

bertrandt

Investor Presentation

Bertrandt AG

December 2022

Agenda

01 Bertrandt at a glance

02 Markets and
customer environment

03 Investment Highlights & Opportunities

04 Outlook

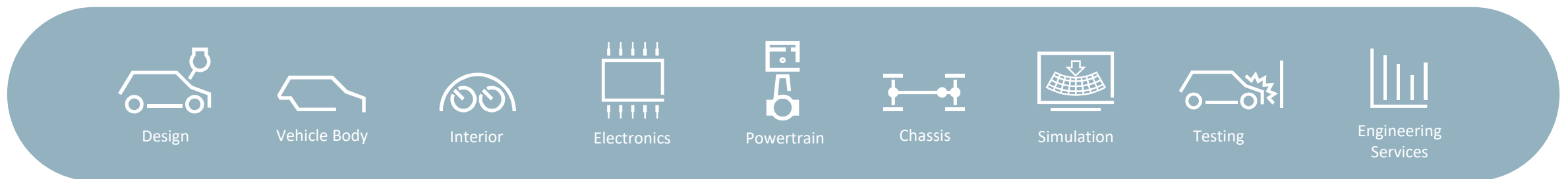
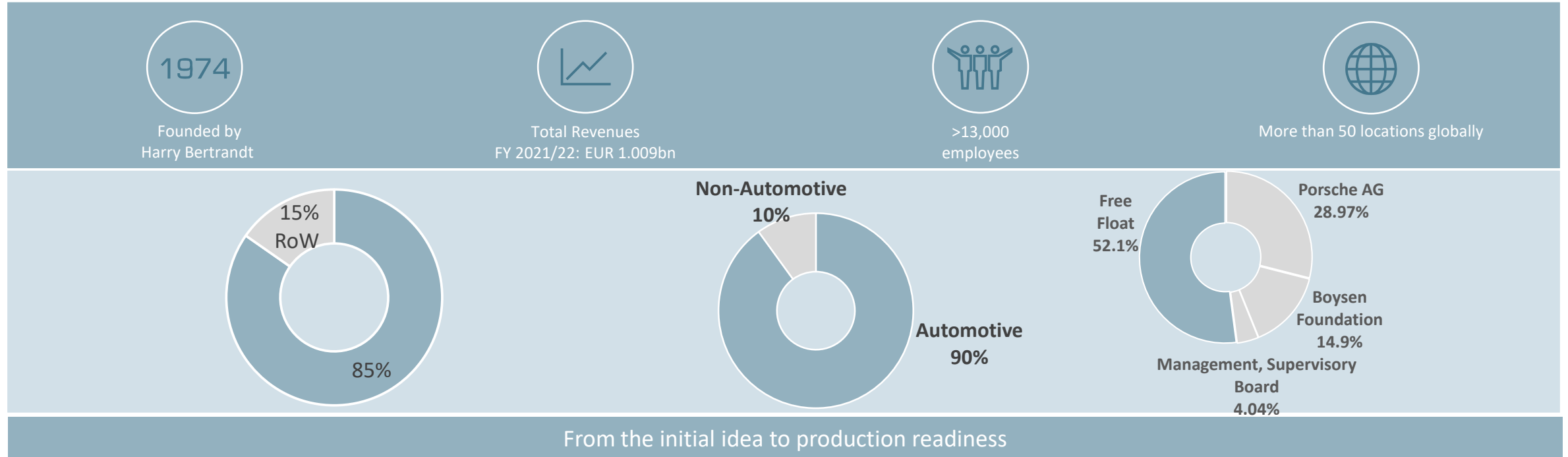
05 Back-up

INVESTOR PRESENTATION

Bertrandt AG

BERTRANDT AT A GLANCE

Bertrandt Group: Driving Engineering and Digitization => pie charts!!!



Sustainability Part Of Corporate Strategy: CO2 neutral by 2039

MSCI
ESG RATINGS

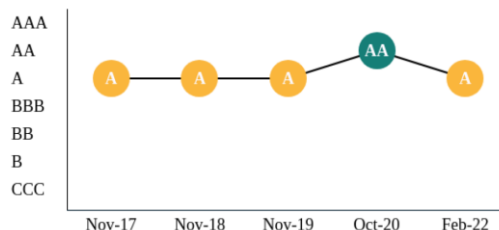


CCC B BB BBB **A** AA AAA

RATING ACTION DATE: February 24, 2022

LAST REPORT UPDATE: February 24, 2022

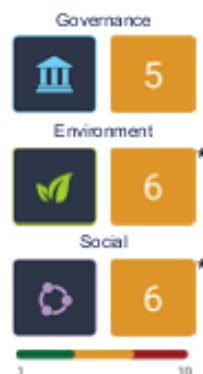
ESG Rating history



ESG Rating history shows five most recent rating actions



QualityScore



Overall ESG rating

Gaia RESEARCH
by Ethifinance

The company **Bertrandt AG** obtains a score of **49 / 100** for the Gaia Research 2021 campaign, based on data for the year 2020.

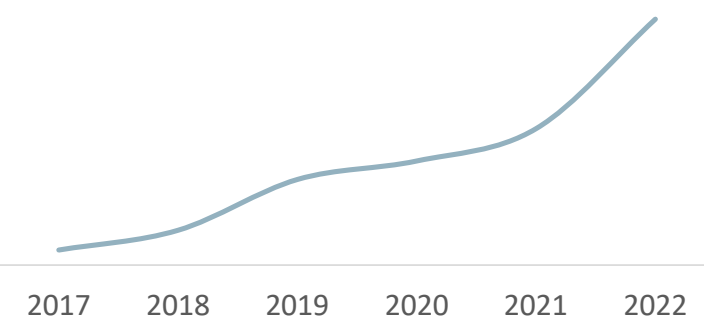
The scores range from 0 to 100, 100 being the highest score.

- MSCI re-rating in February 2022 caused by fears regarding staff recruitment and retention challenges in a tight job market
- **Our answer**
 - Recruitment measures intensified
 - >50 recruiters on board
 - Direct approach as standard process
 - New working model: >50% remote possible
 - Almost EUR 10m invest for employee training in the last two years
 - More than 100,000 applications in FY 2021/2022
 - Employees: +1,149 yoy

Human Resources

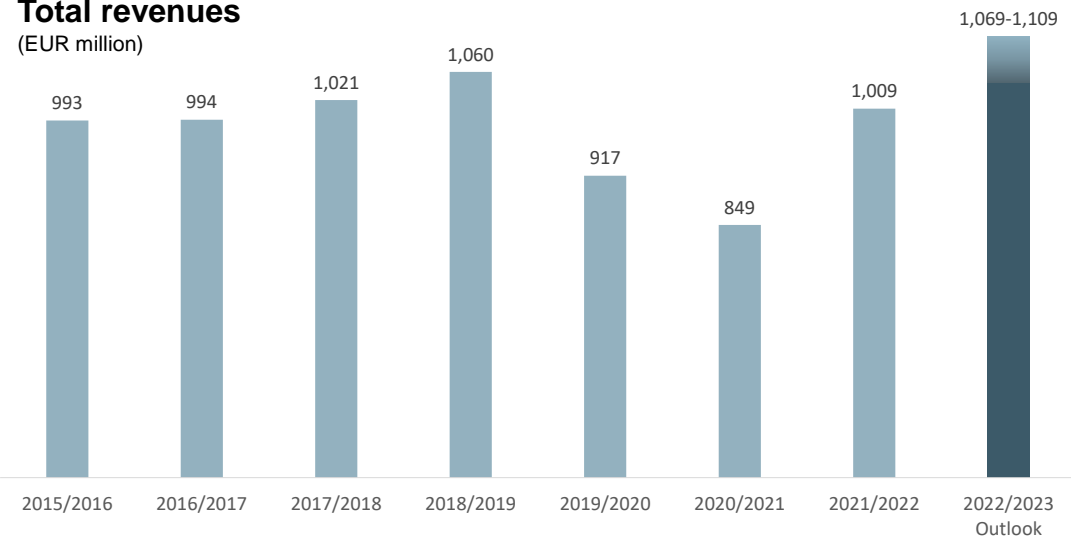
- Recruitment initiatives intensified globally
- More than 2,000 vacancies in Electronics, Software, Near-shore
- Strong growth in all areas including (Non)-Mobility activities, Aerospace, in the US and in Romania
- Around 1,000 colleagues in near-shore countries

Headcount in Romania

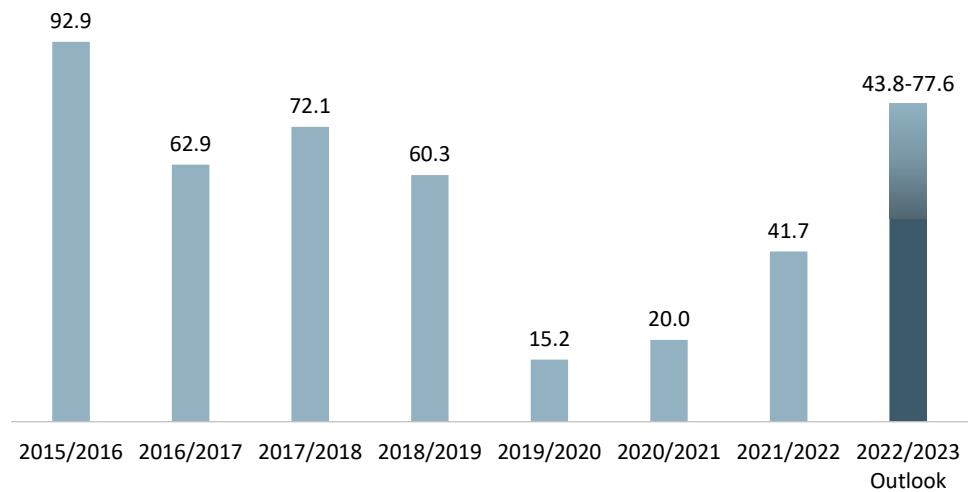


Key figures and outlook

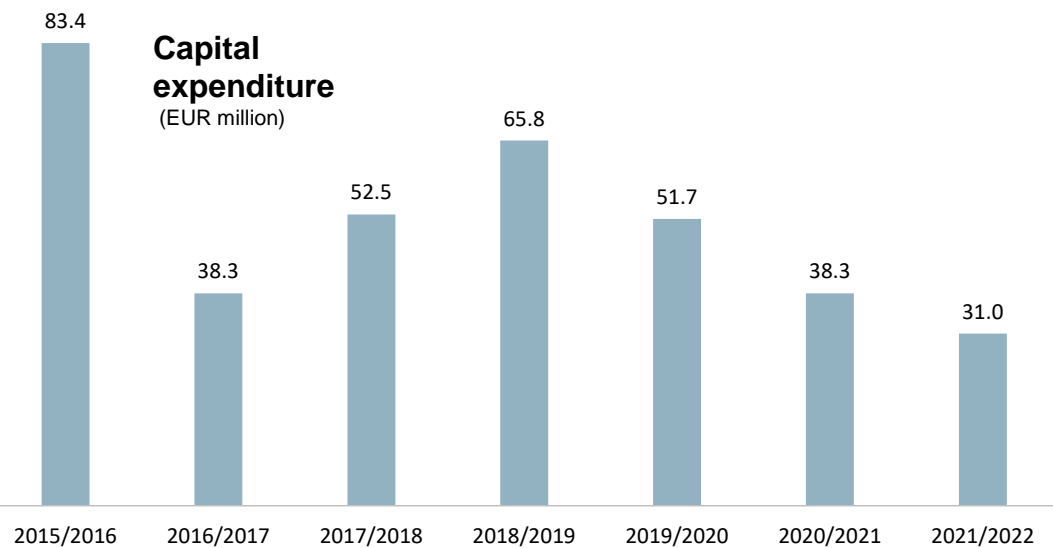
Total revenues
(EUR million)



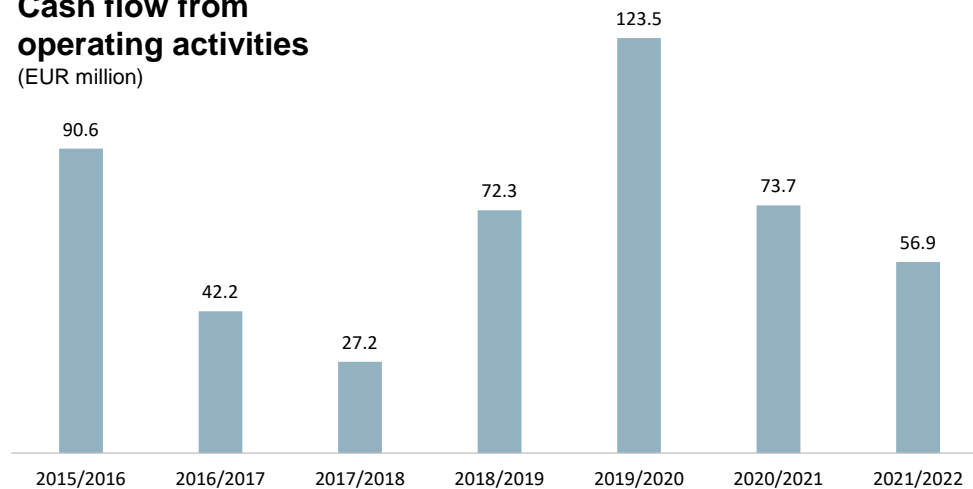
EBIT
(EUR million)



Capital expenditure
(EUR million)



Cash flow from operating activities
(EUR million)



INVESTOR PRESENTATION

Bertrandt AG

MARKETS AND CUSTOMER ENVIRONMENT

Current market and customer environment: Automotive industry



Recent customer statements confirm growing R&D budgets



Regulative pressure favourable for engineering services



Weak car sales due to supply issues, but strong order backlogs



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



Pandemic leads to high level of sick leave



Cost and efficiency pressure ongoing and addressed



R&D budgets at high levels and linked to customer profit & cash generation

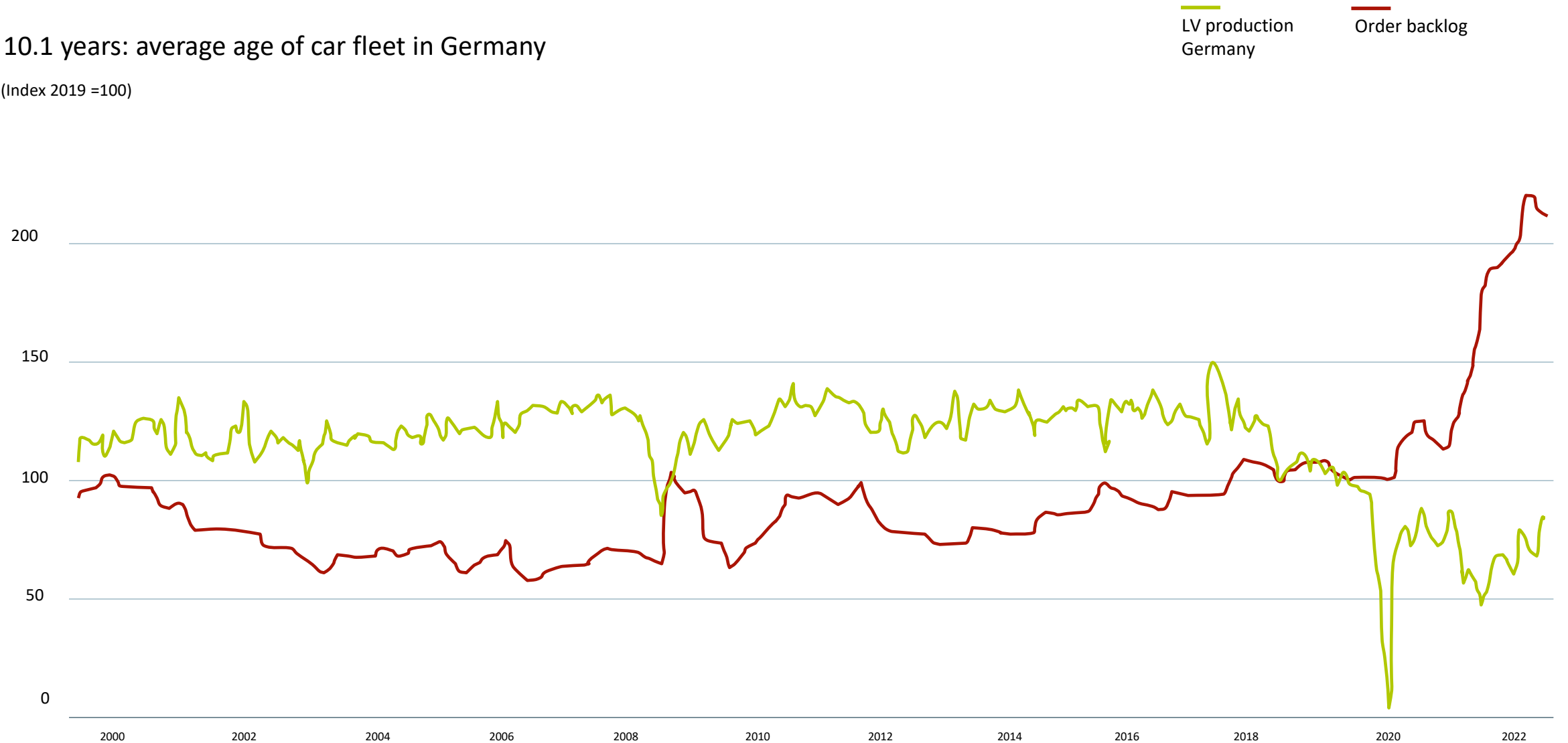


Geopolitical issues and rising energy costs pose a risk to economic recovery; countermeasures in place

LV production vs. order backlog in Germany

10.1 years: average age of car fleet in Germany

(Index 2019 =100)



Current market and customer environment: Aviation

Aviation industry:

- Strong recovery of air traffic after pandemic
- Generally growing demand for modern, efficient and smaller aircrafts with long operating range (e.g. A321 XLR)
- Attractive market: total A/D R&D volume in Europe: EUR 20.6bn (2019)
- Major European commercial aircraft manufacturer expects aircraft deliveries to increase in 2022
- Strategic milestones achieved: Philotech acquisition and Preferred Supplier Status

Current market and customer environment: Industries



Electrical industry:

Forecast 2023:
Europe +3.0%
Germany +7.0%



Med-Tech:

Forecast 2023:
Gloomy expectations
because of tough comps



Mechanical & Plant Engineering:

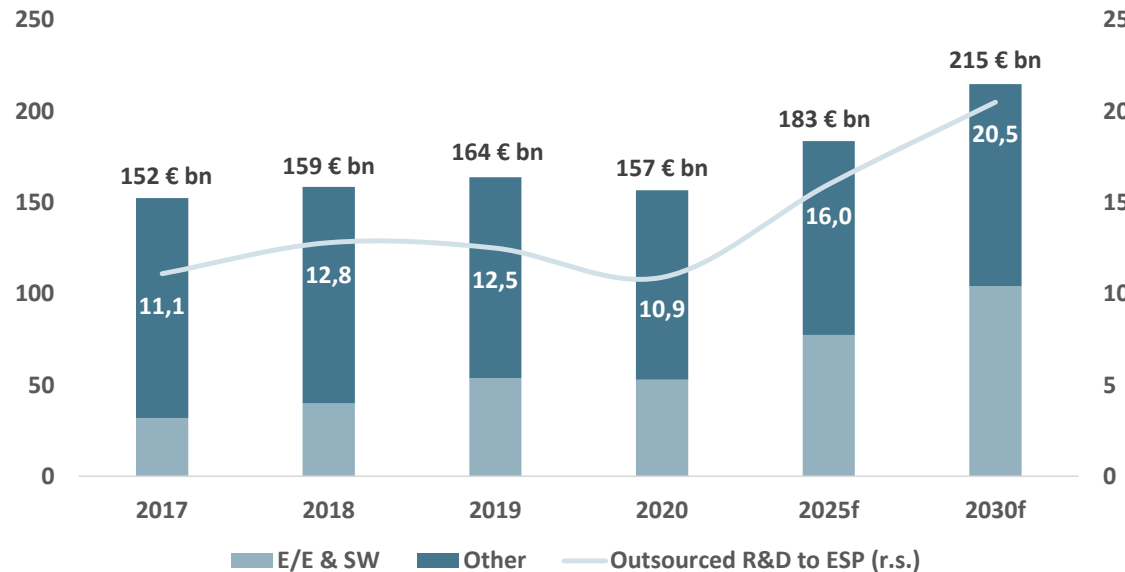
Forecast 2023:
Germany -2%

INVESTOR PRESENTATION

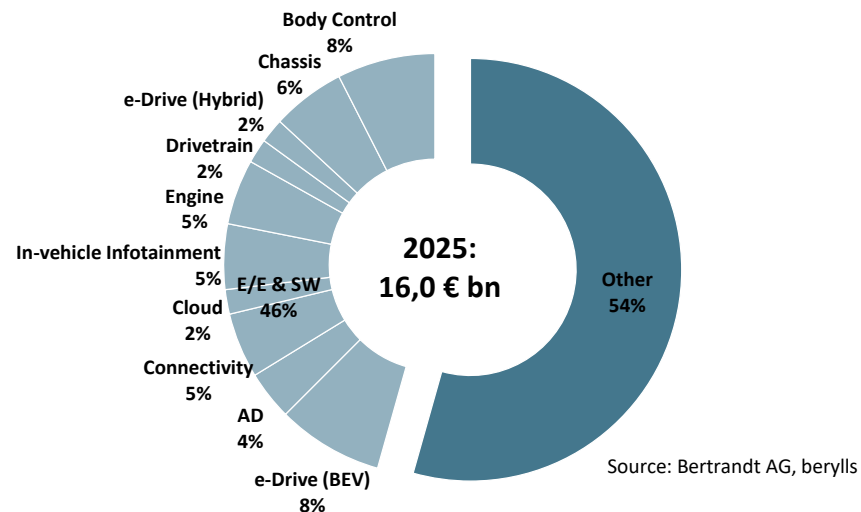
Bertrandt AG

INVESTMENT HIGHLIGHTS & OPPORTUNITIES

The automotive R&D market



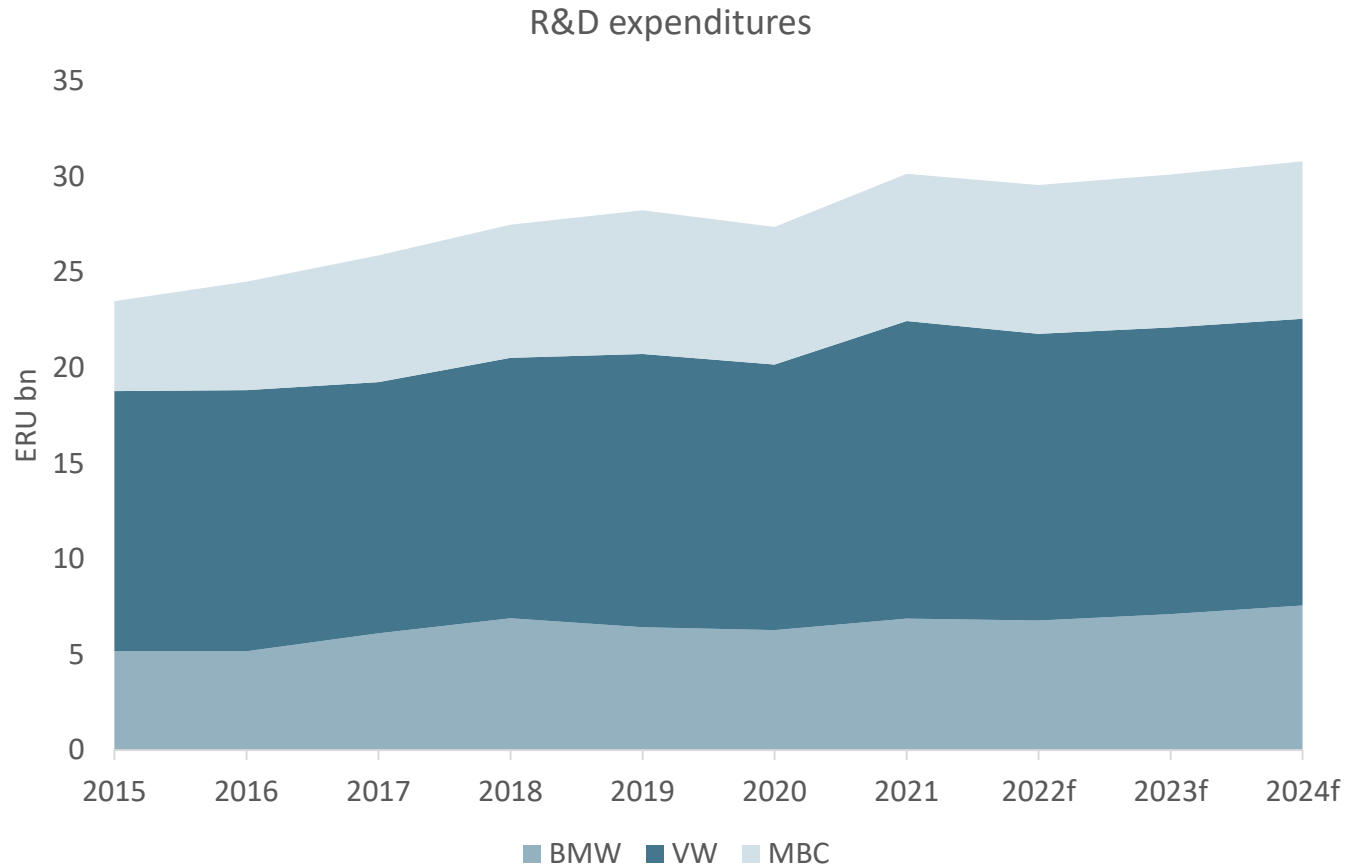
Source: Bertrandt AG, berylls



Source: Bertrandt AG, berylls

- Global automotive R&D market to reach EUR 215bn by 2030f (CAGR 2020-2030f: +3.2%)
- E/E & SW R&D becomes increasingly important (2020: EUR 53bn, 2030f: EUR 104bn, CAGR: +7.0%)
- Outsourced R&D to reach EUR 20.5bn by 2030f (2020: 10.9bn)
 - Outsourcing ratios have been increasing from ~7% (2017) to ~10% (2030f) globally
 - Very heterogenous outsourcing strategies among OEMs in different countries
- E/E & SW R&D (2017: EUR 4.5bn, 2025f: EUR 7.4bn, 2030f: EUR 11.7bn) increasingly important for ESPs with AD, connectivity, and e-mobility being the main driver
- E/E & SW R&D split over various engineering services

R&D investments steadily growing and resilient









- OEM R&D budgets driven by megatrends:
 - Digitization
 - Sustainable & Autonomous mobility
 - Connectivity
 - Innovations
- R&D investments define future success and advanced competitive positioning
- Normal volatility of car production/sales generally do not affect R&D strategies

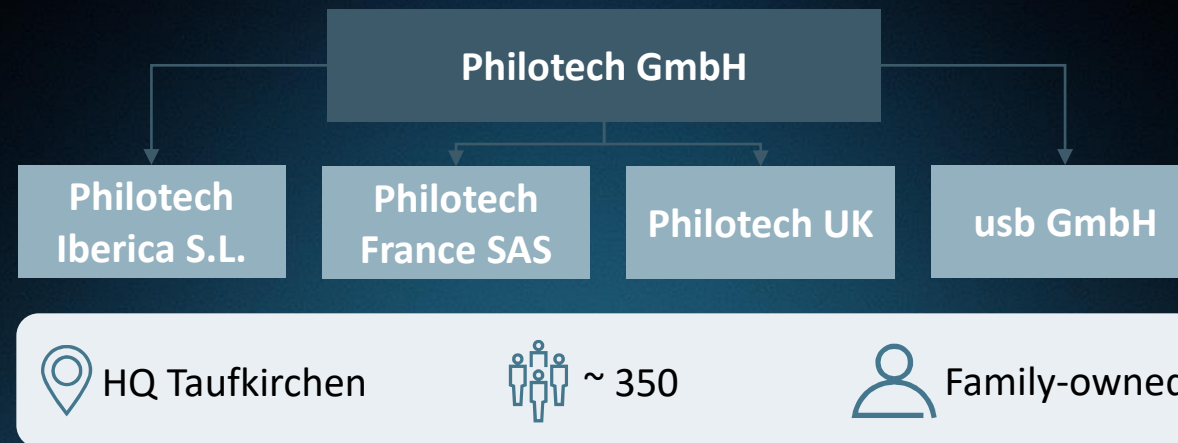
Corporate Strategy



Expert Organization

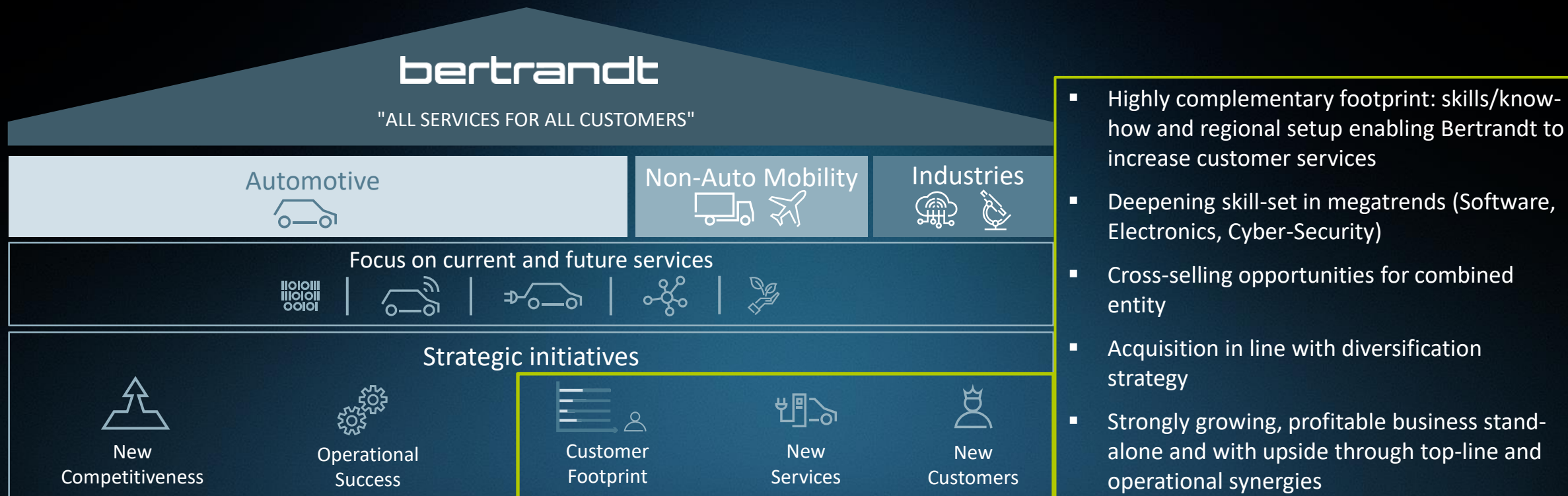
| | | | | |
|---|--|--|---|--|
|  <p>Electronics</p> |  <p>Product Engineering</p> |  <p>Physical</p> |  <p>Production & After Sales</p> |  <p>Aerospace</p> |
| <p>Software Experts</p> | <p>Design Solutions</p> | <p>Testing Solutions</p> | <p>Smart Production Solutions</p> |  |
| <p>Autonomous Mobility & Information Systems</p> | <p>Simulation Solutions</p> | <p>eMobility Testing Solutions</p> | <p>Customer Interaction Solutions</p> | <p>Bertrandt Hamburg</p> |
| <p>eMobility Systems</p> | <p>Engineering Integration & Management Services</p> | <p>Vehicle & Prototype Services</p> | | <p>Aerospace France</p> |
| <p>Electronics & Virtual Testing Solutions</p> | | <p>Powertrain Solutions</p> | | |

PHILOTECH IN A NUTSHELL



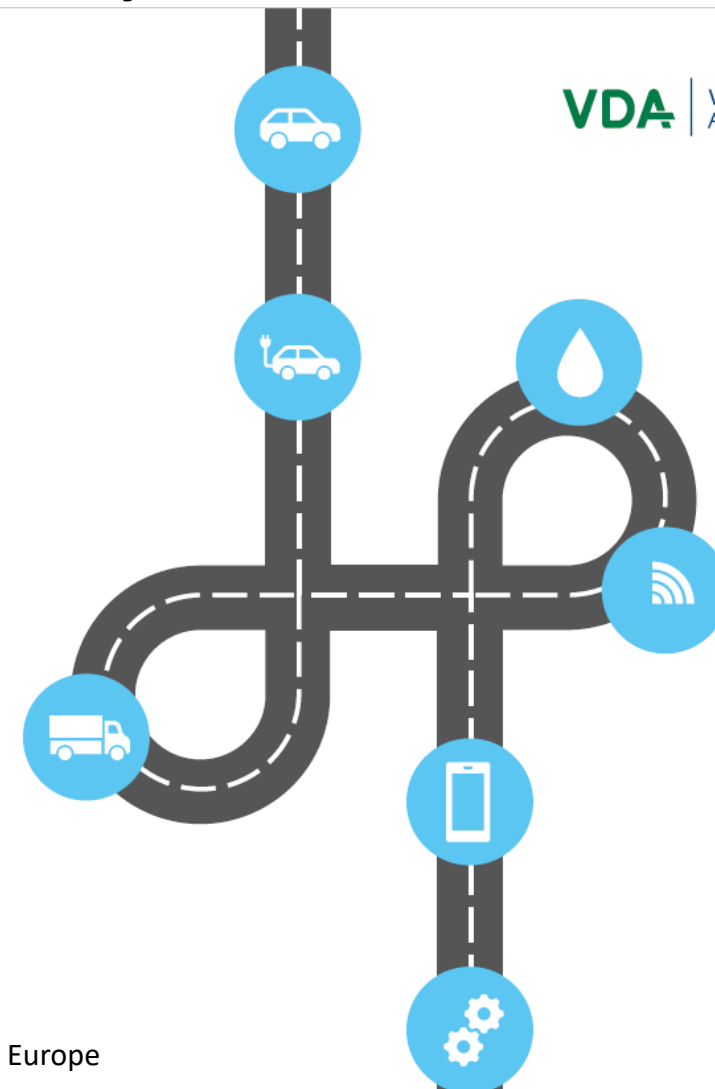
- Philotech Group (Philotech): founded 1987
- Key customer industries: aviation, automotive, telecommunication
- Key services: electronics, software, IT- & cyber-security
- Hidden Champion: „Mittelstand“-company with strong footprint in highly attractive niche services
- Subsidiaries: France, Spain, UK
- Solid balance sheet

STRATEGIC RATIONALE



Bertrandt addresses all drivers for individual mobility

-  **Individual Mobility**
Remains core need for people
-  **Electric Mobility**
Will dominate in the car segment
-  **Commercial Vehicles**
Electrification/Fuel cell (depending on purpose)
-  **Hydrogen and Fuel Cell**
Important as an alternative technology
and for achieving climate targets
-  **Automated and autonomous driving**
Key driver for future valued-added
-  **Digital Services**
Increasingly important element for supply chain
-  **Combustion engine still essential**
For some markets like South America, Africa, partially South-East Europe



VDA | Verband der
Automobilindustrie

Source: VDA

High-voltage battery test centre



State-of-the-art test center with an investment volume of over EUR 15 million:

- 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 components and complete vehicles

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

Bertrandt Powertrain Solution Center



Volume of capital spending of around EUR 80 million with new buildings at our locations in:

- Wolfsburg
- Munich (under construction)

8 all-wheel-drive climatic chassis dynamometer with 2 height chambers

Altitude 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 all types of powertrains such as BEV, PHEV, HEV, ICE, FCV (fuel cell), HFCV (hydrogen FC), AFC (alternative fuels)

Environmental simulations

Real Driving Emissions

Euro 7 ready

Validation of vehicle handling/fuel consumption/emissions

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 13485 certification in 2020 to meet high regulatory and extraordinary safety and quality requirements. Prerequisite for further growth.

INVESTOR PRESENTATION

Bertrandt AG

FY 2021/2022

Highlights FY 2021/2022

- Double-digit top-line growth of +18.9% yoy to above EUR 1bn (organic sales growth of +15.1% yoy)
- EBIT at EUR 41.7m (+108% yoy) | EPS at EUR 2.09 (2020/2021: EUR 0.68)
- Philotech contributed to sales and EBIT from day one, co-operation and integration running smoothly
- Utilization normalized with delayed recovery in France taking place
- EBIT benefitted from higher utilization and cost-cutting initiatives, but suffered from hiring costs, energy price inflation, ramp-up charges, sick leave
- Successful recruitment in a tight HR market:
 - 722 new net hires in FY 2021/22 yoy (organically)
 - +32% increase of international workforce (ex France)
 - >2.000 vacancies
- Holistic ESG-strategy covering all stakeholder requirements with one target: CO2 neutrality by 2039
- Audited Sustainability Report

At a glance



P&L | Total revenues EUR 1.009bn (+19% yoy) | EBIT: EUR 41.664m | margin: 4.1%



Cashflow | CapEx EUR 31.025m | FCF EUR +8.961m



Balance Sheet | BS total: EUR 956.047m | Equity EUR 431.846m | Equity Ratio 45.2%



Share price | 33.50 EUR (30.09.2022)

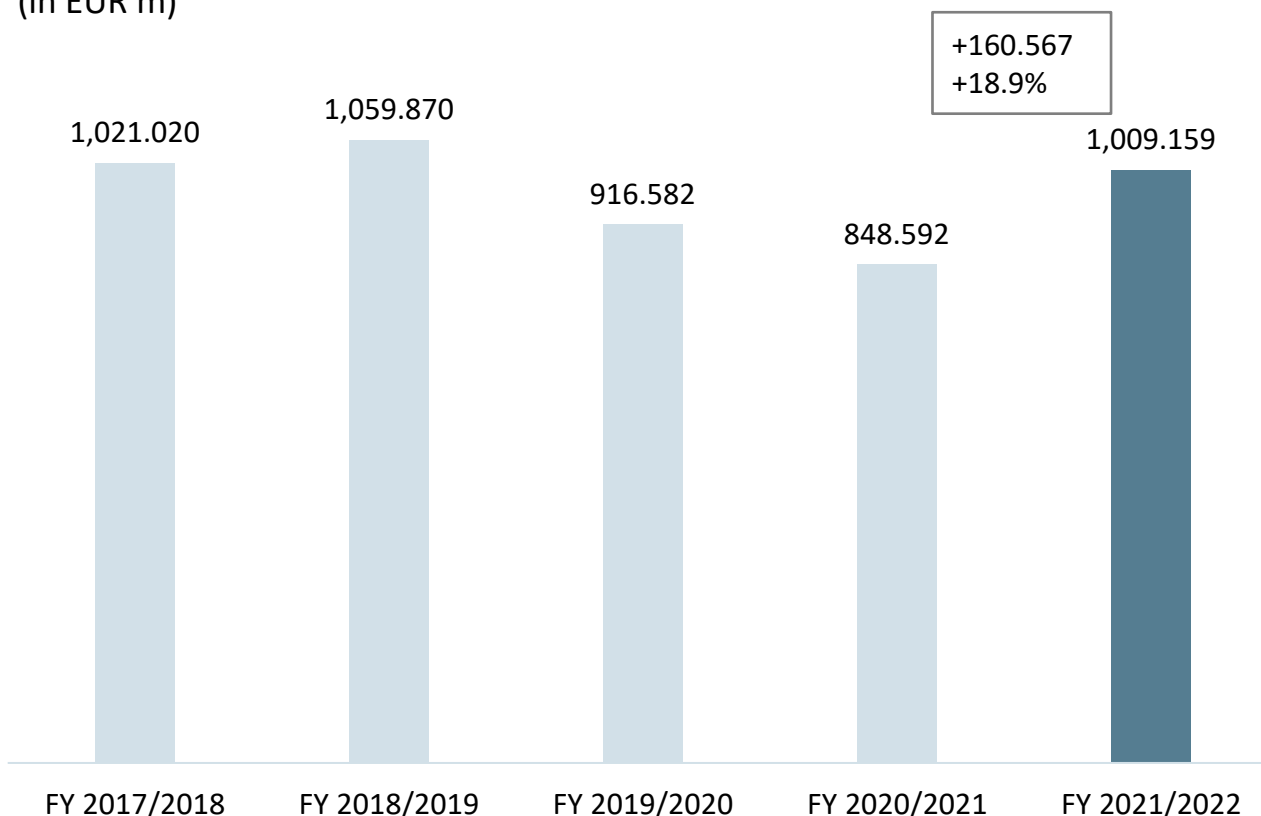


Employees | 13,179



Total revenues: „Corona-trough“ overcome

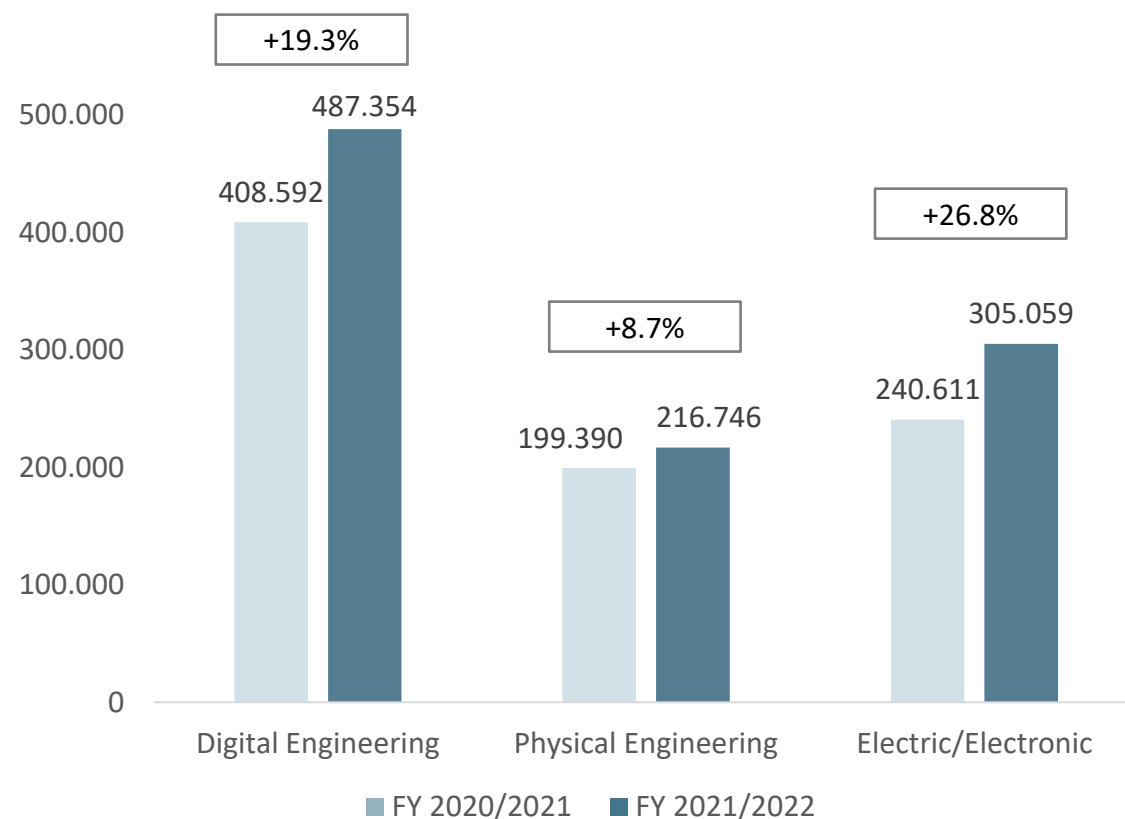
Total revenues
(in EUR m)



- Noticeably improved capacity utilization thanks to increased project awards
- Short-time work ended in Germany in the course of the year and significantly reduced in France
- Recovery retarded due to high level of sick leave
- Group total revenues: +19% yoy (organically: +15%)
 - > Germany +15% yoy
 - > International +44% yoy (low comp. due to pandemic)

Segment development

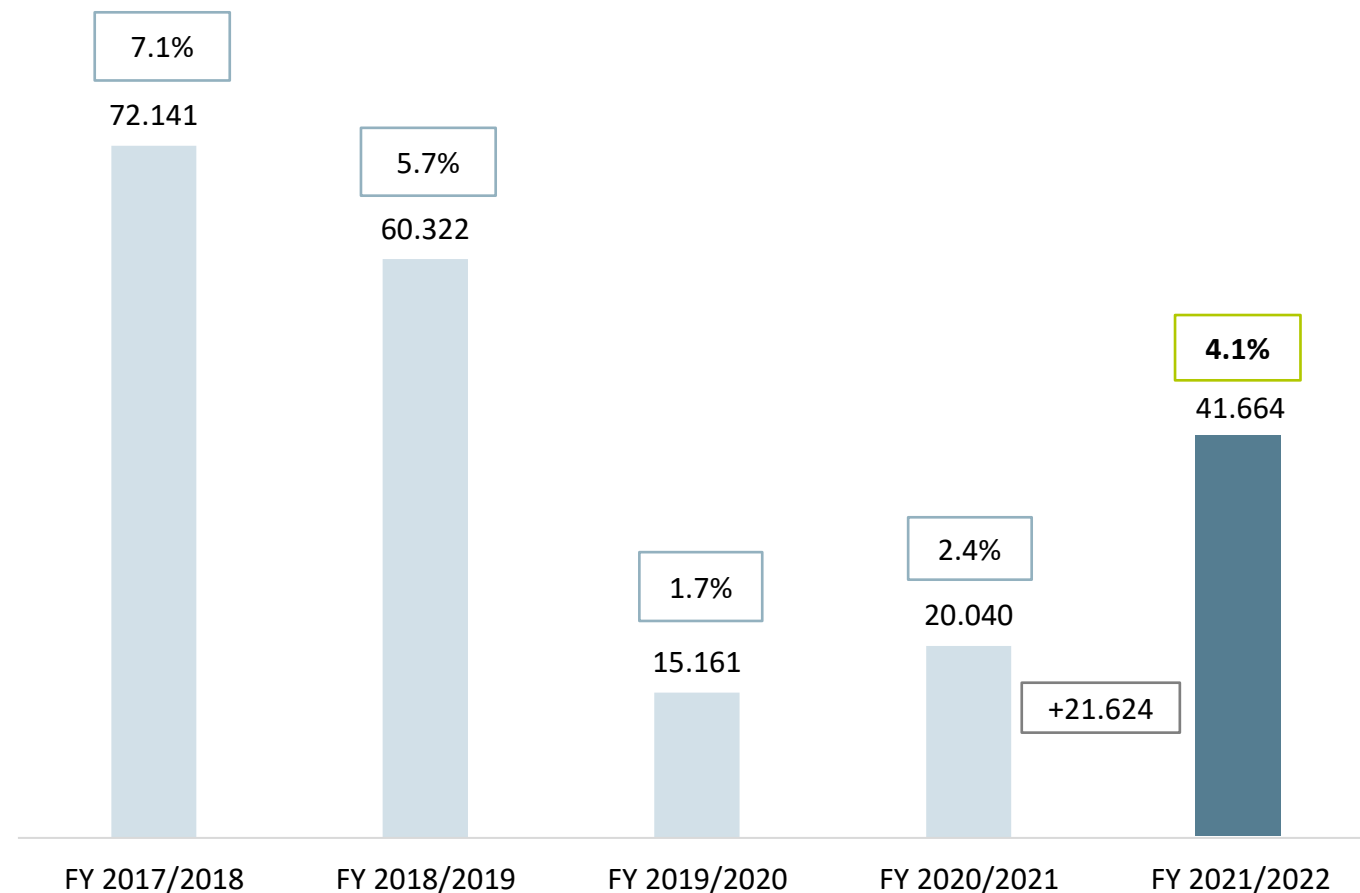
Total revenues
(in EUR m)



- **Digital Engineering:** noticeable growth due to improved capacity utilization following pandemic-related delays in call-offs in the previous year
- **Physical Engineering:** late-cycle recovery after Corona impact, but ramp-up challenges test centers
- **Electric/Electronic:** megatrends drive demand, consolidation effects Philotech

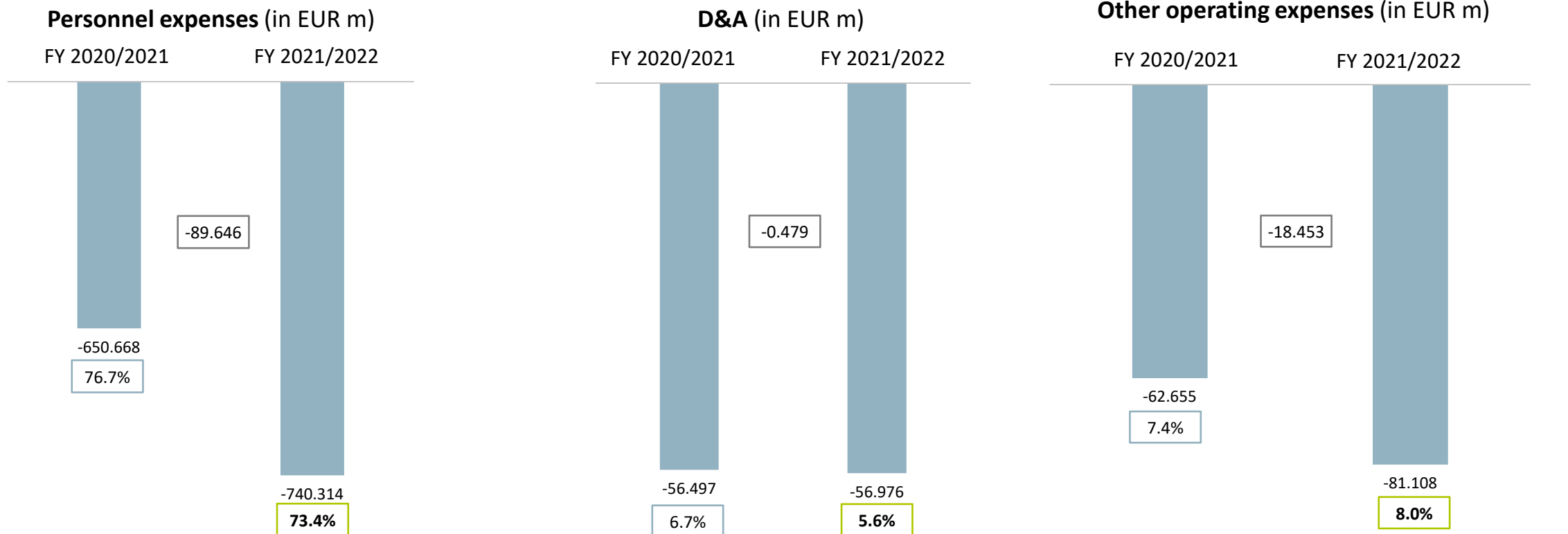
EBIT improved

EBIT and margin
(in EUR m)



- EBIT benefits from increased capacity utilization and cost reductions during Corona (e.g. infrastructure optimization)
- Overall inflation with counteracting effect; countermeasures such as price increases in place, but deferred benefits
- Ramp-up losses weighed on Physical Engineering segment; compensation claims in place

Key expenditure figures and cost ratios

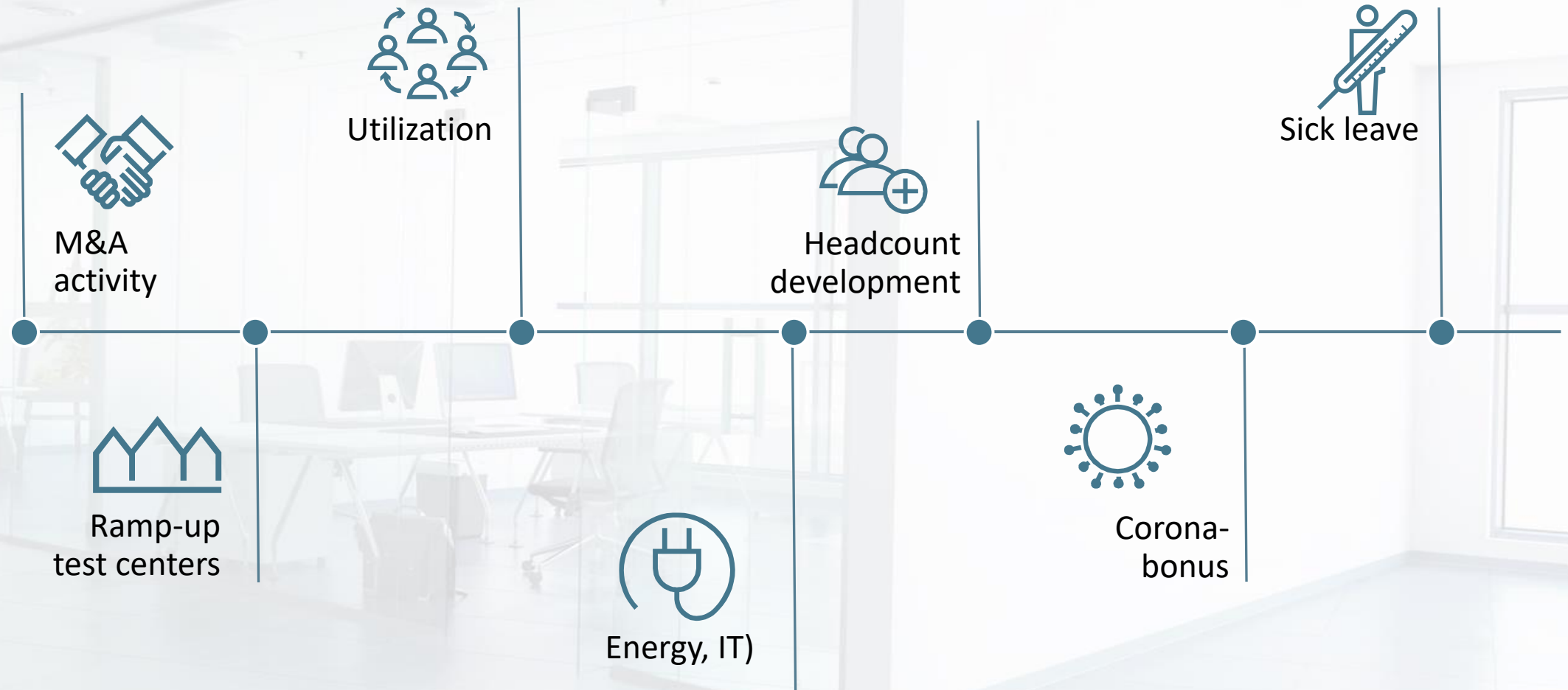


- Normalization of capacity utilization, significant reduction in short-time work
- Employee growth and retention measures after Corona

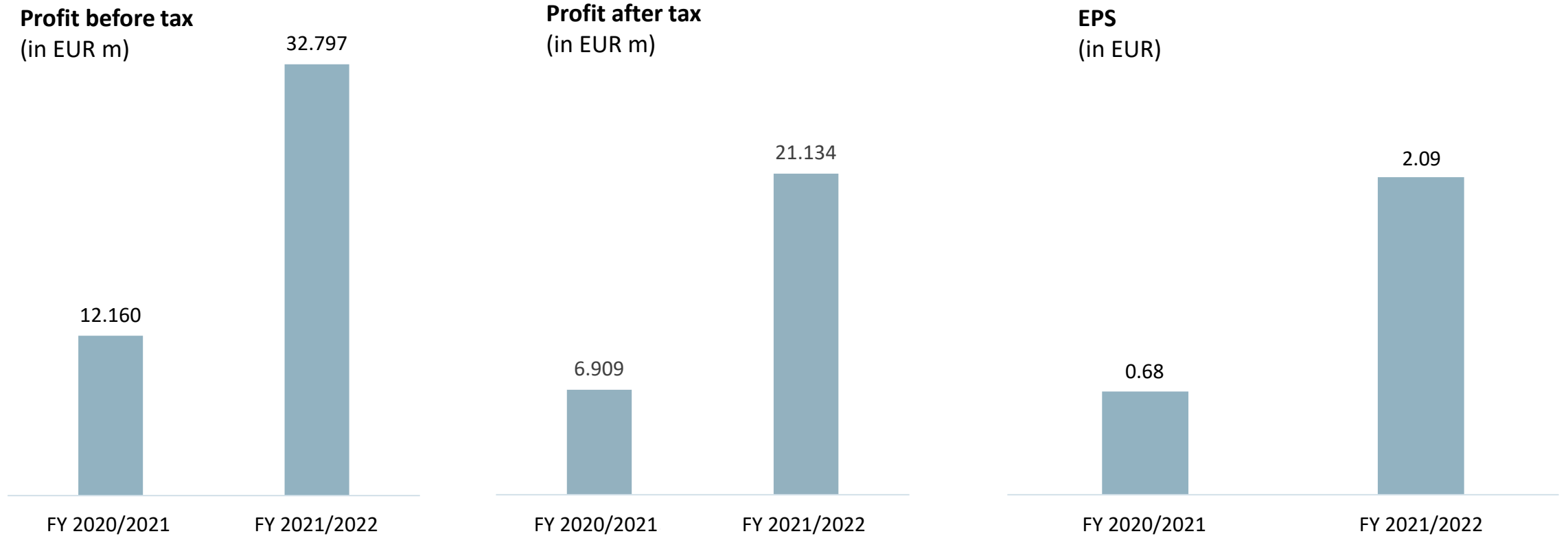
- D&A at prior year level

- Increased business volume, recruiting measures, education/training
- Sales initiatives
- Energy costs

Total revenues and EBIT impacted by...



Earnings performance

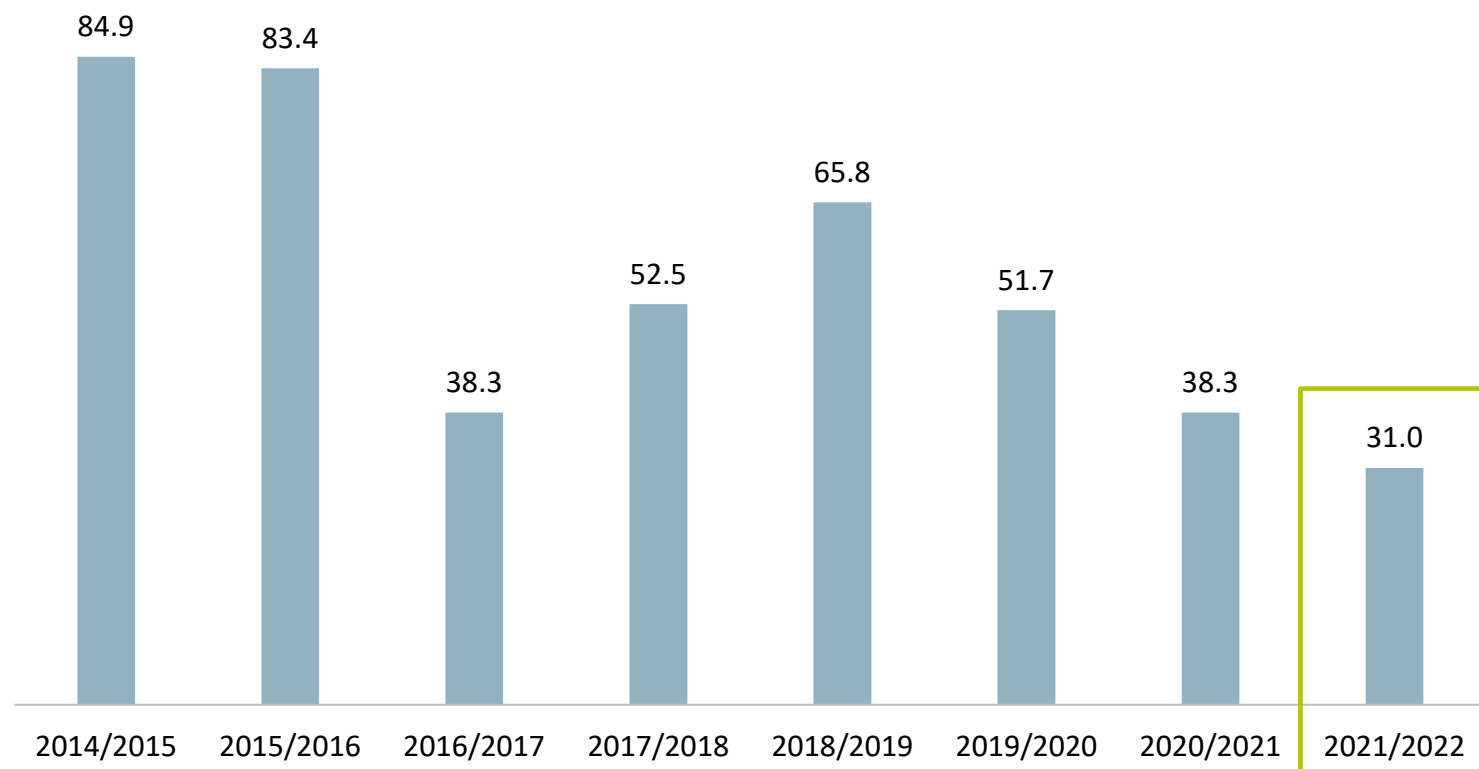


Overview P&L

| | 2021/2022 | | 2020/2021 | | comparison | |
|--|------------------|--------------|----------------|--------------|----------------|--------------|
| | EUR million | % of total | EUR million | % of total | EUR million | % |
| Total revenues | 1,009.159 | <i>100 %</i> | 848.592 | <i>100 %</i> | 160.567 | 19 % |
| Other operating income | 19.806 | 2 % | 13.490 | 2 % | 6.316 | 47 % |
| Raw materials and consumables used | -108.904 | -11 % | -72.222 | -9 % | -36.682 | 51 % |
| Personnel expenses | -740.314 | -73 % | -650.668 | -77 % | -89.646 | 14 % |
| Depreciation | -56.976 | -6 % | -56.497 | -7 % | -479 | 1 % |
| Other operating expenses | -81.108 | -8 % | -62.655 | -7 % | -18.453 | 29 % |
| EBIT | 41.664 | <i>4 %</i> | 20.040 | <i>2 %</i> | 21.624 | 108 % |
| Net finance invome | -6.360 | | -5.900 | | -460 | 8 % |
| Profit from ordinary activities | 35.304 | | 14.140 | | 21.164 | 150 % |
| Other taxes | -2.507 | | -1.981 | | -527 | 27 % |
| Earnings before tax | 32.797 | | 12.160 | | 20.637 | 170 % |
| Income taxes | -11.663 | | -5.251 | | -6.412 | 122 % |
| Post-tax earnings | 21.134 | | 6.909 | | 14.225 | 206 % |

CapEx spending reduced

Capital Expenditures
(w/o payments from changes in consolidated businesses)
in EUR m

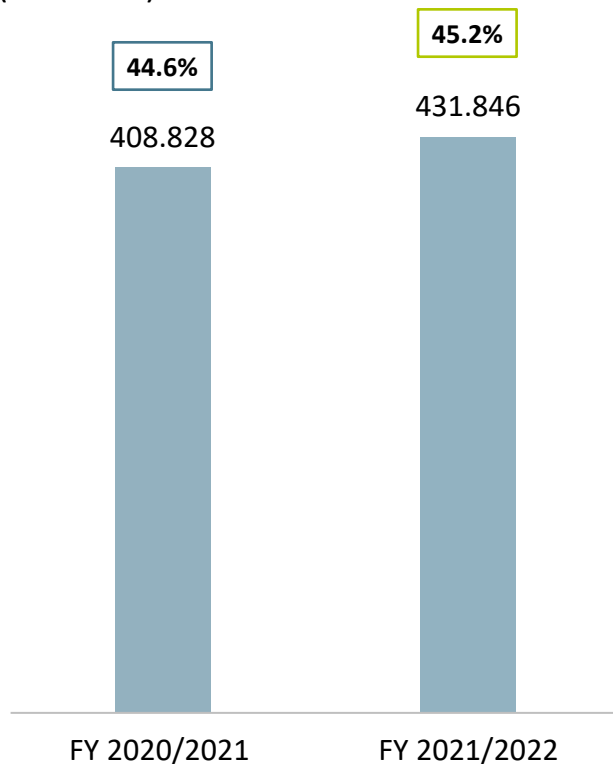


- Investments focused on eMobility, but still restrictive
- Investments in property, plant and equipment down significantly, investments in intangible assets (IT, licenses, software) up
- Additional cash outflow for M&A activities

Financial and asset position

Equity and equity-ratio

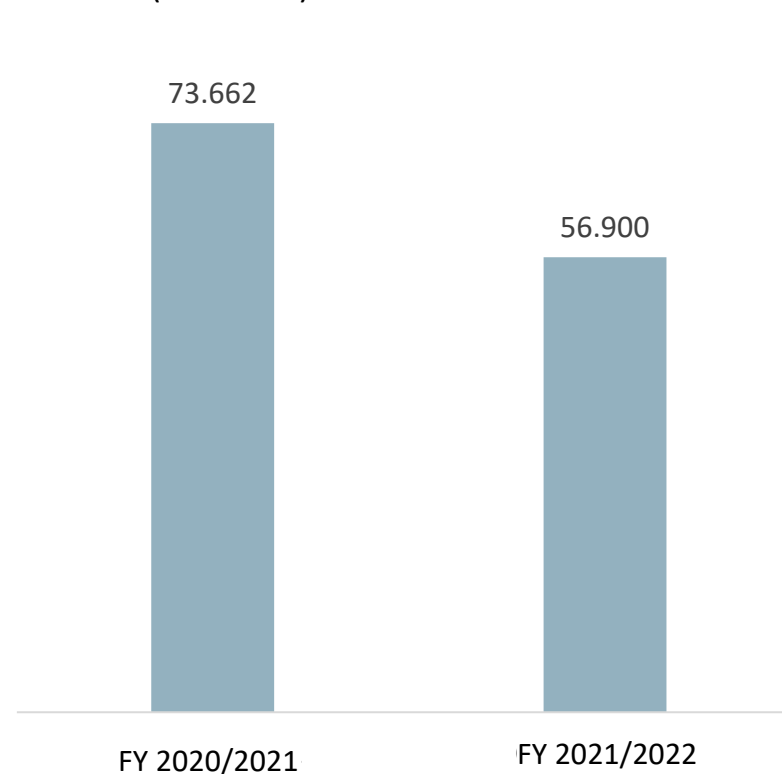
(in EUR m)



Equity and equity ratio increased again

Cashflow from operating activities

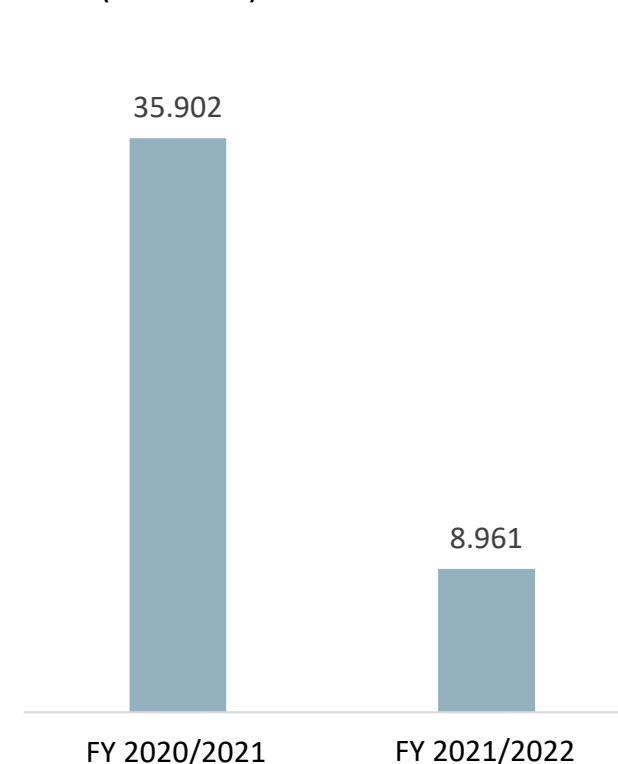
(in EUR m)



Positive operating cash flow, but higher funds tied up in working capital due to increase in business activity

Free Cashflow

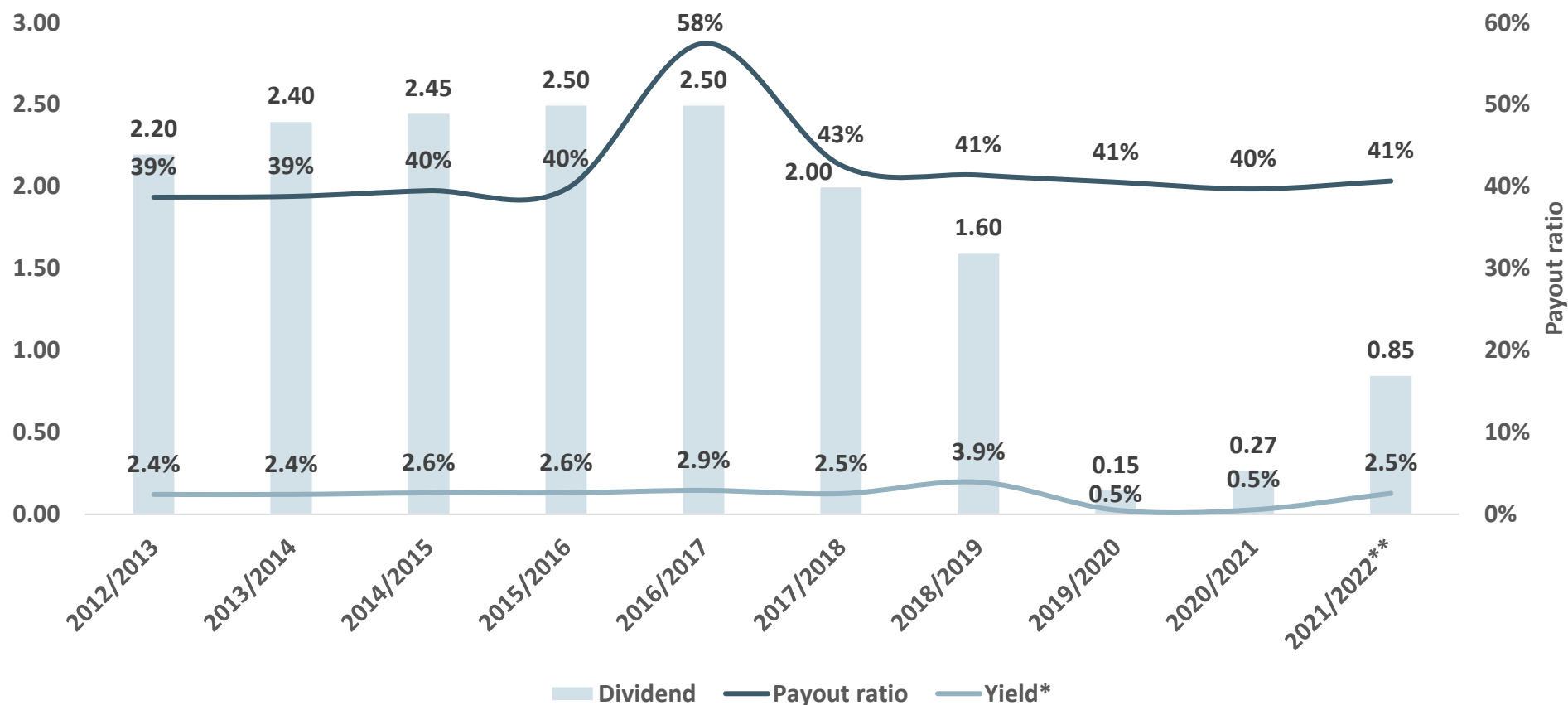
(in EUR m)



Positive free cash flow also after cash outflow for M&A activities

Dividend based on known and reliable payout policy***

Dividend, Payout Ratio, Yield
(in EUR)



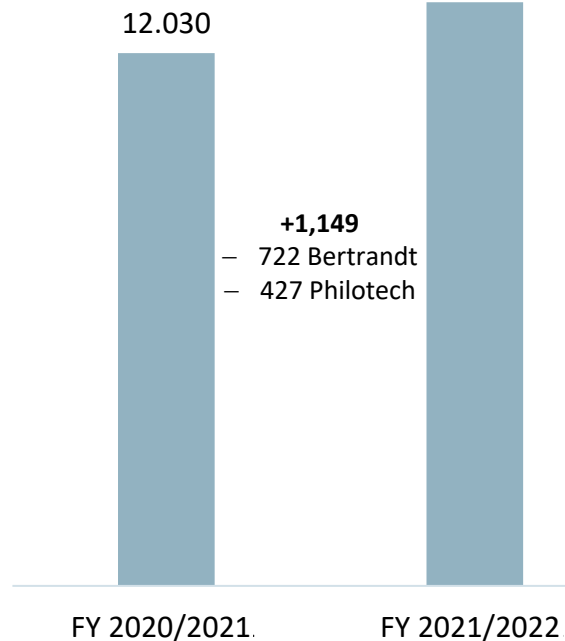
* Yield based on closing price in the respective fiscal year (Xetra)

** Proposal of the Executive Board and the Supervisory Board to the Annual General Meeting

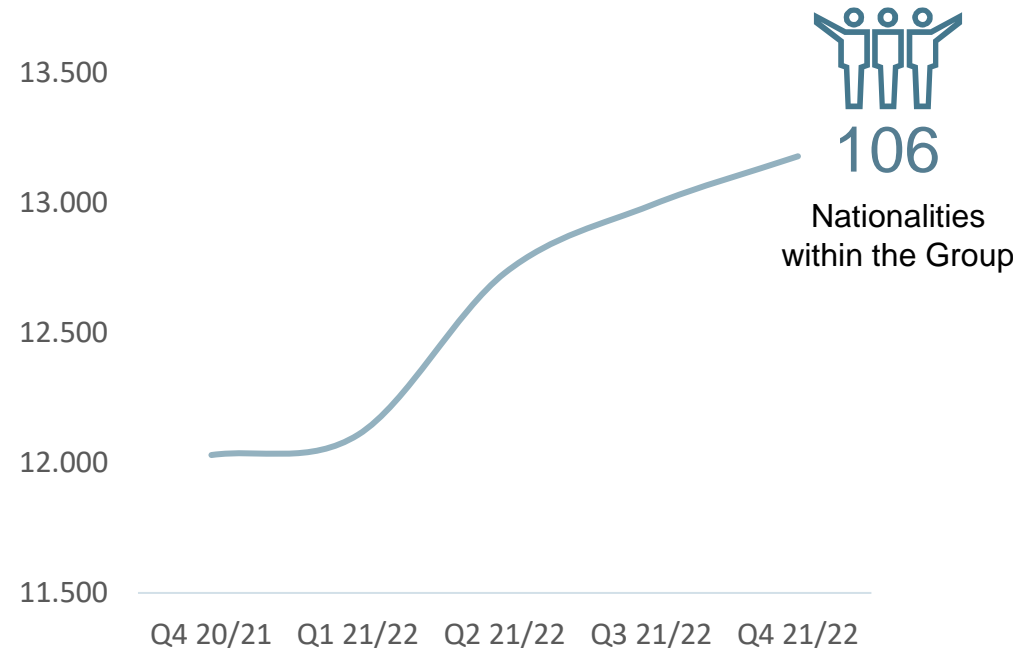
*** Around 40% of Group profit after taxes

Employees

Employees
as of September 30th



Workforce development FY 2021/2022



- Pleasing increase in workforce in Germany and abroad despite tight labor market
- Investments for training and education approx. 5 million euros and for employee retention measures approx. 9 million euros
- Extensive employee benefits and highlights: e.g. Bertrandt Academy, home technology package, job bike, sabbatical, mobile working, Health 4Bertrandt and much more



Outstanding Apprenticeship



Top career opportunities (top 4)



Germany's best MINT* employer

| * MINT = Mathematik (Mathematics), IT, Naturwissenschaften (Science), Technik (Technology)

INVESTOR PRESENTATION

Bertrandt AG

OUTLOOK

Forecast FY 2022/2023

- Regionally heterogeneous economic conditions
- External factors (pandemic, energy availability, inflation) outside management's sphere of influence
- Environmental policy measures require innovations in mobility and other industries
- Growth prospects for Engineering Service Providers confirmed by external market analyses



Forecast 2022/2023



EUR 60-100m

increase
in total revenues



4,1-7%

EBIT margin
(prior year: 4.1%)



Positive

Cashflow from
operating activities



EUR 25-40m

CapEx



Summary: reasons to invest

- Long-term market experience with established customer relations and deep know-how along the engineering process
- Growing end markets: resilient R&D investments driven by innovation pressure and regulation
- High level of IT, software & electronic skills
=> business model to become more „asset-light“
- Successfully implemented expert organization addresses industry transformation
- Recruiting power, strong „Engineering Brand“, attractive employee benefits
- Solid balance sheet and proven track-record regarding cash generation
- Holistic ESG strategy with clear targets

INVESTOR PRESENTATION

Bertrandt AG

BACK-UP Q4 2021/2022

Q4 2021/2022 at a glance



P&L | Total revenues EUR 269.5m (+25.8% yoy, organically: +20.5%) | EBIT: EUR 15.8m | margin: 5.9%



Cashflow | CapEx EUR 8.999m | FCF EUR +9.647m



Balance Sheet | BS total: EUR 956.047m | Equity EUR 431.846m | Equity Ratio 45.2%



Share price | 33.50 EUR (30.09.2022)



Employees | 13,179



Group P&L Q4 2021/2022

| | Q4 2021/2022 EUR million | Q4 2020/2021 EUR million |
|--|-----------------------------|-----------------------------|
| Total revenues | 269.507 | 214.232 |
| Other operating income | 7.132 | 2.387 |
| Raw materials and consumables used | -29.616 | -18.894 |
| Personnel expenses | -196.995 | -169.022 |
| Depreciation | -14.929 | -13.903 |
| Other operating expenses | -19.285 | -13.008 |
| EBIT | 15.814 | 1.792 |
| Net financial result | -1.501 | -1.433 |
| Profit from ordinary activities | 14.313 | 361 |
| Other taxes | 0,623 | -0,404 |
| Earnings before tax | 13.690 | -0,043 |
| Income taxes | -4.591 | 0,177 |
| Post-tax earnings | 9.099 | 0,134 |

INVESTOR PRESENTATION

Bertrandt AG

BACK-UP: FINANCIAL CALENDAR

Back-up: Financial calendar

| | |
|-------------------------|--|
| 15 December 2022 | FY 2021/2022, Analyst and Press conference |
| 15 February 2023 | Q1 2022/2023 |
| 22 February 2023 | Annual General Meeting |
| 11 May 2023 | Q2 2022/2023, Capital Market Day Ehningen |
| 31 July 2023 | Q3 2022/2023 |
| 14 December 2023 | FY 2022/2023, Analyst and Press conference |

[FY 2021/2022 Annual- & ESG-report](#)

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Contact details

Markus Ruf

Member of the Board, Finance

Björn Voss

Head of Group Investor Relations

Vice President Commercial (Bertrandt Ingenieurbüro GmbH)



Bertrandt AG, Birkensee 1, 71139 Ehningen



+49 7034 656 13076



bjoern.voss@bertrandt.com



www.bertrandt.com