



# Investor Presentation

Bertrandt AG

September/October 2021

# Agenda



01 Bertrandt at a glance

02 Markets and customer environment

03 Investment Highlights & Opportunities

04 Outlook

05 Back-up

# INVESTOR PRESENTATION

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Bertrandt AG

## **BERTRANDT AT A GLANCE**

# Bertrandt Group



1974  
Founded by  
Harry Bertrandt



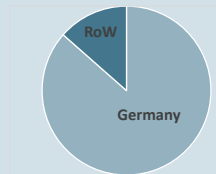
Total Revenues  
FY 2019/20: EUR 917m



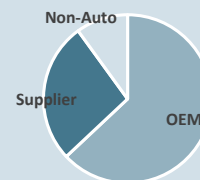
~12.000  
employees



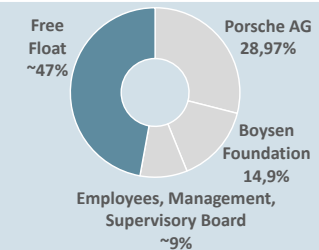
More than 50 locations globally



Regional split (FY 19/20)



Customer split (FY 19/20)



From the initial idea to production readiness



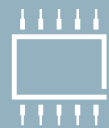
Design



Vehicle Body



Interior



Electronics



Powertrain



Chassis



Simulation



Testing



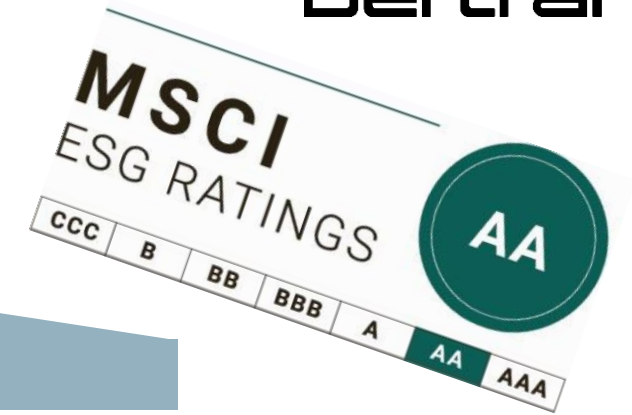
Engineering  
Services

# All Services For All Customers





# Sustainability Part Of Corporate Strategy

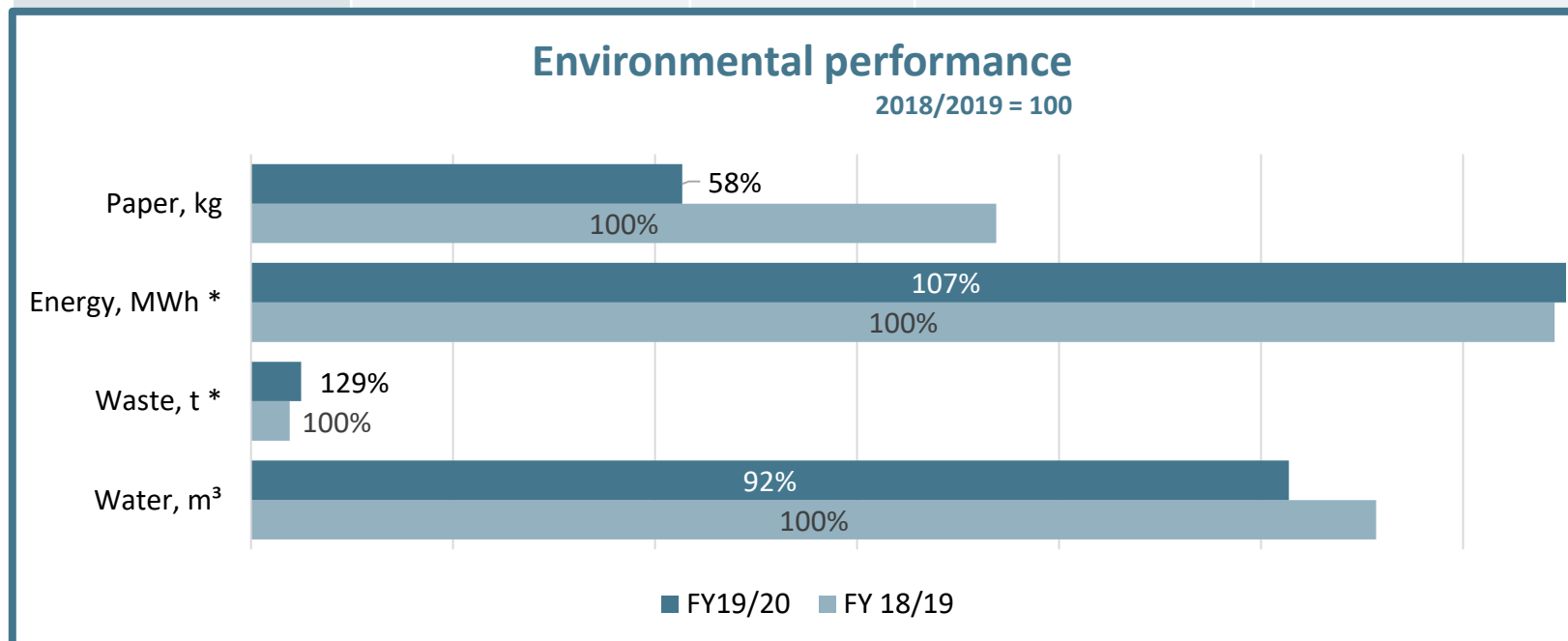


**Bertrandt**  
 „All Services For All Customers“

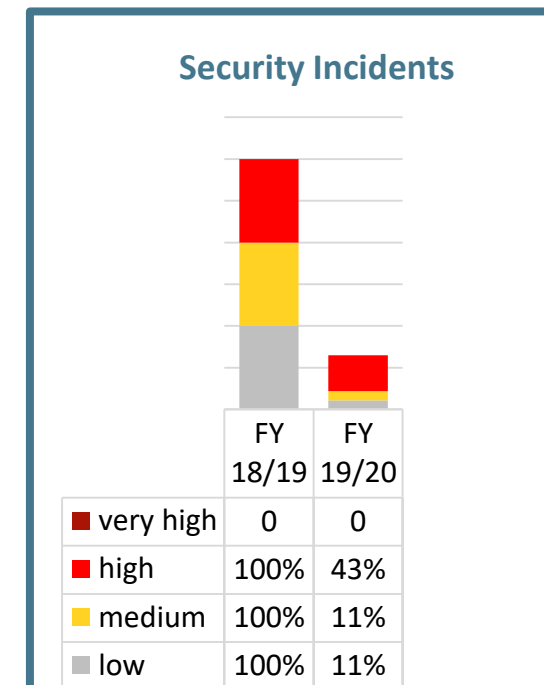


## Environmental goals (non- exhaustive)

Category	Theme	Target	Target value	Measurand
Company goals environment	Power consumption	Reduction of CO2 Foodprint	Not disclosed	Power consumption relative to sales
	Mobile working	Increase mobile work to reduce CO2 foodprint	>20%	Registered users via RAS-VPN or Citrix



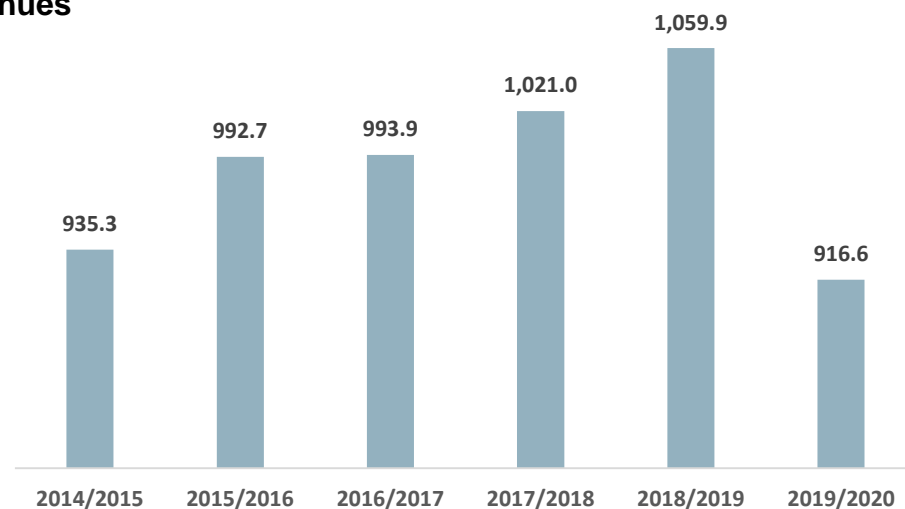
\* Linked to ramp-up of new testing facilities



# Key figures development

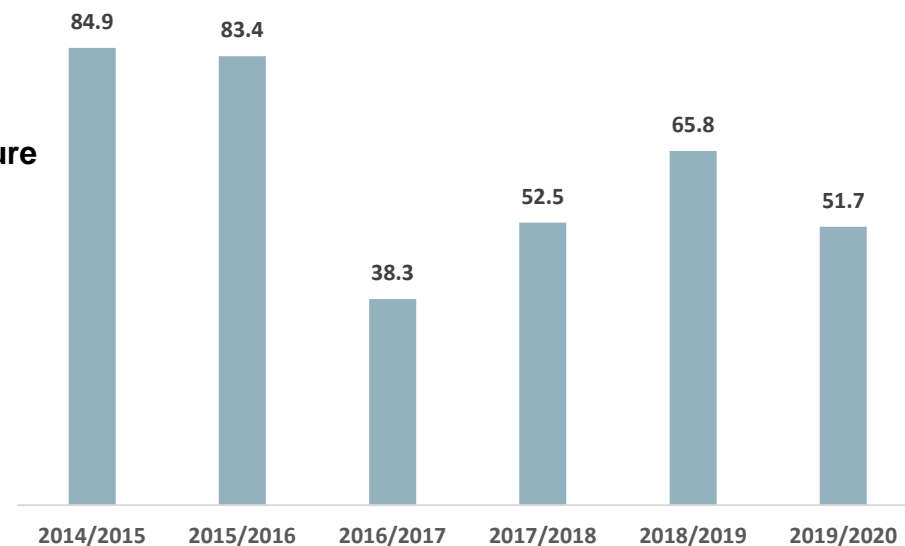
## Total revenues

(EUR million)



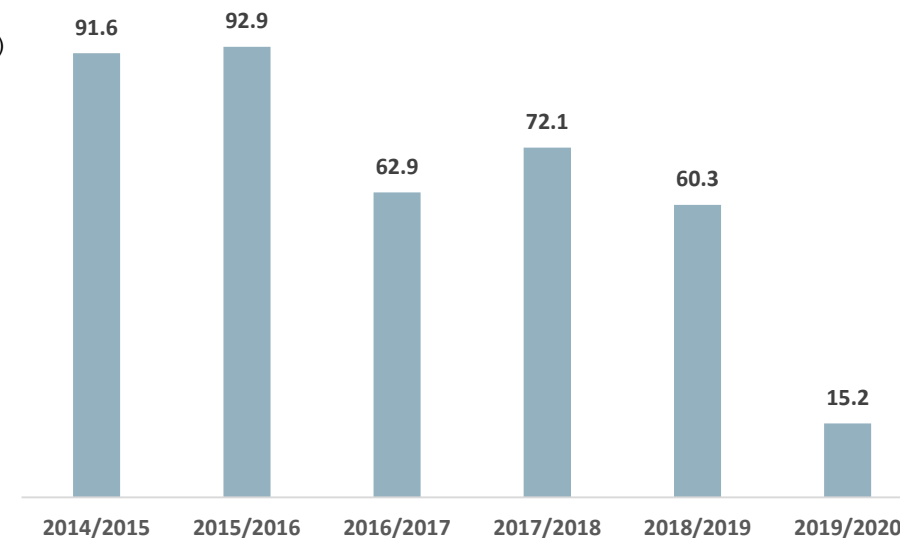
## Capital expenditure

(EUR million)



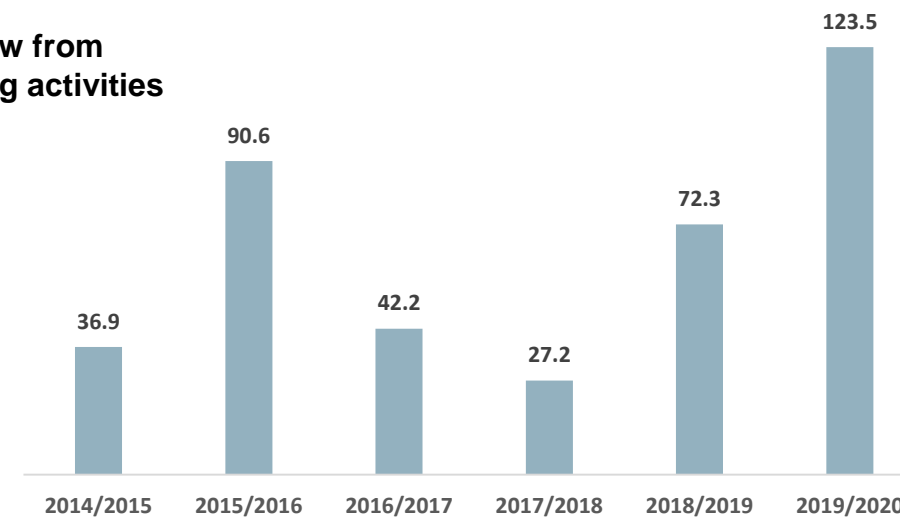
## EBIT

(EUR million)



## Cash flow from operating activities

(EUR million)





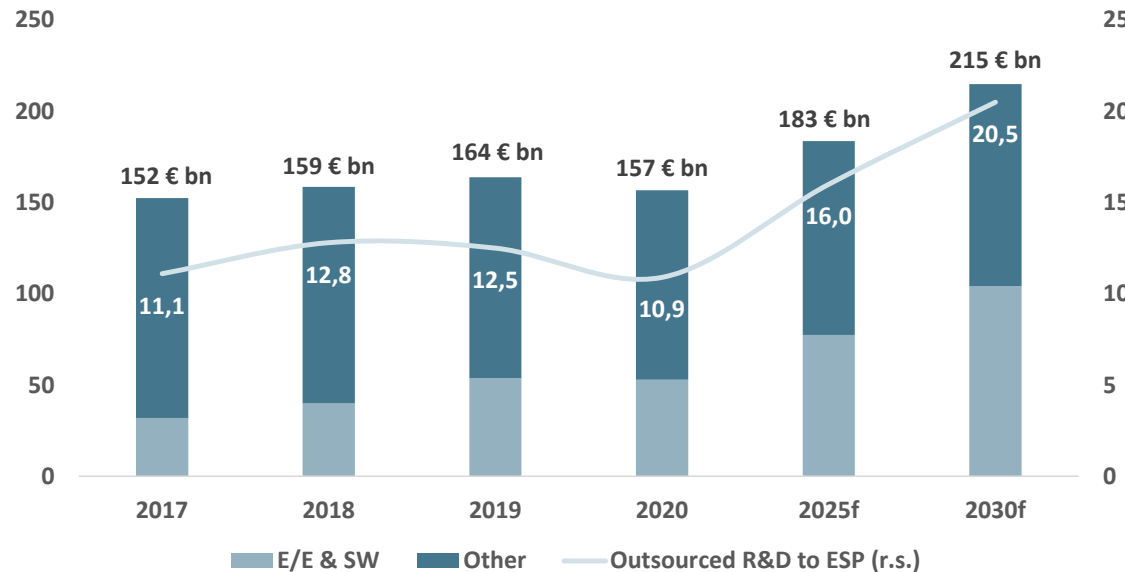
# INVESTOR PRESENTATION

## MARKETS AND CUSTOMER ENVIRONMENT

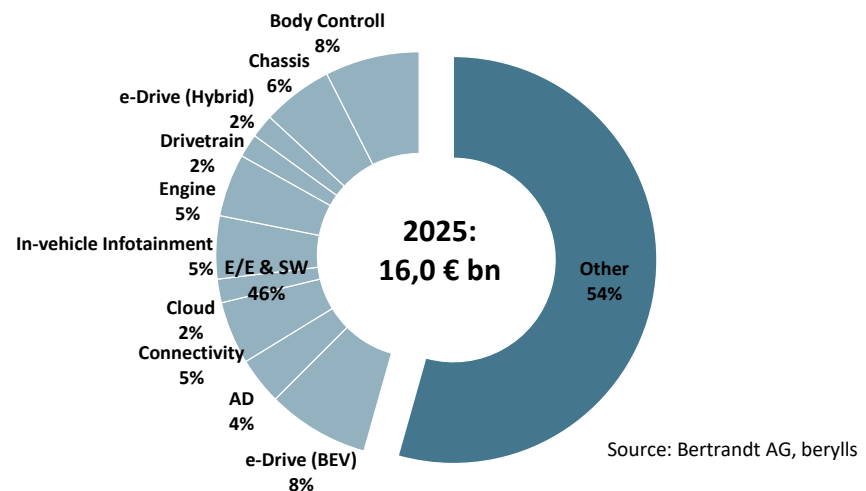
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# The automotive R&D market



Source: Bertrandt AG, berylls



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- 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

## Current market and customer environment: Automotive industry



Market sentiment gradually improving



Large volume of R&D projects in tender



European registrations up yoy but 25% below 2019.



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



Increasing vaccination coverage drives economic recovery



Cost and efficiency pressure ongoing and addressed

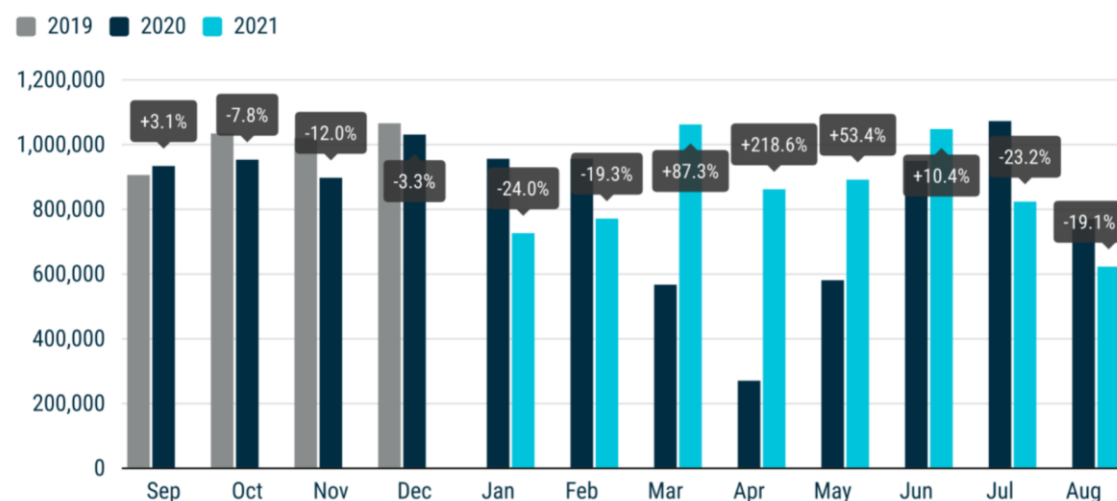


Cost saving measures remain in place



No direct impact from chip shortage, but industry sentiment depressed

## Car demand EU27: Recovery from low levels, but demand still below pre-Corona



Source: ACEA

- Start into the year below expectations
- Car demand recovering from low prior year levels since end of lockdown in May 2021
- European registrations well below 2019 levels due to chip shortage
- Forecast 2021 (VDA)
  - USA 15.8m units (2020: 14.5m, +9% yoy)
  - Europe 13.4m units (2020: 12.0m, +12% yoy)
  - China 21.4m units (2020: 19.8m, +8% yoy)

## Current market and customer environment: Industries



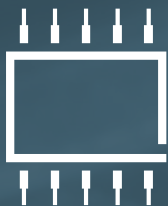
Rising vaccination coverage leads to improving sentiment in the civil aviation industry. R&D sourcing is slowly, but steadily improving. Strategic milestone achieved.



Med-tech resilient; New Certification supportive



Global market for power engineering rather resilient.



Economic recovery beneficial for mechanical and plant engineering industries in the months to come.

# INVESTOR PRESENTATION

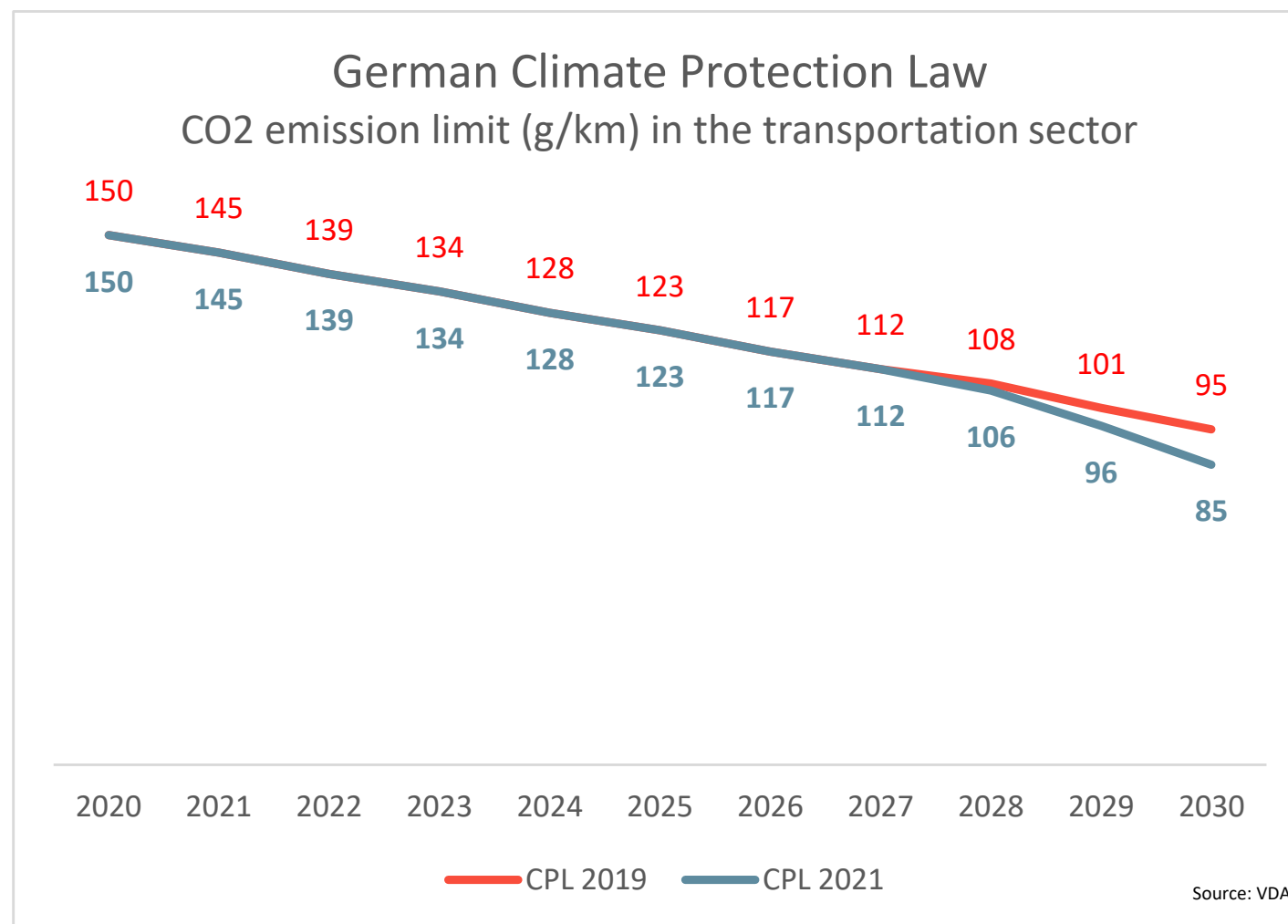
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## INVESTMENT HIGHLIGHTS & OPPORTUNITIES

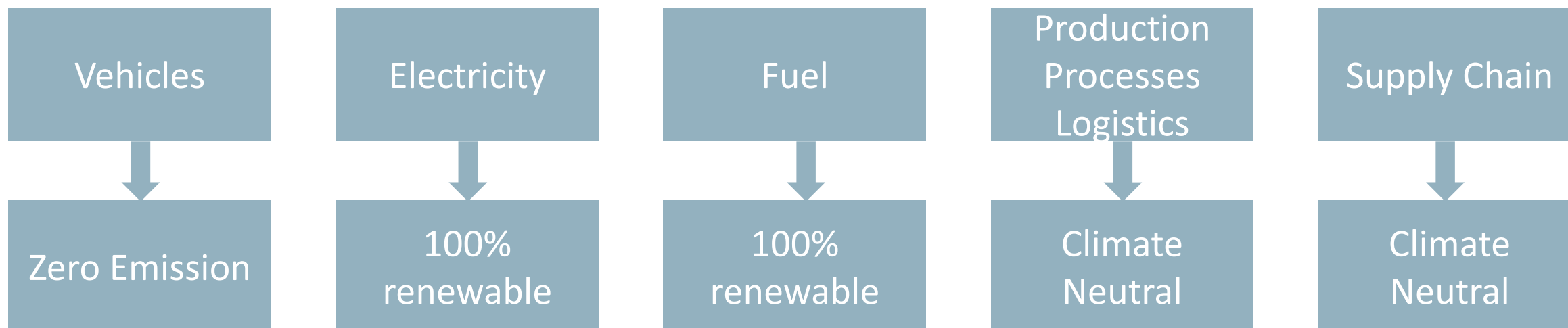


## European Green Deal



## Vision 2050: Climate Neutrality

The German automobile industry realizes climate neutrality in the transportation sector by 2050 at the latest including the supply chain



Source: VDA

# 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



Digitisation

Connectivity

Autonomous driving

Electric mobility

## Four mega trends transforming the automotive sector

## Bertrandt Powertrain Solution Center



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

- Wolfsburg (opened)
- Munich (due in fall 2021)

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



## 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



## Bertrandt Medical



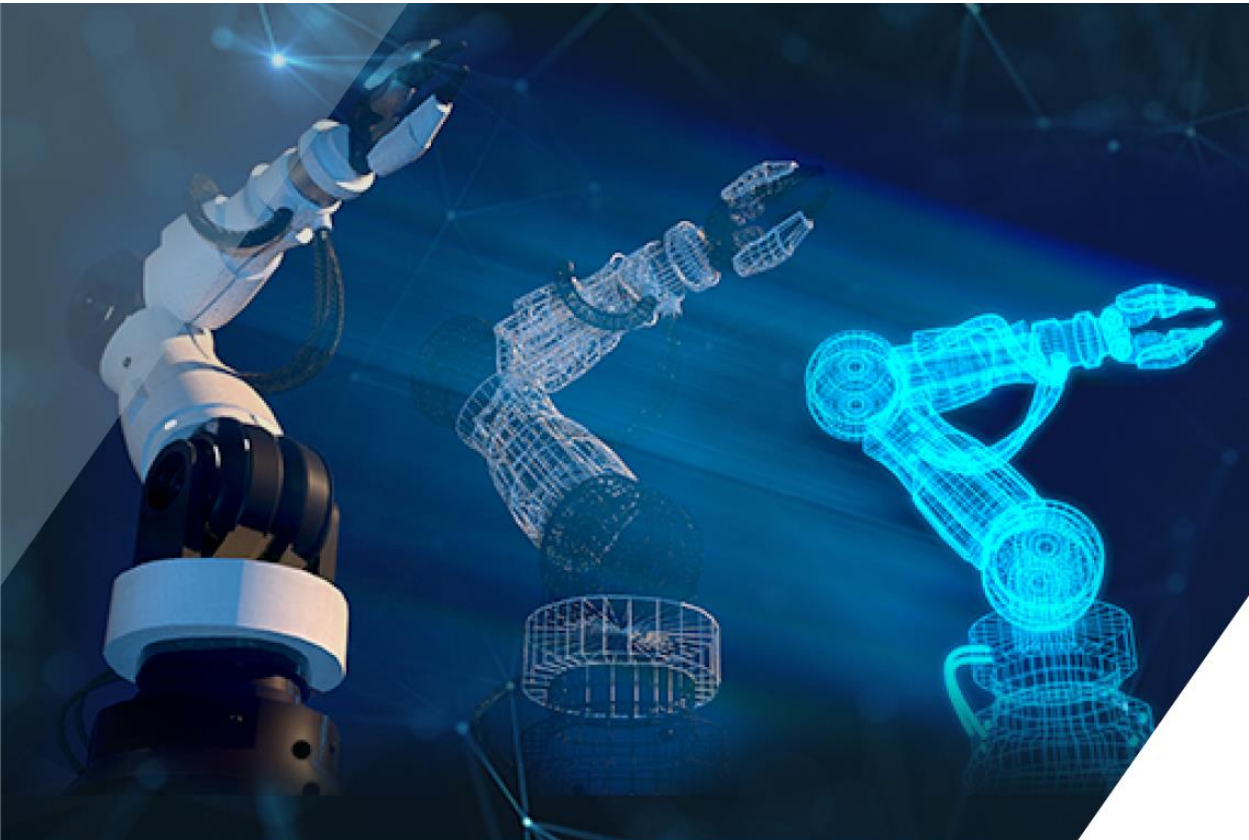
Expansion of resources and service portfolio to meet special medical technology requirements

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.

## 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

# INVESTOR PRESENTATION

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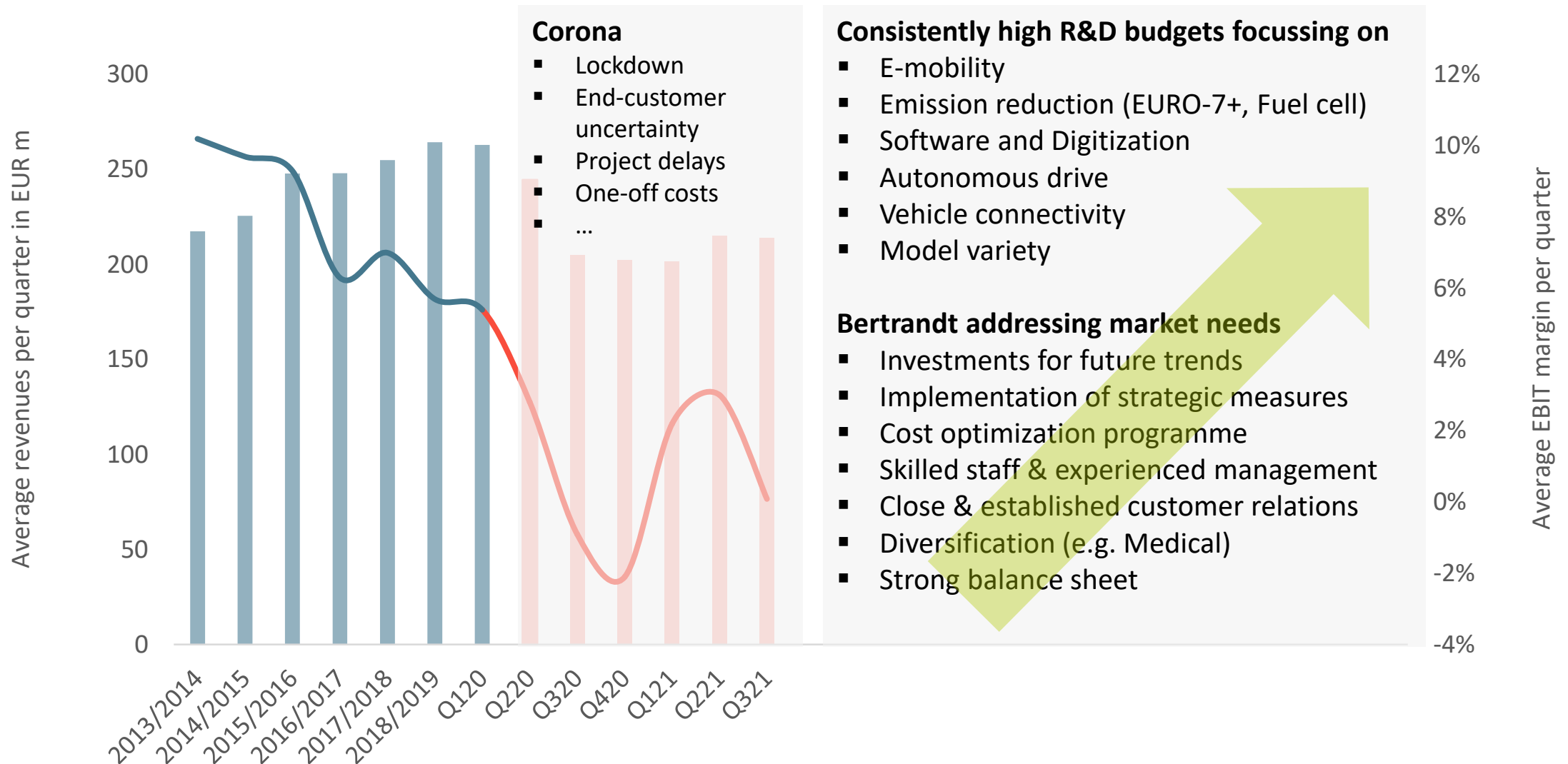
## Outlook



## FY 2020/2021: Recovery still hard to predict

- Economic uncertainty diminishing, but actual timing of recovery still hard to predict
- Extraordinary uncertainty for guidance remains
- Generally two scenarios in FY 2020/2021 possible
- Any narrowing of guidance will be frequently examined, but depends on the overall economic and industry-specific environment

## R&D market provides mid-term opportunities



## We set the course for the future



- ✓ Brightening market and customer sentiment allows for improvement of R&D sourcing in calendar H2 vs H1
- ✓ Timing and extent of recovery not yet foreseeable
- ✓ Strategic investments in mega trends
- ✓ R&D market with attractive growth rates especially for E/E & SW specialized ESPs
- ✓ Market provides opportunities and trends for a successful future





**Thank you for your attention**

## Contact details

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# INVESTOR PRESENTATION

**BACK-UP: 9m/Q3 2020/2021**

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## Highlights

- Q3 confirmed recovery trend with **sales and EBIT up yoy**
- Utilization in Germany **increasingly normalizing**; USA, Spain, China fully operational; France lagging
- **Cost-cutting initiatives** yielding around EUR 10m savings in 9m 2020/2021
- **Double-digit growth** in non-automotive activities in Q3
- **Record level** of RFQs (requests for quotation), order intake improving
- **Successful implementation** of reorganization and portfolio adjustment
- **>1.600 vacancies**, especially linked to Software/Electronics and Near-shore
- **>400 colleagues** in Romania (+31% yoy)
- **Market consolidation** gaining pace with major deals in Q3

## 9M 2020/21 at a glance: Focus on costs & cash

**P&L** ➤ Sales: EUR 631.0m (-12% yoy) | EBIT: EUR 12.9m | margin: 2.0%

**Cashflow** ➤ Operating Cashflow EUR 54.6m (EUR 72.9m) | FCF EUR 25.4m (EUR 27.2m)

**CapEx** ➤ EUR 29.6m (EUR 45.9m) | Completion of Powertrain Solution Center

**BS** ➤ Equity ratio 44.5% (43.6%)



➤ Employees: 11,899 (-7% yoy) | Near-shore capacity: > 400 FTE



## Q3 2020/21 at a glance: Revenues & EBIT up yoy

### P&L

➤ Sales: EUR 214.2m (flat qoq, +4% yoy) | EBIT: EUR 1.8m (+3.6m yoy) | margin: 0.8%

### Cashflow

➤ Operating Cashflow EUR -3.6m (EUR +22.2m) | FCF EUR -11.2m (EUR +3.5m)

### CapEx

➤ EUR 7.8m (EUR 18.7m)

### BS

➤ WC increase driven by growing contract assets, trade receivables



➤ Employees: 11,899 (broadly stable qoq)

## Group P&L Q3: Increasing utilization in Germany and some foreign countries

	Q3 2020/21 EUR million	Q3 2019/20 EUR million	Δ EUR million
<b>Total revenues</b>	<b>214.232</b>	<b>205.469</b>	<b>8.763</b>
Other operating income	2.387	2.636	-249
Raw materials and consumable:	-18.894	-15.948	-2.946
Personnel expenses	-169.022	-163.179	-5.843
D&A	-13.903	-14.042	139
Other operating expenses	-13.008	-16.777	3.769
<b>EBIT</b>	<b>1.794</b>	<b>-1.841</b>	<b>3.635</b>
Financial result	-1.433	-1.226	-207
<b>EBT</b>	<b>361</b>	<b>-3.067</b>	<b>3.428</b>
Other taxes	-404	-792	388
Income taxes	177	1.020	-843
<b>Net income</b>	<b>134</b>	<b>-2.839</b>	<b>2.973</b>
<b>EPS (EUR)</b>	<b>0.01</b>	<b>-0.28</b>	<b>0.29</b>

- Working days (+1.1 yoy, -1.6 qoq)
- Capacity alignment
- STW (France)

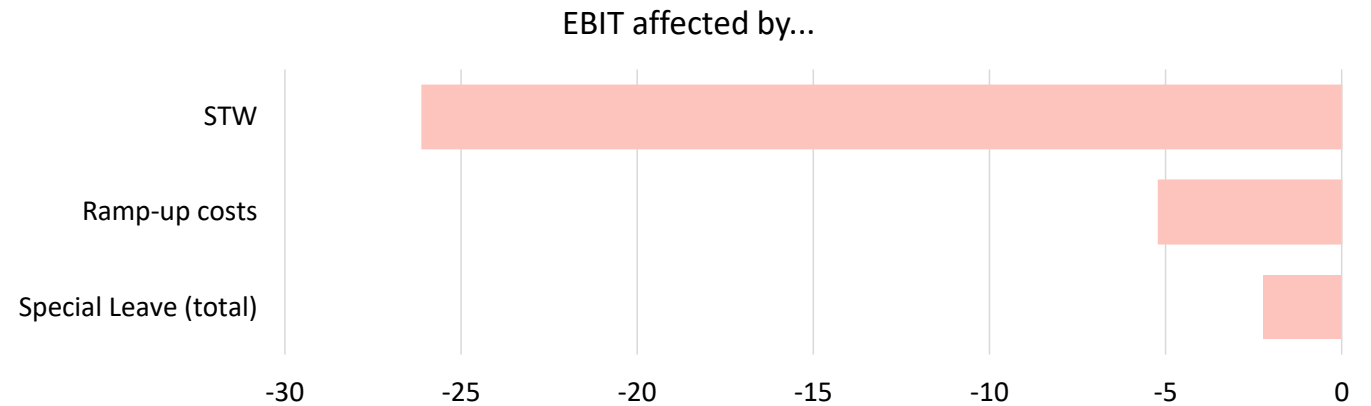
- Headcount alignment
- Reduced STW
- One day „special leave“ as part of annual compensation plan 2021 (EUR -1.9m)

- Cost optimization
- Infrastructure reduction
- Ramp-up charges (Q3: ca EUR -2m)

- Foreign tax loss carry forward

## Group P&L 9m 2020/2021

	9M 2020/21 EUR million	9M 2019/20 EUR million	Δ EUR million
<b>Total revenues</b>	<b>631.027</b>	<b>713.709</b>	<b>-82.682</b>
Other operating income	9.672	6.751	2.921
Raw materials and consumable:	-52.280	-59.976	7.696
Personnel expenses	-488.384	-541.570	53.186
D&A	-42.029	-39.986	-2.043
Other operating expenses	-45.128	-59.531	14.403
<b>EBIT</b>	<b>12.877</b>	<b>19.397</b>	<b>-6.520</b>
Financial result	-4.198	-3.898	-300
<b>EBT</b>	<b>8.679</b>	<b>15.499</b>	<b>-6.820</b>
Other taxes	-1.503	-2.553	1.050
Income taxes	-3.672	-3.826	154
<b>Net income</b>	<b>3.504</b>	<b>9.120</b>	<b>-5.616</b>
<b>EPS (EUR)</b>	<b>0.35</b>	<b>0.90</b>	<b>-0.55</b>



## Segments: internal reorganization leads to restatement of segments

EUR million	Digital Engineering				Physical Engineering				Electric/Electronic			
	Q3 2020/21	Q3 2019/20	Q3 2019/20 restated	Δ	Q3 2020/21	Q3 2019/20	Q3 2019/20 restated	Δ	Q3 2020/21	Q3 2019/20	Q3 2019/20 restated	Δ
<b>Total revenues</b>	<b>102.379</b>	<b>107.821</b>	101.035	1,3%	<b>49.879</b>	<b>40.527</b>	51.287	-2,7%	<b>61.974</b>	<b>57.121</b>	53.147	16,6%
<b>EBIT</b>	<b>152</b>	<b>-6.547</b>	-5.185	-	<b>-1.820</b>	<b>1.722</b>	1.468	-	<b>3.461</b>	<b>2.984</b>	1.876	84,5%
<i>% margin</i>	<i>0,1%</i>	<i>-6,1%</i>	<i>-5,1%</i>		<i>-3,6%</i>	<i>4,2%</i>	<i>2,9%</i>		<i>5,6%</i>	<i>5,2%</i>	<i>3,5%</i>	

- Digital Engineering: restructuring benefits
- Physical Engineering: late cyclical impact from pandemic, PZN/PZS ramp-up
- Electric/Electronic: mobility mega-trends driving performance

# INVESTOR PRESENTATION

**BACK-UP: FY 2019/2020**

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## At a glance

### P&L

➤ Revenues EUR 916.6m | EBIT EUR 15.2m | Margin 1.7%

### Cashflow

➤ Investments EUR 51.7m | Free Cashflow EUR 72.2m

### Balance sheet

➤ BS total EUR 945.5m | Equity EUR 403.4m | Equity ratio 42.7%

### Dividend

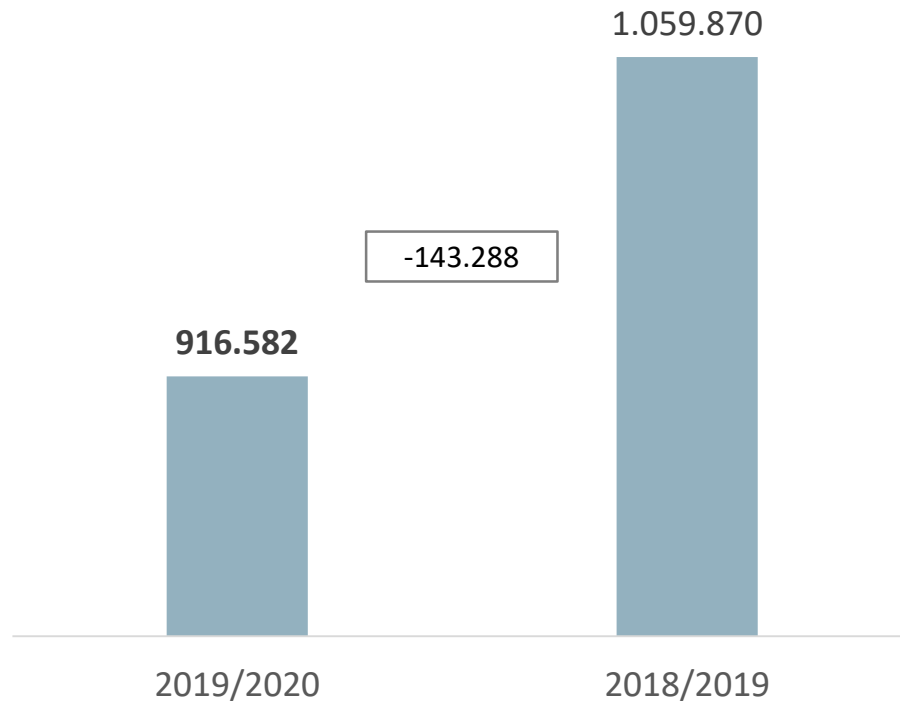
➤ EUR 0.15 per share based on payout policy of 40% of net income

### Employees

➤ 12,335

# Total Revenues

**Total revenues**  
(in EUR m)



– Q1 inline with expectations, but pandemic and global recession impacted performance in the course of the fiscal year 2019/20

– Group revenues: -14% yoy

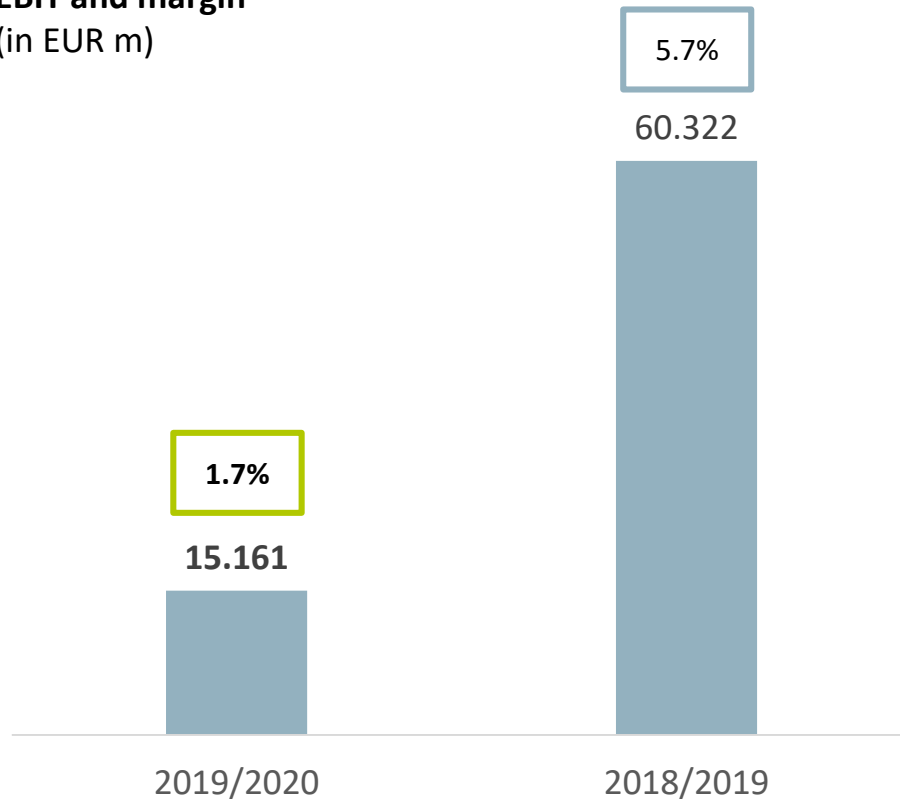
- Germany -10% yoy
- RoW -32% yoy (France)

– Segment performance

- Digital Engineering -18% yoy
- Physical Engineering -17% yoy
- Elektric/Elektronik +1% yoy

# EBIT

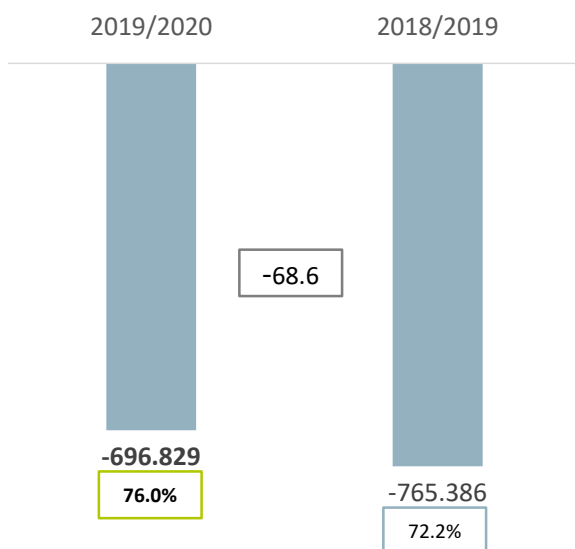
**EBIT and margin**  
(in EUR m)



- Q1 on prior year level
- From Q2 increasing underutilization and project delays caused by global recession
- Ramp-up charges for strategic investments and restructuring charges linked with alignment of capacities
- Segments | Earnings contribution
  - Digital Engineering | EUR -8.7m
  - Physical Engineering | EUR +8.3m
  - Elektric/Elektronik | EUR +15.6m

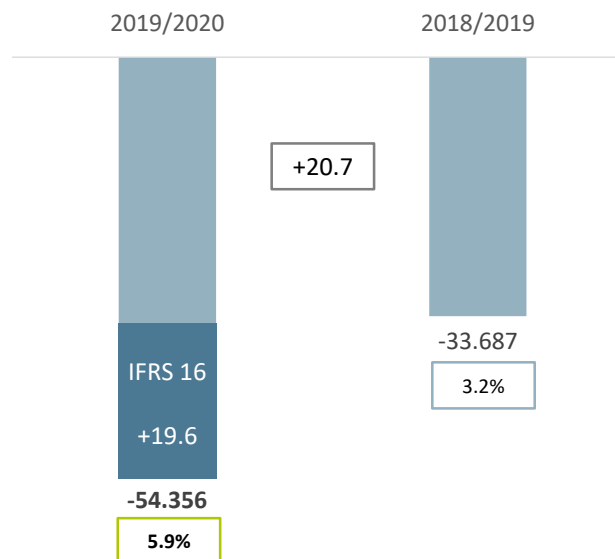
## Key expenditure figures

### Personnel expenses (in EUR m)



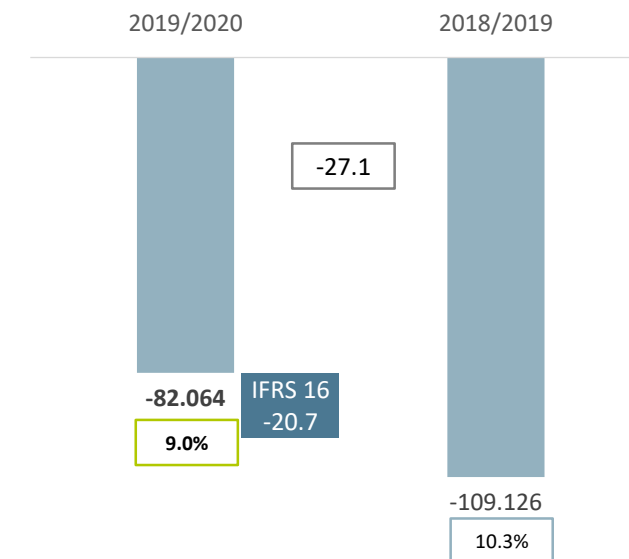
- Flex instruments such as reduction of accrued overtime, holidays and short-time work
- Structural alignment of capacities to market environment and natural fluctuation
- Salary waiver on all management levels

### D&A (in EUR m)



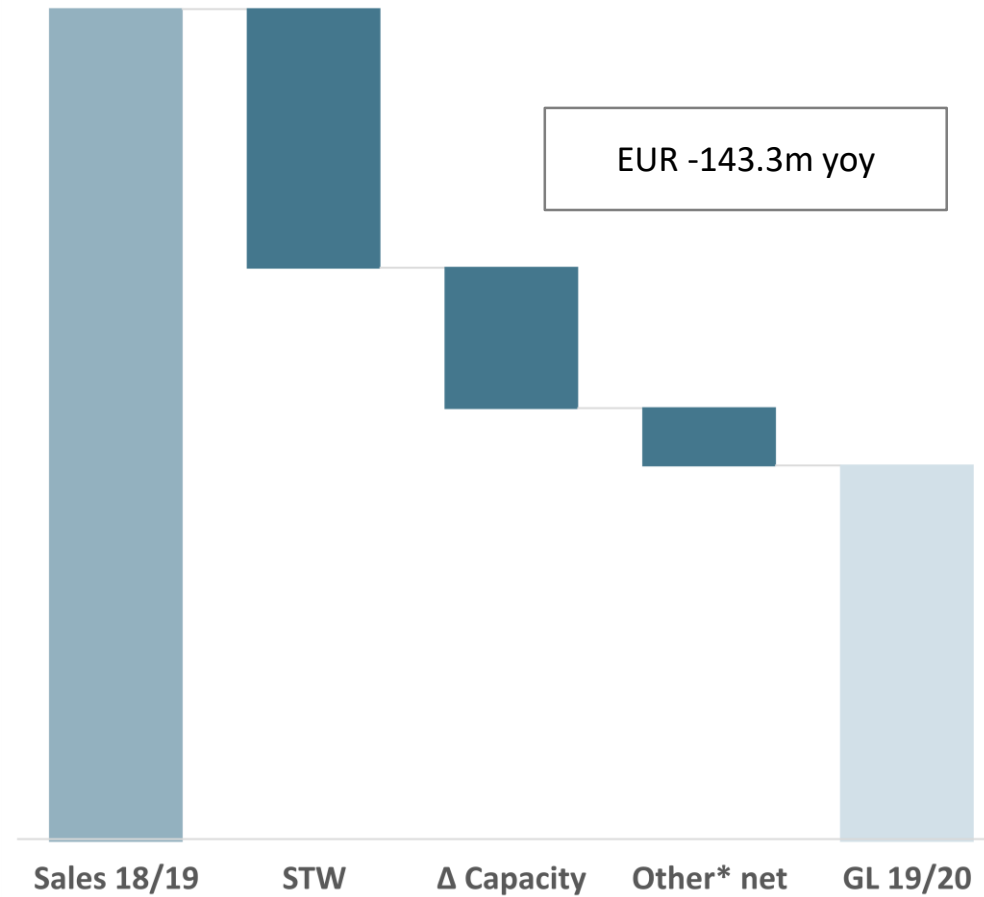
- D&A on prior year level (w/o IFRS 16)

### Other operating expenses (in EUR m)



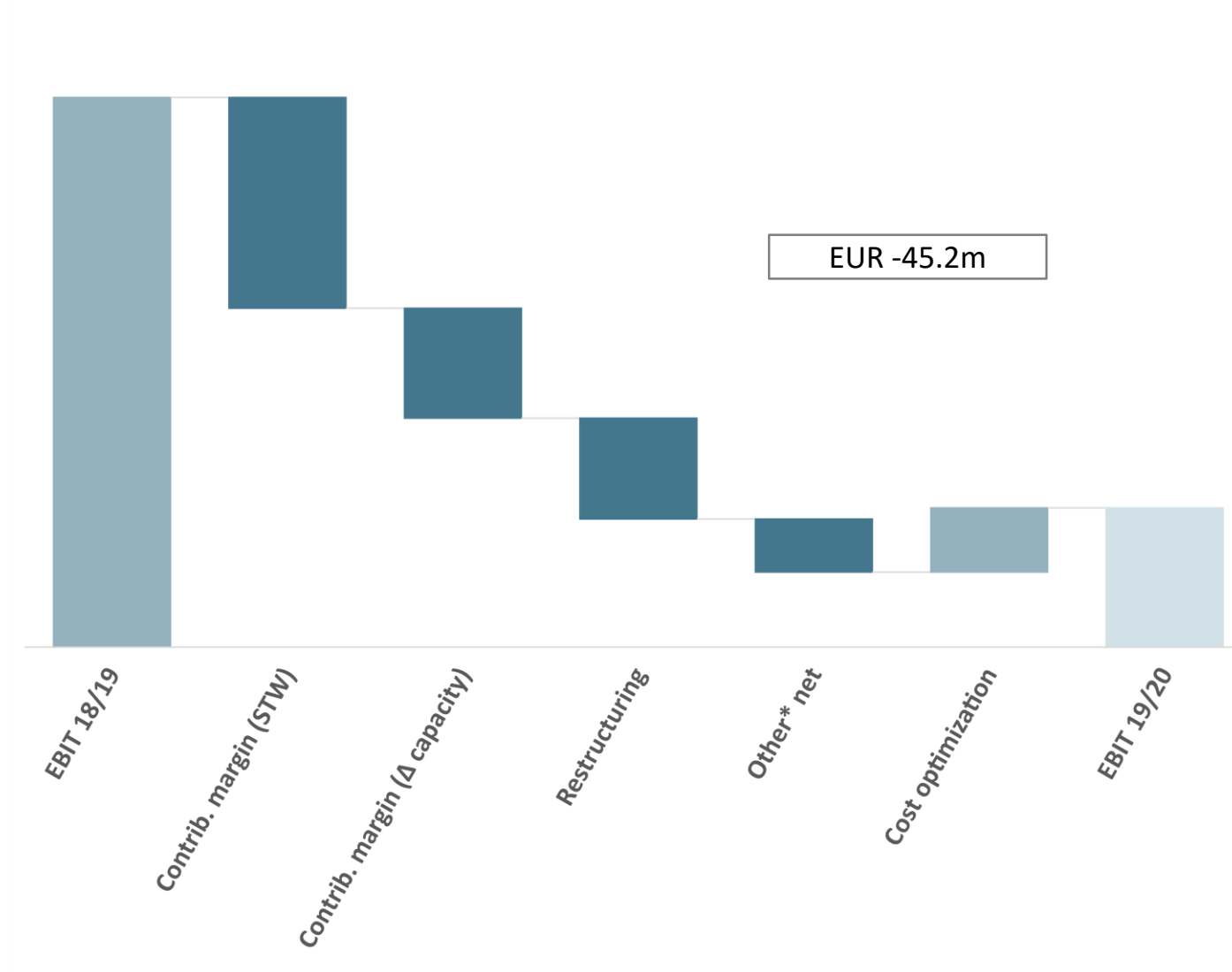
- Earnings enhancement program implemented and initial benefits realized
- Infrastructure expenses with future earnings potential

## Total revenues impacted by...



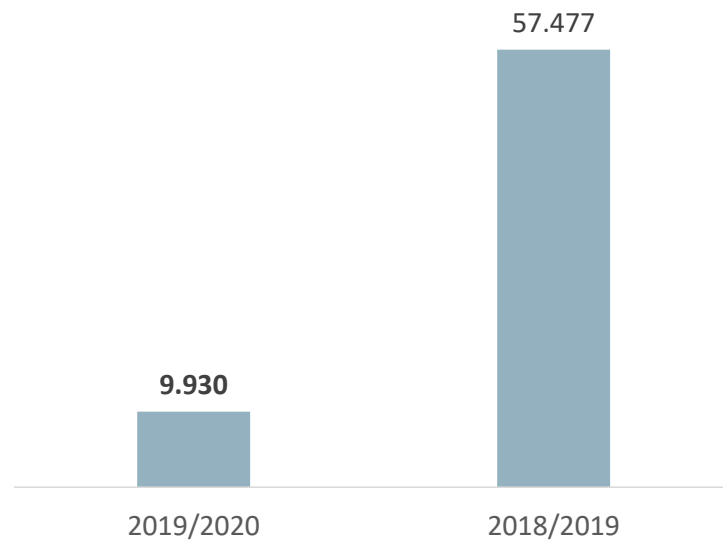


## EBIT impacted by...

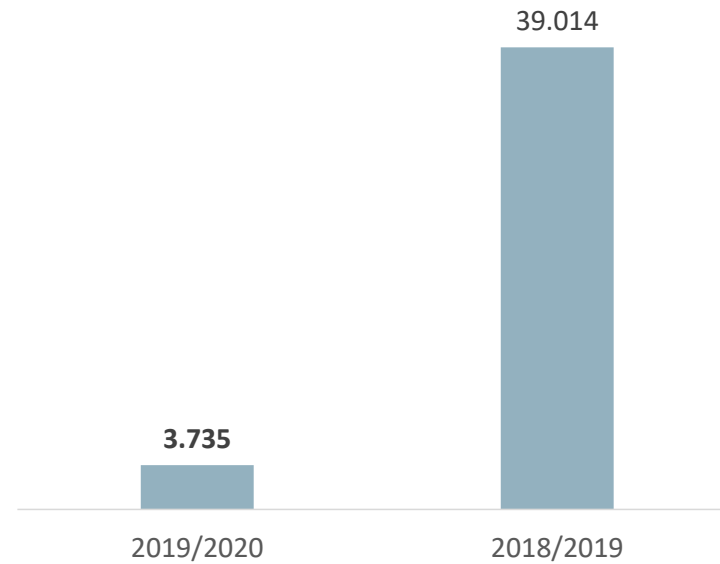


# Earnings

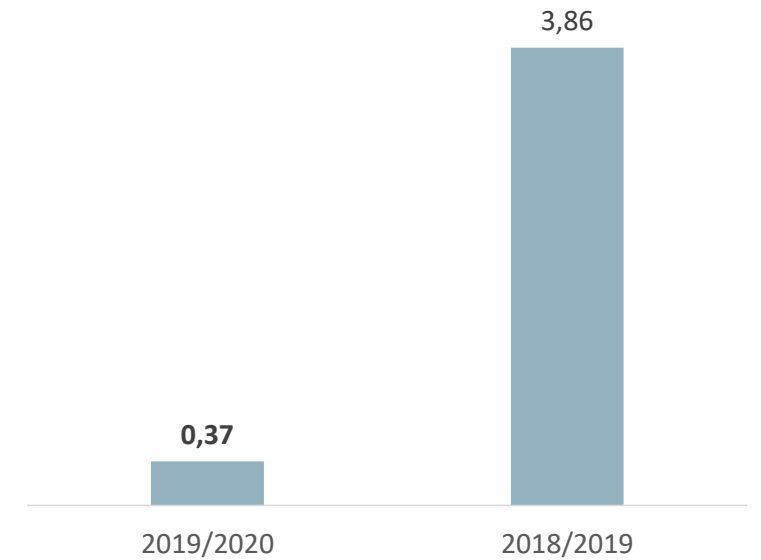
**PBT**  
(in EUR m)



**Profit after tax**  
(in EUR m)



**EPS**  
(in EUR)



## Consolidated P&amp;L

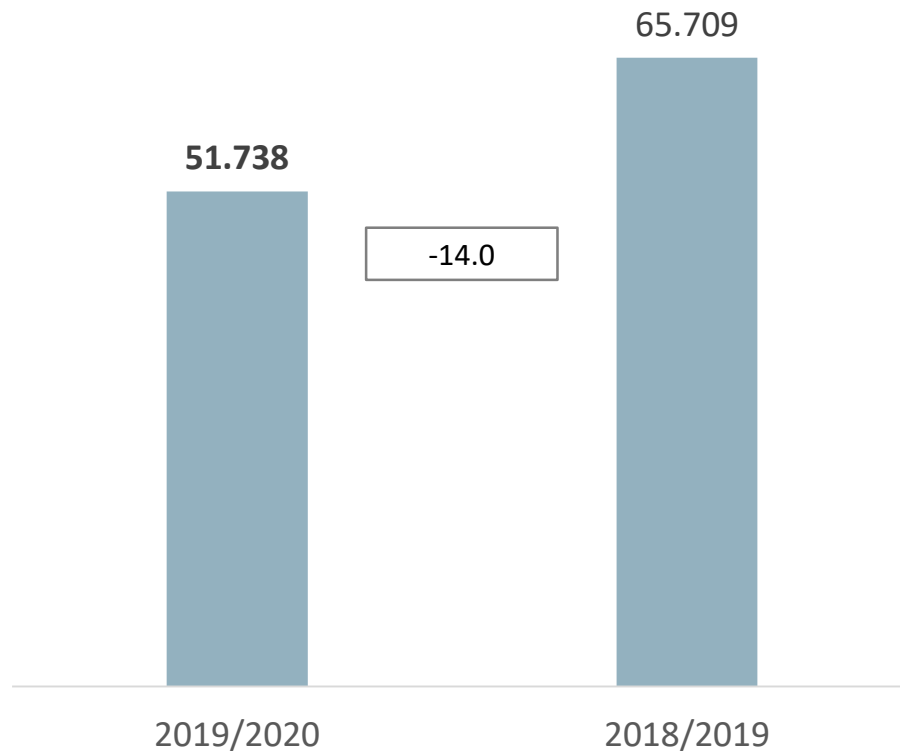
	2019/2020 In TEUR	% GL	2018/2019	% GL	Δ %	Δ TEUR	Δ TEUR IFRS 16
<b>P&amp;L</b>							
<b>Total revenues</b>	<b>916,582</b>	100.0%	<b>1,059,870</b>	100.0%	<b>-13.5%</b>	<b>-143,288</b>	
Other operating income	8,771	1.0%	17,406	1.6%	-49.6%	-8,635	
Material expenses	-76,943	-8.4%	-108,755	-10.3%	-	31,812	118
Personal expenses	-696,829	-76.0%	-765,386	-72.2%	-	68,557	
D&A	-54,356	-5.9%	-33,687	-3.2%	-	-20,669	-19,569
Other operating expenses	-82,064	-9.0%	-109,126	-10.3%	-	27,062	20,658
<b>EBIT</b>	<b>15,161</b>	1.7%	<b>60,322</b>	5.7%	<b>-74.9%</b>	<b>-45,161</b>	<b>1,207</b>
<b>Financial result</b>	<b>-5,231</b>		<b>-2,845</b>		-	<b>-2,386</b>	<b>-2,158</b>
<b>Profit from ordinary activities</b>	<b>9,930</b>		<b>57,477</b>		<b>-82.7%</b>	<b>-47,547</b>	
Other taxes	-3,162		-3,257		-	95	
<b>Earning before taxes</b>	<b>6,768</b>		<b>54,220</b>		<b>-87.5%</b>	<b>-47,452</b>	<b>-951</b>
Income taxes	-3,033		-15,206		-	12,173	269
<b>Earnings after taxes</b>	<b>3,735</b>		<b>39,014</b>		<b>-90.4%</b>	<b>-35,279</b>	<b>-682</b>
<b>Earnings per share</b>	<b>0.37</b>		<b>3.86</b>		<b>-90.4%</b>	<b>-3.49</b>	

## Overview Q4 2019/20

	Q4 19/20	% GL	Q4 18/19	% GL	Δ %	Δ TEUR
<b>P&amp;L</b>						
<b>Total revenues</b>	<b>202,873</b>	100.0%	<b>274,991</b>	100.0%	<b>-26.2%</b>	<b>-72,118</b>
Other operating income	2,020	1.0%	11,012	4.0%	-81.7%	-8,992
Material expenses	-16,967	-8.4%	-39,887	-14.5%	-	22,920
Personal expenses	-155,259	-76.5%	-195,274	-71.0%	-	40,015
D&A	-14,370	-7.1%	-8,757	-3.2%	-	-5,613
Other operating expenses	-22,533	-11.1%	-27,892	-10.1%	-	5,359
<b>EBIT</b>	<b>-4,236</b>	-2.1%	<b>14,193</b>	5.2%	-	<b>-18,429</b>
<b>Financial result</b>	<b>-1,333</b>		<b>-770</b>		-	<b>-563</b>
<b>Profit from ordinary activities</b>	<b>-5,569</b>		<b>13,423</b>		-	<b>-18,992</b>
Other taxes	-609		-744		-	135
<b>Earning before taxes</b>	<b>-6,178</b>		<b>12,679</b>		-	<b>-18,857</b>
Income taxes	793		-3,976		-	4,769
<b>Earnings after taxes</b>	<b>-5,385</b>		<b>8,703</b>		-	<b>-14,088</b>
<b>Earnings per share</b>	<b>-0.53</b>		<b>0.86</b>		-	<b>-1.40</b>

## Financial and asset position

CapEx  
(in EUR m)



- Customer-oriented enhancement of business model
  - Bertrandt Powertrain Solution Center in Tappenbeck and Freising
    - Validation and homologation of all types of powertrain technologies such as BEV, PHEV, HEV, ICE, FCV+HFCV, AFC
    - Altitude and climate simulation
    - Velocities of up to 300 km/h

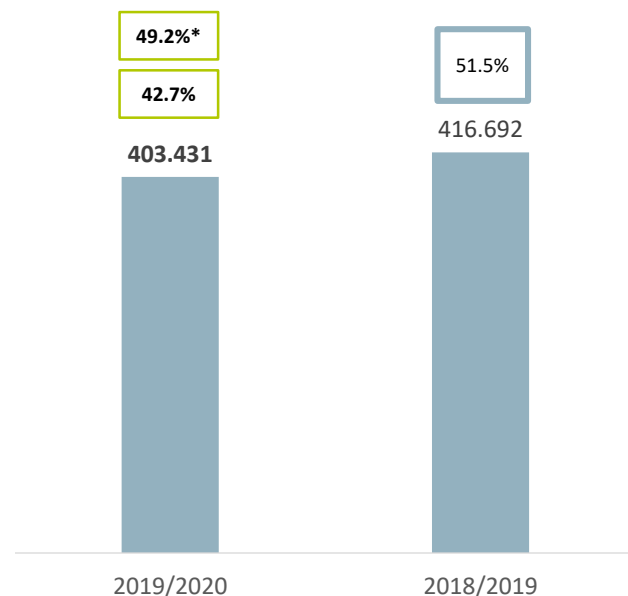




# Financial and asset position

## Equity and equity ratio

(in EUR m)

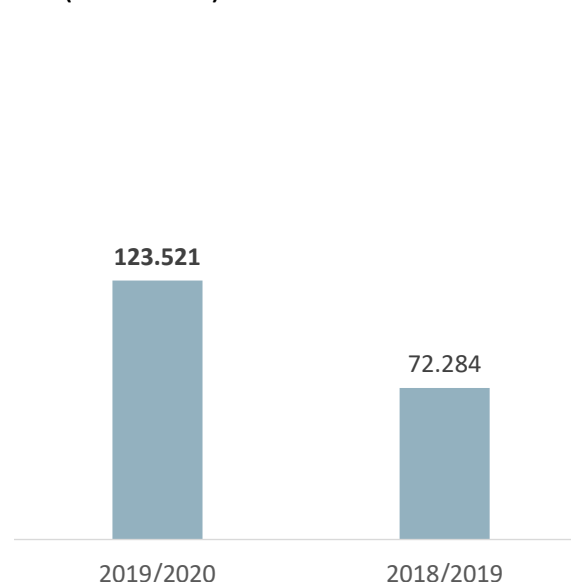


\*Equity ratio w/o IFRS16 effects

- Strong equity ratio despite impact from IFRS 16

## Cashflow from operating activities

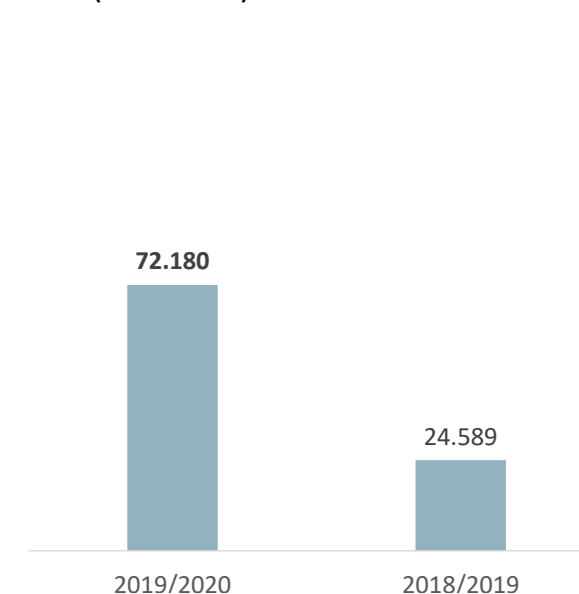
(in EUR m)



- Working capital management drives cashflow generation
- Increase of non-cash D&A expenses (IFRS 16)

## Free Cashflow

(in EUR m)



- CapEx limited to strategic investments
  - GJ 19/20 | EUR -48.5m
  - GJ 18/19 | EUR -62.3m

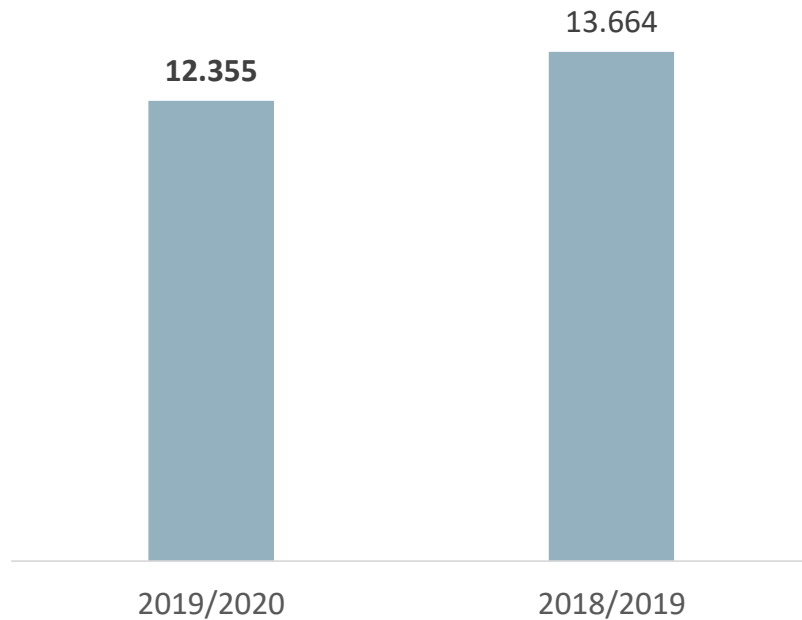
## Consolidated Balance Sheet

	2019/2020	2018/2019	Δ %	Δ TEUR	Δ TEUR IFRS 16
<b>Assets</b>					
Property, plant and equipment	413,056	302,855	36.4%	110,201	95,668
<b>Non-current assets</b>	<b>464,797</b>	<b>340,563</b>	<b>36.5%</b>	<b>124,234</b>	<b>123,715</b>
Cash and cash equivalents	187,233	91,491	104.6%	95,742	-
<b>Current assets</b>	<b>480,662</b>	<b>468,099</b>	<b>2.7%</b>	<b>12,563</b>	<b>-</b>
<b>Total assets</b>	<b>945,459</b>	<b>808,662</b>	<b>16.9%</b>	<b>136,797</b>	<b>123,715</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>	<b>403,431</b>	<b>416,692</b>	<b>-3.2%</b>	<b>-13,261</b>	<b>684</b>
<b>Non-current liabilities</b>	<b>344,598</b>	<b>239,245</b>	<b>44.0%</b>	<b>105,353</b>	<b>104,335</b>
<b>Current liabilities</b>	<b>197,430</b>	<b>152,725</b>	<b>29.3%</b>	<b>44,705</b>	<b>20,064</b>
<b>Total equity and liabilities</b>	<b>945,459</b>	<b>808,662</b>	<b>16.9%</b>	<b>136,797</b>	<b>123,715</b>

- Equity ratio: 42.7% (49.2% w/o IFRS 16)
- Gearing: 51% (27% w/o IFRS 16)
- NFD/EBITDA: 2.9x (1.5x w/o IFRS 16)

# Human resources

## Employees as of 30th September



- Comprehensive know-how in Electronics and Software development as well as in Physical Validation
- Alignment of capacities caused by pandemic burdens especially in France
- BCC capacity
- EUR >6m investments in training and qualification of employees
- Award-winning employer

# INVESTOR PRESENTATION

## **BACK-UP: FINANCIAL CALENDAR**

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Bertrandt AG

## Back-up: Financial calendar

<b>09 December 2021</b>	FY 2020/2021, Analyst and Press conference
<b>21 February 2022</b>	Q1 release (provisional)
<b>23 February 2022</b>	Annual General Meeting
<b>19 May 2022</b>	Q2 release, Capital Market Day (provisional)
<b>08 August 2022</b>	Q3 release (provisional)
<b>08 December 2022</b>	FY 2021/2022, Analyst and Press conference (provisional)

[FY 2020/2021 Quarterly Report 3](#)

[FY 2019/2020 Annual report](#)

[FY 2019/2020 ESG report](#)

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