

Introduction to SKAKO A/S

In cooperation with
HC Andersen Capital, 6 October 2020

By

- Jens Wittrup Willumsen, Chairman of the Board
- Morten Kofod-Jensen, Group Finance Director

SKAKO

Presentation of SKAKO - 6 October 2020



Agenda

This presentation and related comments may contain forward-looking statements. Words such as believe, expect, may, will, plan, strategy, prospect, foresee, estimate, project, anticipate, can, intend, outlook, guidance, target and other words and terms of similar meaning in connection with any discussion of future operation of financial performance identify forward-looking statements. Statements regarding the future are subject to risks and uncertainties that may result in considerable deviations from the outlook set forth. Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect.

Agenda

- SKAKO at a glance
- SKAKO Vibration
- SKAKO Concrete
- Why invest in SKAKO A/S
- Q&A

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- **SKAKO at a glance**
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SKAKO at a glance – key facts (as of 30 June 2020)

- Two divisions: SKAKO Vibration and SKAKO Concrete
- International Concrete plant and Vibration equipment provider with solid industry know-how and best-in-class products
- 204 employees worldwide
- HQ in Faaborg, Denmark
- Subsidiaries in seven countries: Denmark, France, Spain, the USA, Germany, the UK, Morocco
- 1,733 shareholders, hereof 95% in Denmark
- Board of Directors and Management hold 32% of share capital

SKAKO at a glance – executive management



Managing director of SKAKO Vibration **Lionel Girieud**
SKAKO Vibration A/S
Managing director from 2016



Managing director of SKAKO Concrete **Steffen Kremmer**
SKAKO Concrete A/S
Managing director from 2019

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SKAKO Vibration

Operating a niche business

- High-end producer of vibratory feeding, conveying and screening equipment used across the complete spectrum of material handling and processing
- Main focus is on plant sales
- Solid aftersales business

Sector-driven focus

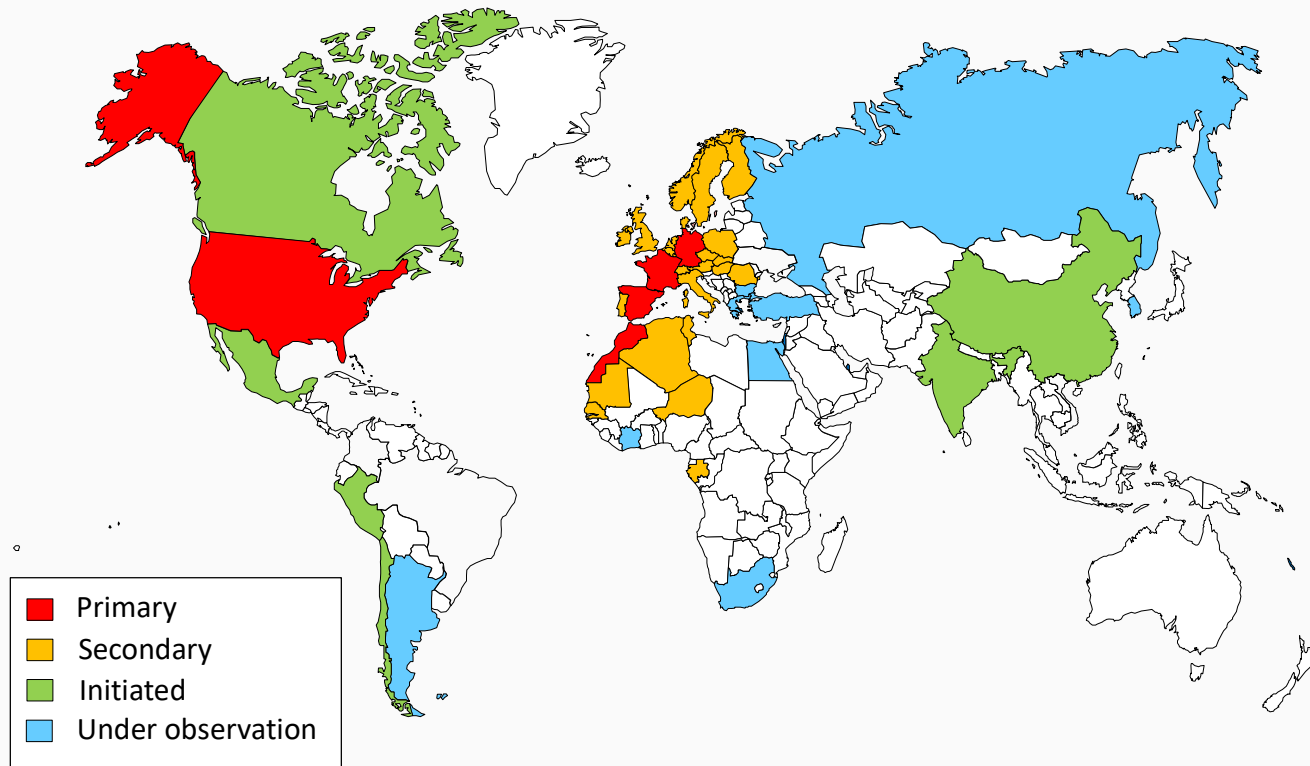
- Especially strong within the automotive (Hardware) sector and the phosphate mining sector
- Strong growth potential in the recycling sector

Main geographical markets are Europe and North Africa

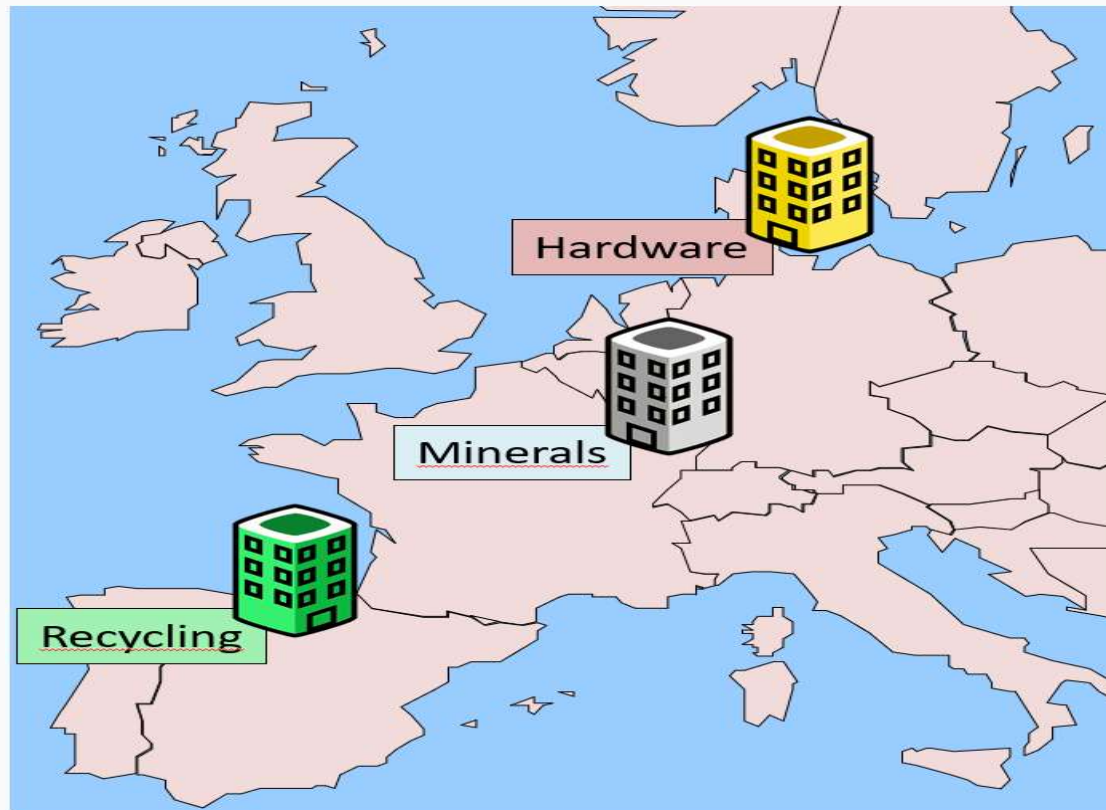
- Strong focus on expanding in Morocco and entering new markets
- North America is important in our future growth strategy



SKAKO Vibration - markets



SKAKO Vibration - organization



SKAKO Vibration – the phosphate mining sector

Phosphate mining sector

- We have a strong profile in France and leverage on the strong historical bond between Morocco and France to grow our business
- Morocco holds two thirds of the world's phosphate reserves and L'Office Chérifien des Phosphates (OCP) is one of the world's largest phosphate producers. After having invested 50 billions DKK to increase its phosphate production, **Morocco will invest 67 billion DKK until 2028** to continue the development of its phosphate mining industry
- OCP has placed orders for more than 145 mDKK at SKAKO Vibration since 2013



SKAKO Vibration – the automotive sector

Automotive sector

- Our strong position with German automobile customers helps us with good references and has opened doors to the North American market
- We have strengthened our organization in North America



Examples of customers:

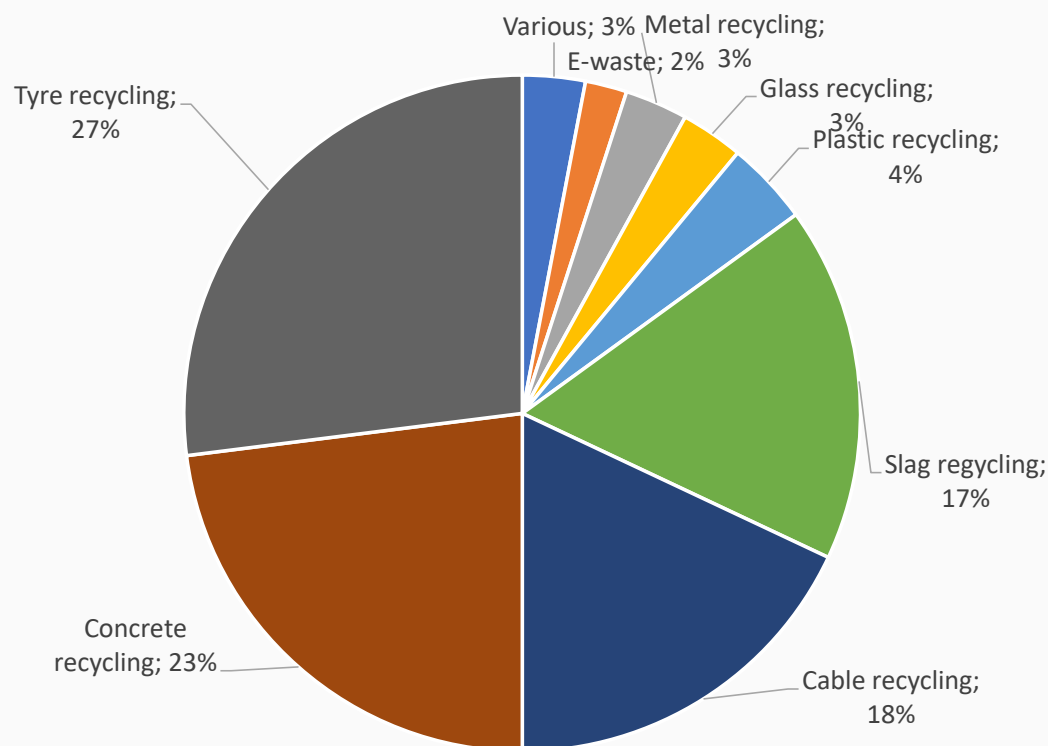
Fitzgerald, Attica, Shannon, Acument, Henrob and Fontana



The recycling industry – an exciting growth opportunity

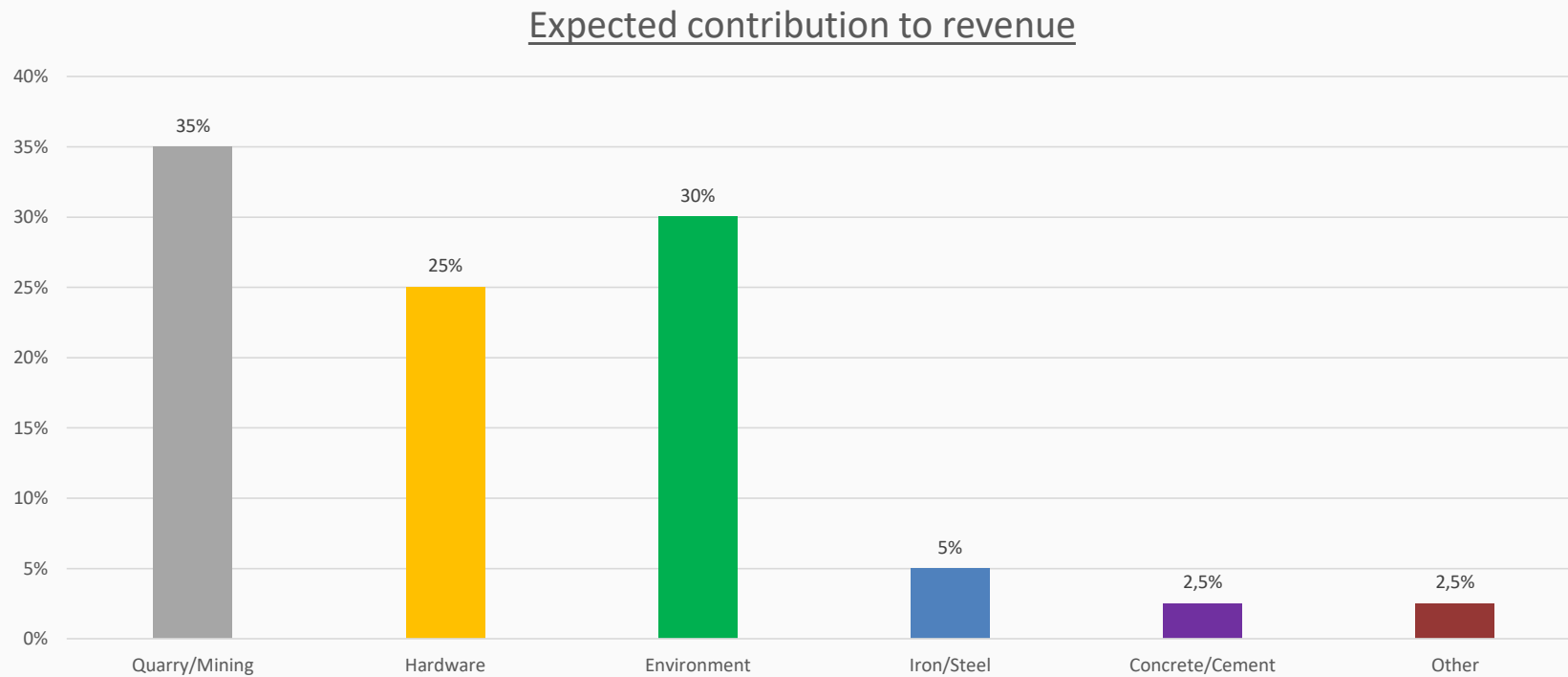
- In November 2019, SKAKO acquired SKAKO Dartek from San Sebastian in Spain to accelerate SKAKO's development into the recycling industry
- Recycling and sustainable production is a known mega trend and an industry that will experience a significant growth in the coming years
- Recycling industry is a wide sector with diverse know-how requirements. Each type of recycling (paper, steel, plastic, glass) requires specific techniques

Subsegments of the recycling industry



Our current sub-segmentation of the sector

The recycling industry – an exciting growth opportunity



SKAKO Vibration - historical performance

Development in revenue

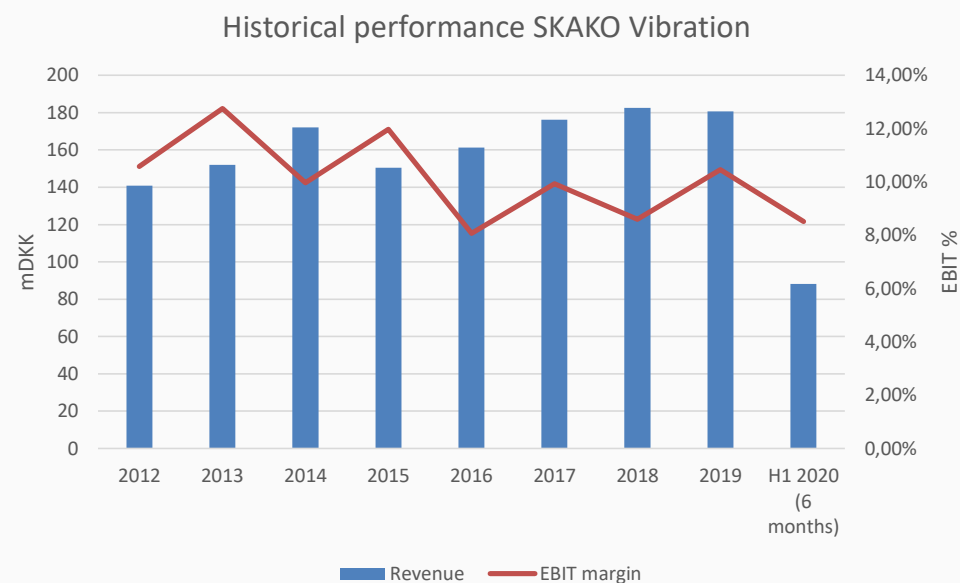
- Changes in product mix in the historical performance period
 - Less Mining/Quarry and Iron/Steel revenue
 - More Hardware/Automotive
- Revenue in 2019 amounted to 180.6 mDKK

Development in EBIT

- Changes in product mix and investments in growth
- EBIT in 2019 amounted to 18.9 mDKK

Focus areas

- Continued profitability
- Continued growth
 - Recycling segment
 - Market shares in North America



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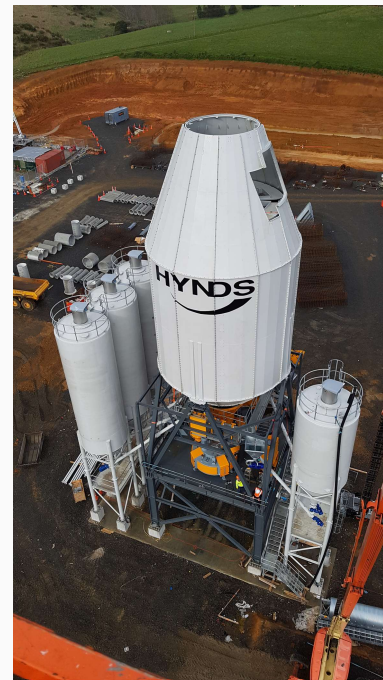
SKAKO Concrete

Versatile product range

- High-end producer of all types of concrete batching plants for ready-mix and precast
- Main focus is on plant sales
- Strong aftersales business

Main geographical markets are Northern Europe and North America

- Strong focus on obtaining higher market share on existing markets without increasing the risk profile on the orders



SKAKO Concrete - SKAKOMAT

Application for management of concrete production

- "State-of-the-art" software for concrete production management
- Many systems in existing concrete plants need to be changed and upgraded
- Sales to "non-SKAKO" plants is a good opportunity for further SKAKOMAT growth
- All SKAKOMAT installations are supported by our hotline
- Continued investments in the enhancement will improve the SKAKOMAT further



SKAKO Concrete – attractive aftersales business

- Aftersales is a corner stone in our business and amounts to 40-50% of the total revenue
- It is built on long standing relationships with our customers, and they continuously have a need for spare parts and maintenance
- The gross profit margin in the aftersales business is above the average gross profit margin for the division
- The growth in the building industry is reflected in our aftersales revenue and consequently we expect good growth in 2021



SKAKO Concrete – sustainability as a growth driver

- Customers are asking for solutions to environmental challenges in concrete production
 - Cleaning and recycling of waste water in concrete production
 - Recycling of concrete from samples and concrete structures (e.g. roads and buildings)
 - Reduction of CO₂ emission
- SKAKO Concrete invests in development of equipment and processes to support circular principles and green technology
- Efforts are primarily focused on UN Global goal no. 9



THE GLOBAL GOALS
For Sustainable Development



**UPGRADE ALL INDUSTRIES AND
INFRASTRUCTURES FOR SUSTAINABILITY**

SKAKO Concrete - historical performance

Development in revenue

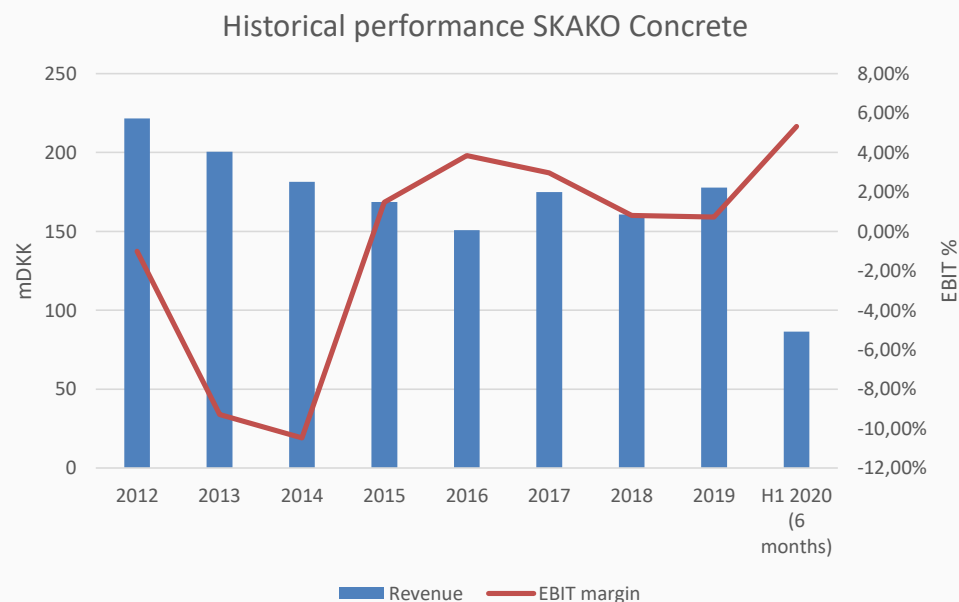
- From 2010-2014 focus was on entering contracts in new markets with a higher risk profile
- From 2014 focus has been on our primary markets, and they are showing clear signs of improvements – especially Northern Europe

Development in EBIT

- In the years after the financial crisis we were suffering from overcapacity and unprofitable orders from new markets
- Turnaround initiated in August 2014. Subsequently, we have increased EBIT margin
- In 2017 we reorganized the production setup in order to further streamline the organization and improve profitability
- In 2018 we had challenges with low order backlog entering the year and some less profitable projects
- In 2019 we had focus on optimizing production and adjusting capacity costs for a leaner and more flexible set up

Focus areas

- Further increasing profitability (see next page)



Note: EBIT 2017 is before special items

SKAKO Concrete – increasing profitability

Focus areas

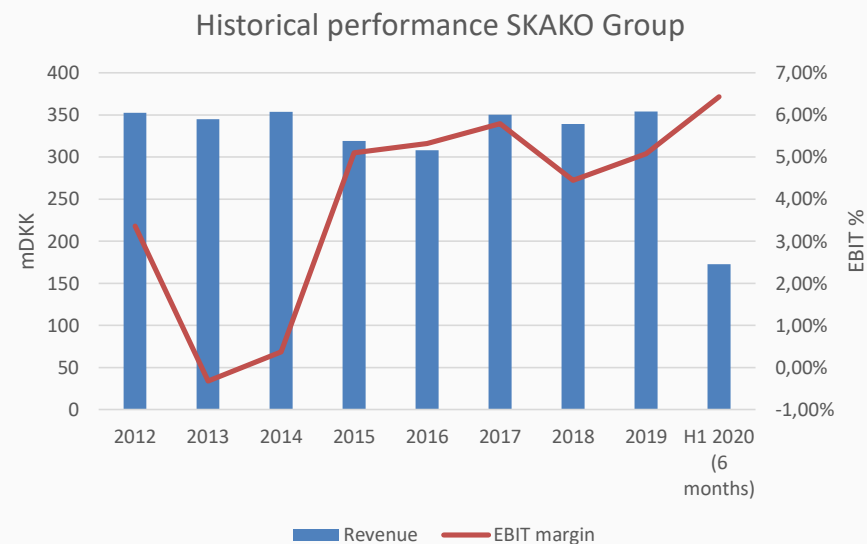
- Careful selection of the projects we engage in
- Focus on internal processes
- Flexibility
- Digitalization
- Growth in revenue from aftersales

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SKAKO Group 30 June 2020

- H1 2020 EBIT of 11.1 mDKK
 - Vibration EBIT of 7.5 mDKK
 - Concrete EBIT of 4.6 mDKK
- Expected full year 2020 EBIT of 13 – 18 mDKK
- Equity of 133.3 mDKK
- Assets of 317.3 mDKK
- Equity ratio of 42%
- Net debt of 30.0 mDKK
- Price to book ratio of 0.9



Note: EBIT 2017 is before special items

Why invest in SKAKO

- A highly profitable SKAKO Vibration with a strategic focus on expanding into the mega trend of recycling to secure continued growth
- A SKAKO Concrete with a strong focus on improved profitability
- The SKAKO Group has a capital structure that allows the Group to return significant value to its shareholders over the coming years

SKAKO

SKAKO

Q&A

SKAKO

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