

Half-Year Results 2024

Investor & Media Presentation

Baden, August 27, 2024

Daniel Bischofberger, Chief Executive Officer
Adrian Grossenbacher, Chief Financial Officer

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Agenda

Half-Year Results Conference 2024 - Agenda

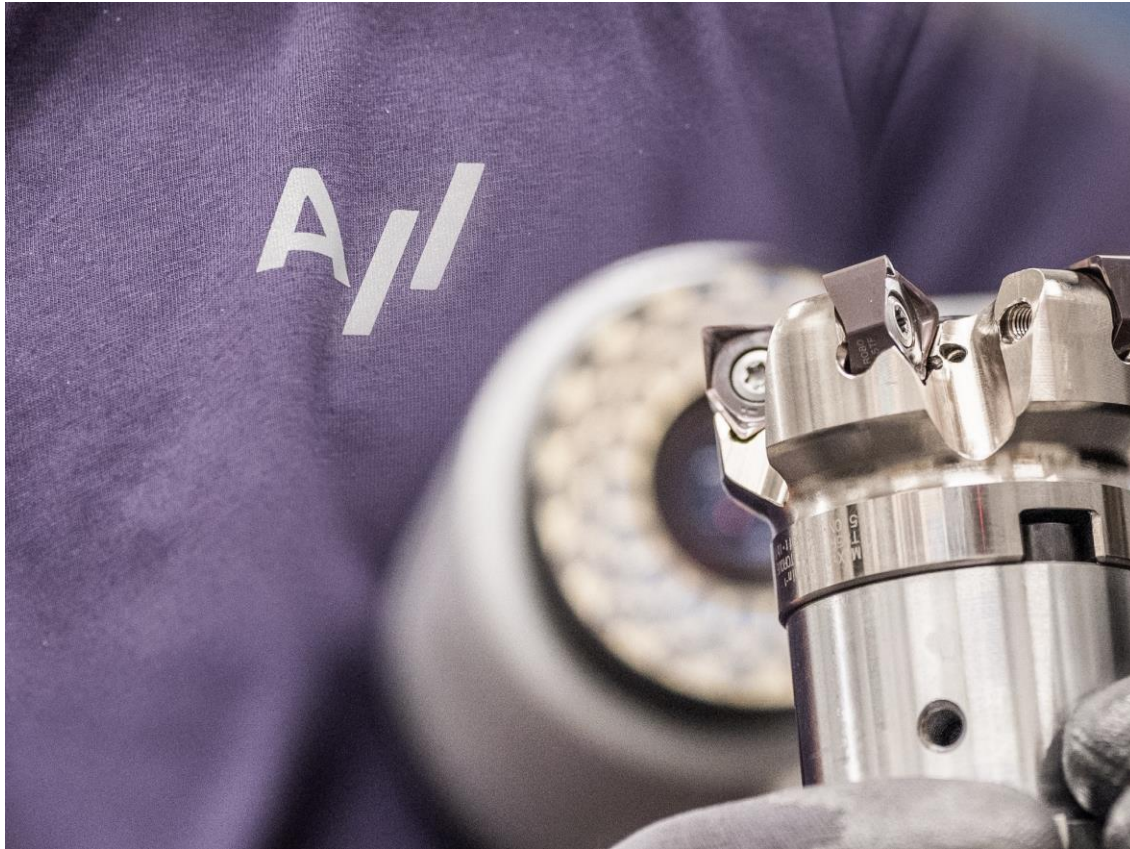
Time (CET)	Topic	Presenter
09:30 – 10:30	1. Agenda	
	2. Key Highlights and market developments H1 2024	Daniel Bischofberger (CEO)
	3. Financial Review H1 2024 and Outlook	Adrian Grossenbacher (CFO)
	4. Q&A	

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Key Highlights & Market Developments of First Half-Year 2024

Results H1 2024

Strong financial performance for first half of 2024



- Strong **revenue growth of +14.5%** (+6.5% organic, 12.7% nominal)
- Attractive **op. EBITA margin of 25.4%**, resulting from operating leverage and cost management
- **Cash flow conversion of 34%** (17% in H1 2023)
- **Net income** increase to **USD 88.6 million** (+89% YoY)

Results H1 2024

Exceeding expectations

Positive market dynamics lead to financial performance above expectations:

- Continued strong merchant marine new and service business
- Large service orders in Navy and Power
- Growing demand from new data centers
- Successful capacity expansion in fuel injection

... more than offsetting negative market drivers such as:

- Temporary reduction in the US gas compression business due to customers destocking
- A slight decline in the marine low-speed service business from a record high in 2023



Outlook

Marine markets and energy markets (*status March 27*)

Marine market



Container

(+) -

Tanker/bulker

+ -

Cruise & ferries

+ -

Specialized

+

Energy market



Gas compression

(+) -

Medium Speed Power

+ -

High Speed Gas Power

+ -

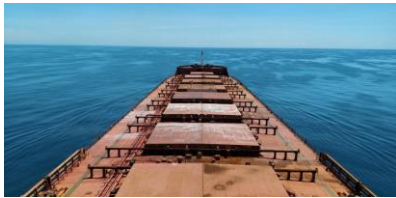
Backup Power

+

Outlook

Marine markets and energy markets *(update August 27)*

Marine market



Container

+ (-)

Tanker/bulker

+

Cruise & ferries

+ -

Specialized

+

Energy market



Gas compression

(+) -

Medium Speed Power

+ -

High Speed Gas Power

+ -

Backup Power

+

Energy - electric power applications

Overview of relevant categories

Back-up power **Mostly HS**



Server room of a data center

Mission critical applications; Data center, telecom, hospital, industrial, nuclear power plants

Applications

Fuel

Diesel, HVO

Market characteristics

Few running hours p.a., very limited service

Market trends

Growing with data center boom

Accelleron share

<5%

Prime Power & Balancing (incl. CHP, Biogas,...) **HS & MS**



MS engine power plant

Base load (developing countries, islands), **balancing** (utilities, IPPs), **industrial applications** (remote areas, textile, mining), **combined heat and power (CHP)** (industrial, district heating), **biogas** for local energy supply



District heating plant with ICE



Biogas plant

Mostly gas (MS for larger power plants; HS for smaller plus CHP & biogas)

Continuous and flexible operation, different engine sizes, higher service intensity

Trend from base load to more balancing; CHP contributing to decarbonization by addressing seasonality of energy and heat supply; biogas market regional and often driven by subsidies

>>50%

Fuel injection

Acquisition of OMC2 and market update

Market Development

- Fuel injection market still fast-developing, dual-fuel applications increase scope of equipment per engine
- Production capacity main constraint

Strategy

- Defend and expand market leader position in Low-speed applications
- Penetrate Medium-speed with new fuel applications
- Optimize production setup to increase capacity (organically and inorganically)



Acquisition of OMC2

- Founded in 1962 and based in Cazzago San Martino (Brescia), Italy
- Revenues in a low double-digit million-USD range in 2023 and 70 employees
- OMC2 supplies high-precision fuel injection components for **four-stroke medium-speed engines**
- OMC2 will provide OMT with additional production capacity and a strong base to support OMT's long-term growth ambitions in the four-stroke medium-speed business

Digital solutions

Acquisition of TNM (True North Marine)

Market Development

- Vessel Performance Optimization is becoming an important driver of decarbonization

Strategy

- Accelerate the journey in marine digitalization and expand Tekomar XPERT in scope and reach



Acquisition of TNM

- TNM's solutions complement Accelleron's Tekomar XPERT marine and Turbo Insights for a combined offering that addresses key aspects of vessel performance
- New advisory services will help ship owners and operators to meet both decarbonization and commercial goals

Acquisition of TNM (True North Marine)

Digital weather routing and voyage optimization

- TNM provides weather routing guidance and voyage optimization, including advisory services from pre-voyage estimates to post-voyage claims
- Headquartered in Montreal (CA) and established in 2013
- 50 employees including former captains, seafarers, naval engineers and fleet managers regional offices in India, China, and Greece
- Current management stays on board and is dedicated to support further growth ambitions
- 2023 revenues in the lower single-digit million Canadian dollars and global customer base of around 800 ships
- Transaction is expected to close in the coming days, subject to customary closing conditions



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Financial Review HY 2024 and Outlook

Group Performance

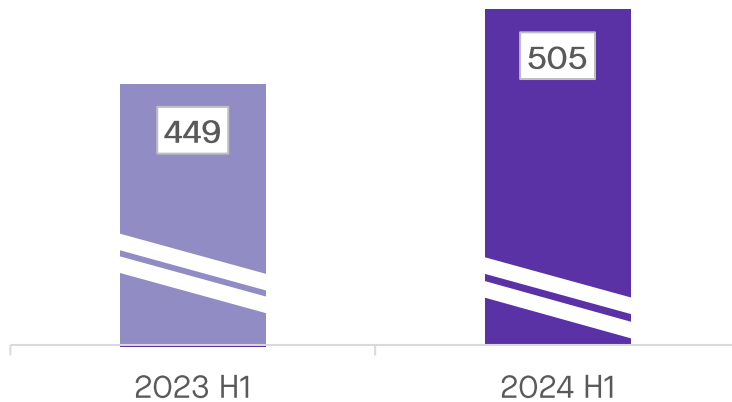
Strong growth and substantial margin accretion

Revenues and growth

\$ m

% YoY growth

12.7%



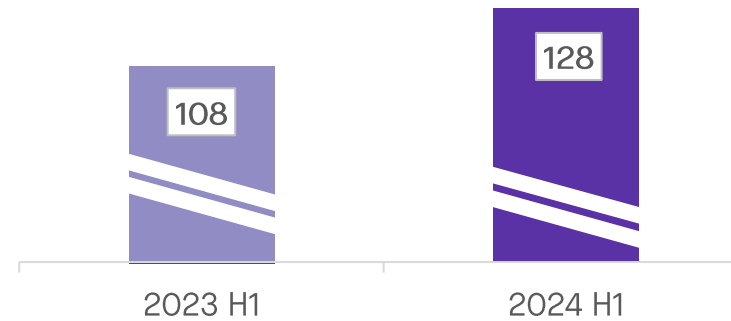
Op. EBITA & margin

\$ m

Margin

24.1%

25.4%



Highlights

Revenues

- Good market development in H1.
- Growth driven by continued robust merchant marine new business - and strong medium-speed service business demand.
- Revenue growth +12.7% (14.5% in constant currency or +6.5% organically).
- Successful capacity expansion of OMT fuel injection factory in Torino (revenues of 36 MUSD).

Op. EBITA

- Attractive margin delivered on the back of a healthy operating leverage and effective cost management.
- Ongoing moderate cost inflation offset namely by continued productivity initiatives.

High Speed Performance

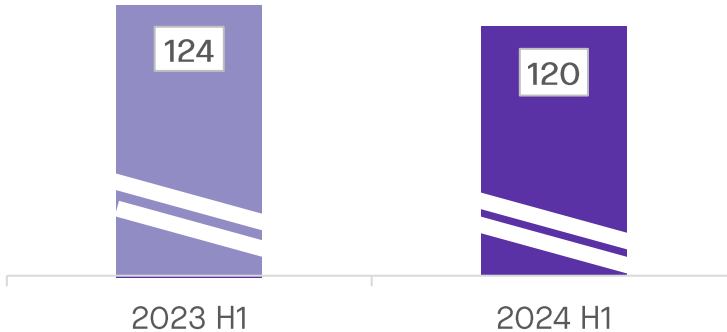
Strong operational EBITA margin

Revenues and growth

\$ m

% YoY growth

(3.3%)



Op. EBITA & margin

\$ m

Margin

25.8%

26.0%



Highlights

Revenues

- Temporary reduction in the US gas compression business due to customers destocking. Power generation largely stable.
- Growth in back-up power especially for data center applications.
- Revenues growth -3.3% (or -2.5% organically).

Op. EBITA

- Operational EBITA margin up by 20 bps.
- Effective cost management compensates for slightly reduced volume and lower indexed based pricing.

Medium & Low Speed Performance

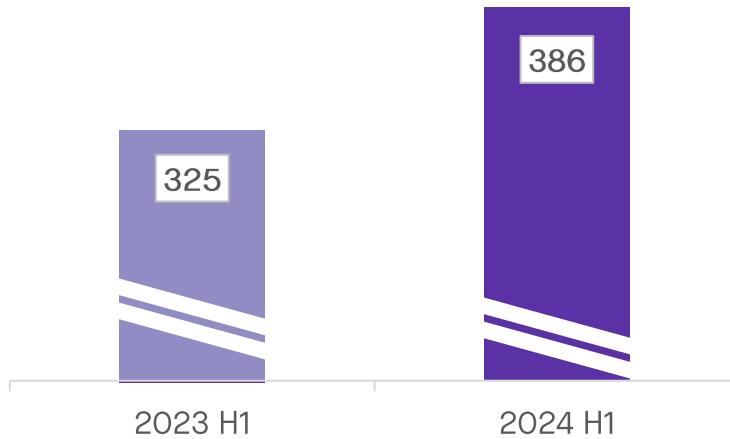
Healthy operating leverage driving margin accretion

Revenues and growth

\$ m

% YoY growth

18.8%



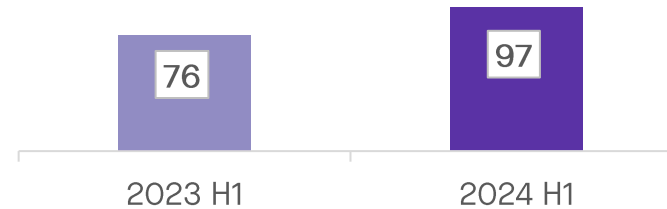
Op. EBITA & margin

\$ m

Margin

23.4%

25.2%



Highlights

Revenues

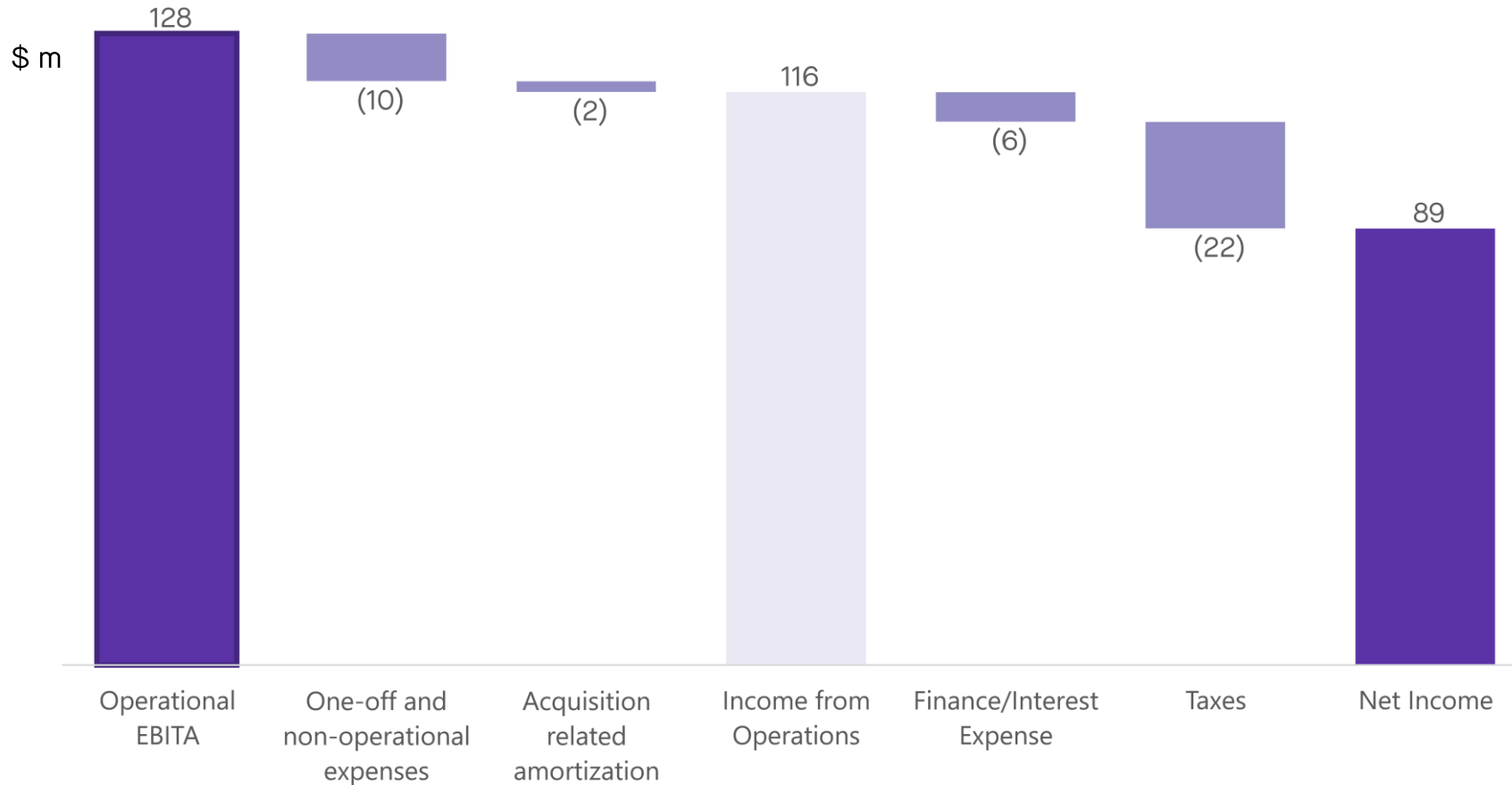
- Continued robust merchant marine new business demand. Strong service business demand in merchant marine medium speed over-compensating for slight reduction in low-speed.
- Cruise business and MS power generation stable.
- Revenues growth +18.8% (9.9% organically).
- OMT contribution of 36 MUSD.

Op. EBITA

- Operational EBITA increased by 180 bps, due to healthy operating leverage and effective cost management.
- Supply chain/throughput normalized.

Op. EBITA to Net Income Bridge

Improvement of net income due to reduction of non-operational build-up costs



Key observations

One-off and non-operational costs

- Significantly lower one-off and non-operational costs compared to heavy build up phase in 2023.
- Residual build up activities well on track.
- Guidance for one-off cost remains at ~20 MUSD (excl. amortization & M&A one-offs).

Amortization

- 2.2 MUSD amortization linked to OMT acquisition/intangibles.

Income tax expense

- Income tax rate decreased to 19.6% compared to 20.7% in H1 2023 mainly due to change in jurisdictional profit mix.

Free Cash Flow Conversion

Low cash flow conversion in H1

Free cash flow and conversion over net income

\$ m	2023 H1	2024 H1
Net income	47	89
Depreciation & amortization (D&A)	13	16
Change in net working capital and other ¹	(39)	(62)
Net cash provided by operating activities	21	43
Capital expenditure	(13)	(12)
Other ¹	0	0
Net cash (used in) investing activities	(13)	(12)
Total free cash flow	8	31
% conversion over net income	17%	34%

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.

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

Highlights

- Free cash flow conversion in H1 returns to higher levels than PY but still low.
- Net working capital increase primarily linked to:
 - Volume driven receivables increase
 - Normalization of throughput/ lower purchasing volumes resulting in payables decrease
- Inventories slightly up vs. FY23 driven by shift of transportation mode from air to sea for a portion of our new business resulting in lower cost & emissions. Normalization of throughput largely offsetting above.
- Capital expenditure reflecting continued investments into Swiss, Chinese and OMT factories.

Financial Guidance 2024

Assuming normalized business environment

	2024	Mid-term ¹
Revenues growth	4-7% (organic ²) 9-12% incl. acquisitions	2-4% (organic ²)
Operational EBITA margin ²	~25%	23-26%
Free cash flow conversion ²	90-100%	90-100%
Net leverage ²	0.5-1.5x	0.5-1.5x
Dividend policy	In line with FY 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://acceleron-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.

Thank you!

Media

Niina Eschmann

VP Communications & Marketing

media@accelleron-industries.com

Turbo Systems Switzerland Ltd

Bruggerstrasse 71A

CH-5400 Baden

accelleron-industries.com

Investors

Michael Daiber

VP Strategy and Investor Relations

investors@accelleron-industries.com

Turbo Systems Switzerland Ltd

Bruggerstrasse 71A

CH-5400 Baden

accelleron-industries.com

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