

Investor Presentation Bertrandt AG

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September 2023

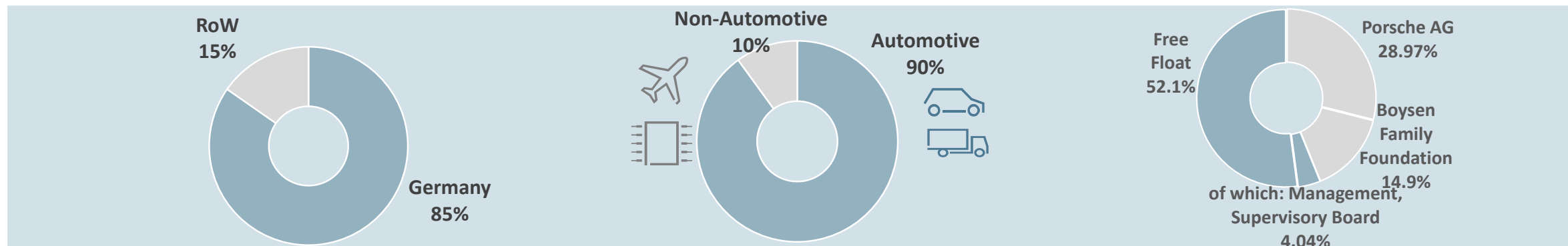


Bertrandt AG

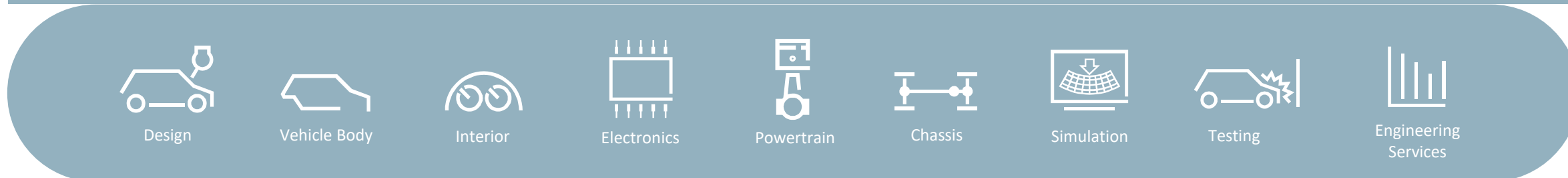
At a glance



Bertrandt Group: Driving Engineering and Digitization



Engineering solutions at any stage of the product development process



Goal: CO2 neutrality by 2039



Sustainability part of group strategy



Services aligned to sustainability targets of our customers



Bertrandt targets:

- 15% reduction of GHG by 2030
- **CO₂-neutral by 2039**

Goal: CO2 neutrality by 2039

MSCI
ESG RATINGS



CCC B BB BBB **A** AA AAA

RATING ACTION DATE: March 27, 2023

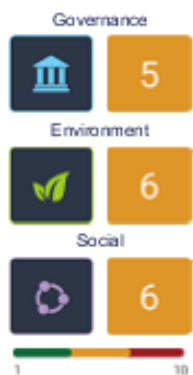
LAST REPORT UPDATE: March 28, 2023

ESG Rating history



ESG Rating history shows five most recent rating actions

QualityScore



ISS

SUSTAINALYTICS
a Morningstar company
RATED

Overall ESG rating

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

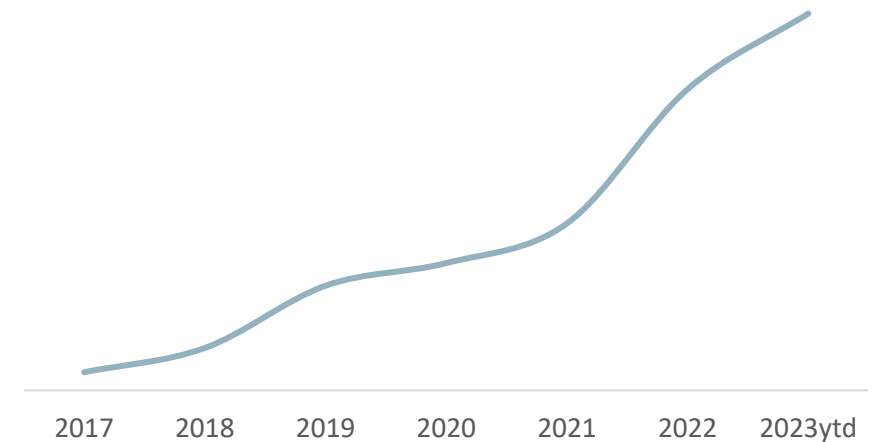
The scores range from 0 to 100, 100 being the highest score.

Gaia RESEARCH
by Ethifinance

HR: Successful national and international recruiting



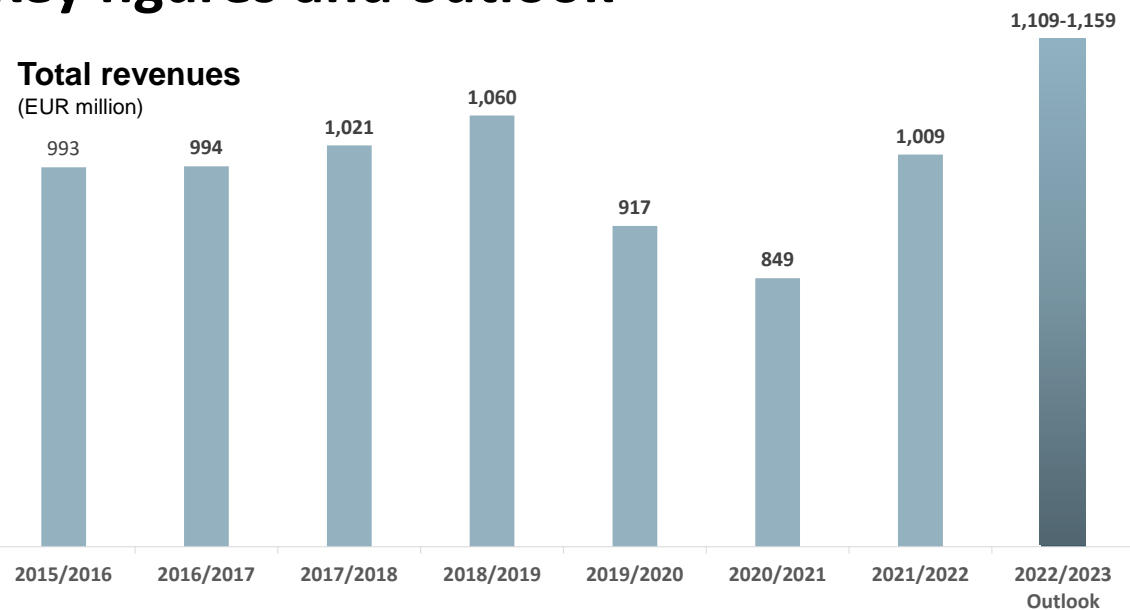
Headcount in Romania



Key figures and outlook

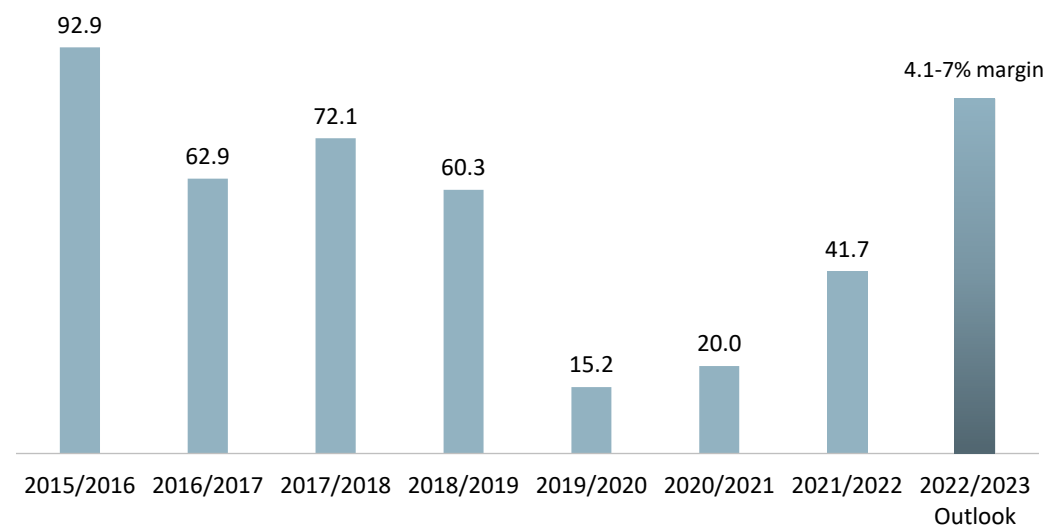
Total revenues

(EUR million)



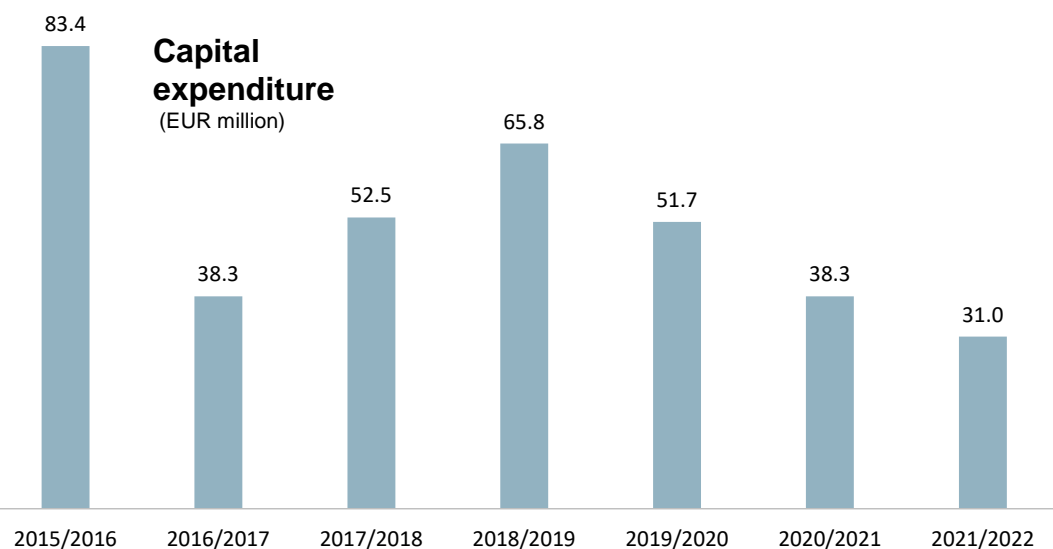
EBIT

(EUR million)



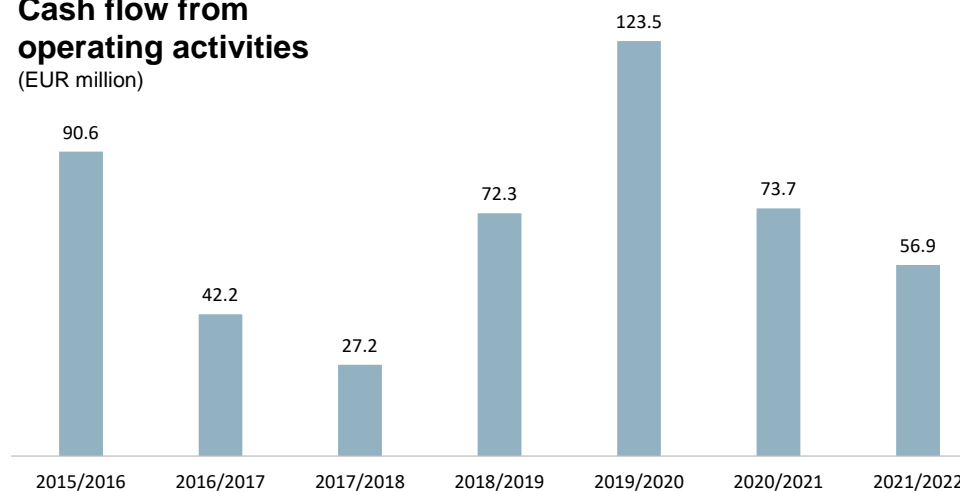
Capital expenditure

(EUR million)

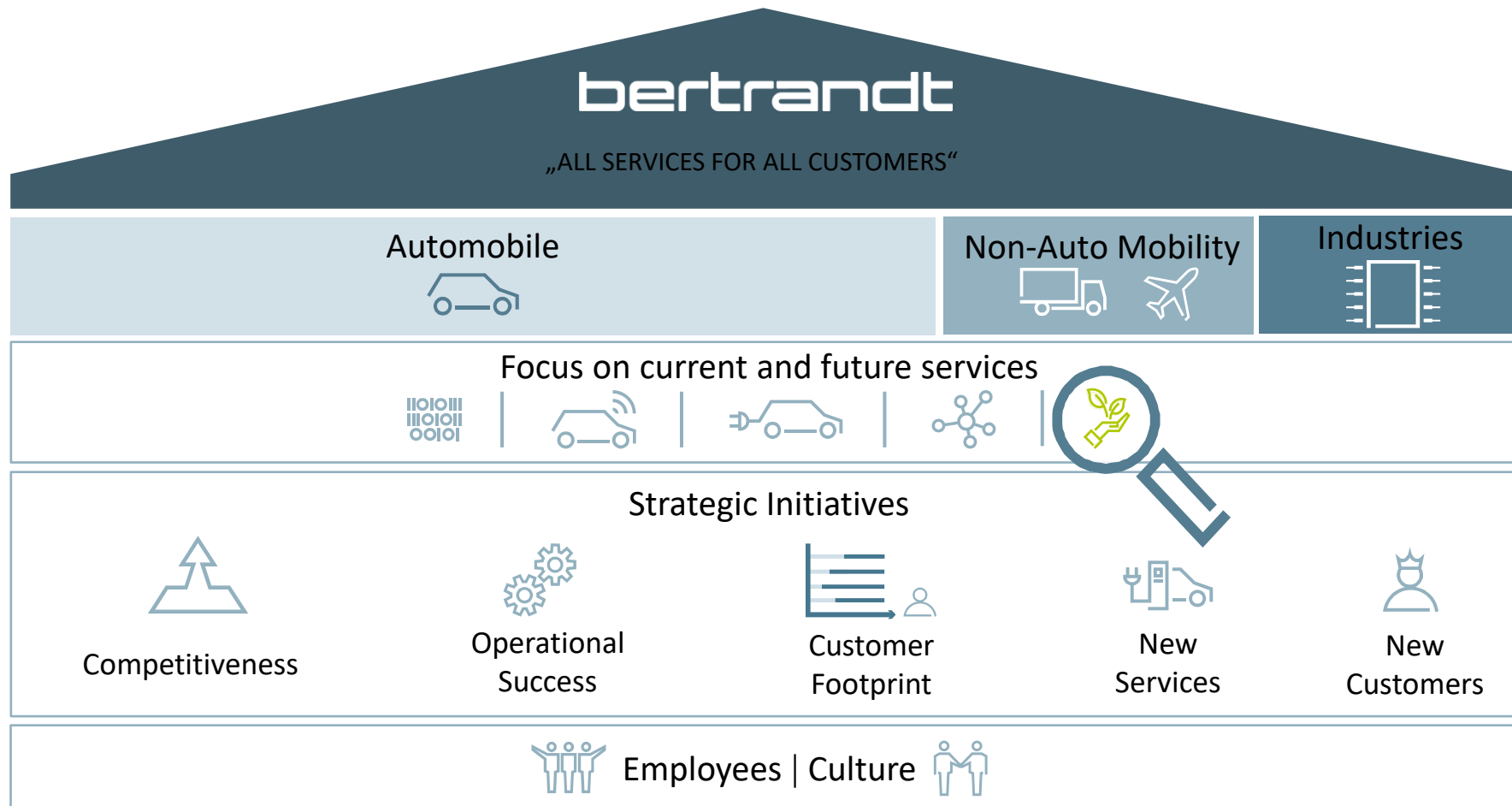


Cash flow from operating activities

(EUR million)



Corporate Strategy



Expert organization*



Software Experts

Design Solutions

Testing Solutions

Smart Production Solutions

philotech

Autonomous Mobility & Information Systems

Simulation Solutions

eMobility Testing Solutions

Customer Interaction Solutions

Bertrandt Hamburg

eMobility Systems

Engineering Integration & Management Services

Vehicle & Prototype Services

Aerospace France

Electronics & Virtual Testing Solutions

Powertrain Solutions

Markets and customer environment



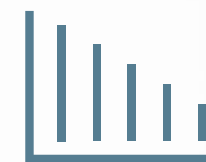
Automotive market development



- Heterogenous car markets in H1 2023, but positive current business situation (ifo June 2023)
- Positive view on auto companies' profit assessment, but pessimistic view on competitive positioning outside of Europe (ifo June 2023)
- Overall solid R&D sourcing and clear EV strategies



- Regulatory initiatives further progressing: Euro-7 addressing break and tire particulate emissions
- Mega trends: sustainability, electromobility, digitalization, connectivity and autonomous driving

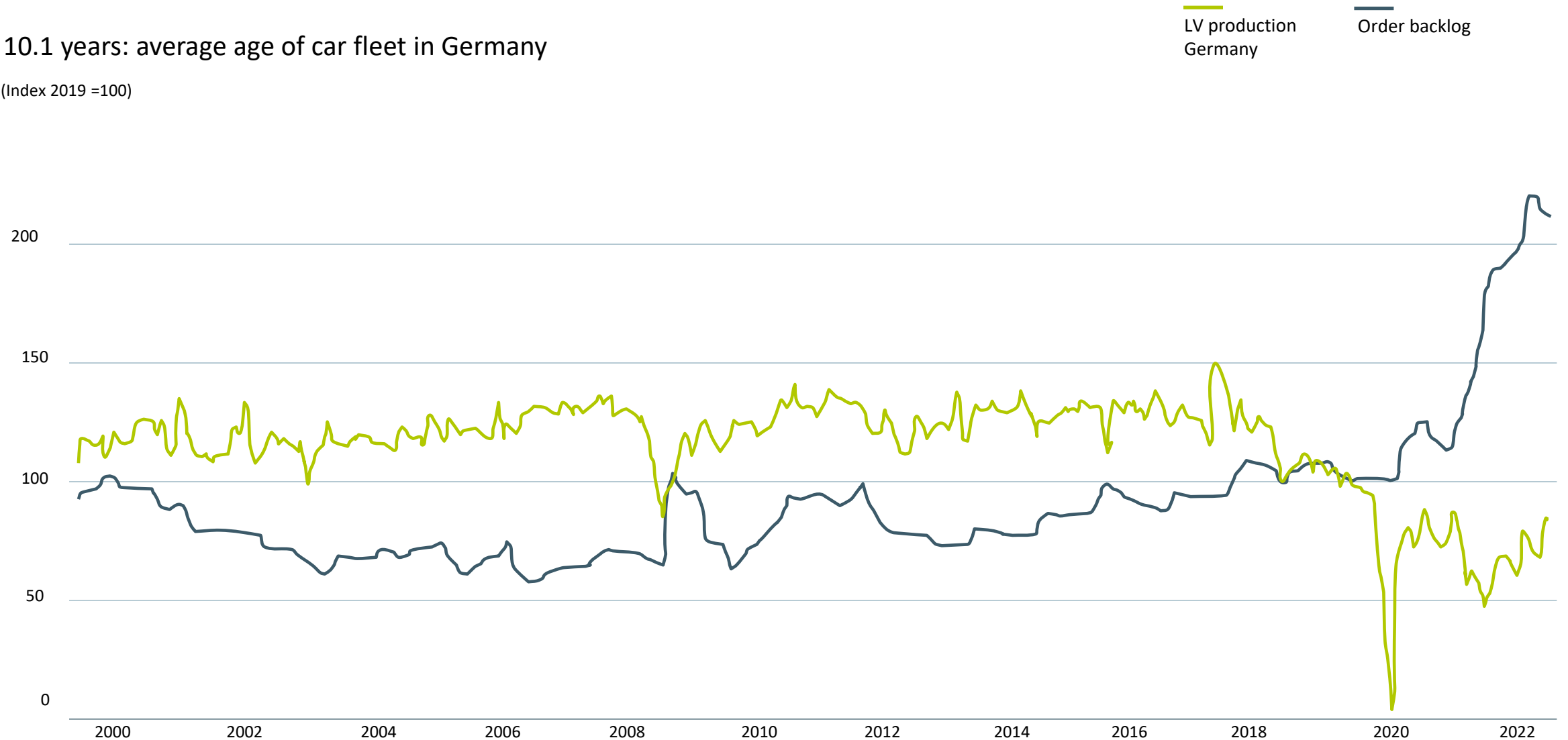


- Cost and efficiency pressure ongoing and addressed
- Supply shortages slowly easing

Order backlog at record, but declining

10.1 years: average age of car fleet in Germany

(Index 2019 =100)



Aviation market environment



Global aviation demand is picking up strongly as the world adjusts to the post-Covid phase



Emissions reduction and climate neutrality are megatrends in the aviation industry.
Goal: climate-neutral flying by 2050



Geopolitical conditions drive R&D in Defence and Space



Substantial investment in research and development required

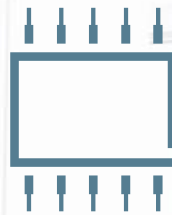


Outlook Market Environment Industries (Germany)



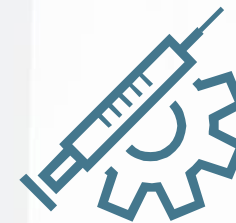
Manufacturing industry

Forecast 2023:
Slight growth



Electrical industry

Forecast 2023:
Strong start to the year
1-2% full-year production
growth



Medical technology

Forecast 2023:
Slight sales growth
despite challenging
market conditions



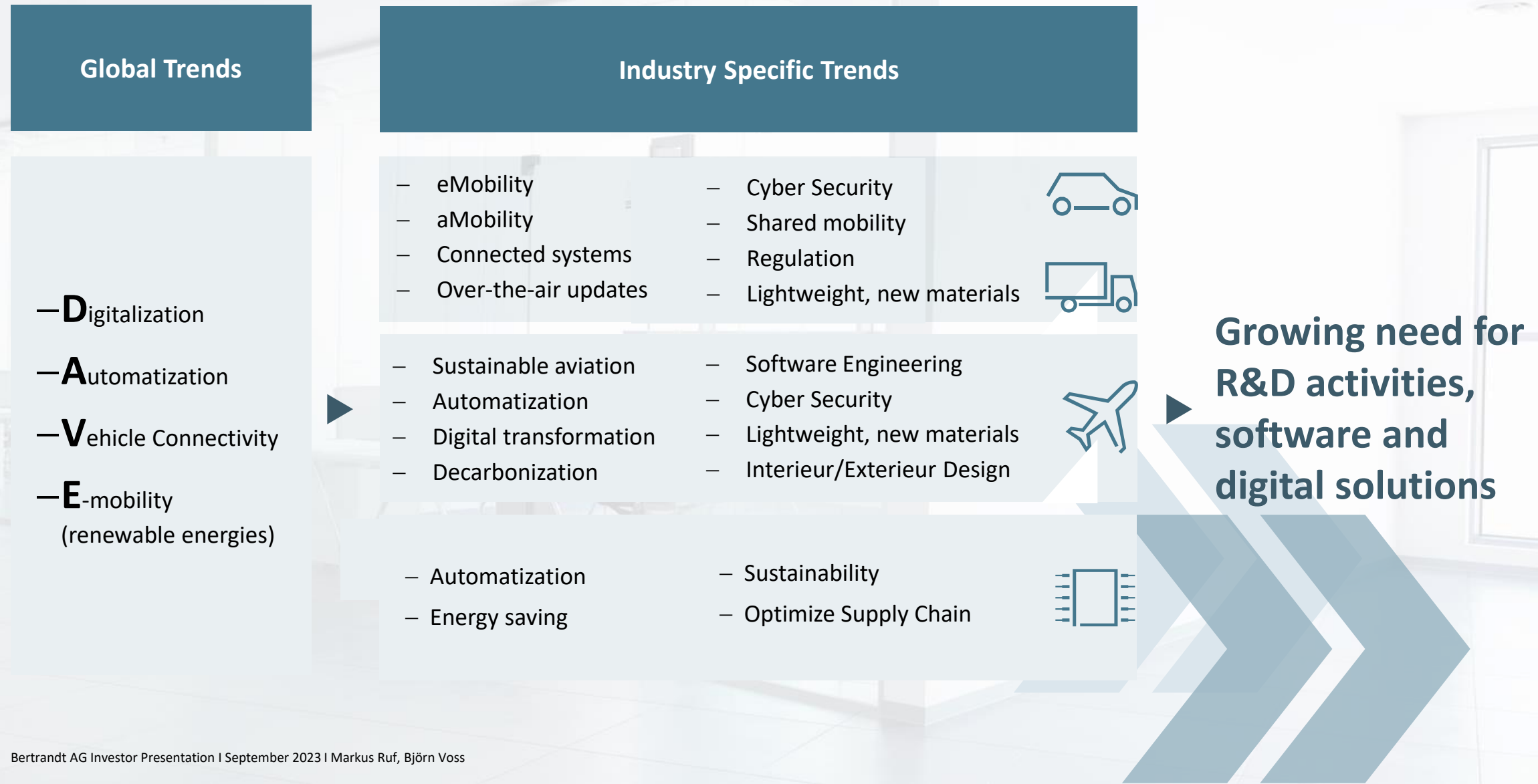
Machinery & Plant engineering:

Forecast 2023:
Production: -2 %

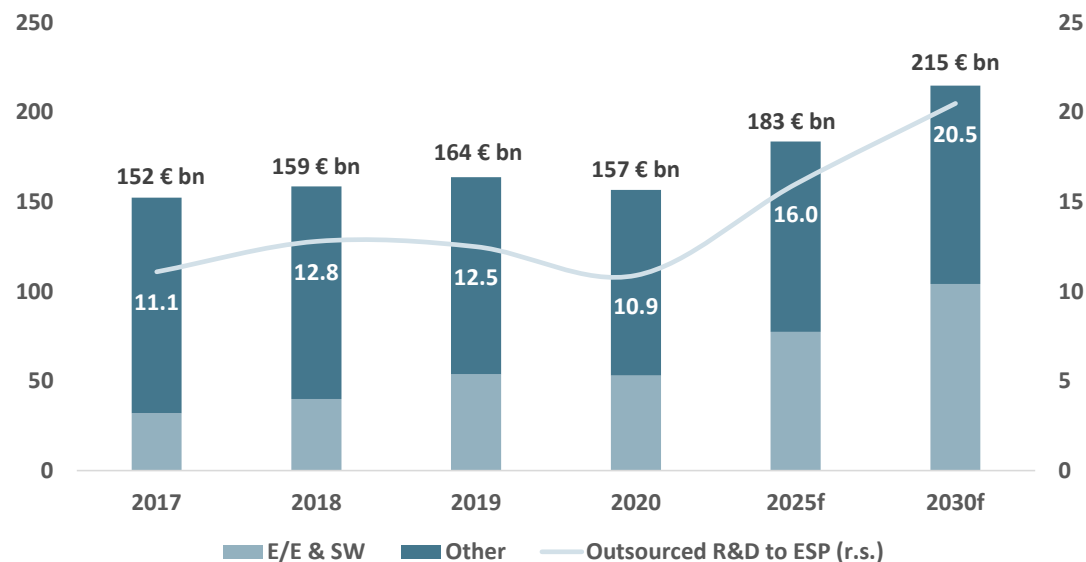
A man with a beard and a woman are sitting at a desk in an office, looking at a computer screen. The man is wearing a green shirt and the woman is wearing a white shirt. They appear to be in a collaborative work environment. The background shows other office workers and computer monitors.

Investment highlights & opportunities

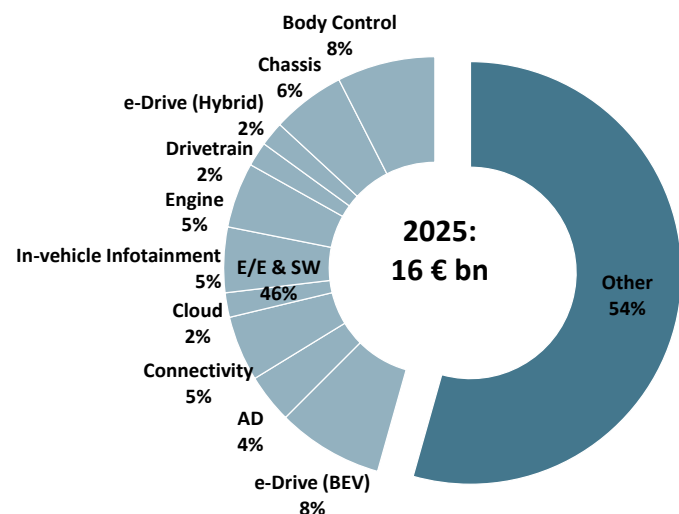
Global and industry specific mega trends lead to higher R&D spending



The automotive R&D market



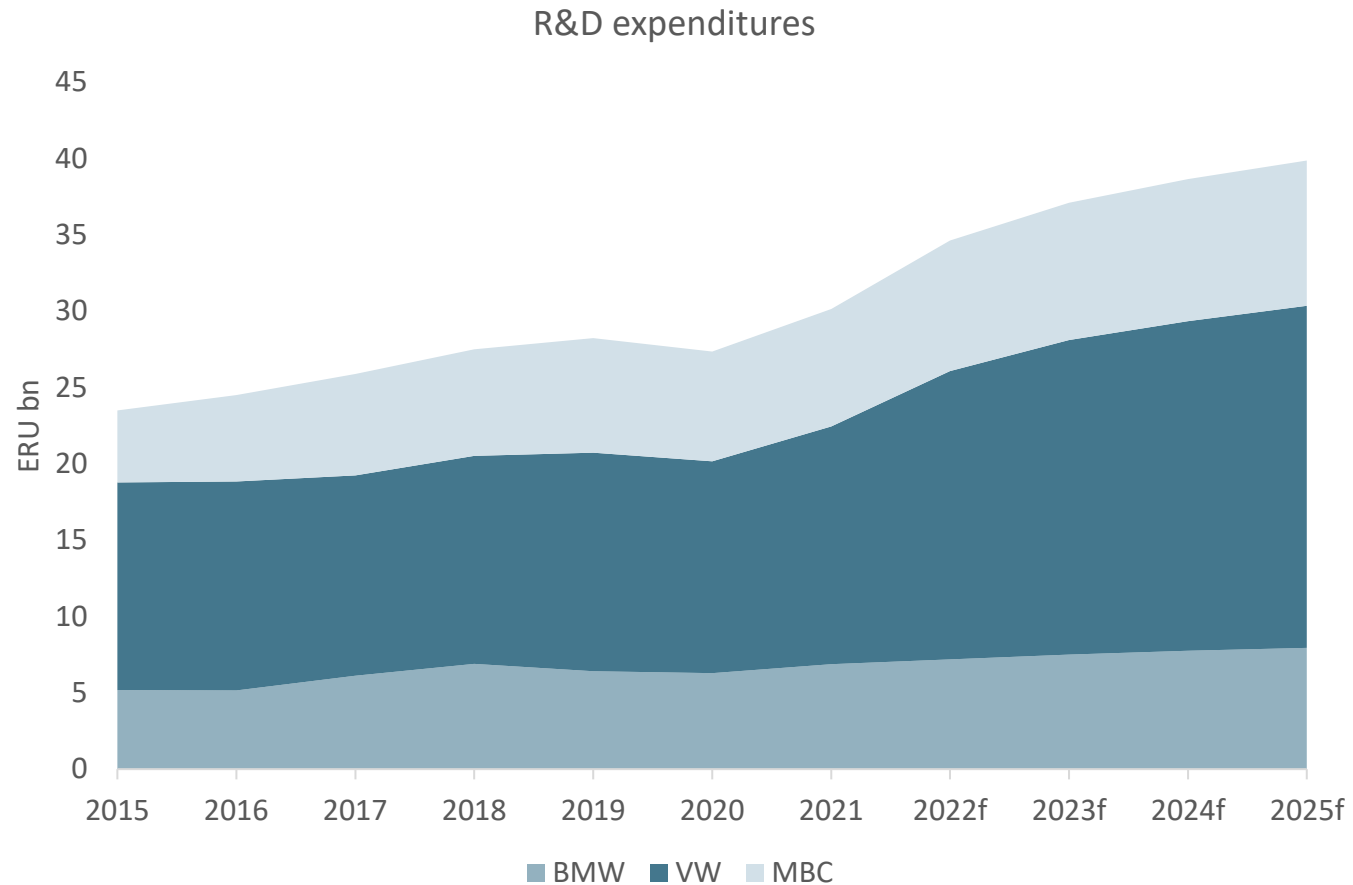
Source: Bertrandt AG, berylls



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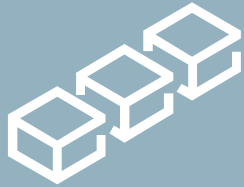
- Global automotive R&D market
 - EUR 215bn in 2030f (CAGR 2020-2030f: +3.2%)
- E/E & SW R&D as major growth driver
 - 2020: EUR 53bn, 2030f: EUR 104bn (CAGR: +7.0%)
- Strong growth of outsourced R&D
 - 2020: 10.9bn, 2030f: EUR 20.5bn (CAGR: +6.5%)
- Higher outsourcing fuelled by shift within R&D budgets
- 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
- Total R&D investments by German automotive industry: EUR 250bn (2023-2027, VDA)
- More than EUR 50bn R&D investments p.a. (VDA)
- R&D investments define future success and advanced competitive positioning
- Normal volatility of car production/sales generally do not affect R&D strategies

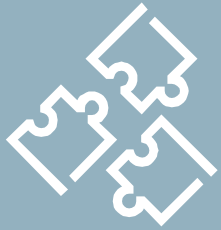
Outlook ESP: size matters



Larger and more holistic R&D projects; emergence of an ESP tier-1 landscape



Outlook ESP: know-how matters



Large ESPs with comprehensive expertise in breadth and depth along the megatrends in demand



Outlook ESP: international set-up matters



Customer proximity
through international
presence

Competitive R&D
capacity

Our test centers enable our clients to become more sustainable



High-voltage battery test center

- 24 HV channels
- 9,600 kW HV
- 12 climate chambers
- Temperature range from -60 °C to +120 °C

Validation and life-cycle testing of various high-voltage batteries or vehicles under various climate and load conditions.





Powertrain Solution Center*

- 8 all-wheel-drive climatic and 2 height chambers
- Altitude simulation up to 5,000 m
- Temperature range from -25 °C to +45 °C
- Velocities of up to 300 km/h
- Environment simulation, real-drive emissions, Euro-7 ready, validation of vehicle handling & fuel consumption

* For BEV, PHEV, HEV, ICE, FCV (fuel cell), HFCV (hydrogen FC), AFC (alternative fuels)

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



Source: VDA

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.

M&A strategy


M&A is part of Group strategy:

- to broaden technical and engineering skills
- to deepen and to enlarge customer footprint
- to expand global delivery
- to improve cooperation network



Acquisition of Concept AG (July 2023)

Concept AG

 HQ Stuttgart

 ~ 29

 Founded 1997

Financials (in EUR Million)

Revenues

 >6m

EBIT

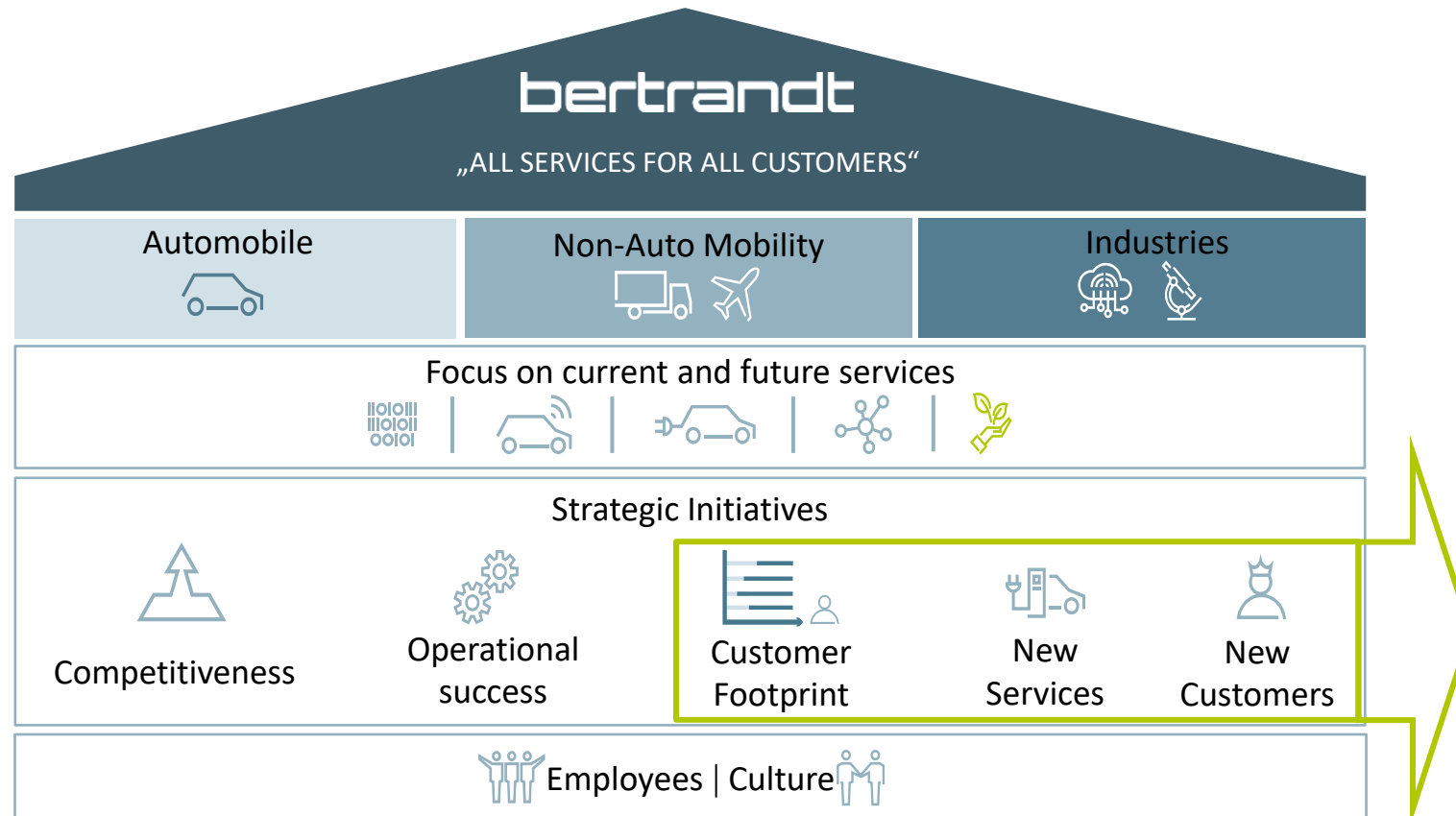
 >10%



Comments

- Concept AG is a consulting company specialized in the fields of performance optimization, digital productivity tools and turnaround advice. The focus is to implement digitally-supported, efficient, and state-of-the-art structures and processes that lead to sustainable productivity growth
- The core competence is the optimization of whole factories and manufacturing processes
- Synergies
 - Scalability of high-margin projects via integration of Bertrandt resources
 - Extension of value-chain
 - Admin/costs

Strategic rationale

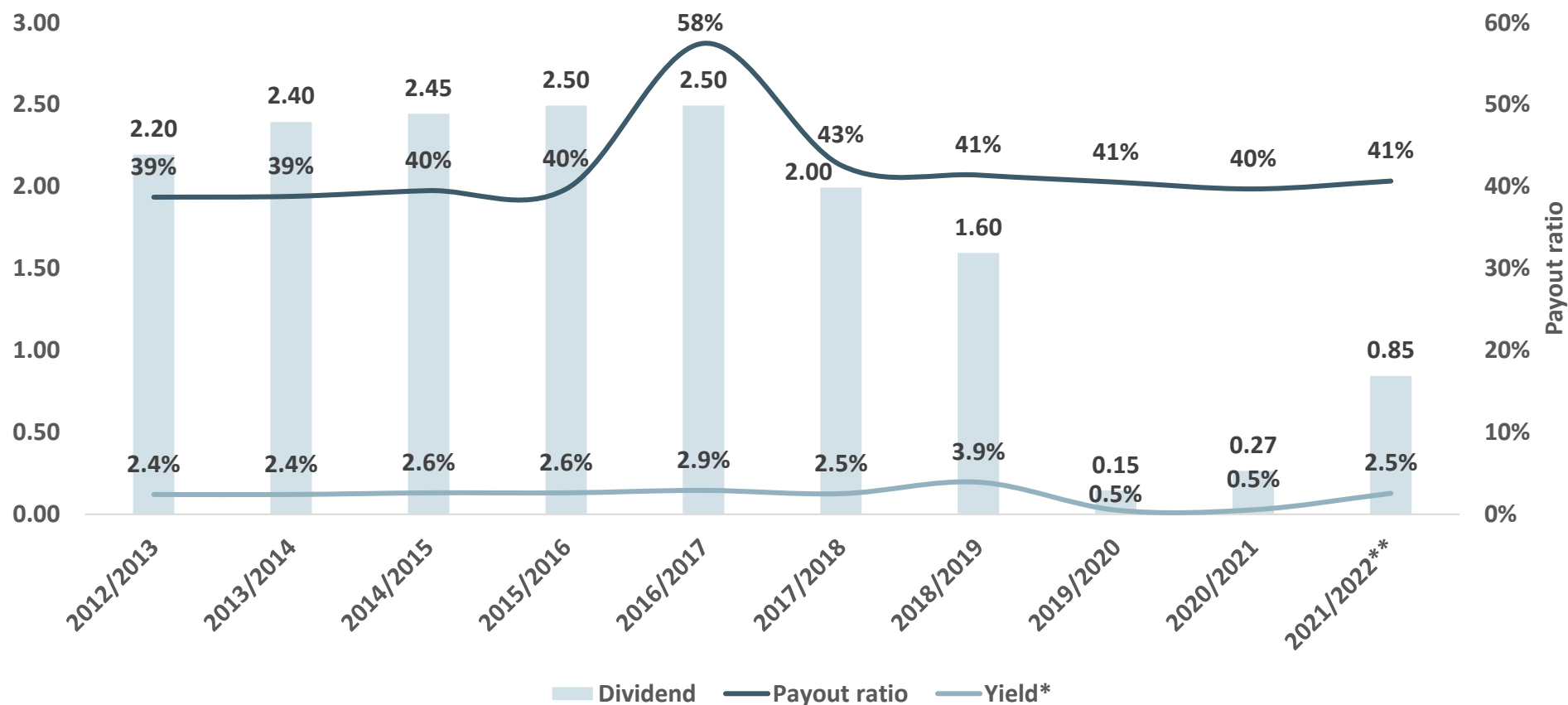


Comments

- Cross-selling opportunities for combined entity
- Acquisition in line with diversification strategy
- Strongly growing, profitable business stand-alone and with upside through top-line and operational synergies
- Expansion of our customer spectrum
- Project business insourcing

Dividend policy: reliable payout to shareholders***

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

**9M 2022/2023
&
Q3 2022/2023**



9M 2022/2023 at a glance



P&L | Total revenues EUR 858m (2021/22: EUR 739m, +16%)
EBIT EUR 32.7m (2021/22: EUR 25.9m, +26%) | Margin: 3.8% (2021/22: 3.5%)



Cash flow | Free cash flow EUR -14m (2021/22: EUR -1m)



Investments | EUR -19m (2021/22: EUR -39m incl. payout for Philotech Group)



Share | EUR 49.00 (6/30/2023, +39% yoy)



Employees | Record 13,949 (+958 yoy)

Q3 2022/2023 at a glance



P&L | EUR 285m (Q3 21/22: 252m, +13%)



EBIT | EUR 8.7m (Q3 21/22: 5.0m) | Margin: 3.0% (Q3 21/22: 2.0%)



Investments | EUR 6.2m (Q3 21/22: EUR 6.8m)



Employees | Growth +7% yoy (abroad: +17% yoy), foreign ratio 24% (21/22: 22%)

Highlights and general conditions

- Double-digit growth in all quarters
- Strong growth abroad (+31% outside of Germany)
- EBIT improved by +26% yoy in 9m 2022/2023
- Equity and equity ratio further strengthened
- Sick leave normalized in Q3, but weighed on H1 22/23 figures
- Adverse working day effects in Q3 (-0.6 days) and in 9M (-1.2 days)

Highlights and general conditions

- R&D spending in our customer industries at a high level
- (Green) transformation progressing
- eModel variety to significantly increase between 2024-2030
- Acquisition of Concept AG (July 2023)



Highlights - Personnel

- New record: 13,949 employees in the Group
- Almost 1,000 net new hires compared with previous year
- New site in Morocco up and running: target >500 employees
- New brand identity: Winner of the German Brand Award

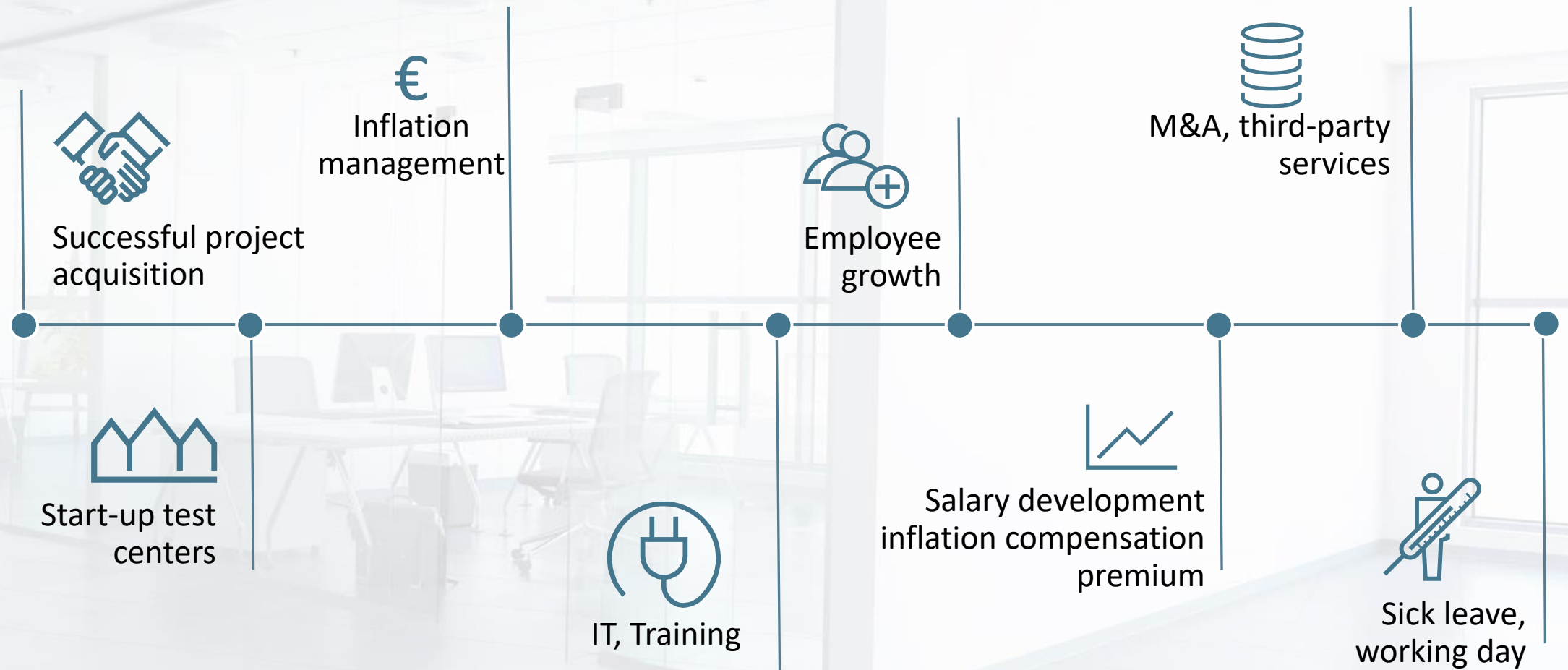


P&L 9M 2022/2023

	9M 2022/2023 EUR million	9M 2021/2022 EUR million	EUR million	%
Total revenues	858,227	739,652	118,575	16.0%
Other operating income	3,362	12,674	-9,312	
Raw materials and consumables used	-102,129	-79,288	-22,841	
Personnel expenses	-621,822	-543,320	-78,503	
Depreciation	-38,970	-42,047	3,077	
Other operating expenses	-65,980	-61,822	-4,158	
EBIT	32,688	25,850	6,838	26.5%
Net finance income	-5,078	-4,859	-219	
EBT	25,787	19,107	6,680	35.0%
Income taxes	-7,115	-7,072	-43	
Post-tax earnings	18,672	12,035	6,637	55.1%

- Total revenues up 16% thanks to solid market demand and successful project awards
- Cost of materials: project-related increase in external services, particularly in Q1 and Q3 2022/2023
- Personnel expense ratio 72.5% (previous year 73.5%)
- Other operating expenses influenced by growing business volume (maintenance, sales initiatives, recruiting, training/education), deconstruction linked to fewer (office) space, FX
- Energy costs down yoy
- Tax rate normalized with profits improving in France

Factors influencing total output and EBIT



All segments recorded double-digit growth

Segments	9M 2022/23	9M 2021/22	Q3 2022/23	Q3 2021/22
Digital Engineering				
Total revenues (EUR million)	402.208	356.940	133.471	116.967
EBIT (EUR million)	20.885	21.215	6.112	4.786
Physical Engineering				
Total revenues (EUR million)	174.593	158.555	59.706	55.086
EBIT (EUR million)	-8.329	-9.885	-2.390	-3.948
Electrical Systems/Electronics				
Total revenues (EUR million)	281.426	224.158	91.915	80.349
EBIT (EUR million)	20.132	14.520	4.966	4.166

- Digital Engineering: solid demand for engineering services
- Physical Engineering: late-cyclical recovery, but ramp-up burdening
- Electric/Electronic: mobility mega-trends driving topline

KPIs Balance Sheet

Item (EUR m)	9M 2022/2023	2021/2022	Comment
Non-current assets	EUR 417m	EUR 444m	End of investment cycle, D&A, net deferred taxes
Working capital	EUR 337m	EUR 294m	Increase of contract assets
Cash and cash equivalents	EUR 107m	EUR 162m	Dividend payment, repayment of liabilities, WC ramp-up
Equity	EUR 443m	EUR 432m	Slight increase
Equity ratio	47.8%	45.2%	Strengthening of equity, shortening of balance sheet
Gearing (%) - NFD*/equity * incl. other fin. liab. (incl. leasing)	50.0%	44.3%	Seasonal fluctuation driven by WC ramp-up

TAKE AWAY – 9M 2022/2023



Megatrends and legal regulation drive investment in R&D



Double-digit growth in total output and EBIT



Strategic alignment of the Group



Active management of external factors



New record number in headcount



Outlook



Forecast fiscal year 2022/2023

- Macroeconomic conditions in Europe and Germany in particular less weak than feared, but Germany with weakest economic growth within Europe
- German automotive industry shaping transformation with high investment in R&D
- Successful recruiting and internationalization
- Inflation and geopolitical tensions as risk factors



Forecast 2022/2023 – confirmed after upgrade in H1 2022/2023

(previously: EUR 60-100 million)



EUR

100-150 million

growth in total output



4.1-7%

EBIT margin
(previous year: 4.1%)



Positive

Cash flow from
operating activities



EUR

25-40 million

CapEx

Summary: reasons to invest



Market leading positioning

- Experienced expert organization
- Long-lasting & established customer relations
- Deep engineering know-how



Growing and resilient R&D market

- Mega trends
- Innovation pressure
- Regulation



Asset light business model

- Broad IT, software and electronic skills
- Capex below D&A
- Hardware investment cycle finished



Recruiting power

- Proven track-record in recruiting, hiring and training
- Strong employer brand
- Various employee benefits



„Swabian DNA“

- Solid balance sheet KPIs
- Focus on cash and earnings
- Holistic ESG strategy aligned to industry and customer targets



Back-up charts



FY 2021/2022 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)



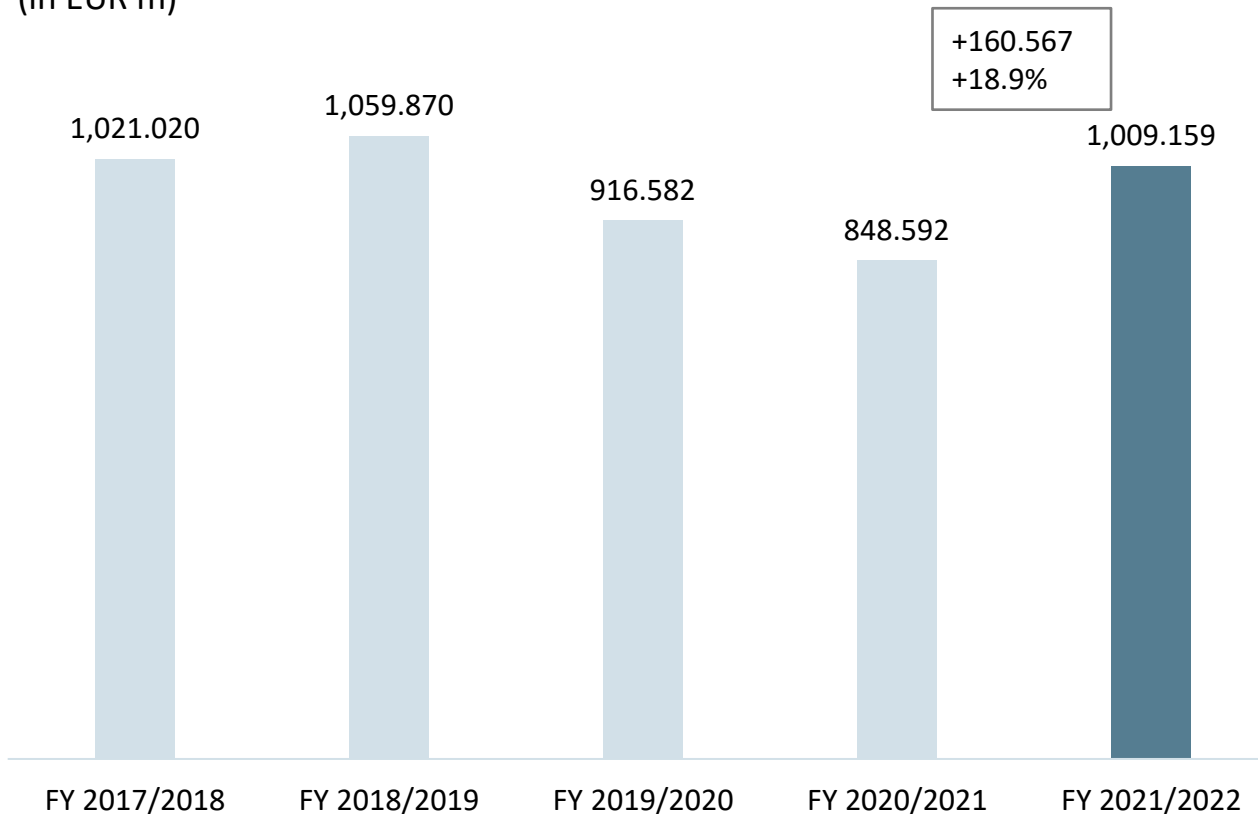
Employees | 13,179

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

Total revenues: „Corona-trough“ overcome

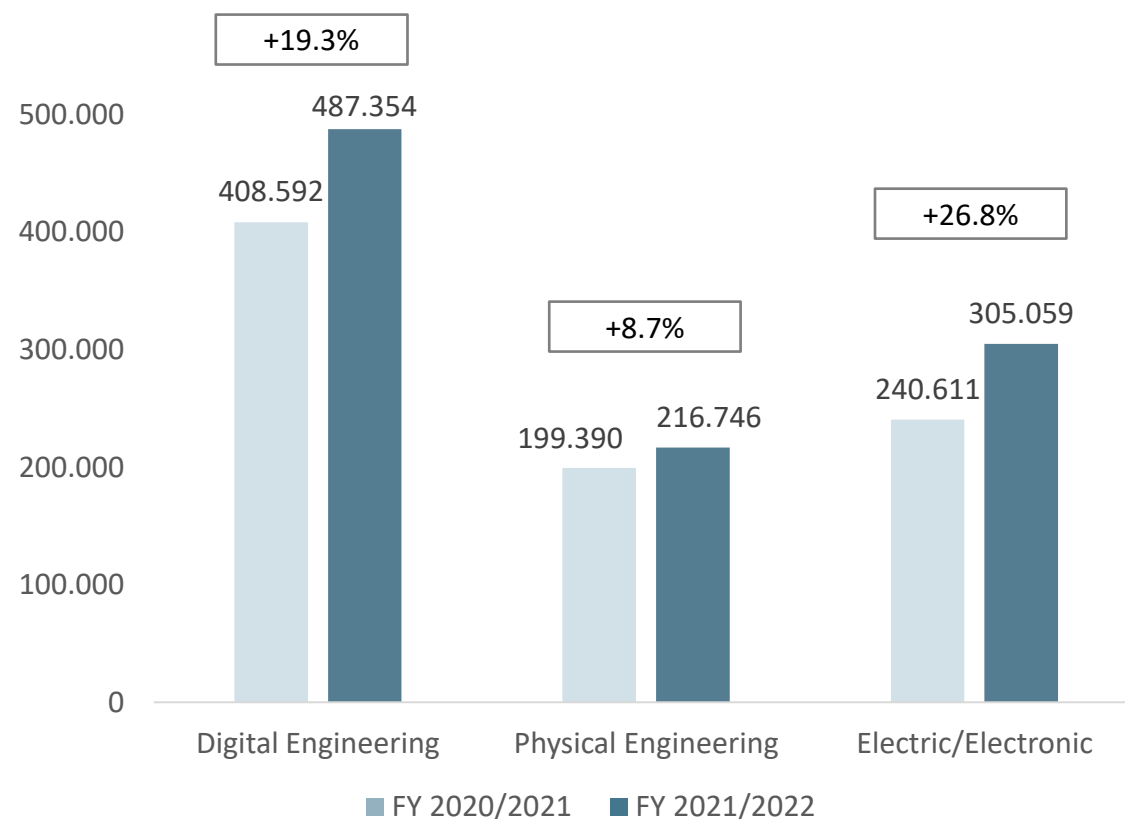
Total revenues
(in EUR m)



- 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

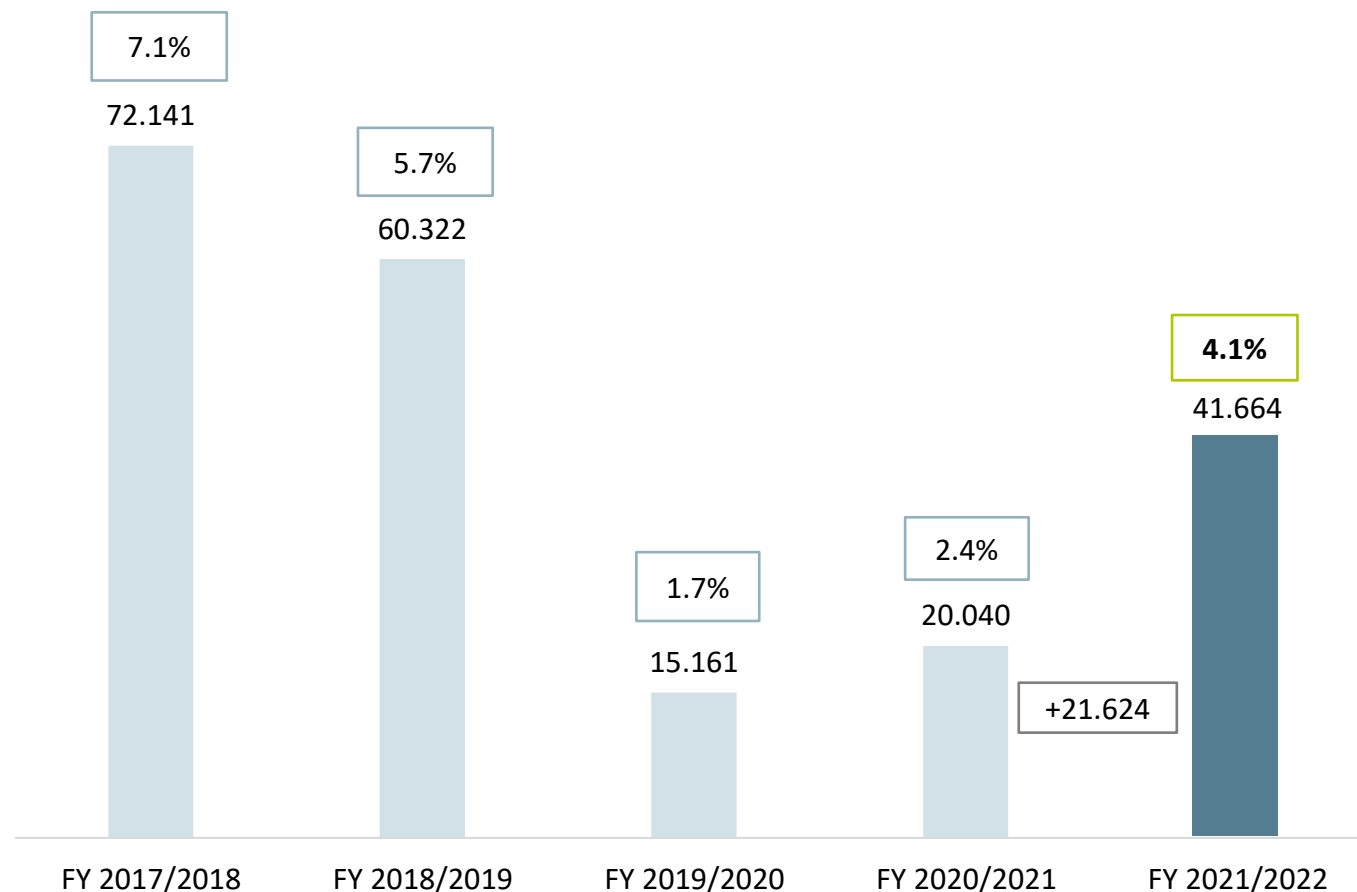
Total revenues
(in EUR m)



- **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

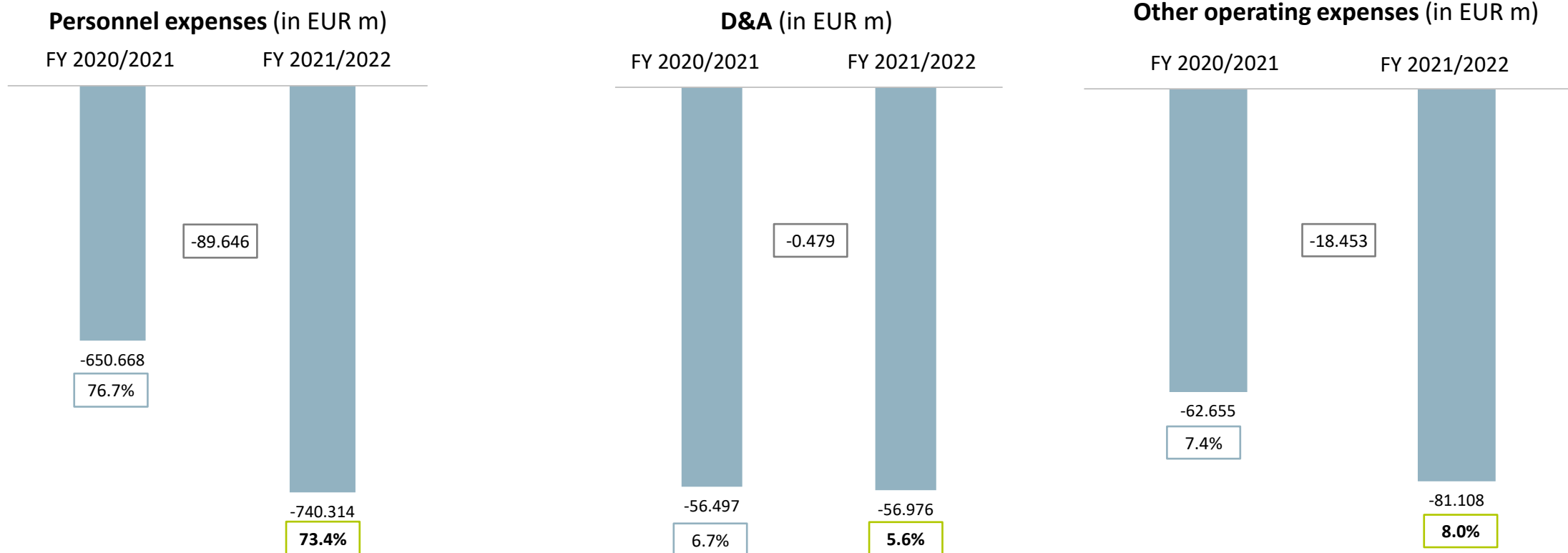
EBIT improved

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

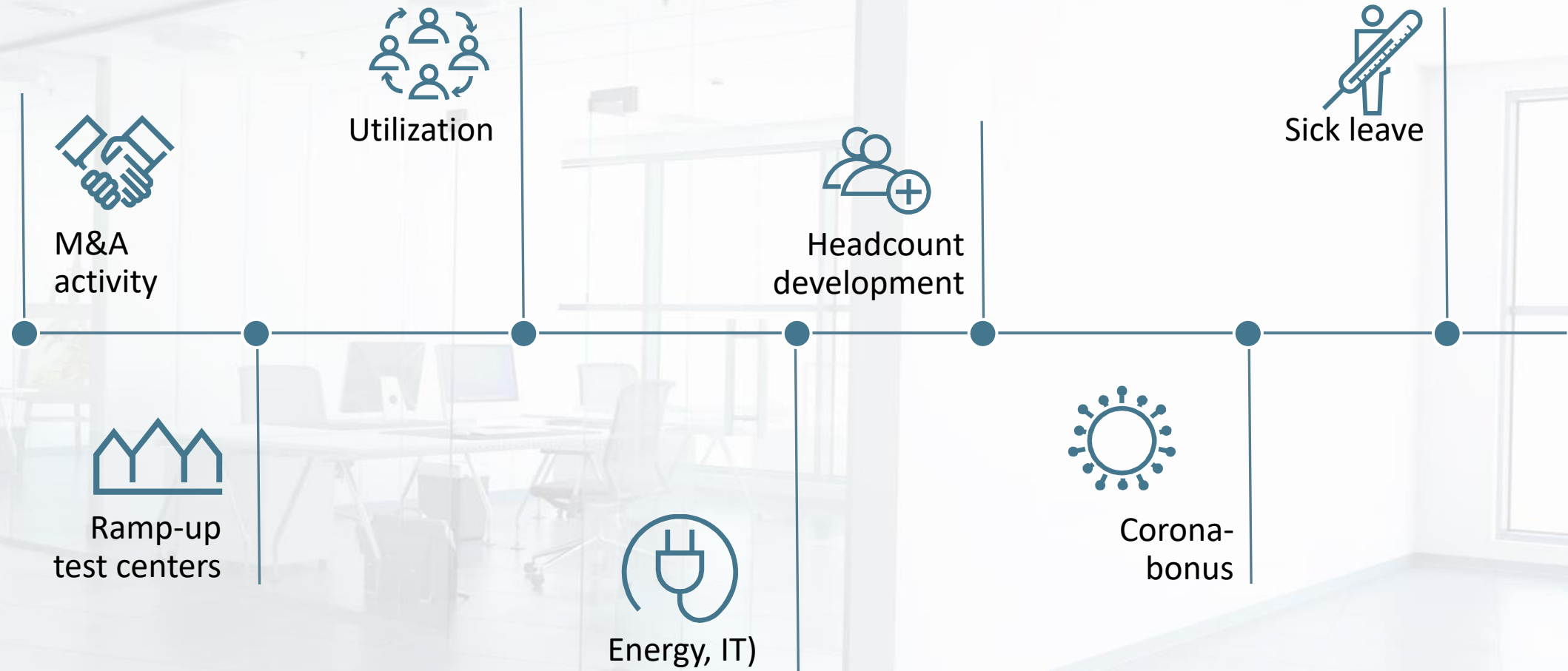


- Normalization of capacity utilization, significant reduction in short-time work
- Employee growth and retention measures after Corona

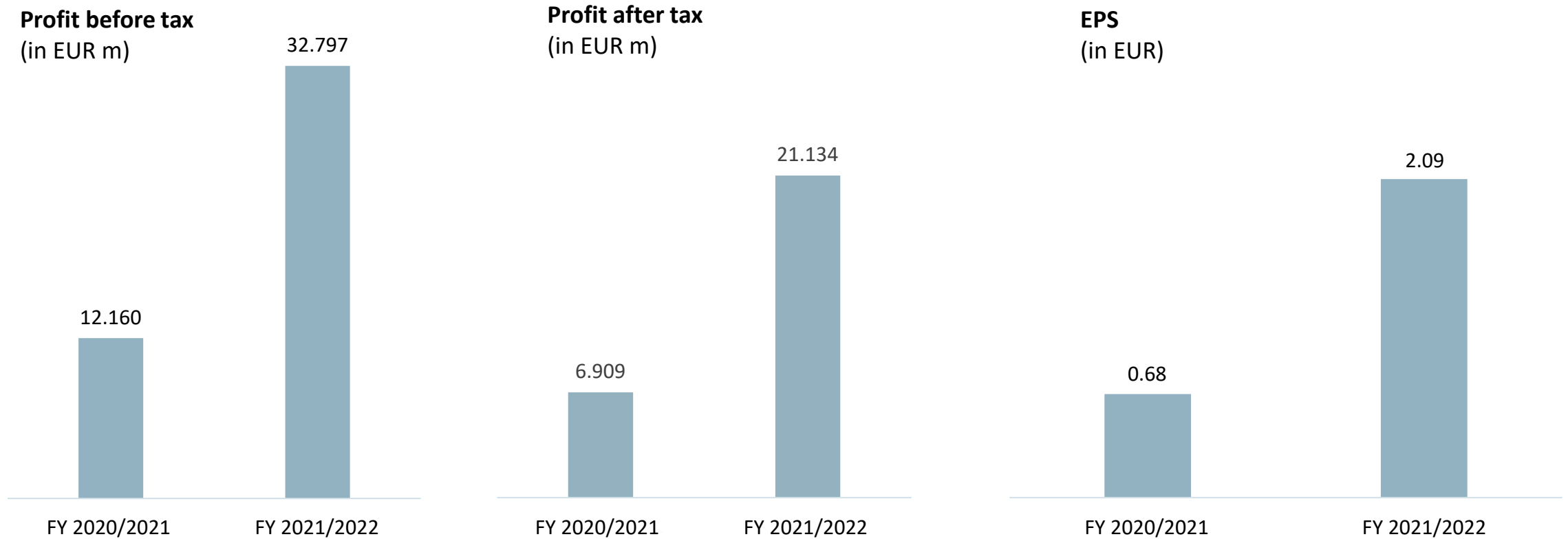
- D&A at prior year level

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

Total revenues and EBIT impacted by...



Earnings performance

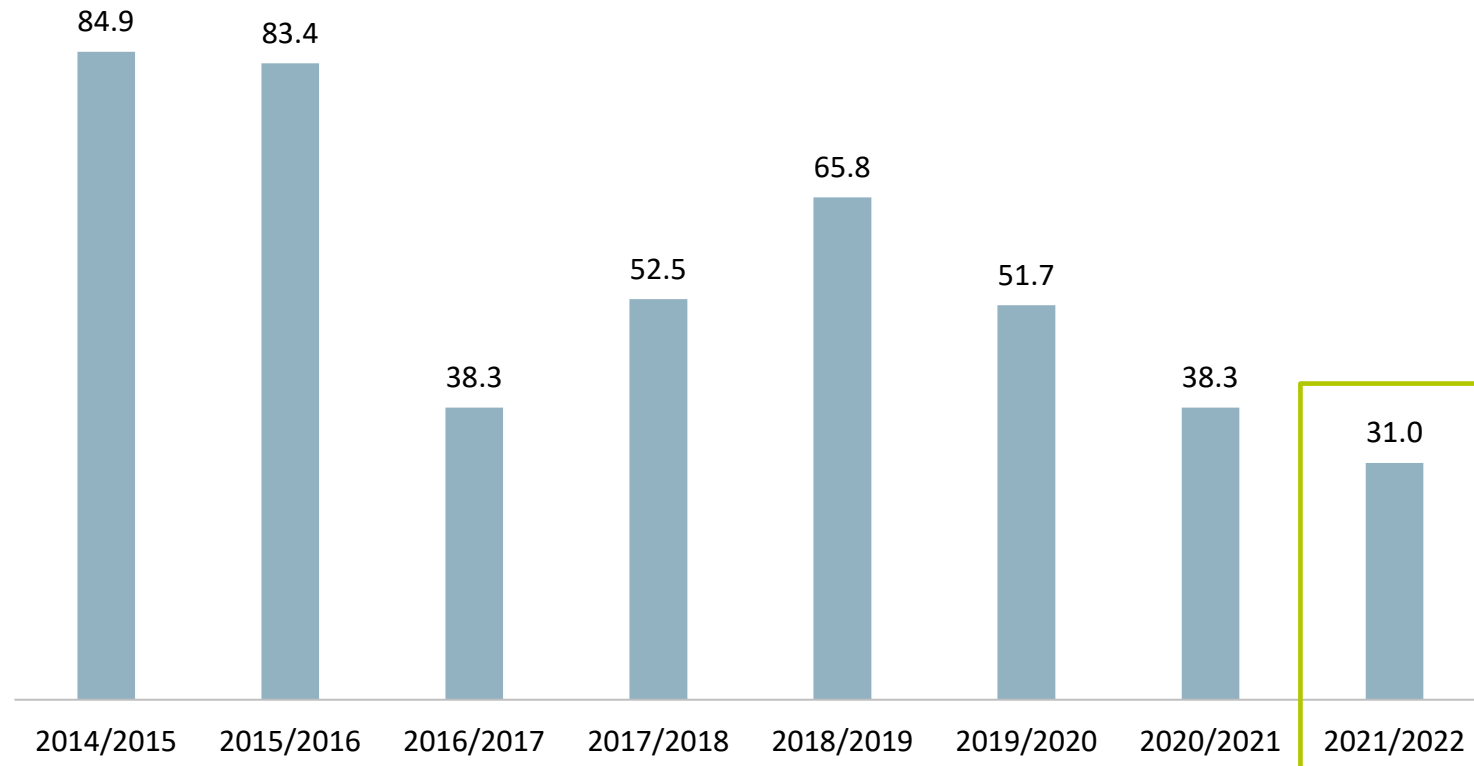


Overview P&L

	2021/2022		2020/2021		comparison	
	EUR million	% of total	EUR million	% of total	EUR million	%
Total revenues	1,009.159	100 %	848.592	100 %	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	4 %	20.040	2 %	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

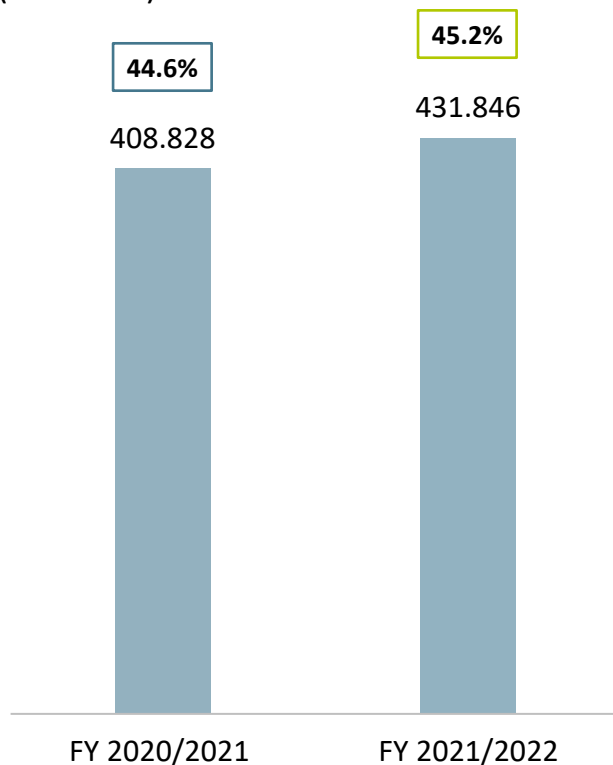


- Investments focused on eMobility, but still restrictive
- Investments in property, plant and equipment down significantly, investments in intangible assets (IT, licenses, software) up
- Additional cash outflow for M&A activities

Financial and asset position

Equity and equity-ratio

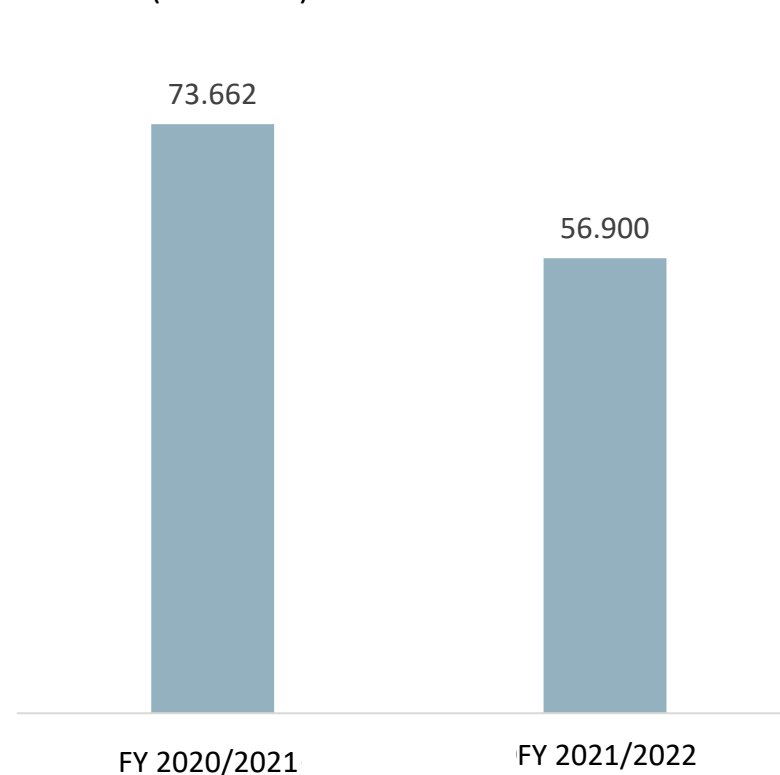
(in EUR m)



Equity and equity ratio increased again

Cashflow from operating activities

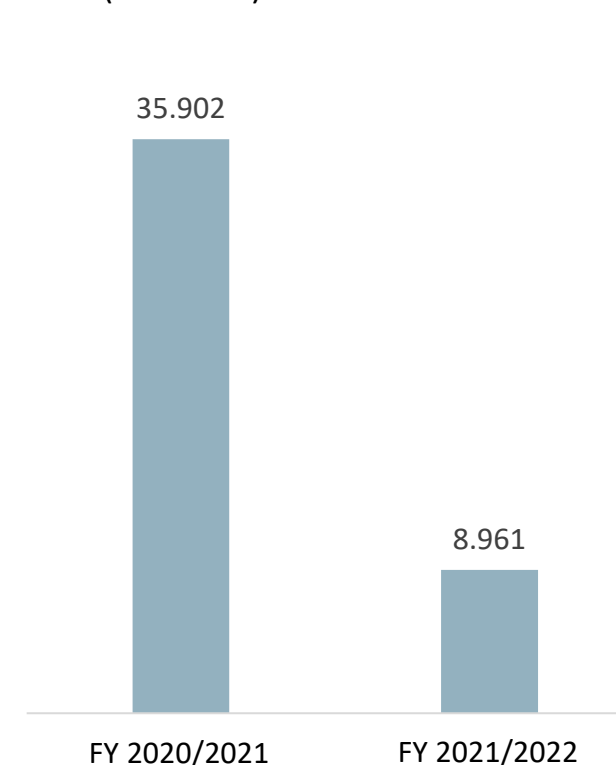
(in EUR m)



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

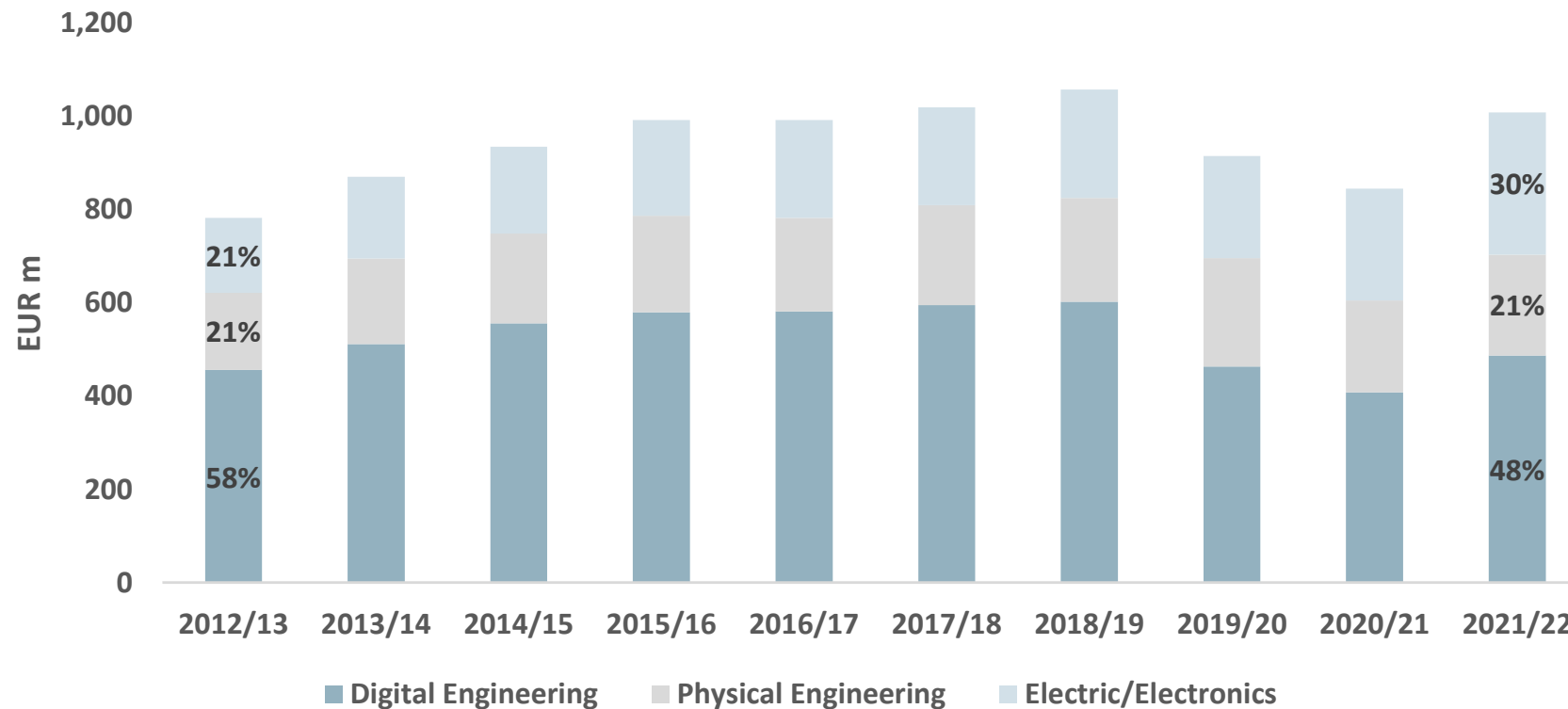
Free Cashflow

(in EUR m)



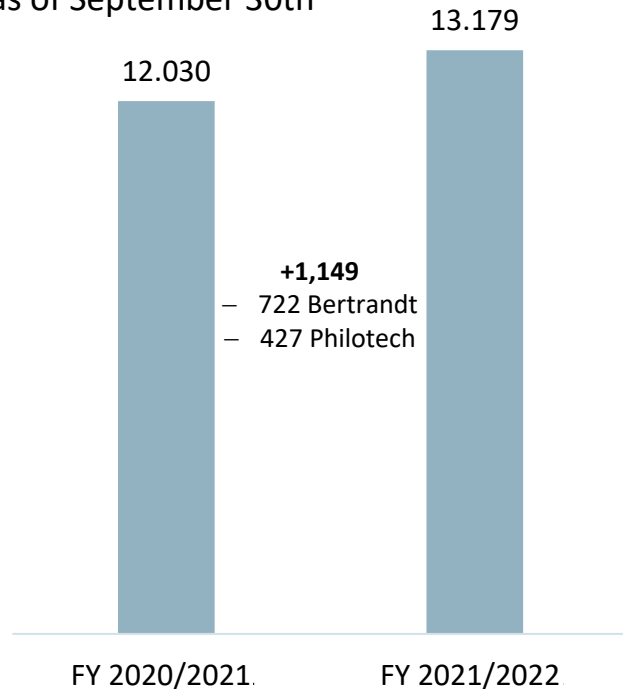
Positive free cash flow also after cash outflow for M&A activities

Historical segment development: Electric/Electronics drives growth

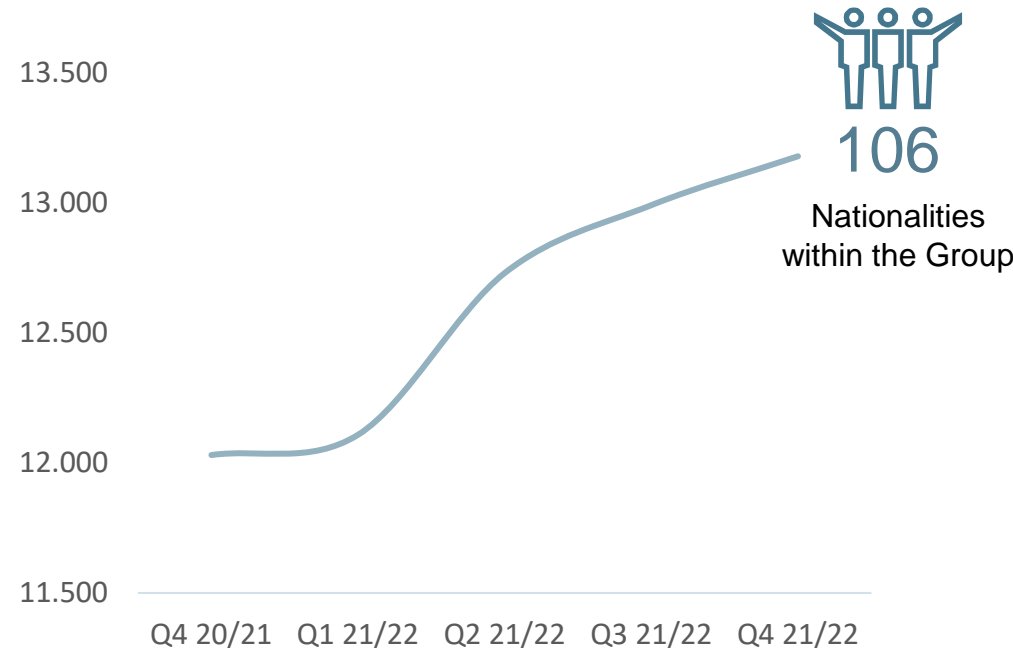


Employees 2021/2022

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

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

Financial calendar



Back-up: Financial calendar

15 February 2023	Q1 2022/2023
11 May 2023	Q2 2022/2023 , Capital Market Day Ehningen
07 August 2023	Q3 2022/2023
14 December 2023	FY 2022/2023, Analyst and Press conference

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

Thank you very much



magazine

Award nominee
Europe 2023

Categories:

- Best overall investor relations (small cap)
- Best investor relations officer (small cap)

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