

20 de marzo de 2024

INFORMACIÓN PRIVILEGIADA

En virtud de lo previsto en el artículo 17 del Reglamento (UE) nº 596/2014 sobre abuso de mercado y en el artículo 228 de la Ley 6/2023, de 17 de marzo, de los Mercados de Valores y de los Servicios de Inversión, y disposiciones concordantes, así como en la Circular 3/2020 del segmento BME Growth de BME MTF Equity (“BME Growth”), Arteche Lantegi Elkartea, S.A. (la “Sociedad”), comunica la siguiente ‘Información privilegiada’:

I. Presentación del Plan Estratégico 2024-2026

De conformidad con lo dispuesto en la citada Circular 3/2020 se indica que la información comunicada por la presente ha sido elaborada bajo la exclusiva responsabilidad de la Sociedad y sus administradores.

Atentamente

Arteche Lantegi Elkartea, S.A.

D. Alexander Artetxe

Presidente del Consejo de Administración

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arteche

2024-2026 STRATEGIC PLAN

ENSURE UNIVERSAL ACCESS, EFFICIENT AND QUALITY ENERGY

The information contained in this presentation of results has been prepared by Arteche Lantegi Elkartea, S.A. (hereinafter the Company or Arteche Group).

The information and declarations concerning future forecasts about Arteche Group are not historical facts, as they are based on numerous assumptions, subject to risks and uncertainties, many of which are difficult to predict and, generally, beyond the control of Arteche Group. Shareholders and investors are hereby informed that these risks could lead to real results and developments significantly differing from those expressed, implied or projected in the information and future forecasts. With the exception of the aforementioned information, the information, opinions and statements contained in this document have not been verified by independent third parties and, for this reason, no warranty of any kind, either express or implied, is given regarding the impartiality, accuracy, completeness or correctness of the information, opinions and statements expressed therein.

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Arteche at a glance









#EnergizingFuturesTogether Arteche at a glance



Our purpose is to ensure universal access to clean, efficient and quality energy



Key highlights

-  **77 years** in the market.
-  Headquarters in Mungia, Basque Country. Spain.
-  Listed since June 2021 in Madrid **BME's Growth Market**.
-  **3rd generation** of the Arteche family (52% of the share capital).
-  **2,800 employees** located in 4 continents.
-  **Key financial data (FY23):**
 - Revenue: €401 M
 - EBITDA: €41 M
 - Net profit: €12 M
 - Net debt/EBITDA: 1.0x

Activity

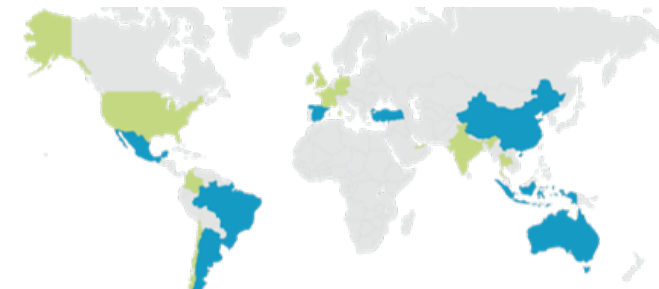
-  We are a **global designer, manufacturer, integrator** and **provider** of electrical equipment.
-  **Services** and **solutions** for the **measuring, protection, automation, control and communication**.

Underlying Sectors

-  Mainly across the **electricity sector**: generation, transmission and distribution.
-  Special focus on **integrating renewables** and **smart grids**.

Positioning

-  **Market leader** in all the segments where we operate thanks to our ability to provide **value-add niche products**.
-  **Worldwide presence** together with a high level of **technological specialization**.
-  **Long-standing relationships** with our **clients** due to the proven quality of our products and homologations requirements.
-  **Entry barriers:** product homologations with **>1.5k utilities** worldwide (**90% of total**).



175 countries

13 factories

7 R&D centers

17 commercial delegations

#EnergizingFuturesTogether Arteche portfolio



Measurement & Monitoring Systems



Expertise & leadership in products focused on energy measuring systems



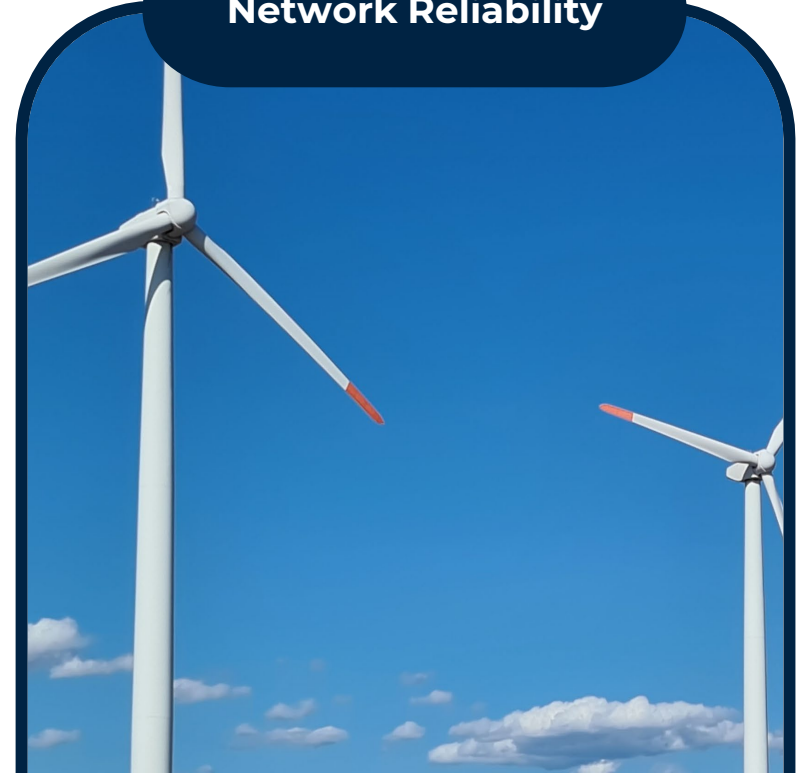
Transmission & Distribution Grid Automation



Solutions that guarantee the digitalization and automation of the electrical distribution grid



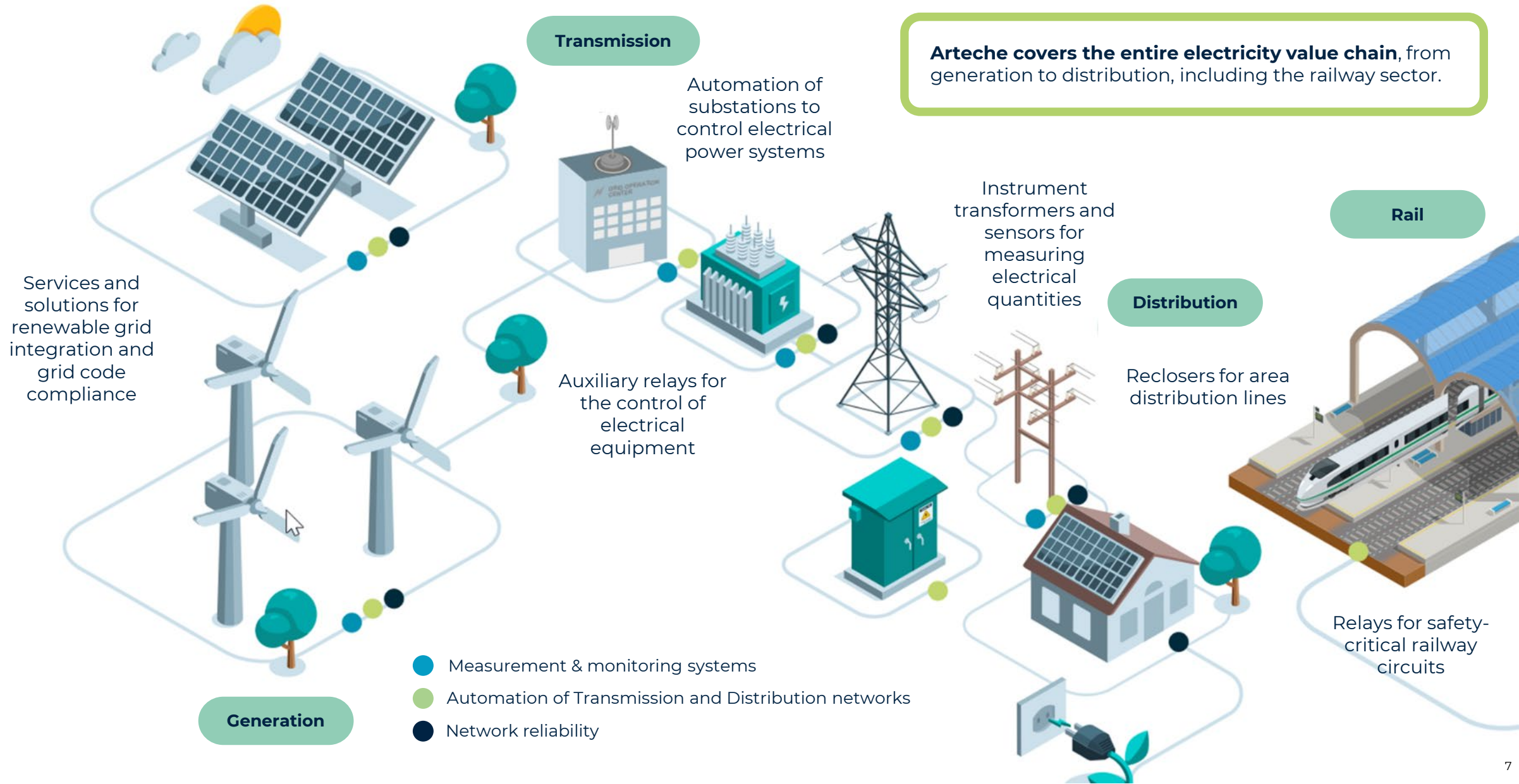
Network Reliability



Solutions that strengthen electrical infrastructures efficiency



#EnergizingFuturesTogether Arteche's presence across the value chain



Arteche covers the entire electricity value chain, from generation to distribution, including the railway sector.

Transmission

Automation of substations to control electrical power systems

Rail

Distribution

Instrument transformers and sensors for measuring electrical quantities

Reclosers for area distribution lines

Generation

Services and solutions for renewable grid integration and grid code compliance

Auxiliary relays for the control of electrical equipment

Relays for safety-critical railway circuits

- Measurement & monitoring systems
- Automation of Transmission and Distribution networks
- Network reliability

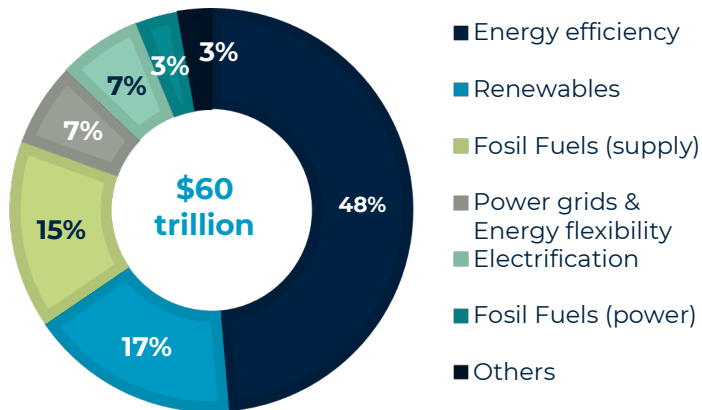
What can Arteche do for the electrical grid?



Decarbonization

Global warming concerns

Transforming Energy Scenario Investments 2016-2030 (\$60 trillion):



Grid monitoring

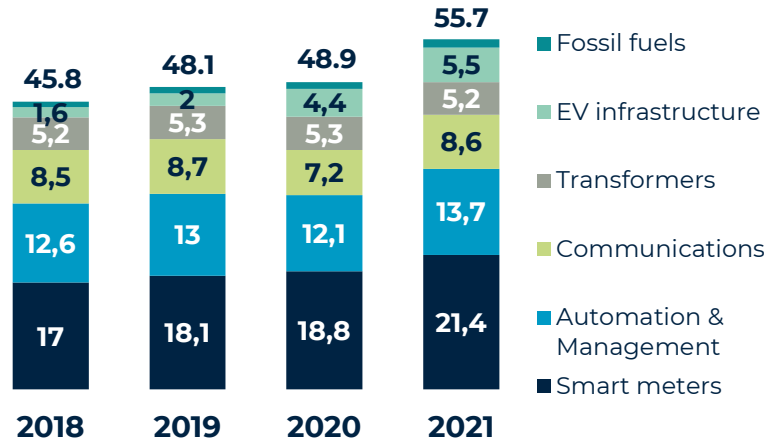
Provision of monitoring systems to supervise and manage the network in real time

>sustainable capabilities to support products with remote decarbonization efforts



Digitalization

75% of investments in digital infrastructure → T&D



Automatization & tech

Products & services focused on the digitalization/automation of electrical distribution grid

Boost of digital & automation products and solutions improving the current energy infrastructure towards smart grid

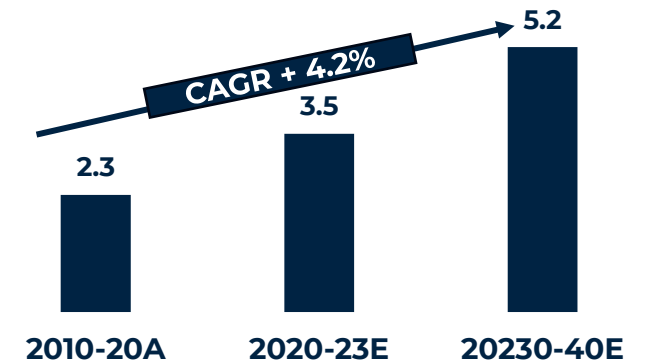


Decentralization

Multidirectional network

Modernization & New infrastructures (grow at a CAGR of c.4% until 2030)

Global T&D investment per decade (\$trillion)



Reliable & security

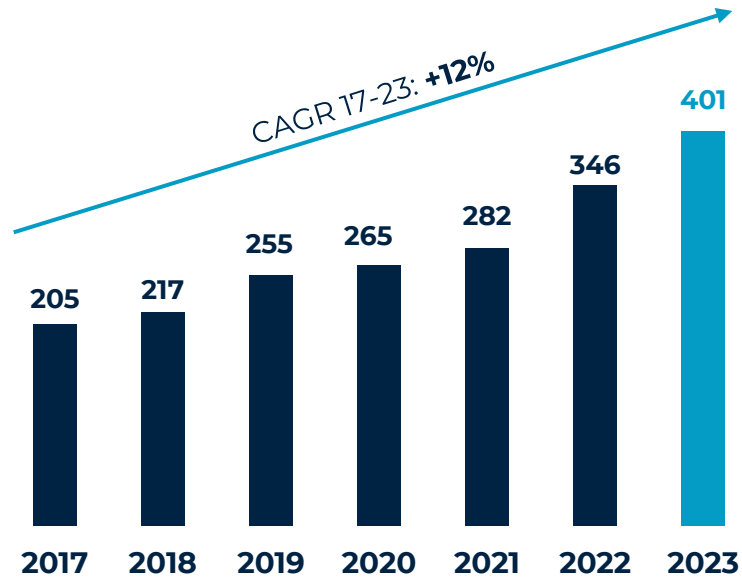
Focus on products to guarantee a secure and reliable distribution of power supply

Critical to avoid system failures which entail relevant social and economic implications



Business performance

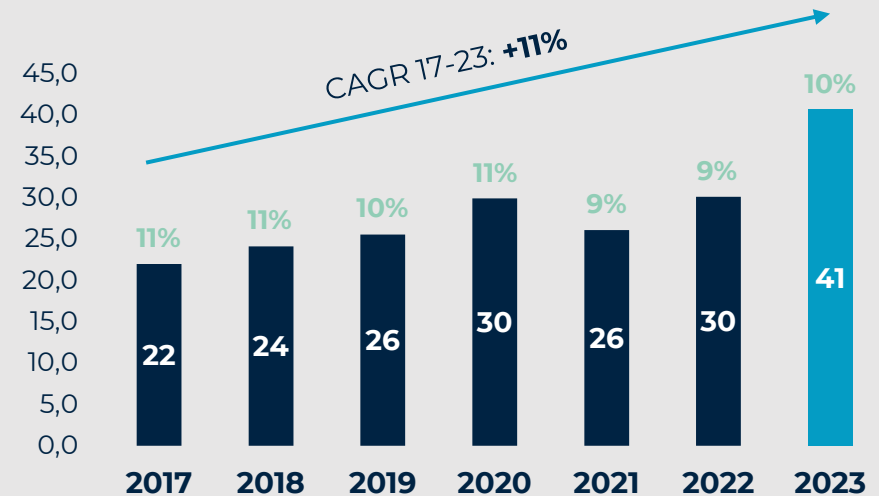
Revenue (€M)



Solid growth in revenue over the last 6 years leveraged on both organic (increase in price and volume) and inorganic growth.

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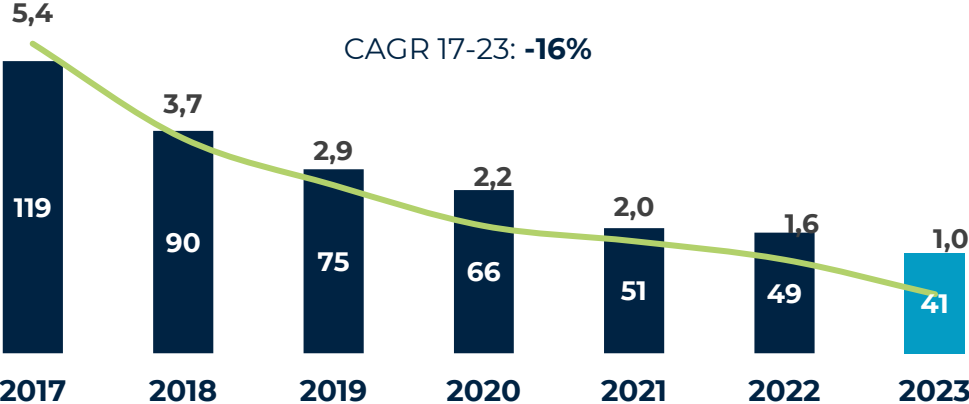
EBITDA (€M); EBITDA margin (% o/revenue)



EBITDA (€M) EBITDA margin

Stability of margins, resilient to integrations and economic cycles.

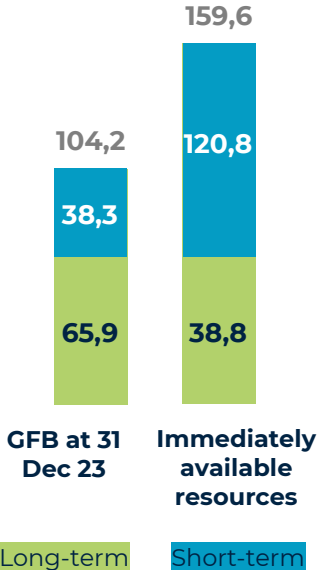
Financial performance



NFD (€M, x EBITDA)

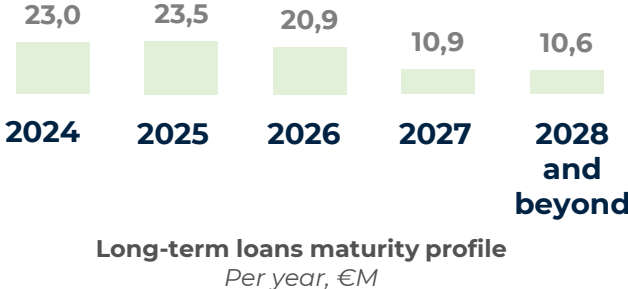
The Company has been **considerably reducing** the NFD/EBITDA since 2017.

Debt maturity profile (per year, €M)



- Average maturity: **c.3.8 years⁽¹⁾**
- Average cost of debt: **c.4.2%**

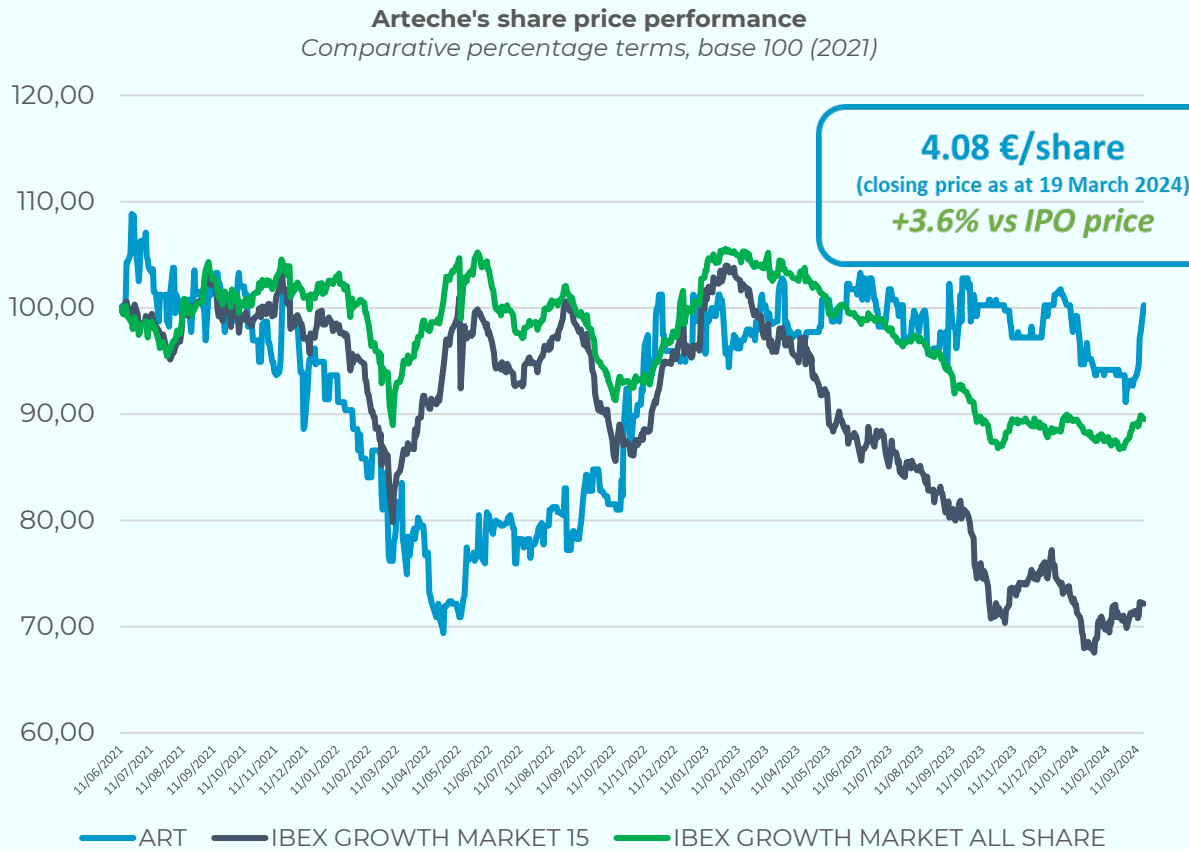
(1) Immediately available long-term resources improve average maturity to c.5 years.



#EnergizingFuturesTogether Arteche in the Stock Exchange



Share Price Performance



Analyst recommendations

Company	Analyst	Rating	Target price
Santander	Robert Jackson	Outperform	5,11
JB Capital	Alberto Espelosi	Buy	4,80
GVC Gaesco	Íñigo Recio	Buy	5,15
R4 Banco	Álvaro Aristegui	Outperform	6,00
Norbolsa	Nikola Egia	Buy	4,60

AVERAGE TARGET PRICE : 5,13€/share

(+26% over current price)

- Listed in BME Growth since June 11, 2021.
- Outperforming Ibex Growth indexes.

#EnergizingFuturesTogether Strategic Plan 2024-2026



Up to 2017

Internationalization & Innovation

- Technological independence
- First international factories
- New technology center
- Ultra high voltage laboratory
- Signature UN Global Compact



2017-2020

Governance & Profitability

- Business functionalization
- New management team
- Sustained profitability



2021-2023

Accelerating growth

- IPO
- New international acquisitions
- Exponential orders increase



2024-2026

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- Leadership & Growth
- Building the Future
- Solid Financial Value

Proximity – Commitment – Confidence – Perseverance

Our **purpose** is to **ensure universal access to clean, efficient and quality energy**.

Greatest demonstration of our **ESG commitment** is to **increase our value** creation for the business and for all our stakeholders. This **path of growth and internationalization** is another qualitative leap on **the way to our transcendence**.

#EnergizingFuturesTogether Strategic Objectives 2024-2026



Leadership & Growth

- Top positioned on **structurally growing markets** boosted by **energy transition**
- **Roadmaps in every business division** to unlock **further value**



Building the future

- **Innovation:** Acquiring and Developing Pioneering Technologies
- **Talent:** Equipping organization team to achieve the company goals
- **Sustainability:** Ambitious & realistic plan



Solid Financial Value

- **Sound and sustainable organic growth**
- Accelerating **profitability and cash generation**



2024-2026

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Inorganic Strategy

New solutions

New businesses

New technologies

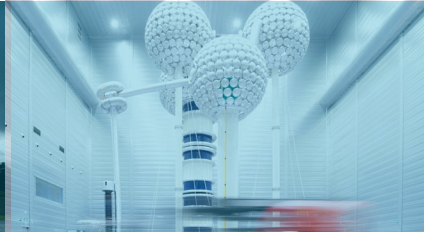
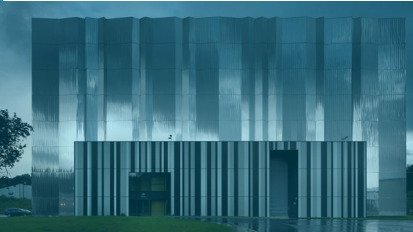
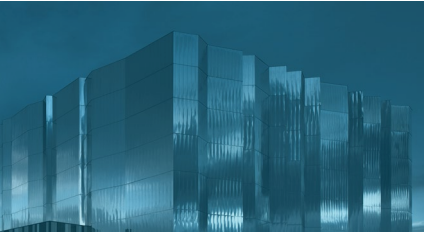


Geographic expansion

New business segments

Improve value proposition

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Leadership & Growth



#EnergizingFuturesTogether Measurement and monitoring systems

World's leading independent manufacturer of Instrument Transformers up to 800kV



Business overview

Global market size

> €1.5bn



Vision

High Voltage Inst Transformers



TOP 2 Global

Medium Voltage Inst Transformers



TOP 3 (NAM/EMEA)

Optical + Sensors



Tech leadership



Strategic Projects 24-26

1. Footprint Strategy
2. Reduce Working Capital requirements
3. Time to market
4. Develop higher value-added products

Arteche's market share

High Voltage

c.15% worldwide



In and



Medium Voltage

c.7% worldwide

c.70% in



In



Order intake (M€)

297



2022

342



2023

440



Target 26

CAGR 23-26: +9%

Value Proposition

- **Homologations** with >1,500 utilities worldwide
- Innovative **in-house products**
- Respond **quickly** to **Market changes**
- **Cost efficient** facilities
- Best positioned in **proximity** and **flexibility**



#EnergizingFuturesTogether T&D Grid Automation

World's leading manufacturer of Energy Relays



Business overview



Vision



Strategic Projects 24-26

Global market size

> €3.0bn

SAS (Substation Automation Systems)



Leadership in our markets of influence and regional growth

Energy Relays



Maintain global leadership

Railway Relays



Consolidate as 2nd supplier in Rolling platform Relays

1. Grow with geographic diversification
2. Technological development
3. Develop automated industrial model in relays

Arteche's market share

Relays

SAS

Electric



Strong market share in



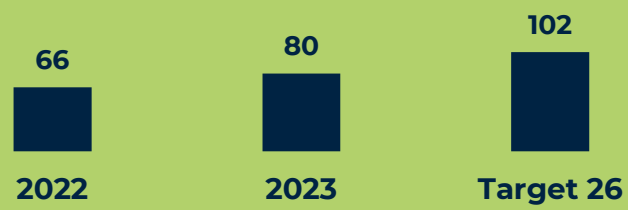
Railway



Top 10



Order intake (SAS + Relays) (M€)



CAGR 23-26: +9%

Value Proposition

- **World leader** in the manufacture of relays
- **In-house** production facilities
- Branding agreements with **Tier I clients**
- **Cutting-Edge** technology
- Best positioned in **proximity** and **flexibility**

#EnergizingFuturesTogether Network Reliability

We are specialists in grid connection and grid code compliance



Business overview



Vision



Strategic Projects 24-26

Global market size

> €2.0bn

PQ (Power Quality)



TOP 10 leaders on power quality, voltage stability and inertia services

Reclosers



Leadership in our markets of influence with regional growth

1. USA and Australia as Key Markets for PQ
2. Technological development of Reclosers portfolio and footprint for new lines
3. Align industrial and business capabilities (HR & IT systems) to the growth of PQ
4. Power electronics Technology

Arteche's market share

Reclosers

In #2

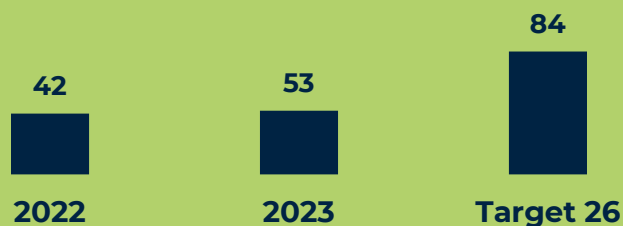
>50% in and

Power Quality

Strong market share in



Order intake (PQ + Reclosers) M€



CAGR 23-26: +17%

Value Proposition

- State of the art production line
- Unparalleled reliability
- Unique offering and vertical integration
- Cutting-Edge technology

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Building the future



#EnergizingFuturesTogether Innovation commitment



> R&D&I INVESTMENT
(capex + opex)

R&D&i investment x2
from 2024 to 2026

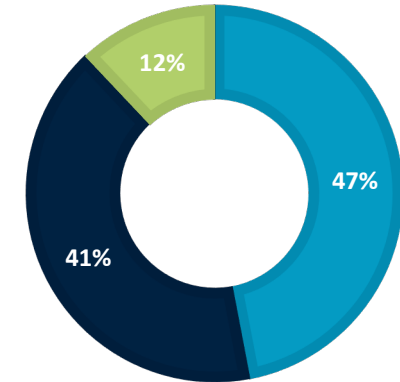


Technical talent
Acquire, develop and retain

Over 200 engineer profiles working in R&D&i projects

% investment (capex + opex) by business division 24-26

- Measurement and Monitoring Systems
- Transmission and distribution Grid Automation
- Network reliability



New products

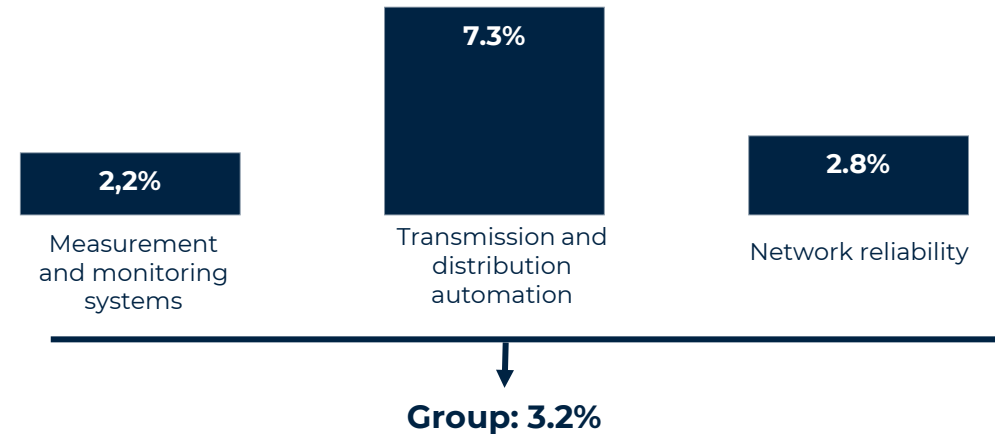
€150 M expected sales of new products developed in 2024-2026



Technological development

Acquiring and Developing Pioneering Technologies to respond to the demands of the future

Investment (capex + opex) by division as % of revenues 24-26



R&D&i and Sustainability

x3 of projects focused on sustainability, no projects with negative environmental impact



Innovation ecosystem

Creating Connections to innovate through an active flow of activity (+100 partners) and **developing Artech Ventures** to participate in startups development and growth

#EnergizingFuturesTogether Talent Manifesto



Equipping the organization with the necessary skills, knowledge, expertise, and capabilities of individuals or groups of people that are **valuable to achieve successfully the company medium and long term goals.**

Compensation & Benefits/ Development

Sustainable & Innovative project

Leadership/ Work Environment



Inspiration

Create a **safe, inclusiveness, equal** and **challenging** environment.



Purpose

Drive innovation, **achieve business** objectives, enhance productivity, maintain a competitive edge & adapt to change.



Motivation

Generate the necessary **motivation** in "Talented" employees & place them in **positions where they generate value** to fulfill the Strategic Plan 24-26.



Preparation

Be prepared for the market cycles.
Anticipation: What are we going to do when we see the first signs?



Contribution

Bringing **skills, creativity, and expertise** to roles and functions.



Digital Drive

More efficient organization, **data-driven**, and **responsive to the needs** of a rapidly changing workforce.



Structure & Governance

Have the right organizational structure, governance and leadership **to be efficient** in execution.



Flexibility

Be agile and flexible enough to **meet the demands derived from growth.**

#EnergizingFuturesTogether Sustainability

From Ambition to Action Plan

Value Creation + Collaboration

Priorities in
ESG 24-26

Roadmap

Sustainability plan
New regulations (CSRD)
Short-medium-long term objectives

E
S
G

TARGET	OBJECTIVE 2030	STARTING POINT 2023	OBJECTIVE 24-26
Accelerate transition to Net Zero Carbon	<ul style="list-style-type: none"> Reduce carbon footprint >50% (vs 2021 base year) 100% renewable energy consumption 	<ul style="list-style-type: none"> 39% reduction 34% renewable energy consumption 	<ul style="list-style-type: none"> 40% reduction 60% renewable energy consumption
Empower a diverse and equal organization	<ul style="list-style-type: none"> 40% of women in first-line management 100% of jobs suitable for women & men 	<ul style="list-style-type: none"> 28% of women in first-line management 67% of jobs suitable for women & men 	<ul style="list-style-type: none"> 33% of women in first-line management 90% of jobs suitable for women & men
Excellence in Corporate Governance	<ul style="list-style-type: none"> Internal Control Financial Information System audited by a third party Recognized for best practices in Continuous Market corporate governance 	<ul style="list-style-type: none"> In process of implementation 	<ul style="list-style-type: none"> Corporate Governance road map to Continuous Market

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Solid Financial Value

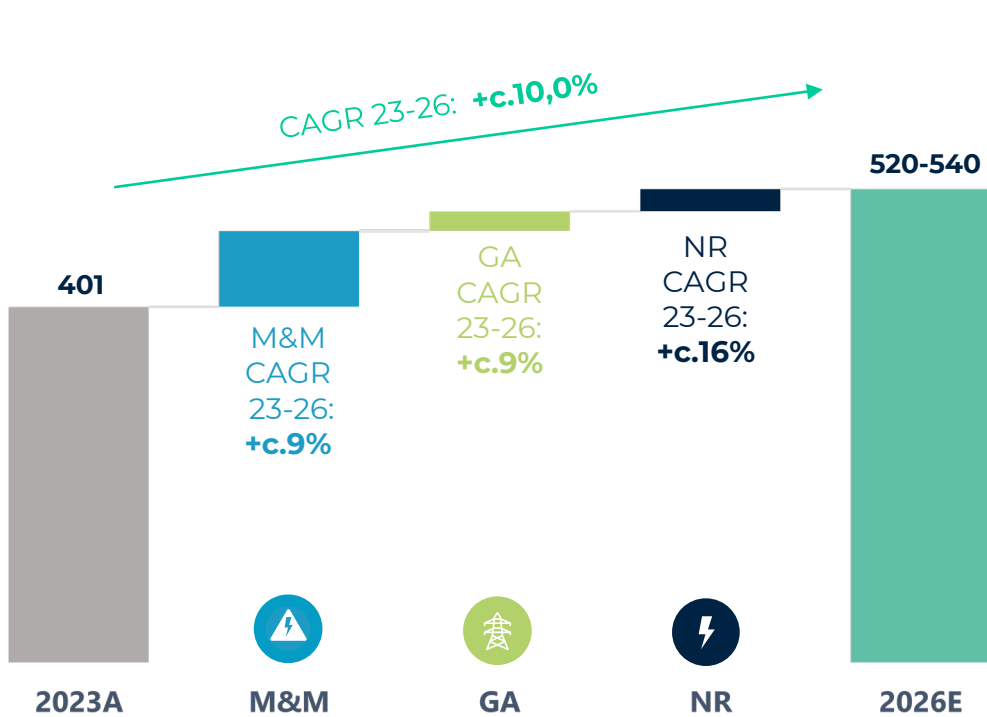


#EnergizingFuturesTogether Revenue Growth

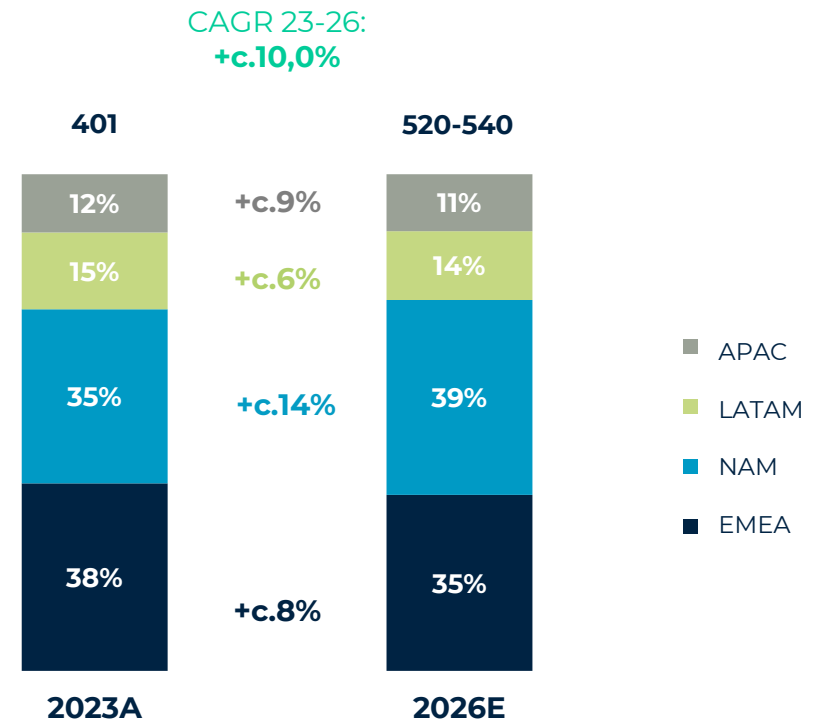


Three Business Lines with solid and sustainable organic growth

Contribution of each business line (€M)



Breakdown by geographical region (€M)

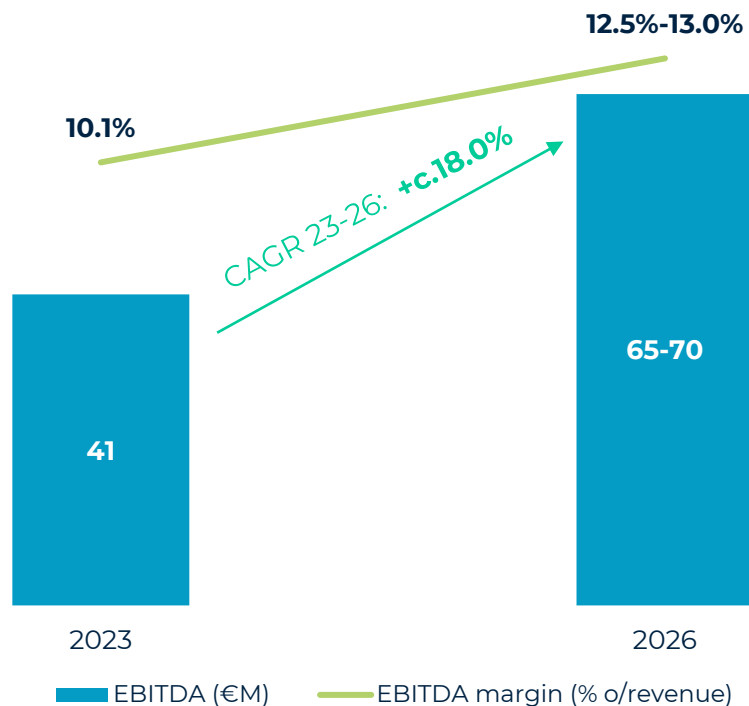


Industry trends driving a structural increase in our markets
Expected market growth 23-26 : **+5%/+7%**

Increasing EBITDA margin by c.250bps up to 12.5-13.0%

Sustained profitability growth

Group EBITDA (€M,% o/revenue)



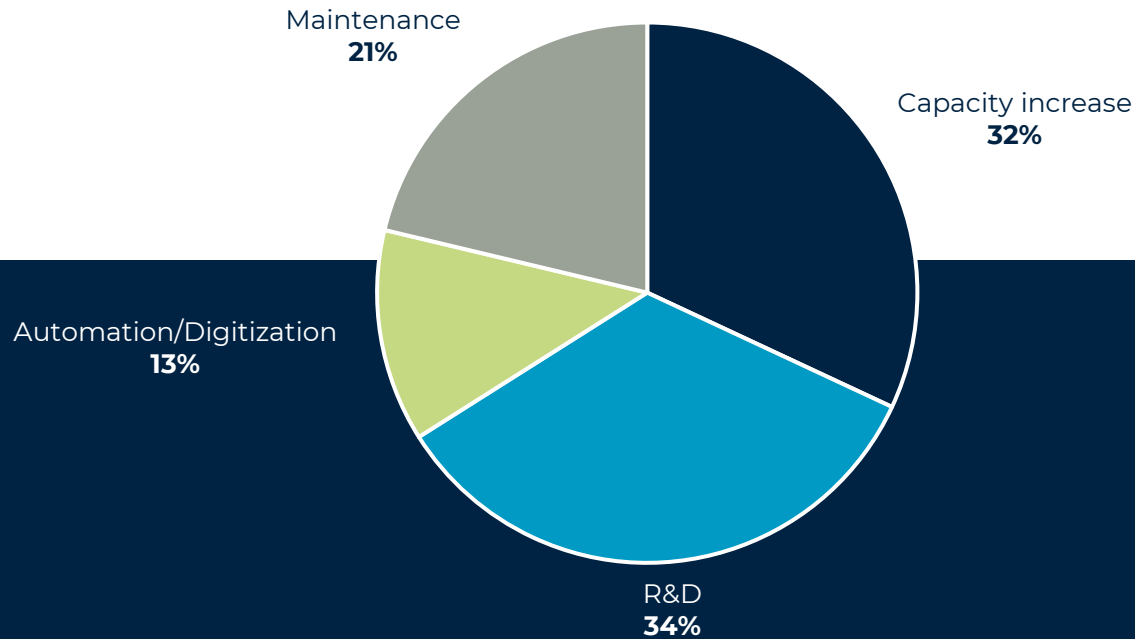
Drivers of growth

- **Organic Revenue Growth (sales volumes + sales prices)**
- **Solid Direct Margin Growth** through:
 - Pricing strategy for margin protection
 - Improved sourcing
 - Continuous portfolio optimization
 - R&D product development initiatives
 - Shift on business mix
- **Structure Efficiency**
 - Improved sourcing and digitalization of business processes to improve production efficiencies
 - Optimization of the overheads structure costs

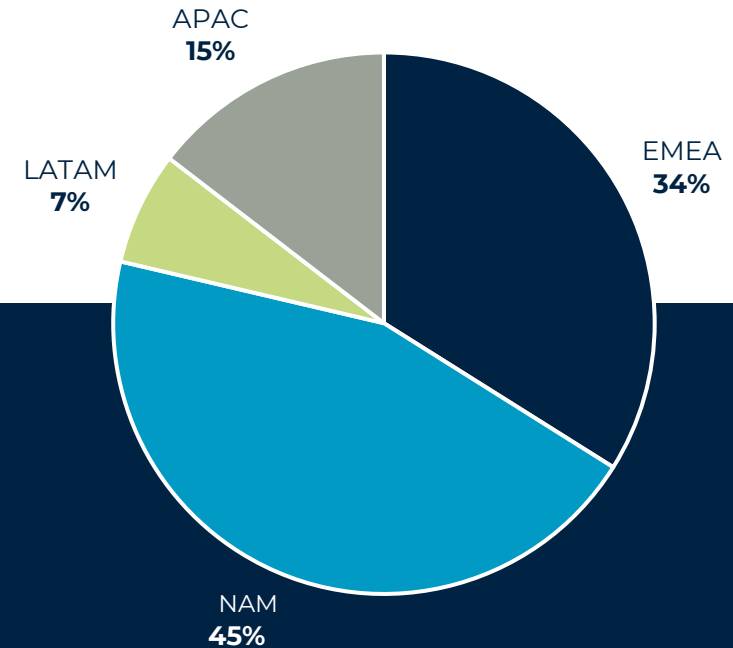
Sustained profitability growth
EBITDA CAGR 23-26 = +c.18.0%

Capex priorities focused on capacity increase in North America, R&D and Digitization

By concept



By geographic region



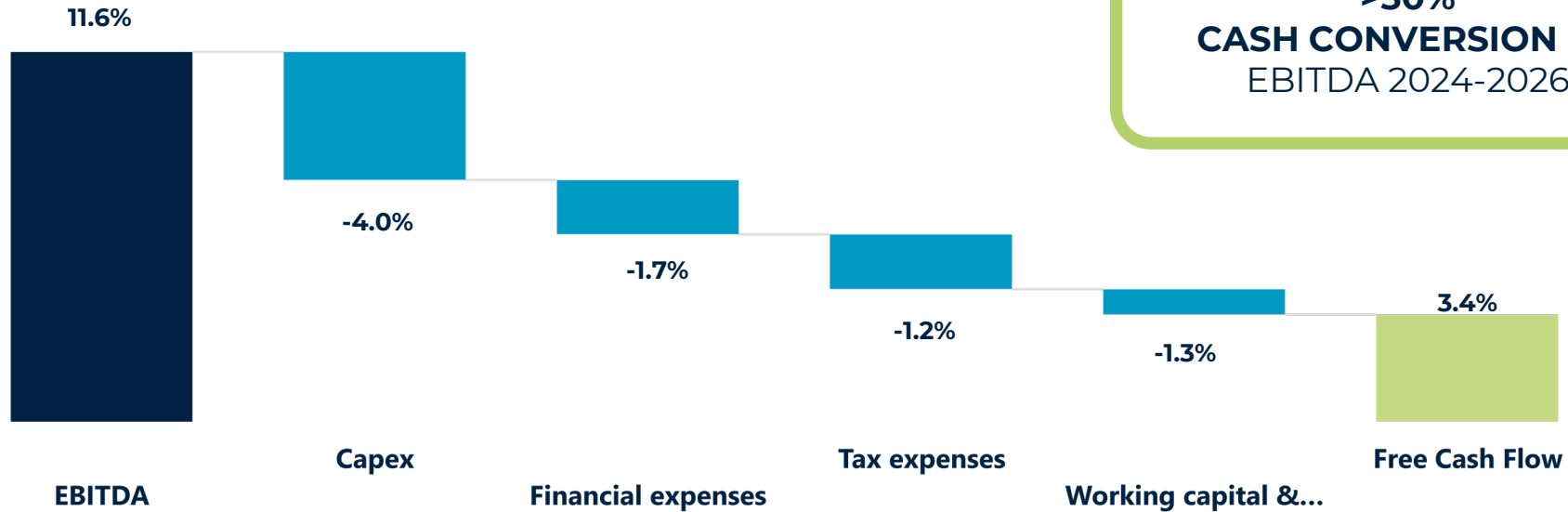
Total capex in the period 2024-2026 will amount to **c.€60million (c. 4% of revenue)**

#EnergizingFuturesTogether Cash Profile

Sustained cash generation

Expected Cash Profile (% o/revenue)

2024-2026 accumulated average rates



>30%
CASH CONVERSION OF
EBITDA 2024-2026

Note: FCF estimated for the period 2024-2026 does not consider any capex dedicated to M&A..

Value creation materialized in sustained cash generation

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Cash allocation plan

M&A

Acquisitions that are accretive for the Group.

Shareholder remuneration

- Cash dividend: >30% pay-out.
- Share buy-back programs (to be considered).

Debt reduction

- Keep on deleveraging the company, faced with a scenario of rising financing costs.
- Objective: <2x NFD/EBITDA, including potential investment in inorganic growth (M&A).

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Key Highlights

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2024-2026 Investment highlights



Industry leader serving niche products to a wide client base in a **high entry barriers** sector



Top positioned on **structurally growing markets** boosted by **energy transition**



Scalable business with a clear strategic roadmap 2024 - 2026



Focus on strict **capex control** and **cash generation** to increase shareholder's value creation



Ambitious financial targets to accelerate **profitable growth**



Strategic **commitment to innovation, talent & sustainability** with challenging objectives

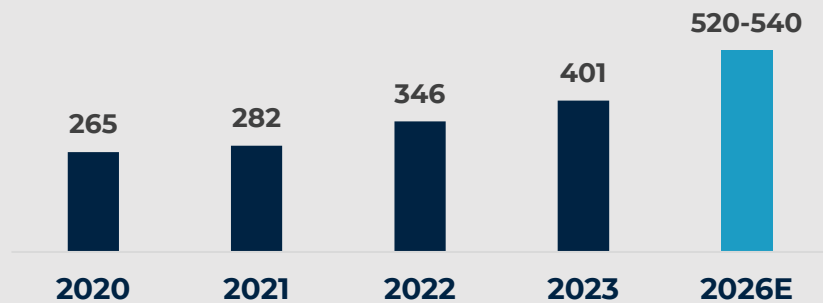
#EnergizingFuturesTogether Committed to ambitious targets



Accelerating profitability and cash generation

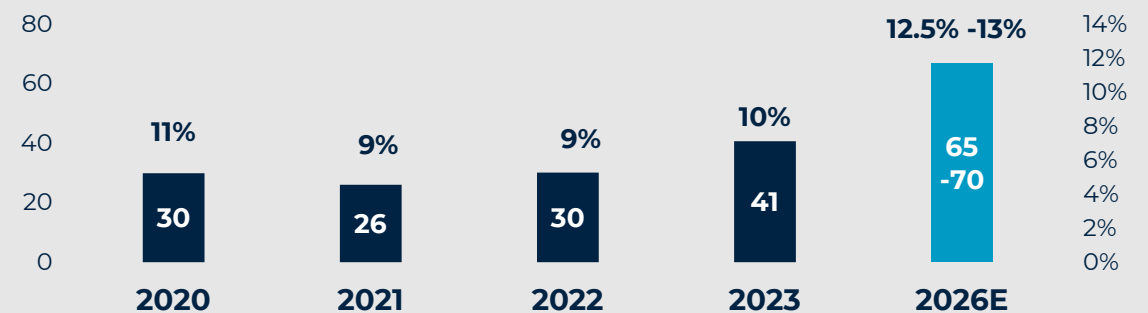
Revenue (€M)

CAGR 20-23: **+14.8%**
CAGR 23-26: **+10.0%**



EBITDA (€ M); EBITDA margin (% o/revenue)

CAGR 20-23: **+10.8%**
CAGR 23-26: **+18.0%**



Capex/
revenue

c.4%

Free Cash Flow/
EBITDA

>30%

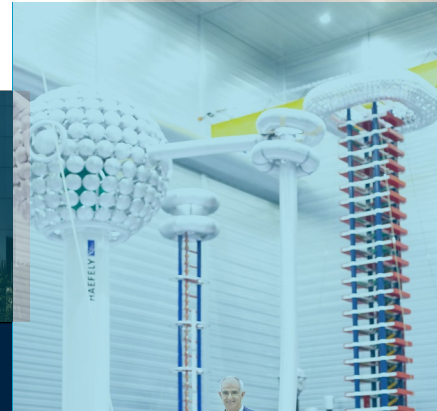
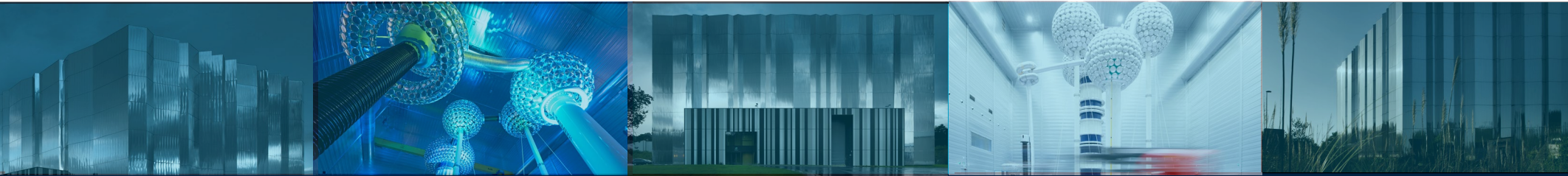
NFD/
EBITDA

<2x

including potential
investment in inorganic
growth (M&A)

Shareholder's remuneration 2024-2026: **>30% pay-out**

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ALEX ARTETXE
CEO



LUIS M. PÉREZ
General Manager



IXONE VICENTE
CFO