

A faint, light-colored world map is visible in the background of the slide, showing the outlines of continents and countries.

AQ Group

— Investor presentation Q2 2022

aq

Second quarter, Apr-Jun 2022 in brief



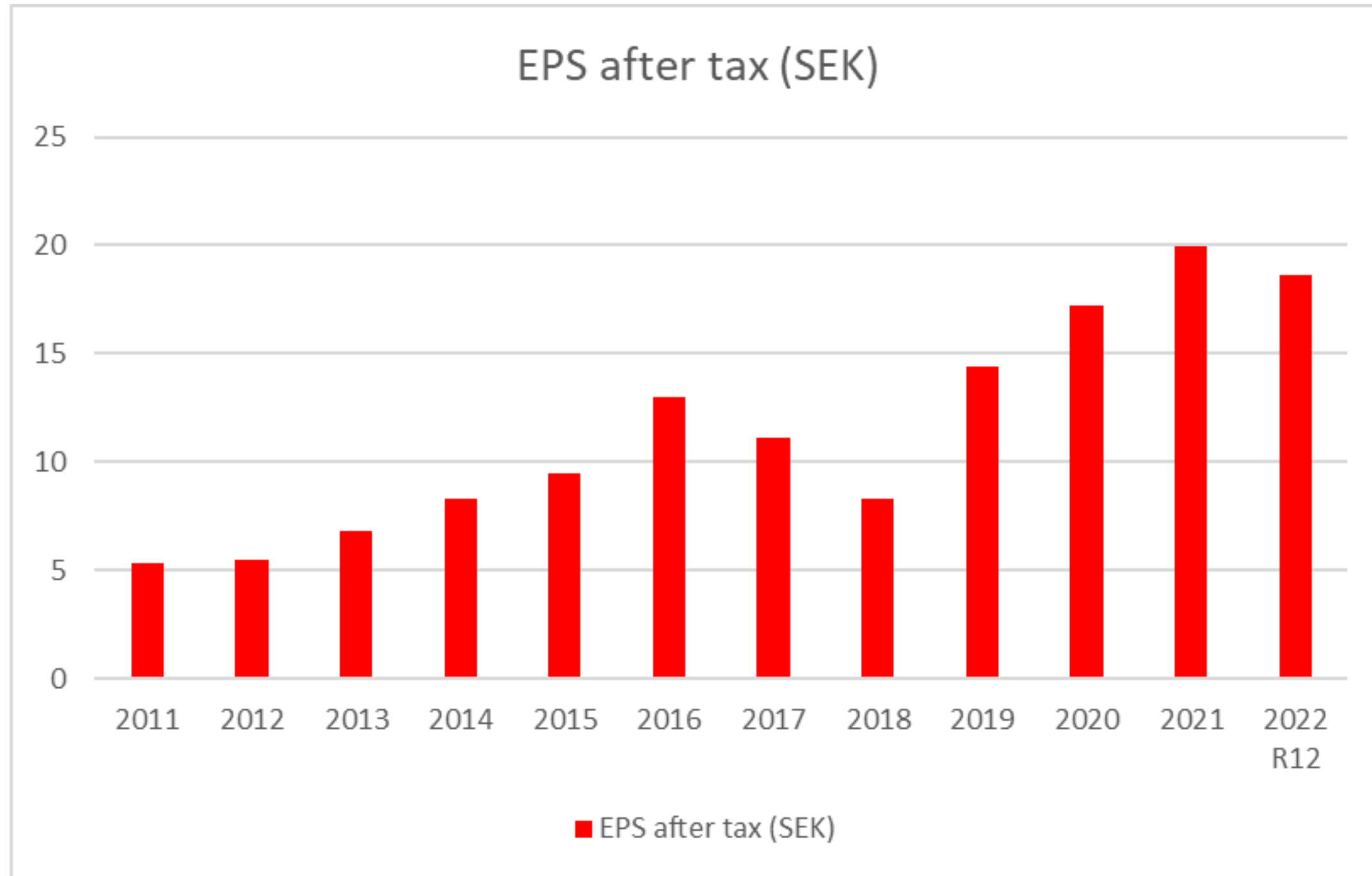
- Strong demand but low margin
 - Net sales increased by 26.4% to SEK 1,721 million (1,361)
 - Operating profit (EBIT) decreased by 9.3% to SEK 107 million (118)
 - Profit after financial items (EBT) decreased by 5.0% to SEK 108 million (114)
 - Profit margin before tax (EBT %) was 6.3% (8.4)
 - Cash flow from operating activities decreased by 73.9% to SEK 22 million (84)
 - Earnings per share after tax and dilution decreased by 9.8% to SEK 4.71 (5.22)
- Goal +15% Growth
 - Goal 8% EBT Margin

Six months, January-June 2022 in brief



- Net sales increased by 26.5% to SEK 3,367 million (2,668)
- Operating profit (EBIT) decreased by 8.1% to SEK 220 million (239)
- Profit after financial items (EBT) decreased by 6.4% to SEK 225 million (240)
- Profit margin before tax (EBT %) was 6.7% (9.0)
- Cash flow from operating activities decreased by 73.1% to SEK 65 million (244)
- Earnings per share after tax after dilution decreased by 12.3% to SEK 9.74 (11.11)
- Equity ratio was 55% (57)
- Goal +15% Growth
- Goal 8% EBT Margin
- Goal E-ratio >40%

EPS Growth

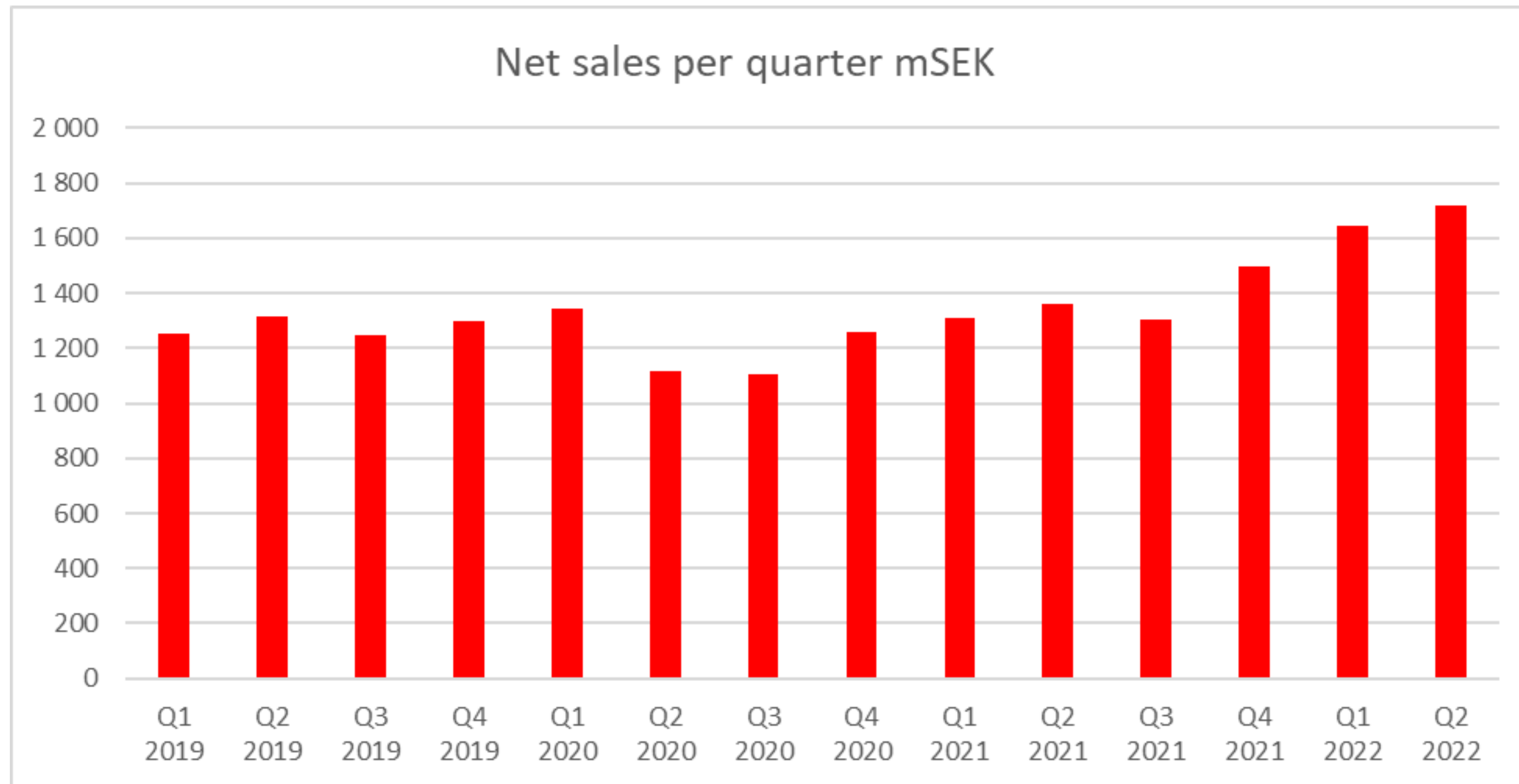


16% Average EPS Growth 2011-2021

2022 R12 shows decrease of 7% vs. full year 2021.

Improvements in progress.

Net sales



Good turnover in the quarter despite several challenges.

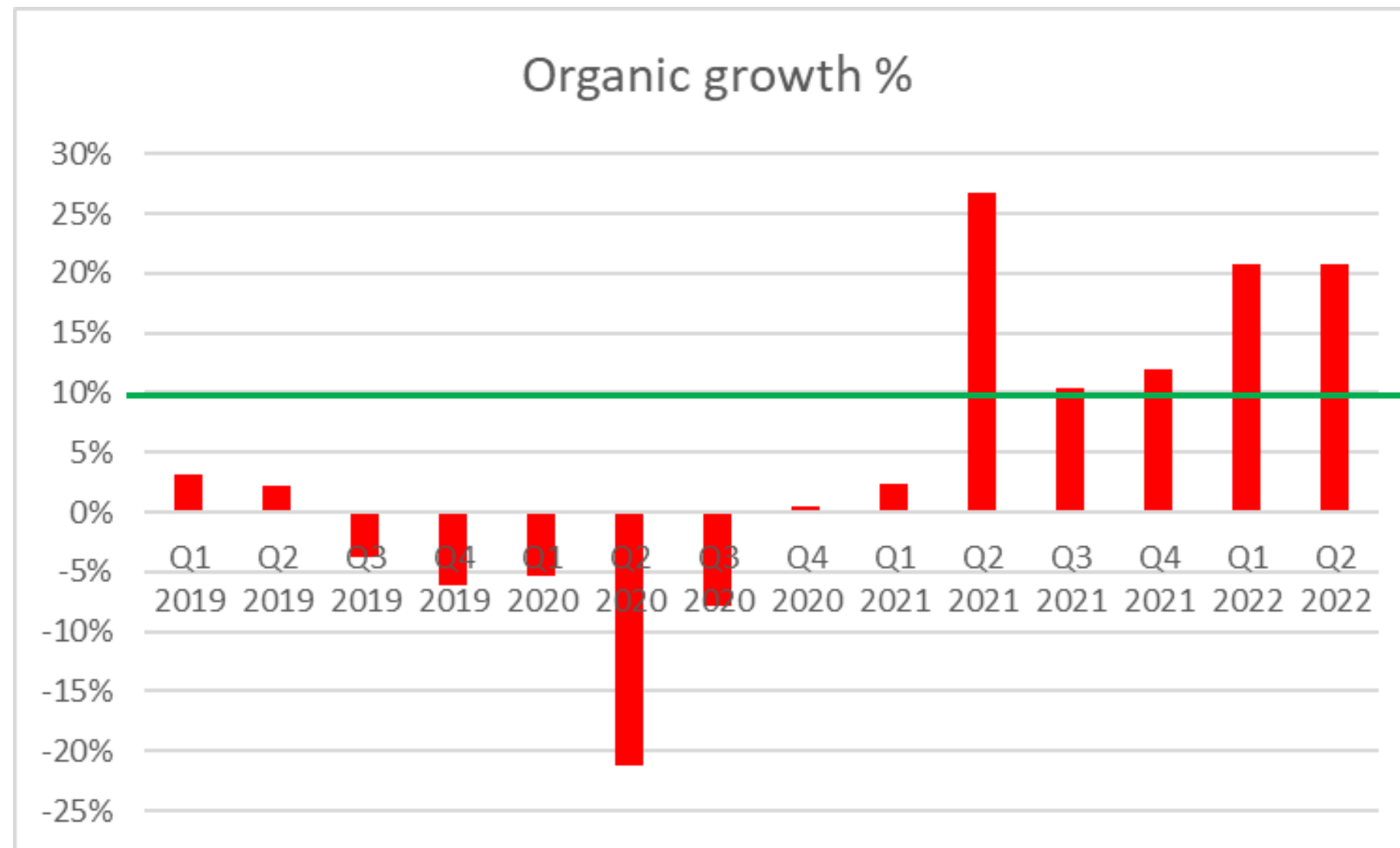
Component supply limits us especially in Electric Cabinet, System Products.

Company in Shanghai shut down for 6 weeks due to covid. Reduced turnover with 10mSEK in quarter.

Big customer in US/Canada has strike which affects volume in June 10mSEK.

Two factories moved in the quarter. India transformer factory and Wiring Systems factory in Lithuania. Reduced volume with 30mSEK.

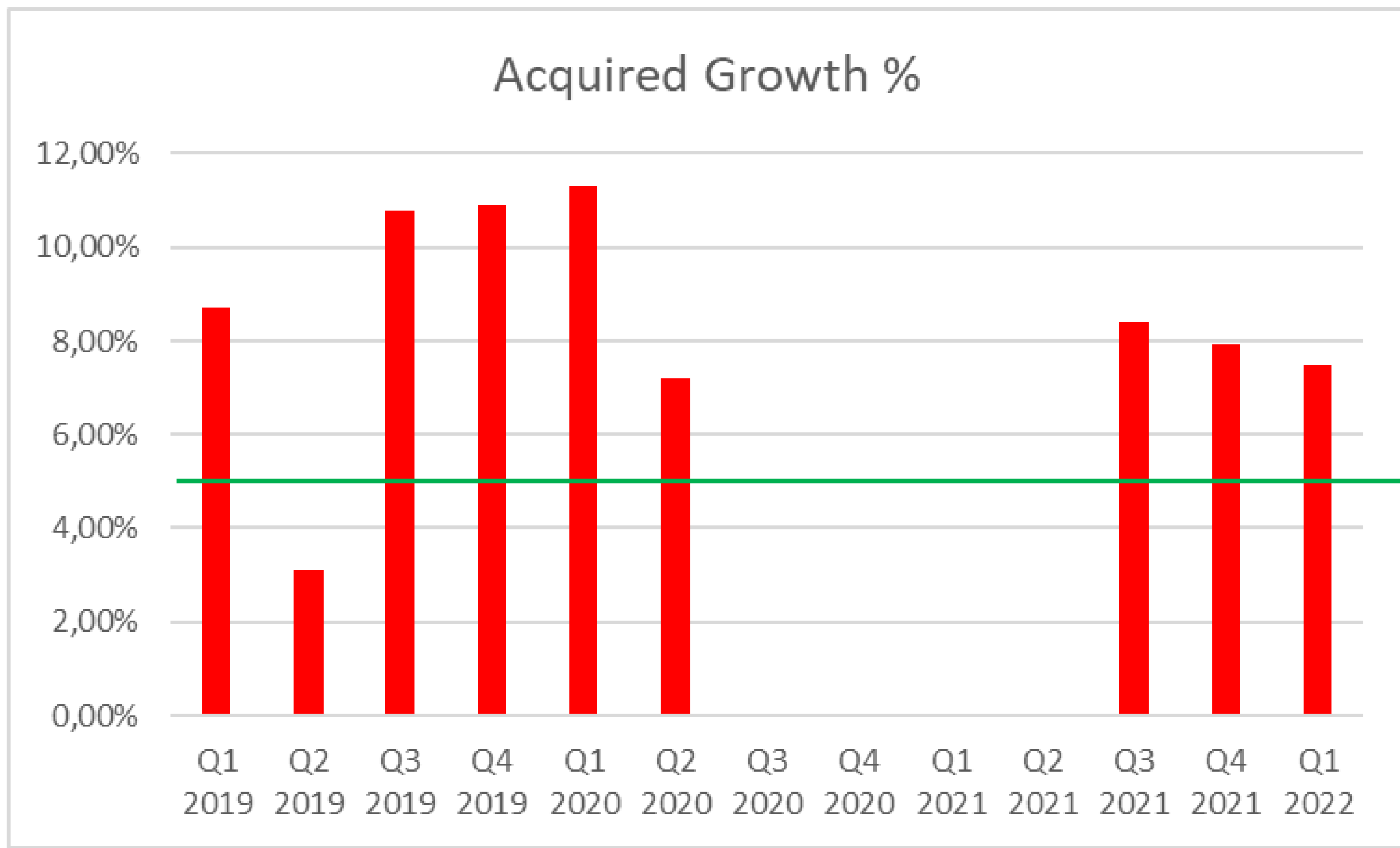
Organic growth



Organic growth target updated to 10%/ year.

“Real” organic growth in Q1 is approximately 11% and 10% is price increases.

Acquired Growth

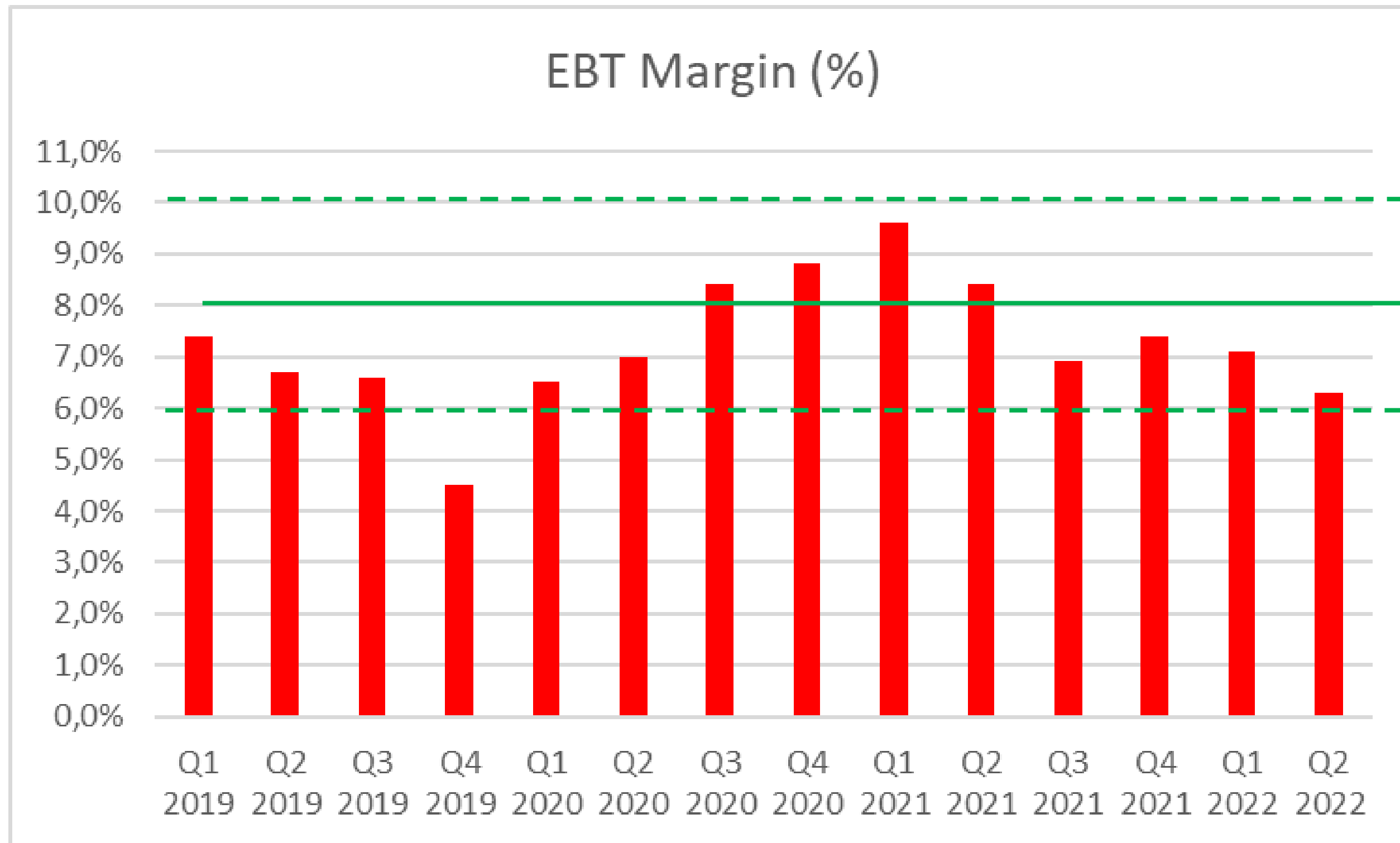


Acquired growth target lowered to 5%/ year.

The integration of the Schaffner acquisition (July 21) is going according to plan.

We need to focus on the big organic growth we have right now and improve profit.

EBT Margin



More price adjustments needed to compensate for cost increases in raw material, energy, transportation and labor.

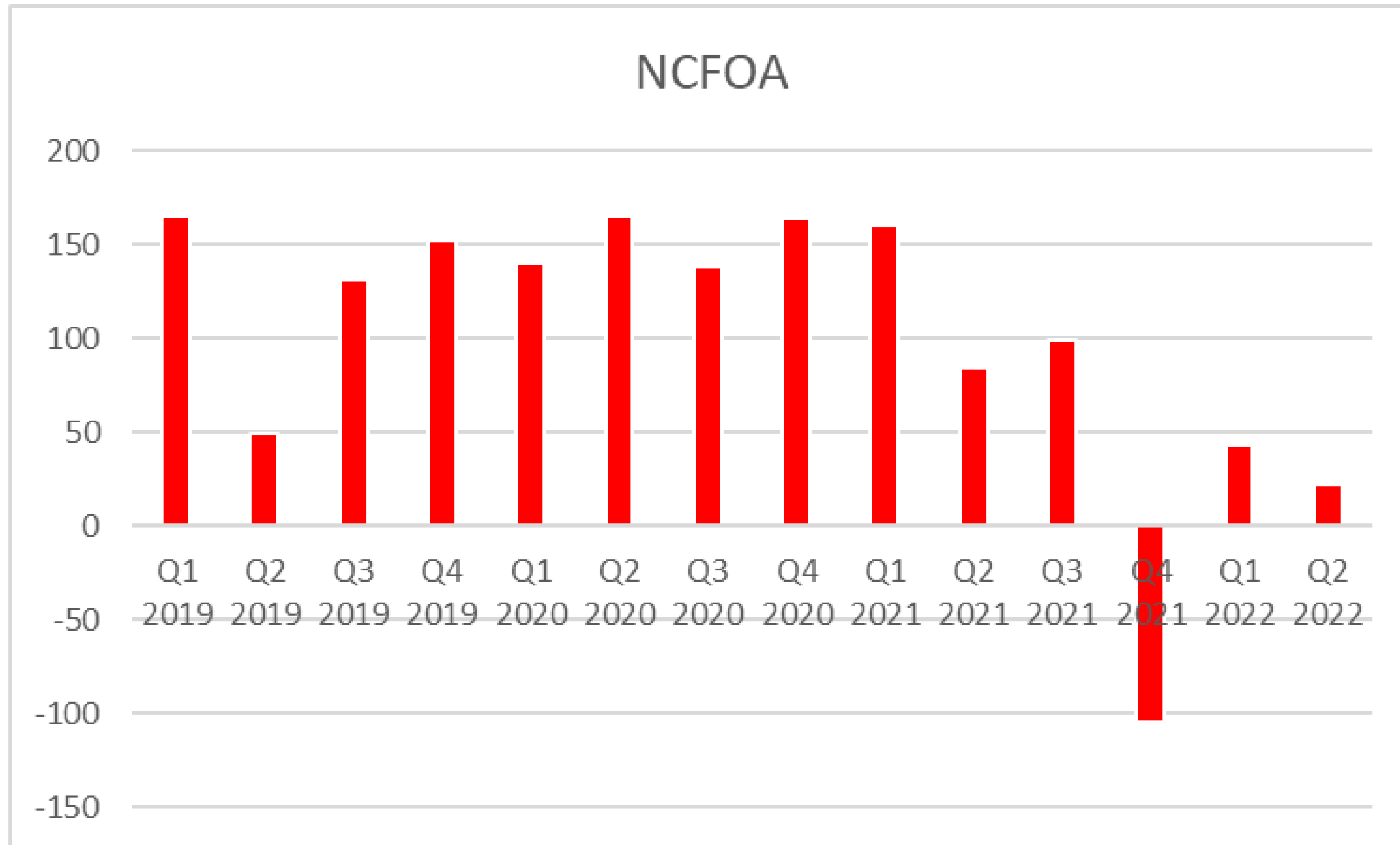
Focus for price adjustments for automotive customers in Q3.

3 companies with detailed improvement program to improve profitability.

EBT Margin (%) goal is 8%
The margin shall consistently be within 8±2% for every quarter.

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Net cash from operating activities

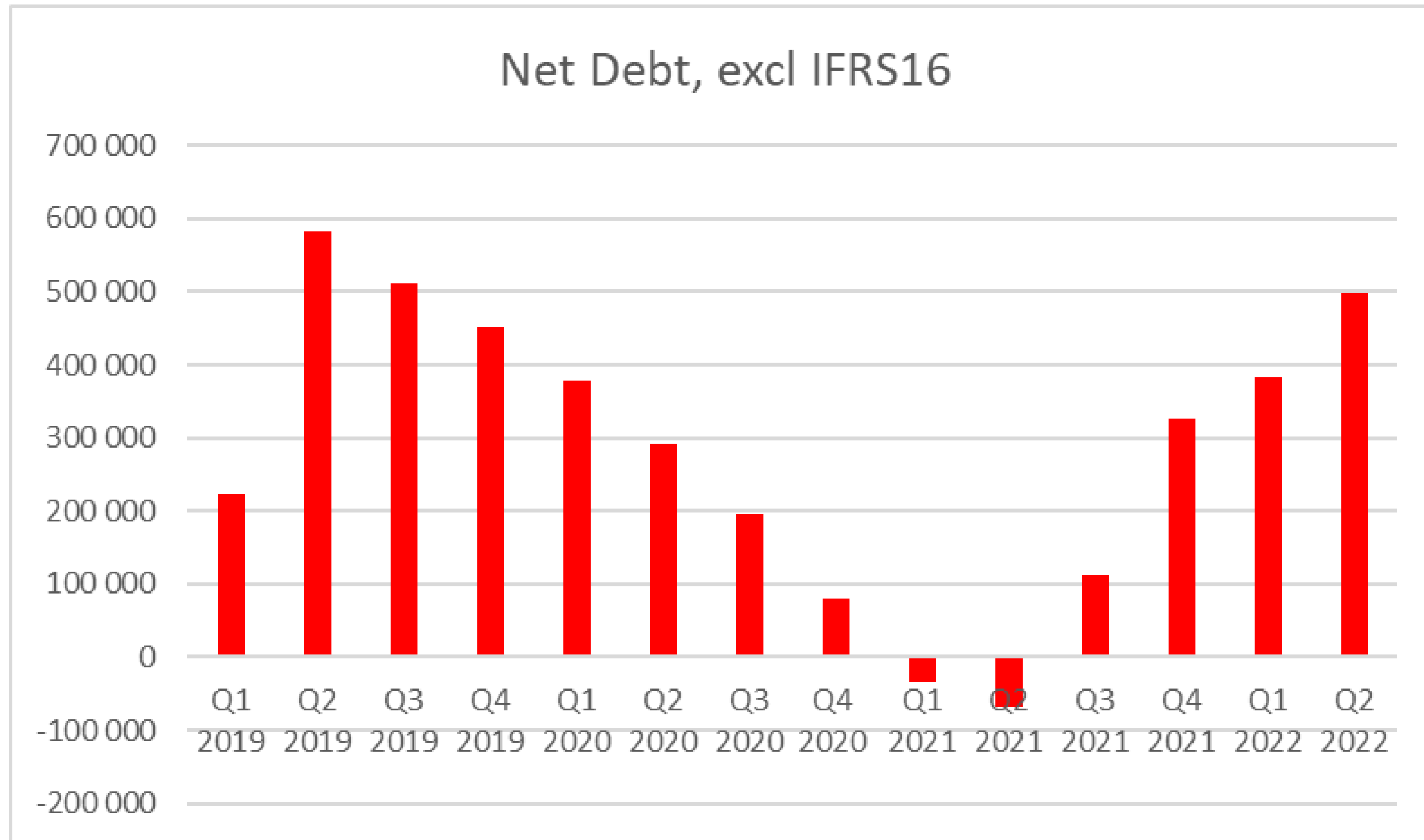


Organic growth makes NWC grow.

Inventory grow also due to component shortages.

Cash flow in June was +128mSEK.

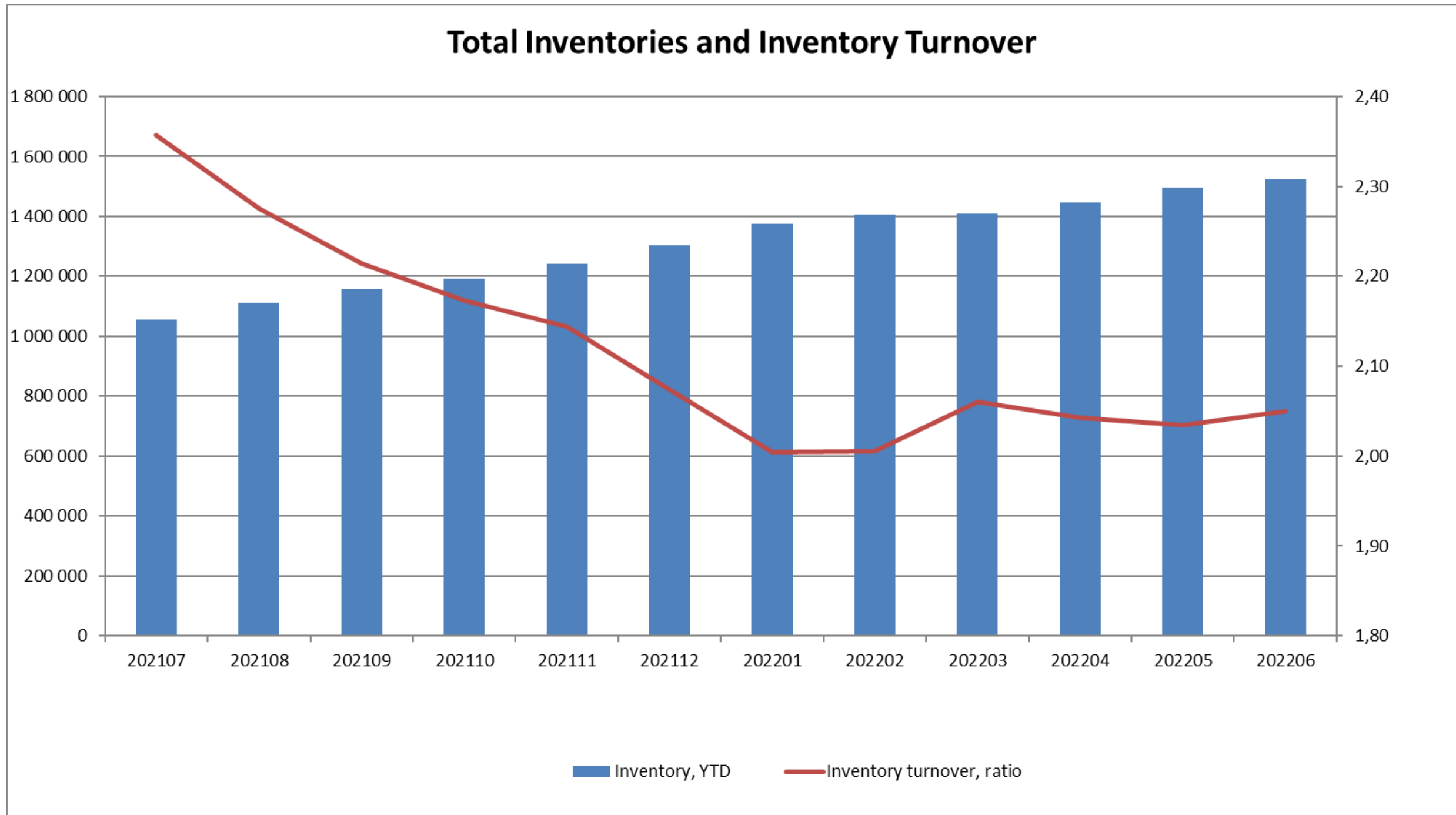
Net Debt excl IFRS16



← Net debt (excl IFRS16) June 2022
SEK 498 Million.

Capacity increase investments in
combination with low NCFOA
increase net debt.

Inventory & Inventory turnover

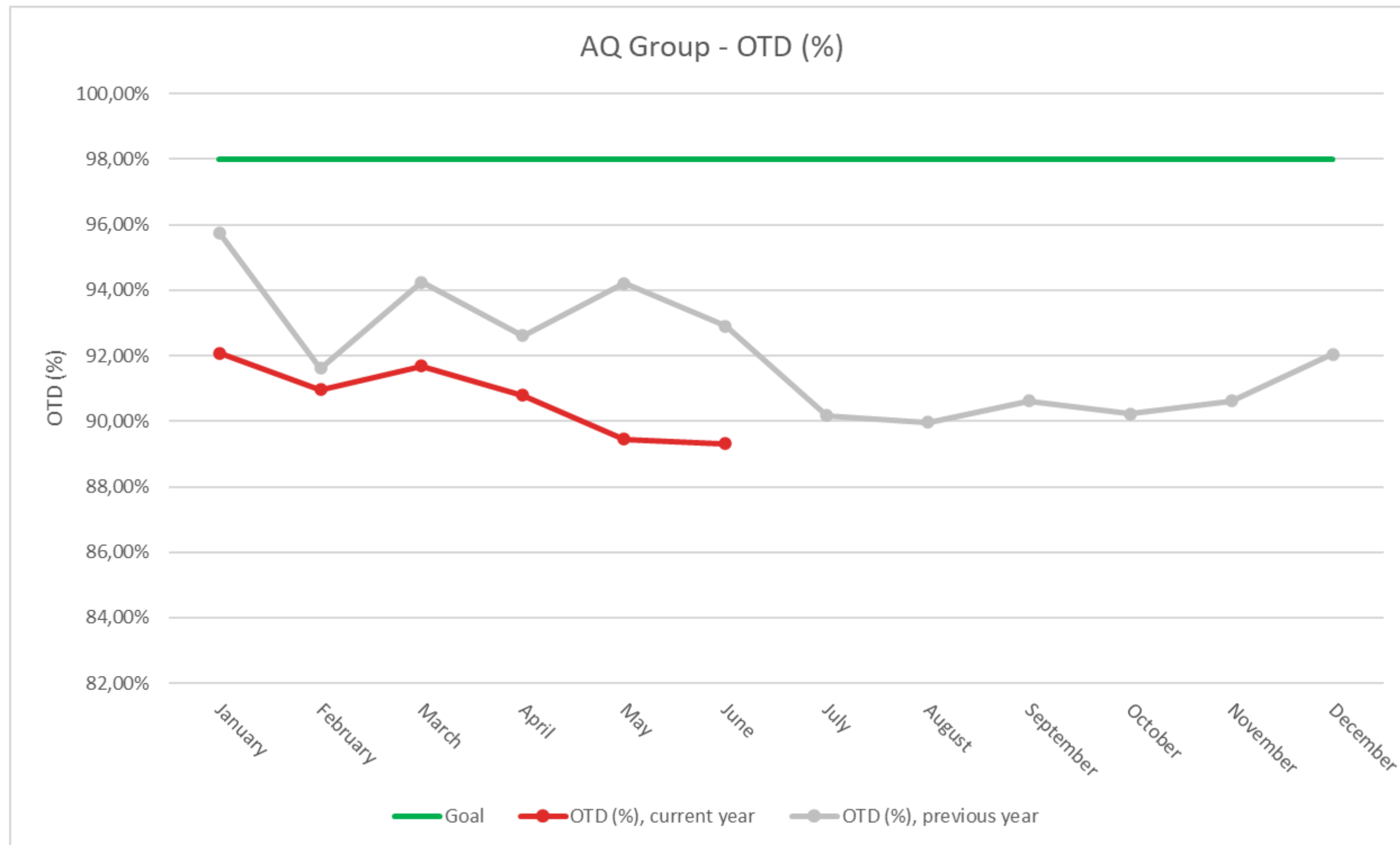


Inventory turnover target is 3,5 turns/year.

Inventory increase in mainly raw material and semi-finished goods. Due to;
Growth
Price increases
Missing components.

Action plans put in place at all companies. Aim is to get back to >3 turns/year by end of year.

On-time Delivery(OTD) Jan- June - Goal 98%



We are increasing capacity rapidly to handle increasing volumes.

Still issues with material but somewhat better in Wiring Systems. Still a challenge in Electrical Cabinets and System Products.

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Projects for future growth

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Renewables + Storage



Battery storage

Invested 5mEuro in building in Pernik, Bulgaria. Will set up factory to produce battery energy storage products.

The new factory will produce enclosure and do electrical integration.

Orders for 12mEuro. Additional volume of 12mEuro expected by 2023.

Supercapacitor banks

Development project with well known power grid supplier to co-develop supercapacitor cabinets intended to keep power grid in balance.

Wind Power

Strong sales and order book for inductors and aluminum parts for wind power. Inverters and converters globally.

Potential project in AQ Hungary for rotor windings for big wind power customer.

Urbanization, Railway & Bus



Railway

Strong growth in India, US and Europe. Declining volumes in China. Example project wins in brief;

- Inductive components for battery electric locomotive in the US.
- M7 project for Belgium extension won.
- C30 ramping up again for Stockholm



Bus

Volumes for coach in Europe and Mexico coming back.

New Top charge rail design done and in production.

Commercial vehicles



Construction equipment

New order for 9mEuro/year move from competitor in Russia to AQ WS in Lithuania.

Fender production in Bulgaria. 5mEuro in 2022.

Trucks

Won 200+ parts for new electric truck.

Implementing order of 20mEuro/year in Wiring Systems for truck CAB. Full volume 2023.

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Medical technology is stainless



Med-tech

100% growth despite material shortage. Several large projects ongoing in Europe that are growing fast. Doubled space in Bulgaria.

First order received in China for Med-tech.

Double volume from US and Swedish Med-tech customers. We produce and deliver from Bulgaria, Sweden and China.

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Questions?

