

VITESCO TECHNOLOGIES

Q2 2024 RESULTS

Regensburg, 08.08.2024

Public

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AGENDA OF THE CONFERENCE CALL ON THE Q2 2024 RESULTS

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2 | KEY FIGURES

3 | MARKET DEVELOPMENT

4 | SALES AND ADJUSTED EBIT DEVELOPMENT

5 | CASH FLOW AND LIQUIDITY PROFILE

6 | BALANCE SHEET STRUCTURE

7 | GUIDANCE FOR FY 2024

Andreas Wolf

Sabine Nitzsche

SEQUENTIAL IMPROVEMENT CONTINUED DESPITE THE STUTTERING RECOVERY WITHIN THE AUTOMOTIVE INDUSTRY

2,025

€ million **sales** in Q2 2024 – due mainly to volatile market environment and planned decline in Contract Manufacturing

82

€ million

4.0%
adjusted EBIT – increased profitability due to less dilutive business

348

€ million total **Electrification sales** during Q2 2024

-388

€ million **free cash flow** due to negative one-time effects in Q2 2024

3,180

€ million

order intake in Q2 2024, thereof **1,323 € million** in **Electrification**

Expansion of Electrification product portfolio in China

Vitesco Technologies starts serial production for battery management electronics in Changchun



IMPROVED PROFITABILITY DESPITE FURTHER CHALLENGING MARKET ENVIRONMENT

Vitesco Technologies Group (€ mn)

	Q2 2023	Q2 2024	Delta
Sales	2,441.6	2,024.5	-417.1
% growth			-17.1%
Adj. EBIT	66.6	81.7	15.1
% margin	2.9%	4.0%	1.1pp
EBIT	16.4	43.0	26.6
% margin	0.7%	2.1%	1.4pp
Capex¹	92.8	120.4	27.6
% of sales	3.8%	5.9%	2.1pp
Free Cash Flow	-20.6	-387.5	-366.9
% margin	-0.8%	-19.1%	-18.3pp
Equity Ratio	38.9%	39.4%	0.5pp



Highlights and Recent Developments

Sales

- > Sales impacted by decreased Non-Core sales, consolidation (4.1pp) and negative FX effects (1.4pp)

Adjusted EBIT

- > Increase in profitability supported by further improved Core ICE result and less dilutive Non-Core sales

Capex

- > Capex driven by increased investments into Electrification business

Free Cash Flow

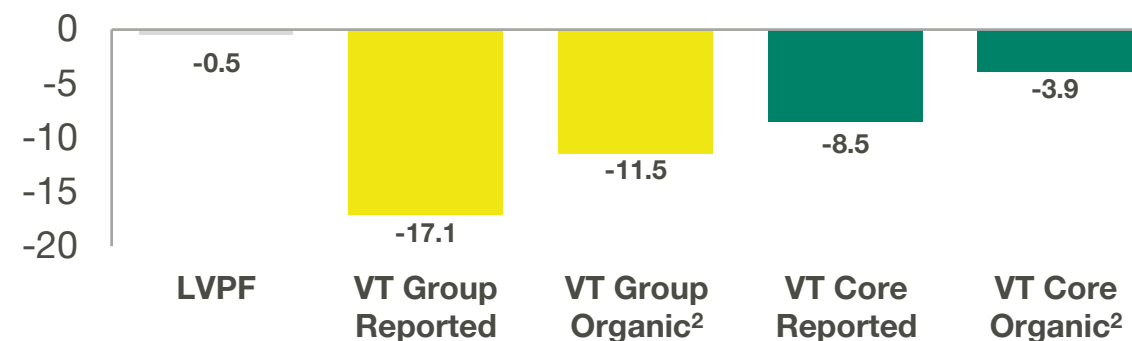
- > Negative free cash flow due to Contract Manufacturing (CM) related significant one-time effects
- > Due to normalization of payment terms in CM, H2 2024 will return to usual seasonal pattern

PRODUCTION VOLUMES TRENDING SIDEWAYS AS MAJOR MARKETS SHOW A MIXED PICTURE

Light Vehicle Production¹ (mn units)

	Q2 2024 Production	Q2 Δ YoY
Europe	4.3	-6.8%
North America	4.2	+1.7%
China	7.1	+5.0%
Rest of World	6.6	-3.1%
Worldwide	22.2	-0.5%

Year-on-Year Growth Rates (in %)



Highlights and Comments – Market

- > Weaker order books in the supply chain in Europe are causing increased concerns over the near-term production outlook
- > Incentive programs such as subsidies for ICE vehicle replacement and vehicle financing programs implemented to support the local Chinese market



Highlights and Comments – Vitesco Technologies

- > Almost all major markets underperformed on group level

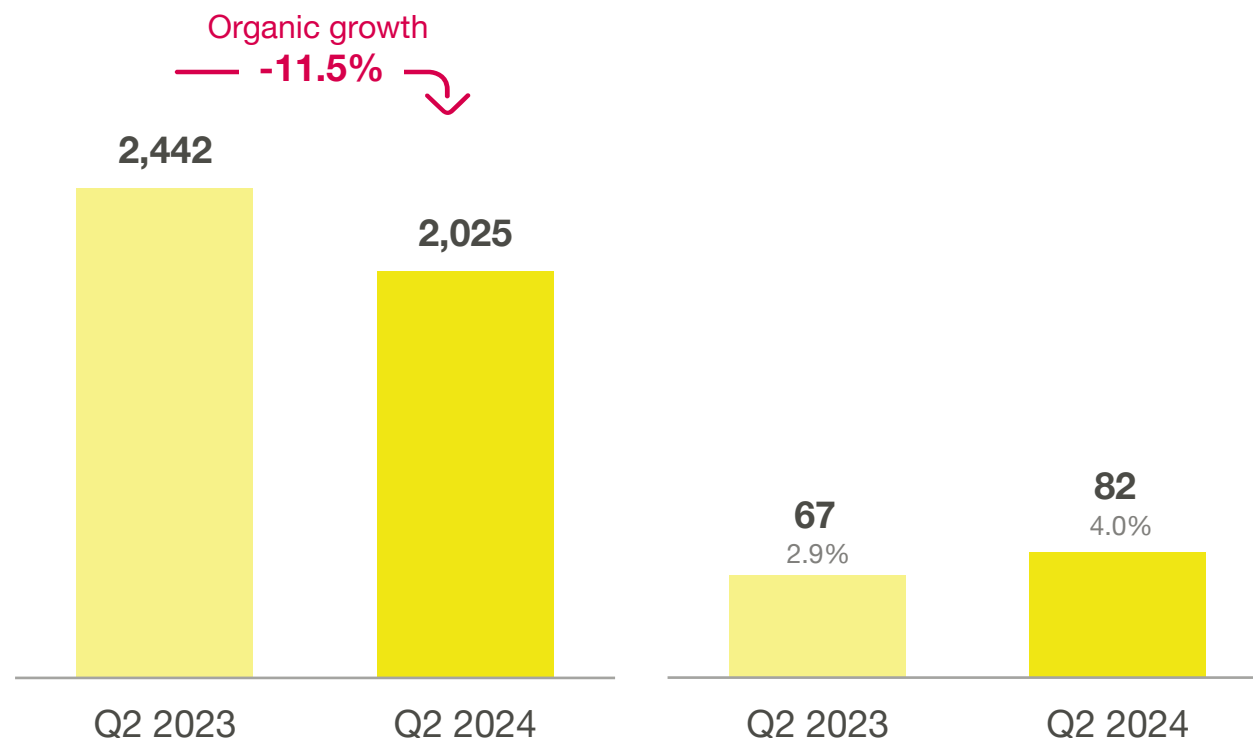
Rounding differences may occur for arithmetical reasons. YoY: year-on-year.

¹ Based on S&P Global Mobility, Light Vehicle Production Forecast as of 07/2024. Regions as defined for Vitesco Technologies' sales regions. | ² Sales without effects from consolidation and FX.

FURTHER IMPROVED PROFITABILITY BASED ON STRICT COST CONTAINMENT AND ACCELERATED RAMP DOWN IN NON-CORE

Sales (€ mn)

Adjusted EBIT (€ mn)



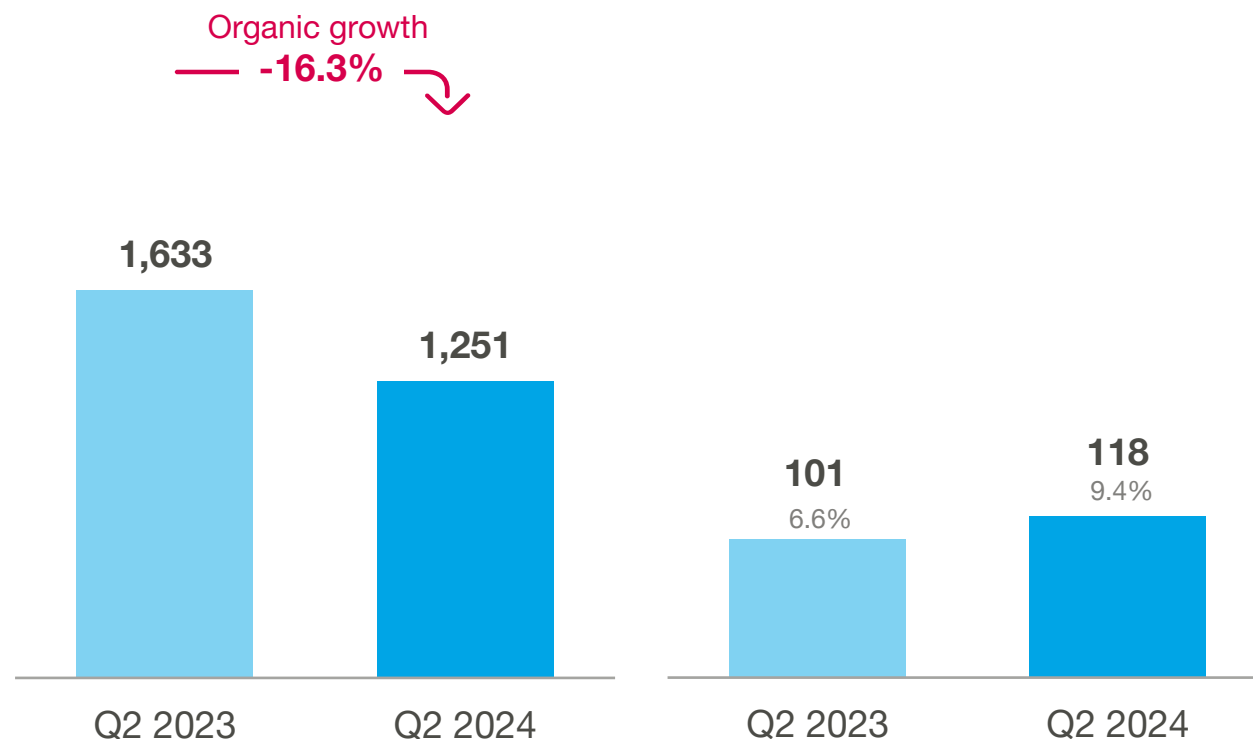
Vitesco Technologies

- > Organic sales development 11.0pp below light vehicle production due mainly to strong decrease in Non-Core activities
- > Headwinds from currency related effects amounting to 1.4pp
- > Core technologies sales at €1,614 mn (PY: €1,763 mn) and 4.5% adj. EBIT margin (PY: 3.8%)
- > Further ramp-down of Non-Core activities by about 40% year-on-year in line with internal expectations

LOWER CALL-OFFS DO NOT IMPACT BOTTOM-LINE DEVELOPMENT IN POWERTRAIN SOLUTIONS

Sales (€ mn)

Adjusted EBIT (€ mn)



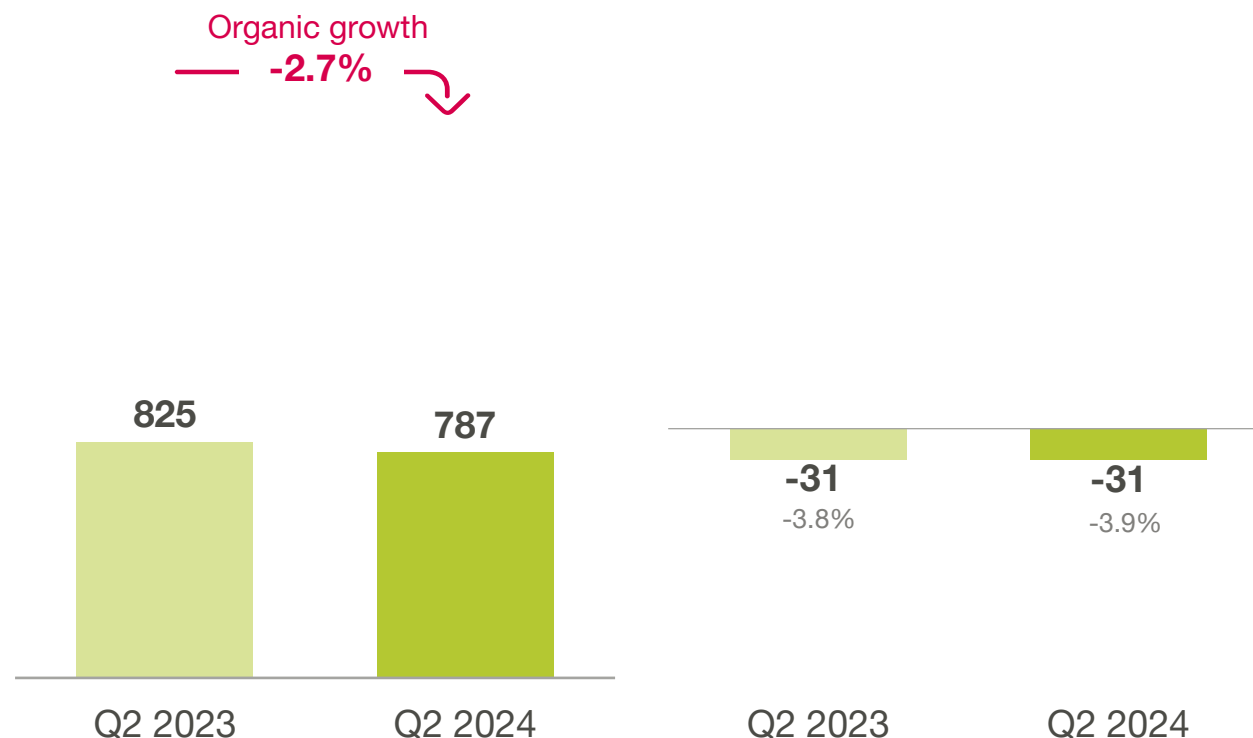
Powertrain Solutions Division – DIV P

- > Sales decreased due to expected consolidation effects and currency related headwinds (1.2pp)
- > Contract Manufacturing decreased by more than 70% year-on-year to €62 mn sales in Q2 2024
- > Core ICE business at €806 mn (PY: €926 mn) sales and 13.7% adj. EBIT margin (PY: 11.4%)
- > Positive mix effects and continued solid performance in Core ICE business supporting overall transition process

UNCHANGED PROFITABILITY LEVEL DESPITE SLIGHT UNDERPERFORMANCE IN SALES

Sales (€ mn)

Adjusted EBIT (€ mn)

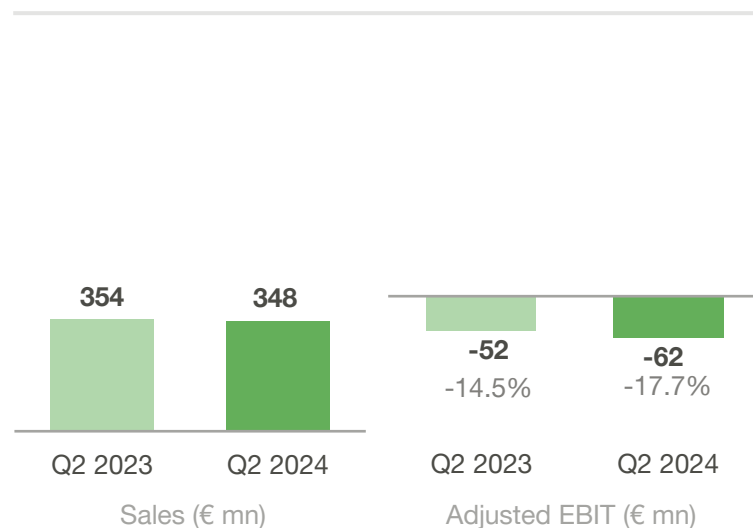


Electrification Solutions Division – DIV E

- > Despite market volatility, Power Electronics within DIV E less affected by market hick-ups
- > Sales development includes currency related headwinds of 2.0pp
- > Adjusted EBIT margin impacted by high input and ramp-up costs for Electrification business
- > Core ICE business further improves profitability level to 6.3% in Q2 2024 (PY: 4.1%)

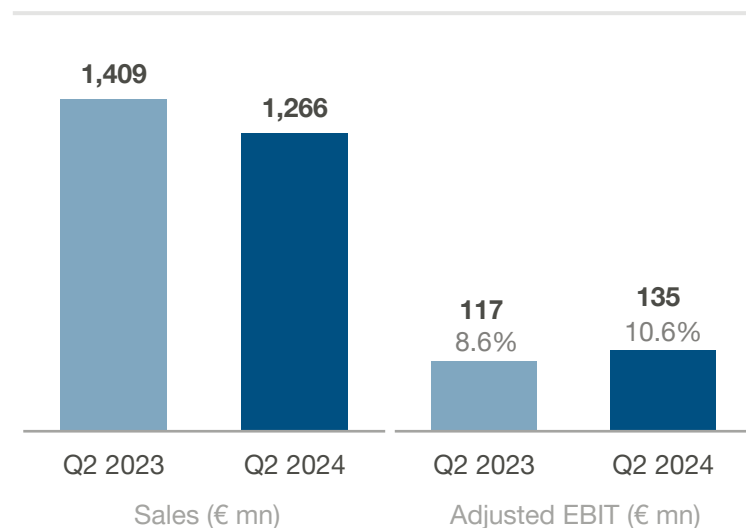
CORE ICE BUSINESS CONTINUES TO BACK TRANSFORMATIONAL PROGRESS TOWARDS ELECTRIFICATION

Electrification



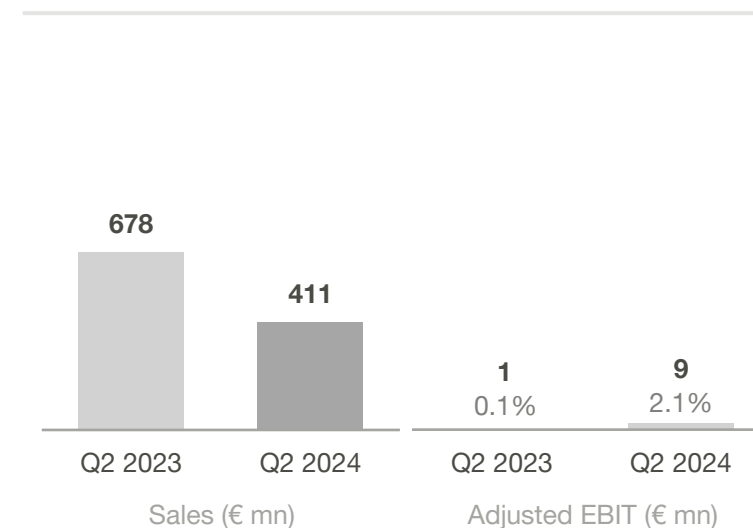
- > Gradual step-up in Electrification sales (~30% QoQ) as new product launches are ramping up again
- > Adj. EBIT impacted by accelerated change towards next generation products, which are slowly ramping up

Core ICE (excl. Electrification)



- > Weak overall market environment impacts Core ICE business
- > Further step-up at double digit adj. EBIT margins supported by resiliency of Core ICE business and one-time effects

Non-Core

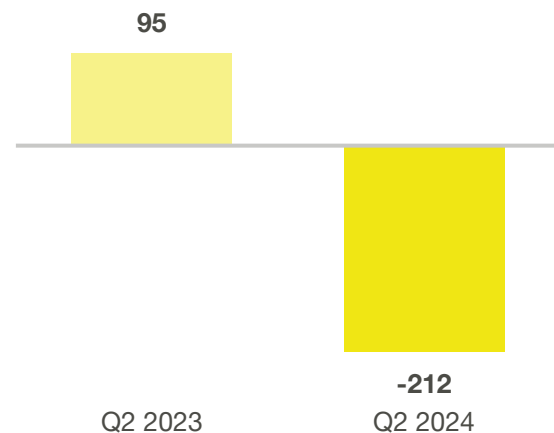


- > Decrease in Non-Core business, especially in Contract Manufacturing, accelerates as planned
- > Adj. EBIT came in slightly positive

QoQ: quarter-on-quarter. Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects.

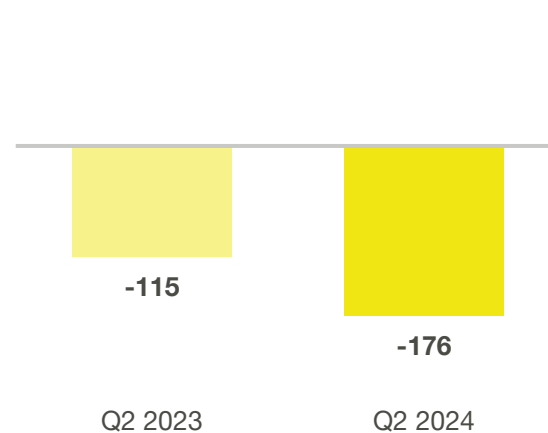
CASH FLOW BURDENED BY WORKING CAPITAL AND CONTINUED HIGH INVESTMENTS

Operating Cash Flow (€ mn)



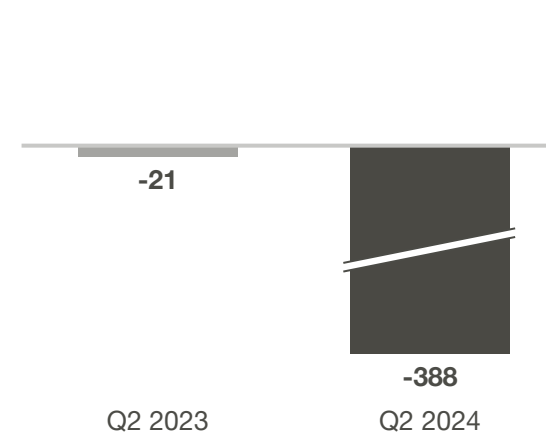
- > Sharp decrease in operating cash flow due to higher working capital, resulting from lower accounts payables

Investing Cash Flow (€ mn)



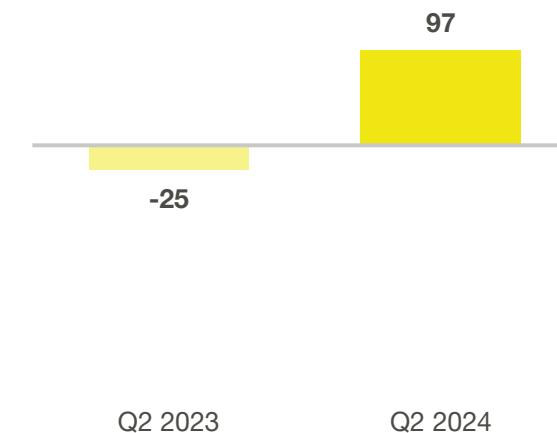
- > Higher investing cash flow due to increasing investments for Electrification business

Free Cash Flow (€ mn)



- > Anticipated negative free cash flow resulting from exceptional items, i. e. cumulated payments to Continental

Financing Cash Flow (€ mn)

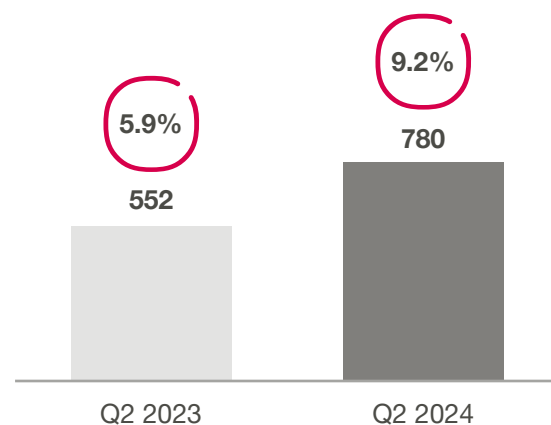


- > Financing cash flow affected mainly by utilization of a loan agreement

EQUITY RATIO AND NET DEBT DEMONSTRATE OUR SOLID BALANCE SHEET

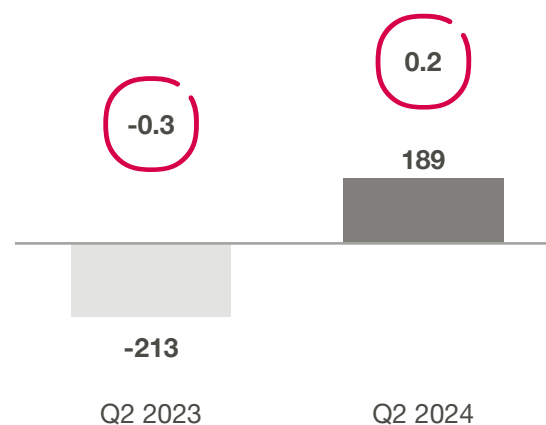
Net Working Capital (€ mn)

Net working capital/LTM sales



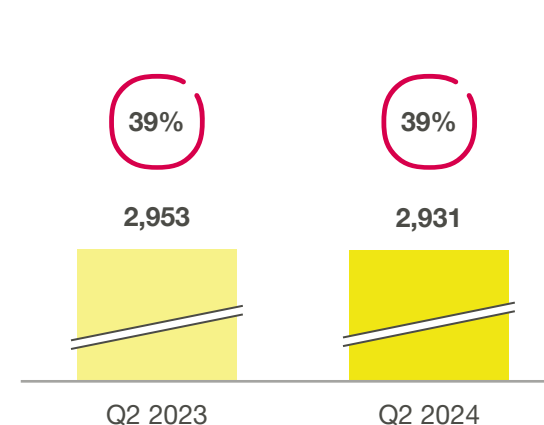
Net Debt (€ mn)

Net debt/LTM adj. EBITDA

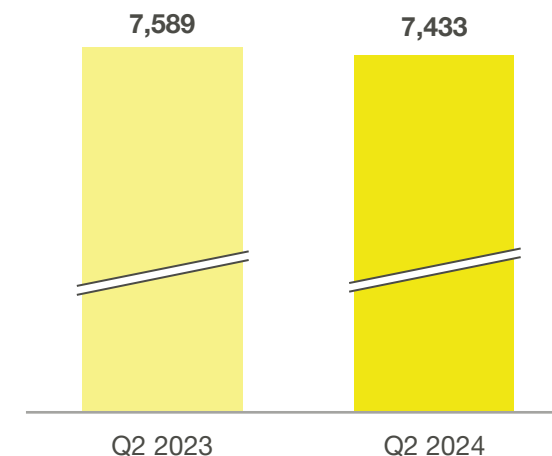


Total Equity (€ mn)

Equity ratio



Balance Sheet Total (€ mn)



- > Significant increase in net working capital mainly driven by decrease in accounts payables related to the planned phase-out of Contract Manufacturing

- > Distortion of working capital intensity due to one-time effect, i. e. the reversal of payment terms in Contract Manufacturing (from 9 months to 30 days)

- > Net debt/LTM adj. EBITDA ratio remains at solid level despite high cash outflow in Q2 2024

- > Equity ratio remains at solid level around 39%

LTM: Last twelve months. Adj. EBITDA before consolidation and special effects.

ADJUSTED GUIDANCE AND MARKET OUTLOOK FOR FY2024

Vitesco Technologies Group (€ mn)

	2023	2024E
Sales	9,233	8,100 ± 150 Prev: 8,300 to 8,800
Adj. EBIT Margin	3.7%	4.0% ± 0.2% Prev: 4.5% to 5.0%
Capex¹ Ratio	5.4%	~ 7% Unchanged
Free Cash Flow	85	~ -400 Prev: ~ -350



Market Outlook

China	→	~ 0% to 2% Unchanged
Europe	→	~ -5% to -3% Prev: ~ -3% to -1%
NA	→	~ 0% to 2% Unchanged
RoW	→	~ -5% to -3% Prev: ~ -3% to -1%
World	→	~ -2% to 0% Prev: ~ -1% to 1%

The outlook for fiscal year 2024 does not consider any effects resulting from the integration into Schaeffler.

Light Vehicle Production Forecast for changes of FY 2024 production compared to FY 2023 based on S&P Global Mobility, Light Vehicle Production Forecast as of 07/2024.

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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