Accelleron

Full-Year Results 2023

Strong financial performance, new foundation for future prospects

Investor & Media Presentation
Zurich, March 27, 2024

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Adrian Grossenbacher, Chief Financial Officer

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01

Agenda

Annual Investor Conference 2023

Agenda

Time (CET)		Topic	Presenter
11:30 – 12:10	01	Welcome	
	02	Agenda	Daniel Bischofberger (CEO)
	03	Key Highlights FY 2023	
	04	Financial Review FY 2023	Adrian Grossenbacher (CFO)
	05	Market and Outlook 2024	Daniel Bischofberger (CEO)
12:10 – 12:30		Q&A	
Ca. 12:30 – 13:30		Networking Lunch	

02

Key Highlights 2023

Results 2023

Strong financial performance as a standalone company

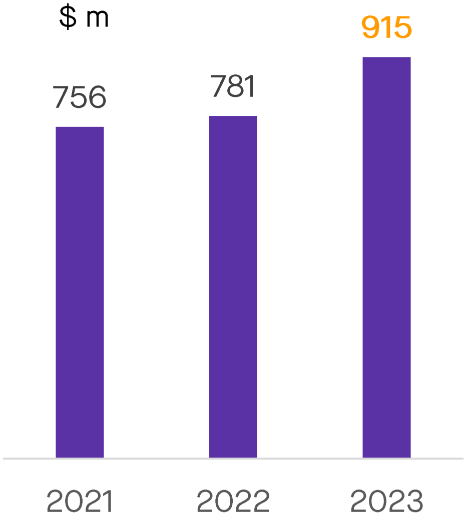
- Strong **revenue growth of +17.2%** (+15.5% organic[1]), thereof 3ppts through the acquisition of OMT
- Attractive **op. EBITA margin of 24.4%,** despite significant standalone cost
- **Cash flow conversion of 99.2%** driven by strong H2
- **Separation from ABB completed** and build up progressed according to time and budget

1. Non-U.S. GAAP financial metric, as defined https://accelleron-industries.com/investors/performance-measures.

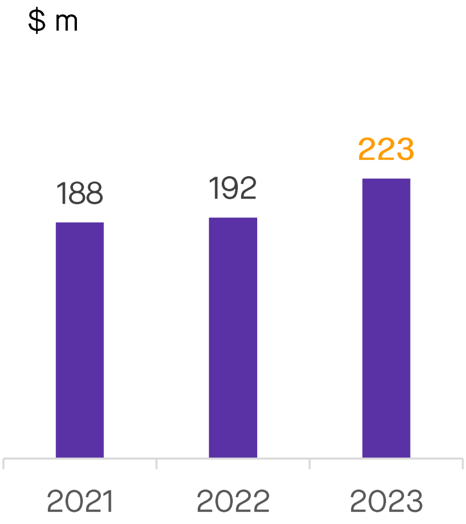
Strong performance 2023

All KPIs significantly improved versus 2022 and above guidance after H1

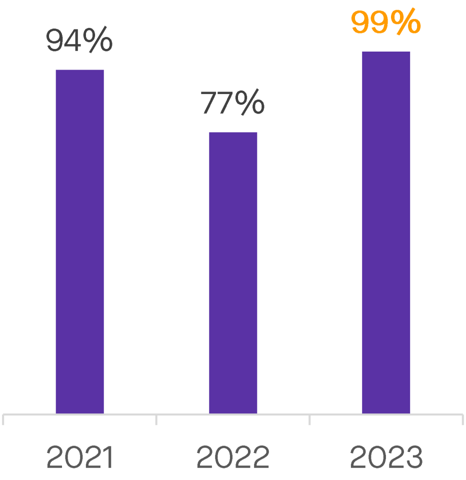
Revenues



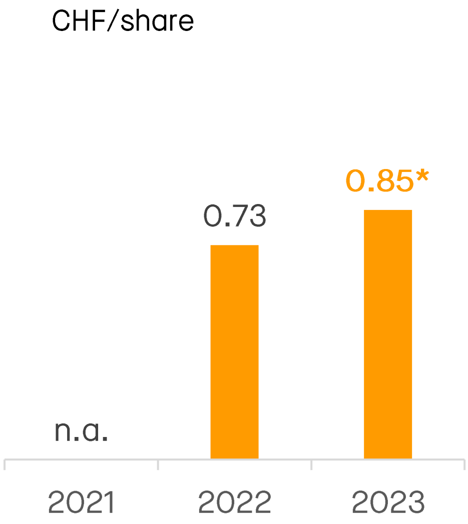
Operational EBITA



Free Cash-flow conversion



Dividend

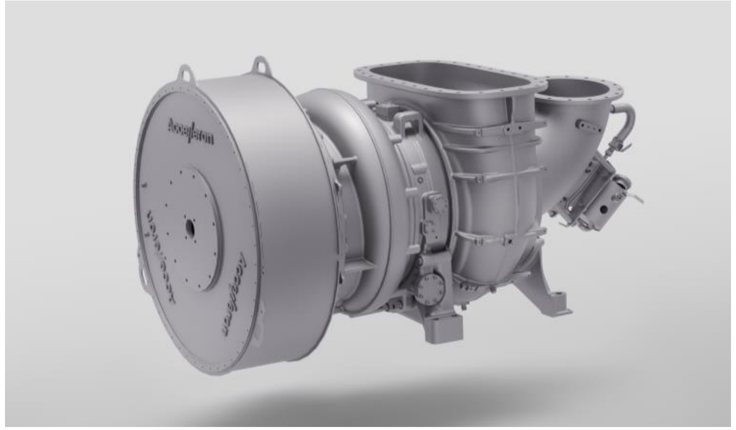


* Proposal subject to AGM approval

Strong free cash flow enables significant dividend increase

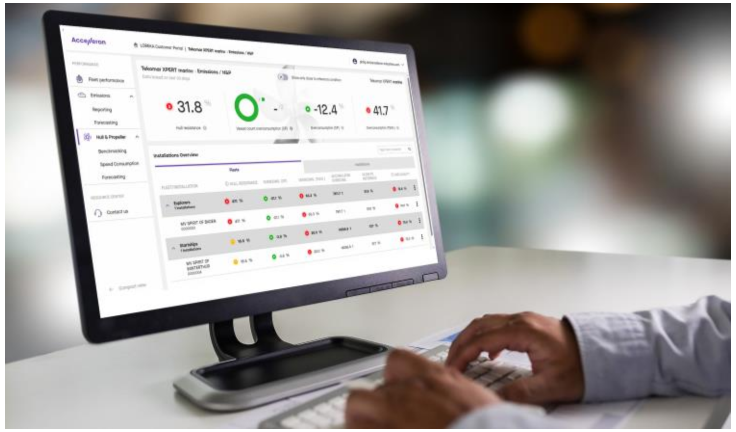
Innovation Highlights 2023

Success with Products, Digital and Service



NextGen introduced

- Next generation ACCX300-L low-speed turbochargers, introduced in June 2023.
- Future-proof, more compact and offering increased power density compared to previous models.
- Designed with flexibility in mind, allowing them to meet current requirements effectively.



Tekomar XPERT Emissions module

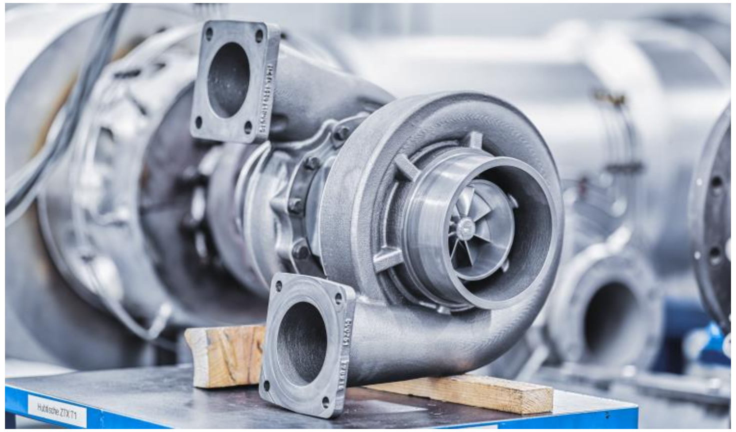
- Upcoming emission requirements will force shipowners to report actual CO_2 emissions
- New Tekomar XPERT Emissions module supports customers to achieve optimized CII ratings

Fits2 Flexible Turbocharger cut-out

- Accelleron successfully implemented and tested first flexible turbocharger cut-out
- Solution helps achieving tangible fuel savings without compromising on engine power output in a wide load range

Market Success Highlights 2023

Well-positioned to benefit from megatrends like data centers & new fuels



High speed liquid turbocharger

- Ramping up business with TPX: over 1’300 units sold in 2023
- Excels with highest power density enabling downsizing of engines, highly relevant for back-up power which is a fast-growing market (data center)

Methanol fueled PCTC

- Accelleron is selected for the world’s first methanol-fueled Pure Car/Truck Carrier with engines from MAN, ordered by a Chinese customer
- Delivery expected in 2025 and 2026

Ammonia Dual Fuel Engines

- Accelleron was chosen for the first two Ammonia Dual Fuel newbuild projects featuring WinGD X-DF-A engines
- Customers are Compagnie Maritime Belge CMB and Exmar

Growth and expansion 2023

Growth perspective with M&A, partnerships and new business models

Growth perspectives with OMT in fuel injection

- On July 20, Accelleron completed the acquisition of OMT, a global leader in two-stroke fuel injection systems.
- Acquisition reinforces commitment to growth and provides innovative solutions to customers, especially as they transition to zero-carbon fuel technologies.

Growth perspectives with digital partnerships

- Early October 2023 Accelleron signed agreements with M.A.C. and Metis Cyberspace enabling data transfer from ship to cloud for all Accelleron's digital products such as Tekomar XPERT or Turbo Insight.

Growth perspectives with service agreements

- 100th Turbo LifecycleCare Service agreement sold to Pleiades Shipping providing full scope maintenance.
- Predictable maintenance costs, from fixed price events to paid-by-the running-hours, tailored to actual usage.

Sustainability Highlights 2023

Walking the Talk

Sustainability standards and ratings

- In 2023, Accelleron committed to Science-Based-Targets initiative (SBTi) as well as the UN Global Compact.
- The company paved the way to improving its MSCI ESG Rating assessment in 2023. As of 2024, Accelleron received an MSCI ESG Rating of A.

Management fully committed

- Sustainability efforts at Accelleron include linking management bonuses to CO_2 targets, covering direct emissions (scope 1, scope 2) and indirect emissions from transport (part of scope 3).

CO_2 reduction initiated at Baden site

- A photovoltaic system was installed in Baden, CH, generating 1 GWh/year and covering 10% of local electricity needs.

Sustainability chapter in Annual Report 2023

- Accelleron included its sustainability report on 2023 in the Annual Report 2023 published on March 27, 2024.

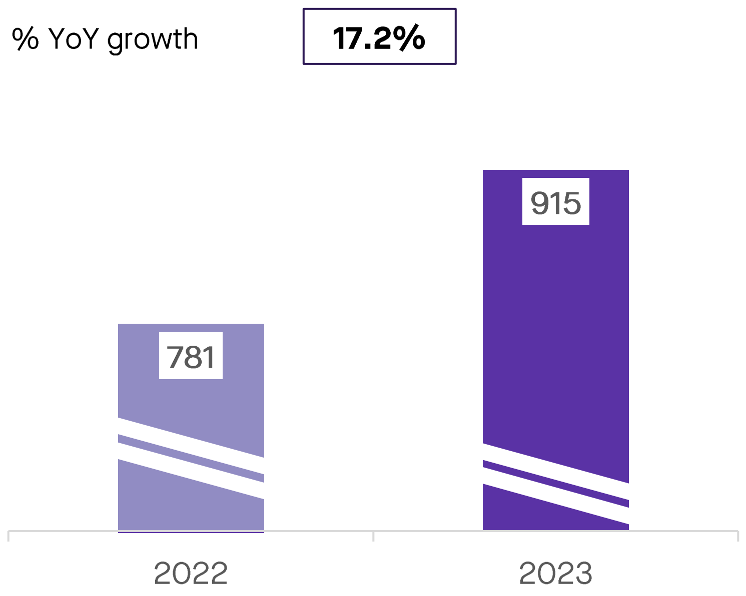
03

Financial Review 2023

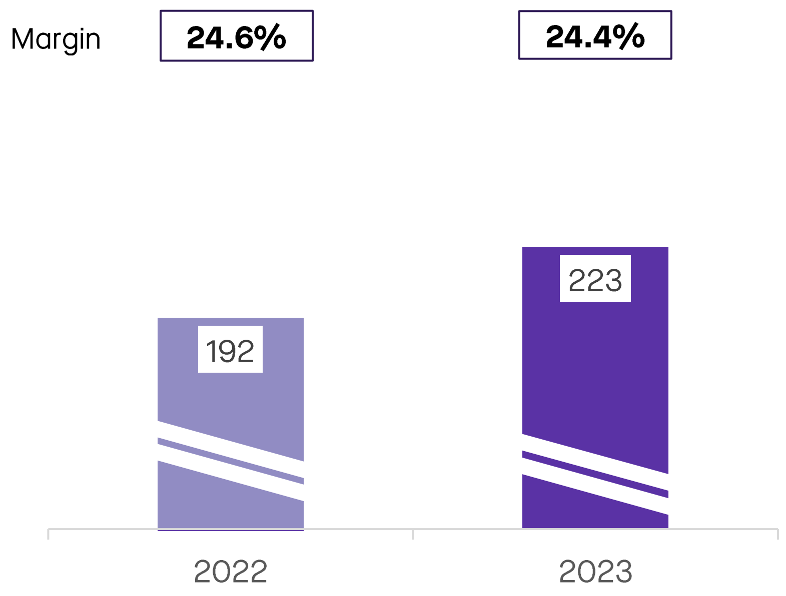
Group Performance

Revenues and Op. EBITA exceeding guidance

Revenues and growth
$ m



Op. EBITA & margin
$ m



Highlights

Revenues

- Positive market momentum continued in entire year.
- Strong demand across most of the relevant industries, especially global merchant marine and gas compression in the United States.
- Price increases also contributed to revenue growth +17.2% (or +15.5% on an organic basis).

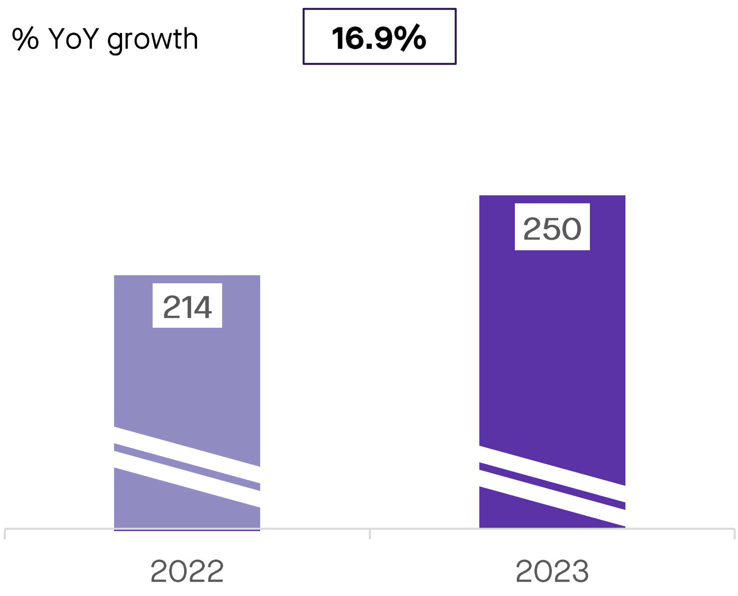
Op. EBITA

- Attractive margin of 24.4% delivered despite significant additional expenses resulting from standalone setup.
- Ongoing cost inflation largely offset by price increases and continued productivity initiatives.

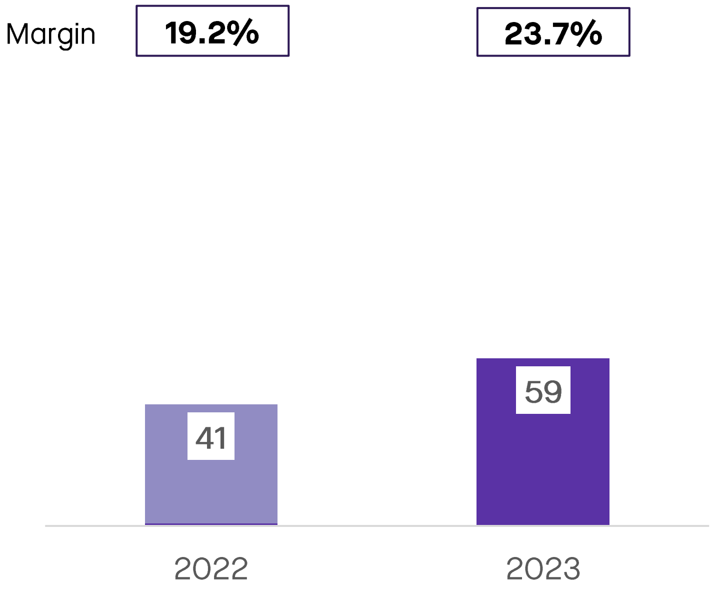
High Speed Performance

Strong growth and substantial margin accretion

Revenues and growth
$ m



Op. EBITA & margin
$ m



Note: Numbers might not add up due to rounding

Highlights

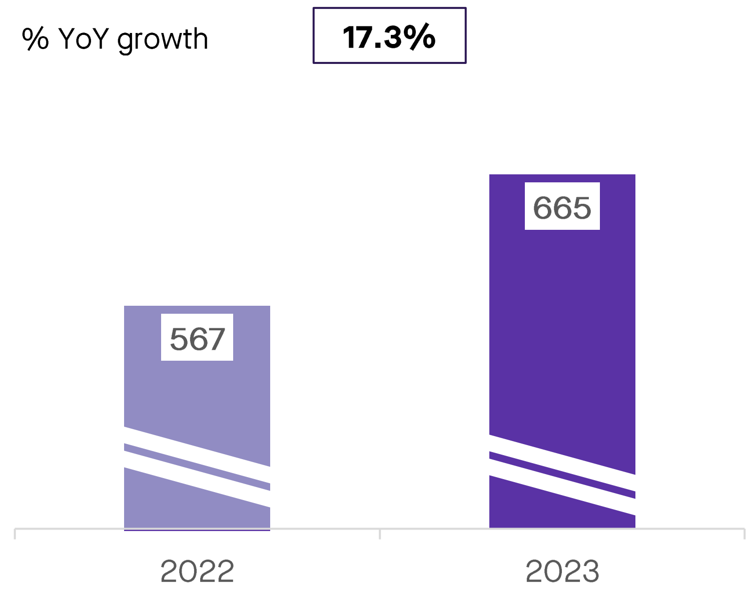
Revenues
- Continued growth namely for gas compression business in the United States. Power generation considerably up.
- Further contribution from pricing measures.
- Revenues growth +16.9% (or +17.8% organically).

Op. EBITA
- Strong Operational EBITA margin accretion by 450 bps.
- Strong operating leverage, pricing measures as well as significantly lower warranty costs over-compensating additional expenses arising from stand-alone setup and inflation.

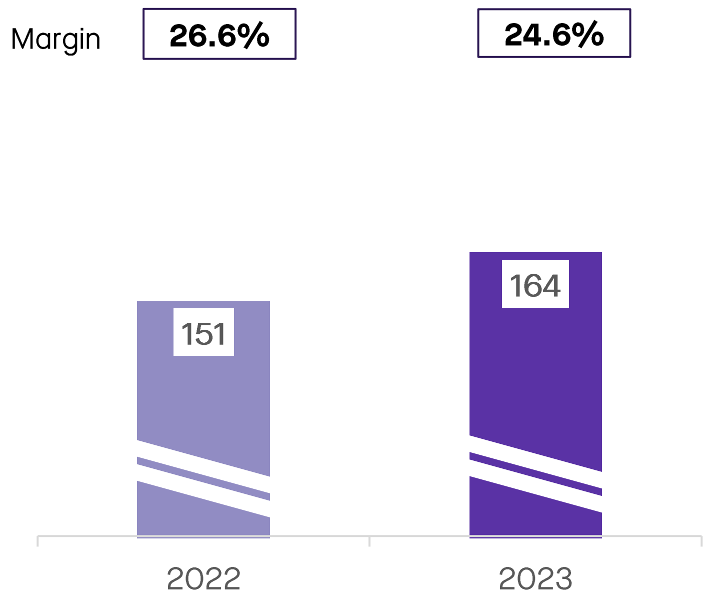
Medium & Low Speed Performance

Strong growth with resilient margin delivered

Revenues and growth
$ m



Op. EBITA & margin
$ m



Highlights

Revenues

- Strong demand in merchant marine across entire lifecycle.
- Cruise business further recovering approaching pre-pandemic level and MS power generation growing considerably thanks to service.
- Revenues growth +17.3% (14.6% organically).
- OMT contribution of 23.5 MUSD.

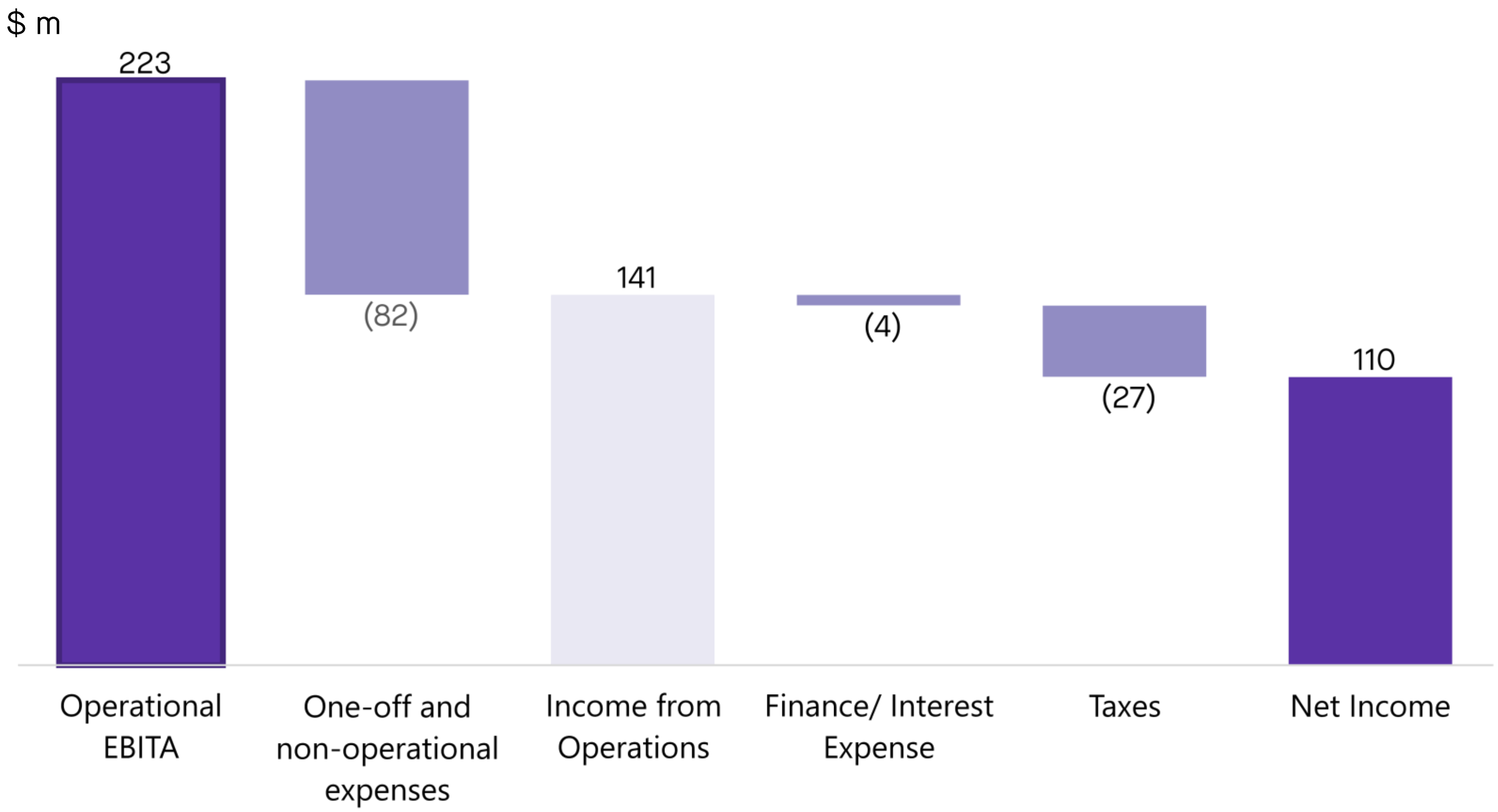
Op. EBITA

- Operational EBITA decreased by 200 bps, reasons include:
  - Additional expenses arising from standalone setup
  - Inefficiencies in H1 resulting from supply chain challenges
- Challenging operational cost inflation largely offset by price increases.

Note: Numbers might not add up due to rounding

Op. EBITA to Net Income Bridge

Build up activities to plan, however lower net profit



Key observations

One-off and non-operational costs

- Full independence reached in July 2023. TSA with former mother timely ramped down
- Build up cost in line with half-year guidance; 75 MUSD (excl. OMT)
- Limited residual build up cost ~20 MUSD expected in 2024 (excl. OMT)

Income tax expense

- Income tax rate increased to 19.8% compared to 17.1% in H1 2022 mainly due to change in jurisdictional profit mix and the one-time effects from the spin-off improving former period

Free Cash Flow Conversion

Healthy cash conversion achieved

Free cash flow and conversion over net income

$ m	2022	2023
Net income	**130**	**110**
Depreciation & amortization (D&A)	23	30
Change in net working capital and other[1]	(19)	5
Net cash provided by operating activities	**133**	**145**
Capital expenditure	(34)	(36)
Other[1]	0	0
Net cash (used in) investing activities	**(34)**	**(129)**
Total free cash flow	**99**	**109**
% conversion over net income	77%	99%

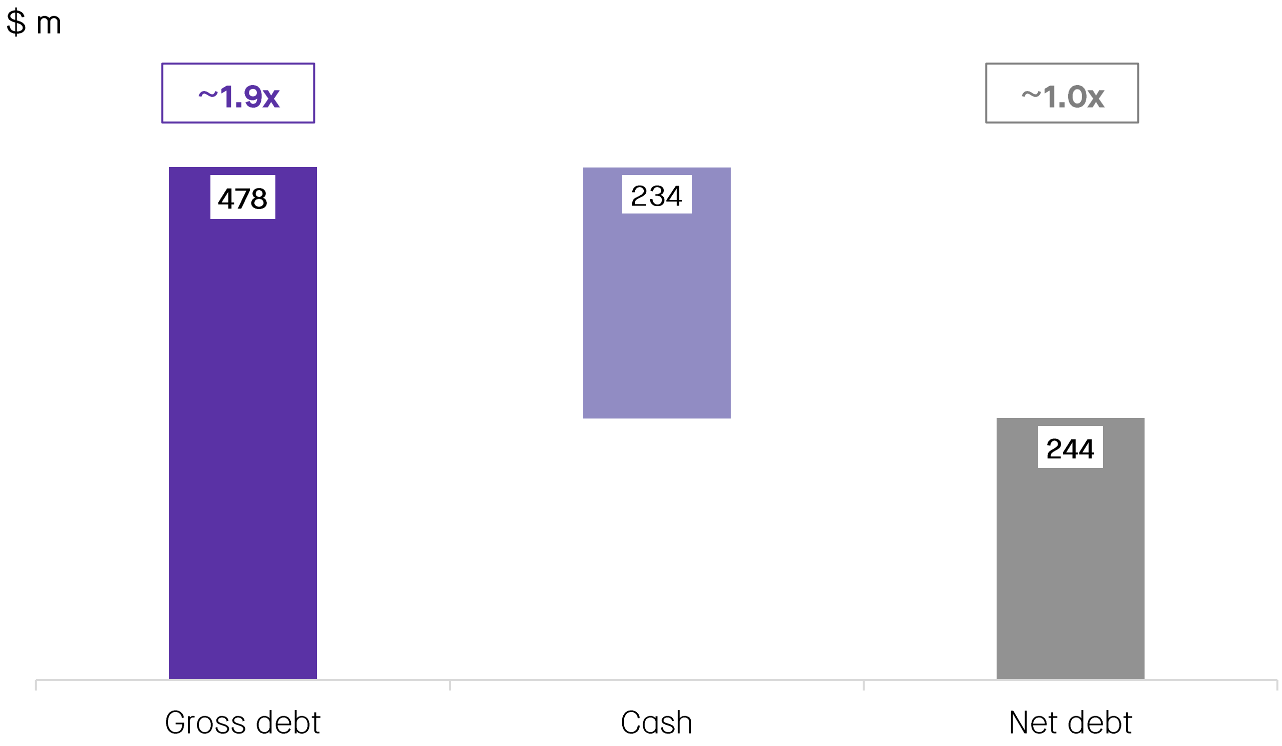
Highlights

- Very strong conversion in H2>150% propelling full year conversion to a healthy 99%.
- Relentless focus on working capital management.
- Most working capital components scaling with volume increase.
- Capital expenditure reflecting continued investments into Swiss, Chinese and OMT factories.

Note: Non-U.S. GAAP financial metric, as defined within the Accelleron Performance measures (accelleron-industries.com) on the Accelleron website. Numbers might not add up due to rounding.
1. For detailed breakdown, please refer to the "Statements of cash flows".

Capital structure
Solid leverage post OMT acquisition

Leverage (x LTM operational EBITDA[1] as of 31 Dec. 2023)



Note: Numbers might not add up due to rounding
1 Corresponding to $251. Non-U.S. GAAP financial metric

Highlights

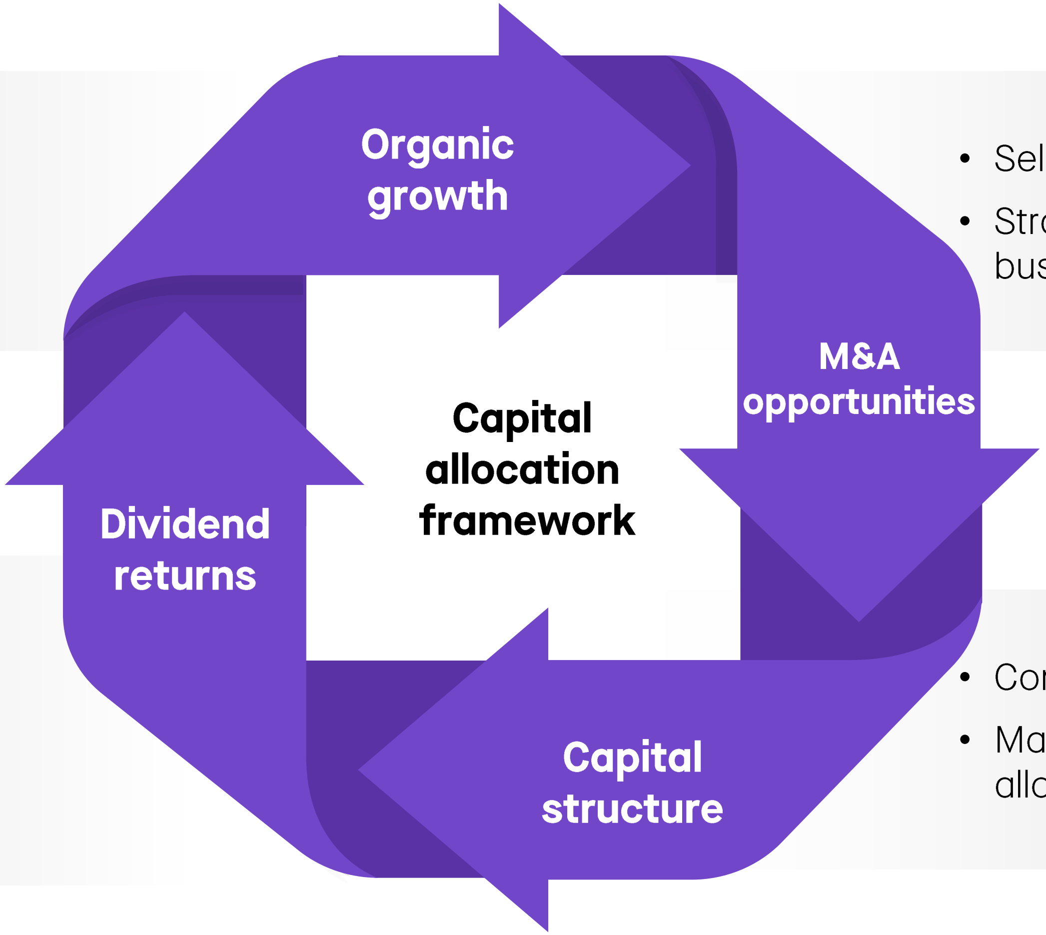
- Net leverage year on year up namely due to OMT acquisition @ ~1.0x.
- Commitment to solid capital structure.
- Proposal to AGM for FY 2023 dividend of CHF 0.85 per share.
- Dividend payout ratio of 93% of reported net income after minority interests.

Capital allocation framework

Coherent framework to deliver attractive total shareholder return

- Clear R&D focus on efficiency improvements and decarbonization
- Maintain capital expenditures largely in line with depreciation level

- Committed to attractive dividend policy paying stable to growing dividend over time[1]
- Excess cash to be returned through share buyback (unless M&A opportunities materialize)



- Selective and disciplined approach
- Strategic fit, complementarity to current business and value creation

- Conservative net leverage corridor
- Maintain a solid financial structure allowing for financial flexibility

1. 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

04

Market and Outlook 2024

Hard-to-abate Industries need green H2 to decarbonize

Massive investments in renewable energies and electrolysis needed

Hard-to-abate industries

Iron & Steel, Industry, Chemical, High Temperature Heat, Fertiliser **250 MT/y**

Transport **220 MT/y**
(marine <100 MT/year)

Power Generation **130 MT/y**

2050 requirement:
600 MT/y[2]

Investment needs

- Additional dedicated Renewable production of around 25'000 TWh p.a. (2022: global electricity generation 29'000 TWh p.a.)
- Further, 7'500 GW of electrolysis capacity needed (2023: <2GW worldwide installed)
- Investment needs estimated at $9'000 bn[1] until 2050

[1]Green Hydrogen: Energizing the path to net zero (Deloitte, 2023)
[2]MT/y = million tons per year

Marine Markets

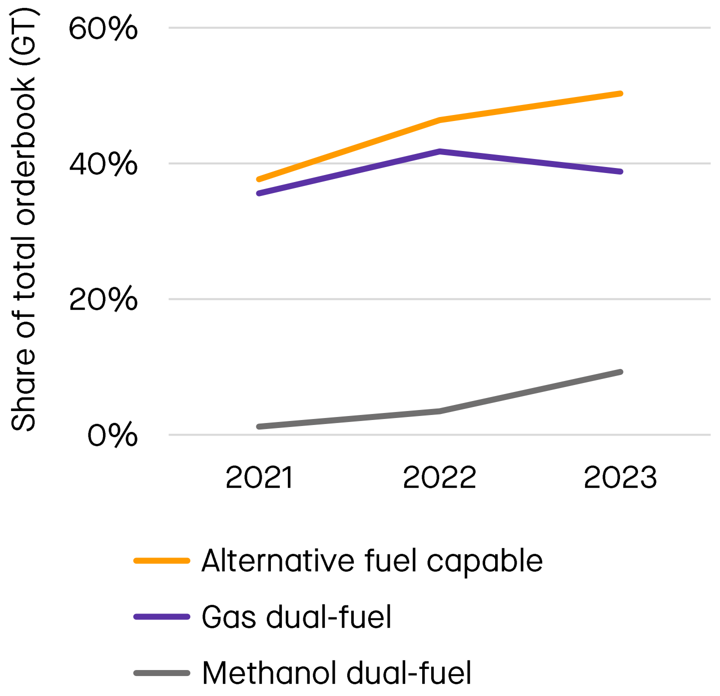
Decarbonization journey

Drivers for decarbonization of the maritime fleet include

- IMO's revised targets, aiming at net-zero carbon emission in 2050, and defining a Carbon Intensity Index (CII)
- EU Emissions Trading System (ETS) implemented 2024

Many shipowners anticipate stricter regulations, by ordering alternative fuel capable dual-fuel vessels already today

Orderbook trend of alternative fuel capable vessels[1]



Opportunity for Accelleron

Uptake of dual fuel engines expected to bring positive impact to Accelleron via:

- Higher amount and more advanced fuel injectors required
- Increased efficiency and fuel flexibility requirements for turbocharger solutions

1. Source: Clarksons
Status extracted of February the subsequent year

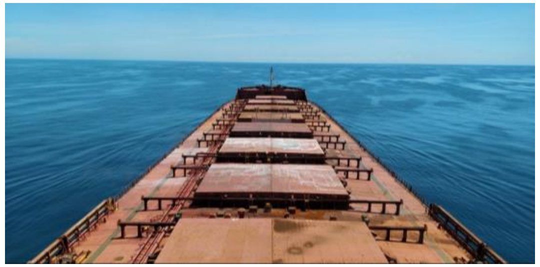
Marine Markets
Sentiment and outlook by sub-sector

Container

(+) –

- Ship orderbook high but decreasing from record levels.
- Normalization on high level in service, after exceptional 2023.

Tanker/Bulker



+ –

- Tanker earnings after strong 2023 expected to remain high.
- Tanker contracting picking up from relatively low levels. Bulkers still subdued
- Tanker and bulker on healthy service levels.

Cruise & Ferries

+ –

- Cruise and ferry passenger activity at pre-Covid levels.
- Ship utilization high, however still less ships in service due to Covid scrapping.
- New vessel orders still low.

Specialized

+

- Strong LNG carrier deliveries cycle expected in coming years.
- LPG carrier and car carrier. contracting reached new annual records in 2023.
- Offshore wind markets cautiously optimistic.

Energy Markets

Sentiment and outlook by sub-sector

Gas Compression

(+) –

- 2023 saw high investments & growing pipeline capacity.
- Rig count in North America stabilized on slightly lower level, structural demand for gas unchanged.
- Normalization of customer inventory levels expected.

Medium Speed Power

+ –

- Demand for larger power plants low in 2023.
- Demand pickup for thermal balancing applications not observed yet.
- Utilization and service remain healthy.

High Speed Gas Power

+ –

- Solid demand in 2023
- Long-term demand expected to grow with the energy transition
- Uncertainty in Europe driven by high gas prices and unclear regulation.

Backup Power

+

- Growing data center back-up market driven by cloud computing and AI.
- Opportunity to grow market shares with new dedicated TC products.

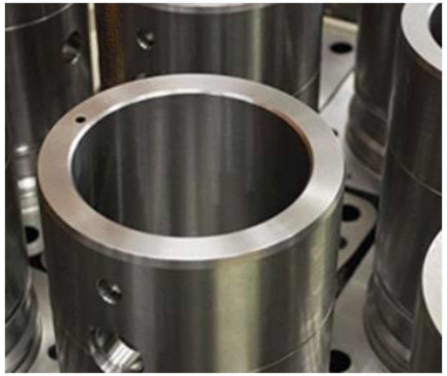
Key Priorities 2024

Drive market share gains in turbochargers and seize opportunities in fuel injection

- Continue gaining market share in Turbocharging.
  - M&LS: Seize opportunities in dual fuel applications and upgrades
  - HS Liquid: Increase penetration in back-up power
  - Continuous promotion of full-cover service agreements
- Accelerate the digital journey and expand Tekomar XPERT in scope and reach.
- Increase OMT factory capacity to take advantage of strong growth in fuel injection market.
- Finalize last-build up activities (with max USD 20 Mio. non-op costs).

OMT acquisition

Integration and way forward



Market Development

- Fuel injection market fast-developing, driven by continuous growth expectations in dual-fuel applications
- OMT production continuously operating close to full capacity

Strategy

- Defend and expand market leader position in low-speed applications
- Penetrate MS with new fuel applications
- Optimize production setup to increase capacity
- Investment in new R&D Test Center at factory site in Torino which in addition will free up floor space at the factory

Financial Guidance 2024

Assuming normalized business environment

	2024	Mid-term[1]
Revenues growth	4-6% (total revenues)	2-4% (organic[2] revenues)
Operational EBITA margin[2]	Around 24.5%	23-26%
Free cash flow conversion[2]	In line with mid-term guidance	90-100%
Net leverage[2]	In line with mid-term guidance	0.5-1.5x
Dividend policy	In line with mid-term guidance	Stable to growing dividend[3]

1. Referring to mid-term period of 4-5 years.
2. Non-U.S. GAAP financial metric, as defined https://accelleron-industries.com/investors/performance-measures.
3. 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.

Acce//eron

100

years of turbocharging the world

1924 —— **2024**

Transforming the future with a heritage of innovation

Thank you!

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