

Q2 Earnings Call

15 August 2023



Driving the clean energy transition.

Key messages

Key messages



Very high market demand continues to fuel **strong order intake development**



Especially the **Electricity segment shows very strong dynamics** due to ramp up of large HVDV projects



Large LNG pipeline projects continue to tie down high share of VORWERK's operational and overhead resources



Material and personnel cost increases combined with severe delays in LNG pipeline project in Brunsbüttel **temporarily dampen profitability outlook for 2023**

Key figures

+ 26 % Order intake
6M 23 vs. 6M 22

467 €m Order backlog
as of 30.06.2023

+ 16 % Revenue
6M 23 vs. 6M 22

8.2 % EBITDA margin
H1 2023

Introduction

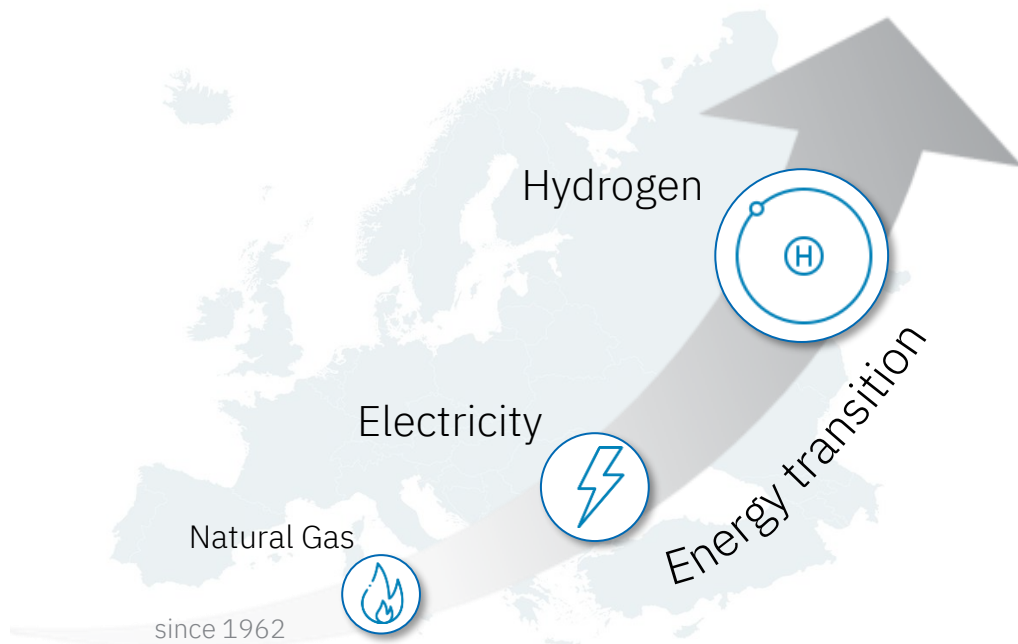


VORWERK plans, realizes and operates the energy infrastructure of the future

VORWERK is driving the clean energy transition

In attractive end-markets

With success



€368 m
revenues



>1,800
employees

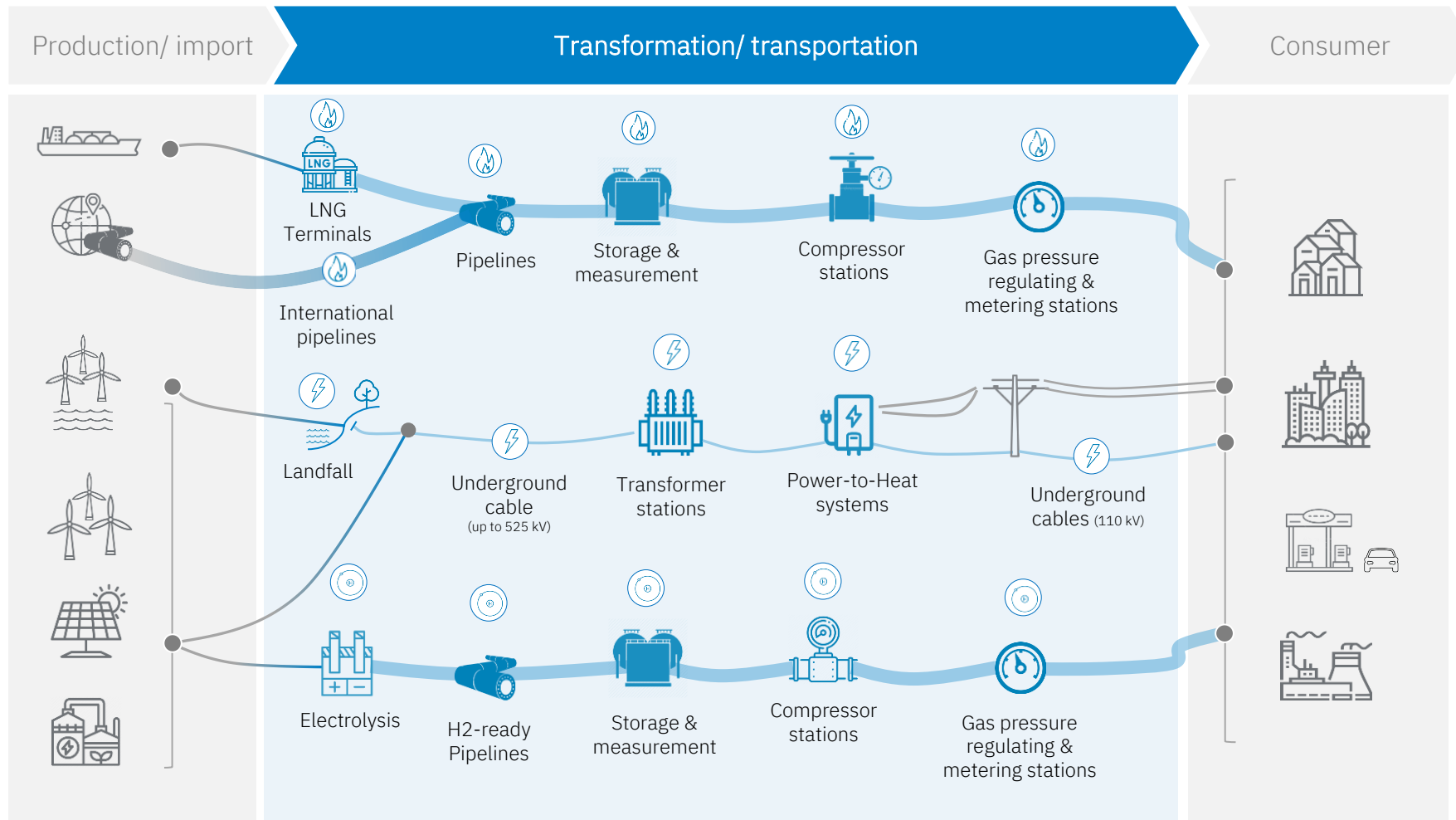


>8 %
EBITDA margin



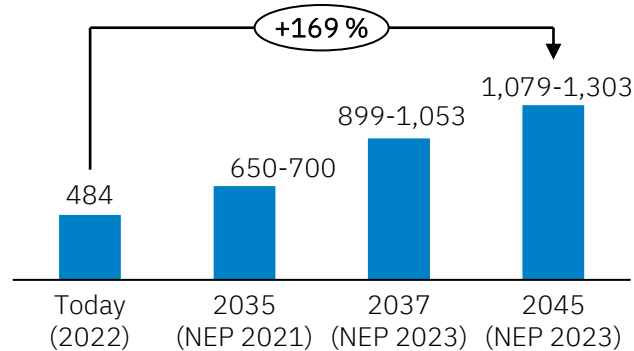
~1.9
book-to-bill ratio

VORWERK is critical in transforming and delivering energy from producers to consumers

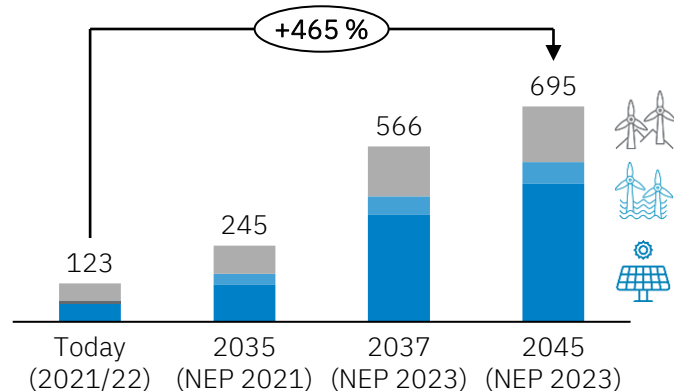


The draft grid development plan electricity foresees additional investments of 240 bn € by 2045

Gross electricity consumption
in TWh



Installed capacity Renewables
in GW



25,740 km

of additional electricity lines (on- and offshore) in Germany by 2045

240 bn €

total investment in new electricity lines (on- and offshore) in Germany by 2045 (vs. €118 bn € by 2035 in previous GDP)

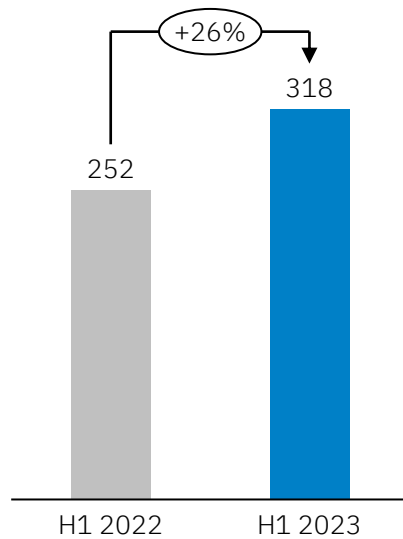
- Massive electricity demand for H2 production
- Five additional HVDC electricity highways
- Integration of new H2-ready gas power stations
- Increased electricity trade across borders

Financial performance

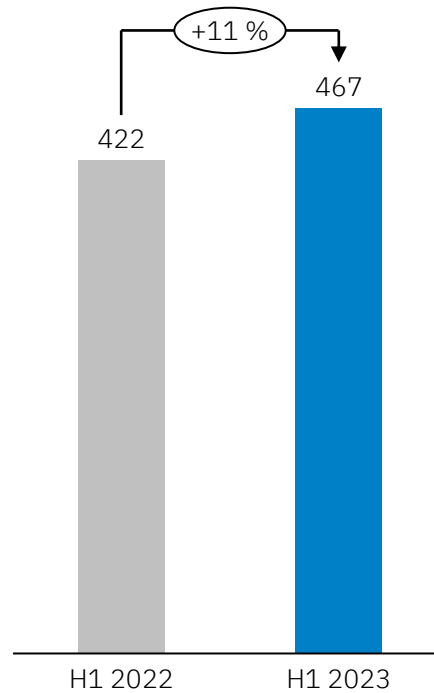


Driven by strong market demand, order intake and backlog remain on record level

Order intake
in €m



Order backlog
in €m



+26 %

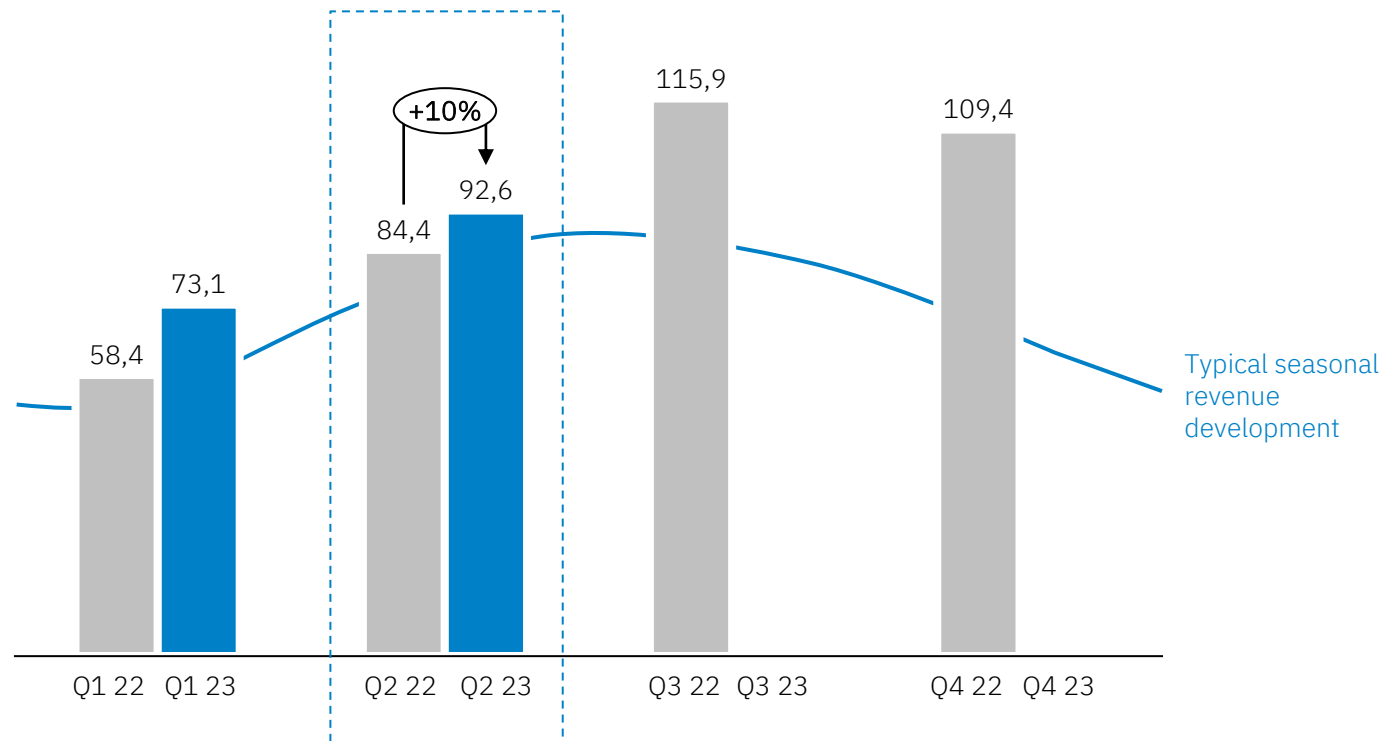
Order intake
year-on-year

467 €m

Order backlog

The strong growth trajectory was continued in the second quarter

Revenue
in €m

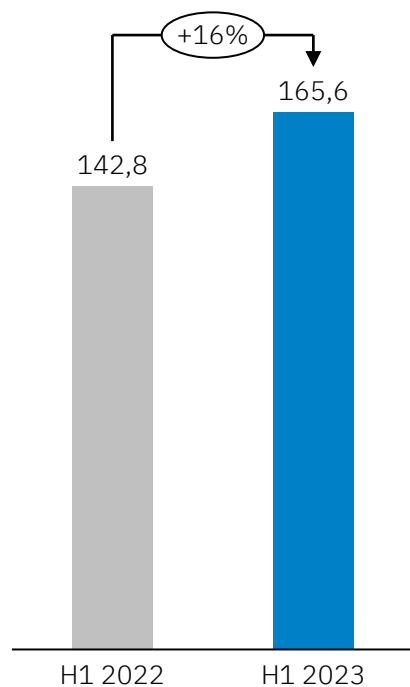


+10 %

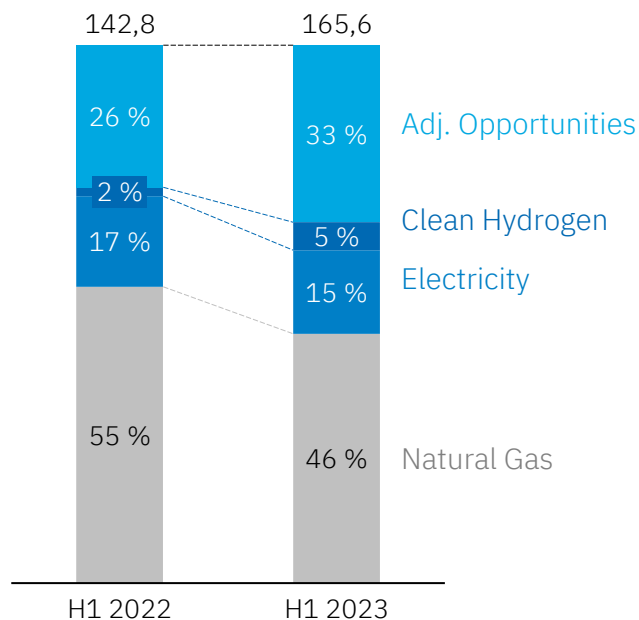
Revenue growth in
Q2 year-on-year

In total, revenues in H1 increased by 16 % compared to the previous year

Revenue
in €m



Revenue by segment
in %



+16 %

Revenue growth in
H1 year-on-year

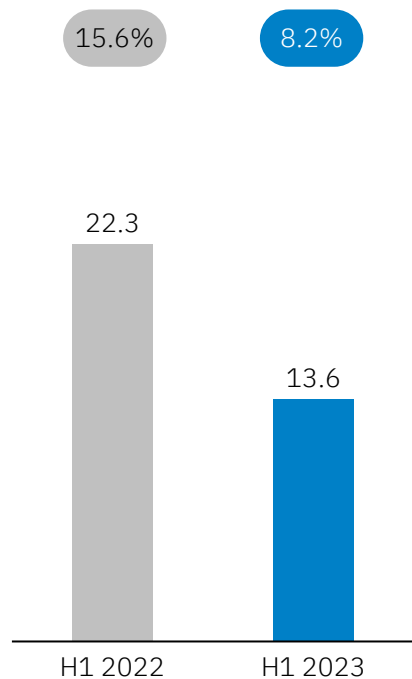
~1.9

Book-to-bill ratio
in H1 2023

However, profitability lies significantly below the previous year's levels

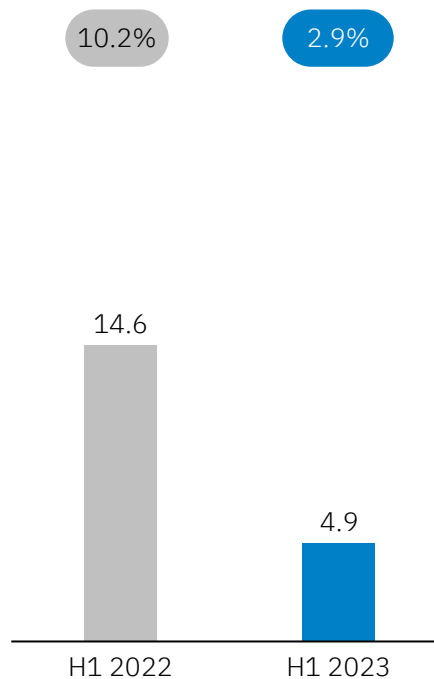
EBITDA

in €m, blue bubbles show EBITDA margin



EBIT (adj.)

in €m, blue bubbles show EBIT margin



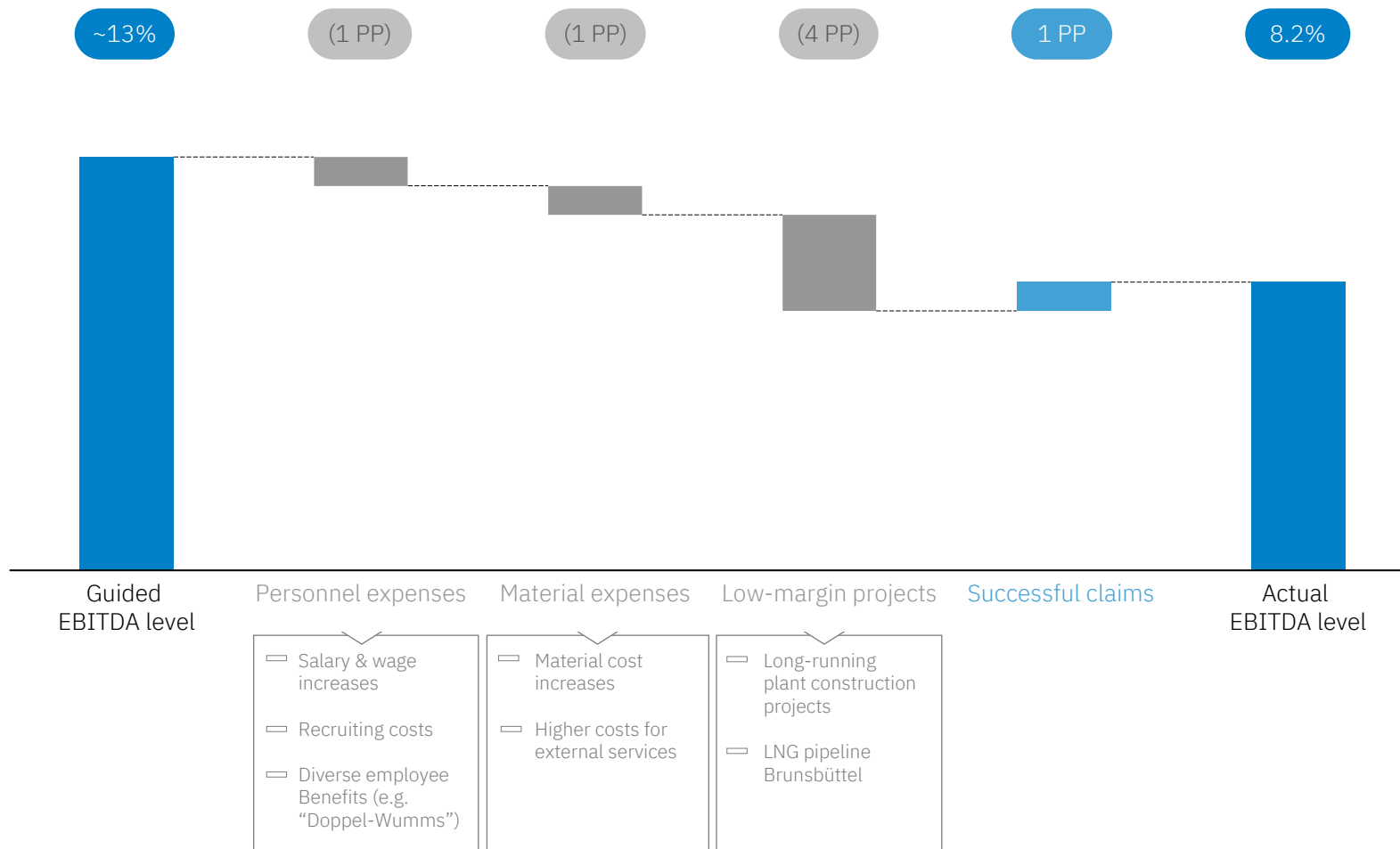
8.2 %
EBITDA margin

2.9 %
EBIT margin

Profitability is impacted by rising material and personnel costs as well as single low-margin projects

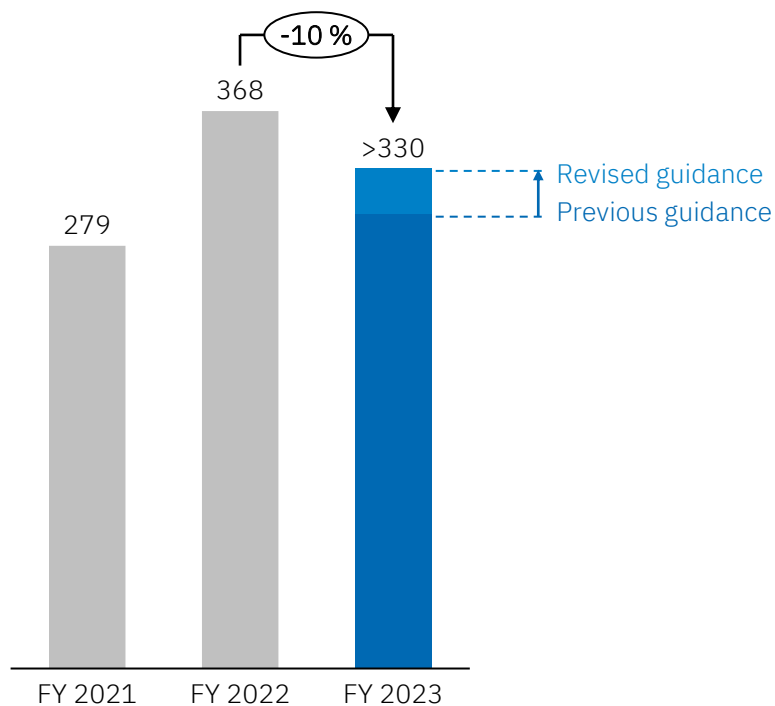
Profitability impacts H1 2023 vs. guidance

in PP, as at 30.06.2023



Based on H1 results and due to project delays we revised our revenue and profitability guidance

Revenue guidance



Profitability guidance



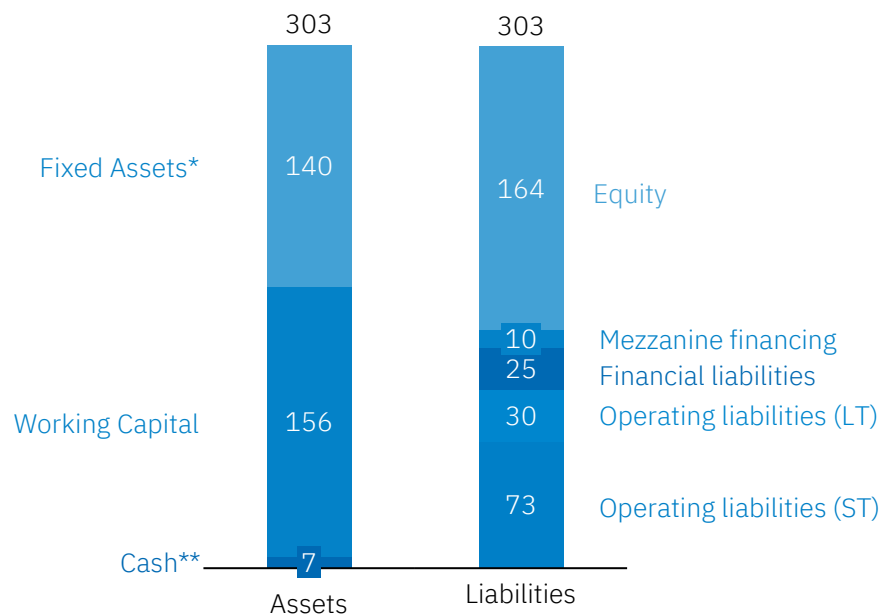
EBITDA margin: **8-11 %**
(Previously: ~13 %)



EBIT margin **below 2022 level**

VORWERK continues to have a strong balance sheet as basis for further growth

Balance Sheet
in €m, as at 30.06.2023



54.3 %
Equity ratio

* W/o Cash Positions
** Incl. securities

Business update



VORWERK again secured major project orders across all segments

- ✓ DN600 FSRU connection pipeline in Stade
- ✓ Rehabilitation of FGL065 & FGL209 pipelines
- ✓ Multiple Gas Pressure Regulating and Metering Stations (PRMS)

+ many more



NATURAL GAS

- ✓ **A310 cable civil engineering, cable transfer station and tunnel system**
- ✓ 380kV Cable line Stade-Landesbergen
- ✓ **Phase 3 for A Nord HVDC project**


+ many more



ELECTRICITY

- ✓ 1 MW electrolyser system with ancillary storage facilities and electronic control technology
- ✓ Engineering contract for electrolyser and hydrogen filling station


+ Ongoing tender processes for several 1-3 MW electrolysis systems



CLEAN HYDROGEN

- ✓ **Multiple biogas feed-in plants**
- ✓ Multiple biogas processing plants
- ✓ CO₂ liquification plant

+ many more



ADJACENT OPPORTUNITIES

✓ Deep-dive on next pages

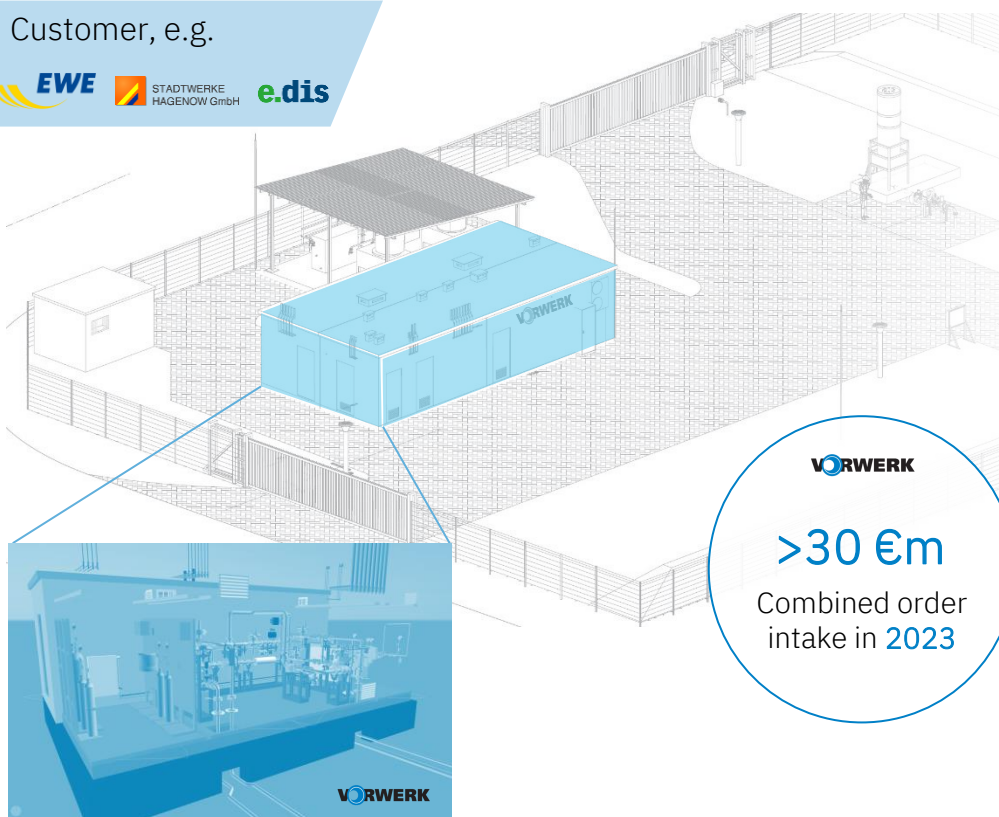


VORWERKs modular biogas processing and injection plants have already contributed more than €30m of order intake in 2023

VORWERK modular biogas injection plants

Description

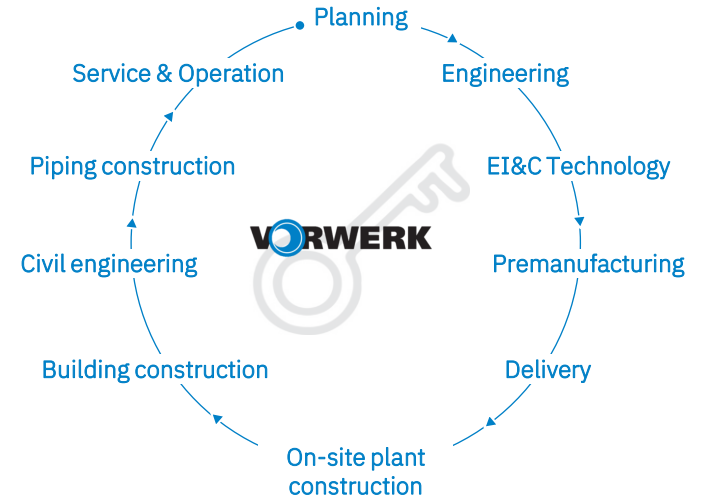
Customer, e.g.



Biogas injection plants are used to **measure, compress and inject upgraded biogas into the natural gas grid**



Vorwerk offers **complete turnkey service portfolio** from the first potential analyses to engineering, production, delivery, assembly and commissioning of the complete biogas feed-in plant on-site



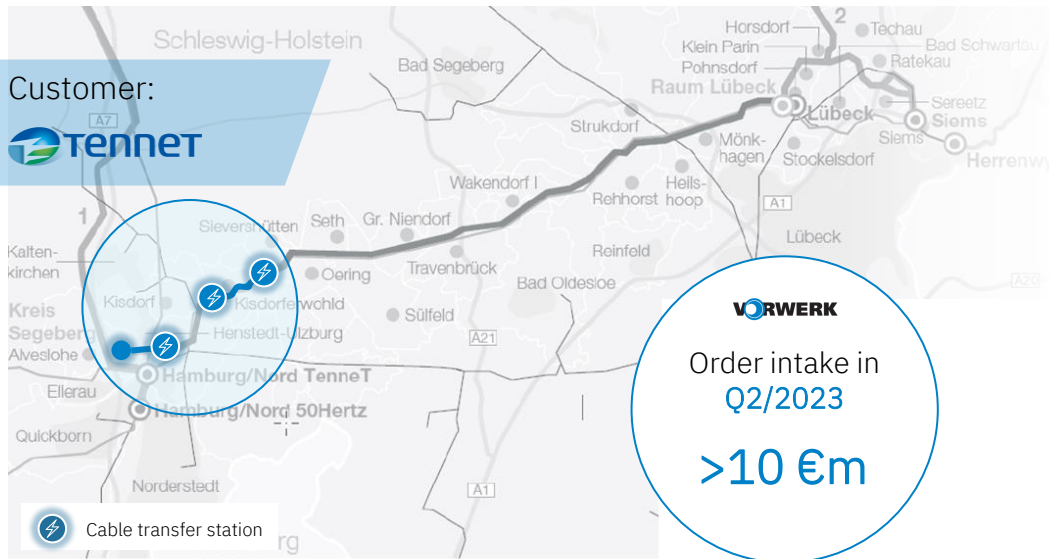
Typical **project size** ranges from **€3m to €5m** - average **project duration** is **~24 months**












At TenneT’s Ostküstenleitung, VORWERK is participating in one of the largest infrastructure projects in Northern Germany

Project description TenneT “Ostkuestenleitung”


Project details




Project scope comprises **several different services** that VORWERK realizes in joint ventures with qualified partners

-  Planning and realization of **civil engineering for underground cable line**
 - 
 - 
-  Realization of **three cable transfer stations**
 - 
-  Realization of **tunnel system**
 -  
 - 

 TenneT is commissioned to realize a **380 kV extra-high voltage line from Bad Segeberg to Ostholstein**

 The new cable line aims to **enhance transport capacity of wind energy** from the Baltic sea towards the south

 The project is classified as a **pilot project for underground cables** for extra-high voltage AC cable lines along parts of the overall cable route

Project involves multiple **horizontal directional drillings (HDD)** to enable crossing of obstacles

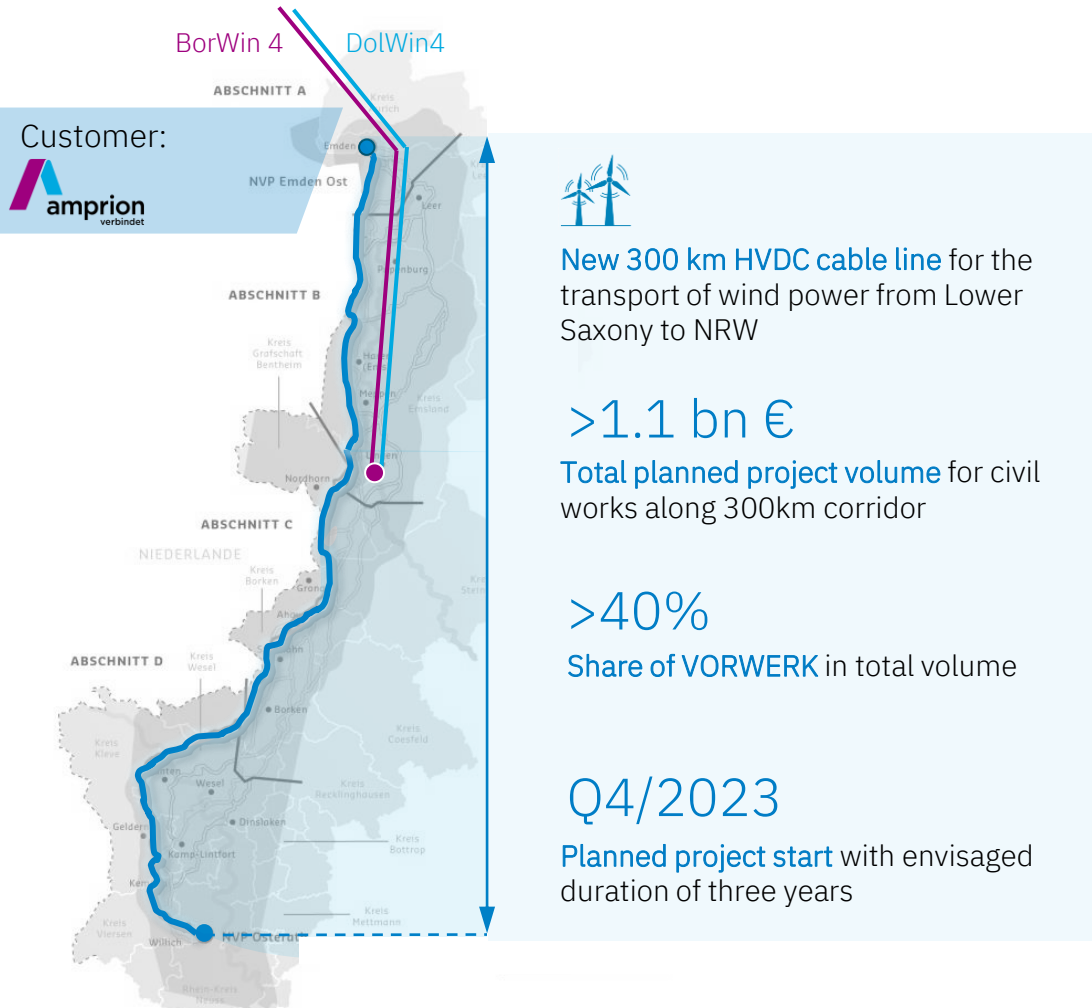
Total project volume of JVs > 50 €m

Start of operation of new cable line is planned in 2026



Phase 2 of the A-Nord tender process is expected to be concluded soon

Project description

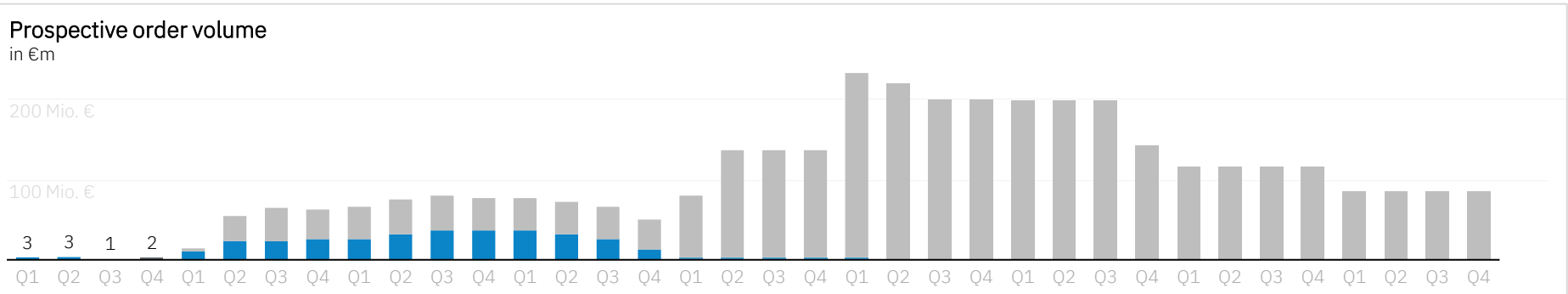
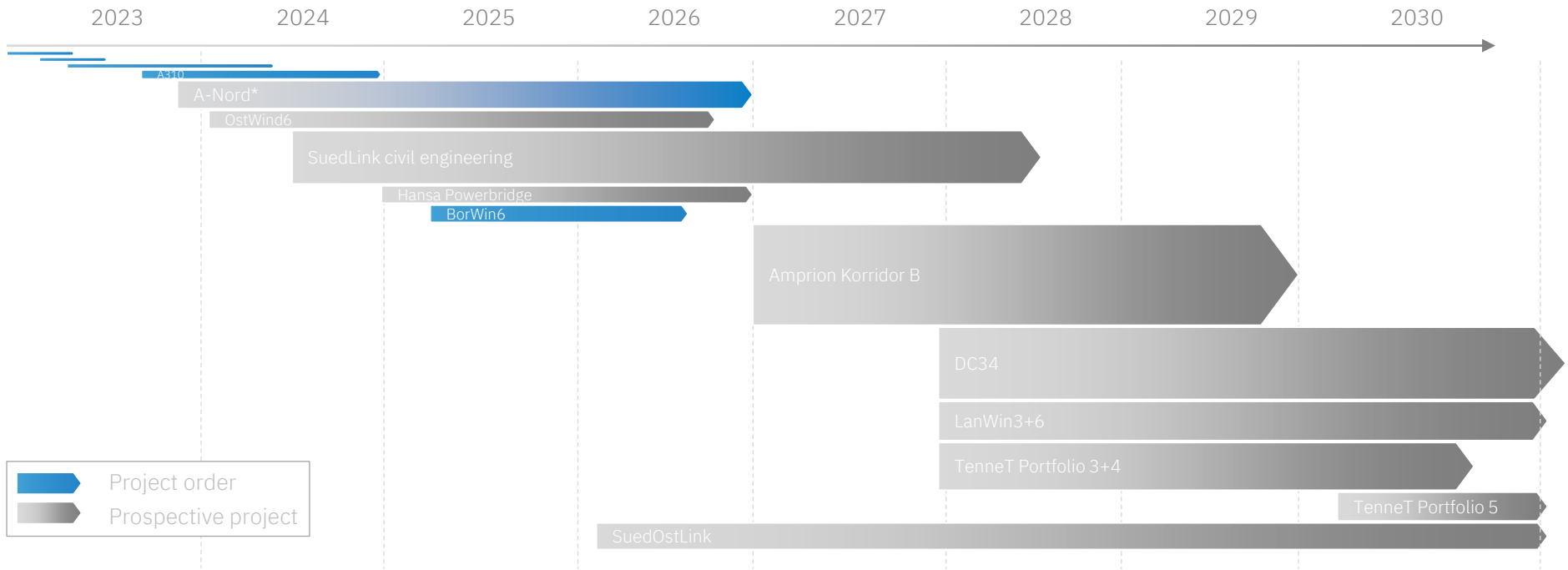


Tender process

Phase 1 	<ul style="list-style-type: none"> ✓ Definition of project scope and mode of cooperation ✓ Selection of contract parties for 2nd exclusive project phase ✓ Conclusion of IPA agreement
Phase 2 	<ul style="list-style-type: none"> ✓ Determination of reference construction scope and costs ✓ Final confirmation of contract parties for next phase 🕒 Final decision on start of next project phase (execution phase)
Phase 3 	<ul style="list-style-type: none"> 🕒 Realization of works based on agreed reference scope and costs 🕒 Acceptance of construction work 🕒 Corrective actions until end of warranty period



Due to massive electrification efforts, the German electricity infrastructure market is facing an unprecedented wave of investments



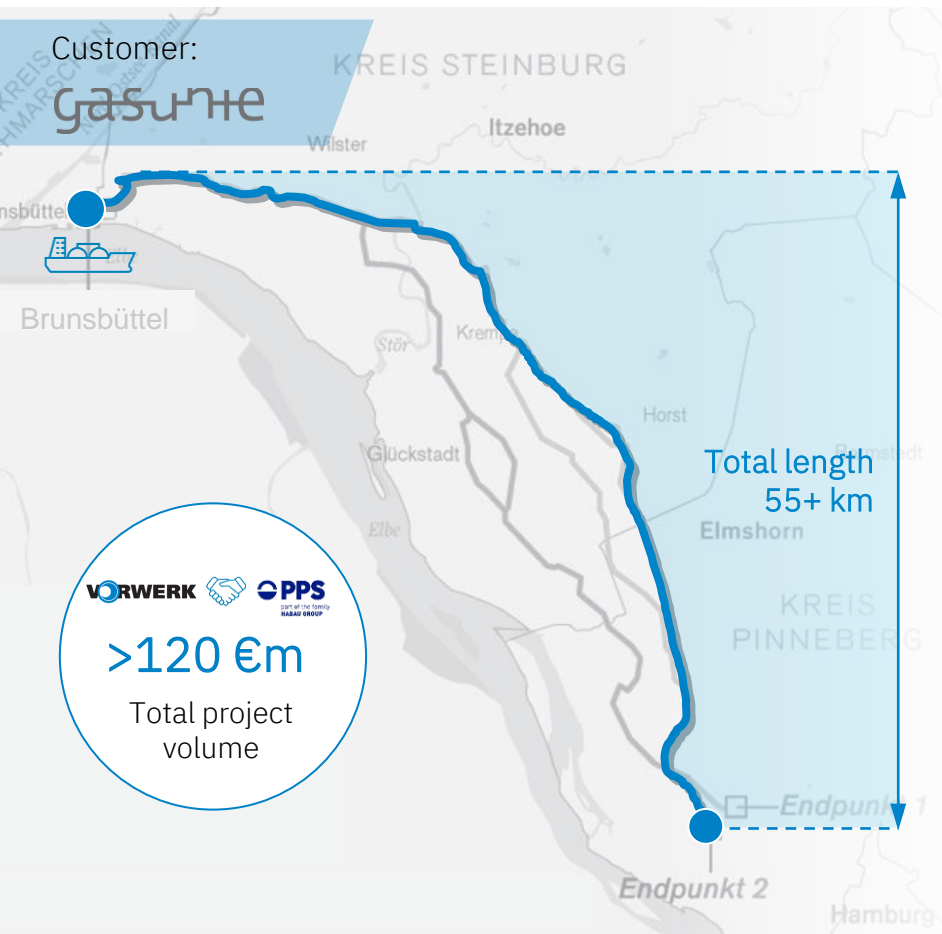
* Currently in contract negotiations, high likelihood of successful contract award



Due to delays and unforeseen changes in the project scope the LNG connection pipeline in Brunsbüttel is currently subject to contract negotiations

Brunsbüttel LNG connecting pipeline

Project update



Shortly after project start, **several unforeseen changes** hindered project execution according to plan



Project delays

due to missing permits and approvals, e.g. for heavy-load transports



Significant changes in project scope

e.g. due to unforeseen soil conditions



Extensions of project scope

due to short-term add-on orders in connection with changed soil conditions



Despite high political importance, **negotiations with customer regarding compensation of project changes and accelerated project execution is ongoing**

VORWERK is continuously improving its positioning as attractive employer to secure personnel capacities for the substantial growth opportunities ahead



New Employer Branding

Roll-out of new employer branding to improve effectiveness of social media and website recruiting



New flexible working time models

Introduction of new flexible working time models (e.g., 4-day week) to reflect changed demands of younger generation



New employee benefits

Introduction of broad set of employee benefits to further improve positioning as attractive employer and strengthen loyalty



Higher compensation for away-from-home work

Doubling of allowance for away-from-home work, e.g. on large pipeline projects

Questions & Answers



Tim Hameister
CFO



Günter Albers
MD Bohlen & Doyen

Financial Calendar 2023

30 January	Preliminary Figures 2022 Earnings Call
09 February	Hamburger Investorentage (HIT)
13 February	Alster Roundtable
15-16 March	Berenberg EU Opportunities Conference
28 March	Jefferies Pan-European Conference
30 March	Publication of Annual Report 2022
15 May	Publication Quarterly Results Q1.2023 Earnings Call
23 May	Berenberg Conference USA
01 June	General Annual Meeting 2023
15 August	Publication Half-year Results 2023 Earnings Call
20 September	Berenberg & Goldman Sachs 12th German Corporate Conference
14 November	Publication Quarterly Results Q3.2023 Earnings Call
27-29 November	Deutsches Eigenkapitalforum 2023
05 December	Berenberg European Conference 2023 Pennyhill
31 December	End of financial year 2023

Disclaimer

By accessing this document, you agree to abide by the limitations set out hereafter. The information contained in this document relating to Friedrich Vorwerk Group SE ("Friedrich Vorwerk" or the "Company") may not be redistributed, reproduced, published, or passed on to any other person and must not be relied upon for any purpose as it is given without any guarantee .

This document is being presented solely for informational purposes and should not be treated as giving investment advice. It is not and is not intended to be a prospectus. It is not and should not be construed as an offer to sell or the solicitation of an offer to buy any securities and should not be used as the basis of an evaluation of the Company and investors should not subscribe for or purchase any shares or other securities in the Company on the basis of or in reliance on the information in this document.

If the information in this document expresses forecasts, estimates, opinions or expectations, or forward-looking statements are made, these statements can be related to known and unknown risks and uncertainties. Therefore, the actual results and developments can differ greatly from the expectations and assumptions expressed here. No one undertakes to publicly update or revise any such forward-looking statement in light of developments which differ from those anticipated.

As far as information is contained in this document that is based on statements by third parties, we advise you that no representation or warranty, express or implied, is made as to and no reliance should be placed on the fairness, accuracy, completeness or correctness of this information or any other information or opinions contained herein for any purpose whatsoever.

Neither the Company nor any of their respective officers, employees or affiliates nor any other person shall assume or accept any responsibility, obligation or liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or the statements contained herein. In providing this document, neither Friedrich Vorwerk nor its respective agents undertake any obligation to provide the recipient with access to any additional information or to update this document or any information or to correct any inaccuracies in any such information.

As far as measures are being used in this document which are not measurements of financial performance defined under IFRS, these should neither be viewed in isolation nor considered as an alternative of the Company's financial position, results of operations or liquidity as presented in accordance with IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial measures may calculate them differently.

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided. Percentages may not precisely reflect the absolute figures and percentages may not precisely add up to 100%.

In case of any questions in relation to this document, please contact:

Friedrich Vorwerk Group SE
Niedersachsenstraße 19-21
D-21255 Tostedt
web: www.friedrich-vorwerk.de
Tel: +49-4182-29470
Fax: +49-4182-6155
E-mail: tostedt@friedrich-vorwerk.de

Driving the Clean Energy Transition.

