

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

Update on Recent Business Developments and H1 2021/2022 Financials

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nucera



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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

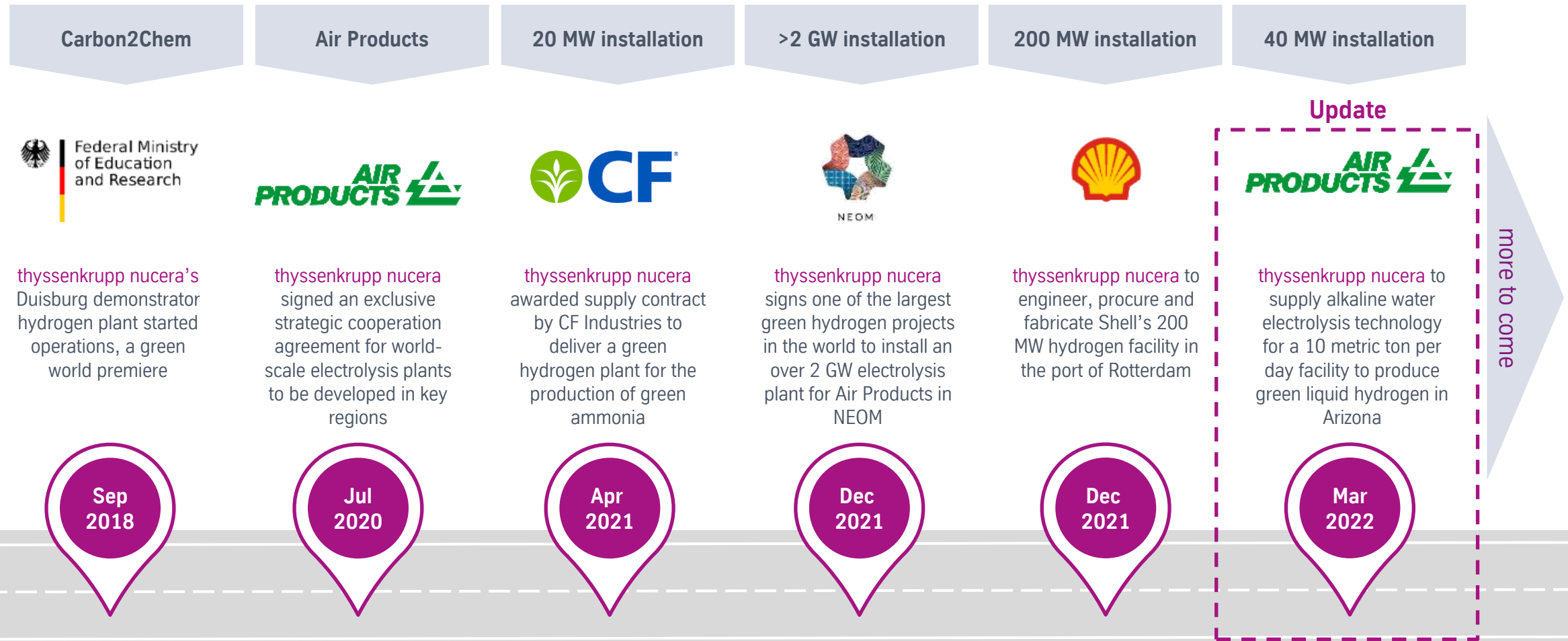


# Supply chain observations

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

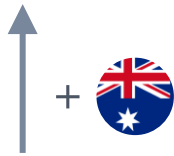


# thyssenkrupp nucera's stringent ramp-up progress

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

↑  
**+ ~15%**



**~400**  
Headcount at CMD

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

## Capacity build-out



Half shells production at Rodenbach plant

- 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

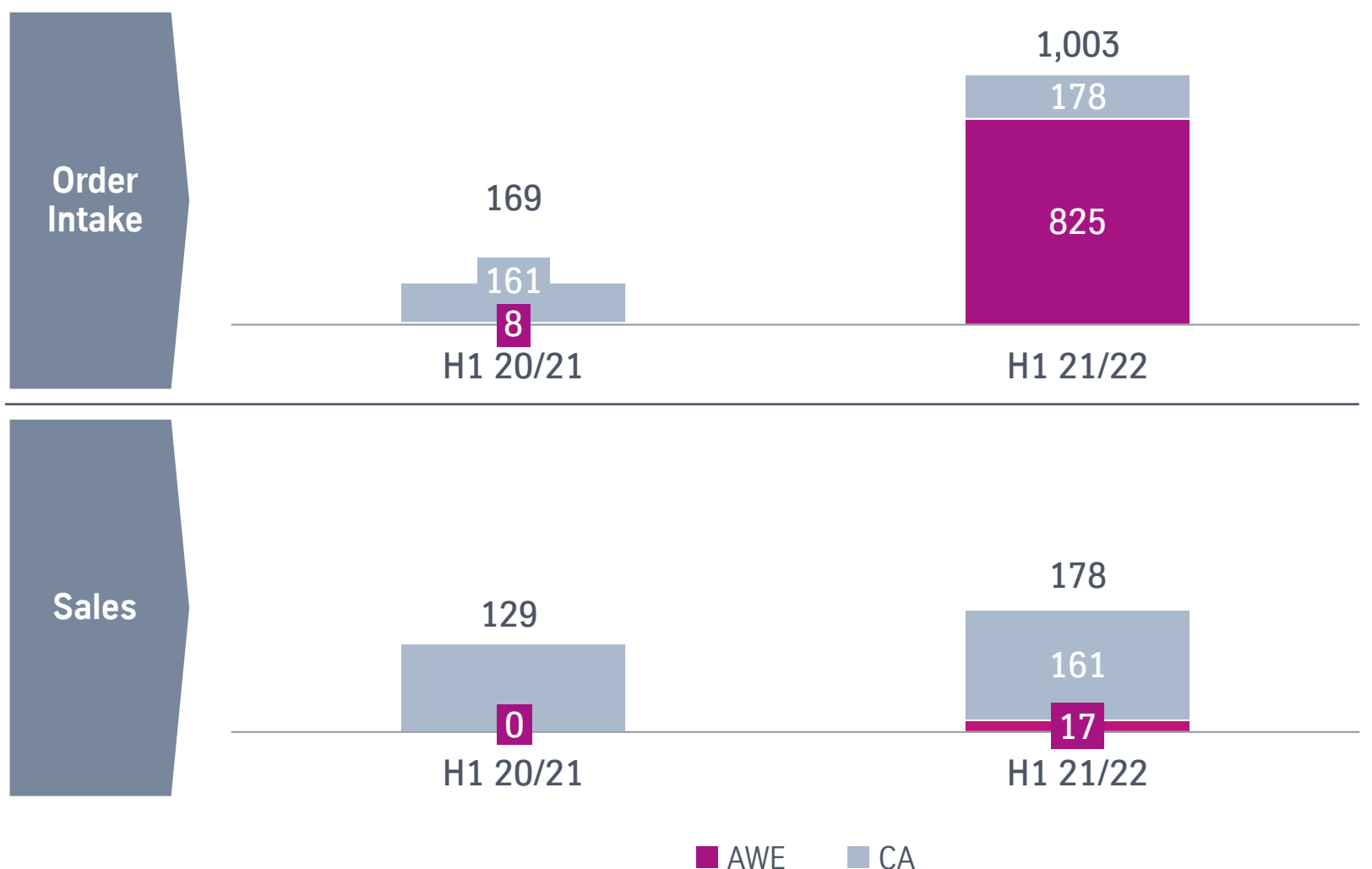


**H1 operating cash flow development** additionally benefitting from large prepayments received

# 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 €)



### 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

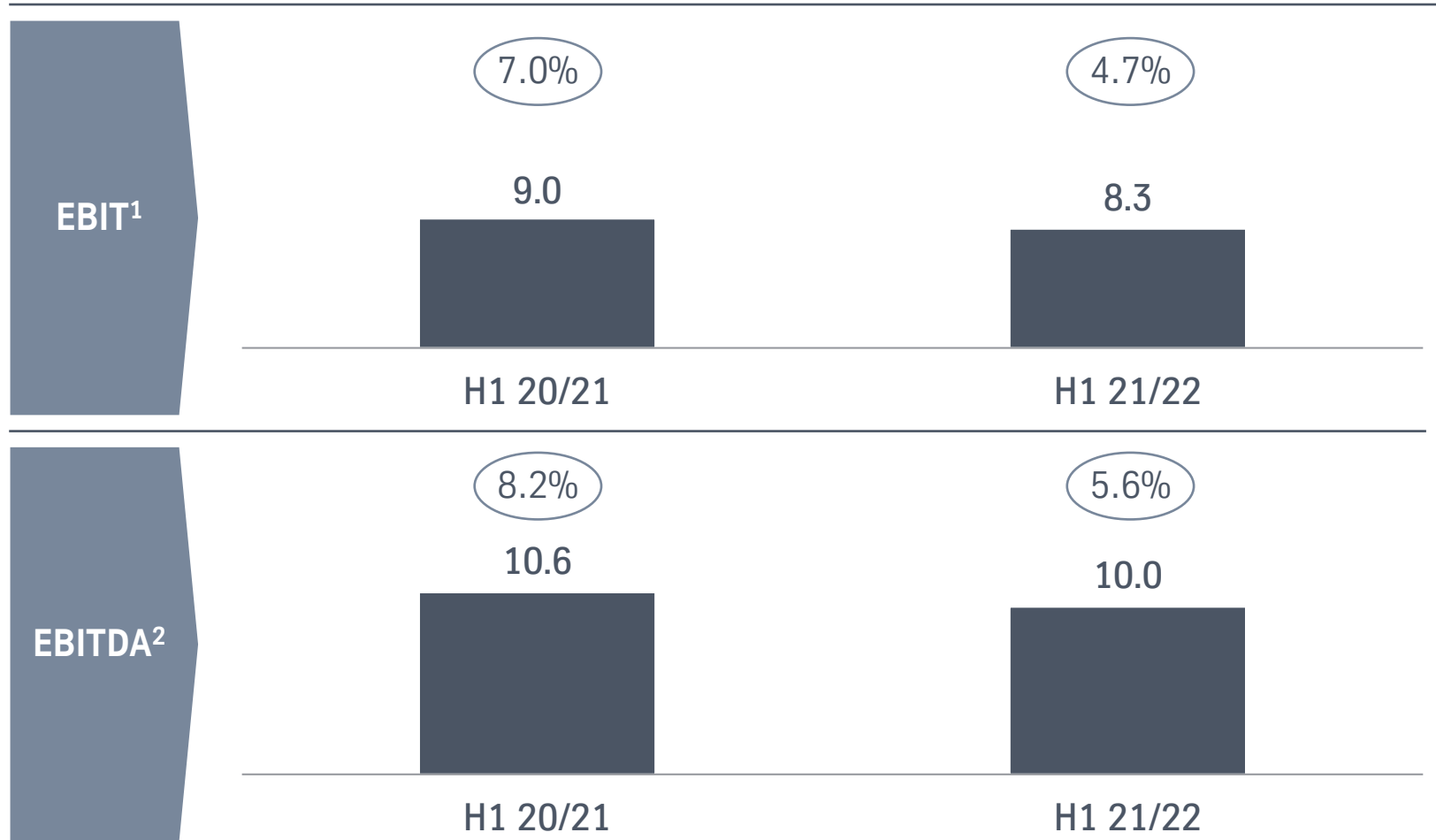
- CA sales driven by combination of new build in China and Japan and large service projects in Europe
- AWE continues to ramp-up in line with expectations driven by NEOM and Shell projects



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

Positive H1 EBIT, despite current pressure on raw materials

Key financials (mn €)



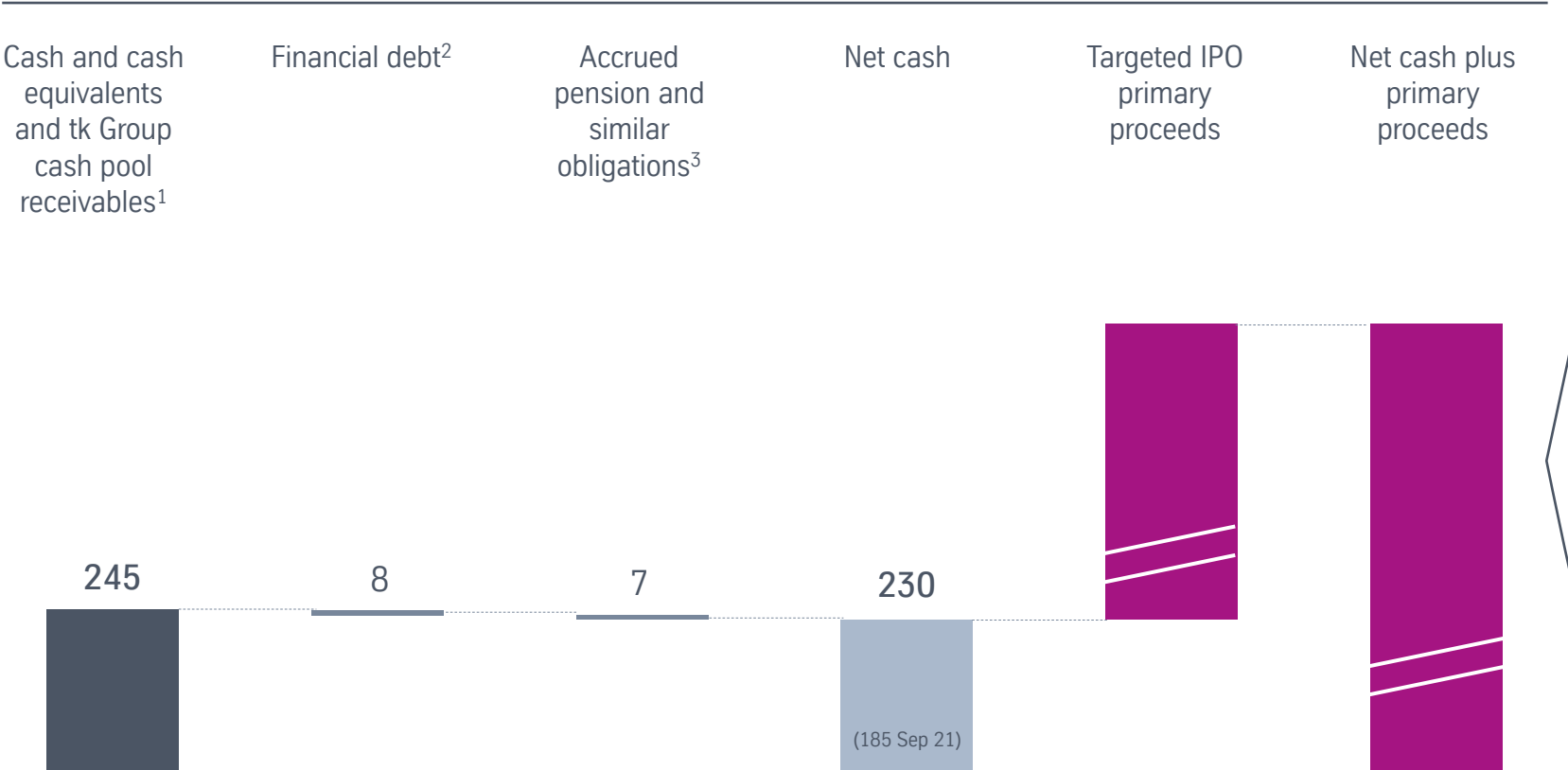
- H1 21/22 business mix provides for a normalised level compared to Q1 21/22 which benefitted from large service share
- Slight margin impact due to cost/price increases which cannot be fully passed imminently on to backlog customers
- Growth investments to capitalize on the promoting sales funnel with 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 Other non-current financial assets, Other current financial assets (excluding Miscellaneous other financial assets, Derivatives not qualifying for hedge accounting, Derivatives qualifying for hedge accounting) and Cash and cash equivalents. 2. Includes lease liabilities current and non-current and other financial liabilities. 3. Includes accrued pension and similar obligations and provision 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 expenses	(1.8)	(2.4)
<b>Net income</b>	<b>7.0</b>	<b>5.6</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>7.0</b>	<b>5.6</b>
Depreciation & amortisation	1.6	1.7
Change in NWC <sup>1</sup>	7.1	40.8
Other operating cash flow <sup>2</sup>	0.8	5.5
<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  
 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	13.5
<b>Total non-current assets</b>	<b>74.5</b>	<b>80.0</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 <sup>2</sup>	197.7	244.8
Other current assets <sup>3</sup>	27.7	28.2
<b>Total current assets</b>	<b>341.0</b>	<b>389.7</b>
<b>Total assets</b>	<b>415.6</b>	<b>469.8</b>

1. Includes Other financial assets and Deferred tax assets 2. Includes Other current financial assets (excluding Miscellaneous other financial assets, Derivatives not qualifying for hedge accounting, Derivatives qualifying for hedge accounting) and Cash and cash equivalents 3. Includes Miscellaneous other financial assets, Derivatives not qualifying for hedge accounting, Derivatives qualifying for hedge accounting, 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>204.7</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	44.5
Contract liabilities	115.1	150.3
Lease liabilities and other financial liabilities	3.0	6.3
Other current liabilities <sup>2</sup>	35.7	38.4
<b>Total current liabilities</b>	<b>191.3</b>	<b>239.5</b>
<b>Total liabilities</b>	<b>212.2</b>	<b>265.1</b>
<b>Total equity and liabilities</b>	<b>415.6</b>	<b>469.8</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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A photograph of a rugged mountain peak covered in snow, set against a clear blue sky. The image is partially obscured by a magenta overlay at the bottom, which contains the text.

We shape  
the new era.