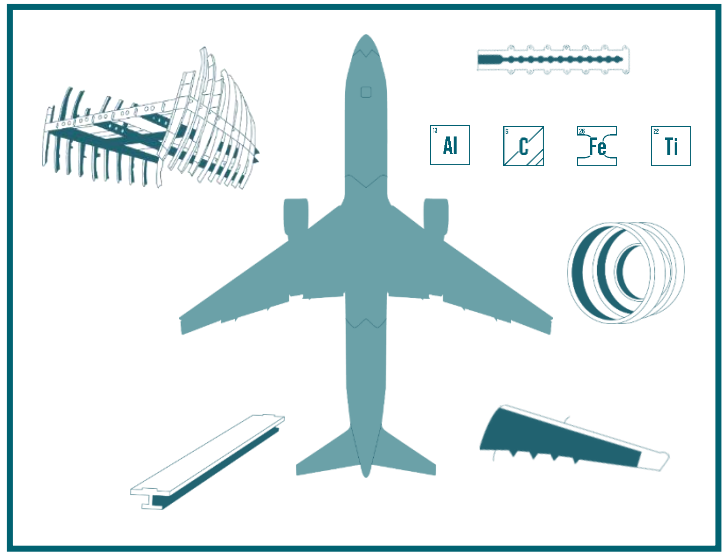
MONTANA AEROSPACE

H1 2023 Earnings Call

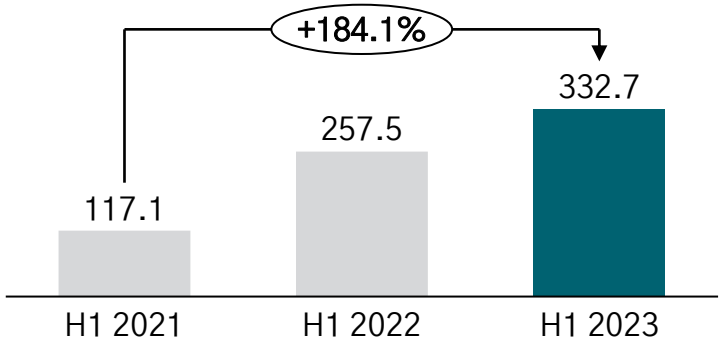
15 August 2023

STRONG SALES PERFORMANCE IN ALL THREE SEGMENTS, RECONFIRMING FULL-YEAR GUIDANCE

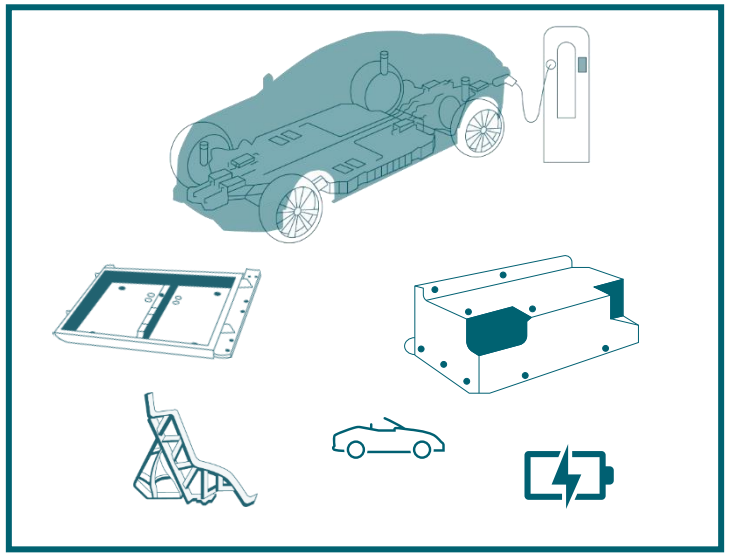
AEROSTRUCTURES

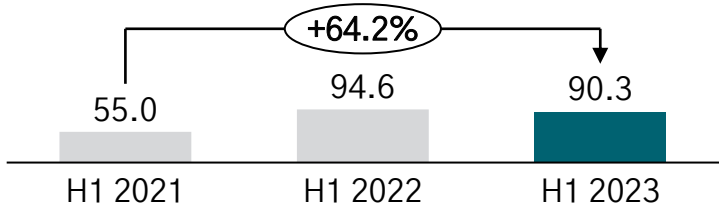


in EURm

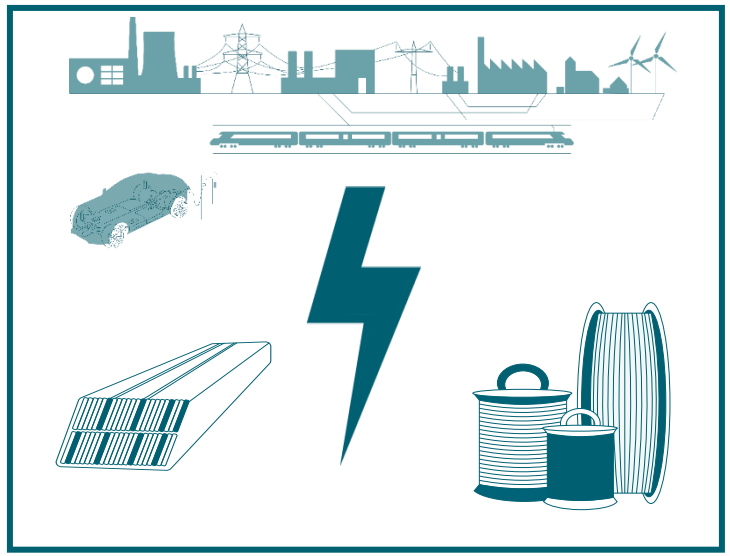


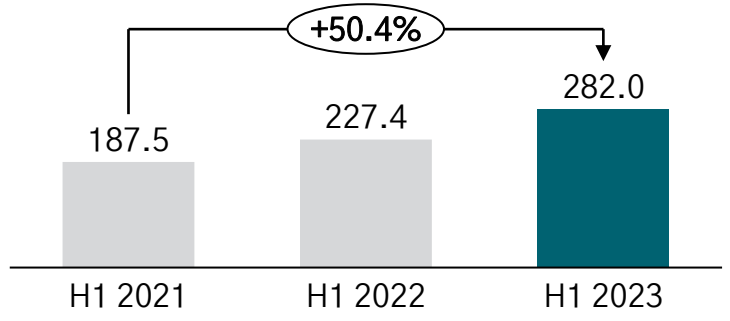
E-MOBILITY





ENERGY





H1 2023 HIGHLIGHTS – AT A GLANCE:

NEW ASTA CHINA PLANT FOR E-MOBILITY

- **Start of construction** for **ASTA's e-Mobility plant**, including research laboratory, next to existing **Baoying (CHN)** facility
- **Groundbreaking ceremony** held in **July 2023**
- **Completion of plant** scheduled for the **end of 2023**
- With additional **e-mobility capacities**, ASTA expected to **extend** its prominent **footprint in East Asia** and **conquering** this **highly attractive** market

FAVORABLE COMMERCIAL UPDATES

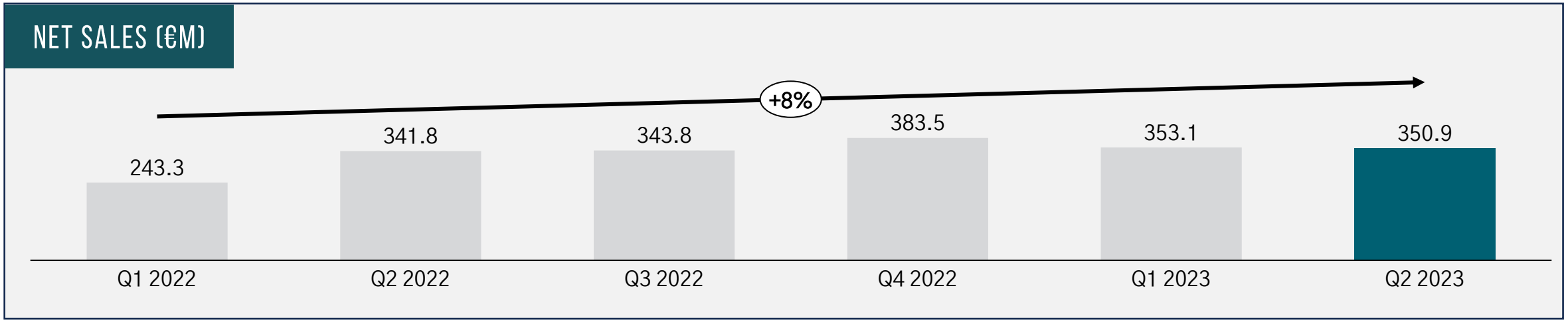
- **Signing of multi-year contract** with **new customer** in fast-growing **commercial space market**
- Leveraging upon **extended production capacities** in which we invested **three-digit million-dollar sums**
- **Signing of multi-year contract** with **Kawaski Heavy Industries** & **Fuji Industries**
- **Serial production started** for **„Section 11 Floor Grid"** (components in nose fuselage) for **Airbus Atlantic** (Airbus A320)

ONGOING STREAMLINING OF BALANCE SHEET

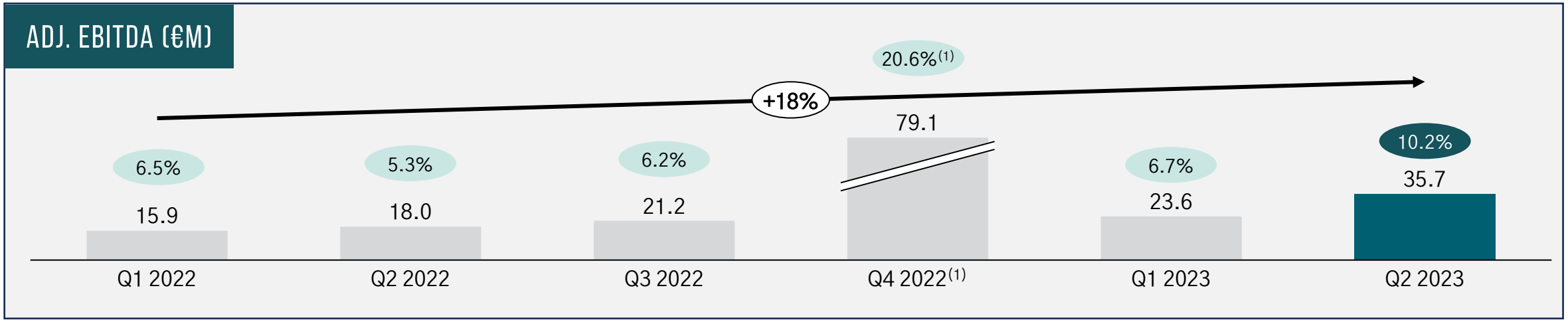
- **Strengthening** of **balance sheet** and **increasing independency** by **lowering debt positions** and **generating** a **positive Free Cash Flow** and **Net Income** in 2023
- **Loosening ties with majority shareholder** Montana Tech Components AG (MTC (regarding debt) + establishing **more independent debt structure** without MTC guarantees
- **Implementation = key focus** of Montana Aerospace **in H2 2023**

CONSTANT POSITIVE DEVELOPMENT ON QUARTERLY BASIS

NET SALES (€M)



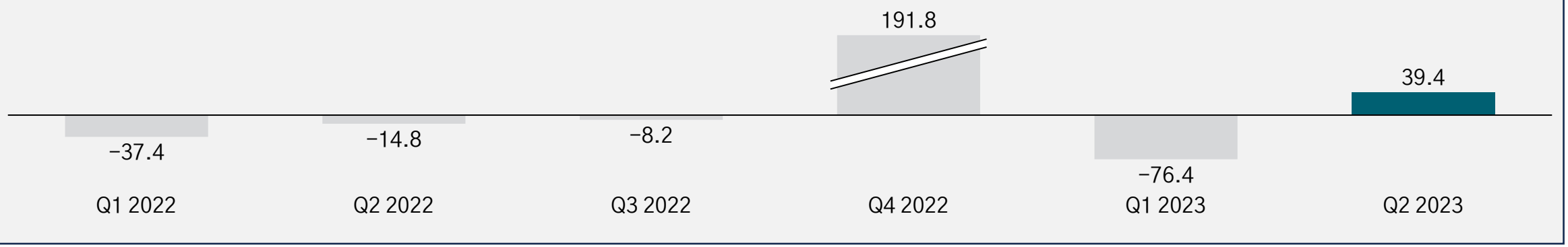
ADJ. EBITDA (€M)



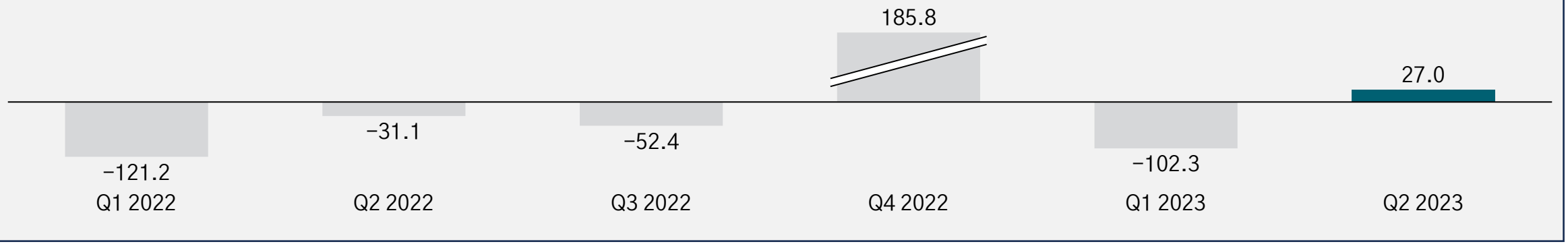
Notes: (General) Q1 2022 – Q4 2022 include former none-core machinery business (Alpine Metal Tech/AMT), which was divested in Dec. 2022; (1) In addition to the strong operative performance, especially in Q4 2022, one-off effects, amounting to approximately EUR 30.0 million (roughly divided by two thirds by the Aerostructures segment and one third by the Energy segment) included

CONSTANT POSITIVE DEVELOPMENT ON QUARTERLY BASIS

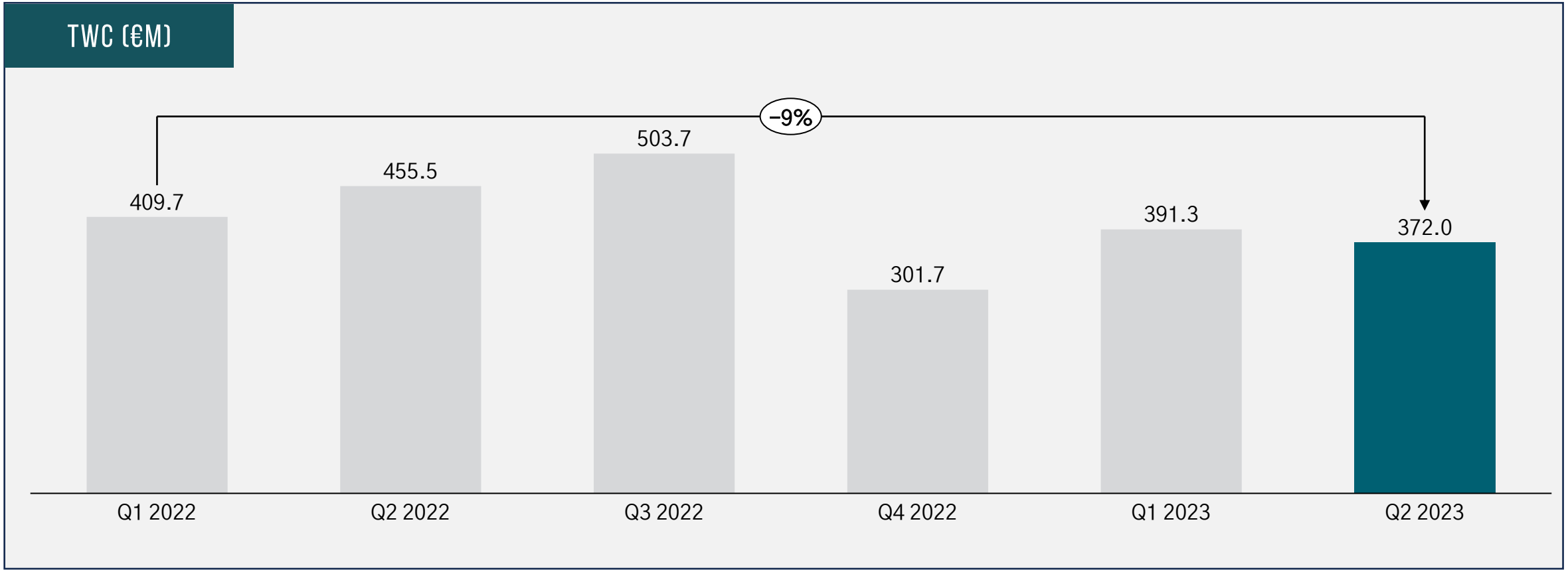
OPERATING CF (€M)



FCF (€M)



CONSTANT POSITIVE DEVELOPMENT ON QUARTERLY BASIS



STRONG PERFORMANCE IN AEROSTRUCTURES AND ENERGY

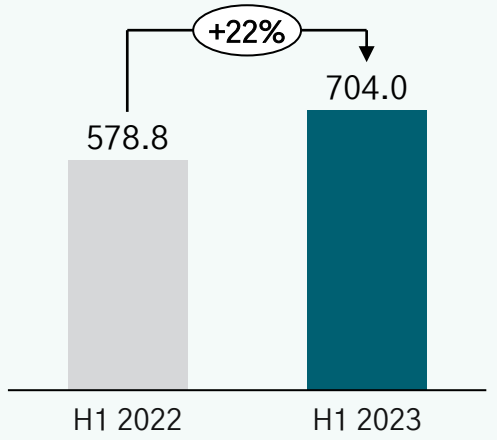
Net Sales *in EURm*	H1 2022	H1 2023	yoy change
Aerostructures	257.5	332.7	+29.2%
E-Mobility	94.6	90.3	-4.5%
Energy	227.4	282.0	+24.0%

Adj. EBITDA* *in EURm*	H1 2022	H1 2023	yoy change
Aerostructures	26.7	37.8	+41.6%
E-Mobility	8.0	7.2	-10.0%
Energy	3.1	13.5	+335.5%

Note: *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 H1 2023 report (page 24)

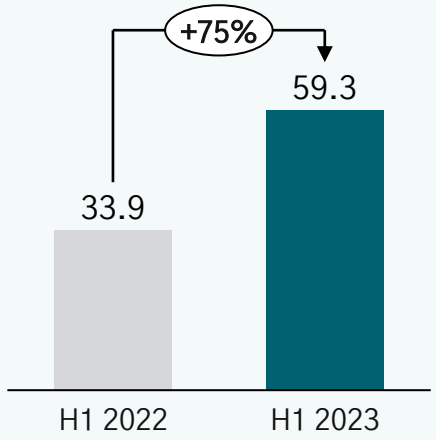
SUBSTANTIAL TOP-LINE GROWTH & EXCEPTIONAL EBITDA PERFORMANCE ON GROUP LEVEL

Net Sales
in EURm



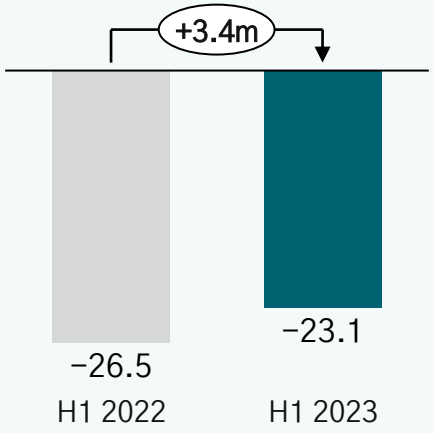
- **Substantial increase** in net sales driven by the **Aerostructures** and **Energy** segments
- **Positive development** supported by acquisitions of **ASCO** and **Sao Marco** in 2022

Adjusted EBITDA(1)
in EURm



- **Exceptional increase in adj. EBITDA** through **strong contributions** from the **Aerostructures** and **Energy** segment

Result for the period
in EURm

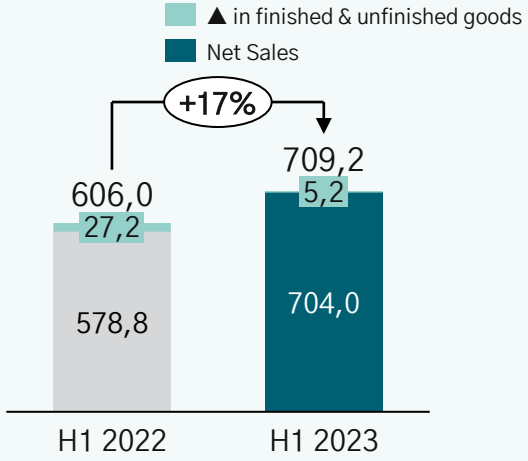


- **Positive operating** result compared to negative figures in H1 2022
- Increased **depreciation and amortization** as a **result of major investment programs** between 2018 and 2022
- Financial result **negatively impacted** by increased **interest rates**

Note: (1) 'Adjusted EBITDA' as EBITDA (earnings before interest, taxes, depreciation and amortization) adjusted for legal costs mainly for the Arconic lawsuit, the management stock option program as well as M&A and PMI related expenses – numbers and reconciliation can be found on page 24 of the H1 2023 report

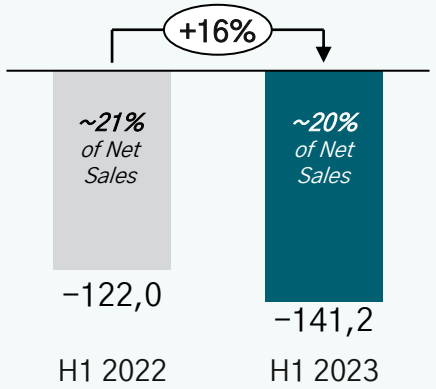
DEVELOPMENT OF KEY KPI'S IN LINE WITH GUIDANCE

Production Performance
in EURm



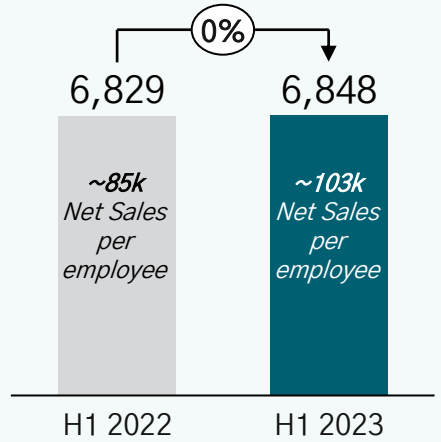
- High output levels partly due to **higher OEM build rates** in Aerostructures segment and **massive demand tailwinds** in Energy segment
- **Deliveries surpass previous levels,** demonstrating high levels of **production process agility** and **ability to execute**

Personnel expenses
in EURm



- Roughly EUR 21 million occurred out of **ASCO integration** (2022 acquisition)
- Personnel expenses developed **under-proportional** to **net sales performance**

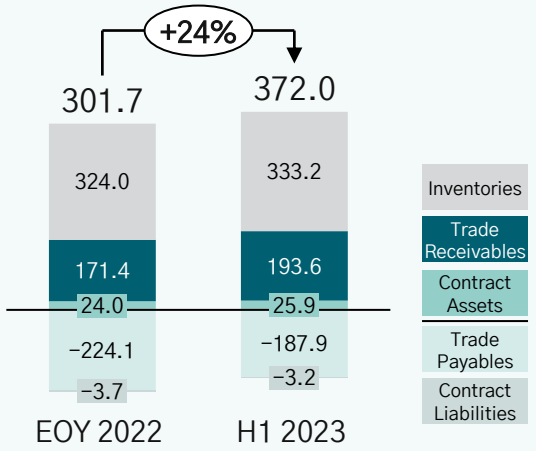
Number of Employees
in absolute figures



- **Stable number of employees** since 2022 although **growing output** on a **per employee basis**

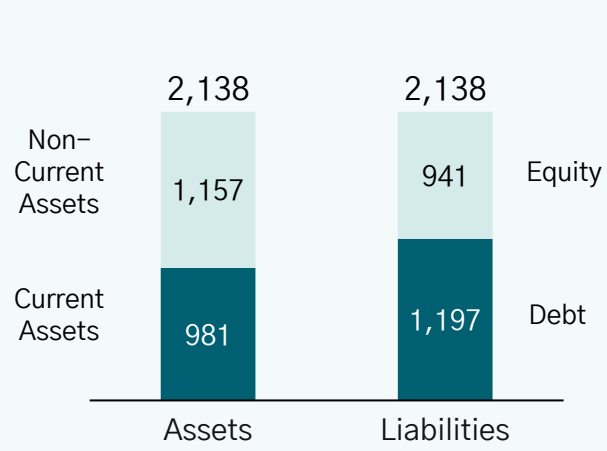
EXPECTING TO REACH SIGNIFICANTLY LOWER TWC LEVELS IN ALL SEGMENTS AS GUIDED PREVIOUSLY UNTIL END OF 2023

Trade Working Capital (1)
in EURm



- End of 2022, some **delayed payments** due to **optimization reasons – will change going forward** as payments will be made earlier
- Whereas **net sales rose** by **~22%**, **inventories** only **rose** by **~3%**, supporting the trend of **effective TWC management**

Balance Sheet Structure H1 2023
in EURm

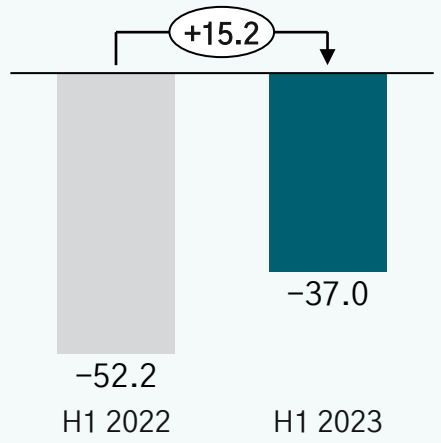


- **Negative net result** impacting the equity ratio negatively

Note: (1) Trade Working Capital: Trade Payables in the Balance Sheet (eo 2022: 224.1 EURm and H1 2023: 187.9 EURm) include Liabilities from purchase of Intangibles and PPE (eo 2022: 4.4 EURm and Q2 2023: 4.2 EURm) as well as the position Residual Purchase Price (eo 2022: 5.7 EURm and Q2 2023: 5.9 EURm), which are not included in the TWC; hence the Payables demonstrated above differ by these amounts

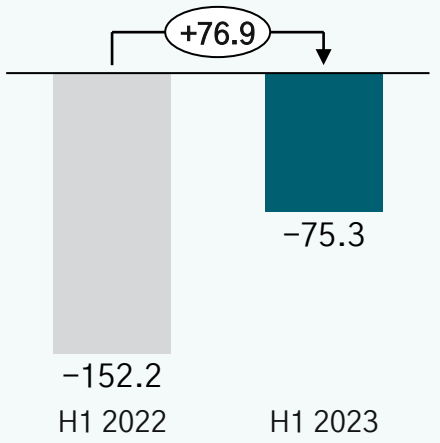
IMPROVED OPERATING AND FREE CASH FLOW AS WELL AS REDUCED CAPEX POINT INTO THE RIGHT DIRECTION

Operating Cash Flow
in EURm



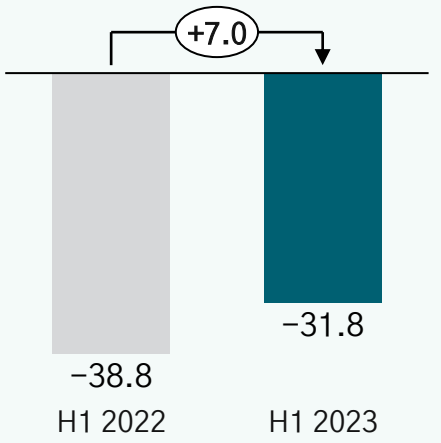
– Positively impacted by **positive operating result,** higher net interest income as well as higher D&A

Free Cash Flow
in EURm



– **Positively impacted** by **improved operating cash flow** and **reduced capex** in 2023

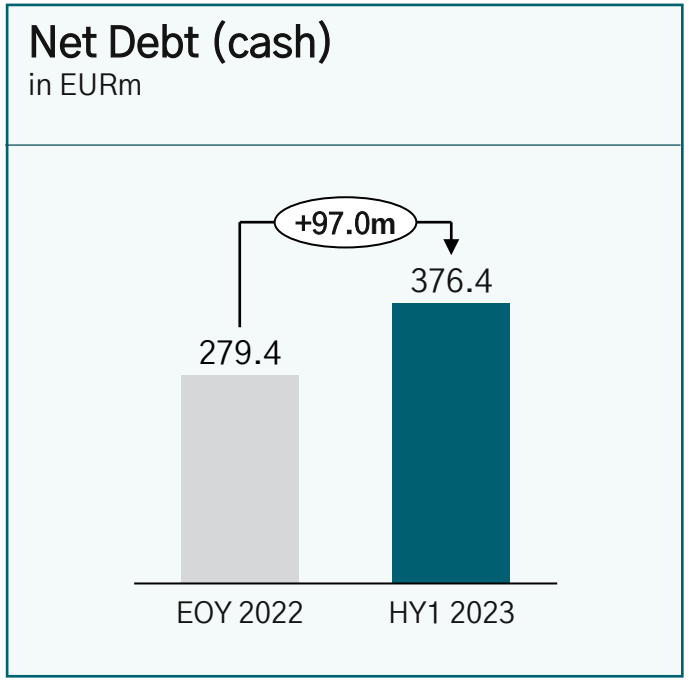
CAPEX
in EURm



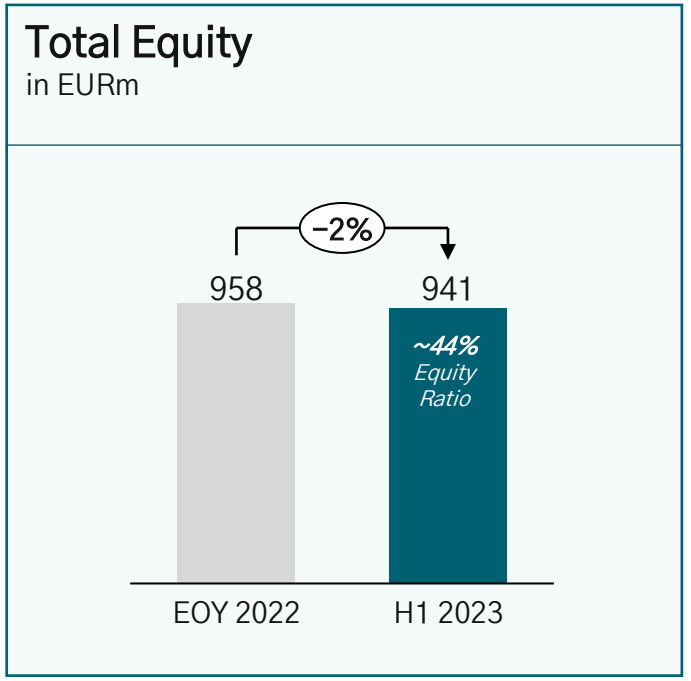
– **No new large investments,** instead previous ramp-up in **final stages**

– Focus on **sustainable / maintenance capex** only **going forward**

SOLID FINANCIAL BASIS FOR FUTURE ADVANCEMENTS

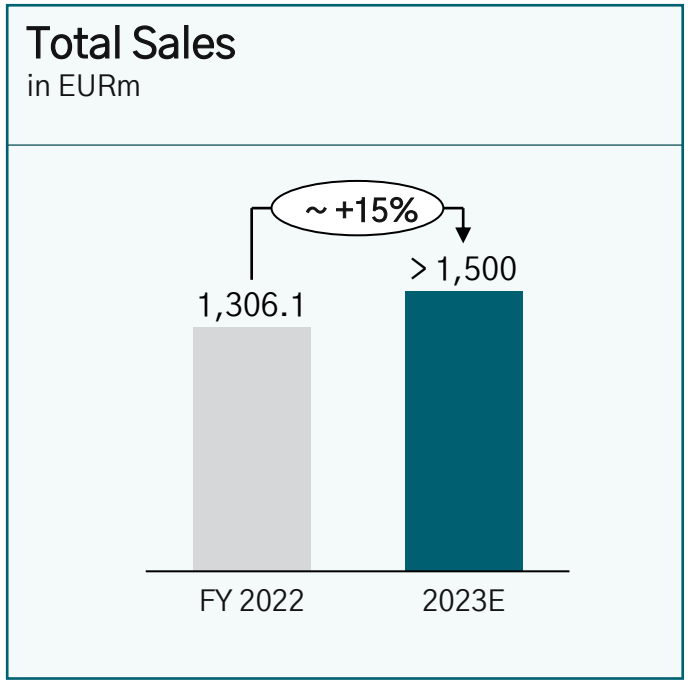


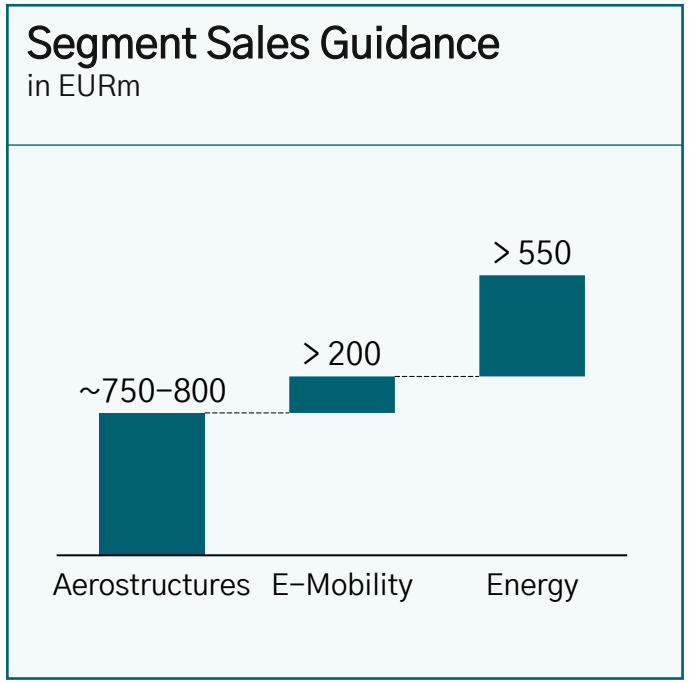
- **Positive impact** of FCF – **reducing** Net Debt position



- **Strong equity ratio** as **backbone** of **Montana Aerospace**

RECONFIRMING FULL-YEAR GUIDANCE FOR 2023



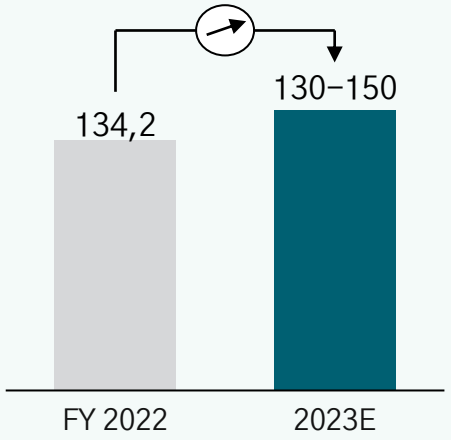


- Sales increase driven by **balanced growth in all segments, led by Aerostructures and Energy**
- 2023 focus on **organic growth** and **finalization of integration** of recent acquisitions *(ASCO Group and São Marco)*

- **Aerostructures** and **Energy** segments as **key drivers** of growth

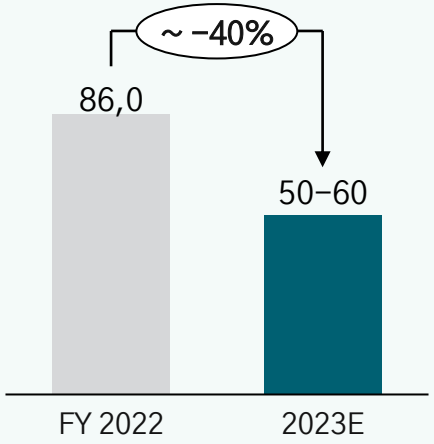
RECONFIRMING FULL-YEAR GUIDANCE FOR 2023

Adjusted EBITDA
in EURm



- Adjusted EBITDA in 2023 is estimated to be in the range of **EUR 130m to EUR 150m**
- Adjusted EBITDA is **excluding the divested non-core machinery** business *(Alpine Metal Tech, AMT)*

CAPEX cash-out
in EURm



- Approximately **EUR 50–60m cash out in 2023**, continuing the **shift toward maintenance / sustainable** CAPEX only

OUTLOOK 2023

1. **Sales** increase to **>EUR 1.5bn**
2. **Overproportional** EBITDA growth
3. Massive **CAPEX reduction**
4. **Positive Free Cash Flow**
5. **Positive Net Income**
6. Streamline **Trade Working Capital**

JURY IN U.S. ARCONIC TRIAL RENDERS VERDICT & REJECTS ALLEGED MISAPPROPRIATION BY UAC

ARCONIC LAWSUIT UPDATE

- **2015: Arconic** filed lawsuit against **United Alloy Corporation** (**UAC**), a MAAG subsidiary, in Atlanta, Georgia, U.S.
- **Damages** were **claimed** by Arconic for **alleged misappropriation** by UAC of **trade secrets** for the production of "stretch formed spar chords" (SFSC)
- **Jury rendered verdict** – finding that **Arconic did not own any trade secrets in relation to SFSC**
- **UAC/MAAG not liable to pay any damages** to Arconic

OUTLOOK

- Arconic may file **appeal**
- **Burden to prove** that verdict should be set aside or new trial granted is **very high**
- **UAC** and/or **MAAG** examine whether **any costs** from trial can be **recovered from Arconic,** and/or investigate any other basis for potential claims against Arconic

DISCLAIMER

THIS PRESENTATION AND ITS CONTENTS ARE CONFIDENTIAL AND ARE NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES OF AMERICA, CANADA, AUSTRALIA, JAPAN, SOUTH AFRICA OR ANY JURISDICTION WHERE SUCH DISTRIBUTION IS UNLAWFUL.

This presentation, which includes oral statements made at the presentation hereof and any material distributed in connection with this presentation (together, the "Presentation"), contains confidential information regarding Montana Aerospace AG (the "Company") and each of its subsidiaries and controlled affiliates (jointly referred to as the "Group") and is being provided to you on a confidential basis. This Presentation has been prepared for information purposes only in connection with preliminary discussions in relation to the Group as set out in this Presentation and may in particular not be used in making any investment decision. This Presentation and its contents are solely for your information on a confidential basis and may not be reproduced, distributed, published, passed on or disclosed, in whole or in part, by any medium or in any form, to any other person or used for any other purpose, without the prior written consent of the Company. Any copyrights which may derive from this Presentation shall remain with the Company. Without limitation, copies of this Presentation may not be sent to countries, or distributed in or sent from countries, in which this is barred or prohibited by law. If you have received this Presentation and you are not an interested party or are not otherwise permitted by law to receive it, you must return it immediately to the Company.
This Presentation has been prepared by the Company and includes information obtained from third party sources. This Presentation is intended to provide a general overview of the Group's business and does not purport to deal with all aspects and details regarding the Company and the Group. The information and opinions contained in this Presentation do not purport to be comprehensive and are provided as at the date of this Presentation or as of the date specified herein. Certain financial information (including percentages) in this Presentation may have been rounded according to commercial standards. As a result, the aggregate amounts may not correspond in all cases to the aggregated amounts of the underlying (unrounded) figures appearing elsewhere in this Presentation. The information in this Presentation is of a preliminary and abbreviated nature and may be subject to updating, revision and amendment, and may change materially.

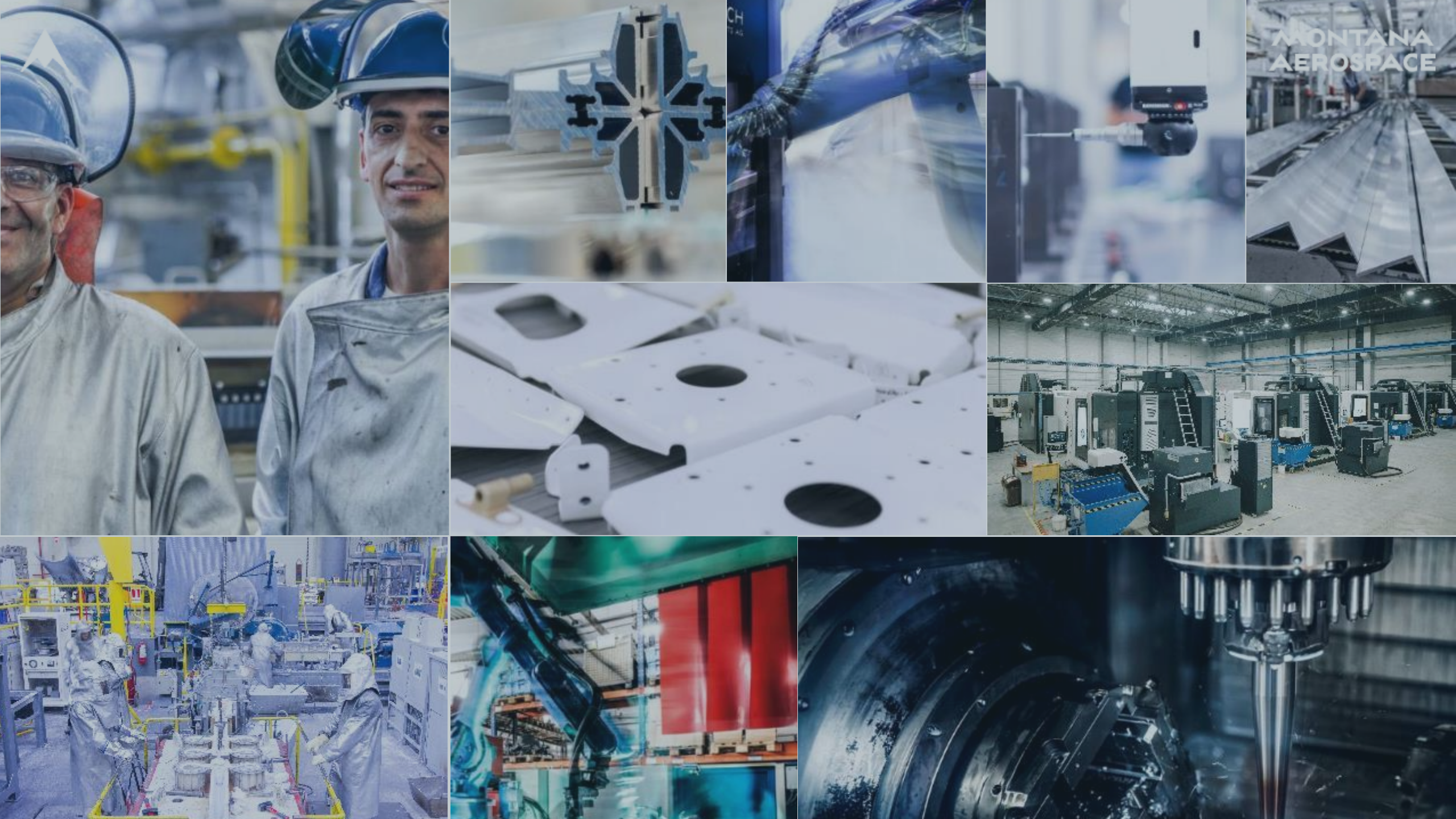
Certain financial data included in this Presentation consists of non-IFRS financial measures. These non-IFRS financial measures may not be comparable to similarly titled measures presented by other companies, nor should they be construed as an alternative to other financial measures determined in accordance with IFRS. You are cautioned not to place undue reliance on any non-IFRS financial measures and ratios included herein. In addition, the financial information for the years ended 31 December 2018, 2019 and 2020 contained herein is in draft form, has not been audited or reviewed, and should be considered preliminary and subject to change. Accordingly, such information presented herein should be treated as merely indicative of the performance of the Group and shall be superseded in its entirety by the Group's audited combined financial statements for the years ended 31 December 2018, 2019 and 2020. None of the Company, the Group, Joh. Berenberg, Gossler & Co. KG ("Berenberg"), or any other person has independently verified the information contained in this Presentation. No representation, warranty or undertaking, express or implied, is given as to the accuracy, fairness or completeness of the information, opinions, projections or estimates given or contained in this Presentation and no liability is accepted for any such information or opinions or for any errors or omissions or any loss howsoever arising, directly or indirectly, from use of this Presentation or its contents or otherwise arising in connection therewith. None of the Company, the Group, Berenberg, or any other person is under any obligation to update or keep current the information contained in this Presentation or to correct any inaccuracies which may become apparent, and any opinions expressed herein are subject to change without notice. The Company reserves the right to amend or replace the Presentation at any time, and undertakes no obligation to provide the recipients with access to any additional information. Nothing in this Presentation is, or should be relied upon as, a promise or representation as to the future.

This Presentation contains specific forward-looking statements, beliefs or opinions, which are based on management's current beliefs, expectations and projections about future events and operational performance. These statements may contain terms like "potential", "believe", "assume", "anticipate", "expect", "forecast", "project", "may", "could", "might", "target", "estimate", "will" or similar expressions. All statements other than statements of historical facts included in this Presentation, including, without limitation, those regarding the Company's financial position, business strategy, plans, intentions, beliefs, objectives and expectations of management for future operations, transactions, and customer or industry developments are forward-looking statements. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may result in a substantial divergence between the actual results, financial situation, development or performance of the Company from those explicitly or implicitly presumed in these statements. Past developments cannot be relied on as a guide to future developments. You should not place undue reliance on forward-looking statements, which speak of the date of this Presentation. In addition, forward-looking statements are not intended to give any assurances as to future results and statements regarding past trends should not be taken as a representation that they will continue in the future. The Company, the Group, Berenberg and their respective directors, officers, employees, shareholders, affiliates, agents and advisers each expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations or any change in the events, conditions or circumstances on which any such statement is based, unless otherwise required by law.

Further, this Presentation includes market share and industry data obtained by the Company from industry publications and surveys. The Company may not have access to the facts and assumptions underlying the numerical data, market data and other information extracted from public sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. Neither the Company, the Group, Berenberg, nor any of their respective directors, officers, employees, shareholders, affiliates, agents and advisers are able to verify such information, and assume no responsibility for the correctness of any such information. In addition, certain of the industry and market data, if not labelled otherwise, contained in this Presentation are derived from the Company's internal research and estimates based on the knowledge and experience of its management in the markets in which it operates. Accordingly, undue reliance should not be placed on any of the numerical or market data contained in this Presentation.

This Presentation does not constitute or form part of, and should not be construed as, an offer or invitation or inducement or solicitation of offers to subscribe for, underwrite or otherwise acquire, any securities of the Company, nor should it or any part of it form the basis of, or be relied on in connection with, any contract to purchase or subscribe for any securities of the Group, nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. This communication is not a prospectus within the meaning of the Swiss Financial Services Act (the "FinSA") and will not be reviewed by any competent authority. Any offer of securities of the Company will be made solely by means of, and on the basis of, a prospectus that will contain, among others, detailed information about the Company, the Group and its management, the offered securities (specifically the associated rights, obligations and risks) as well as the offer itself. This communication is not advertisement in the sense of article 68 of the FinSA. Any person considering the purchase of any securities of the Company must inform itself independently based solely on such prospectus (including any supplement thereto). This Presentation does not constitute a recommendation regarding any securities. This Presentation does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"). The Company has not registered and does not intend to register any securities under the Securities Act or the securities laws of any state or other jurisdiction of the United States. The Company does not intend to engage in any public offering of securities in the United States. Within the member states of the European Economic Area (the "EEA"), this Presentation is being made, and is directed only, at persons who are "qualified investors" within the meaning of Article 2(e) of Regulation (EU) 2017/1129 (the "Prospectus Regulation") ("Qualified Investor"). Any person in the EEA who is not a Qualified Investor should not act on the basis of information contained in this Presentation. This Presentation is not being distributed to, and must not be passed on to, the general public in the United Kingdom. This announcement is made to and is directed only at persons who are Qualified Investors who fall within Article 19 or Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, and to those persons to whom it can otherwise lawfully be distributed (all such persons together being referred to as "relevant persons"). This communication and the securities referred to herein are, and will be made, available only to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, such relevant persons. No other person should rely or act upon it. This communication is not intended for distribution to and must not be passed on to any retail client.
By attending this Presentation and/or by accepting this Presentation and/or any related materials, you agree (i) to be bound by the conditions and restrictions set out herein and (ii) that you will not at any time have any discussion, correspondence or contact concerning the information given at the Presentation and/or in this Presentation with any of the directors or employees of the Company nor with any of its shareholders, or any governmental or regulatory body without the prior written consent of the Company. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. This Presentation does not constitute investment, legal, accounting, regulatory, taxation or other advice.

THIS PRESENTATION IS NOT AN INVITATION TO PURCHASE SECURITIES OF THE COMPANY OR THE GROUP


MONTANA
AEROSPACE