

kontron

Explore the Kontron Group

We are a fast-moving multinational technology leader.


Press conference @ SPS 2023

November 14, 2023

11:30-12:00h

Nuremberg, Germany



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- A large teal arrow graphic points from the left side of the slide towards the right, starting from the top left and ending at the bottom left, framing the content area.
- 01 **Company Strategy Update**
Hannes Niederhauser, CEO Kontron AG
 - 02 **IoT Software Strategy Update**
Bernhard Günthner, EVP Software Kontron AG
 - 03 **IoT Portfolio Update**
Michael Jacob, General Manager Kontron AIS GmbH
 - 04 **Q&A**
All participants

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Company Strategy Update

Hannes Niederhauser, CEO Kontron AG

Who we are

Pure-Play Leader of
Smart Industrial IoT Solutions

4,740

Employees (9/2023)

1.2bn

2023E Revenue (EUR)*

>72m

2023E Net result (EUR)*

>10%

Organic growth p.a.*

Member of SDAX®

Member of TecDAX®

HQ in Austria; listed in Germany

* Management estimates

› Focused on the large, diverse and growing Industrial IoT market (IIoT)

› Fully integrated technology platform

› Driven by customers success, blue-chip customers

› Leading provider of disruptive IoT connectivity technology

The New Kontron

7 divisions in 3 segments



Europe



Industrial

Industrial,
Medical and
Defense



Telecom

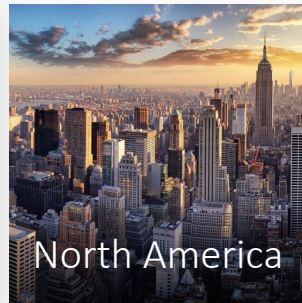
Adding 5G
connectivity to
IoT products



OT Services

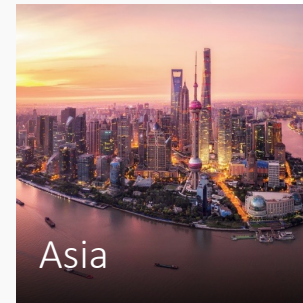
IT converted to
Service contracts
for IoT

Global



North America

Sales channel for
Europe products;
Avionics



Asia

Sales channel for
Europe products

Software & Solutions



Software

susietec® &
customized IoT
software



Transport

Data for high-
speed trains in
Europe & China

Revenue* FC 2023

€ 810m

Targets

EBITDA**	11%
GM	40%
Growth p.a.:	10%

Revenue* FC 2023

€ 260m

Targets

EBITDA**	8%
GM	30%
Growth p.a.:	12%

Revenue* FC 2023

€ 230m

Targets

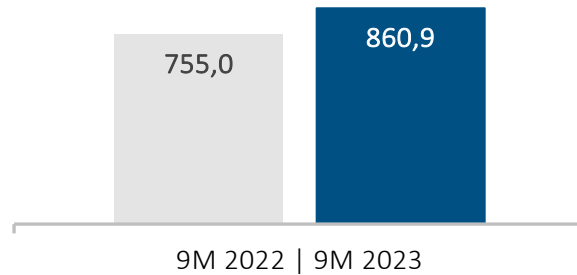
EBITDA**	15%
GM	60%
Growth p.a.:	16%

KPIs 1-9M 2023

Revenue

(in EUR m)

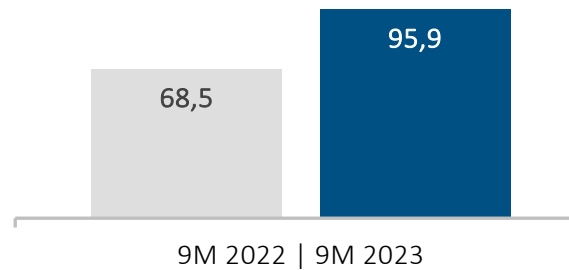
+ 14.0%



EBITDA

(in EUR m)

+ 39.9%



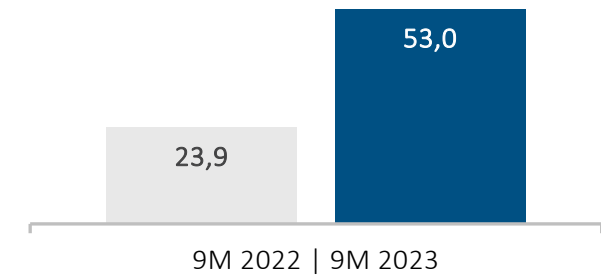
Operating Net Income after NCI*

(in EUR m)

38 Cent

EPS + 118%

83 Cent

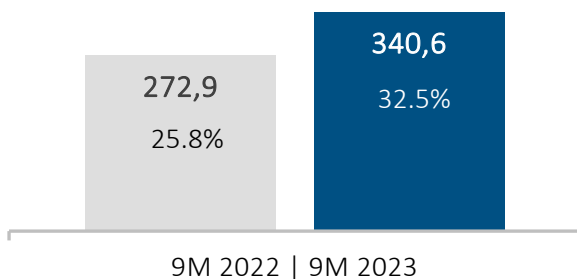


* 2022 adj for DCO/sold IT

Gross Margin

(in EUR m)

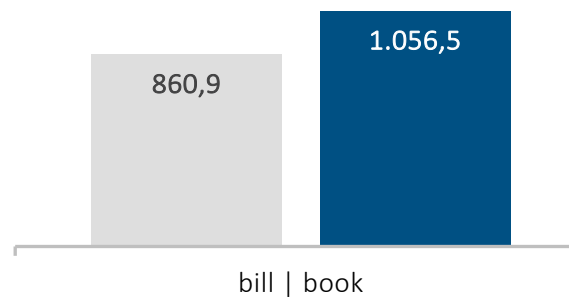
+ 24.8%



Order Entry vs. Revenues

(in EUR m)

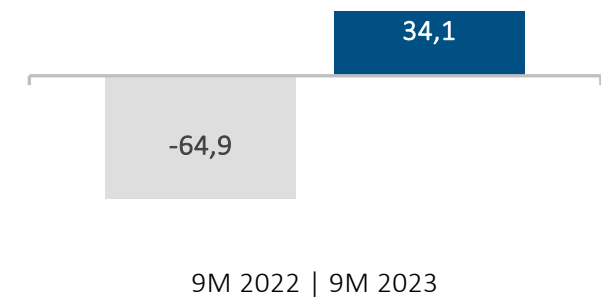
Book-to-bill: 1.23



Operating Cash Flow

(in EUR m)

+ 99.0 m



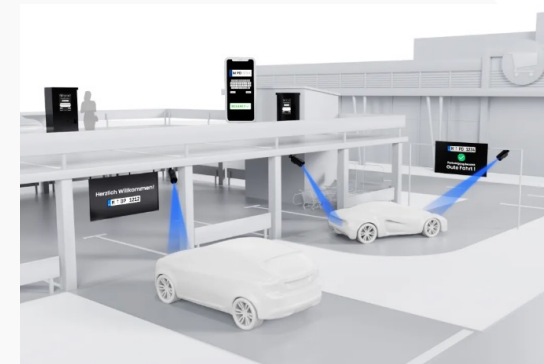
AI Solutions – The Gamechanger

Focus on AI-Solutions – adding Hardware Acceleration & Application Know-How

- › Kontron AI platforms come with an AI Software Development Environment:
 - › Full IP HAILO integration, leading Performance-to-Power ratio Edge AI acceleration technology
 - › Low Latency Applications supporting multi camera, robotics, traffic monitoring, surveillance tasks, user identification and many more.
- › Full Service Approach:
 - › Hardware design-in Services & Full Stack Software Service Approach
 - › susietec® Service for AI edge devices e.g. AI model field updates, security updates, remote management.
 - › Data Scientists for providing tailored neuronal networks



AI Vision for textile Fabric quality management



Industrialization and consolidation of outdoor cameras for parking management

Macro trends driving IoT business in the mid-term

5G	<ul style="list-style-type: none">• Lower investment & lifecycle costs• Intelligent modules offer security• Shift from GSM-R/4G/Wi-Fi to 5G• 5G private networks for factories	Smart Factories	<ul style="list-style-type: none">• Nearshoring/factories coming back• Robots increase automation budget• Connected IoT production machines
Auto- nomous Driving	<ul style="list-style-type: none">• Unmanned trains, construction machines, harvesters save cost• Increase security of traffic	Aerospac e and defense	<ul style="list-style-type: none">• Recovery of travel• Technological shift to orbit• NATO goal: 2% GDP defense budget• Perception shift in Europe
Medical	<ul style="list-style-type: none">• Aging population• Pressure on healthcare systems• Ambitious projects (e.g., US “Moonshot” for curing cancer)	High- speed trains	<ul style="list-style-type: none">• EU “Green deal”: expand high-speed tracks from 11,000 to 33,000km• Technological shift from GSM-R to FRMC and from FRMC to 5G
Global- ization	<ul style="list-style-type: none">• China and USA show higher growth than Europe but compete with each other• Kontron may serve both markets with leading technology	Artificial Intelligenc e	<ul style="list-style-type: none">• High computational requirements of running complex AI models• Taking over human tasks like defect detection

Europe Global Software + Solutions

Strongest brainpower in the industry

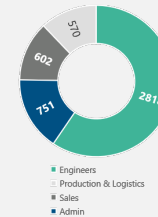
susietec® IoT software toolset

- › Extending susietec® portfolio by Bsquare SquareOne
- › Release of **KontronOS** (highest security standard)
- › EUR 100m pure software revenues



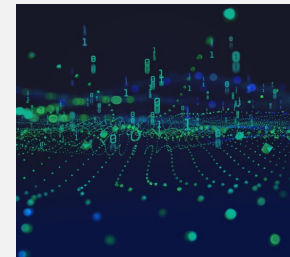
Mission-critical control systems for high-speed trains

- › European Train Control System Level 3 Approval
- › New standard FRMCS will accelerate migration and requires 5G

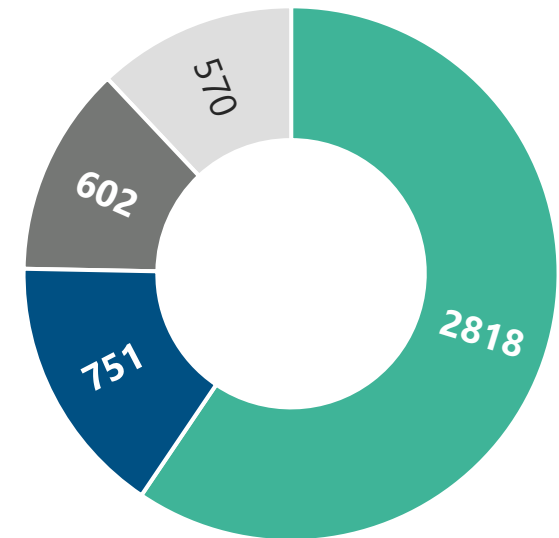


Artificial Intelligence

- › HAILO chips for customized scalable applications
- › NVIDIA full stack standard solutions
- › Full stack industrial applications: video surveillance, defect detection, response time edge cloud, robotics
- › EUR 29m in design wins



Excellent pool of engineers supported by lean organization



- Engineers
- Production & Logistics
- Sales
- Admin

M&A strategy

Replace sold IT segment by strategic IoT acquisitions

M&A is a core competence of Kontron

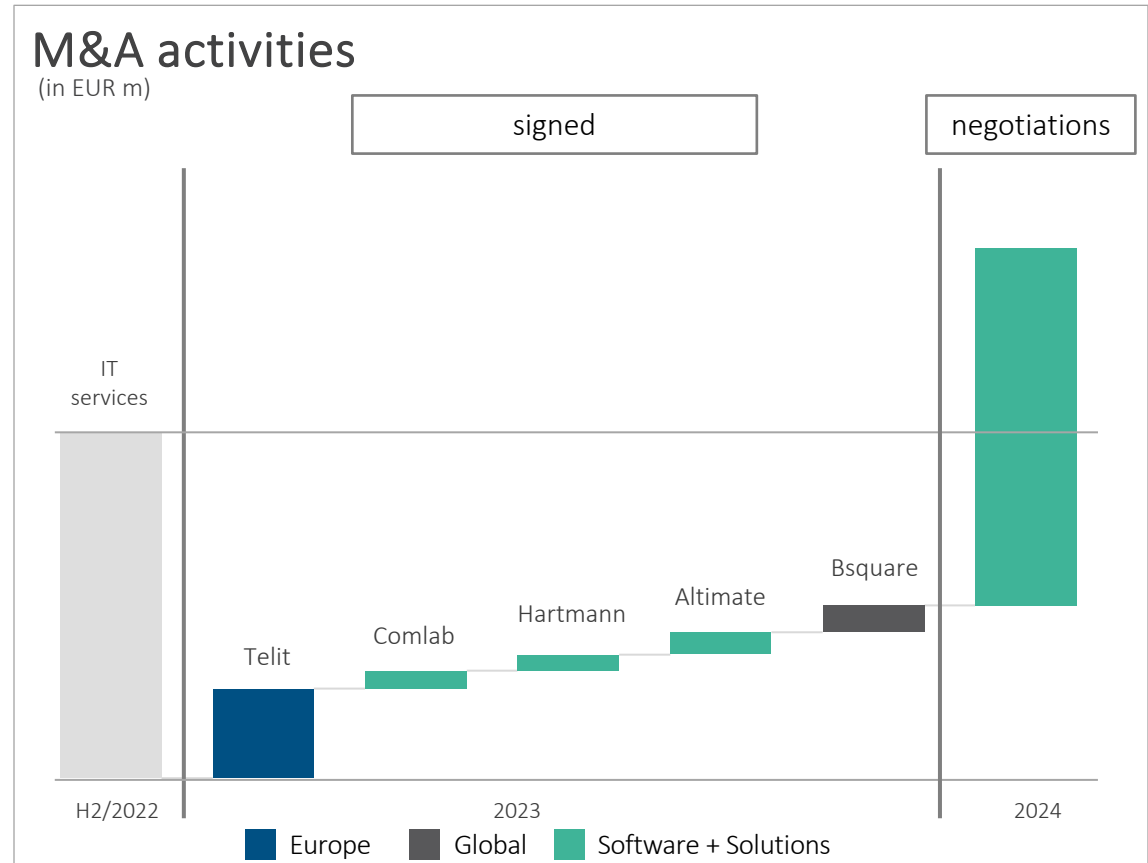
- › Replace EUR 387m of sold IT business with IoT acquisitions
- › Target: High synergies with Kontron → 12% EBITDA within 2 years
- › Complementary IoT technologies to improve portfolio
- › Finance by existing cash and cash flow – not shares

5 IoT technology acquisitions signed in 2023

- › Carve out Telit (DE): 5G modules for data connection of IoT
- › Comlab (CH): Data repeaters and communication for trains
- › Hartmann (CH): VPX systems for the Defense market
- › Altimate (RO): Public transport solutions
- › Bsquare (USA): Software for IoT connections

Kontron M&A pipeline for 2024

- › Currently 3 acquisition projects



➤ We will replace our sold IT services by high growth IoT technology

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IoT Software Strategy Update

Bernhard Günthner, EVP Software Kontron AG

What's behind susietec®?

Kontron susietec®

The toolset of software, hardware and expertise

Digital solutions from one source



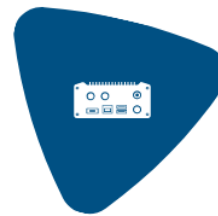
We simplify access to digitalization - with the smart solution approaches from the Kontron susietec® toolset.



Software

Kontron software solutions for re-aligning your business

By applying kontron software solutions to existing structures, we create space for re-aligning your business.



Hardware

Customized hardware solutions for the IoT environment

Fast, reliable and ready to connect: The development of customized hardware solutions for the IoT environment is firmly anchored in our kontron DNA.

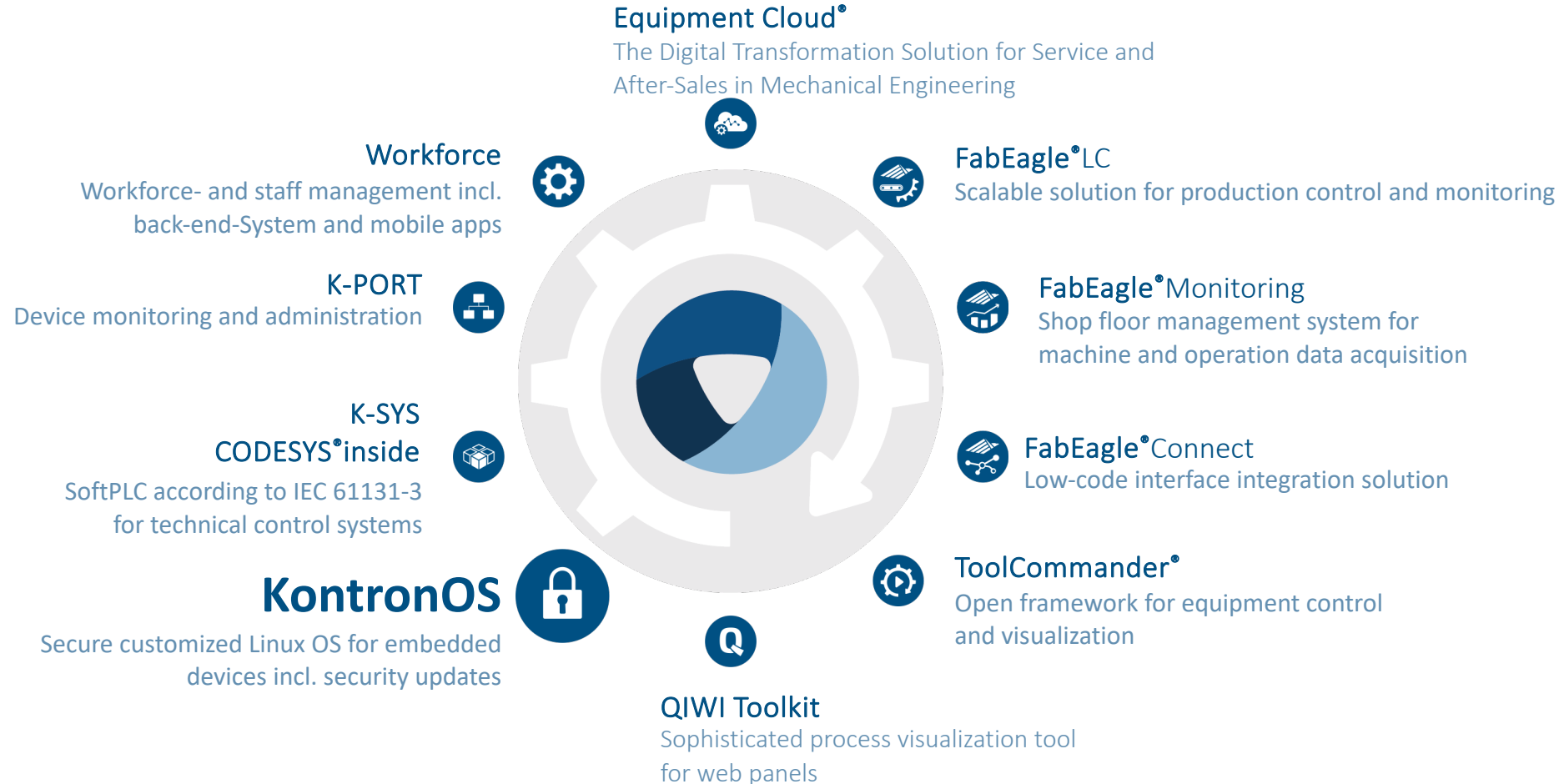


Expertise

Experts in high-performance IIoT structures

We support companies with our expertise in creating powerful and professional IIoT structures.

Secure connected devices





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**Highly secure infrastructure for
your applications**

SPS Highlight:

Key Drivers



KontronOS



Regulatory:

- › Standards for IIoT and critical infrastructure moving from best practice to standards in law
- › E.g. ISO62443 & NIS2

Operational:

- › The boundary between IT and OT is blurring
- › Always ON – standardized solutions are required

Energy:

- › Critical need to reduce energy consumption
- › Rising energy costs require smart monitoring and management

Explore
Kontron OS

The Challenge NIS2

The vast majority of EU companies have been compromised by cyberattacks in the last 3 years. Therefore, the EU has adopted the Network & Information Security (NIS) guidelines and has released NIS2, these are currently being transposed into national law and industry-specific requirements.

- **NIS2 requirements will become mandatory for EU in q4 2024 (ETSI EN 303 645 and NIST 8259A)**
- **They will become mandatory e.g. for Medical, Transportation, Industry, and other digital services**

So many Kontron customers will face these tasks:

- **How to prevent foreign software from running on my device?**
- **How do I ensure that the devices can be updated in the long term?**
- **How to implement intrusion detection and notifications?**

EquipmentCloud[®]

The digital transformation solution for service and after-sales in mechanical engineering

Workforce

Workforce and service staff management incl. back-end system and mobile apps

K-PORT

The Complete Fleet Management Solution for Edge Devices

K-SYS

CODESYS[®] inside

SoftPLC according to IEC 61131-3 for technical control systems

KontronOS

Secure customized Linux OS for embedded devices incl. security updates

QIWI Toolkit

Sophisticated process visualization tool for web panels

FabEagle[®]LC

Scalable solution for production control and monitoring

FabEagle[®] Monitoring

Shop floor management system for machine and operation data acquisition

FabEagle[®] Connect

Low-code interface integration solution

ToolCommander[®]

The modular software framework for machine control and visualization

The secure Linux OS for integrated devices

The specifications for embedded devices with an existing IoT connection go far beyond security updates in the field. Regardless of whether it's about software reliability and modifiability, atomic updates or low data consumption: With **KontronOS**, we deliver an industrial IoT-to-cloud operating system based on Linux that meets all these requirements.

KontronOS is every hacker's nightmare: Providing all necessary cybersecurity features – tailored to the customer's needs.

Secure Infrastructure for IIoT Applications:

Tailored:

- › 100% fitted to individual requirements
- › Dedicated experienced team for implementing turnkey solutions

Fast deployment:

- › Based on Kontron's own IP
- › Based on proven technology
- › Based on preconfigured bundles

Scalable:

- › Highly configurable by customers
- › Extensions and upgrades with new functionality at any time

Explore our
susietec[®] IoT
bundles

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IoT Portfolio Update

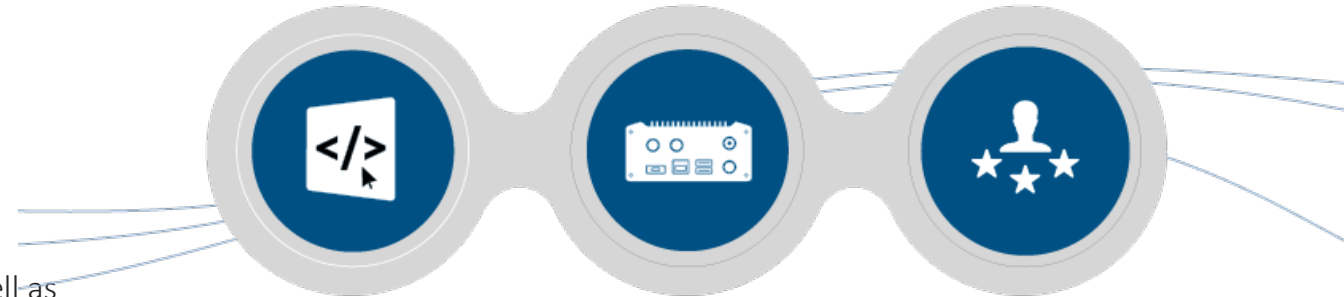
Michael Jacob, General Manager Kontron AIS GmbH

IoT Bundle K-PORT



Combination creates opportunities

- › IoT Bundle K-PORT for KBox A-250 & AL i.MX8M Mini
 - › KontronOS: hardened operating system
 - › Onboarding script: Easy onboarding of IoT boxes to the cloud
 - › Agent for communication with Docker Registry and Cloud as well as integration of machine data
 - › Docker container with interface to the machine (optional)
 - › Pre-installed before delivery
- › Cloud-based software to manage devices in the field
 - › Monetization of software licenses
 - › Remote support via command line or VPN
 - › Secure and predictable mass updates
 - › Device Management as a Service



KBox A-250



AL i.MX8M Mini

K-Port Bundle Highlight



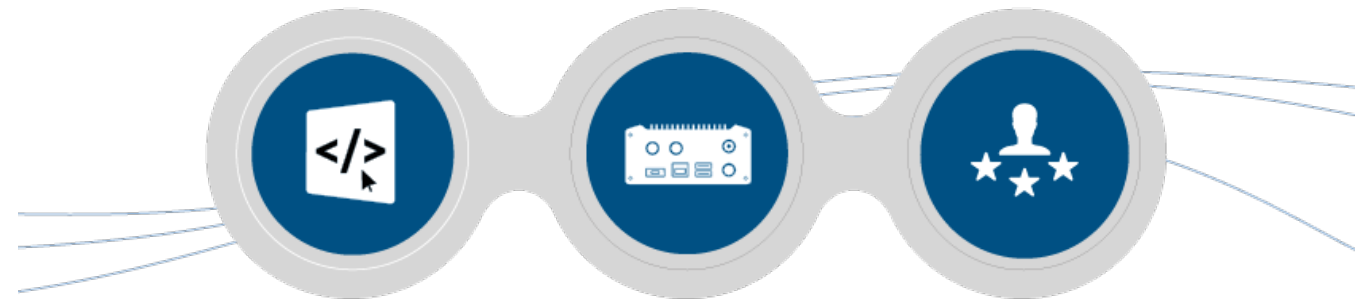
IoT Bundle Connect



FabEagle[®]Connect +  **KontronOS**

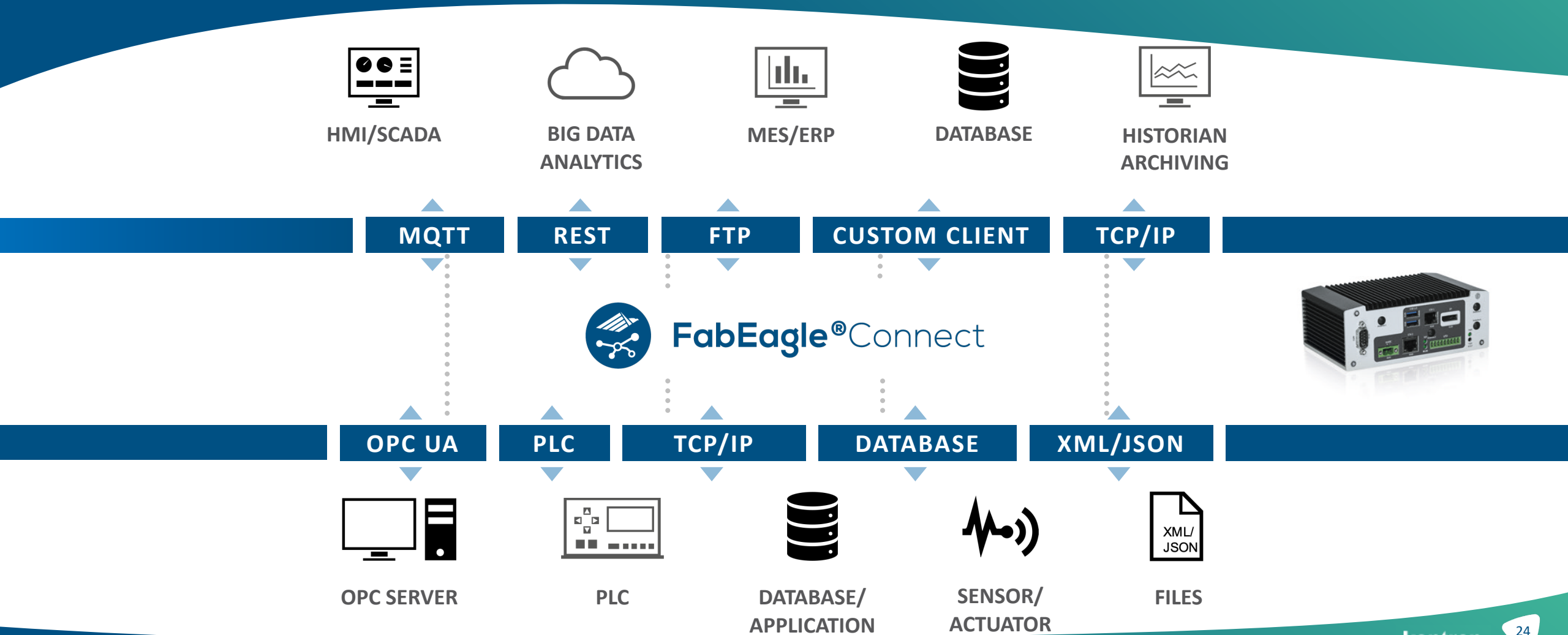
Combination creates innovation

- › IoT Bundle FabEagle[®]Connect for KBox A-250
 - › IoT-Addon FabEagle[®]Connect for KBox A-250
 - › Pre-installed ex-delivery
- › Data interfaces out of standards
 - › OPC-UA, MQTT, Rest,
 - › Field busses (Profinet, Modbus, CAN...), PLC connectivity (
 - › Data Sources (Databases, Parquet, JSON...)
 - › IoT Interfaces (Azure IoT, AWS...)
- › Value product of the KBox family with a good price/performance ratio
 - › Industrial-grade, 24/7 operation, high-temperature range, long-term availability
 - › Connectivity with ETH, Wi-Fi or GSM/LTE
 - › Atom (Apollo Lake) performance class for many applications
 - › Further standard interfaces incl. Digital IO

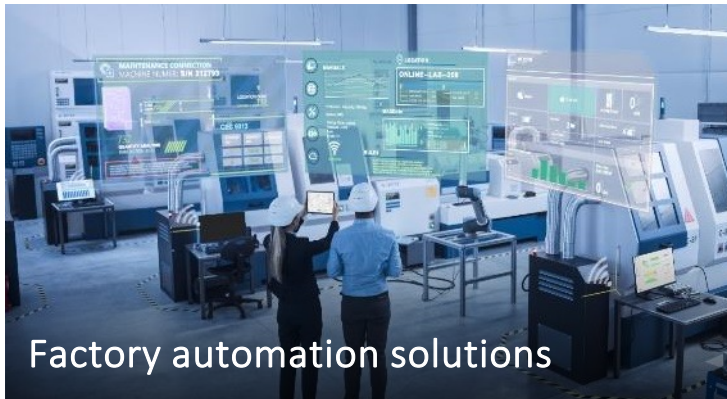


KBox A-250

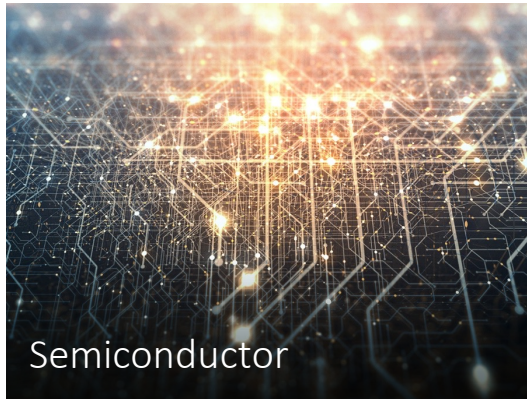
IoT Bundle Connect



Portfolio focus



Industry verticals & expertise





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Meet us @ the Kontron booth: Hall 7 / 193

Kontron online press kit:

www.kontron.com/sps2023