

BUILDING AN ELECTRIFICATION POWERHOUSE

June 2021
Vitesco Technologies

Public

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VITESCO TECHNOLOGIES OVERVIEW

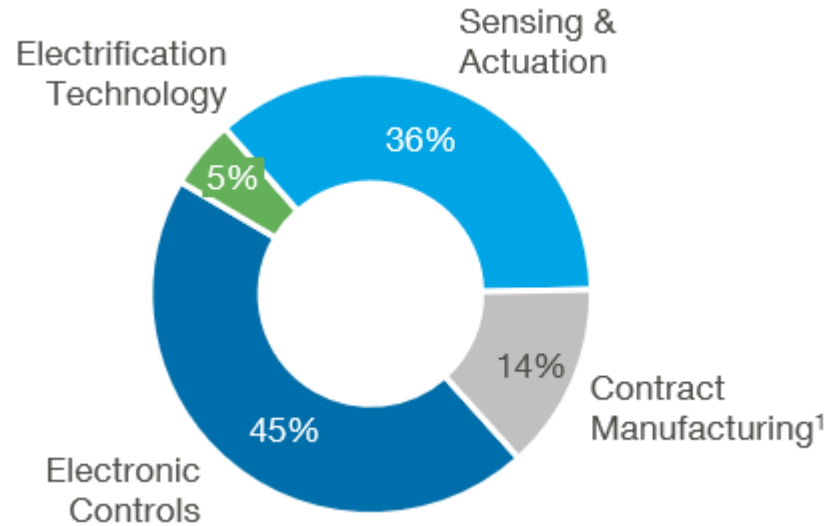


€8.0 billion
FY2020 sales



>40,000
employees

By business unit in FY2020:



Leading global provider
of propulsion solutions to make driving more **efficient, cleaner and convenient**



Electrification pioneer
with **>10 years of field experience** and a portfolio covering all major **current and future scenarios**



Electronics champion
with strong DNA in **electronics, software and mechatronics**



Strong position
in **electronic control systems, sensing technologies and actuators**

Source: Company information. Notes: ¹ The Contract Manufacturing business unit comprises legacy manufacturing of Continental AG products in Vitesco Technologies locations as a remainder of the carve-out. Substantial majority of CM phase-out planned to be completed by 2025.

VITESCO TECHNOLOGIES – BUILDING AN ELECTRIFICATION POWERHOUSE

1 We are convinced that the future is electric.

> ~60% of new light vehicles worldwide will be electrified by 2030^{1,2}

2 We are well positioned across all business units.

> >€13 bn electrification backlog across all business units³

3 We have a clear vision and a resolute plan how to get there.

> Mid-term phase-out of non-core ICE technologies and Contract Manufacturing

4 We self-fund our profitable growth.

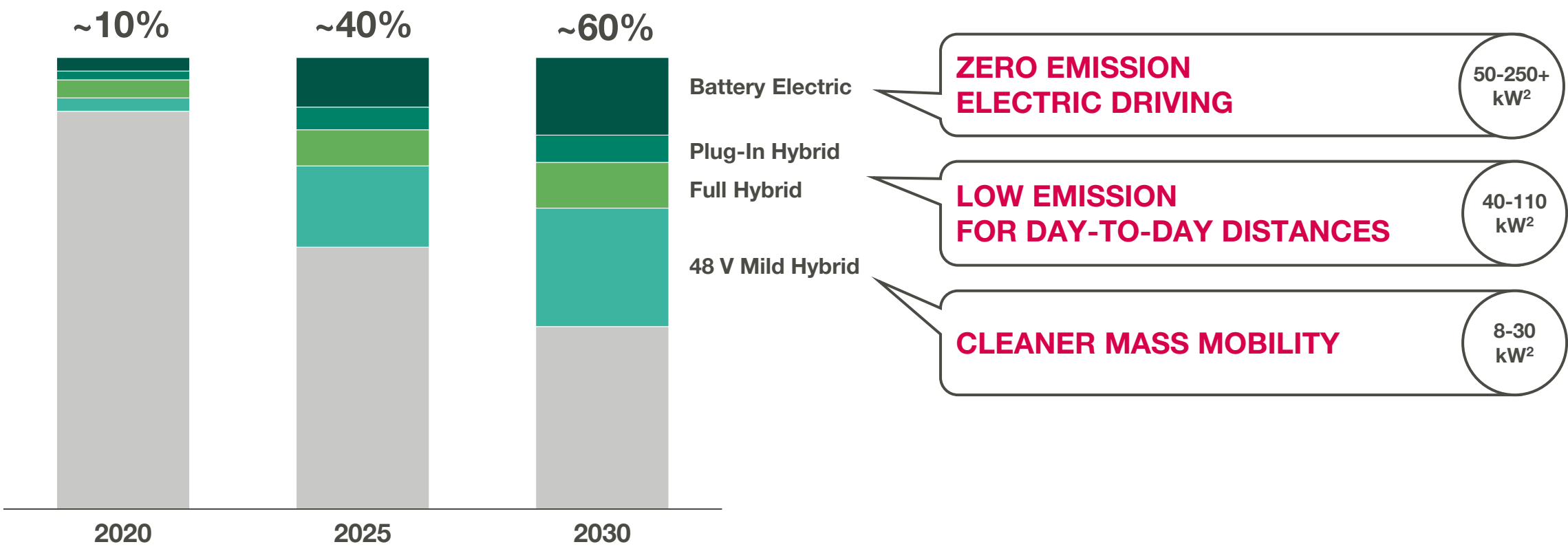
> >5x electrification sales increase targeted mid-term⁴

Source: Company information. Notes: ¹ Roland Berger, “Powertrain Market Industry Study”, 12/2020. ² Electrification share represents expected shares of 48 V-Mild Hybrid, Full-Hybrid, Plug-In-Hybrids and Battery Electric Vehicles in global light vehicle production by units. ³ Order backlog defined as sum of cumulative order intake not yet booked as sales as per end of FY2020. ⁴ Refers to core technologies sales across all business units with 2020 as base year.

THE ELECTRIC FUTURE HAS ALREADY STARTED

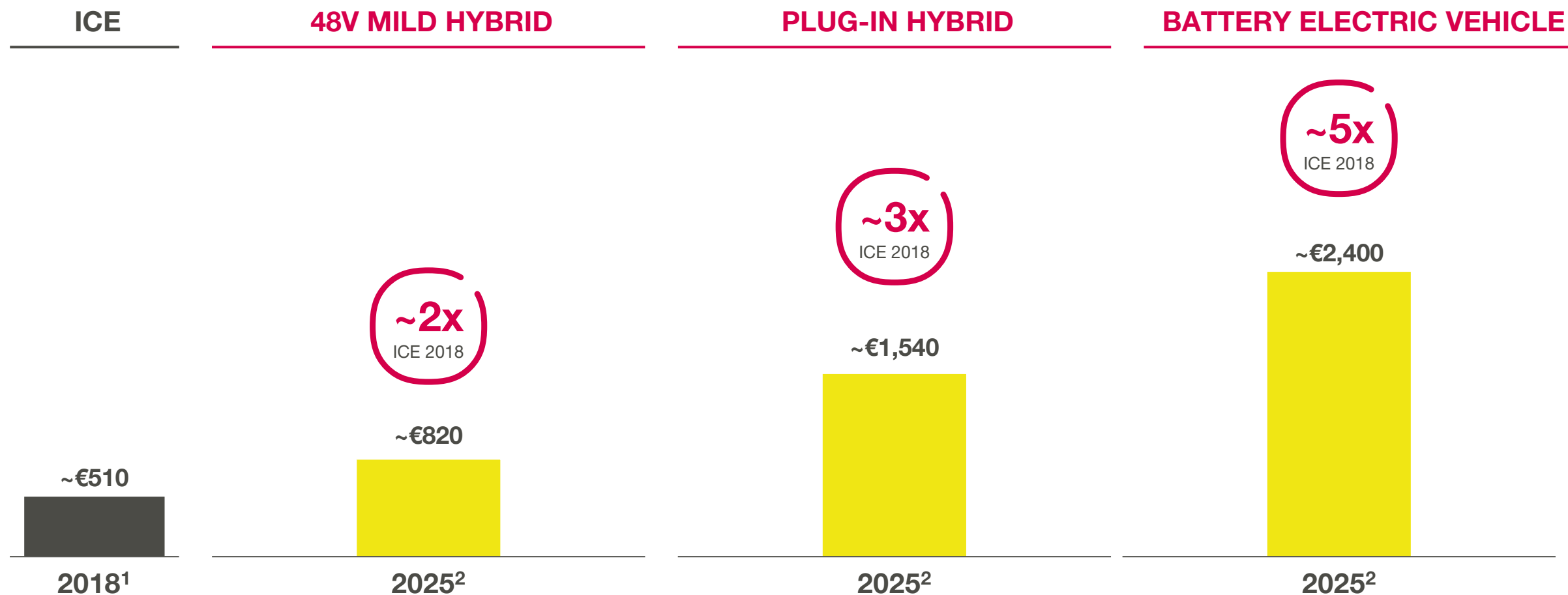


ELECTRIFICATION SHARE IN GLOBAL LIGHT VEHICLE PRODUCTION¹



Source: ¹ Roland Berger, "Powertrain Market" Study, 12/2020; ² company information. Notes: Electrification share represents expected outlook on propulsion shares in global light vehicle production by units. Power (in kW) corresponds to typical peak electric drive power of the indicated propulsion types.

OUR PORTFOLIO OFFERS SUPERIOR CONTENT PER VEHICLE OPPORTUNITIES IN ANY FUTURE SCENARIO



Source: ¹ Company estimate based on expert studies prepared in cooperation with Vitesco Technologies. Reflects the CPV opportunity for the portfolio offering in 2018. ² Roland Berger, "Powertrain Market" Study, 12/2020. Reflects the CPV opportunity for the current portfolio offering. Notes: ICE: Internal Combustion Engine. CPV: Content Per Vehicle.

OUR ELECTRIFICATION CONTENT IS SUBSTANTIAL AND GROWING ACROSS ALL BUSINESS UNITS

ELECTRIFICATION TECHNOLOGY

Electrification pioneer with
>10 years of experience



ELECTRONIC CONTROLS

Integrated electronic and
software architectures



SENSING & ACTUATION

Smart solutions for precise
measurement and control

ELECTRIFICATION POWERHOUSE

Strong electrification momentum



>€13 bn electrification order
backlog across all business units¹



Leading transition to e-mobility

>5x electrification sales
increase targeted mid-term²

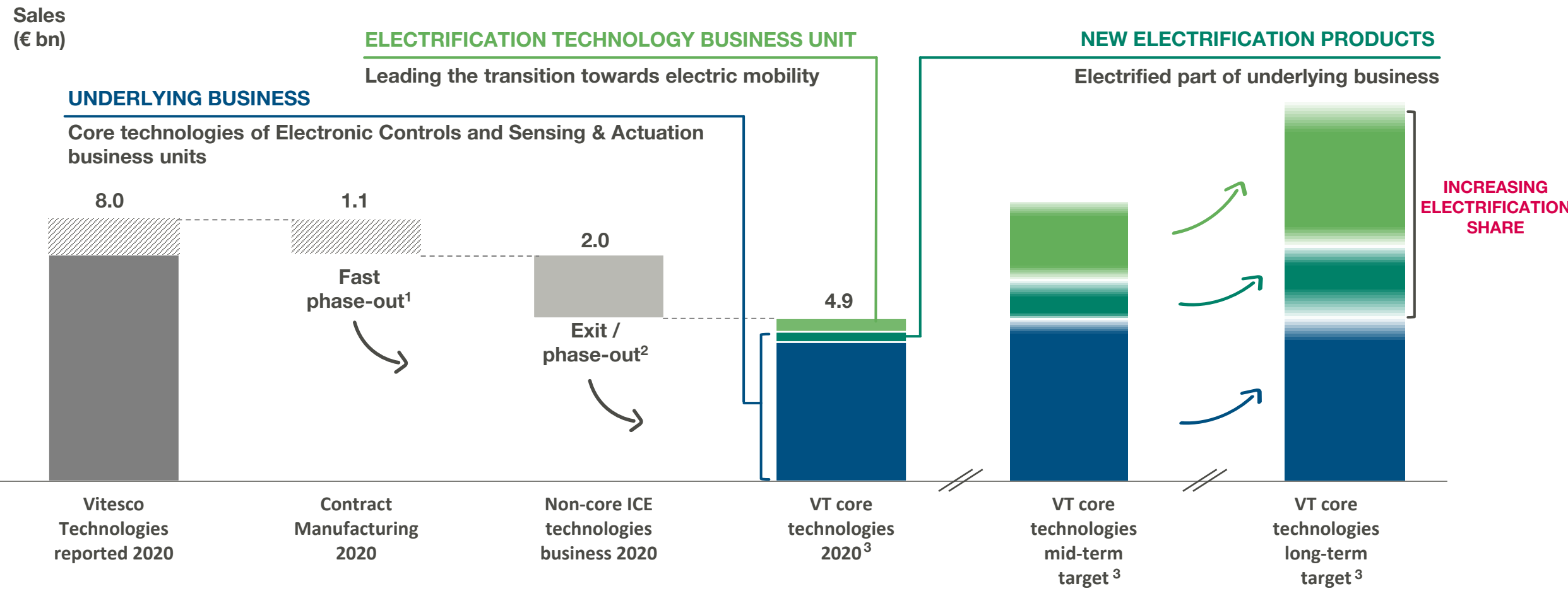


Future-proof skillset

~7,100 engineers, thereof
~5,300 electronics, software
and systems³

Source: Company information. Notes: ¹ Order backlog defined as sum of cumulative order intake not yet booked as sales as per end of FY2020. ² Refers to core technologies sales across all business units with 2020 as base year. ³ Number of engineers as per end of FY2020.

WE EXPECT STRONG FINANCIAL IMPROVEMENTS BASED ON OUR ORGANIZATIONAL TRANSFORMATION



Source: Company information. Notes: ICE: Internal Combustion Engine. Phase-out timeline may vary depending on strategic decisions and customer demand. ¹ Substantial majority of CM phase-out planned to be completed by 2025. ² Around 1/3 of non-core ICE technologies phase-out planned to be completed mid-term. ³ Excluding non-core ICE technologies and Contract Manufacturing.

WE HAVE DEFINED CONCRETE TARGETS TO DRIVE ESG ALONG THE VALUE CHAIN



ENVIRONMENTAL

Clean mobility	Climate protection	Resource efficiency & circularity
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SOCIAL

Employer attractiveness	Safe & healthy working conditions	Responsible supply chain & human rights
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GOVERNANCE

Diversity	Integrated sustainability	Business ethics & anti-corruption
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100% Carbon-neutral (scope 1 & 2) by 2030¹

100% Lifecycle engineering for new products by 2030

95% Waste recycling rate by 2030²

+20 Employee Net Promoter Score by 2030³

90% Employees covered by ISO 45001 certification by 2030

1.4 Accident rate (per million working hours) by 2025

20% Women in executive positions by 2025

Integration of ESG in **executive long-term incentive plan** by 2021






Industry-leading standards of **business ethics** and **anti-corruption measures** to be adopted in 2021

Source: Company information. Notes: ¹ Referring to scope 1 and 2 CO₂ emissions as defined by the Greenhouse Gas Protocol, World Resources Institute (WRI), World Business Council for Sustainable Development.







² Includes thermal recovery. ³ The employee net promoter score measures the willingness to recommend a company as an employer to others on a scale from 0 to 10. The index ranges from -100 to 100.

ADJUSTED EBIT OF €254 MN WITHOUT ELECTRIFICATION TECHNOLOGY DRIVEN BY OUR ROBUST RECOVERY IN H2 2020

VITESCO TECHNOLOGIES (€ MN)

	 FY2019	H1-20	H2-20	 FY2020
 Sales	9,093	3,409	4,619	8,028
% growth	-0.6%	-26.3%	3.3%	-11.7%
EBITDA	180	-4	257	253
% margin	2.0%	-0.1%	5.6%	3.2%
Adj. EBITDA¹	536	33	366	400
% margin	5.9%	1.0%	7.9%	5.0%
 EBIT	-635	-302	-22	-324
% margin	-7.0%	-8.9%	-0.5%	-4.0%
Adj. EBIT²	53	-211	119	-92
% margin	0.6%	-6.2%	2.6%	-1.1%
 Capex³	596	162	267	428
% margin	6.5%	4.7%	5.8%	5.3%

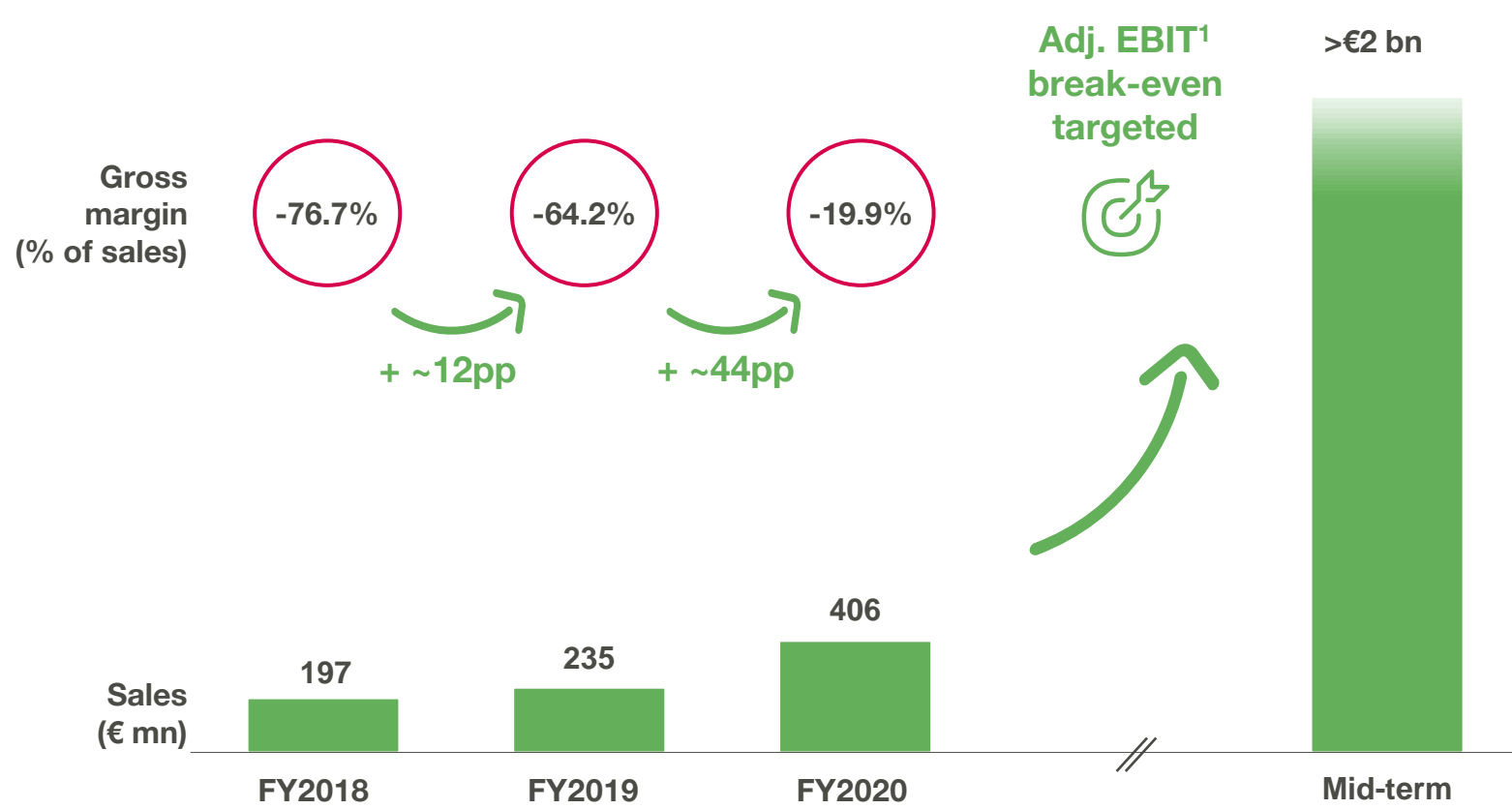
HIGHLIGHTS & COMMENTS

-  COVID-19 with significant impact on FY2020
-  Organic sales⁴ declined by -9.4% in FY2020
-  Outperformance of light vehicle production⁵ by 4.4pp in FY2020
-  Adj. EBIT² without ET BU of €254 mn
-  FY20 operating leverage⁶ of 13.6%; increasing sales in H2 vs. H1 led to an incremental 27.3%
-  Cost cutting measures in FY2020 of ~€320 mn, Capex reduction of ~€170 mn

Source: Company information. ⁵ Based on IHS Markit, Automotive Alternative Propulsion Forecast as of 02/2021. Notes: FX: Foreign Exchange Rates. Sales includes non-light vehicle applications like commercial vehicles and two-wheelers. Outperformance refers to sales growth over light vehicle production within the respective period. ¹ Before consolidation and special effects. ² Before consolidation, amortization of intangibles from PPA and special effects. ³ Capex 2019 and 2020 excluding right of use assets (IFRS 16). ⁴ Before changes in the scope of consolidation and exchange-rate effects. ⁶ Operating leverage defined as delta adj. EBIT divided by delta sales. FY2020 operating leverage refers to development in FY2020 vs FY2019, H2 2020 refers to development vs. H1 2020.

ET BU TO QUICKLY RAMP UP WITH SIGNIFICANTLY INCREASING PROFITABILITY AND BREAK-EVEN TARGETED IN 2024

ELECTRIFICATION TECHNOLOGY DEVELOPMENT



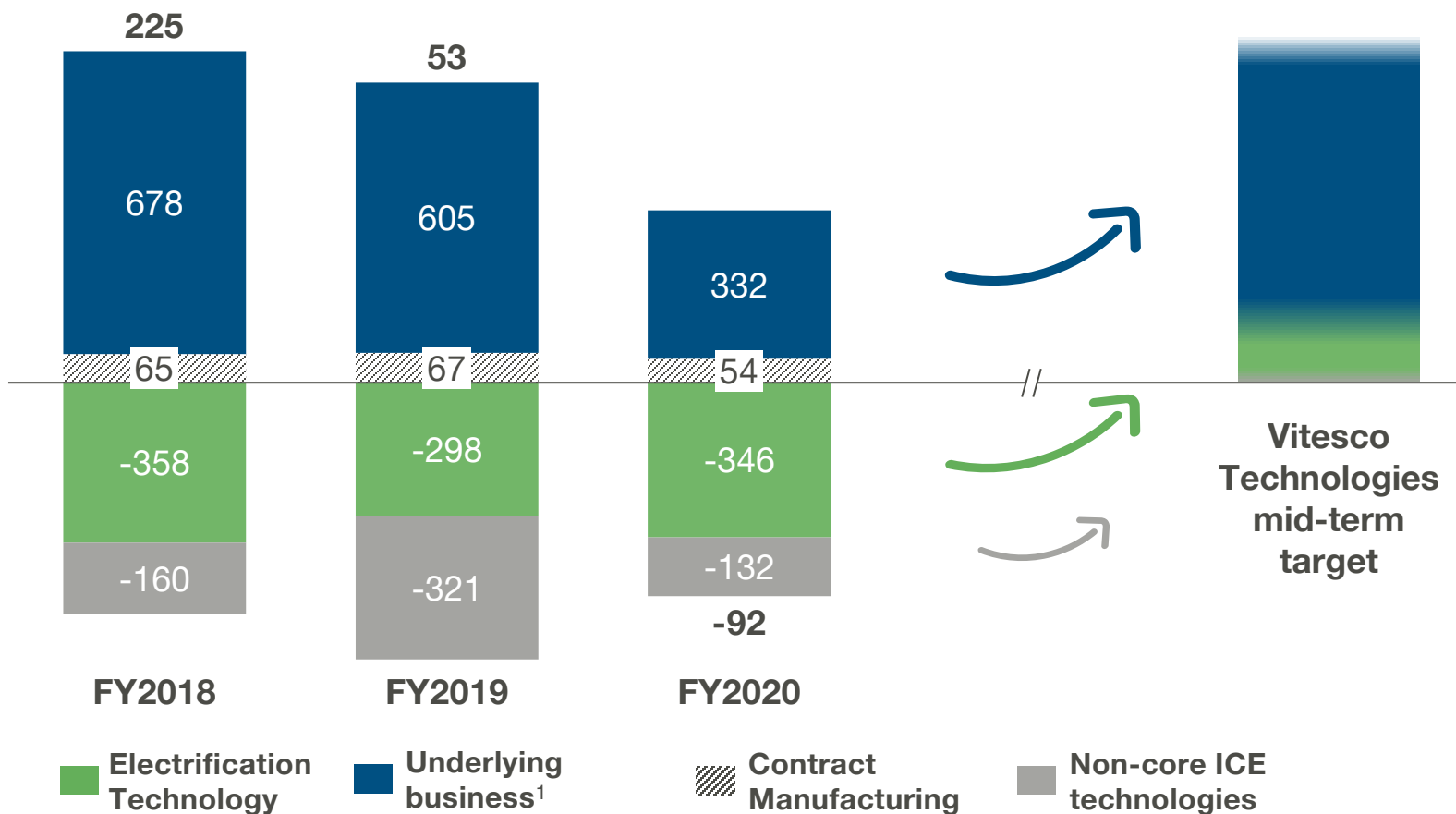
COMMENTS

- ✓ Profitability improvements driven by optimized processing cycle times and improved material costs
- ✓ Focus on modularity and scalability in R&D and production to further drive positive margin development
- ✓ Operational improvements further supported by decisive management actions on legacy electrification products and contracts
- ✓ Focus on profitability in Electrification Technology without jeopardizing growth opportunities

Source: Company information. Notes: Order backlog defined as sum of cumulative order intake not yet booked as sales as per end of FY2020. ¹ Before consolidation, amortization of intangibles from PPA and special effects.

7.0% TO 9.0% ADJUSTED EBIT MARGIN TARGETED MID-TERM

VITESCO TECHNOLOGIES ADJUSTED EBIT (€ MN)



COMMENTS ON MID-TERM

- ✓ Electrification Technology with major operational improvements and new profitable business
- ✓ Double-digit adj. EBIT margins targeted in underlying business with normalization of markets and further cost discipline
- ✓ Phase-out of less profitable non-core ICE technologies and Contract Manufacturing

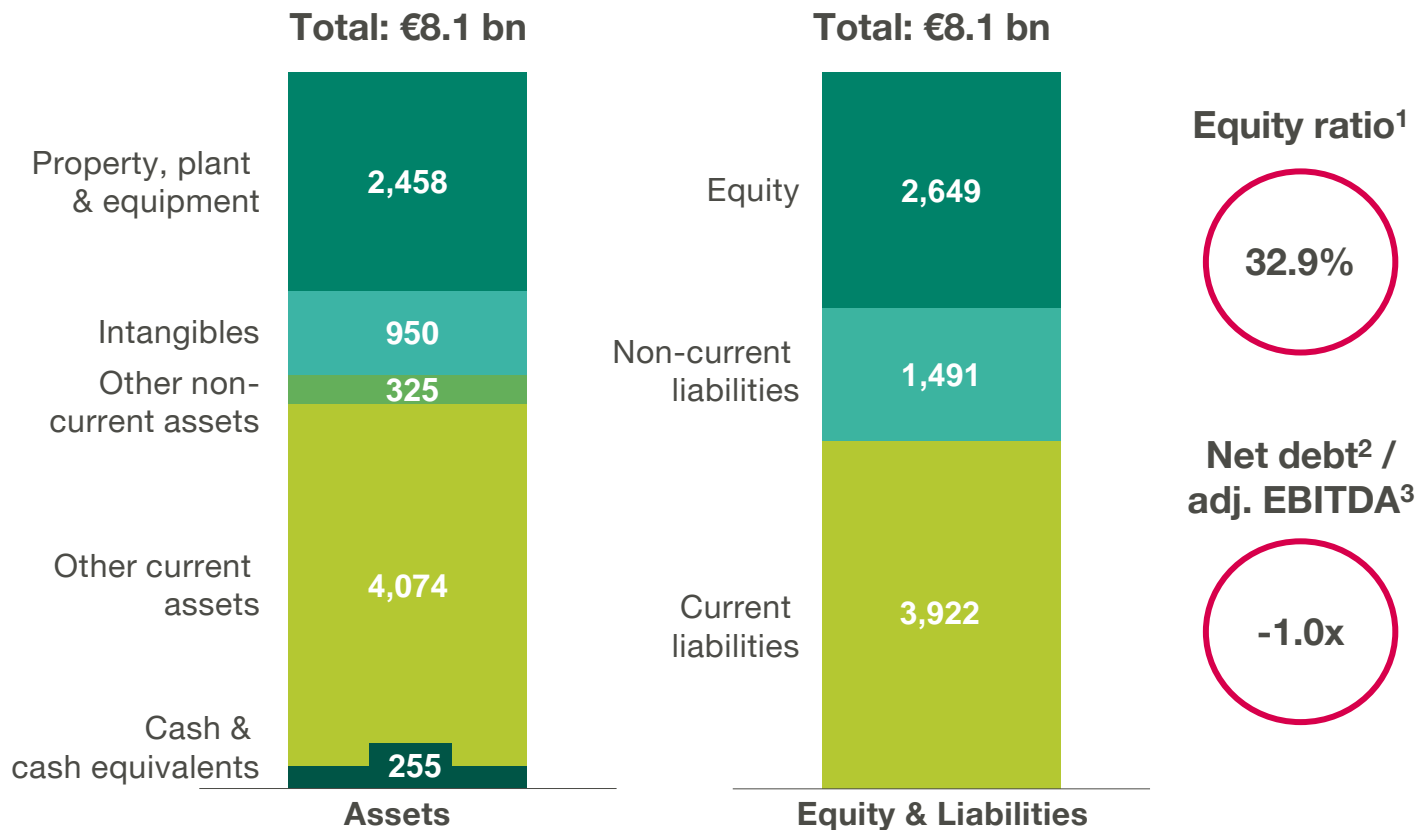
MID-TERM TARGET

- ↻ 7.0-9.0% adj. EBIT margin on group level, driven by underlying business and ET BU turning profitable

Source: Company information. Notes: ICE: Internal Combustion Engine. Adj. EBIT before consolidation, amortization of intangibles from PPA and special effects. ¹ Includes consolidation (FY2018: €2 mn; FY2019: €-0 mn; FY2020: €4 mn).

SOLID BALANCE SHEET AND EQUITY RATIO PROVIDE THE FINANCIAL FOUNDATION FOR OUR TRANSFORMATION

BALANCE SHEET AS PER END OF FY2020 (€ MN)



COMMENTS

- ✓ Sound balance sheet with a sustainable and solid capital structure further supported by resolving intercompany relationship with Continental and favorable payment terms in contract manufacturing
- ✓ Additional net receivables from financing relations with Continental; resulting in de facto cash & cash equivalents of €663 mn
- ✓ Other financial obligations mainly consist of pensions and lease liabilities
- ✓ €1.0 bn Revolving Credit Facilities provide additional financial flexibility

MID-TERM TARGET

- 🎯 Maximum <1.0x net debt²/ adj. EBITDA³ targeted;
Dividend payout of 15-30% as target in mid-term

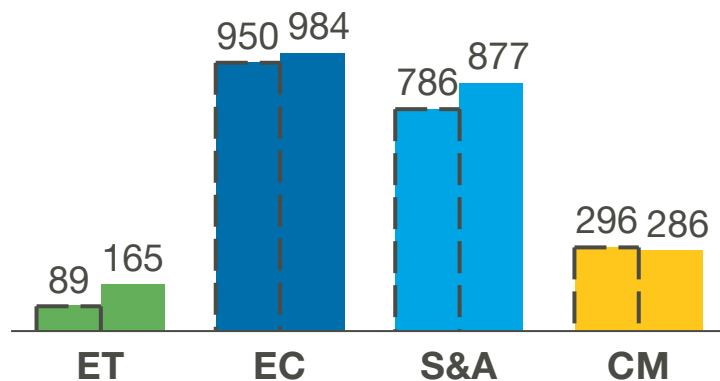
Source: Company information. Notes: ¹ Equity divided by total equity and liabilities. ² Net debt as per end of FY2020 amounts to -€406 mn, which includes long- and short-term debt of €870 mn (incl. financing with Continental), receivables from financing with Continental of €1,021 mn and cash & cash equivalents of €255 mn. Mid-term target not considering inorganic growth. ³ Before consolidation and special effects.

Q1 2021 DEMONSTRATED ONGOING UPWARD TREND DESPITE ADDITIONAL HEADWINDS IN THE INDUSTRY

VITESCO TECHNOLOGIES (€ MN)

	Q1 2020	Q1 2021	Delta
Sales	2,113.9	2,302.0	188.1
<i>% growth</i>	-	8.9%	
Adj. EBIT¹	-54.7	18.6	73.3
<i>% margin</i>	-2.6%	0.8%	3.4pp
EBIT	-88.0	14.2	102.2
<i>% margin</i>	-4.2%	0.6%	4.8pp
Capex²	91.5	44.3	-47.2
<i>% of sales</i>	4.3%	1.9%	-2.4pp
Free Cashflow	-362.9	239.1	602.0
<i>% margin</i>	-17.2%	10.4%	27.6pp
Equity Ratio	34.9%	33.8%	-1.1pp

SALES BY BU³ (€ MN)



ADJ. EBIT¹ BY BU³ (€ MN)

	ET	EC	S&A	CM
Q1 2021	-73.3	1.8	68.6	20.8
<i>% margin</i>	-44.4%	0.2%	7.8%	7.3%
Q1 2020	-100.5	-5.4	40.4	12.3
<i>% margin</i>	-113.3%	-0.6%	5.1%	4.2%



Q1 2020

Q1 2021

HIGHLIGHTS & COMMENTS

- ✓ Organic sales growth of 12.8%
- ✓ Group outperformance⁴ of 4.0pp; core technologies outperformed by 5.1pp
- ✓ Adjusted EBIT¹ increased due to higher volumes and strict fixed cost discipline and despite additional headwinds from material shortage
- ✓ Core technologies sales at €1,432 mn (PY: €1,278 mn) with adj. EBIT¹ margin of -0.9% (PY: -2.4%)
- ✓ Order intake of €1.9 bn with strongest single order intake: 800V SiC inverter for Hyundai
- ✓ Margin recovery, continuous capex discipline and positive working capital effects driving strong cash generation











Source: Company information. Notes: 1 Before amortization of intangibles from PPA, consolidation and special effects. 2 Capex excluding right of use assets (IFRS 16).

3 Does not include group consolidation effects. 4 Outperformance refers to sales development vs. weighted light vehicle production for Q1 2021 vs. Q1 2020, based on IHS Markit, Automotive Alternative

14 Propulsion Forecast as of 04/2021.

OUR TARGETS UNDERLINE OUR AMBITION TO BUILD AN ELECTRIFICATION POWERHOUSE

MID-TERM TARGETS

Sales CAGR¹ <i>% growth</i> 	Group	3.0-5.0%	
	Core Technologies	↗↗	
	 Electrification Technology	↗↗↗	More than €2 bn mid-term
	 Electronic Controls	↗	Non-core ICE technologies: around 1/3 to be phased-out mid-term
	 Sensing & Actuation	↗	
	 Contract Manufacturing	↘↘↘	Subst. phased-out 2025
Adj. EBIT² <i>% of sales</i> 	Group	7.0-9.0%	
	Core Technologies	+++	
	 Electrification Technology	+	Break-even targeted in 2024
	 Electronic Controls	+++	
	 Sensing & Actuation	+++	
	 Contract Manufacturing	+	Subst. phased-out 2025
Group			
	Sales CAGR¹ <i>% growth</i>	3.0-5.0%	
	Adj. EBIT² <i>% of sales</i>	7.0-9.0%	
	Capex³ <i>% of sales</i>	~6.0%	
	Free cash flow	>€400 mn	
	Net debt⁵ / adj. EBITDA⁶	<1.0x	
	Dividend payout⁷	15-30%	

Source: Company information. Notes: Phase-out timeline may vary depending on strategic decisions and customer demand. ¹ Mid-term growth target as a CAGR based on FY2020. ² Before consolidation, amortization of intangibles from PPA and special effects. ³ Capex excluding right of use assets (IFRS 16). ⁴ FCF calculated as operating cash flow + investing cash flow. ⁵ Net debt as per end of FY2020 amounts to -€406 mn, which includes long- and short-term indebtedness of €870 mn (incl. financing with Continental), receivables from financing with Continental of €1,021 mn and cash & cash equivalents of €255 mn. Mid-term target not considering inorganic growth. ⁶ Before consolidation and special effects. ⁷ Dividend payout defined as dividend payment divided by net income attributable to common shareholders. Timing of dividend payments to be determined at a later stage.

THANK YOU!