



# 2023 Q2 Presentation

# Second quarter 2023 Highlights

- **Revenue (€M):** 206 +31% (157)
- **EBIT (€M):** 19.2, +93% (9.9)
- **EBIT margin:** 9.3% (6.3%)
- **Net margin:** 7.6 % (4.2%)
- **Cash Flow:** 9.0 €M (4.0 €M)
- **ROOC:** 28.2% (11.5%)
- **Cash Cycle Conversion days:** 84 (108)
- **NIBD/EBITDA:** 1.8 (3.6)
- **Order Backlog (€M):** 535, +13.5% (471)
- **EPS (EUR):** 0.079, +137% (0.034)



## MNOK CORRESPONDING

- **Revenue:** 2406, +52% (1580)
- **EBIT:** 224, +123% (100)
- **EPS:** 0.92 NOK, +171% (0.34 NOK)
- **Order backlog:** 6258, +28% (4879)



# Half year 2023 Highlights

- **Revenue (€M):** 397 +32% (301)
- **EBIT (€M):** 36.5, +107% (17.6)
- **EBIT margin:** 9.2% (5.8%)
- **Net margin:** 7.3 % (3.7%)
- **Cash Flow:** 19.4 €M (-6.9 €M)
- **ROOC:** 28.2% (11.5%)
- **Cash Cycle Conversion days:** 84 (108)
- **NIBD/EBITDA:** 1.8 (3.6)
- **Order Backlog (€M):** 535, +13.5% (471)
- **EPS (EUR):** 0.15, +133 % (0.06)



## MNOK CORRESPONDING



- **Revenue:** 4504, +50% (3009)
- **EBIT:** 414.4, +132% (178.3)
- **EPS:** 1.67 NOK, +198% (0.56 NOK)
- **Order backlog:** 6258, +28% (4879)

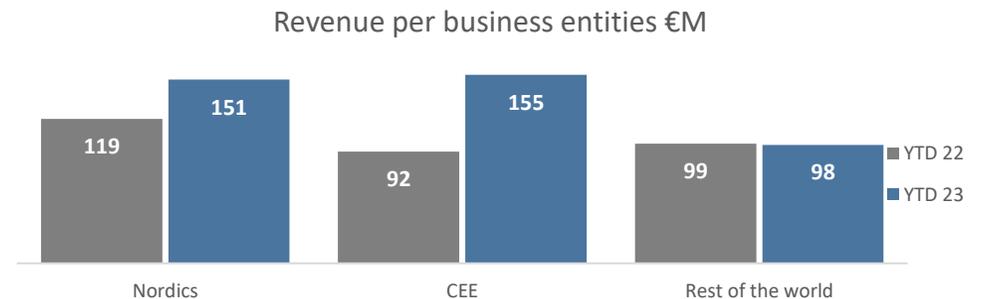
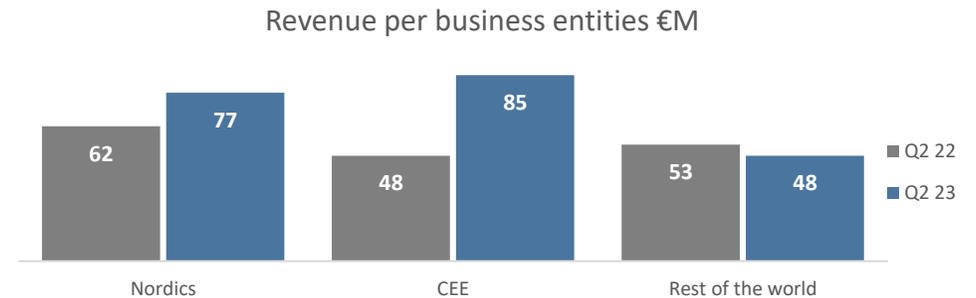
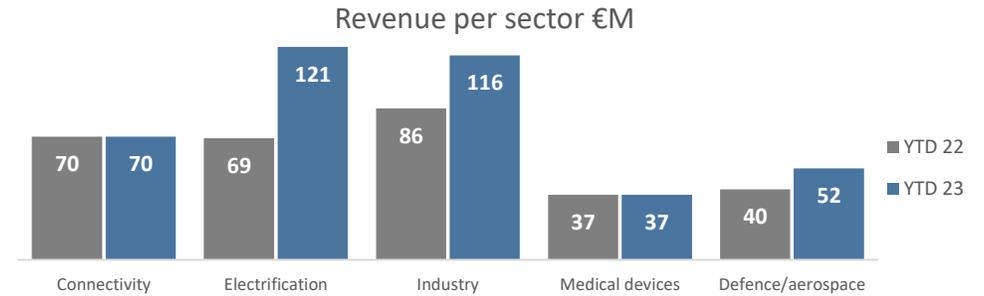
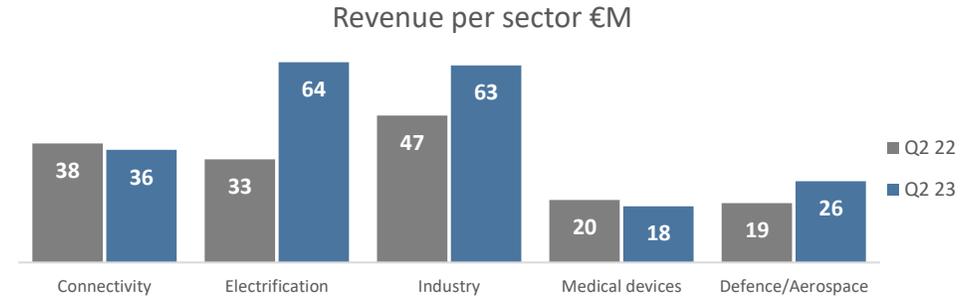
# Second quarter trends

## Sector trends

- Energy efficiency, Energy grids, and EV charging will continue with strong growth and many new opportunities in 2023 and 2024.
- Defense sector - very strong growth expected over the next several years. Visibility on the growth expected in first half 2024.
- Industrial communication and Automation drives growth in the Industrial sector.

## Regional trends

- Continued strong growth within electrification and automation in CEE and Norway.
- The Nordics are strong in the Defense sector.
- Comparatively modest growth in China as regionalization drives to other geographies.

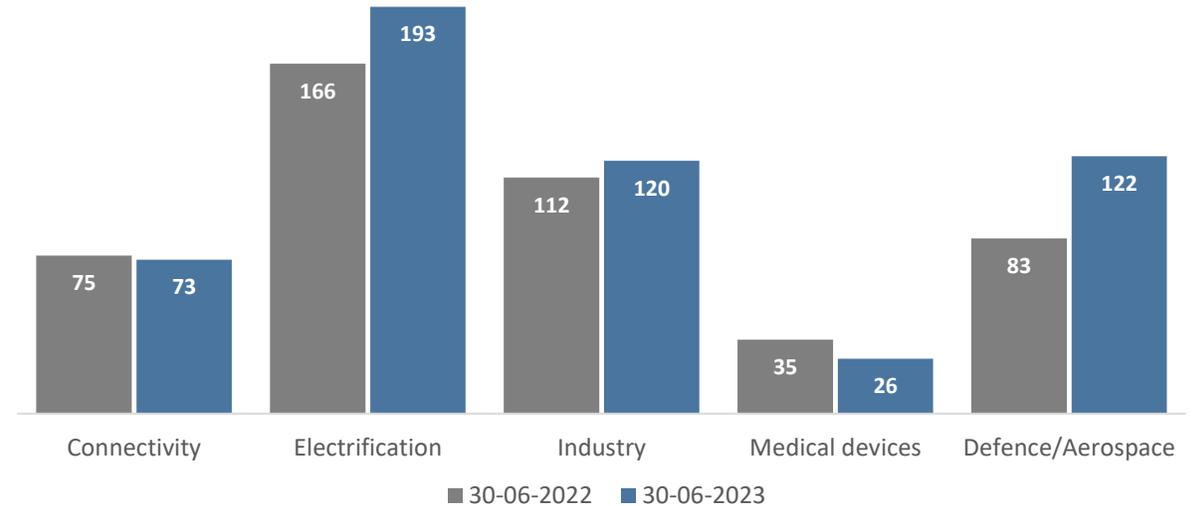


# Order backlog

- The growth is driven by products focused on automation, mobility, and autonomy in the Electrification, Industry, and Defense sectors.
- Overall order horizon shrinking as component lead times improve.
- Order backlog: 535 €M, +13.5% (471 €M)
- Strong progress on back-orders.
  - Catch-up on demand as components become more available. 30 €M reduction compared to last year, reducing back-orders by 50%.

- The Order backlog features all firm customer orders and the first 4 months of customer forecast. Historically, the Order backlog has been a good representation of the next 5-6 months of sales.

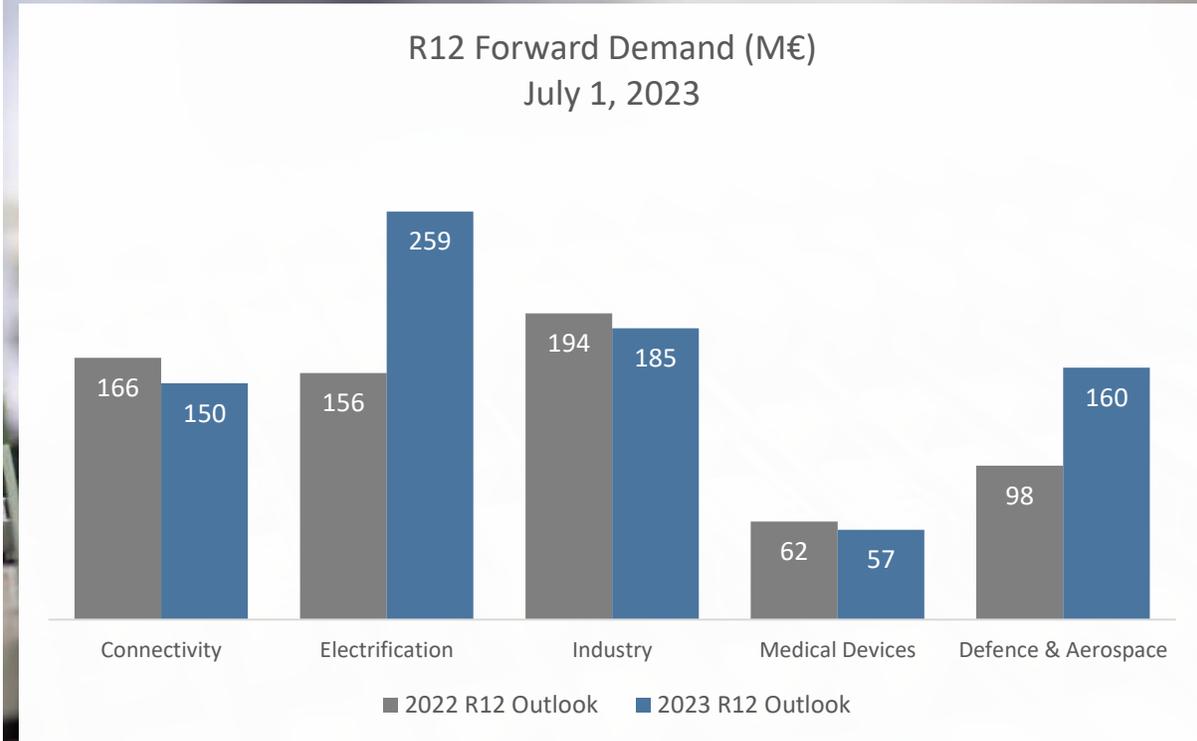
Order backlog €M



# R12 Forward demand

- **Global megatrends driving demand.**
  - Electrification, sustainable energy, automation and defense show strong growth above 60%.
- **Lead times and order horizons reducing.**
  - We expect electronic component demand and supply to be more balanced in the back half of 2023.
- **Customers took some defensive actions.**
  - Given the opportunity of component lead-time reductions, we see an increase in frequent changes to demand. A few customers have taken a short-term defensive outlook.
- **R12 year-on-year growth: 20%.**
  - R12 demand increases to 812 €M from 677 €M from last year.

- The R12 forward demand covers the future rolling 12-month period. This contains all customer demand, firm demand and forecast. Historically the R12 demand has been a good representation of the next 10-12 months of sales.



# Operations

## Capacity

- 2023 Capacity investments in existing facilities are nearing completion.
- New production facility is being built to increase capacity and offering from the current adjacent Czech facility. Phase 1: 4000m<sup>2</sup>, Focus on box build.
- New facility to come on-line in Malaysia to satisfy growth opportunities in Asia outside of China.



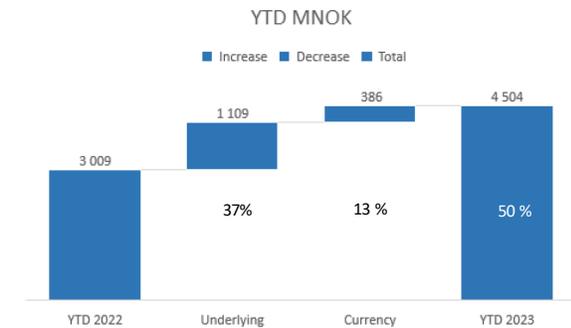
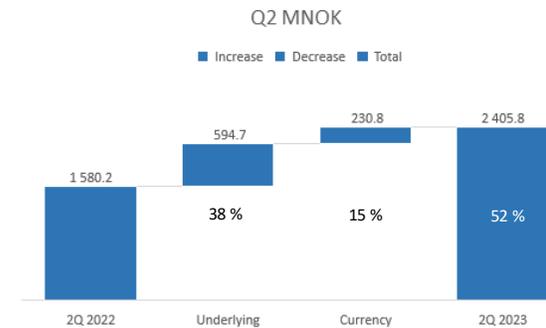
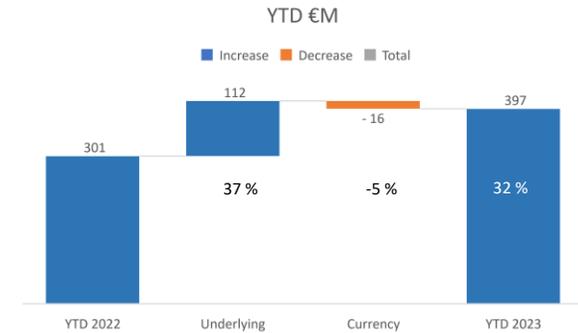
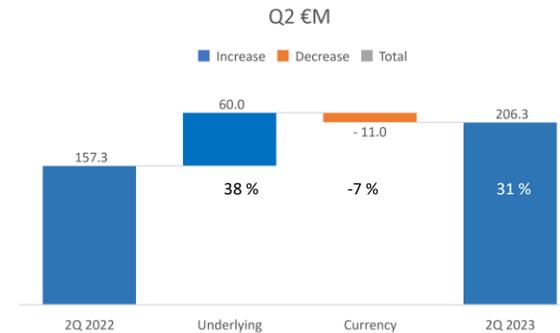
New facility Czech. Operational Q4 2023.



New facility Johor, Malaysia. Operational Q4 2023.

# Currency and growth

- Revenue growth in €M of 31% in Q2 and 32% YTD.
- Waterfalls describe underlying growth and currency effects in MNOK vs €M.
- EUR Rate AVE:
  - Q2            NOK 11.66
  - Q1            NOK 11.00



# Business sectors



- Strong growth in Nordics and CEE and improved profits overall.
- EBIT margin increased from 6.3% to 9.3%.
- All sites continue to be profitable.

Revenue Business Sectors	Q2 2023	Q2 2022	Change	%	30.06.2023	30.06.2022	Change	%
Nordics	76.8	61.5	15.3	25 %	151.4	119.0	32.4	27 %
CEE	84.9	48.1	36.8	77 %	155.4	92.2	63.2	69 %
Rest of the world	48.1	53.1	-5.0	-9 %	97.5	98.5	-1.0	-1 %
Group and eliminations	-3.5	-5.4	1.9	-35 %	-7.4	-8.8	1.4	-16 %
<b>Revenue</b>	<b>206.3</b>	<b>157.3</b>	<b>49.0</b>	<b>31 %</b>	<b>396.9</b>	<b>300.9</b>	<b>96.0</b>	<b>32 %</b>

EBIT Business Sectors	Q2 2023	Q2 2022	Change	%	30.06.2023	30.06.2022	Change	%
Nordics	7.0	3.9	3.1	79 %	14.3	7.7	6.6	86 %
CEE	9.0	3.7	5.3	143 %	16.2	6.5	9.7	149 %
Rest of the world	5.7	3.5	2.2	63 %	10.3	6.0	4.3	72 %
Group and eliminations	-2.5	-1.2	-1.3	108 %	-4.3	-2.6	-1.7	65 %
<b>EBIT</b>	<b>19.2</b>	<b>9.9</b>	<b>9.3</b>	<b>94 %</b>	<b>36.5</b>	<b>18.9</b>	<b>17.6</b>	<b>93 %</b>

FTE Business Sectors	Q2 2023	Q2 2022	Change	%	Full year 2022
Nordics	913	743	170	23 %	761
CEE	1 488	1 127	361	32 %	1 239
Rest of the world	875	942	-67	-7 %	848
<b>EBIT</b>	<b>3 276</b>	<b>2 812</b>	<b>464</b>	<b>17 %</b>	<b>2 848</b>

# Cash flow and working capital

- Q1 Cash flow from operating activities at 9.4 €M (-4.0 €M).
- Debt reduction and dividend in the quarter.
- Net working capital at 189.2 €M, stable this year and a 9.4% increase from last year.

	€M				
Cash Flow	Q2 2023	Q2 2022	Change	30.06.2023	30.06.2022
Profit before tax	19.2	8.1	11.1	35.6	13.6
Depreciations	4.3	4.2	0.1	8.4	8.1
Change in inventory, accounts receivable, contract assets and accounts payable	-5.7	-2.4	-3.3	-5.7	-20.1
Change in net other current assets and other operating related items	-5.1	-9.3	4.2	-15.1	-5.9
Change in factoring debt	-3.7	3.3	-7.0	-3.8	-2.6
<b>Net cash flow from operating activities</b>	<b>9.0</b>	<b>4.0</b>	<b>5.0</b>	<b>19.4</b>	<b>-6.9</b>
<b>Net cash flow from investing activities</b>	<b>-3.6</b>	<b>-3.3</b>	<b>-0.3</b>	<b>-7.0</b>	<b>-92.3</b>
<b>Net cash flow from financing activities</b>	<b>-11.2</b>	<b>4.8</b>	<b>-16.0</b>	<b>-17.3</b>	<b>76.6</b>

	€M			
Net working capital	30.06.2023	30.06.2022	Change	31.12.2022
Inventory	183.1	161.8	21.3	172.7
Contract assets	66.9	55.3	11.6	59.4
Trade receivables	154.1	131.7	22.4	143.5
Trade payables	214.9	175.9	39.0	192.1
<b>Net working capital</b>	<b>189.2</b>	<b>172.9</b>	<b>16.3</b>	<b>183.5</b>

# Ratios

- Continued positive development on all key ratios.
- Net gearing and NIBD/EBITDA 0.84 and 1.7 excl IFRS.
- Strong earnings per share development +167%.

	€M			
Ratios	30.06.2023	30.06.2022	Change	31.12.2022
R3 NWC % sales	22.3 %	27.8 %	-5.5 %	26.2 %
R3 ROOC % sales	28.2 %	11.5 %	16.7 %	22.9 %
R3 Cash Cycle conversion	84	108	-24	100
Net Interest bearing debt €M	142.5	170.0	-27.5	154.8
Net gearing	0.91	1.30	-0.39	1.08
NIBD/EBITDA	1.8	3.6	-1.8	2.5
Equity percent	27.0 %	25.2 %	1.8 %	25.7 %
Earnings per share quarter	0.08	0.03	0.05	0.14
Earnings per share ytd	0.08	0.03	0.05	0.14

# Outlook full-year 2023

- Demand continues to be strong, and EBIT margin and capital efficiency are improving.
- Our previous outlook:
  - We expected revenues between 700 and 800 EUR million with an operating profit (EBIT) between 60 and 75 EUR million.
- **Our current outlook:**
  - We expect revenues between 750 and 800 EUR million with an operating profit (EBIT) between 65 and 75 EUR million.



# Key take-ways

- Quarter-on-Quarter growth continues.
- Operational leverage continues to drive improved margins and earnings resilience in a dynamic market.
- Current level of revenue is expected to continue in the second half of 2023.
- Company is well-positioned for a continued growth journey, according to our strategic outline, with capacity updates in Europe, a new facility in Czech, and a new Malaysia facility coming on-line in Q4 2023.
- Outlook updated





# Q&A

# Appendix: Definition of alternative performance measures

## Order backlog

All firm orders and 4 months of committed customers forecast at revenue value as at balance sheet date.

## Foreign exchange effects

Group consolidation restated with exchange rates as comparable period the previous year. Change in volume or balance calculated with the same exchange rates for the both periods are defined as underlying growth. Change based on the change in exchange rates are defined as foreign exchange effects. The sum of underlying growth and foreign exchange effects represent the total change between the periods.

## EBITDA

Operating profit (EBIT) + Depreciation and Impairments

## EBIT

Operating profit

## EBIT margin (%)

Operating profit (EBIT) / Revenue

## Net working capital

Inventory + Accounts Receivable – Accounts Payable

## Operating capital

Other intangible assets + Tangible fixed assets + Net working capital

## Return on operating capital (ROOC) %

Annualised Operating profit (EBIT) / Operating Capital

## Return on operating capital (ROOC) R3 %

(Last 3 months Operating profit (EBIT))\*4 / (Last 3 months Operating Capital /3)

## Return on capital employed (ROCE)

EBIT/(Total assets - short term debt)

## Return on equity

Net Income/Equity

## Direct Cost

Cost of material + Direct wages (subset of personnel expenses only to include personnel directly involved in production)

## Days of Inventory Outstanding

360/ (Annualised Direct Costs/Inventory)

## Days of Inventory Outstanding R3

360/ ((Last 3 months Direct Costs \*4) / (Last 3 months Inventory/3))

## Days of Receivables Outstanding

360/ (Annualised Revenue/Trade Receivables)

## Days of Receivables Outstanding R3

360/ (((Last 3 months Revenue\*4)/(Last 3 months Trade Receivables/3))

## Days of Payables outstanding

360/ ((Annualised Cost of Material + Annualised other operational expenses) / Trade Payables)

## Days of Payables Outstanding (R3)

360/ (((Last 3 months (Cost of Material + other operational expenses)\*4) / (Last 3 months Trade Payables/3))

## Cash conversion cycle (CCC)

Days of inventory outstanding + Days of receivables outstanding – Days of payables outstanding

## Cash conversion cycle (CCC) R3

Days of inventory outstanding (R3) + Days of receivables outstanding (R3) – Days of payables outstanding (R3)

## Net Interest-bearing debt

- Cash and cash equivalents + Loans (Non- current liabilities) + Loans (Current liabilities)

## Interest-bearing debt

Loans (Non- current liabilities) + Loans (Current liabilities)

## Net gearing

Net Interest-bearing debt / Equity

## Free Cash flow

Net Cash Flow from operating activities – Cash flows from acquisition of tangible fixed assets – Cash flows from acquisition of other intangible assets

## Equity ratio

Total Equity / Total Assets

## EPS

Earnings Per Share