

# VITESCO TECHNOLOGIES

## Q1 2023 RESULTS

Regensburg, 12.05.2023

Public

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# AGENDA OF CONFERENCE CALL ON THE Q1 2023 RESULTS

1 | HIGHLIGHTS FOR Q1 2023

2 | ORGANIZATIONAL STRUCTURE 2023

3 | KEY FIGURES

4 | MARKET DEVELOPMENT

Andreas Wolf

5 | SALES AND ADJUSTED EBIT DEVELOPMENT

6 | CASH FLOW PROFILE

7 | BALANCE SHEET STRUCTURE

8 | CONFIRMATION GUIDANCE FOR FY 2023

Werner Volz



# WE CONCLUDED A SOLID START INTO THE YEAR DESPITE CHALLENGING CONDITIONS

## 2,314

€ million **sales** in Q1 2023 – despite ongoing negotiations regarding transfer of higher input cost

## 37

€ million

**1.6%**  
**adjusted EBIT** – despite a challenging market environment during Q1 2023

## 1,429

€ million  
**order intake in Q1 2023**, thereof **839 € million in electrification**

## > 4

€ billion

**Current Electrification Order Intake**

Significant awards across the **entire electrification portfolio**

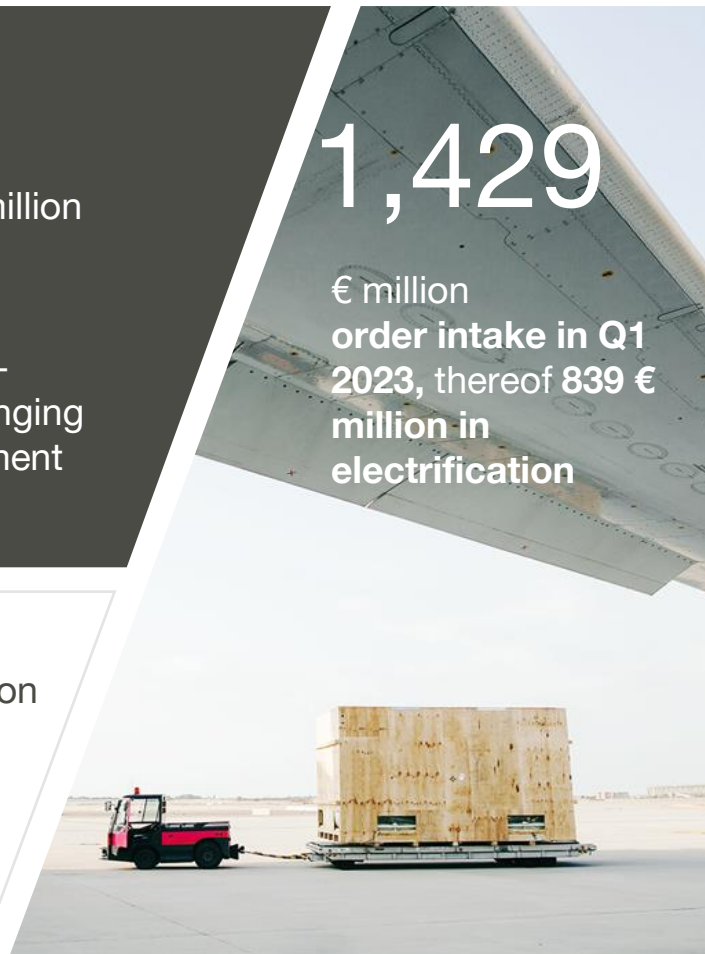
## 305.9

€ million total **electrification sales** during Q1 2023.

## -41

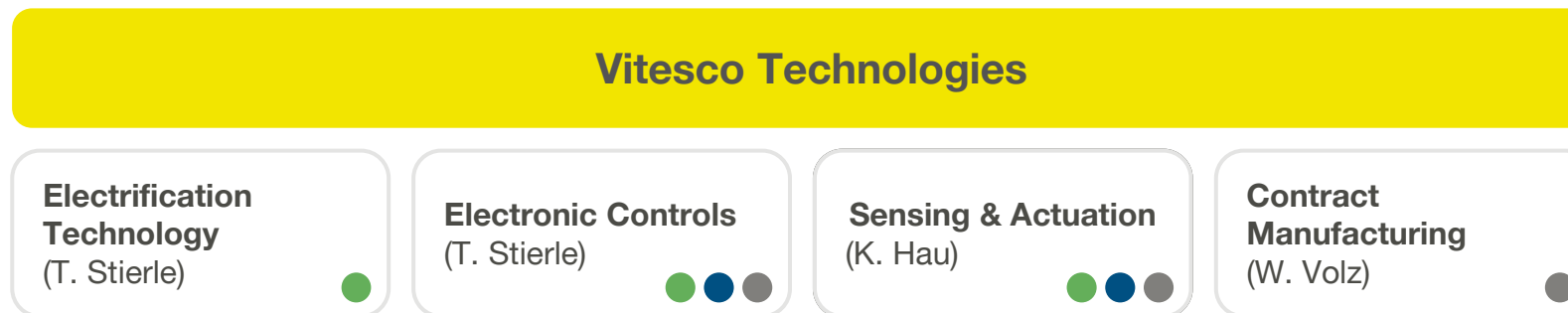
€ million

**free cash flow** due to lower profitability and increased working capital



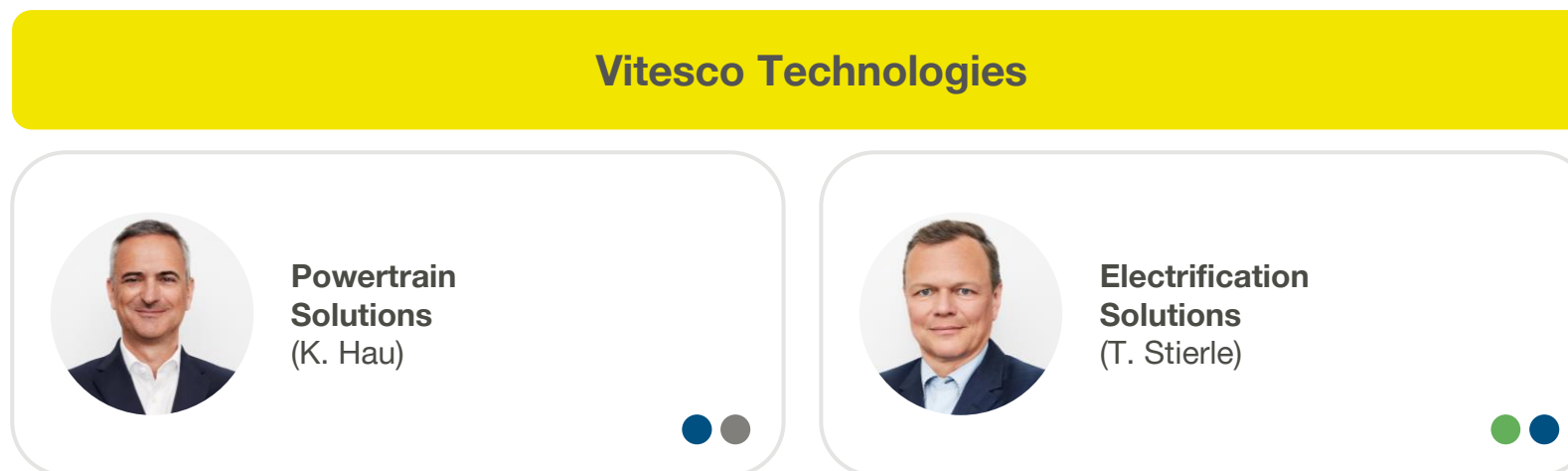
# DIVISIONAL SETUP REFLECTS THE TRANSFORMATION AND FOSTERS CUSTOMER PROXIMITY AND TRANSPARENCY

**Former structure**  
(4 Business Units)



**Strategical realignment**  
following company vision

**Structure as per 01/2023**  
(2 Divisions)



**Increased reporting transparency**



**Management structure with focus on agility and customer proximity**



Electrified business



Core ICE technologies



Non-Core technologies

# WE SHOW A RESILIENT BUSINESS DESPITE MAJOR HEADWINDS DURING A CHALLENGING MARKET ENVIRONMENT

## Vitesco Technologies Group (€ mn)

	Q1 2022	Q1 2023	Delta
<b>Sales</b>	2,258.6	2,314.2	55.6
% growth	-1.9%	2.5%	
<b>Adj. EBIT</b>	47.7	37.1	-10.6
% Margin	2.1%	1.6%	-0.5pp
<b>EBIT</b>	37.6	-25.3	-62.9
% margin	1.7%	-1.1%	-2.8pp
<b>Capex<sup>1</sup></b>	52.1	98.0	45.9
% of sales	2.3%	4.2%	1.9pp
<b>Free Cash Flow</b>	48.2	-41.1	-89.3
% margin	2.1%	-1.8%	-3.9pp
<b>Equity Ratio</b>	35.9%	39.1%	3.2pp



## Highlights and Recent Developments

### Sales

- > Top line development in line with expectations given the planned ramp-down of Non-Core business

### Adjusted EBIT

- > Burdened by inflated input costs and not finalized negotiations with customers regarding cost transfer

### Capex

- > Increased levels in expenditures trending towards the anticipated 5% to 6% levels

### Free Cash Flow

- > Continued increase in working capital, in particular inventories

### Equity Ratio

- > Higher equity ratio due to rising interest rates and related positive valuation effects of pensions

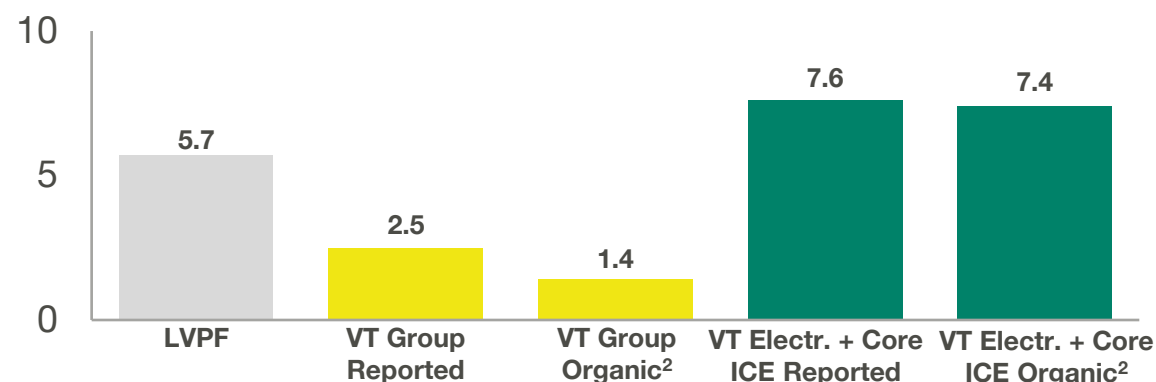
Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects. | 1 Capex excluding right of use assets (IFRS 16).

# CORE BUSINESS CONTINUES TO OUTPERFORM LIGHT VEHICLE PRODUCTION

## Light vehicle production<sup>1</sup> (mn units)

	Q1 2023 Production	Q1 Δ YoY
Europe	4.5	+17.9%
North America	3.9	+9.6%
China	5.8	-7.4%
Rest of World	6.9	+9.2%
<b>Worldwide</b>	<b>21.1</b>	<b>+5.7%</b>

## Year-on-Year growth rates (in %)



### Highlights and Comments (Market)

- > European market development benefitted from increased semiconductor availability. Especially Germany outperformed by over 40%
- > Chinese market recovery suffers from lower production volumes due to advance consumption in Q4 2022 based on tax incentives and subsidies



### Highlights and Comments (Vitesco Technologies)

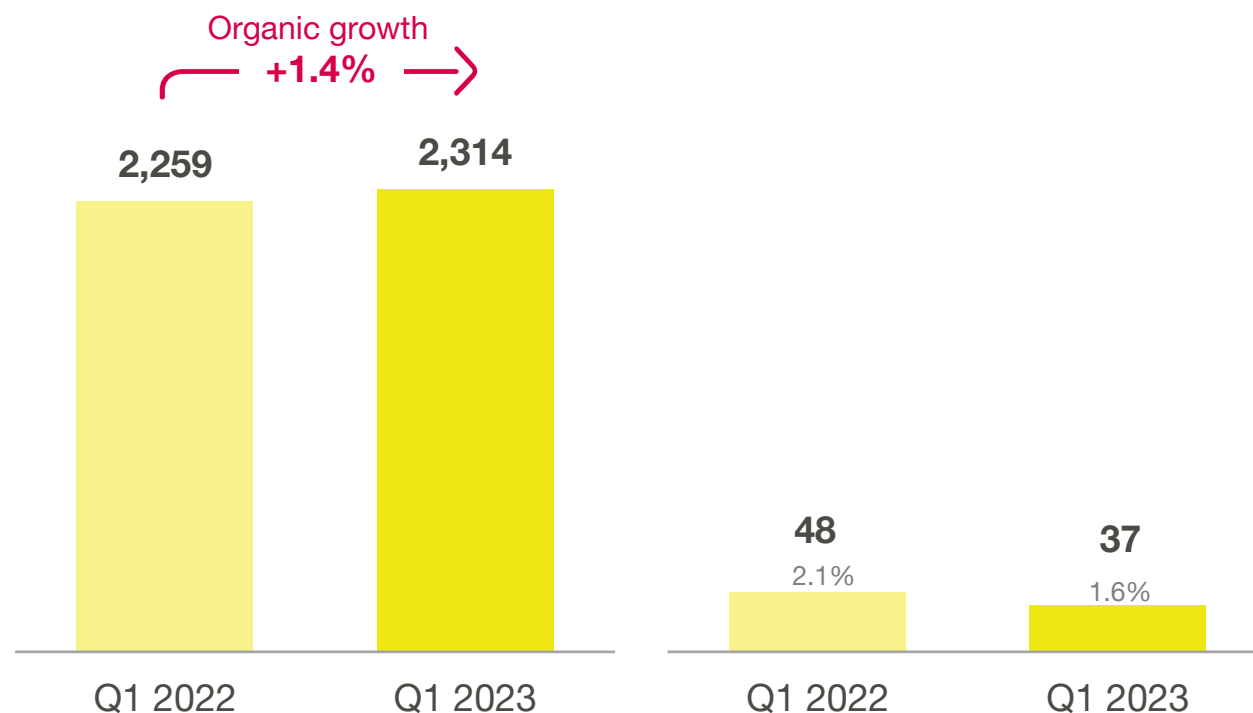
- > Top line development underlines transformation progress: Electrification and Core ICE outperforms the market while Non-Core sales decreases according to plan
- > Vitesco Technologies sales in Germany and South Korea contributed the most Year-on-Year

<sup>1</sup> Based on IHS Markit, Light Vehicle Production Forecast as of 04/2023. Regions as defined for Vitesco Technologies' sales regions. | <sup>2</sup> Sales without effects from consolidation and FX.

# WE MANAGED TO MAINTAIN OUR PROFITABILITY DESPITE MAJOR HEADWINDS

Sales (€ mn)

Adjusted EBIT (€ mn)



## Vitesco Technologies

- > Organic sales 4.3pp below light vehicle production; Electrification and Core ICE technologies outperformed the market by 1.7pp
- > Sales growth benefits from currency related tailwinds amounting to 1.4pp
- > Ramp-down of Contract Manufacturing and Non-Core activities according to plan
- > Profitability burdened by higher input costs and not finalized negotiations regarding cost transfers to customers

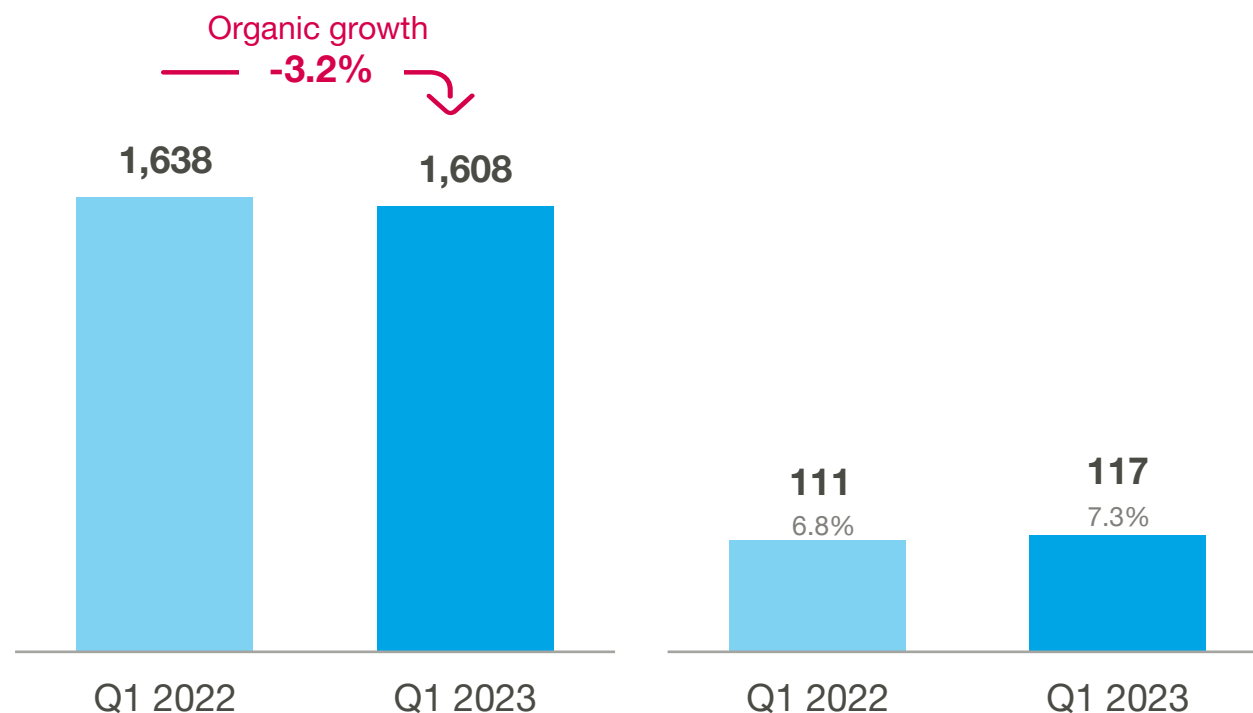
Organic Growth: Sales without effects from consolidation and FX. Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects.



# DIVISION POWERTRAIN SOLUTIONS SHOWS FURTHER IMPROVEMENT IN BOTTOM LINE DEVELOPMENT

Sales (€ mn)

Adjusted EBIT (€ mn)



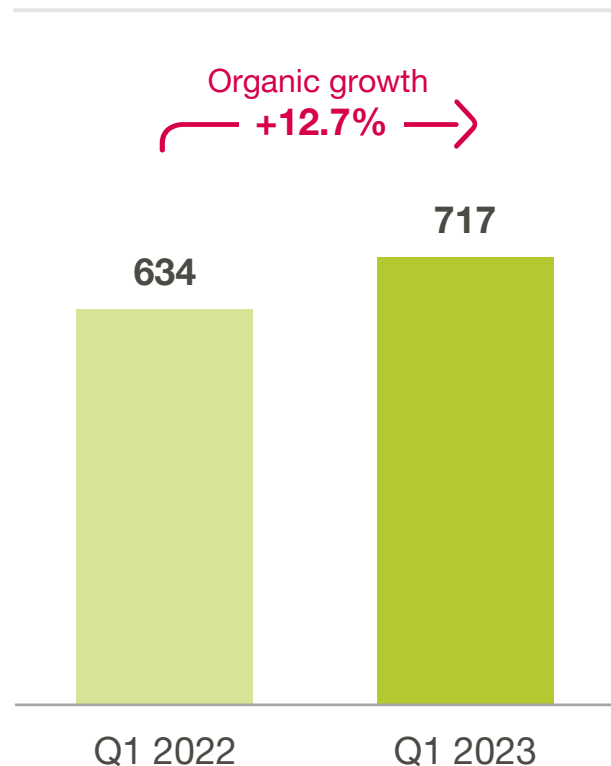
## Division Powertrain Solutions

- > Top line development decreased due to planned ramp-down of Contract Manufacturing and Non-Core activities
- > Sales growth benefits from currency related tailwinds amounting to 1.9pp
- > Positive one-time effects from claim negotiations as well as inventory revaluation partially compensated for higher material and personnel costs
- > Bottom line development benefitted from continuous cost containment

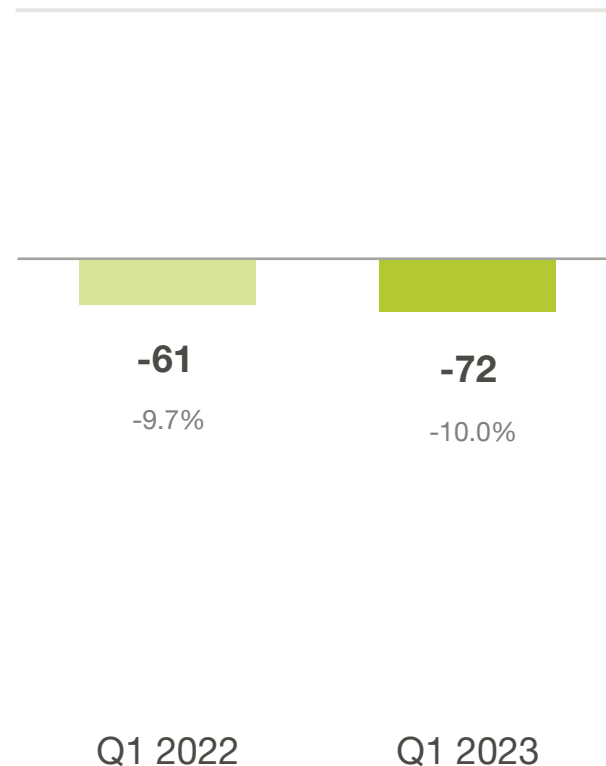
Organic Growth: Sales without effects from consolidation and FX. Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects.

# DIVISION ELECTRIFICATION SOLUTIONS ACHIEVES STRONG TOP LINE DEVELOPMENT

Sales (€ mn)



Adjusted EBIT (€ mn)



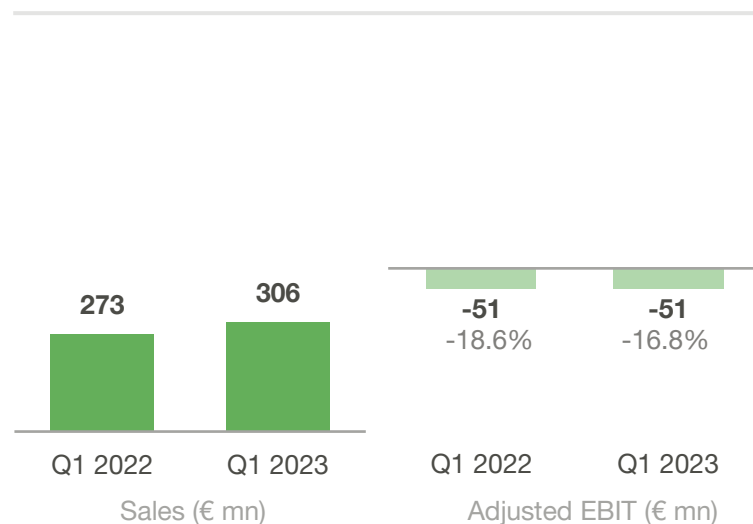
## Division Electrification Solutions

- > Positive sales development driven by strong performance in Asia and Germany
- > Sales growth includes minor currency related effects of 0.3pp
- > Outperformance of 7.0pp compared to global light vehicle production
- > Adjusted EBIT burdened by higher input costs and ramp-up costs for most recent order wins

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

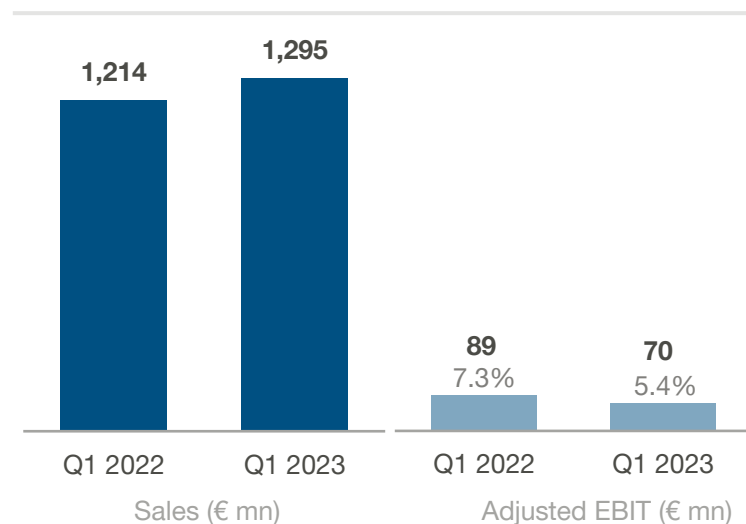
# ELECTRIFICATION AND CORE ICE BUSINESS WELL ON TRACK FOR ACHIEVING OUR MID-TERM GUIDANCE

## Electrification



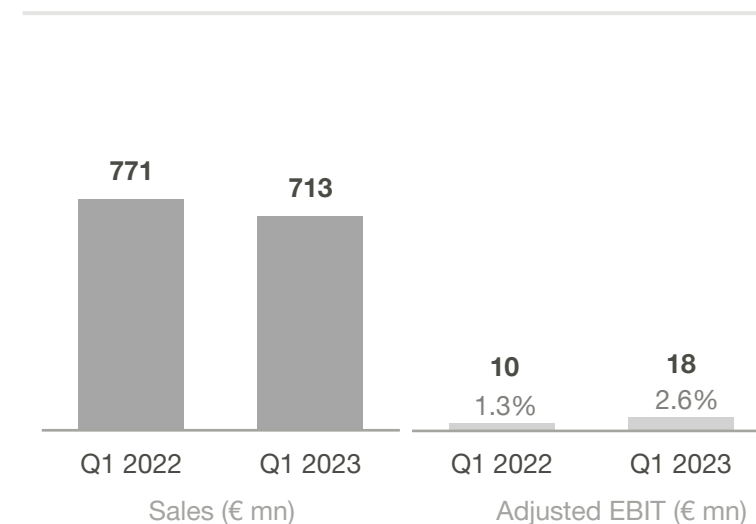
- > Increased sales in Electrification due to improved availability of materials
- > Adj. EBIT margin further improved due to higher volumes despite increased ramp-up costs

## Core ICE (excl. Electrification)



- > Outperformance of 1pp compared to global light vehicle production
- > Adj. EBIT still burdened by higher input costs

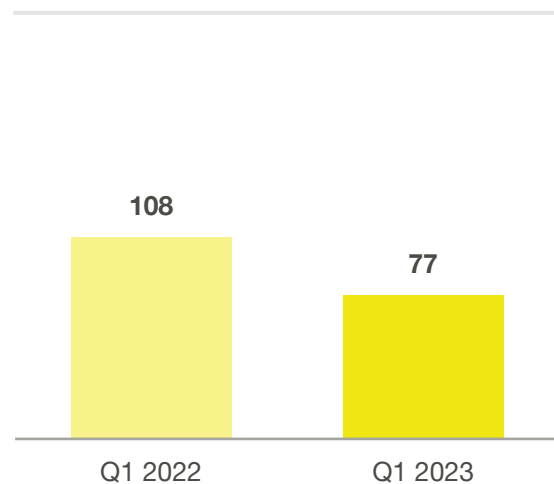
## Non-Core



- > Decrease in Non-Core including Contract Manufacturing according to plan
- > Release of accruals as well as fix cost improvement in plants led to slightly higher EBIT margin

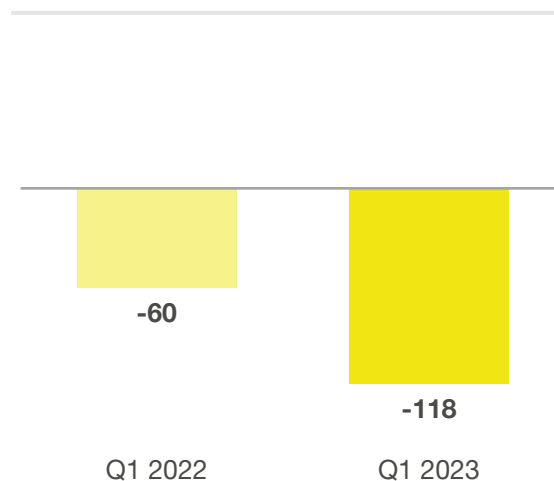
# CASH FLOW BURDENED BY WORKING CAPITAL AND CONTINUED HIGH INVESTMENTS

## Operating Cash Flow (€ mn)



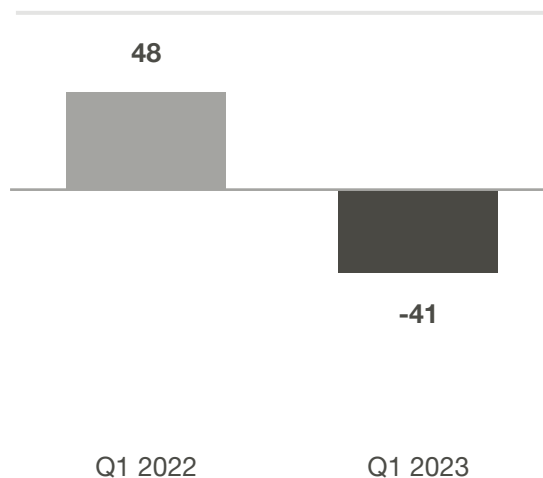
- > Decrease in Operating Cash Flow essentially due to higher net working capital intensity (mainly inventories) and lower profitability

## Investing Cash Flow (€ mn)



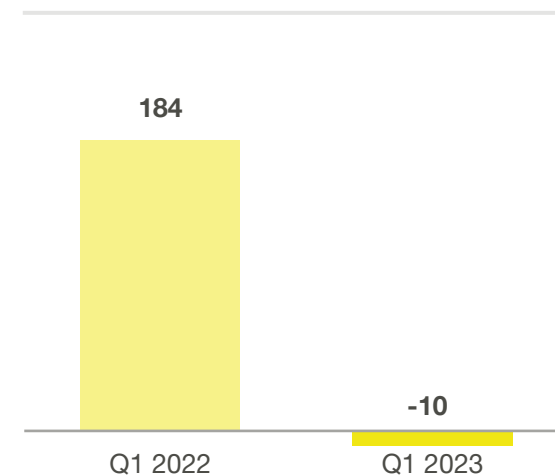
- > Higher capex due to project-related investments trending towards the targeted mid-term range of 5 to 6% levels

## Free Cash Flow (€ mn)



- > Negative Free Cash Flow resulting from lower Operating Cash Flow and higher Investing Cash Flow

## Financing Cash Flow (€ mn)

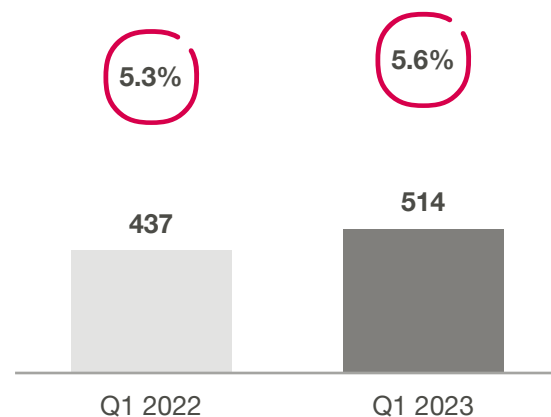


- > Positive Financing Cash Flow in Q1 2022 due to issuance of Schuldscheindarlehen

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

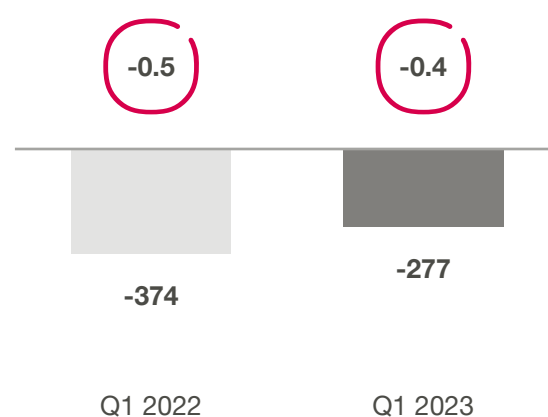
## Net working capital (€ mn)

Net working capital/LTM sales



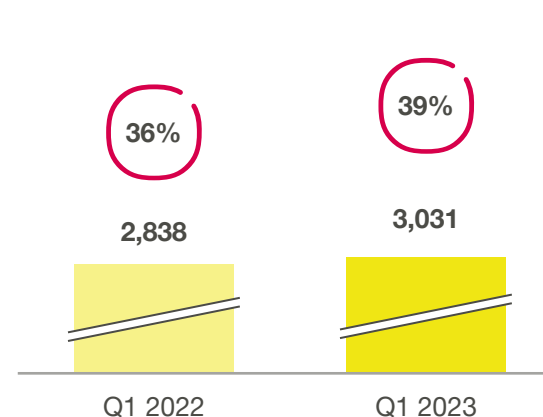
## Net debt (€ mn)

Net debt/LTM adj. EBITDA

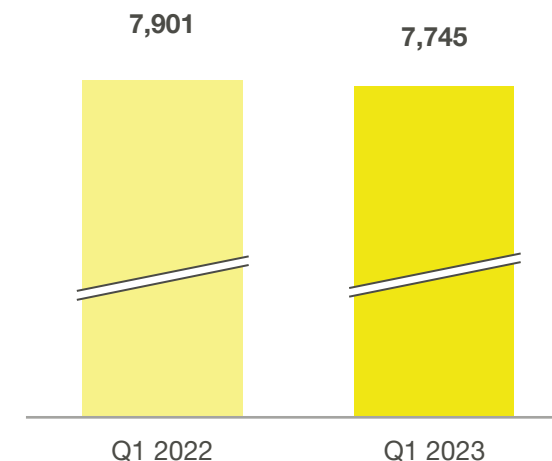


## Total equity (€ mn)

Equity ratio



## Balance sheet total (€ mn)



> Increase in net working capital mainly driven by higher inventory

> Mid-term working capital intensity anticipated to range between 5% to 6%

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

> Increase in equity to about €3 billion due to higher Other Comprehensive Income from pension revaluation

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



# WE RECONFIRM OUR GUIDANCE AND MARKET OUTLOOK FOR FY2023

## Vitesco Technologies Group (€ mn)

	2022	2023E
<b>Sales</b>	9,070	9,200 to 9,700
<b>Adj. EBIT Margin</b>	2.5%	2.9% to 3.4%
<b>Capex<sup>1</sup> Ratio</b>	4.9%	5% to 6%
<b>Free Cash Flow</b>	123	~50



## Market Outlook

<b>China</b>		~1% to 3%
<b>Europe</b>		~5% to 7%
<b>NA</b>		~5% to 7%
<b>RoW</b>		~3% to 5%
<b>World</b>		~3% to 5%

Light Vehicle Production Forecast for changes of FY 2023 production compared to FY 2022 based on IHS Markit, 01/2023.

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



**Q&A**

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# UPCOMING EVENTS

## Corporate Events



**Annual General Meeting**  
May 17, 2023



**Interim Report H1/Q2 2023**  
August 10, 2023



**Quarterly Report 9M/Q3 2023**  
November 14, 2023



**Annual Report FY 2023**  
March 2024

## Roadshows and Conferences



**Citi's 2023 European Autos**  
May 16, 2023



**Roadshow Paris**  
May 24, 2023



**Quirin Champions, Frankfurt**  
June 1, 2023



**J.P. Morgan Automotive, London**  
June 5, 2023



**DB's Global Auto, New York**  
June 14, 2023

**THANK YOU**