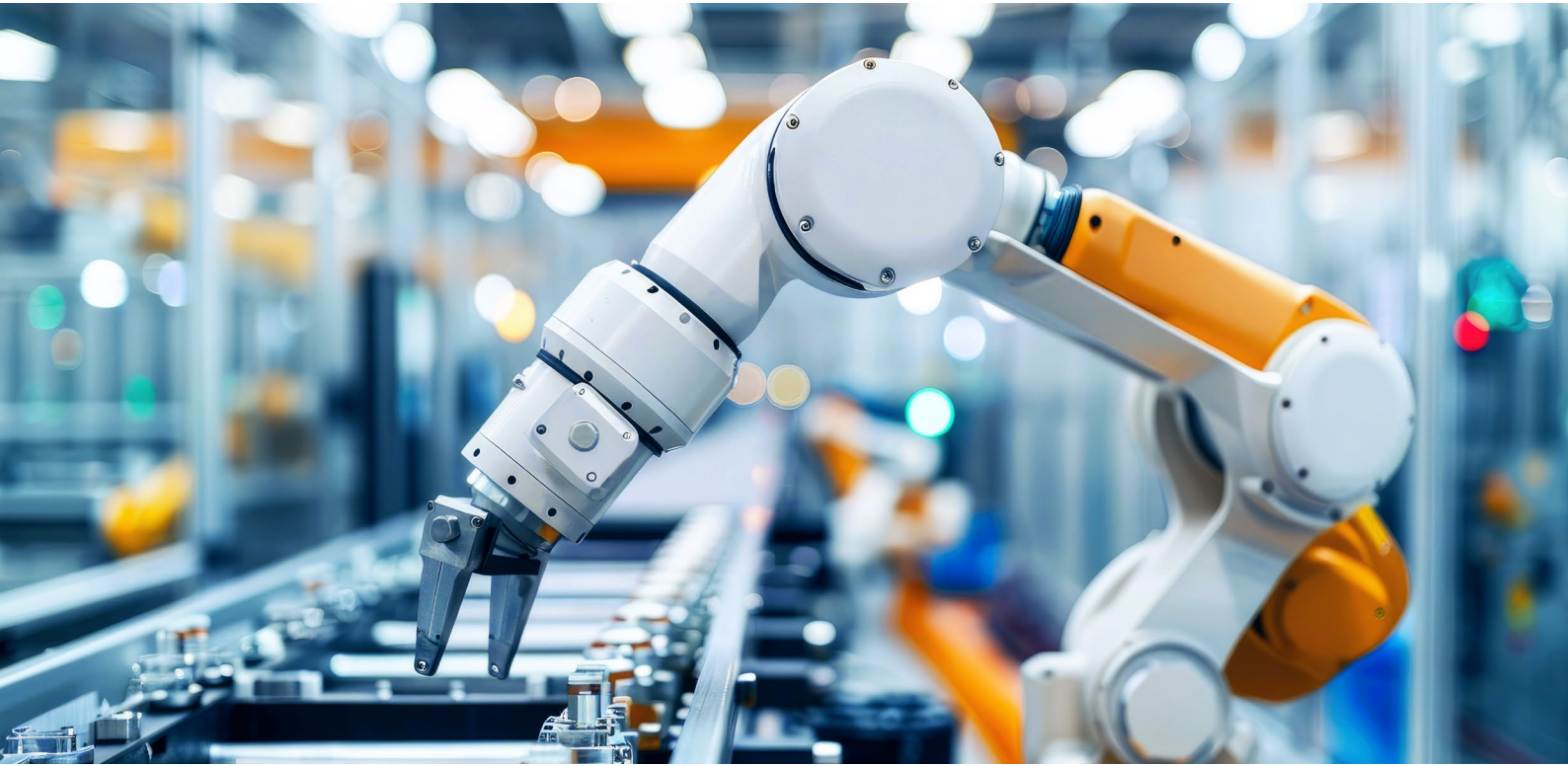


Update



The CGS Journal

Issue
December 2024



2024 was a special year for CGS. We are delighted to announce that the company succession has been successfully completed. CGS has been placed in new, committed hands in a spirit of trust and with a clear view to the future.

End of August, the baton has been passed on to a new generation who will continue to lead the company with a fresh perspective, passion and innovative strength. Oliver Walker and Andreas Emödi have taken the helm, bringing fresh ideas and a strong commitment to lead the company, together with Thomas Anderegg, into a successful future. In the course of the succession process, Rolf Lanz has sold all of his shares in CGS, but remains Chairman of CGS and will support CGS in the near future.

CGS was founded almost 30 years ago by three individuals who had previously spent their careers in industry. This DNA is the key differentiator of CGS and has led to success time and time again. We are now pursuing this approach of combining industrial experience and

financial discipline in the third generation. CGS' successes are based on a strong team effort. This also includes a strong network of business partners. We thank you for your trust and partnership and look forward to shaping the future together and celebrating further successes.

As part of the succession process, we have refreshed our corporate design. The redesign not only marks an aesthetic change, but also reflects the continuous development of CGS. Our aim is not only to keep our finger on the pulse of the times, but also to position ourselves for the future without losing sight of the core values that define us.

Here's to the future!
Your CGS team



Oliver Walker
Managing Partner



Andreas Emödi
Managing Partner



Thomas Anderegg
Managing Partner

R&S – from local niche player to European champion



R&S Group is one of the leading suppliers of electrical infrastructure products in key markets in Europe and the Middle East. With production facilities and offices in Europe and the Middle East as well as a broad global partner network, R&S Group offers customers high-quality service and prompt support. Strong innovation expertise and a high degree of flexibility enable the development of modern products and solutions that meet the demanding needs of customers.

The success story...

“Once upon a time...” is not only the classic introduction to many fairy tales; in real life, too, you can look back and reflect on how a success story began.

We start in 2011 in Sissach, Switzerland, at Rauscher & Stoecklin AG. Founded in 1912, the company manufactures oil-cooled medium-voltage transformers exclusively for the Swiss energy industry. These transformers are used in power generation and transmission. Rauscher & Stoecklin is already the market leader in Switzerland thanks to its exceptional flexibility in meeting customer requirements and very high quality. However, due to succession, the company is owned by over a dozen shareholders with different interests. CGS, with its long track record of success and excellent reputation, was identified as the ideal partner to ensure the long-term development of the company and the consistent expansion of its market position.

Based on Rauscher & Stoecklin's strengths – the manufacturing of high-quality transformers tailored to individual customer requirements – we jointly analysed the market and developed a clear vision. At that time, the European target market was characterised by an outdated electrical infrastructure. At the same time, we expected demand for electrical energy to increase, partly as a

result of the onset of decarbonisation. The vision was to build a market leader with a pan-European presence, capable of building long-term partnerships through uncompromising quality and responding to individual customer needs. The strategic implementation was to include a strong buy-and-build approach with the targeted acquisition of local market leaders with complementary product offerings – a proven competency of CGS.

This plan was consistently implemented in the following years. Local manufacturers were acquired in the Czech Republic, Poland and Italy. These acquisitions not only extended the geographical presence, but also significantly broadened the product portfolio. In the Czech Republic, for example, we acquired the market leader for medium- and high-voltage circuit-breakers, in Poland the market leader for power transformers and in Italy a leading manufacturer of cast resin transformers.

This development was guided in a targeted and prudent manner by a Board of Directors with industry experience. Initially, however, the market did not develop as well as expected, as electricity utilities continued to invest too little in the power grid to cope with the increase in electricity consumption.

Several challenging years followed in the wake of the Covid-19 pandemic and the resulting supply chain problems and rising raw material costs. At the same time, power utilities realised that their aging grids could not cope with the rapidly growing demand for electrical energy and distributed energy generation. On the one hand, the Board of Directors decided to change the Executive Board and appointed Markus Laesser as CEO and Dr Matthias Weibel as CFO. On the other hand, a forward strategy was developed to meet the increasing demand on the customer side. This included strengthening the management organisation (matrix organisation), investing in existing plants to expand production capacity, building a new factory for oil-cooled transformers in Poland and taking over the former joint venture in the United Arab Emirates.

In view of the successful implementation of this strategy and the strong growth, the question arose as to when ownership should be transferred to new hands. As part of the evaluation of potential partners, CGS entered into dialogue with the only SPAC (Special Purpose Acquisition Company) listed on the SIX Swiss Exchange. In the course of the discussions, the investors in the SPAC became increasingly enthusiastic about the R&S Group's positioning and growth prospects. At the same time, CGS saw a possible listing of the R&S Group as a great opportunity, as the improved access to the capital market would ensure the further expansion of the Group and the continuation of the buy & build strategy.

In December 2023, the time had come: CEO Markus Laesser and Dr Rolf Lanz from CGS rang the famous bell at the SIX in Zurich on the first day of trading.

The R&S Group successfully closed 2023 with adjusted sales of CHF 201.6m and adjusted EBIT of CHF 37.5m, thus achieving a record result.

Dr Rolf Lanz says: "I am proud that with the IPO we have created the basis for the R&S Group to continue its buy & build strategy. We already demonstrated this in August 2024 with the acquisition of Kyte Powertech". Kyte Powertech – market leader in Ireland and UK – also manufactures oil-cooled transformers, but in an even broader power class. This brings the expanded R&S Group's turnover to almost CHF 400m. In September 2024, the new plant in Poland for oil-cooled transformers also went into operation, increasing capacity for further growth. The operating business remains dynamic, allowing the R&S Group to revise its business outlook upwards in May 2024. Including Kyte Powertech, the company now expects organic sales growth of >12% and EBIT of around 20% for 2024. The development of new markets, the optimisation of existing plants as well as the construction of new facilities and possible acquisitions will continue to offer attractive opportunities in the coming years.

For the capital market, the R&S Group offers an excellent investment opportunity to benefit from the urgently needed renewal of the electrical infrastructure, decentralised energy generation and the advancing decarbonisation of the economy. The share has already gained around 100% in value since the IPO in December 2023 (as of December 2024) and also pays a substantial dividend.



From left to right: Markus Lässer, CEO of R&S Group, Dr. Rolf Lanz, Chairman of CGS Management AG

MARKUS LAESSER, CEO OF R&S GROUP:

"Today is a special day for R&S Group and all our stakeholders. I am very proud of the entire R&S team and its commitment to achieving our growth ambitions. We look forward to demonstrating that R&S Group is well positioned to benefit from the increasing demand for energy and the key drivers of decarbonization, decentralization and modernization. Being a listed company will increase our visibility in the markets and provide us with the prospects to realize our various strategic and operational initiatives and growth plans even better in future".



Stock price development of the R&S Group from market opening on December 13, 2023, to December 13, 2024.



Building Bridges, Inspiring Growth, and Learning from the Best in Appenzell

On 12 & 13 September 2024, CGS hosted an inspiring gathering in the scenic town of Appenzell with the CEOs and CFOs of our portfolio companies. This meeting wasn't just about business – it was about people, collaboration, and fostering a positive, constructive spirit that drives our shared success.

Our agenda included knowledge sharing and discussions on best practices, focusing on innovation, mutual growth, and addressing challenges together. These exchanges highlighted the collective strength of our partnerships, reinforcing our belief that success stems from strong relationships and open dialogue.

A highlight of the event was an inspiring keynote by legendary Swiss climber Dani Arnold. Dani captivated us with his insights on commitment, preparation, and the importance of having a clear plan – values that resonate deeply with the entrepreneurial journey. His stories of overcoming challenges and striving for excellence left a lasting impression, reminding us of the power of perseverance and focus in achieving ambitious goals.

Outside of the formal sessions, we enjoyed leisure activities that brought us closer together, strengthening the bonds that unite our portfolio community. Laughter, shared experiences, and

personal connections are the foundation of the trust and teamwork that fuel our collective growth.

This meeting in Appenzell underscored our belief in investing in people as much as businesses. With the energy, inspiration, and insights we've gained, we're excited to move forward, stronger and more united than ever.



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