



# FY 2023 Earnings Release

March 19, 2024



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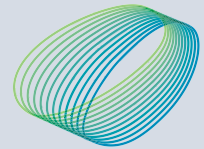
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# FY 2023 Key highlights



✓ **Orders grew** in the year by **+16.4%** to €474.1 million, well above market growth. All geographic regions and business lines grew significantly.

✓ **Revenue** increased by **+16.0%** to €401.3 million and **grew** by **double digit** both in **H1 and H2**.



✓ **Direct margin** reached **32.1% in FY23** vs 29.7% in FY22.




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✓ **EBITDA** reached €40.7 million, growing by **+35.1%** year on year.

✓ **Deleveraging continued** to **1.0x NFD/EBITDA** at 31 December 2023 **vs 1.6x** at 31 December 2022.

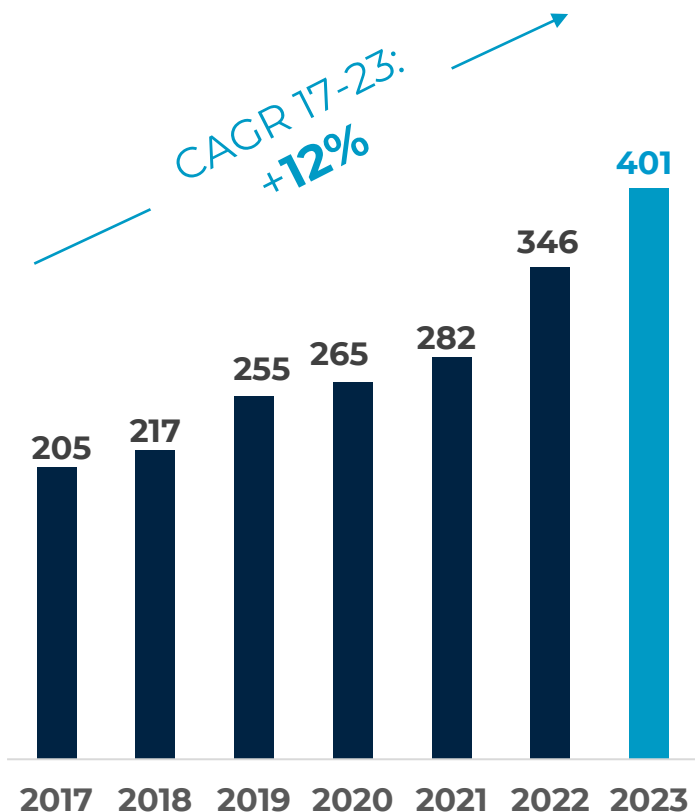
✓ **Net profit** grew by **+56.9%** compared to the previous year, to **€12.1 million**.

# FY2023 Guidance Met

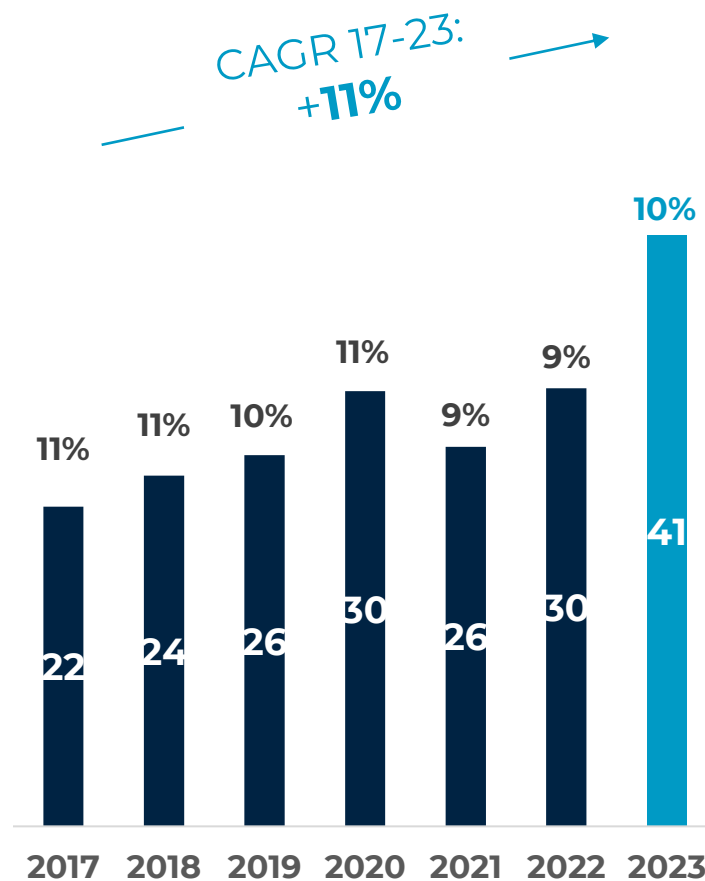
	Guidance FY2023	Reported FY 2023	Achievement
<b>Revenue</b> (€ million)	<b>385.0 – 405.0</b>	<b>401.3</b>	
<b>EBITDA</b> (€ million)	<b>36.5 – 40.5</b>	<b>40.7</b>	
<b>EBITDA Margin</b> (% over revenue)	<b>9.5% - 10.0%</b>	<b>10.1%</b>	

# Historical figures: solid business model

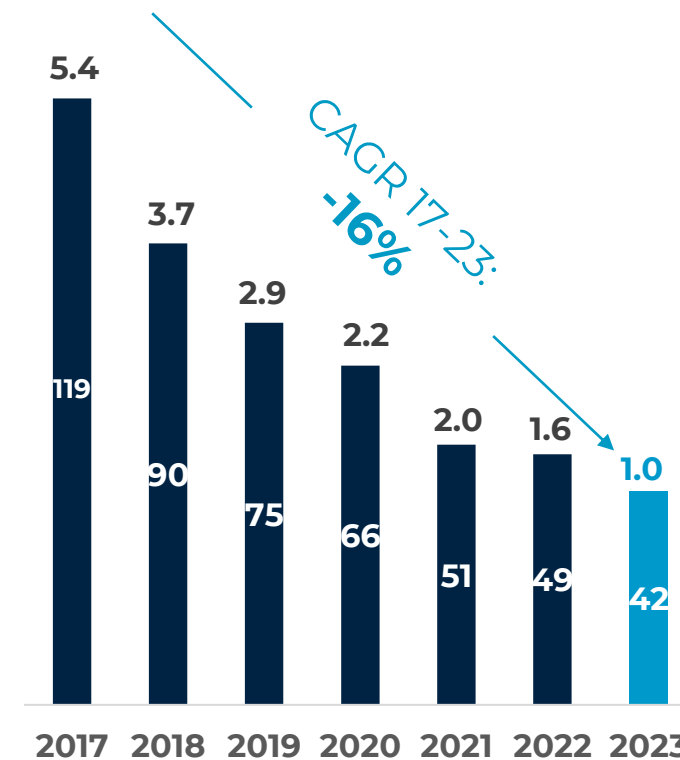
**Revenue (€ million)**



**EBITDA (€ million and % o/revenue)**



**Net debt (€ million and times EBITDA)**



# 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
<b>+16.4%</b> y/y	<b>+16.0%</b> y/y (+23.3% at constant currency <sup>(2)</sup> )	<b>+29.7%</b> y/y (+39.7% at constant currency)	<b>+35.1%</b> y/y (+41.3% at constant currency)	<b>+56.9%</b> y/y	vs 1.6x at 31 December 2022

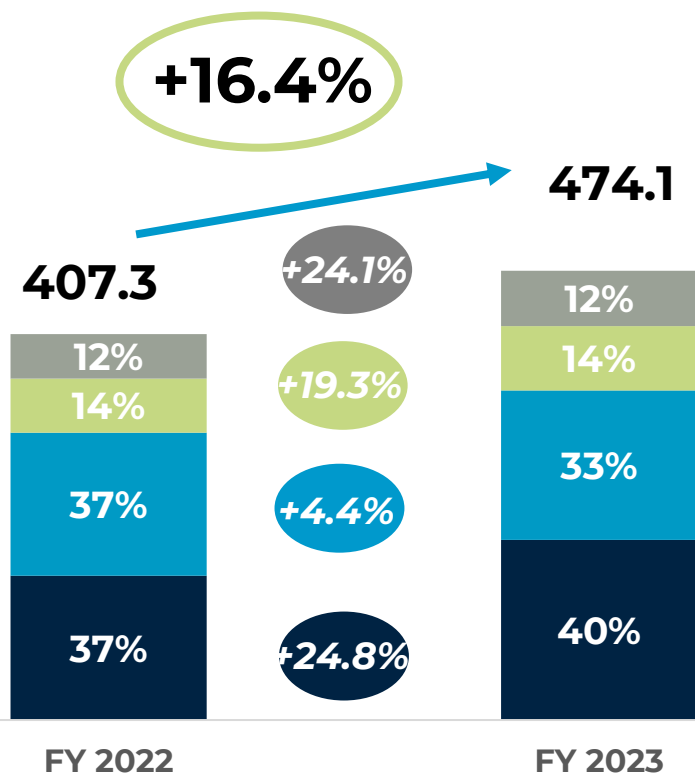
(1) Direct margin = Income at selling price – procurement – direct labor – direct operating expenses

(2) FY2023 figures using FY2022 average exchange rates.

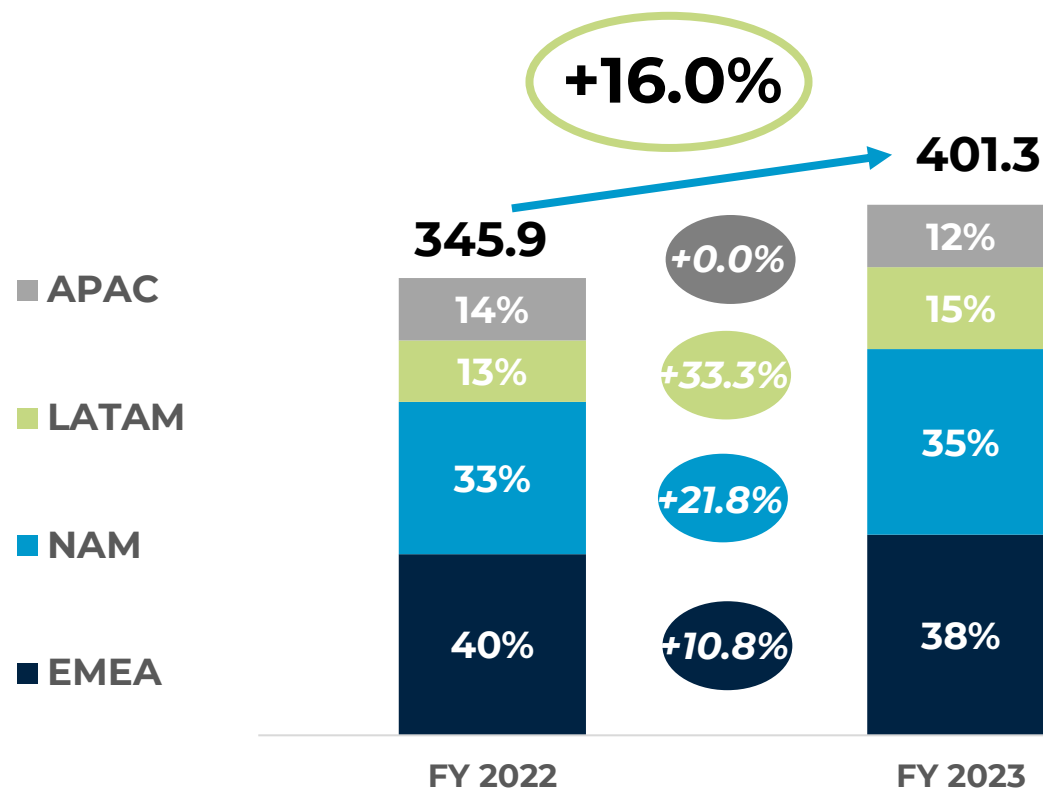
# Revenue continued in FY23 its trend of double-digit growth



## Order intake (€m,%)



## Revenue by geographical region<sup>(1)</sup> (€m,%)



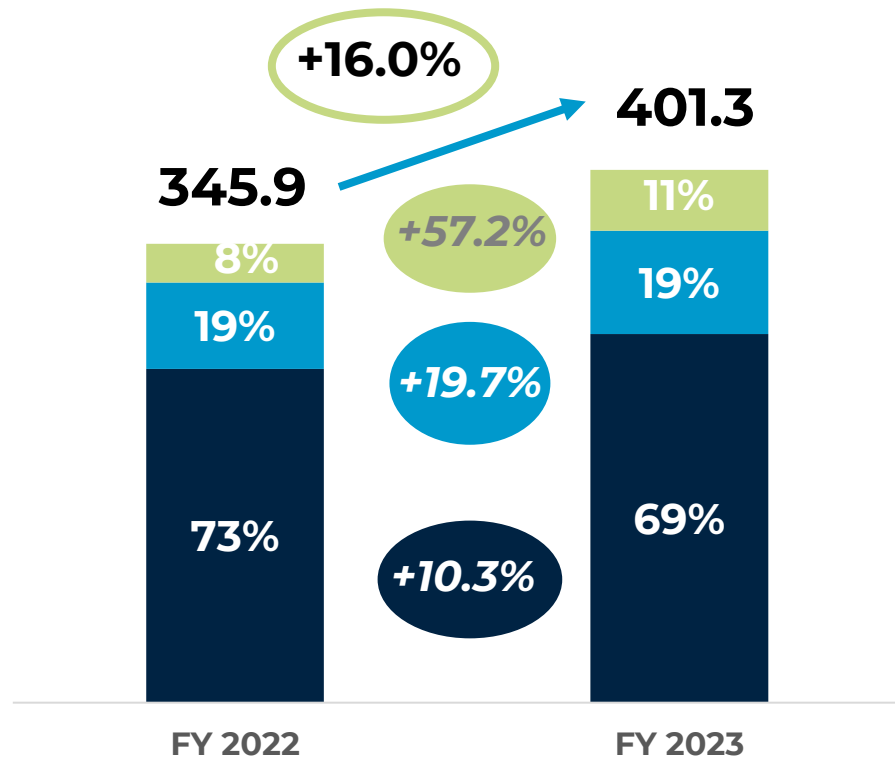
**Book - to - Bill: 1.18x**  
**Backlog: €227.5m**

(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).



# Positive contribution from all businesses

## Revenue by business line (€m,%)



- Network Reliability
- T&D Grid Automation
- Measurement & monitoring systems



### Measurement and Monitoring Systems

Reaching #2 in High Voltage and Top 3 in Medium Voltage in regional markets

- ✓ **Record production** in all HV & MV plants.
- ✓ **Top four markets (same as in 2022):** US, Spain, Mexico and Brazil.
- ✓ **ZEPAS** (Zero Emission Portable Auxiliary Services Solution) now available.
- ✓ Arteche is the preferred **optical** current instrument transformer supplier for major HVDC players.



### T&D Grid Automation

World's supplier of choice for auxiliary relays

- ✓ New 61850 station & process bus architectures solutions: distributed and soon concentrated.
- ✓ **Relay orders** coming from **80 different countries** exceeding 465,000 pieces.
- ✓ Protection & Control projects deliveries for **high speed train** projects in **Mexico**.
- ✓ **E-commerce channel for relays & test blocks** reached €15 million in orders.



### Network Reliability

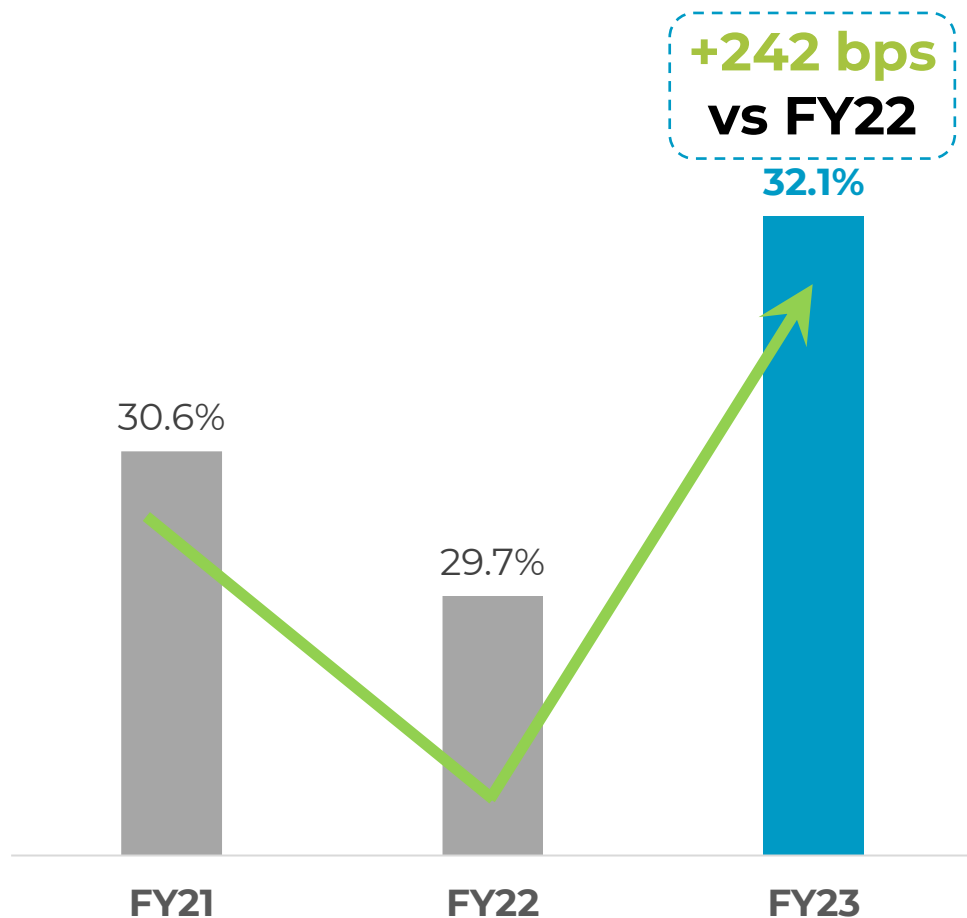
Increasing grid complexity (automation + distributed renewables) fueling our growth

- ✓ First installation in operation for **PQ Switch** (external pre-insertion resistor circuit breaker).
- ✓ **Record bookings** for harmonic filters & capacitor banks in **Australia, US & Canada**.
- ✓ **New 15kV recloser** offering **12% carbon footprint reduction**.
- ✓ Increasing **services portfolio**: Grid code compliance, shortcircuit studies, field services.

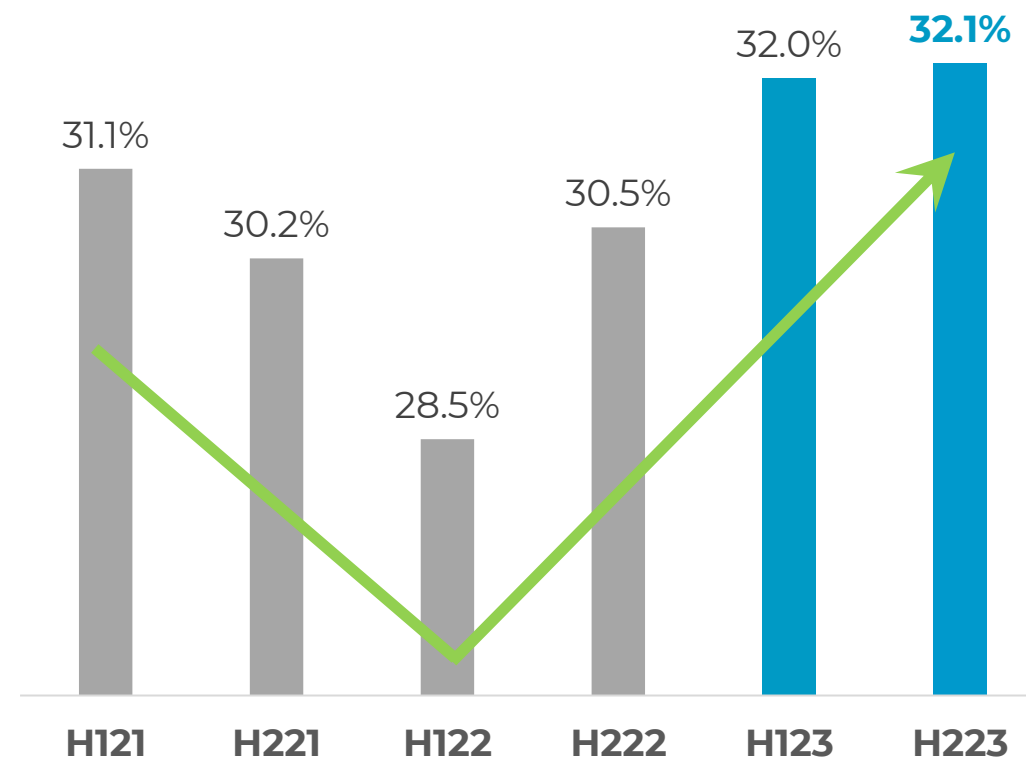


# Direct margin improvement in FY23

Direct margin<sup>(1)</sup> evolution by year  
(% of income at selling price<sup>(2)</sup>)



Direct margin<sup>(1)</sup> evolution by half  
(% of income at selling price<sup>(2)</sup>)



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

(2) Income at selling price = Revenue +/- change in inventories at selling price.

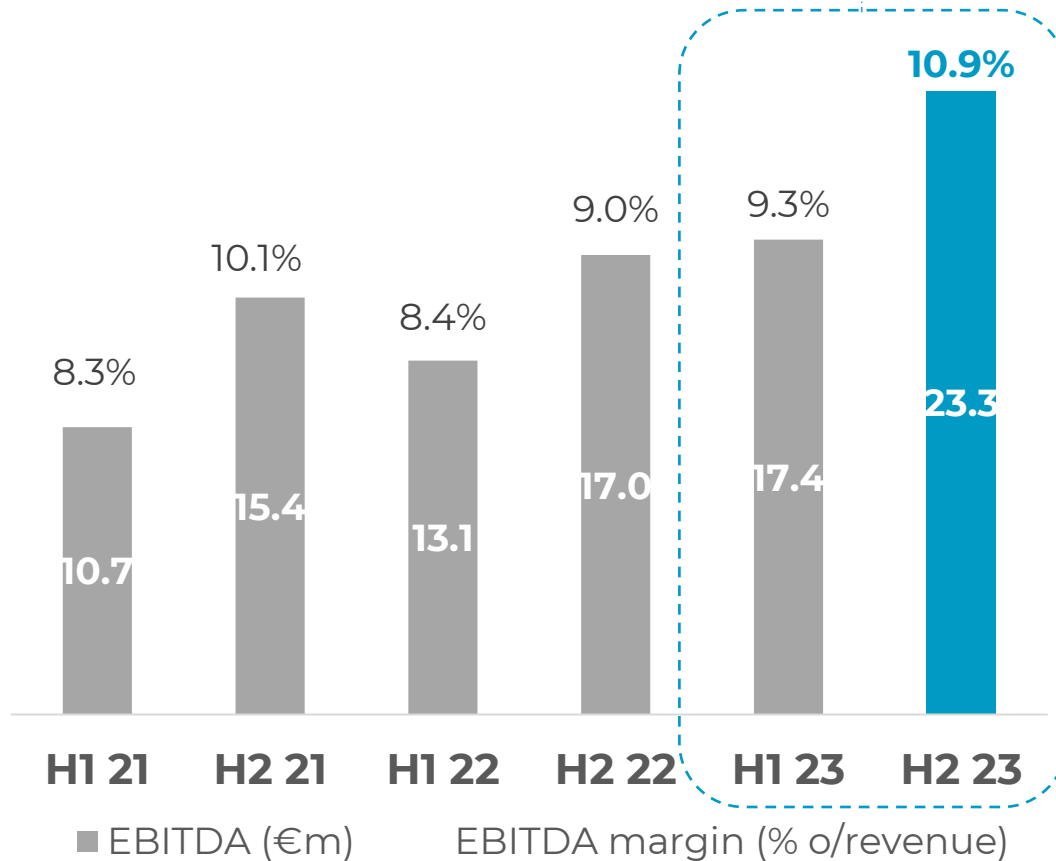
# EBITDA FY 2023

Record growth of +35% in the year



EBITDA evolution by half  
(€ million,% of revenue)

**EBITDA FY23: €40.7m**  
**(10.1% o/revenue)**  
**(+143 bps vs FY 22)**



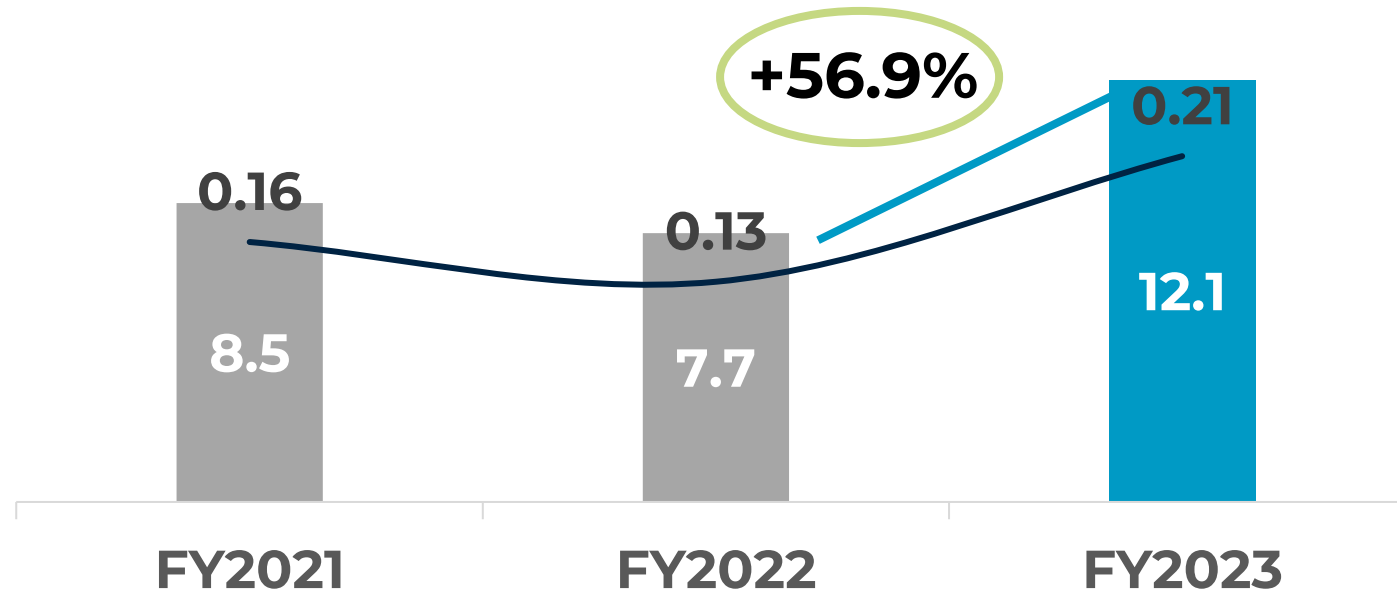
- **EBITDA increased** in the year as a result of **record sales volume, updated sales prices and operational productivity improvements.**
- The company's **structural costs improved by 100pbs to 23.1% of revenue** vs 24.1% a year ago, despite the **inflationary environment.**

# Net profit FY 2023

Record growth of +57% in the year



Net profit (€m) and EPS (€/share)

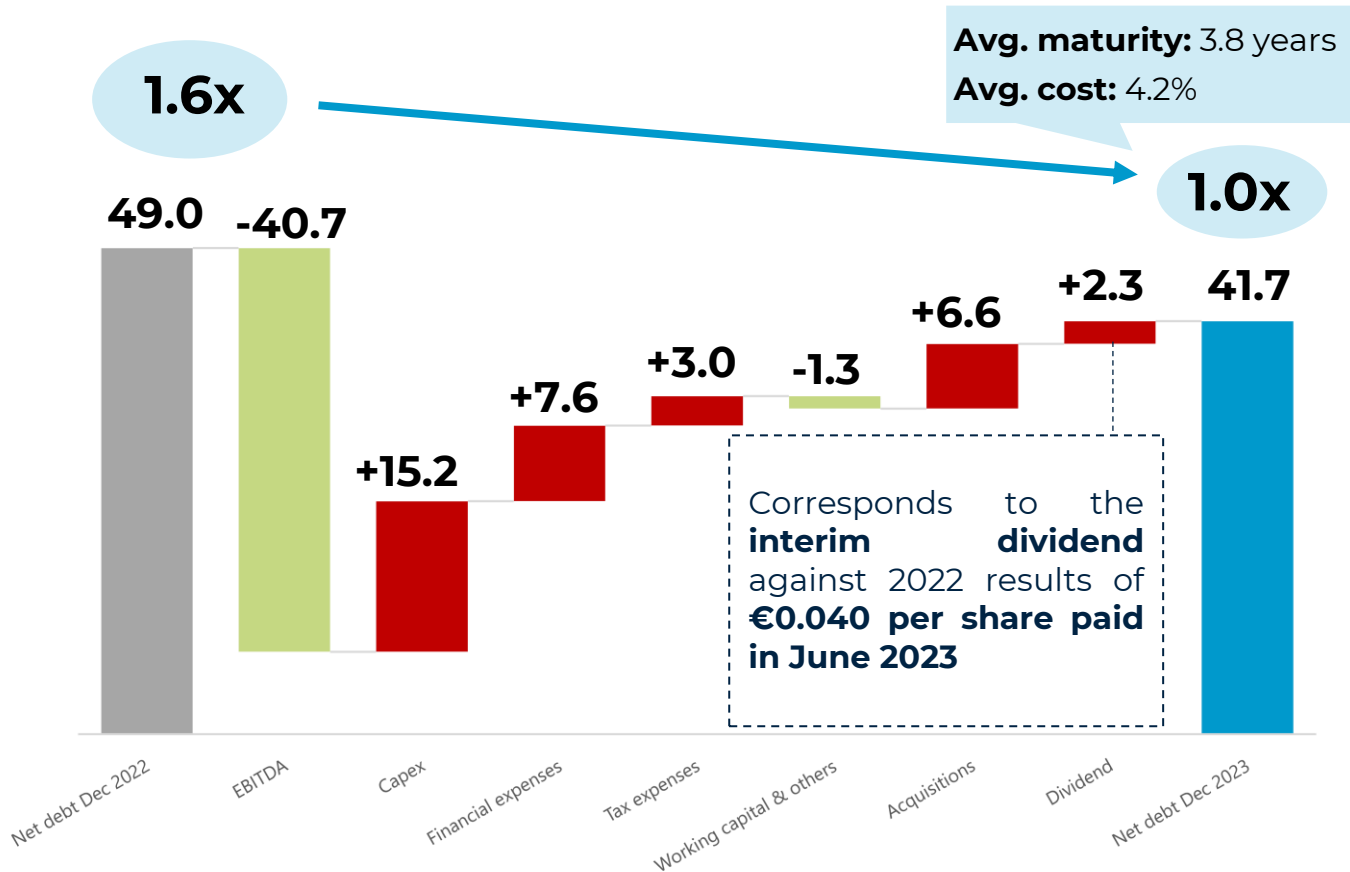


**Shareholder remuneration:** The Board of Directors **proposes the distribution of a dividend against FY 2023 results** amounting to **€6.0 million**, equivalent to a **pay-out of 50%**.

# Net financial debt at December 31, 2023

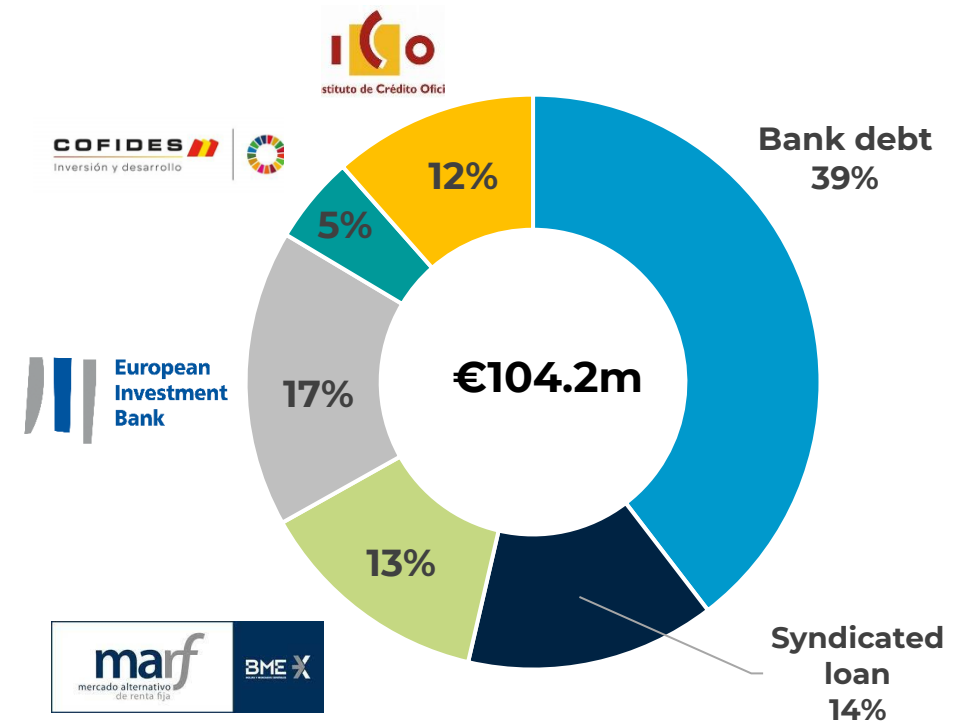
Leverage ratio improvement in the year

Net financial debt (NFD) / EBITDA evolution (€ million, times EBITDA)



**Immediately available long-term resources: €38.8 M**  
(improving avg. maturity to c.5 years)

FY 2023 Gross financial debt breakdown by source (%)



**52% of total long-term loans are hedged** against the risk of interest rate variation



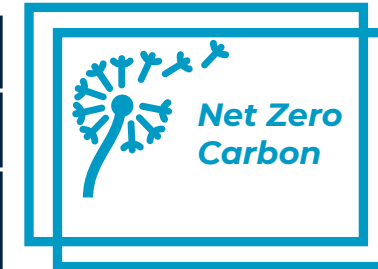
# Our ESG Commitment

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

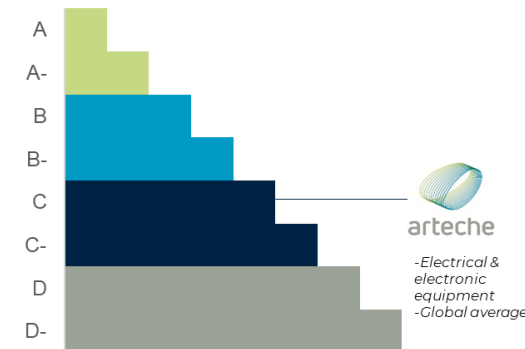


## Governance

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



# Outlook for FY 2024



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

# Conclusions

1

**Outstanding growth in orders (+16.4% y/y) and revenue (+16.0% y/y) in a context marked by strong demand in all regions and commercial discipline**



2

**Strength in revenue together with a tight cost management support direct margin strong recovery (+242 bps y/y)**



3

**Transforming our portfolio through new products and markets development to deliver higher growth and better margins**



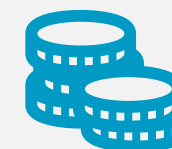
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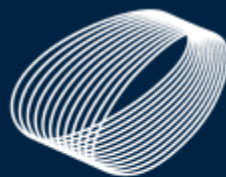
**Ongoing commitment to ESG that's creating value for all stakeholders**



5

**Focus on cash flow generation (special focus on inventory management) to reinforce our balance sheet in order to face future growth**





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Moving together

# Q&A

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# Annex | Alternative Performance Measures (APM) arteche

APM	Unit	Definition	FY 2023	30 June 2023	FY 2022
<b>Income at selling price</b>	€m	Revenue +/- Change in stocks at sale price	<b>€416.6m</b> = 401.3 + 15.3	<b>€206.8m</b> = 188.0 + 18.8	<b>€347.5m</b> = 345.9 + 1.6
<b>Direct costs</b>	€m	Supplies (without depreciations or extraordinary costs) + direct staff costs + other direct operating costs	<b>€283.0m</b> = 226.9 + 34.7 + 21.3	<b>€140.6m</b> = 113.6 + 17.1 + 10.0	<b>€244.5m</b> = 197.3 + 28.5 + 18.7
<b>Direct margin</b>	€m	Income at selling price – direct costs	<b>€133.6m</b> = 416.6 – 283.0	<b>€66.2m</b> = 206.8 – 140.6	<b>€103.0m</b> = 347.5 – 244.5
<b>% Direct margin</b>	%	Direct margin / Income at selling price	<b>32.1%</b> = 133.6 / 416.6	<b>32.0%</b> = 66.2 / 206.8	<b>29.7%</b> = 103.0 / 347.5
<b>Gross operating profit (EBITDA)</b>	€m	Operating income + amortization and depreciation + impairment of trade operations + impairment of goods + impairment of finished products and products in process + impairment and loss of fixed assets	<b>€40.7m</b> = 24.2 + 14.6 - 0.05 + 0.5 + 1.1 + 0.2	<b>€17.4m</b> = 9.3 + 7.4 + 0.2 + 0.5 - 0.0	<b>€30.1m</b> = 14.3 + 14.7 + 0.04 + 0.3 + 0.8
<b>% EBITDA</b>	%	EBITDA / Revenues	<b>10.1%</b> = 40.7 / 401.3	<b>9.3%</b> = 17.4 / 188.0	<b>8.7%</b> = 30.1 / 345.9
<b>Gross Financial Debt (GFD)</b>	€m	Amounts owed to credit institutions + other financial liabilities + financial lease creditors + debentures and other marketable securities – financing without cost +/- Interest and accrued commissions	<b>€104.2m</b> = 55.2 + 41.0 + 0.2 + 13.8 - 6.2 + 0.1	<b>€120.0m</b> = 56.7 + 42.6 + 0.1 + 23.6 - 3.4 + 0.3	<b>€107.5m</b> = 38.7 + 53.9 + 0.2 + 26.0 - 11.7 + 0.5
<b>Net Financial Debt (NFD)</b>	€m	GFD – temporary financial investments – credits to companies (no group) – cash and other equivalent liquid assets	<b>€41.7m</b> = 104.2 – 1.6 - 0.1 - 60.8	<b>€60.5m</b> = 120.0 – 1.5 - 0.1 - 57.9	<b>€49.0m</b> = 107.5 – 2.1 - 0.2 - 56.2
<b>Net Financial Debt/ EBITDA</b>	times (x)	NFD / EBITDA	<b>1.02x</b> = 41.7 / 40.7	<b>1.76x</b> = 60.5 / 34.4	<b>1.63x</b> = 49.0 / 30.1
<b>Earnings per share (basic and diluted)</b>	€/share	Profit for the year attributable to equity holders of the Parent / (weighted average number of ordinary shares outstanding - weighted average number of own shares)	<b>0,21 €</b> = 12.1 / (57.1 – 0.14)	<b>0,08 €</b> = 4.3 / (57.1 – 0.14)	<b>0,13 €</b> = 7.7 / (57.1 – 0.14)

# Annex | Key Financial Figures



## Key Financial Figures

€m

	31.12.2023	31.12.2022	% change
<b>Revenue</b>	<b>401.3</b>	<b>345.9</b>	<b>+16.0%</b>
<b>Direct margin</b>	<b>133.6</b>	<b>103.0</b>	<b>+29.7%</b>
<i>Direct margin (% over income*)</i>	32.1%	29.7%	+242.0bps
<b>EBITDA</b>	<b>40.7</b>	<b>30.1</b>	<b>+35.1%</b>
<i>EBITDA margin (% over revenue)</i>	10.1%	8.7%	+143.2bps
<b>EBIT</b>	<b>24.2</b>	<b>14.3</b>	<b>+69.2%</b>
<i>EBIT margin (% over revenue)</i>	6.0%	4.1%	+182.5bps
<b>Net profit</b>	<b>12.1</b>	<b>7.7</b>	<b>+56.9%</b>
<i>Net profit margin (% over revenue)</i>	3.0%	2.2%	+78.4bps
<b>EPS (€/share)</b>	<b>0.21</b>	<b>0.13</b>	<b>+56.9%</b>

\* Income = Revenue +/- Change in stocks at selling price

# Annex | Consolidated Balance Sheet



Consolidated Balance Sheet		
€m	31.12.2023	31.12.2022
<b>Non-current Assets</b>	<b>106.7</b>	<b>108.7</b>
<b>Current Assets</b>	<b>221.1</b>	<b>210.7</b>
Inventories	82.9	72.2
Trade and other receivables	72.6	78.4
Short-term financial investments	4.1	3.3
Cash and cash equivalents	60.8	56.2
Others	0.7	0.6
<b>TOTAL ASSETS</b>	<b>327.8</b>	<b>319.4</b>
<b>Total Shareholders' Equity</b>	<b>73.9</b>	<b>69.0</b>
<b>Non-current Liabilities</b>	<b>73.3</b>	<b>68.4</b>
Long term debt	66.9	62.3
Other non-current liabilities	6.4	6.1
<b>Current Liabilities</b>	<b>180.6</b>	<b>182.0</b>
Short term debt	43.7	57.5
Trade and other payables	136.3	123.6
Other short-term debt	0.6	0.9
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>327.8</b>	<b>319.4</b>