

The logo for Accele/eron, featuring the word "Accele/eron" in a white, sans-serif font. The slash in "Accele/eron" is stylized, appearing as a diagonal line that extends from the end of "Accele" to the start of "eron".

Accele/eron

# Annual Analyst & Investor Conference 2023

March 29, 2023

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# 01

## Agenda

# Annual Investor Conference 2023 - Agenda

Time (CET)	Topic	Presenter
13:30– 14:10	1. Agenda	Daniel Bischofberger (CEO)
	2. Key Highlights and market developments FY 2022	
	3. Financial Review FY 2022	Adrian Grossenbacher (CFO)
	4. Outlook	Daniel Bischofberger (CEO)
14:10 – 14:30	Q&A	
14:30- 15:15	Networking Coffee	

# 02

## Key Highlights & Market Developments of Financial Year 2022

# FY 2022 Highlights

Guidance exceeded



# +3.2%

Revenues increased

- Revenues at \$780.5 Mio.
- 11.8% growth on constant currency basis.
- Strong newbuild merchant marine market in Asia.
- Strong demand for gas compression installations in United States.
- Strong demand for service across all industries and regions.

# 24.6%

Operational EBITA increased  
& attractive margin delivered

- Operational EBITA margin at 24.6% slightly down by 20 bps y-o-y.
- OpEBITA impacted by ~50 bps through standalone cost in Q4 (150 – 200 bps annualized).
- Higher material, labor and transportation costs largely compensated by price increases.

# 77%

Robust FCF conversion

- Strong FCF conversion in H2 (>100%).
- Stabilization of supply chain, but NWC still too high

# Company Milestones

## Highlights in 2022



### Brand Rollout

The new brand Accelleron was first revealed in February. It refers to terms “accelerate”, “excel”, “access”, as well as “on and on”. It became fully visible in June, when website, e-mails and buildings were changed to the new brand design.



### Sauber Partnership

Accelleron becomes a technology partner of Sauber Technologies and brand partner of Alfa Romeo F1 Team. This collaboration sees teams from Sauber in Hinwil and Accelleron’s base in nearby Baden work on an initial series of projects under the motto “Get Closer. Move Further.”



### Global Accelleron Day

At the Global Accelleron Day, Chairman Oliver Riemenschneider and CEO Daniel Bischofberger officially introduce the outlook as an independent, stock-listed company to the employees. The Alfa Romeo Formula 1 Team joined the celebration with team principal Frédéric Vasseur as well as drivers Valtteri Bottas and Zhou Guanyu.



### Supplier Awards

Accelleron’s outstanding performance and contribution to mutual success received recognition through supplier awards of two leading OEM customers.

# Innovation for the Energy Transition - Milestones

## Alternative Fuel Highlights



### Enabling Hyundai and Maersk

Accelleron provides the turbochargers for Hyundai's first methanol fueled newbuild engine, which is installed on Maersk's very first green methanol-fueled container vessel ordered.



### Methanol fueled wind installation vessel

Accelleron delivers turbochargers for Wärtsilä's first methanol-fueled newbuild engine order for a Wind Installation Vessel.



### Preferred Partner for LNG-driven ships

Accelleron was specified on vast majority (approx. 85%) of LNG carriers contracted in the year 2022 and achieved a high success rate with Qatar Gas (51 ships out of 62 ships).



# Innovation for the Energy Transition - Milestones

## Digital & Service Highlights



### Tekomar XPERT

Accelleron launches Tekomar XPERT marine, a comprehensive digital solution that offers shipowners simplified management of propulsion efficiency and emissions reporting. Installed on more than 2,000 ships.



### Turbo UptimeCare™

Martin Energy Group becomes the first provider of the Accelleron turbocharger maintenance package in North America. Turbo UptimeCare guarantees uptime while minimizing costly downtime.



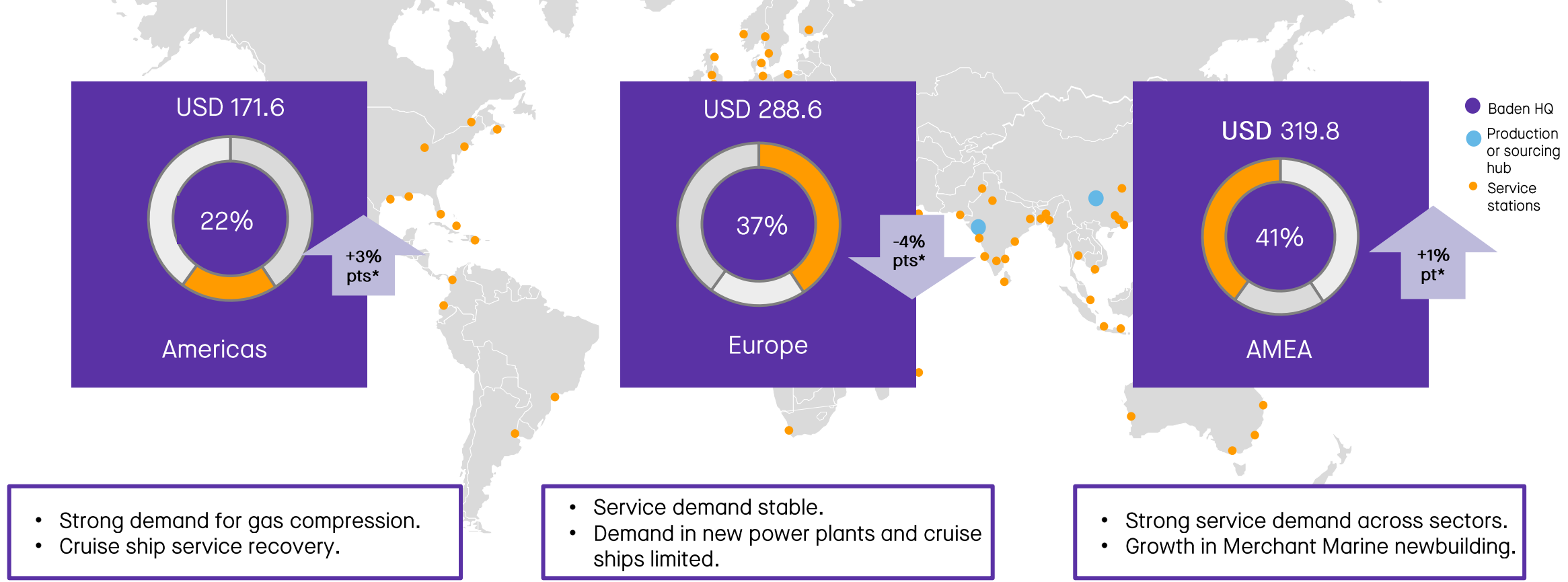
### Conrad Energy

Accelleron confirms a long-term agreement with Conrad Energy, a major independent supplier of electricity to the UK's national grid. The agreement covers 300 of their turbochargers and reduces their scheduled overhaul time from 41 days to less than a day.

# Serving global markets, operation on a global basis

## Strong Growth in Americas & AMEA, stable in Europe

### Revenues breakdown (2022)



- Strong demand for gas compression.
- Cruise ship service recovery.

- Service demand stable.
- Demand in new power plants and cruise ships limited.






- Strong service demand across sectors.
- Growth in Merchant Marine newbuilding.

\*relative share of turnover change compared to 2021



# Marine market

Orderbook is growing but still healthy compared to fleet

	Bulk Carrier 	Tanker 	Container 	LNG Carriers 	Cruise/Ferries 
Active fleet (mGT)*	539.4	359.0	274.0	74.0	49.0
Orderbook (mGT)*	38.8	13.3	70.3	33.4	7.5
Orderbook/Active Fleet*	7%	4%	26%	45%	15%

\* Source Clarkson, status Feb 1<sup>st</sup>, 2023

## Accelleron view

- Orderbook level of bulkers & tankers insufficient for fleet renewal within 20 – 30 years
- Container orders high but will need 3-4 years to be executed
- LNG carrier orderbook fueled by increasing demand of LNG transported by sea

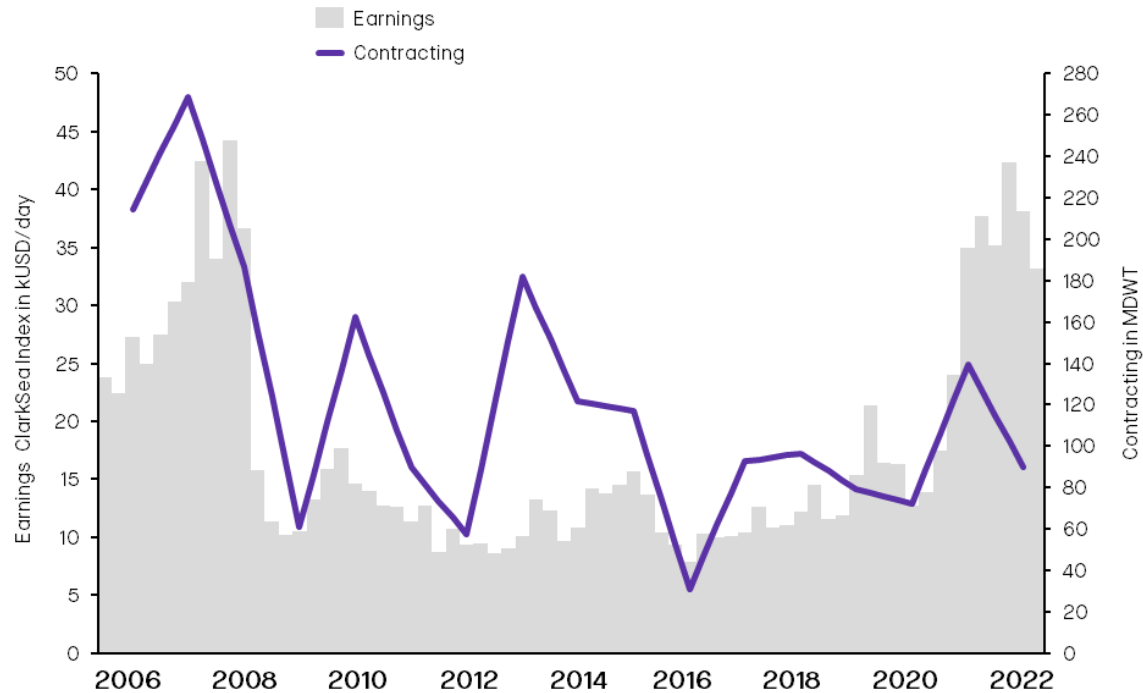
## To observe

- Evolution and implementation of emission regulations globally (IMO) and in key regions
- Long-term trade outlook for different cargo

# Marine Market

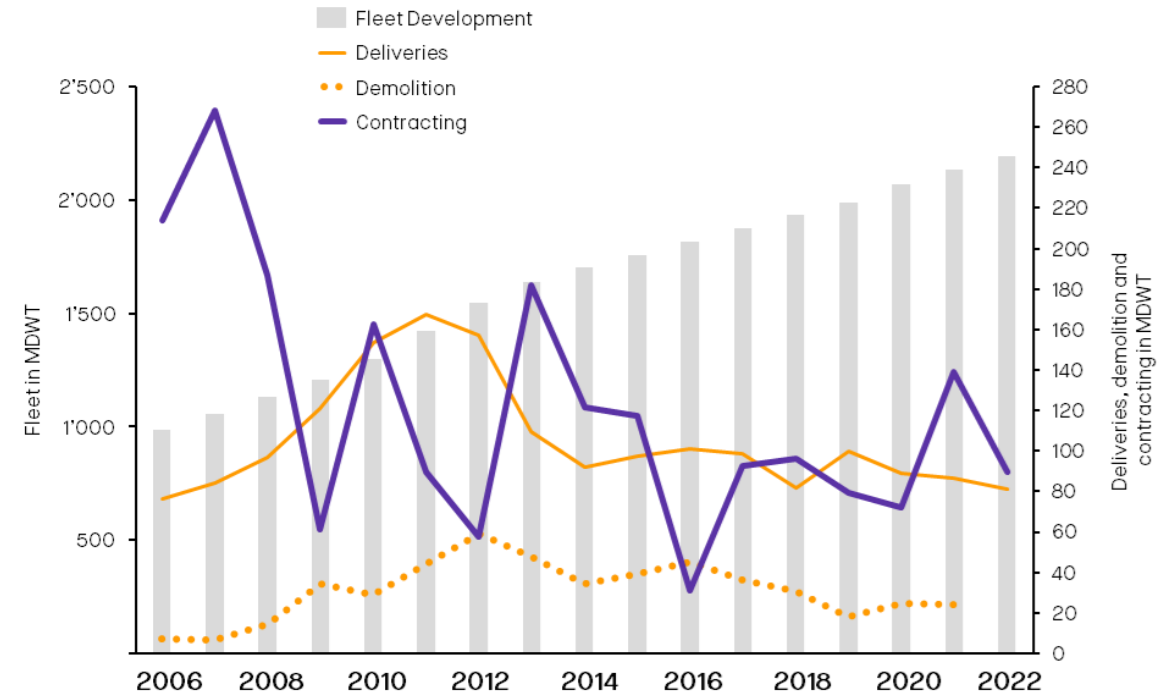
## Do we expect a next new shipbuilding bubble?

### Contracting & Earnings



### Deliveries & Fleet

Source: Clarkson, 2023



### Impact on Accelleron

- Charter Rates in 2022 still on a record high level (left chart)
- Fleet more than doubled since 2006 (right)
- Shipyard capacity halved since Marine super cycle in 2011 (right)

# Decarbonization Journey

Dual Fuel: high importance over the next decades



Dual-fuel becoming a standard\*:

- Demand for alternative fuel-capable ships rising quickly: 2022 a record 60% of all newbuild orders (vs. 35% in 2021) by tonnage were alternative fuel capable.
- Clear trend to natural gas as transitional fuel
- 2022 top alternative fuel orders include:
  - 50% Natural Gas dual-fuel
  - 7% Methanol dual-fuel.
- First ship delivery with ammonia engines expected within the next 5 years.

# Marine Markets

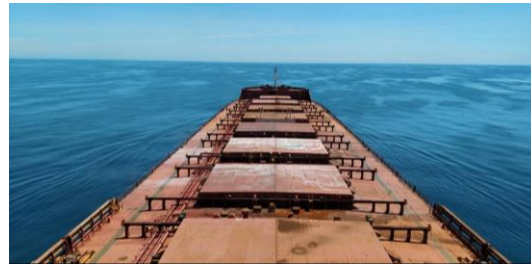
## Sentiment and outlook by sub-sector

### Container



- While ship orders went down in 2022, sufficient and growing backlog bring healthy product business.
- Charter rates normalized.

### Tanker/Bulker



- After low order volumes in 2022, limited deliveries expected.
- Tanker contracting expected to pick up, with effect on Accelleron beyond 2023.

### Cruise & Ferries



- Recovery from Covid lows largely achieved in 2022.
- Ship utilization high.
- New vessel orders still low and slowly improving.

### Specialized



- Strong demand for LNG carriers in 2022 expected to stay and translate in revenues during next years.
- Offshore wind continuously growing but on low levels.

# Energy Markets

## Sentiment and outlook by sub-sector

### Medium Speed Power



- Demand for larger power plants low in 2022.
- Pickup possible after 2023, increasing share of renewables in the grids.
- Utilization remains healthy.

### High Speed Gas Power



- Solid demand in 2022, despite uncertainty in Europe regarding gas supply/price.
- Long-term: demand expected to grow with the installed base of renewables.

### Gas Compression



- Demand for LNG and high gas prices drove demand for new installations and service in 2022.
- Expected to persist in 2023.

### Back-up Diesel



- Demand for datacenters and an uncertain power markets drive demand for back-up power.

# We move further in the sustainability journey!

Sustainability Report to be published by June 30, 2023

## Milestones established

- Environmental sustainability tool in place.
- Scope of reporting expanded to scope 3.
- Global Sustainability Management established within the organization.
- Materiality assessment with reference to GRI standards.





# 03

## Financial Review FY 2022

# Group Performance

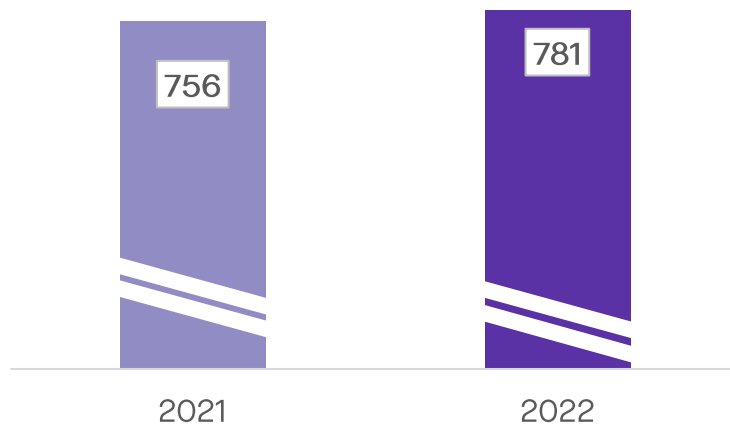
## Revenues and Op. EBITA exceeding guidance

### Revenues and growth

\$ m

% YoY growth

**3.2%**



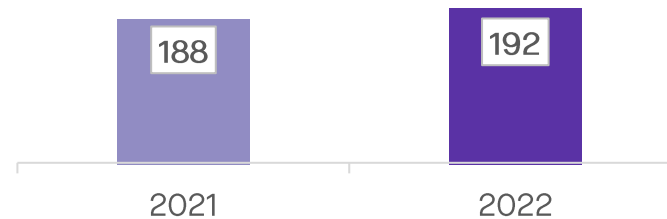
### Op. EBITA & margin

\$ m

Margin

**24.8%**

**24.6%**



## Highlights

### Revenues

- Overall positive market momentum.
- Increased demand marine & energy (specifically gas compression).
- Revenues growth +3.2% (or +11.8% on a constant currency basis).
- Strong growth predominantly volume driven, lessor extent by price increases.

### Op. EBITA

- Attractive margin of 24.6% delivered despite additional expenses resulting from standalone setup.
- Expected impact for FY 2023 between 100-150 bps vs. FY 2022.
- Ongoing cost inflation largely offset by price increases and continued productivity initiatives.

# High Speed Performance

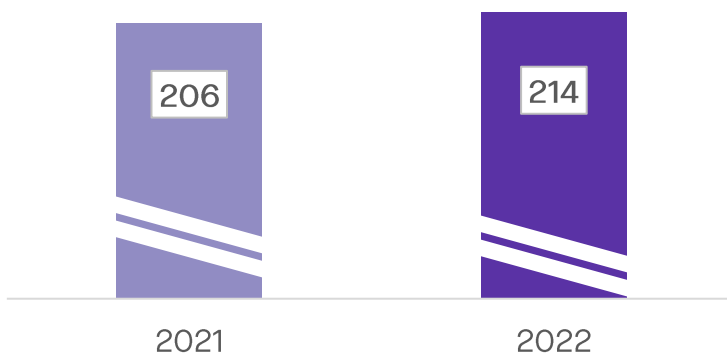
Revenues exceeding pre-pandemic levels

## Revenues and growth

\$ m

% YoY growth

3.9%



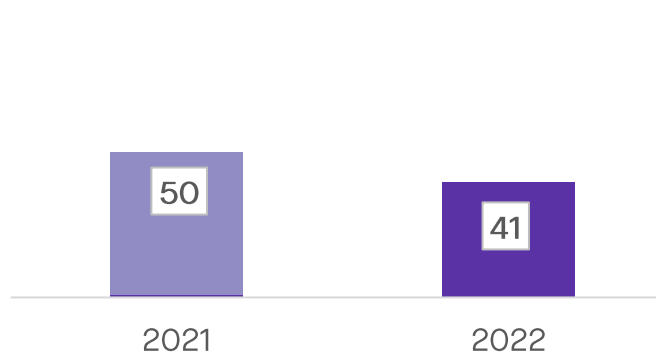
## Op. EBITA & margin

\$ m

Margin

24.1%

19.2%



## Highlights

### Revenues

- Demand further growing namely for gas compression business in US. Power generation largely stable.
- Revenues growth +3.9% (or +7.9% on a constant currency basis).
- Pre-pandemic levels exceeded.

### Op. EBITA

- Although higher demand margin decreased by 490 bps due to adverse product mix and warranty charges.
- Product mix driven by higher product business share.

# Medium & Low Speed Performance

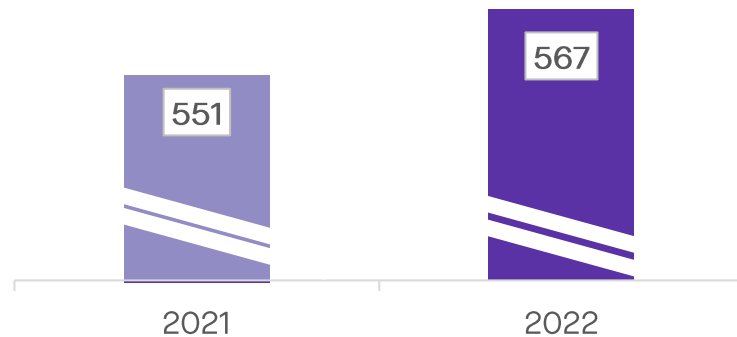
## Strong margin reaching pre-pandemic levels

### Revenues and growth

\$ m

% YoY growth

2.9%



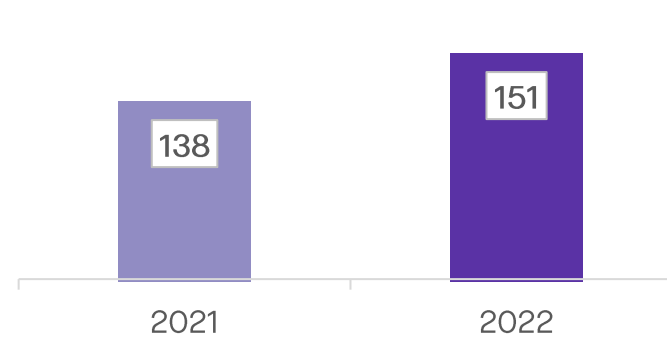
### Op. EBITA & margin

\$ m

Margin

25.1%

26.6%



## Highlights

### Revenues

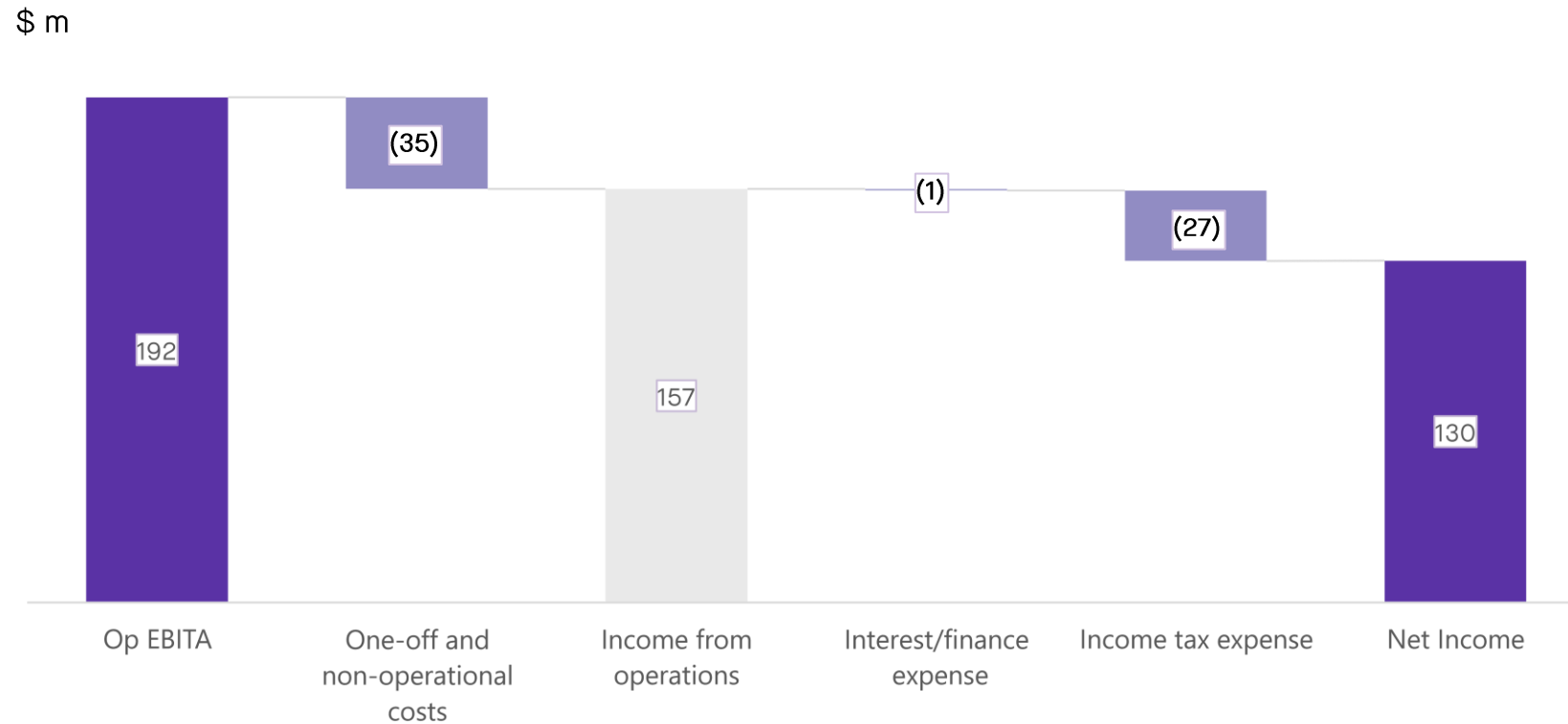
- Demand further strengthening for the merchant marine and cruise service business. Power generation largely stable.
- Revenues growth +2.9% (or +13.3% on a constant currency basis).

### Op. EBITA

- Margin further expanded by 150 bps on the back of a healthy operating leverage
- Pre-pandemic levels reached.

# Op. EBITA to Net Income Bridge

Net Income impacted by one-off/non-operational costs for separation & build-up



## Key observations

### One-off and non-operational costs

- Separation and build up of standalone functions and systems.
- Overall, very good progress made to reach full independence.
- One-off costs lower than anticipated in FY 2022 shifting to FY 2023, expected to be between 70-80 M\$.

### Interest/finance expense

- Interest/finance expense largely offset by pension income.

### Income tax expense

- Effective tax rate 17.1% clearly lower than prior year due one-time effects as resulting from separation and change in profit mix.

# Free Cash flow conversion

## Robust conversion against supply chain headwinds

### Free cash flow and conversion over net income

\$ m	2021	2022
<b>Net income</b>	<b>144</b>	<b>130</b>
Depreciation & amortization (D&A)	24	23
Change in net working capital and other <sup>1</sup>	(5)	(19)
<b>Net cash provided by operating activities</b>	<b>163</b>	<b>133</b>
Capital expenditure	(29)	(34)
Other <sup>1</sup>	1	0
<b>Net cash used in investing activities</b>	<b>(28)</b>	<b>(34)</b>
<b>Total free cash flow</b>	<b>136</b>	<b>99</b>
% conversion over net income	94%	77%

Note: Non-U.S. GAAP financial metric, as defined within the Accelleron [Performance measures \(acceleron-industries.com\)](https://www.acceleron-industries.com) on the Accelleron website. Numbers might not add up due to rounding.

<sup>1</sup> For detailed breakdown, please refer to the “Statements of cash flows”.

### Highlights

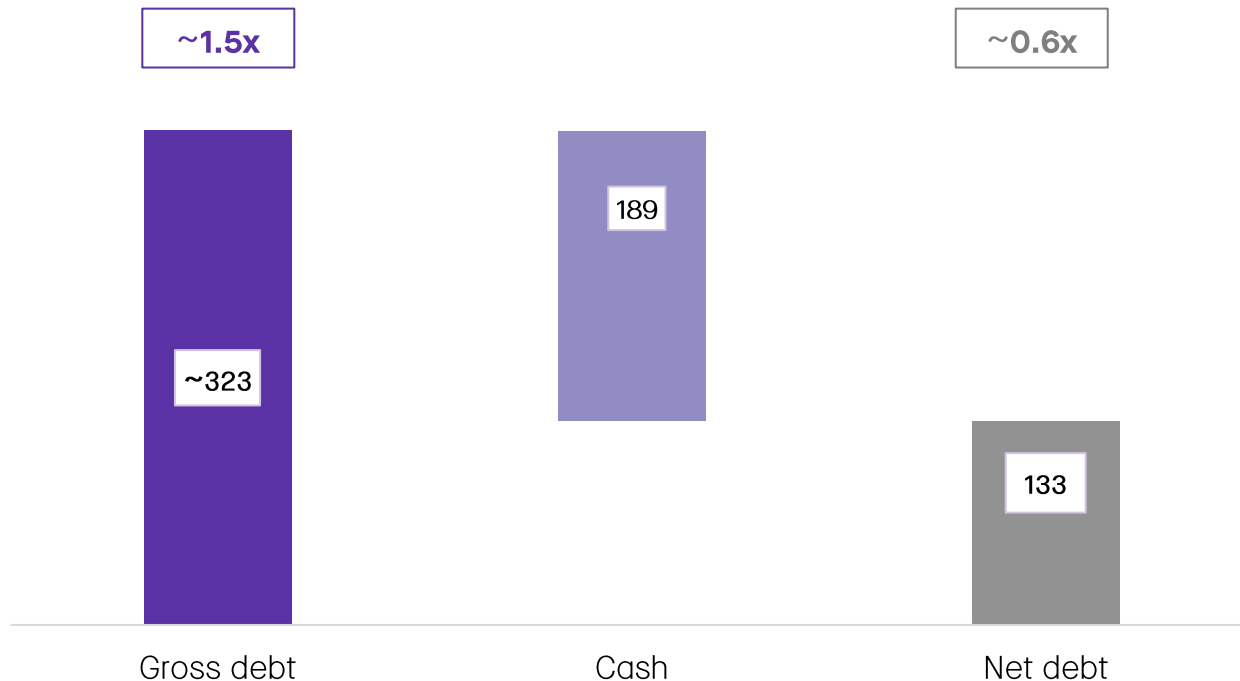
- Strong conversion in H2 >100% lifting FY-conversion to a robust 77%.
- Higher trading volume and challenging supply chain situation resulting in higher receivables and inventories not fully offset by higher accounts payables.
- Accounts payables increase driven by higher trading volume and separation/build up activities.
- Capital expenditure up year on year due to investments made into Swiss factory and office facility.

# Capital structure

Net leverage providing financial flexibility for future growth

Leverage (x LTM operational EBITDA<sup>1</sup> as of 31 Dec. 2022)

\$ m



## Highlights

- Net leverage reduced post spin-off via organic cash generation @ ~0.6x.
- Commitment to solid capital structure.
- Proposal to AGM for FY 2022 dividend of CHF 0.73 per share.
- Dividend Yield of 3.8% as per December 31, 2022.

# 05

## Outlook



# Key Objectives 2023

Leading role in market

## Expand Market leadership



- Continue gaining market share:
  - HS Diesel: back-up power, off highway vehicle
  - M&LS: river and coastal shipping
- Seize the dual fuel opportunity.
- Continuous promotion of full-cover service agreements.
- Accelerate the digital journey (Tekomar XPERT).

## Independent Operation



- Achieve full independence
- Process and culture of a mid-sized group
- Supply Chain Excellence & normalization of net working capital
- Mitigation of cost inflation (pricing, cost optimization)
- Sustainability report to be published June 30, 2023

# Financial Guidance 2023

## Assuming normalized business environment

	2023	Mid-term <sup>1</sup>
Organic revenues growth at constant currency <sup>2</sup>	2-4%	2-4%
Operational EBITA margin <sup>3</sup>	Lower end of mid-term guidance (absolute OpEBITA slightly growing)	23-26%
Free cash flow conversion <sup>3</sup>	In line with mid-term guidance	90-100%
Net leverage <sup>3</sup>	In line with mid-term guidance	0.5-1.5x
Dividend policy	In line with mid-term guidance	<ul style="list-style-type: none"> <li>If net leverage<sup>3</sup> ≥ 1.0x: 50-70% of reported net income<sup>4</sup></li> <li>If net leverage<sup>3</sup> &lt; 1.0x: Up to 100% of reported net income<sup>4</sup></li> </ul>

Source: Company information, Audited Combined Carve-out Financial Statements, Unaudited Condensed Combined Interim Carve-out Financial Statements

- Referring to mid-term period of 4-5 years
- Adjusted for M&A

- Non-U.S. GAAP financial metric, as defined <https://acceleron-industries.com/investors/performance-measures>
- Barring unforeseen events. The ability to pay dividends remains subject to the availability of sufficient distributable reserves, as well as certain other legal and contractual restrictions applicable

# Q & A

# Thank you!

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