

komax

2024 HALF-YEAR RESULTS

13 August 2024

komax

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CIRRIS®

 **Schleuniger**

Di.IT

WUSTEC

AGENDA

1. **First half of 2024 at a glance**
2. Financial reporting
3. Priority areas and outlook for 2024
4. Questions and answers

First half of 2024 at a glance

Challenging market situation

Significant decline in revenues and EBIT

- Subdued order intake due to excess capacity in the automotive industry in Europe and Asia
- Lack of volume business
- Trend toward automation fundamentally intact

Strengthened market position in China in the area of electromobility

- Conclusion of contract for takeover of majority stake (56%) in Hosver as of beginning of July 2024
- Hosver is the leading manufacturer of machines for processing high-voltage cables

Consistent cost reduction and structural optimization

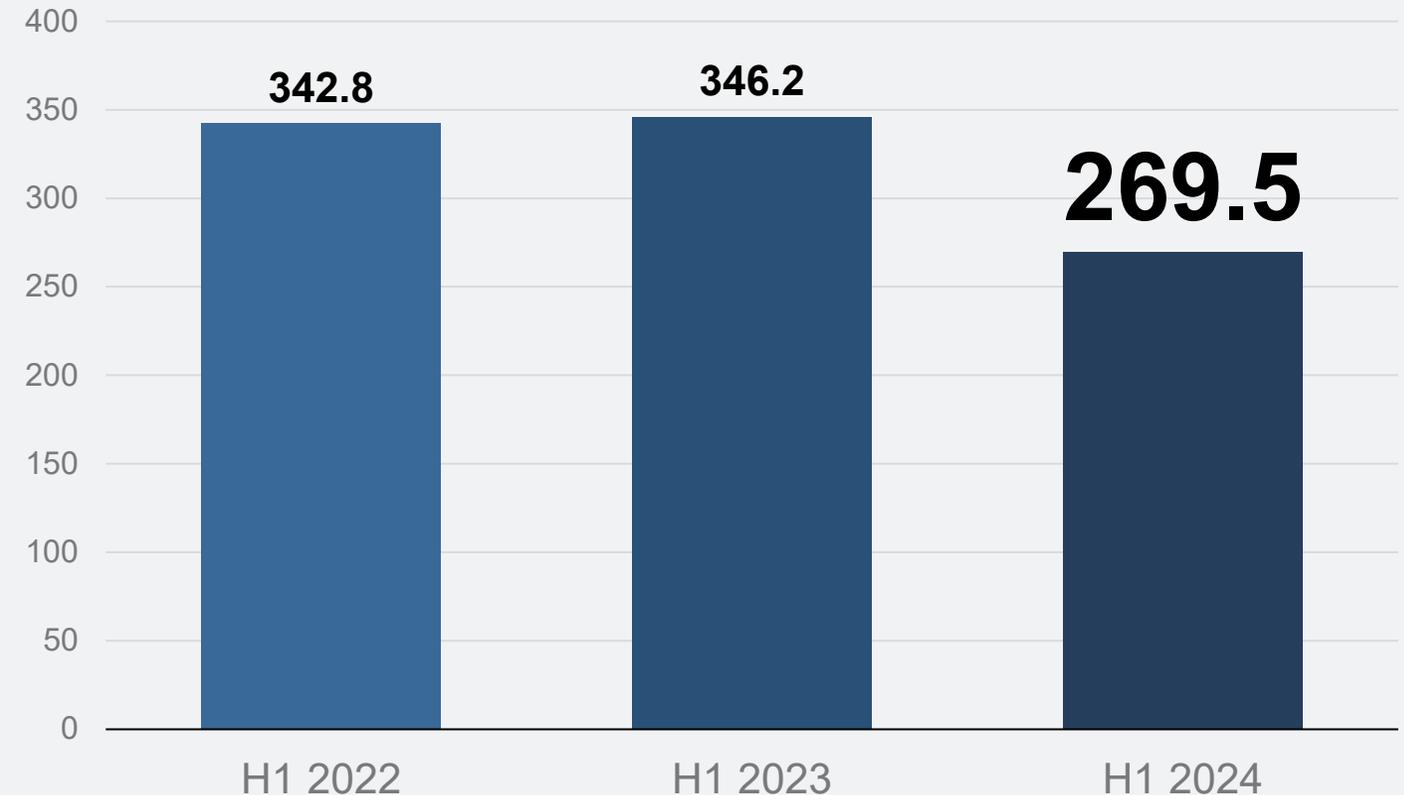
- Streamlining of product portfolio
- Optimization of location and global distribution structures
- Cost savings of several million CHF

Low order intake

Certain reluctance to invest, especially in Europe and Asia

- Significantly lower order intake compared to previous year (–22.1%)
- Excess capacity in the automotive industry in Europe and Asia and strained economic situation dampening investments
- Solid business in North and South America
- High investment activity in India

Order intake in CHF million

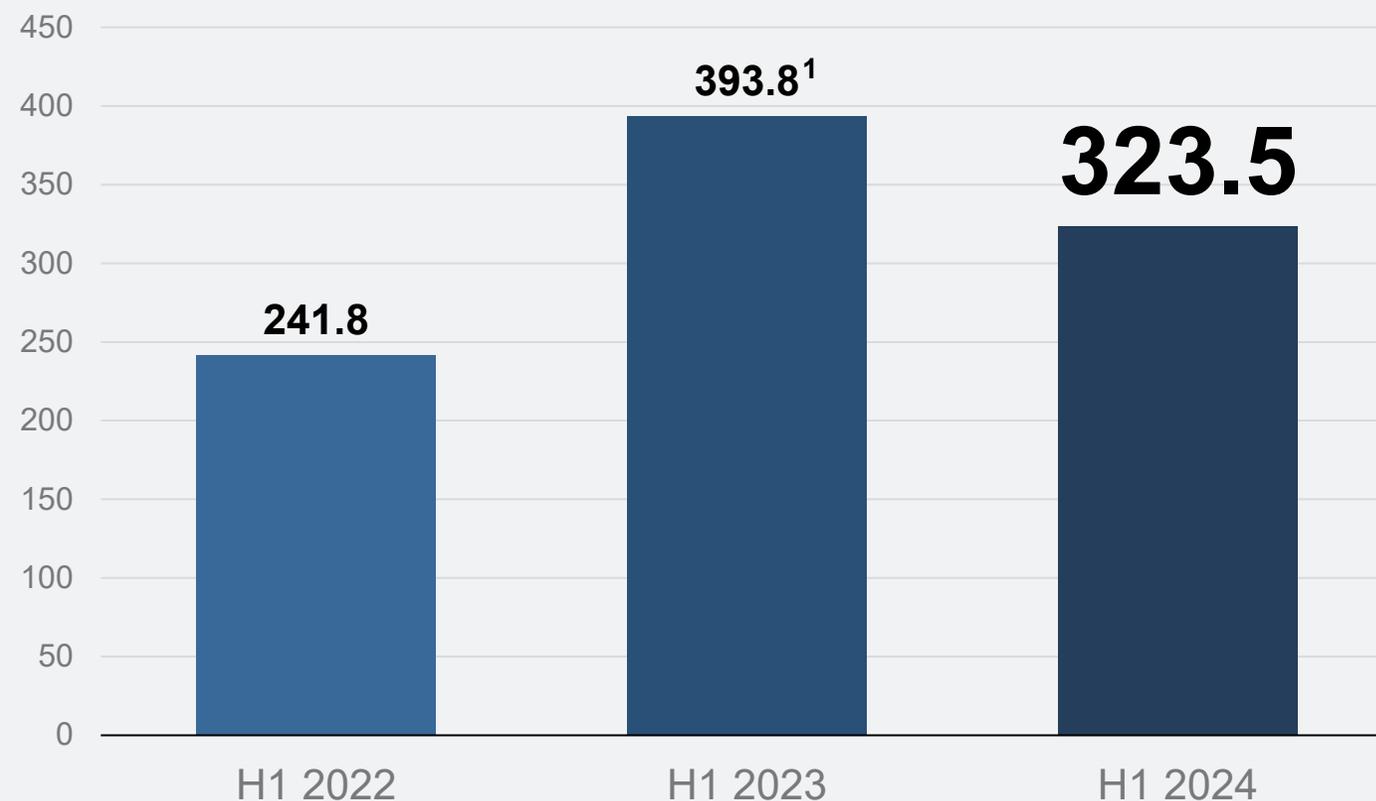


Revenues down by 17.9%

Industrial market segment less affected than Automotive market segment

- Solid order backlog (CHF 208.2 million) as at end-2023 partially compensated for decline in orders in the first half of 2024
- Revenues down in particular due to the lack of volume business
- Factors behind development of revenues
 - Acquisition-related growth: 2.5%
 - Organic development: –18.1%¹
 - Foreign currency impact: –2.3%

Revenues in CHF million



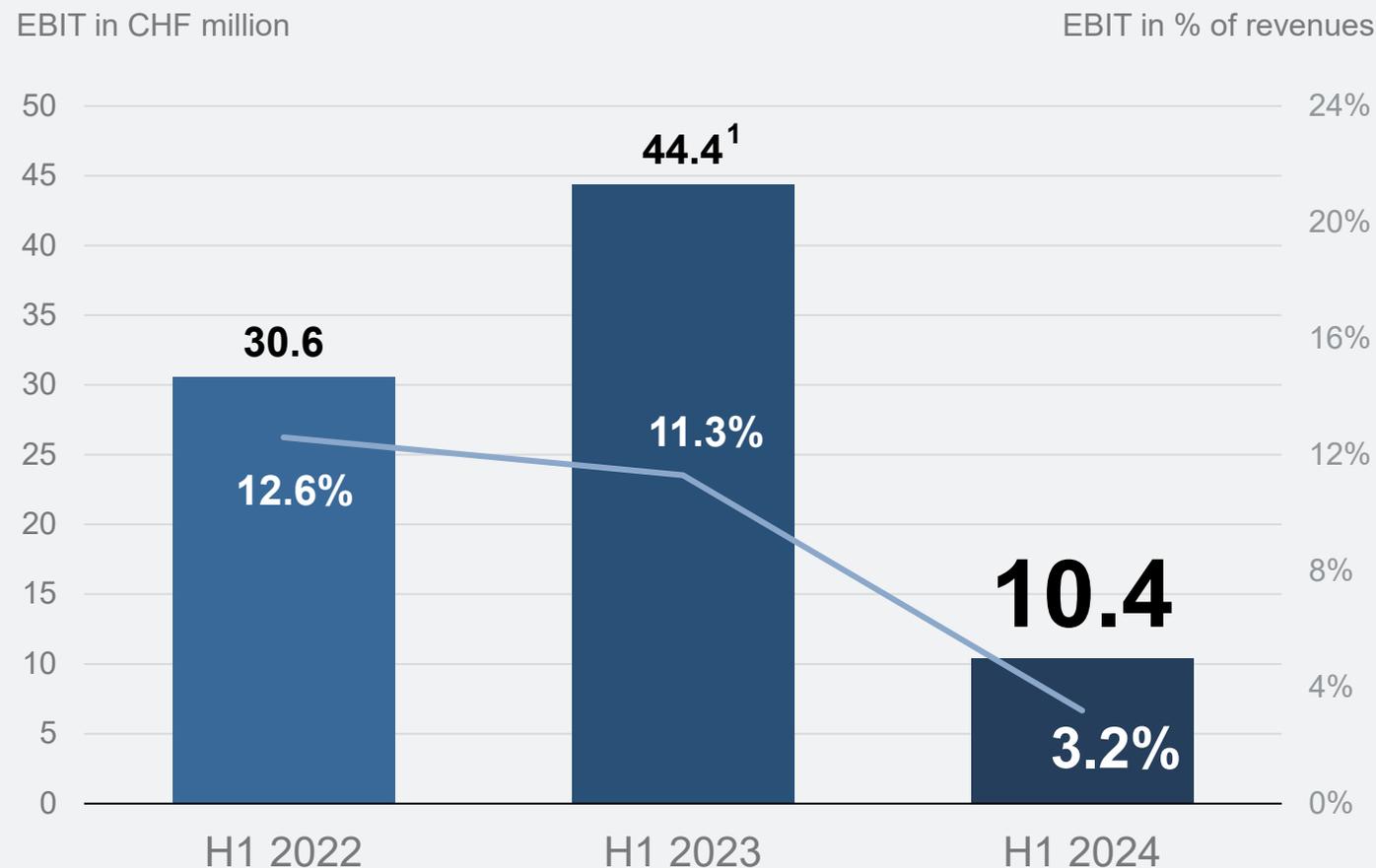
¹ Excluding a sale of a building in the first half of 2023.

Sharp decline in EBIT

Strict cost management

- Lack of high-margin volume business impacts EBIT disproportionately
- EBIT of CHF 10.4 million contains one-time costs of CHF 3.9 million – mainly due to restructuring
- For the full year 2024, the Komax Group anticipates cost savings of around CHF 20 million, of which around CHF 3 million took effect in the first half of 2024

¹ Excluding a sale of a building in the first half of 2023.



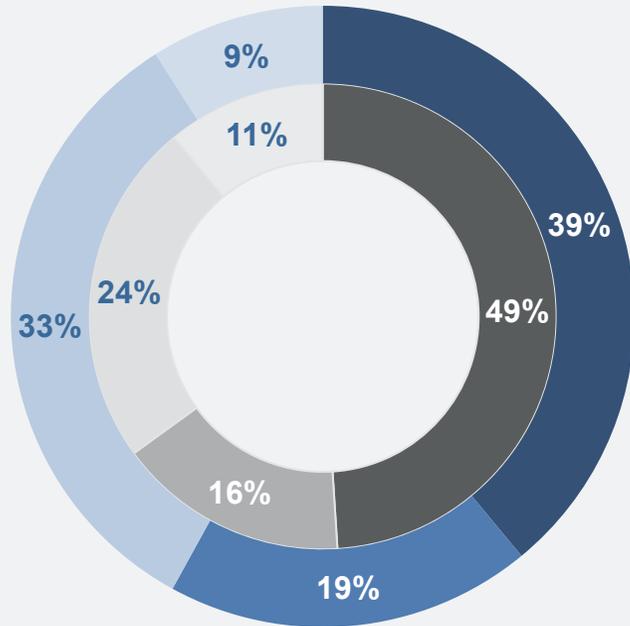
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Development of revenues

Growth in North/South America

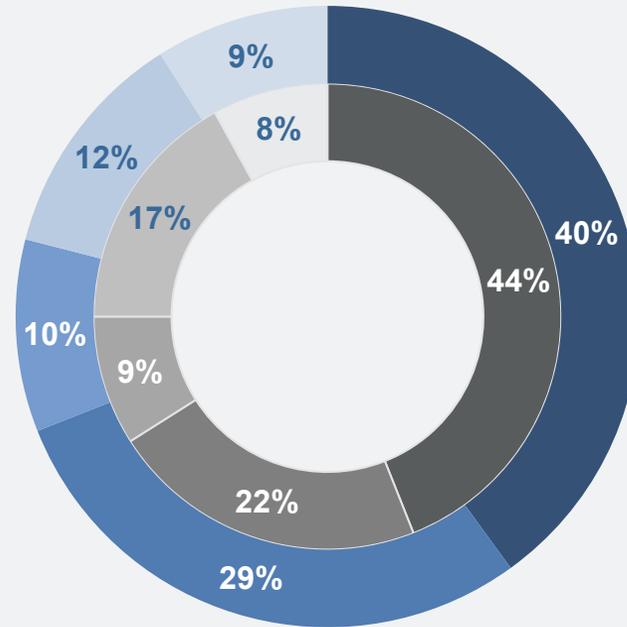
Revenues by region
first half of 2024 and 2023



■ Europe ■ Asia/Pacific
■ North/South America ■ Africa

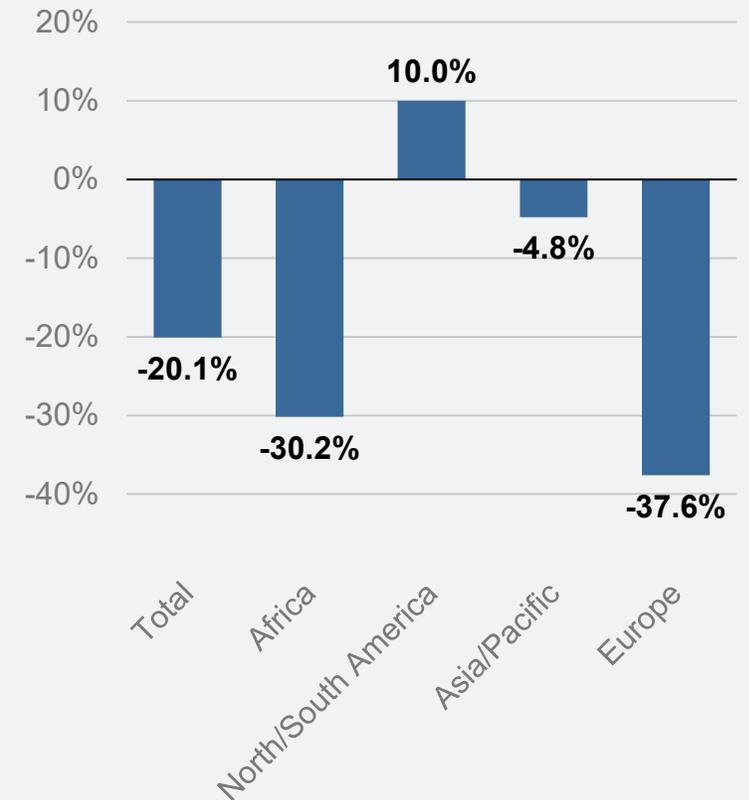
■ 1H 2024 ■ 1H 2023

Revenues by currency
first half of 2024 and 2023



■ EUR ■ USD ■ CNY
■ CHF ■ Others

Revenues by region
Change from first half of 2023



Negative foreign currency impact

Development of foreign currencies impacts EBIT margin

Foreign exchange rates

| Currency | Rate as at 30.06.2024 | Average rate H1 2024 | Rate as at 30.06.2023 | Average rate H1 2023 |
|----------|-----------------------|----------------------|-----------------------|----------------------|
| EUR | 0.970 | 0.970 | 0.990 | 1.000 |
| USD | 0.910 | 0.890 | 0.910 | 0.930 |
| CNY | 0.125 | 0.124 | 0.125 | 0.135 |

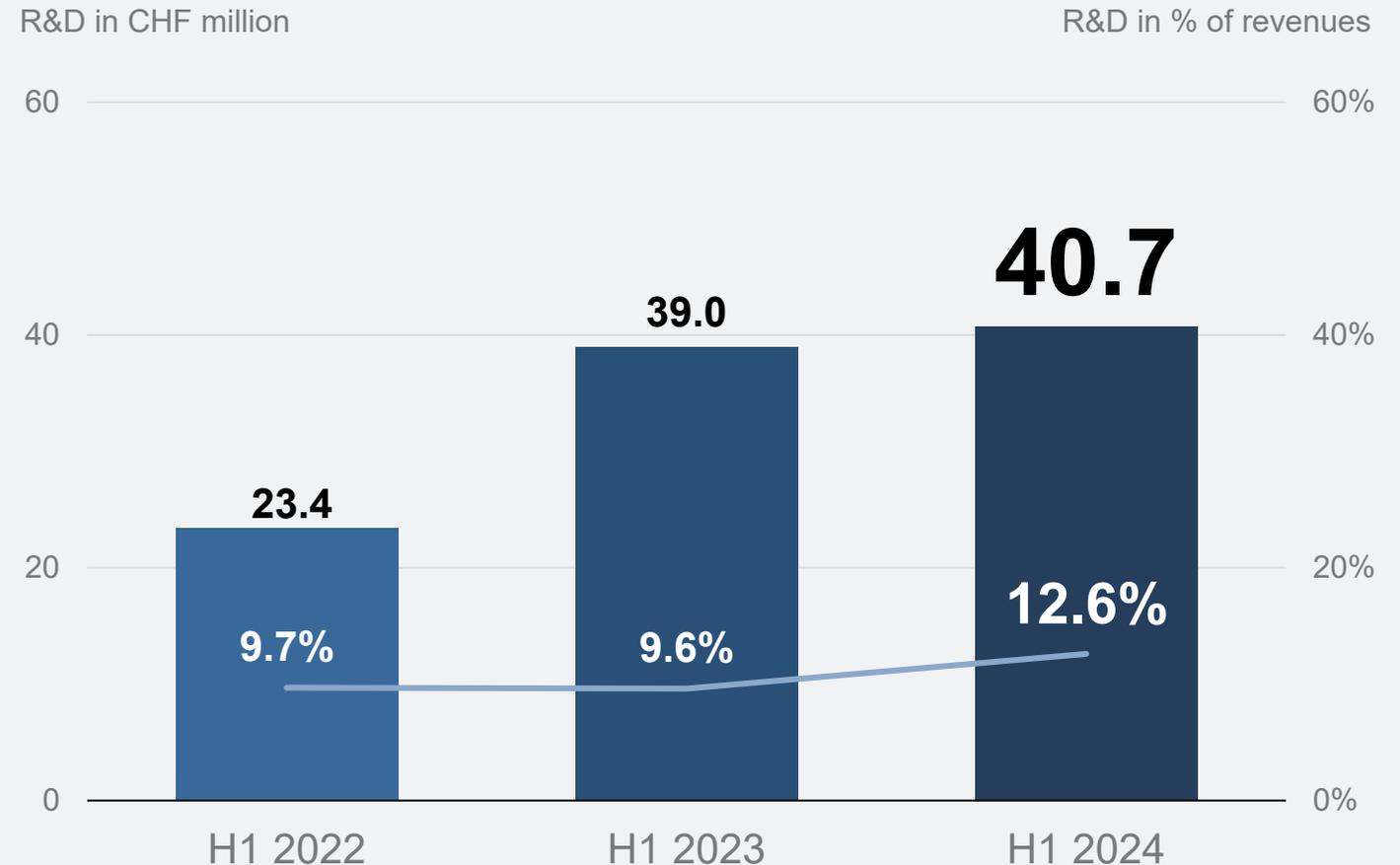
Foreign currency impact

| Year | Revenues | Gross profit margin | EBIT margin |
|---------|----------|---------------------|-------------|
| H1 2024 | -2.3% | -1.6% pts | -0.6% pts |
| H1 2023 | -2.6% | -1.6% pts | -0.6% pts |

Continuous innovative strength

Innovative unique selling propositions for products as basis for long-term success

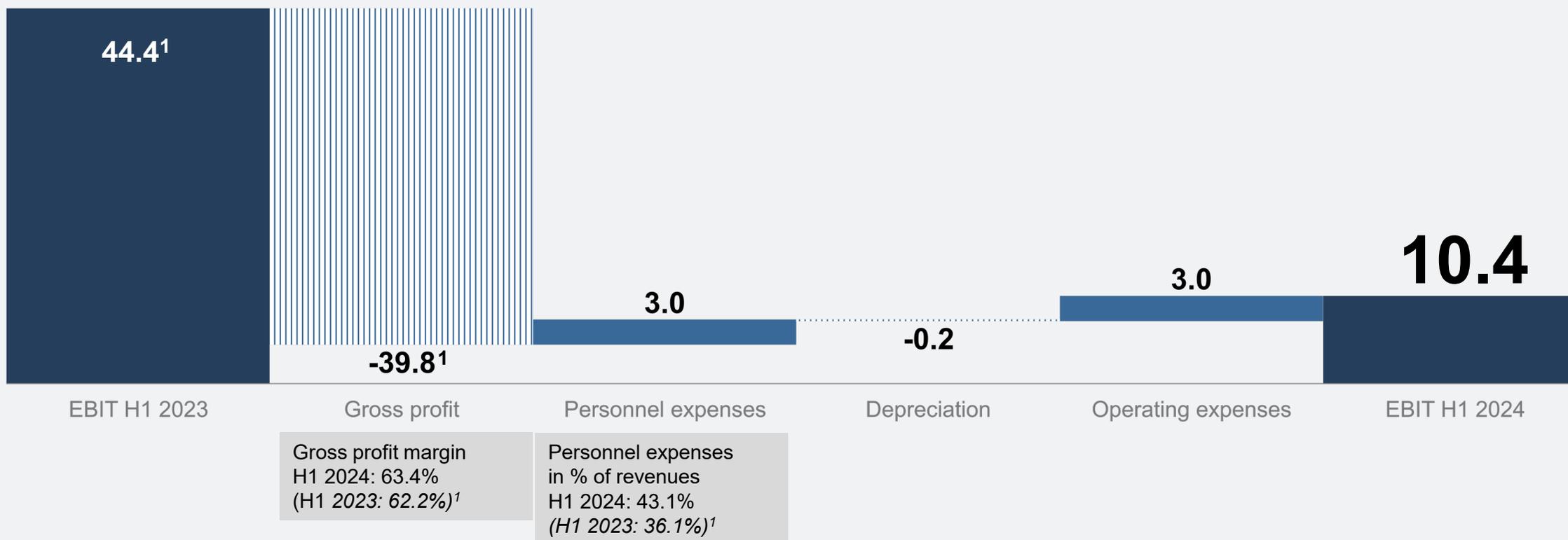
- Planned annual R&D expenditure: 8–9%
 - High current expenditure (12.6%) due to lower revenues levels
- Composition of R&D expenditure:
 - Internal development services of CHF 36.4 million (H1 2023: CHF 33.5 million)
 - Third-party services of CHF 4.3 million (H1 2023: CHF 5.5 million)
- Bundling of competencies and streamlining of product portfolio



Missing volume business impacts profitability

Excluding one-off costs, EBIT amounts to CHF 14.3 million and the EBIT margin is 4.4%

in CHF million



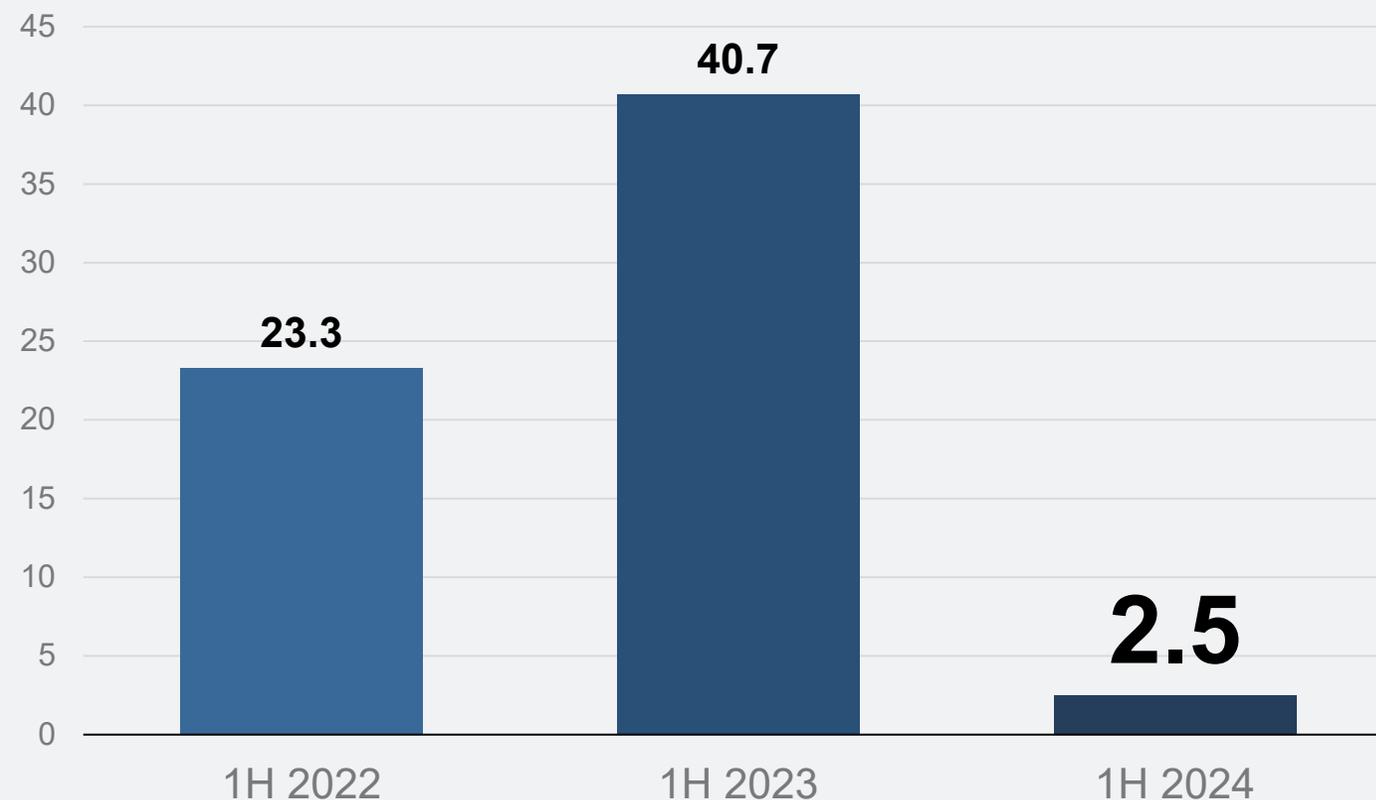
¹ Excluding a sale of a building in the first half of 2023.

Group earnings after taxes (EAT)

Positive result despite significantly lower revenues

- Financial result improved by CHF 1.7 million vs. previous year's period
- Tax rate as % of EBT: 67.5% – mainly due to non-capitalized loss carryforwards (H1 2023: 20.3%)
- Expected mid-term tax rate approx. 20%
- Basic earnings per share: CHF 0.49 (H1 2023: CHF 7.93)

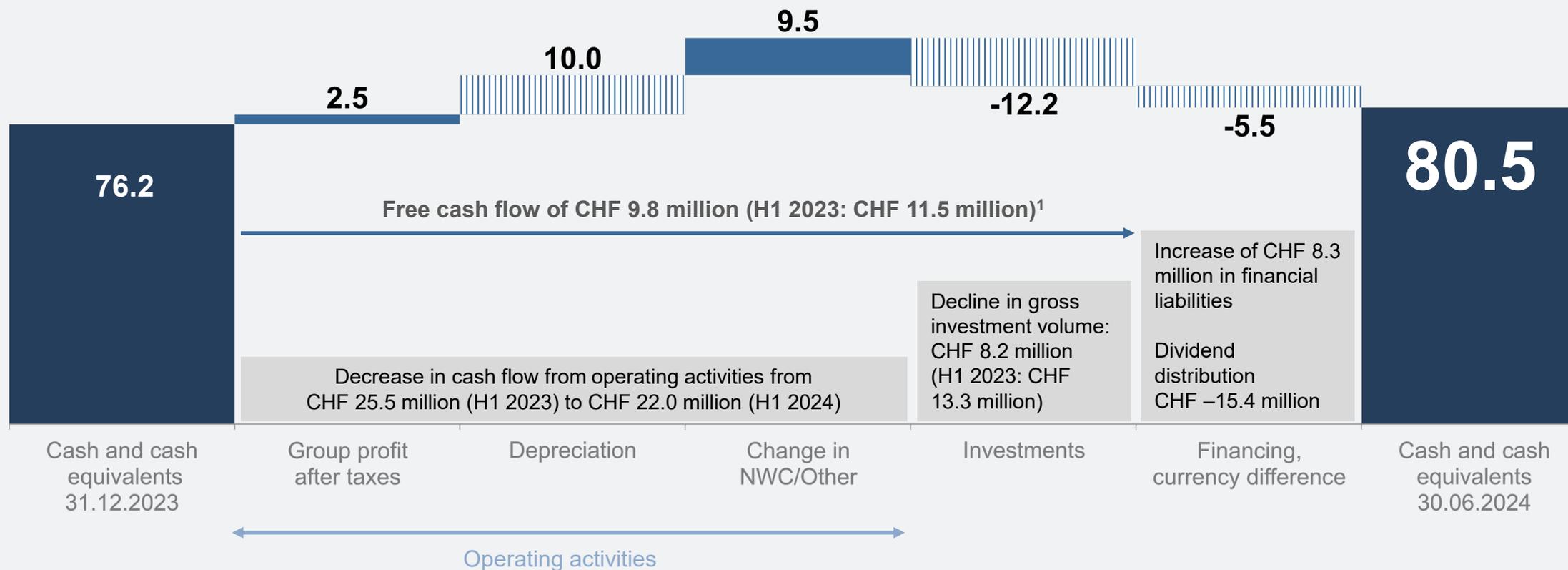
EAT in CHF million



Free cash flow of CHF 9.8 million

Positive free cash flow despite challenging market environment

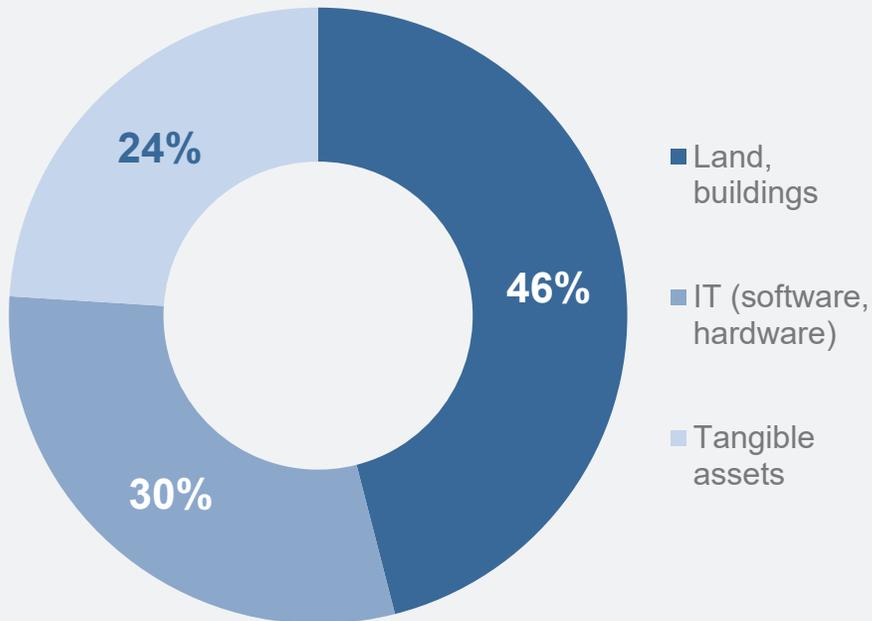
in CHF million



¹ Excluding a sale of a building in the first half of 2023.

Gross investment volume

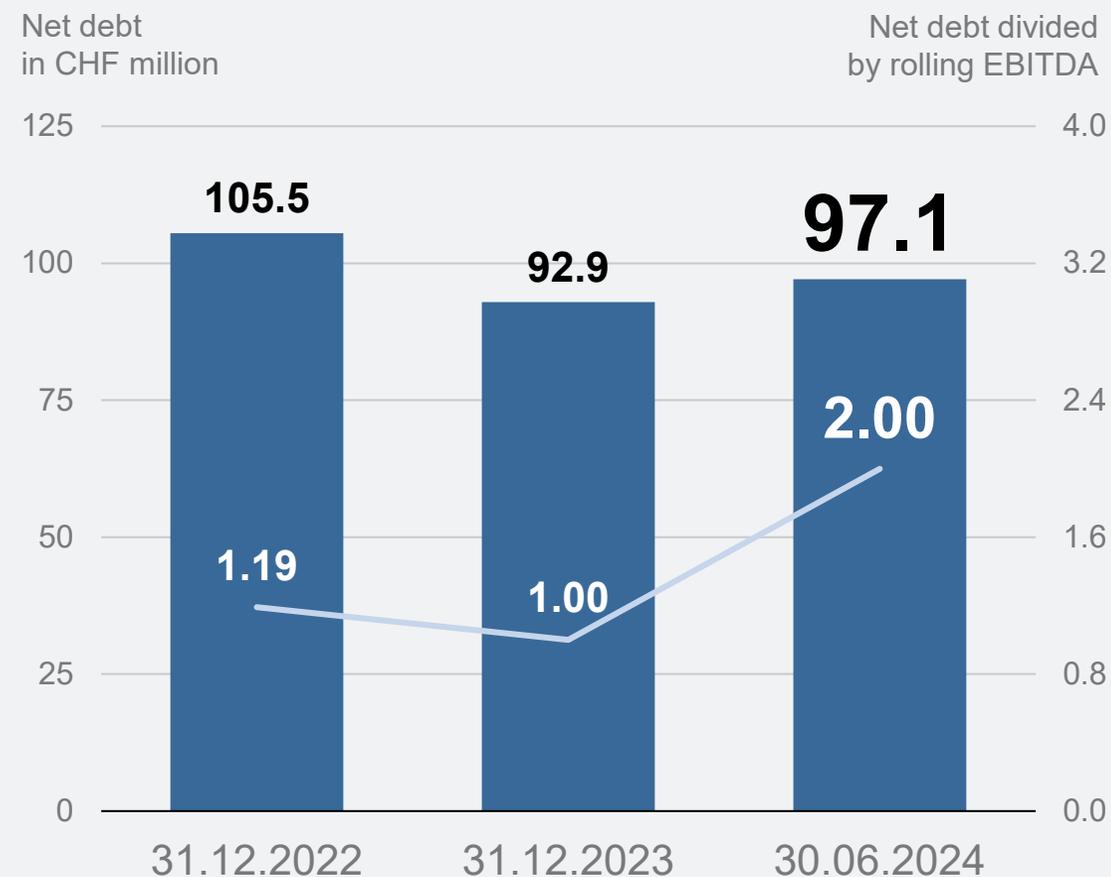
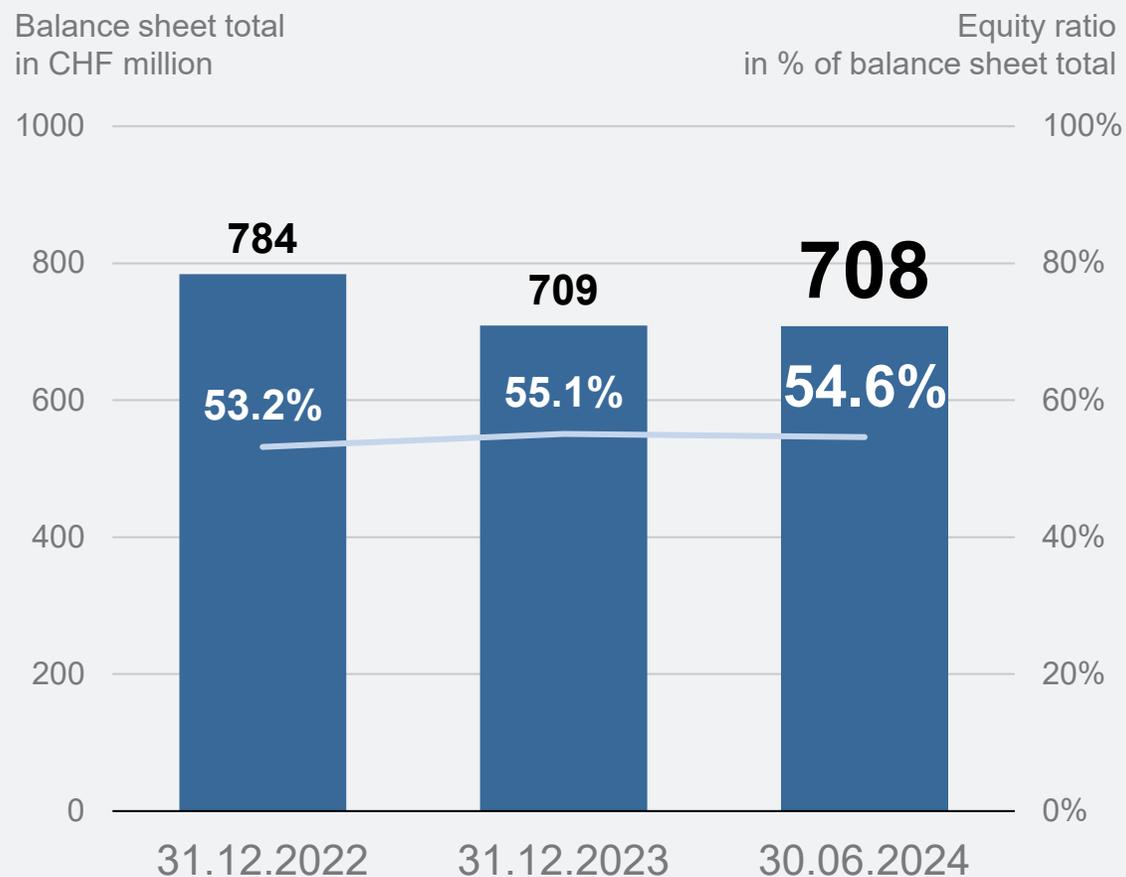
Gross investments



- Gross investment: CHF 8.2 million (H1 2023: CHF 13.3 million)
- Tangible assets: CHF 6.1 million (H1 2023: CHF 9.9 million)
- Intangible assets: CHF 2.0 million (H1 2023: CHF 3.5 million)
- Investments in participations: CHF 4.6 million (H1 2023: CHF 2.1 million)
- Investments in buildings of approx. CHF 3.8 million
- Planned investment volume going forward (excl. acquisition and sale of companies): approx. 3% of annual revenues

Financial foundation remains very solid

High equity ratio, stable net debt ratio



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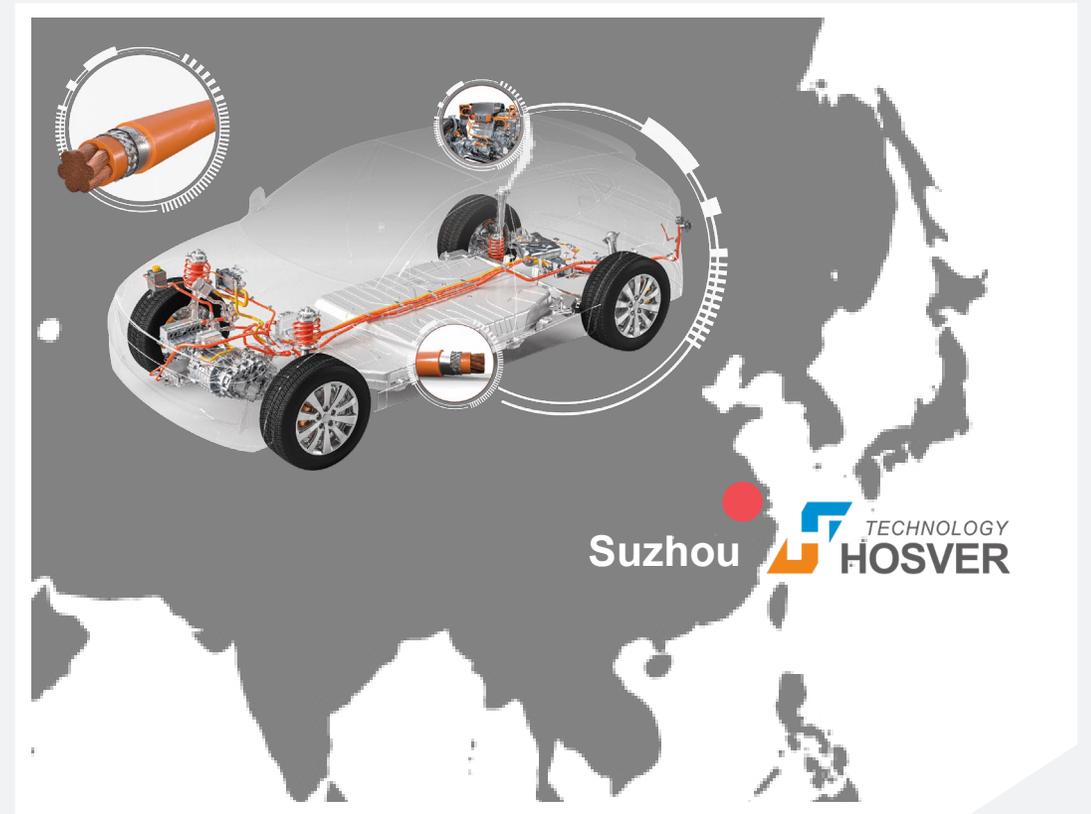
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Strengthened market position in China

Majority stake (56%) in Hosver as at beginning of July 2024

Hosver

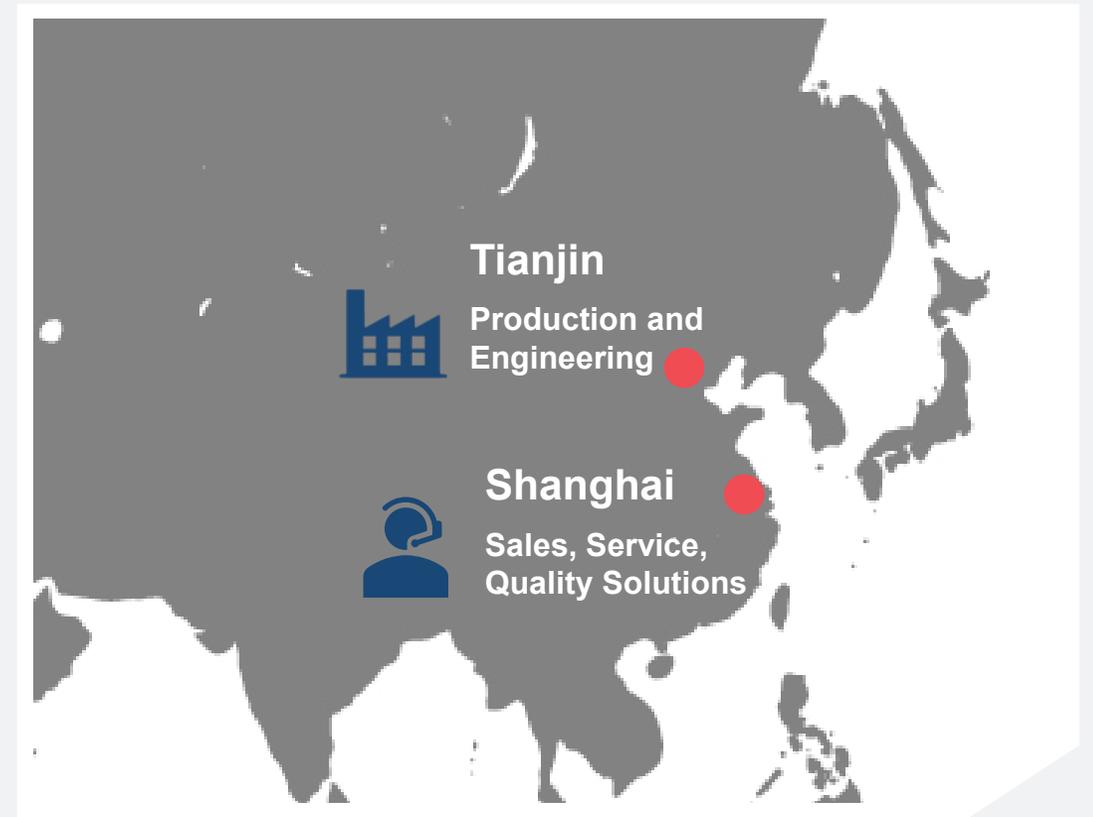
- Leading manufacturer of machines for processing high-voltage cables for electromobility
- Founded in 2014, approx. 160 employees, production facilities in Suzhou (west of Shanghai)
- Broad engineering know-how
- Excellent contacts to key customers like BYD



Strengthening of the locations in China

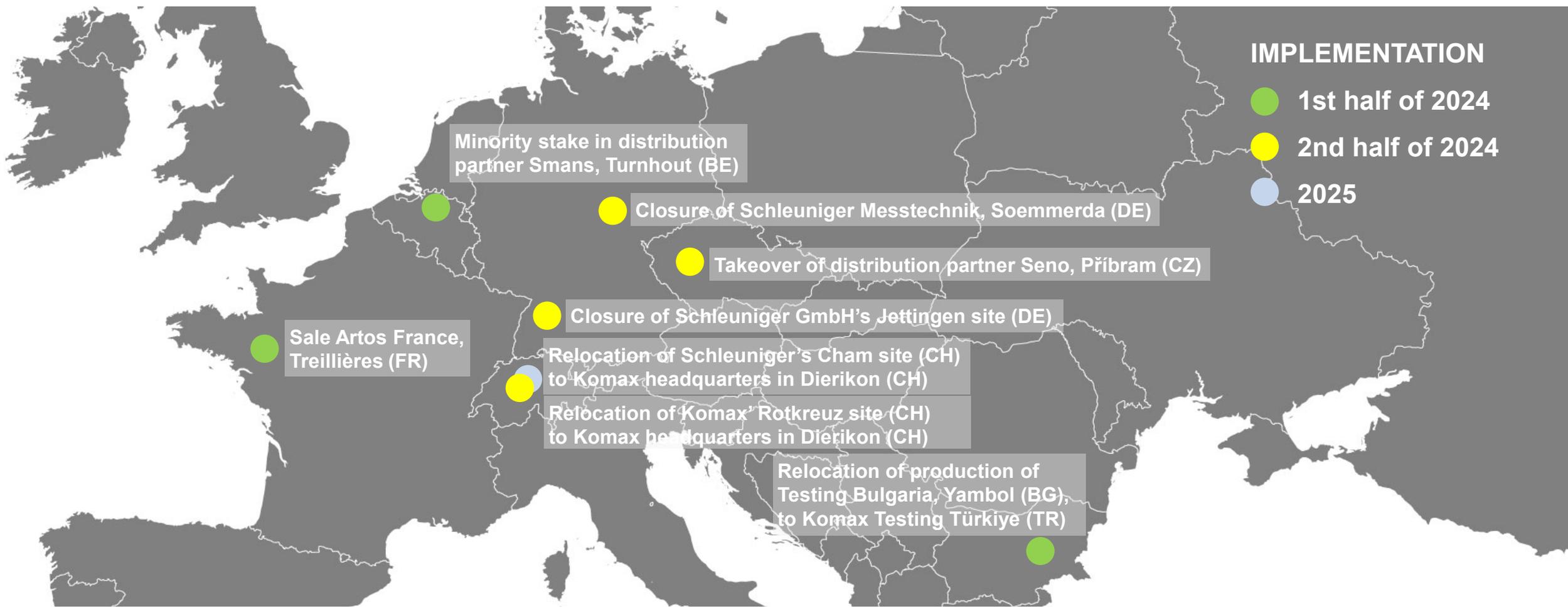
Relocation of production from Komax Shanghai to Schleuniger Tianjin

- Schleuniger Tianjin production site expanded:
 - Localization of twisting machines previously produced in Switzerland for the Chinese market
 - Relocation of production from Komax Shanghai to Schleuniger Tianjin by the end of 2024 at the latest
- In addition to the Schleuniger products, Schleuniger Tianjin will manufacture Komax products, produced at Komax Shanghai so far
- Know-how transfer (operations and engineering) from Komax Shanghai to Schleuniger Tianjin in progress
- Shanghai site focuses on sales, service, and testing products



Consistent structural optimizations in Europe

Numerous measures lead to profitability improvements in the mid-term



Optimization of site structure and product portfolio

Closure of sites in Germany and Bulgaria affects approx. 90 employees



Quality Solutions

- **Closure of Komax Testing Bulgaria in H1 2024**
- Production expansion at Komax Testing Türkiye
- Strengthening the position in the Turkish growth market



Test Automation

- **Closure of Jettingen site in H2 2024**
- Product portfolio in the area of Test Automation abandoned



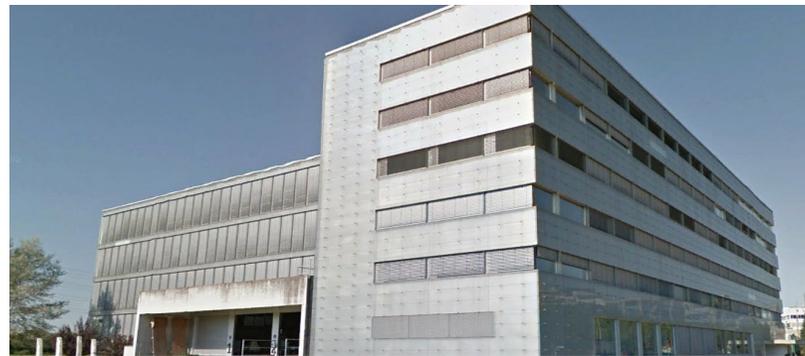
Quality Tools

- **Closure of Schleuniger Messtechnik in H2 2024**
- Focus on two production sites – one in Europe and one in Asia
- Step-by-step streamlining of product portfolio

Focus in Switzerland on two production sites

Schleuniger in Cham and Komax in Rotkreuz move to the renovated buildings in Dierikon

Termination of rental agreements in Rotkreuz (end of 2024) and Cham (end of 2025) leads to considerable cost savings, facilitates collaboration, and reduces the ecological footprint in Switzerland.



Cham and Rotkreuz sites



Headquarters in Dierikon

Eliminating product portfolio overlaps

Implementation of a best-of strategy

Reduction of complexity and cost

- Adjustments in the Cut & Strip und Wire Stripper product portfolio categories

Cut & Strip

- Production stop of Kappa model series at Komax in Dierikon at the end of 2024
- Focus on products, produced by Schleuniger in Thun

Wire Stripper

- Production stop of Mira model series in Japan by mid-2025
- Focus on products, produced by Schleuniger in Thun
- Lower maintenance and complexity costs thanks to streamlined product portfolio



Further streamlining of distribution network

Elimination of redundancies in the Benelux and Czech markets

Bundling of parallel distribution channels to increase customer proximity with just one point of contact and ability to react faster to their needs.



SENO

Czech Republic – takeover of Schleuniger distribution partner

- Acquisition of Seno as of beginning of July 2024
- Integration of Seno and its five employees into Komax Czech Republic Trading



smans

Benelux – transfer of Schleuniger product portfolio to Komax distribution partner

- Minority stake (3%) in Smans as of end of June 2024, which is the long-term distribution partner of Komax in Benelux
- In return: transfer of Schleuniger Benelux distribution unit (3 employees) and Schleuniger product portfolio

Digital transformation progressing

The Komax Group is digitalizing numerous processes to further increase efficiency

Targets

- Digital end-to-end solutions for internal processes of the Komax Group, customer interfaces, as well as SMART FACTORY by KOMAX offerings
- Improving quality of processes, products, and services
- Boosting cost efficiency

Milestones achieved in first half of 2024

- Improved digital customer management with Salesforce
- More efficient collaboration in engineering between the locations in China and with the headquarters in Switzerland with CIM Database
- Simplified organization in HR with SAP SuccessFactors



DIGITAL TRANSFORMATION

CONTACT
CIM Database

salesforce

SAP SuccessFactors

Temporary and sustainable cost reduction

Numerous cost-reduction measures implemented early-on – with positive impact on EBIT

Structural



Organizational structure

- Closure of sites
- Bundling of know-how
- Optimization of the distribution network
- Merger of Komax- and Schleuniger subsidiaries



Product portfolio

- Eliminating overlaps
- Best-of strategy
- Complexity reduction

Cyclical



Cost management

- Recruitment freeze
- Slight reduction of employees
- Reduction of travel and consulting costs

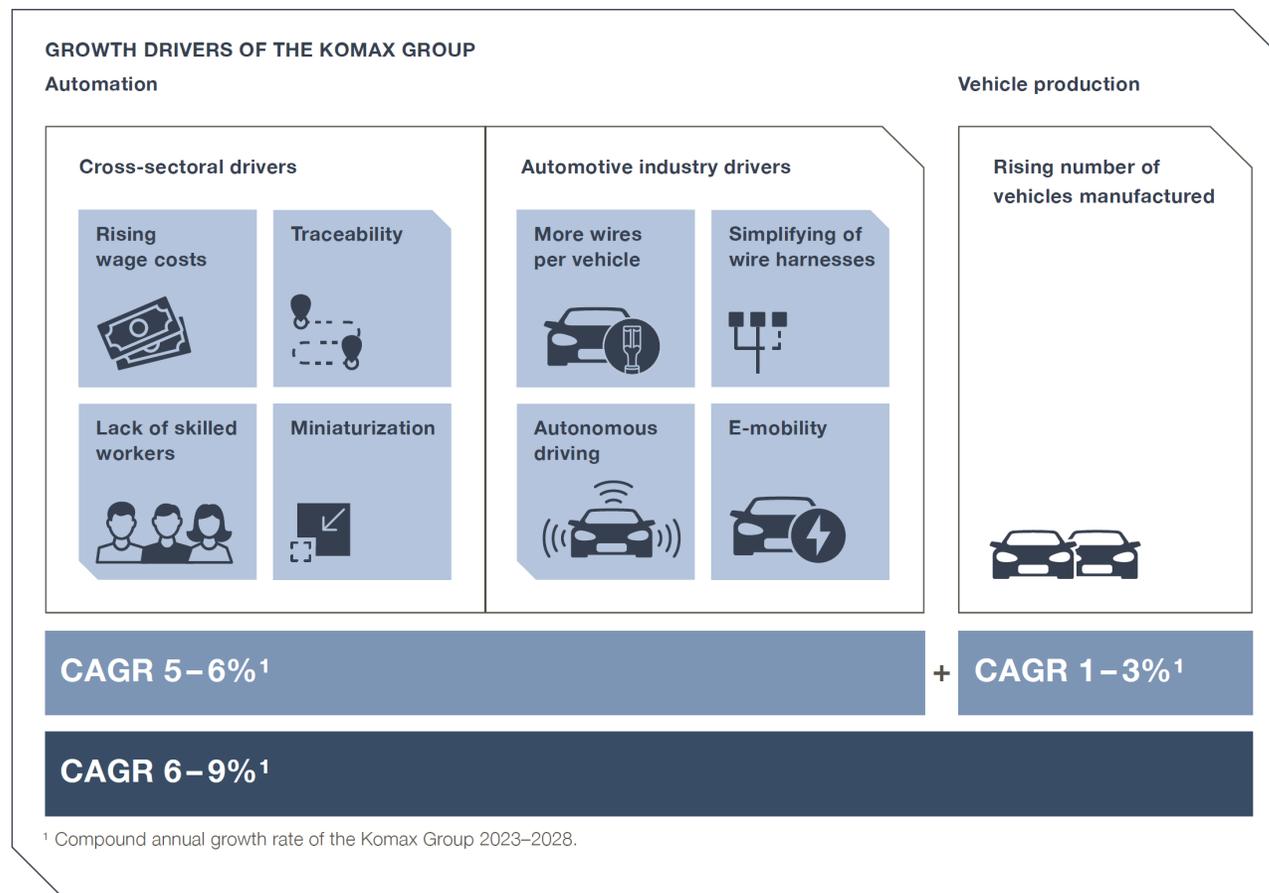


Short-time work

- Komax in Dierikon since 1 May (manufacturing) and 1 July (whole company)
- Schleuniger in Cham since 1 July 2024

Growth driver automation intact

80% of wire processing is still manual work



- Eldorado scenario in automation
- 90% automation potential
 - 80% manual work
 - 20% machine-based work, overall equipment effectiveness (OEE) amounts to just 50%, however, which gives rise to a further 10% in automation potential
- As in 2023, around 90 million vehicles are expected to be manufactured in 2024

Priority areas in second half of 2024

- Mastering the volatile market situation and emerging stronger from it
 - Upholding flexibility
 - Increasing sales and distribution activities
 - Keeping costs at a low level
- Implement optimizations in sales and distribution network, site structure, and product portfolio
- Strengthening market position in China
- Launch of various product innovations
- Presentation of innovative power at the WirePro Expo trade fair (19–21 November at Messe Luzern, Switzerland)

Outlook

Slight improvement in market situation expected

- The Komax Group is convinced that it will emerge strengthened from the current phase of weakness. It expects a slight improvement in the market situation in the second half of 2024. However, the visibility of business development remains low.
- Taking the first six months into account, the Komax Group expects revenues for 2024 as a whole to be around 20% lower than in the previous year. Thanks to numerous measures and strict cost discipline it still expects EBIT to be modestly positive, despite the decline in revenues.
- Customers' interest in increasing automation remains high, as does the potential of the Komax Group. This will materialize as soon as the willingness to invest – which is currently limited owing to excess capacity and geopolitical uncertainties – picks up again.

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Next financial communication

Financial calendar

| | |
|---|------------------|
| Investor Day | 22 November 2024 |
| Preliminary information on 2024 financial year | 21 January 2025 |
| Annual media and analyst conference on the 2024 financial results | 11 March 2025 |
| Annual General Meeting | 16 April 2025 |
| Half-year results 2025 | 12 August 2025 |

Contact

Roger Müller
Industriestrasse 6
6036 Dierikon
Switzerland

+41 41 455 06 16
roger.mueller@komaxgroup.com

komaxgroup.com

Note on forward-looking statements

This presentation contains forward-looking statements in relation to the Komax Group, which are based on current assumptions and expectations. Unforeseeable events and developments could cause actual results to differ materially from those anticipated. Examples include: changes in the economic and legal environment, the outcome of legal disputes, exchange-rate fluctuations, unexpected market behavior on the part of competitors, negative publicity, and the departure of management-level employees. The forward-looking statements are pure assumptions, made on the basis of information that is currently available.

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QUESTIONS AND ANSWERS

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