Montana Aerospace AG

HY1 2022 Earnings Presentation

08 August 2022

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HY1 2022 Earnings Call

Presenters

Michael Pistauer
Co-CEO & CFO

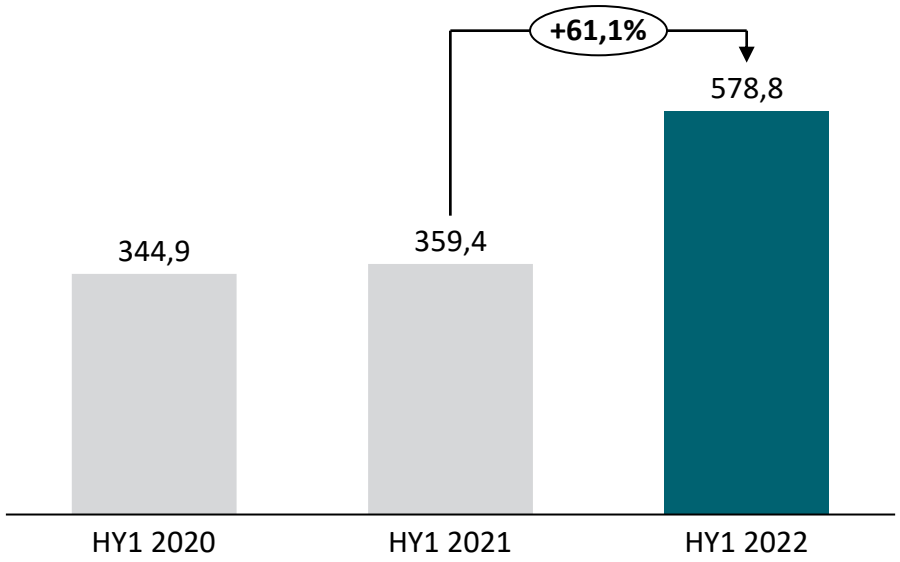
Kai Arndt
Co-CEO

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

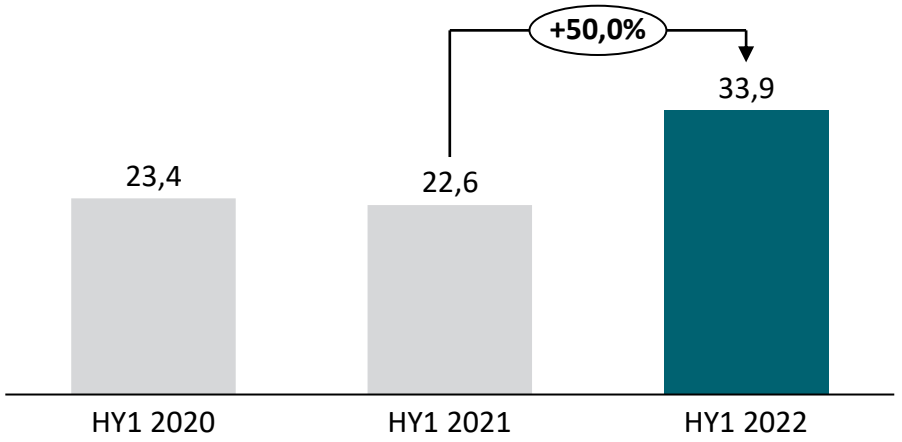
HY1 2022 REPORT

SOLID AND SUSTAINABLE GROWTH VERIFIES GUIDANCE ASSUMPTIONS

Net Sales (EURm)



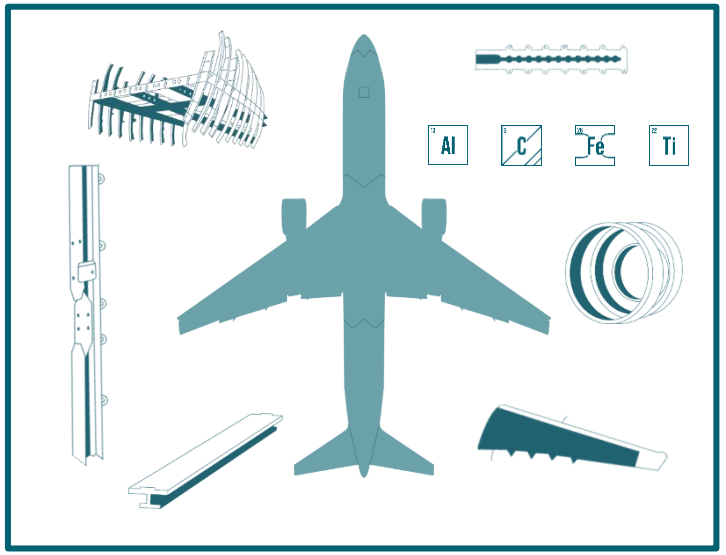
Adj. EBITDA (EURm)



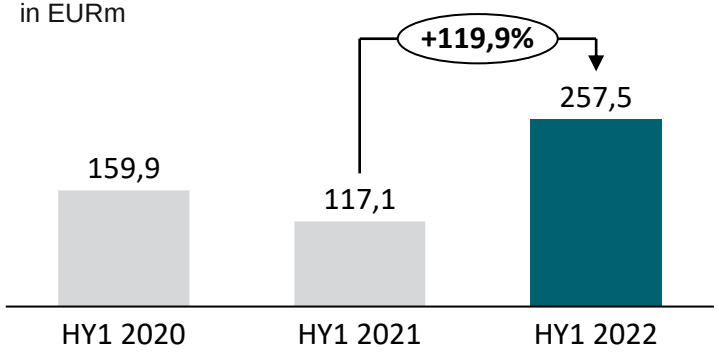
CLEAR DEVELOPMENT TOWARDS ANNOUNCED GUIDANCE

STRONG SALES PERFORMANCE IN ALL THREE SEGMENTS, CONFIRMING STRATEGY

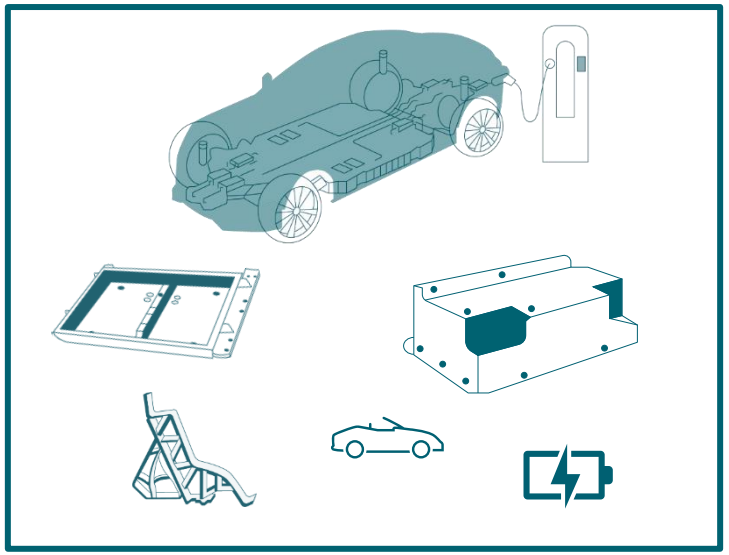
AEROSTRUCTURES

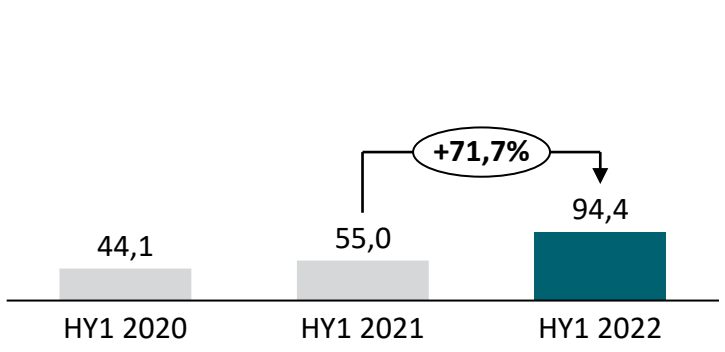


in EURm

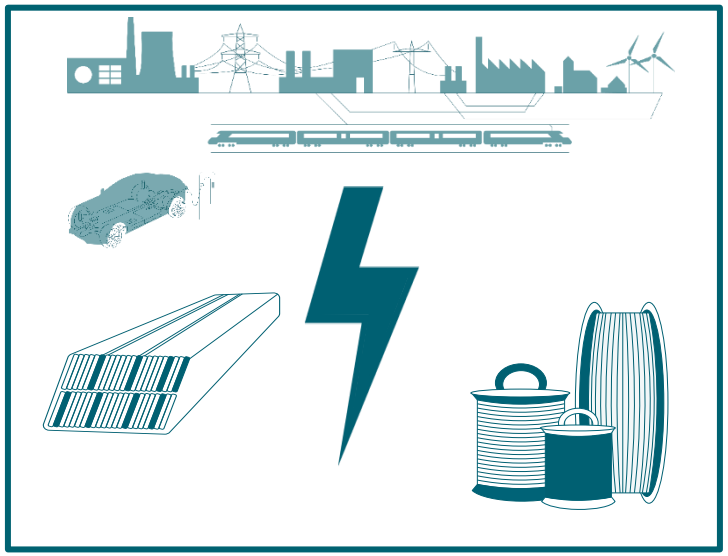


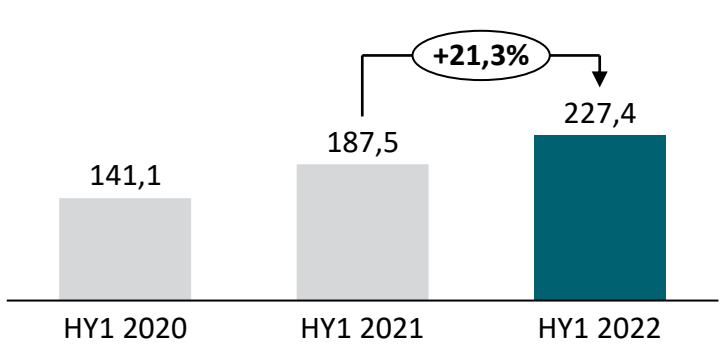
E-MOBILITY





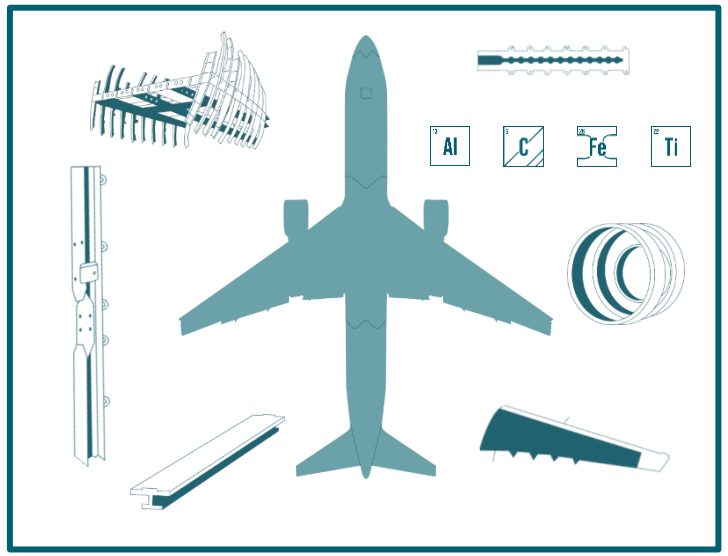
ENERGY



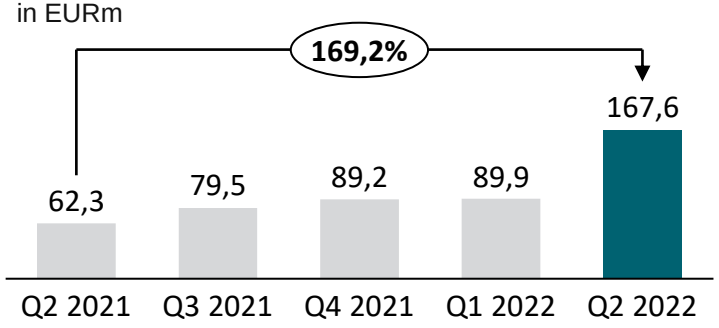


STRONG SALES PERFORMANCE IN ALL THREE SEGMENTS, CONFIRMING STRATEGY

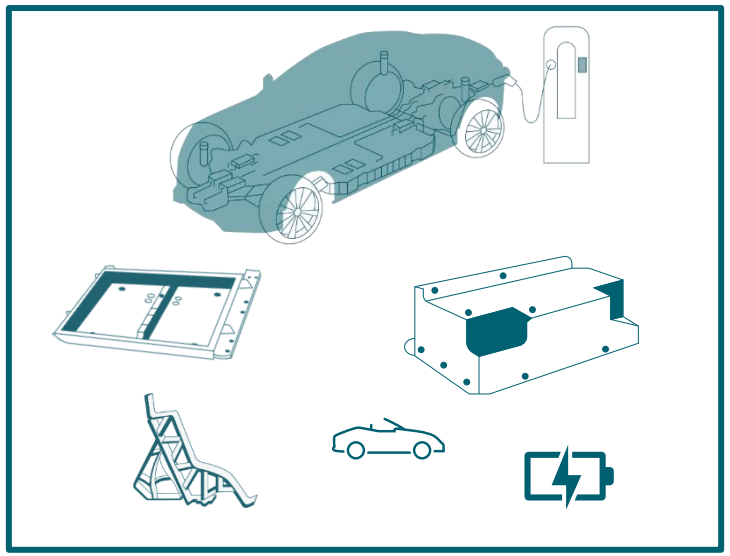
AEROSTRUCTURES

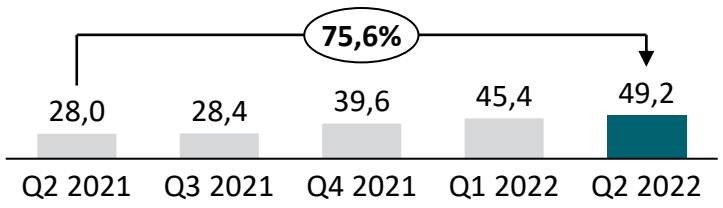


in EURm

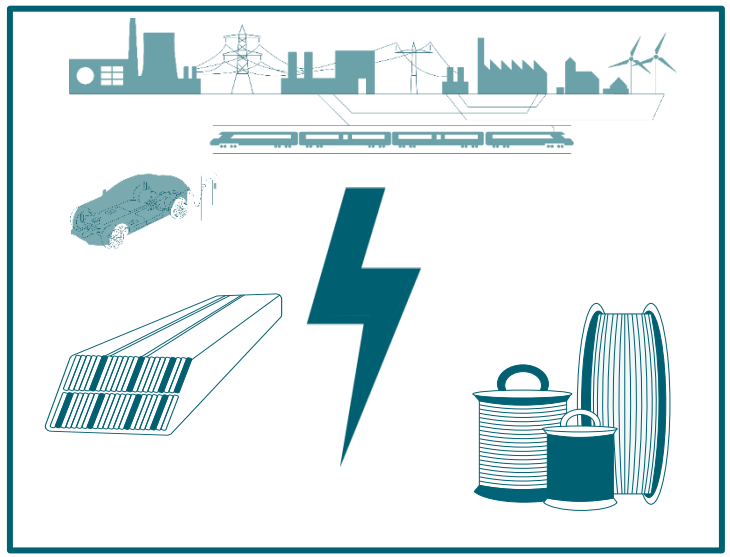


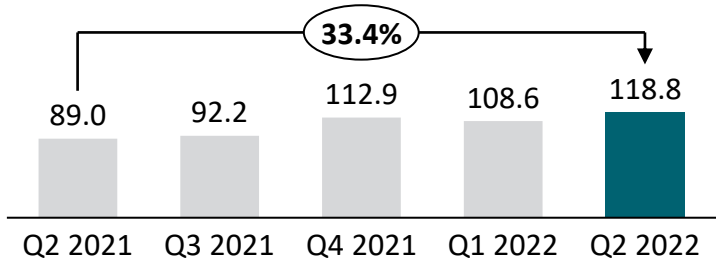
E-MOBILITY





ENERGY





(stand-alone quarterly result per segment)

FINANCIALS

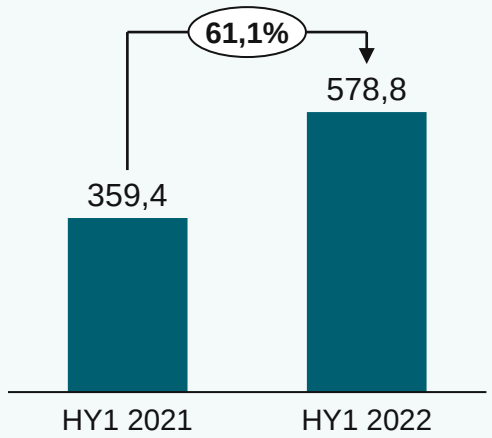
SOLID PERFORMANCE IN ALL KEY PERFORMANCE INDICATORS

in EURm	HY1 2021		HY1 2022	yoy change	
Net Sales	**359,4**	↗	**578,8**	+61,1%	✓
Adj. EBITDA	**22,6**	↗	**33,9**	+50,0%	✓
CAPEX spent*	**-59,9**	↘	**-38,8**	-21,1m	✓
TWC**	**265,2**	↗	**455,5**	+71,8%	~
Total Assets**	**1.792,4**	↗	**2.210,1**	+18,%	✓

(*) Acquisition of intangible assets and property, plant and equipment; (**) comparison period: Dec. 2021

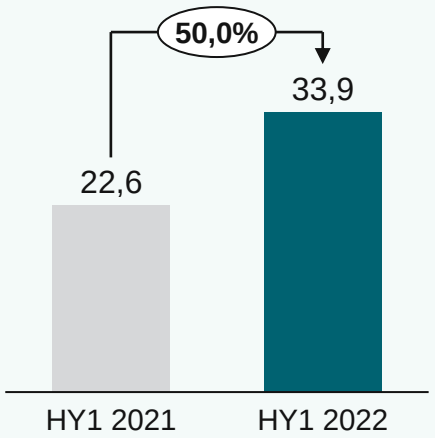
PROFIT MEASURES UNDERLINE POSITIVE EFFECTS AND RELIABLE MANAGEMENT STRATEGY

Net Sales
in EURm



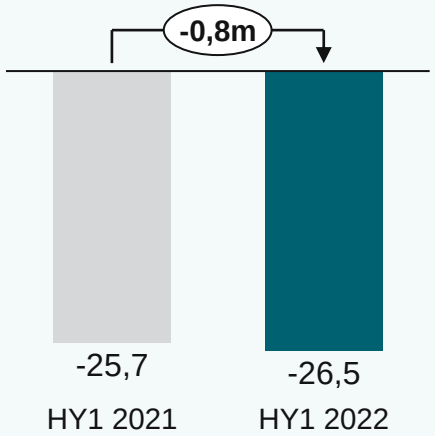
- **Strong sales**, driven by the **aerostructures business segment**, supported by a **growing demand**, a gain in **market share** and **higher build rates**

Adjusted EBITDA[(1)]
in EURm



- Increased **EBITDA strongly impacted by continuous improvement in production output**, negative impact through inflationary effects
- Most notable **one-off** and non-operative effects are the **MSOP**, **legal expenses** and the **acquisition of ASCO**

Result for the period
in EURm



- Increased **depreciation and amortization** costs as a result of major investment programs between 2018-2022

[(1)]Ajdusted 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

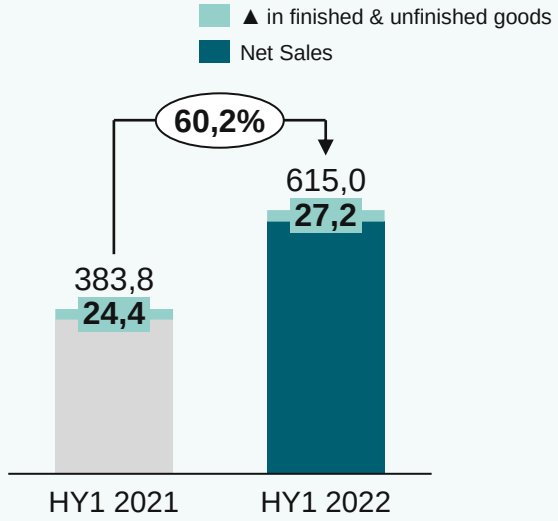
NET SALES in EURm	HY1 2021	HY1 2022	YoY change
Aerostructures	117,1	257,5	+119,9%
E-Mobility	55,0	94,4	+71,7%
Energy	187,5	227,4	+21,3%

Adj. EBITDA* in EURm	HY1 2021	HY1 2022	YoY change
Aerostructures	12,3	26,7	+117,1%
E-Mobility	2,1	8,0	+281,0%
Energy	6,0	3,1	-48,3%

* 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 HY1 report on website

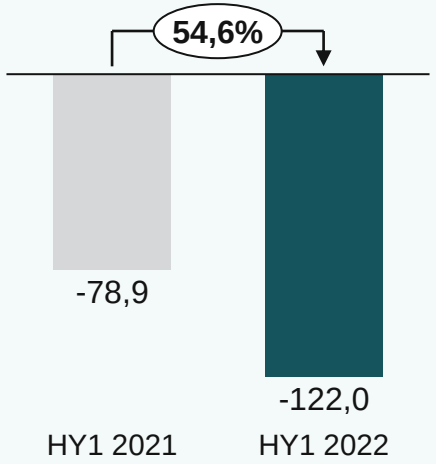
DEVELOPMENT OF KEY KPIs IN LINE WITH STRATEGY

Production Performance
in EURm



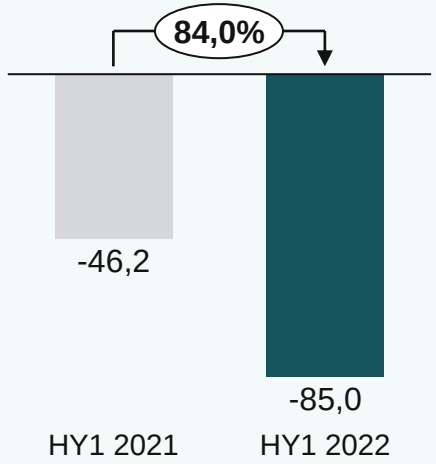
- **Deliveries surpass pre-Covid levels** with strong **output**, demonstrating high levels of **production process agility**
- Performance growth **outweighs increased** personnel **expenses clearly**

Personnel expenses
in EURm



- **Demand increase** resulted in creation of additional shifts
- **Salary hikes** to **attract new talent and keep hold of existing talent** in a dynamic labor market

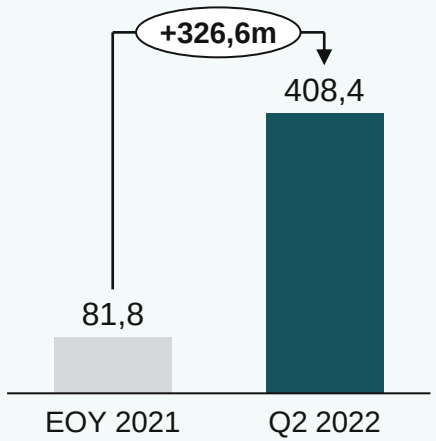
Other operating expenses
in EURm



- Main **drivers** are **freight and energy cost,** which remain stable at a high level relative to 2021 – ongoing **efforts to pass on even more of these costs**
- Further plans for **transition to green energy** to **reduce energy costs**

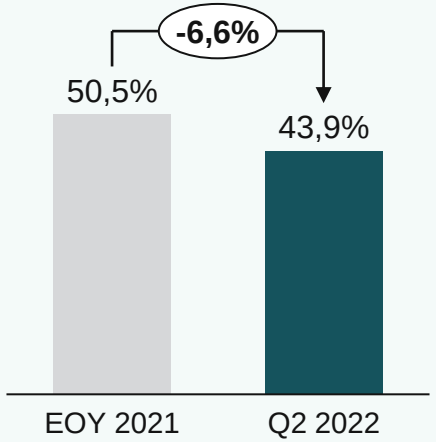
SOLID FINANCIAL BASIS FOR FUTURE GROWTH

Net Debt
in EURm



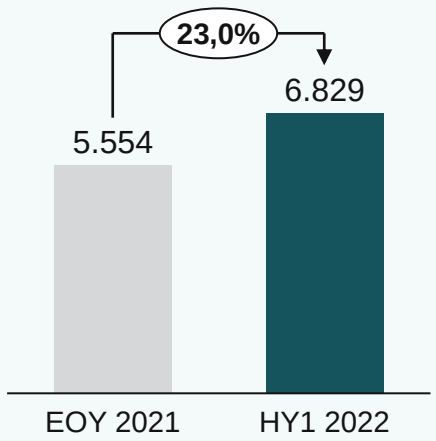
- **Increase** mostly as a result of **ASCO acquisition** (purchase price, acquired net debt, incl. profit certificates & earn out)
- **Remainder: impacted** by negative **Free Cash Flow** (TWC* increase due to inventory build up)

Equity Ratio
in %



- Lower ratio mostly as a **result of increased asset base**
- Additionally, **net result** with negative ratio **impact**

Number of Employees
in absolute figures

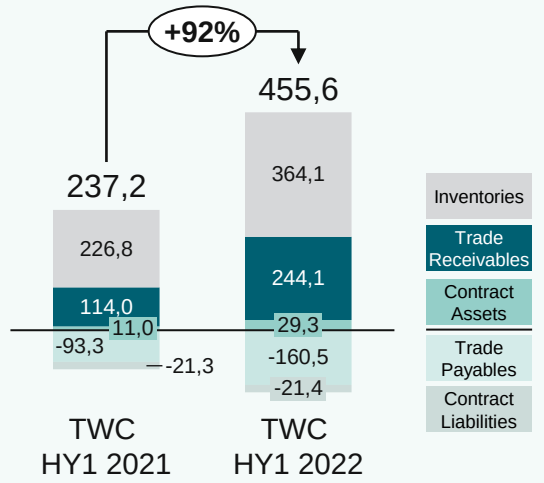


- In-organic growth by **acquisitions as well as organic** ramp-up
- Further **acceleration** in **Romanian sites**

HY1 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).

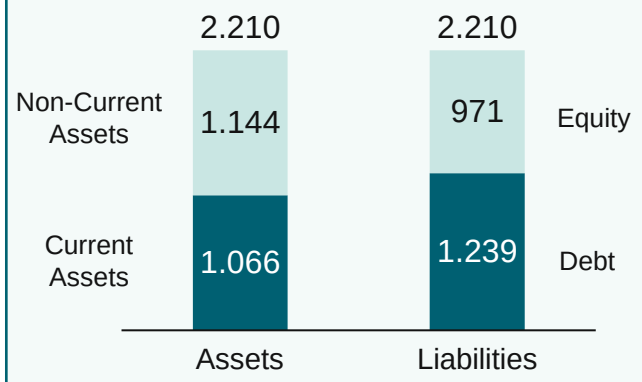
INVENTORY STRATEGICALLY HELD AT HIGH LEVEL TO PREVENT SUPPLY-CHAIN CONSTRAINTS

Trade Working Capital
in EURm



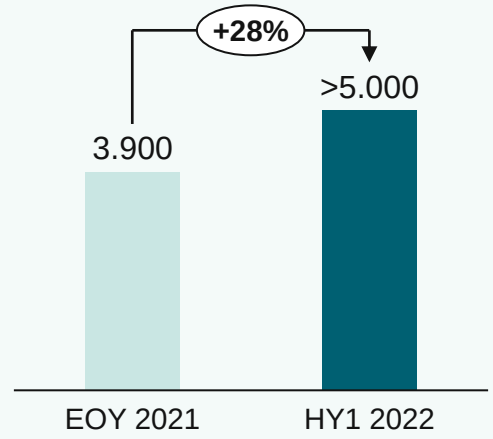
- Impacted by **ASCO acquisition,** increase in line with **expanded production**
- Increase in **receivables reflecting strong sales** growth
- High **inventory** as **strategic asset** concerning **shortfalls in supply chain**

Balance Sheet Structure
in EURm



- **Negative net result** impacting the equity ratio negatively
- **Solid equity base** gives us additional resilience

Contracted Sales
in EURm

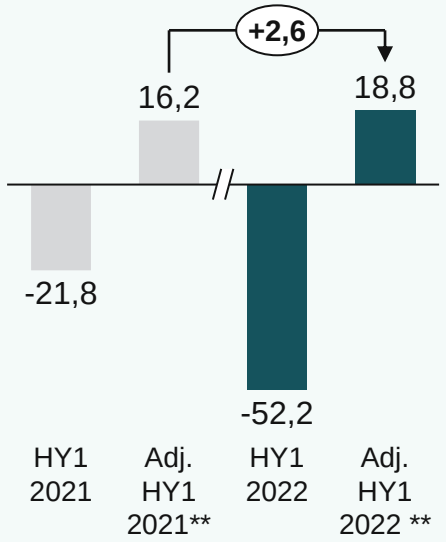


- **Strong sales** performance underlines **industry demand** & trust of our customers into our **resilience**
- As a side effect, **TWC increased** as **trade receivables** go up

HY1 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).

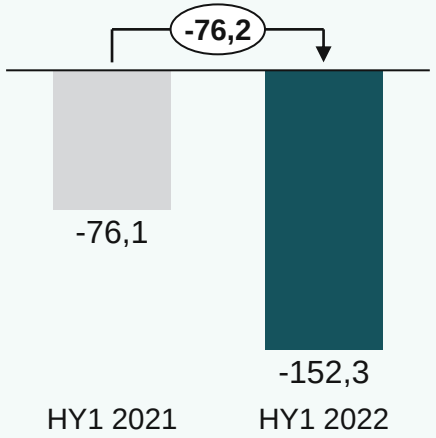
FINANCIAL BASIS ON STABLE LEVEL

Operating Cashflow
in EURm



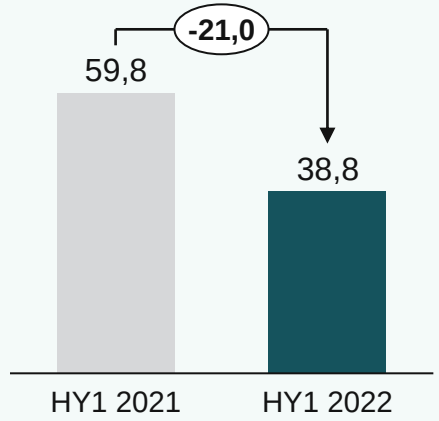
- **Operating cash flow** in 2022 lower mainly due to the considerable **increase in TWC** as well as due to **other non-cash items (**hedging effects, share-based payments & forex effects)

Free Cash Flow
in EURm



- **FCF impacted by** high investing cash flow through **ASCO acquisition** and **high inventory**

CAPEX
in EURm

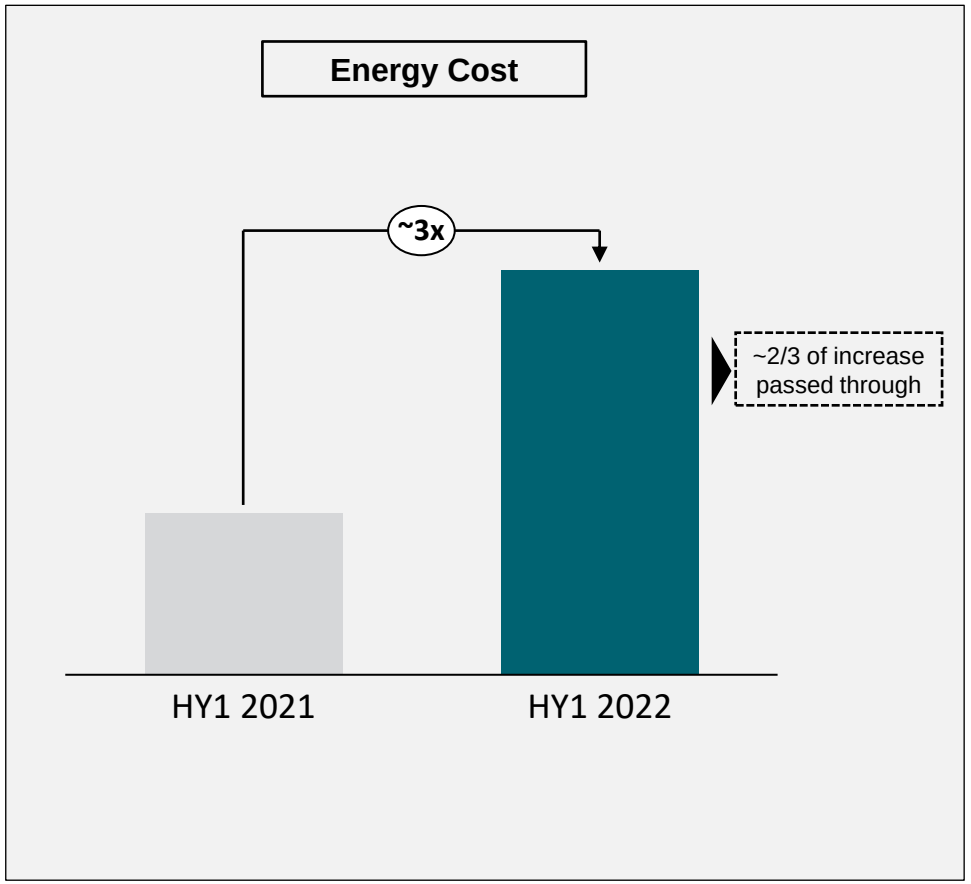


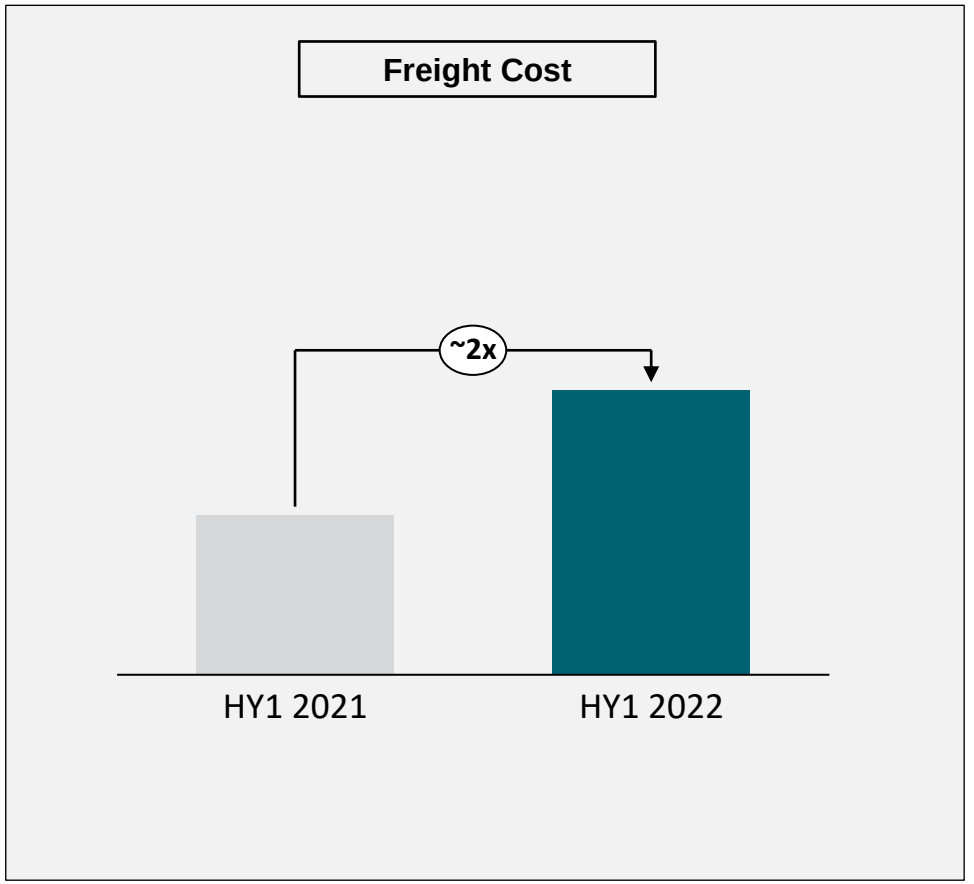
- Approximation to **sustainable CAPEX** only as the ramp-up projects are finished

HY1 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, **adjusted for Working Capital

RISING ENERGY AND TRANSPORTATION COST CAN MOSTLY BE PASSED THROUGH





The relative size of the bar charts does not represent the actual cost hike of Energy and Freight cost.

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

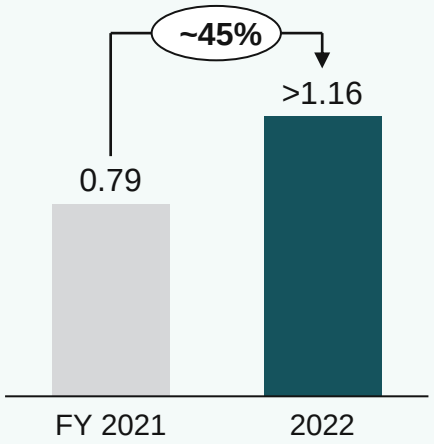
AIRBUS		2019 pre-covid	2020 covid-figures	2021 covid-figures	2022	2023	2024	2025
A220		n/a	n/a	n/a	6/mo	8/mo	10/mo	10/mo
A320 family		**60/mo**	**34/mo**	**40/mo**	**51/mo**	**60/mo**	**62/mo**	**63/mo**
A330		4/mo	2/mo	2/mo	2/mo	2/mo	2/mo	2/mo
A350		10/mo	6/mo	4/mo	5/mo	5/mo	6/mo	6/mo

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

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

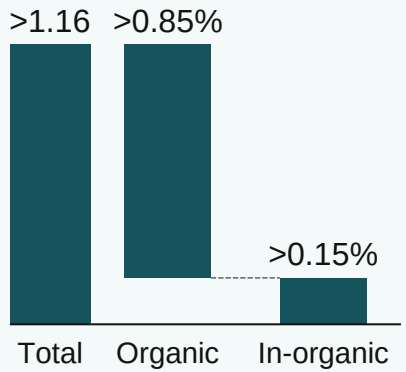
GUIDANCE FOR 2022

Total Sales
in EURbn



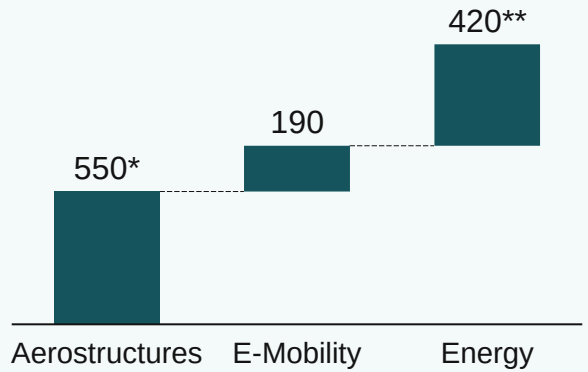
- Sales increase driven by **sustainable growth in all segments**
- **Aerostructures** as **key driver of growth** and re-established as **largest segment**

Guidance Sales Split
in EURbn



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

Segment Sales Guidance
in EURm, approximated



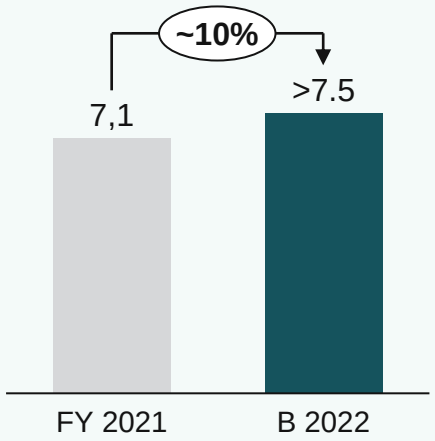
- **Aerostructures driver of growth**, re-gaining position as **largest segment**
- E-Mobility and Energy with **further positive outlook** and **stable growth**

*incl. 9 months ASCO

**incl. 3 months Sao Marco

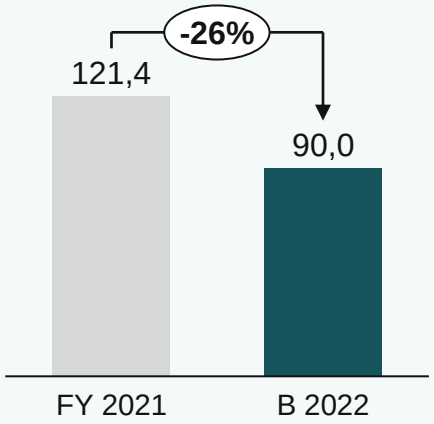
GUIDANCE FOR 2022

Adj. EBITDA margin (approx.)
in %



- EBITDA **margin development** will be slightly **overproportional in 2022**

CAPEX cash-out
in EURm



- Approximately **EUR 90m cash out in 2022**, continuing the **shift toward only sustainable CAPEX**

OUTLOOK 2023 & ONWARDS

2023

1. **Sales** increase by another **~20%**
2. **Overproportional** EBITDA growth
3. Massive **CAPEX reduction**
4. **Positive Free Cash Flow**

2024

5. **Full Utilization** of CAPEX programs
6. **Highly accretive business** & synergy effects

KEY AREAS OF FOCUS IN 2022

2020-2021: COVID-19 ✓

2022: BUILD RATE RAMP-UP

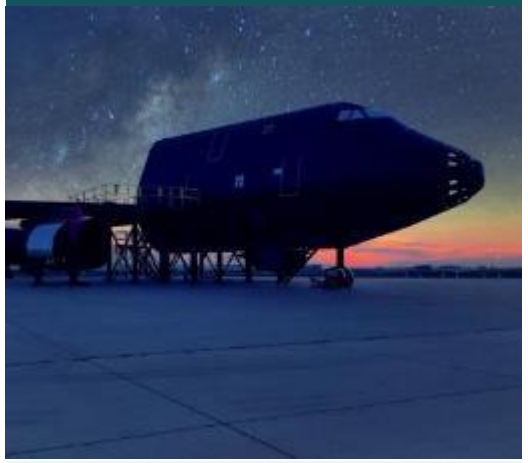
ENERGY COST INFLATION

- **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

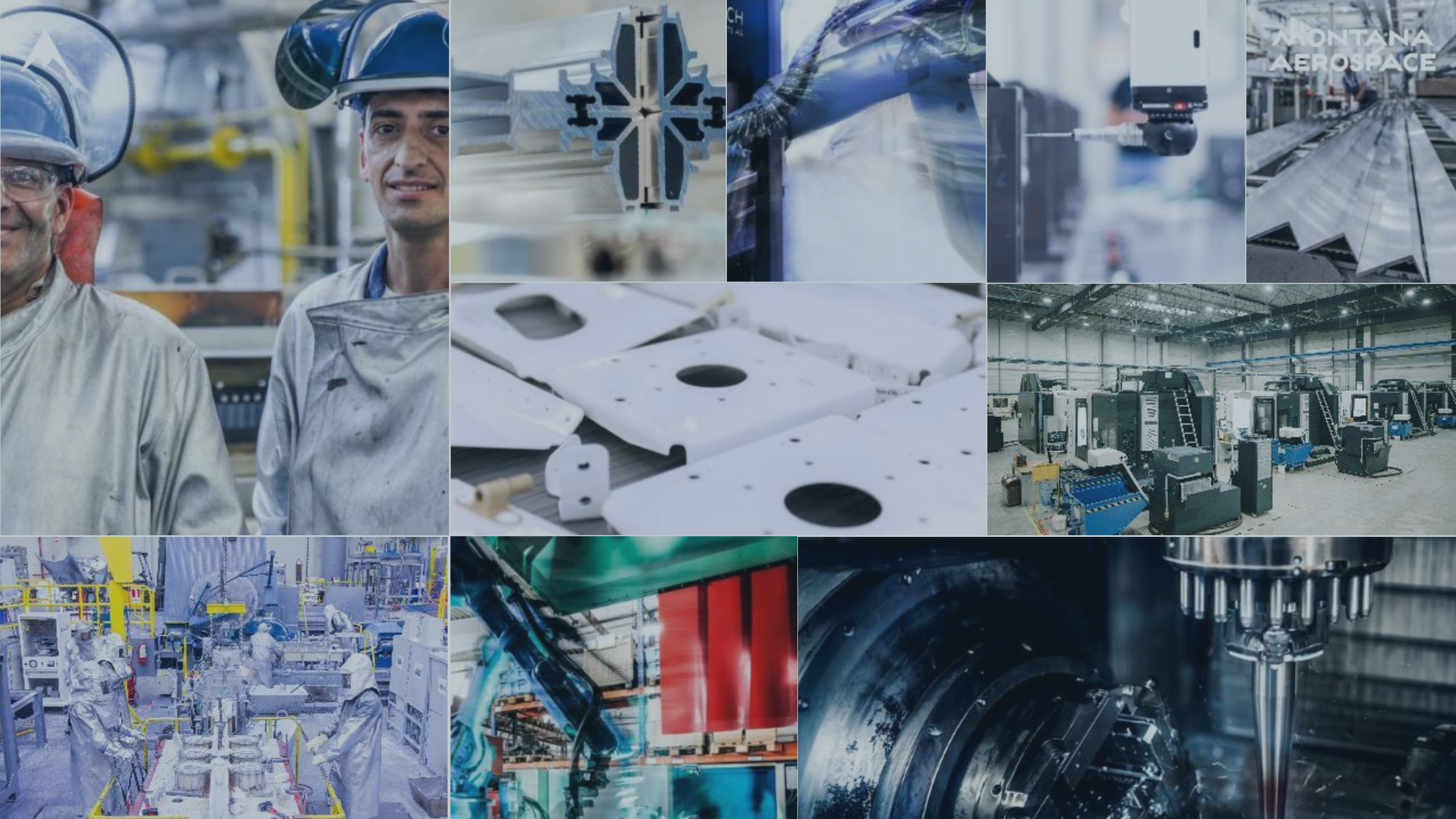
TRANSPORTATION



- **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**


MONTANA
AEROSPACE