



bertrandt

Investor Presentation

Bertrandt AG

April 2020 Markus Ruf (CFO), Björn Voss (Head of IR)



Bertrandt at a glance

Outline Bertrandt

1974

Foundation
Bertrandt



Total Revenues
FY 2018/19: 1 bn Euro



~13.400
employees



More than 50 locations in
Europe, the USA and China

From the initial idea to production readiness



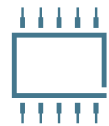
Design



Vehicle Body



Interior



Electronics



Powertrain



Chassis



Simulation

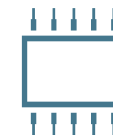


Testing



Engineering
Services

In different Industries



Range of services

Trends



Digitisation



Autonomous Driving



Connectivity



Electric Mobility



Vehicle Safety



IT Services



Virtualisation



Design Services



Interior



Vehicle Body



Powertrain



Chassis



Simulation



Electronics



Modelling-
/Rapid
Technologies



Simulation



Engineering Services

Industries



Automobile Industrie



Aerospace



Commercial Vehicles



Land-Wirtschaft



Motorcycle



Electric Industry



Mechanical-/Plant Engineering



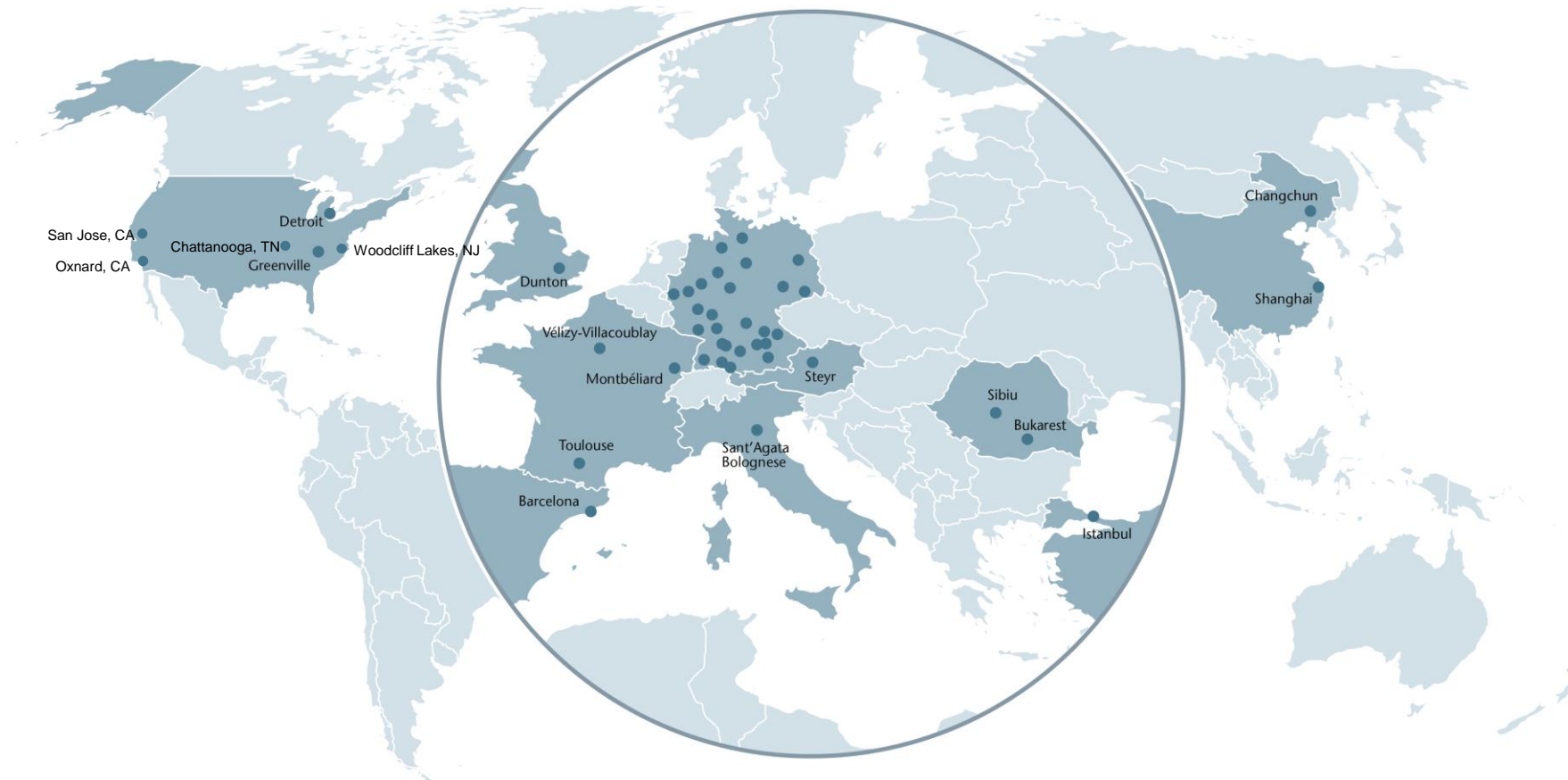
Medical Engineering



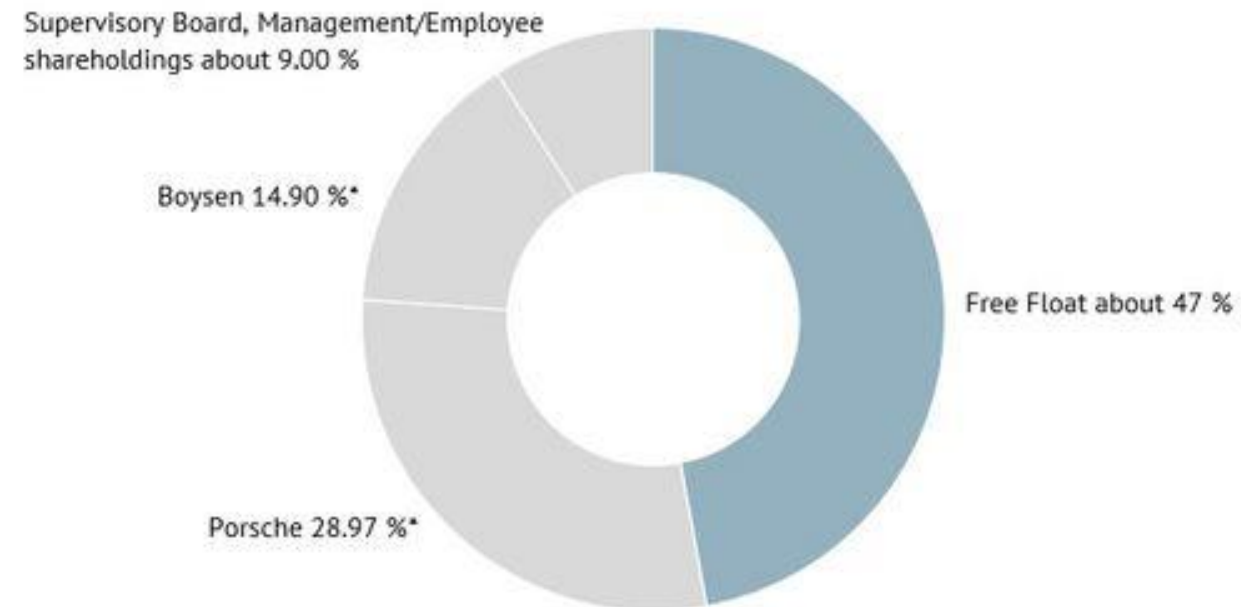
Energy Management

We want to be close to our Customers – decentralised Organisation

Round **13,500 employees** at more than **50 locations** in Europe, the USA and China.

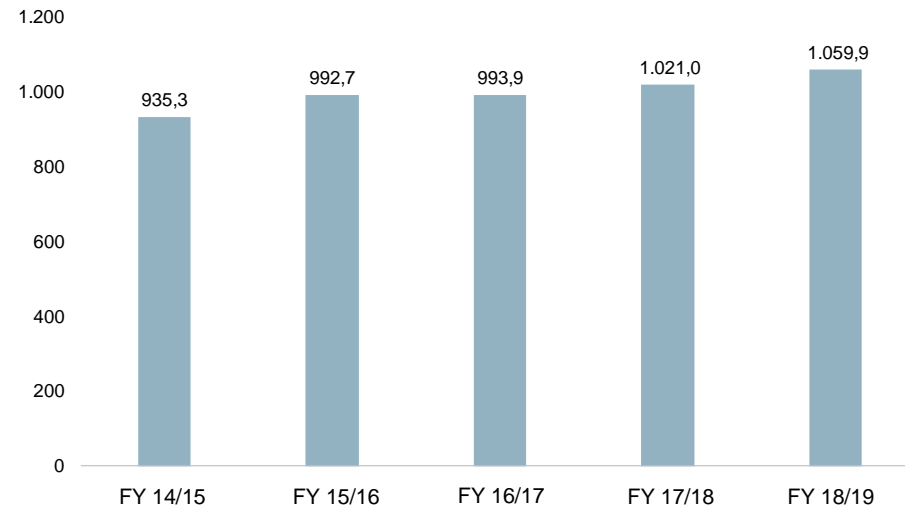


Shareholder structure

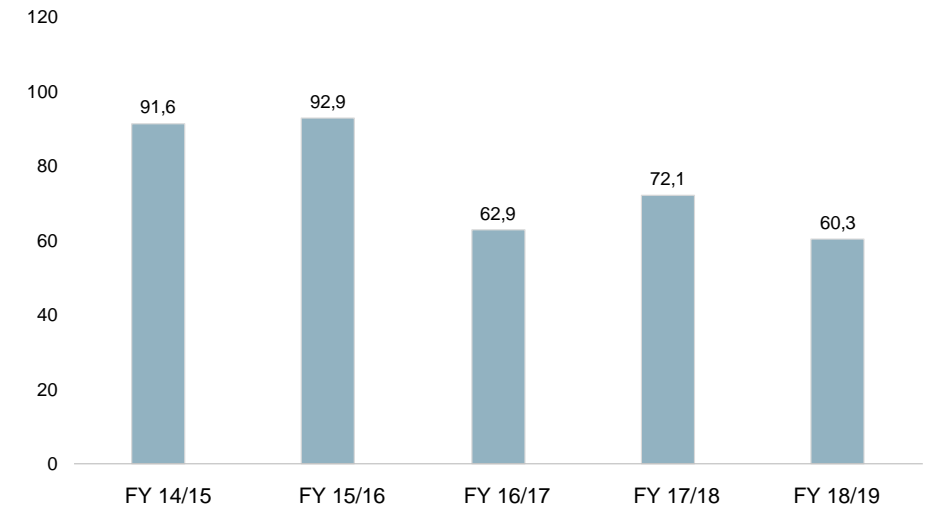


Key figures development

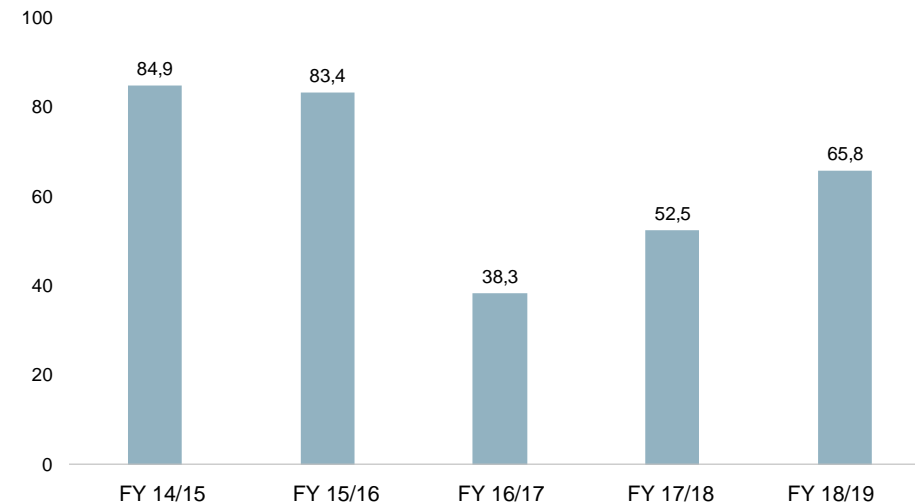
Total revenues
(EUR million)



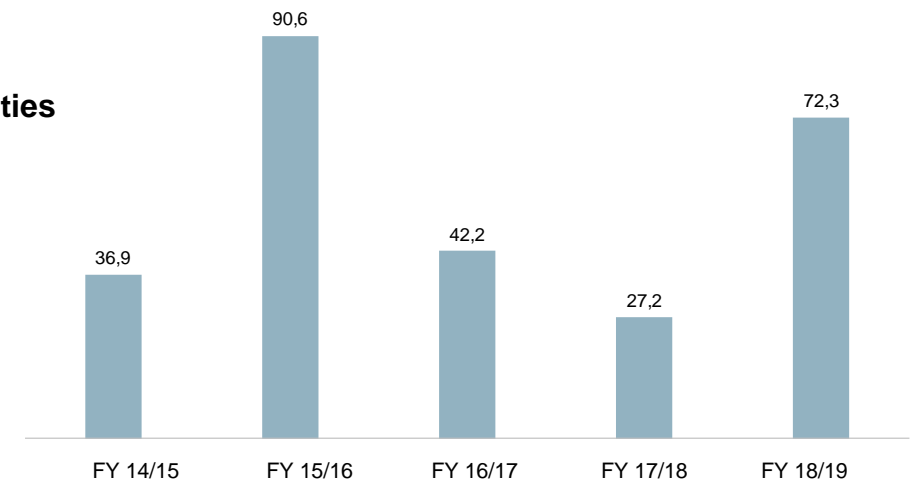
EBIT
(EUR million)



Capital expenditure
(EUR million)



Cash flow from operating activities
(EUR million)



Longterm record

IFRS	2018/2019	Changes in %	2017/2018	2016/2017	2015/2016	2014/2015
Income statement						
Total revenues (EUR million)	1,059.870	3.8	1,021.020	993.878	992.693	935.259
EBIT (EUR million)	60.322	-16.4	72.141	62.870	92.865	91.637
Profit from ordinary activities (EUR million)	57.477	-16.9	69.158	60.689	91.487	91.670
Post-tax earnings (EUR million)	39.014	-17.7	47.385	43.866	63.608	62.636
Cash flow statement						
Cash flow from operating activities (EUR million)	72.284	165.7	27.208	42.182	90.631	36.967
Cash flow from investing activities (EUR million)	-47.695	-6.4	-50.935	-35.669	-79.679	-82.313
Free cash flow (EUR million)	24.589	203.6	-23.727	6.513	10.952	-45.346
Capital spending (EUR million)	65.709	24.2	52.500	38.302	83.404	84.917
Balance sheet						
Equity (EUR million)	416.692	4.5	398.876	376.360	357.936	320.306
Equity ratio (%)	51.5	1.8	50.6	48.3	46.9	56.9
Total assets (EUR million)	808.662	2.6	788.395	778.800	763.314	563.009
Share						
Earnings per share (EUR)	3.86	-17.7	4.69	4.35	6.30	6.21
Dividend per share (EUR)	1.60 ³	-20.0	2.00	2.50	2.50	2.45
Share price on 30 September (EUR) ¹	41.35	-48.0	79.55	85.18	97.01	93.23
Share price, high (EUR) ²	80.65	-26.2	109.30	107.00	115.00	138.70
Share price, low (EUR) ²	40.80	-46.6	76.40	67.28	82.80	85.25
Shares outstanding on 30 September (number)	10,143.240	-	10,143.240	10,143.240	10,143.240	10,143.240
Market capitalisation on 30 September (EUR million)	419.4	-48.0	806.9	864.0	984.0	945.7
Employees						
Number of employees at Bertrandt Group on 30 September	13,664	3.3	13,229	12,970	12,912	12,367

¹ Closing price in Xetra trading on 30 September or the last trading day of the fiscal year.

² In Xetra trading.

³ Dividend proposed by the Management and the Supervisory Board.



Market and Customer Environment

Current market and customer environment: Automotive industry



Corona-virus with significant adverse impact on global car demand and production (-24% in Q1 2020)



Fivefold increase in number of electric models by 2023



Car production expected to fall by more than 20% in 2020 (2021e: +15%).



Profit warnings and cost saving programmes widespread across all customers



Focus on future megatrends (Digitisation, Autonomous Driving, Connectivity, Electrification)



Customers review share of own work in development activities



Generally high R&D spending for future mega trends, but some projects temporarily paused



Trend towards larger contract awards



Significant pressure on prices in some parts of our services

Current market and customer environment: Other industries



Increased investments in new technologies, particularly in the introduction of Industry 4.0 and the digitalisation of development, production and services. Some projects temporarily paused.



German medical technology producers report increased sales in 2018
R&D spending of 9% of total sales revenues.



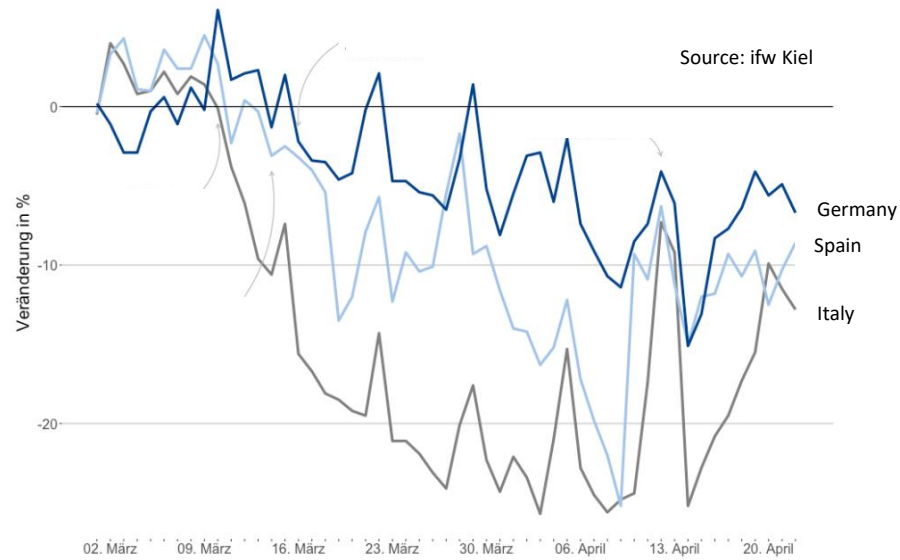
Global market for power engineering probably rather resilient.



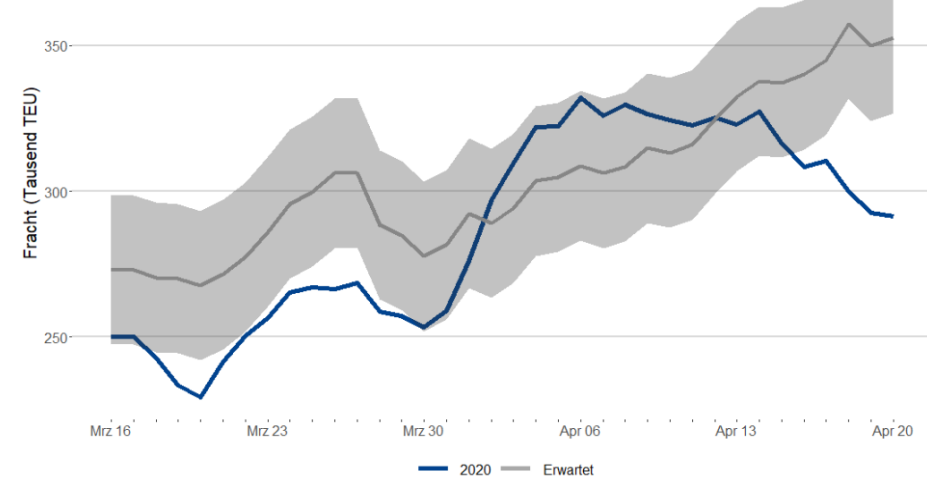
Electrical, electronics and machinery and plant engineering industries expect deterioration in orders.

Economic environment

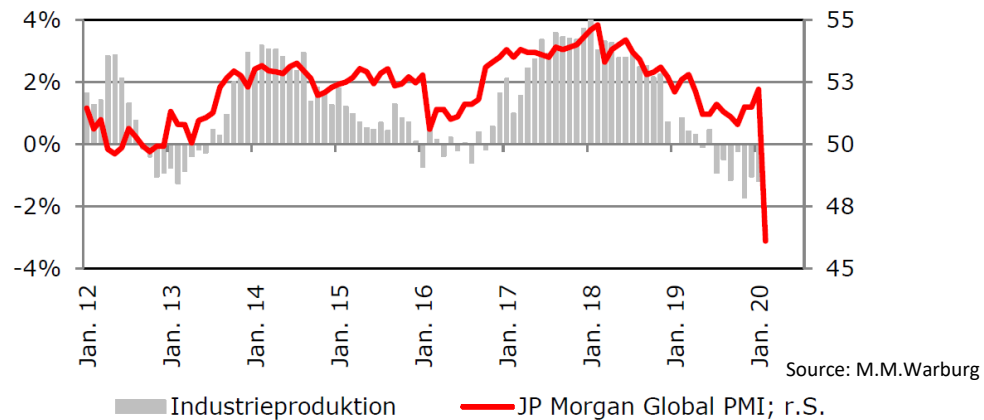
Change (%) of daily power consumption



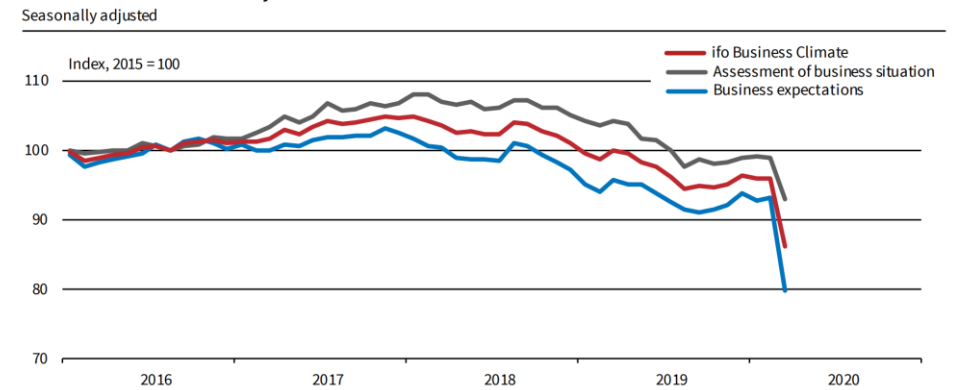
Daily freight volume Red Sea



Global PMI and OECD industrial production vs prior year

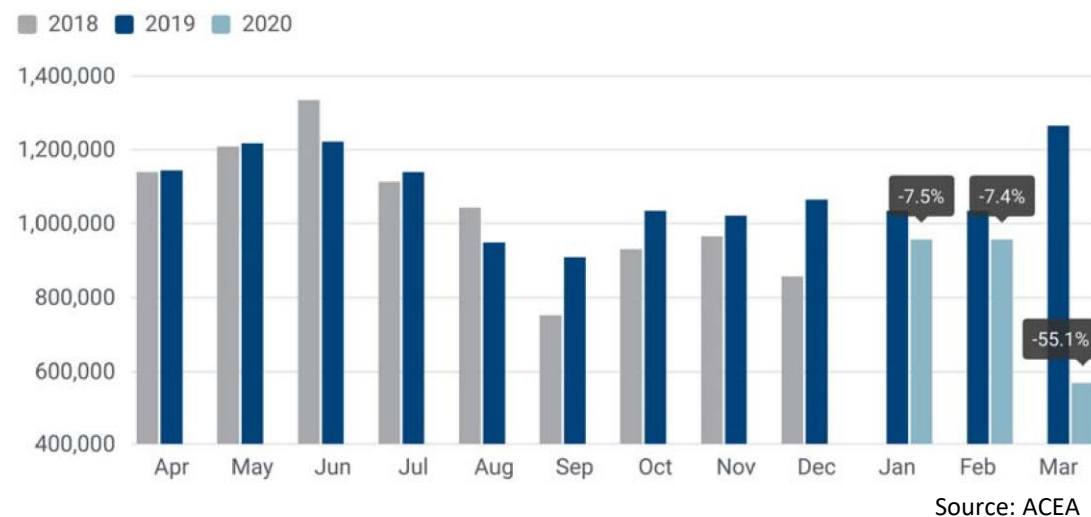


ifo Business Climate Germany^a



^a Manufacturing, service sector, trade, and construction.
Source: ifo Business Survey, March 2020.

Car demand EU27



New car registrations in EU27 -55% yoy in March 2020

New car registrations in EU27 -26% in Q1 2020

Decline in January and February caused by “pre-registrations” in Nov/Dec 2019

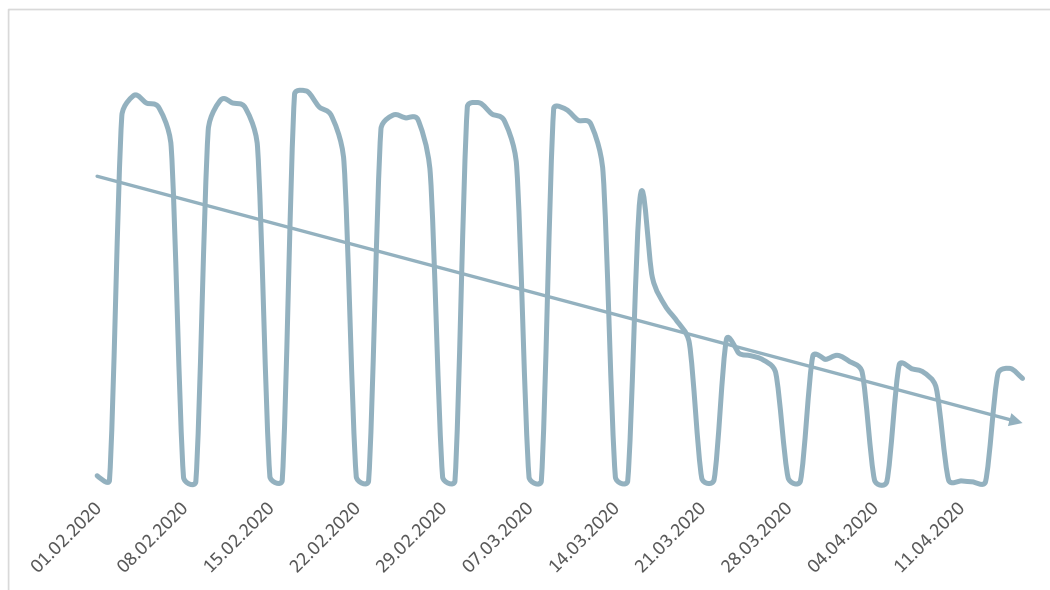
Registrations in March 2020 below 2008/2009 trough

Customer behavior

	Shut-down
BMW	from 18.3. until 30.4.
Daimler	from 17.3. until 31.3.; extended until 19.4. (restart from 20.4.)
VW Group	from 17.3. until 04.4.; extended until 19.4. (restart from 20.4.)
Ford EU	from 19.3. until 02.4.; extended until 04.05.
Ford USA	from 18.3. until 30.3.; extended until open end
Porsche	from 21.3. until 04.4.; re-start not before 04.5.
Plastic Omnium	Restart: 21.4. 40%, 30.4. 60%, 31.5 100%

Source: Corporate statements

Our answer: mobile work and TISAX certification



“In-office” time recording significantly dropped since week 12

Technical and organisational prerequisites already in place since 2018 when mobile work was introduced as part of the wide-ranging project “future workplace”

Possibility to increase remote access points within days; 7.500 users possible



TISAX certification as competitive advantage: **The TISAX (Trusted Information Security Assessment Exchange) model** has been developed under the aegis of the VDA to guarantee a unified level of data security at all the parties involved. TISAX allows information security assessments to be recognized at all companies in the automotive industry and provides a common standard for auditing and for sharing information.

Corona-virus: summary



The Bertrandt Pandemic Team in charge since early March; 30 infections group-wide so far



Direct impact on financials not possible to quantify yet



Ramp-up of group-wide mobile work from March 16th



Short-time work where necessary, stringent cost cutting, board/management to voluntarily forego remuneration



More than 50% of employees in mobile work, up to 7,500 remote access points, TISAX certification



Heterogeneous customer behaviour



Former guidance withdrawn



Mid- to long-term: increasing share of cost optimization and flexibilization beneficial for ESP. Mega trends remain valid.



Digitisation

Connectivity

Autonomous driving

Electric mobility

Four Mega-Trends reshaping the automotive sector

Prepared for the future

Consistent and sustainable focus on the future



Bertrandt Powertrain
Solution Center
High-voltage battery test
centre



networked HARRI e-platform



Bertrandt Medical
Industry 4.0



New locations in USA, China,,
Czech Republic, France and
Romania

Bertrandt Powertrain Solution Center



- Volume of capital spending of around EUR 80 million with new buildings at our locations in Wolfsburg and Munich
- 8 all-wheel-drive climatic chassis dynamometer with 2 height chambers
 - > Height simulation up to 4,200 m
 - > Temperature range from -25 °C to +45 °C
 - > Velocities of up to 300 km/h
- Validation and homologation of powertrains with different fuels for combustion engines and alternative drive systems
 - > Environmental simulations
 - > Real Driving Emissions
 - > Euro 7 ready
 - > Validation of vehicle handling/fuel consumption/emissions
- Due to open in July 2020

High-voltage battery test centre



- New building work at the Ehningen location with an investment volume of over EUR 15 million.
- Extensive existing know-how combined with state-of-the-art technology
 - > 24 HV channels
 - > 9.600 kW HV
 - > 12 climate chambers ,
temperature range from -60 °C to +120 °C
- Validation of various high-voltage batteries under various climate and load conditions
- HV component and complete vehicle
- Construction of battery prototypes in special high-voltage workshop
- Design of battery housings, integration and development of battery management systems, full range of electronics engineering

HARRI



- Internal development of a connected e-platform capable of driving autonomously
- Linking up and practical application of the four megatrends on a single innovation platform
- Completely new solutions and application opportunities for the automotive industry and the infrastructure of local authorities, logistics companies or passenger transport
- At the CES in Las Vegas in January 2020

Bertrandt Medical



- Expansion of resources and service portfolio to meet special medical technology requirements
- Classic product development
- Increased demand for quality management, regulatory affairs, risk management, equipment qualification and process validations
- ISO certification in 2020 to meet high regulatory and extraordinary safety and quality requirements. Prerequisite for further growth.

Industry 4.0



- Digitalisation to boost efficiency and continuously improve processes
 - > For example, for Industry 4.0 production as a “smart factory”
 - > Autonomously operated production facilities and logistics systems
- Bertrandt guarantees the smooth and successful interaction of various individual components
 - > For example, smartification, cloud connectivity and mixed reality visualisation



Fiscal 2018/2019

Overview

~60 EUR mill.
EBIT

5.7 %
EBIT margin

P&L

~1.1 EUR bn
Total revenues

~417 EUR mill.
Equity

~52 %
Equity ratio

A P

~809 EUR mill.
Total assets

13,664
Employees

~65 EUR mill.
CapEx

~25 EUR mill.
Free cash flow

41.35 EUR
Share price on 30/09/19

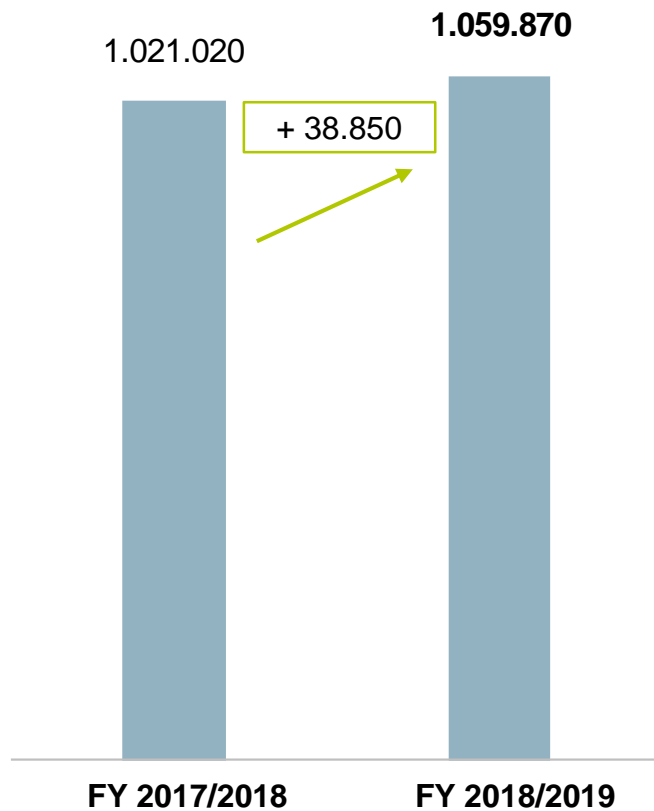
3.86 EUR
earnings per share

Consolidated Income Statement

	FY 18/19 EUR million	FY 17/18 EUR million	comparison	
			EUR million	%
Total revenues	1.059.870	1.021.020	38.850	3,8 %
Other operating income	17.406	8.594	8.812	102,5 %
Raw materials and consumables used	-108.755	-100.388	-8.367	8,3 %
Personnel expenses	-765.386	-723.971	-41.415	5,7 %
Depreciation	-33.687	-33.022	-665	2,0 %
Other operating expenses	-109.126	-100.092	-9.034	9,0 %
EBIT	60.322	72.141	-11.819	-16,4 %
Net finance income	-2.845	-2.983	138	-4,6 %
Profit from ordinary activities	57.477	69.158	-11.681	-16,9 %
Other taxes	-3.257	-3.858	601	-15,6 %
Earnings before tax	54.220	65.300	-11.080	-17,0 %
Income taxes	-15.206	-17.915	2.709	-15,1 %
Post-tax earnings	39.014	47.385	-8.371	-17,7 %

Total revenues

Total revenues
(EUR million)



- Growth FY 17/18 → FY 18/19 | + 3,8 %
 - > Domestic + 1,2 %
 - > Foreign + 18,8 %

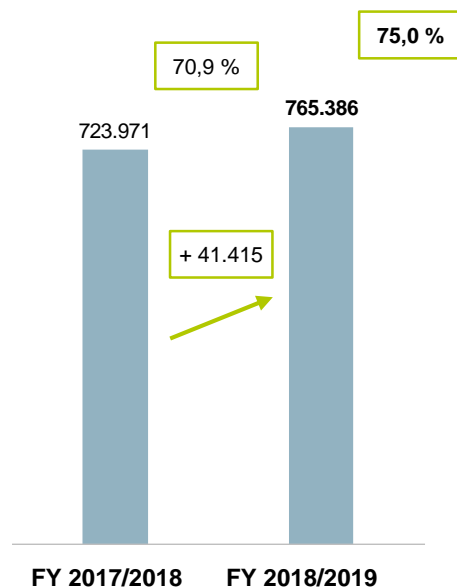
- Segment growth
 - > Digital Engineering + 1,2 %
 - > Physical Engineering + 4,1 %
 - > Electrical Systems/Electronics + 11,0 %

- Growth (year to year comparison)
 - > FY 17/18 → FY 18/19 | + 38,9 EUR million | + 3,8 %
 - > FY 16/17 → FY 17/18 | + 27,1 EUR million | + 2,7 %

Key expenditure figures

Personnel expenses

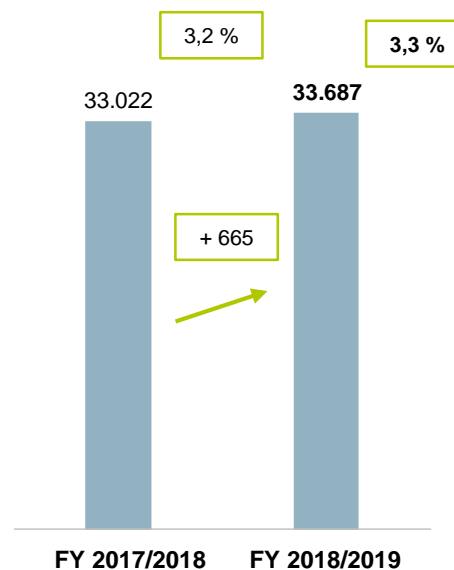
(EUR million)



- Growth + 435 employees since 1 Oct. 2018

Depreciation/amortisation expense

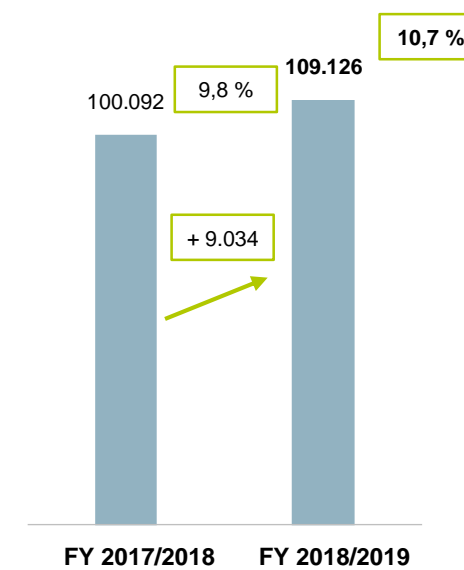
(EUR million)



- Depreciation/amortisation almost unchanged year on year
- Ratio of depreciation/amortisation to total revenues at same level year on year

Other operating expenses

(EUR million)

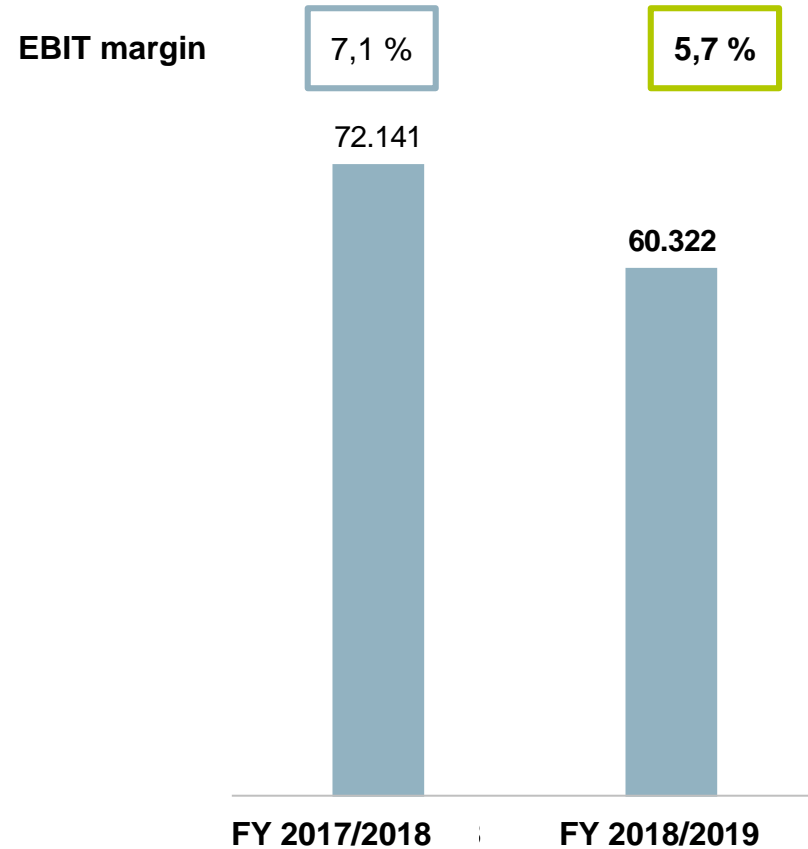


- Further training EUR 10.6 million (+ EUR 1.1 million)
- Recruitment and retention + EUR 2.8 million
- More space, rooms and inventory + EUR 2.6 million

EBIT

EBIT

(EUR million)



– EBIT

> Below the previous year's level

> Customer-specific temporary delays in project awards

> Delayed demand for capacity

> “One-off” issues:

- Ramp-up/foundation costs for new technical facilities and areas of business activity
- Recruitment and qualification of new employees
- Redundancies
- Bad debt loss (supplier insolvency)

– Segments | Earnings and contribution to earnings

> Digital Engineering | EUR 24.0 million | 39.8%

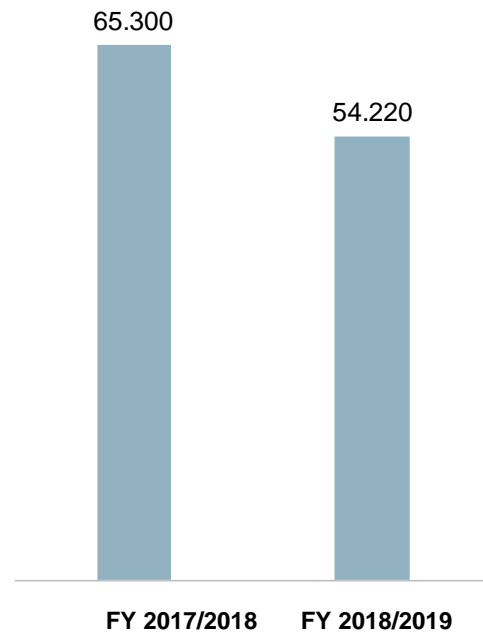
> Physical Engineering | EUR 18.4 million | 30.5%

> Electrical Systems/Electronics | EUR 17.9 million | 29.7%

EBIT

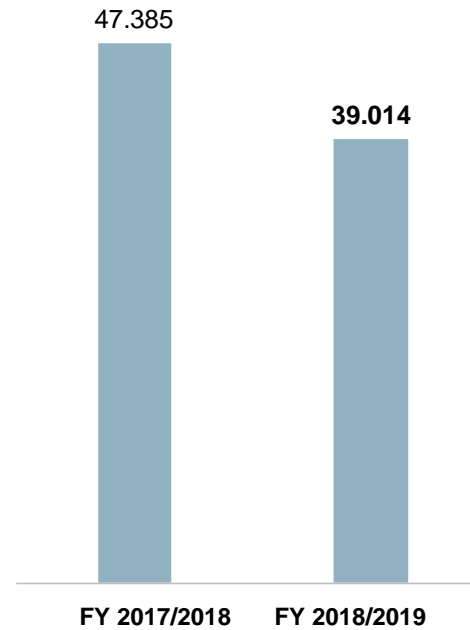
EBT

(EUR million)



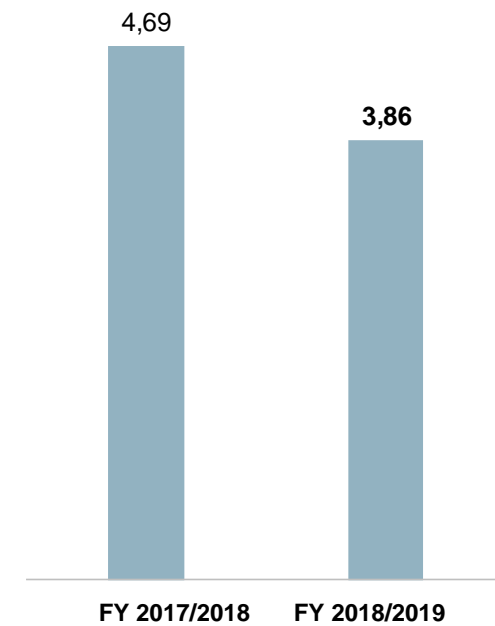
Post-tax earnings

(in EUR million)



Earnings per share

(in EUR)



– Tax ratio 28,1 %

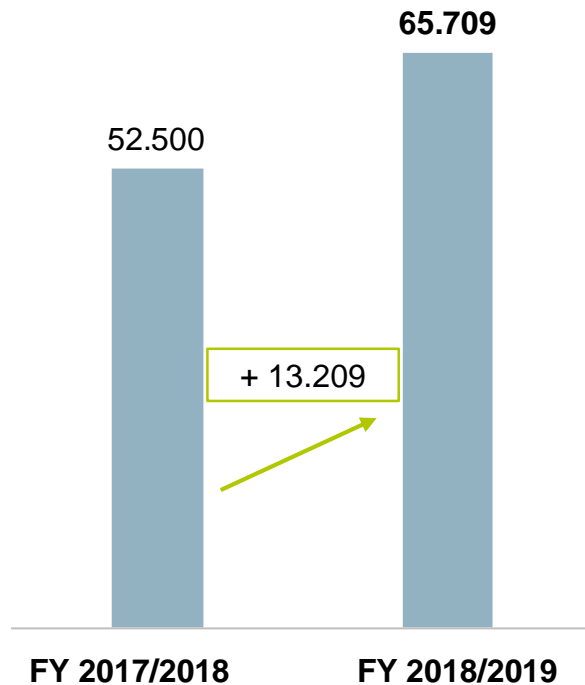
Consolidated Balance Sheet

Assets	30/09/2019	30/09/2018	comparison	
	EUR million	EUR million	EUR million	%
Property, plant and equipment	302.855	282.104	20.751	7,4 %
Non-current assets	340.563	318.914	21.649	6,8 %
Current assets	468.099	469.481	-1.382	-0,3 %
Total assets	808.662	788.395	20.267	2,6 %
Equity and liabilities	30/09/2019	30/09/2018	comparison	
	EUR million	EUR million	EUR million	%
Equity	416.692	398.876	17.816	4,5 %
Non-current liabilities	239.245	222.608	16.637	7,5 %
Current liabilities	152.725	166.911	-14.186	-8,5 %
Total equity and liabilities	808.662	788.395	20.267	2,6 %

- Equity ratio: 52%
- Gearing: 30%
- NFD/EBITDA: 1,3x

Financial and assets position

Capital expenditure (EUR million)

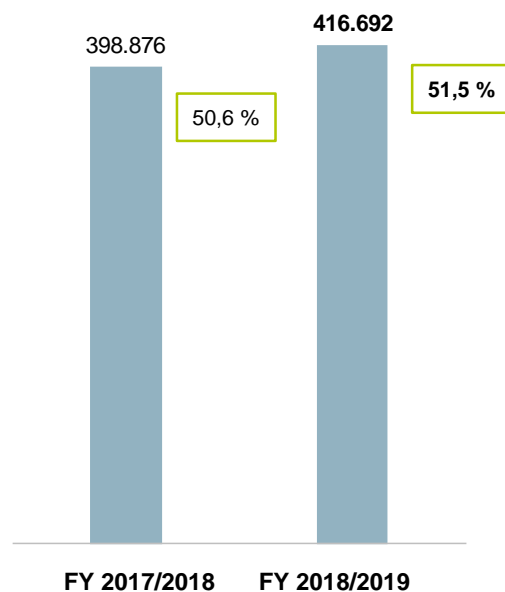


- Non-current assets
 - > High-voltage battery test centre
 - > Vehicle emissions test centres North and South
 - > Chassis dynamometer to determine range and endurance of electric vehicles
 - > Parking barrier test bench for electric vehicles
 - > Portable Emissions Measurement System (PEMS)
 - > ...

Financial and assets position

Equity

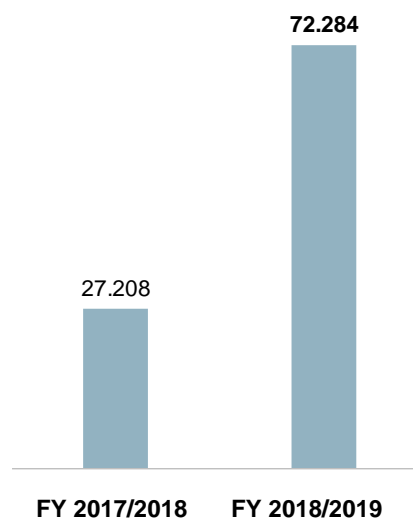
(EUR million)



- Solid financial base

Cash flow from operating activities

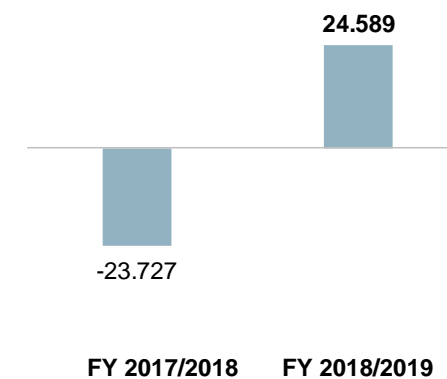
(EUR million)



- Increase despite fall in post-tax earnings
- Decrease in commitment of working capital in particular

Free cash flow

(EUR million)



- Cash flow from investing activities
- FY 18/19 | EUR -47.695 million
- FY 17/18 | EUR -50.935 million

Human resources

Employees



- Growth + 435 employees since 1 Oct. 2018
 - > Increase in France, Romania, Spain and Wolfsburg /Germany
- Competence centre Electronics + 414 employees since 1 Oct. 2018
- Nearshore: 302 employees in Romania as at 30 Sept. 2019
- Training: 534 participants group-wide as at 30 Sept. 2019, apprentices, students from cooperative universities and diploma students writing their thesis
- “Best employer 2019” award by Focus magazine
- Expansion of training programme
 - > E-learning, method trainings, management development
 - > Over 300 specialised and inter-disciplinary trainings



First quarter 2019/20

All numbers refer to the group

Q1 2019/20 at a glance

P&L

➤ Revenues: EUR 262m | EBIT: EUR 14.3m | margin: 5.4%

EUR 47.9m

➤ Free cashflow: WC release

IFRS 16

➤ First time application, minor net impact on P&L (EBIT: EUR +0.3m, NI: EUR -0.2m)

IFRS 16

➤ Balance sheet extension: equity ratio 46% (51%)



➤ Employees: 13,477 (+1.3% yoy, -1.4% qoq)

Group P&L

	Q1 2019/20 EUR million	Q1 2018/19 EUR million	Δ EUR million	Δ %
Total revenues	263.321	262.259	1.062	0,4%
Other operating income	2.005	2.288	-283	-12,4%
Raw materials and consumables used	-25.245	-24.502	-743	-
Personnel expenses	-190.462	-186.335	-4.127	-
Depreciation	-12.841	-8.011	-4.830	-
Other operating expenses	-22.490	-27.368	4.878	-
EBIT	14.288	18.331	-4.043	-22,1%
Financial result	-1.326	-767	-559	-
EBT	12.962	17.564	-4.602	-26,2%
Other taxes	-785	-823	38	-
Income taxes	-3.466	-4.815	1.349	-
Net income	8.711	11.926	-3.215	-27,0%
EPS (EUR)	0,86	1,18	-0,32	-27,1%

- Temporary project delays lead to inefficient capacity utilization
- Shift within R&D budgets requires alignment of capacities
- Planned ramp-up costs for new testing facilities
- Strict cost discipline on all lines
- PE/sales: 72% (71%) also reflects recruitment and qualification
- IFRS 16 (higher D&A, lower OOE)
 - EBIT impact: EUR +0.259m
 - Net income impact: EUR -0.202m

Segments

EUR million	Q1	Q1	Δ	Q1	Q1	Δ	Q1	Q1	Δ
	2019/20	2018/19		2019/20	2018/19		2019/20	2018/19	
	Digital			Physical			E/E		
Total revenues	146.099	150.637	-3,0%	56.783	58.306	-2,6%	60.439	53.316	13,4%
EBIT	4.629	9.359	-50,5%	4.123	3.789	8,8%	5.536	5.183	6,8%
<i>% margin</i>	<i>3,2%</i>	<i>6,2%</i>		<i>7,3%</i>	<i>6,5%</i>		<i>9,2%</i>	<i>9,7%</i>	

- Digital Engineering
 - > Inefficient capacity utilization
 - > Partial price pressure
 - > Alignment of capacities

- Physical Engineering
 - > Strong utilization
 - > Planned ramp-up of battery test center and powertrain solution centers according to schedule

- Electric/Electronics
 - > Decent numbers reflect shift of R&D budgets towards new trends

Group Balance Sheet

EUR million	31/12/2019 (including IFRS 16)	IFRS 16 Effekt	31/12/2019 (excluding IFRS 16)
Assets			
Non-current assets	434.676	- 91.573	343.103
of which Right-of-use assets	81.871	-81.871	0
of which deferred taxes	12.460	-9.702	2.758
Current assets	489.017	0	489.017
Total assets	923.693	- 91.573	832.120
Equity and liabilities			
Equity	425.303	0.202	425.505
of which Consolidated distributable profit	44.475	0.202	44.677
Equity ratio	46.0%	5.1%	51.1%
Non-current liabilities	303.191	-75.347	227.844
of which Lease liabilities	65.728	-65.728	0
of which Deferred taxes	18.297	-9.619	8.678
Current liabilities	195.199	-16.428	178.771
of which Lease liabilities	44.759	-16.428	28.331
Total equity and liabilities	923.693	- 91.573	832.120

- IFRS 16 leads to balance sheet extension of EUR 91.5m
- Very minor negative net impact on equity
- Equity ratio at 46% (51%)

A young woman with blonde hair tied back, wearing black-rimmed glasses and a dark blazer, is smiling and holding a tablet computer. She is in the foreground, looking directly at the camera. The background is a blurred office environment with many people walking around, suggesting a busy, modern workplace.

13.477 employees globally as of Dec 31st 2019*

*13.307 employees as of Dec 31st 2018



Outlook

Guidance for FY 2019/2020



20-50

EUR million
increase in
total revenues



5-7.5%

of total revenues
for EBIT ratio



50-70

EUR million
volume of
capital spending



Positive

cash flow from
operating activities

**Guidance withdrawn
(ad-hoc March 20th 2020)**

Prepared for the future

- Customers are focussing on cash and closed factories => some R&D projects being paused at the moment
- Projects linked to near-term SOP are up and running; no project cancellation at the moment
- Stringent cost-cutting, reduction of tier-2 work, and short-time work immediately initiated to compensate for inefficient utilization
- Early signs of gradual plant ramp-ups may lead to normalisation in June/July 2020
- Mid-term opportunities:
 - > Megatrends: Bertrandt is consistently focusing on the future topics
 - > CapEx cycle: recent investments covering industry needs
 - > Globalisation: continuing focus on internationalisation geared to customer and project needs
 - > Solid financials: strong balance sheet as competitive advantage

Prepared for the future

Thank you for your attention!

Contact details

Markus Ruf
CFO

Björn Voss
Head of Investor Relations



Bertrandt AG, Birkensee 1, 71139 Ehningen



+49 7034 656 4201



bjoern.voss@de.bertrandt.com



www.bertrandt.com

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