



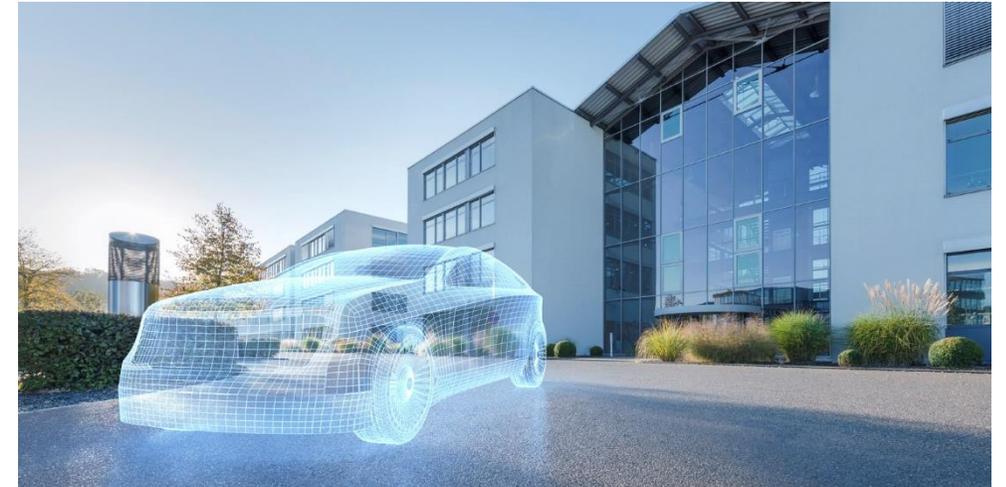
**Corporate Presentation**  
**Bertrandt AG**

Frankfurt, 22 October 2019, Markus Ruf

**bertrandt**

# Agenda

- Bertrandt at a glance
- Market and Customer Environment
- Fiscal: first three quarters 2018/2019
- Outlook



# Outline Bertrandt



Foundation  
Bertrandt



Overall performance  
FY 2017/18: 1.021 m Euro



More than 13,000  
employees



55 locations in Europe, the  
USA and China

From the initial idea to production readiness



Design



Vehicle  
Body



Interior



Electronics



Powertrain



Chassis



Simulation

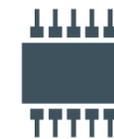


Testing

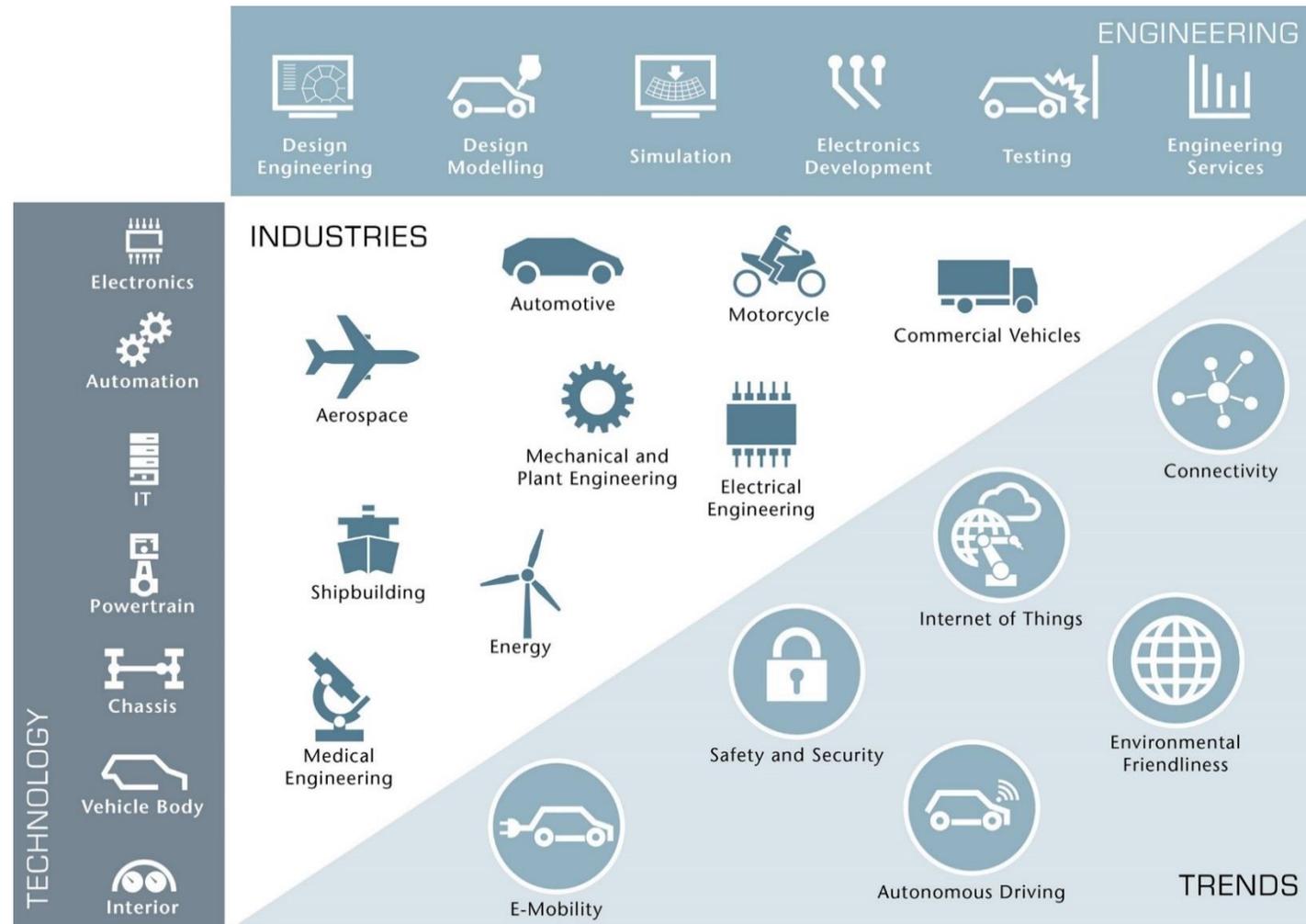


Engineering  
Services

In different Industries

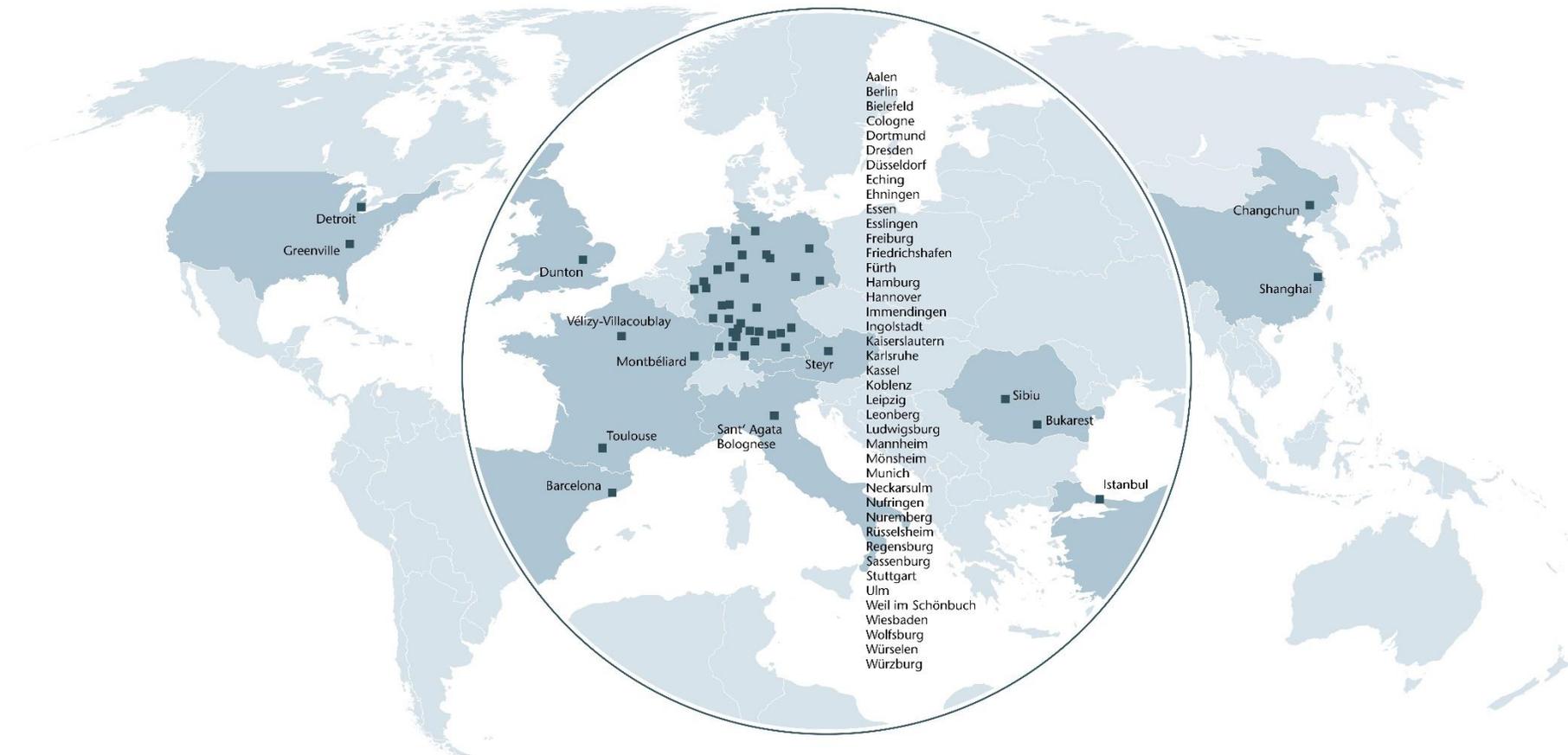


# Modular Range of Services – Customers may choose and combine Services according to their Needs

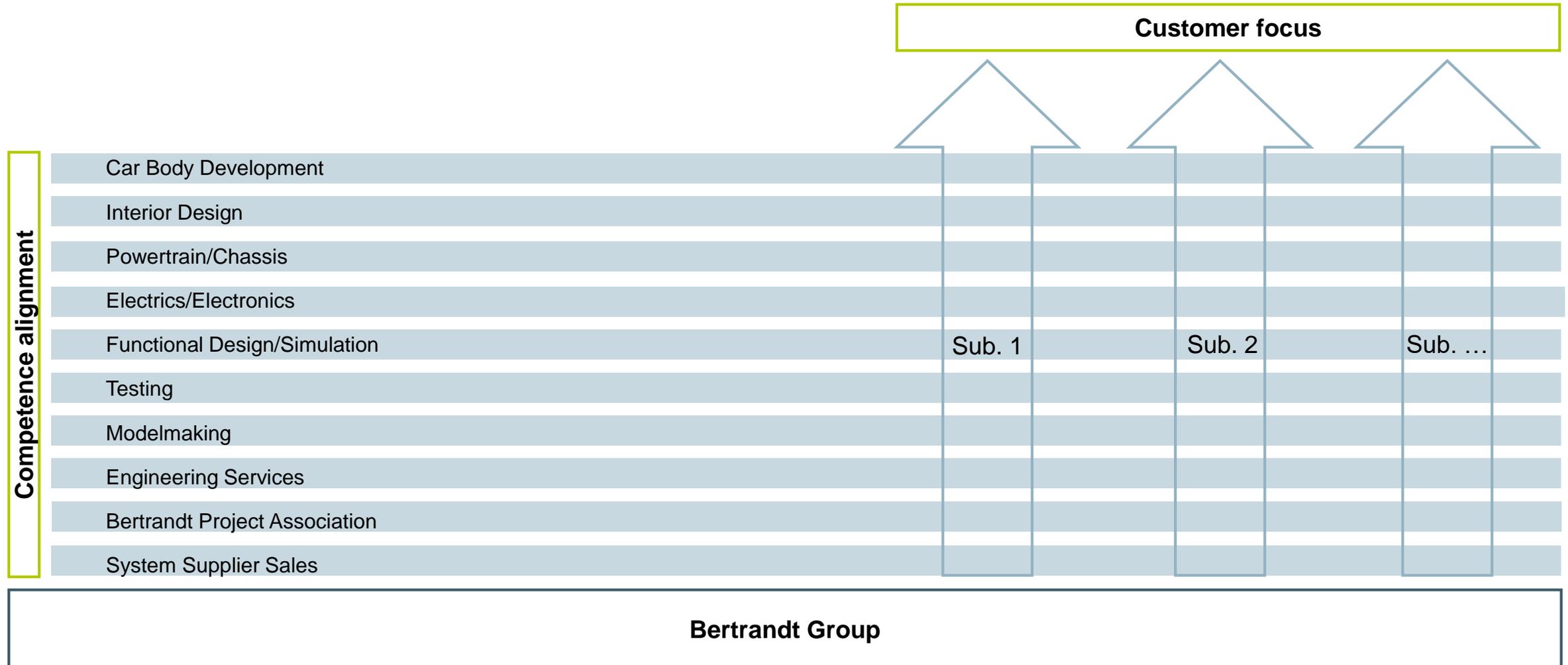


# We want to be close to our Customers – decentralised Organisation

Round 13,000 employees at 54 locations in Europe, the USA and China.

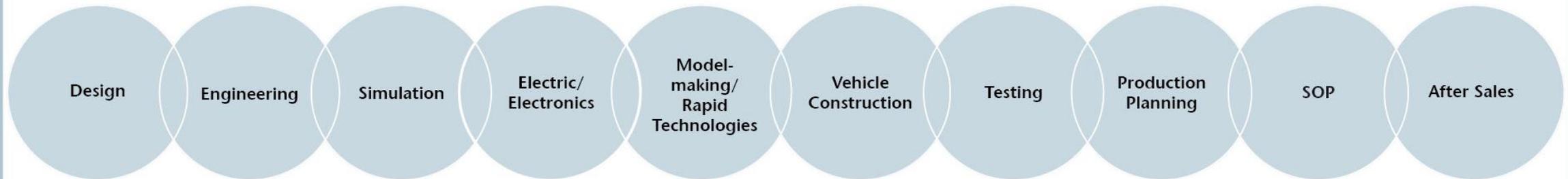


# Maximum Customer Focus and Competence Alignment



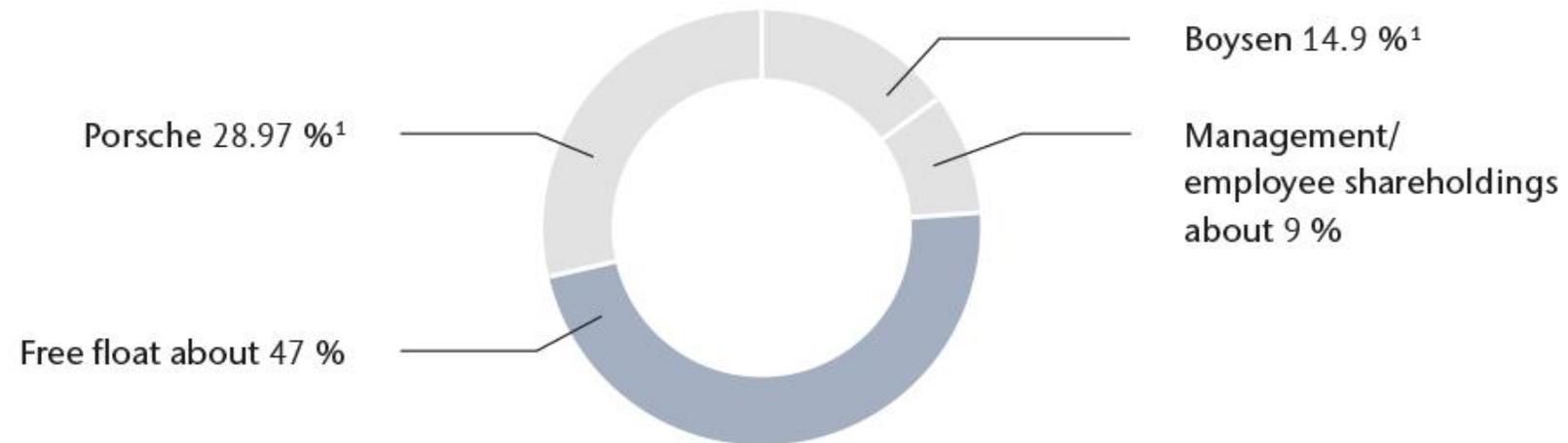
# Bertrandt offers end-to-end Engineering Services – from the Idea right up to SOP

## Bertrandt Product-Engineering-Process (PEP)



Project Management | Quality Planning | Project Controlling | Change/Release-Management | Further Services

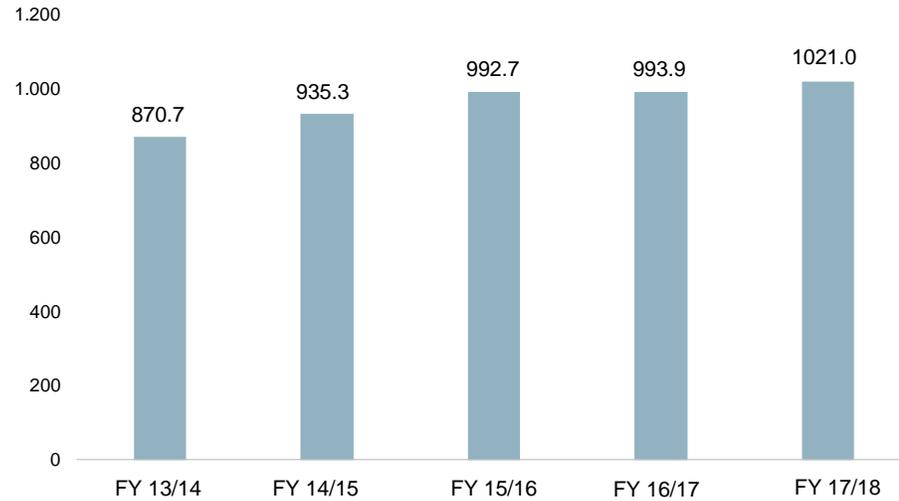
# Shareholder structure



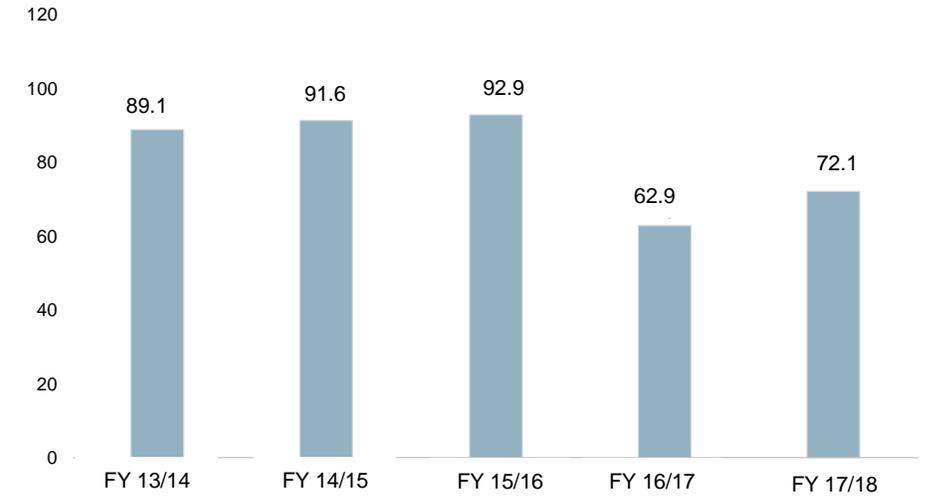
<sup>1</sup> All data is based on disclosures made to the company pursuant to Section 21 et. seq. WpHG.  
As of 30 September 2018

# Key figures development

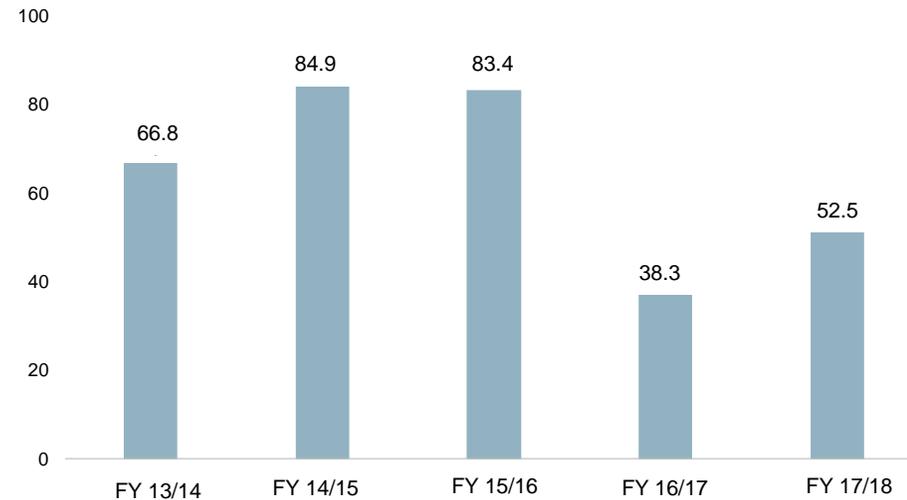
**Total revenues**  
(EUR million)



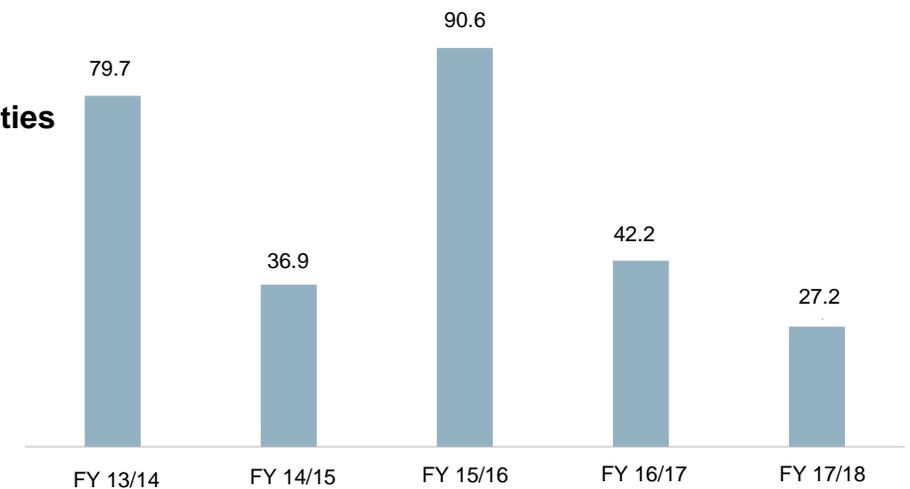
**EBIT**  
(EUR million)



**Capital expenditure**  
(EUR million)



**Cash flow from operating activities**  
(EUR million)



# Longterm record

EUR million	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
01/10 until 30/09					
<b>Revenues</b>	<b>1,019.914</b>	<b>992.276</b>	<b>992.021</b>	<b>934.787</b>	<b>870.563</b>
Other internally generated assets	1.106	1.602	0.672	0.472	0.176
<b>Total revenues</b>	<b>1,021.020</b>	<b>993.878</b>	<b>992.693</b>	<b>935.259</b>	<b>870.739</b>
Other operating income	8.594	8.682	11.471	13.323	13.208
Raw materials and consumables used	-100.388	-105.605	-98.097	-88.089	-71.444
Personnel expenses	-723.971	-703.593	-695.681	-660.357	-624.141
Depreciation	-33.022	-33.864	-29.725	-25.193	-22.234
Other operating expenses	-100.092	-96.628	-87.796	-83.306	-77.041
<b>EBIT</b>	<b>72.141</b>	<b>62.870</b>	<b>92.865</b>	<b>91.637</b>	<b>89.087</b>
<b>Net finance income</b>	<b>-2.983</b>	<b>-2.181</b>	<b>-1.378</b>	<b>0.033</b>	<b>0.432</b>
<b>Profit from ordinary activities</b>	<b>69.158</b>	<b>60.689</b>	<b>91.487</b>	<b>91.670</b>	<b>89.519</b>
Other taxes	-3.858	-2.698	-1.674	-1.250	-1.220
<b>Earnings before tax</b>	<b>65.300</b>	<b>57.991</b>	<b>89.813</b>	<b>90.420</b>	<b>88.299</b>
Income taxes	-17.915	-14.125	-26.205	-27.784	-25.956
<b>Post-tax earnings</b>	<b>47.385</b>	<b>43.866</b>	<b>63.608</b>	<b>62.636</b>	<b>62.343</b>
– attributable to minority interest	0	0	0	0.017	0.004
– attributable to shareholders of Bertrandt AG	47.385	43.866	63.608	62.619	62.339
Number of shares (million) – diluted/basic, average weighting	10.095	10.091	10.091	10.083	10.076
<b>Earnings per share (EUR) – diluted/basic</b>	<b>4.69</b>	<b>4.35</b>	<b>6.30</b>	<b>6.21</b>	<b>6.19</b>



## Market and Customer Environment

## Global challenges and uncertainties



Trade conflicts with China,  
Mexico & EU



2018: car market shrinks for the first time  
since 1990  
2019: stagnation expected



Brexit risk



Growth forecast cut to 0.8 %



Digitisation

Connectivity

Autonomous driving

Electric mobility

## Automotive industry in transition

## Reactions of the OEM



**Investment**



**Cooperation**



**Austerity Programmes**

## Importance for development service providers



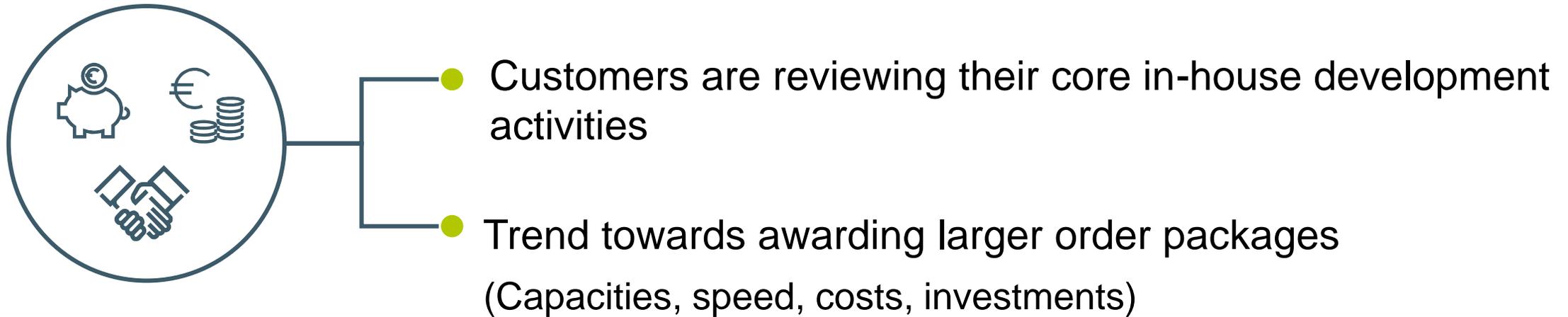
R&D costs in the automotive sector are at a high level worldwide



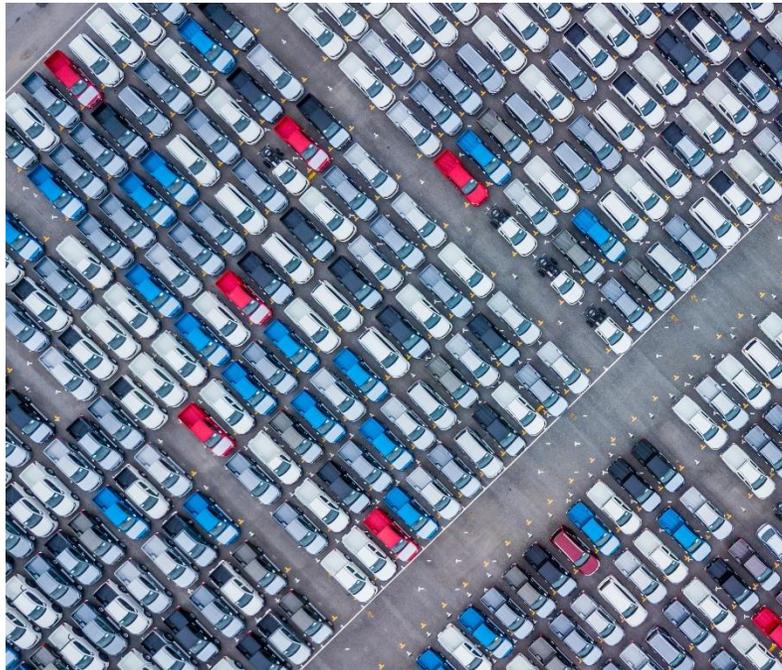
2017: EUR **135 bn** 2030: EUR **141 bn**  $\triangleq$  CAGR: 0.34%

**Increase in market volume for development services forecast**

## Derivatives for bertrandt



# Orientation



**Markets & Customers**

**Services & Solutions**

**Globalisation**

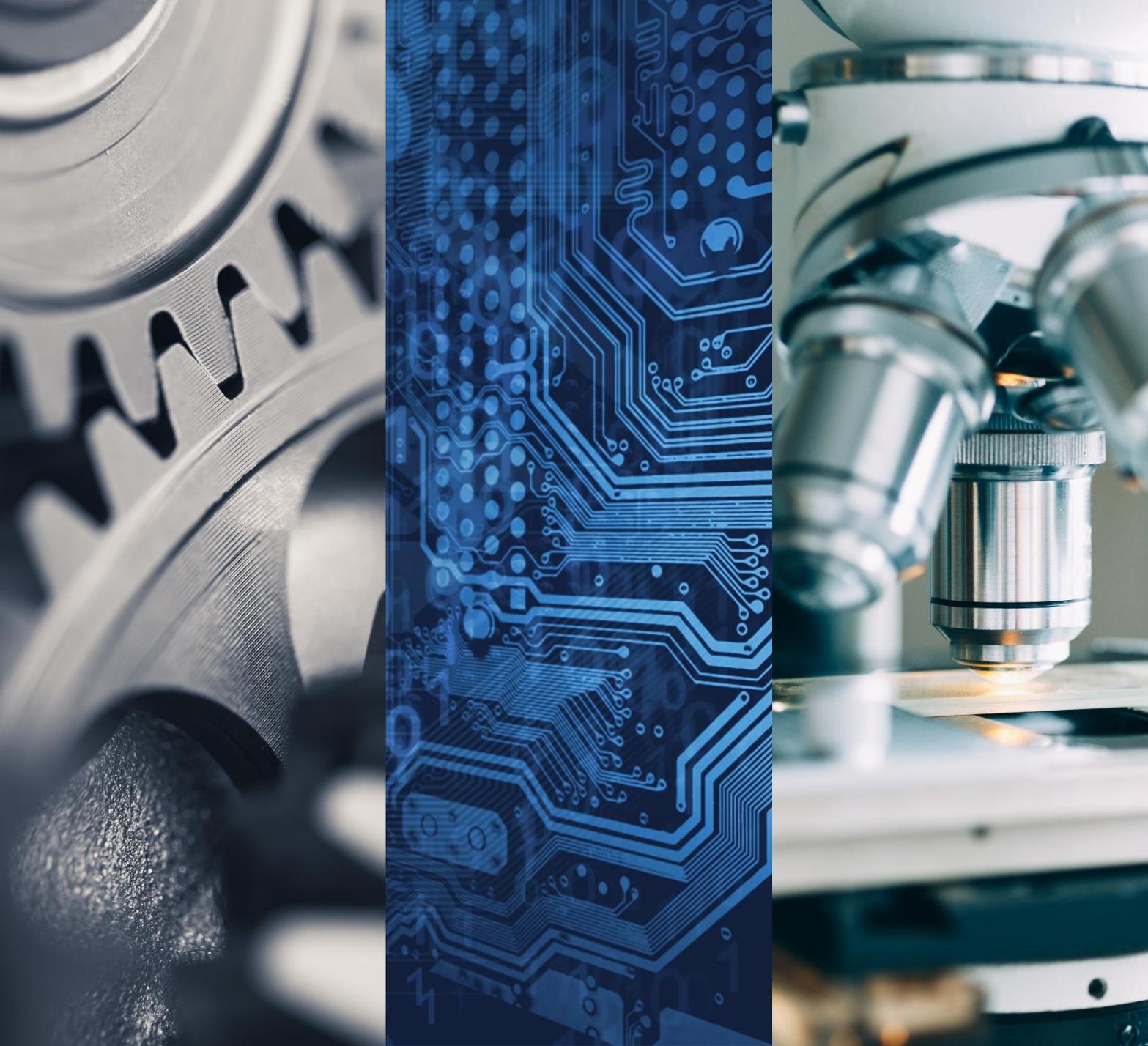


**MOBILITY**

OEM

Tier 1

Tier 2



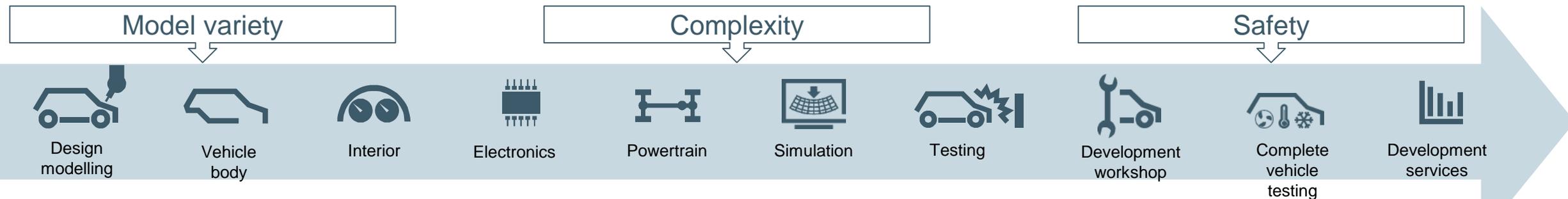
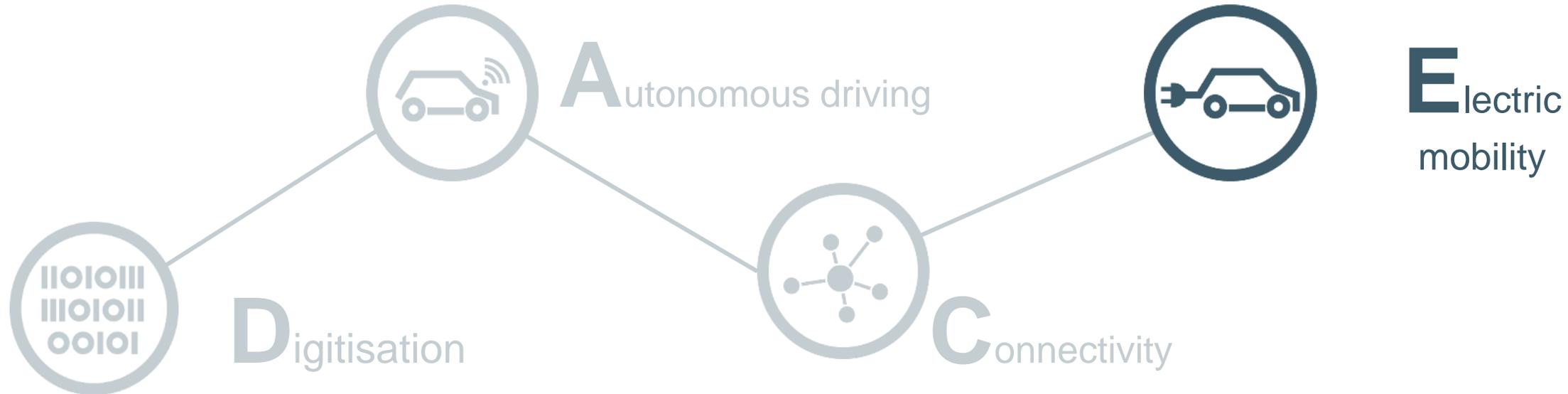
# **NON- MOBILITY**

OEM

Tier 1

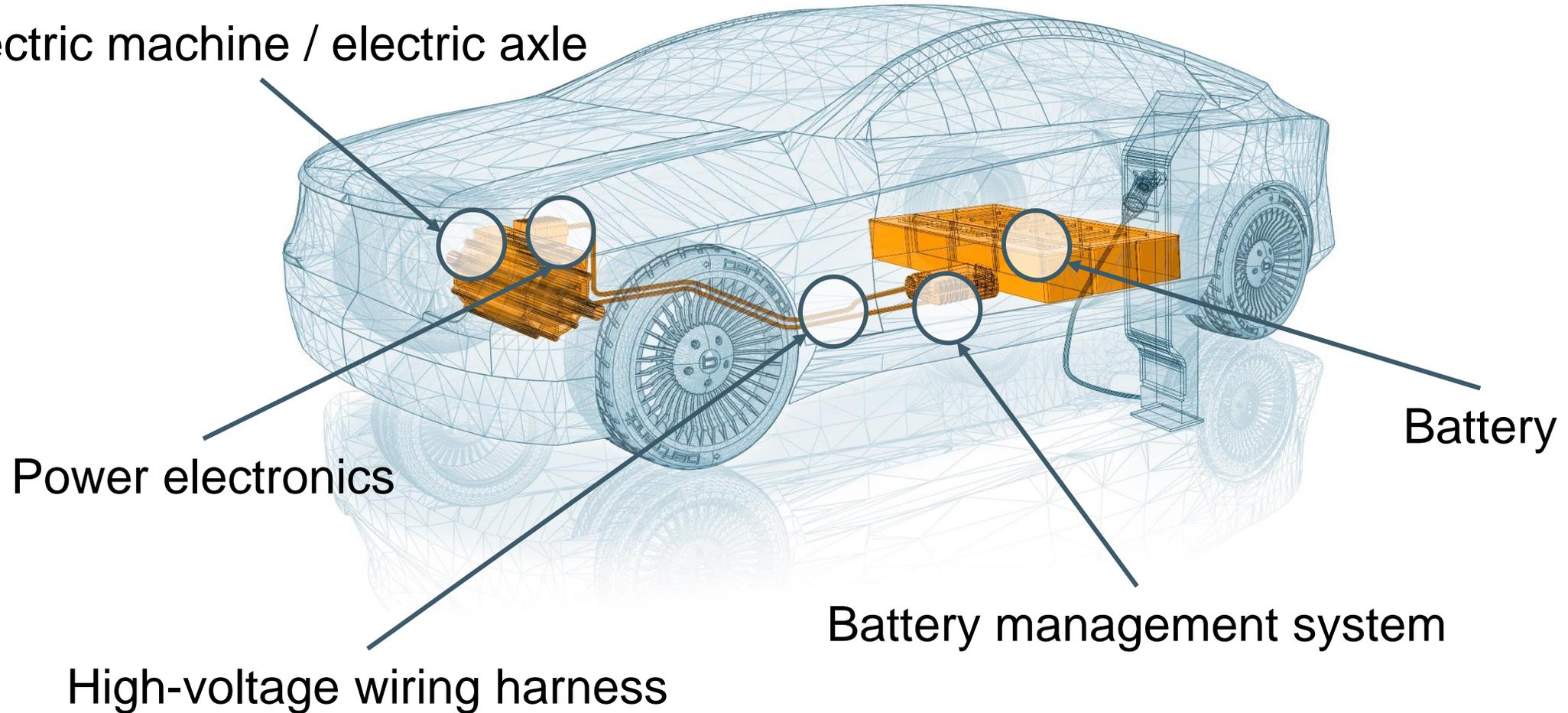
Tier 2

# Services and solutions



# Important components of an electric drive system

Electric machine / electric axle



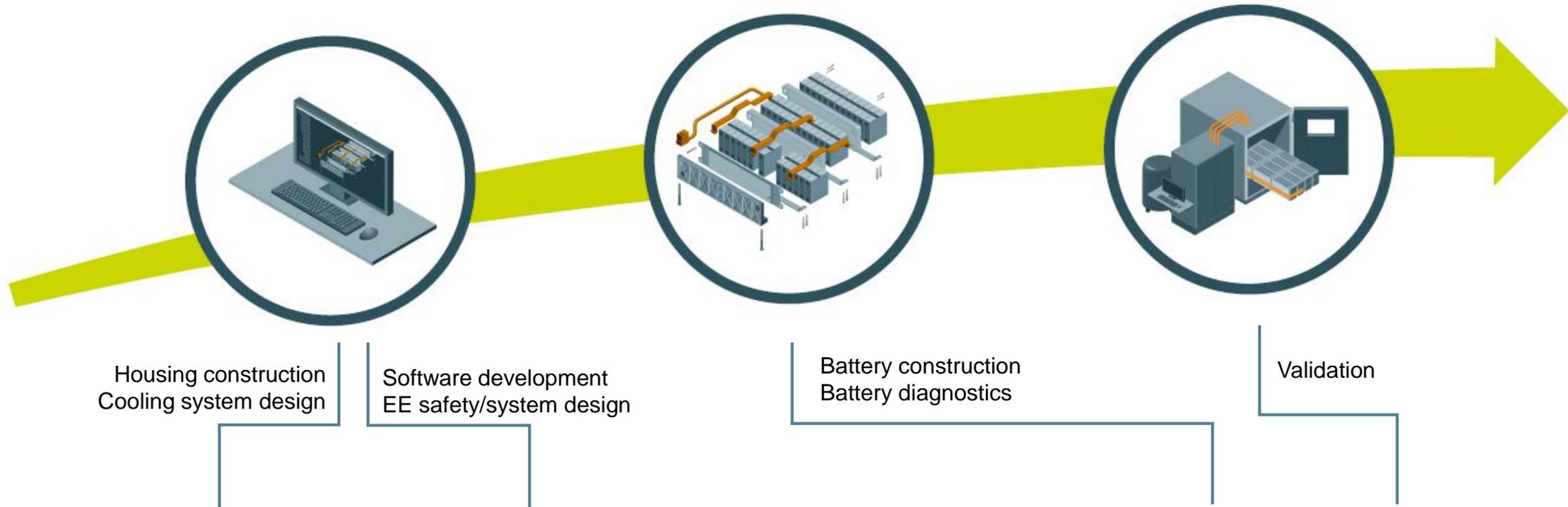
Power electronics

Battery

Battery management system

High-voltage wiring harness

# High-voltage battery derivative development



Design modelling



Vehicle body



Interior



Electronics



Powertrain



Simulation



Testing



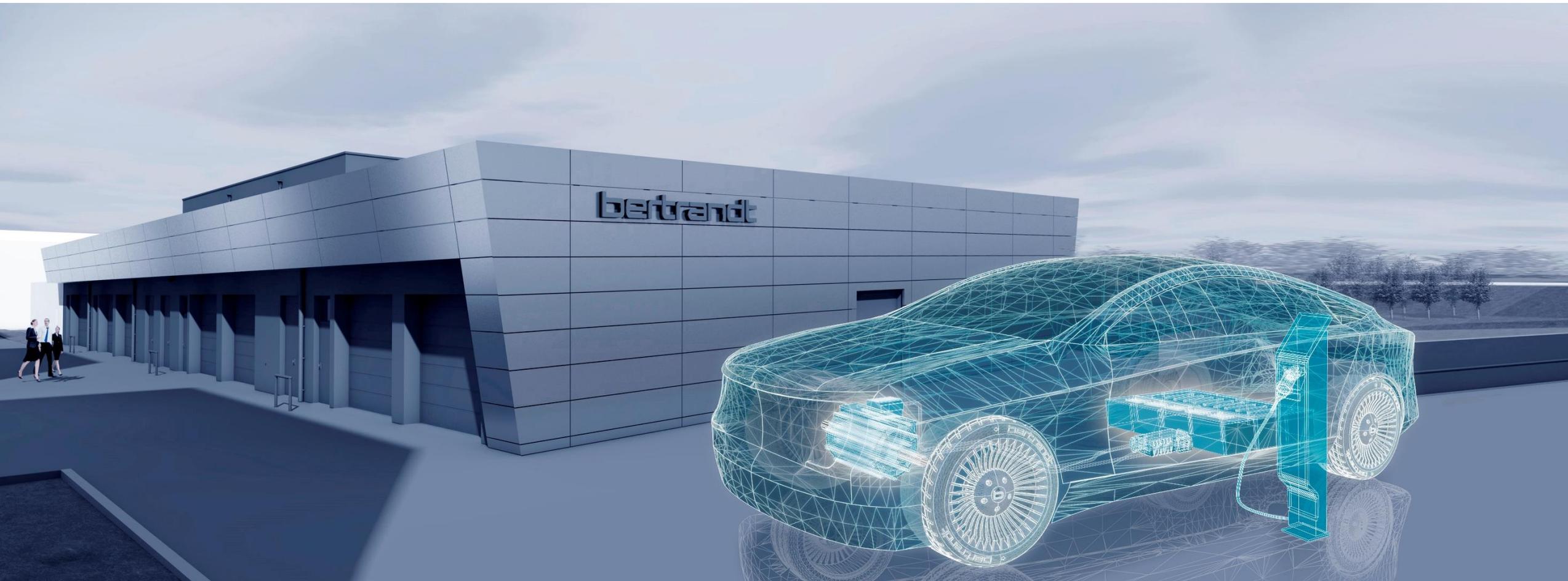
Development workshop



Complete vehicle testing



Development services



## High-voltage battery testing centre

# Bertrandt is building two state-of-the-art vehicle emissions testing centres



April 2019



Commissioning: July 2020



## Validation of the powertrain concepts of the future

Powertrains with different fuels  
Petrol | diesel | CNG | hydrogen | special fuels

Alternative powertrain concepts  
Hybrid / electric drive systems



## Locations



Munich



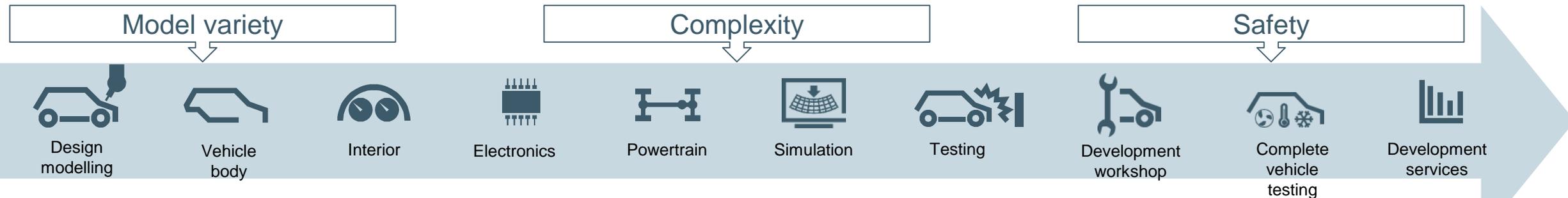
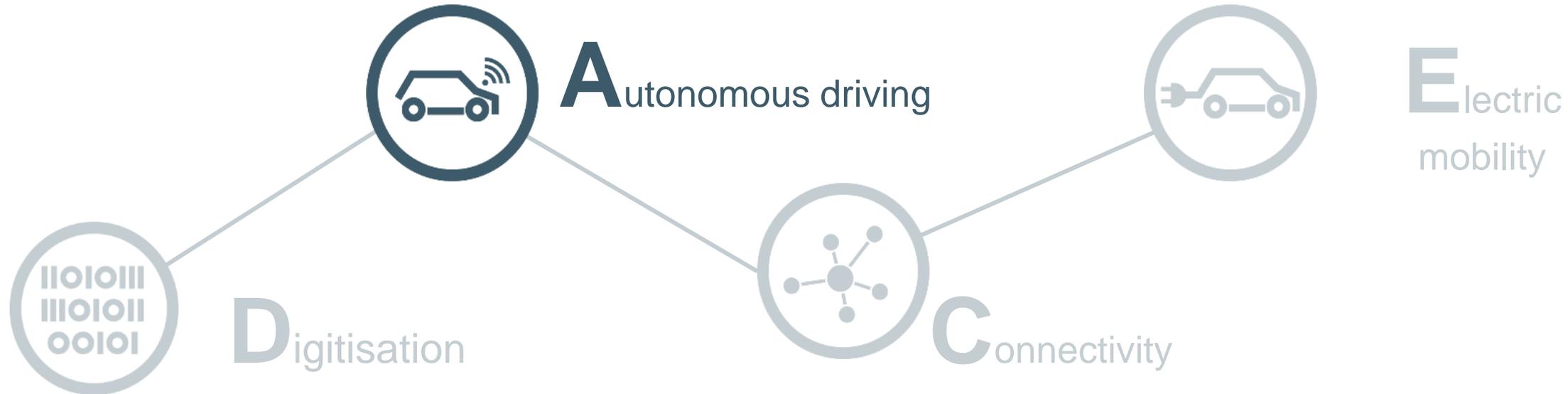
Wolfsburg

## Investment



€ 80 m

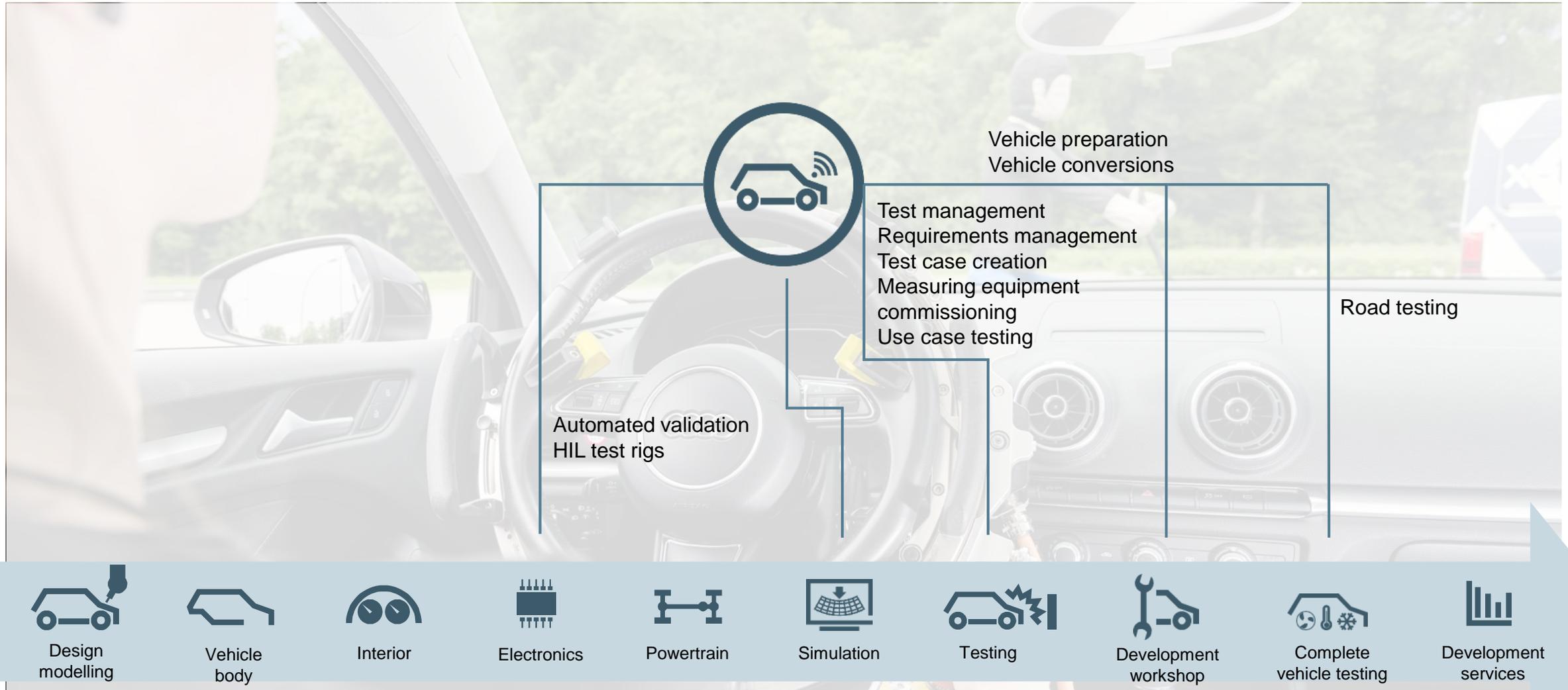
# Services and solutions



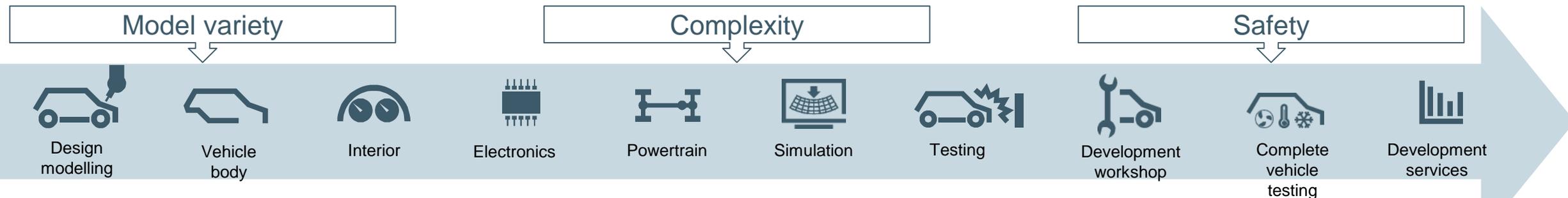
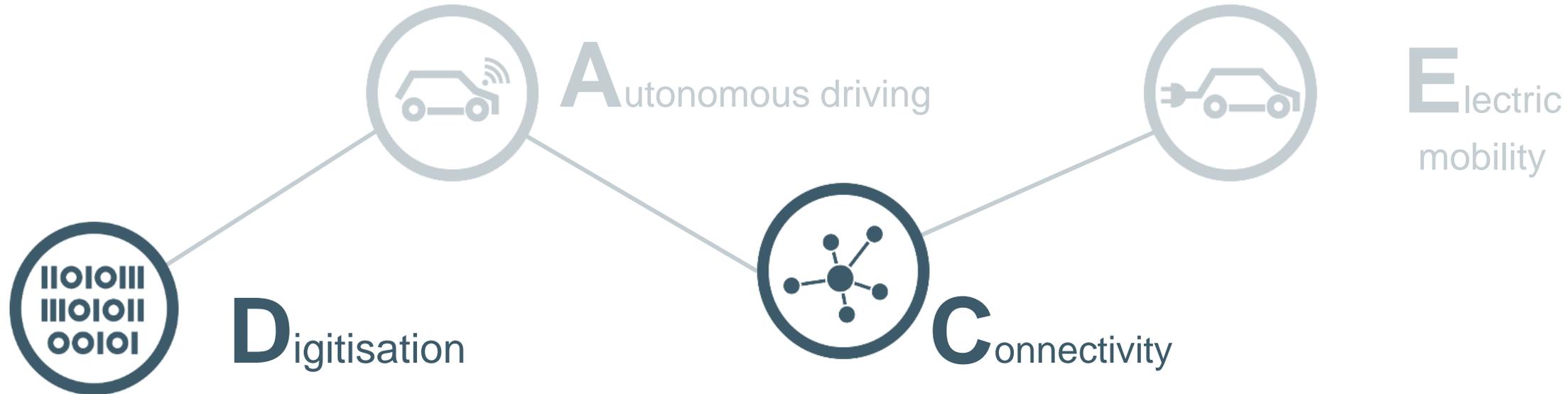
## Autonomous driving – development of driver assistance systems



# Autonomous driving – validation of driver assistance systems



# Services and solutions



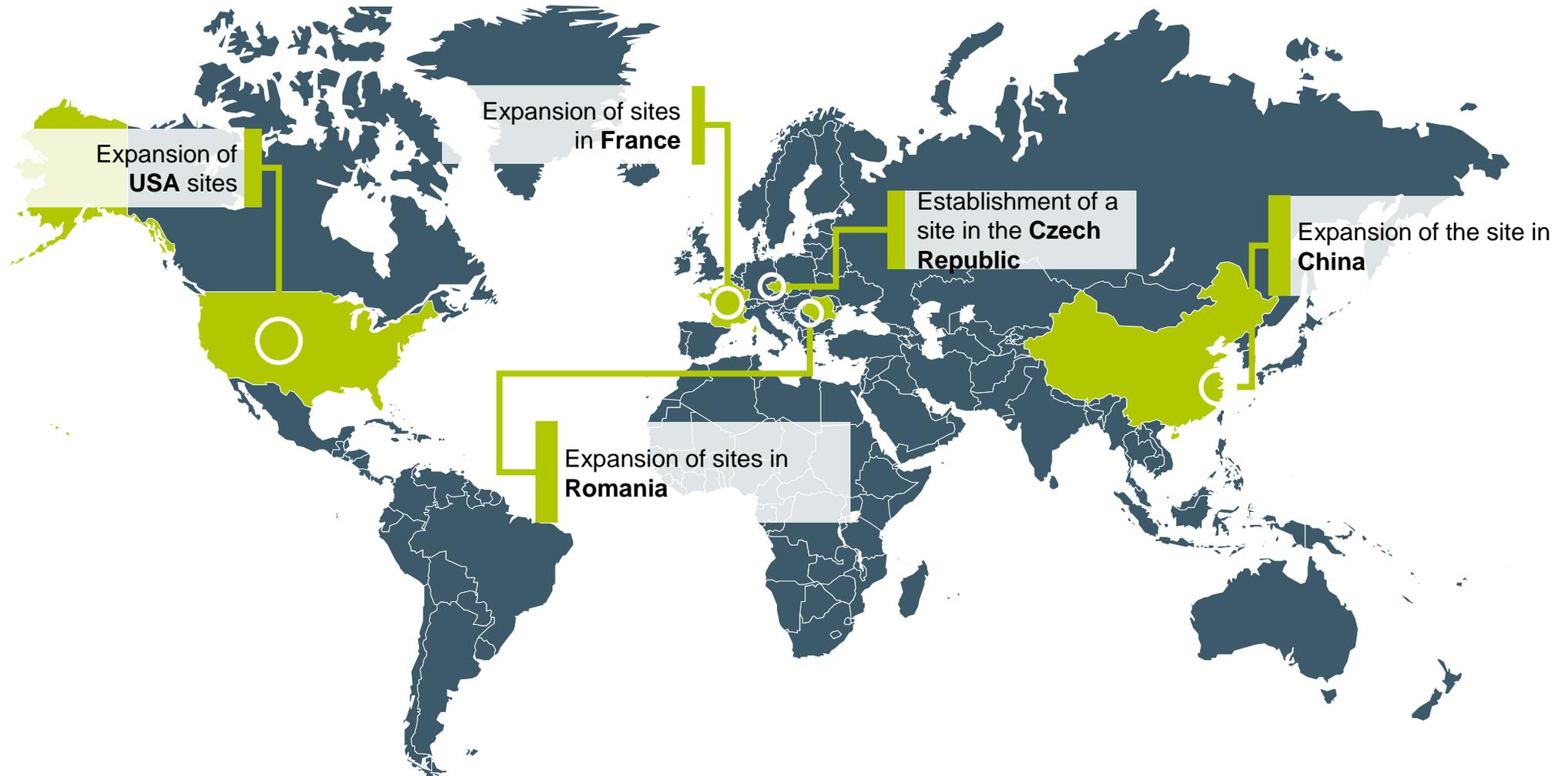
# Analytics solutions for today's challenges

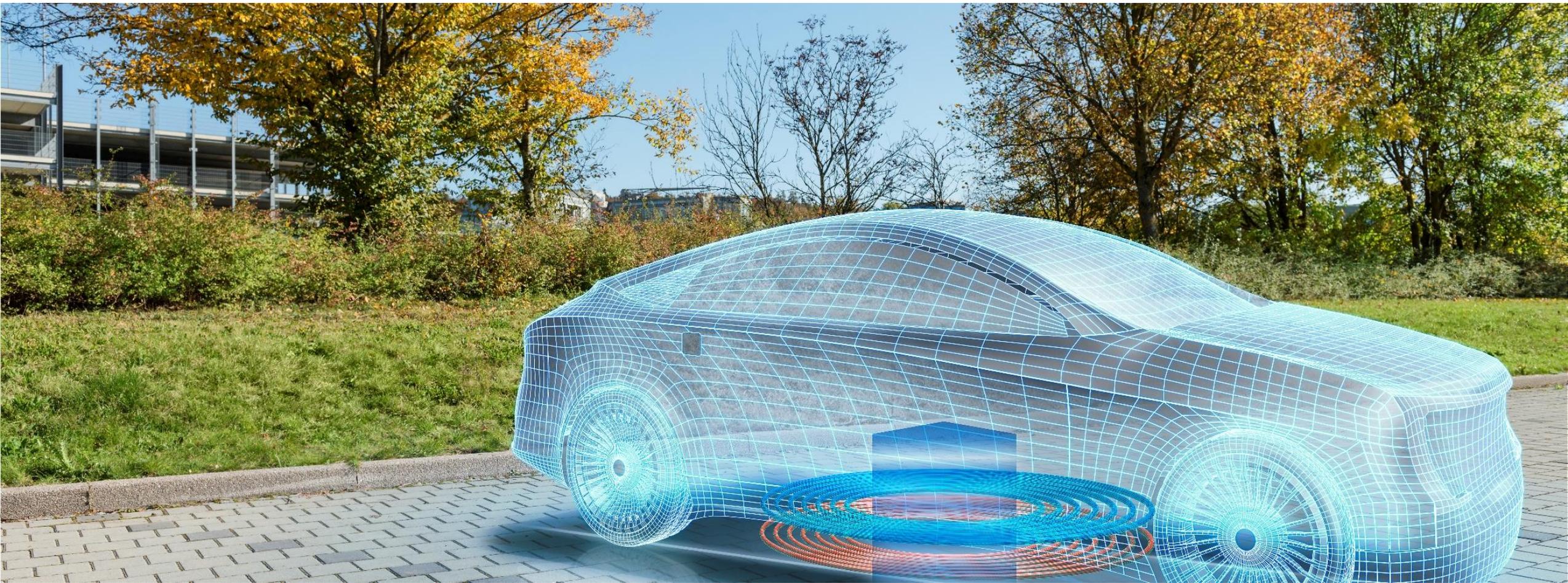


# Development and integration services for the mobile world



# Globalisation





## First three quarters of fiscal 2018/2019

## At a glance

Inc. st.

➤ Total revenues EUR 784.879 million | Growth: + 4.3 %

Inc. st.

➤ EBIT: EUR 46.129 million | EBIT margin: 5.9%



➤ Total assets: EUR 804.124 million | Equity: EUR 409.205 million | Equity ratio: 50.9%



➤ Employees: 13,468



➤ Capital spending: EUR 46.558 million



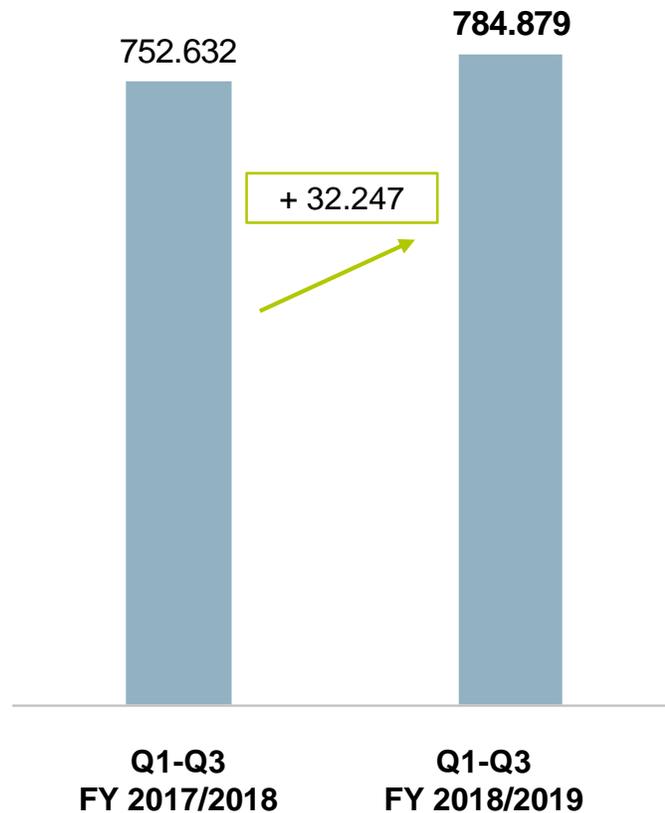
➤ Market value at balance sheet date: EUR 62.5 | Earnings per share: EUR 3.00

# Consolidated Income Statement

	Q1-Q3 18/19 EUR million	Q1-Q3 17/18 EUR million	comparison	
			EUR million	%
<b>Total revenues</b>	<b>784.879</b>	<b>752.632</b>	<b>32.247</b>	<b>4,3%</b>
Other operating income	6.394	6.142	252	4,1%
Raw materials and consumables used	-68.868	-71.960	3.092	-4,3%
Personnel expenses	-570.112	-538.561	-31.551	5,9%
Depreciation	-24.930	-24.801	-129	0,5%
Other operating expenses	-81.234	-74.102	-7.132	9,6%
<b>EBIT</b>	<b>46.129</b>	<b>49.350</b>	<b>-3.221</b>	<b>-6,5%</b>
<b>Net finance income</b>	<b>-2.075</b>	<b>-2.147</b>	<b>72</b>	<b>-3,4%</b>
<b>Profit from ordinary activities</b>	<b>44.054</b>	<b>47.203</b>	<b>-3.149</b>	<b>-6,7%</b>
Other taxes	-2.513	-2.378	-135	5,7%
<b>Earnings before tax</b>	<b>41.541</b>	<b>44.825</b>	<b>-3.284</b>	<b>-7,3%</b>
Income taxes	-11.230	-12.732	1.502	-11,8%
<b>Post-tax earnings</b>	<b>30.311</b>	<b>32.093</b>	<b>-1.782</b>	<b>-5,6%</b>

# Total revenues

**Total revenues**  
(EUR million)

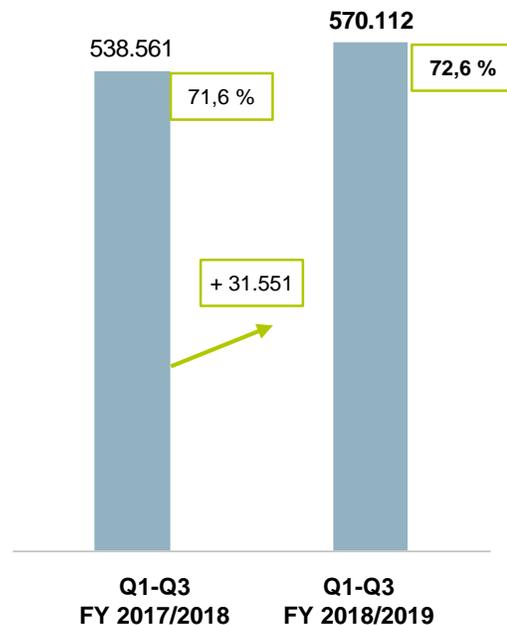


- Growth Q1-Q3 17/18 → Q1-Q3 18/19 | + 4.3 %
  - Domestic + 1 %
  - Foreign + 26 %
- Segment growth
  - Digital Engineering + 3.8 %
  - Physical Engineering + 4.0 %
  - Electrical Systems/Electronics + 6.1 %
- Growth in comparison
  - Q1-Q3 17/18 → Q1-Q3 18/19 | + EUR 32.2 million | + 4.3 %
  - Q1-Q3 16/17 → Q1-Q3 17/18 | + EUR 16.9 million | + 2.3 %

# Key expenditure figures

## Personnel expenses

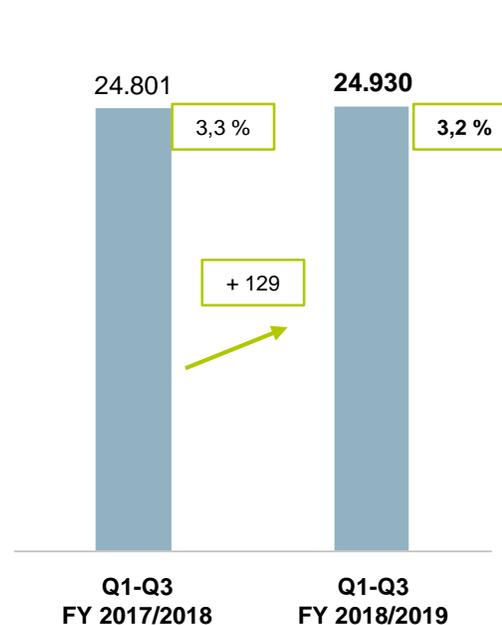
(EUR million)



- Growth + 440 employees since 01/07/2018

## Depreciation/amortisation expense

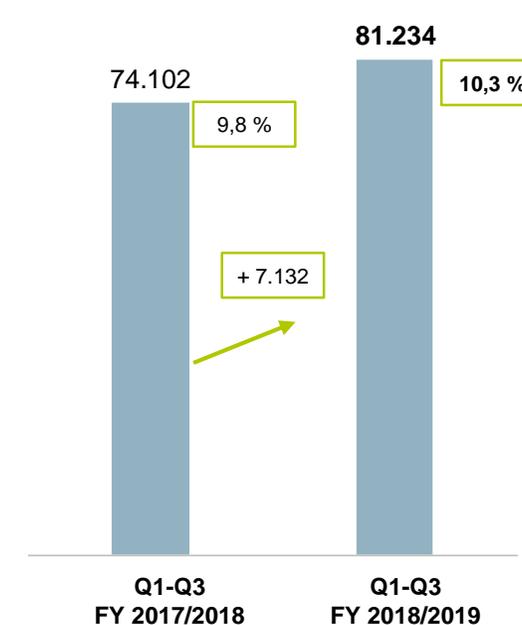
(EUR million)



- Depreciation/amortisation broadly the same year-on-year
- Ratio of depreciation/amortisation to total revenues slightly reduced year-on-year

## Other operating expenses

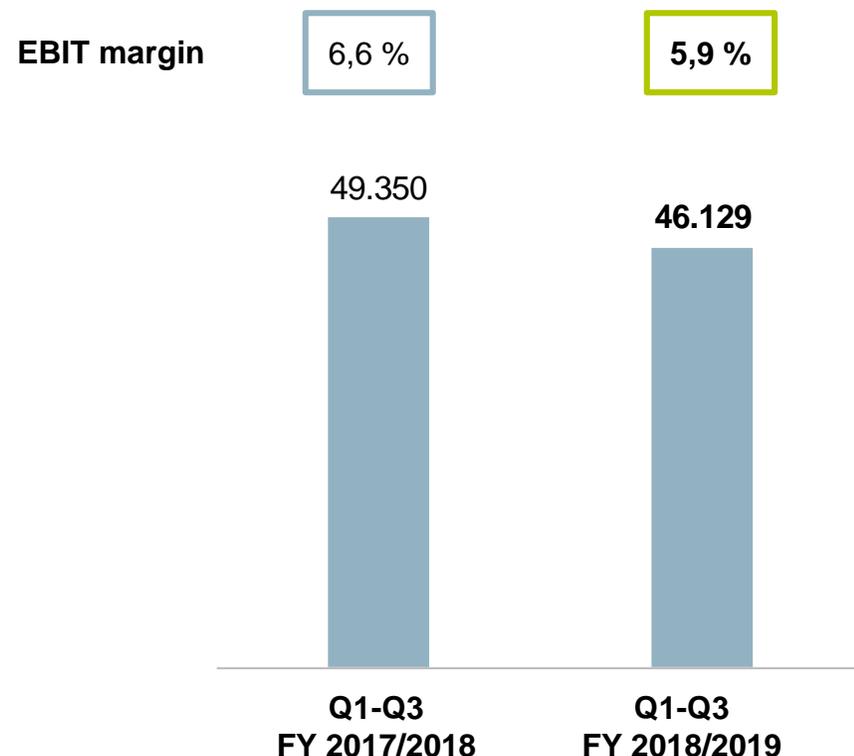
(EUR million)



- Costs of recruiting and further training + EUR 1.2 million
- Employee retention + EUR 2.0 million
- Costs of space needed for expanding infrastructure and “new work” areas EUR + 2.5 million

# EBIT

EBIT  
(EUR million)

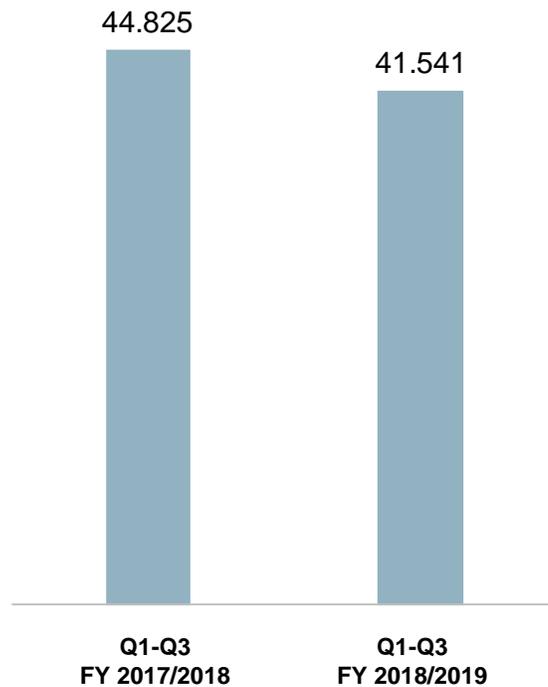


- EBIT
  - Key influencing factors
    - One working day less in Q3 than in previous year
    - Customer-specific fluctuations in capacity utilisation and short-term delays in award of projects
    - Start-up costs for new technical facilities
    - Recruitment and qualification of new employees
  
- Segments | Earnings and contribution to earnings
  - Digital Engineering | EUR 20.0 million | 43.3 %
  - Physical Engineering | EUR 12.7 million | 27.7 %
  - Electrical Systems/Electronics | EUR 13.4 million | 29.0 %

# EBIT

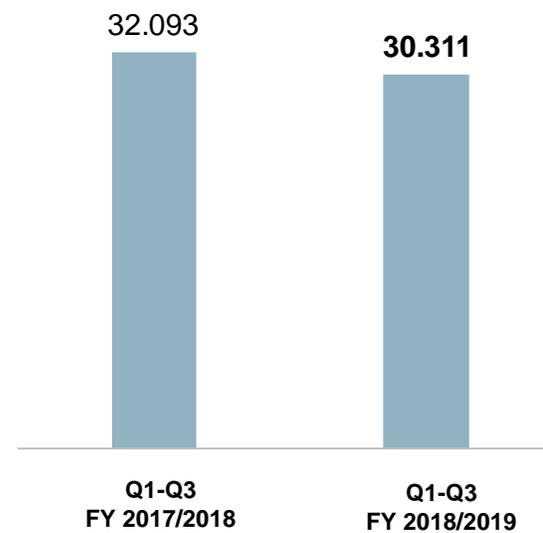
## EBT

(EUR million)



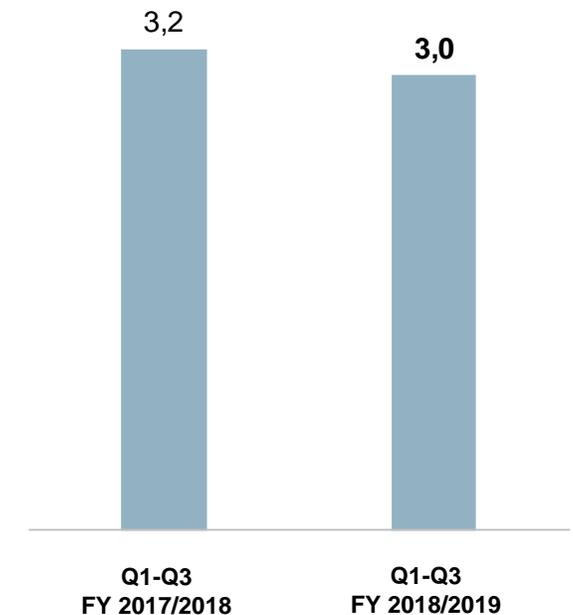
## Post-tax earnings

(in EUR million)



## Earnings per share

(EUR)



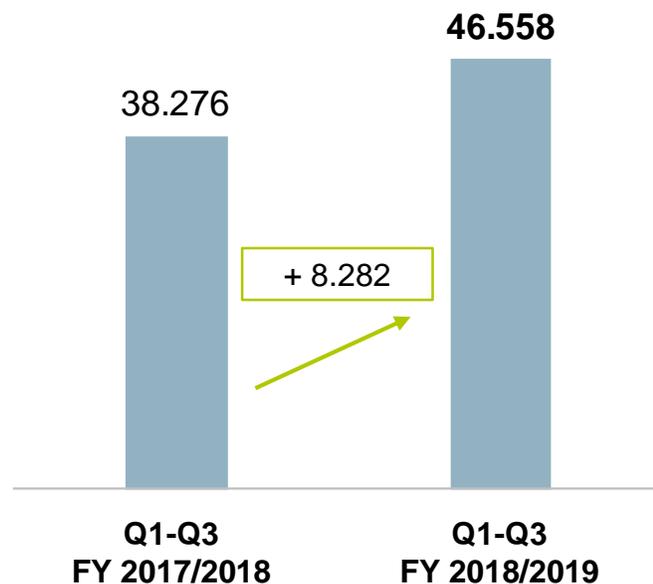
- Income tax rate 27.0 %

# Consolidated Balance Sheet

Assets	30/06/2019	30/09/2018	comparison	
	EUR million	EUR million	EUR million	%
Property, plant and equipment	299.554	282.104	17.450	6,2%
<b>Non-current assets</b>	<b>334.910</b>	<b>318.914</b>	<b>15.996</b>	<b>5,0%</b>
<b>Current assets</b>	<b>469.214</b>	<b>469.481</b>	<b>-267</b>	<b>-0,1%</b>
<b>Total assets</b>	<b>804.124</b>	<b>788.395</b>	<b>15.729</b>	<b>2,0%</b>
Equity and liabilities	30/06/2019	30/09/2018	comparison	
	EUR million	EUR million	EUR million	%
Equity	409.205	398.876	10.329	2,6%
Non-current liabilities	235.678	222.608	13.070	5,9%
Current liabilities	159.241	166.911	-7.670	-4,6%
<b>Total equity and liabilities</b>	<b>804.124</b>	<b>788.395</b>	<b>15.729</b>	<b>2,0%</b>

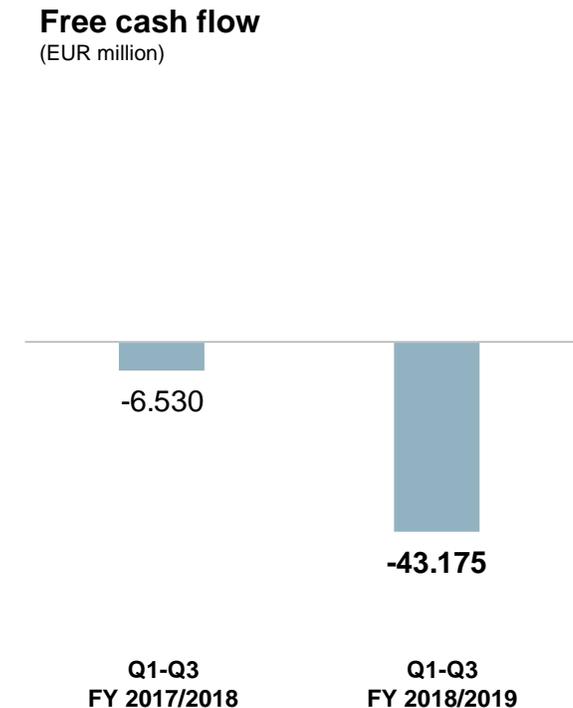
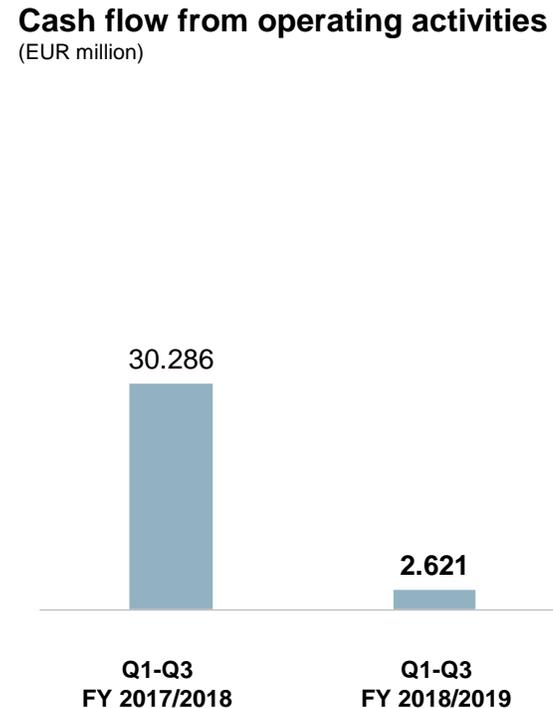
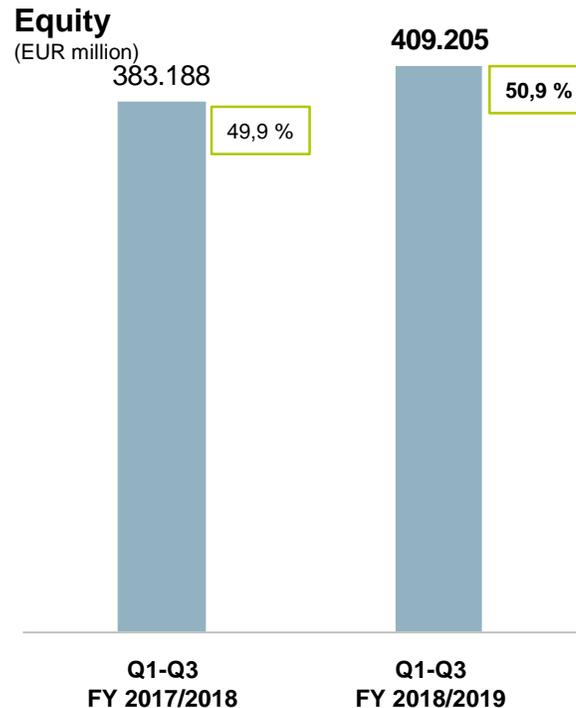
# Financial and assets position

## Capital expenditure (EUR million)



- Non-current assets
  - High-voltage battery test centre
  - Vehicle emissions test centres North and South
  - Roller dynamometer centre for determining the range of electrically powered vehicles
  - Portable Emissions Measurement System (PEMS)
  - etc.

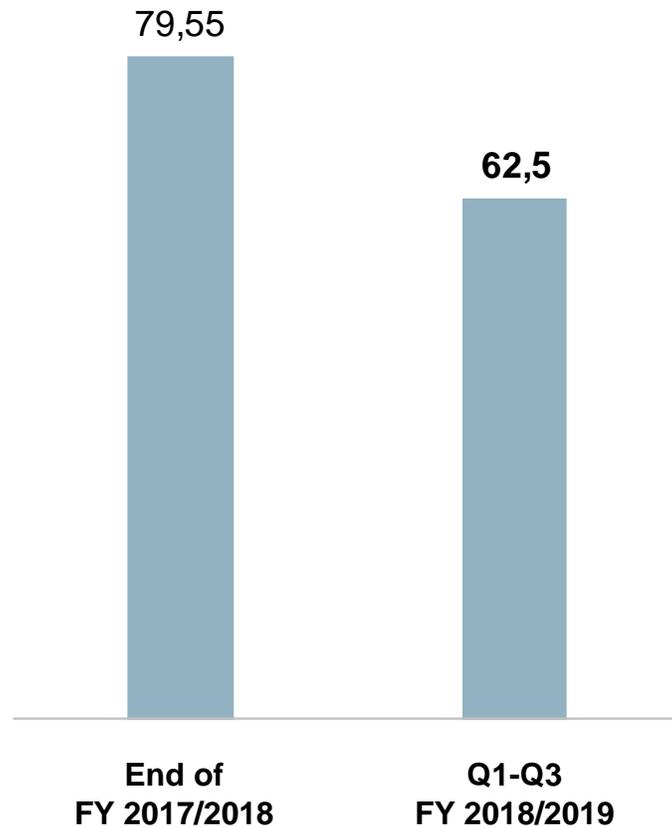
# Financial and assets position



- Reduction in direct comparison with previous year: in correlation with the growth in revenue and the related increase in tied-up funds, which will probable reverse in the fourth quarter
- Cash flow from investing activities
  - Q1-Q3 18/19 | EUR -45.796 million
  - Q1-Q3 17/18 | EUR -36.816 million

# Share price

Share price \*  
(in EUR)

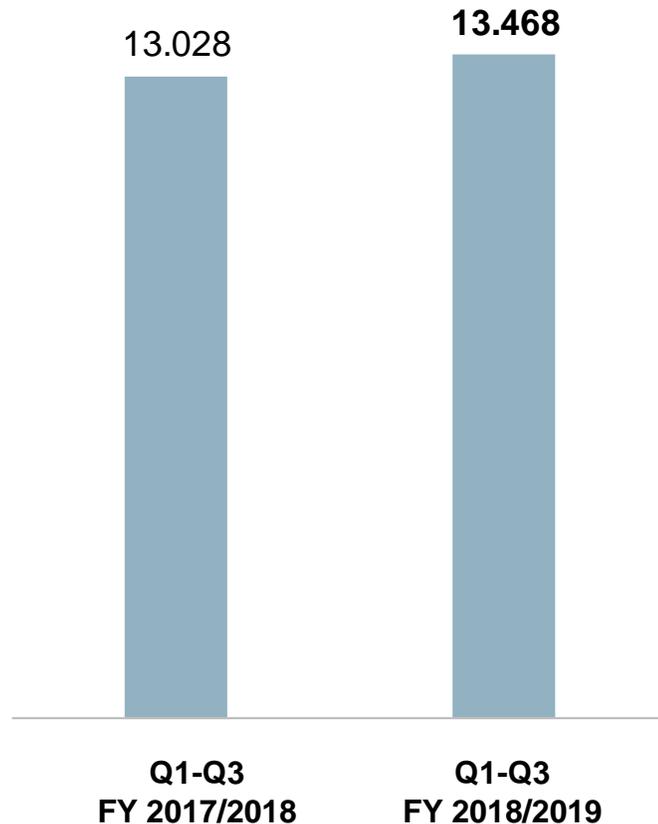


- Share price in Q1-Q3 18/19
  - High for the period at EUR 73.00
  - Low for the period at EUR 60.60

\*In Xetra trading

# Human resources

## Employees



- Growth + 239 employees since 01/10/2018
  - Staff increase in France, Wolfsburg, Romania
- Competence Centre Electronics + 338 employees since 01/10/2018
- Near-shore: 259 employees in Romania as at 30/06/2019
- Current vacancies as at 30/06/2019: around 1,200
  - of this total: > 340 in Competence Centre Electronics
- Increased training opportunities
  - E-learning, methodology training, leadership development
- Bertrandt, too, is aware of the “war for talents” and consistently adapting the scope of work and the work environment



**Let's Bertrandt**

- Market- and customer-oriented range of services
- Best performance for our customers
- Sustainable and profitable growth
- Values = being a good role model, trust, fairness and appreciation
- Commitment to performance, teamwork and networking
- Entrepreneurial freedom and responsibility
- Respect for people and the environment

## **Mission statement: the basis of our competence model for career development**

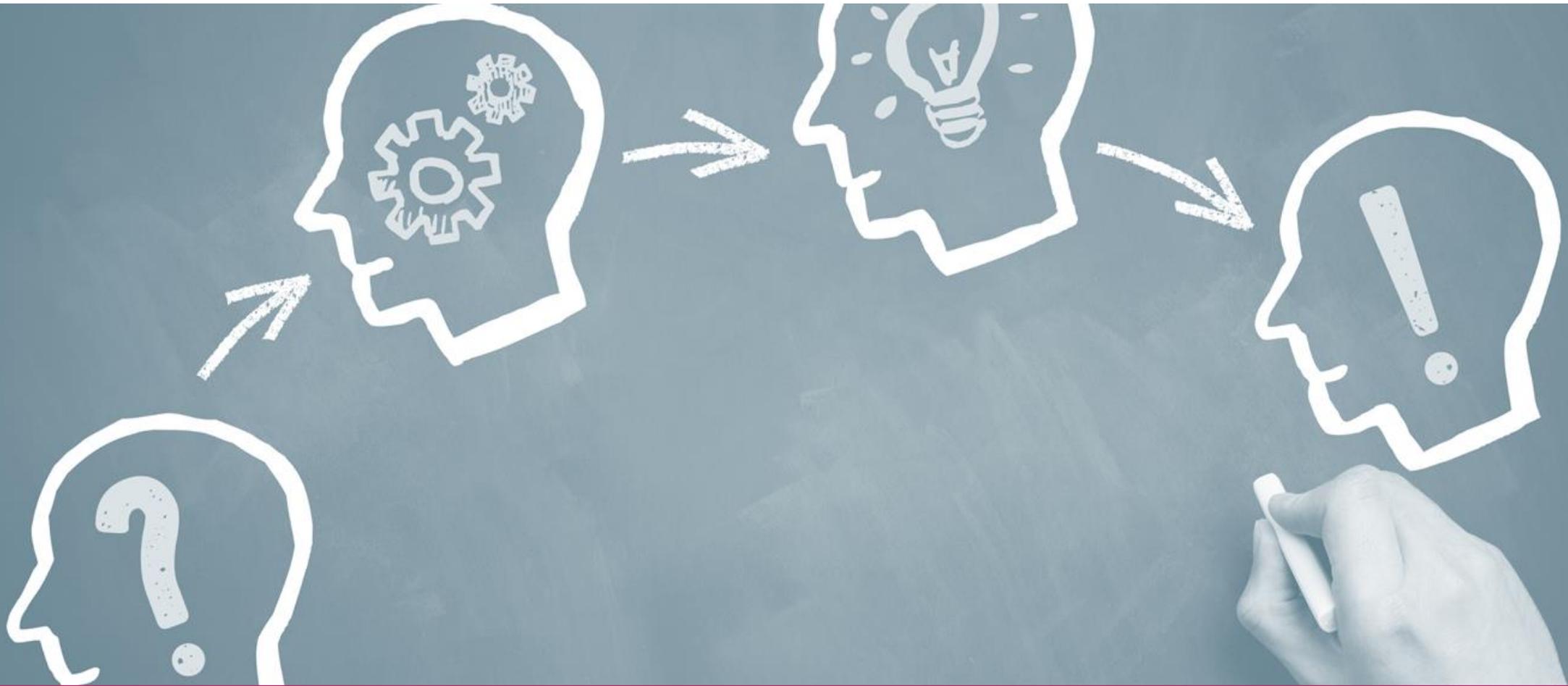


## Employer branding: focus on workforce increase in new fields

\*Stand Dezember 2018



## Workplace of the future as part of our corporate culture



## Outlook

# Adjustment of full-year forecast - Gathering economic clouds and industry-specific challenges

- Anticipated recovery in economic and industry development did not materialise in the second half of 2019
  - Slowdown in global economy set to continue in 2019 and 2020
  - Business sentiment and order backlog fallen in US industry
  - Growth of around 6% forecast for China in 2019 and 2020
  - Growth in German GDP of 0.8% for 2019 → Signs of technical recession → Real recession increasingly likely
- Heterogeneous situation in the automotive sector
  - Investments in the future through research and development in new technologies
    - Increasing mobility needs and tougher climate change mitigation requirements
    - Development of new drive solutions, particularly electromobility
    - Technologies for advancing digitalisation and connectivity
  - Declining sales met by OEM and suppliers' restructuring and cost saving programmes
    - Short-term postponements of projects and delayed demand for capacity possible

# Adjustment of full-year forecast - Gathering economic clouds and industry-specific challenges

- Based on economic and industry developments, the Management Board sees higher risk for the fourth quarter and consequent need to adjust earnings forecast
  - Bertrandt earnings optimisation programme established
    - Measure – Evaluate – Improve
    - Objective: To sustainably secure and improve quality of results
    - Structured, Group-wide process to evaluate the current position and to derive focused long-term measures
    - Core issues in all dimensions: Sales, capacity utilisation and costs
  - Bertrandt consistently focused on the future, in particular via ongoing and completed investments in trend topics
    - High-voltage battery test centre
    - Medical technology
    - Virtual and augmented reality
    - Vehicle emissions test centres
    - Industry 4.0
    - etc.

# Adjustment of full-year forecast - reassessment of earnings & capital spending – other elements unchanged



**20-50**

EUR million  
growth in  
total revenues



**5-7,5%**

EBIT margin  
in relation to  
total revenues



**50-70**

EUR million  
capital spending



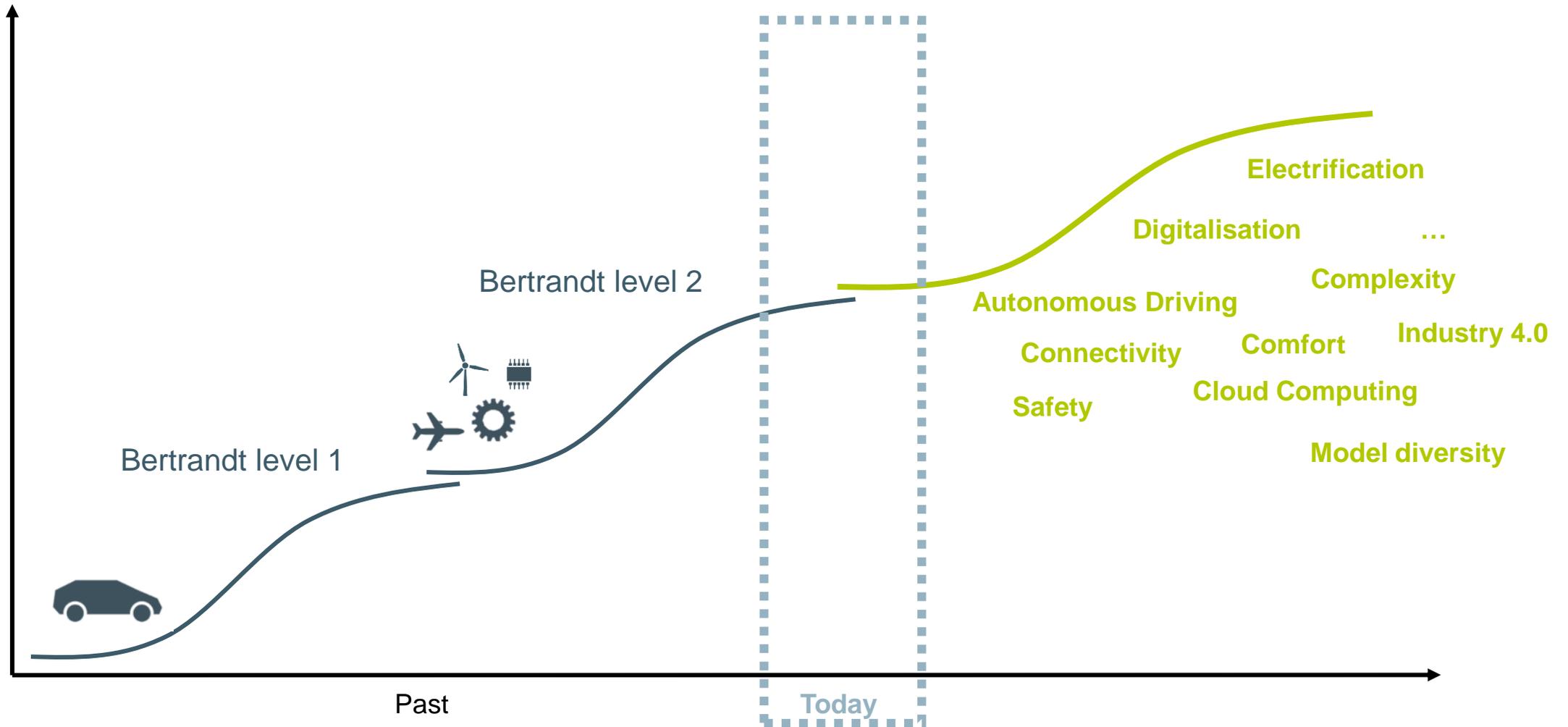
**Positive**

Cash flow from  
operating activities  
corresponds with  
increase in EBIT

## Positive business development in the medium term – Management Board sees good opportunities for growth and earnings

- According to forecasts OEMs' research and development budgets remain at high level and
- Work continues to be outsourced to engineering service providers
- Market trends are intact and offer opportunities: environmentally-friendly individual mobility, connected and automated driving and increasing variety of models and variants of vehicles with new drive technologies
- Capital spending on future-relevant topics will be noticeable in the medium term: high-voltage battery test centre and vehicle emissions test centres
- Building of know-how and engineering expertise for broad range of services: new industries and customers, in fields such as medical technology, virtual and augmented reality and cloud solutions
- Bertrandt is consistently focusing on trend topics and is investing in specific areas, such as electromobility or autonomous driving and is therefore all in all well positioned for the future.

# Megatrends and new technologies as a basis for long-term positive development of Bertrandt



A modern, multi-story building with a prominent glass facade is shown under a clear blue sky. In the foreground, a wireframe model of a car is visible, rendered in a light blue color. The car is positioned on a dark, textured surface, possibly asphalt. The building's architecture features a mix of solid grey panels and large glass windows. The overall scene is bright and professional.

**Thank you for your attention,  
we look forward to your questions!**

**bertrandt**

## Legal notice

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