

R&S Group

ZKB Swiss Equity Conference

7 November 2024
Zurich, Switzerland



R&S

We guarantee energy

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Markus Laesser
Group CEO



Matthias P. Weibel
Group CFO

1 Introduction and strategic highlights

2 Combined financials with business plan & guidance

3 Strategy including integration Kyte Powertech

4 Outlook & take aways

5 Q&A



Introduction and strategic highlights

Markus Laesser | Group CEO



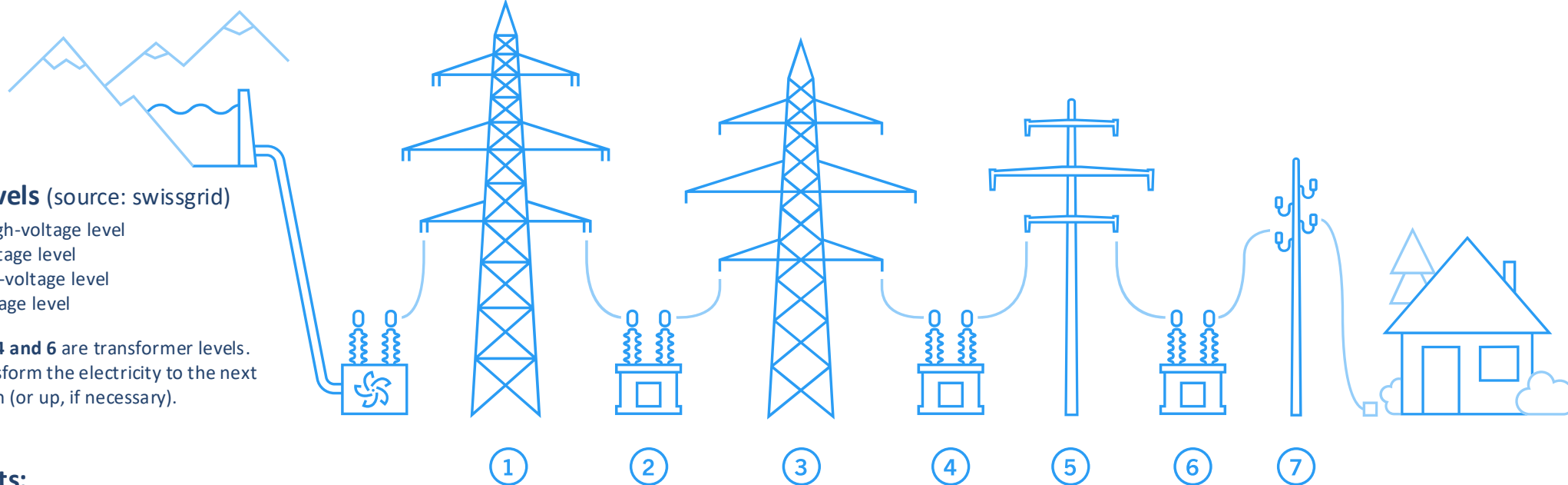
The transformer market is at an inflection point for growth

The expansion of the electricity grid substitution is critical in the substitution by electrical energy. Transformers are essential in electricity transmission & distribution. In developed countries, the **required transformer capacity is ~3x higher than power generation capacity.**

Grid levels (source: swissgrid)

- 1 extra-high-voltage level
- 3 high-voltage level
- 5 medium-voltage level
- 7 low-voltage level

Stages 2, 4 and 6 are transformer levels. They transform the electricity to the next level down (or up, if necessary).



Products:

Power Transformers (PT)

up to 120 MVA

Distribution Transformers (DT)

up to 20 MVA

Distribution Transformers Oil-immersed (ODT) and Cast Resin (CRT)

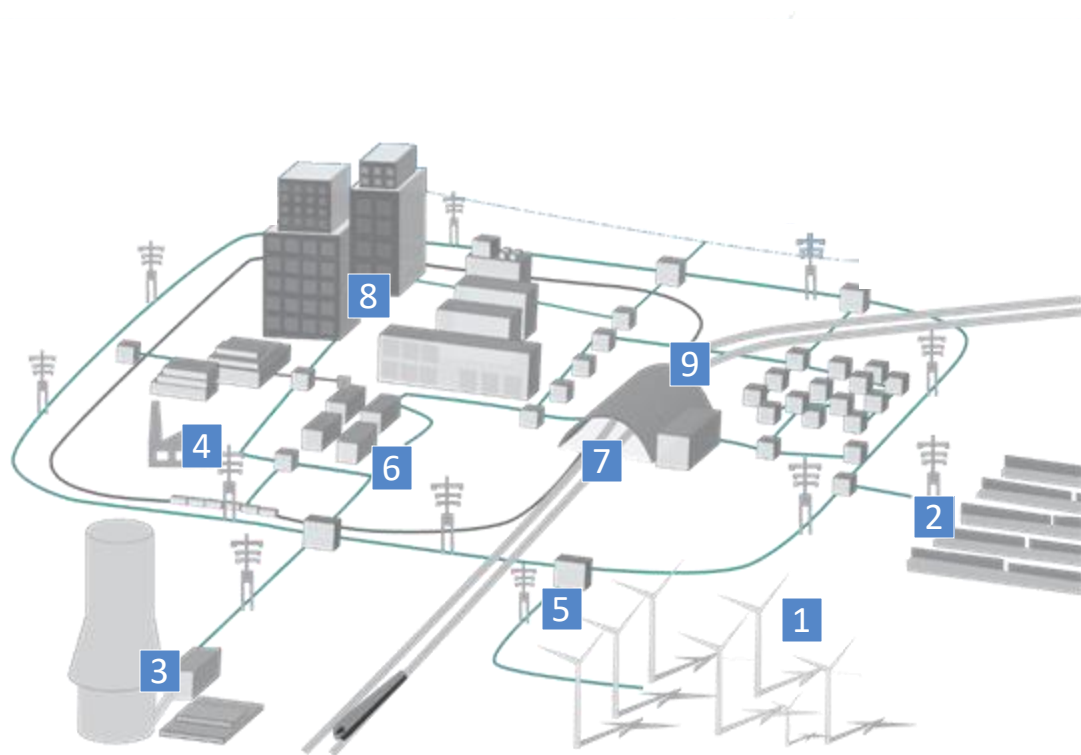
up to 2.5 MVA and 10 MVA

Single-phase Transformers

up to 100 kVA



R&S Group covers many applications across the grid



- 1 Wind parks
- 2 Solar parks
- 3 Power plants
- 4 Industry
- 5 HV substations
- 6 Transformer substations
- 7 Transport
- 8 Buildings
- 9 Construction
- 10 Shore to ship

Renewables



E-mobility



Datacentres

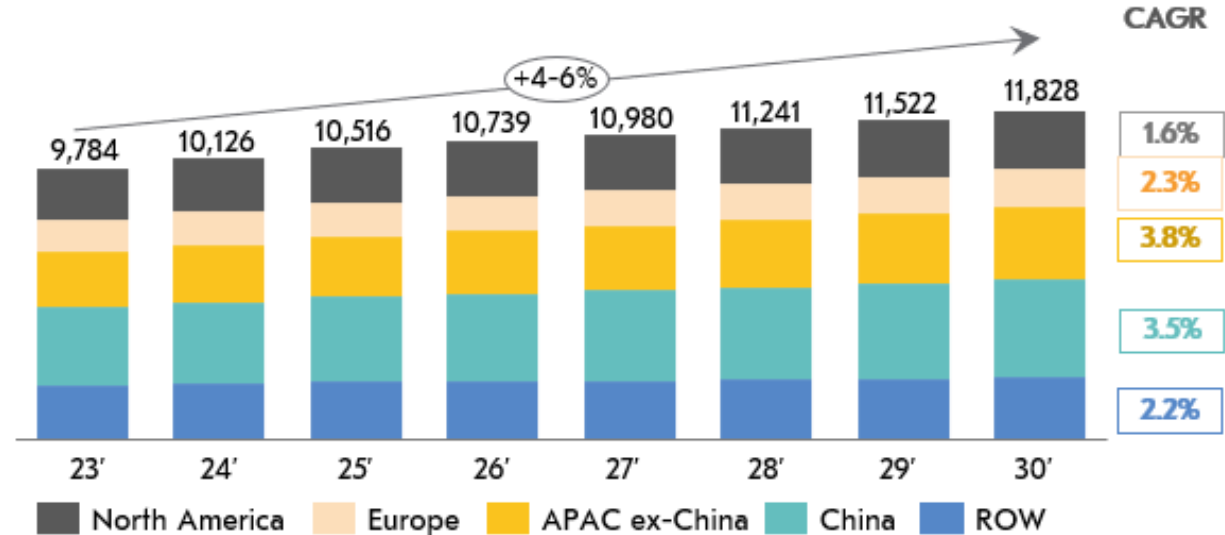


Strong secular market tailwinds and massive replacement requirement

Secular tailwinds...


Continued expansion of installed power generation capacity (GW) per region

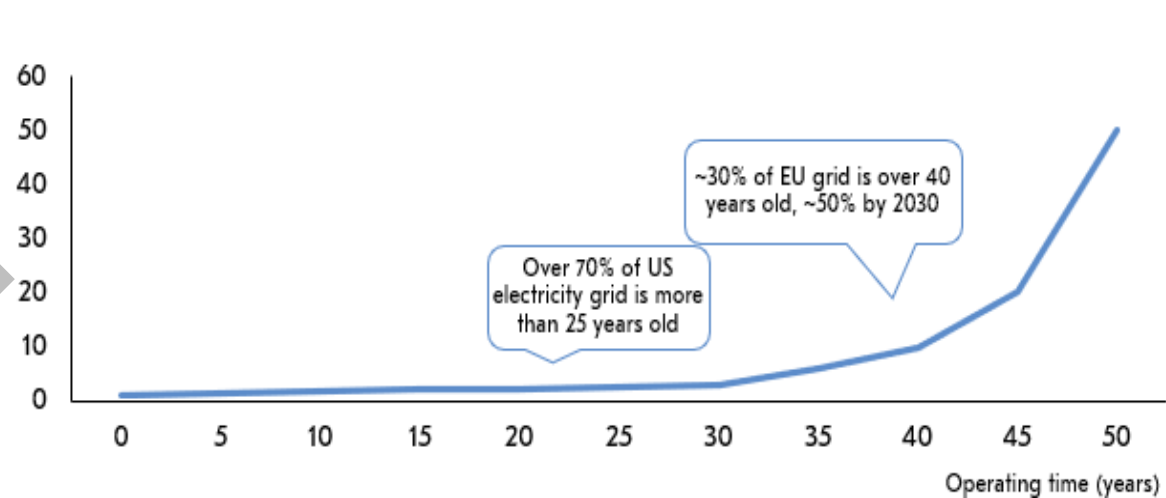
-  Increase of global population
-  Increase of economic activity
-  Changing consumer behavior
-  Increased access to electricity



...combined with massive replacement requirements

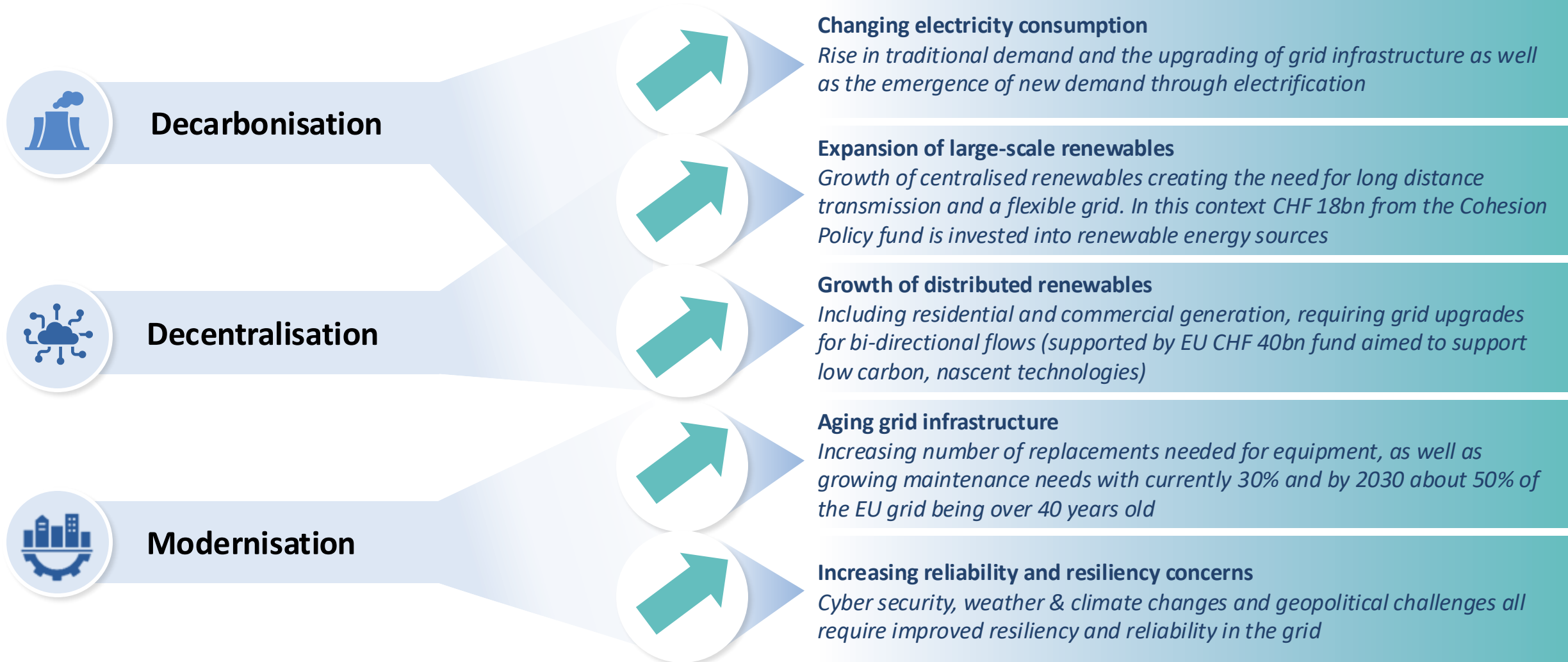
Ageing grid infrastructure demanding replacement:
Failure rate of transformers (%)

-  Failure rate increases exponentially after 30 years of operation



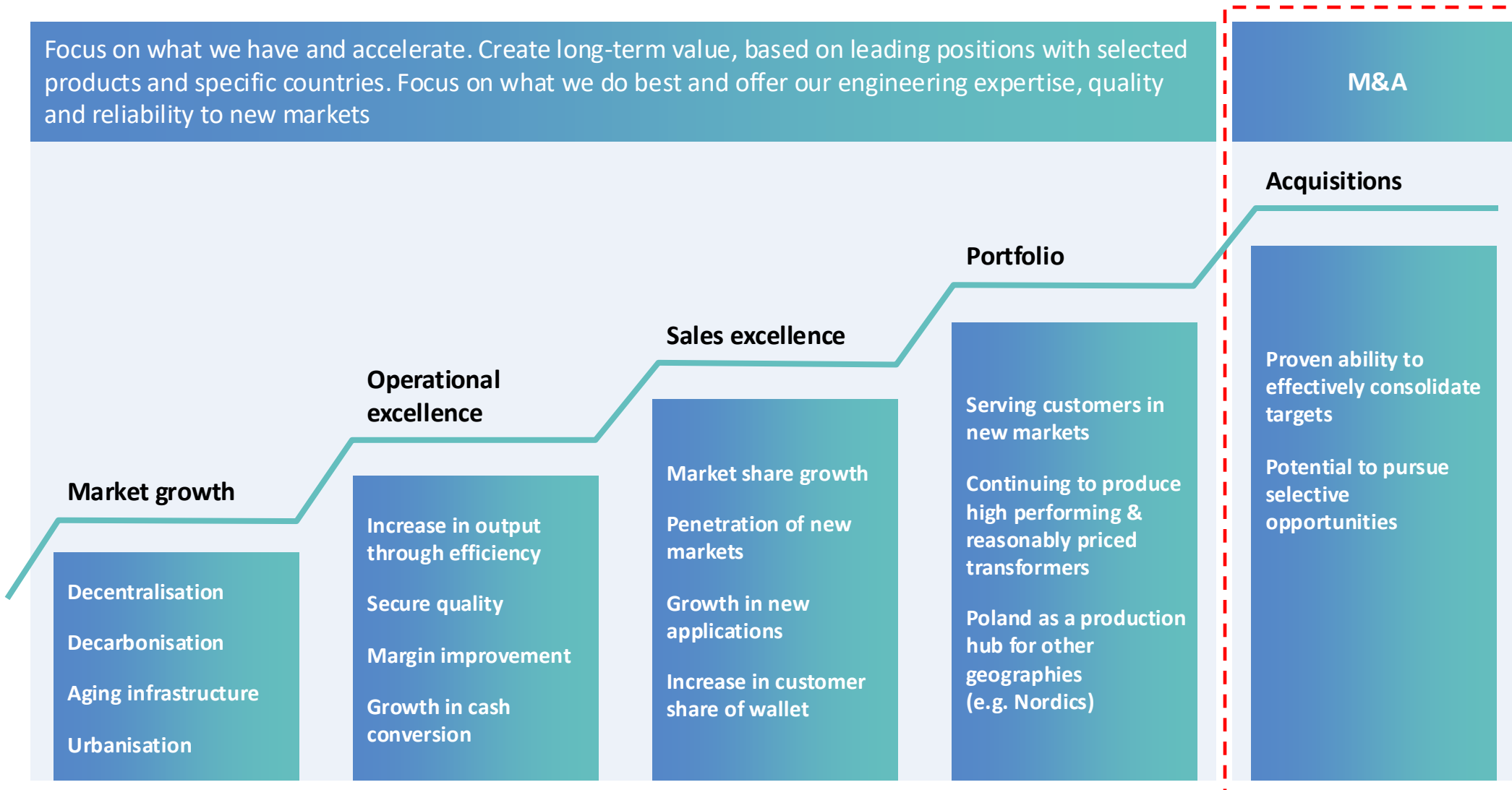
Sources: Reuters, WHO, IEA, World Economics, S&P, Consultancy analysis

Well-positioned to capture growth from the ubiquity of electrification



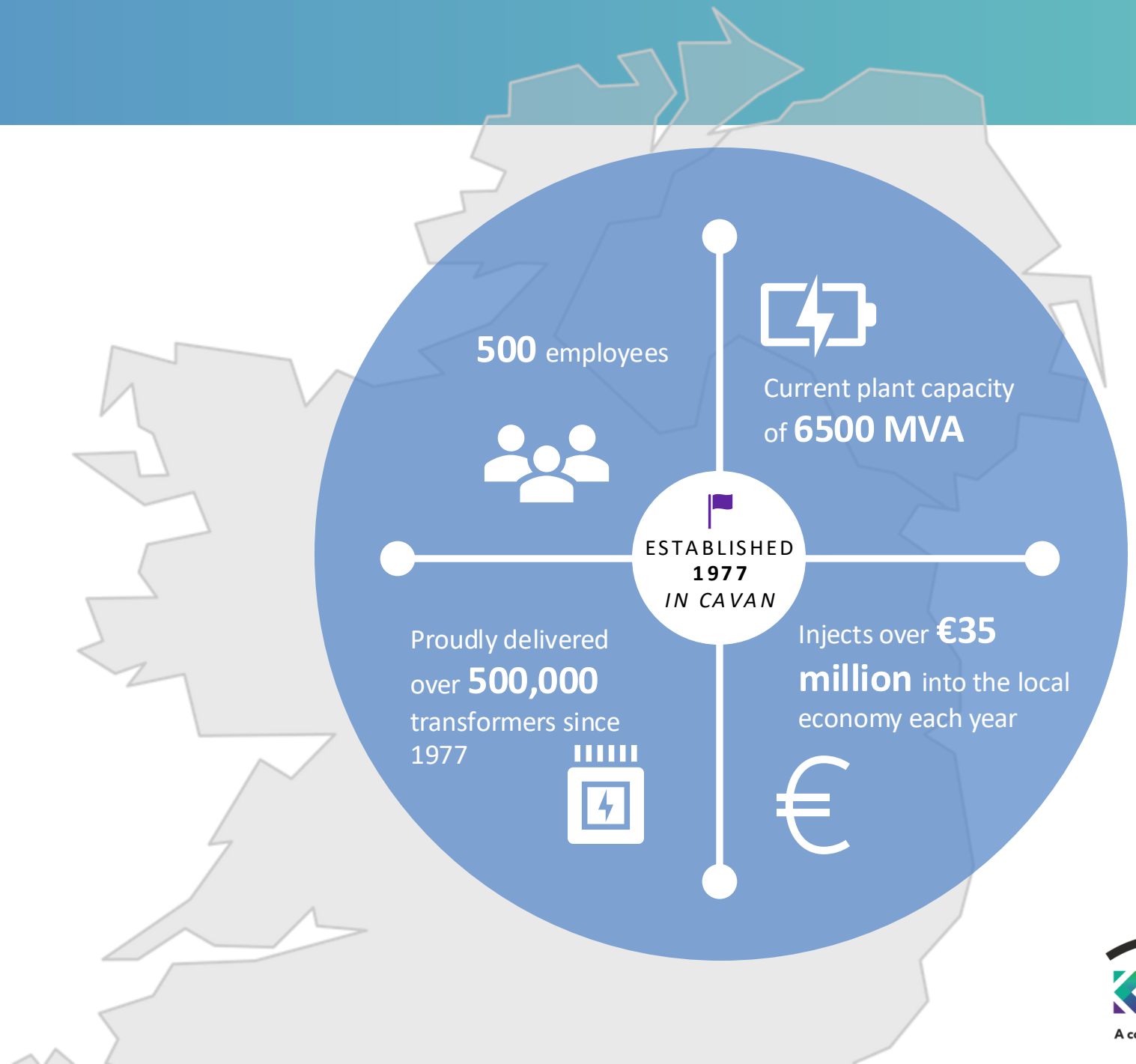
Strategic pillars – M&A has always been an instrumental part

Focus on what we have and accelerate. Create long-term value, based on leading positions with selected products and specific countries. Focus on what we do best and offer our engineering expertise, quality and reliability to new markets



About Kyte Powertech

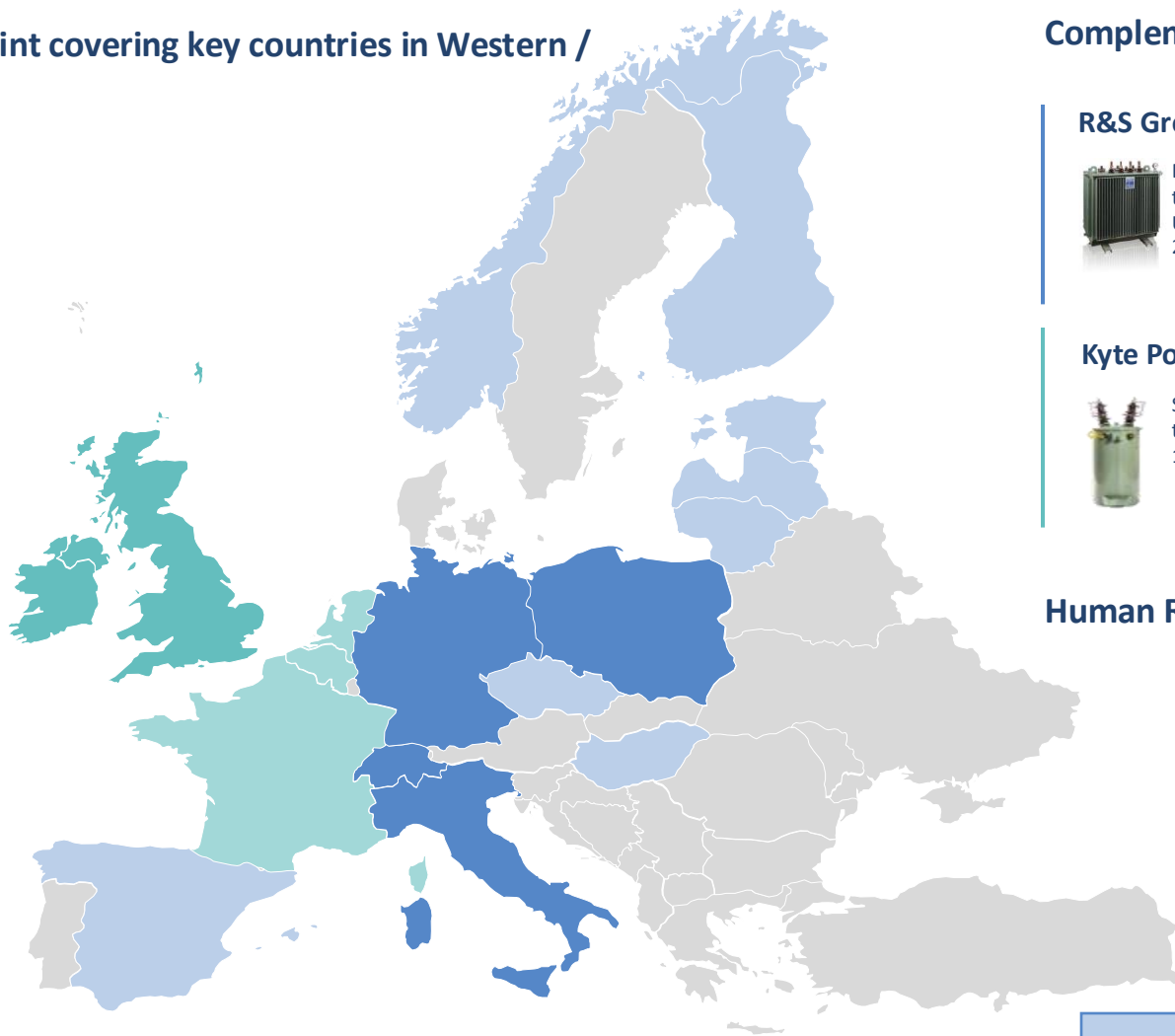
Kyte Powertech has significantly expanded to become a **leading manufacturer** of custom, high-quality distribution transformers for the electrical industry, underscored by entrepreneurial drive and customer-centric values.



Adding footprint and expanding product portfolio and skill sets

Complementary footprint covering key countries in Western / Central Europe

- Kyte core market
- Kyte secondary market
- R&S core market
- R&S secondary market



Complementary product portfolio – key products

R&S Group



Distribution transformers
Up to 36kV & 2.5MVA



Power transformers
Up to 145kV & 120MVA



Cast resin transformers
Up to 52kV & 20MVA



Instrument transformers
Up to 36kV

Kyte Powertech



Single phase transformers
15-100kVA



Small/medium transformers
15-315kVA



Big transformers
1.2-10MVA



Substations
400kVA-1MVA

Human Resources: Number of employees

R&S
635



kyte
POWERTECH
500

+ Middle East

Strong rationale for the combination of R&S Group & Kyte Powertech

The combination of R&S Group and Kyte will increase R&S Group's profile as a public company, strengthen market leading positions, create a deeper management bench, and enhance product offerings and technical expertise for both companies

1 Combined increase in leading market positions

2 Diversified product portfolio

3 Supportive market fundamentals

4 Enhanced technical knowledge and capabilities

5 Skilled and experienced management team

6 Attractive financial profiles



Combined financials with business plan & guidance

Matthias P. Weibel | Group CFO

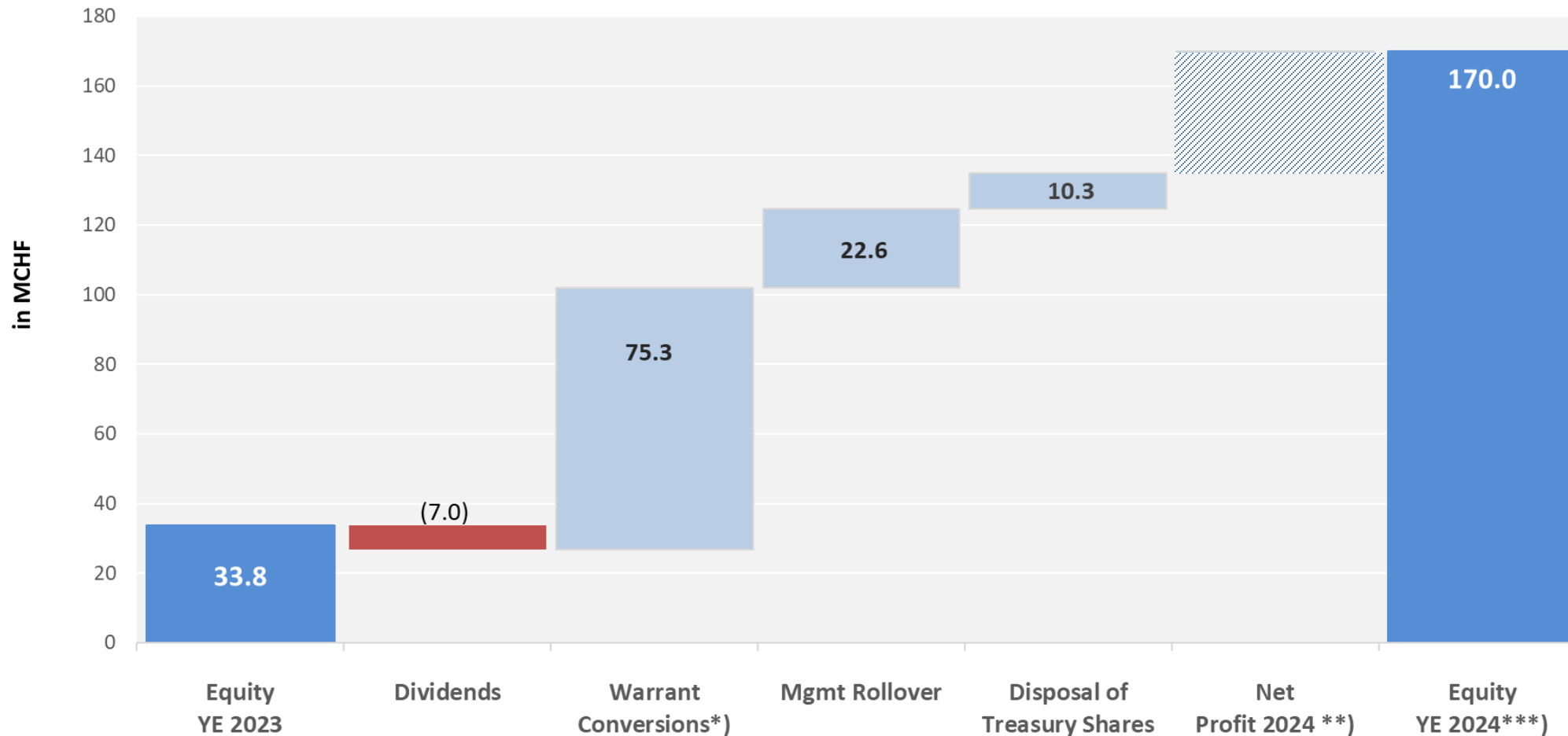


Purchase price and goodwill treatment

- Purchase price of CHF 246.9 million plus transaction costs of CHF 9.0 million
- Net assets acquired totaling CHF 56.0 million (book values)
- Expected price adjustments of CHF 25.0 million as part of the purchase price allocation (PPA)
- Initial goodwill of CHF 174.9 million *)
- Goodwill will be offset against equity in FY2024 financial accounts. Negative equity per YE 2024 is likely.
- By 31 December 2025, we expect to report positive equity again.

*) Goodwill recognized at Group level. No deferred tax liabilities to be recognized on the initial recognition of goodwill (Swiss GAAP FER 30/31).
But temporary differences on PPE and Intangibles DTL will occur as in Irish statutory statements, PPE and Intangibles will not be increased
→ CHF 25.0 million * Irish Tax rate (increasing the Goodwill accordingly)

Development of R&S Equity in recent months



*) conversions from 1 July 2024 to 30 October 2024 from conditional capital; total amount of shares outstanding now at 37.2 Mio . 1% of warrants still outstanding.

**) estimation based on current guidance

***) before goodwill offsetting

Evolving shareholder base and increased free float

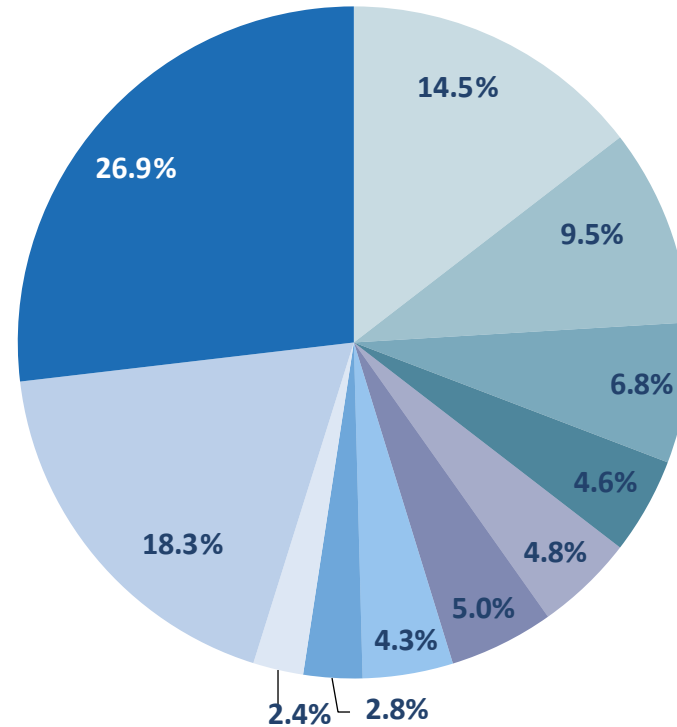
Per 30 June 2024

Free float of 57.2%²



Per 30 October 2024¹

Free float of 76.0%²



- CGS III (Jersey)³ et al. incl. treasury shares
- Artemis Beteiligungen I AG
- UBS Fund Management (Switzerland) AG
- Lock-up 8 members (Kyte management)
- Lock-up Group Founders
- Janus Henderson
- Swisscanto Fondsleitung AG
- HSBC Overseas Nominee (Uk) Limited
- LLB Swiss Investment AG
- Others
- Not registered

Number of shareholders: 920

Number of shares outstanding: 28.9m



Number of shareholders: 1,656

Number of shares outstanding: 37.2m

1) Following over 98% conversion of redeemable warrants; as a result, percentages reported to SIX „significant shareholders“ may differ

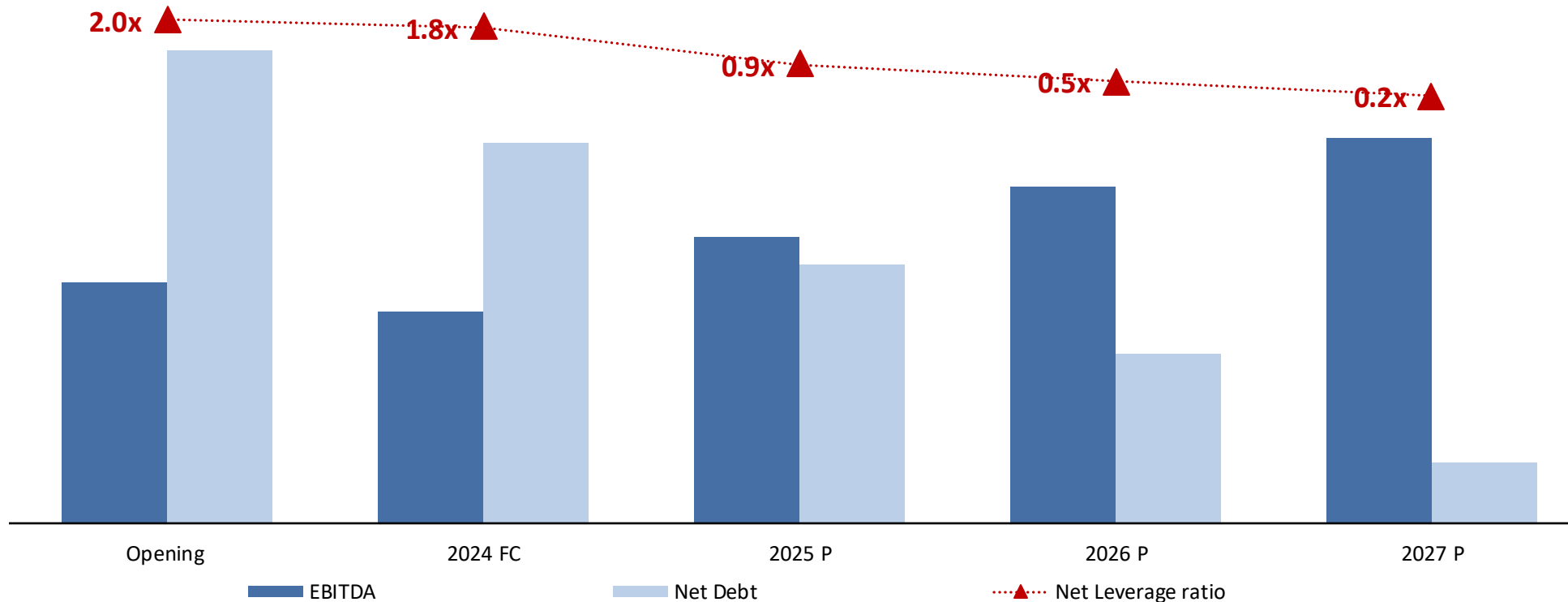
2) Free float according to definition of SIX Index Division excludes shareholders above 5% such as CGS et al and Artemis

3) Lock-up of CGS III (Jersey) prolonged by six months until May 2025.

Acquisition financing

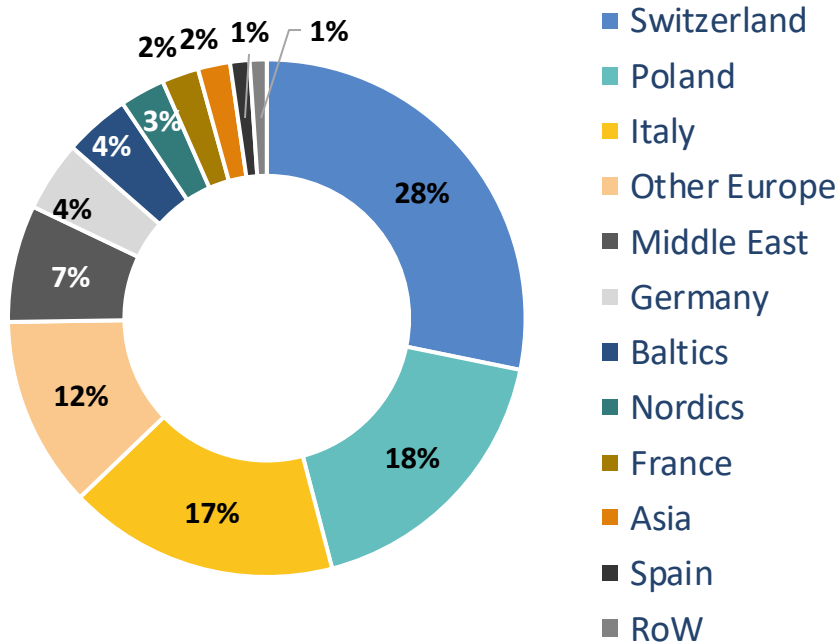
Successful refinancing of the bridge loan just before signing: Syndicated 5-year loan with 9 banks in the amount of CHF 160 million and CHF 30 million RFC (revolving credit facility).

Warrant conversions and continuous growth will lead to a net leverage of around 1.8 by end of 2024.

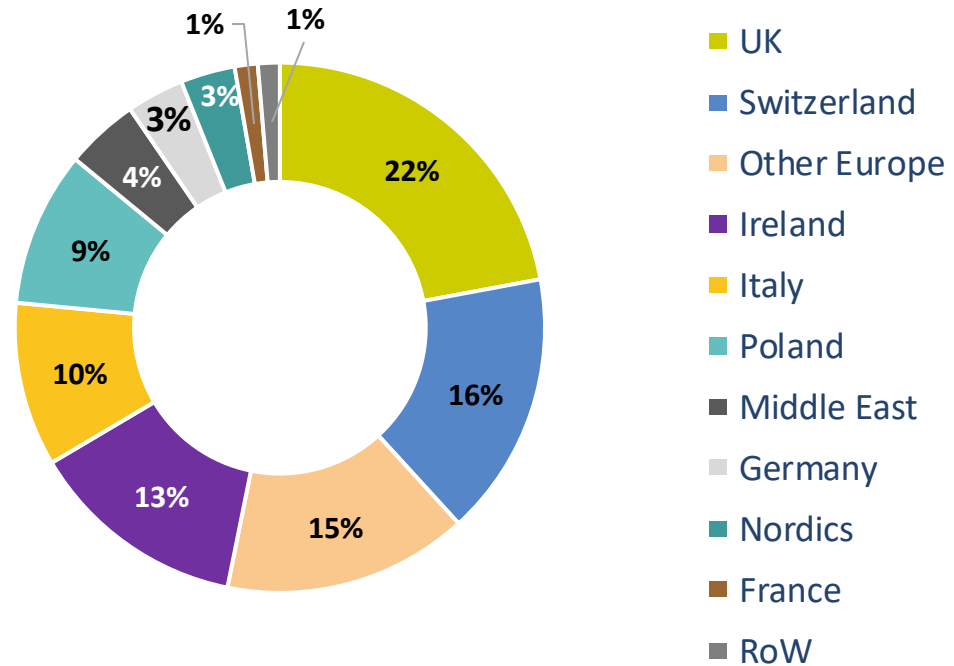


Sales mix by country

R&S Group sales segmentation by country (2023 A adj.)¹



Combined sales mix HY 2024 by country (%) after integration of Kyte

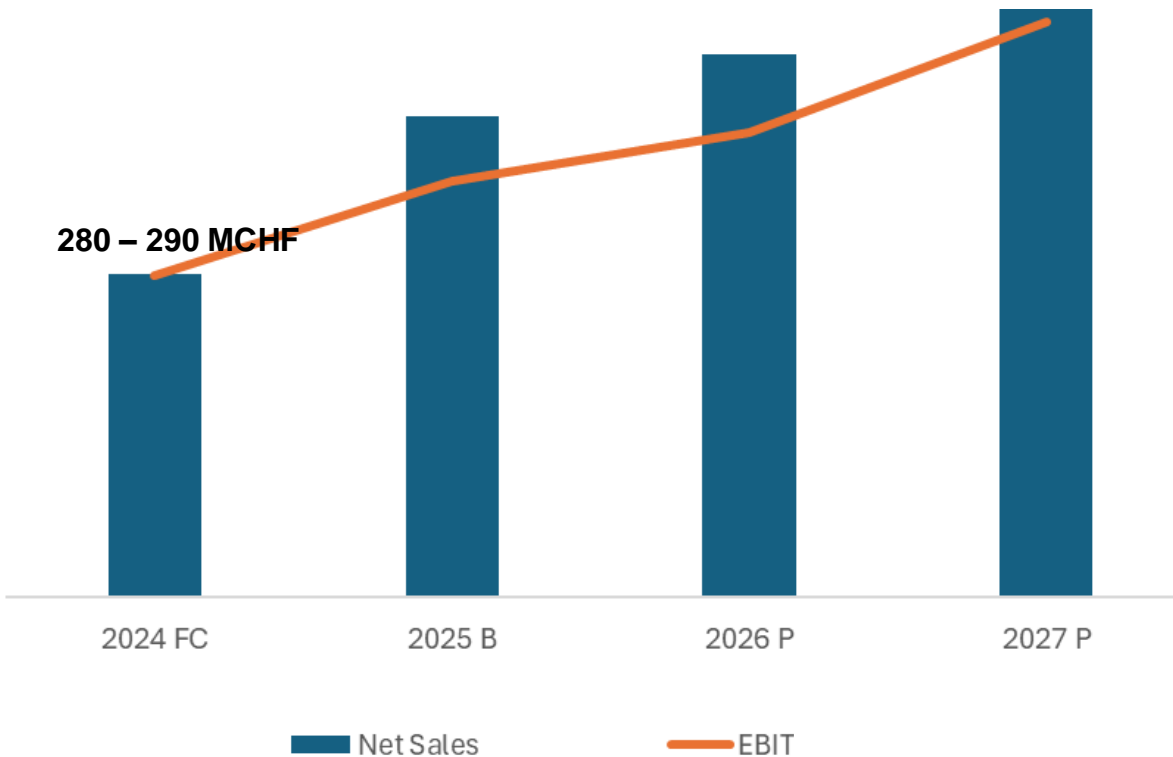


- The combined sales mix HY2024 by country of Kyte and R&S shows a good diversification across the countries of Western and Eastern Europe, but also potential and white spots in the Nordics, Spain, Middle East.
- With additional capacities, even further expansion of market shares in already strong home markets such as UK is feasible.

¹ excluding SERV which was divested in 2023

Sales and EBIT development

Illustrative sales and EBIT development based on guidance



Developments:

- Based on the current backlog and positive market trends, double-digit sales growth in 2025 and beyond is expected
- Gross margins will balance out and normalize at 45% depending on the product groups
- EBIT of 20%

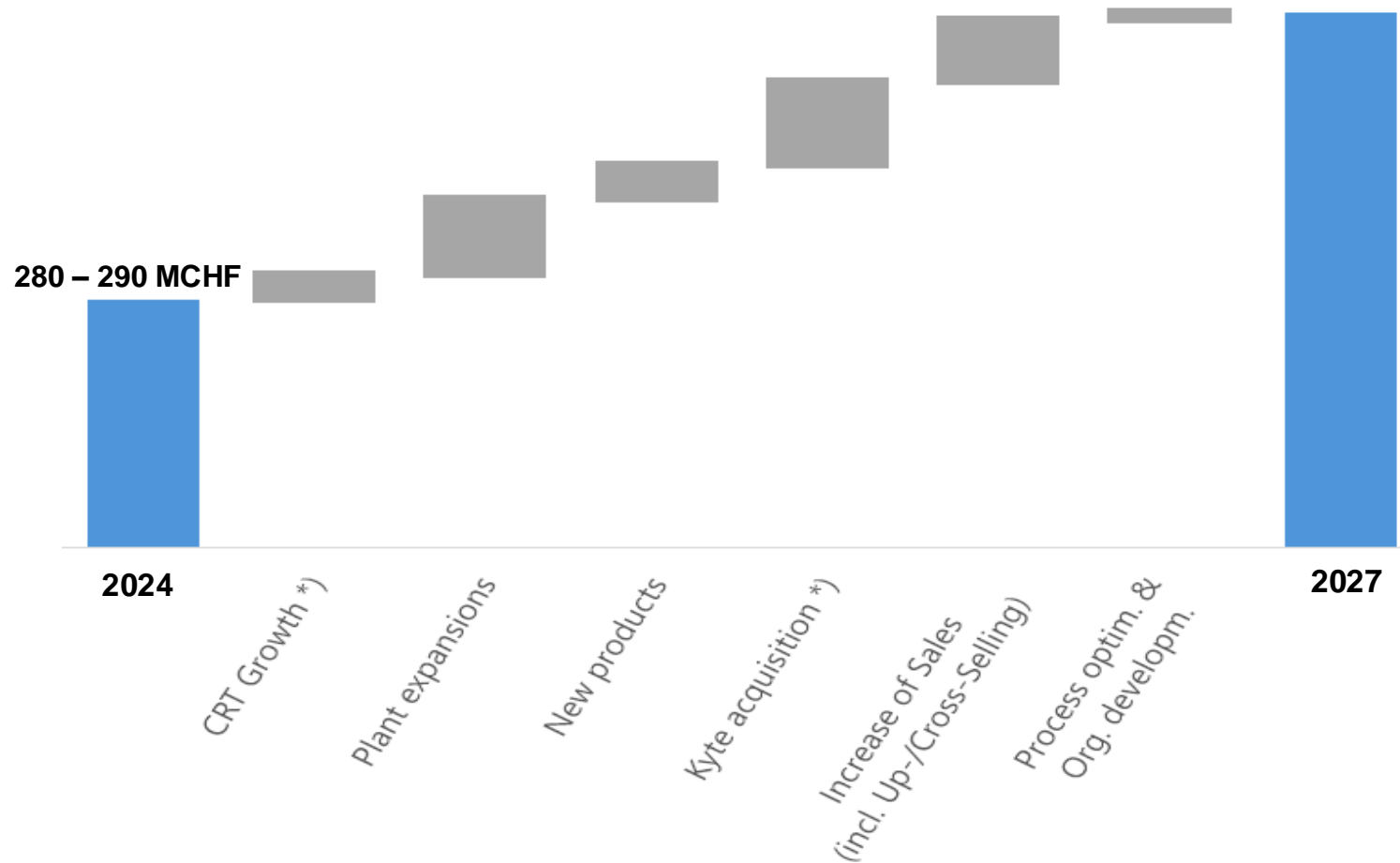
Assumptions:

- Strategic initiatives take full effect, with more capacities and more high-margin sales
- Cost of key materials remain stable and availability of quantity volumes is ensured
- No price or margin erosion expected
- Continuing high level of efficiency (variable cost structures) in all plants

Strategic initiatives drive continued profitable growth

Sales expected to grow around 12% over the next years.

Major contribution for growth comes from ongoing strategic initiatives.



*) excluding effect of cross-selling

Launch of 3rd wave of investments will boost business further

<i>in MCHF</i>	2023 A	2024 FC	2025 B (incl. Kyte)	2026 P	2027 P
Total for Maintenance & Expansion	5.6	8.0	24.0	27.0	13.0
<i>in % of Net Sales</i>	2.6%	2.7%	5.5%	5.5%	2.2%
	1st wave		2nd wave		
				3rd wave	
					ERP

Note: In the long term, it is assumed that investments for maintenance will be at the level of depr./ amort..

sep. Budget for ERP project; not included in Capex numbers above

- New Core Production and Cutting Line for Tesar Italy and Tesar PL
- New Vertical Winding Machines for Łódź and ramp-up of new plant in Bochnia (PL)
- Plant expansions for Power TR and Kyte

The **3rd wave** includes the ramp-up of the new ODT production in Poland (new legal entity Rauscher Stoecklin Polska). It also includes a new greenfield project in Poland, which will require Capex particularly in 2025 and 2026 (major impact on top-line from summer 2026 onwards).

R&S to deliver profitable growth on a sustainable basis

	2024 outlook	Mid-term outlook	Commentary
Net sales growth	<p>Confirmed</p> <p>Above 12%</p>	<p>Confirmed</p> <p>Around 12%</p>	<ul style="list-style-type: none"> • Mid-term outlook organic growth over the cycle • Strong tailwind from global electrification demand, decarbonization, decentralization and aged grids
EBIT margin	<p>Confirmed</p> <p>Around 20% of net sales</p>	<p>Confirmed</p> <p>Around 20% of net sales</p>	<ul style="list-style-type: none"> • Resilient gross profit margin profile • Economies of scale from continued net sales growth • Operational excellence supporting margin expansion
Free cash flow margin	<p>Changed</p> <p>>12% of net sales</p>	<p>Changed</p> <p>10-12% of net sales</p>	<ul style="list-style-type: none"> • FCF equals cash flow from operating activities minus cash flow from investing activities • 2024 reduced due to M&A transaction costs and subsequent tax payments in Italy • Mid-term lower as investment waves increase Capex by 3%
Dividend policy and leverage	<p>Confirmed</p> <p>CHF 0.50 per share</p>	<p>Confirmed</p> <p>CHF 0.50 per share</p>	<ul style="list-style-type: none"> • Stable dividend for FY2024 to FY2026, thereafter accelerated • Mid-term target leverage of around 1.5x Net Debt / LTM EBITDA • Excess cash to be returned to shareholders

Strategy including integration of Kyte

Markus Laesser | Group CEO

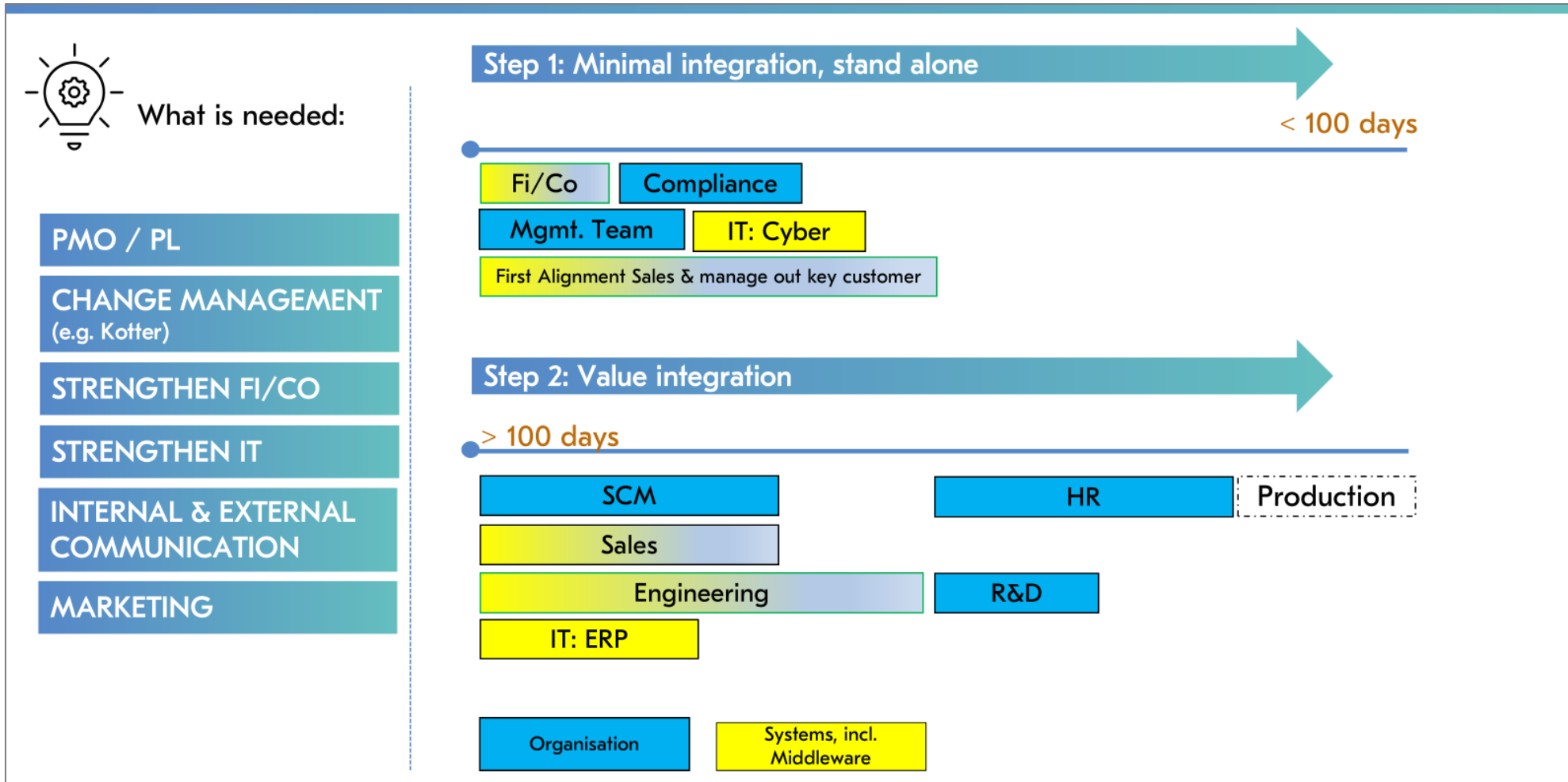


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2-Step integration approach

Strong progress achieved through distinguished workstreams



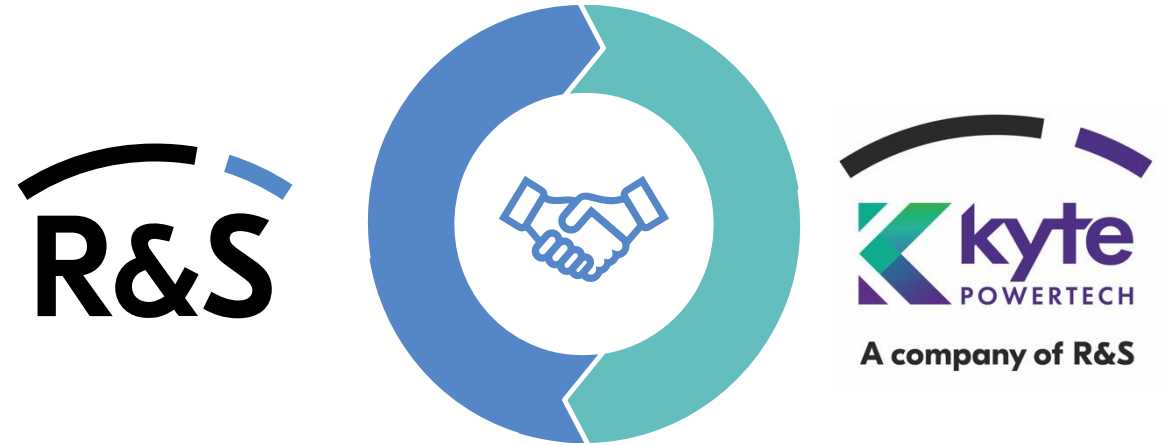
Synergies across the value chain

Strategic Synergies

- Cross-Selling (products, territories)
- Upselling opportunities (expand with existing customers)
- Strategic investments







Operational Synergies

- Alignment of supply chain management
- Technical advancement & cross-pollination
- Production streamlining
- Portfolio management



Upselling / Cross-Selling potential

Leverage combined product portfolio / depending on available factory capacity

Region	Opportunity	Timing	Estimated sales potential ¹
	Kyte 4-6MVA distribution transformers to the German market	1-2 years	CHF 5 - 15 million
	R&S 10-40MVA power transformers to UK and Ireland generation market via EPC	2-3 years	CHF 2 - 3 million
	R&S cast resin distribution transformers to the UK and Ireland market for data centres	0.5-2 years	CHF 1 - 4 million
	R&S 20-25MVA power transformers to UK and Ireland utilities	3-5 years	CHF 2 - 3 million
	R&S 400-1,000kVA distribution transformers to the UK	0.5-1 years	CHF ~ 1 million
	R&S 20-25MVA power transformers to Belgium and Netherlands utilities (already pursued by R&S)	2-3 years	CHF 5 - 15 million

Mid-point scenarios estimated at CHF 20 – 30 million until 2027

Source: Company information, Market information
¹ conservative estimates over respecting timing period

Strategic initiatives drive continued profitable growth

Mission & Vision

WE GUARANTEE ENERGY!
 Quality, reliable, independent, strong & profitable growth above market, leader in providing products to protect the environment, strong collaboration with customers, creating sustainable value for shareholders

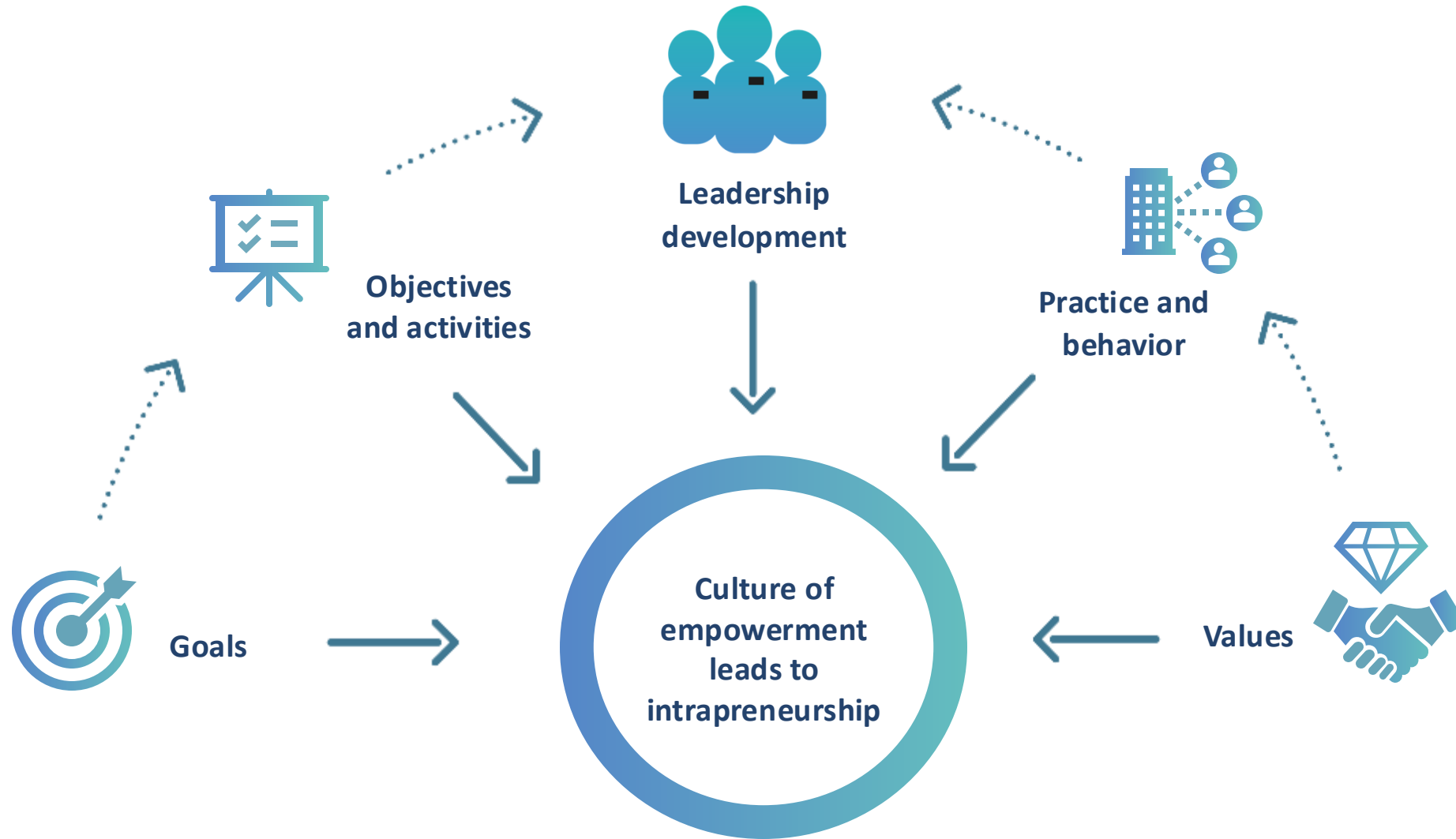
Values & Culture

Customer centricity	Entrepreneur- & Intrapreneurship
Empowerment & Performance	Sustainability

How to get there



Culture as underlying key driver for leadership



Outlook & take aways

Markus Laesser | Group CEO



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R&S Group aims to deliver profitable growth thanks to sound market fundamentals, execution on strategy, market initiatives including cross-selling, substantial investments into capacity expansion and specific strategic initiatives.

1

Introduction | Strategy execution
Strategic pillars — M&A has always been an instrumental part

Focus on what we have and accelerate. Create long-term value, based on existing positions with selected products and specific countries. Focus on what we do best and draw our engineering expertise, quality and reliability to new markets.

Market growth: Decarbonisation, Aging infrastructure, Urbanisation

Operational excellence: Increase in output through efficiency, Secure quality, Margin improvement, Growth in cash conversion

Sales excellence: Market share growth, Penetration of new markets, Growth in new applications, Increase in customer share of wallet

Portfolio: Serving customers in new markets, Continuing to provide high performance to existing customers, Focused for a production hub for other geographies (e.g. hubs/C)

Acquisitions: Proven ability to effectively consolidate targets, Portfolio to pursue existing opportunities

M&A:

Consistent **execution** on the group's **strategic roadmap** has resulted in **successful financial and operational performance**, including **M&A**.

2

Strategy | Market opportunities
Upselling / Cross-Selling potential

Leverage combined product portfolio / depending on available factory capacity

Region	Opportunity	Timing	Estimated sales potential*
Germany	R&S 4-5MVA distribution transformers to the German market	1-2 years	CHF 5 - 15 million
UK and Ireland	R&S 10-40MVA power transformers to UK and Ireland generation market via EPC	2-3 years	CHF 2 - 3 million
UK and Ireland	R&S cast resin distribution transformers to the UK and Ireland market for data centres	0.5-2 years	CHF 1 - 4 million
UK and Ireland	R&S 20-25MVA power transformers to UK and Ireland utilities	3-5 years	CHF 2 - 3 million
UK	R&S 400-1,000kVA distribution transformers to the UK	0.5-1 years	CHF - 1 million
Belgium and Netherlands	R&S 20-25MVA power transformers to Belgium and Netherlands utilities (already pursued by R&S)	2-3 years	CHF 5 - 15 million

Mid-point scenarios estimated at CHF 20 - 30 million until 2027.

Source: Company information, market information, competitive estimates over reporting period.

Strong **market positions and demand**, entry into new markets and applications and **cross-selling potential** underline the positive momentum.

3

Combined financials | Impact of Strategic Initiatives
Strategic initiatives drive continued profitable growth

Sales expected to grow around 12% over the next years.
 Major contribution for growth comes from ongoing strategic initiatives.

200 - 250 MCHF

2024 2027

* including effect of cross-selling

Long term growth spurred by **specific strategic initiatives** based on combined business plan.

4

Strategy | Update on Initiatives
Strategic initiatives drive continued profitable growth

Mission & Vision: WE GUARANTEE ENERGY! Quality, reliable, independent, strong & profitable growth above market. leader in providing products to protect the environment, strong collaboration with customers, creating sustainable value for shareholders

Values & Culture: Customer centricity, Entrepreneur- & Integrenership, Empowerment & Performance, Sustainability

How to get there:

- CRT growth with hunting for market share, entering new applications
- Plant expansion; CRT Transformers and doubling PT capacity
- Extending PT market with SPT product line and new applications
- Kyle Powertech growth
- Increasing PT sales, especially penetrating German market (incl. Up-/Cross selling)

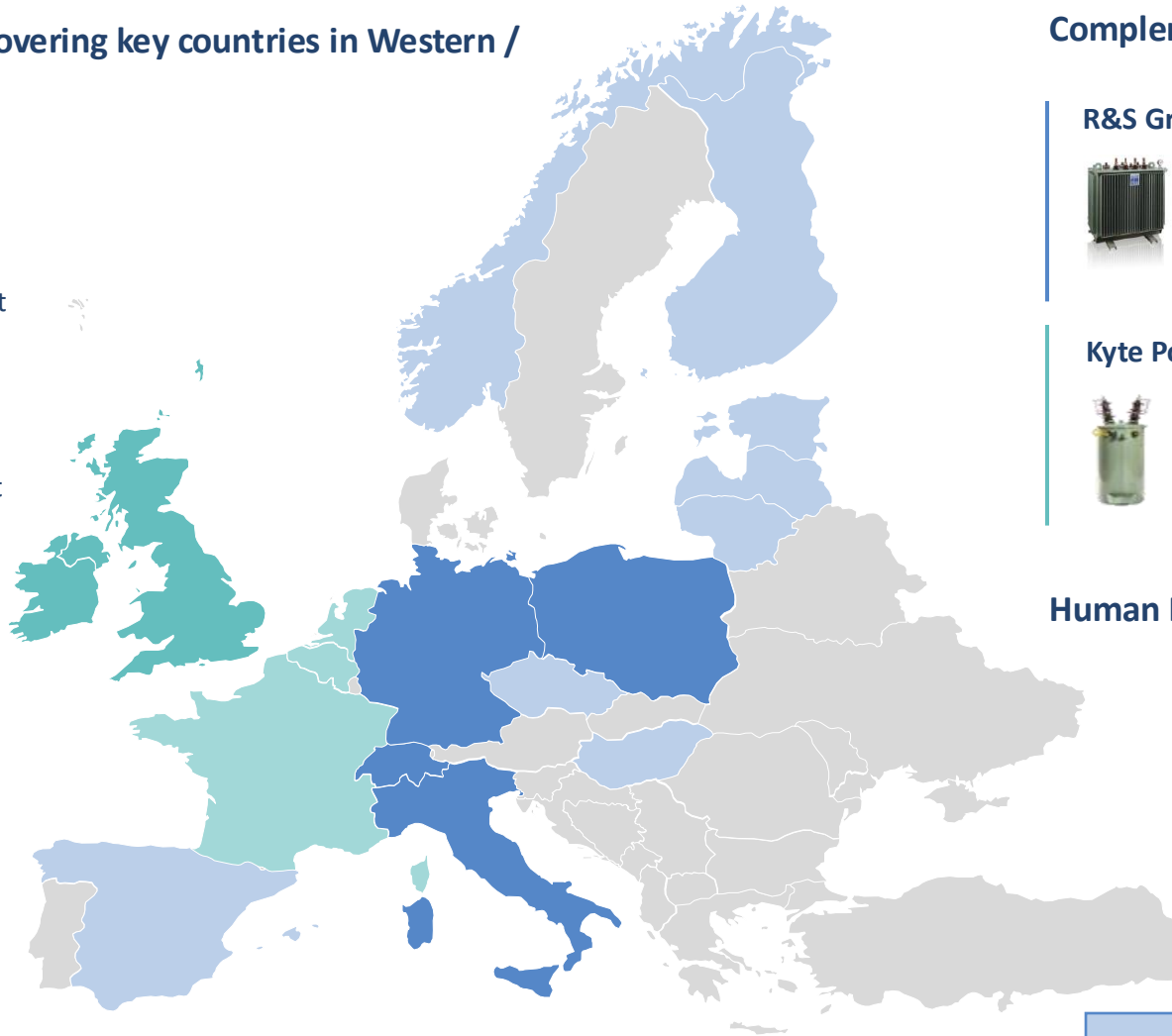
Operational Development, Focus and cost optimization, New EBP, CRT for growth

Strategic initiatives drive **continued profitable growth**.

Scale matters – R&S Group is well positioned

Geographic footprint covering key countries in Western / Central Europe

- Kyte core market
- Kyte secondary market
- R&S core market
- R&S secondary market



Source: Company information, Market information

Complemented product portfolio – key products

R&S Group

 Distribution transformers
Up to 36kV & 2.5MVA

 Power transformers
Up to 145kV & 120MVA

 Cast resin transformers
Up to 52kV & 20MVA

 Instrument transformers
Up to 36kV

Kyte Powertech

 Single phase transformers
15-100kVA

 Small/medium transformers
15-315kVA

 Big transformers
1.2-10MVA

 Substations
400kVA-1MVA

Human Resources: Number of employees


635




500

+ Middle East

Q&A

Thank you for your attention.

We are now happy to
answer your questions.



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Financial Calendar 2024/2025

Trading update full-year 2024 sales
Release of full-year 2024 results
Annual General Meeting

06 March 2025
15 April 2025
14 May 2025

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