

QUARTERLY REPORT
MARCH 31, 2023



SOLID QUARTERLY RESULT DESPITE ONGOING COST INFLATION

- > Sales increase in the first quarter of 2023 to €2,314.2 million (previous year: €2,258.6 million)
- > Adjusted EBIT in the first quarter of 2023 of €37.1 million (previous year: €47.7 million) with an adjusted EBIT margin of 1.6% (previous year: 2.1%)
- > Negative free cash flow due to increase in working capital and ongoing investments
- > Order intake of €1,429 million achieved in the first quarter of 2023, of which €839 million is attributed to electrification business
- > No adjustment of expectations for global vehicle production in the current fiscal year; Vitesco Technologies' guidance for the fiscal year is confirmed

BUSINESS DEVELOPMENT IN THE FIRST QUARTER OF 2023

Vitesco Technologies achieved a solid result in the first quarter of 2023 in a persistently challenging market environment. Positive exchange rate effects supported the sales development. Despite still rising material costs, especially for semiconductors, as well as higher inflation-related personnel cost and the globally strained supply chains burdened the development at the beginning of the year.

In total, sales amounted to €2,314.2 million (previous year: €2,258.6 million), which corresponds to an increase of 2.5% compared to the same period of the previous year; adjusted for changes in the scope of consolidation and in exchange rates, sales increased by 1.4%. The Group's EBIT, adjusted for effects from changes in scope of consolidation, amortization from purchase price allocations as well as special topics, amounted to €37.1 million (previous year: €47.7 million), which corresponds to an adjusted EBIT margin of 1.6% (previous year: 2.1%). Vitesco Technologies' reported EBIT decreased to -€25.3 million (previous year: €37.6 million). During the reporting period, the net income was -€50.7 million (previous year: -€11.3 million), which corresponds to earnings of -€1.27 per share (previous year: -€0.28 per share). Mainly due to the market-related build-up of inventories and ongoing investments for the order intake of the past quarters, the free cash flow amounted to -€41.1 million (previous year: €48.2 million). As of March 31, 2023, the number of employees was at 38,215 (previous year: 37,998).

As of March 31, 2023, the Group's equity amounted to €3,030.8 million (December 31, 2022: €3,061.7 million), corresponding to an equity ratio of 39.1% (December 31, 2022: 40.3%). At the end of March 2023, Vitesco Technologies had cash and cash equivalents of €728.1 million (December 31, 2022: €781.1 million). The reduction resulted in particular from the negative free cash flow in the first quarter of 2023. Net liquidity, defined as cash and cash equivalents less financial indebtedness, was at €276.8 million (December 31, 2022: €333.4 million).

In the first quarter of 2023, Vitesco Technologies was able to acquire orders amounted to €1,429 million, of which €839 million (58%) is attributed to electrification business. For the fiscal year 2023, Vitesco Technologies expects a similarly high order intake as in the fiscal year 2022.

EXPECTATIONS FOR THE SECOND QUARTER OF 2023

For the second quarter of 2023, Vitesco Technologies expects the market environment to remain challenging. Even though a slight improvement is expected, supply bottlenecks may continue to result in lower production volumes. Due to the anticipated improved material availability and the end of COVID-19 restrictions in China, a significant improvement in global light vehicle production is expected in the second quarter of 2023 compared to the same quarter of the previous year.

MARKET OUTLOOK AND FORECAST FOR THE FISCAL YEAR 2023

With regards to the business development in the first quarter of 2023 and the expectations for the second quarter of 2023, the market outlook, as well as the forecast for the expected business development of Vitesco Technologies in the fiscal year 2023, remains unchanged as described in the annual report. As with the assumptions on global vehicle production, all expectations remain subject to a high degree of uncertainty.

DIVISIONAL PERFORMANCE

The electrification of the mobility market, accelerated by ongoing climate change, is an automotive megatrend. Worldwide, sales of electrified vehicles have experienced an enormous growth. Vitesco Technologies recognised this trend early on and has consistently adapted to this change.

Starting with fiscal year 2023, Vitesco Technologies has significantly strengthened its focus on the electrification business. The previous four Business Units of the Vitesco Technologies Group – Electronic Controls, Electrification Technology, Sensing & Actuation and Contract Manufacturing – have been reorganized into two new Segments: Division Powertrain Solutions and Division Electrification Solutions. The Divisions consist of dedicated Business Units. This also applies to the central functions, which have been transferred into the Divisions from the previous Business Units. With higher centralization being the advantage of the new organization, it will ensure increased responsiveness to market changes. The existing management capacities will be used in a much more targeted manner and increased transparency, especially with regards to the progress of the transformation in Powertrain Solutions and the growth of the electrification business in Electrification Solutions. Through this structural adjustment, Vitesco Technologies is further sharpening its strategic focus on powertrain electrification in order to operate even more effectively, efficiently and flexibly in the market for sustainable powertrain technologies.

In the first quarter of 2023, sales in the Division Powertrain Solutions amounted to €1,607.7 million (previous year: €1,638.3 million). Adjusted EBIT was at €117.3 million (previous year: €111.3 million), presenting an improved adjusted EBIT margin of 7.3% (previous year: 6.8%). The Division Powertrain Solutions experienced the effects of the shortage of semiconductors, especially due to higher material prices. The planned sales decrease in Contract Manufacturing and ramp-down activities contributed to the reduction in sales.

Due to continued high demand in high-voltage electric drives, sales in the Division Electrification Solutions increased significantly. In the first quarter of 2023, the Division Electrification Solutions generated sales of €716.8 million (previous year: €634.3 million). Due to continued high ramp-up costs for electrification products, the adjusted EBIT of -€72.0 million (previous year: -€61.3 million) was below the previous year. The adjusted EBIT margin amounted to -10.0% (previous year: -9.7%) and therefore at previous year's level.

KEY FIGURES

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The interim consolidated financial statements were prepared in euros (€). Unless otherwise stated, all amounts are in millions (€ million). Please note that differences may occur in the use of rounded amounts and percentages (%) due to commercial rounding.

CONSOLIDATED STATEMENT OF INCOME

€ million	January 1 to March 31	
	2023	2022
Sales	2,314.2	2,258.6
Cost of sales	-1,997.7	-1,942.8
Gross margin	316.5	315.8
Research and development costs	-236.5	-241.1
Distribution and logistics costs	-32.7	-35.5
General administrative costs	-62.7	-44.5
Other income	82.3	95.1
Other expenses	-92.4	-52.7
Income from equity-accounted investees	0.2	0.5
EBIT	-25.3	37.6
Interest income	7.8	4.5
Interest expense	-12.4	-12.9
Effects from currency translation	9.0	3.0
Effects from changes in the fair value of derivative instruments, and other valuation effects	-8.4	-10.4
Financial result	-4.0	-15.8
Earnings before tax	-29.3	21.8
Income tax	-21.4	-33.1
Net income	-50.7	-11.3
Basic earnings per share in €	-1.27	-0.28
Diluted earnings per share in €	-1.27	-0.28

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ million	January 1 to March 31	
	2023	2022
Net income	-50.7	-11.3
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	1.3	122.1
Fair value adjustments	1.3	122.2
Currency translation	–	-0.1
Tax on other comprehensive income	0.6	-2.4
Items that may be reclassified subsequently to profit or loss		
Currency translation	18.6	50.1
Cash flow hedges	-0.7	1.6
Other comprehensive income	19.8	171.4
Group comprehensive income	-30.9	160.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ million	March 31, 2023	December 31, 2022
Goodwill	795.8	816.1
Other intangible assets	234.7	211.4
Property, plant and equipment	2,393.0	2,414.6
Investments in equity-accounted investees	18.5	18.2
Other investments	23.8	23.8
Deferred tax assets	283.5	271.8
Defined-benefit assets	10.5	10.8
Noncurrent derivative instruments and interest-bearing investments	23.8	24.5
Other noncurrent financial assets	8.9	9.9
Other noncurrent assets	8.6	8.7
Noncurrent assets	3,801.1	3,809.8
Inventories	966.5	827.2
Trade accounts receivables	1,673.9	1,631.4
Current contract assets	0.5	0.5
Other current financial assets	94.6	76.2
Other current assets	335.7	320.9
Income tax receivables	21.3	14.9
Current derivative instruments and interest-bearing investments	14.6	19.9
Cash and cash equivalents	728.1	781.1
Assets held for sale	108.9	121.8
Current assets	3,944.1	3,793.9
Total assets	7,745.2	7,603.7

€ million	March 31, 2023	December 31, 2022
Subscribed capital	100.1	100.1
Capital reserves	3,487.8	3,487.8
Retained earnings	-812.3	-761.6
Accumulated other comprehensive income	255.2	235.4
Equity	3,030.8	3,061.7
Long-term employee benefits	539.4	524.3
Deferred tax liabilities	42.8	41.2
Noncurrent provisions for other risks and obligations	252.5	243.9
Long-term indebtedness	388.2	392.8
Noncurrent contract liabilities	23.2	89.4
Other noncurrent liabilities	7.8	6.5
Noncurrent liabilities	1,253.9	1,298.1
Short-term employee benefits	346.9	274.1
Trade accounts payables	2,126.8	2,003.4
Current contract liabilities	118.6	53.5
Income tax payables	78.2	72.8
Current provisions for other risks and obligations	394.0	423.2
Short-term indebtedness	63.1	54.9
Other current financial liabilities	192.6	201.9
Other current liabilities	63.2	82.1
Liabilities held for sale	77.1	78.0
Current liabilities	3,460.5	3,243.9
Total equity and liabilities	7,745.2	7,603.7

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	January 1 to March 31	
€ million	2023	2022
Net income	-50.7	-11.3
Income tax expense	21.4	33.1
Financial result	4.0	15.8
EBIT	-25.3	37.6
Interest paid	-6.6	-3.7
Interest received	5.3	3.1
Income tax paid	-28.3	-28.1
Depreciation, amortization, impairment and reversal of impairment losses	147.7	134.9
Income from equity-accounted investees and other investments, incl. impairment and reversal of impairment losses	-0.2	-0.5
Gains/losses from the disposal of assets, companies and business operations	36.6	-1.0
Changes in		
inventories	-142.4	-37.6
trade accounts receivable	-45.8	-121.2
trade accounts payable	121.2	93.0
employee benefits and other provisions	63.1	66.9
other assets and liabilities	-48.4	-35.2
Cash flow arising from operating activities	76.9	108.2
Cash flow from the disposal of assets	10.0	8.4
Capital expenditure on property, plant and equipment, and software	-98.0	-52.1
Capital expenditure on intangible assets from development projects and miscellaneous	-33.1	-17.1
Cash flow from the disposal of companies and business operations	-0.3	0.8
Other investments	3.4	-
Cash flow arising from investing activities	-118.0	-60.0
Cash flow before financing activities (free cash flow)	-41.1	48.2
Change in indebtedness	-9.5	184.0
Cash flow arising from financing activities	-9.5	184.0
Change in cash and cash equivalents	-50.6	232.2
Cash and cash equivalents as at January 1	781.1	614.0
Effect of exchange-rate changes on cash and cash equivalents	-4.8	11.2
Classification assets held for sale	2.4	-
Cash and cash equivalents as at March 31	728.1	857.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ million	Subscribed capital ¹	Capital reserves	Retained earnings	Difference from			Total
				Remeasurement of defined benefit retirement plans	Currency translation	Financial instruments	
As at January 1, 2022	100.1	3,504.7	-802.1	-301.3	169.5	6.5	2,677.4
Net income	–	–	-11.3	–	–	–	-11.3
Other comprehensive income	–	–	–	119.7	50.1	1.6	171.4
Group comprehensive income	–	–	-11.3	119.7	50.1	1.6	160.1
As at March 31, 2022	100.1	3,504.7	-813.4	-181.5	219.6	8.1	2,837.6
As at December 31, 2022	100.1	3,487.8	-761.6	42.5	180.0	12.9	3,061.7
Net income	–	–	-50.7	–	–	–	-50.7
Other comprehensive income	–	–	–	1.9	18.6	-0.7	19.8
Group comprehensive income	–	–	-50.7	1.9	18.6	-0.7	-30.9
As at March 31, 2023	100.1	3,487.8	-812.3	44.4	198.6	12.2	3,030.8

1) Divided into 40,021,196 shares outstanding.

SEGMENT REPORTING JANUARY 1 THROUGH MARCH 31, 2023

€ million	Powertrain Solutions	Electrification Solutions	Other/ Holding/ Consolidation	Vitesco Technologies Group
External sales	1,598.4	715.8	–	2,314.2
Intercompany sales	9.3	1.0	-10.3	–
Sales (total)	1,607.7	716.8	-10.3	2,314.2
EBIT (segment result)	56.6	-73.7	-8.2	-25.3
As % of sales	3.5	-10.3	–	-1.1
Depreciation, amortization, and impairment ¹	100.9	46.7	0.1	147.7
Of which impairment ²	16.9	-0.2	–	16.7
Capital expenditure ³	36.0	69.8	–	105.8
As % of sales	2.2	9.7	–	4.6
Operating assets (as at Mar. 31)	1,783.4	1,120.7	-90.5	2,813.6
Number of employees (as at Mar. 31) ⁴	23,462	14,691	62	38,215
Adjusted sales ⁵	1,607.7	716.8	-10.3	2,314.2
Adjusted EBIT ⁶	117.3	-72.0	-8.2	37.1
As % of adjusted sales	7.3	-10.0	–	1.6

1) Excluding impairment on financial investments.

2) Impairment also includes any required reversal of impairment losses.

3) Capital expenditure on property, plant, and equipment and software.

4) Excluding apprentices/trainees.

5) Adjusted for changes in the scope of consolidation.

6) Adjusted for amortization of intangible assets from purchase price allocation, changes in the scope of consolidation and special topics.

SEGMENT REPORTING JANUARY 1 THROUGH MARCH 31, 2022

€ million	Powertrain Solutions	Electrification Solutions	Other/ Holding/ Consolidation	Vitesco Technologies Group
External sales	1,629.8	628.8	–	2,258.6
Intercompany sales	8.5	5.5	-14.0	–
Sales (total)	1,638.3	634.3	-14.0	2,258.6
EBIT (segment result)	103.9	-64.0	-2.3	37.6
As % of sales	6.3	-10.1	–	1.7
Depreciation, amortization, and impairment ¹	91.3	43.6	–	134.9
Of which impairment ²	0.3	0.2	–	0.5
Capital expenditure ³	30.3	42.0	–	72.3
As % of sales	1.8	6.6	–	3.2
Operating assets (as at Mar. 31)	1,672.4	972.4	-71.4	2,573.4
Number of employees (as at Mar. 31) ⁴	23,964	13,965	69	37,998
Adjusted sales ⁵	1,628.8	634.2	-13.9	2,249.1
Adjusted EBIT ⁶	111.3	-61.3	-2.3	47.7
As % of adjusted sales	6.8	-9.7	–	2.1

1) Excluding impairment on financial investments.

2) Impairment also includes any required reversal of impairment losses.

3) Capital expenditure on property, plant, and equipment and software.

4) Excluding apprentices/trainees.

5) Adjusted for changes in the scope of consolidation.

6) Adjusted for amortization of intangible assets from purchase price allocation, changes in the scope of consolidation and special topics.

RECONCILIATION OF SALES WITH ADJUSTED SALES AND OF EBITDA AND ADJUSTED EBIT JANUARY 1 THROUGH MARCH 31, 2023

€ million	Powertrain Solutions	Electrification Solutions	Other/ Holding/ Consolidation	Vitesco Technologies Group
Sales	1,607.7	716.8	-10.3	2,314.2
Changes in the scope of consolidation ¹	–	–	–	–
Adjusted sales	1,607.7	716.8	-10.3	2,314.2
EBITDA	157.5	-27.0	-8.1	122.4
Depreciation, amortization and impairment ²	-100.9	-46.7	-0.1	-147.7
EBIT	56.6	-73.7	-8.2	-25.3
Amortization of intangible assets from purchase price allocation (PPA)	–	0.1	–	0.1
Special topics				
Impairment on goodwill	16.7	–	–	16.7
Impairment ³	0.3	-0.2	–	0.1
Restructuring-related expenses	0.6	–	–	0.6
Severance payments	0.6	1.7	–	2.3
Gains and losses from disposals of companies and business operations	40.2	–	–	40.2
Other ⁴	2.3	0.1	0.0	2.4
Adjusted EBIT	117.3	-72.0	-8.2	37.1

1) Changes in the scope of consolidation include additions and disposals within the scope of share and asset deals. Adjustments were made for additions during the fiscal year and for disposals in the year-over-year comparison period.

2) Excluding impairment on financial investments.

3) Impairment also includes necessary reversal of impairment losses. This item does not include impairment with regards to restructuring and impairment on financial investments.

4) Other includes expenses from the spin-off of Vitesco Technologies and transaction cost for the preparation of a disposal.

RECONCILIATION OF SALES WITH ADJUSTED SALES AND OF EBITDA WITH ADJUSTED EBIT JANUARY 1 THROUGH MARCH 31, 2022

€ million	Powertrain Solutions	Electrification Solutions	Other/ Holding/ Consolidation	Vitesco Technologies Group
Sales	1,638.3	634.3	-14.0	2,258.6
Changes in the scope of consolidation ¹	-9.5	-0.1	0.1	-9.5
Adjusted sales	1,628.8	634.2	-13.9	2,249.1
EBITDA	195.2	-20.4	-2.3	172.5
Depreciation, amortization and impairment ²	-91.3	-43.6	–	-134.9
EBIT	103.9	-64.0	-2.3	37.6
Amortization of intangible assets from purchase price allocation (PPA)	–	0.1	–	0.1
Changes in the scope of consolidation ¹	2.6	0.1	–	2.7
Special topics				
Impairment on goodwill	–	–	–	–
Impairment ³	0.3	0.2	–	0.5
Restructuring	-0.3	-1.0	–	-1.3
Restructuring-related expenses	2.8	–	–	2.8
Severance payments	0.5	1.0	–	1.5
Gains and losses from disposals of companies and business operations	–	–	–	–
Other ⁴	1.5	2.3	0.0	3.8
Adjusted EBIT	111.3	-61.3	-2.3	47.7

1) Changes in the scope of consolidation include additions and disposals within the scope of share and asset deals. Adjustments were made for additions during the fiscal year and for disposals in the year-over-year comparison period.

2) Excluding impairment on financial investments.

3) Impairment also includes necessary reversal of impairment losses. This item does not include impairment with regards to restructuring and impairment on financial investments.

4) Other includes expenses from the spin-off of Vitesco Technologies.

ACQUISITIONS AND DISPOSALS OF COMPANIES AND BUSINESS OPERATIONS

On February 1, 2023, a company belonging to the Division Powertrain Solutions was sold, which resulted in a loss on disposal of €40.2 million broken down as follows:

€ million	March 31, 2023
Purchase Price	2.4
Carrying amount of the net assets sold	-15.9
Loss on sale before reclassification of currency-conversion reserve	-13.5
Reclassification of currency-conversion reserve	-26.7
Loss on sale	-40.2

There were no significant effects on earnings, financial and net assets position of Vitesco Technologies Group as of March 31, 2023 in combined with the disposal of the company.

IMPAIRMENT

The Vitesco Technologies Group immediately reviews intangible assets, property, plant, and equipment; and goodwill as soon as there is an indication of impairment (triggering event).

As of March 31, 2023, there were indications of a possible impairment. Based on these indications and the other key assumptions for determining the recoverable amount of a cash-generating unit, such as the free cash flow, the discount rate, its parameters and the sustainable growth rates, there was an impairment of goodwill in the amount of €16.7 million (previous year: –) in the cash-generating unit Hydraulics & Turbocharger. The goodwill impairment is recognised in other expenses.

FINANCIAL CALENDER

2023

Quarterly Report as at March 31, 2023	May 12
Annual General Meeting	May 17
Half-Year Financial Report as at June 30, 2023	August 10
Quarterly Report as at September 30, 2023	November 14

2024

Preliminary Financial Results	February
Annual Financial Press Conference	March
Analyst and Investor Conference Call	March
Quarterly Report as at March 31, 2024	May
Annual General Meeting	May
Half-Year Financial Report as at June 30, 2024	August
Quarterly Report as at September 30, 2024	November

PUBLICATION DETAILS

The annual report, the annual financial statements, the half-year financial report and the quarterly announcements are available on the Internet under the Investors section (ir.vitesco-technologies.com).

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