

# A technology leader in hydrogen (H<sub>2</sub>)

Update on Recent Business Developments and H1 2021/2022 Financials

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# 1. Update on Business & Strategy



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# Impact of recent geopolitical and macro-economic developments

Current political and economic environment provides even more positive mid- to long-term backdrop for AWE



**Step change in political willingness** to support AWE capacity expansion, providing a setting for **increased customer demand**



**Increase in energy prices** and political desire for independence from Russian gas supply











**Ongoing solid demand in CA** and **strong build-out** of renewable energy and expedited energy transition with previous EU renewable hydrogen annual domestic production targets of 10 mn tons being **doubled by an additional 10 mn tons of annual hydrogen imports**<sup>1</sup>



**Demand for gH<sub>2</sub> solutions** – particularly for large scale applications – **growing** globally evidenced by **increasing number of customer** inquiries

1. Estimated by the European Commission in their Joint Declaration of the European Electrolyzer Summit; additional demand for green hydrogen would require installed electrolyzer capacity of ~150 GW depending on utilization factors and efficiency rates

# Push for hydrogen demand and large scale gH<sub>2</sub> solutions reflected in a stronger pipeline and actively pursued projects


		At CMD	As of Mar 2022		At CMD	As of Mar 2022
Substantial Pipeline <sup>1</sup>	 No. of projects	#91	↗	#113	 Potential contract value	>13 €bn ↗ >17 €bn
	 Median project size	100 MW	→	100 MW	 Aggregated size	33 GW ↗ >41 GW
pursue						
Actively Pursued Projects <sup>2</sup>	 No. of projects	#17	↗	#27	 Potential contract value	0.9 €bn ↗ >2.6 €bn
	 Average project size	>90 MW	↗	~220 MW	 Aggregated size	>1.6 GW ↗ ~6.0 GW

1. Projects which thyssenkrupp nucera had first interactions with and that are being monitored closely 2. Projects which already passed the pursue / non-pursue gate

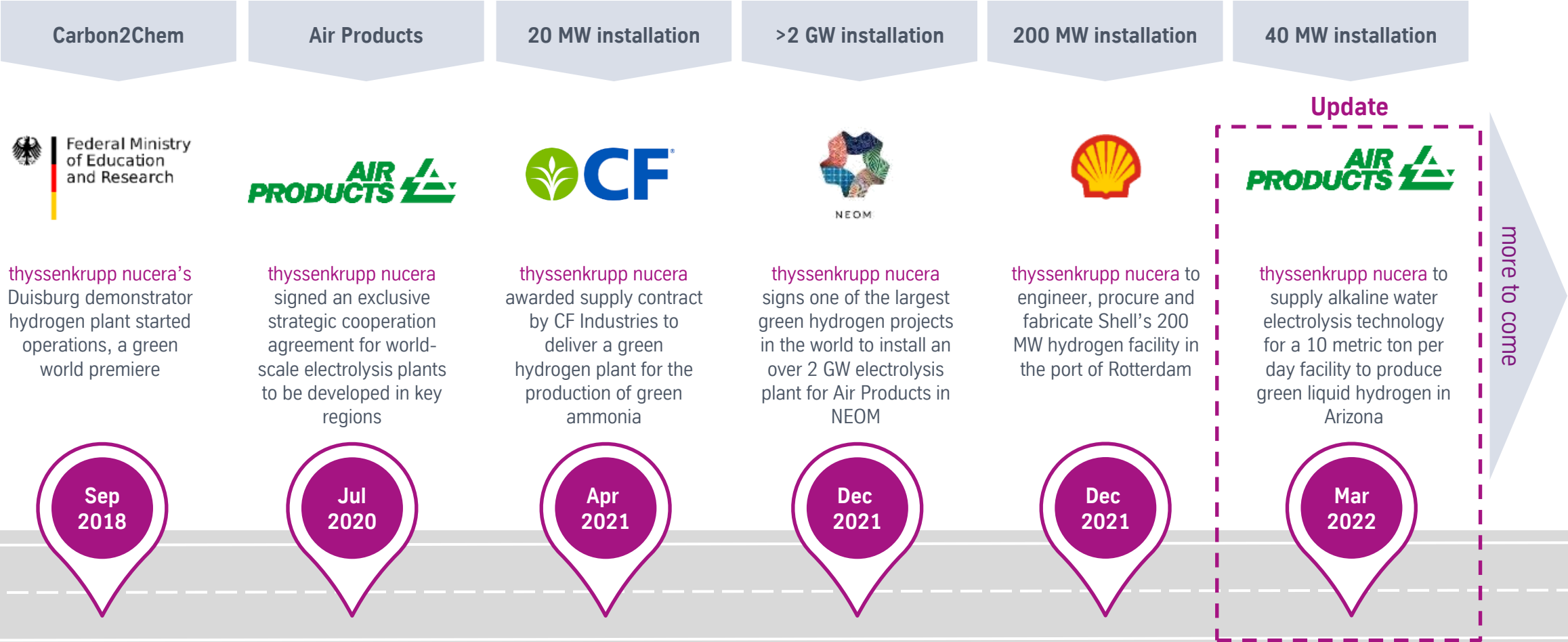


# Supply chain observations

Short-term uncertainties are closely monitored and risk mitigation actions are in place

- 
- **Uncertainty in supply chain** causing limited price validity and limited number of quotations **with normalization expected in the short-term**
  - Inflation across the supply chain **generally passed through to customers** for new projects and **for significant parts of the backlog**
  - **Risk mitigation** by intensive vendor management and increased inventory build-up

# Select thyssenkrupp nucera green hydrogen milestones timeline solidifies position as an industry leader – update H1 FY2022

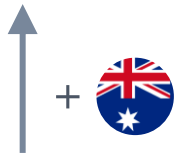


# thyssenkrupp nucera's stringent ramp-up progress

Well on track to cater the growing green hydrogen demand

## New offices

H1 2022      



FY 2021     

- Ramp-up in Australia kicked-off with Managing Director for Australia onboarded in 2021
- Establishment of office in Saudi Arabia on track to open within this fiscal year

## New talents



~470  
Headcount in April 22



~400  
Headcount at CMD

- Well on track to build-out nucera platform
- Strong talent attraction across functions

## Capacity build-out



- Ongoing capacity expansion already exceeding 1 GW in Germany with total available capacity foreseen to **exceed 5 GW globally by 2025/26**



## 2. Update on H1 Financials & Outlook



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# H1 21/22 demonstrates our capabilities to win and drive the success of AWE



Demand for green hydrogen solutions growing across all regions including North America demonstrated by **strong momentum of customer in-bounds** and new **40 MW project** secured with **Air Products**



Strong top-line development supported by **large service orders in CA** business and **growing AWE revenue**



**Increased focus** on mitigation of soaring raw material, energy and transport costs **by refined price escalation clauses** for future projects

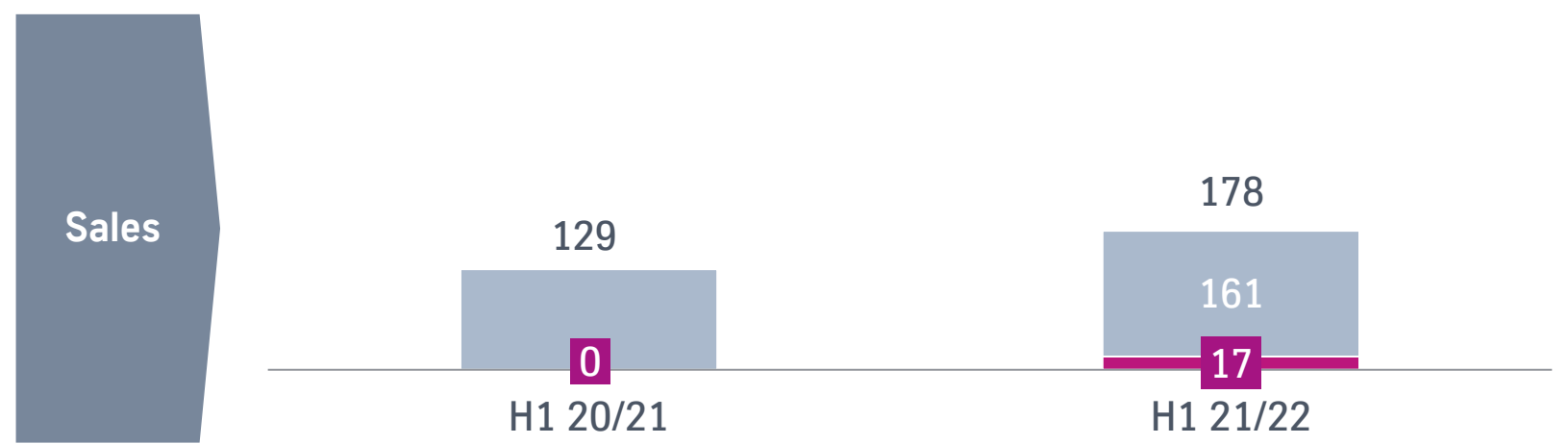
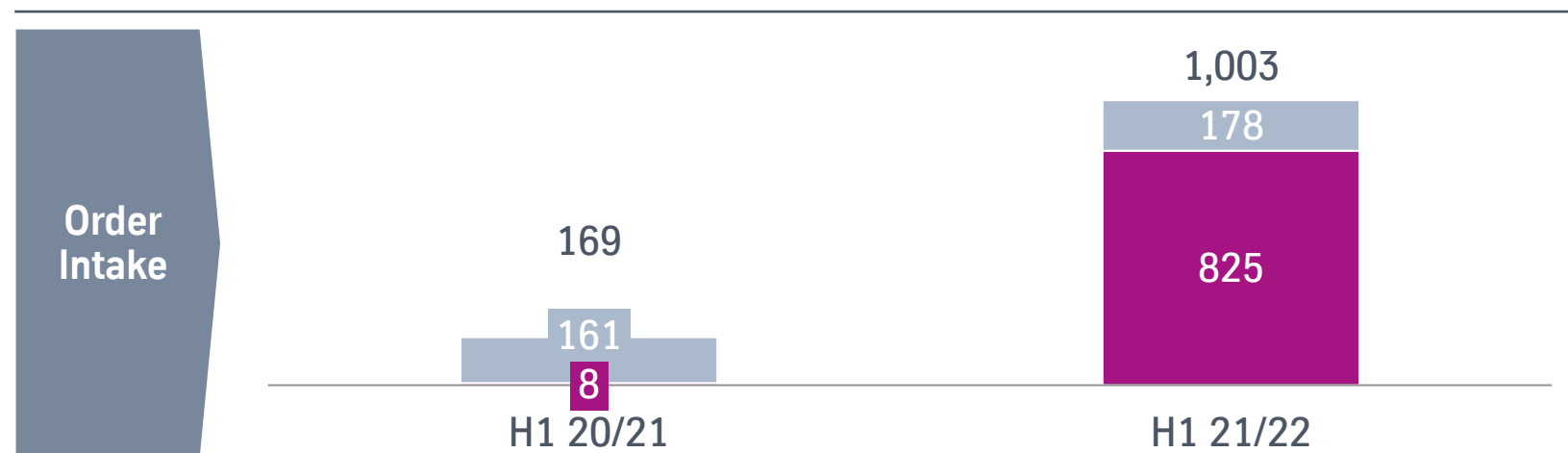


**H1 operating cash flow development** additionally benefitting from large prepayments received

# H1 21/22 has recorded a strong top-line performance

Strong increase in sales resulting from large service orders and NEOM and Shell ramp-up

## Key financials (mn €)



■ AWE ■ CA

### Order Intake

- H1 21/22 mainly driven by AWE projects with NEOM, Shell and Air Products
- Strong CA service order intake
- H1 21/22 backlog for AWE / CA amounts to ~0.9bn € / ~0.4bn €

### Sales

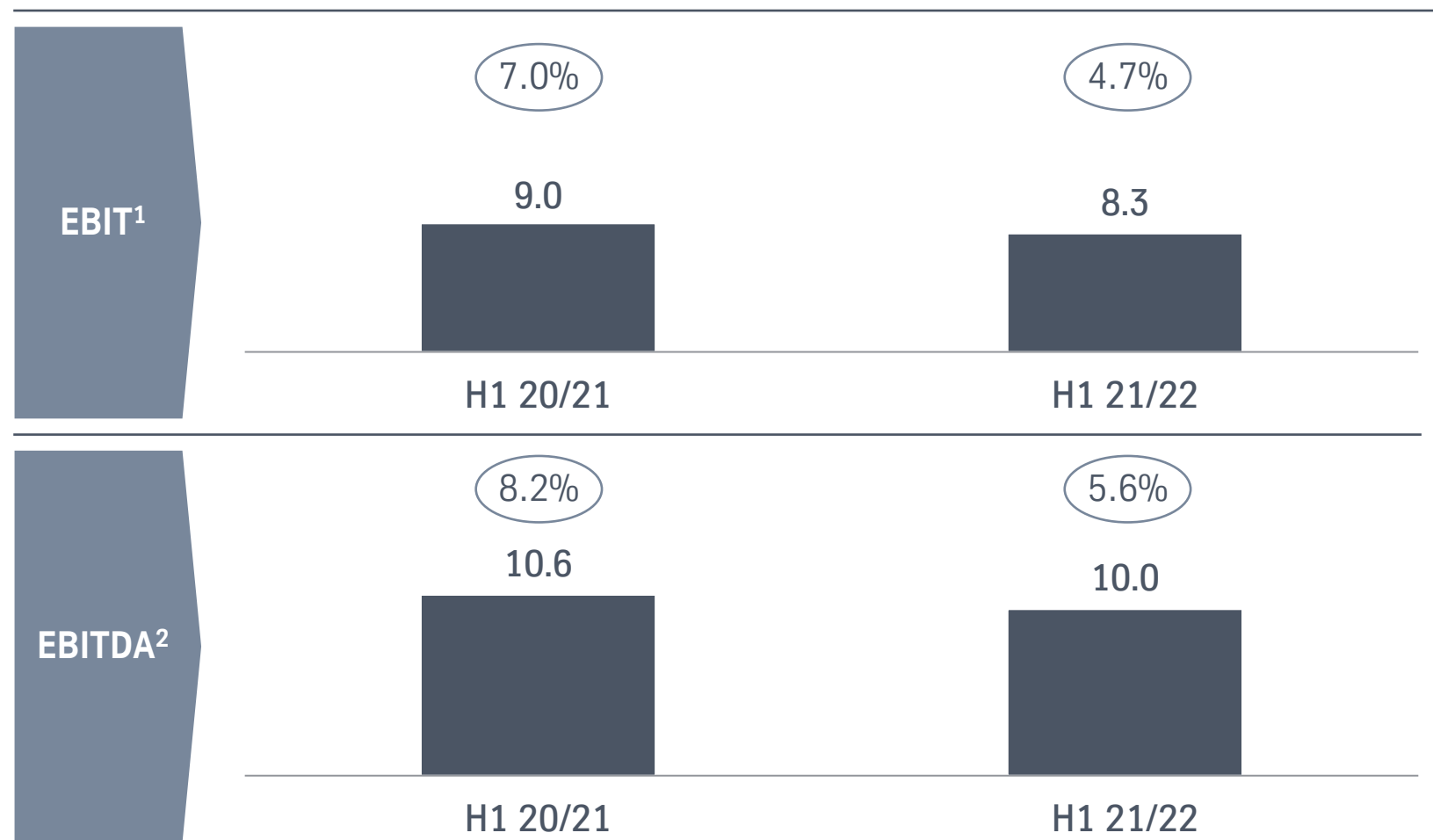
- CA sales driven by combination of new build in China and Japan and large service projects in Europe
- AWE continues to ramp-up in line with expectations driven by NEOM and Shell projects



# H1 21/22 driven by organizational scale-up for future growth

Positive H1 EBIT, despite current pressure on raw materials

## Key financials (mn €)



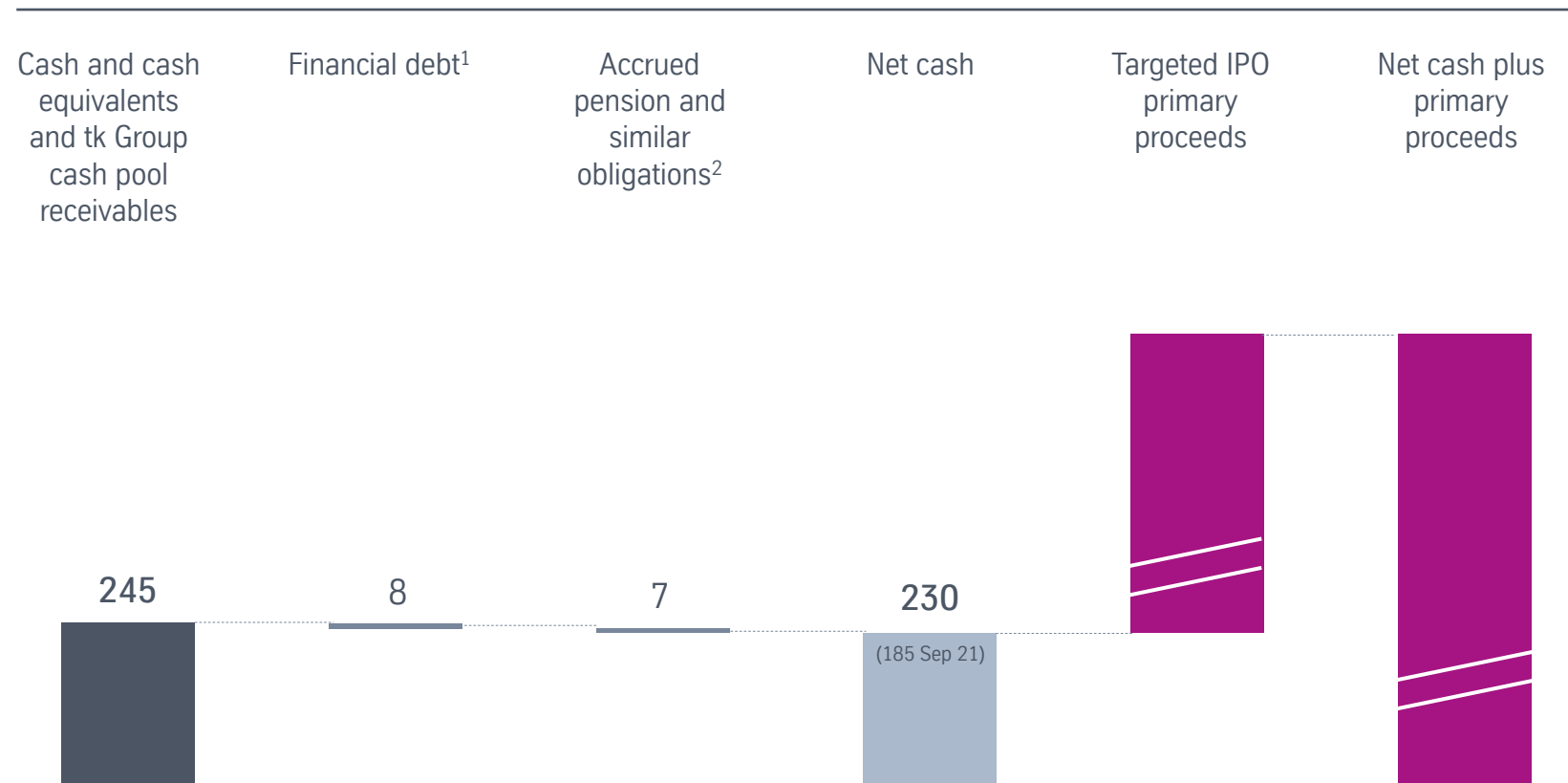
- H1 21/22 business mix provides for a normalised level compared to Q1 21/22 which benefitted from large service share
- Slight margin impact due to cost/price increases which cannot be fully passed imminently on to backlog customers
- Growth investments to capitalize on the promising sales funnel with growing R&D and SG&A expense in H1 21/22
  - SG&A further driven by a small single digit Euro amount of IPO preparation costs (non-recurring)

1. Refers to income from operations 2. Income / (loss) from operations plus depreciation, amortization and impairment of non current assets

(%) % of sales

# Solid balance sheet will be further scaled up by IPO Proceeds

## Capital structure as of March 31, 2022 (mn €)



- Strong and well capitalised balance sheet driven by profitable operations and advance payments in CA
- Targeted IPO primary proceeds of 500-600 mn €:
  - Funding of strong AWE growth (R&D and capex)
  - Strengthening of the financial position to meet counterparty requirements
  - Ability to deliver on large scale projects incl. provision of required guarantees
- Optionality for secondary offering

1. Includes lease liabilities current and non-current and other financial liabilities 2. Includes accrued pension and similar obligations and provisions for other non current employee benefits

# Updated outlook with strong upside potential in the long-term

Financial targets reflecting thyssenkrupp nucera's attractive positioning and strong order backlog in AWE

## AWE

### Sales

- 600 mn € – 700 mn € Sales by FY23/24 (*prev. FY24/25*)
  - *Faster realisation of certain backlog orders*
  - *Additional order volume expected driven by secular tailwinds*
- Service Sales expected to ramp up 6-8 years after installation

### EBIT

- Break-even around FY23/24
  - *Assumes a normalization of the supply chain cost environment*
  - *Increasing prices expected to be passed on for future projects and for significant parts of the backlog*
- In the long-term increase to low double-digit margin also driven by growing service share

## CA

### Sales

- Sales reflect project business related Order Intake movements, expected at around 300 mn € by FY25/26
- Thereafter, expected to grow in line with GDP

### EBIT

- Mid-term target to achieve high single-digit EBIT margin

## Group

### R&D expense

- Aggregate R&D expense between FY21/22 and FY24/25 is expected to amount to 50 mn € – 100 mn € (reflected in EBIT margin)





### Cash flow

- Aggregate Capex between FY21/22 and FY24/25 is expected to amount to 150 mn € – 200 mn € (incl. investments in technology)
- NWC expected to increase slightly into positive territory over time
- FCF break-even expected around FY25/26

EBIT and EBIT margin on product group level are not expected to be reported as part of the segment reporting in the near future



# Key messages | H1 21/22 demonstrates our capabilities to win and drive the success of AWE

-  Strong bottom- and top-line development despite challenging market environment
-  Successful expansion of AWE business underlined by growing order intake and sales
-  Strong and well-capitalised balance sheet
-  Updated financial targets, reflecting in particular long-term upside potential

# Group | Summary income statement

(in mn €)	H1 20/21	H1 21/22
<b>Sales</b>	<b>129.1</b>	<b>177.7</b>
<i>% growth</i>	n/a	37.6%
Cost of sales	(99.7)	(142.0)
<i>% of sales</i>	77.2%	80.0%
<b>Gross margin</b>	<b>29.4</b>	<b>35.6</b>
<i>% margin</i>	22.8%	20.0%
R&D	(4.6)	(6.7)
SG&A	(13.5)	(19.7)
Other income /(expense), net	(2.3)	(0.9)
<b>EBIT<sup>1</sup></b>	<b>9.0</b>	<b>8.3</b>
<i>% margin</i>	7.0%	4.7%
Financial income /(expense), net	(0.2)	(0.3)
Income tax expense	(1.7)	(2.6)
<b>Net income</b>	<b>7.1</b>	<b>5.3</b>

1. Refers to income from operations

# Group | Summary cash flow statement

(in mn €)	H1 20/21	H1 21/22
<b>Net income</b>	<b>7.1</b>	<b>5.3</b>
Depreciation & amortisation	1.6	1.7
Change in NWC <sup>1</sup>	7.1	40.7
Other operating cash flow <sup>2</sup>	0.7	5.9
<b>Operating cash flow</b>	<b>16.5</b>	<b>53.6</b>
Capital expenditures	(0.0)	(0.2)
Proceeds from disposals	0.0	0.1
<b>Investing cash flow</b>	<b>0.0</b>	<b>(0.1)</b>
Dividends paid to equity holders	(3.1)	(10.0)
Cashpool withdrawals/(deposits)	(8.6)	(37.6)
Other financing cash flow <sup>3</sup>	(1.0)	1.8
<b>Financing cash flow</b>	<b>(12.7)</b>	<b>(45.8)</b>
Effect of exchange rate changes	(0.1)	(0.1)
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>3.8</b>	<b>7.7</b>

1. As per Cash Flow Statement and defined as: Changes in assets and liabilities, net of non-cash effect, for Inventories, Trade accounts receivable, Contract assets, Trade accounts payable, Contract liabilities - current assets, Changes in assets and liabilities, net of non-cash effects in - Accrued pension and similar obligations and Other provisions, Other assets/liabilities not related to investing financing activities  
2. Includes Deferred income taxes, net, (Gain)/loss on disposal of non-current assets, Changes in assets and liabilities, net of non-cash effects in - Accrued pension and similar obligations and Other provisions, Other assets/liabilities not related to investing financing activities  
3. Includes Cash flows from redemption of lease liabilities, Cash receipts from tk Group



# Group | Summary balance sheet assets

(in mn €)	FY 20/21	H1 21/22
Property, plant and equipment	8.2	8.0
Goodwill	57.2	57.6
Intangible assets other than goodwill	1.3	1.0
Other non-current assets <sup>1</sup>	7.8	13.2
<b>Total non-current assets</b>	<b>74.5</b>	<b>79.8</b>
Inventories	61.3	75.3
Trade accounts receivable	38.3	29.5
Contract assets	16.1	11.9
Cash and cash equivalents and tk Group cash pool receivables	198.5	245.4
Other current assets <sup>2</sup>	26.9	27.4
<b>Total current assets</b>	<b>341.0</b>	<b>389.5</b>
<b>Total assets</b>	<b>415.6</b>	<b>469.3</b>

1. Includes Other financial assets and Deferred tax assets 2. Includes Other financial assets, Other non financial assets, Current income tax assets excluding Receivables from cash pooling arrangements with tk Group

# Group | Summary balance sheet equity and liabilities

(in mn €)	FY 20/21	H1 21/22
<b>Equity attributable to equity holders</b>	<b>203.4</b>	<b>204.4</b>
Accrued pension and similar obligations <sup>1</sup>	8.0	7.1
Other provisions	3.0	2.8
Deferred tax liabilities	7.6	13.6
Lease liabilities	2.3	2.1
<b>Total non-current liabilities</b>	<b>20.9</b>	<b>25.6</b>
Trade accounts payable	37.6	44.4
Contract liabilities	115.1	150.3
Lease liabilities and other financial liabilities	3.0	6.2
Other current liabilities <sup>2</sup>	35.7	38.4
<b>Total current liabilities</b>	<b>191.3</b>	<b>239.2</b>
<b>Total liabilities</b>	<b>212.2</b>	<b>264.9</b>
<b>Total equity and liabilities</b>	<b>415.6</b>	<b>469.3</b>

1. Includes Accrued pension and similar obligations and Provisions for other non-current employee benefits 2. Includes Provisions for current employee benefits, Other provisions, Current income tax liabilities and Other non-financial liabilities



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