

# General Shareholders' Meeting

25 April 2024

# Disclaimer



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# Index



1. **FY2023: delivering on our guidance**
2. **Expected trends for FY2024**
3. **2024-2026 Strategic Plan: #EnergizingFuturesTogether**

# Highlights 2023



## Consolidating a sustainable & profitable growth

- ✓ We achieve **record-highs** in all our **financial metrics**.
- ✓ We **increase production capacity** in **high growth** markets.
- ✓ We achieve **relevant milestones** in our **3 business lines**:
  - ✓ **M&M**: preferred optical current instrument transformer supplier for major HVDC players..
  - ✓ **T&D Grid Automation**: record sales of relays to 80 different countries.
  - ✓ **Network Reliability**: First installation in operation for **PQ Switch + New 15kV recloser** offering 12% **carbon footprint reduction**.
- ✓ We dedicate **3% of our revenue** to **R&D projects** in order to achieve a **more sustainable** electricity network.
- ✓ We commit strongly to **sustainability** with a clear plan and results **certified by reference entities**.
- ✓ We **end successfully our 20-23 Strategic Plan** and settle **ambitious targets** for the following one.
- ✓ We create **further value** for **our shareholders**.

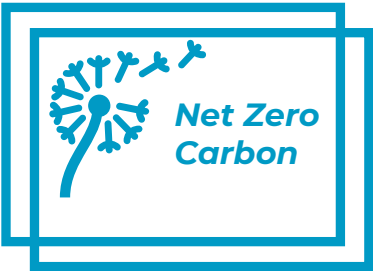
# Our ESG Commitment

Moving forward with our 2030 ESG strategy



## Environment

Target	Indicator	FY23	2030
Reused or recycled waste	Total D+ND waste (reused + recycled)/ Total D+ND waste generated (%)	58%	100%
Reduce carbon footprint	Scope 1+2 emission reduction vs2021	39%	>50%
Renewable electricity consumption	Total renewable electricity consumption / Total electric energy consumption (%)	34%	100%



## Social

Equal opportunities for development	Women in the “front line management” category/ Total employees in the “front line” category (%)	28%	40%
Accident frequency rate	Number of accidents with sick leave * 1.000.000 / number of hours worked	12	0

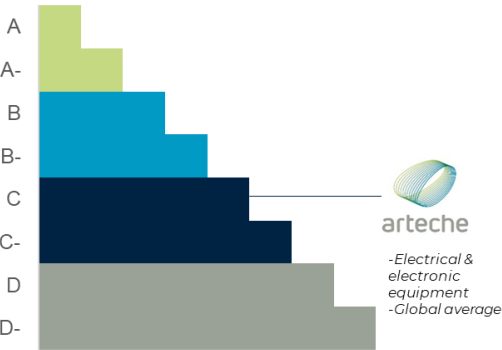


## Governance

Internal Control Financial Information System (SCIIF)	Assessment and certification	In process of implementation	Audited by a third-party
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CDP SCORE REPORT – CLIMATE CHANGE 2023



# FY2023 Guidance Met



	Guidance FY2023	Reported FY 2023	Achievement
<b>Revenue</b> ( <i>€ million</i> )	<b>385.0 – 405.0</b>	<b>401.3</b>	
<b>EBITDA</b> ( <i>€ million</i> )	<b>36.5 – 40.5</b>	<b>40.7</b>	
<b>EBITDA Margin</b> ( <i>% over revenue</i> )	<b>9.5% - 10.0%</b>	<b>10.1%</b>	



# FY 2023 Financial highlights



Order intake	Revenue	Direct Margin <sup>(1)</sup>	EBITDA	Net profit	NFD / EBITDA
€474.1m	€401.3m	€133.6m	€40.7m	€12.1m	1.0x
+16.4% y/y	+16.0% y/y (+23.3% at constant currency <sup>(2)</sup> )	+29.7% y/y (+39.7% at constant currency)	+35.1% y/y (+41.3% at constant currency)	+56.9% y/y	vs 1.6x at 31 December 2022

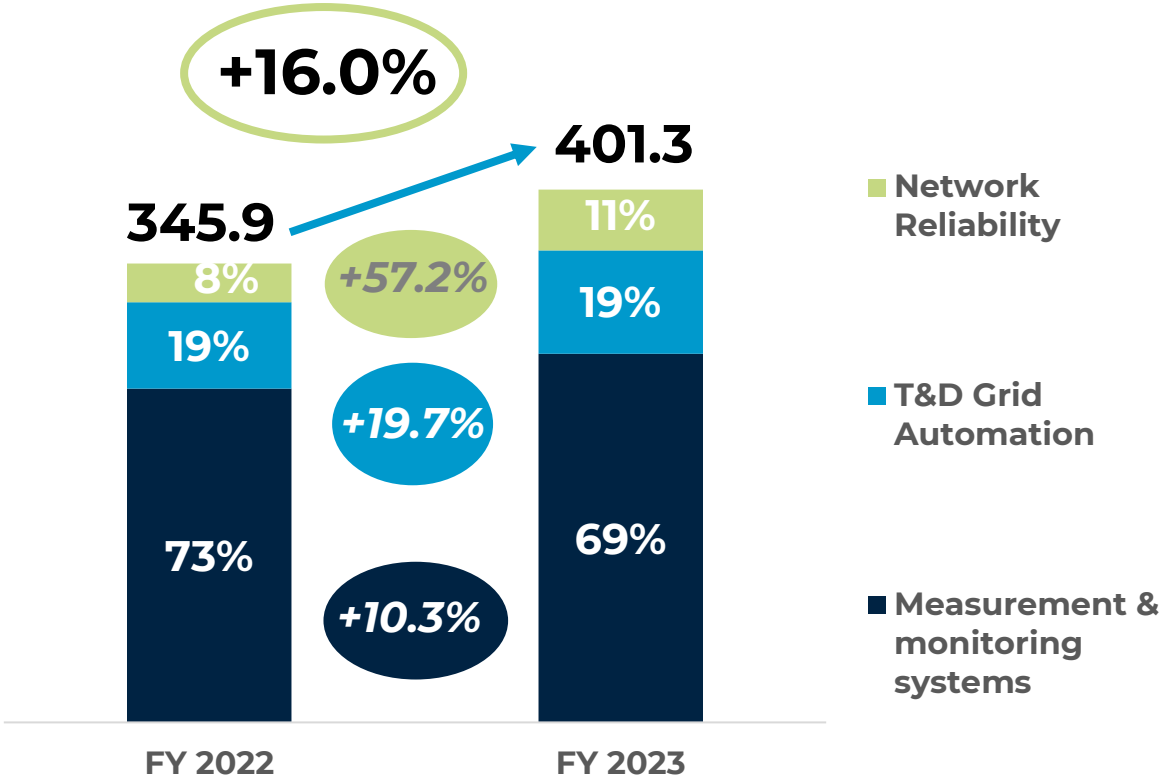
(1) Direct margin = Income at selling price – procurement – direct labor – direct operating expenses

(2) FY2023 figures using FY2022 average exchange rates.

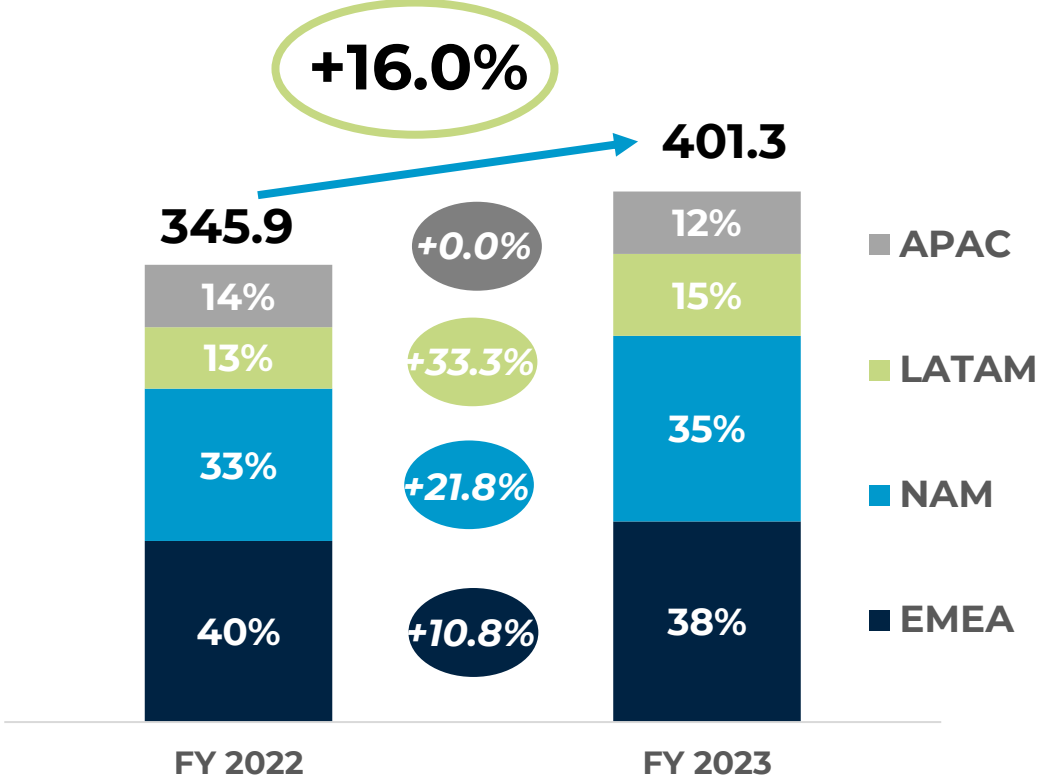
# Positive contribution from all businesses and regions



Revenue by business division  
(€ million,%)



Revenue by region<sup>(1)</sup>  
(€ million,%)

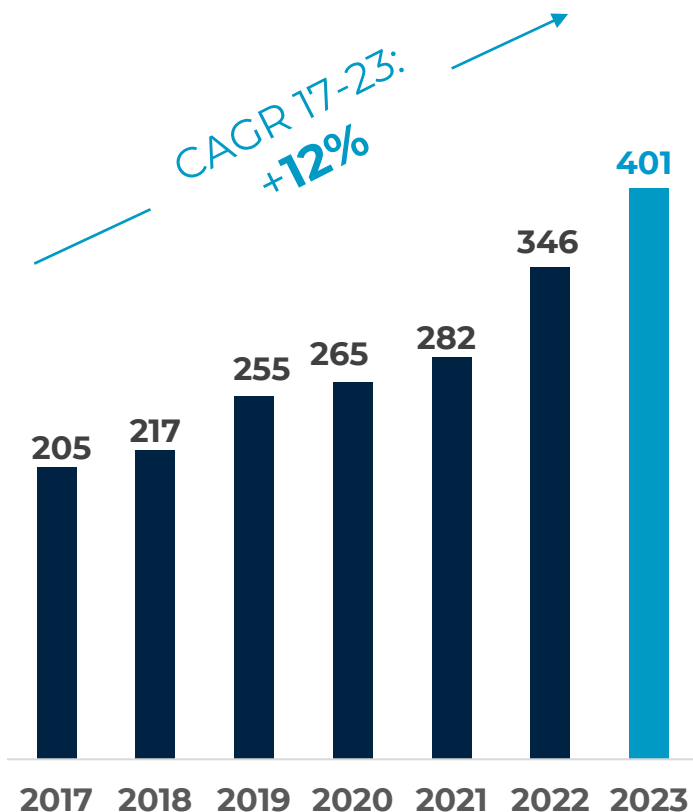


(1) Revenue by destination: EMEA (Europe, Middle East and Africa), NAM (Mexico, USA and Canada), APAC (Asia Pacific and Turkey), LATAM (South and Central America).

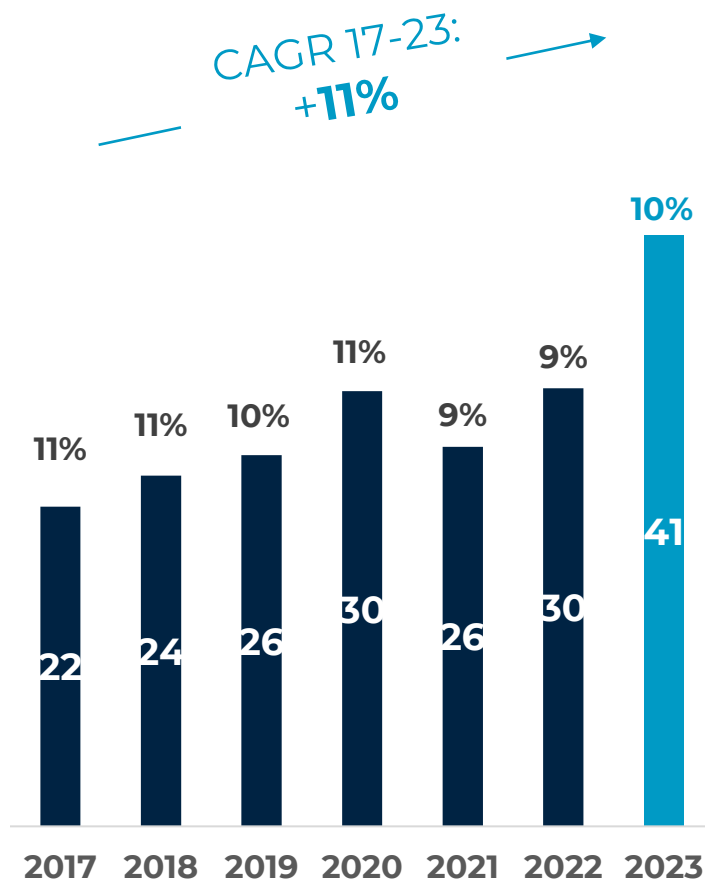


# Historical figures: solid business model

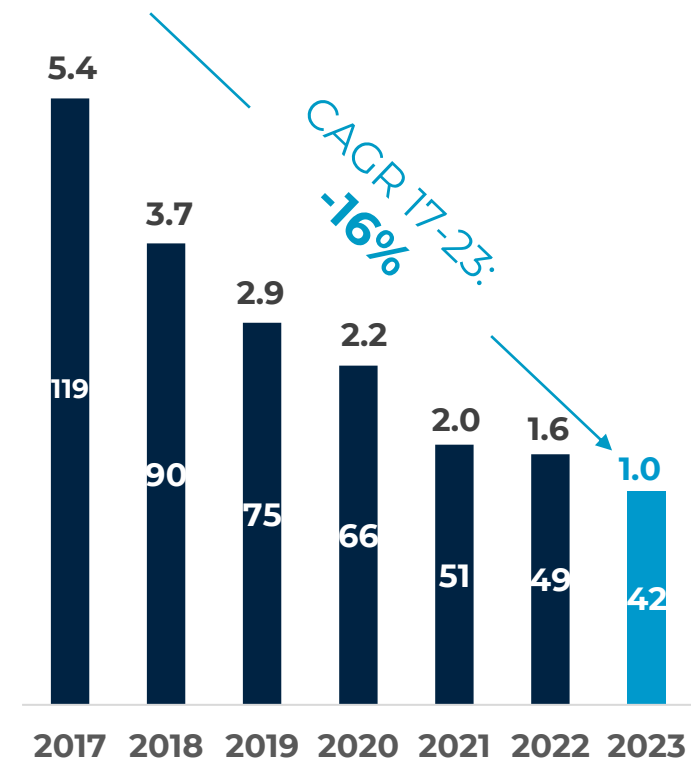
## Revenue (€ million)



## EBITDA (€ million and % o/revenue)



## Net debt (€ million and times EBITDA)



# Outlook for FY 2024



	FY2023	Outlook FY2024	Change
<b>Revenue</b> (€ million)	401.3	440.0 – 460.0	+10% / +15%
<b>EBITDA</b> (€ million)	40.7	45.8 – 50.6	+13% / +24%
<b>EBITDA Margin</b> (% over revenue)	10.1%	10.4% - 11.0%	+30bps / +90bps

# Q1 2024: a good start to the year



- ✓ **Strong and dynamic market demand** worldwide.
- ✓ Our **order backlog** reaches **record levels: > €240 million** as at Q1 2024.
- ✓ **Double-digit sales growth** continues in **Q1 2024**.
- ✓ **Favourable evolution** of **variable** and **fixed costs** in relative terms (over revenue).
- ✓ **Actions launched to improve** the management of **working capital**: leading to a **higher cash flow generation**.
- ✓ **Q1 2024** in line to reach our FY guidance.



#EnergizingFuturesTogether



## 2024-2026 STRATEGIC PLAN

ENSURE UNIVERSAL ACCESS, EFFICIENT AND QUALITY ENERGY

# #EnergizingFuturesTogether Strategic Objectives 2024-2026



## Leadership & Growth

- Top positioned on **structurally growing markets** boosted by **energy transition**
- **Roadmaps in every business division** to unlock **further value**



## Building the future

- **Innovation:** Acquiring and Developing Pioneering Technologies
- **Talent:** Equipping organization team to achieve the company goals
- **Sustainability:** Ambitious & realistic plan



## Solid Financial Value

- **Sound and sustainable organic growth**
- Accelerating **profitability and cash generation**



2024-2026

#EnergizingFuturesTogether

## Inorganic Strategy

New solutions

New businesses

New technologies



Geographic expansion

New business segments

Improve value proposition

# #EnergizingFuturesTogether Measurement and monitoring systems

World's leading independent manufacturer of Instrument Transformers up to 800kV



## Business overview

Global market size

> €1.5bn



## Vision

High Voltage Inst Transformers



TOP 2 Global

Medium Voltage Inst Transformers



TOP 3 (NAM/EMEA)

Optical + Sensors



Tech leadership



## Strategic Projects 24-26

1. Footprint Strategy
2. Reduce Working Capital requirements
3. Time to market
4. Develop higher value-added products

## Arteche's market share

### High Voltage

c.15% worldwide



In  and 



### Medium Voltage

c.7% worldwide

c.70% in  



In 



## Order intake (M€)

297



2022

342



2023

440



Target 26

CAGR 23-26: +9%

## Value Proposition

- **Homologations** with >1,500 utilities worldwide
- Innovative **in-house products**
- Respond **quickly** to **Market changes**
- **Cost efficient** facilities
- Best positioned in **proximity** and **flexibility**



# #EnergizingFuturesTogether T&D Grid Automation

World's leading manufacturer of Energy Relays



## Business overview

Global market size

> €3.0bn



## Vision

SAS (Substation Automation Systems)



Leadership in our markets of influence and regional growth

Energy Relays



Maintain global leadership

Railway Relays



Consolidate as 2nd supplier in Rolling platform Relays



## Strategic Projects 24-26

1. Growth with geographic diversification
2. Technological development
3. Develop automated industrial model in relays

## Arteche's market share

### Relays

Electric



Strong market share in



Railway



Top 10



### SAS

## Order intake (SAS + Relays) (M€)

66



2022

80



2023

102



Target 26

CAGR 23-26: +9%

## Value Proposition

- **World leader** in the manufacture of relays
- **In-house** production facilities
- Branding agreements with **Tier I clients**
- **Cutting-Edge** technology
- Best positioned in **proximity** and **flexibility**

# #EnergizingFuturesTogether Network Reliability

We are specialists in grid connection and grid code compliance



## Business overview

Global market size

> €2.0bn



## Vision

PQ (Power Quality)



TOP 10 leaders on power quality, voltage stability and inertia services

Reclosers



Leadership in our markets of influence with regional growth



## Strategic Projects 24-26

1. USA and Australia as Key Markets for PQ
2. Technological development of Reclosers portfolio and footprint for new lines
3. Align industrial and business capabilities (HR & IT systems) to the growth of PQ
4. Power electronics Technology

## Arteche's market share

### Reclosers



>50% in  and 

### Power Quality

Strong market share in



## Order intake (PQ + Reclosers) M€

42



2022

53



2023

84



Target 26

CAGR 23-26: +17%

## Value Proposition

- **State of the art** production line
- **Unparalleled** reliability
- **Unique offering** and **vertical integration**
- **Cutting-Edge** technology

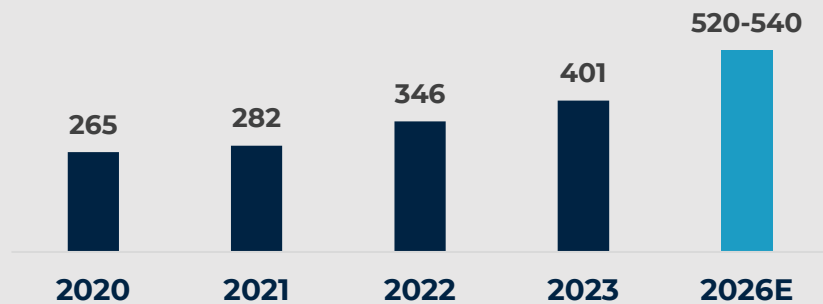
# #EnergizingFuturesTogether Committed to ambitious targets



Accelerating profitability and cash generation

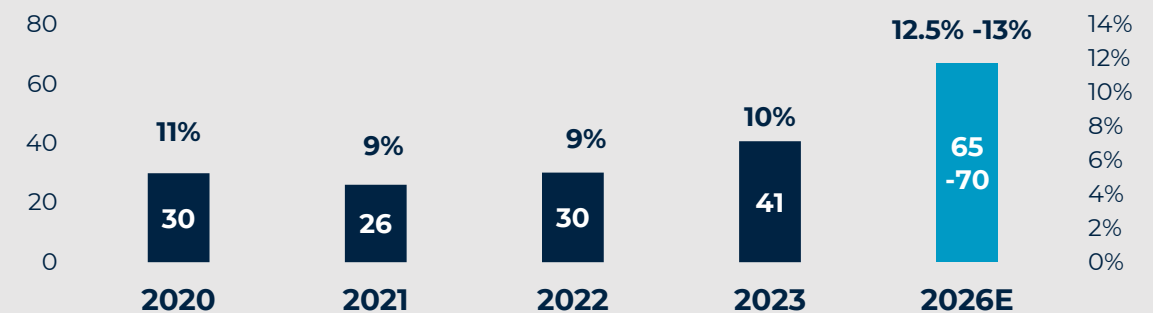
## Revenue (€M)

CAGR 20-23: **+14.8%**  
CAGR 23-26: **+10.0%**



## EBITDA (€ M); EBITDA margin (% o/revenue)

CAGR 20-23: **+10.8%**  
CAGR 23-26: **+18.0%**



Capex/  
revenue

**c.4%**

Free Cash Flow/  
EBITDA

**>30%**

NFD/  
EBITDA

**<2x**

including potential  
investment in inorganic  
growth (M&A)

Shareholder's remuneration 2024-2026: **>30% pay-out**



# #EnergizingFuturesTogether

## 2024-2026 Investment highlights



**Industry leader** serving niche products to a wide client base in a **high entry barriers** sector



Top positioned on **structurally growing markets** boosted by **energy transition**



**Scalable business** with a clear strategic roadmap 2024 - 2026



Focus on strict **capex control** and **cash generation** to increase shareholder's value creation



**Ambitious financial targets** to accelerate **profitable growth**



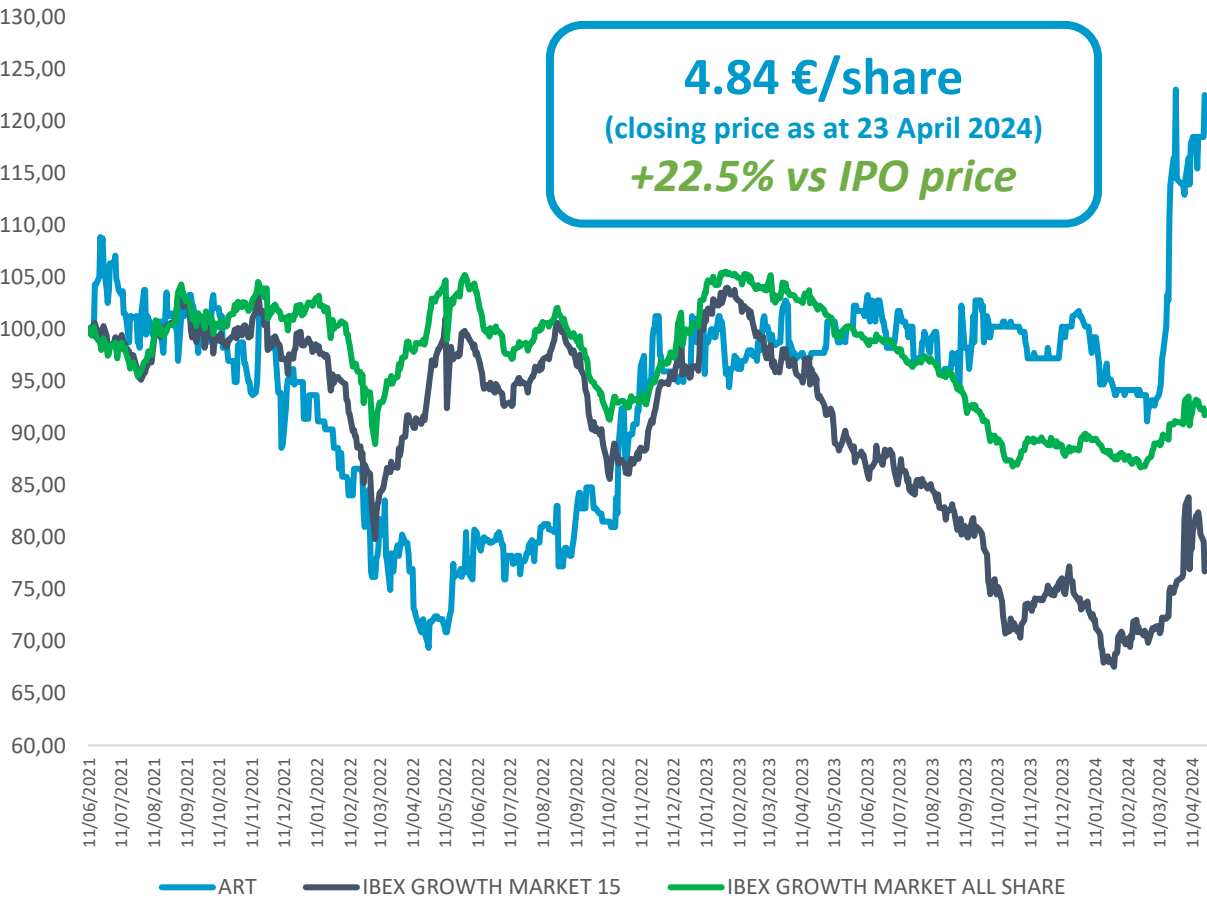
Strategic **commitment to innovation, talent & sustainability** with challenging objectives

# Focus on generating shareholder value

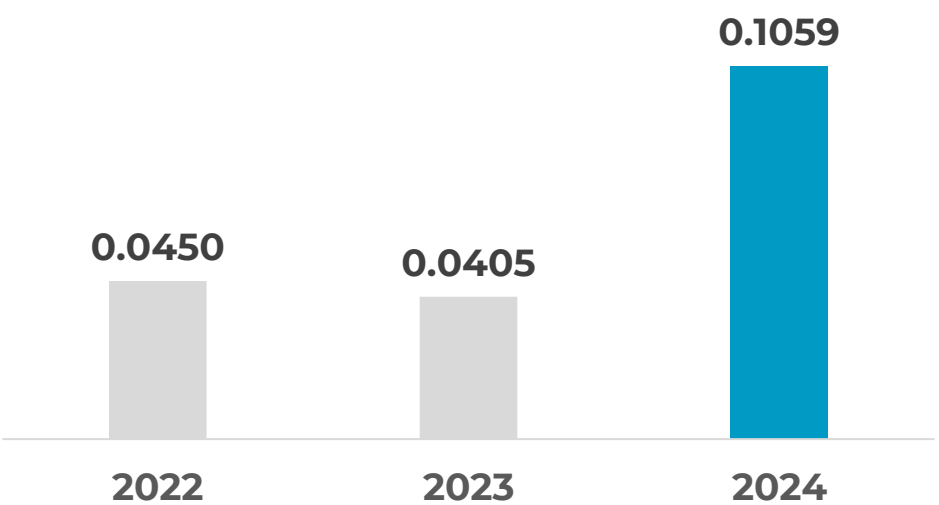
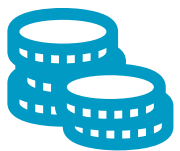


## Arteche's share price performance

Comparative percentage terms, base 100 (2021)



## Shareholder remuneration Cash dividends (€/share)



In 2024 we will distribute 50% of FY23 net result to our shareholders, following the trend initiated in 2022

# Q&A

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