

CTEK

# Interim Report – Q4

16 February 2022



# Today's presenters



**JON LIND**  
CEO



**MATHIAS SANDH**  
CFO



# Global market leader in growing market with proven resilience

## Growing demand for premium low voltage chargers

Global market size for premium 12V battery chargers (SEK billion)



### THE LOW VOLTAGE MARKET GROWTH IS DRIVEN BY...



Advanced technology in car parc



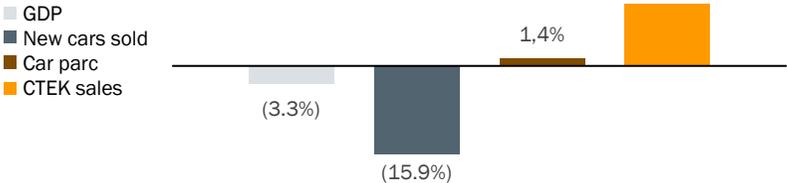
New battery technology



Changing product mix

### RESILIENT AGAINST DECREASE IN GLOBAL NEW CAR SALES AND GDP

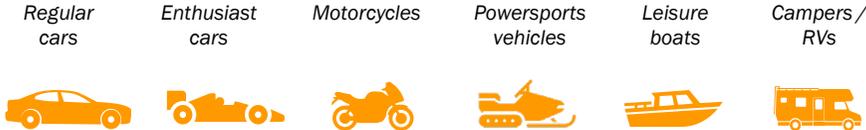
COVID-19 pandemic 2020



## CTEK is the global market leader within the low voltage market



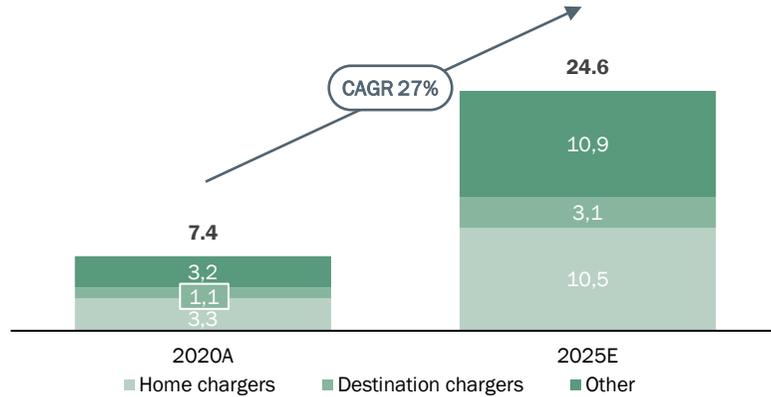
### 12V BATTERIES IS USED IN ALL KINDS OF VEHICLES



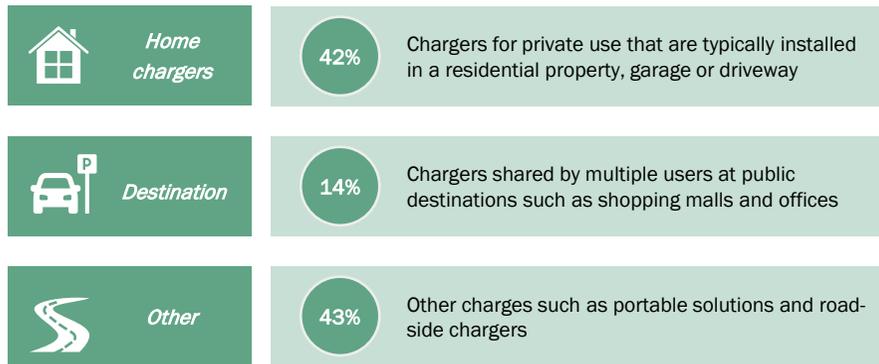
# Unique position in the rapidly growing EVSE market

## The EVSE market is expected to grow to SEK ~25 billion in 2025

European market size (SEK billion)



SHARE OF MARKET



## CTEK is in a unique position to capture on the EVSE growth

# CTEK

### Organisational presence

Worldwide presence in more than 70 countries

### Track record

Proven track record of innovation and profitable growth since 1997

### Established sales channels

Relationships in place with over 50 OEMs and more than 200 retailers, e-tailers and distributors

### Dual outlet chargers

In addition to single outlet chargers, CTEK offers dual outlet chargers

### Portable chargers

State-of-the-art portable solution with industry-leading technology

### Load balancing feature

Unique and dynamic load balancing function

### Backend software solution

Leading backend software solution, enabling customers to operate, monitor and administrate charging sessions

# CTEK has a global presence, efficient sourcing model and established relationships

## Sourcing

~20 years of external quality control and manufacturing in China

Monitored by locally present CTEK team



Vetted suppliers that hold quality certifications within relevant fields

Strong supplier relationships enable effective cost management, scalability and flexibility

## Organisation

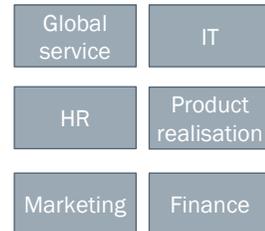
Full control from design to production

76 active patents

~37% of workforce in R&D

R&D and Design →

Central functions →



## Technologies

18% Share of sales EVSE

EV chargers  
Software  
Accessories

**CTEK**

Consumer Professional Client brand Integrated solutions

82% Share of sales Low voltage

## Divisions

**E&F** 475 E&F customers

- Charging point operators: VATTENFALL
- Electrical wholesalers: YES33 ELECTRICAL
- Installers/electricians: AV-line
- Property owners: LUNDBERGS FASTIGHETER
- Parking owners: Stockholm Parkering
- Occupiers: NTM

**EVSE**

**AM** 200+ AM retailers, online & distributors

- Retailers: JULA, Mekonomen
- Pure play online: amazon
- Distributors: KGK
- Workshops/dealerships: FTZ

**EVSE**

**Low voltage**

**OE** 50+ OEM partnerships

- Automotive: Ferrari, Porsche
- Powersports: YAMAHA
- Other battery powered use: truma
- Integrated solutions: VOLVO

**EVSE**

**Low voltage**

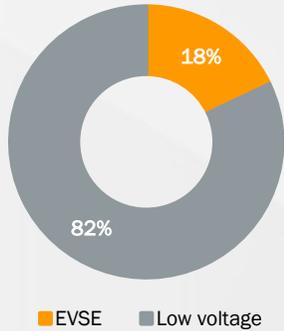
## Geographical presence

CTEK presence in more than **70** countries



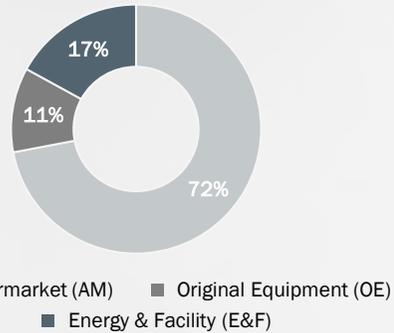
# 2021 sales by technology, division and region

### Sales by technology, YTD



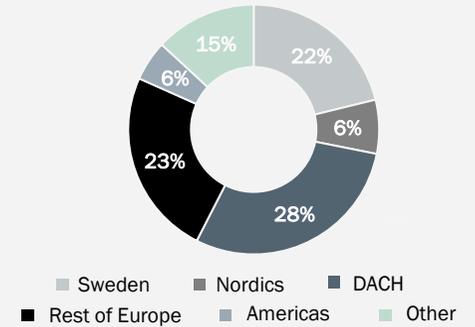
Leading offerings in both EVSE and low voltage

### Sales by division, YTD

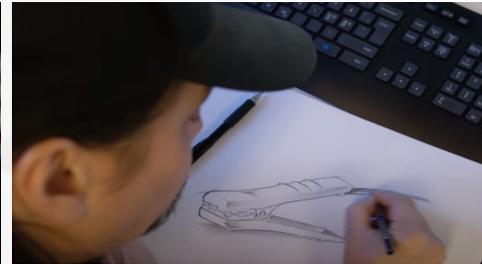


Established sales channels for vehicle chargers

### Sales by region, YTD

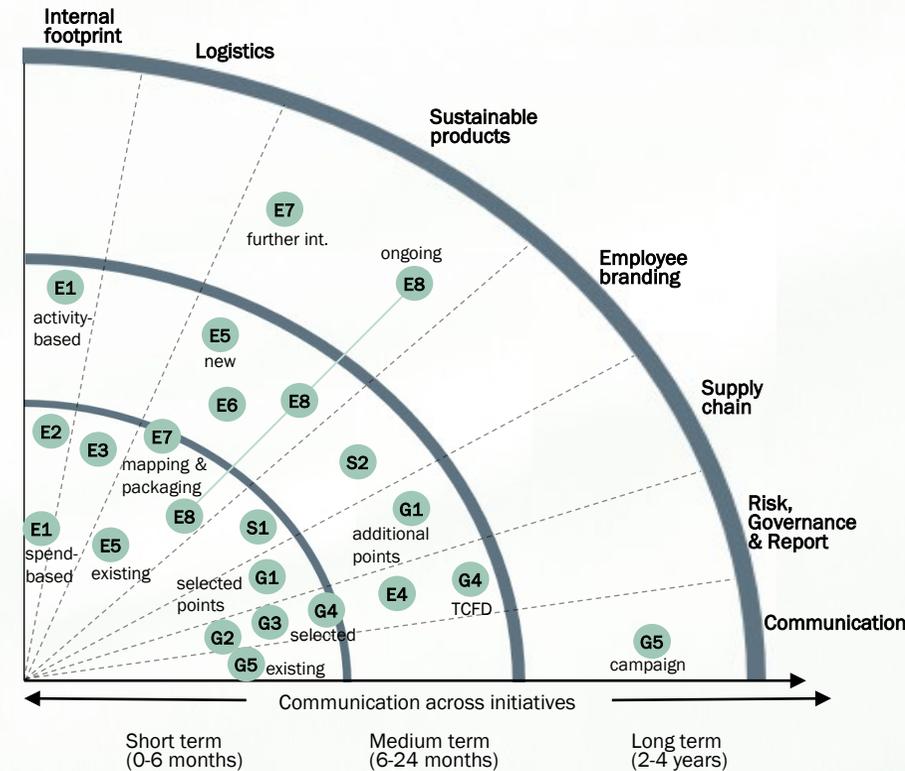


Presence in 70+ countries



# Well defined and concrete initiatives to contribute to a sustainable future

	<b>Internal Footprint</b>	<ul style="list-style-type: none"> <li>E1 Expand scope of CO<sub>2</sub> baseline</li> <li>E2 Identify emission reduction initiatives</li> </ul>
	<b>Logistics</b>	<ul style="list-style-type: none"> <li>E3 Plan logistics and product stocks to minimize CO<sub>2</sub> footprint from transport</li> </ul>
	<b>Sustainable Products</b>	<ul style="list-style-type: none"> <li>E5 Continuously update and actively communicate longevity benefits for products</li> <li>E6 Do LCA's for products</li> <li>E7 Integrate circularity and reparability into product flow</li> <li>E8 Strengthen focus on innovative products that support the green transition</li> </ul>
	<b>Employee Branding</b>	<ul style="list-style-type: none"> <li>S1 Work actively to ensure diversity at all levels</li> <li>S2 Strengthen employee well-being and engagement</li> </ul>
	<b>Supply Chain</b>	<ul style="list-style-type: none"> <li>G1 Increase focus on responsible supply chain management</li> </ul>
	<b>Risk, Governance &amp; Report</b>	<ul style="list-style-type: none"> <li>G2 Strengthen internal sustainability governance</li> <li>G3 Set ambitious but realistic targets for KPI's</li> <li>G4 Expand scope of sustainability reporting</li> <li>E4 Identify and manage climate risks and opportunities</li> </ul>
	<b>Communication</b>	<ul style="list-style-type: none"> <li>G5 Take a more vocal role and educate consumers on responsible battery management</li> </ul>



35% increased Ecovadis sustainability rating (from 43 to 58) in 2021



# Interim Report – Q4



# Highlights – Q4

- Continuing strong demand across all divisions – organic growth of 16 percent, driven by strong performance in Energy & Facilities, which increased its sales by almost 60 percent in the quarter compared with last year.
- Deliveries of Electric Vehicle Supply Equipment (EVSE) products accounted for 18 percent (13) of sales in the fourth quarter.
- The Aftermarket division grew with 11 percent after being impacted by major disruptions in the supply chain in the second half of September.
- During October, we announced a long-term strategic partnership with General Motors regarding their “Dealer Community Charging Program” and “Ultimate Chargers” concerning our joint design and development of three different chargers and accessories.
- The next generation low voltage charger, CS ONE, that CTEK launched during the previous quarter received a five-star rating and was named “Best Battery Charger” and “Best Buy” by Auto Express, the UK’s most sold motoring magazine.

# Continuing strong demand across all divisions

SEKm	2021 Q4	2020 Q4	2021	2020
AM	176.3	159.3	643.9	516.3
OE	24.5	23.9	103.2	85.9
E&F	44.2	27.9	148.3	84.9
Central	12.9	11.1	26.5	19.2
<b>Total net sales</b>	<b>257.8</b>	<b>222.2</b>	<b>921.8</b>	<b>706.3</b>
Gross margin	49.2%	52.8%	52.9%	53.3%
AM	59.0	63.0	247.4	208.7
OE	2.5	-1.9	19.9	6.5
E&F	-10.7	-1.6	-23.9	-8.1
<b>Adj. EBITDA pre OH costs</b>	<b>50.8</b>	<b>59.5</b>	<b>243.4</b>	<b>207.1</b>
Overhead costs	-16.9	-14.8	-52.7	-53.0
<b>Adj. EBITDA, group</b>	<b>33.9</b>	<b>44.7</b>	<b>190.7</b>	<b>154.1</b>
Depreciations, non-acquisition related fixed assets	-13.0	-8.7	-40.0	-28.1
<b>Adjusted EBITA, group</b>	<b>20.9</b>	<b>36.0</b>	<b>150.7</b>	<b>126.0</b>
Items affecting comparability	-	45.8	-40.4	45.8
<b>EBITA, group</b>	<b>20.9</b>	<b>81.8</b>	<b>110.3</b>	<b>171.9</b>
Financial net	-0.9	17.0	-76.0	-41.1
Tax	-3.3	-17.7	-1.4	-19.6
<b>Profit/loss for the period</b>	<b>9.7</b>	<b>73.8</b>	<b>4.4</b>	<b>82.0</b>
EPS after dilution, SEK	0.19	1.69	0.10	1.88

## Comments Q4

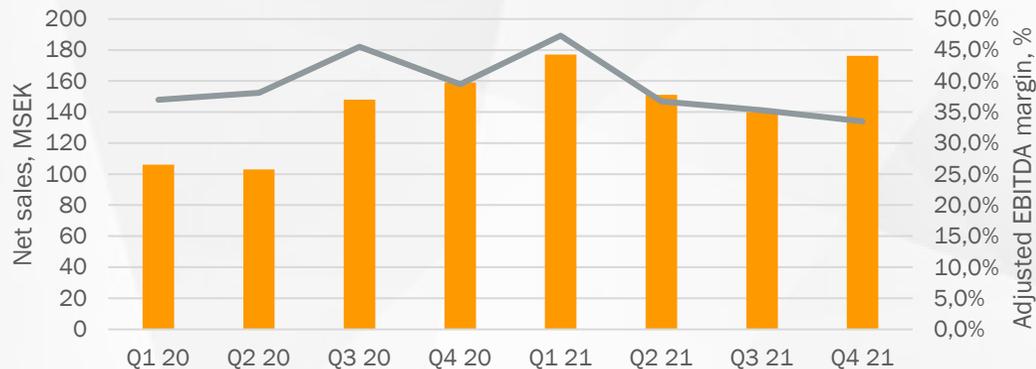
- Organic growth of 16%, driven by strong performance in Energy & Facilities.
- Gross margin decreased with 4 p.p. to 49.2% due to higher logistic and components costs and product mix.
- Adjusted EBITA margin amounted to 8.1% (16.2). The development was mainly due to a lower gross margin, continuing investments in the organisation and a larger share of sales deriving from the E&F division.
- Earnings last year were positively impacted by items affecting comparability of SEK 46 million due to revaluation of an earnout.
- Financial items (net) amounted to SEK -1 million (17) for the fourth quarter.

# Aftermarket

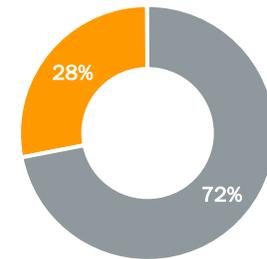
## Costs for components and freights remain at high level

- Net sales increased by 11 per cent and amounted to SEK 176m (159) for the fourth quarter. The organic growth was 11 percent. Demand remained high, particularly in online channels, such as Amazon.
- Adjusted EBITDA amounted to SEK 59m (63), corresponding to a margin of 33.5 percent (39.5) impacted by higher price of certain components and freight costs remain at significantly higher levels than last year.
- Net sales increased during the year by 25 percent to SEK 644m (516). The organic growth was 29 percent. Adjusted EBITDA increased to SEK 247m (209), corresponding to a margin of 38.4 percent (40.4).

Net sales and adjusted EBITDA margin

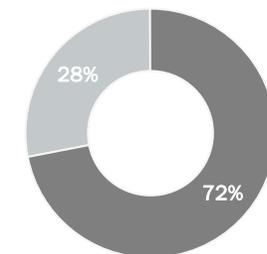


## Share of divisional sales Q4 – Aftermarket



Other divisions Aftermarket

## Share of divisional sales YTD



Other divisions Aftermarket (AM)

# Original Equipment

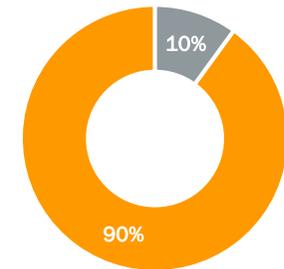
## Increased deliveries to car manufacturers after the pandemic

- Net sales increased 2 percent and amounted to SEK 24m (24) for the fourth quarter. The organic growth was 2 percent. The performance was due to generally higher demand from a number of leading automotive manufacturers in different geographies after a weaker 2020 due to the pandemic, although deliveries varied slightly during the year.
- Adjusted EBITDA amounted to SEK 2m (-2), corresponding to a margin of 10.1 percent (-8.1).
- Net sales increased during the year by 20 per cent and amounted to SEK 103m (86). The organic growth was 25 percent. Adjusted EBITDA increased to SEK 20m (6), corresponding to a margin of 19.2 percent (7.6).

Net sales and adjusted EBITDA margin

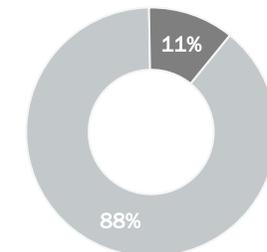


## Share of divisional Q4 – Original Equipment



■ Other divisions ■ Original Equipment

## Share of divisional sales YTD



■ Other divisions ■ Original Equipment

# Energy & Facilities

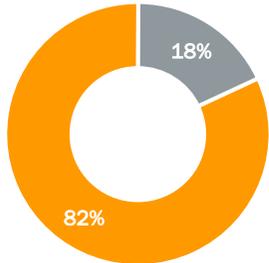
## High demand from domestic customers

- Net sales increased 58 percent and amounted to SEK 44m (28) for the fourth quarter. The organic growth was 59 percent. Growth was primarily attributable to higher domestic sales to, for example, charge point operators combined with higher demand for EV charger systems and Chargestorm Connected 2.0.
- Adjusted EBITDA amounted to SEK -11 (-2), corresponding to a segment margin of -24.2 percent (-5.6).
- Net sales increased 75 percent during the year and amounted to SEK 148m (85). The organic growth was 76 percent. Adjusted EBITDA decreased to SEK -24m (-8), corresponding to a margin of -16.1 percent (-9.5).

Net sales and adjusted EBITDA-margin

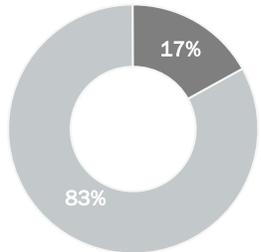


## Share of divisional sales Q4 – Energy & Facilities



Other divisions Energy & Facilities

## Share of divisional sales YTD



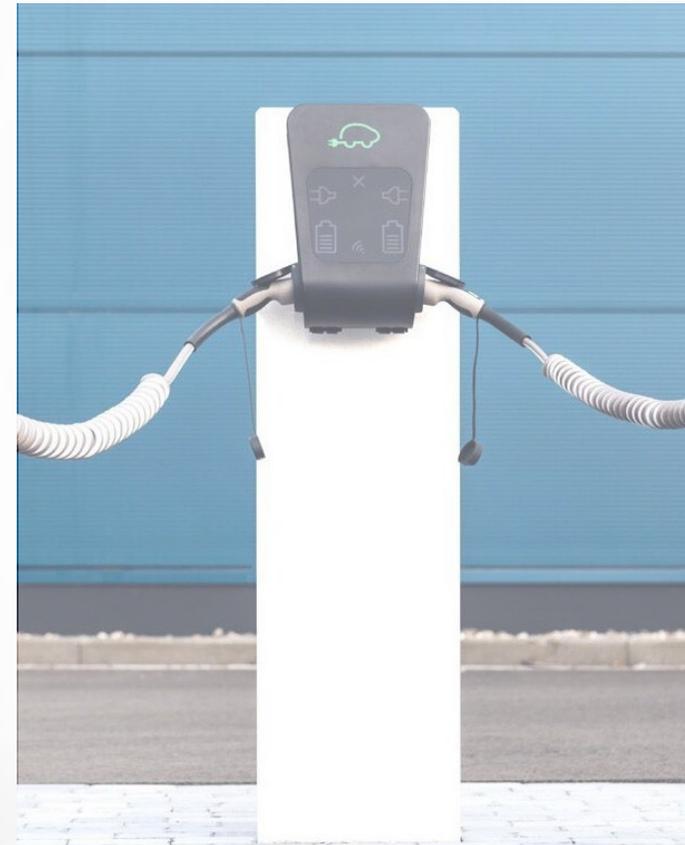
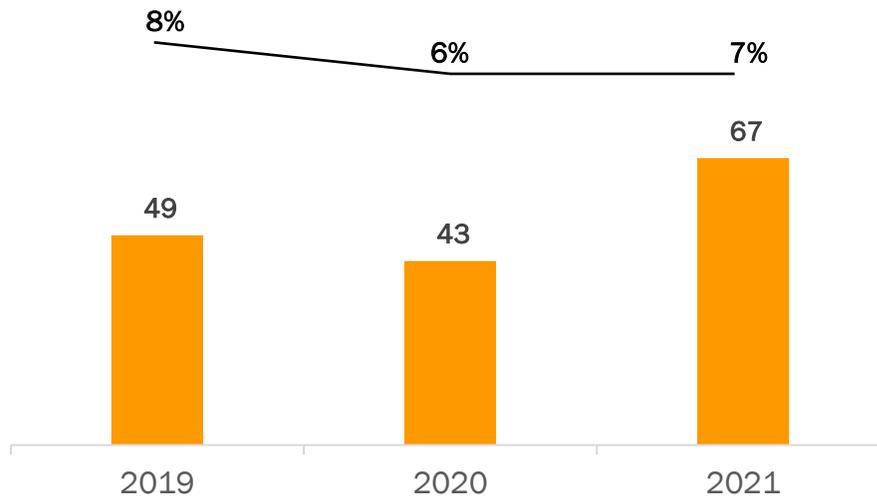
Other divisions Energy & Facilities

# Cash flow and Capex

## Refinancing and solid financial position

- Cash flow from operating activities amounted during the year to SEK -32.1m (92.9), mainly due to reported items affecting comparability, cost of refinancing as well as a higher inventory level to secure future deliveries.
- Cash flow for the period was -49m (46).
- Cash and cash equivalents at the end of the period amounted to 50m (95).
- Net debt ratio for the period was 2.6x (4.8).

## Capital expenditure development (2019-2021)



# Current trading and strategy

CTEK

# Current trading

- **Advanced market positions**
  - Enhanced visibility in online channels.
  - Strengthened relationships with both end consumers and a number of leading automobile manufacturers and major charge point operators.
- **Continuing strong demand across all divisions**
  - The long-term growth in our industry is driven by global electrification of the vehicle fleet. Increasingly intense climate debate and willingness both from politicians and from the business world to reduce the negative effects on the climate.
  - Strong demand in the Low Voltage segment thanks to the launch of new products (CS FREE & CS ONE) combined with a higher penetration rate in new markets.
  - Several successful product launches.
- **Continued investments in the organisation - close to 20 per cent increase in staff during the fourth quarter.**
- **Long-term strategic partnership with General Motors (GM)**
  - Dealer Community Charging Program and Ultium Chargers for EV charging.
  - The financial effect of the collaboration is already included in our current strategic plan and in the long-term financial targets.
  - Will be reported in the Original Equipment division from the second quarter 2022.
- **Supply chain disruptions and continued higher logistics costs will impact the business coming quarters**
  - The company may need to swap out certain components, increase the share of purchases made outside of framework contracts as well as the inventory level.
  - In the second quarter 2022, further price increases will be rolled out in all divisions to counter the increased costs.

# Financial targets

## Growth

- *Achieve SEK 2bn in sales in the medium term with the majority stemming from EVSE products*

## Margin

- *Achieve an adjusted EBITA margin of more than 25% in the medium term. Growth in the E&F division may impact in the short term*

## Capital structure

- *Net debt shall amount to less than 3.0x LTM adjusted EBITDA, strategic decisions such as acquisitions can have a temporary impact*

## Dividend policy

- *We invest our resources into growth and developing our business. In addition, we aim to pay out a dividend corresponding to 30% of net earnings*

# Strategy to leverage and continue to build on global market leadership in low voltage to accelerate EVSE growth

