

ANNUAL RESULTS 2022 AND Q1 2023

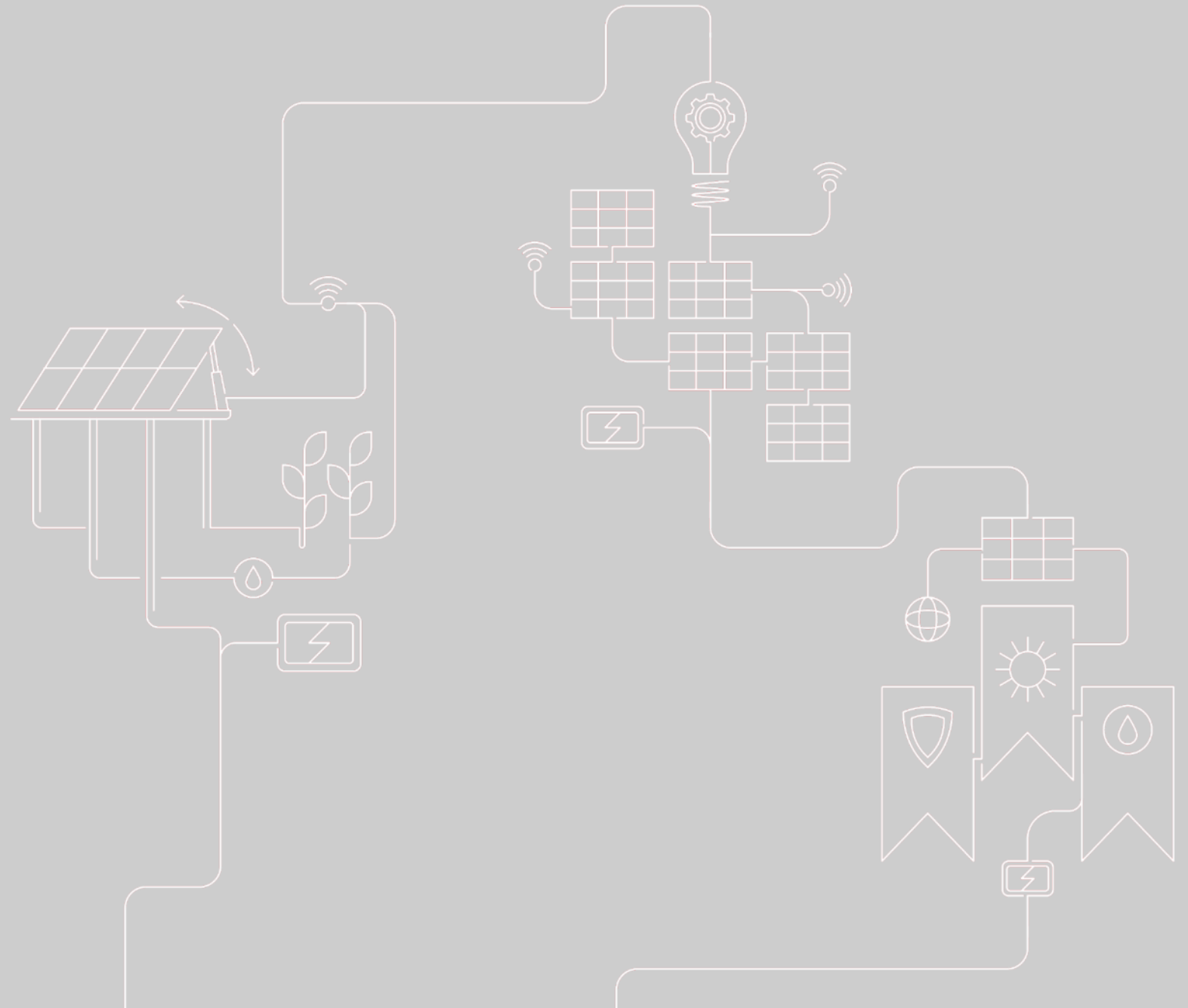
Phoenix Mecano Group
20 April 2023
Annual results conference

AGENDA

Highlights 2022	Dr Rochus Kobler
Business Performance 2022	René Schöffeler
Digital Transformation@ Phoenix Mecano	Ines Kljucar
CO ₂ Strategy	Dr Lothar Schunk
Q1 2023 and Outlook	Dr Rochus Kobler
Q&A	

Introduction

HIGHLIGHTS 2022



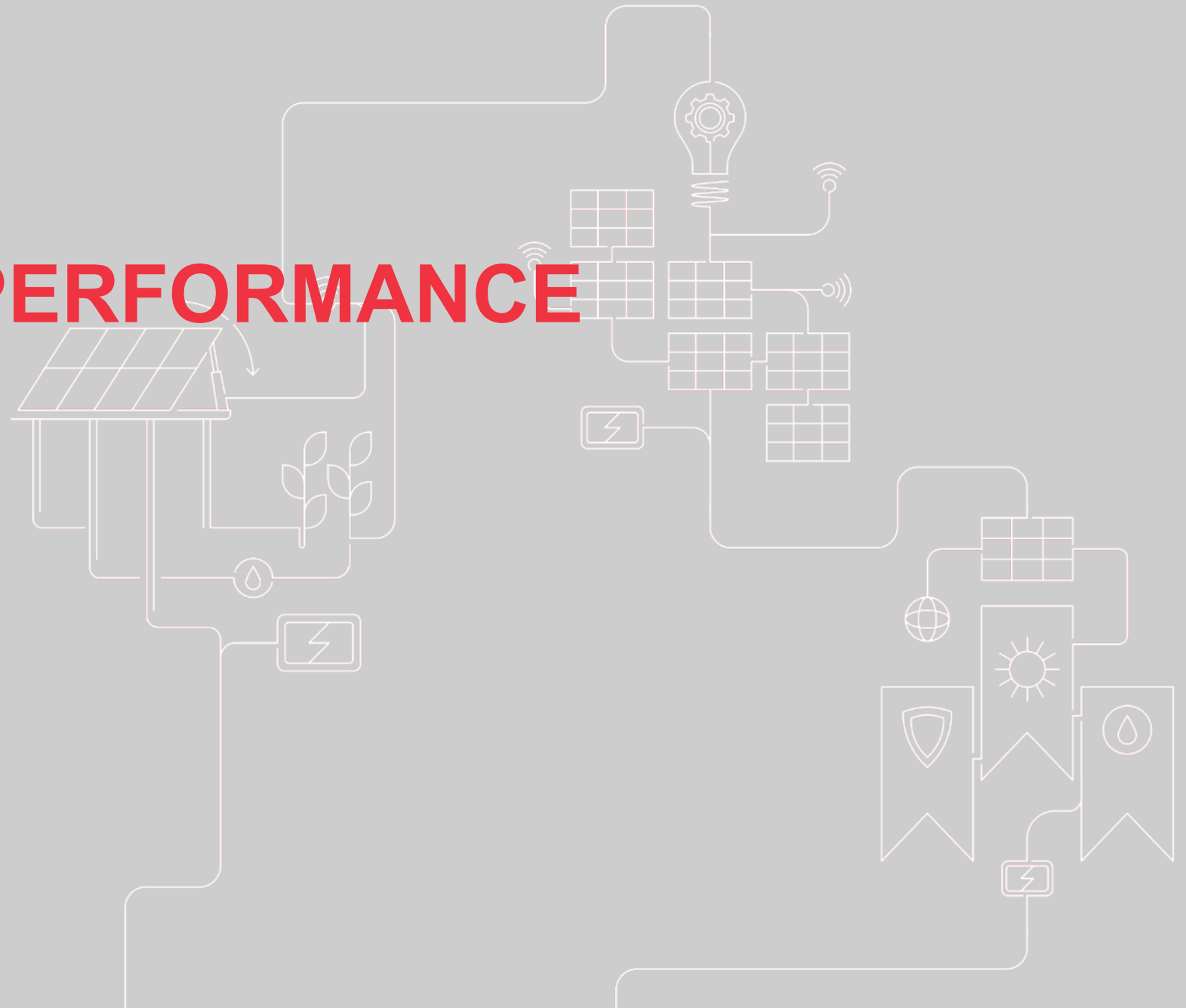
HIGHLIGHTS 2022

**Streamlining
X
Focus**

- Record results in a challenging market environment
- Profitable growth with industrial activities
- DewertOkin Technology Group close to break-even through “perfect storm”
- Turnaround of Industrial Components division confirmed

Current Financials

BUSINESS PERFORMANCE 2022



CONSOLIDATED RESULTS

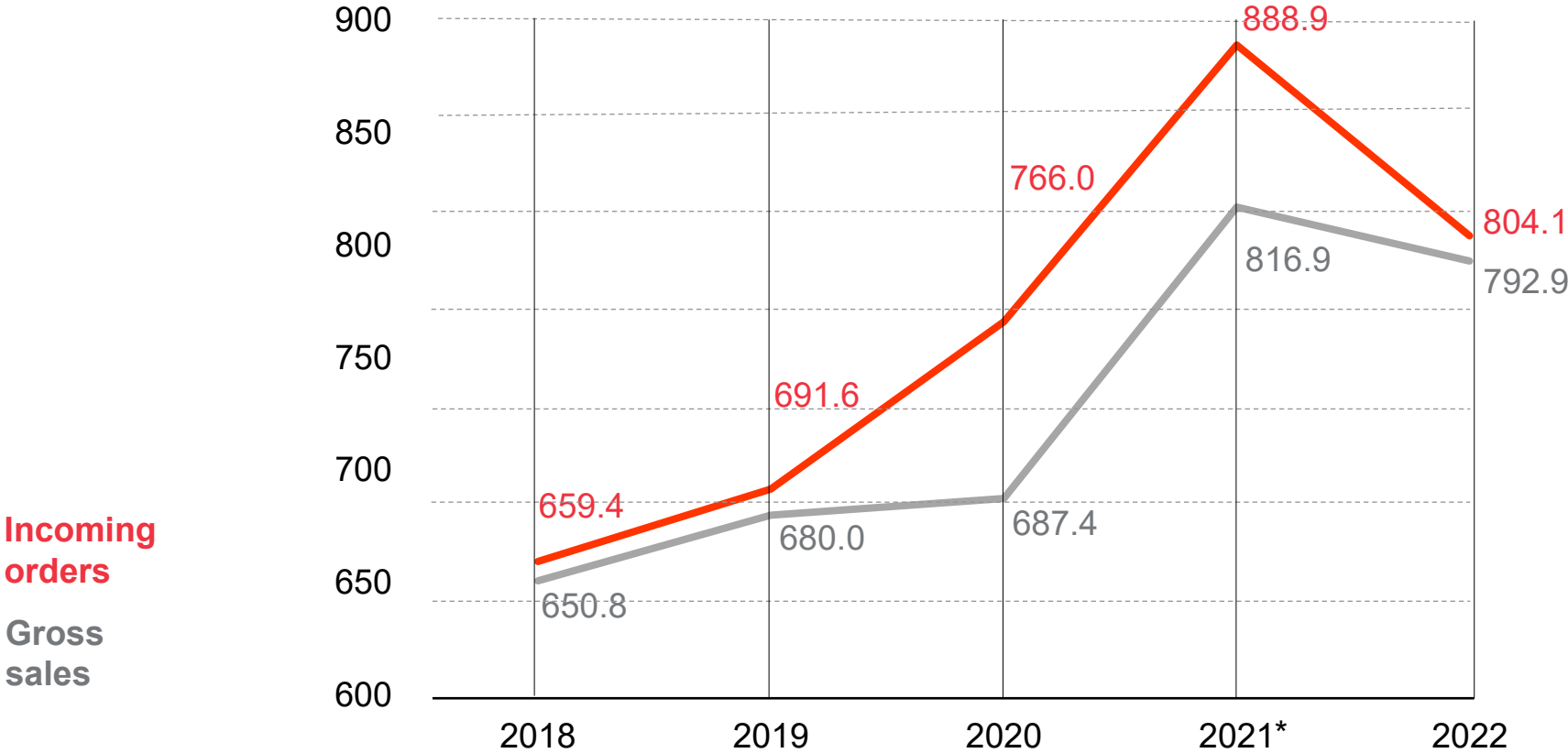
- Growth in Europe and America offset by sales decline in Asia
- EBIT margin and ROCE increase driven by industrial activities
- Strong result of the period due to improved operating and financial result

EUR million	2021*	2022	+/-
Gross sales	816.9	792.9	-2.9%
Operating result	44.3	53.6	+21.0%
in % of sales	5.4	6.8	+1.4pp
ROCE	14.4%	15.6%	+1.2pp
Result of the period	30.3	39.0	+28.9%

* restated

INCOMING ORDERS AND GROSS SALES

EUR million

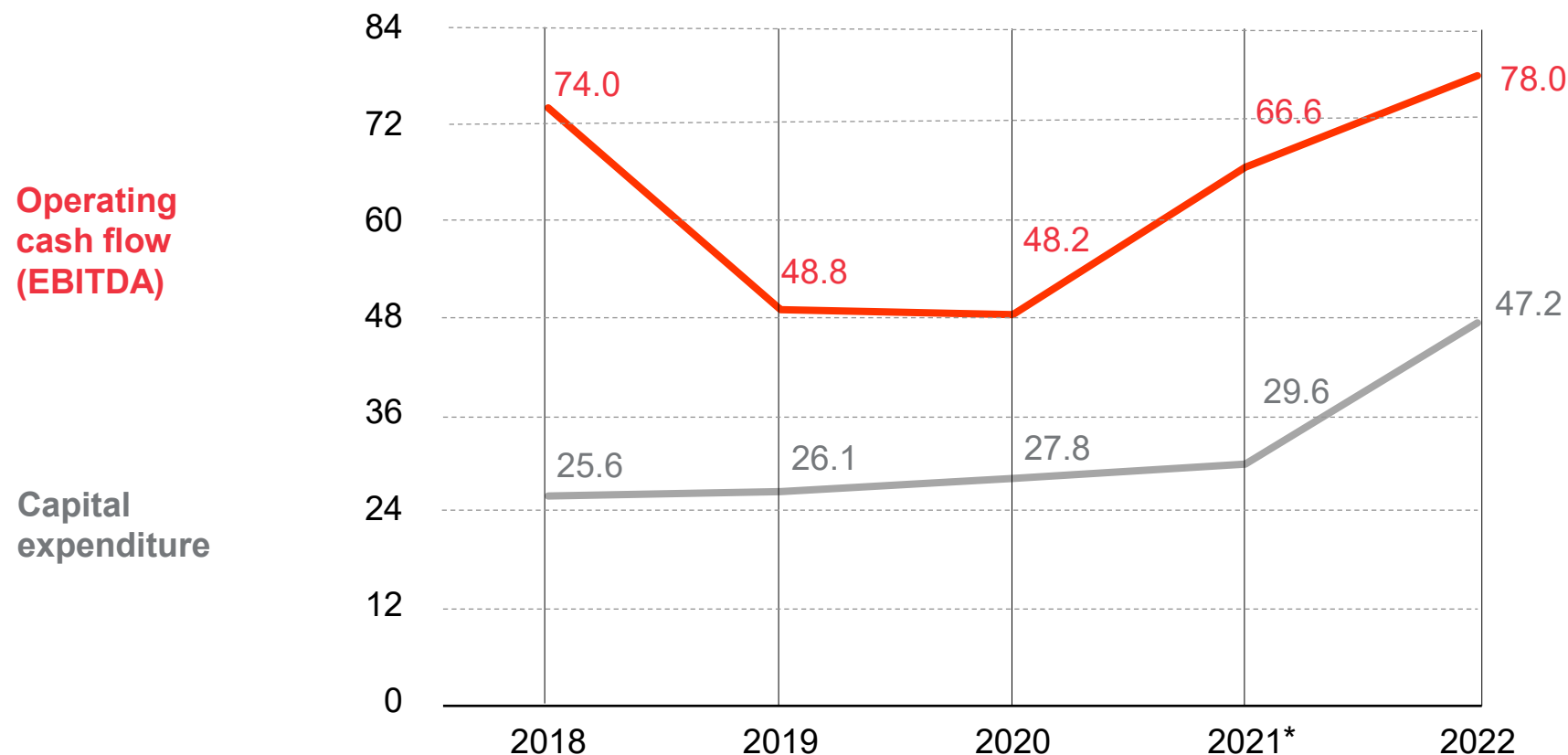


Book-to-bill ratio:
2022: 101.4%
2021: 108.8%

*restated

OPERATING CASH FLOW AND CAPITAL EXPENDITURE

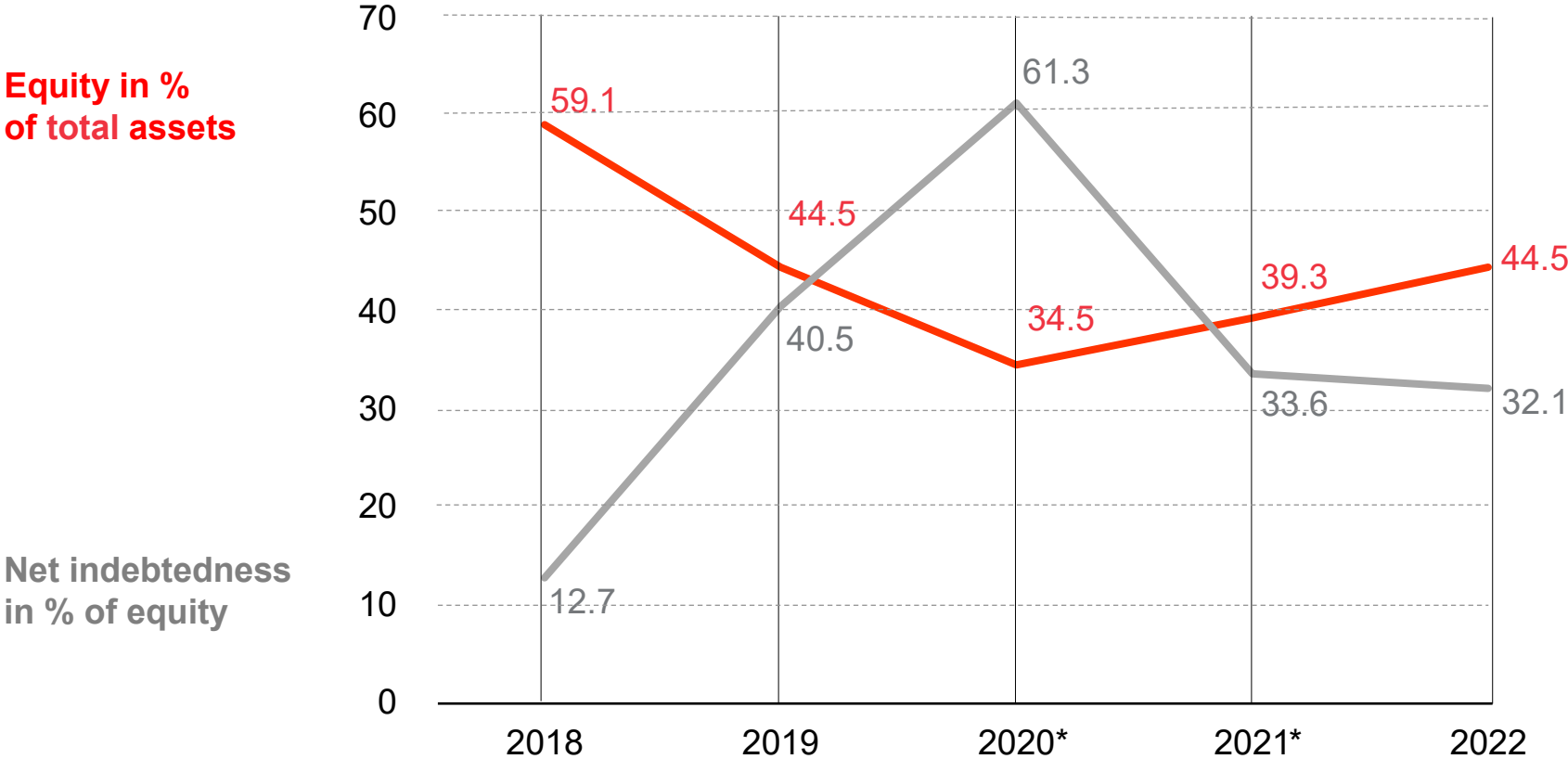
EUR million

**Variance to
2021 | in %****Operating
cash flow
+ 17.1%****Capital
expenditure
+ 59.7%**

*restated

EQUITY RATIO AND GEARING

in %



*restated

RESTATEMENT

Adjustment effects on the income statement January till December 2021	before Restatement Mio. EUR	Adjustment	after Restatement Mio. EUR
Net revenue	809.6	-0.1	809.5
Operating result	43.9	0.4	44.3
Result of the period	30.1	0.2	30.3
Adjustment effects on equity	before Restatement Mio. EUR	Adjustment	after Restatement Mio. EUR
Equity 31.12.2020	192.3	-4.1	188.2
Equity 31.12.2021	244.2	-4.2	240.0

- On 4 July 2022 Phoenix Mecano announced that an internal investigation had been opened into potential irregularities at a US subsidiary.
- The investigation revealed irregularities in the recognition of sales, material costs, receivables, liabilities and deferrals/accruals.
- Based on the final results and in agreement with SIX Exchange Regulation, it was decided to treat the effects as a material error in accordance with FER 30 and to correct the prior-year figures by means of a restatement.

PROPOSED DIVIDEND AND SHARE CONVERSION

The Board of Directors proposes to the Annual General Meeting on 17 May 2023:

- to increase the dividend from CHF 15.00 to CHF 16.50 per share
(corresponding to a dividend return of 5,0 % based on share price end of 2022)
- to convert the bearer shares into registered shares

DEWERTOKIN TECHNOLOGY GROUP

- Shift in consumer interest away from consumer durables as well as eroding purchasing power in American end markets
- Cost and capacity reduction measures taken to reduce negative impact of sales decrease
- Vertical integration further enhanced

EUR million	2021	2022	+/-
Gross sales	392.8	310.3	-21.0%
Operating result	2.1	-2.6	-227.6%
in % of sales	0.5	-0.8	-1.3pp
ROCE	2.1%	-2.7%	-4.8pp

INDUSTRIAL COMPONENTS

- Strong demand for lean solutions in industrial automation
- High activity in project business for renewable energy generation, transmission and storage
- Focus on profitable, high-margin activities

EUR million	2021*	2022	+/-
Gross sales	226.3	255.6	+13.1%
Operating result	18.1	24.4	+34.9%
in % of sales	8.0	9.5	+1.5pp
ROCE	14.7%	17.1%	+2.4pp

* restated

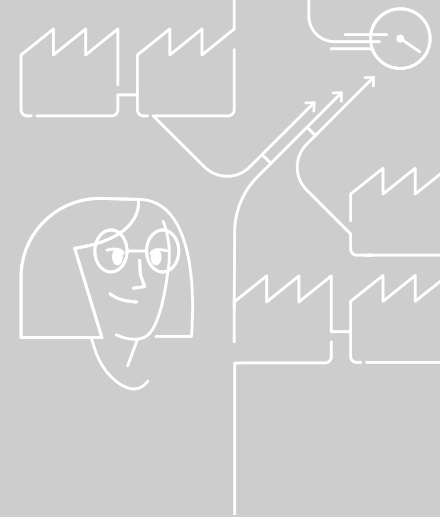
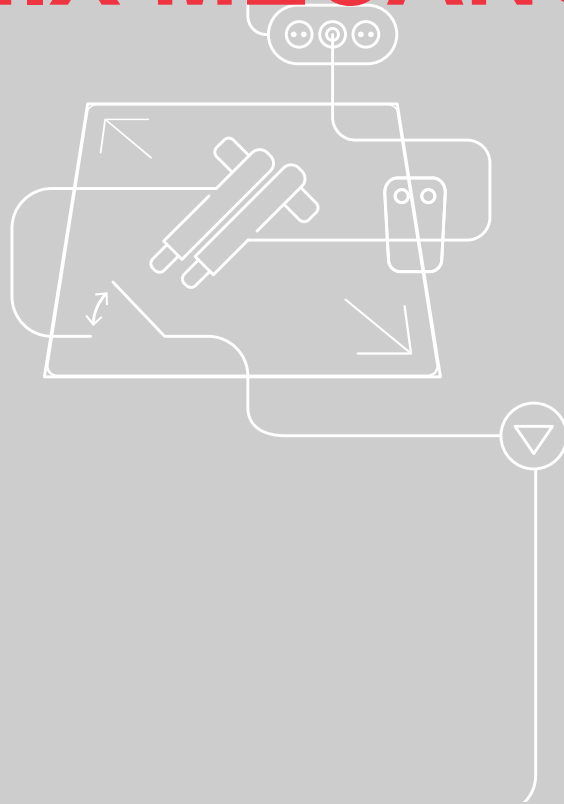
ENCLOSURE SYSTEMS

- Booming market for electronic enclosures due to industrial digitalization
- High demand for industrial enclosures with integrated electronics and human-machine interfaces
- Further margin expansion due to stringent pricing strategy and good capacity usage

EUR million	2021	2022	+/-
Gross sales	197.8	226.8	+14.7%
Operating result	26.7	35.2	+31.9%
in % of sales	13.5	15.5	+2.0pp
ROCE	30.4%	34.2%	+3.8pp

DIGITALIZATION

DIGITAL TRANSFORMATION@ PHOENIX MECANO



HOW DOES DIGITAL TRANSFORMATION SUPPORT OUR PROFITABLE GROWTH TARGETS?

- 1 Significant efficiency gains through optimization of internal processes
- 2 Increase of customer loyalty and retention by launching digital products and services along the customer journey
- 3 Identification of new revenue streams

THE BUILDING BLOCKS OF OUR DIGITAL TRANSFORMATION ROADMAP

1 Digitalized and automated processes

Building the base for profitable growth



2 Digitized products and services

Enhancing customer experience



3 Digital Business models

Identifying new revenue streams





1 DIGITALIZED AND AUTOMATED PROCESSES – SELECTED EXAMPLES

Sales & Marketing



- Lead generation
- AI based order processing

Shopfloor



- ePaper based production
- Warehouse management

Administration



- AI based invoice automation
- Digital approvals/signatures

Speed, productivity, freed up capacity



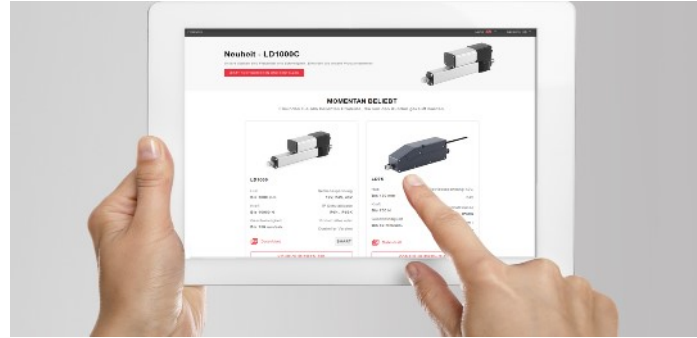
2 DIGITIZED PRODUCTS AND SERVICES: EXAMPLE INDUSTRIAL CYLINDERS

Digitized products



- Digital interface
- “Industry 4.0 ready”

Services



- Configuration tool
- 3D downloads in real time
- Instant purchasing capability

Marketing



- Customer journey centred touchpoints
- Lead generation

Enhancing customer experience



3 DIGITAL BUSINESS MODEL: SMART ASSEMBLY, THE JOURNEY FROM COMPONENT TO A SAAS BUSINESS MODEL

Components

Lifting columns,
profiles



Modular System

Work station



Intelligence added

SETAGO 1.0

- Sensors: PickByLight
- Upload instructions
- On premise



Sensors and
Hardware

Ecosystem connected

SETAGO 2.0

- 3rd party HW integrated
- Bridging assembly –
warehousing



Autonomous
Mobile Robots



Cobots



E-Paper



Screwdriver
connection

SaaS introduced

SETAGO 3.0

- Cloud
- Track & Trace
- Document creation
- Retrofit possibility



- + Competitive edge
- + Share of wallet
- + Customer retention

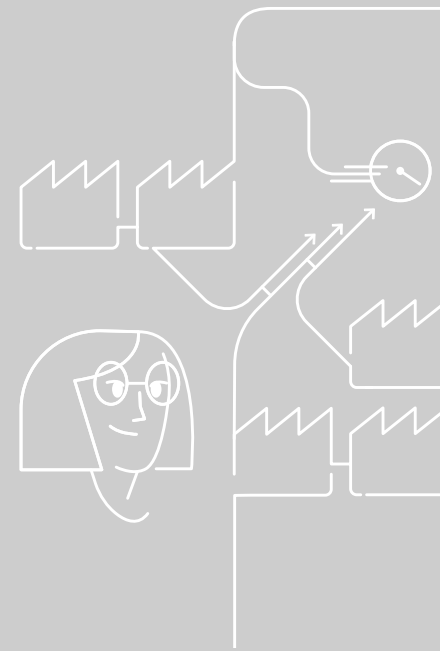
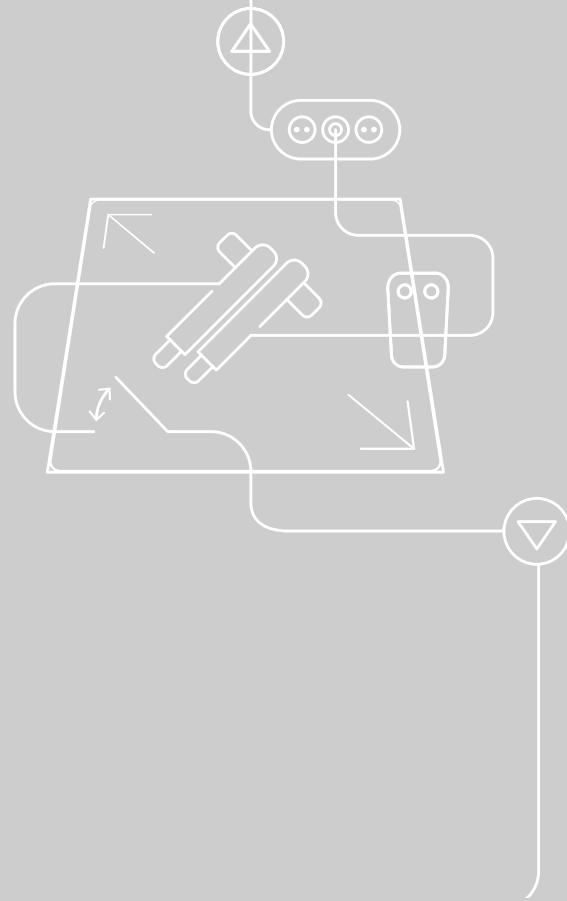


OUTLOOK

- 1** Processes: Automation remains a continuous effort and priority
- 2** Products & Services: Scale and innovate
- 3** Business models: Scale smart assembly and innovate

SUSTAINABILITY

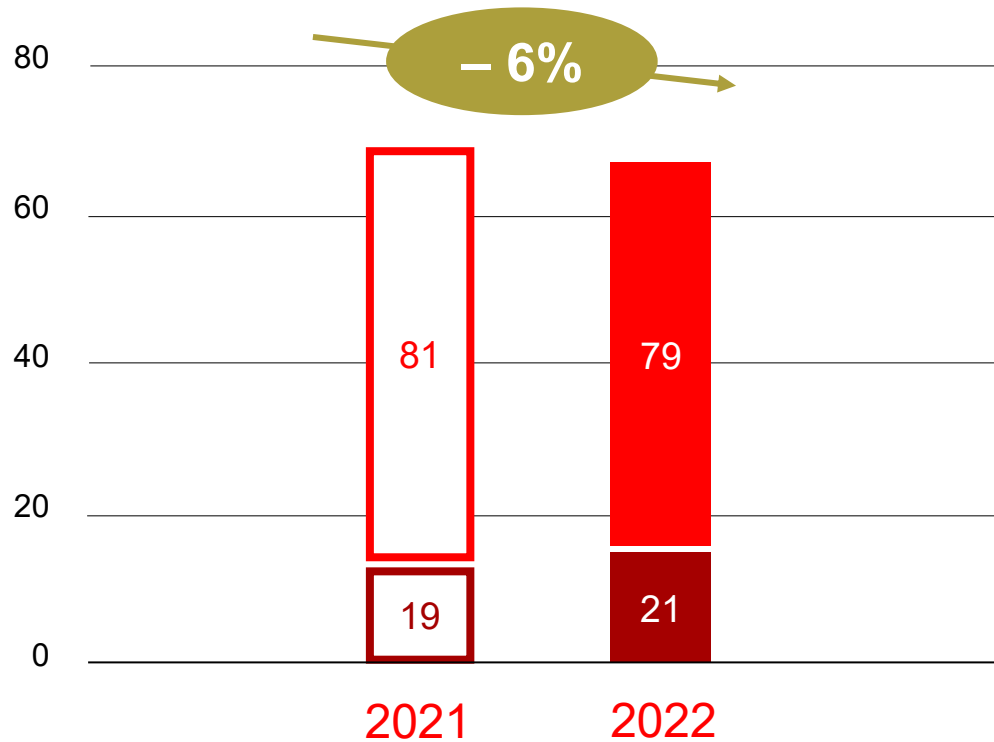
CO₂ STRATEGY



ENERGY & CO₂: EMISSIONS ALREADY REDUCED BY 10% COMPARED TO 2021

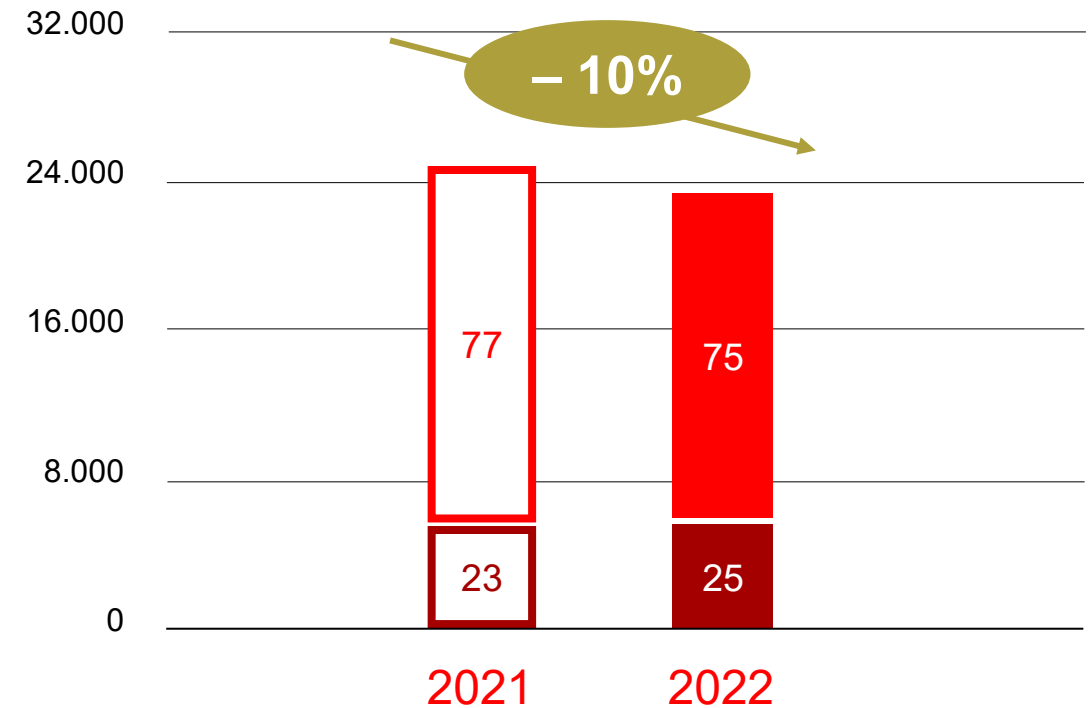
Total energy consumption | in %

GWh/a



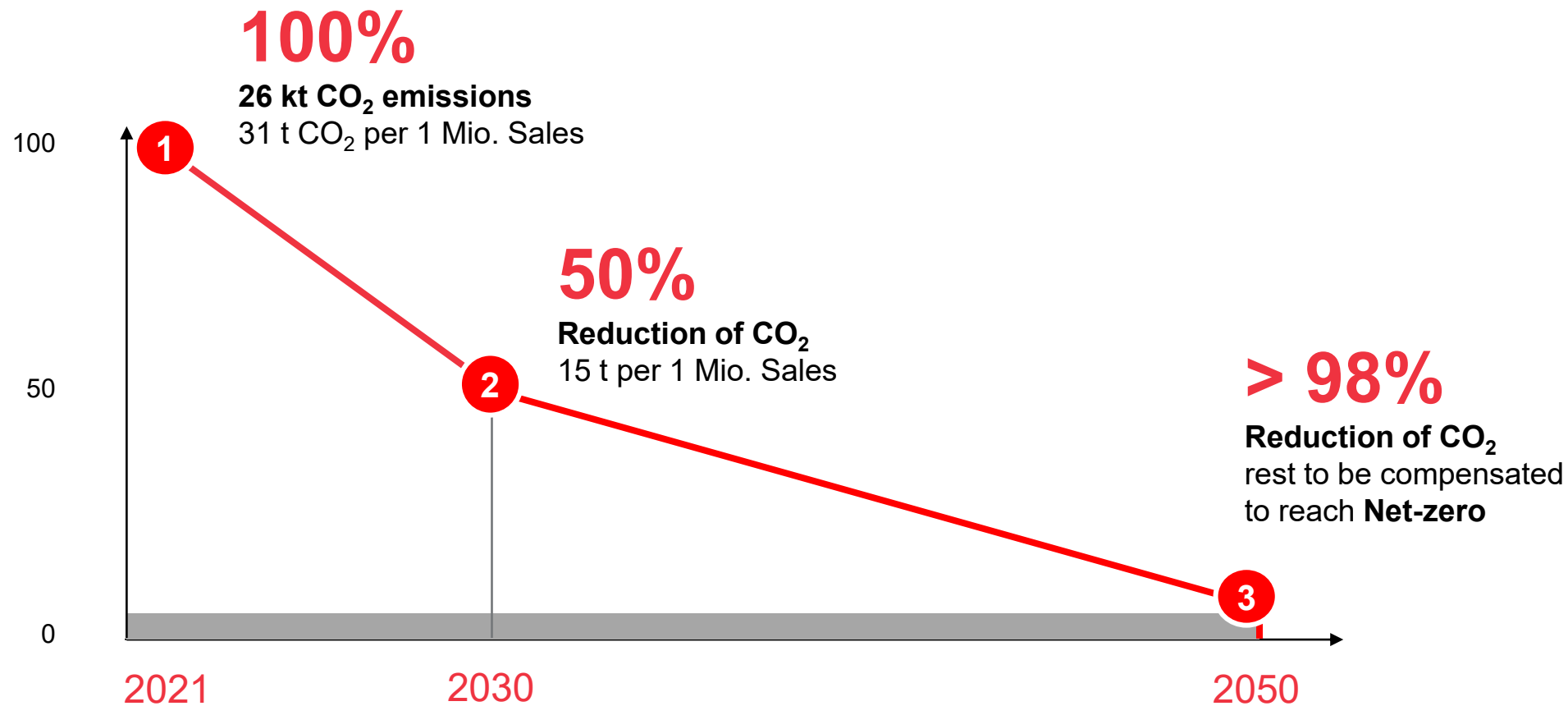
- Non-renewable energy consumption
- Renewable energy consumption

Direct and indirect emissions | in %

t CO₂eq/a

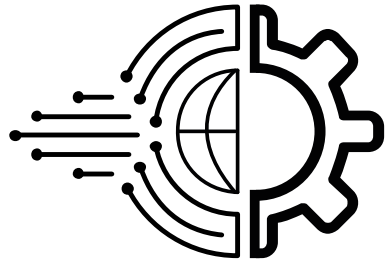
- Scope 2 indirect
- Scope 1 direct

OUR MID-TERM TARGET IS TO REDUCE CO₂ EMISSIONS BY 50% UNTIL 2030



Note: Scope 1 and 2 only

THREE MAIN LEVERS TO ENABLE REDUCTION OF 50% UNTIL 2030

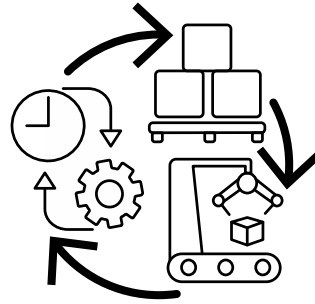


Newer Technology

Highly efficient machines, energetic refurbishment, greener electricity production mix, E-Cars, ...

Estimated impact by 2030*

> 20%

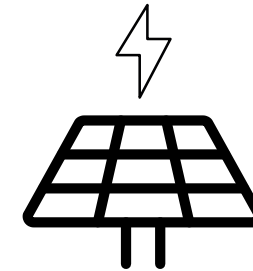


Lean-Measures (J2OX)

in production and office

Estimated impact by 2030*

> 15%



Solar-plant initiative

8 GWh, of which 4 GWh already in planning or construction

Estimated impact by 2030*

> 15%

* Reduction in % of total CO₂

EXAMPLE PHOTOVOLTAICS: LARGEST PLANT WITH 1.6 GWH TO BE INAUGURATED IN Q2

Location: Kecskemét Kft., HU

Key figures PV

- Production
1.6 GWh (20% of local electricity consumption; 4% of PM's total consumption)
- CO₂ reduction
420 t/a
- Investment
1.1 Euro million
- Payback
3–5 years
- EBIT-Effect
0.3 million/a



EXAMPLE LEAN: 40% REDUCTION OF NATURAL GAS CONSUMPTION

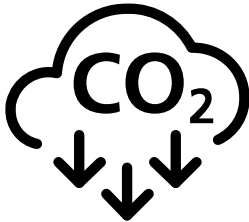
Location: Kecskemét Kft., HU

Key figures Lean

- Process
Powder coating
- Measure
Shift optimization
- Effect
*40% reduction of
gas consumption of
heating oven*
- EBIT-Effect
0.05 million/a



PM'S REDUCTION STRATEGY WITH A HOLISTIC APPROACH CONTAINING 6 ELEMENTS



Group	Companies	Incentives
1 Guidance	3 CO₂ Ambassadors	5 Group Awards
2 Funding	4 Best Practice Sharing	6 Incentives
Controlling & Reporting		

Our Mission

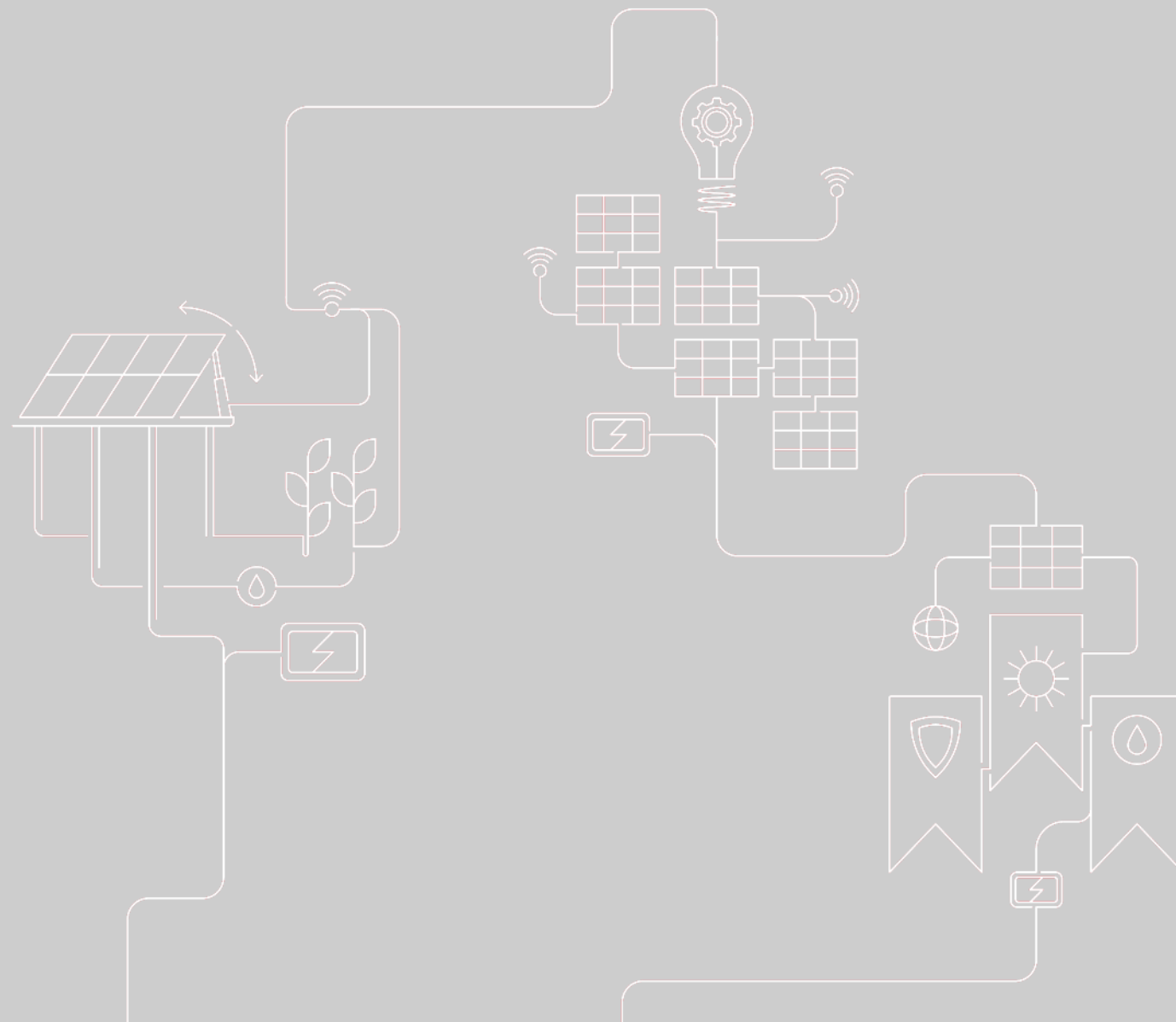
**GENERATE TRUE AND
SUSTAINABLE CO₂ SAVINGS WITH
POSITIVE EBIT-IMPACT**



Outlook

Q1 2023

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OUTLOOK



CONSOLIDATED RESULTS

- Group sales declined slightly due to divestments
- Organic growth +3.7%
- Operating result improved disproportionately on back of growth and profitability increase in industrial activities

EUR million	Q1 2022	Q1 2023	+/-
Gross sales	210.0	208.9	-0.5%
Operating result	13.1	15.6	+19.7%
in % of sales	6.2	7.5	+1.3pp
Result of the period	10.3	10.5	+1.3%

DEWERTOKIN TECHNOLOGY GROUP

- High stock levels in US furniture market continued to weigh on demand
- New industrial park in Jiaxing completed on plan and operational. Second construction phase started

EUR million	Q1 2022	Q1 2023	+/-
Gross sales	91.6	79.3	-13.4%
Operating result	0.8	0.2	-70.1%
in % of sales	0.9	0.3	-0.6pp

INDUSTRIAL COMPONENTS

- Inventory reductions offset by new business and strong demand from renewable energy and electromobility segments
- Margin expansion thanks to high capacity utilization and product mix optimization

EUR million	Q1 2022	Q1 2023	+/-
Gross sales	62.5	65.0	+4.0%
Operating result	4.9	5.8	+17.3%
in % of sales	7.9	8.9	+1.0pp

ENCLOSURE SYSTEMS

- Strong demand from smaller customers compensated destocking of large clients
- Improved profitability due to strong pricing power in short order cycles business areas

EUR million	Q1 2022	Q1 2023	+/-
Gross sales	55.9	64.6	+15.5%
Operating result	8.3	10.6	+26.9%
in % of sales	14.9	16.4	+1.5pp

OUTLOOK

Economic Background

- Slower growth expected for world economy
- Purchasing managers' indices for major economies signal contraction
- China expected to grow faster as COVID measures lifted

What it means for Phoenix Mecano

- Normalization of orders on hand due to easing of supply chain disruptions
- Capacity utilization of the group still high
- Streamlining of operations and activity portfolio
- Focus on profitable niches driven by megatrends



**Streamlining
X
Focus**

Guidance 2023

- Organic increase in sales
- Another double-digit percentage improvement in operating result (EBIT)
- Continuous development towards Mid-term targets



PHOENIX MECANO