



# Q3 and 9M 2019/20

## Analyst Conference Call

### Bertrandt AG

## 9M 2019/20 at a glance: sales and profitability impacted by Corona-virus, but...

### P&L

➤ Sales: EUR 714m (-9.1% yoy) | EBIT: EUR 19.4m | margin: 2.7% (5.9% 9M 18/19)

### Cashflow

➤ FCF EUR +27.2m (EUR -43.2m 9M 18/19)

### IFRS 16

➤ P&L: EBIT: EUR +0.9m, NI: EUR -0.5m

### IFRS 16

➤ Balance sheet extension: equity ratio 43.6% (excl. IFRS16: 49.6%)



➤ Employees: 12,788 (-680 yoy, -468 qoq)

## Q3 2019/20 at a glance: ...EBIT almost break-even, FCF positive

### P&L

➤ Sales: EUR 205.5m (-20.9% yoy) | EBIT: EUR -1.8m | margin: -0.9% (2.7% Q3 18/19)

### Cashflow

➤ FCF EUR +3.5m (EUR -50.9m Q3 18/19)

### IFRS 16

➤ P&L: EBIT: EUR +0.3m, NI: EUR -0.2m

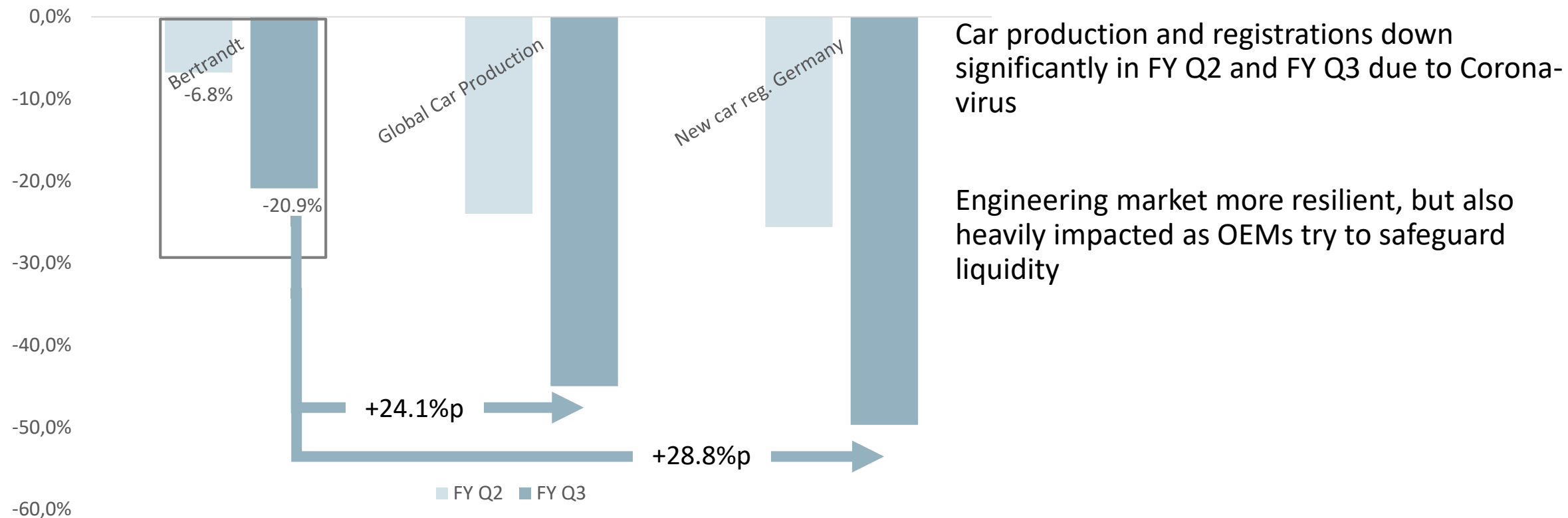
### IFRS 16

➤ Balance sheet extension: equity ratio 43.6% (excl. IFRS16: 49.6%)

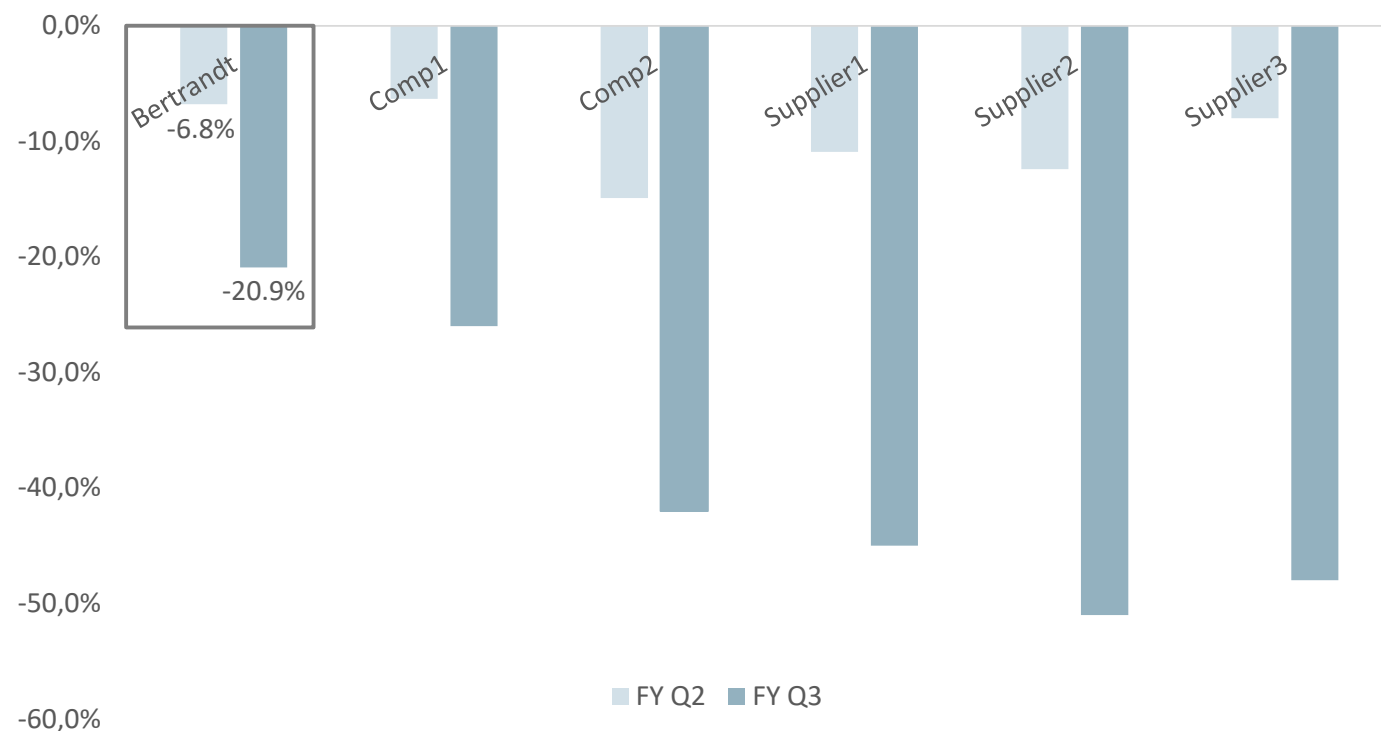


➤ Employees: 12,788 (-680 yoy, -468 qoq)

## Outperformance vs car market



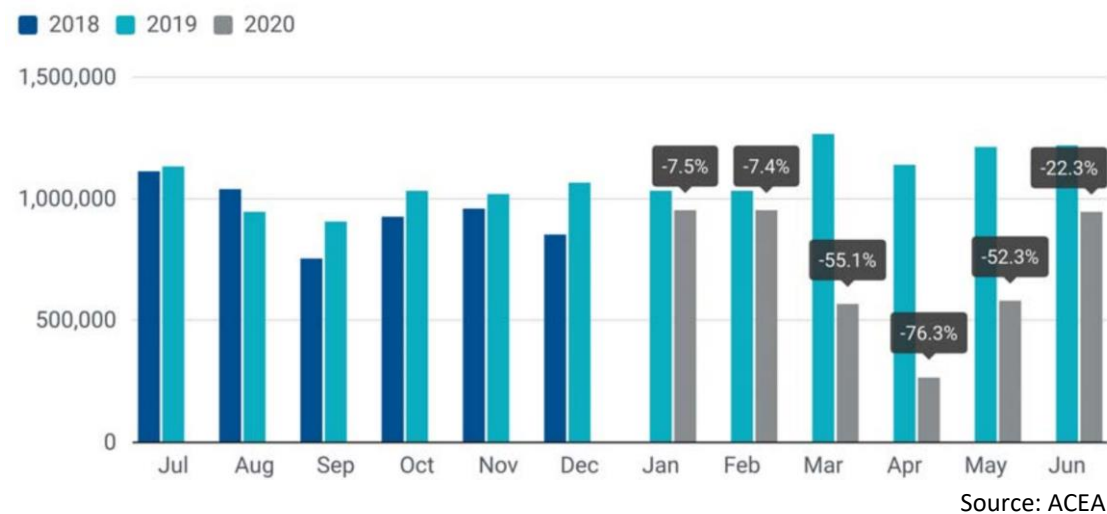
## Outperformance vs selected peers



Overall engineering market more resilient than production related peers

Remote work and TISAX certification helpful in outperforming selected peers

## Car demand EU27: June recovery sustainable?



New car registrations in EU27: trough reached in April

June registrations well below prior year, but on par with Januar/February levels

Ongoing recovery would be supportive for future R&D decisions

## Current market and customer environment: Automotive industry



Corona-virus with significant adverse impact on global car demand and production (c. -45% in cal. Q2 2020)



Fivefold increase in number of electric models by 2023



Car production expected to fall by more than 20% in 2020 (2021e: +10%).



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 other projects temporarily paused



Trend towards larger contract awards



Significant pressure on prices in some parts of our services

## Group P&L Q3: worst quarter ever, EBIT performance cushioned by countermeasures

	Q3 2019/20 EUR million	Q3 2019/20 EUR million	Δ EUR million	Δ %
<b>Total revenues</b>	<b>205.469</b>	<b>259.908</b>	<b>-54.439</b>	<b>-21%</b>
Other operating income	2.636	1.872	764	41%
Raw materials and consumable:	-15.948	-23.373	7.425	-
Personnel expenses	-163.179	-193.077	29.898	-
D&A	-14.042	-8.707	-5.335	-
Other operating expenses	-16.777	-26.316	9.539	-
<b>EBIT</b>	<b>-1.841</b>	<b>10.307</b>	<b>-12.148</b>	<b>-</b>
Financial result	-1.226	-668	-558	-
<b>EBT</b>	<b>-3.067</b>	<b>9.639</b>	<b>-12.706</b>	<b>-</b>
Other taxes	-792	-806	14	-
Income taxes	1.020	-1.890	2.910	-
<b>Net income</b>	<b>-2.839</b>	<b>6.943</b>	<b>-9.782</b>	<b>-</b>
<b>EPS (EUR)</b>	<b>-0.28</b>	<b>0.69</b>	<b>-0.97</b>	<b>-</b>

- Short-time work
- Reduction of accrued overtime
- Alignment of capacities
- Holidays

- IFRS 16: EUR -5.3m
- D&A/sales (stated): 6.8%
- D&A/sales (w/o IFRS 16): 4.2% (3.4%)

- IFRS 16: EUR -0.6m

- IFRS 16: EUR +5.6m
- Cost shut-down: EUR +3.9m
- travel expenses, marketing, consultants, ...

Inefficient utilization of capacities after customers postponed R&D projects

Short-time work in all major countries to maintain know-how

Capacities aligned where strategically required

Ramp-up costs for new testing facilities

Strict cost discipline on all lines

PE/sales: 79.4% (74.3%) reflects underutilization and short-time work effects

IFRS 16 (higher D&A, lower OOE)

EBIT: EUR +0.3m

NI: EUR -0.2m



# Segments

EUR million	Q3 2019/20	Q3 2018/19	Δ	Q3 2019/20	Q3 2018/19	Δ	Q3 2019/20	Q3 2018/19	Δ
	Digital			Physical			E/E		
<b>Total revenues</b>	<b>107.821</b>	<b>146.013</b>	<b>-26.2%</b>	<b>40.527</b>	<b>59.621</b>	<b>-32.0%</b>	<b>57.121</b>	<b>54.274</b>	<b>5.2%</b>
<b>EBIT</b>	<b>-6.547</b>	<b>2.718</b>	<b>-</b>	<b>1.722</b>	<b>4.748</b>	<b>-63.7%</b>	<b>2.984</b>	<b>2.841</b>	<b>5.0%</b>
<i>% margin</i>	<i>-6.1%</i>	<i>1.9%</i>		<i>4.2%</i>	<i>8.0%</i>		<i>5.2%</i>	<i>5.2%</i>	

Digital Engineering	Physical Engineering	Electric/Electronics
Early cyclical	Late cyclical	Projects related to mega trends mainly up and running
Inefficient capacity utilization	Project postponements, focus on mandatory validation	Ongoing high demand for software related projects
Partial price pressure	Test drives impacted by lock-down	Underutilization due to project delays in some disciplines
Alignment of capacities	Planned ramp-up of battery test center and powertrain solution center according to schedule	

## Group Balance Sheet

EUR million	30/06/2020 (including IFRS 16)	Impact of IFRS 16	30/06/2020 (excluding IFRS 16)
<b>Assets</b>			
<b>Non-current assets</b>	<b>473.079</b>	<b>-112.799</b>	<b>360.280</b>
– of which right-of-use assets	421.940	-100.416	321.524
– of which deferred taxes	16.038	-12.383	3.655
<b>Current assets</b>	<b>466.373</b>	<b>0</b>	<b>466.373</b>
<b>Total assets</b>	<b>939.452</b>	<b>-112.799</b>	<b>826.653</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>409.711</b>	<b>0.478</b>	<b>410.189</b>
– of which consolidated distributable profit	28.732	0.478	29.210
Equity ratio	43.6%		49.6%
<b>Non-current liabilities</b>	<b>336.251</b>	<b>-93.447</b>	<b>242.804</b>
– of which other financial liabilities	81.272	-81.272	0
– of which deferred taxes	21.131	-12.175	8.956
<b>Current liabilities</b>	<b>193.490</b>	<b>-19.830</b>	<b>173.660</b>
– of which other financial liabilities	36.577	-19.830	16.747
<b>Total equity and liabilities</b>	<b>939.452</b>	<b>-112.799</b>	<b>826.653</b>

IFRS 16 leads to balance sheet extension of EUR 112.8m

Very minor EUR -0.5m impact on equity

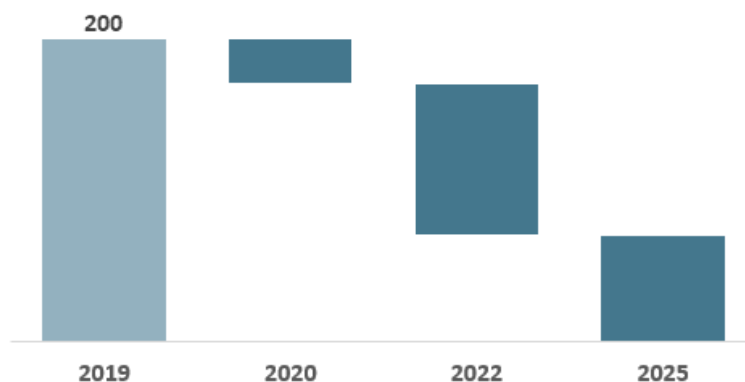
Solid balance sheet ratios:

Equity ratio at 43.6% (excl. IFRS 16: 49.6%)

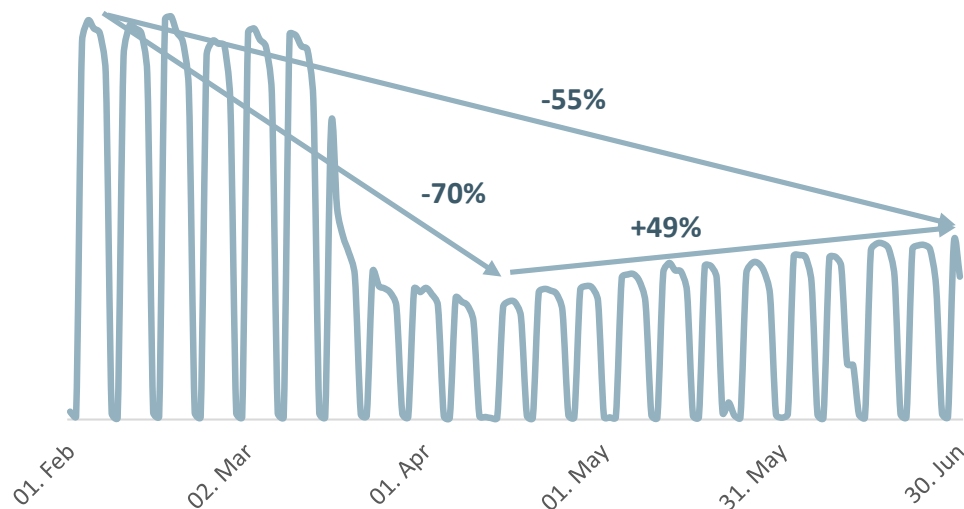
Gearing at 61%

## Focus on balance sheet and cash

- Gross liquidity: EUR 123.8m (9M 2019/2020)
- CapEx unchanged yoy (completion of test centers)
- Undrawn credit facilities: EUR >200m
- Debenture bond (Schuldschein) of EUR 200m with long maturity profile and without covenants



## Corona-virus: our answer



“In-office” time recording significantly dropped since week 12, but some teams have partially returned to offices

Lessons learned: mobile work remains part of our future work model. More efficient use of infrastructure.

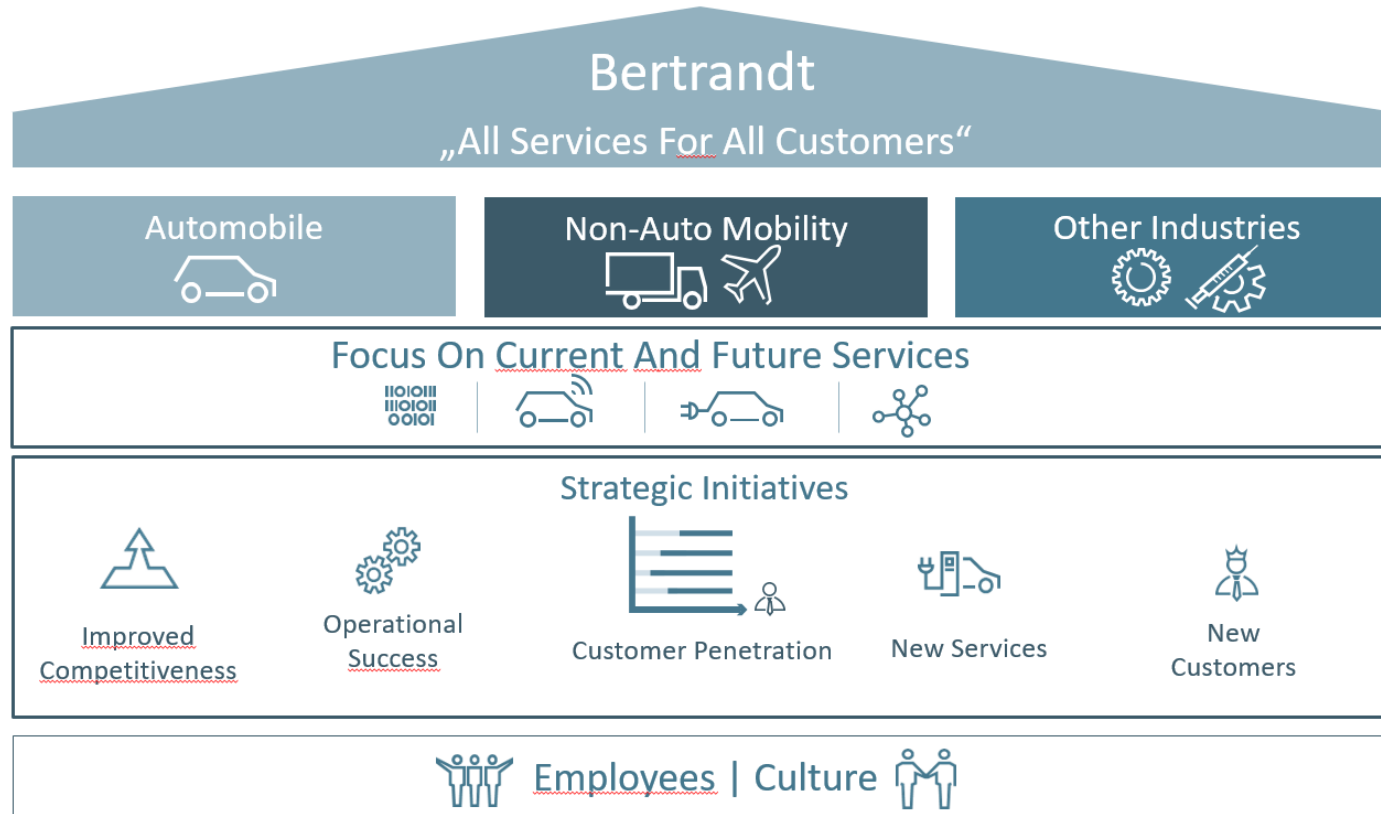


TISAX certification as competitive advantage: The TISAX (Trusted Information Security Assessment Exchange) model has been developed under the aegis of the VDA to guarantee a unified level of data security at all the parties involved. TISAX allows information security assessments to be recognized at all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

## Corona-virus: our answer

- ✓ Immediate cost “shut-down” affecting: Procurement, CapEx, Hiring, Tier-2, Marketing, Trainings, Business travels, Consultants, ...
- ✓ Reduction of accrued overtime, shut-down periods (Betriebsruhe) in subsidiaries
- ✓ Short-time work in Germany and abroad
- ✓ Board and top management voluntarily forewent remuneration
- ✓ Sustainable cost reduction measures launched: Infrastructure, Alignment of capacities

# Implementation of strategic measures



Strategic initiatives defined

Implementation progressing

Divisional set-up to cope with changing market dynamics

Diversified customer approach

## Update on Bertrandt Powertrain Solution Center



CapEx of around EUR 80m in Tappenbeck (Wolfsburg) and Freising (Munich)

Validation and homologation of powertrains with different fuels for ICE and various alternative engines including xEV

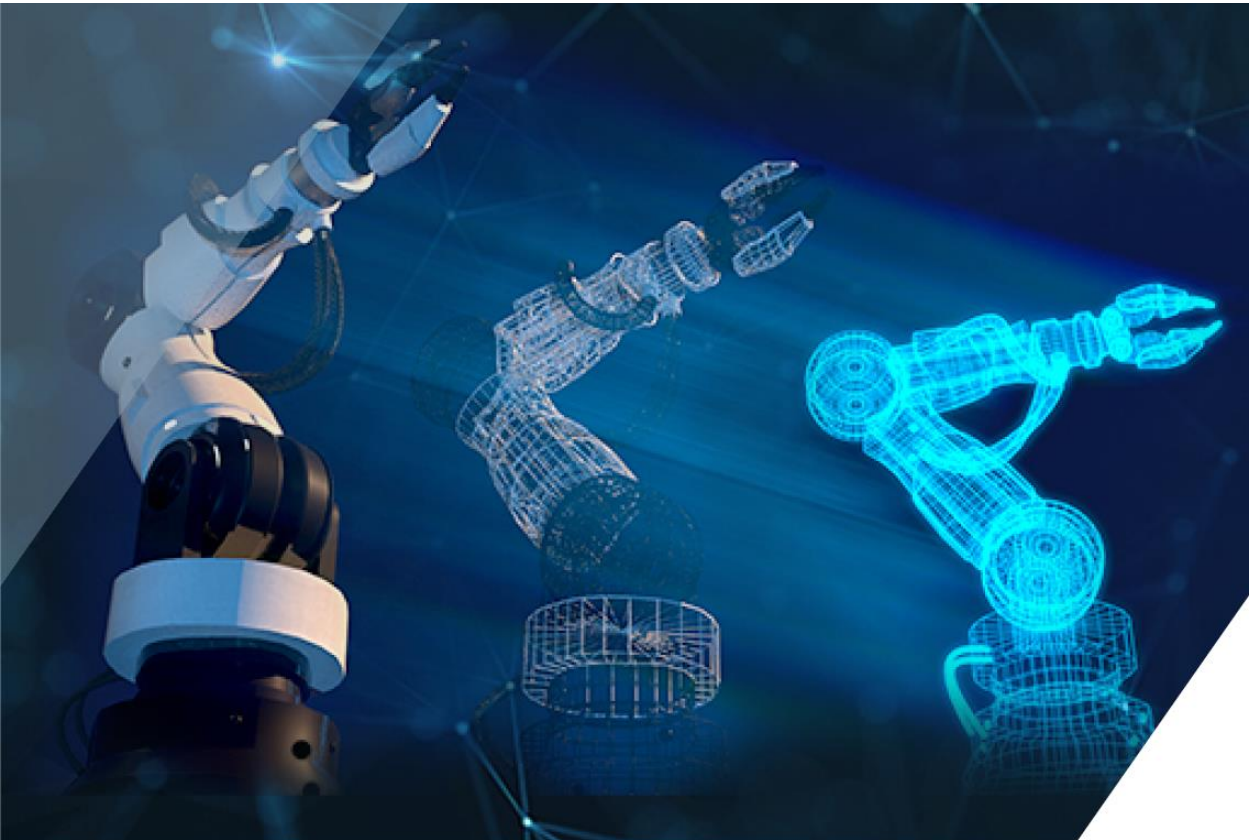
Altitude simulation of up to 4,200 m

Temperatur simulation from -25 °C to +45 °C

SoP scheduled for summer 2020 (WOB) and fall 2020 (M)

High demand for testing capacities with large projects in the market

## CLIFE: Digital Twin Solution



Do you know how much added value your factory, your facility, your individual machine's data can generate?

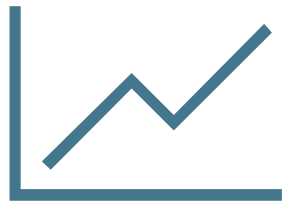
Many companies are facing the challenge of using existing data to their advantage

CLIFE ensures that you have the most important information to hand, anytime and anywhere

CLIFE is a true digital twin of any machine



## Guidance for FY 2019/2020



20-50

EUR million  
increase in  
total revenues



5-7.5%

of total revenues  
EBIT ratio



50-70

EUR million  
volume of  
capital spending



Positive

cash flow from  
operating activities

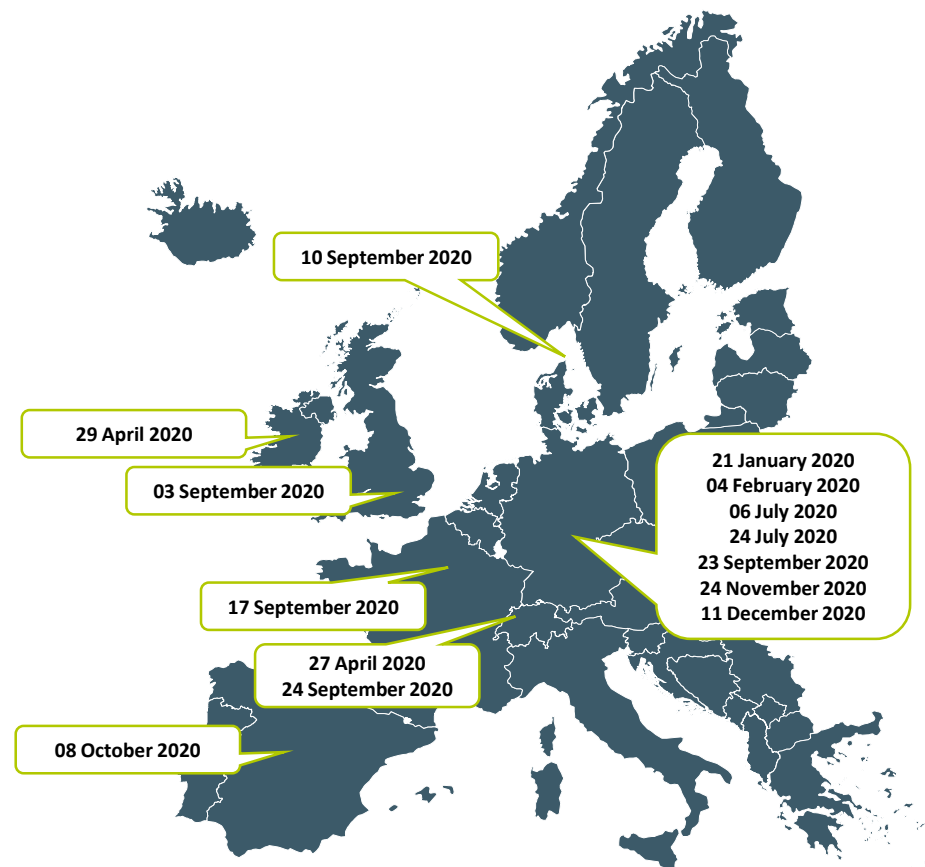
**Guidance withdrawn  
(ad-hoc March 20th 2020)**

# Financial calendar: in-depth investor dialogue

10 August 2020: 9m 2019/2020 report, Analyst call

10 December 2020: FY 2019/2020, Analyst and Press conference

17 February 2021: Annual General Meeting



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