	n/a	n/a	6/mo	8/mo	10/mo	10/mo
A320 family		60/mo	34/mo	40/mo	51/mo	60/mo	62/mo	63/mo
A330		4/mo	2/mo	2/mo	2/mo	2/mo	2/mo	2/mo
A350		10/mo	6/mo	4/mo	5/mo	5/mo	6/mo	6/mo
BOEING		2019 pre-covid	2020 covid-figures	2021 covid-figures	2022	2023	2024	2025
B737 MAX		42/mo	6/mo	10/mo	24/mo	40/mo	48/mo	53/mo
B767		n/a	n/a	n/a	2/mo	2/mo	2/mo	3/mo
B777		5/mo	3/mo	2/mo	2/mo	3/mo	3/mo	4/mo
B787		14/mo	7/mo	5/mo	4/mo	6/mo	6/mo	7/mo

Montana Aerospace Note(s): for yearly build rate assumptions Airbus build rates need to be multiplied by 11,5x; Boeing build rates by 12x



MINIMAL EXPOSURE TO REGION MITIGATES POTENTIAL COMPANY RISK



For 2022, **direct impact** of approx. **€8.0m sales at risk** o/w **€4.5m** have already been **received as pre-payment**



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



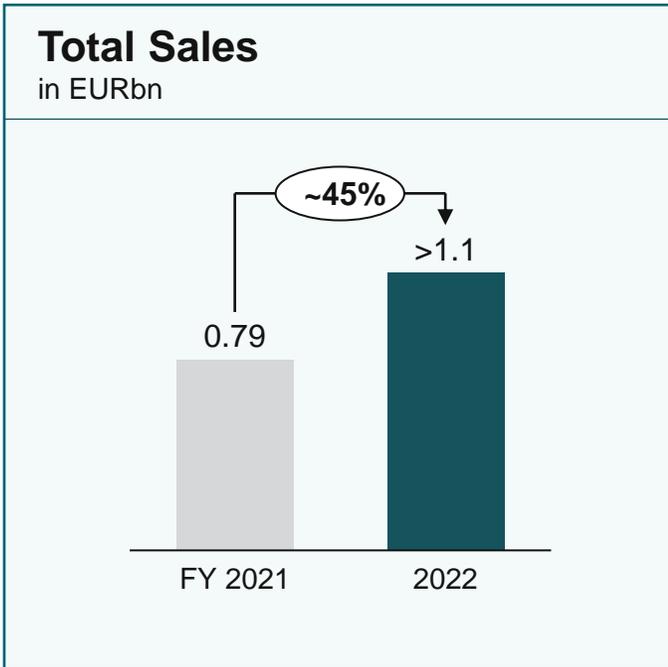
On **raw material**, **minimal direct risk** for **Montana Aerospace** due to **long value chain**; **potentially some tailwind** due to **high prices for margins** as well as **jumping into new contracts**



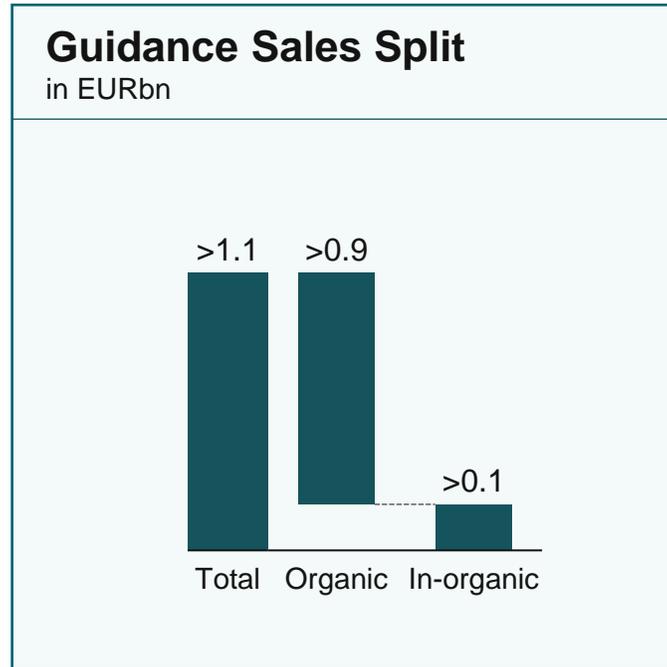
Montana Aerospace: no offices or facilities in **Russia, Ukraine** or countries impacted by the **Russian gas embargos (PL, BG – see map above)**



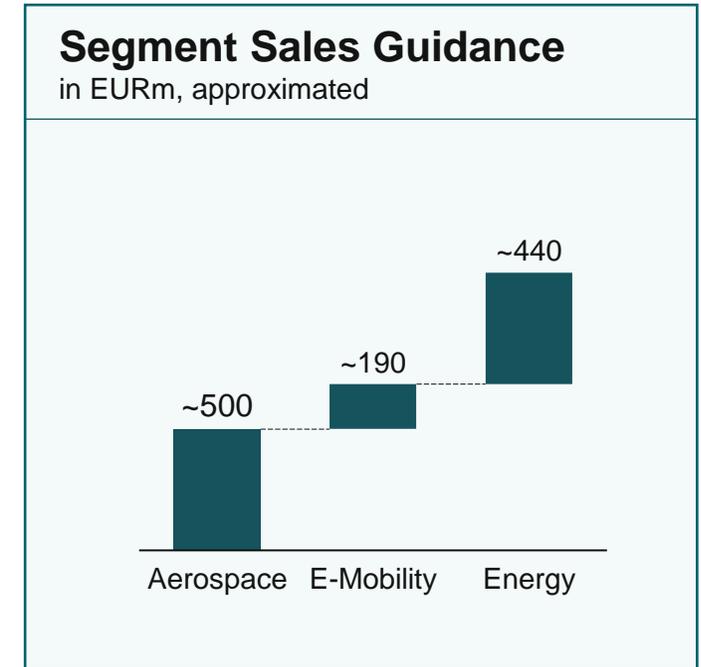
Overall, company risk at low level due to high recycling capabilities (less dependent from material supply) and minimal geographic exposure to crisis region



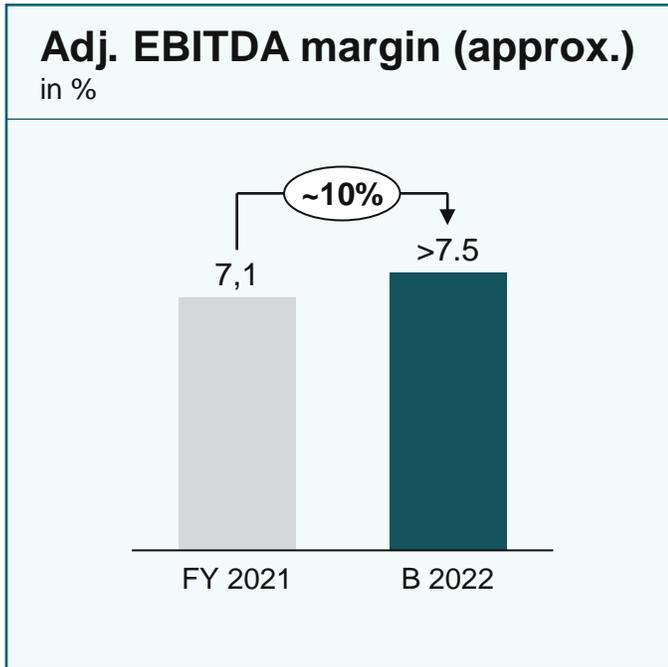
- Sales increase driven by **sustainable growth in all segments**
- **Aerospace** as **key driver of growth** and re-established as **largest segment**



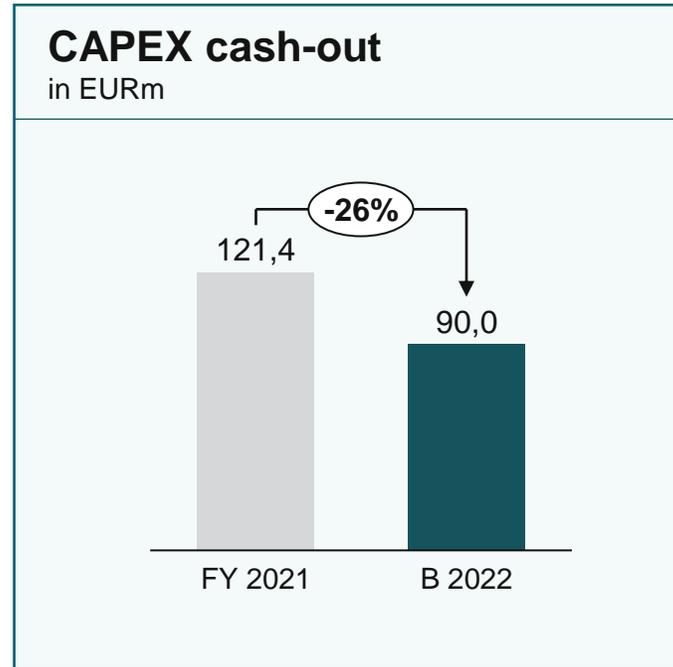
- **Total revenue** estimated to grow by approximately 40%, partly **due to organic** effects, as well as partly due to **acquisitions**



- **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



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**
- **Vertical integration** and **recycling capabilities** **increase resilience**

