



Investor Presentation

Bertrandt AG

December 2020

INVESTOR PRESENTATION

Bertrandt AG

BERTRANDT AT A GLANCE

Bertrandt Group

1974

Founded by
Harry Bertrandt



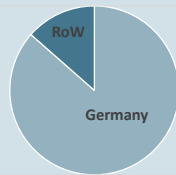
Total Revenues
FY 2019/20: EUR 917m



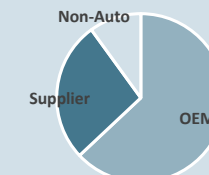
~12.000
employees



More than 50 locations globally



Regional split (FY 19/20)



Customer split (FY 19/20)

From the initial idea to production readiness



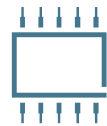
Design



Vehicle Body



Interior



Electronics



Powertrain



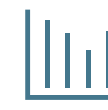
Chassis



Simulation



Testing



Engineering
Services

Range of services: focus on DAVE

Trends



Digitisation



Autonomous Driving



Vehicle Connectivity



Electric Mobility



Vehicle Safety



IT Services



Virtualisation



Design Services



Interior



Vehicle Body



Powertrain



Chassis



Simulation



Electronics



Modelling-
/Rapid
Technologies



Simulation



Engineering Services

Industries



Automobile Industrie



Aerospace & Defense



Commercial Vehicles



Agriculture



Motorcycle



Electric Industry



Mechanical-/Plant Engineering



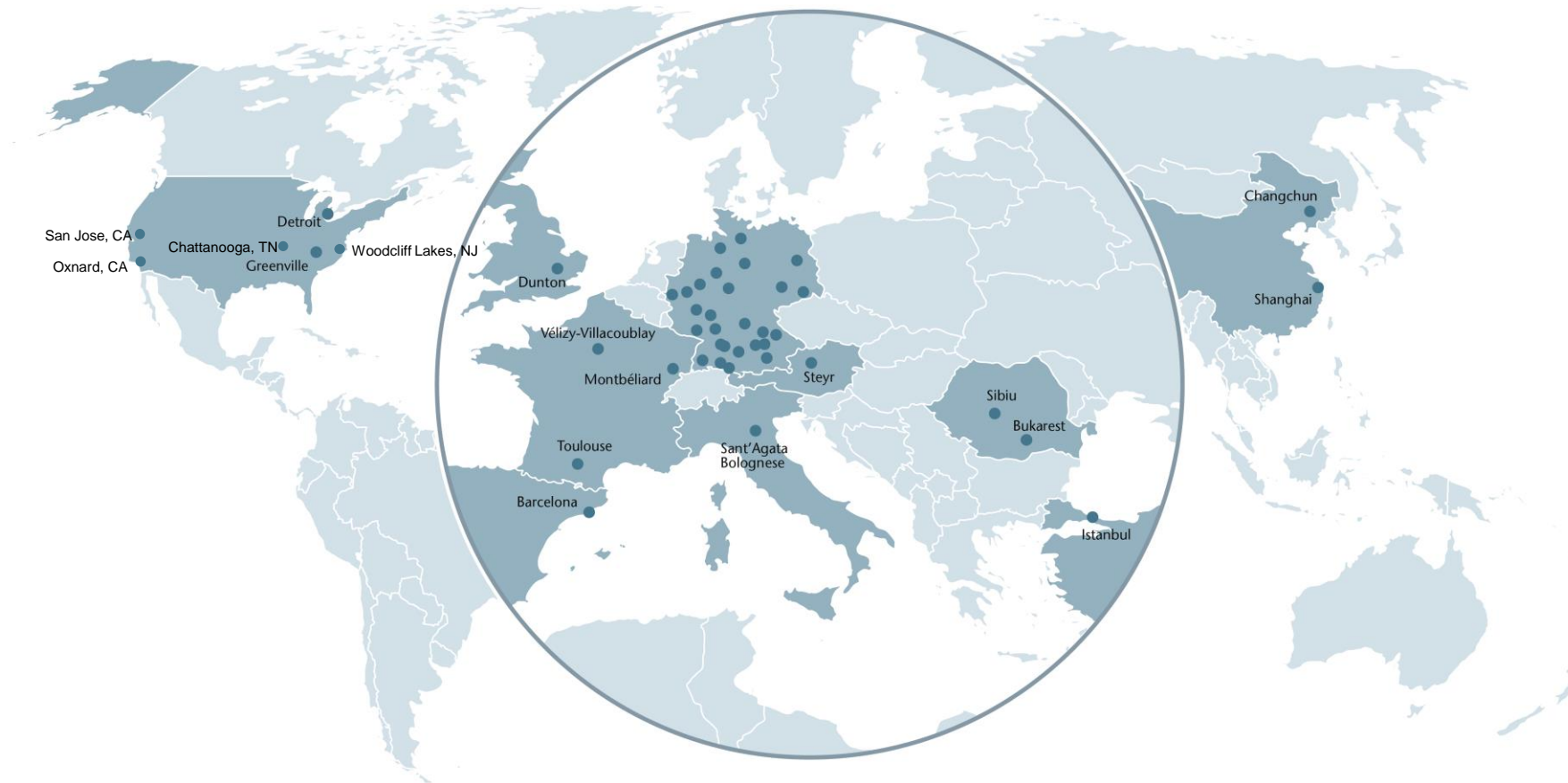
Medical Engineering



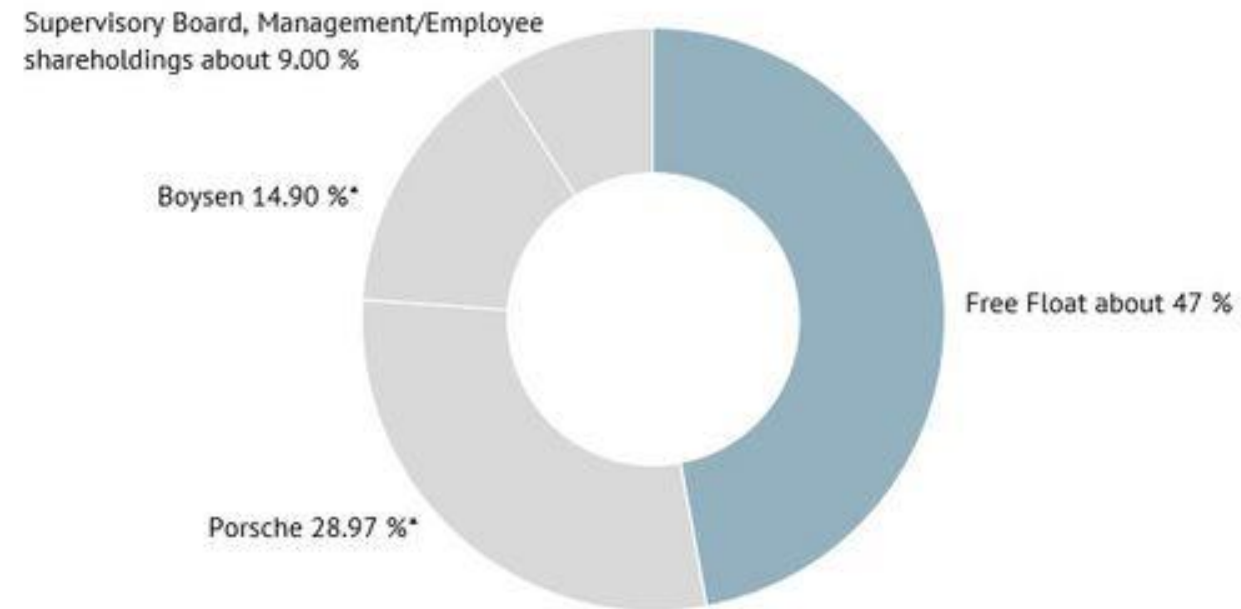
Energy Management

We want to be close to our customers – decentralized organization

Ca. 12,000 employees at more than 50 locations in Europe, the USA and China.



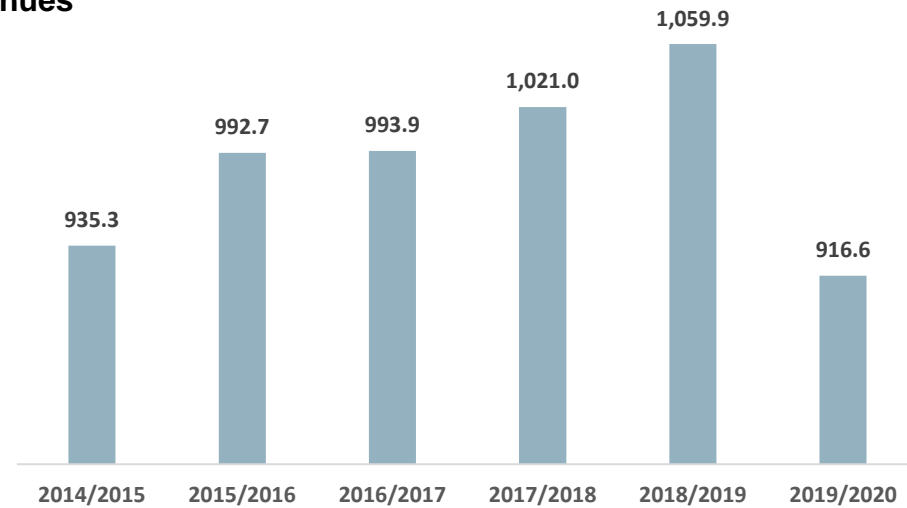
Shareholder structure



Key figures development

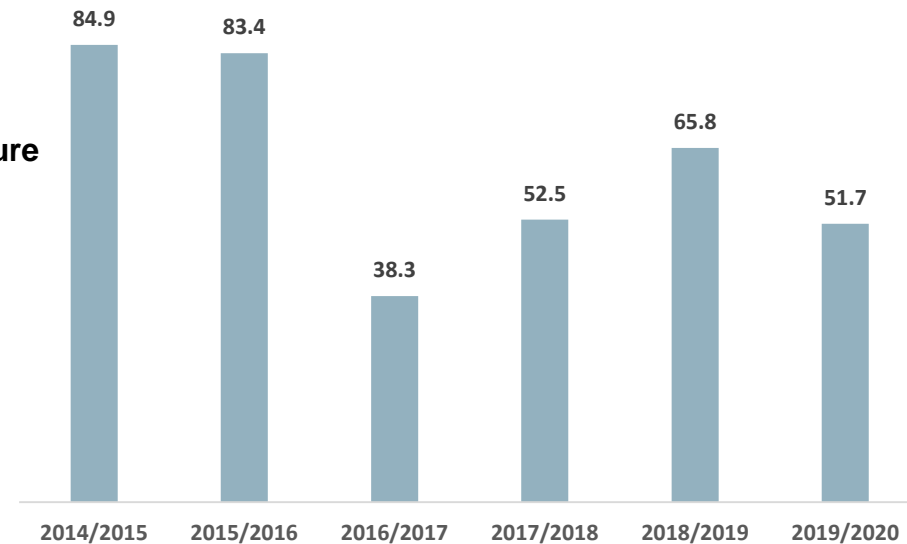
Total revenues

(EUR million)



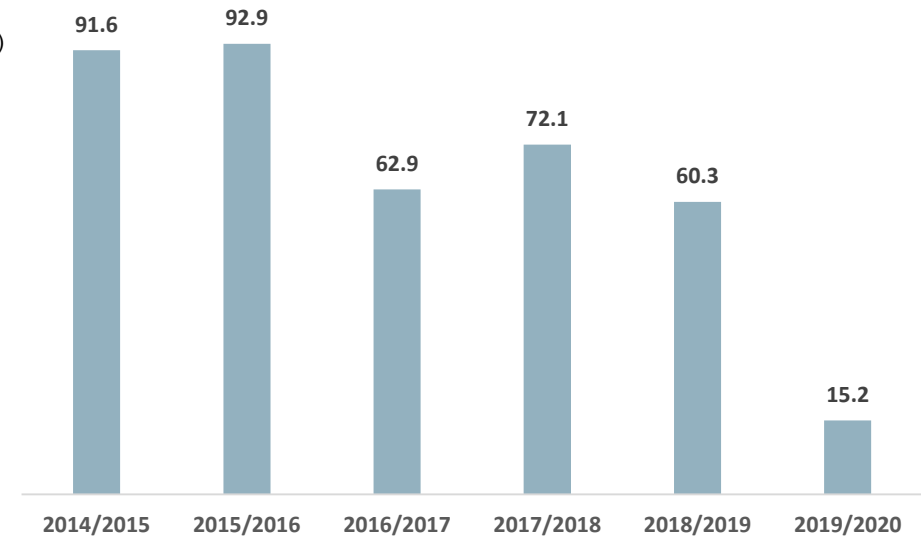
Capital expenditure

(EUR million)



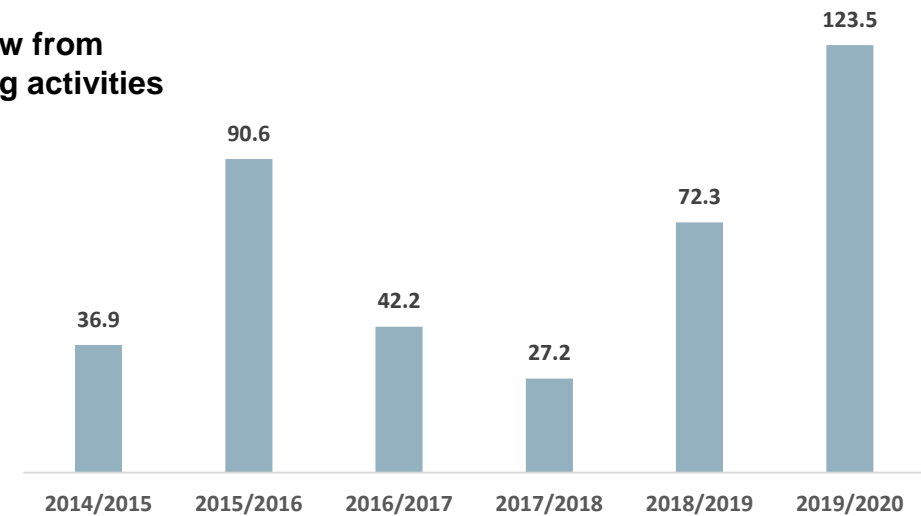
EBIT

(EUR million)



Cash flow from operating activities

(EUR million)



INVESTOR PRESENTATION

MARKETS AND CUSTOMER ENVIRONMENT

Bertrandt AG

Current market and customer environment: Automotive industry



Corona-virus with ongoing adverse impact on global car demand and production (VDA 2020e: -17%). Volatility persists.



Fivefold increase in number of electric models by 2023



European car demand expected to fall by more than 20% in 2020 (2021e: +10%).



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



Trend towards larger contract awards



Generally high R&D spending for future mega trends, but other projects temporarily paused



Cost and efficiency pressure

Mid-term trends: Automotive industry



- Industry transformation continues
- Pre-Corona car sales not expected before 2023
- Regional recovery heterogenous



- Further regulations (e.g. Euro7)
- Variety of powertrain – Acceleration of eMobility
- Autonomous Driving: Cars L3, Trucks L4/5



- R&D budgets generally on high level
- New cooperations
- Global R&D networks

Current market and customer environment: Other industries



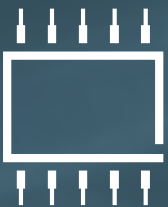
Corona-virus with adverse impact on civil aero;
non-civil sectors more resilient



Med-tech resilient; New Certification
supportive

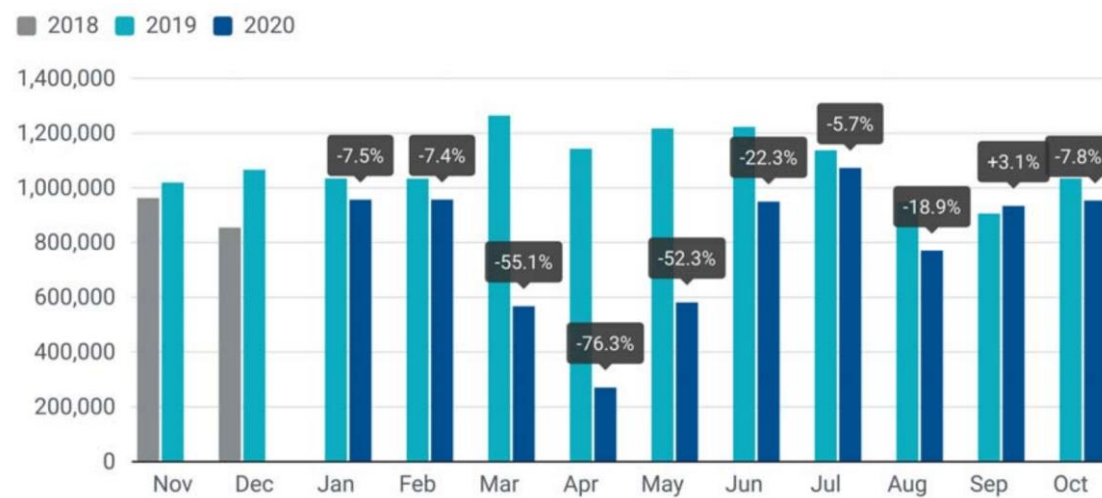


Global market for power engineering
probably rather resilient.



Electrical, electronics, machinery and
plant engineering industries expect
deterioration in orders.

Car demand EU27: Recovery remains volatile



Source: ACEA

Trough reached in April

Recovery from May

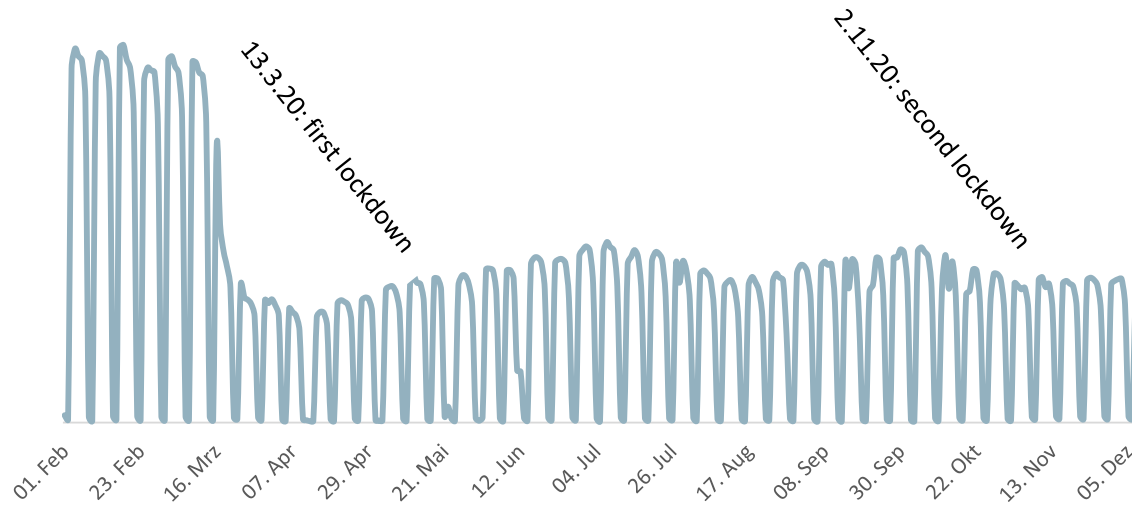
Set-back in August

September with growth for the first time in 2020

October down again as „second wave“ loomed

November/December expected to suffer from local shut-downs

Corona-virus: protection of employees



In-office time recording significantly dropped since week 12

Up to 7,000 access points for mobile work available

Efficient use of infrastructure as mobile work will remain part of our future work model

Opportunities but also challenges for employees and management

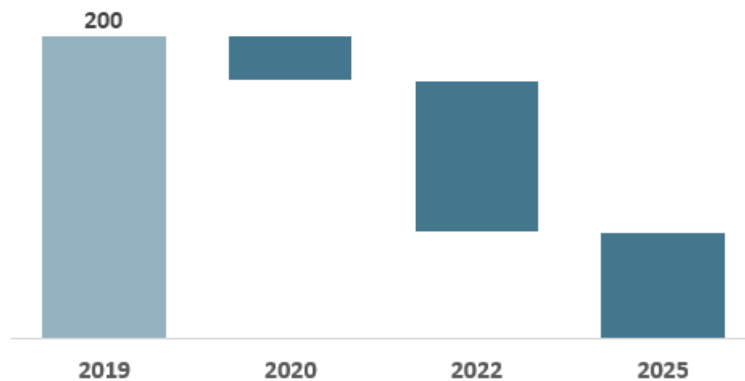
Corona-virus: keep capacities up and running




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: focus on balance sheet and cash

- Gross liquidity: EUR 187m (FY 2019/2020)
- CapEx: -22% yoy in FY 2019/2020 (focus on completion of test centers)
- Undrawn credit facilities: EUR >200m
- Debenture bond (Schuldschein) of EUR 200m with long maturity profile and without covenants



Corona-virus summary

- 
- Weathering the crisis as top priority
 - > Protect employees
 - > Keep operational capacities up and running
 - > Limit financial impact
 - Immediate cost “shut-down” in place: procurement, CapEx, hiring, tier-2, marketing, trainings, business travels, consultants, wages/salaries including management, ...
 - Reduction of accrued overtime, holidays and shut-down periods (Betriebsruhe) in subsidiaries
 - Know-how preserved by using short-time working schemes in Germany and abroad
 - Sustainable cost reduction measures launched: infrastructure, alignment of capacities

Corona-virus: summary



The Bertrandt Pandemic Team in charge since early March; 144* infections group-wide so far

* 8/12/2020



Severe impact on financials in FY 19/20



Ramp-up of group-wide mobile work from March 16th



Short-time work where necessary, stringent cost cutting, board/management to voluntarily forego remuneration



More than 50% of employees in mobile work, ~7,000 remote access points, TISAX certification



Heterogeneous customer behaviour



Very limited visibility



Mid- to long-term: increasing share of cost optimization and flexibilization beneficial for ESP. Mega trends remain valid.



Digitisation

Connectivity

Autonomous driving

Electric mobility

Four mega trends transforming the automotive sector

Prepared for the future

Consistent and sustainable focus on the future



Investments in
megatrends

Bertrandt Powertrain
Solution Center

High-voltage battery test
centre



Competence
development

networked HARRI e-platform



Diversification

Bertrandt Medical

Industry 4.0



Globalisation

New locations in USA, China,,
Czech Republic, France and
Romania

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 early 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



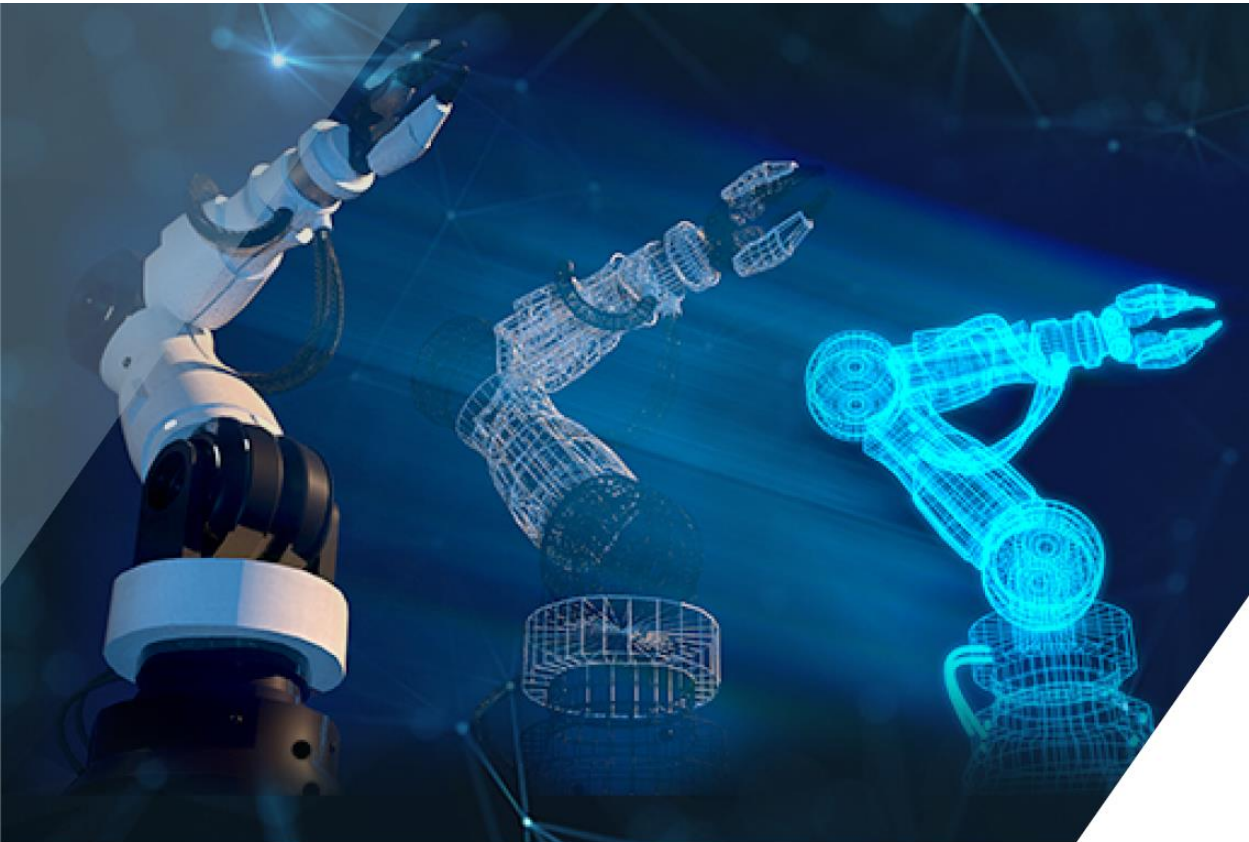
Expansion of resources and service portfolio to meet special medical technology requirements

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



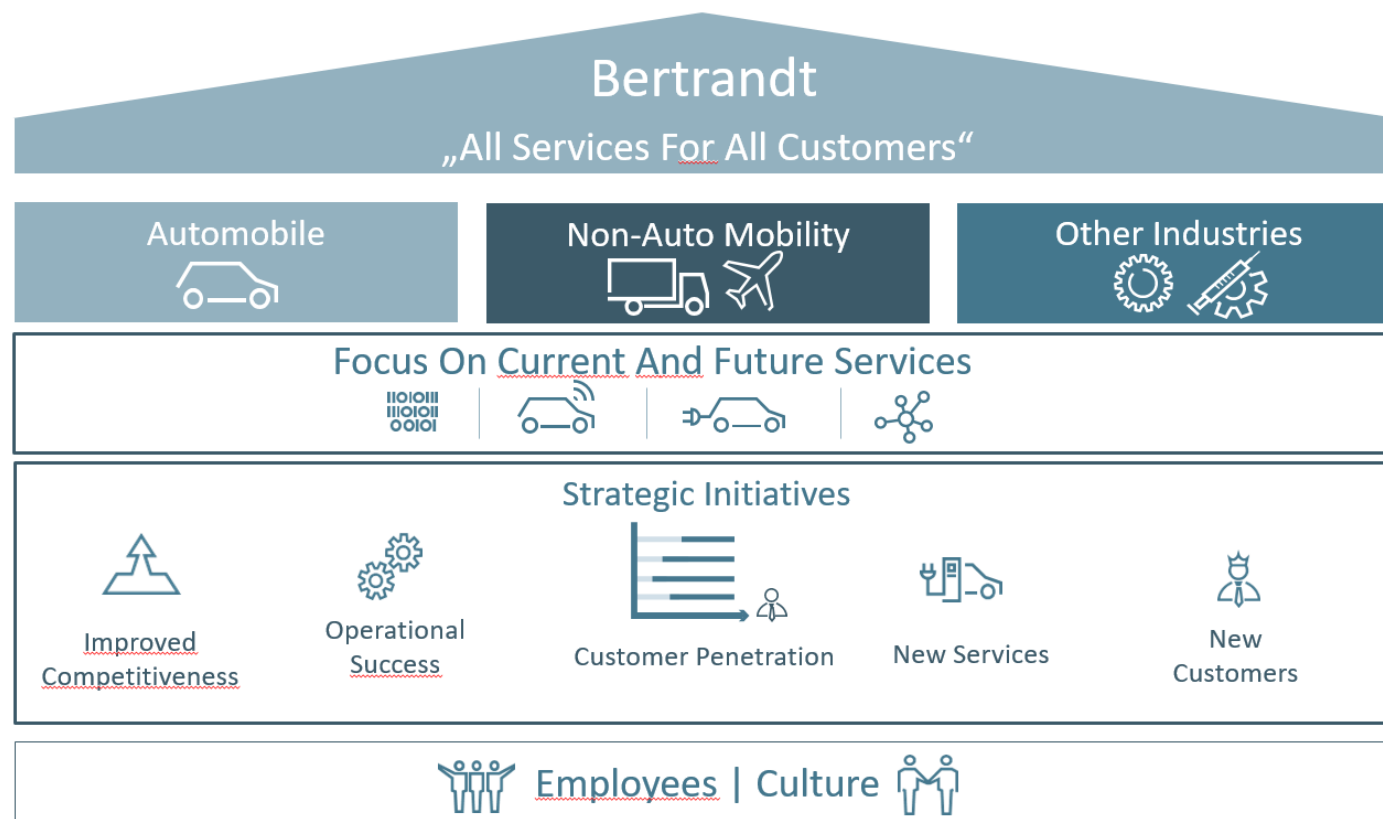
Do you know how much added value your factory, your facility, your individual machine's data can generate?

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

Implementation of strategic measures



Strategic reorganisation in place

Divisional set-up with focus on services and sales to cope with changing market dynamics

Diversified customer approach

Implementation of strategic measures

Mid- to long-term growth enabled by...

Focus on range of services

- Current and future services
- Profitable growth
- Portfolio adjustments

Pooling and strengthening skills

- Sharpening the technical profile
- Optimization of utilization
- Expert organization

Improvement of competitiveness

- Cost efficiency
- International project teams
- Digitization of processes

Existing and new clients

- Increase footprint with existing clients
- Solution provider
- Broadening customer base

Pooling of automotive competencies in four Divisions



INVESTOR PRESENTATION

FY 2019/2020

Bertrandt AG

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

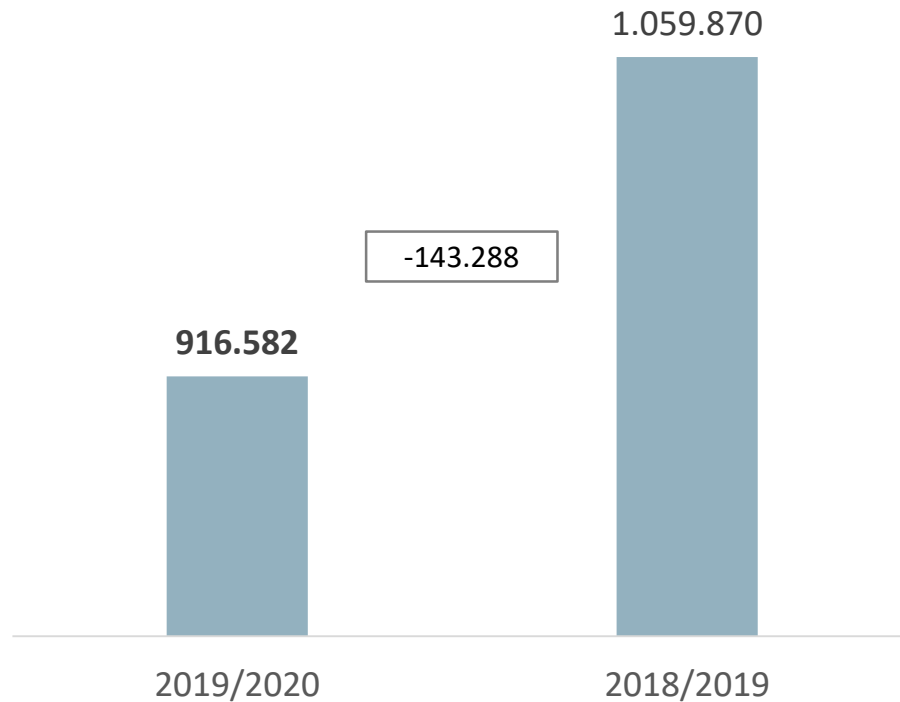
➤ EUR 0.15 per share based on payout policy of 40% of net income

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

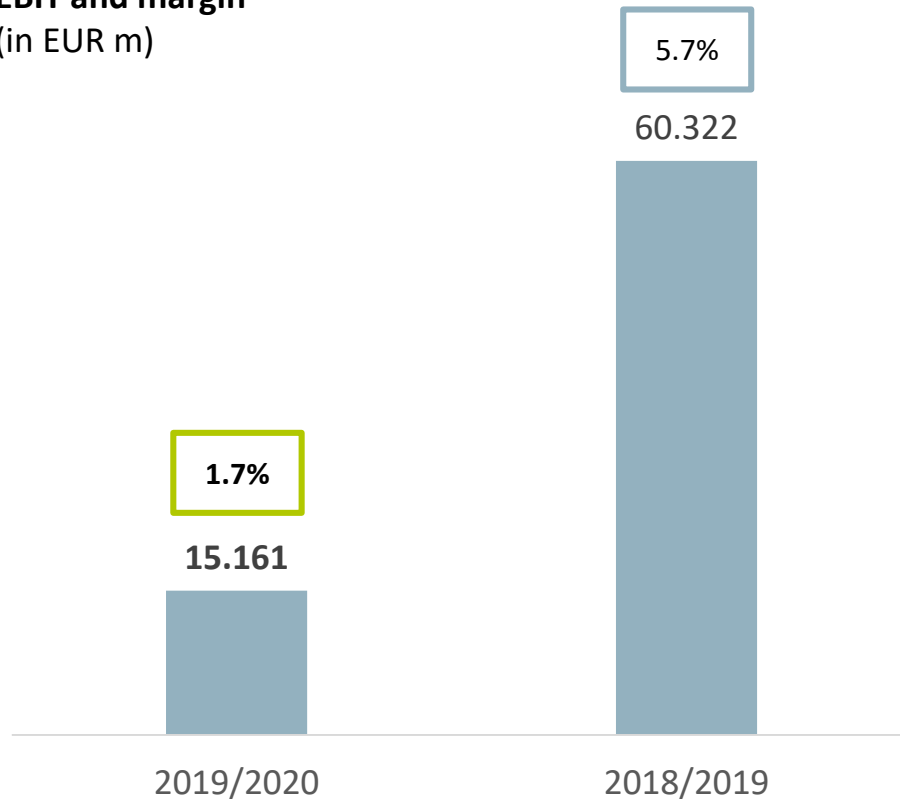
- Germany -10% yoy
- RoW -32% yoy (France)

– Segment performance

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

EBIT

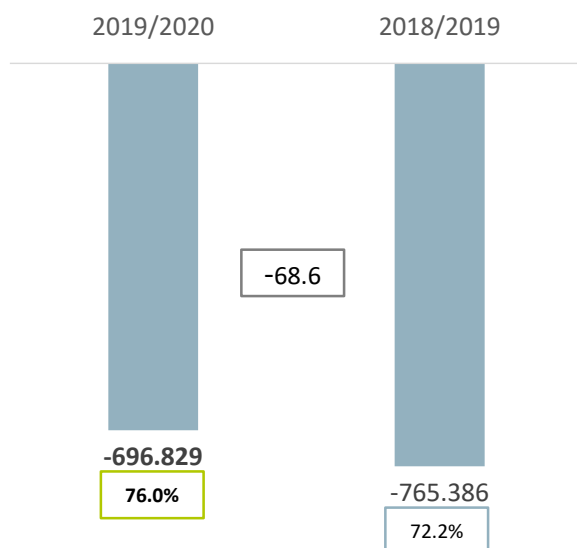
EBIT and margin
(in EUR m)



- 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

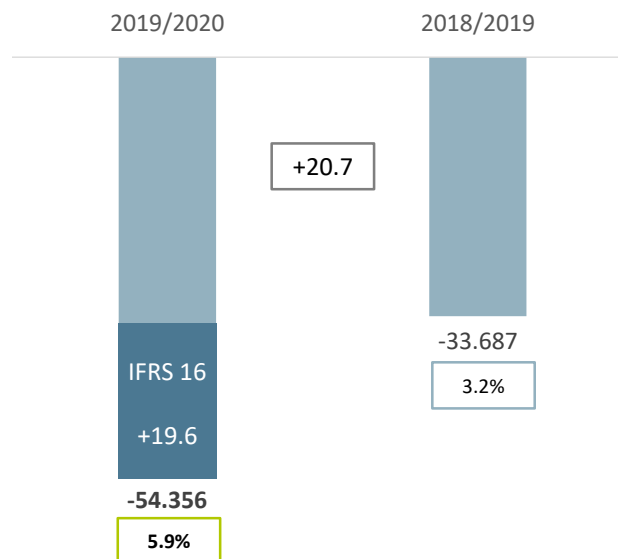
Key expenditure figures

Personnel expenses (in EUR m)



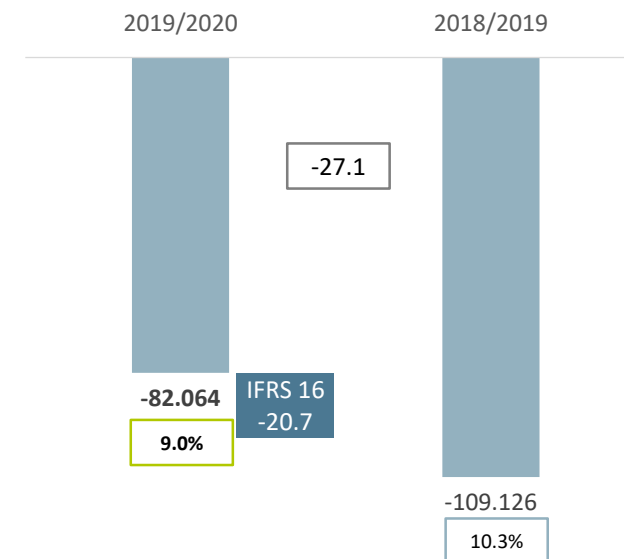
- Flex instruments such as reduction of accrued overtime, holidays and short-time work
- Structural alignment of capacities to market environment and natural fluctuation
- Salary waiver on all management levels

D&A (in EUR m)



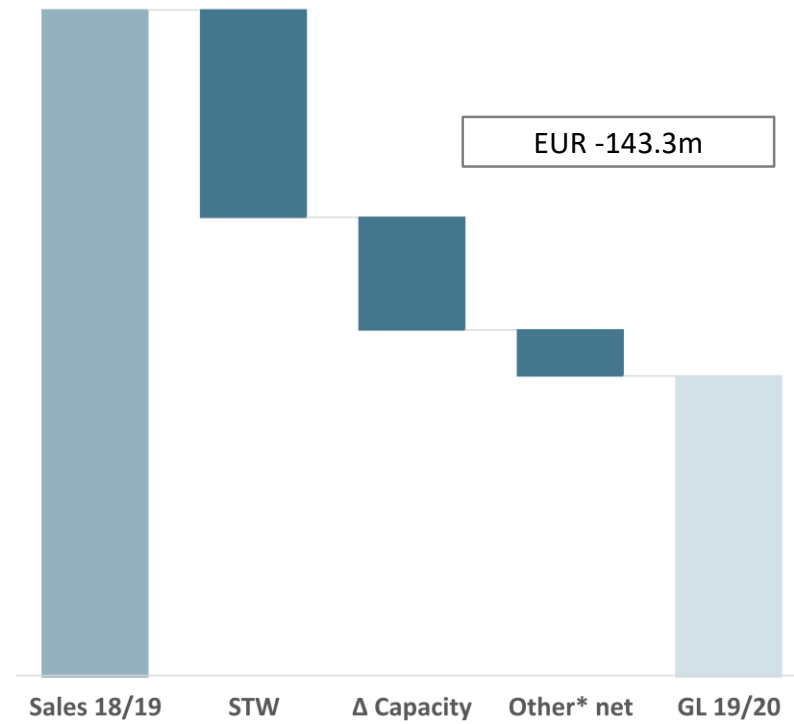
- D&A on prior year level (w/o IFRS 16)

Other operating expenses (in EUR m)

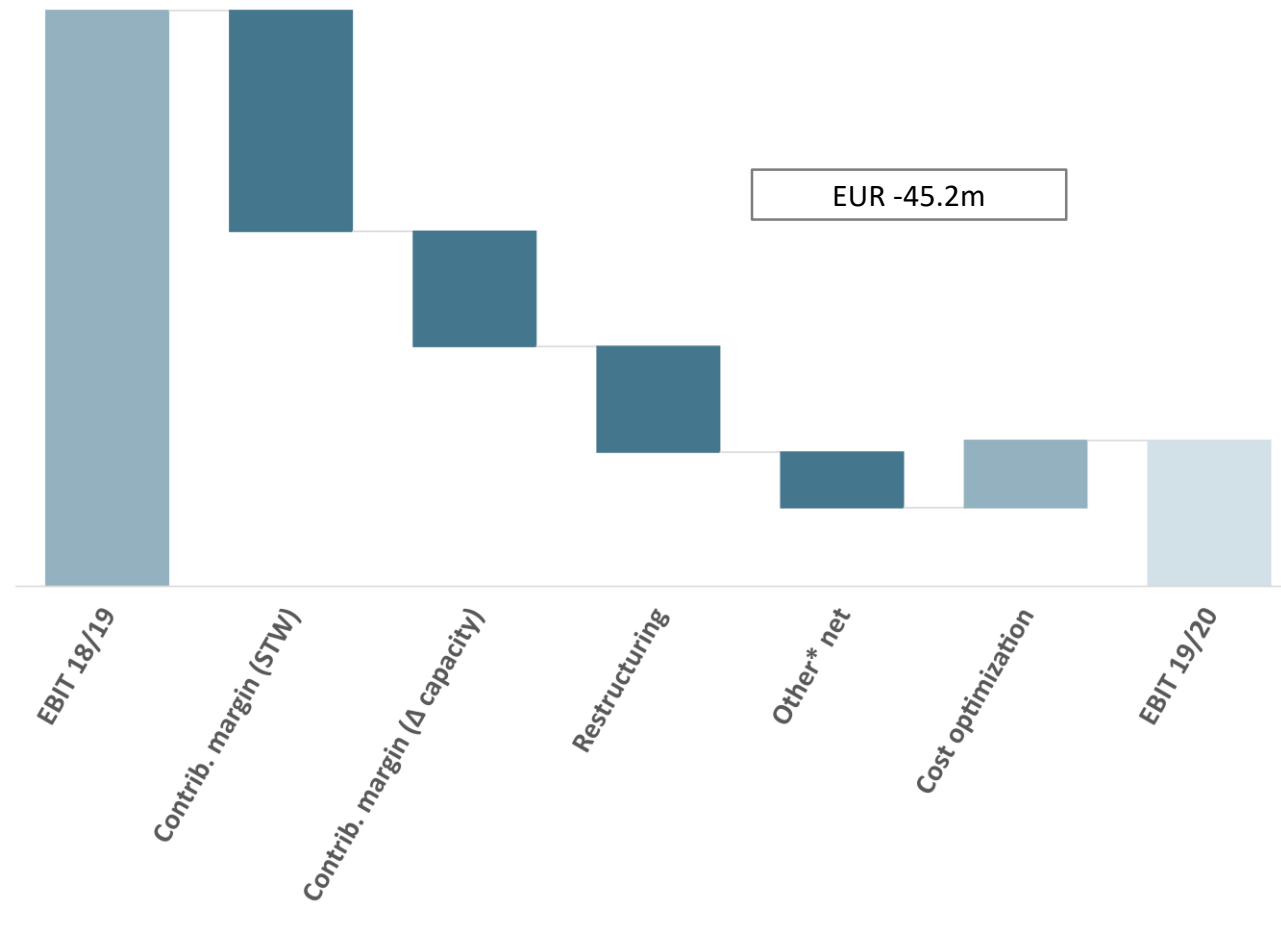


- Earnings enhancement program implemented and initial benefits realized
- Infrastructure expenses with future earnings potential

Total revenues impacted by...

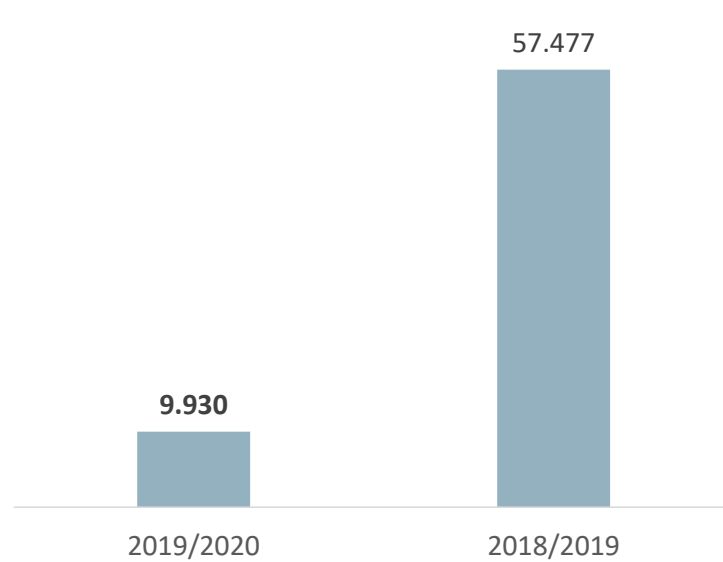


EBIT impacted by...

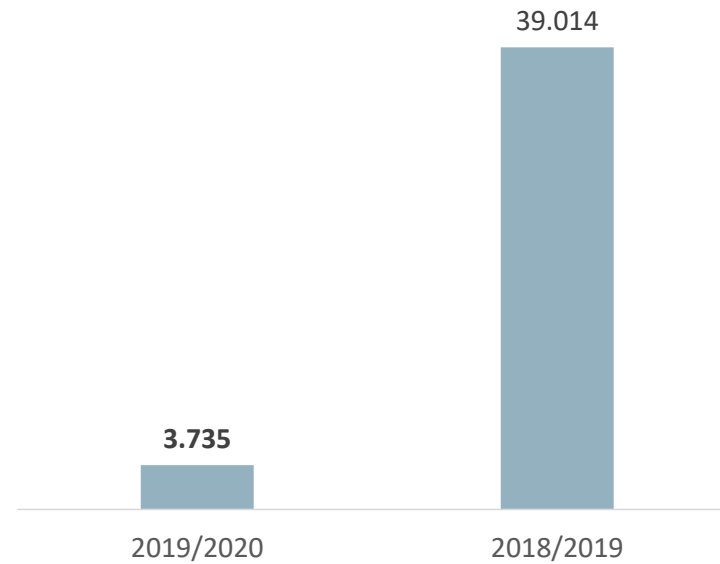


Earnings

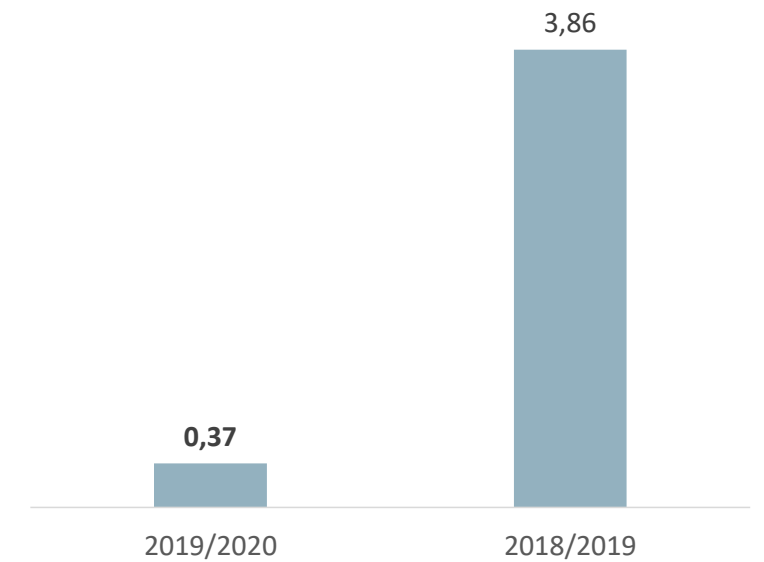
PBT
(in EUR m)



Profit after tax
(in EUR m)



EPS
(in EUR)



Consolidated P&L

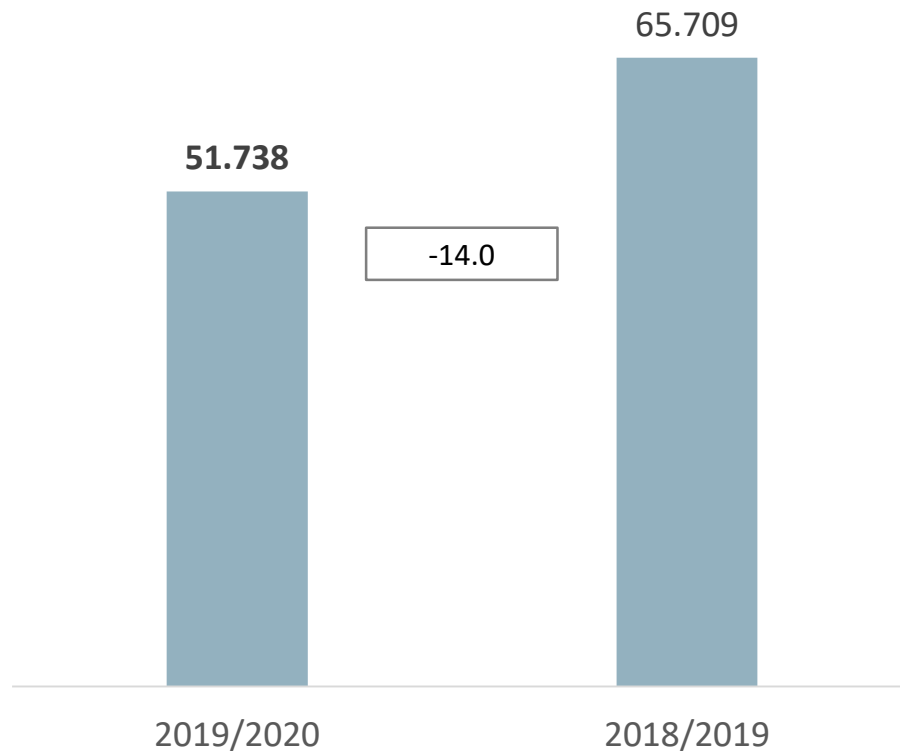
	2019/2020 In TEUR	% GL	2018/2019	% GL	Δ %	Δ TEUR	Δ TEUR IFRS 16
P&L							
Total revenues	916,582	100.0%	1,059,870	100.0%	-13.5%	-143,288	
Other operating income	8,771	1.0%	17,406	1.6%	-49.6%	-8,635	
Material expenses	-76,943	-8.4%	-108,755	-10.3%	-	31,812	118
Personal expenses	-696,829	-76.0%	-765,386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

Overview Q4 2019/20

	Q4 19/20	% GL	Q4 18/19	% GL	Δ %	Δ TEUR
P&L						
Total revenues	202,873	100.0%	274,991	100.0%	-26.2%	-72,118
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
EBIT	-4,236	-2.1%	14,193	5.2%	-	-18,429
Financial result	-1,333		-770		-	-563
Profit from ordinary activities	-5,569		13,423		-	-18,992
Other taxes	-609		-744		-	135
Earning before taxes	-6,178		12,679		-	-18,857
Income taxes	793		-3,976		-	4,769
Earnings after taxes	-5,385		8,703		-	-14,088
Earnings per share	-0.53		0.86		-	-1.40

Financial and asset position

CapEx
(in EUR m)

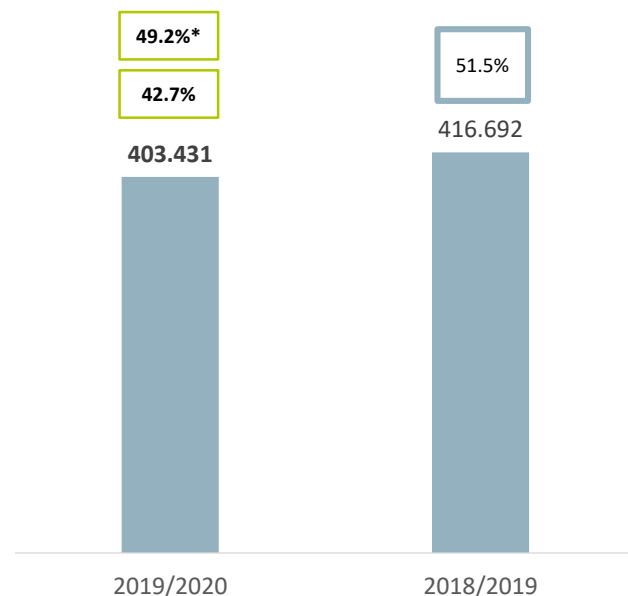


- Customer-oriented enhancement of business model
 - Bertrandt Powertrain Solution Center in Tappenbeck and Freising
 - Validation and homologation of all types of powertrain technologies such as BEV, PHEV, HEV, ICE, FCV+HFCV, AFC
 - Altitude and climate simulation
 - Velocities of up to 300 km/h



Financial and asset position

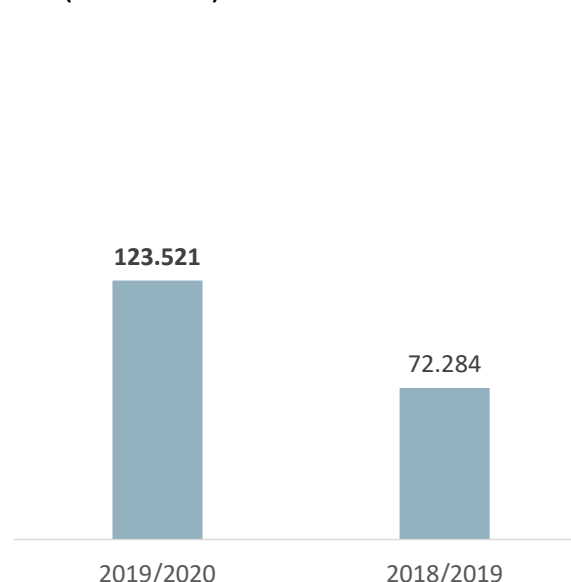
Equity and equity ratio (in EUR m)



*Equity ratio w/o IFRS16 effects

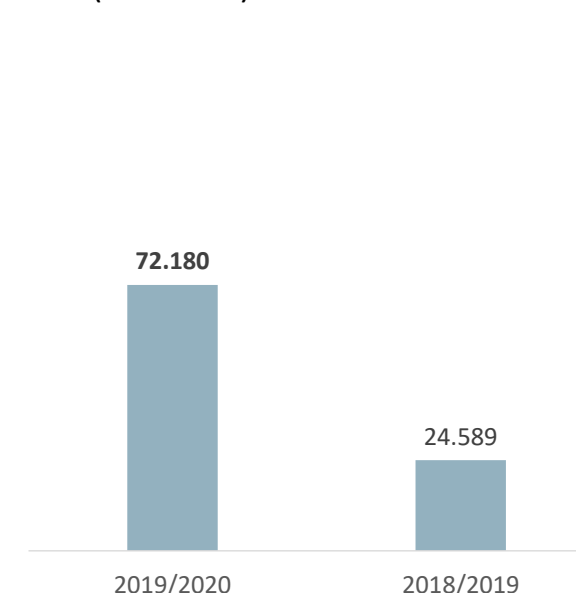
- Strong equity ratio despite impact from IFRS 16

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

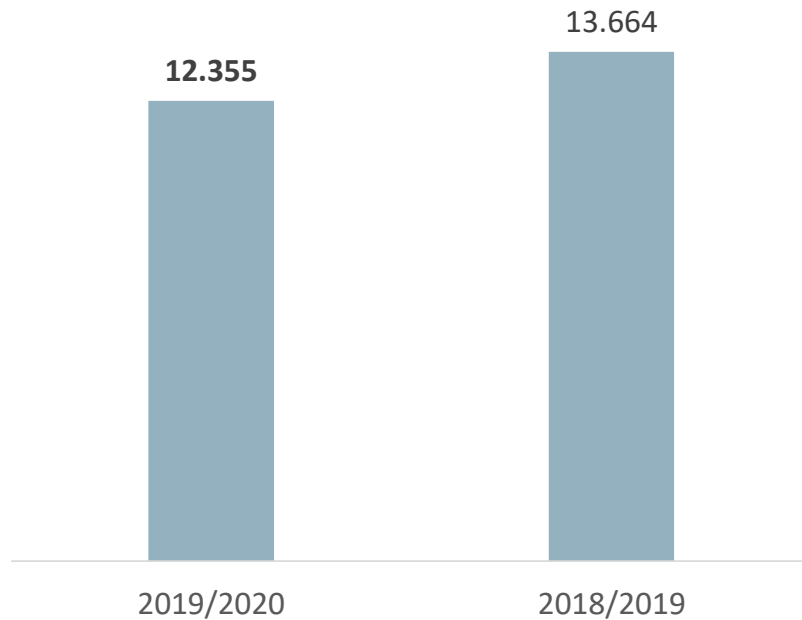
Consolidated Balance Sheet

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

- 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

Bertrandt AG

OUTLOOK

High uncertainty regarding global economic recovery

Das **Wachstum der Weltwirtschaft** hat sich merklich **verlangsamt**. Dazu trägt insbesondere die Schwäche der Industrie bei. Gleichzeitig kam es zu einem Rückgang des Welthandelsvolumens. Die **gestiegene Unsicherheit**, nicht zuletzt durch die Handelskonflikte ausgelöst, dämpft das Investitionswachstum. Im Prognosezeitraum dürfte die **konjunkturelle Dynamik weiter verhalten** bleiben. Zu den **Risiken** für die weitere Entwicklung zählt eine erneute Eskalation der Handelskonflikte. Gute politische Einigungen böten hingegen die **Chance** auf ein höheres Wachstum.

Sachverständigenrat, 20.10.20

„Die Unsicherheit bei den Prognosen ist sehr groß, weil niemand weiß, wie die Corona-Pandemie weiter verläuft, ob es nicht doch noch einen harten Brexit gibt und ob die Handelskriege beigelegt werden.“

Prof. Dr. Timo Wollmershäuser, Stellvertretender Leiter des Ifo Zentrums für Makroökonomik und Befragungen und Leiter Konjunkturprognosen

Zurzeit ist die **Unsicherheit über den Pandemie-Verlauf** und damit mögliche erneute Infektionsschutzmaßnahmen noch groß. Diese Unsicherheit beeinträchtigt insbesondere die Investitionstätigkeit von Unternehmen und die Bereitschaft von privaten Haushalten, größere Anschaffungen zu tätigen. Der private Konsum wird in vielen Ländern zwar dadurch gestützt, dass sich infolge verringerter Konsummöglichkeiten in erheblichem Umfang Kaufkraft aufgestaut hat, doch wird er vielerorts gleichzeitig durch eine stark gestiegene Arbeitslosigkeit gebremst. Die Normalisierung der wirtschaftlichen Tätigkeit, die sich aus den Lockerungen der Eindämmungsmaßnahmen ergibt, wird aber wohl auf absehbare Zeit nicht zu einer vollständigen Rückkehr auf den vor der Krise erwarteten Wachstumstrend führen. So

Gemeinschaftsdiagnose, Oktober 2020

- Auch bei dieser Prognose ist die Unsicherheit höher als üblich. In der zweiten Hälfte des Jahres 2020 wird im ersten und zweiten Quartal 2020, und eine Beeinträchtigung der Produktivität, da viele Unternehmen die notwendigen Sicherheits- und Hygienemaßnahmen am Arbeitsplatz ausweiten.

Further complicating the task that countries face is the need to address challenges coming out of the pandemic. In this report we are releasing medium-term growth projections for the first time since the crisis started. While uncertainty remains substantial, growth is expected to rebound in global activity in 2021.

IMF, 16.10.20

M.M. Warburg, Oktober 2020

Short-term forecast

- Economic uncertainty persists and is even increasing with „second wave“ materializing
- Extraordinary uncertainty for guidance
- Generally two scenarios in FY 2020/2021 possible depending on easing or worsening of the pandemic environment
- Any narrowing of guidance will be frequently examined, but depends on the overall economic and industry-specific environment

Outlook: R&D budgets determine the future success

Volkswagen Group raises investments in future technologies to EUR 73 billion

Planning Round 69 includes capex and R&D investments for electrification, hybrid power-trains and digital technology for the next five years

Quelle: Automotive World

VOLKSWAGEN INVESTIERT KONSEQUENT IN SEINE TECH-TRANSFORMATION

Konzern steigert Ausgaben für Zukunftsthemen Elektromobilität, Hybridisierung und Digitalisierung



Quelle: Volkswagen

Audi führend bei Patentanmeldungen für Elektroantriebe

Bei den Patentanmeldungen für Elektroantriebe nimmt Audi in Deutschland eine Führungsrolle ein.

Quelle: Automobil Produktion

„Die Investitionspläne für 2025 zeigen, dass BMW will in den nächsten fünf Jahren 30 Milliarden Euro in Forschung und Entwicklung stecken. Nur Daimler fährt seine hohen Investitionen der Vorjahre etwas zurück. Gespart werde bei den Verbrennern, betont Konzernchef Ola Källenius, nicht bei E-Antrieb und Digitalisierung.“

Quelle: zeit.de

Daimler Is Bullish on Its Electrified Future

Quelle: Assembly Magazine

„Neue Technologien sind der Schlüssel zur Zukunft der Mobilität. Bis 2025 nehmen wir mehr als 30 Milliarden Euro für Forschung und Entwicklung in die Hand, um unsere Rolle als Innovationsführer weiter auszubauen.“

Quelle: Oliver Zipse (CEO), BMW

We set the course for the future



- ✓ – Counter-measures installed to weather the impact of the pandemic
- ✓ – Liquidity and cash safeguarded
- ✓ – Strategic investments in mega trends
- ✓ – Dedicated organizational alignment to changing market dynamics
- ✓ – Market provides opportunities and trends for a successful future

Back-up: Financial calendar

10 December 2020	FY 2019/2020, Analyst and Press conference
24 February 2021	Q1 release
10 March 2021	Annual General Meeting (virtual)
20 May 2021	Q2 release, Capital Market Day
09 August 2021	Q3 release
09 December 2021	FY 2020/2021, Analyst and Press conference
23 February 2022	Annual General Meeting

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