

bertrandt

# Investor Presentation Bertrandt AG

Markus Ruf, Björn Voss  
January/February 2024





# 01

## Bertrandt AG At A Glance

# Bertrandt Group: Driving Engineering and Digitization



Founded by Harry Bertrandt



Total Revenues FY 2022/23: EUR 1.16bn

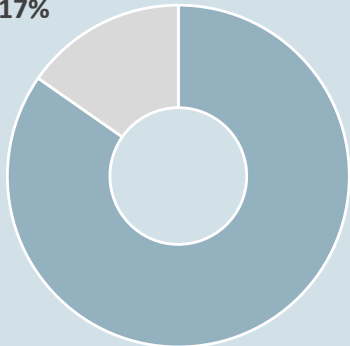


>14,000 employees



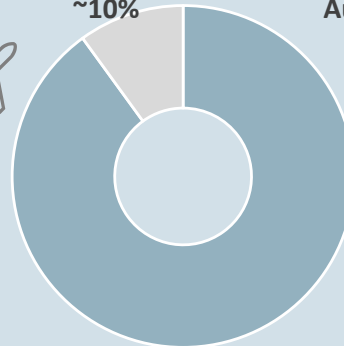
More than 50 locations globally

RoW  
17%



Germany  
83%

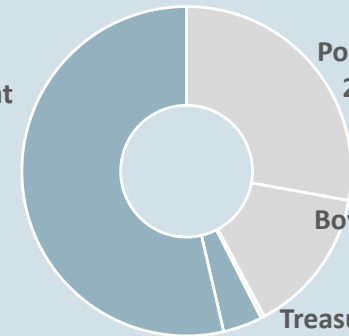
Non-Automotive  
~10%



Automotive  
~90%



Free Float  
55.76%



Porsche AG  
28.97%

Boysen Foundation  
14.90%

Treasury shares 0.37%

thereof: Management, Supervisory Board 4.00%

Engineering solutions at any stage of the product development process



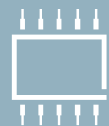
Design



Vehicle Body



Interior



Software/  
Electronics



Powertrain  
Integration



Chassis



Simulation



Testing/Validation



Engineering  
Services

# Expert Organization



Electronics

Software Experts

Autonomous  
Mobility

eMobility Systems

Electronics & Virtual  
Testing Solutions

Information Systems



Product  
Engineering

Design Solutions

Simulation  
Solutions

Engineering  
Integration &  
Management  
Services



Physical

Testing Solutions

eMobility  
Testing Solutions

Vehicle &  
Prototype Services

Powertrain  
Solutions



Industries

Smart Production  
Solutions

Customer  
Interaction Solutions

Bertrandt Services

Bertrandt Technology  
Consulting

Concept AG

Evopro AG



Aerospace

Commercial  
Aviation

DS

# Sustainability part of Group strategy



- Holistic **sustainability approach** with the overarching goal of **CO<sub>2</sub> neutrality by 2039**
- **Concrete individual measures** defined and implemented
- **Clear targets** for environmental, social and governance issues
- Sustainability also as **part of our service portfolio** for customers

**MSCI ESG RATINGS** **A**

CCC B BB BBB **A** AA AAA

RATING ACTION DATE: March 27, 2023  
LAST REPORT UPDATE: October 03, 2023

**SUSTAINALYTICS**  
a Morningstar company  
**RATED**

**ISS**

**QualityScore**

Governance: 5  
Environment: 6  
Social: 6

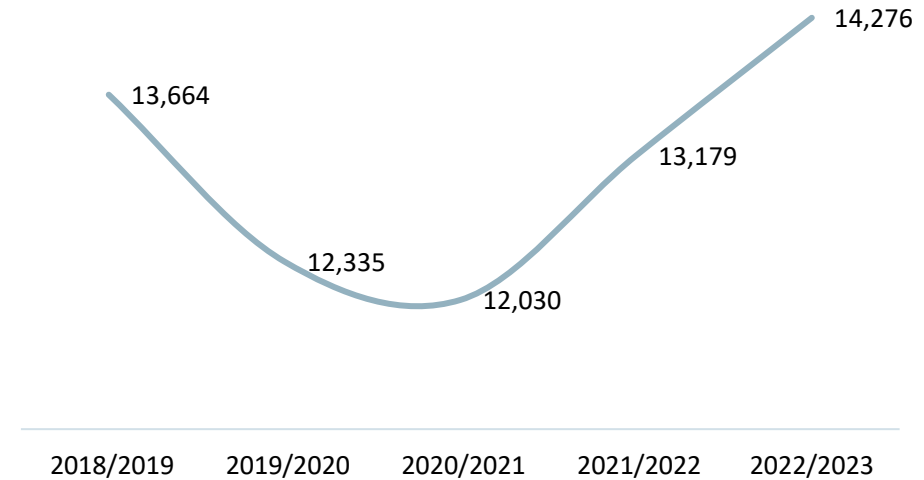
**Gaia RESEARCH by Ethifinance**

Rating	2020	2021	2022
GOVERNANCE	36	42	52
SOCIAL	32	20	22
ENVIRONMENT	31	31	33
EXTERNAL STAKEHOLDERS	70	70	70
Rating	37	36	40

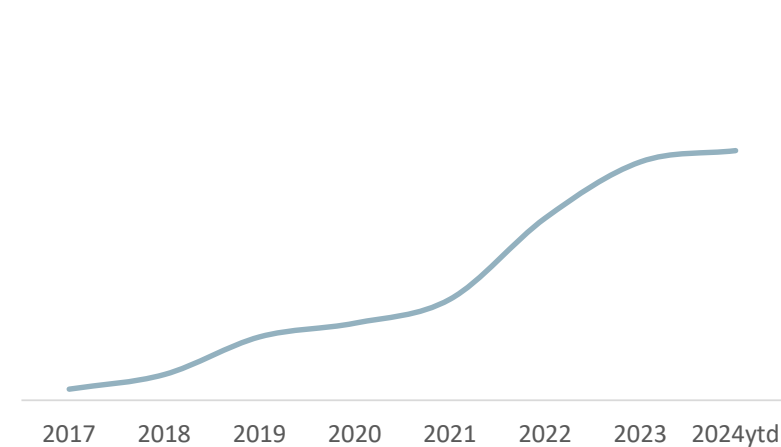
# HR: Successful national/international recruiting and retention



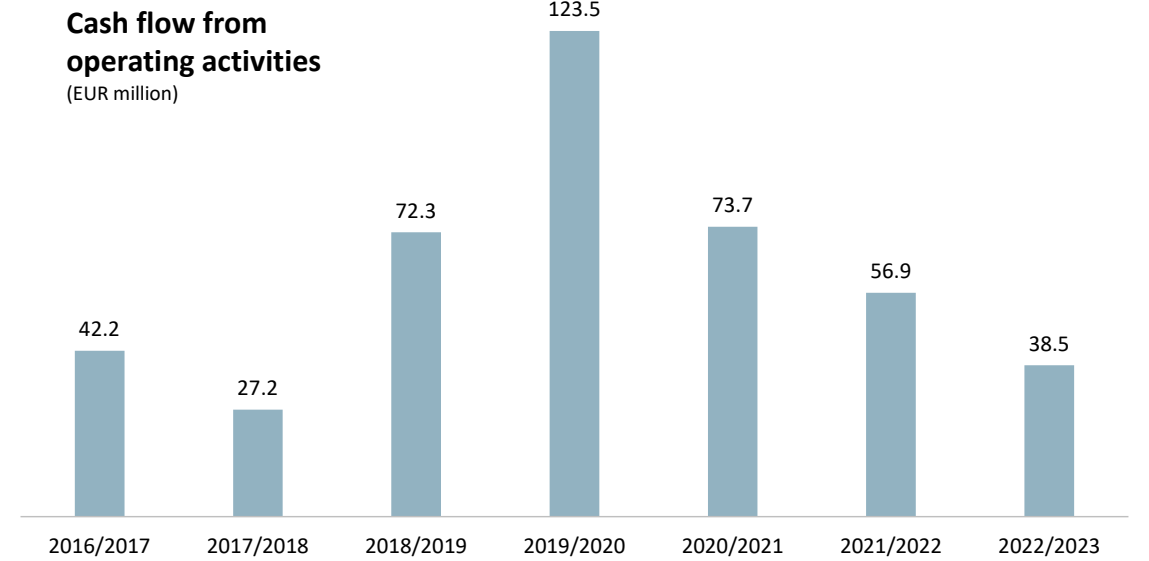
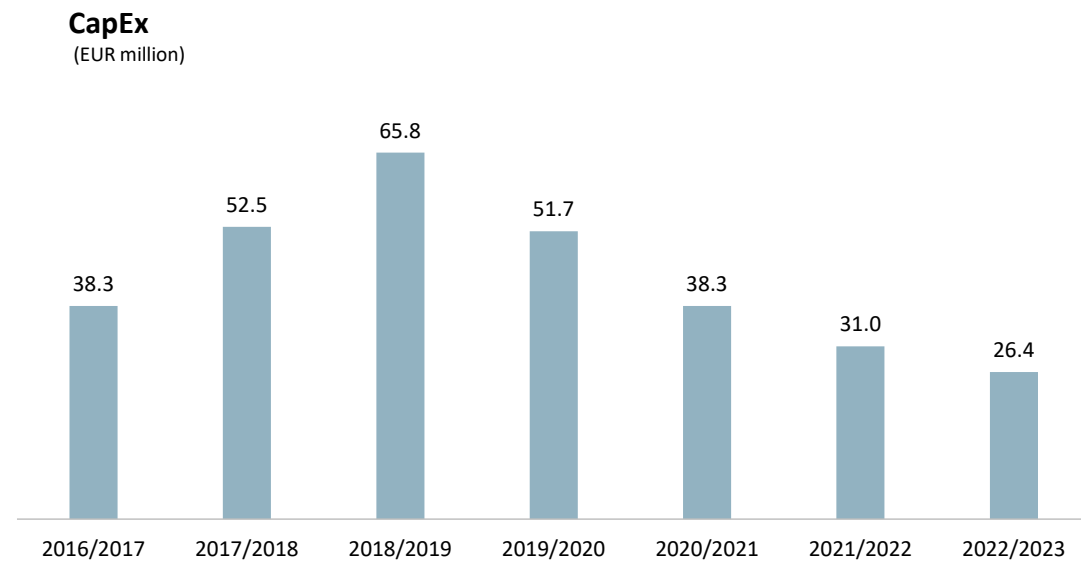
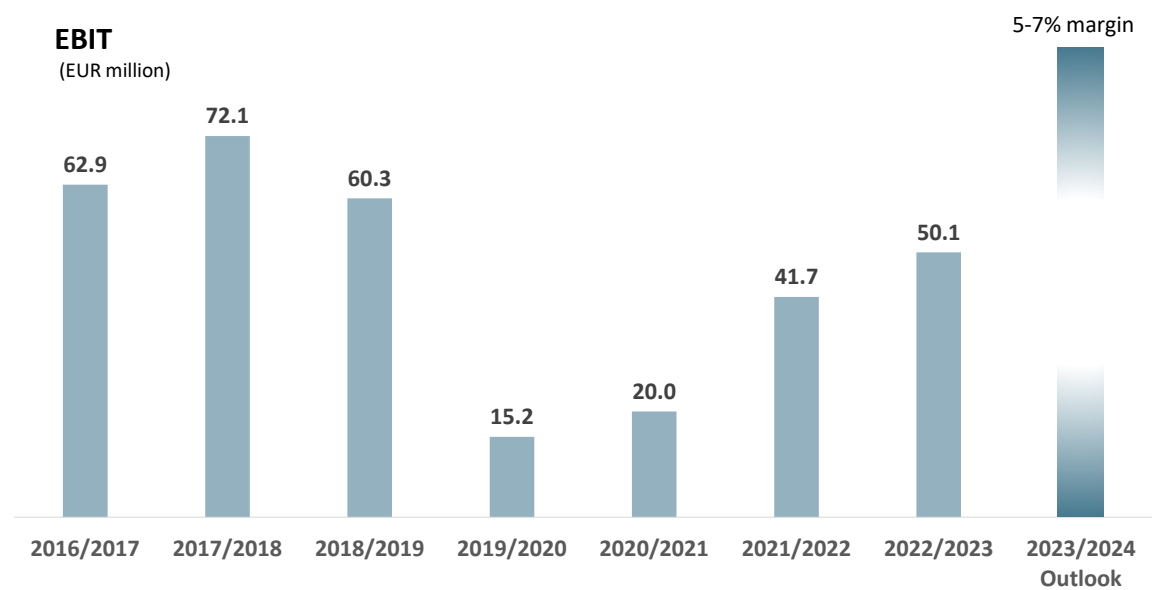
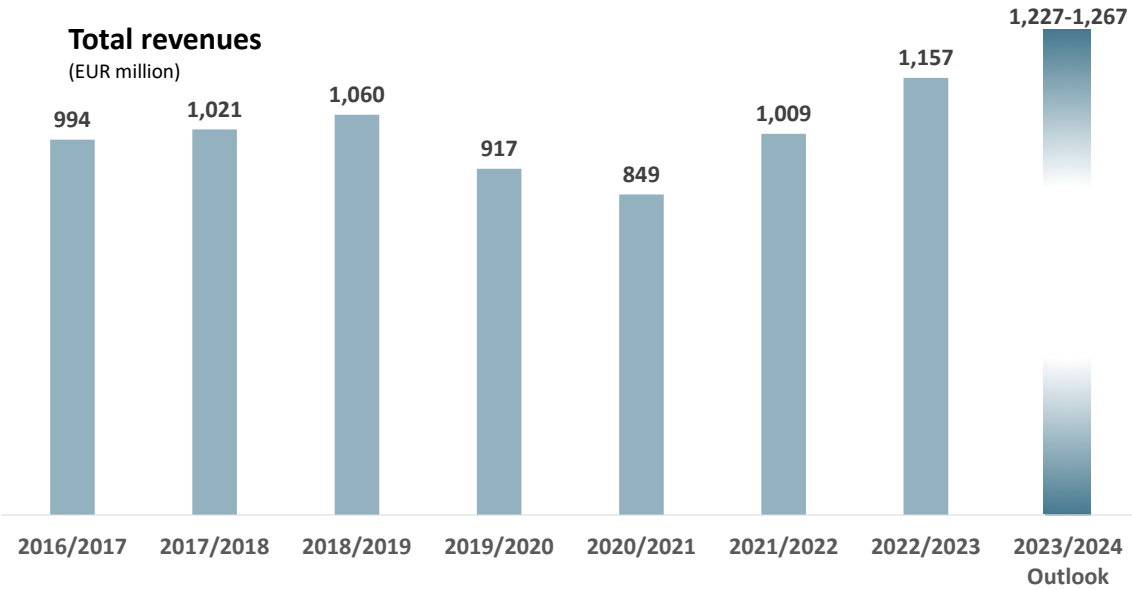
### Historical employee development



### Headcount in Romania, Morocco

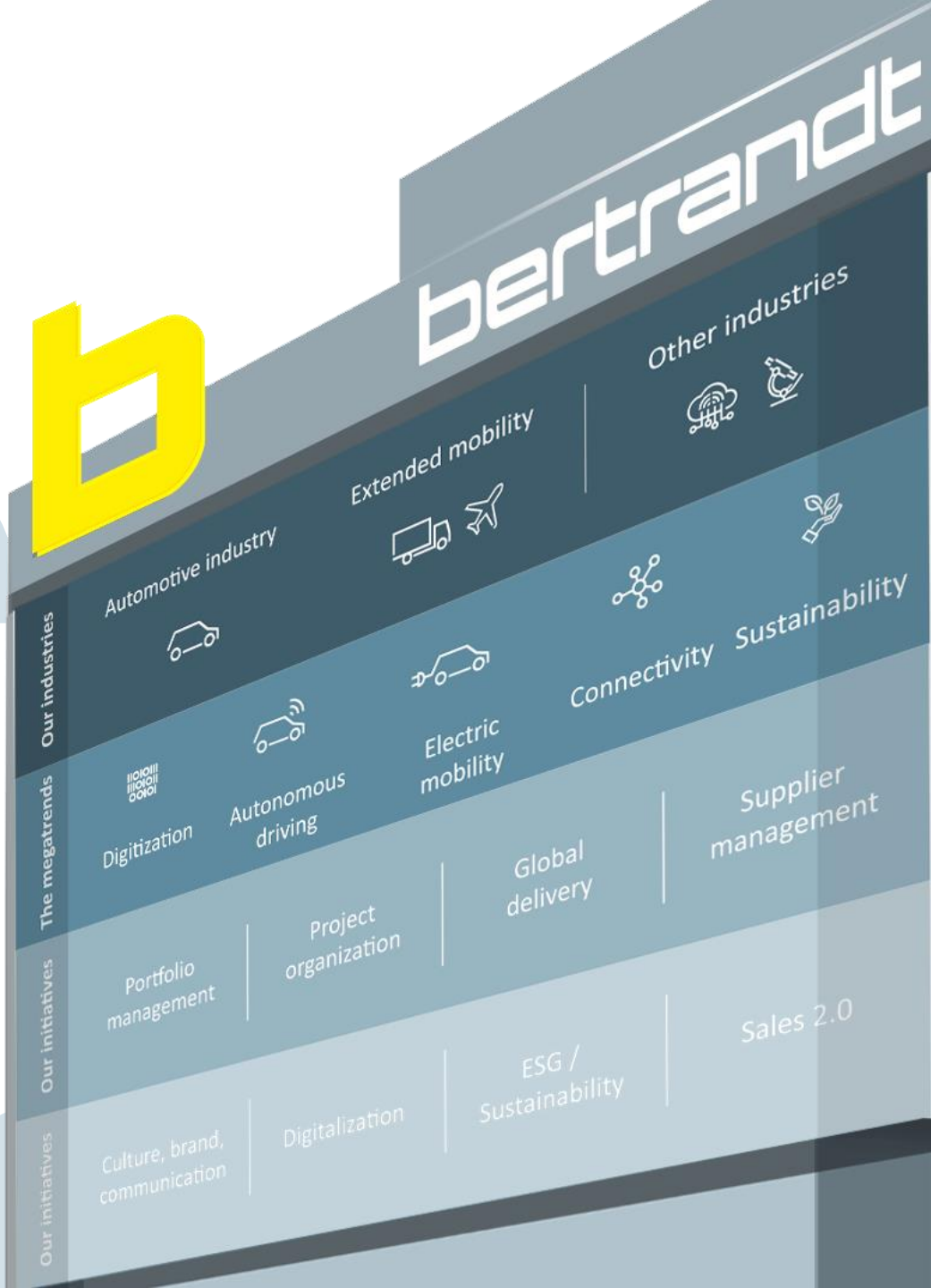


# Key figures and outlook





bertrandt



# Corporate Strategy





# 02

## Markets And Customer Environment

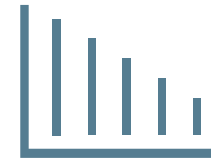
# Automotive



- Strong unit sales in 2023, but outlook muted according to ifo survey (December 2023)
- Transformation ongoing
- Solid R&D sourcing based on megatrends and regulative pressure



- Model variety of e-cars increasing
- Focus on Electronics/Software and car-IT
- Increasing demand for charging solutions



- Global delivery required
- Broad skill-set and know-how mandatory

# Aerospace

- Climate-neutral flying as top priority and linked to new aircraft development
- Customers enjoy sound orders
- Rising demand in the non-civil sector
- Transnational set-up mandatory



# Industries



## Electrical industry:

Forecast 2024:

Europe +3.0%  
Germany +1.0%



## Medical technology:

Forecast 2024:

Cautiously optimistic



## Mechanical & Plant Engineering:

Forecast 2024:

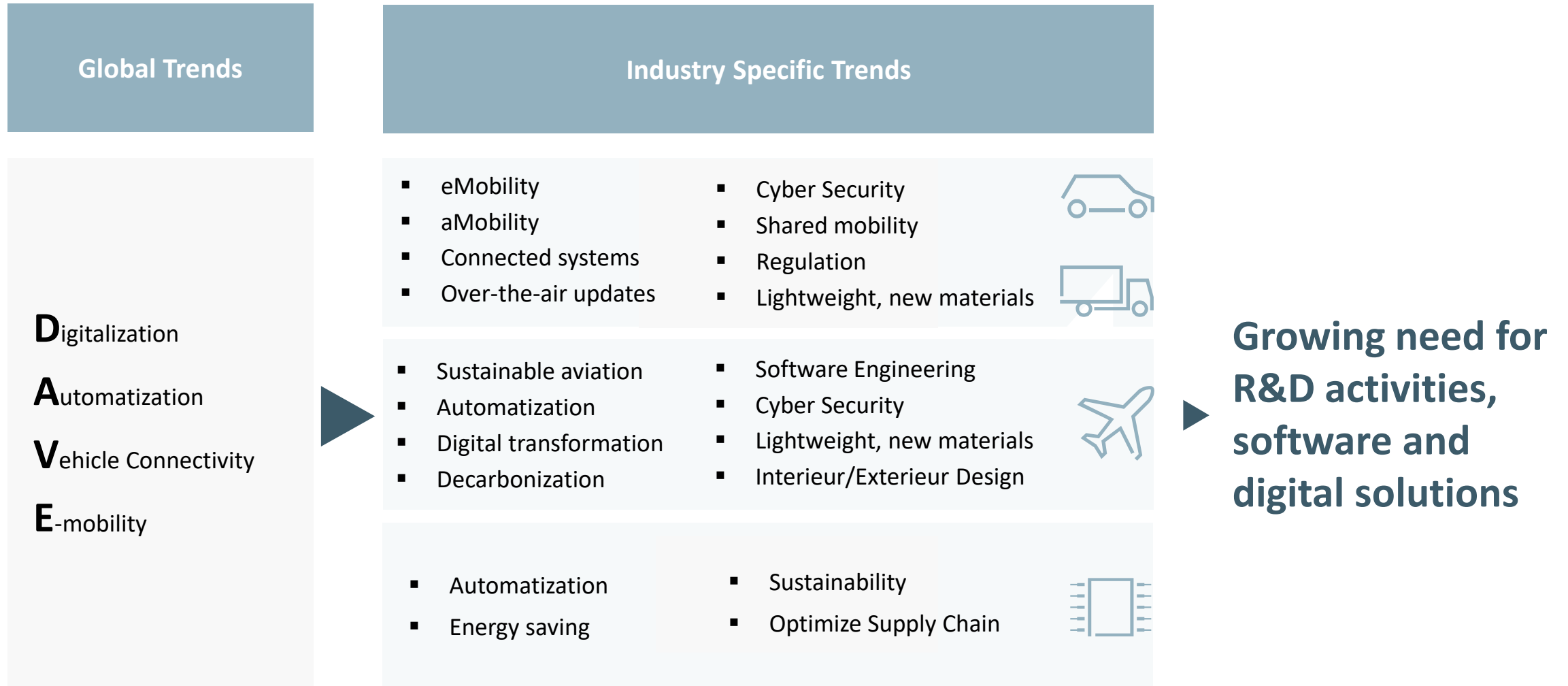
Germany -2%



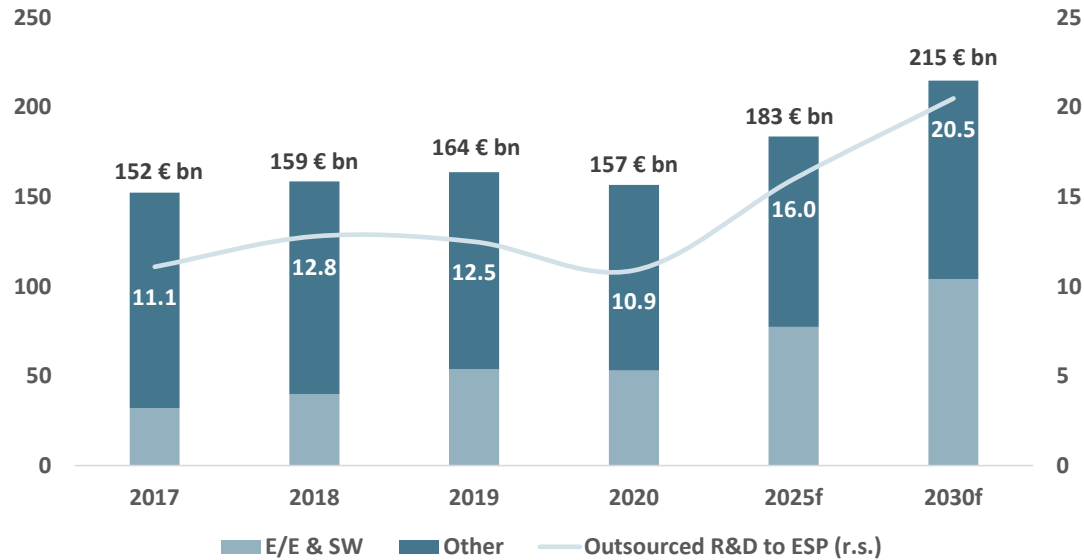
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## Investment Highlights & Opportunities

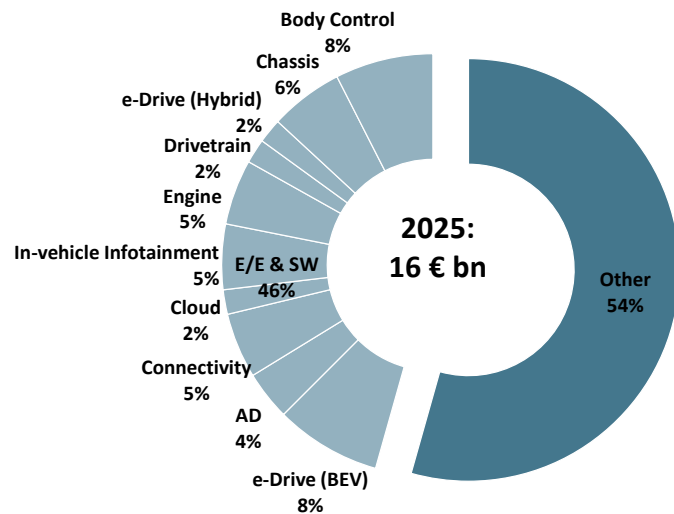
# Global and industry specific mega trends drive R&D



# The automotive R&D market



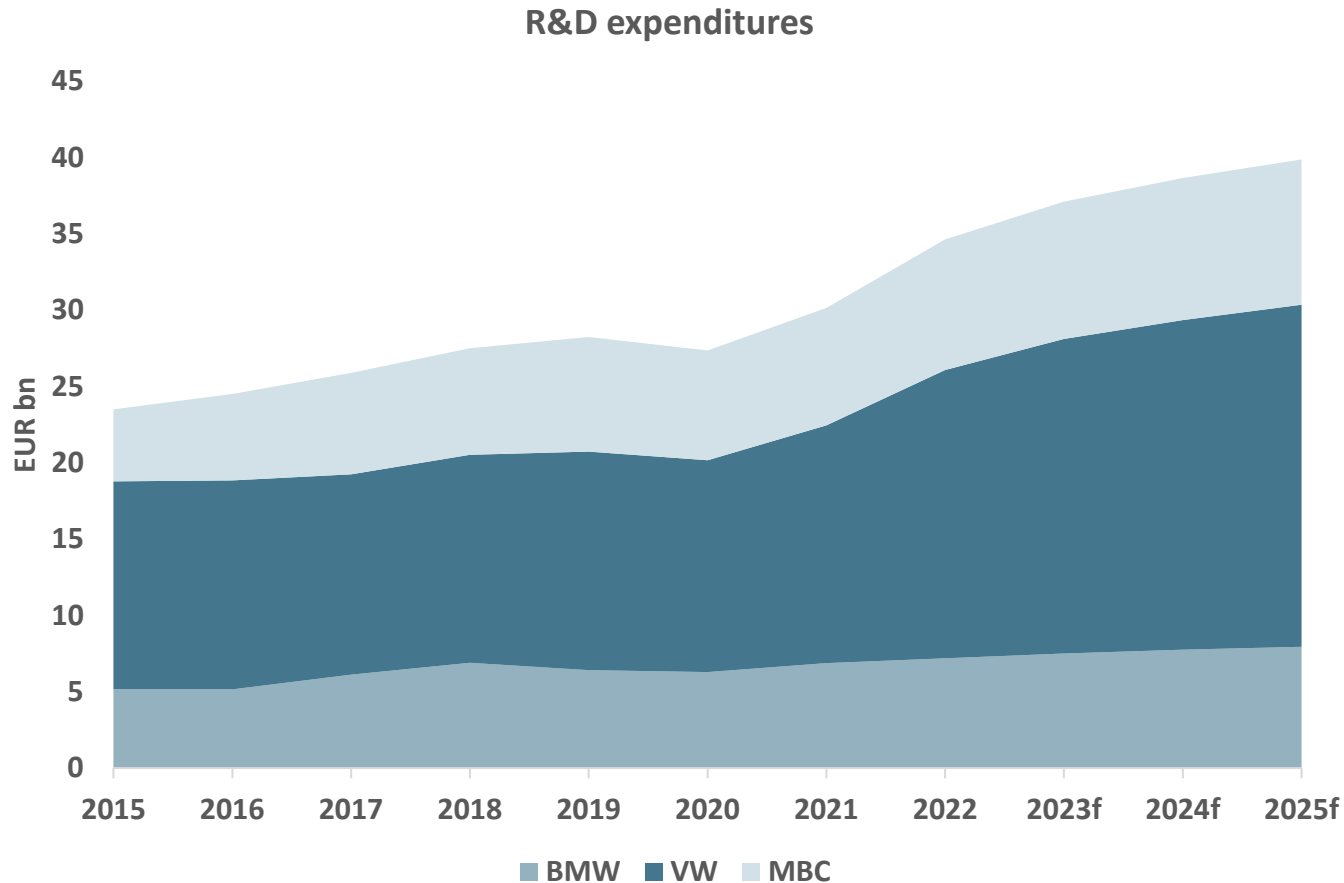
Source: Bertrandt AG, berylls



Source: Bertrandt AG, berylls

- 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

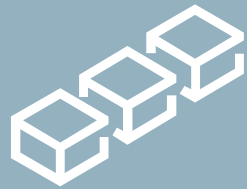
# R&D investments steadily growing and resilient



- 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 60bn 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



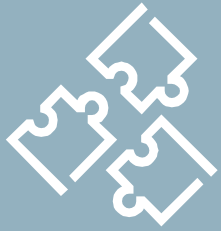
# Outlook ESP: size matters



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 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.



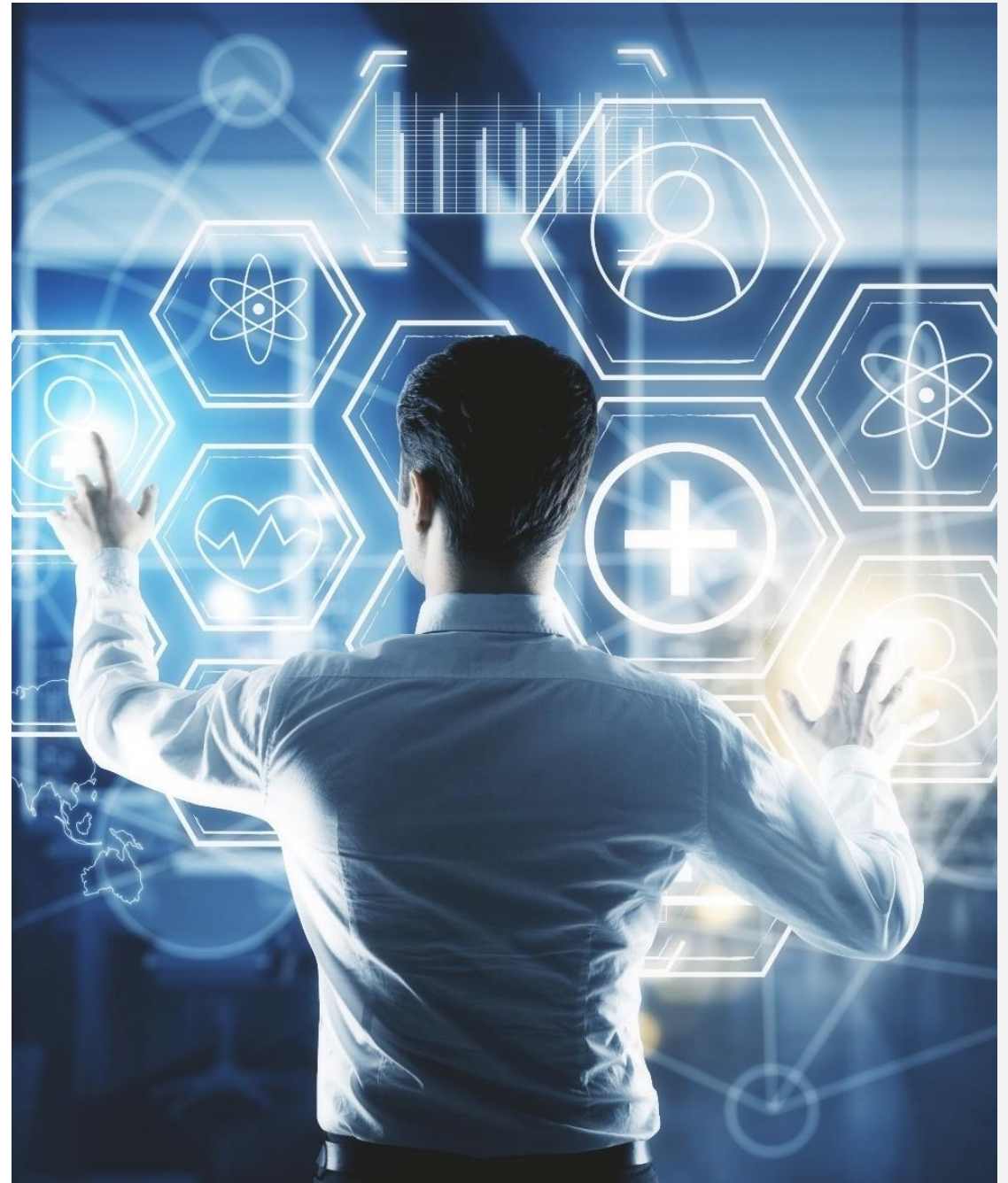
## Powertrain Solution Center\*

- 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)

# Bertrand 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.



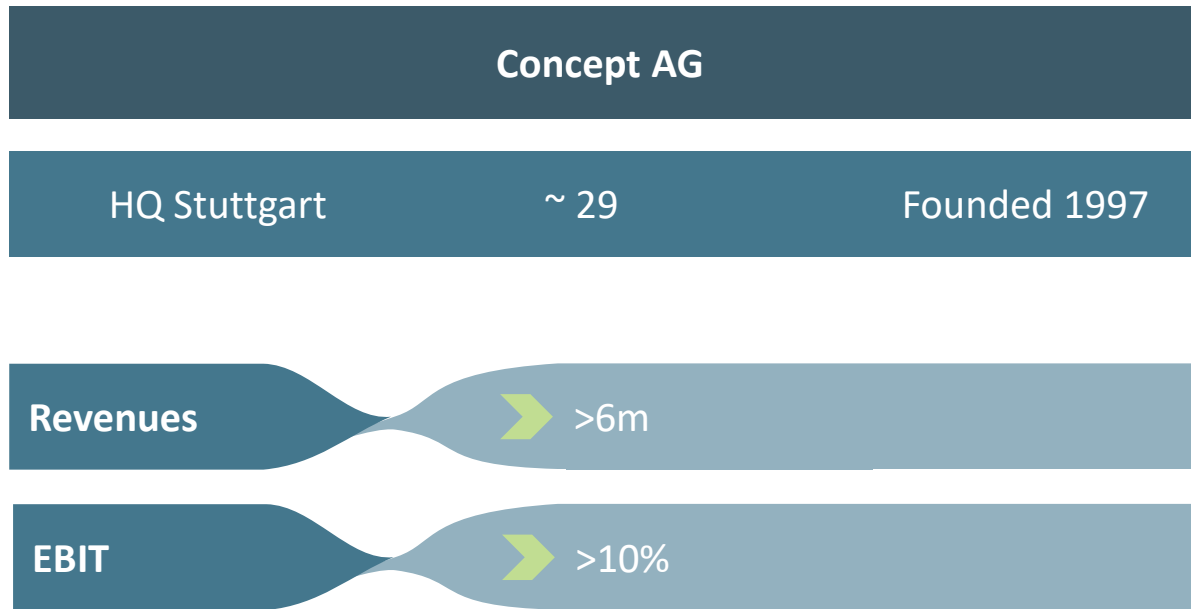
# M&A strategy

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)



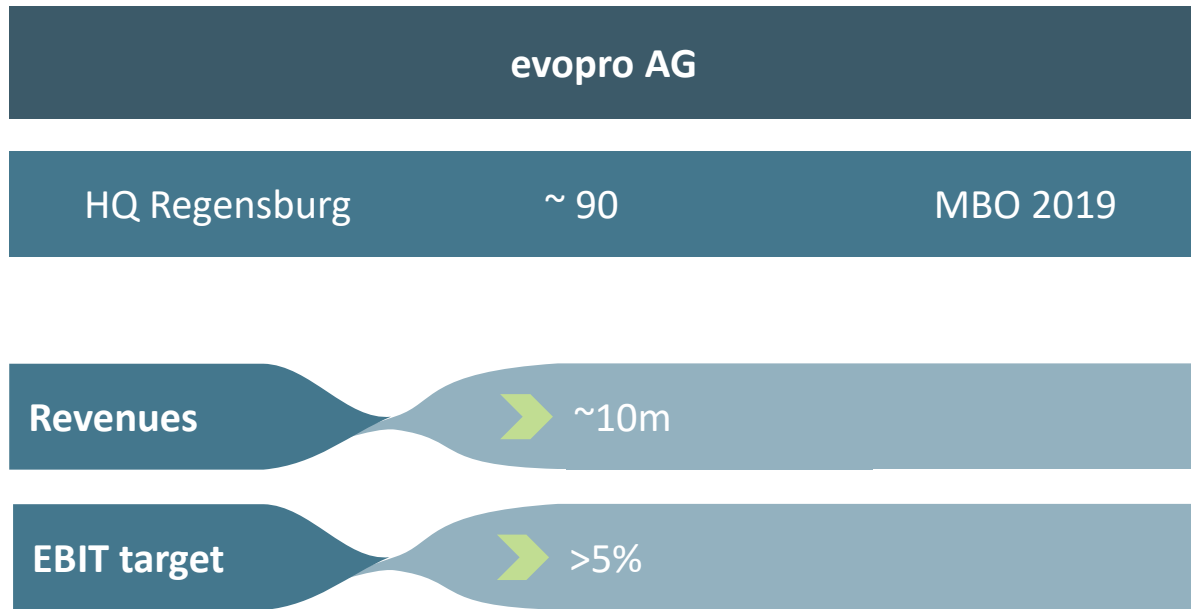
Concept AG is a consulting company specialized in the fields of performance optimization, digital productivity tools and turnaround advice. The focus is to implement digitally-supported, efficient, and state-of-the-art structures and processes that lead to sustainable productivity growth

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

# Acquisition of evopro AG (October 2023)



Evopro offers cross-technology solutions in automation technology and mechanical engineering, for example in the field of image processing and robotics. Evopro also develops software solutions in the area of data acquisition and evaluation in the cloud. In addition, it develops individual and customer-specific software solutions.

## Rationale

- expanding range of services in order to be able to serve customer requirements along production-related services
- Expand cloud and programming know-how
- Leverage existing customer base



# Diversification: production-related consulting and services



CONCEPT AG

Profit and liquidity optimization, increased productivity, transparency



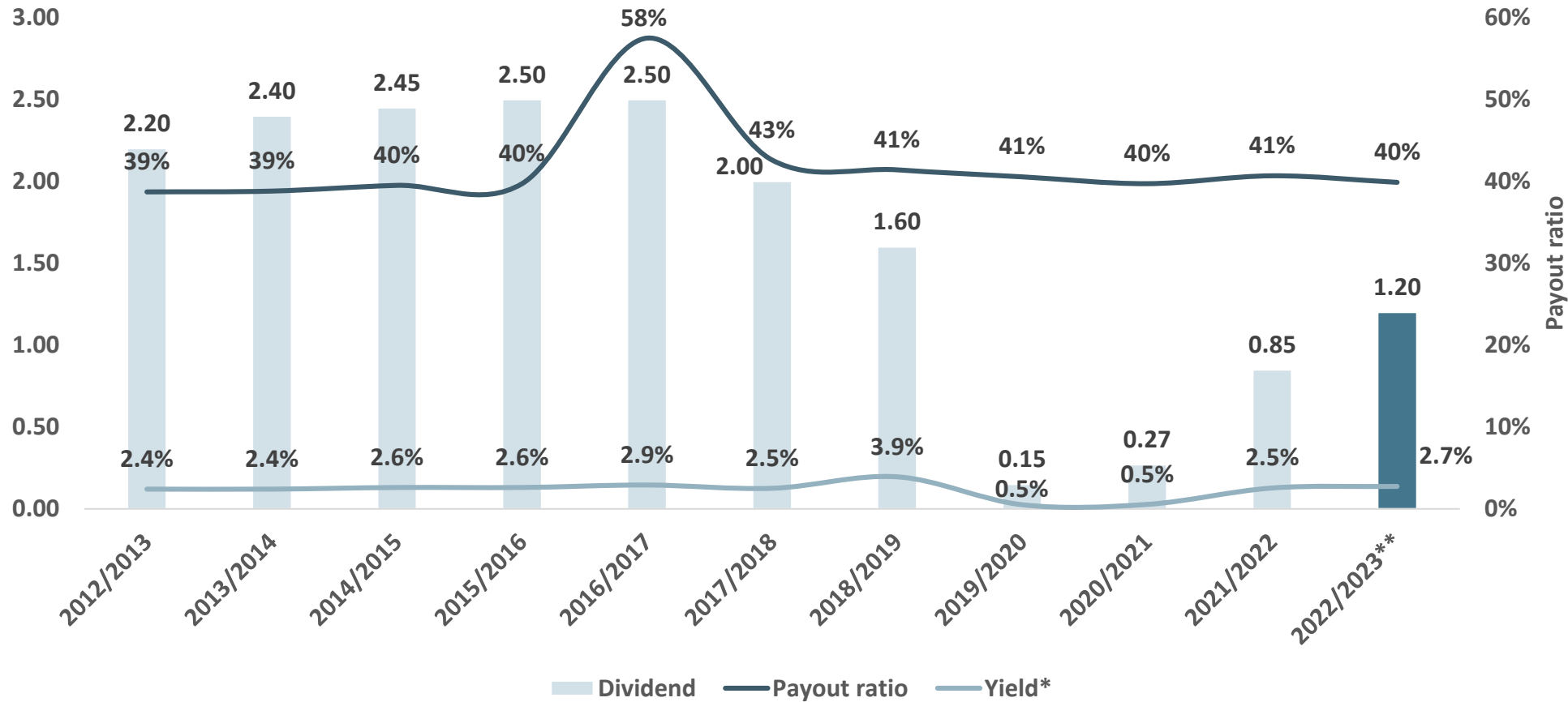
bertrandt

Sustainability, automation, digitalization, resilience



Optimization of value creation, quality improvement, process reliability

# Dividend policy: reliable payout for shareholders\*\*\*



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

\*\* Proposal of the Management Board and Supervisory Board to the Annual General Meeting

\*\*\* Around 40% of consolidated earnings after taxes

Dividend, distribution, yield (in EUR, %)

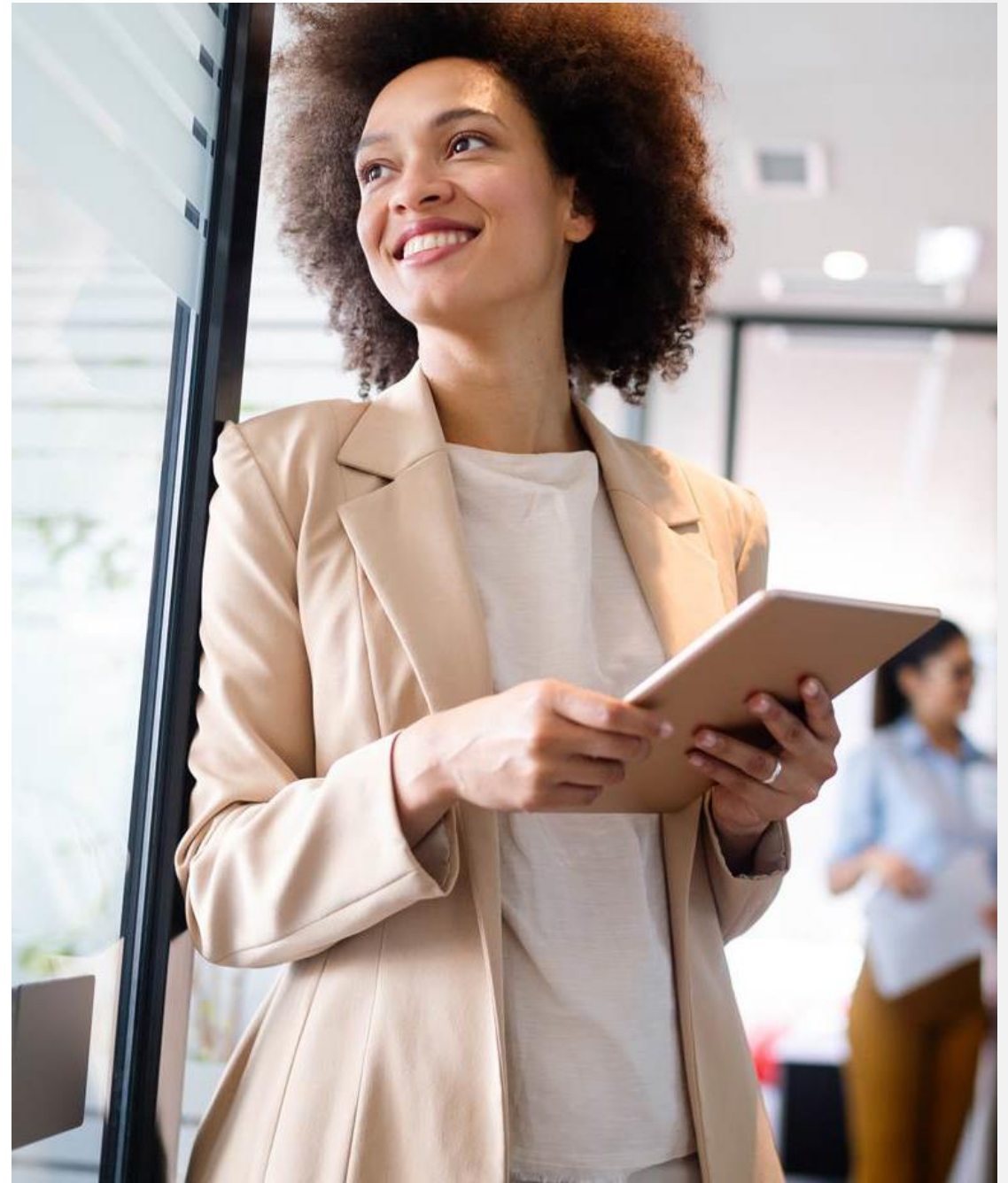


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# Fiscal year 2022/2023

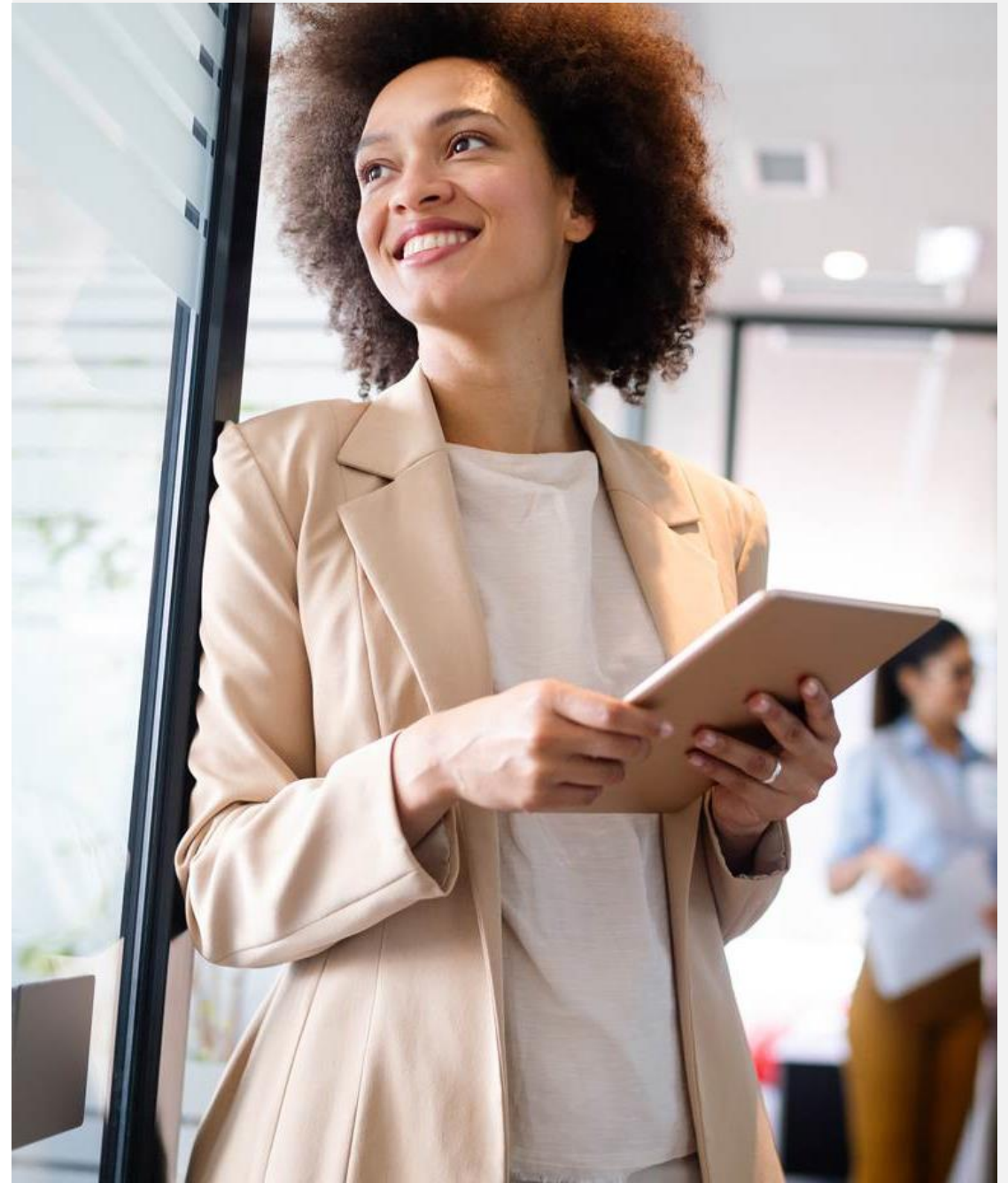
# Highlights FY 2022/2023

- **High research and development investments** for innovations, competitive products and regulatory requirements
- **Total sales up 15% to a new record** of EUR ~1.16bn, **upper end** of the increased forecast
- **Record number of employees:** 14,276 people (+1,097) in the Group
- **EBIT recovery to EUR 50m** despite negative factors
- **Reliable** dividend policy: EUR 1.20 per share (+41%) as a proposal to the AGM
- **Range of services and customer relationships** expanded through two acquisitions



# Highlights Internationalization

- Successful **site opening** in Morocco: presence on four continents
- **Internationalization rate** of employees at 25%
- Romania with **~1,000 employees**
- Around **30% growth in total sales** abroad
- **EBIT of foreign subsidiaries** more than doubled to EUR 11m
- **Cooperation** with “New OEM” deepened



# FY 2022/2023 at a glance



## Total sales

EUR 1.157bn  
+15%



## Employees

14,276  
+8%



## EBIT

EUR 50m  
+20%



## EPS

EUR 3.01  
+44%



## Equity

EUR 455m  
Ratio: 47.5%

# Q4 2022/2023 at a glance



## Total sales

EUR 299.2m  
+11%



## Employees

14,276  
+8%



## EBIT

EUR 17.4m  
+10%



## EPS

EUR 1.16  
+29%



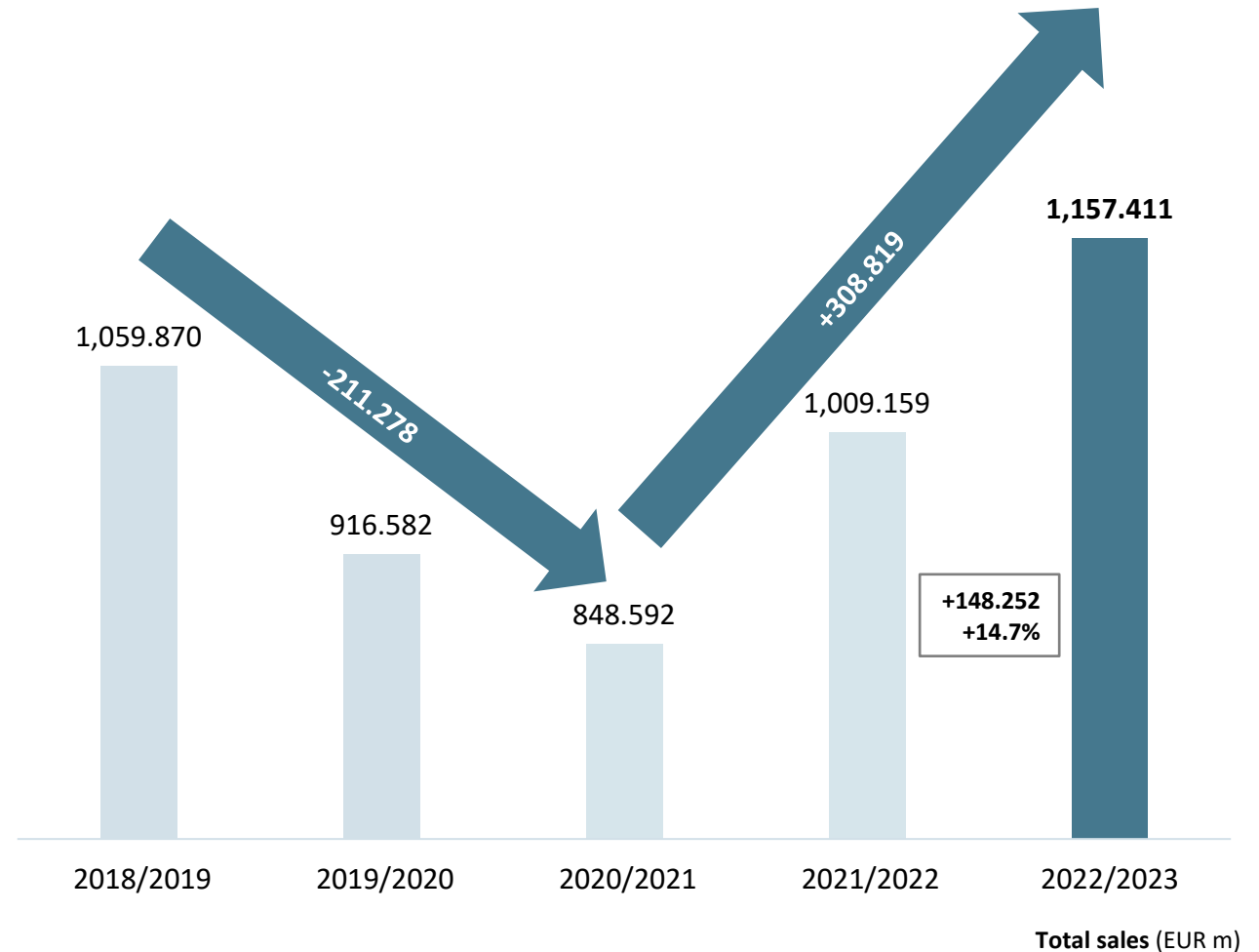
## Dividend\*

EUR 1.20  
+41%

\*Proposal to AGM

# Total sales above pre-pandemic level

- Increased demand and project awards as well as successful project acquisition
- Active inflation management
- Temporary and project-related increased use of external services
- Group total sales: +15% yoy (org. +13%)
  - Germany: +12 % yoy
  - Abroad: +30 % yoy (especially France, USA, Spain and Romania)





# Positive development in all segments

## Digital Engineering:

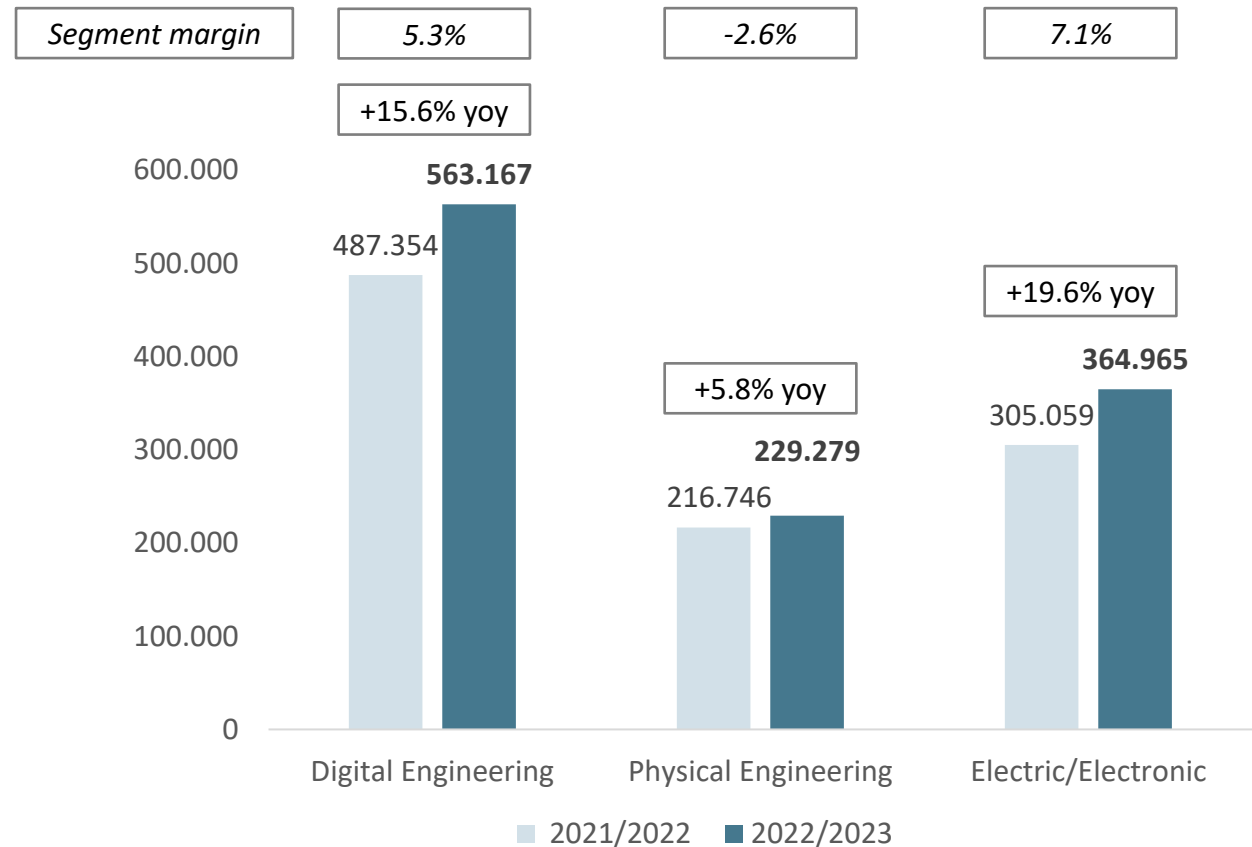
Noticeable growth thanks to increased project awards and recovery in France

## Physical Engineering:

Late-cycle recovery after coronavirus slump, improved capacity utilization since H2 2023

## Electric/Electronic:

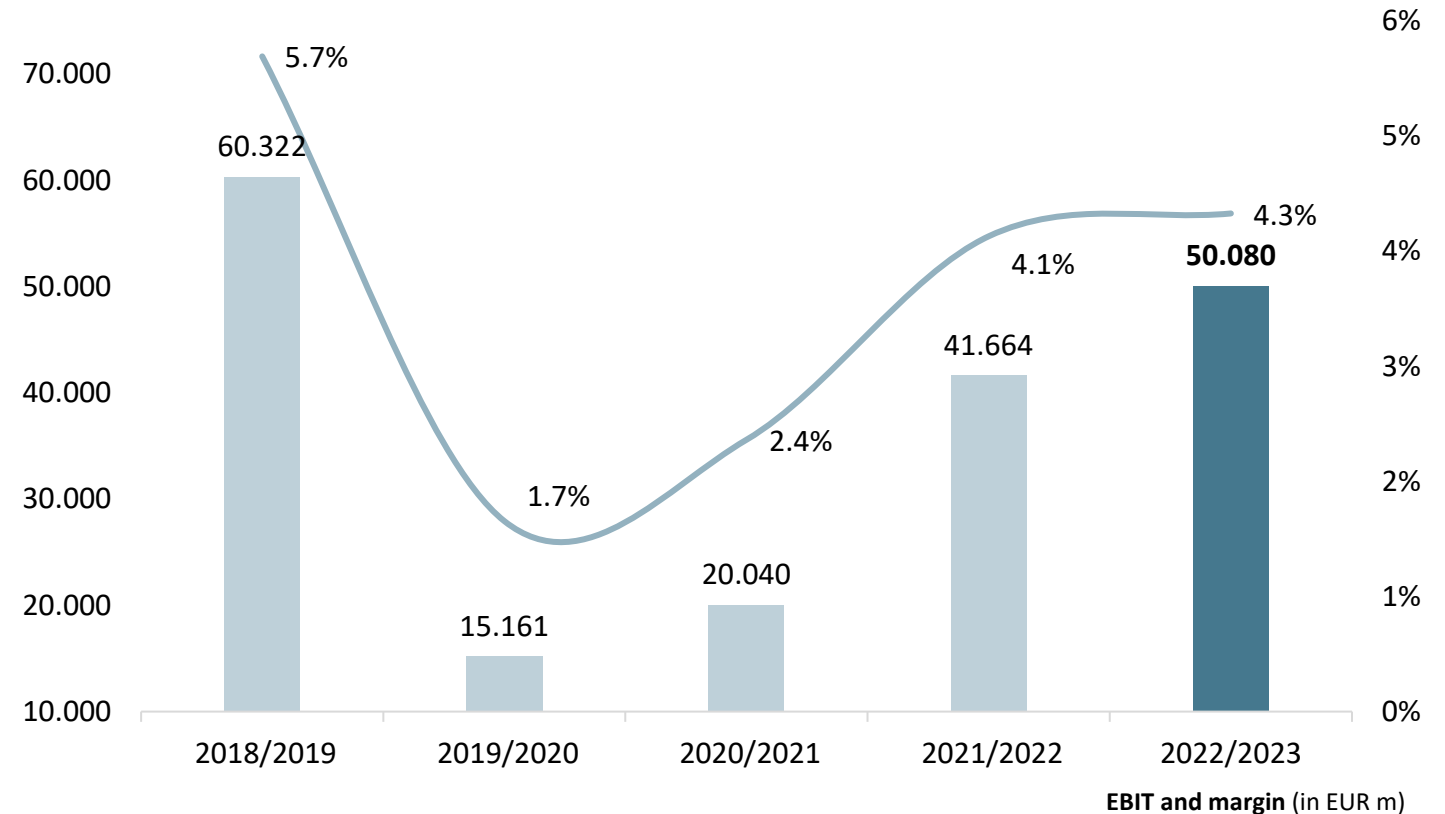
Megatrends digitalization, software and electrification drive demand



Total sales (EUR m), Segment margin (%)

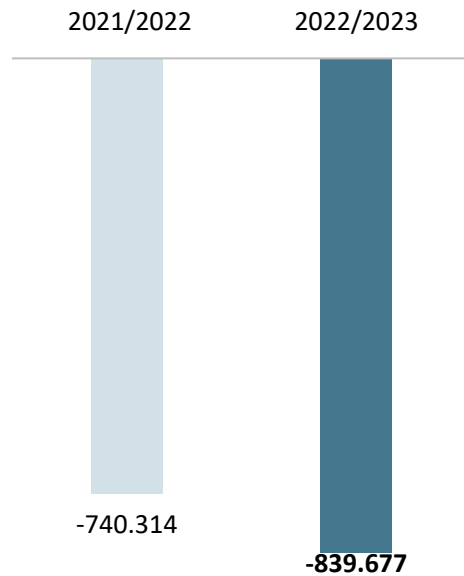
# Further increase in EBIT

- EBIT benefits from increased capacity utilization and cost discipline
- General inflation as a burden; countermeasures, such as price increases, only take full effect with a time lag
- Segment Physical Engineering burdened by start-up losses
- Fewer working days compared to previous year (-2.4)
- Increased sickness rate in H1 2022/2023



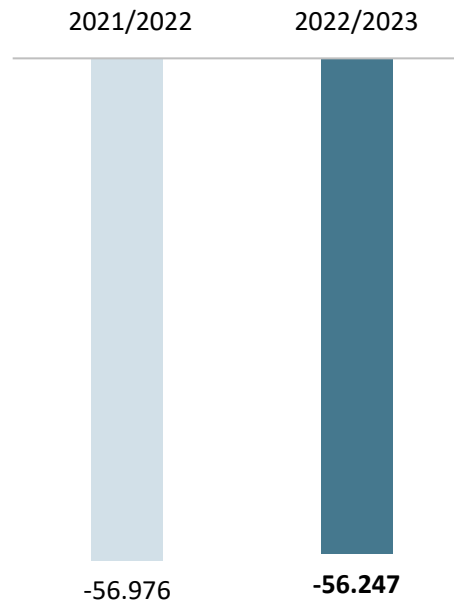
# Key expense ratios

## Personnel expenses (in EUR m)



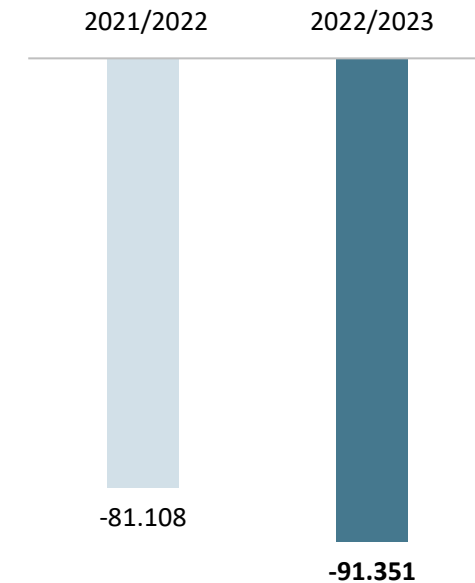
- Employee growth
- Wage/salary adjustments and inflation compensation premium
- Reduction of short-time work France
- Personnel expenses ratio improved to 72.5% (previous year: 73.4%)

## D&A (in EUR m)



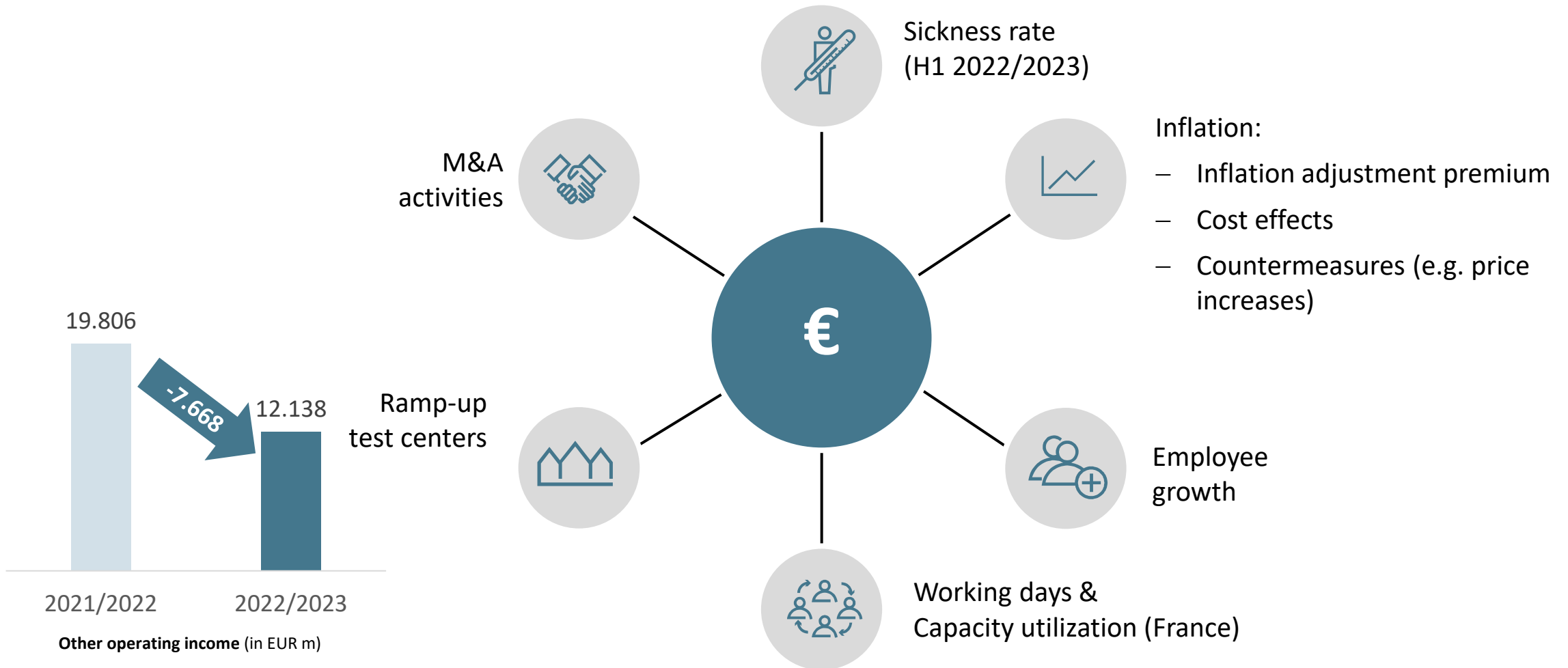
- D&A slightly down
- Depreciation ratio improved to 4.9% (previous year: 5.6%)

## Other operating expenses (in EUR m)

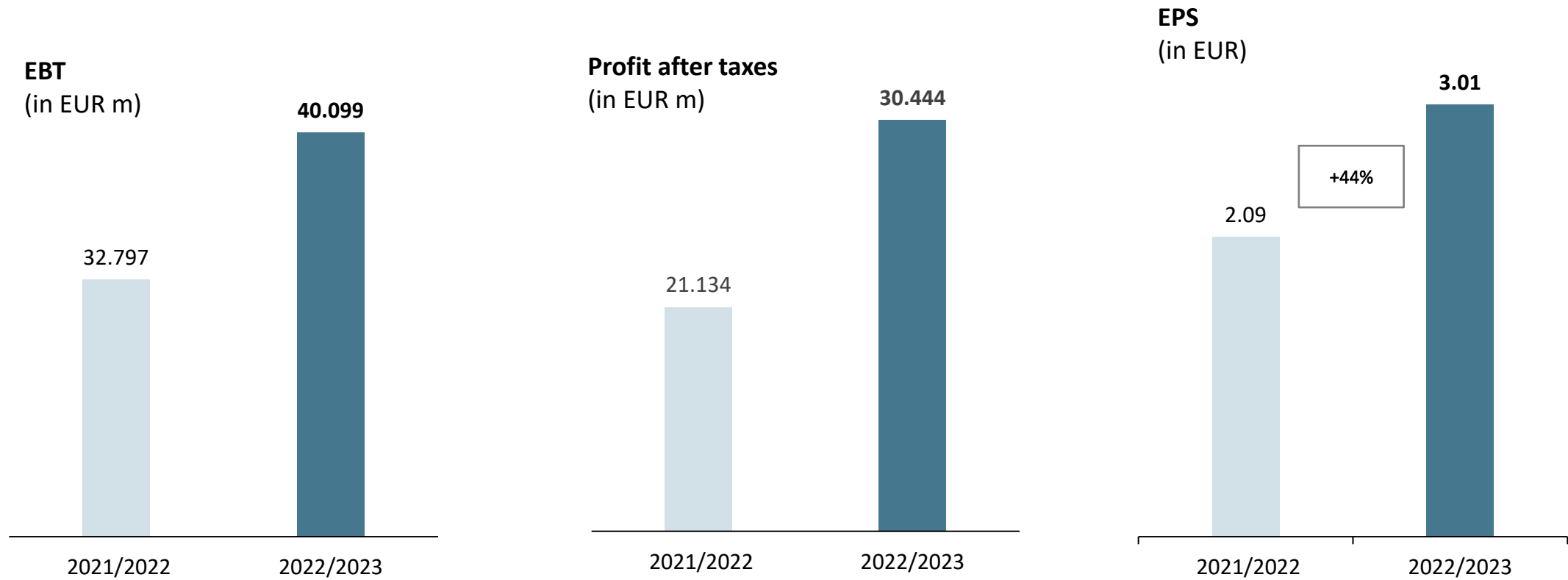


- Increased business volume
- Dismantling obligations
- Sales initiatives
- FX effects
- Energy costs reduced

# Factors influencing total operating performance and EBIT



# Earnings performance

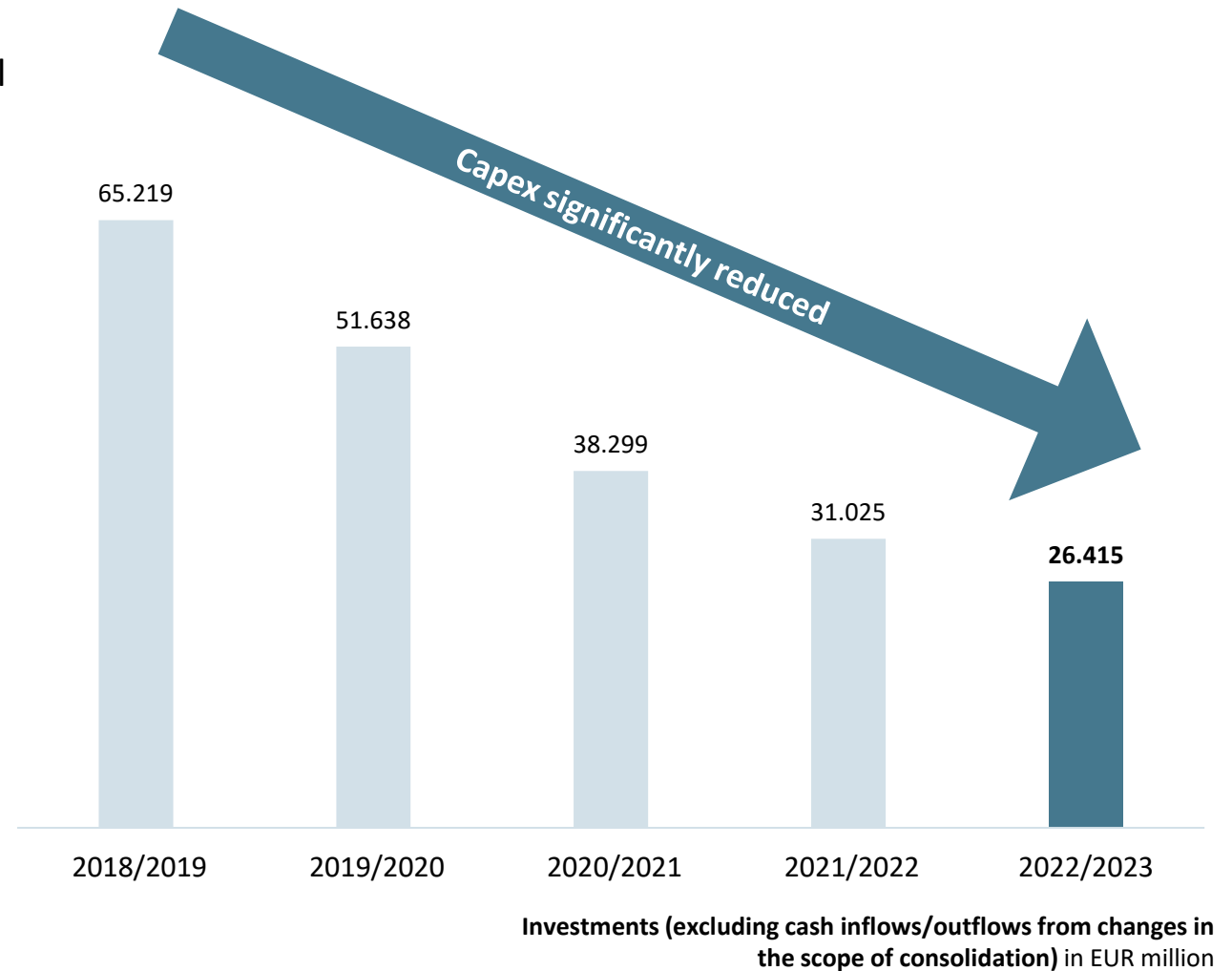


# Overview P&L

	2022/2023		2021/2022		comparison	
	EUR million	% of total	EUR million	% of total	EUR million	%
<b>Total revenues</b>	<b>1,157.411</b>	<b>100 %</b>	<b>1,009.159</b>	<b>100 %</b>	<b>148.252</b>	<b>15 %</b>
Other operating income	12.138	1 %	19.806	2 %	-7.668	-39 %
Raw materials and consumables used	-132.194	-11 %	-108.904	-11 %	-23.290	21 %
Personnel expenses	-839.677	-73 %	-740.314	-73 %	-99.363	13 %
Depreciation	-56.247	-5 %	-56.976	-6 %	729	-1 %
Other operating expenses	-91.351	-8 %	-81.108	-8 %	-10.244	13 %
<b>EBIT</b>	<b>50.080</b>	<b>4 %</b>	<b>41.664</b>	<b>4 %</b>	<b>8.417</b>	<b>20 %</b>
<b>Net financial result</b>	<b>-7.518</b>		<b>-6.360</b>		<b>-1.158</b>	<b>18 %</b>
<b>Profit from ordinary activities</b>	<b>42.562</b>		<b>35.304</b>		<b>7.258</b>	<b>21 %</b>
Other taxes	-2.462		-2.507		45	-2 %
<b>Earnings before tax</b>	<b>40.099</b>		<b>32.797</b>		<b>7.303</b>	<b>22 %</b>
Income taxes	-9.655		-11.663		2.008	-17 %
<b>Post-tax earnings</b>	<b>30.444</b>		<b>21.134</b>		<b>9.311</b>	<b>44 %</b>

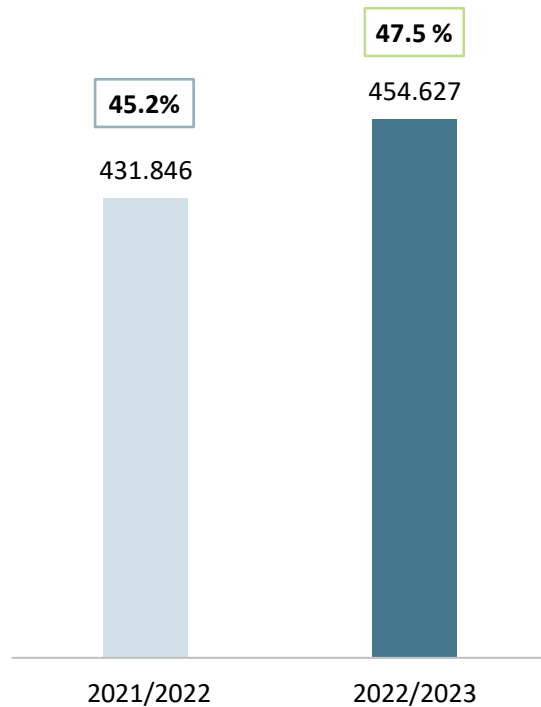
# Financial position and net assets

- Investment focus: environmentally friendly individual mobility, autonomous and connected systems
- CapEx further reduced and at the lower end of the forecast range
- Additional cash outflow for M&A activities
- Bank debt reduced with long-term maturity



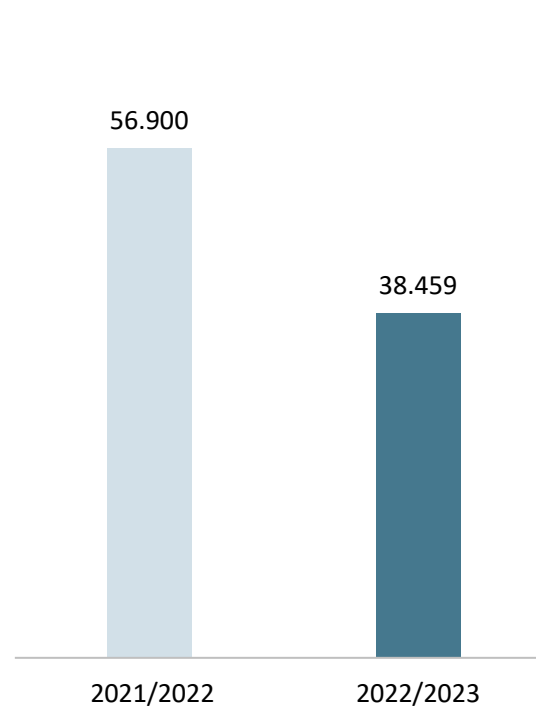
# Financial position and assets

**Equity and equity ratio**  
(in EUR m)



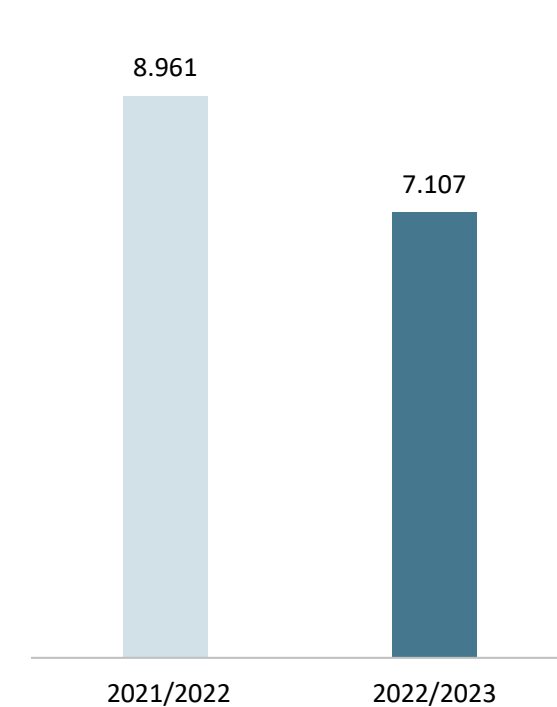
- Equity and equity ratio further strengthened

**Cash flow from operating activities**  
(in EUR m)



- Higher funds tied up in working capital due to increase in business activity

**Free cash flow**  
(in EUR m)



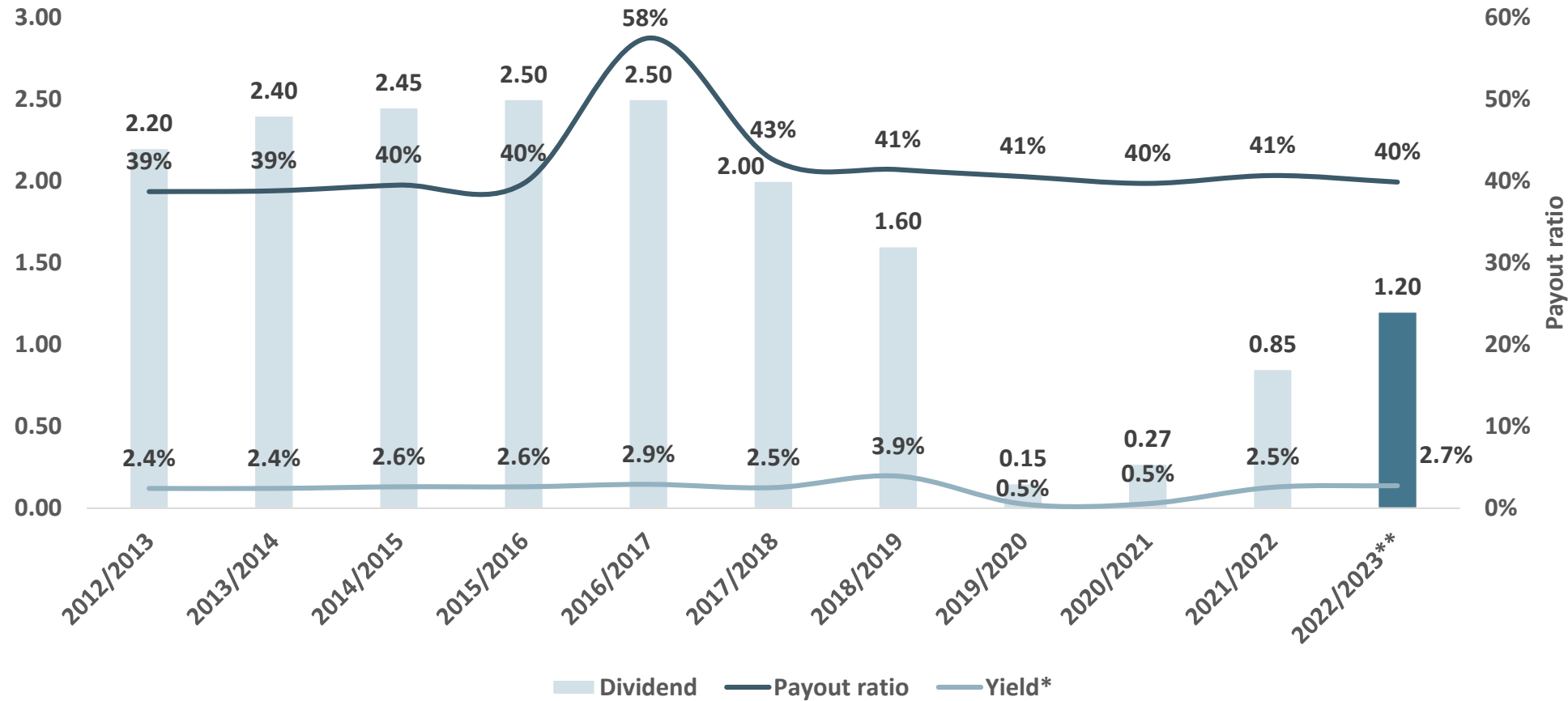
- Positive free cash flow even after cash outflow for M&A activities



# KPIs Balance Sheet

Item (EUR m)	2022/2023	2021/2022	Comment
Non-current assets	EUR 423m	EUR 444m	End of investment cycle, D&A, net deferred taxes
Working capital	EUR 345m	EUR 294m	Increase of contract assets
Cash and cash equivalents	EUR 121m	EUR 162m	Dividend payment, repayment of liabilities, WC ramp-up, M&A
Equity	EUR 455m	EUR 432m	Further increased
Equity ratio	47.7%	45.2%	Strengthening of equity
Gearing (%) - NFD*/equity * incl. other fin. liab. (incl. leasing)	45.5%	44.3%	Broadly unchanged yoy
NFD/EBITDA	1.9x	1.9x	Broadly unchanged yoy

# Dividend policy: reliable payout for shareholders\*\*\*



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

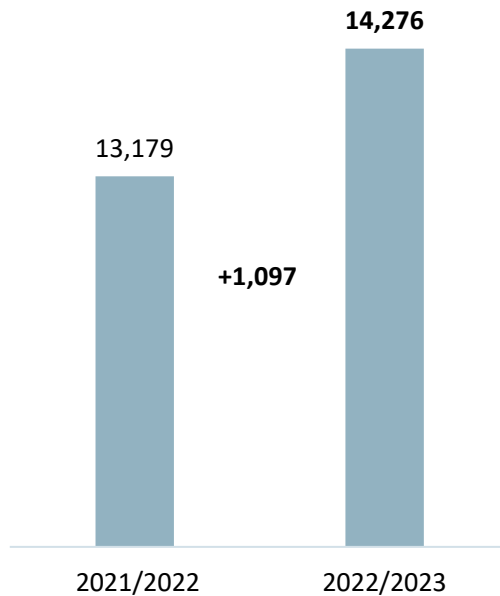
\*\* Proposal of the Management Board and Supervisory Board to the Annual General Meeting

\*\*\* Around 40% of consolidated earnings after taxes

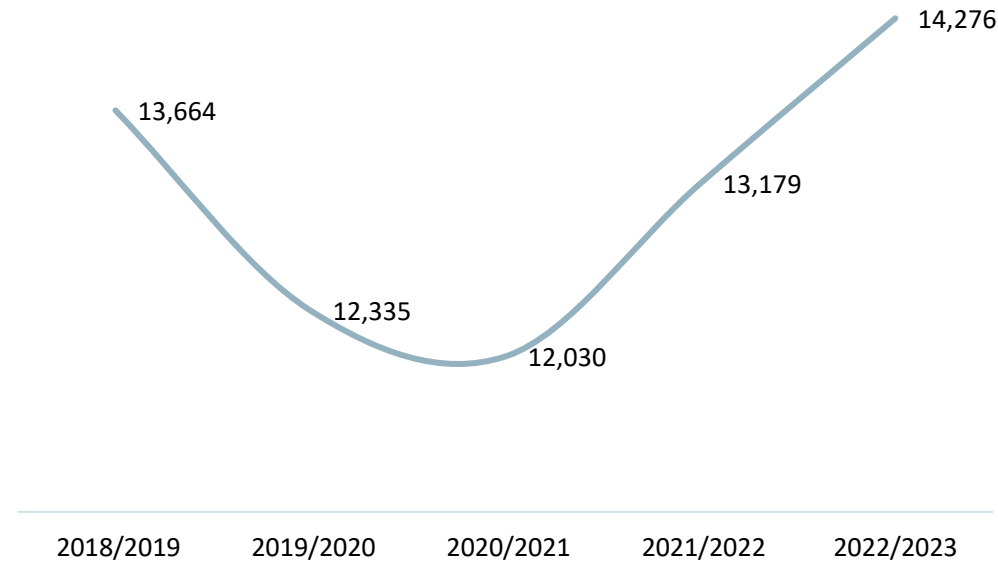
Dividend, Distribution, Yield (in EUR, %)

# Employees 2022/2023

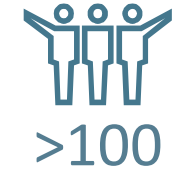
## Employees as of September 30th



## Historical employee development



- Encouraging increase in employees in Germany and abroad despite tight labor market
- Investments in training and further education EUR 8.4m (previous year: EUR 5.5m)
- Introduction of an employer brand with the core element "human centricity"



Nationalities in the Group



Years Average age



Women's quota\*

\*18% quota of women in all STEM professions in Baden-Württemberg

# Summary and outlook

- Total sales and headcount at record level
- Increase in earnings thanks to better capacity utilization and active inflation management
- Expansion of internationalization
- Balance sheet strengthened
- Megatrends and regulative pressure drive Bertrandt performance





# 05

## Forecast

# Forecast FY 2023/2024

- Challenging and regionally heterogeneous economic conditions
- External factors (e.g. inflation, effects of geopolitical tensions) are outside the management's sphere of influence
- Regulatory requirements, competitive and innovation pressure drive investment in research and development
- Market analyses confirm growth prospects and market drivers for development service providers



# Forecast 2023/2024



**70-110**

million Euro growth  
in total revenues



**5-7%**

EBIT margin  
(previous year: 4.3%)



**Positive**

Cash flow  
from operating activities



**25-40**

million Euro  
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





# 06

## Back-up

# Financial calendar

<b>14 February 2024</b>	Q1 2022/2023
<b>21. February 2024</b>	AGM (Sindelfingen)
<b>15 May 2024</b>	Q2 2022/2023, Capital Market Day (Ehningen)
<b>05 August 2024</b>	Q3 2022/2023
<b>12 December 2024</b>	FY 2022/2023, Investor, Analyst & Press conferences

[FY 2022/2023 Annual Report incl. Sustainability Report \(ESG\)](#)



Thank you very much

# Contact details

## Markus Ruf

Member of the Board, Finance

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## Björn Voss

Head of Group Investor Relations and M&A



Bertrandt AG, Birkensee 1, 71139 Ehningen,  
Germany



+49 7034 656 13076



[bjoern.voss@bertrandt.com](mailto:bjoern.voss@bertrandt.com)



[www.bertrandt.com](http://www.bertrandt.com)

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The masculine form of speech is used for better readability. It is used to address all genders equally.

