

R&S Group

Investor Presentation

June 2024



We guarantee energy

This presentation contains certain forward-looking statements. Such forward-looking statements reflect the current views of management and are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements of the Group to differ materially from those expressed or implied herein. Although R&S Group is convinced that the forward-looking statements are based on reasonable assumptions, R&S Group cannot guarantee that these expectations will be realized.

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Markus Laesser
Group CEO



Matthias P. Weibel
Group CFO

Table of contents

4

1

Introduction and highlights

2

Strategy

3

Full year 2023 financial results

4

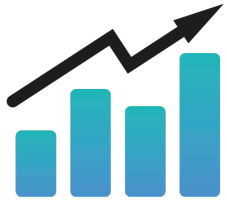
Sustainability

5

Outlook & take aways



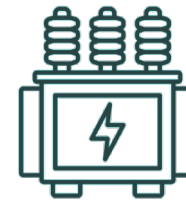
Highlights



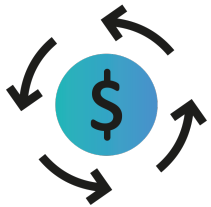
Successful year 2023 marked by strong sales and record profitability results. Net sales of CHF 201.6 mn (adjusted) up by 40% on an organic basis. EBIT (adj.) of 37.5 mn.



High employee engagement across all locations of the Group.



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



Strong operational results turning into remarkable cash conversion.



Achievements delivered as promised in FY 2023 guidance.



Listing on SIX Swiss Exchange on 13 December 2023 under the symbol «RSGN». Organisation readied for »being public«.

R&S Group is well positioned with its footprint

R&S has the DNA of a quality local champion with the necessary scale

Growth

driver in modernisation,
decarbonisation and decentralisation

100+

years of experience in production¹

Strong market position

with leadership in niches, engineering
and ability for small batches

6 factories

in Switzerland, Italy, Poland and UAE

Various industries²

enabled to generate power, focusing on
windfarms, PV and Datacenters

600+

highly skilled & empowered employees

 **120+ distribution partners worldwide**



Source: Management information

Notes:

1. Founded in 2012, R&S was built on a company from 1919
2. Industries include photovoltaic and wind (renewables), e-mobility, and Datacenters

Our highly reliable transformer portfolio



**Reliable and highly efficient
electrical infrastructure
products**



Power transformers
Up to 145 kV & 120 MVA



Distribution transformers
Up to 36 kV & 2.5 MVA



Cast resin transformers
Up to 52 kV & 20 MVA



Instrument transformers
Up to 36 kV

Continued significant investment in 2023 to boost future growth



Continued significant investment in 2023 to boost future growth



Strategy

Markus Laesser | Group CEO



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Strong secular market tailwinds for increased electricity demand

Secular
tailwinds...



Increase of global
population



Increase of
economic activity



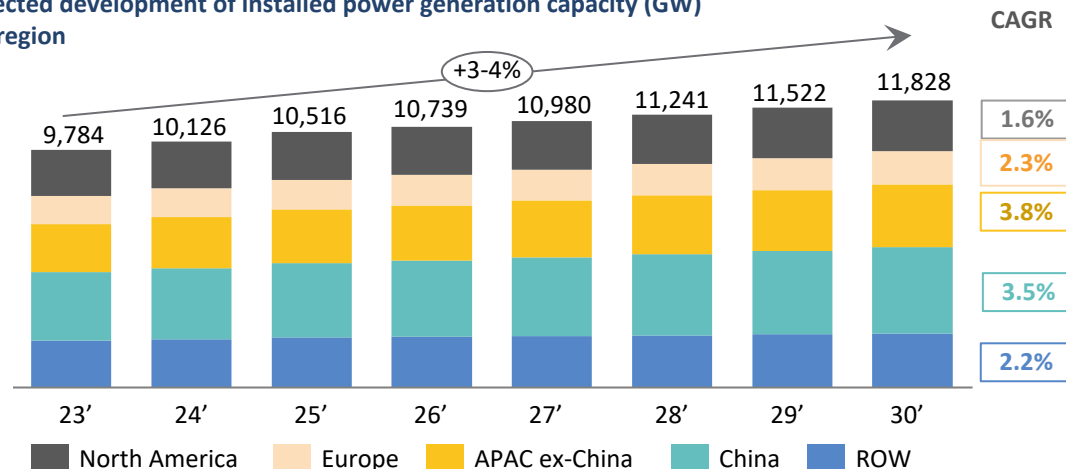
Changing consumer
behavior



Increased access to
electricity

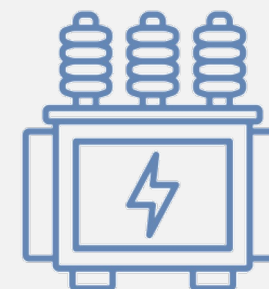
...combined with massive replacement
requirements...

Expected development of installed power generation capacity (GW)
per region

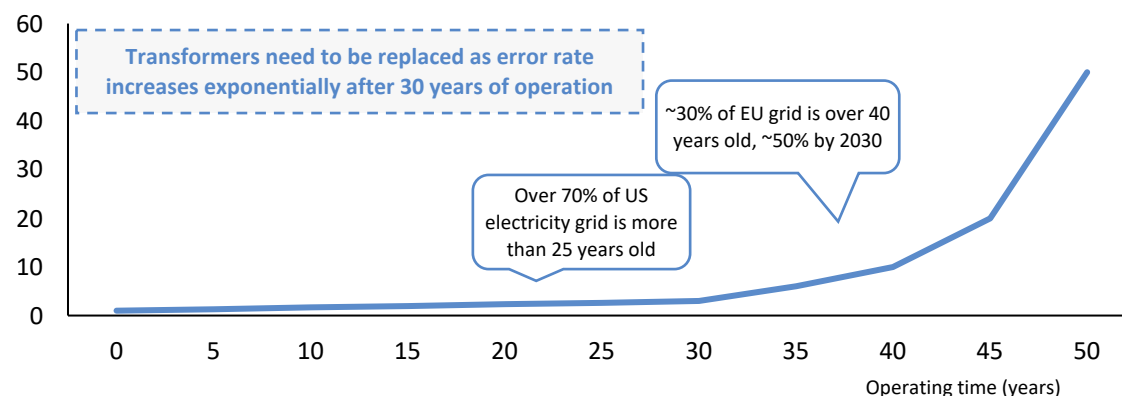


...drive accelerated transformer
market growth

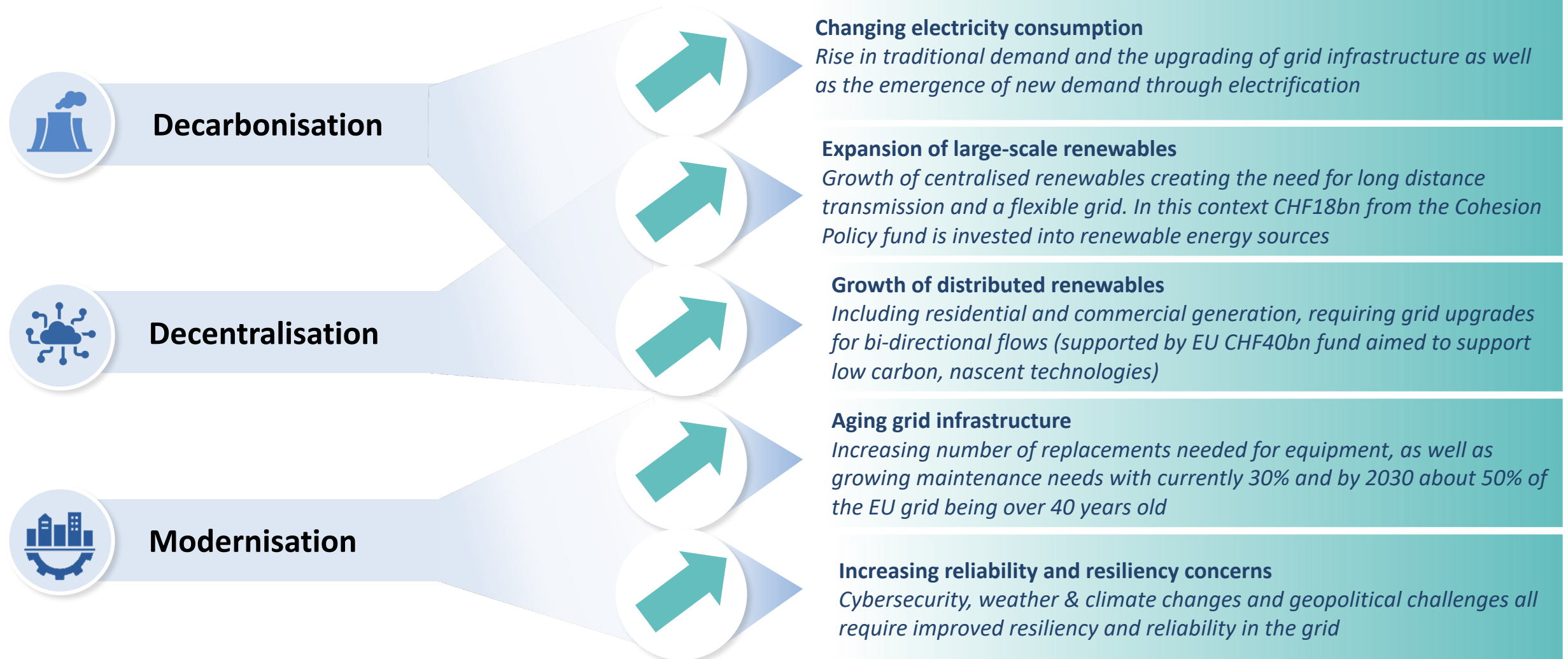
1 MW of new power capacity
leads to ~3 MVA in
transformer capacity
given energy is transformed
several times



Aging grid infrastructure demanding replacement: Error rate of transformers (%)

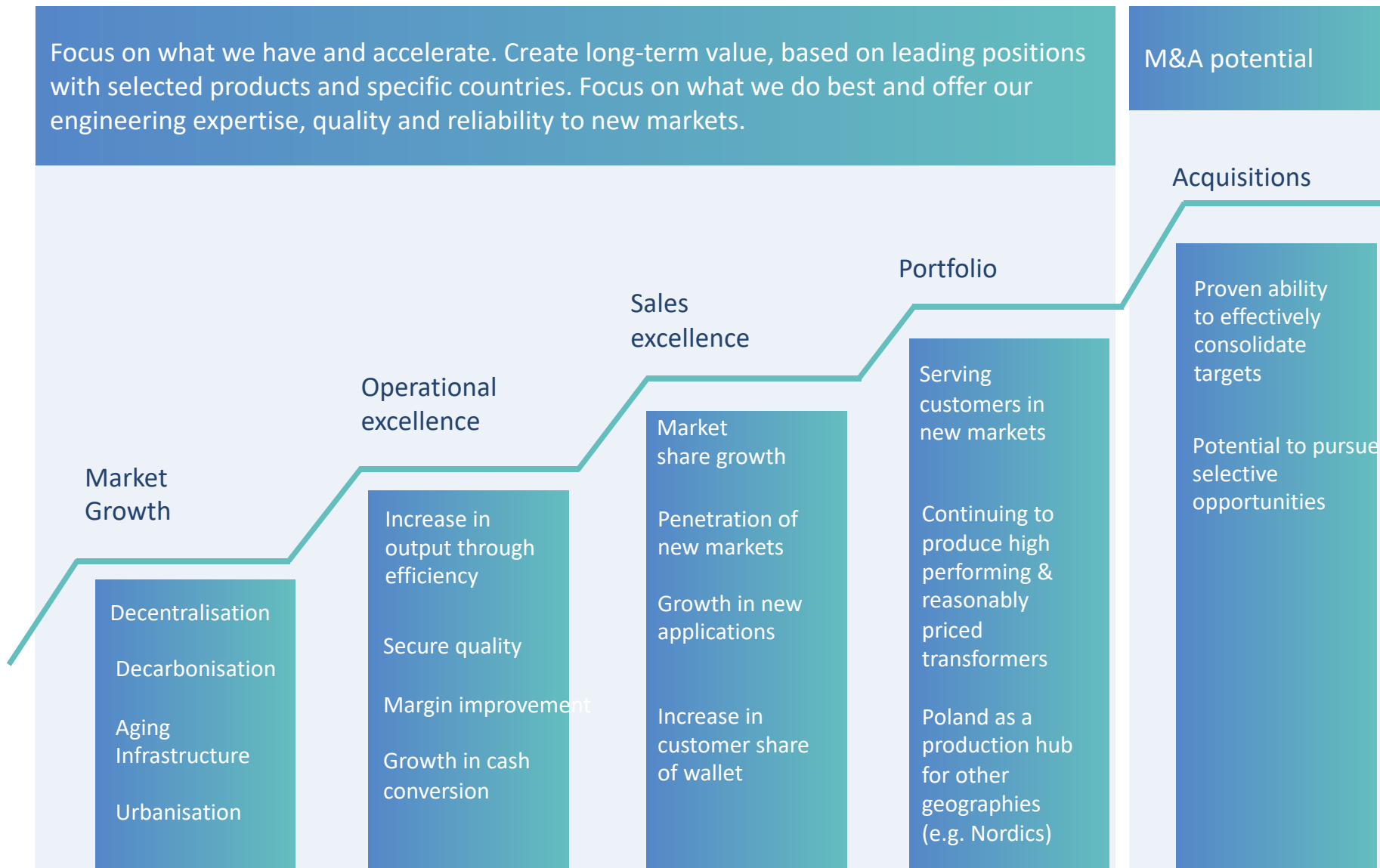


Well-positioned to capture growth from the ubiquity of electrification

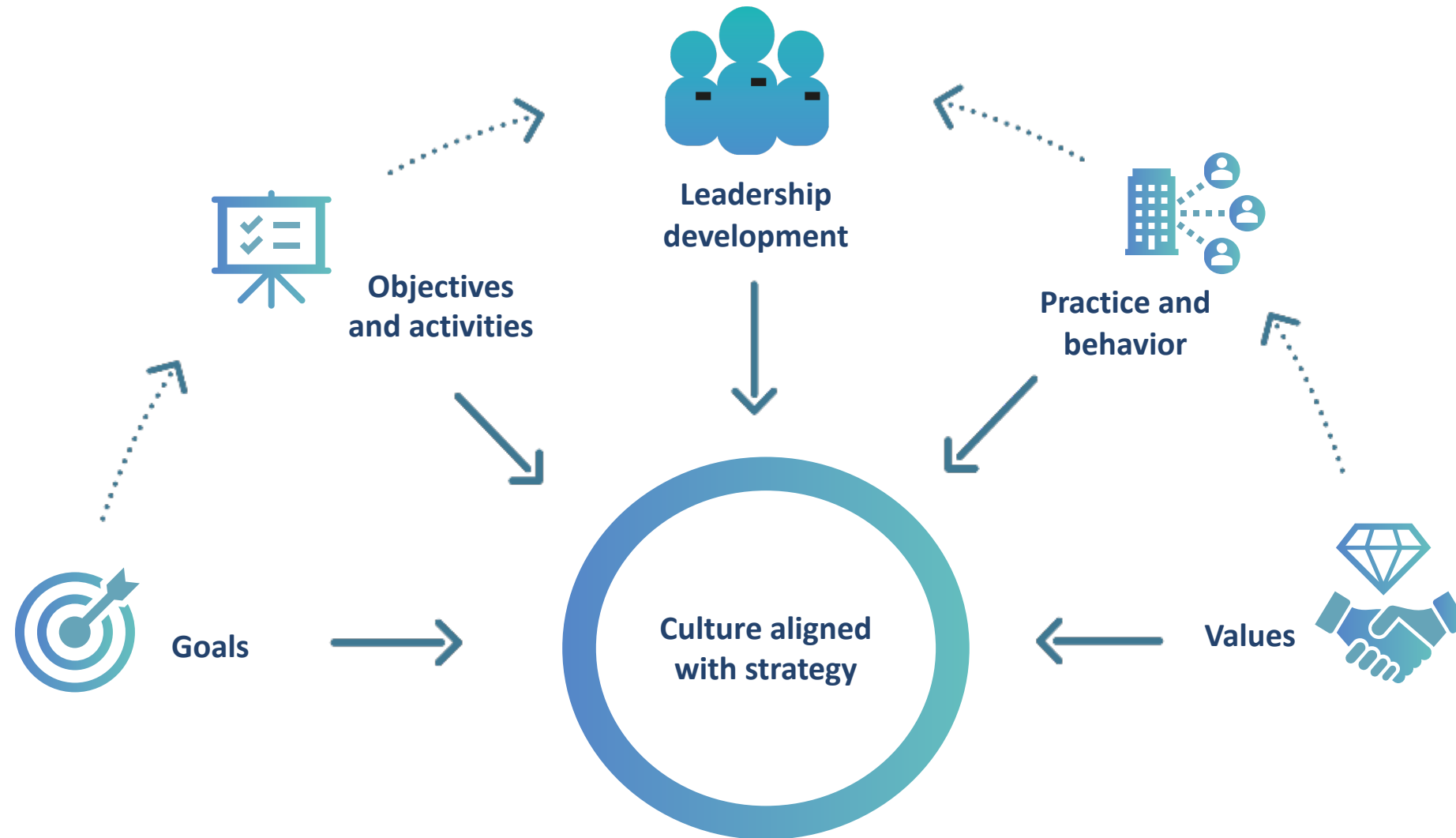


Sources: Consultancy analysis

Strategic roadmap of ongoing & future upside levers



Culture as a key driver for value creation and growth



Strategic Initiatives already executed in 2023

100% acquisition of Tesar Gulf.



Listing at Swiss Stock Exchange SIX.



ISO 14025 / 7 EN 50693
Certification @ Tesar
(Environmental Product Declaration)



Drive ESG Excellence

2023

2024

Insourcing of core production.

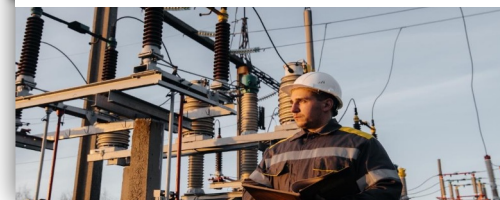


Disposal of non-core SERW



Successful market entry into Nordics, the Baltics and Germany through first customer wins.

Expansion Into New Geographies



Opening Rauscher & Stöcklin Plant in Bochnia/PL (Mid 2024)

Expand Production Capacity



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Full year 2023 financial results

Matthias P. Weibel | Group CFO



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Key messages per 31 December 2023

+22 %**185.7**

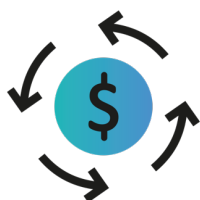
Order Backlog

+40 %**201.6**

Net Sales (adj.)

**37.5**Operating result
EBIT (adj.)**+18.6 %**

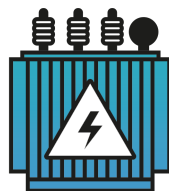
EBIT Margin (adj.)

**28.9**Profit
after tax (adj.)**1 CHF**Earnings
per share (adj.)**33.3**

Free Cash Flow

15.3 %

based on Net Sales

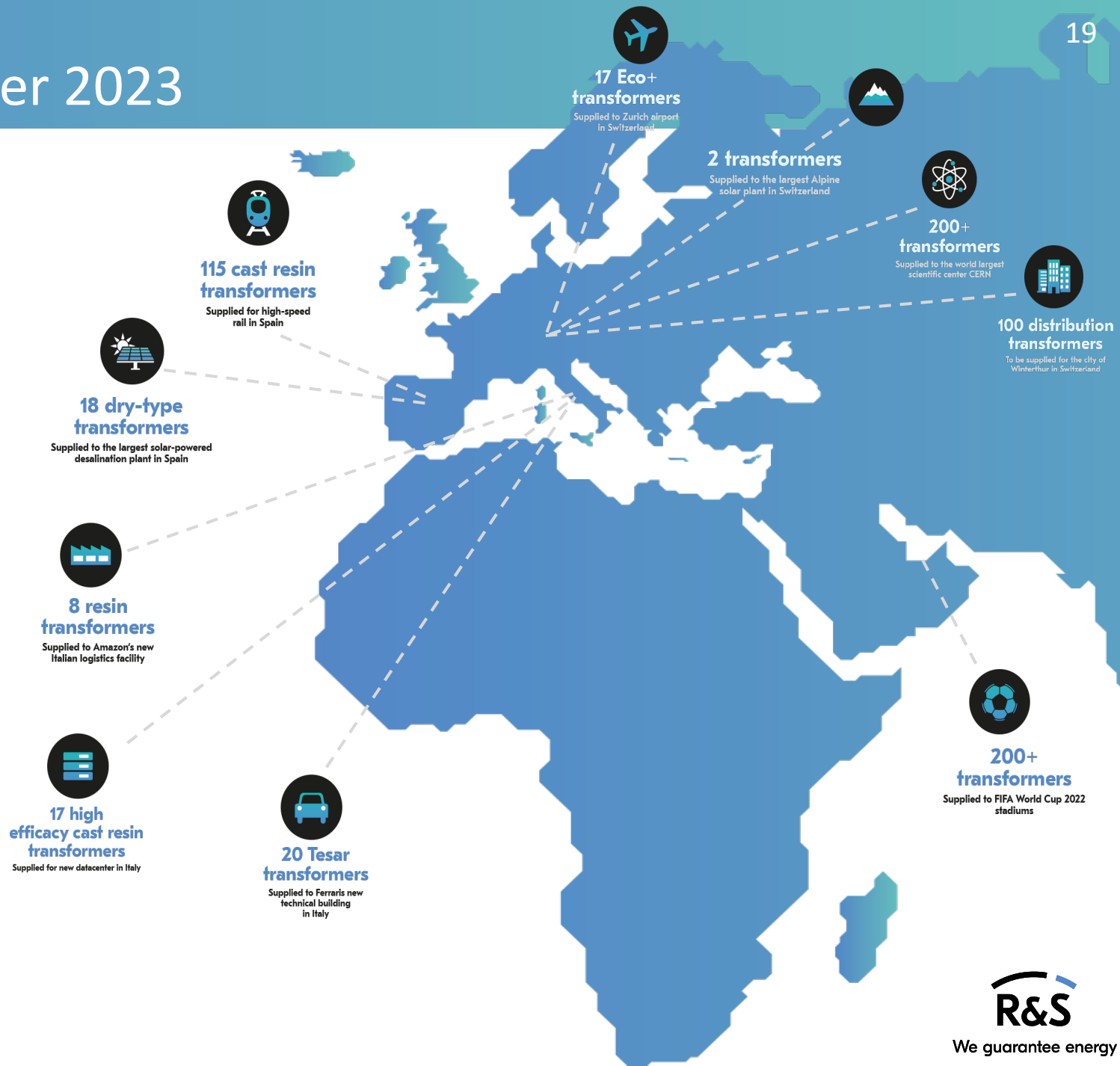
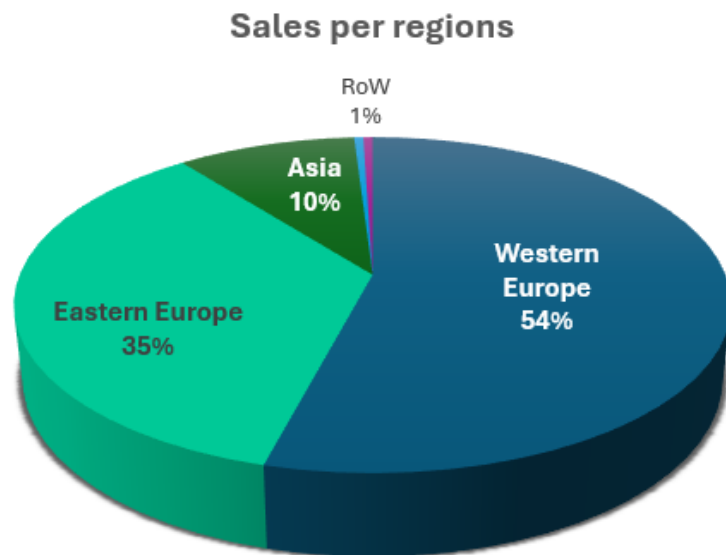
**5.6**Capital expenditures
for tangible assets and
intangible assets**2.5 %**

Dividend return

**616**Number of
employees

Key messages per 31 December 2023

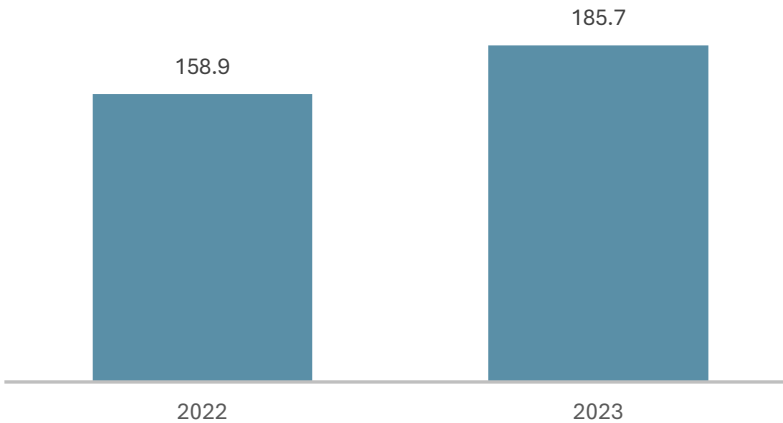
- In 2023, we managed to grow in all of our core markets, both geographically and by product group.
- The share of sales from long-term manufacturing orders (PoC projects) reached over 20% of total sales.



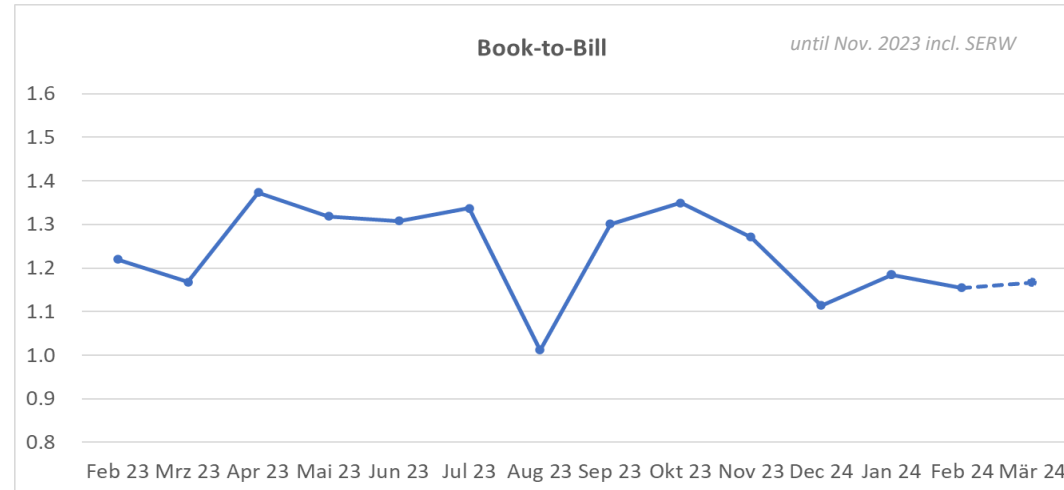
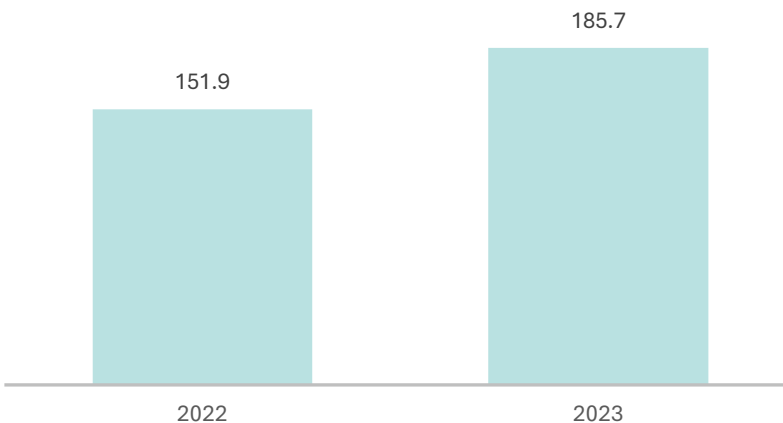
Strong growth of order intake and backlog

TCHF

ORDER BACKLOG REPORTED



ORDER BACKLOG ADJUSTED



- Stable backlog 2024 with strong Value Added; continuously high monthly order intake; no margin erosion expected in 2024 in key markets (CH, GER, IT)
- Low pressure on prices as long as material prices remain stable; build-up of new capacities and competitors that calculate very tight might change the overall picture only in the short term
- Since 3 months avg. Book-to-bill flat > 1.1 (see graph above)
- High backlog for Oil-Distribution and Power Transformers until mid of 2025, normal backlog for Cast Resin Transformers until mid of 2024

Key financial figures 2023 (adjusted)

	2022 reported	2022 adjusted¹	2023 reported	2023 adjusted	Change in adjusted %
	MCHF	MCHF	MCHF	MCHF	in%
Order Intake	240.9	231.6	264.6	245.0 ²	6%
Order backlog	158.9	151.9	185.7	185.7	22%
Net sales	155.1	144.3	216.9	201.6 ²	40%
Operating result (EBIT)	7.7	9.1	28.7	37.5 ³	312%
as % of net sales	5.0%	6.3%	13.2%	18.6%	
Net profit	4.3	5.9	11.6	28.9 ⁴	391%
Earnings per share in CHF	0.15	0.20	0.40	1.00	391%
Net financial position ⁵	4.7	7.0	6.7	6.7 ⁶	-5%
Dividend per share	0	0	0.25	0.25 ⁷	
Year-end Number of full-time equivalents	712	540	616	616	14%

¹ without figures of plant in Czech Republic (SERW), which was divested on 5 December 2023

² adjusted for figures of divested plant in Czech Republic (SERW)

³ adjusted for MCHF 9.5 loss from sale of SERW including disposed net assets of MCHF 4.0 and recycling of historic goodwill of SERW in the amount of MCHF 5.5 included in «Other Operating Expenses»

⁴ adjusted for MCHF 9.5 loss from sale of SERW (see footnote 2) and non-operating listing costs from initial business combination of MCHF 8.0

⁵ defined as cash and equivalents less (interest-bearing) short- and long-term liabilities

⁶ including MCHF 38.7 financial debt of R&S Group Holding AG (former VT5)

⁷ proposal of the Board of Directors to the Annual General Meeting of 28 May 2024

Consolidated group results 2023 were impacted by three items

Three adjustments at holding level had a significant impact on the annual financial statements.

①

According to FER 24/22, **transaction costs** may not be offset against equity, but must be expensed as "Listing costs" in financial expenses.



Negative impact of 8 MCHF on net income.

②

Initial Business Combination (IBC) led to **goodwill offset of CHF 17.7** million against equity



From a *legal* perspective, VT5, later renamed to RSG, took over the existing R&S group. From an *accounting* perspective, however, the existing R&S (i.e. R&S International Holding AG) bought VT5. For this reason, a specific amount of goodwill resulted, which was booked against equity (acc. to FER 30).

③

Historic goodwill of SERW to be fully amortized via P&L.



Negative impact of an additional MCHF 5.52 on EBITDA (total of MCHF 9.5 in other operating expenses).

Consolidated profit & loss statement 2023

(with comparatives from prior year)

	Notes	2023 TCHF	2022 TCHF
Net sales	A 4	216'907	155'114
Changes in semi- / finished goods	B	-114	4'684
Other operating income	5	691	127
Operating income		217'485	159'926
Material costs	C	-124'226	-105'310
Personnel costs	D 6	-38'413	-32'561
Operating expenses	7	-13'891	-11'507
Other operating expenses ¹	E 8	-9'938	-640
Operating result before amortisation and depreciation (EBITDA)		31'017	9'908
Depreciation of tangible assets and amortisation of intangible assets	16	-2'332	-2'229
Operating result (EBIT)		28'684	7'678
Financial result	F 9	-9'572	-1'655
Profit before income taxes		19'112	6'023
Tax expenses	10	-7'478	-1'771
Profit	G	11'634	4'252
Basic earnings per share in CHF	11	0.40	0.15
Diluted earnings per share in CHF	11	0.40	0.15

¹ Other operating expenses include CHF 9.5 million loss on disposal of SERW Spol. S.r.o. after goodwill recycling under Swiss GAAP FER 30.17 (refer to Note 30)

adjusted EPS at 1.0 CHF

previous year 2022: «old» R&S group without acquired VT5

A Net sales

- adjusted net sales without SERW 201.6 MCHF (+40%)
- small FX impact: based on prior year avg. exchange rates net sales would have been 1.9% higher; mainly due to stronger CHF vs. EUR

B Semi-/ finished goods decreased in 2023 as all plants, except ZREW, were able to reduce their semi/ finished goods

C Material costs decreased continuously in 2023 and with good availability of key materials. Low materials ratio at 57% at the end of the year (previous year 68%).

D Personnel costs in relation to sales down from previous year from 21% to 18%, but higher in absolute terms (+17.8%) due to salary inflation (especially in Poland) and increase number of employees to address business growth and strategic expansion of capacities (new plant in Poland)

E Other operating expenses includes write-off of historic goodwill (5.52 MCHF) and the disposed net assets (4 MCHF) of SERW

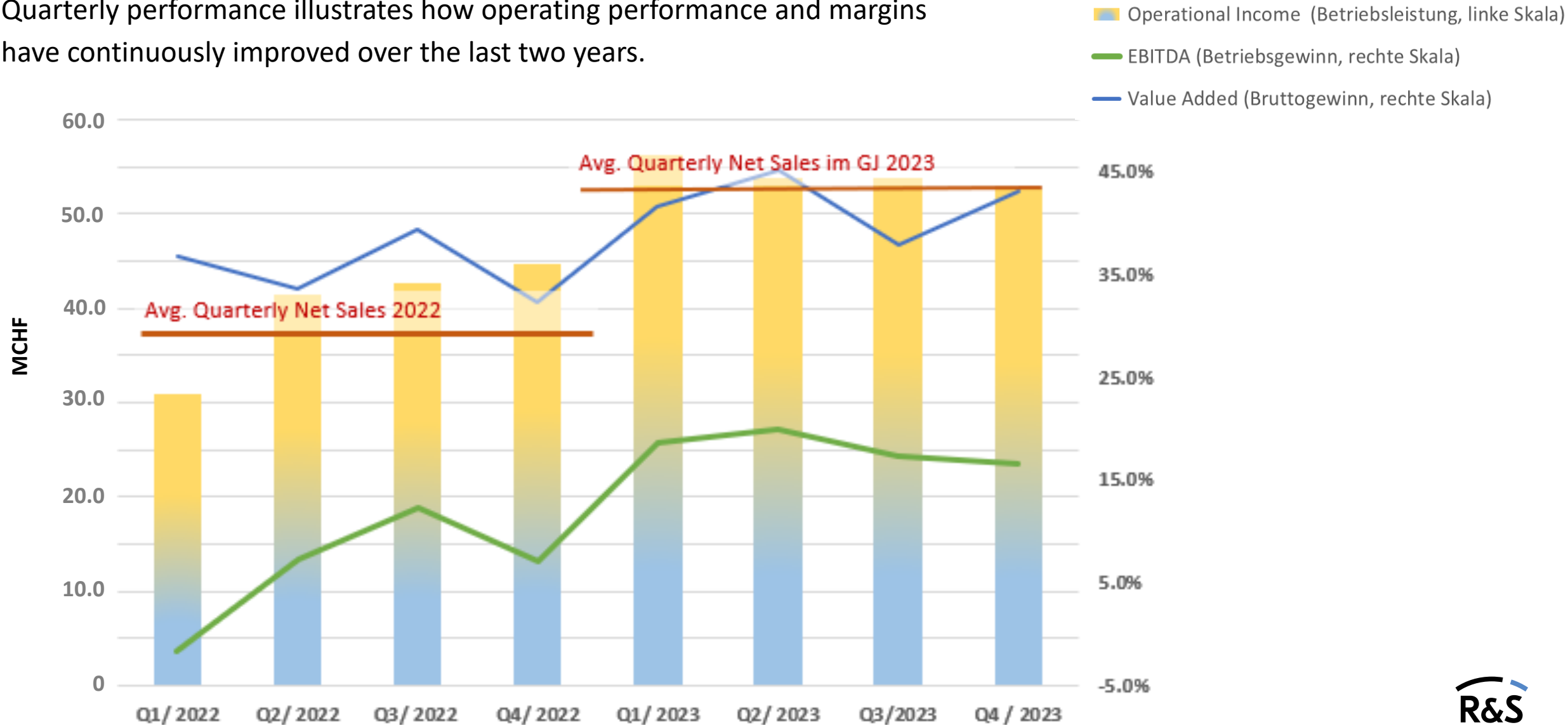
F Financial result listing costs

- According to FER 24/22, the transaction costs for «going public» may not be offset against equity, but must be reported as expenses in «Financial Expenses»
- For 2024, the costs of «being public» will be recorded in operating expenses.

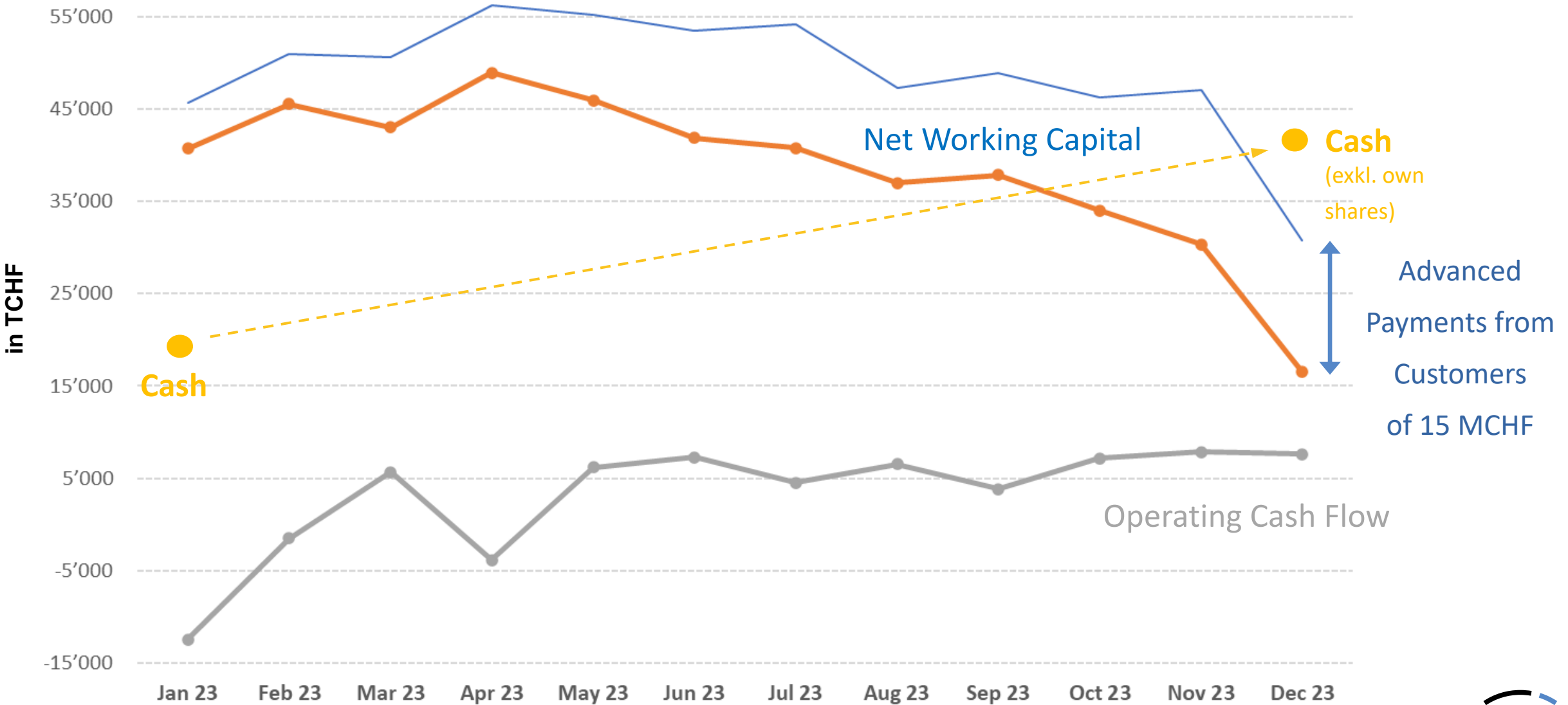
G Tax expenses increased due to higher profit and continued consumption of tax loss carryforwards (most of the available losses were consumed in 2023) and expired tax exemptions for Tesar PL.

Continuously increased levels of revenue and value add

Quarterly performance illustrates how operating performance and margins have continuously improved over the last two years.



Balance sheet and Cash flow: reduction of NWC unlocked cash



Guidance



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R&S to deliver profitable growth on a sustainable basis

	2023 actual	2024 outlook ¹	Mid-term outlook ²	Commentary
Net sales growth	40% (adjusted) to CHF 201.6 m	Above 12%	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	18.6% of net sales (adjusted)	Around 20% of net sales	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	15.3 % of net sales	Mid-teens double-digit as % of net sales	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
Dividend policy	CHF7m	Return ~50% of free cash flow to shareholders	Return ~50% of free cash flow to shareholders	<ul style="list-style-type: none"> Dividend growth Actual year financial target to be paid out in the following calendar year

¹ Latest guidance for 2024 (announced on 17 May 2024)

² Based on current mid-term plan (announced on 17 May 2024)

Stable shareholder base

Per 31 December 2023

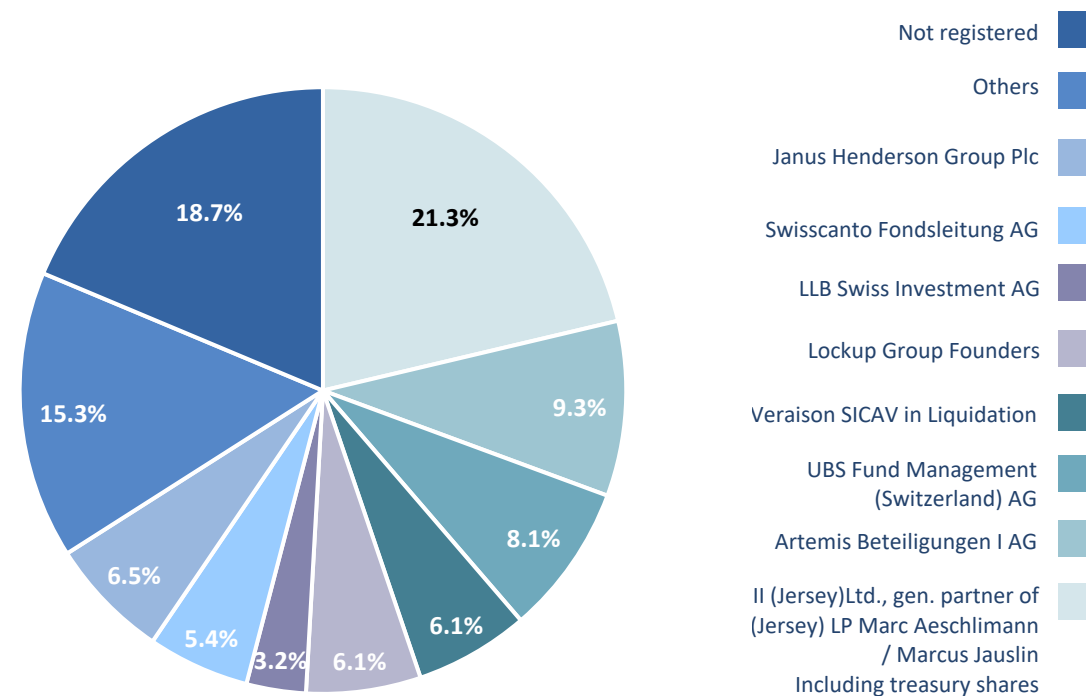
Free float of 50.5%



650 shareholders per end of 2023

Per 31 May 2024

Free float of 57%



832 shareholders per 31.05.2024

Sustainability

Matthias P. Weibel | Group CFO



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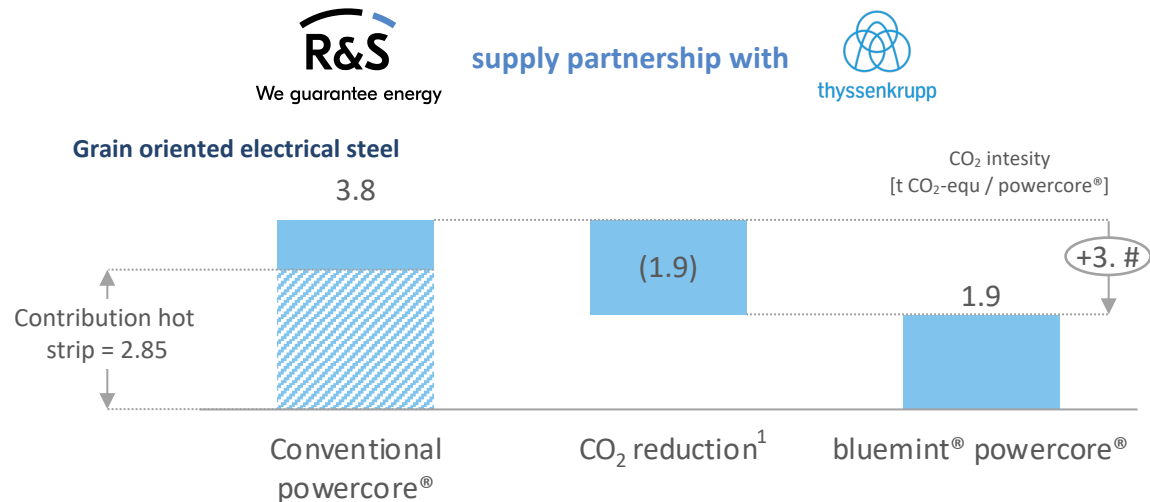
Report on non-financial matters (ESG report)



- The non-financial report is separated from the annual report and has been established in accordance with Art. 964a et seqq. of the Swiss Code of Obligations.
- We recognize the environmental footprint of our operations and seek to avoid, minimize and mitigate our adverse environmental impact, regarding greenhouse gas (GHG) emissions, the use of water, electricity, natural resources and soil pollution.
- We continue to consider ways to understand different metrics for measuring Scope 1, 2 and 3 GHG emissions and tracking our impact on decarbonization.
- We've set the target to reduce GHG emissions by 33% by 2033 versus 2023 levels, and to be climate neutral by 2050, in accordance with the Swiss Climate and Innovation Act.
- We pursue a zero-tolerance policy with regard to child labour within the Group and does not import or process an annual quantity of conflict minerals.

Implementation of sustainability initiatives across our transformer value chain

Everything from the materials that transformers are made from...



- Flagship project demonstrated low energy losses in use and low CO₂ in production
- Minimising supply chain impact with bluemint® materials provided from nearby sites in Europe

Transformers produced with a demonstrable sustainable impact

...to how products are designed and perform



- Product design optimisation and use of better performing materials
- ≥80% of the final product consists of metals, of which the majority is recyclable
- The life expectancy of the product is ~20 years on average, with some products still in operation today after 35+ years
- Demonstrated results with 25% annual energy savings for products vs. the first product supplied in 1993²



Cast resin transformers produced with a circular economy approach

Sources: Thyssenkrupp, Management information

Note:

1. Based on an allocation method

2. Refers to energy savings in KWh/year for 1,500 kVA transformer; for the calculation of the saved load loss, assumes a transformer loaded to 80% of the full load for 24h/day working 365 days/year

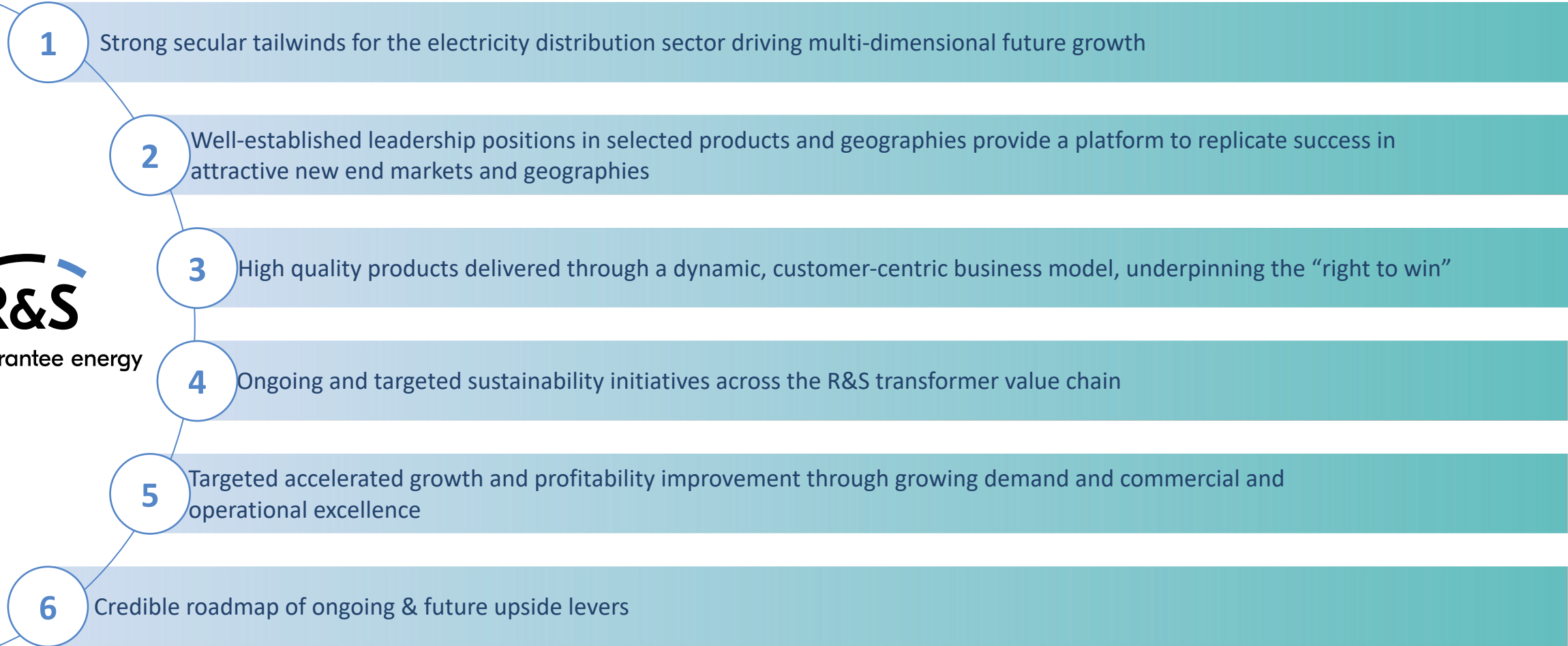
Outlook & take aways

Markus Laesser | Group CEO



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Investment summary for future value creation





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Financial Calendar

Trading update half-year sales
Half-year results 2024
Capital Markets Day
Annual General Meeting 2025

24 July 2024
11 September 2024
31 October 2024
14 May 2025

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