

VITESCO TECHNOLOGIES

Q2 2023 RESULTS

Regensburg, 10.08.2023

Public

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AGENDA OF CONFERENCE CALL ON THE Q2 2023 RESULTS

1 | HIGHLIGHTS FOR Q2 2023

2 | KEY FIGURES

3 | MARKET DEVELOPMENT

Andreas Wolf

4 | SALES AND ADJUSTED EBIT DEVELOPMENT

5 | CASH FLOW PROFILE

6 | BALANCE SHEET STRUCTURE

7 | RECONFIRMATION GUIDANCE FOR FY 2023

Werner Volz

ANTICIPATED GRADUAL IMPROVEMENT UNDERLINES OUR RESILIENCE IN A STILL CHALLENGING ENVIRONMENT

2,442

€ million **sales** in Q2 2023 – driven by strong sales growth in DIV E, especially in Asia

76

€ million

3.1%
adjusted EBIT – back within anticipated full year range

5,010

€ million **order intake** in Q2 2023, thereof **4.5 € billion** in **electrification**

354

€ million total **electrification sales** during Q2 2023

-21

€ million

free cash flow due to higher working capital intensity



Frankfurter Wertpapierbörse – Bekanntmachungen vom 25.07.23

Herzlich willkommen

MDAX
Vitesco Technologies Group AG

SDAX
Borussia Dortmund GmbH & Co. KGaA

TecDAX
PNE AG

Börse Frankfurt – Mein Platz zum Handeln

Listed in the
German mid cap index
MDAX
since 25th of July

STRATEGIC INITIATIVES ACCELERATE OUR TRANSFORMATION AND SECURE FURTHER GROWTH POTENTIAL

Supplier Partnerships¹



ICE Divestments²

Securing silicon carbide (SiC) **supply capacity** of almost **€3 billion** to enable anticipated enormous growth in electrification

- > Further **diversification** of **supplier base** regarding future production capacity of important SiC components
- > Access to key semiconductor technology from onsemi by **investing in production capacity** and signing a **long-term supply agreement**
- > Already existing **development partnership** with Rohm further **intensified** with additional supply agreement

Significant progress in **ramping down selected ICE technologies** to further strengthen our **focus on Electrification and Core ICE technologies**

- > More than **10 transactions** including divestures in the field of ICE technologies completed²
- > Divested businesses amounting to **€500 million yearly sales²** in total – fully effective from FY 2024 onwards
- > About 2,000 employees are affected by these transactions and will thus have a **new home** with a **better strategic fit** outside our company
- > The above stated divestments will **further accelerate** our phase out of still existing Non-Core ICE sales



¹ Selected partnerships announced during Q2 2023. | ² Since listing in September 2021.

STRONG RECOVERY DESPITE HEADWINDS IN A CHALLENGING MARKET ENVIRONMENT

Vitesco Technologies Group (€ mn)

	Q2 2022	Q2 2023	Delta
Sales	2,165.0	2,441.6	276.6
% growth	3.3%	12.8%	9.5pp
Adj. EBIT	34.9	76.3	41.4
% margin	1.6%	3.1%	1.5pp
EBIT	28.7	16.4	-12.3
% margin	1.3%	0.7%	-0.6pp
Capex¹	112.5	92.8	-19.7
% of sales	5.2%	3.8%	-1.4pp
Free Cash Flow	1.6	-20.6	-22.2
% margin	0.1%	-0.8%	-0.9pp
Equity Ratio	40.4%	38.9%	-1.5pp



Highlights and Recent Developments

Sales

- > Double digit top line growth despite the planned ramp-down of Non-Core businesses

Adjusted EBIT

- > Compensation agreements by customers contribute to overall improved profitability

Capex

- > Capex remains at Q1 2023 levels and is anticipated to trend towards the 5% to 6% levels

Free Cash Flow

- > Continuously high working capital intensity results in negative free cash flow

Equity Ratio

- > Remains at a very solid level

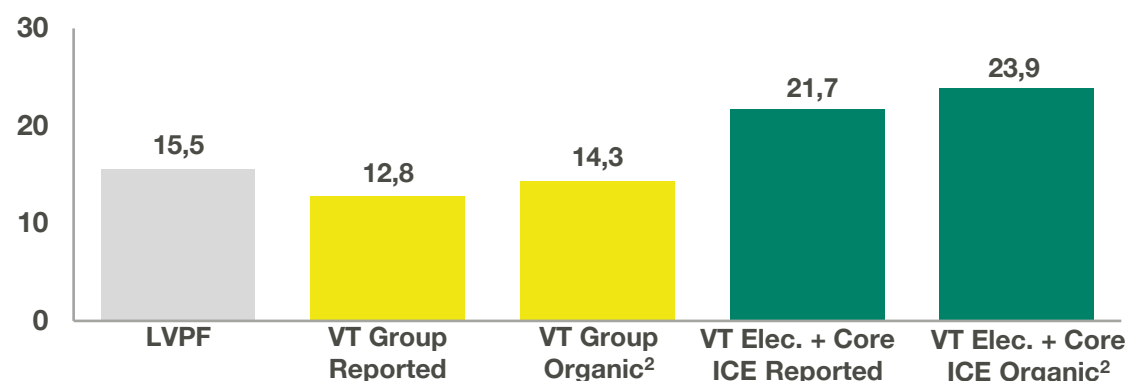
Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects. | 1 Capex excluding right of use assets (IFRS 16).

CORE BUSINESS CONTINUES TO OUTPERFORM LIGHT VEHICLE PRODUCTION

Light Vehicle Production¹ (mn units)

	Q2 2023 Production	Q2 Δ YoY
Europe	4.4	+14.3%
North America	4.1	+14.8%
China	6.7	+20.5%
Rest of World	6.8	+12.2%
Worldwide	22.0	+15.5%

Year-on-Year Growth Rates (in %)



Highlights and Comments - Market

- > Strong light vehicle production recovery worldwide, especially in China followed by North America and Europe
- > Acceleration in global inventory restocking driven by higher demand expectations in the future



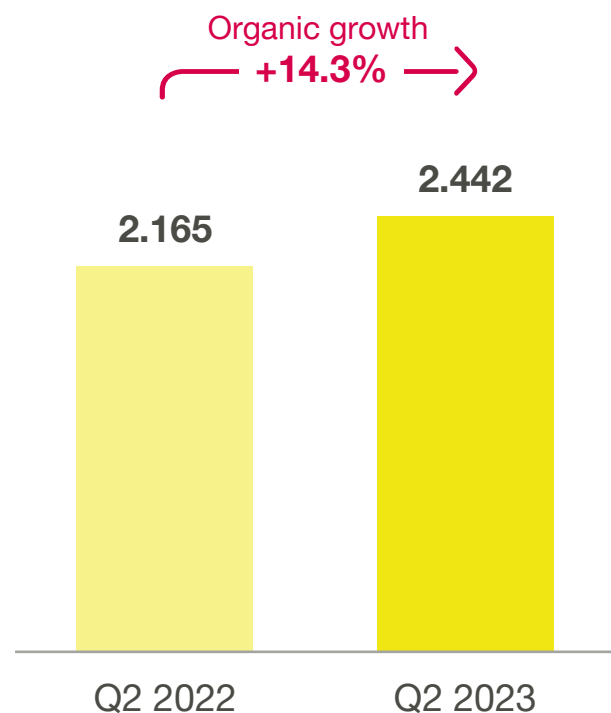
Highlights and Comments - Vitesco Technologies

- > Electrification and Core ICE significantly outperforms the market while Non-Core sales decreased according to plan
- > Vitesco Technologies' sales in Asia, especially in China, contributed the most YoY growth

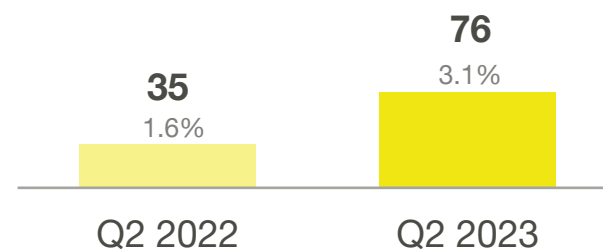
¹ Based on S&P Global Mobility, Light Vehicle Production Forecast as of 07/2023. Regions as defined for Vitesco Technologies' sales regions. | ² Sales without effects from consolidation and FX.

ON TRACK TO DELIVER ON FULL YEAR GUIDANCE

Sales (€ mn)



Adjusted EBIT (€ mn)



Vitesco Technologies

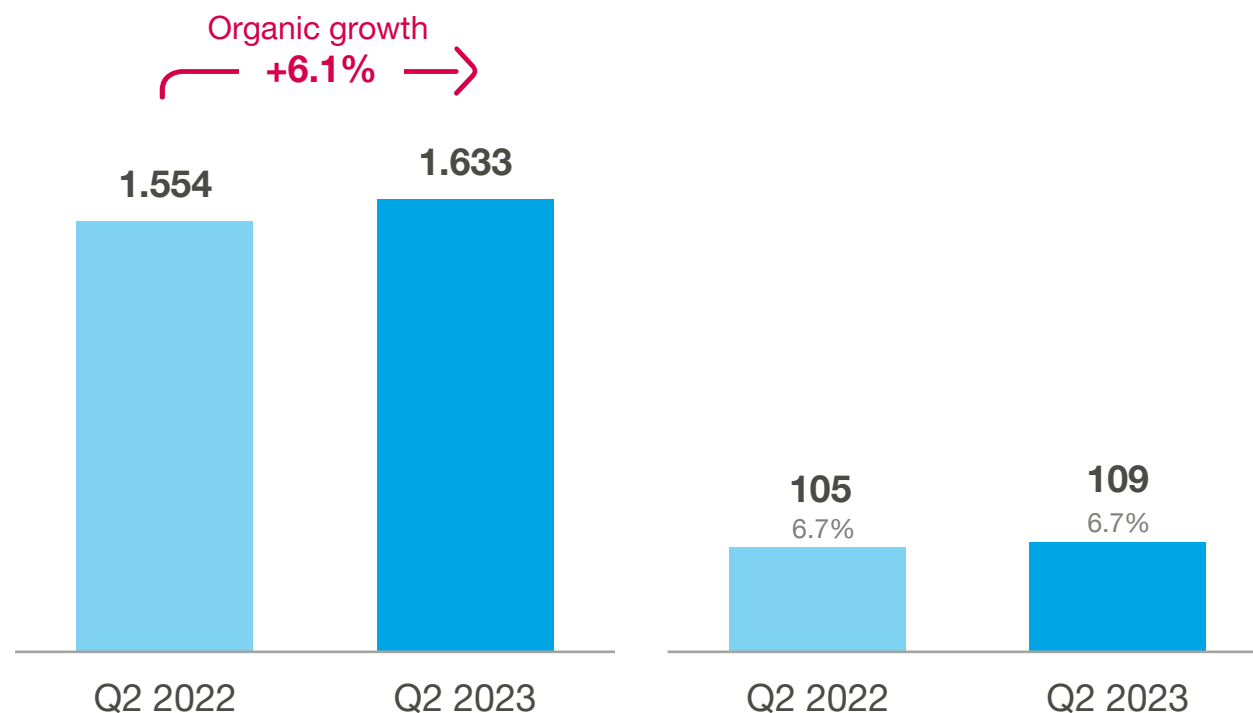
- > Organic sales at group level 1.2pp below light vehicle production; Electrification and Core ICE technologies outperformed the market by 8.4pp
- > Sales growth burdened from currency related headwinds amounting to 1.4pp
- > Further ramp-down of Non-Core activities according to plan
- > Compensation agreements by customers contribute to overall improved profitability

Organic Growth: Sales without effects from consolidation and FX. Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects.

POWERTRAIN SOLUTIONS DIVISION SHOWS FURTHER IMPROVEMENT IN TOP AND BOTTOM LINE DEVELOPMENT

Sales (€ mn)

Adjusted EBIT (€ mn)



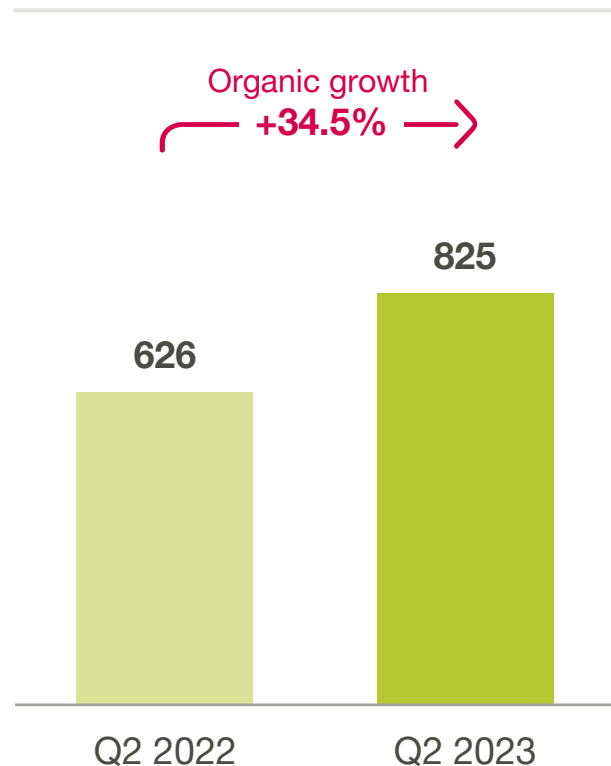
Powertrain Solutions Division – DIV P

- > Positive development in Core business compensates for planned ramp-down Non-Core activities
- > Sales growth burdened from currency related headwinds amounting to 0.9pp
- > Strongest regional sales development in Europe
- > Incremental margin at divisional level of only roughly 5% due to more than 40% share of margin dilutive Non-Core sales in DIV P
- > Resilient Core ICE business contributes with 11.1% adj. EBIT margin in DIV P

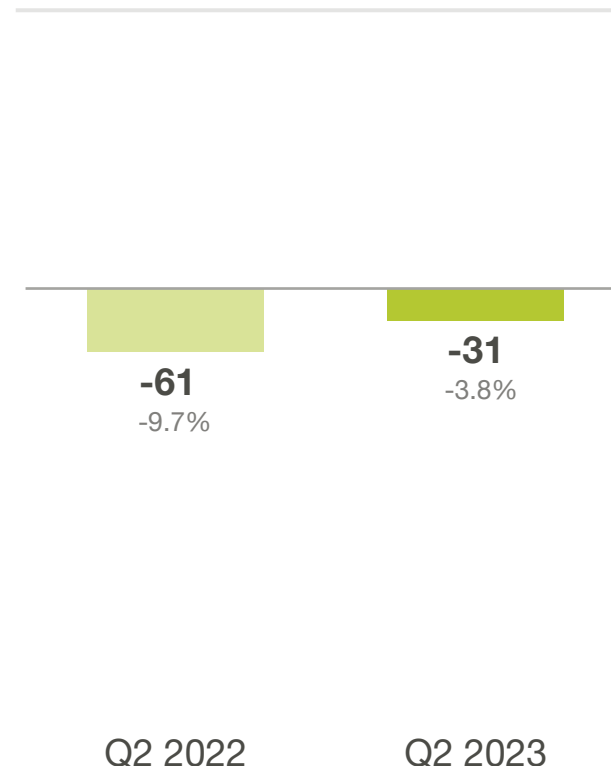
Organic Growth: Sales without effects from consolidation and FX. Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects.

ELECTRIFICATION SOLUTIONS DIVISION ACHIEVES STRONG TOP LINE DEVELOPMENT

Sales (€ mn)



Adjusted EBIT (€ mn)



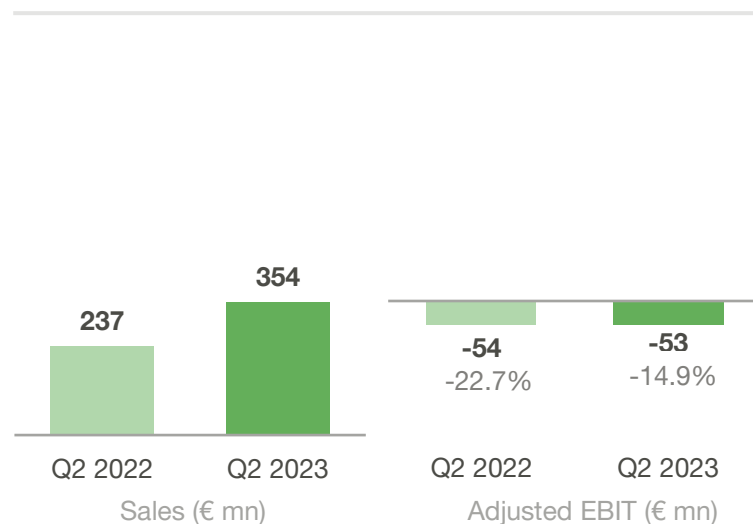
Electrification Solutions Division – DIV E

- > Positive sales development driven by strong performance in China and Germany
- > Outperformance of 19.0pp compared to global light vehicle production
- > Sales growth includes currency related headwinds of 2.7pp
- > Adjusted EBIT improved despite higher input and ramp-up costs for recent order wins
- > Core ICE business in DIV E benefits from overall market development and further stabilized supply chains resulting in 4.3% adj. EBIT margin

Organic Growth: Sales without effects from consolidation and FX. Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects.

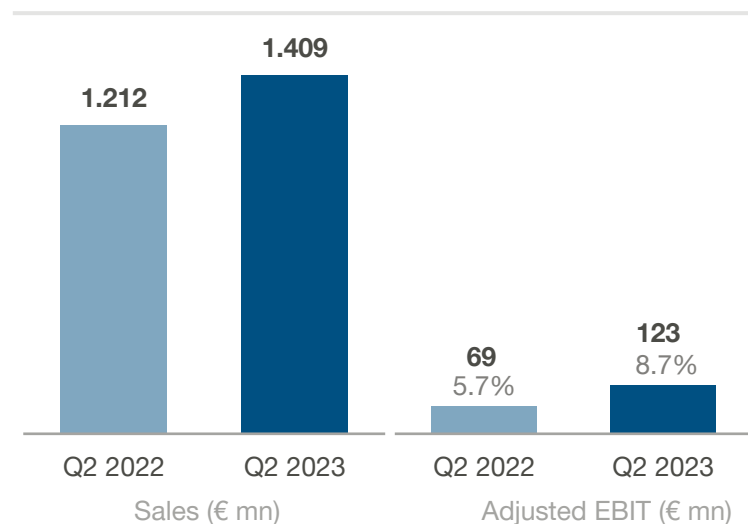
ELECTRIFICATION AND CORE ICE BUSINESS WELL ON TRACK FOR ACHIEVING OUR MID-TERM TARGETS

Electrification



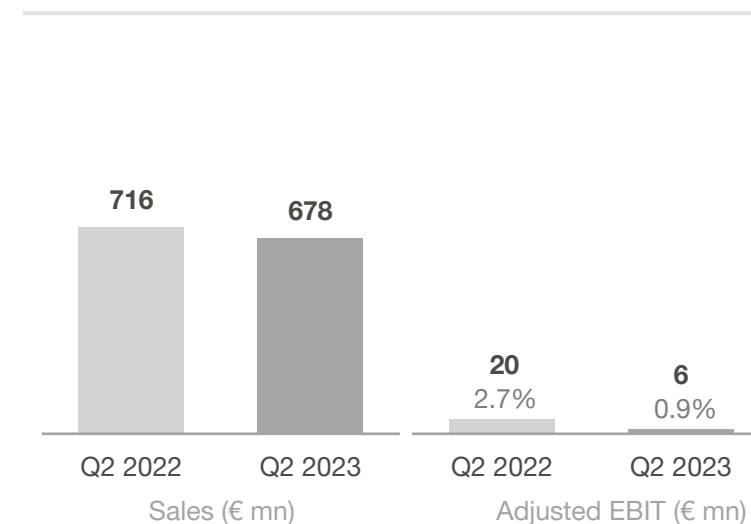
- > Sales growth of ~50% due to ramp-ups of new products
- > Further increasing volumes support adj. EBIT margin improvement

Core ICE (excl. Electrification)



- > Slight outperformance compared to global light vehicle production
- > Incremental margin of 27.4% in Core ICE excluding Electrification

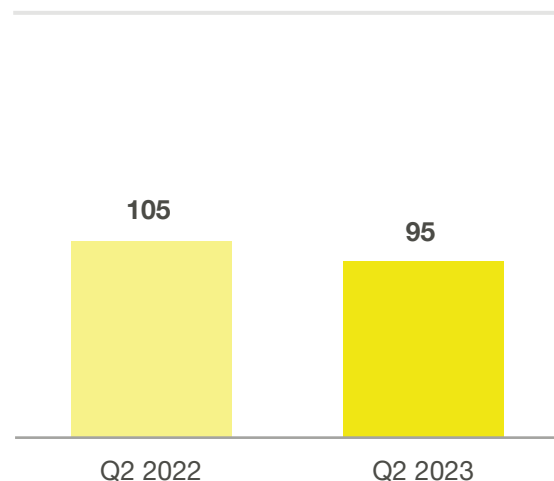
Non-Core



- > Decrease in Non-Core progressing according to plan
- > Prior year Q2 operating result benefitted from release of provisions

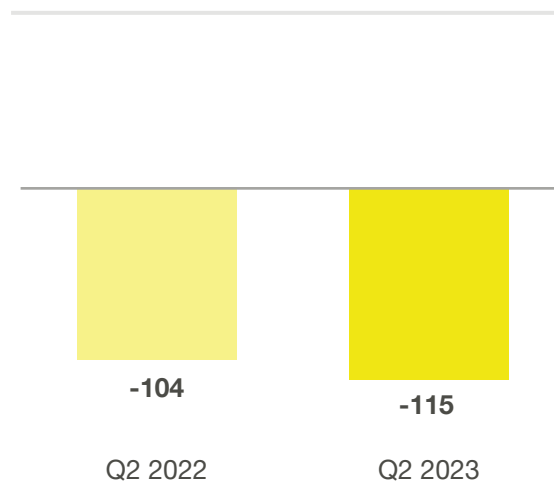
CASH FLOW BURDENED BY WORKING CAPITAL AND CONTINUED HIGH INVESTMENTS

Operating Cash Flow (€ mn)



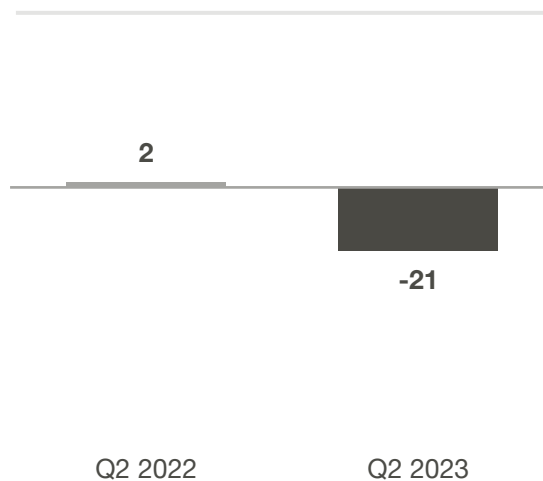
- > Decrease in operating cash flow essentially due to higher net working capital intensity (mainly A/R)

Investing Cash Flow (€ mn)



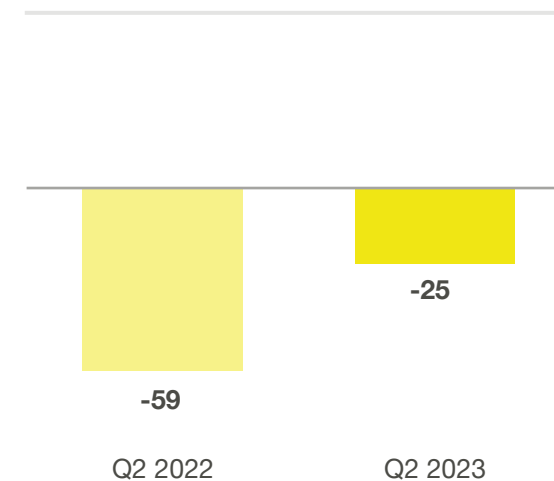
- > Higher investing cash flow due to lower cash in from divestment when compared to prior year

Free Cash Flow (€ mn)



- > Negative free cash flow resulting from lower operating cash flow and higher investing cash flow

Financing Cash Flow (€ mn)

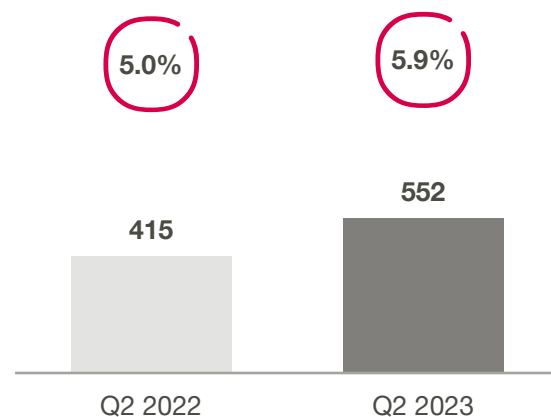


- > Improved financing cash flow due to significant less settlement impacts from financial derivatives

OUR EQUITY RATIO AND NET DEBT CONTINUE TO DEMONSTRATE OUR STRONG AND SOLID BALANCE SHEET

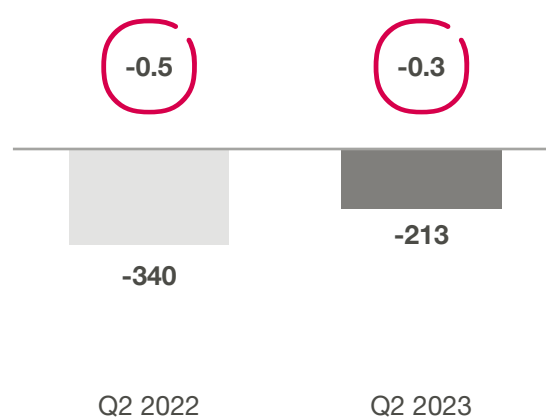
Net Working Capital (€ mn)

Net working capital/LTM sales



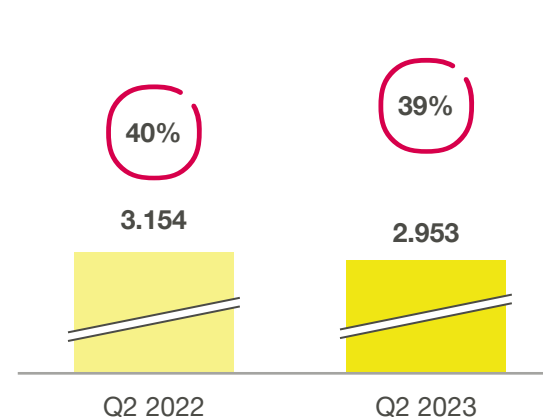
Net Debt (€ mn)

Net debt/LTM adj. EBITDA

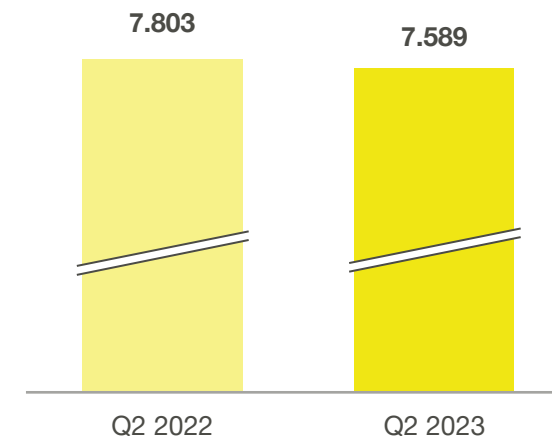


Total Equity (€ mn)

Equity ratio



Balance Sheet Total (€ mn)



> Increase in net working capital mainly driven by higher A/R

> Working capital intensity within anticipated mid-term range of 5% to 6%

> Net debt/LTM adj. EBITDA ratio remains at solid level and demonstrates comfortable liquidity situation

> Equity ratio remains at very solid level at around 39%

WE RECONFIRM OUR GUIDANCE AND MARKET OUTLOOK FOR FY 2023

Vitesco Technologies Group (€ mn)

	2022	2023E
Sales	9,070	9,200 to 9,700
Adj. EBIT Margin	2.5%	2.9% to 3.4%
Capex¹ Ratio	4.9%	5% to 6%
Free Cash Flow	123	~50



Market Outlook

China		~0% to 2% Prev: ~1% to 3%
Europe		~7% to 9% Prev: ~5% to 7%
NA		~6% to 8% Prev: ~5% to 7%
RoW		~3% to 5% Unchanged
World		~3% to 5% Unchanged

Light Vehicle Production Forecast for changes of FY 2023 production compared to FY 2022 based on S&P Global Mobility, Light Vehicle Production Forecast as of 07/2023.

Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects. Free Cash Flow defined as Operating Cash Flow plus Investing Cash Flow. | ¹ Capex excluding right of use assets (IFRS 16).



Q&A

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UPCOMING EVENTS

Corporate Events



Quarterly Report 9M/Q3 2023
November 14, 2023



Preliminary Figures 2023
February 2024



Annual Report FY 2023
March 2024

Roadshows and Conferences



Roadshow London
August 11, 2023



dbAccess IAA Cars, Munich
September 5, 2023



**Commerzbank & ODDO BHF,
Frankfurt, September 6, 2023**



CITIC CSLA Forum, Hongkong
September 12, 2023



Quirin Conference, Helsinki
September 12, 2023

THANK YOU