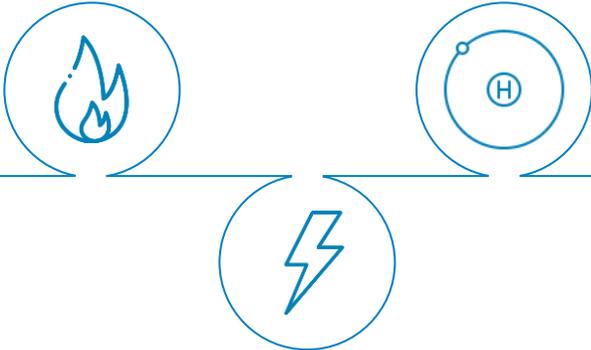




Q4 Update

- PRELIMINARY FIGURES -

January 31, 2023



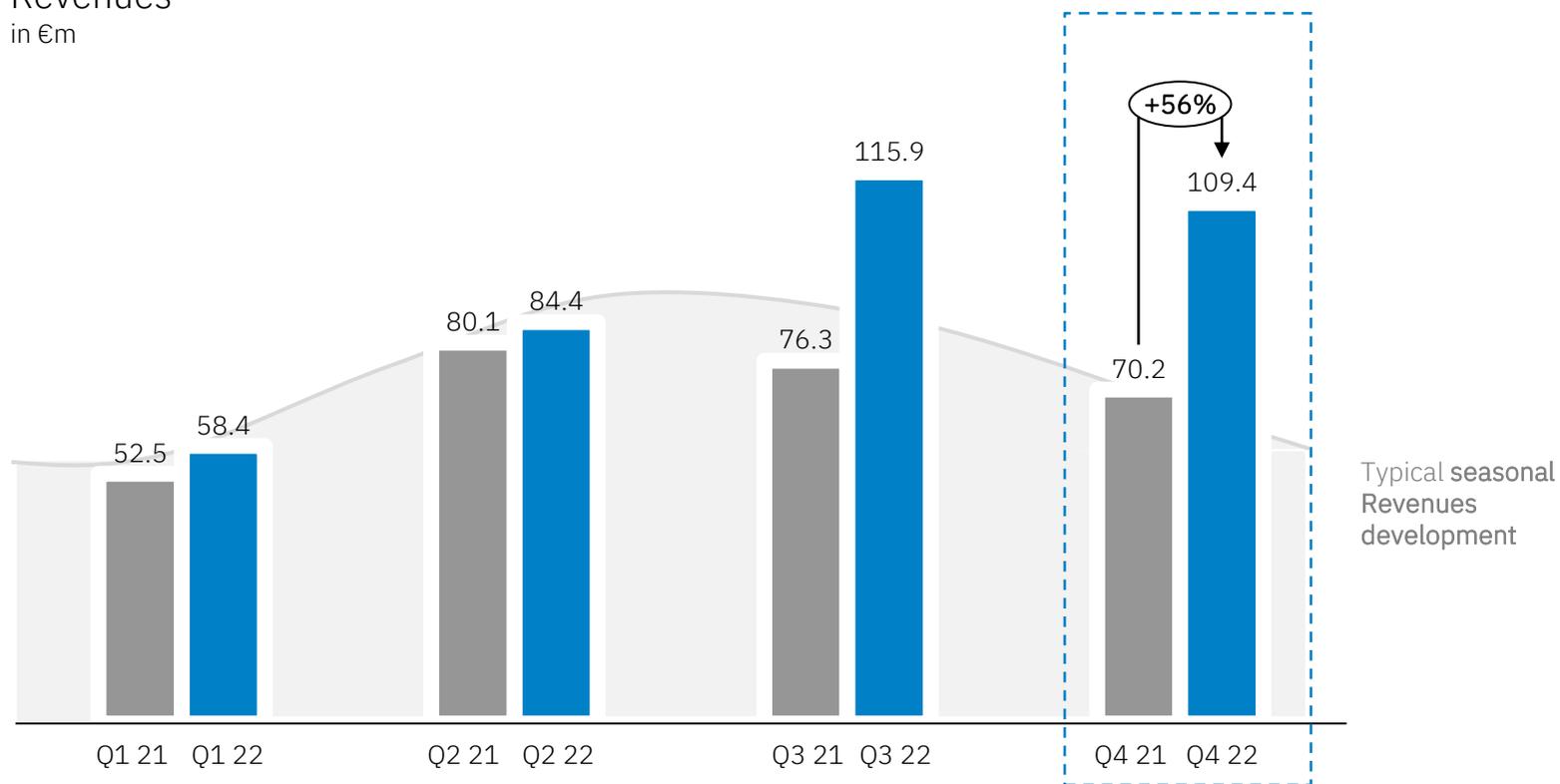
Agenda

Financials Q4 2022

Outlook 2023

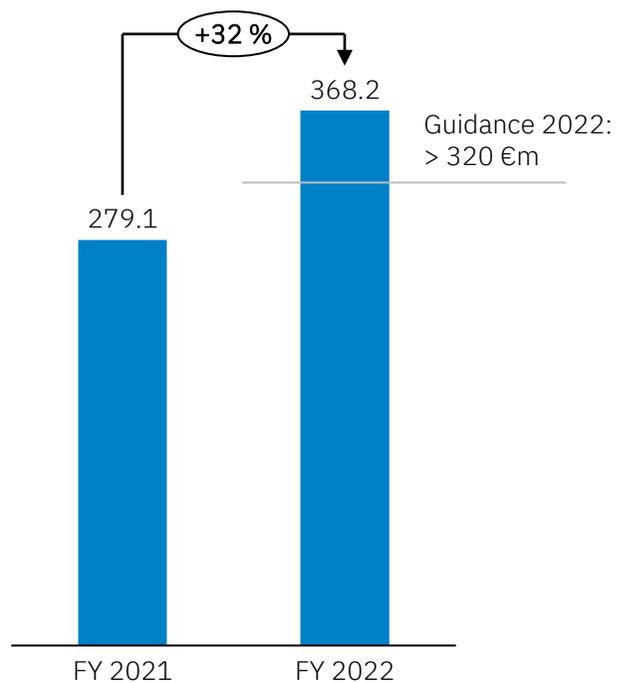
Q4 Revenues increased by 56% y-o-y, which is significantly above expectations

Revenues
in €m



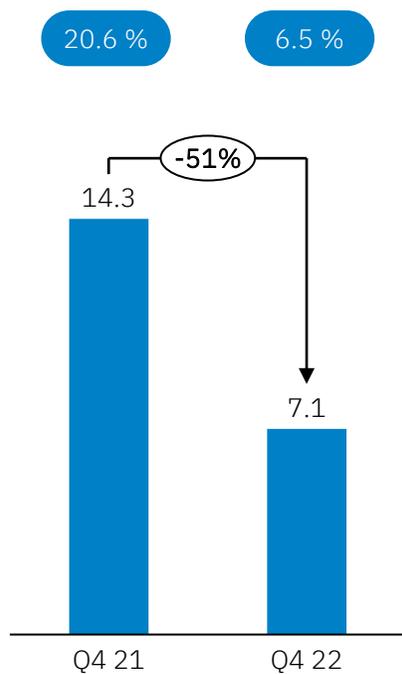
This leads to full year revenues of € 368 million – an increase of 32% y-o-y

Revenues
in €m

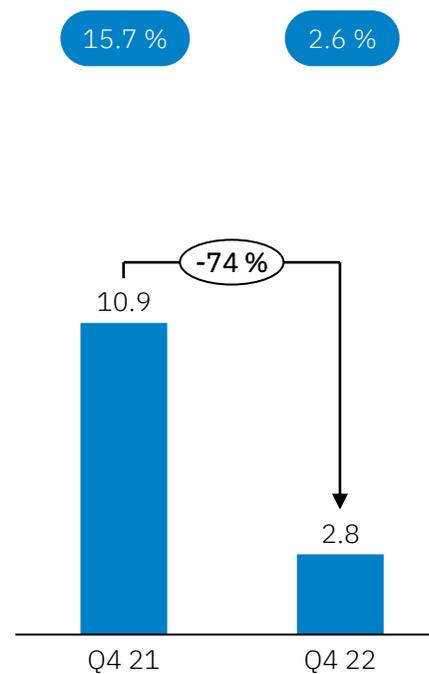


However, profitability in Q4 was significantly lower than expected

EBITDA
in €m

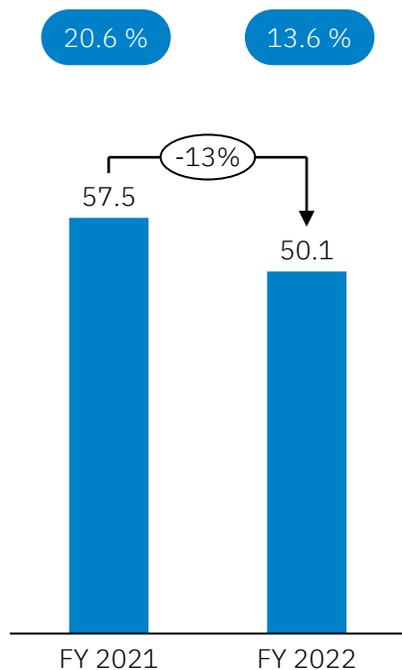


EBIT
in €m

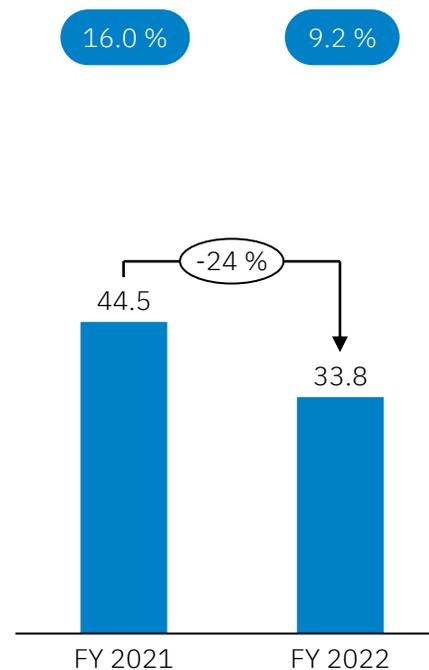


Leading to a significant shortfall of EBITDA and EBIT in the full year

EBITDA (adj.¹)
in €m



EBIT (adj.¹)
in €m



1) Adjustments primarily refer to IPO-related costs

The low profitability is rooted in the overstretched capacity and one-off effects



Short-notice order extensions and time pressure in critical gas projects

Several large projects, including the LNG connections, were extended in scope and were under immense time pressure at the end of 2022, while internal resources could not be expanded



Capacity gaps were filled with expensive third-party services

Costs for additional third-party services (e.g. welding) were especially expensive due to last minute procurement and overall capacity crunch in construction market



Several one-off effects in Q4 were not anticipated

One-off effects that occurred in the fourth quarter both on the project and on the company level (e.g. cyber attack) were not anticipated

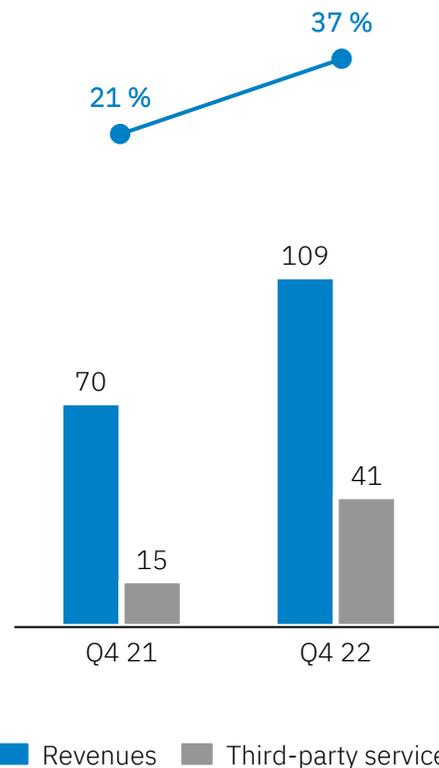


Temporary lack of visibility due to cyber attack

Despite the overall successful aversion, the cyber attack in November was underestimated in its effect on visibility and cost controlling

The share of third-party services rose to unsustainable levels at the end of 2022

Revenues and third-party services
in €m; line graph shows share of third-party services



Short-notice extensions of project scope and tight timelines

led to high reliance on third-party service providers to compensate for own personnel capacity bottlenecks



Significantly higher costs for third-party services

e.g. welding specialists, due to overall capacity crunch in construction market and procurement at short notice



Temporarily reduced visibility on cost effect

due to limited access to data and IT resources after cyberattack beginning in Mid-November

VORWERK was able to avert a targeted cyber attack in November

Background



Targeted cyber attack in mid-November

employing ransomware to encrypt VORWERK databases and files

Very early detection of conspicuous encryption activity

followed by immediate shut-down of all IT systems and devices across all VORWERK locations

Involvement of relevant authorities and IT security specialists

to ensure swift and effective reaction to threat

Systematic screening and restoration/ replacement of affected IT systems and infrastructure

to ensure reliable system environment and effective IT security system going forward

Direct costs



Continuation of business operations

despite some limitations due to limited data and tool access

No indication of data leakage or affection of any third-party system

thanks to quick counter-measures from all parties

Direct one-off costs (< 1 €m)

for IT security services and procurement of new IT hardware and software

Indirect costs



Higher indirect costs (>1 €m)

Through loss of productivity in many admin functions due to inability to use IT systems and tools for several weeks (e.g. calculation, controlling, purchasing, billing etc.)

Temporarily reduced visibility

Absence of IT tools temporarily reduced visibility on scope and cost of procured third-party services and made efficient coordination of subcontractors more difficult

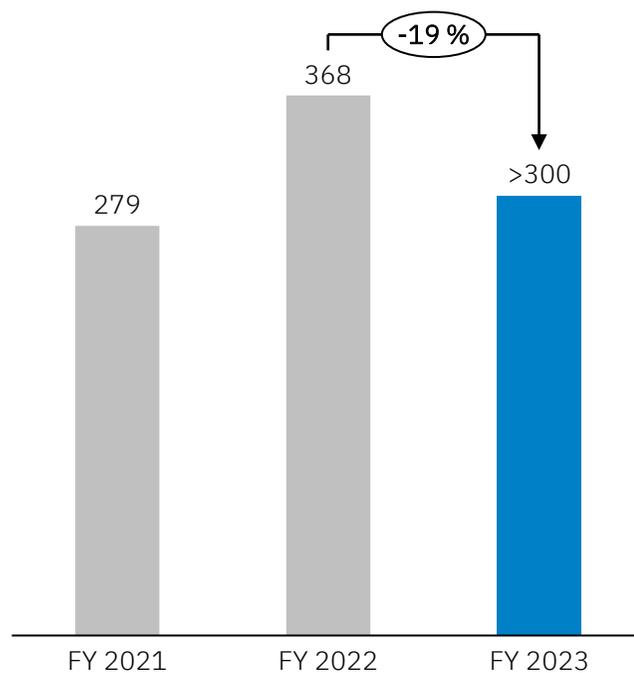
Agenda

Financials Q4 2022

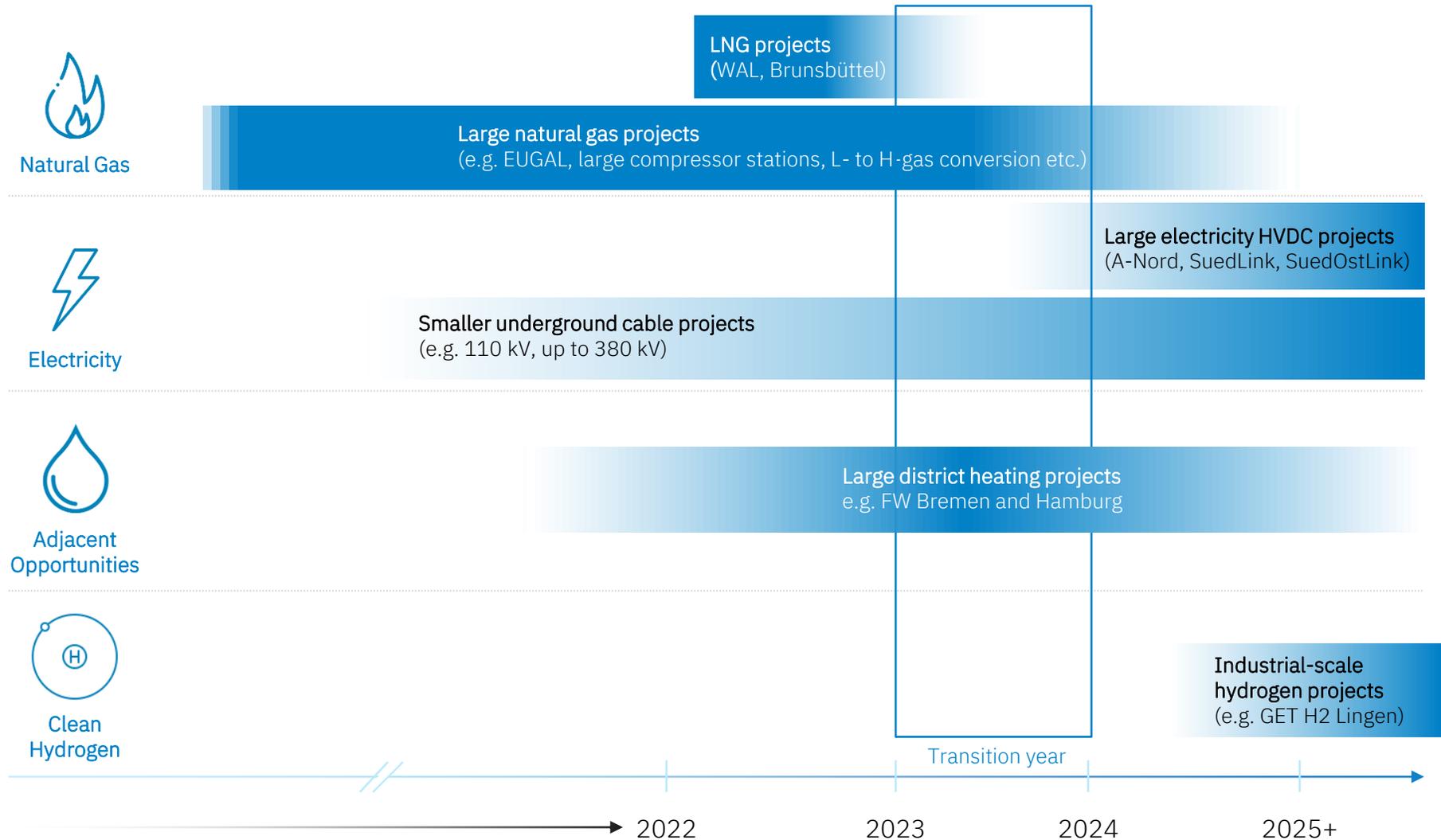
Outlook 2023

After substantial growth in the past years, we expect a transitional year 2023

Revenues
in €m

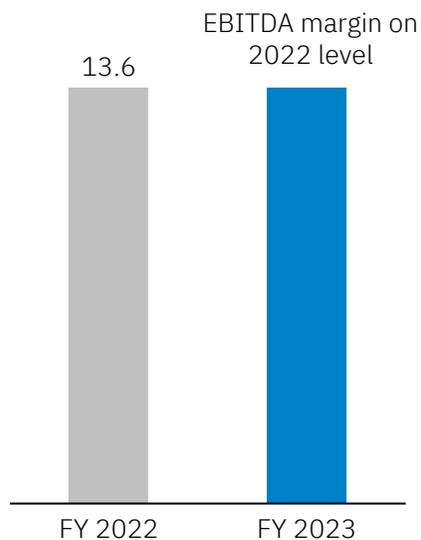


The large electricity HVDC projects are expected to start making substantial revenue contributions from 2024 onwards

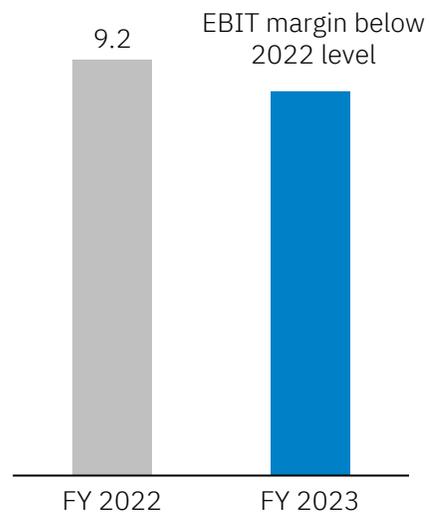


For the transitional year 2023, we expect the EBITDA margin to remain on 2022 level

EBITDA margin (adj.)
in %



EBIT margin (adj.)
in %



There are several reasons to expect a lower profitability level in 2023



Lower margin follow-up work from large projects

After strong Revenues growth at the end of 2022, some projects (e.g. WAL) will require some capacity for follow-up works which are typically lower margin



Preparation of organisational structures and personnel capacity for large electricity projects

After an unsustainable utilisation of the existing workforce, the organisation needs to strengthen organisational structures to support substantial growth from large electricity projects



Planning and Engineering for major projects in Electricity segment

Currently, substantial overhead capacity – esp. Planning and Engineering – involved in ongoing tender procedure for A-Nord project



Inflationary pressure in materials and personnel

Inflationary pressure in materials and personnel will continue to be felt across many projects



Continued dilutive margin effect from Gottfried Puhlmann Group

Despite recent improvements, Gottfried Puhlmann Group will continue to have a dilutive margin effect throughout 2023

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Driving the clean energy transition