

The background of the slide features a photograph of an industrial facility. In the foreground, there are large, yellow industrial components, possibly parts of a power transformer or generator, with some showing the brand name 'GERTI'. In the background, a large, brown, corrugated metal building has the 'kyte POWERTECH' logo on its side. The ground is wet and reflective, showing the sky and the machinery. A large blue semi-circle is overlaid on the left side of the image, containing the main text.

Expanding Footprint & Capacity through Strategic Acquisition of Kyte Powertech

We guarantee energy

20 August 2024



We guarantee energy

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CEO
Kyte Powertech



Noel Culbert
CFO
Kyte Powertech

Agenda for today

1 Transaction overview and strategic rationale

2 Kyte Powertech: Leading manufacturer of distribution transformer solutions

3 Key financials, financing and guidance

4 Concluding remarks

5 Q&A

1 Transaction overview

Overview

- R&S Group (“R&S”) agrees to acquire 100% of Kyte Powertech (“Kyte”) from MML Capital Partners Ireland and the Kyte management team
- Kyte is a leading manufacturer of distribution transformer solutions with LTM Jun-24 net sales of €174m and EBITDA of €34.5m (20% margin), headquartered in Ireland with ~490 employees
- Complementary acquisition that will enhance product portfolio and give access to new markets and customers, with synergies from cross-selling opportunities and operating efficiencies

Consideration

- Enterprise value of €250m; equity value of €264m, funded through €24m in R&S Group Holding AG shares issued to the Kyte management team¹, and €240m cash; in addition, a CHF 2.5m employee benefit trust will be created for the purpose of incentivising Kyte management and employees
- Acquisition reflects 7.3x EV / LTM EBITDA (per Jun-24)

Financing

- Bridge financing facility to be taken-out by a combination of bank debt, excess cash and equity issuance of ~CHF 23m²; R&S has secured commitments for the equity issuance to be executed in a timely manner
- Acquisition results in a PF leverage³ of around 2.25x with the aim of reducing it to ~2x by year-end 2024

Financial effects

- Confirmed net sales growth and EBIT margin guidance, review of FCF margin guidance and updated dividend outlook; mid-term target leverage of around 1.5x Net Debt⁴ / LTM EBITDA based on expected high warrant conversion
- The transaction is expected to be highly EPS accretive⁵

Governance

- Kyte management team will have a ~5% shareholding in R&S Group Holding AG on a diluted basis, showcasing their long-term commitment
- To ensure business continuity, Kyte management team and employees will stay on board

Lock-up

- Kyte’s management is subject to a 1-year lock-up period for 25% of their shares and a 2-year lock-up period for 75% of shares
- Additional 6 months extension of existing CGS lock-up

Notes:

1 Corresponding to 1.7m shares

2 R&S Group Holding AG will receive equity proceeds from the committed execution of R&S Group warrants, among others, by Artemis Beteiligungen at the amount of CHF 9.6m and from the partial sale of treasury shares held by the company of CHF ~CHF 10m secured by a commitment of Zürcher Kantonalbank

3 Net debt / LTM EBITDA as of Jun-24 including lease liabilities and PF for equity issuance

4 Including lease liabilities and PF for equity issuance

5 Based on existing accounting principles in place for both companies



Strong 2024 momentum, with financial **guidance raised** for the year to **net sales growth >12%**, **EBIT margin ~20%** and **FCF margin of mid-teens**



Strong **order backlog of CHF218m & book-to-bill of 1.3x** as of end of June 2024



Secular tailwinds for the electricity distribution sector driving **multi-dimensional future growth**

15%

H1 2024 y/y adj. net sales growth

	IPO guidance	FY2023 result	FY2024 outlook
Net sales growth	>CHF200m	✓ CHF202m	>12% growth
EBIT margin	c.18%	✓ 18.6%	c.20%
FCF margin	MSD to HSD	✓ 15.3%	Mid-teens
Dividend policy	CHF7m	✓ CHF7m	CHF0.50 per share

Goals **delivered as promised in FY2023 guidance**



Successful listing on SIX Swiss Exchange
Share price performance of 39.5% from initial listing price¹

23.2%

H1 2024 adj. EBIT margin²



Expanded production capacity in Poland in mid-2024

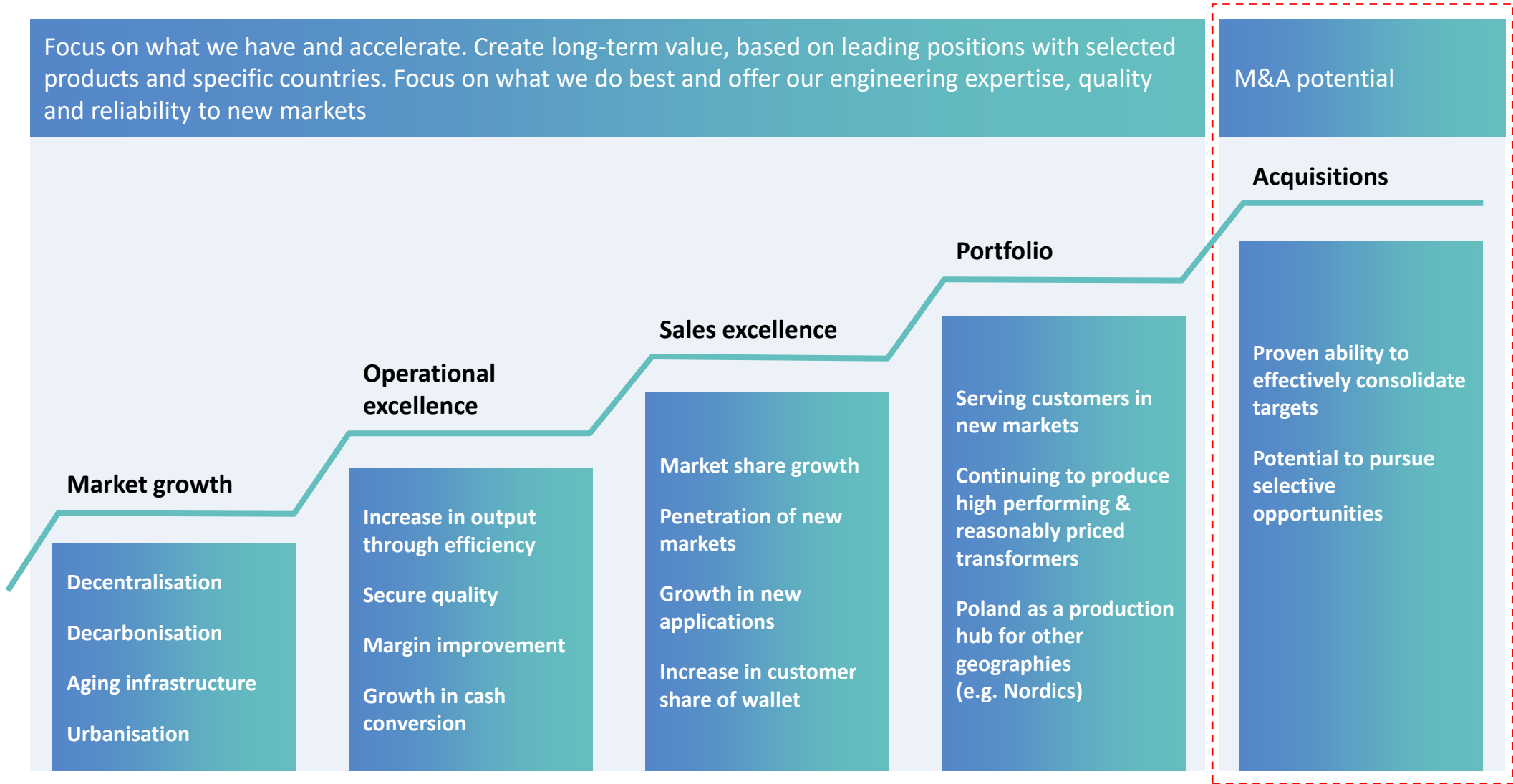


Notes:

- 1 Performance as of market close on 19 August 2024, based on initial offer price of CHF10
- 2 Without figures of plant in Czech Republic (SERW), which was divested on 5 December 2023

1 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



M&A potential


Acquisitions


- Proven ability to effectively consolidate targets
- Potential to pursue selective opportunities


1 Strong rationale for the combination of R&S Group and Kyte


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


 Combined **increase in leading market positions** and **expansion of European regional footprint**


 **Complementary product portfolio & expertise** in distribution transformers

 **Joint network and service expertise**, and potential to **increase share of wallet** with customers

 Shared **deep bench of management expertise** with respectively high levels of market competence in their core segments

 R&S Group can facilitate and **support Kyte's growth with historically underserved industrial customers**; in turn, Kyte's design capabilities¹ will **enhance R&S Group's existing customer relationships**

 **Shared culture**, including a focus on product on quality² and sustainability

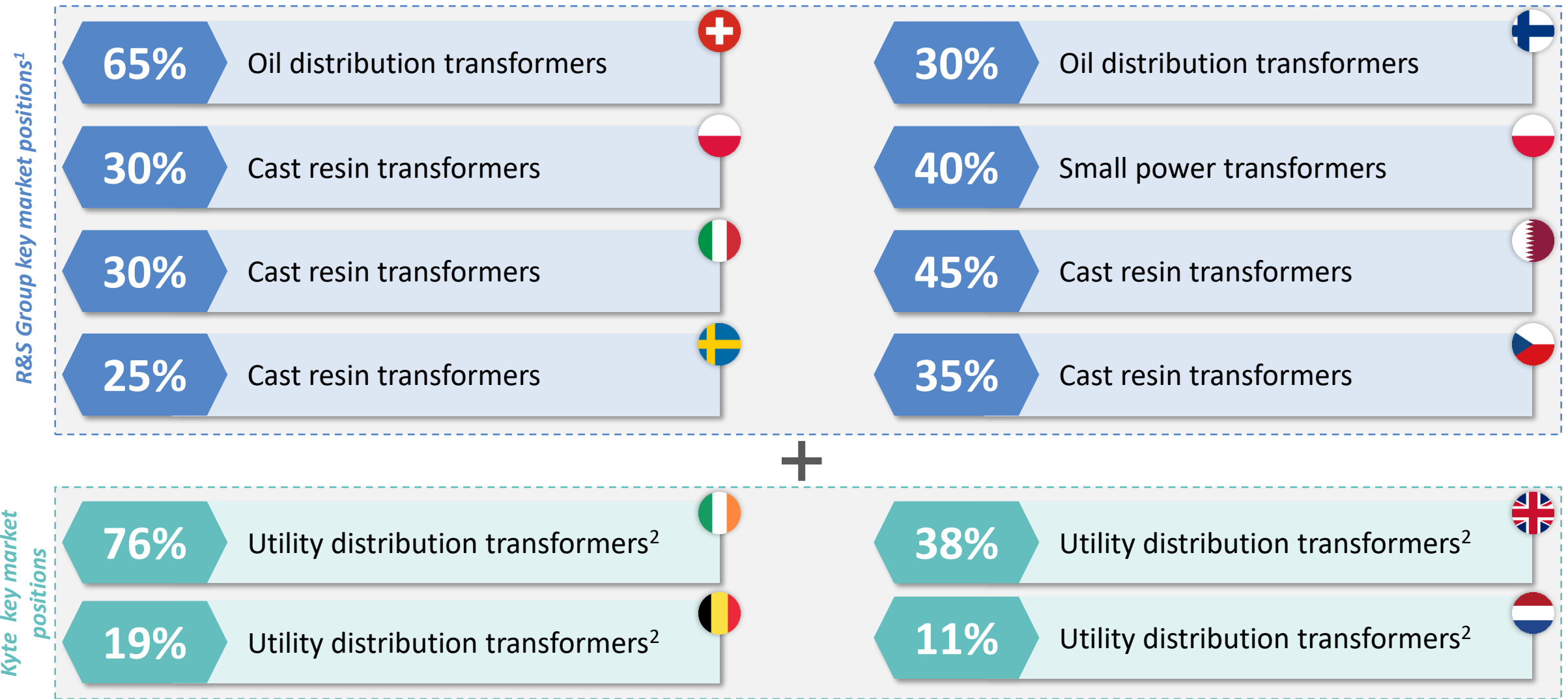
 Similarly **attractive financial profiles**, with growth and profitability of both companies to be uplifted by **top-line and cost synergies**

Notes:

1 Refers to Kyte's "DesDT" software

2 Refers to <0.1% transformer failure rate at Kyte

1 Kyte will bolster R&S Group's position as a European leader for distribution and medium voltage transformers



Source: R&S Group market data and Management estimates, Market information

Notes:

1 As disclosed in the listing prospectus

2 Percentages indicate utility market share for annual demand of distribution transformers

1 R&S Group and Kyte share a strategic positioning as local niche players, with highly recognisable brands in their respective markets...

R&S and Kyte share some structural advantages vs. global players...

R&S & Kyte	vs.	Global players focused on high voltage
✓ Production lines geared towards small batches and customizations		✗ Production lines geared towards scale and standardization
✓ Low overhead costs		✗ High overhead costs
✓ Premium personalized and local service		✗ KAM and high-volume sales
✓ Dedication to small customers		✗ Limited interest in small customers
✓ Fast response time		✗ Long lead times



...with highly recognisable quality brands in the low to mid-voltage segment that have “the right to win”

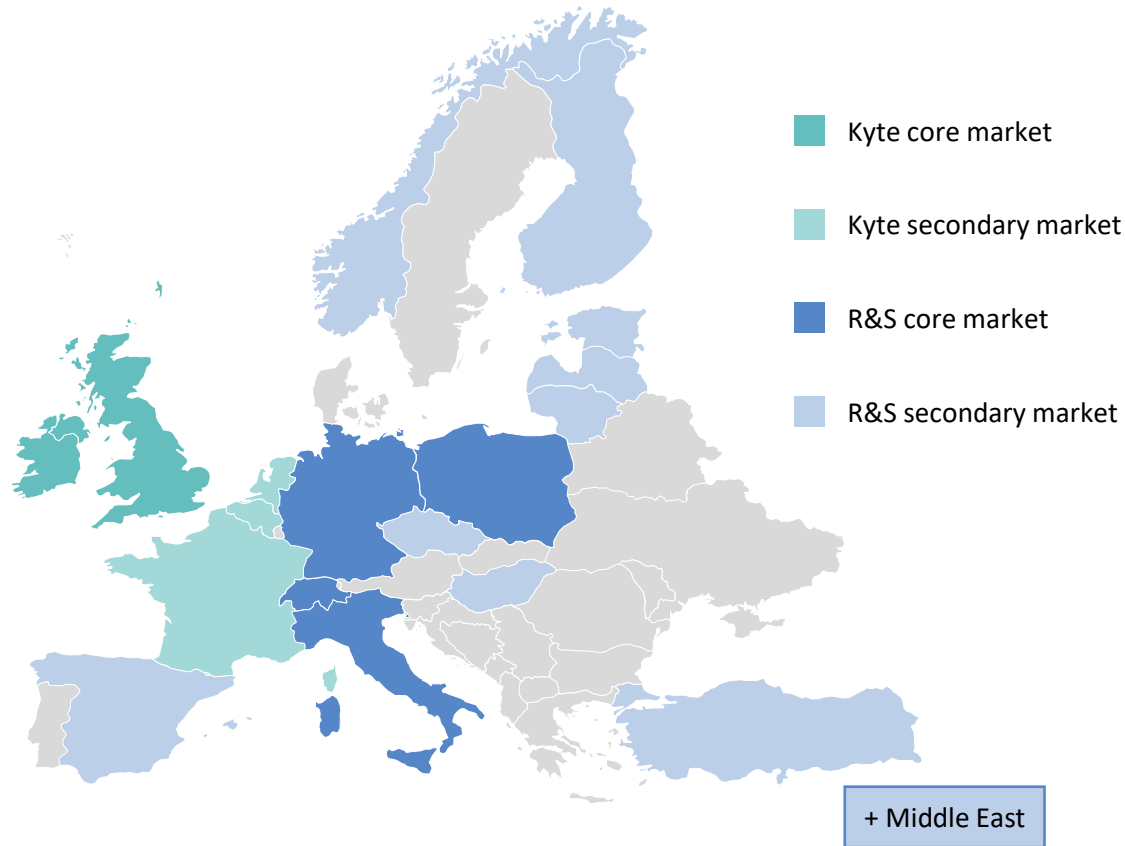


Source: Company information, Market information

Note:
1 Former ABB

1 ...and a combined pan-European footprint that will open up further market opportunities with new and existing customers

Complementary footprint covering key countries in Western / Central Europe...



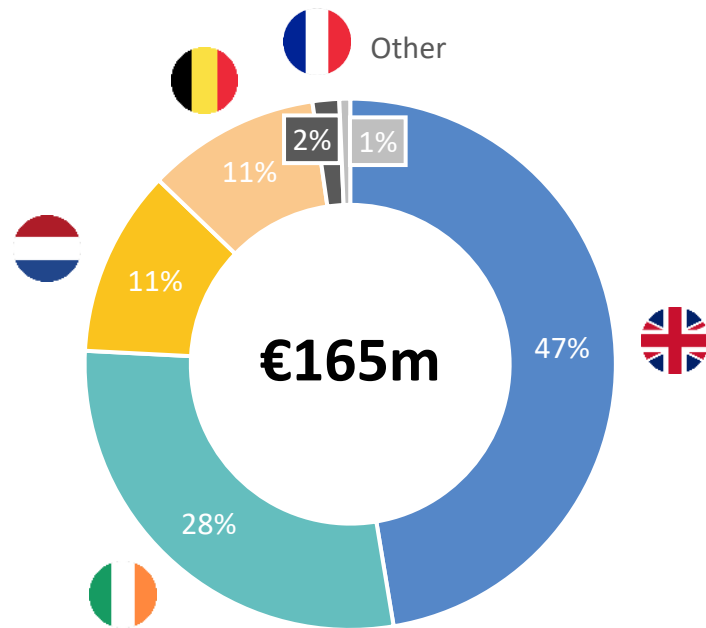
...to be leveraged with a combined product portfolio

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

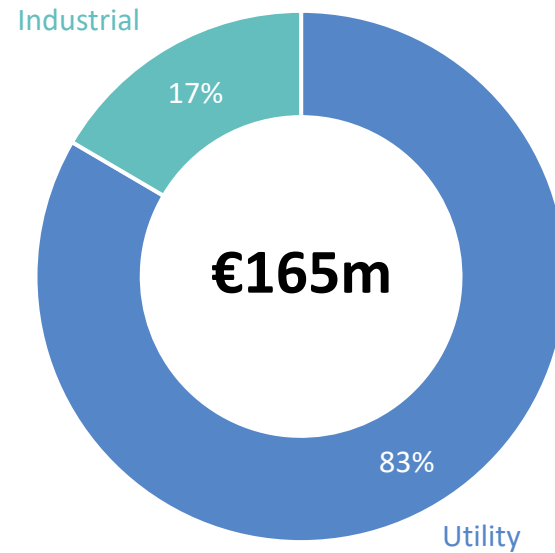
Source: Company information, Market information

Net sales segmentation, LTM Mar-24 (%)

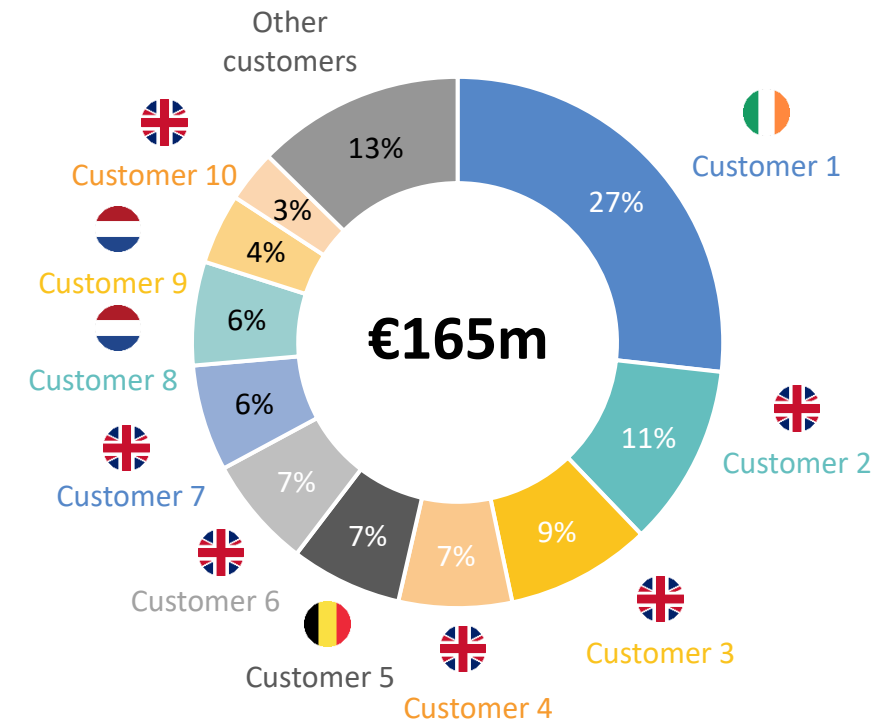
By geography



By customer type



By customer



Experienced and committed management team reinvesting into the combined group



Stephanie Leonard
Chief Executive Officer

2009

2019



Noel Culbert
Chief Financial Officer

2022

2022



Martin Reilly
Chief Operating Officer

1999

2022



Patrick Healy
Head of Commercial

2023

2023



Dr. Gokhan Kalkhan
Technical Director

2016

2020



Andrea Flanagan
HR, Health & Safety
Manager

1996

1998



Stephen McSharry
Industrial Engineering
Manager

1999

2021



Sarah Connolly
Quality assurance, ENV
& Testbay Manager

2005


2020



John Flanagan
IT Systems Manager

1993

2016

 Year of joining Kyte

 Year of appointment to current position

2 Kyte Powertech: Leader in distribution transformers

Kyte highlights

European markets leadership



Utility market position

Substantial current output



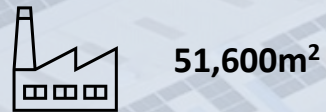
LTM per Mar-24 output (# of units delivered)

Deeply entrenched blue-chip customer base



Relationship tenure with key DNO¹ clients²

Fully owned integrated production facility



Site area in Cavan, Ireland

Key competitive advantages



Approved supplier to all UK / Ireland DNOs



Bespoke designs and solutions in-house



Distinctive intellectual property and proprietary design software



Dedicated technical design team



Entrenched blue-chip customer relationships

Source: Company information, Market information











Notes:

1 Distributed Network Operator

2 Refers to 7 out of top 10 clients

2 Strong traditional product portfolio of transformers...

Deep product portfolio across the MVA spectrum

Product	Primary end market	LTM Mar-24 net sales split	MVA ¹ range	LTM Mar-24 output ³
 Single phase transformers		18% ²	15–100kVA	c.9.7k ³
 Small / Medium transformers		16%	15–315kVA	c.2.7k
 Big transformers		30%	400kVA–1MVA	c.2.3k
 Large / Industrial transformers		18%	1.2–10MVA	c.0.6k
 Substations		17%	400kVA–1MVA	c.0.7k

Source: Company information, Market information

Notes:

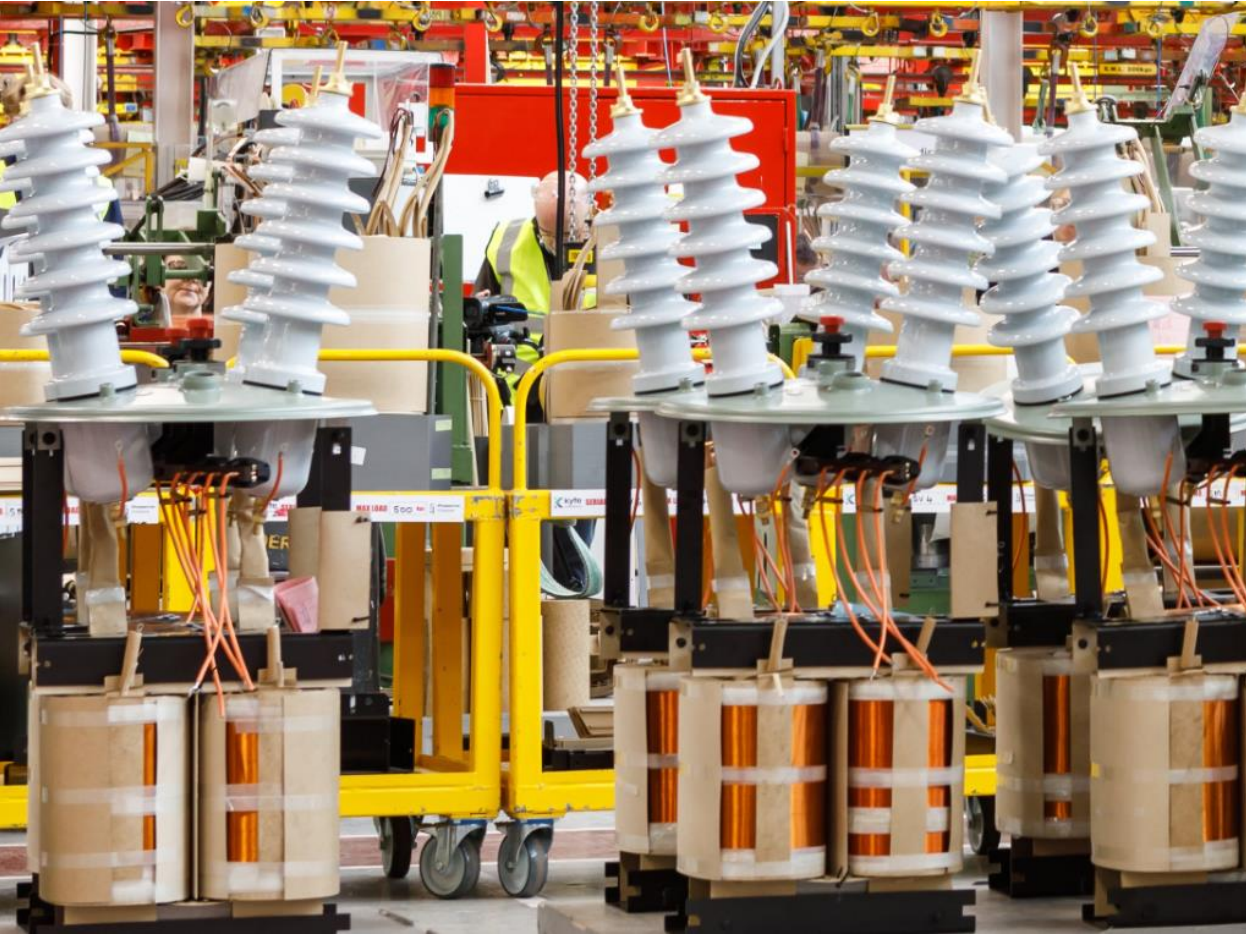
1 Mega Volt Amp

2 Includes net sales contribution from outsourcing

3 Includes c.1.2k units from outsourcing



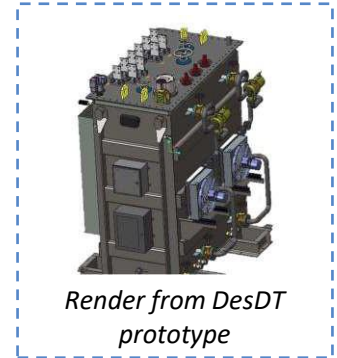
2 ...complemented by digital capabilities



“DesDT” proprietary design software

Highly accurate design software leveraging **intelligent algorithms** for design optimisation

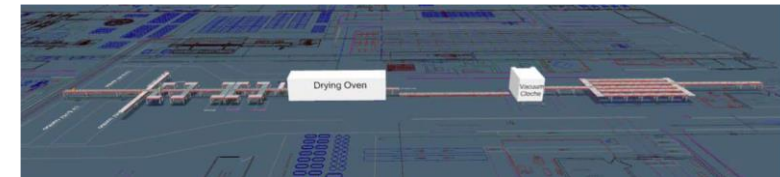
- ✓ 45+ years of accumulated data
- ✓ Proprietary formulae algorithms
- ✓ Extensive library of **5,000+** active designs from prior customer interactions and collaboration partnerships
- ✓ Future-proofed by upgrading the software from a legacy language to **Python**



Value Stream Mapping

Holistic approach when analysing a specific state of the value stream, **improving:**

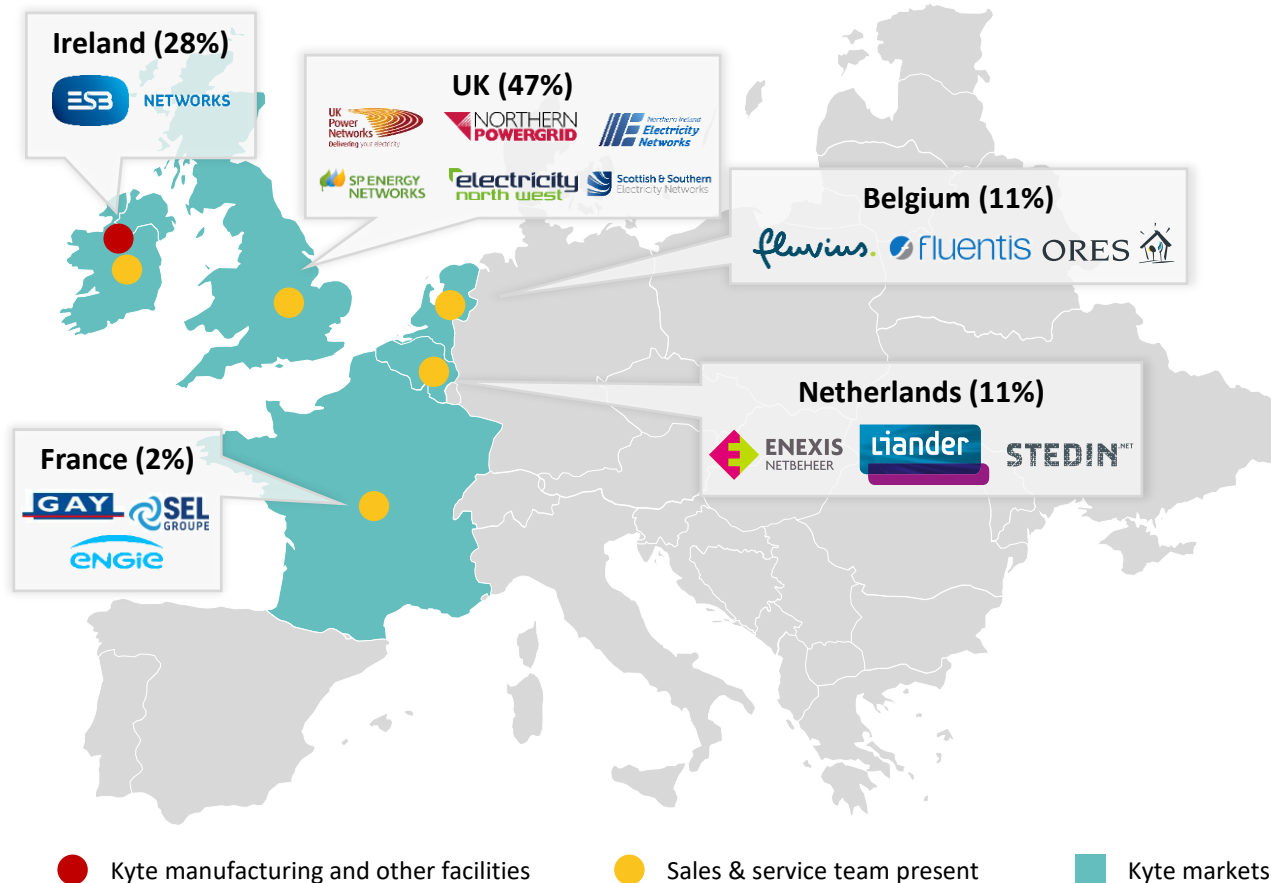
- ✓ Cycle-times
- ✓ Layout optimisation
- ✓ Inventory management
- ✓ Information / Material flow



Value Stream Mapping visualisation

Kyte's strong customer relationships derive from a business model centred on customer proximity and responsiveness

Overview of Kyte's operations and customers (% of LTM Mar-24 net sales)



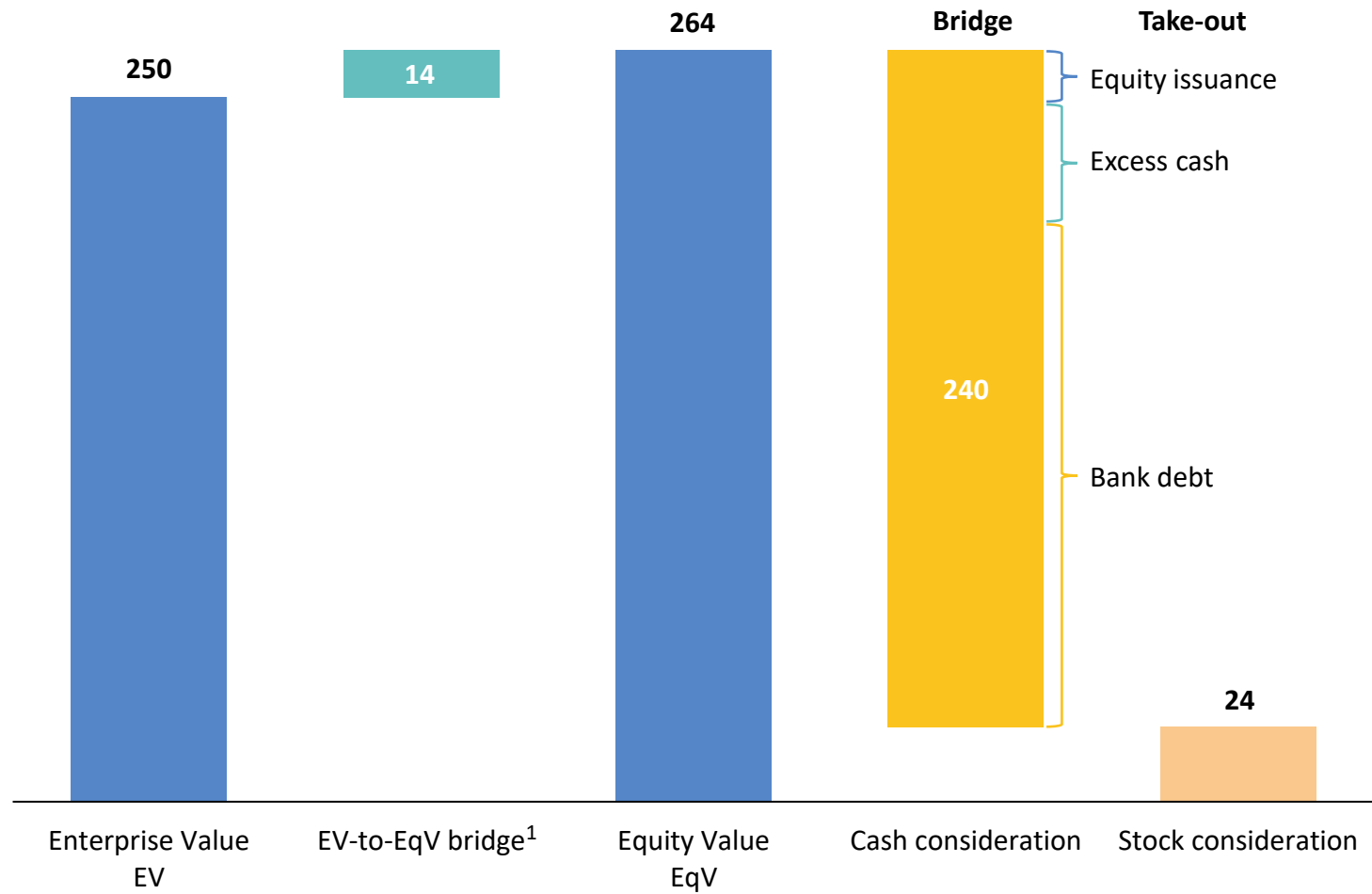
Source: Company information, Market information

- ✓ All offices and facilities are strategically positioned, ensuring proximity to key markets for **swift lead times** and **enhanced responsiveness** to customer needs
- ✓ Kyte employs a **lean manufacturing approach**, centralising its manufacturing and operations (e.g. R&D etc.) in Cavan, Ireland
- ✓ To efficiently cater to significant customer bases in key markets, the company deploys its **own sales force and both in-house and outsourced service teams**
 - The **commercial team includes 19 FTEs** across the business with 8 dedicated sales team managers
 - This includes **dedicated individuals in key European markets and for major UK and Ireland customers**

Relationship tenure of 25+ years with the majority of key clients

3 Kyte: a high-quality asset acquired at an attractive valuation

Acquisition consideration (EURm)



- **Bridge financing facility** provided by UBS
 - Take-out by a combination of bank debt, excess cash and equity issuance of ~CHF 23m²
 - R&S has secured commitments for the equity issuance to be executed in a timely manner
- **Kyte Powertech management rollover** is subject to a 1-year lock-up period for 25% of their shares and a 2-year lock-up period for the remaining 75% of shares
- **Leverage**
 - Acquisition results in a **PF leverage³ of around 2.25x** with the aim of reducing it to ~2x by year-end 2024
 - **Mid-term target leverage of around 1.5x Net Debt⁴ / LTM EBITDA** based on high warrant conversion
- The transaction is expected to be **highly EPS accretive⁵**

Sources: Company information

Notes: EUR/CHF of 0.9324 as secured via FX forward for the transaction

1 Including adjusted net cash, NWC adjustment, ticking fee and employee benefit trust consideration

2 R&S Group Holding AG will receive equity proceeds from the committed execution of R&S Group warrants, among others, by Artemis Beteiligungen at the amount of CHF 9.6m and from the partial sale of treasury shares held by the company of ~CHF 10m secured by a commitment of Zürcher Kantonalbank

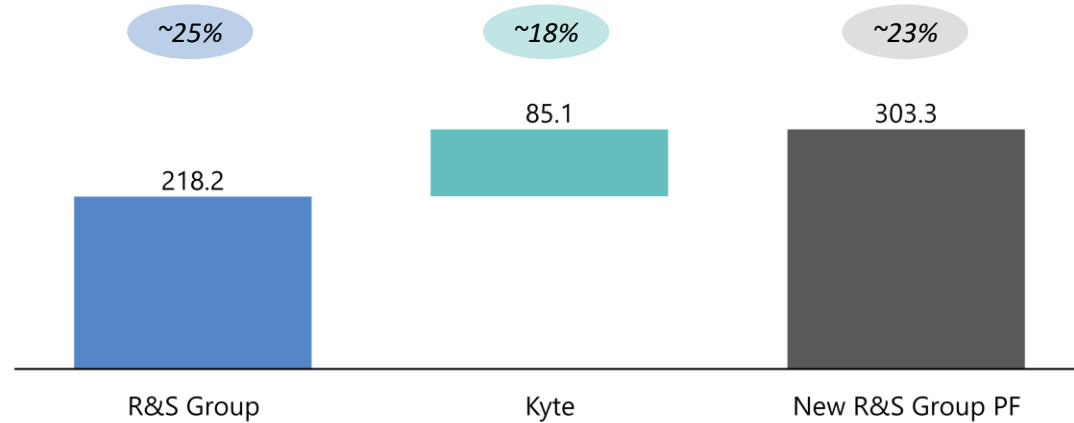
3 Net debt / LTM EBITDA as of Jun-24 including lease liabilities and PF for equity issuance

4 Including lease liabilities and PF for equity issuance

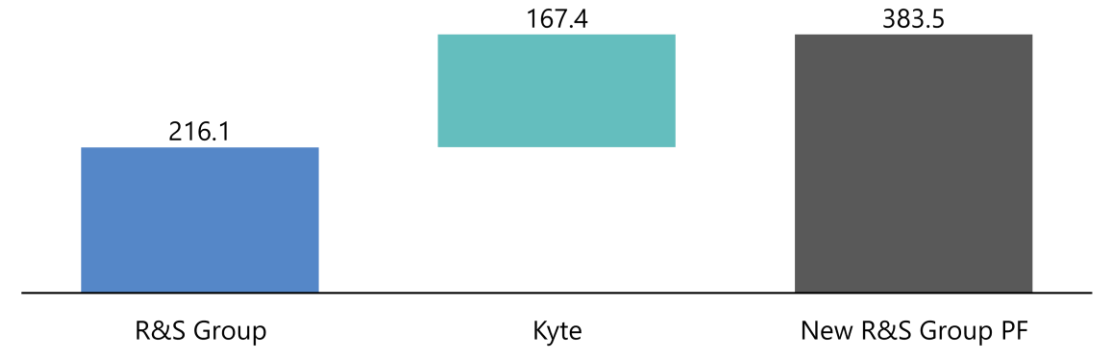
5 Based on existing accounting principles in place for both companies

3 R&S and Kyte have highly complementary financial profiles

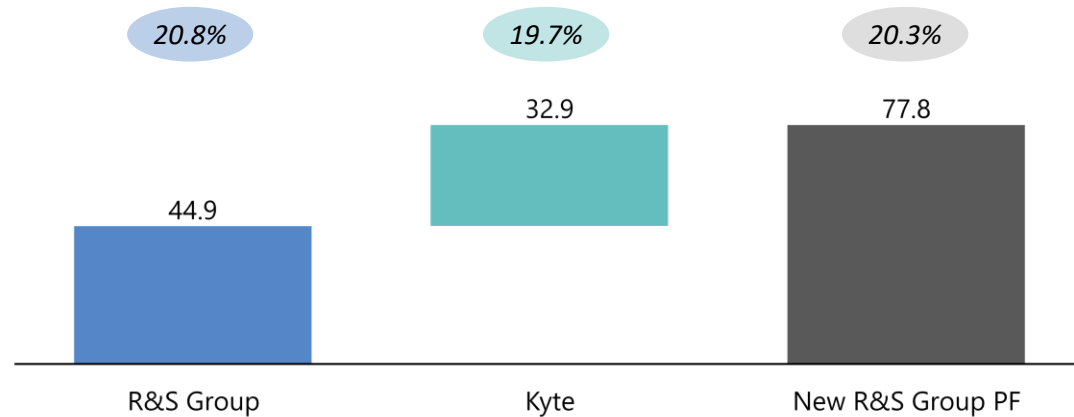
Order backlog (June 2024 LTM, CHFm)¹
Growth Y-o-Y



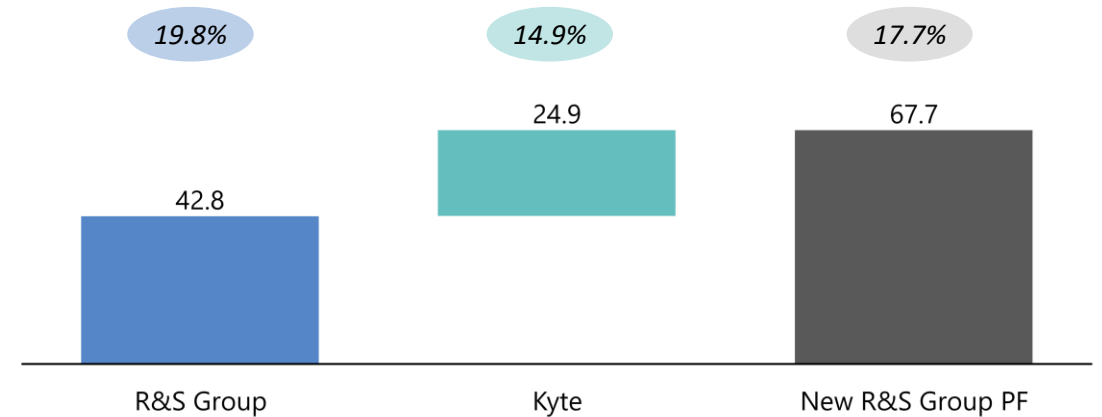
Adj. net sales (June 2024 LTM, CHFm)^{1,2}



Adj. EBIT (June 2024 LTM, CHFm)^{1,2}
Margin



Free Cash Flow (June 2024 LTM, CHFm)^{1,3}
Margin



Sources: Company information, R&S Group semi-annual report, Kyte June reporting

Notes: New R&S Group PF numbers represent a simple addition of R&S Group and Kyte figures, without including synergies and accounting standards, PPA and other adjustments

1 FX rate for Kyte at EUR/CHF 0.96

2 Adjusted for CHF9.5m loss from disposal of R&S Group's Czech plant SERW in December 2023 and M&A transaction costs of CHF1.6m

3 R&S Group FCF calculated as cash flow from operating activities minus cash flow from investing activities; Kyte Powertech not reported, figure calculated as the movement in cash balance during 12 month period



3 Update on 2024 and mid-term guidance

	2024 outlook ¹	Mid-term outlook ²	Commentary
Net sales growth	Confirmed Above 12%	Confirmed Around 12%	<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	Confirmed Around 20% of net sales	Confirmed Around 20% of net sales	<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	Under review Mid-teens double-digit as % of net sales*	Under review Mid-teens double-digit as % of net sales**	<ul style="list-style-type: none"> FCF equals cash flow from operating activities minus cash flow from investing activities * 2024 under review due to M&A transaction costs and subsequent tax payments in Italy ** mid-term being reviewed due to combined Capex plans
Dividend policy and leverage	Changed CHF 0.50 per share	Changed CHF 0.50 per share	<ul style="list-style-type: none"> Stable dividend for FY2024 to FY2026³, thereafter accelerated Mid-term target leverage of around 1.5x Net Debt⁴ / LTM EBITDA based on expected high warrant conversion; excess cash to be returned to shareholders

Notes:

- 1 Latest guidance for 2024 (announced on 17 May 2024)
- 2 Based on current mid-term plan (announced on 17 May 2024)
- 3 Actual year financial target to be paid out the following year
- 4 Including lease liabilities and PF for equity issuance



Guidance confirmed / updates / under review vs latest guidance announced on 17 May 2024



4 Key takeaways

R&S Group and Kyte Powertech are excited to join forces looking ahead into a bright future, guaranteeing energy and transforming the world of energy every day

1

2

3

4

1 R&S Group has delivered an exceptional performance since its listing

Strong 2024 momentum, with financial guidance raised for the year to net sales growth 15%, EBIT margin +20% and E2 margin of mid-teens

Strong order backlog of CHF2.6B & book-to-bill of 1.8x as of end of June 2024

Secular tailwinds for the electricity distribution sector driving multi-dimensional future growth

15% net value growth

Expanded production capacity in Poland in mid-2024

Quality delivered as promised in FY2023 guidance

Successful listing on SIX Swiss Exchange: Share price 38.5% from initial listing price

23.2% net value growth

R&S Group logo

R&S Group has delivered a successful financial and operational performance since its listing, creating meaningful value for shareholders

1 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 selected countries. Focus on what we do best and offer our engineering expertise, quality and reliability to new markets

Market growth

- Specialization
- Specialization
- Specialization
- Specialization
- Specialization

Operational excellence

- Process quality
- Process quality
- Process quality
- Process quality
- Process quality

Sales excellence

- Market share growth
- Market share growth
- Market share growth
- Market share growth
- Market share growth

Portfolio

- Complementing to expand high performance & sustainability product portfolios
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M&A potential

- Proven ability to identify consistent targets
- Proven ability to identify consistent targets
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- Proven ability to identify consistent targets
- Proven ability to identify consistent targets

R&S Group logo

Part of the R&S Group success story can be attributed to the group's robust strategic roadmap and DNA, which M&A is a key part of

1 Strong rationale for the combination of R&S Group and Kyte

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

- Combined increase in leading market positions and expansion of European regional footprint
- Complementary product portfolio & expertise in distribution transformers
- Joint network and service expertise, and potential to increase share of wallet with customers
- Shared deep bench of management expertise with respectively high levels of market competence in their core segments
- R&S Group can facilitate and support Kyte's growth with historically underserved industrial customers; in turn, Kyte's design capabilities will enhance R&S Group's existing customer relationships
- Shared culture, including a focus on product on quality and sustainability
- Similarly attractive financial profiles, with growth and profitability of both companies to be uplifted by top-line and cost synergies

R&S Group logo

Kyte represents an opportunity to expand R&S Group's position as market leader in selected products and markets while maintaining a high standard of quality and technical expertise

3 R&S and Kyte have highly complementary financial profiles

Order backlog (June 2024, CHFm)¹

Company	Order backlog (June 2024, CHFm)
R&S Group	218.2
Kyte	85.1
New R&S Group FY	303.3

Adj. EBIT Margin (June 2024 LTM, CHFm)^{2,3}

Company	Adj. EBIT Margin (June 2024 LTM, CHFm)
R&S Group	20.8%
Kyte	18.7%
New R&S Group FY	20.7%

Free Cash Flow Margin (June 2024 LTM, CHFm)^{4,5}

Company	Free Cash Flow Margin (June 2024 LTM, CHFm)
R&S Group	16.8%
Kyte	14.8%
New R&S Group FY	17.2%

R&S Group logo

The acquisition will further enhance R&S' attractive financial profile through Kyte's attractive growth and margin profile

4 Stronger together

The acquisition of Kyte Powertech is a natural next step in the continued evolution of R&S Group



Next update on combined group strategy and integration to follow at Capital Markets Day in Zurich on 31 October





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