

Q3 Earnings Call

14 November 2023



Driving the clean energy transition.

Key messages & figures

Key messages



Especially **project A-Nord with order volume of €600 million** leads to exponential development of order intake



Very high demand continues to fuel **strong order intake development** and leads to **record-level backlog > 1 bn €**



Continued revenue growth in the first nine months – Q4 expected to remain somewhat weaker in terms of revenue compared to very high levels in previous year



Extraordinary project-related one-off effects combined with still ongoing claims negotiations for LNG pipeline project in Brunsbüttel **temporarily dampen profitability outlook for 2023**

Key figures

+ **217** %
Order intake
9M 23 vs. 9M 22

> **€ 1bn**
Order backlog
as of 30.09.2023

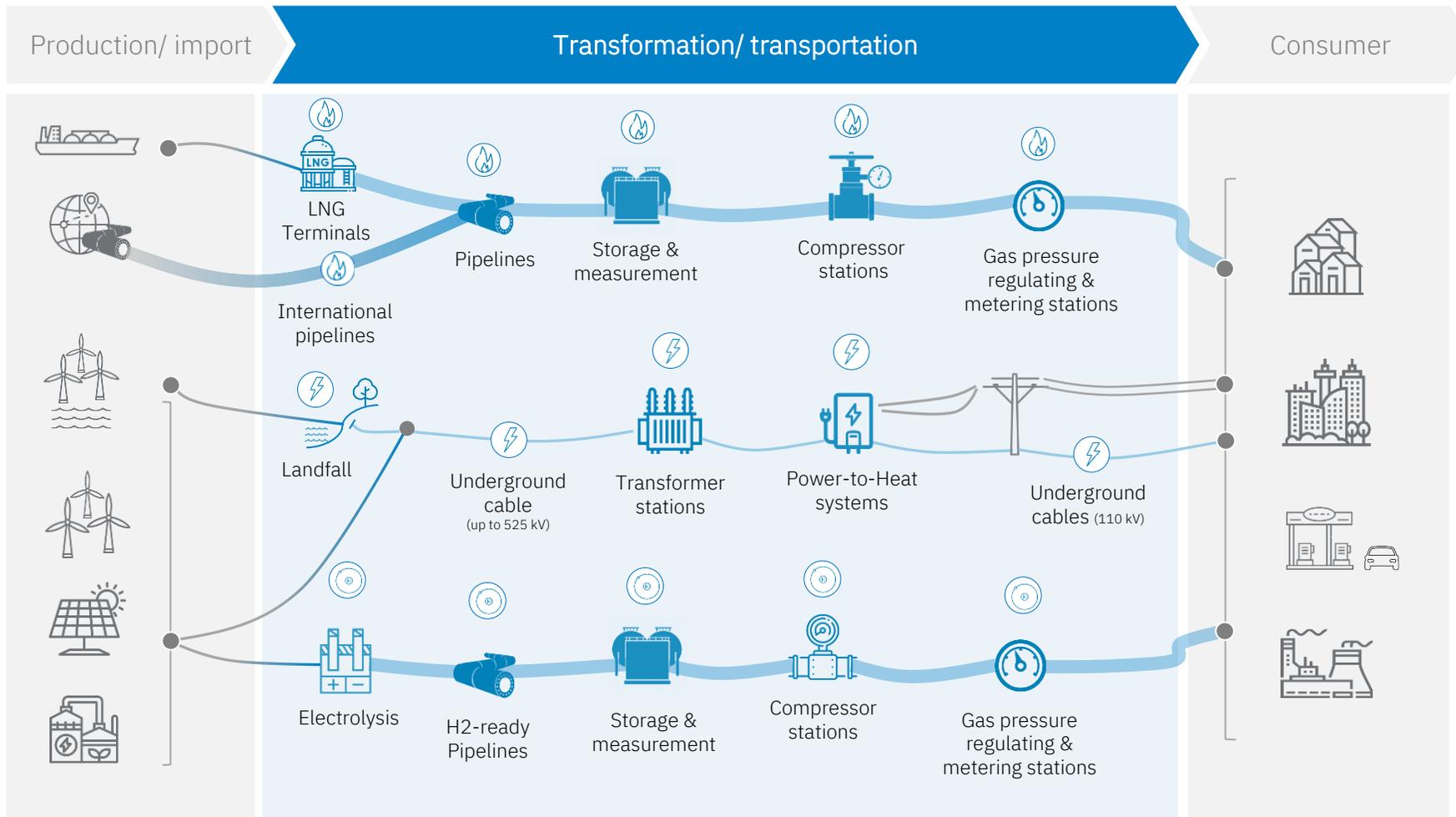
+ **6.3** %
Revenue
9M 23 vs. 9M 22

7.4 %
EBITDA margin
9M 23

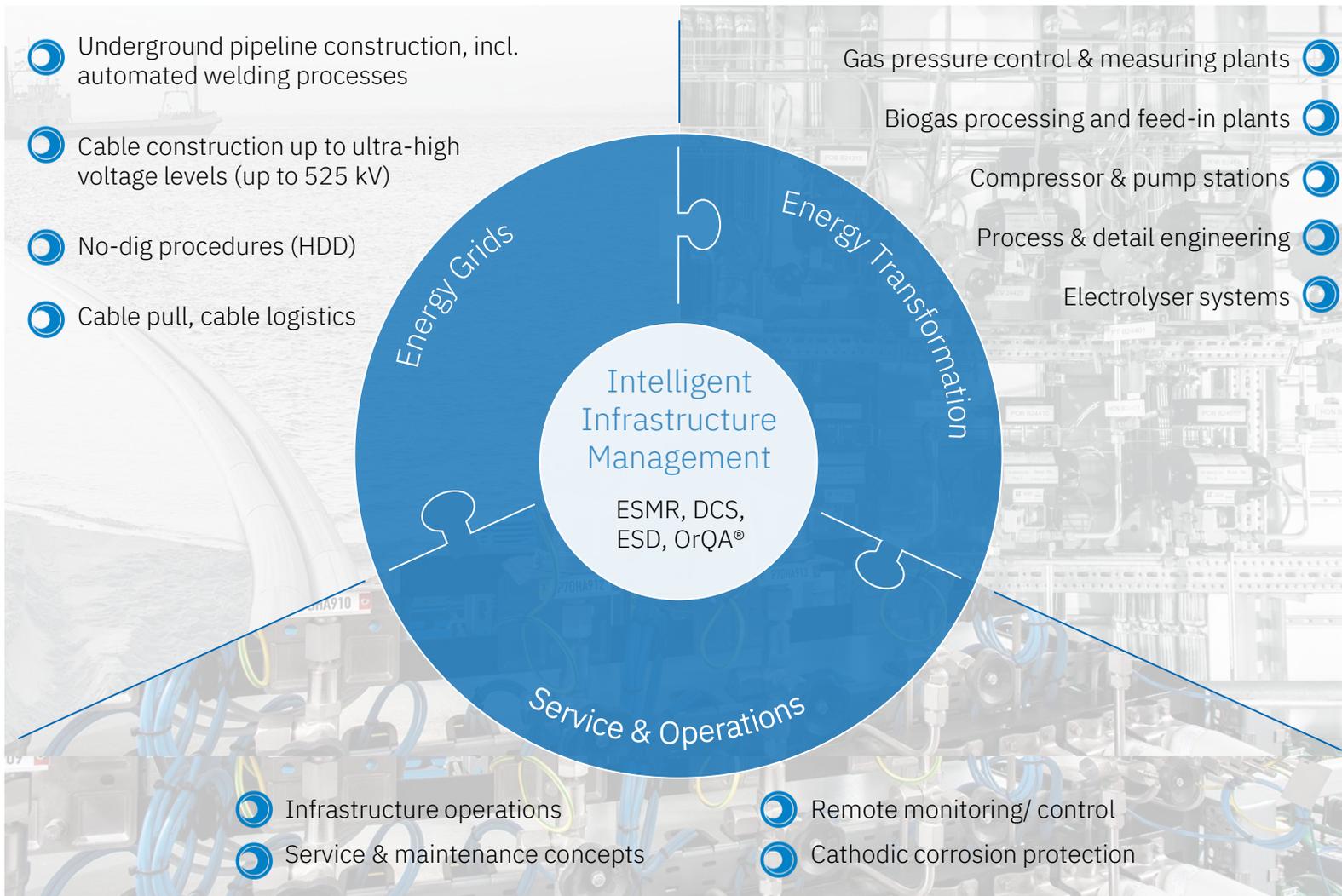
Introduction



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

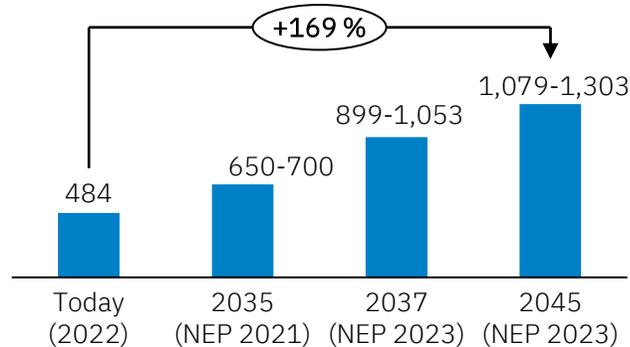


VORWERK's fully integrated service offering enables critical energy infrastructure

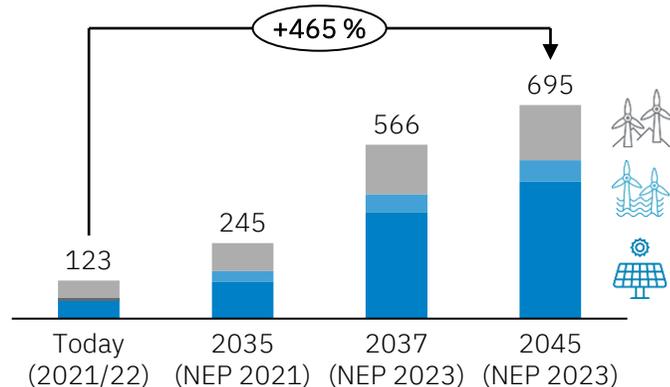


The draft grid development plan electricity foresees additional investments of 240 bn € by 2045

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

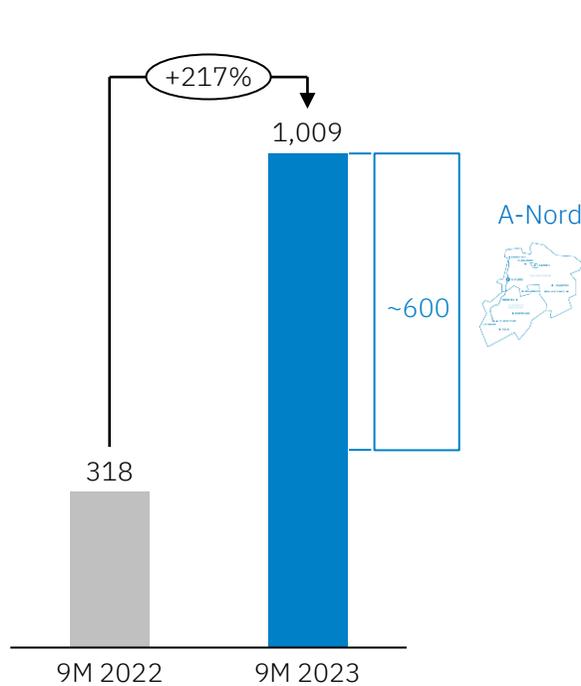
Financial performance



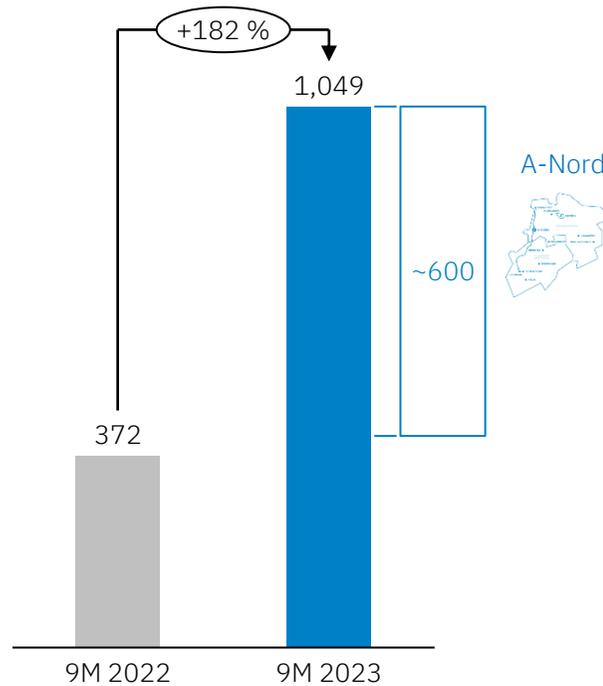
Driven by A-Nord, order intake in the first 9 months more than tripled compared to last year



Order intake
in €m



Order backlog
in €m

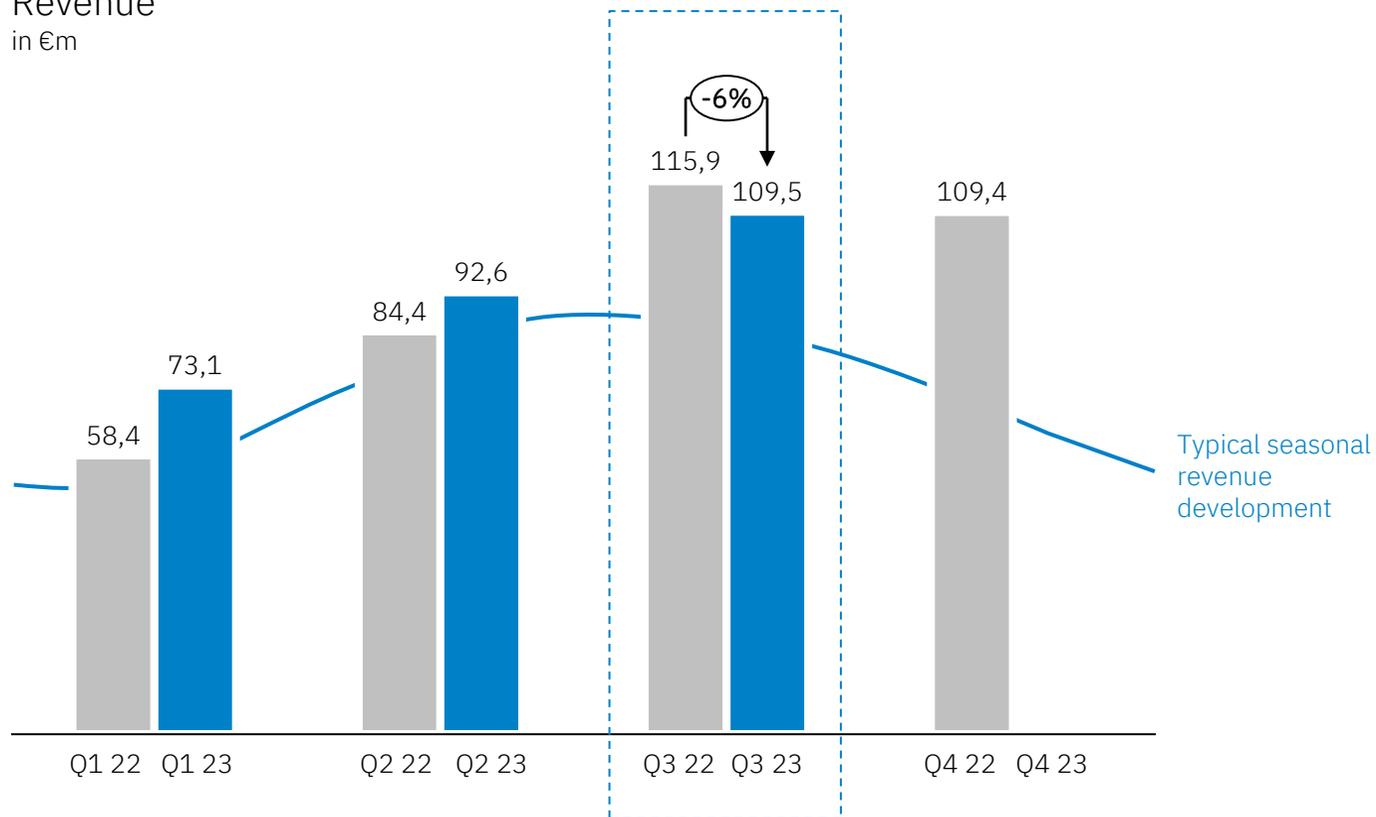


+ 217 %
Order intake
y-o-y in first 9M 2023

> 1 €bn
Order backlog
as at 30.09.2023

As expected, Q3 revenues came out slightly below the very strong previous year's level

Revenue
in €m

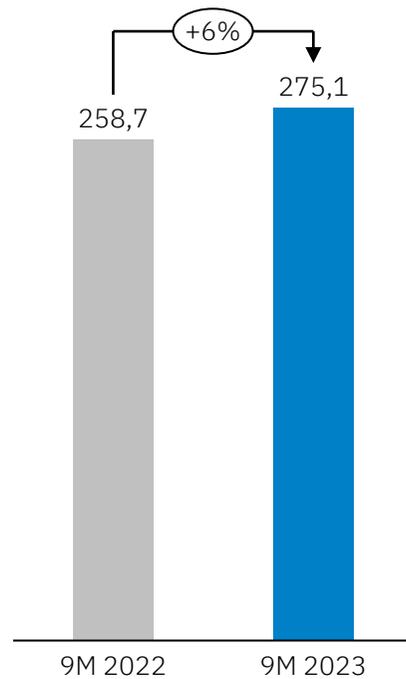


-5.5 %

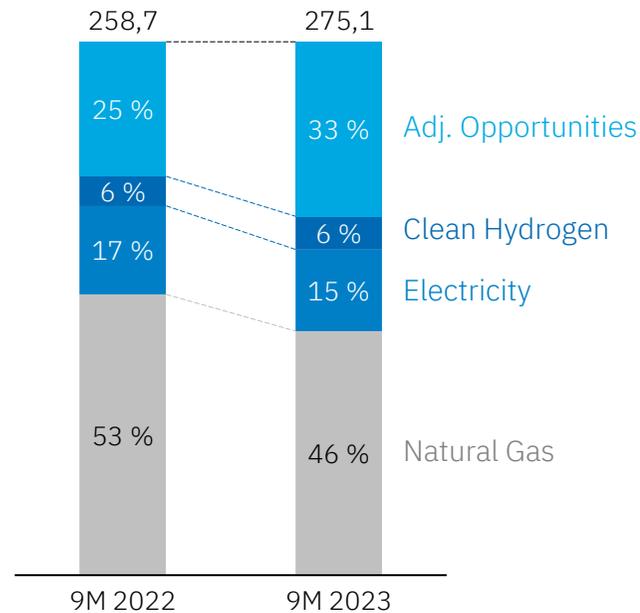
Revenue
development
y-o-y in Q3 2023

In total, revenues in the first 9 months increased by 6 % compared to the previous year

Revenue
in €m



Revenue by segment
in %



+6.3 %

Revenue growth
y-o-y in first 9M 2023

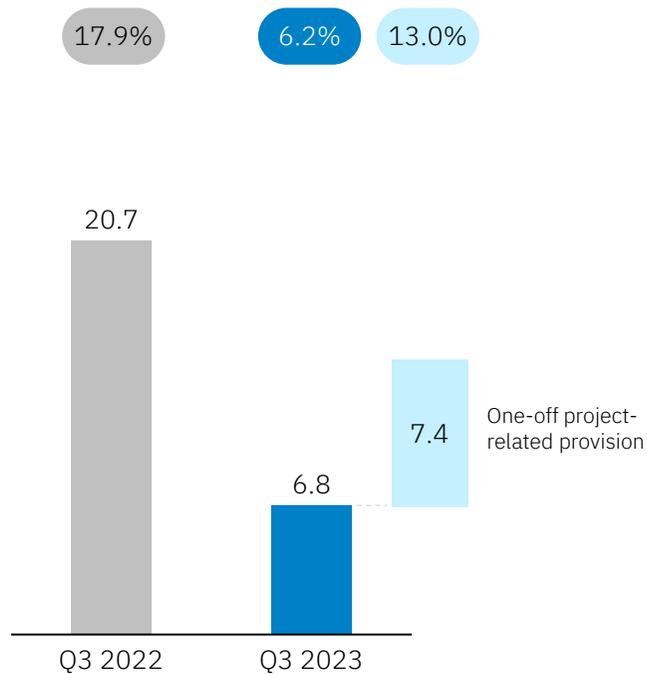
~3.7

Book-to-bill ratio
in first 9M 2023

However, Q3 profitability lies significantly below the strong previous year's levels

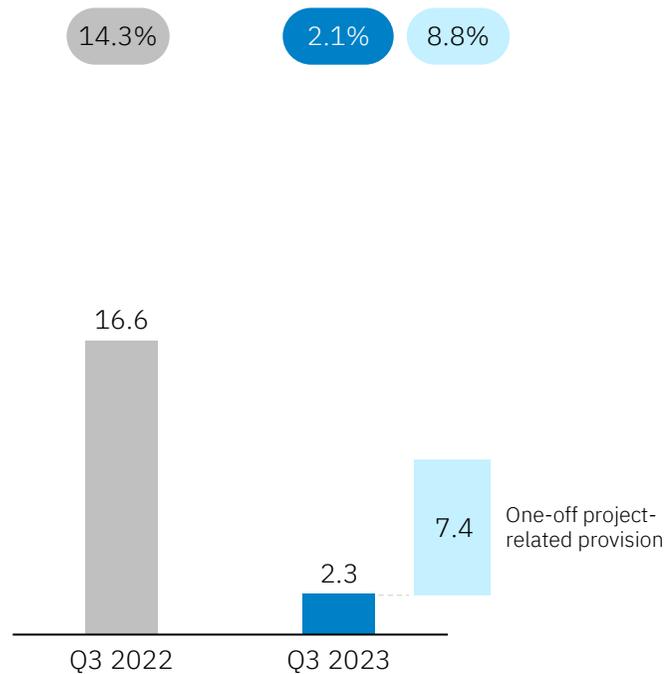
EBITDA

in €m, blue bubbles show EBITDA margin



EBIT (adj.)

in €m, blue bubbles show EBIT margin



6.2 %
EBITDA margin
in Q3 2023

2.1 %
EBIT margin
in Q3 2023

Profitability in Q3 was impacted heavily by an extraordinary project-related one-off effect

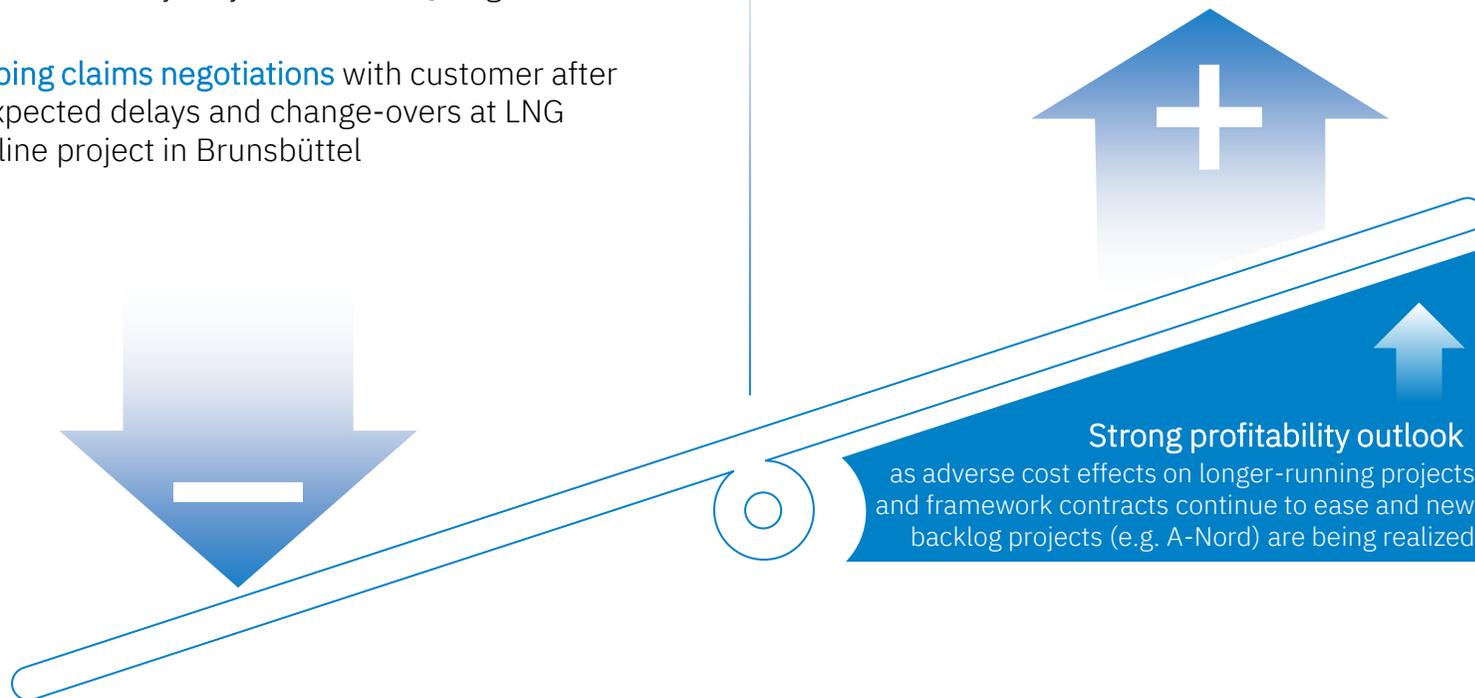
Sustained material and personnel price increases weighing down on longer-running projects and framework agreements

Extraordinary project-related one-off effects concerning a large plant construction project – provision already fully reflected in Q3 figures

Ongoing claims negotiations with customer after unexpected delays and change-overs at LNG pipeline project in Brunsbüttel

Recently acquired Puhlmann Group makes clearly positive EBITDA contribution as restructuring process takes effect

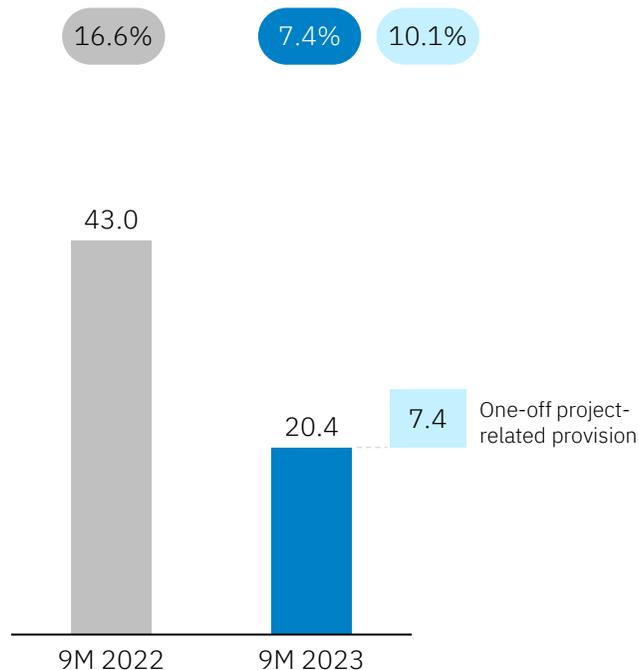
Successful claims negotiations as a result of change-overs on projects or pass-on of inflation effects



Due to these effects, year-to-date profitability remains below the previous year's level

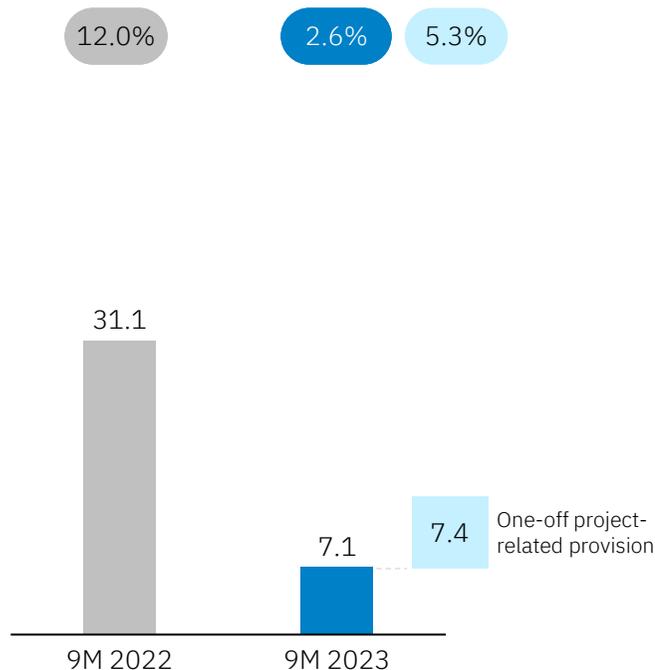
EBITDA

in €m, blue bubbles show EBITDA margin



EBIT (adj.)

in €m, blue bubbles show EBIT margin



7.4 %

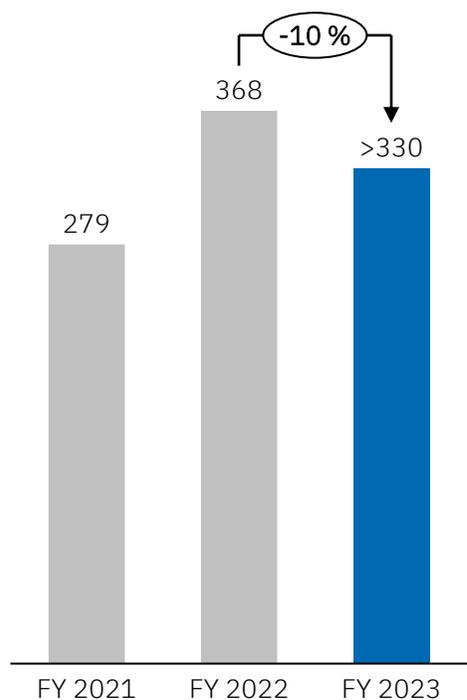
EBITDA margin
in first 9M 2023

2.6 %

EBIT margin
in first 9M 2023

Based on a positive outlook for Q4, we confirm our revised guidance for 2023

Revenue guidance



Profitability guidance



EBITDA margin: 8-11 %



EBIT margin below 2022 level

Business update



VORWERK again secured major project orders across all segments

- ✓ DN600 FSRU connection pipeline Stade
- ✓ DN400 pipeline Dradenau
- ✓ Rehabilitation of various pipelines (e.g. FGL065, FGL209 and FGL211)

NATURAL GAS

- ✓ Phase 3 for A Nord HVDC project
- ✓ Transformer station Liedingen
- ✓ 380kV cable line Stade-Landesbergen

ELECTRICITY

- ✓ Get H2 Nukleus in Lingen
- ✓ 1 MW electrolyser system with ancillary storage facilities
- ✓ H2 pipeline Werne

CLEAN HYDROGEN

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

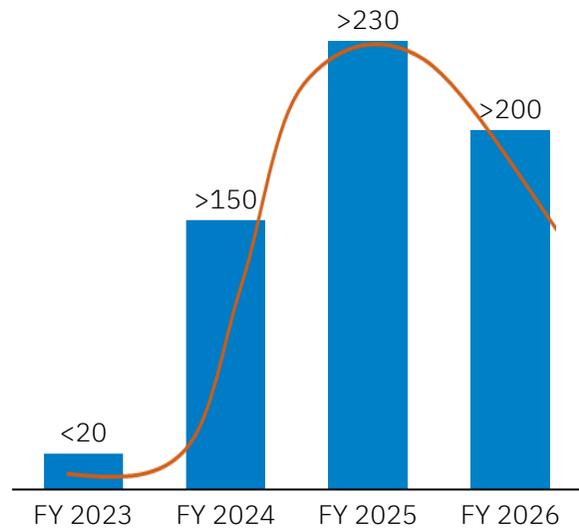
ADJACENT OPPORTUNITIES

✓ Deep-dive on next pages

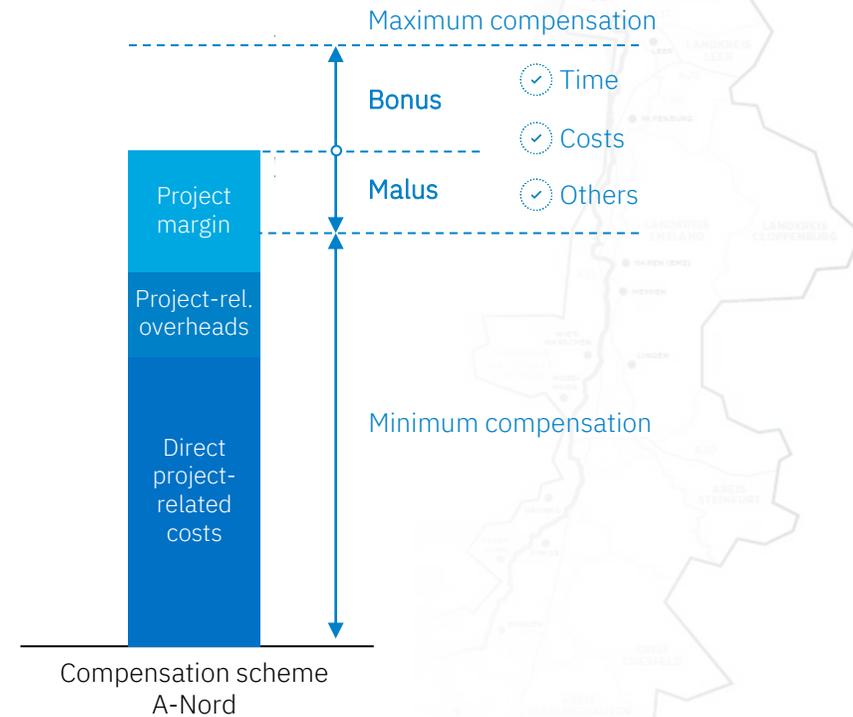


We expect the largest revenue contributions in the financial years 2025 and 2026

Estimated revenue distribution
in €m, estimation

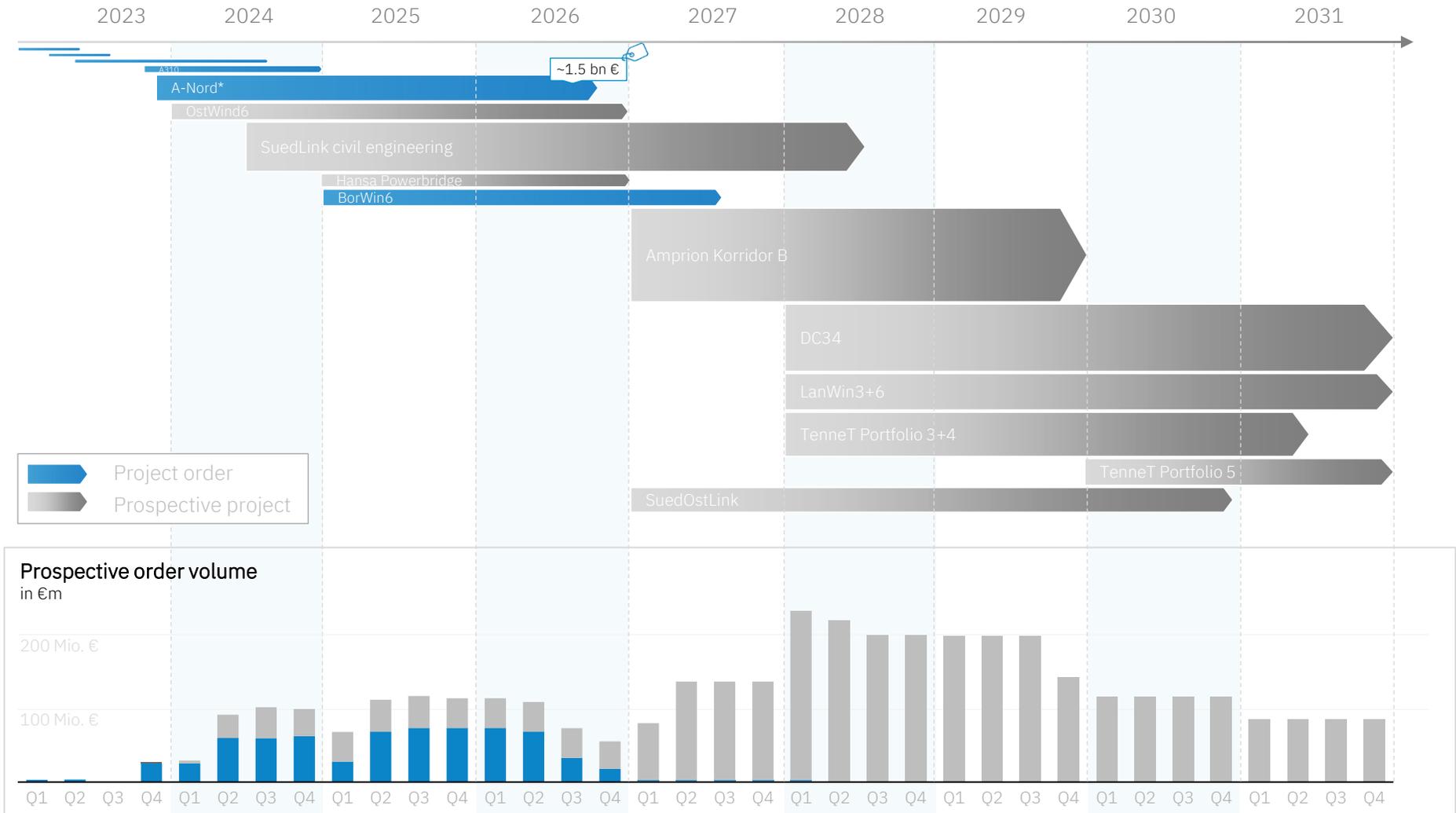


A-Nord compensation scheme
Schematic representation





Besides A-Nord, there are numerous even larger electricity projects coming up



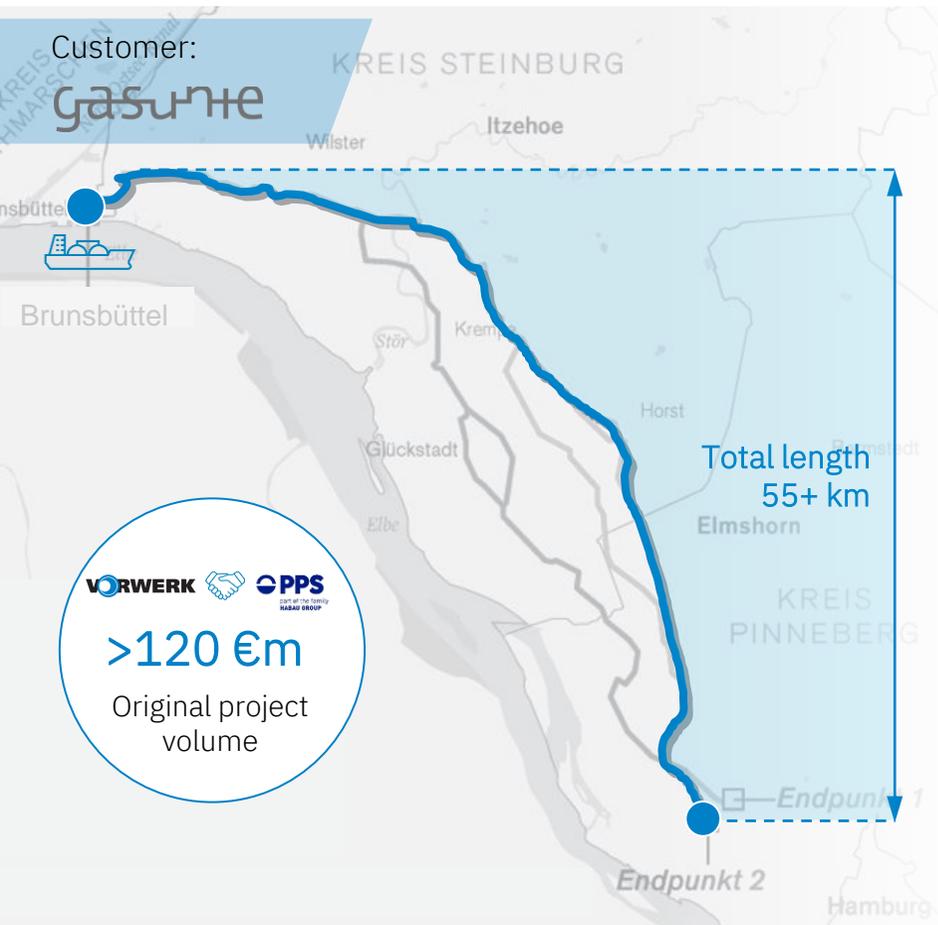
* Currently in contract negotiations, high likelihood of successful contract award



Despite considerable progress in the negotiations on contract claims in the LNG pipeline project in Brunsbüttel, numerous positions remain the subject of 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 considerable progress in the negotiations on contract claims in the LNG pipeline project in Brunsbüttel, **numerous positions remain the subject of contract negotiations**



In Lingen, VORWERK again participates in one of the most ambitious hydrogen projects in Germany

Project Get H2 Nukleus

Project description

Customer:

RWE



RWE recently ordered two 100 MW PEM electrolyzers from Linde – they are part of RWE’s **plan to build a total of 300 MW of electrolyser capacity in Lingen by 2026** as part of GET H2



VORWERK takes part in a joint venture with Ludwig Freytag and MBN to realize **required buildings, facilities and ancillary infrastructure** required for the commissioning of electrolyser system



VORWERK scope includes wide range pipeline works, e.g. for the cooling water, the waste process water or the deionized water supply, as well as the delivery and installation of the hydrogen transfer station



VORWERK project volume lies in **high single-digit million range** – project **completion is planned for 2024**



Questions & Answers



Torben Kleinfeldt
CEO



Tim Hameister
CFO

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
28 November	Deutsches Eigenkapitalforum 2023
05 December	Berenberg European Conference 2023 Pennyhill
31 December	End of financial year 2023

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