



# AQ Group

## Investor presentation Q3 2022



# Second quarter, Jul-Sept 2022 in brief

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- Strong demand for electrification
  - Net sales increased by 31.0% to SEK 1,711 million (1,306)
  - Operating profit (EBIT) increased by 30.8% to SEK 123 million (94)
  - Profit after financial items (EBT) increased by 33.7% to SEK 121 million (91)
  - Profit margin before tax (EBT %) was 7.1% (8.4)
  - Cash flow from operating activities was SEK 3 million (99)
  - Earnings per share after tax and dilution increased by 31.4% to SEK 5.41 (4.12)
- Goal +15% Growth
  - Goal 8% EBT Margin

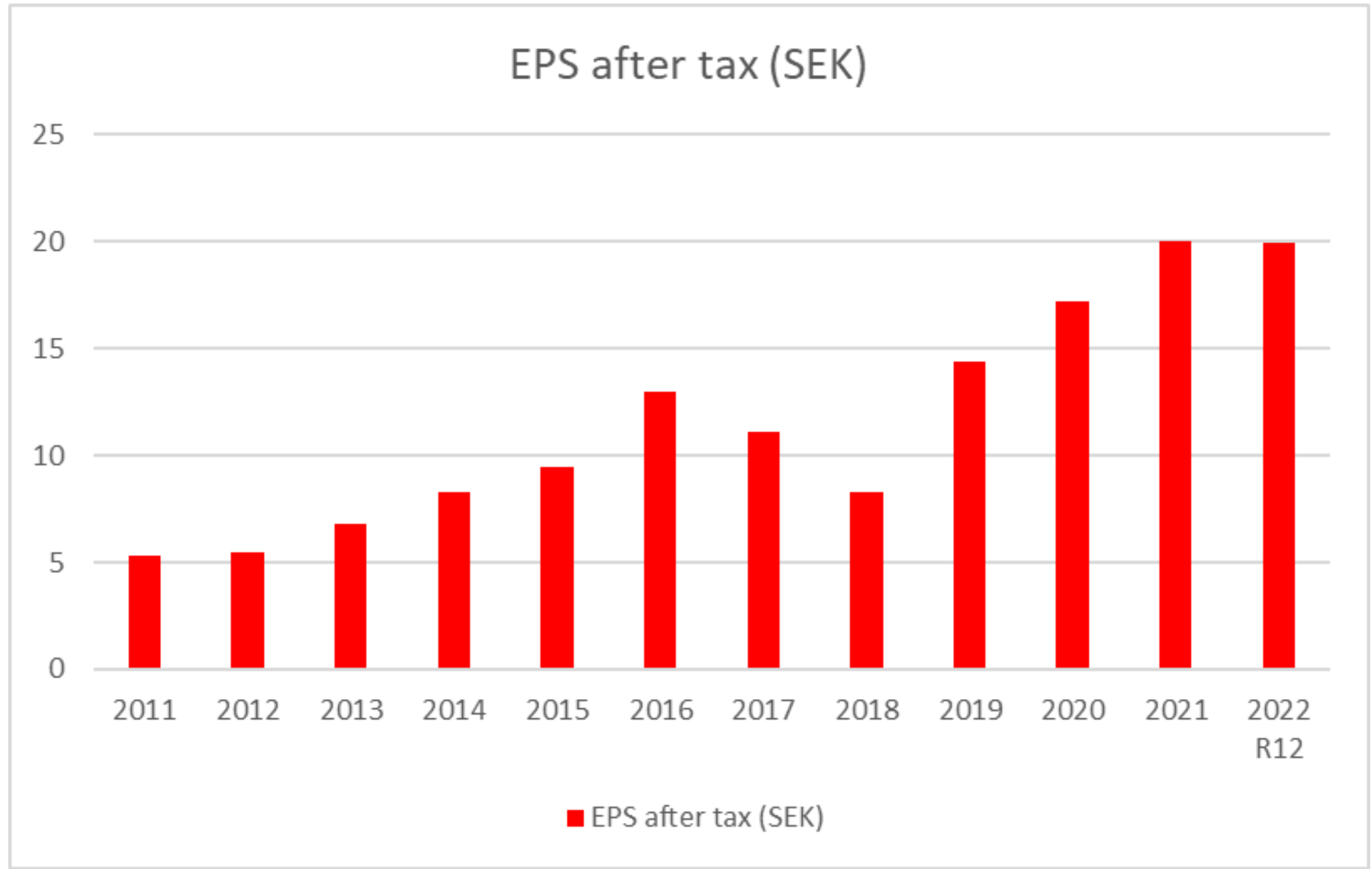
# Six months, January-Sept 2022 in brief

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- Net sales increased by 27.8% to SEK 5,078 million (3,974)
- Operating profit (EBIT) increased by 2.9% to SEK 343 million (333)
- Profit after financial items (EBT) increased by 4.6% to SEK 346 million (331)
- Profit margin before tax (EBT %) was 6.8% (8.3)
- Cash flow from operating activities was SEK 69 million (343)
- Earnings per share after tax after dilution decreased by 0.4% to SEK 15.16 (15.23)
- Equity ratio was 56% (55)
- Goal +15% Growth
- Goal 8% EBT Margin
- Goal E-ratio >40%

# EPS Growth



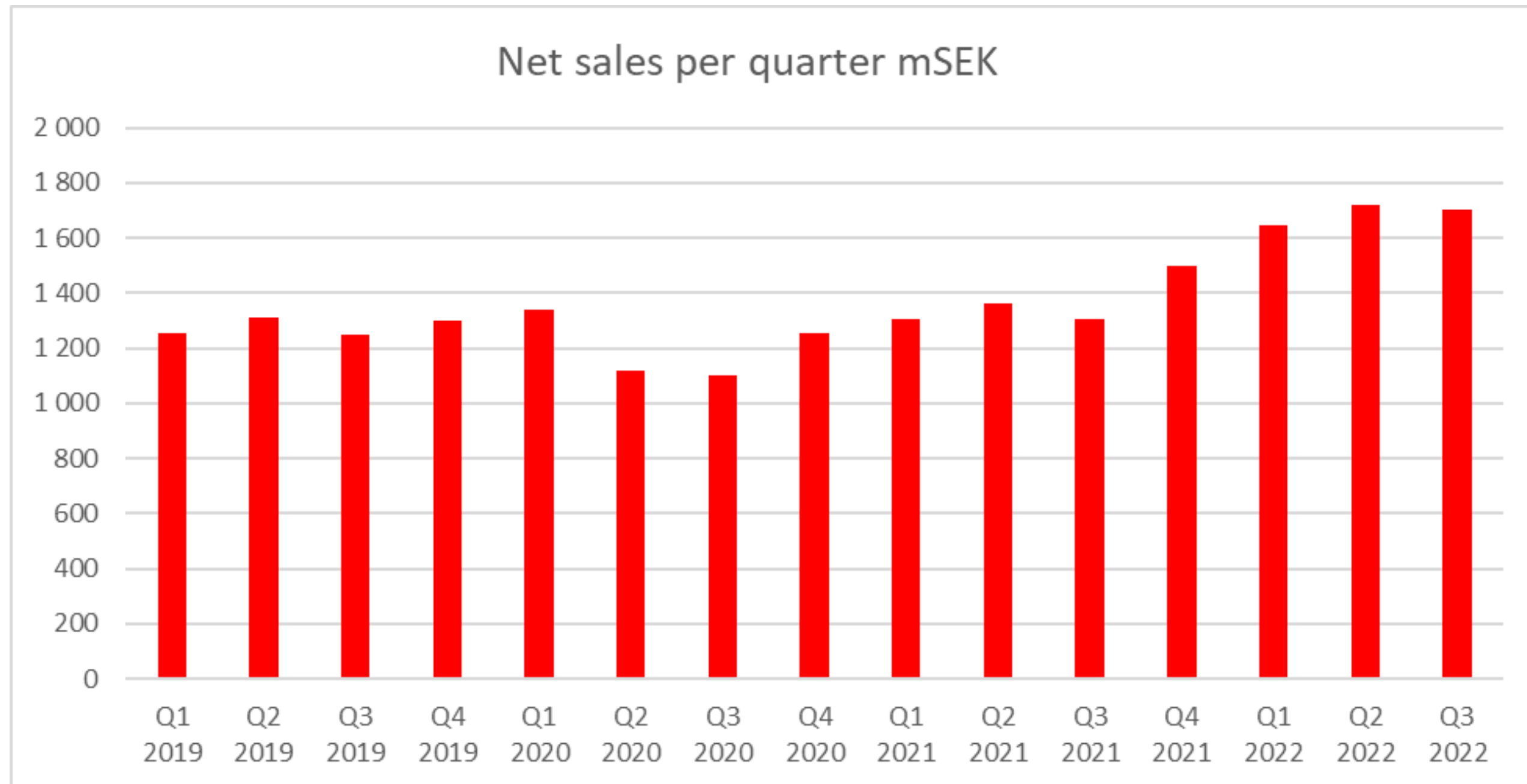
16% Average EPS Growth 2011-2021

2022 R12 is flat vs. full year 2021.

Improvements in progress.

Our target is as always to increase EPS with >15%/year

# Net sales



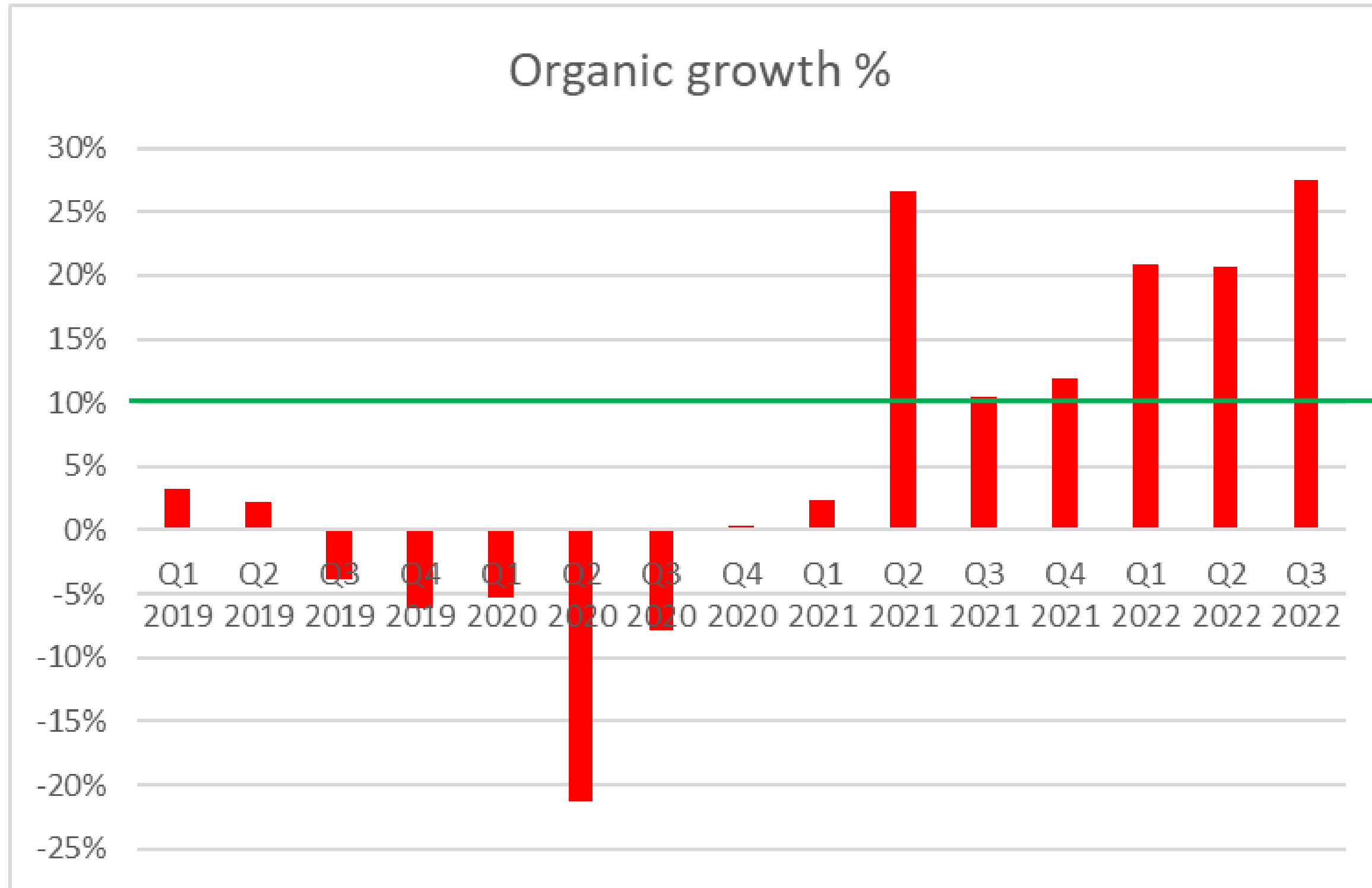
Good turnover in the quarter.  
Growth QoQ with +30%.

Supply of PLC's limits us especially  
in Electric Cabinet, System  
Products.

Big customer in US/Canada had  
strike which affects volume in  
Jul/Aug with 18mSEK.

Increases mainly in electrification –  
Batteries, components for drives,  
inverters, and electrical vehicles.

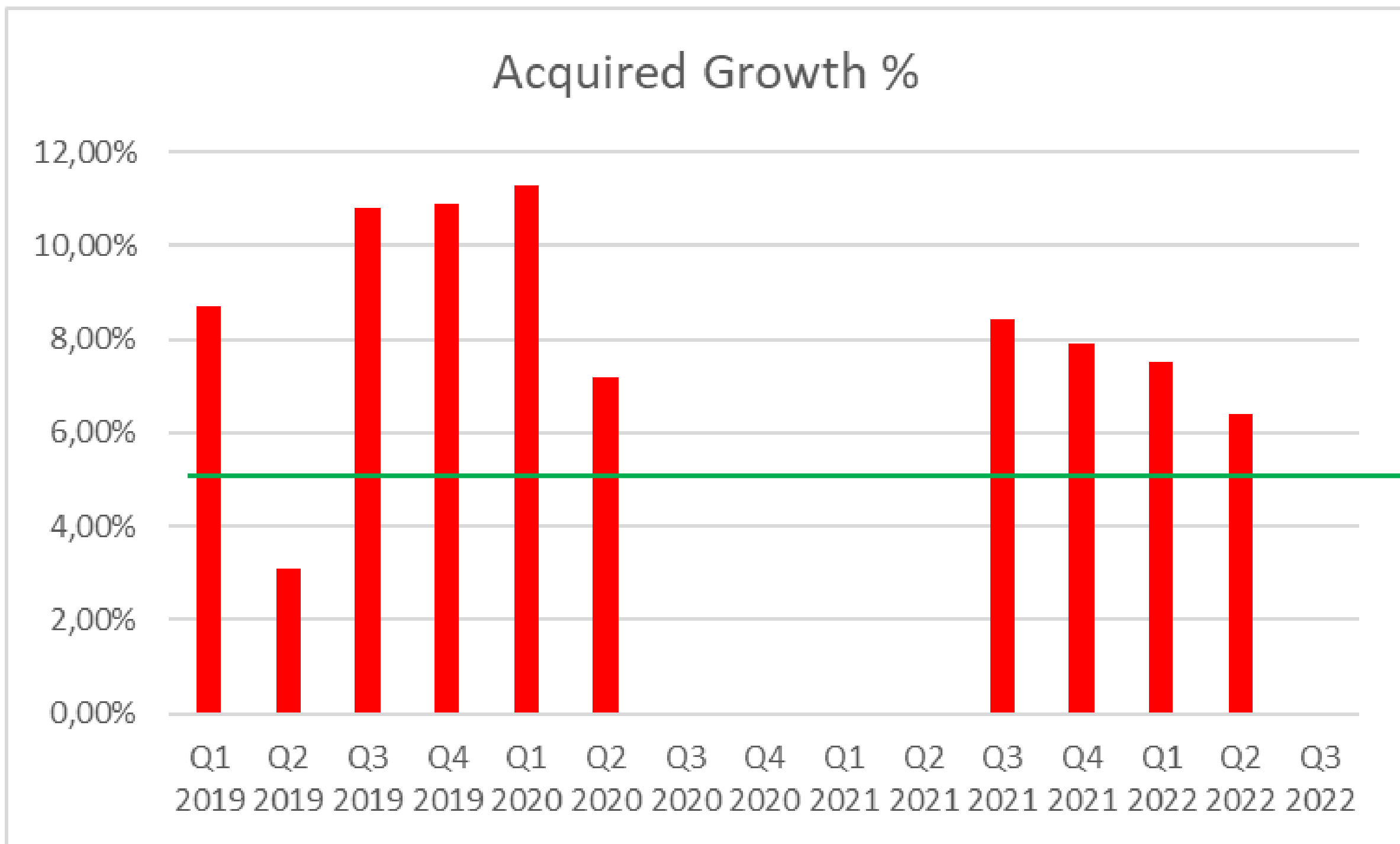
# Organic growth



Organic growth target updated to 10%/ year.

“Real” organic growth in Q3 is approximately 15% and 12% is price increases to compensate for higher costs for material, energy and transportation.

# Acquired Growth

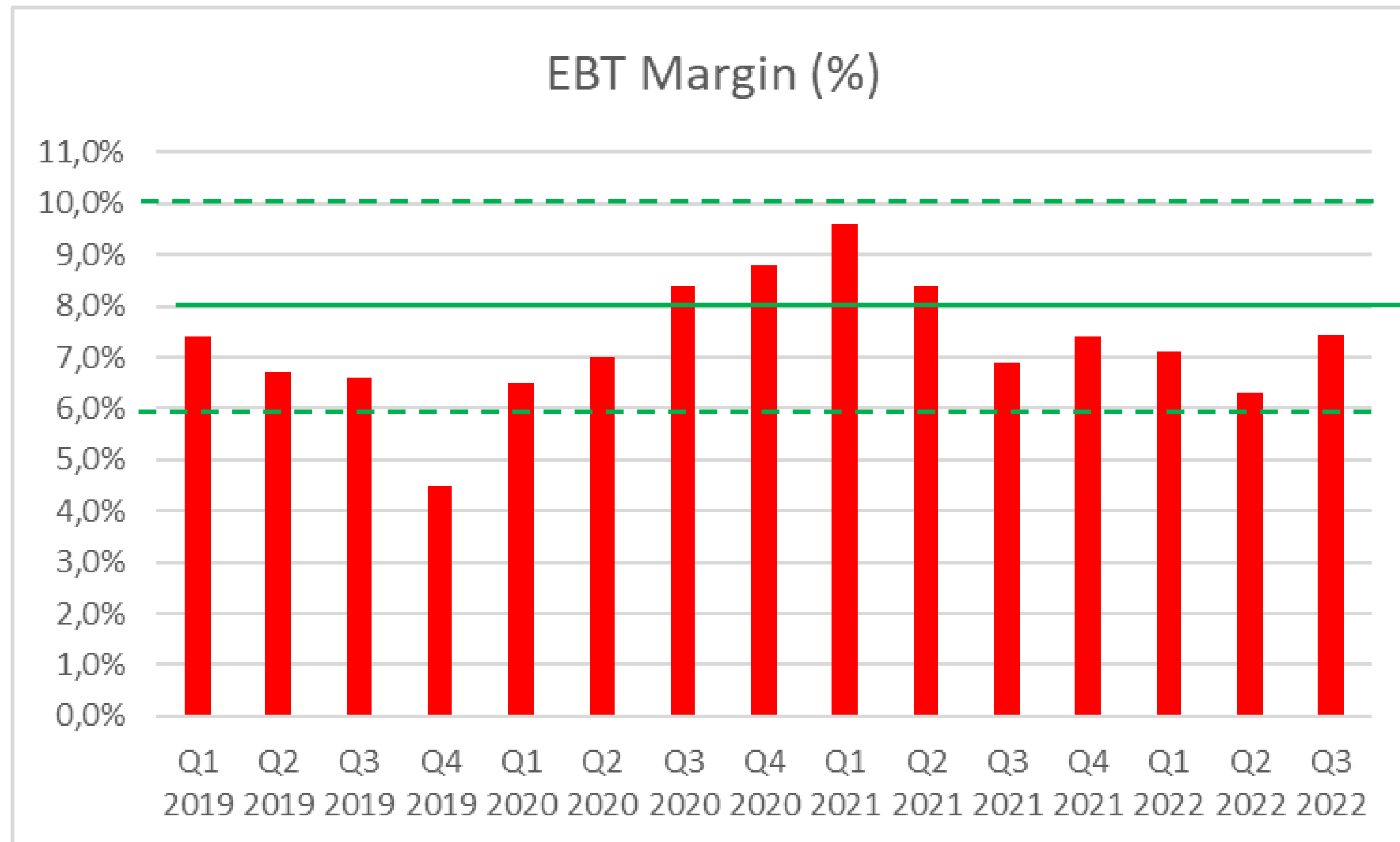


Acquired growth target lowered to 5%/ year.

The integration of the Schaffner acquisition is completed. Strong growth QoQ with 20%. Profit normalized to be at par with rest of group.

Focus on organic growth and await lower prices on acquisition targets.

# EBT Margin



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

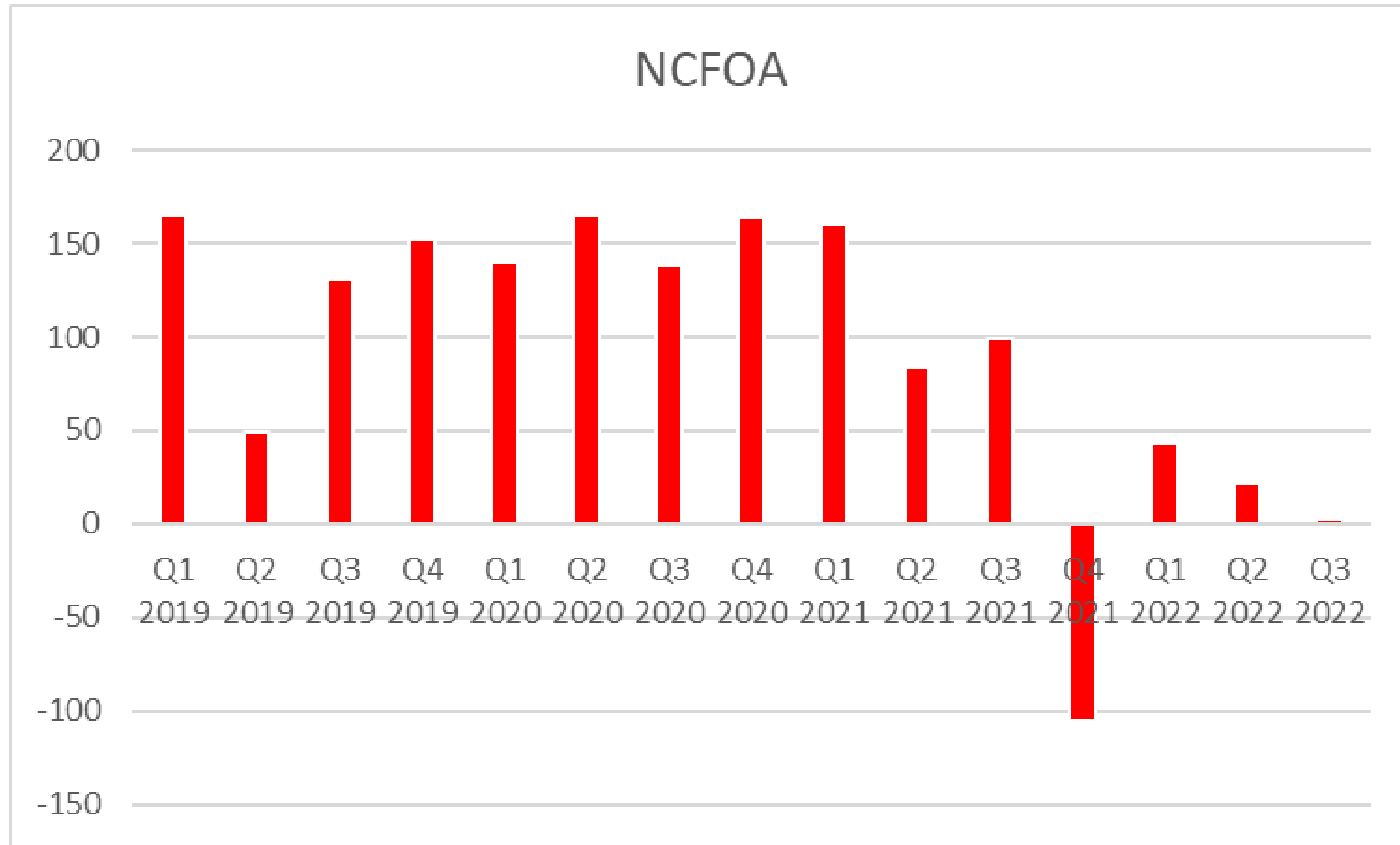
Finalize price adjustments for automotive customers in Q4.

3 companies with detailed improvement program to improve profitability.

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



# Net cash from operating activities

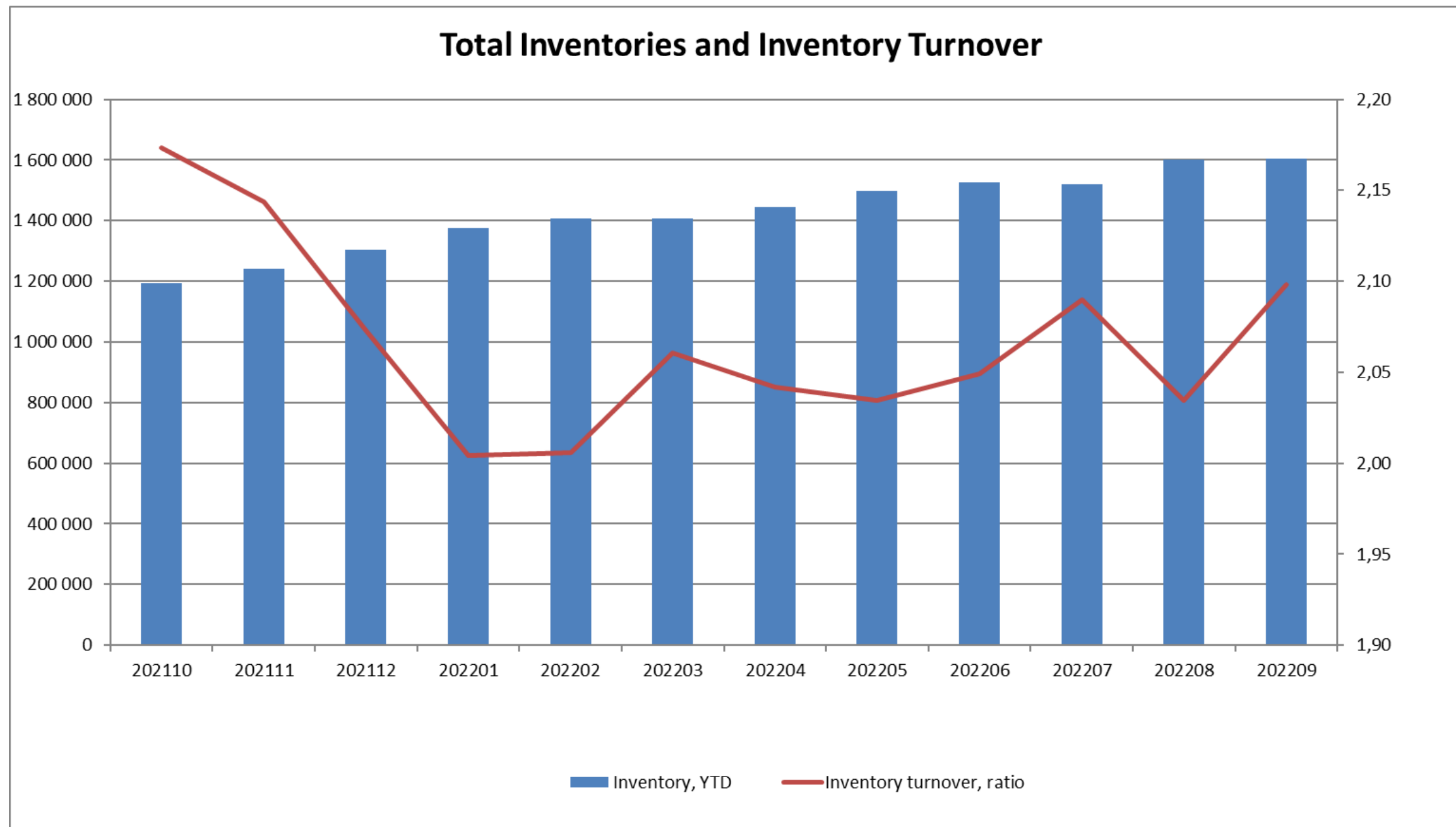


Organic growth makes NWC grow.

Inventory grow also due to component shortages.

A program for reduction of inventory launched. Will be run during Q4 and 2023FY.

# 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 on raw materials  
 Missing components.

Action plans put in place at all companies. Aim is to get back to >3 turns/year by end of year. Will be very hard to reach at current growth pace.

Special focus task force in place to increase improvement speed.

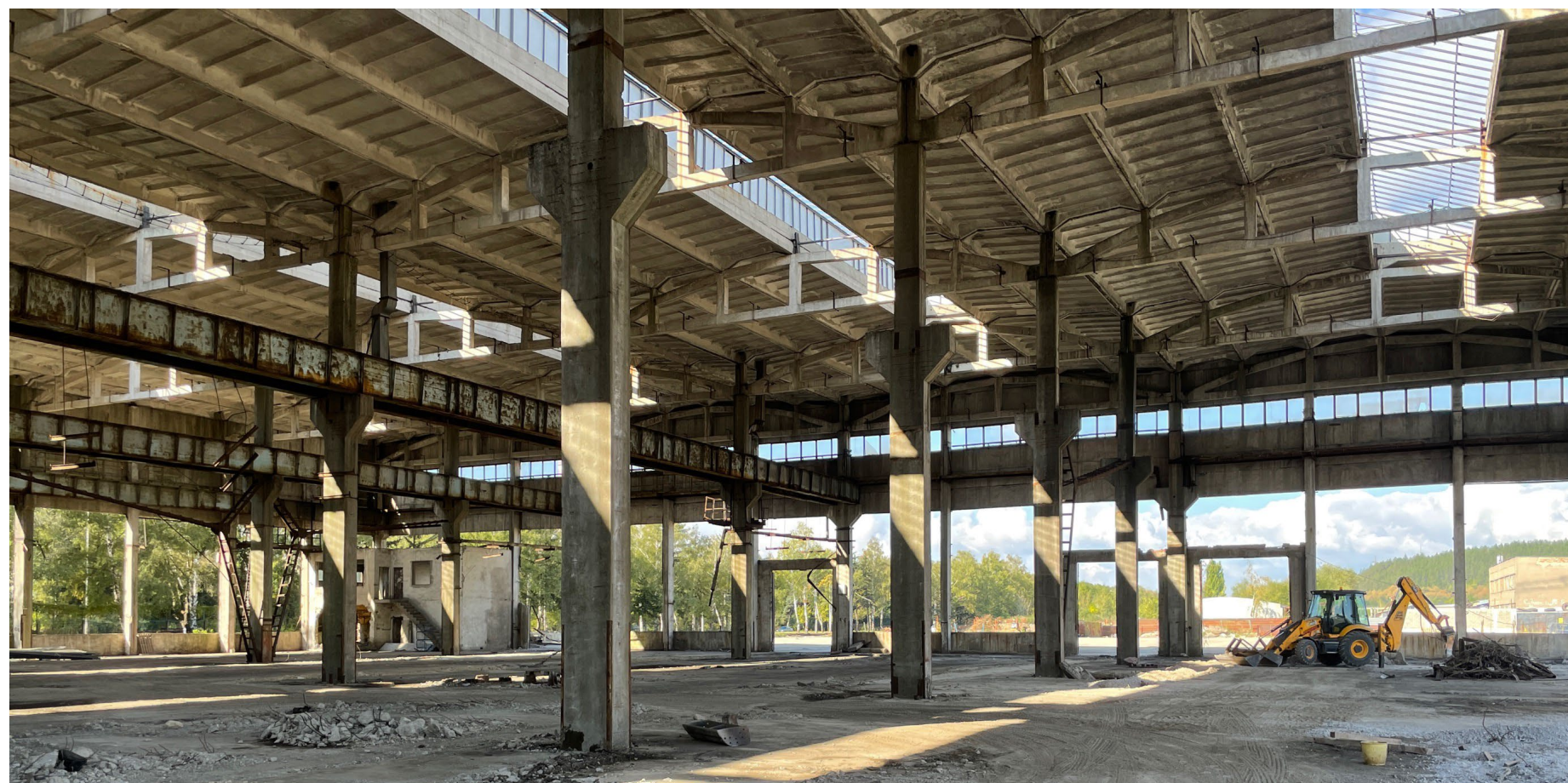
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**Inventory turnover:**  
 Raw materials R12 + Goods for resale R12 +  
 Change in Inventories and prod in progress  
 R12  
 /  
 Total Inventory YTD

# Investments in increased capacity

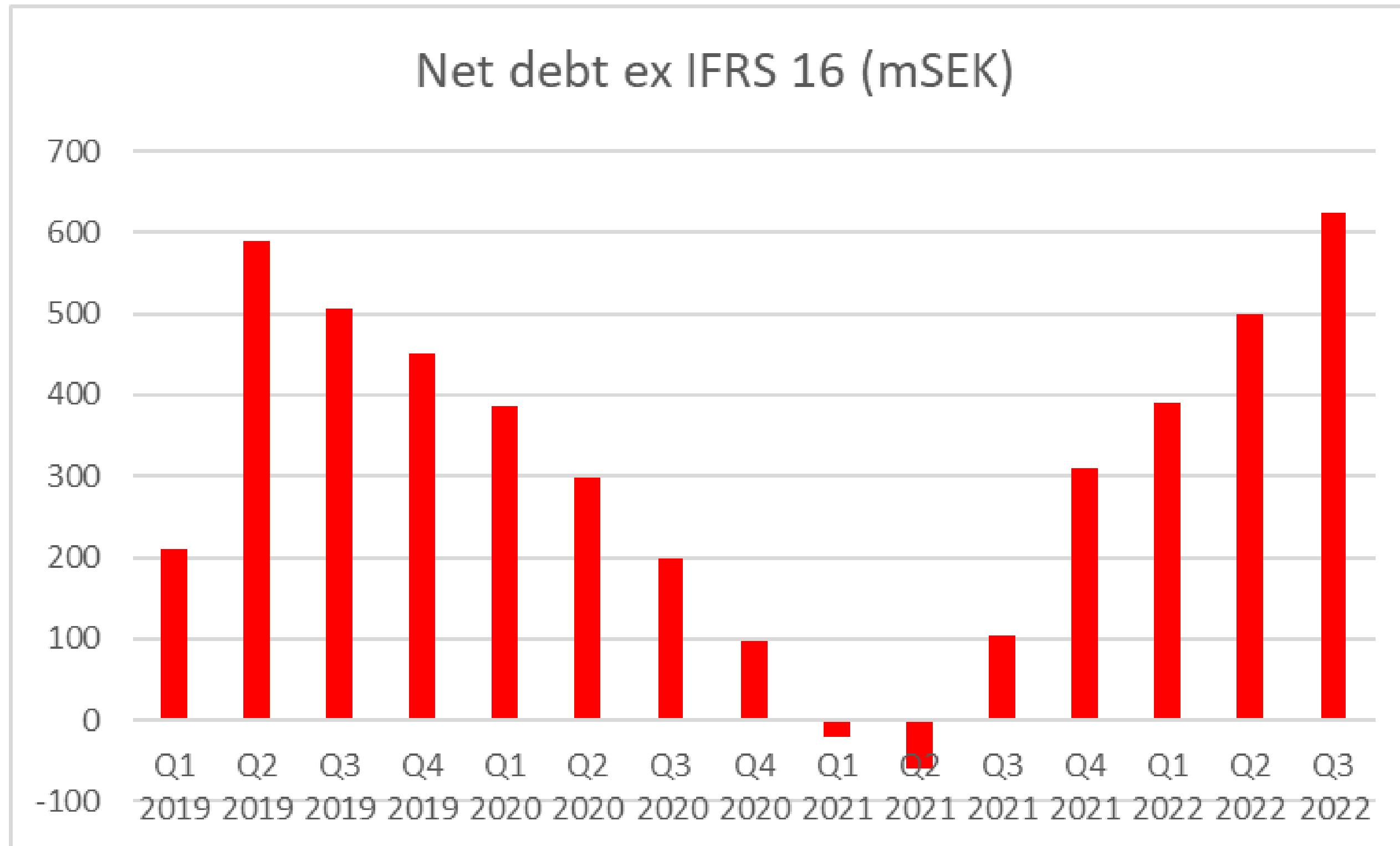


Wiring Systems Factory in Lithuania  
Factory building was finished in April 2022.  
Investments in machines and production lines in progress. Also recruiting 800 operators. Full production from Q1 in 2023. Turnover in this factory should increase with 40mEuro in 2023.  
Customers: Truck, Buss and Construction Equipment.



Electric Cabinet factory in Pernik, Bulgaria. Brown field(22 000m<sup>2</sup>) acquired in july 2022. First products produced in October 2022 with full production in April 2023.  
Will produced battery systems from sheet metal to finished product.  
Turnover at full utlization should be 40mEuro/year. Target is to reach this level in 2023.  
Customers: Energy storage and Electrical Automation

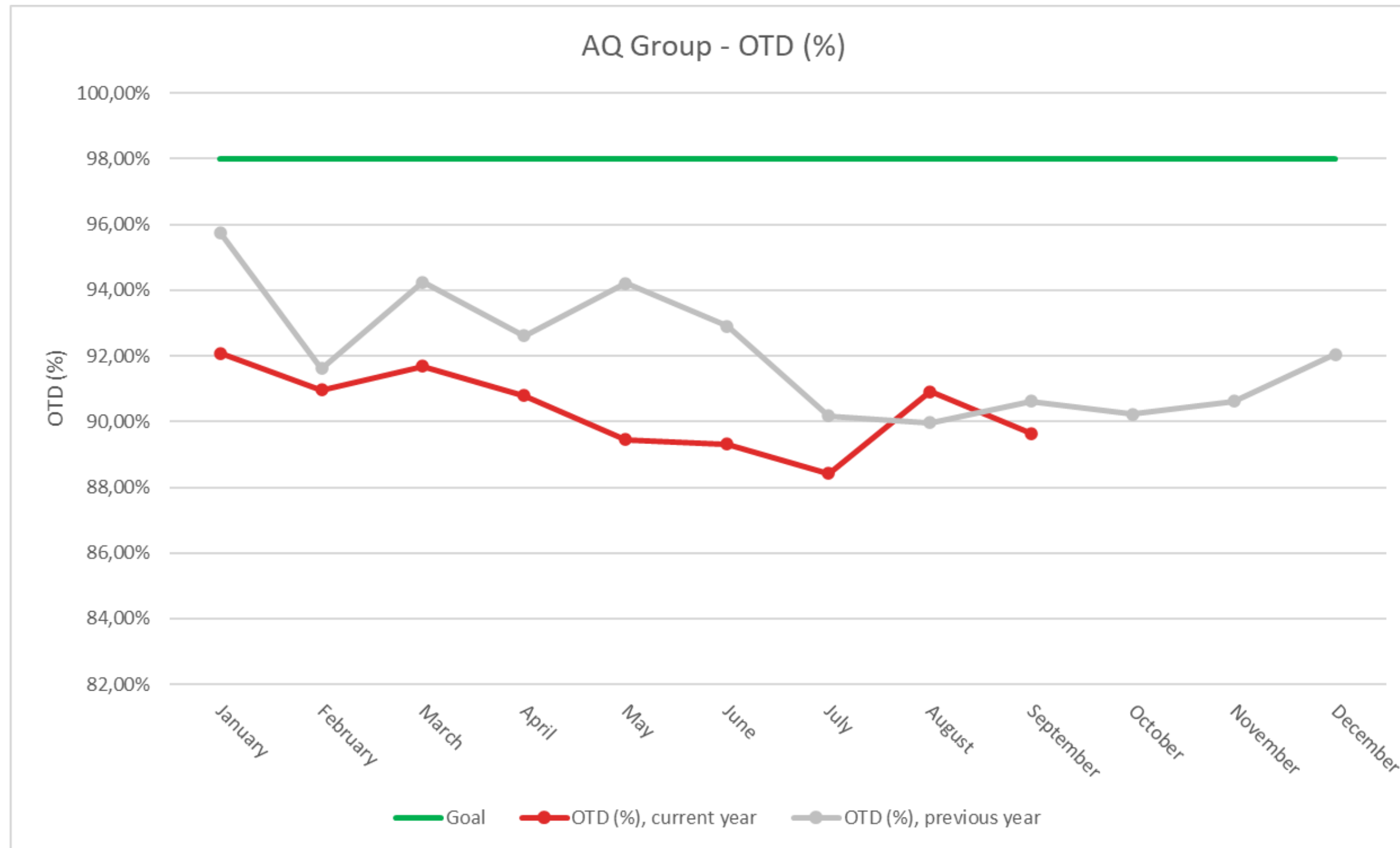
# Net Debt excl IFRS16



← Net debt (excl IFRS16) Sept 2022  
SEK 623Million.

Capacity increase investments  
(90mSEK) in combination with  
low NCFOA increase net debt.

# On-time Delivery(OTD) Jan- Sept - Goal 98%



We are increasing capacity rapidly to handle increasing volumes.

Still issues with material but somewhat better in Wiring Systems. Still a challenge to get PLC's in Electrical Cabinets and System Products due to chip shortage at our suppliers.

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## Projects for future growth

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# Electrification (Storage)

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## **Battery storage**

Batteries and control cabinets for storage of renewable energy. Deliveries to US, EU and Taiwan. First battery module prototype built in Bulgarian in the photo.

Expected capacity : 1000pcs battery modules.  
500 pcs control cabinets. Turnover at full speed 40mEuro.

## **Supercapcitor banks**

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

# Electrification (Wind Power)



## **Pole shoes for wind power stator**

Our site in Hungary is in negotiations with one of the major players in wind turbine manufacturing. AQ will manufacture pole shoes for their biggest wind turbine. AQ is selected supplier but contracts not signed.



## **Water cooled transformers and inductors**

Increased demand from all the big companies in Europe for inverters for wind power plants from our factories in Estonia, India, China, Hungary and US.



# Electrification (Bikes, Trains, Bus and Truck)



## Railway

Strong growth in US with inductive components for battery electric locomotive.

## E-bike

New contract, 15mEuro over three years from Bosch for parts to their drive line for E-bikes.

## Bus+Truck

Increased volumes for high voltage cable harnesses for Volvo electric buss and truck.

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Questions?

