

VITESCO TECHNOLOGIES

Q2 2022

Regensburg, August 10, 2022

Public

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AGENDA OF THE CONFERENCE CALL ON THE Q2 2022 RESULTS

- 1 HIGHLIGHTS FOR Q2 2022
- 2 KEY FIGURES
- 3 MARKET DEVELOPMENT
- 4 SALES AND ADJUSTED EBIT DEVELOPMENT
- 5 CASH FLOW PROFILE
- 6 LIQUIDITY PROFILE
- 7 BALANCE SHEET STRUCTURE
- 8 OUTLOOK FOR FY 2022



WE CONCLUDED ANOTHER SOLID QUARTER ON THE BACK OF STRONG SENSING & ACTUATION PROFITABILITY

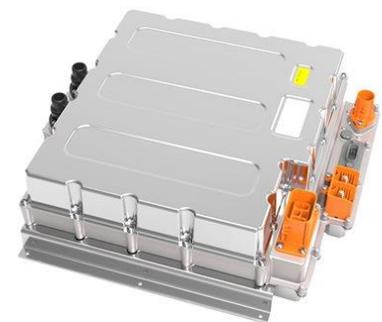
2,165

€ million **sales** in Q2 2022 – despite regional lockdowns in China and ongoing semiconductor shortage

235

€ million total **electrification sales** during Q2 2022

Our strategic partnership with Renault will further strengthen our growth in the area of electrification



- ✓ Delivery of high-voltage box² starting in 2025
- ✓ Joint development for Renault’s “One Box³”

33

 € million

1.5%

adjusted EBIT – still highly influenced by increased input costs

2

 € million

free cash flow – with increased Capex¹ of 5.2%



3.0

€ billion **electrification order intake** during Q2 2022; **total order intake at 3.7 € billion**

Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects. Order intake defined as sum of acquired lifetime sales within the respective fiscal year. ¹ Capex excluding right of use assets (IFRS 16). ² Combining DC/DC converter and on-board charger. ³ Combining DC/DC converter, on-board charger and inverter.

WE INCREASED OUR REVENUE DESPITE LOCKDOWNS IN CHINA AND CONTINUOUS HEADWINDS FROM MATERIAL SHORTAGES

VITESCO TECHNOLOGIES GROUP (€ MN)

	Q2 2021	Q2 2022	Delta
Sales	2,094.9	2,165.0	70.1
% growth	-	+3.3%	
Adj. EBIT	64.7	32.9	-31.8
% margin	3.1%	1.5%	-1.6pp
EBIT	25.6	28.7	3.1
% margin	1.2%	1.3%	0.1pp
Capex ¹	101.7	112.5	10.8
% of sales	4.9%	5.2%	0.3pp
Free Cash Flow	65.7	1.6	-64.1
% margin	3.1%	0.0%	-3.1pp
Equity Ratio	32.0%	40.4%	8.4pp

HIGHLIGHTS AND RECENT DEVELOPMENTS

Sales

- > Impact from FX: +5.4%
- > €235 mn electrification sales

Adjusted EBIT

- > Drop in profitability due to burden from semiconductor shortage, mainly in Electronic Controls BU

Capex

- > Capex gained momentum as expected after slower start into Q1 2022

Free Cash Flow

- > Q2 2022 free cash flow benefitted from one-off effects, especially in working capital

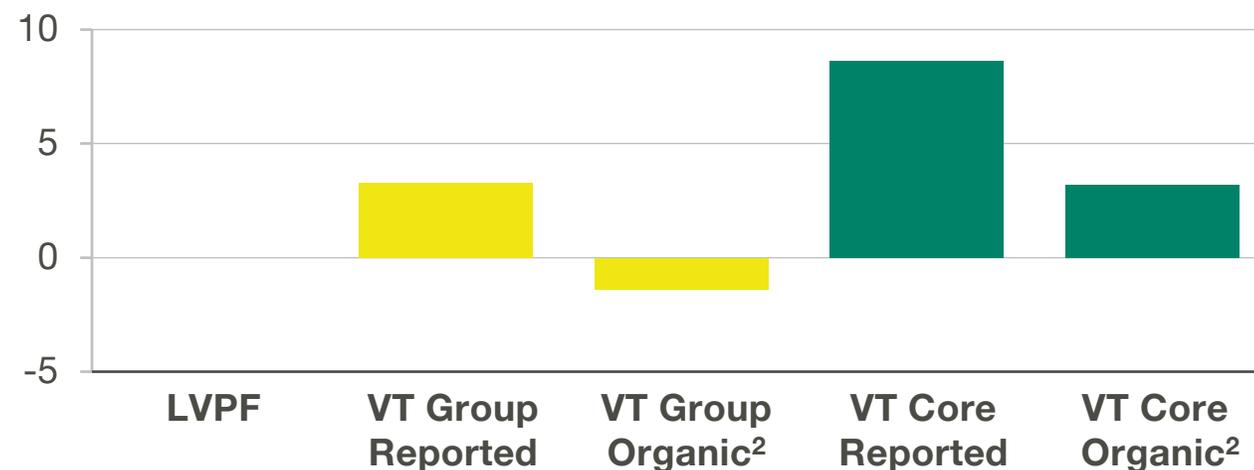
Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects. ¹ Capex excluding right of use assets (IFRS 16).

OUR CORE TECHNOLOGIES CONTINUE TO OUTPERFORM THE WORLDWIDE LIGHT VEHICLE PRODUCTION

LIGHT VEHICLE PRODUCTION¹ (MN UNITS)

	Q2 Production	Q2 Δ YoY
Europe	3.9	-4.5%
North America	3.6	11.1%
China	5.5	-5.3%
Rest of World	5.9	2.4%
Worldwide	18.8	0.0%

YEAR-ON-YEAR GROWTH RATES (IN %)



HIGHLIGHTS & COMMENTS

- > Semi shortages, China lockdowns and war in Ukraine led to lower vehicle production in Europe and China
- > OEM production focus continues to be on electric vehicles and premium platforms

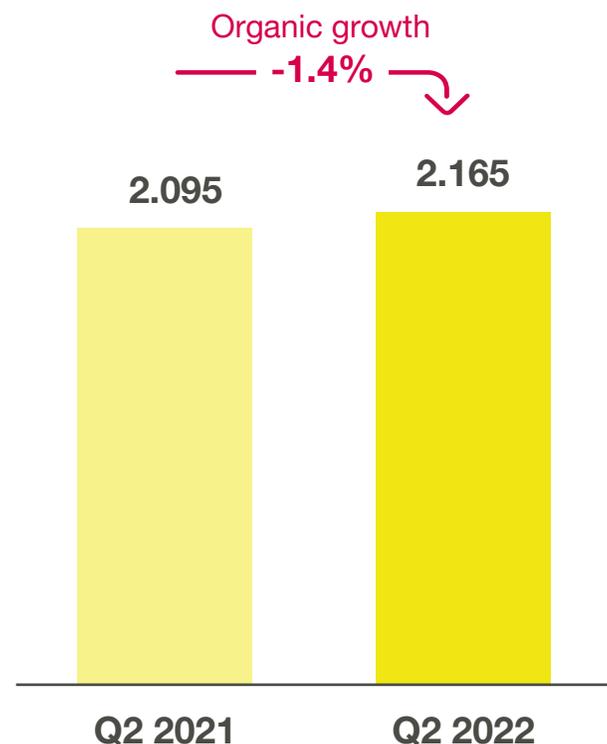
HIGHLIGHTS & COMMENTS

- > Core technologies outperformance mainly driven by sales recovery in Electronic Controls BU
- > High exposure to Europe led to negative mix effects for underperformance on group level

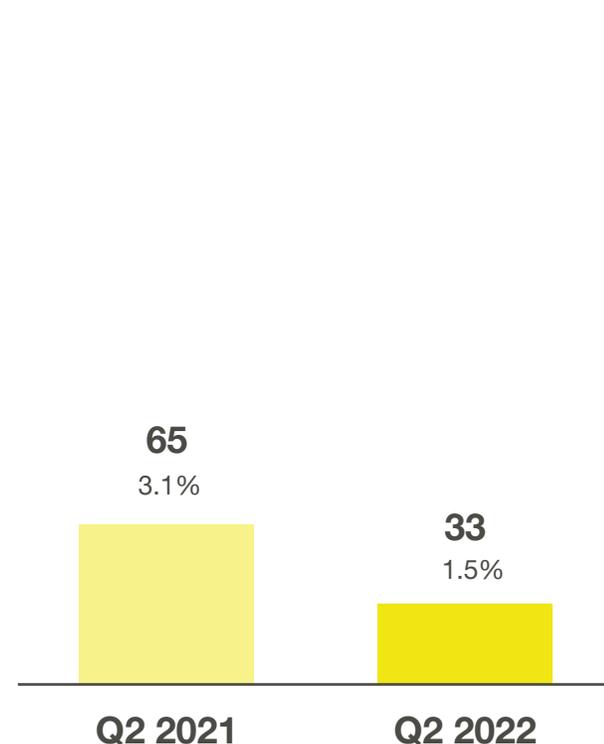
¹ Based on S&P Global Mobility, Light Vehicle Production Forecast as of 07/2022. Regions as defined for Vitesco Technologies' sales regions. ² Sales without effects from consolidation and FX.

WE RECORDED A SOLID SECOND QUARTER AMID STRONG HEADWINDS, SUCH AS REGIONAL LOCKDOWNS IN CHINA

SALES (€ MN)



ADJUSTED EBIT (€ MN)



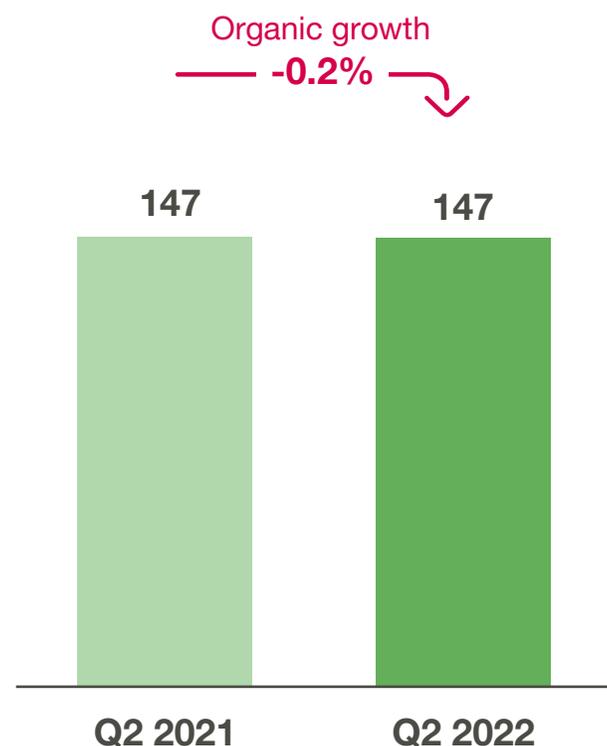
VITESCO TECHNOLOGIES

- > Organic sales 1.4pp below light vehicle production
- > Tailwind from currency effects amounting to 5.4pp
- > Core technologies sales at €1,423 mn (PY: €1,311 mn) and 1.3% adj. EBIT margin (PY: 4.4%)
- > Higher gross input costs from material, energy and freight in Q2 2022 of around €140 mn
- > Q2 2021 additionally supported by around €15 mn one-off profit
- > Margin excl. Electrification Technology business unit of 5.1%

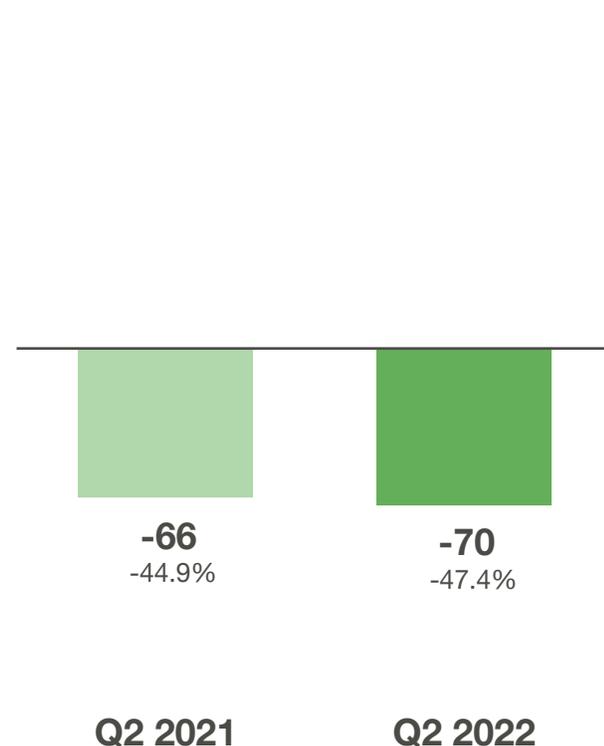
Organic growth: Sales growth without effects from consolidation and FX. Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects.

ELECTRIFICATION TECHNOLOGY BU CONTINUES TO REALIZE STRONG AND PROFITABLE ORDER INTAKE IN Q2

SALES (€ MN)



ADJUSTED EBIT (€ MN)



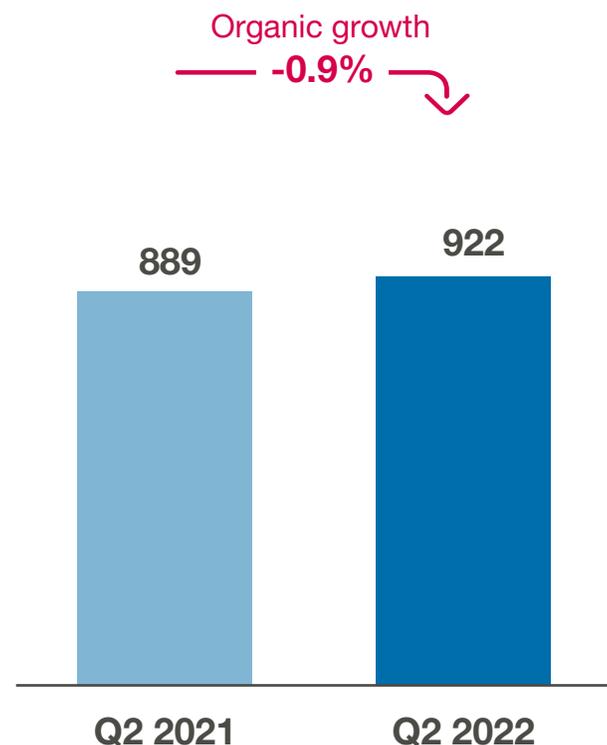
ELECTRIFICATION TECHNOLOGY

- > Top-line significantly affected by global semiconductor shortage
- > Chinese market growth compensated for weaker European sales environment
- > Adjusted EBIT impacted by flat top-line development and increasing input costs
- > Additional burdens from ramp-up costs and related upfront R&D expenses
- > ET BU order intake of €2.3 bn in Q2 2022, overall electrification order intake in Q2 of €3.0 bn

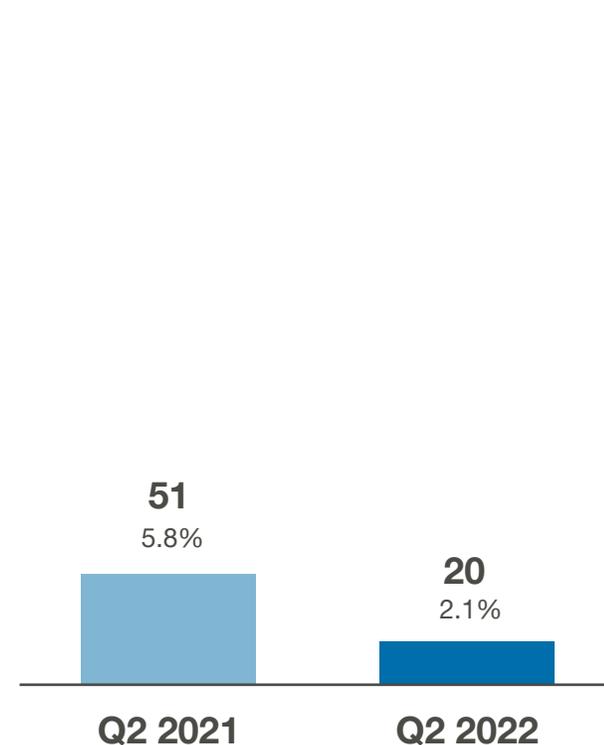
Organic growth: Sales growth without effects from consolidation and FX. Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects.

ELECTRONIC CONTROLS BU SHOWS FIRST SIGNS OF INCREASING MOMENTUM IN CORE TECHNOLOGIES SALES

SALES (€ MN)



ADJUSTED EBIT (€ MN)



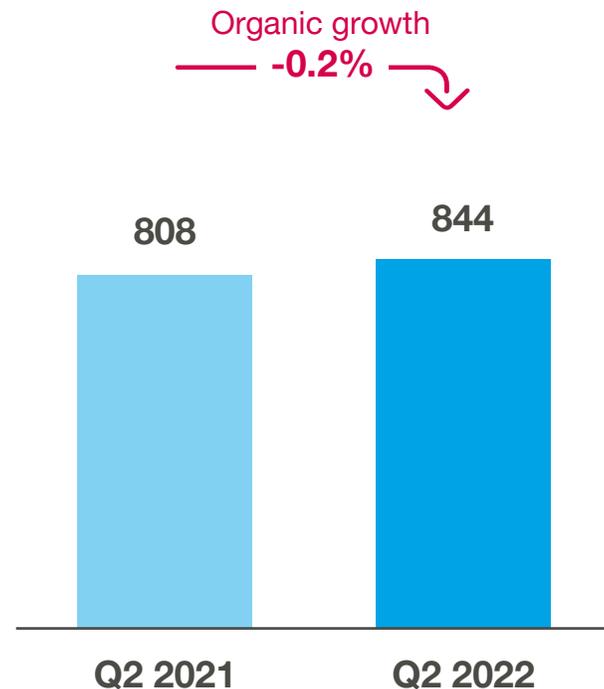
ELECTRONIC CONTROLS

- > Topline recovery mainly driven by strong development in core technologies, especially in Germany and North America
- > FX tailwinds in sales of 5.6pp
- > Adj. EBIT margin still most impacted by high semiconductor costs, special freights and expenses for broker parts
- > Core technologies sales at €622 mn (PY: €548 mn) and 1.2% margin (PY: 7.7%)
- > Non-core technologies adjusted EBIT benefits by around €20 mn from closure of warranty case

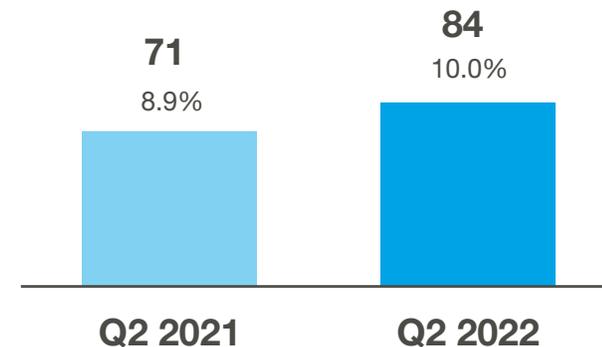
Organic growth: Sales growth without effects from consolidation and FX. Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects.

SENSING & ACTUATION BU PROFITABILITY BACK AT DOUBLE-DIGIT ADJ. EBIT MARGIN IN A CHALLENGING MARKET

SALES (€ MN)



ADJUSTED EBIT (€ MN)



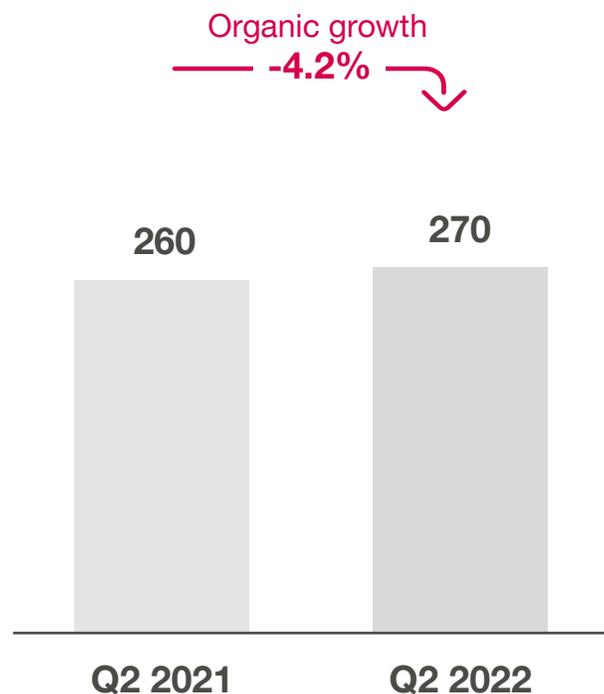
SENSING & ACTUATION

- > Semiconductor shortage with lower effects to top-line compared to Electronic Controls
- > FX tailwind of 5.5pp included in sales development
- > Top-line development driven by increasing demand in Germany and North America, compensating for lower China sales
- > Margin back at double-digit level despite continuous high input costs
- > Core technologies at 13.4% margin (PY: 13.6%) with sales at €673 mn (PY: €625 mn)

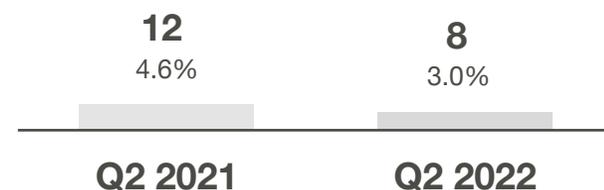
Organic growth: Sales growth without effects from consolidation and FX. Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects.

CONTRACT MANUFACTURING BU MARGIN DECLINED AS ANTICIPATED DUE TO BILATERAL PRODUCTIVITY

SALES (€ MN)



ADJUSTED EBIT (€ MN)



CONTRACT MANUFACTURING

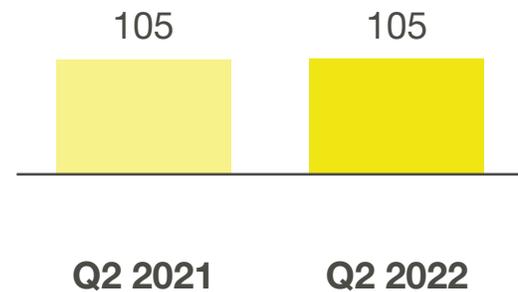
- > Organic top-line development in line with Contract Manufacturing phase-out plan
- > FX effects led to €21 mn higher sales in Q2 2022
- > Contractually agreed bilateral productivity led to lower margin in 2022
- > Operating income development neglectable on group level due to bilateral, offsetting effects from purchases from Continental Contract Manufacturing
- > Adjusted EBIT represents arms-length relationship between Vitesco Technologies and Continental

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

DESPITE HIGHER CAPEX, FREE CASH FLOW WAS STILL POSITIVE DUE TO SUPPORTING ONE-OFF EFFECTS

OPERATING CASH FLOW

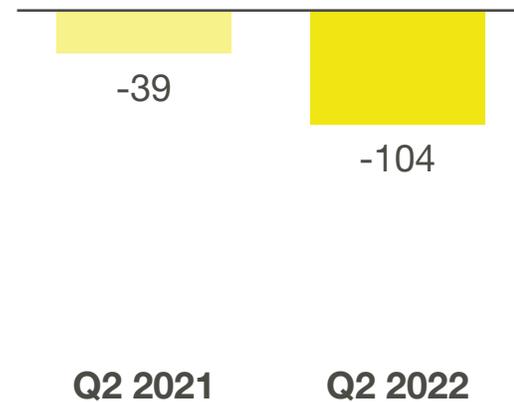
in € mn



> Tax reimbursements in Mexico compensated for higher input costs

> Additional cash inflow from earlier customer payments

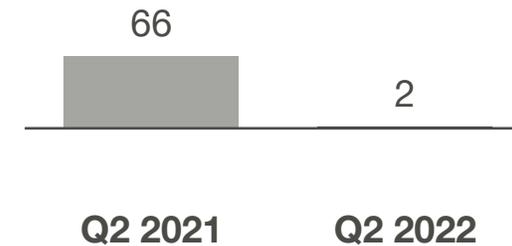
INVESTING CASH FLOW



> Q2 2022 capex increased to more sustainable level as communicated

> Cash inflow from disposal led to low investing cash flow in Q2 2021

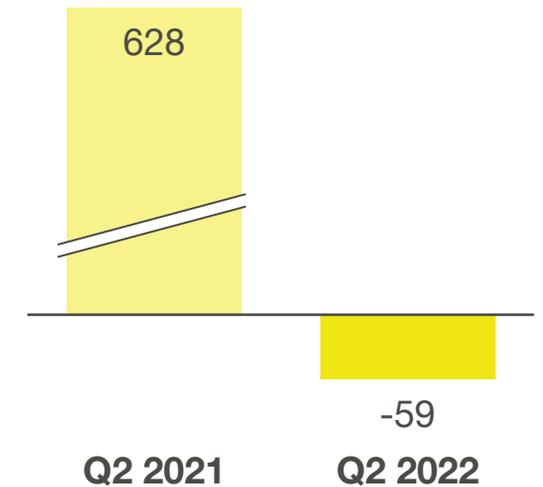
FREE CASH FLOW



> Positive free cash flow in Q2 2022 in a challenging quarter mainly driven by one-off effects

> Q2 2021 heavily impacted by spin-off effects

FINANCING CASH FLOW

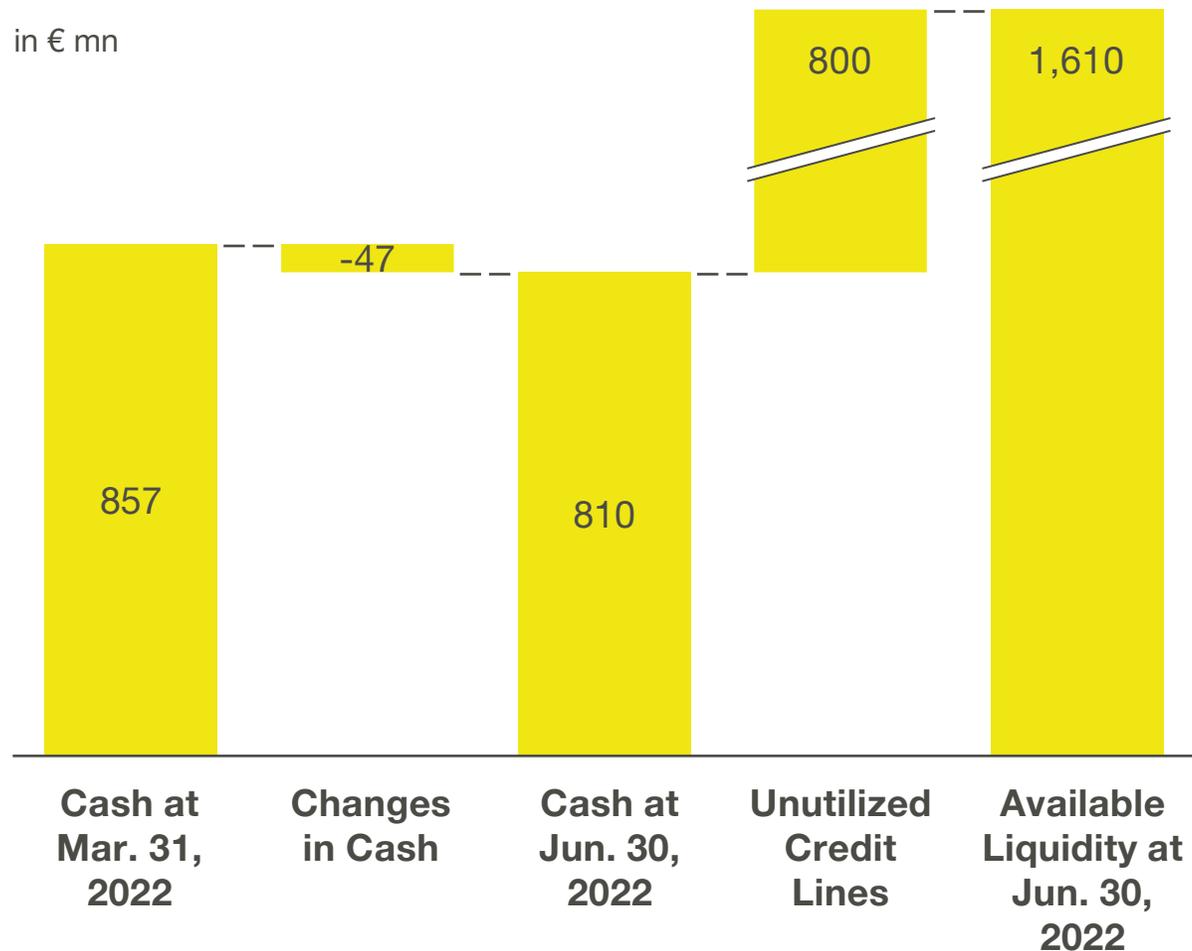


> Q2 2022 mainly impacted from currency effects

> Q2 2021 driven by financing with Continental

Free cash flow defined as operating cash flow plus investing cash flow.

VERY COMFORTABLE LIQUIDITY SITUATION DUE TO AVAILABLE CASH POSITION AND UNDRAWN RCFS



HIGHLIGHTS & COMMENTS

Available Liquidity

- > Decrease in cash to €810 mn at the end of Q2 2022
- > Q2 2022 net cash flow mainly impacted from settlement of currency hedging in a challenging quarter

Undrawn Credit Lines

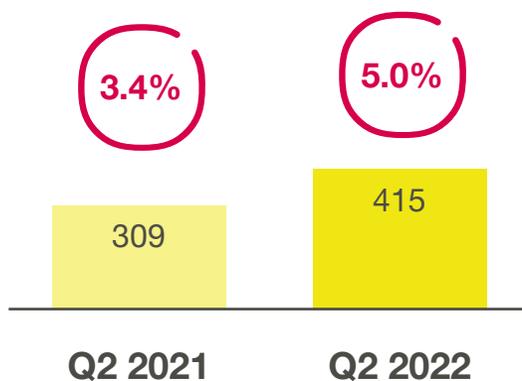
- > Available credit lines amounting to a total of €800 mn
- > RCF expiration: Q3 2024
 - > Option of 2-year prolongation

RCF: Revolving Credit Facility. Adj. EBITDA before consolidation and special effects.

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

NET WORKING CAPITAL (€ MN)

Net Working Capital / LTM Sales



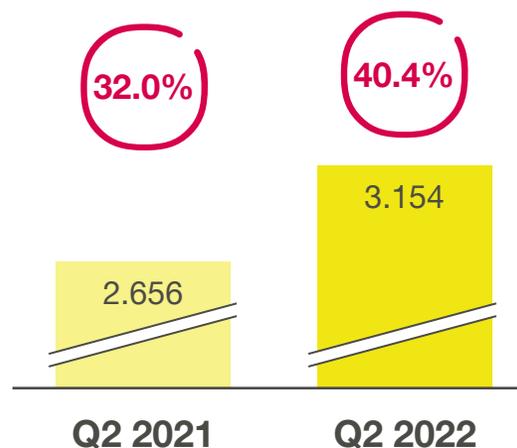
NET DEBT (€ MN)

Net Debt / LTM adj. EBITDA

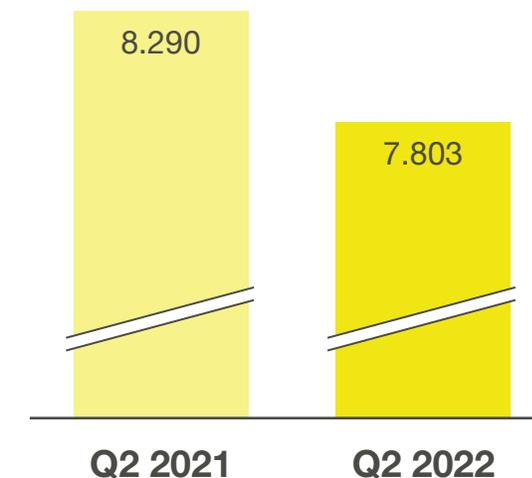


TOTAL EQUITY (€ MN)

Equity Ratio



BALANCE SHEET TOTAL (€ MN)



- > Higher working capital mainly due to strong increase in inventory levels, partially offset by lower accounts receivable
- > Working capital ratio continues to normalize post spin-off despite elevated payables from Contract Manufacturing

- > Net debt / LTM adj. EBITDA remains stable at -0.5 compared to Q1 2022
- > Significant increase in equity due to higher Other Comprehensive Income from pension revaluation
- > Balance sheet total reduced after settlement of former intercompany A/R and A/P with Continental

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

WE CONFIRM OUR GUIDANCE FOR THE GROUP AND ASSUMPTIONS FOR THE LIGHT VEHICLE PRODUCTION IN 2022

VITESCO TECHNOLOGIES GROUP (€ MN)

	2021	2022E
Sales	8,348	8,600 to 9,100
Adj. EBIT Margin	1.8%	2.2% to 2.7%
Special Effects	109	100 to 150
Capex¹ Ratio	5.3%	around 6%
Free Cash Flow	113	> 50

MARKET OUTLOOK

China		~ -2% to 0%
Europe		~ 3% to 5%
NA		~ 11% to 13%
RoW		~ 4% to 6%
World		~ 3% to 5%

Light Vehicle Production Forecast for changes of FY 2022 production compared to FY 2021. 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

FINANCIAL CALENDAR

CORPORATE EVENTS



Quarterly Statement Q3 2022

November 14, 2022



Capital Market Day

October 11, 2022



Annual Report FY 2022

March 2023



Annual General Meeting 2023

May 2023

ROADSHOWS AND CONFERENCES



Commerzbank and ODDO Corporate Conference (Frankfurt), September 7, 2022



Morgan Stanley Industrial CEOs Unplugged 2022 (London), September 08, 2022



Citi Growth Conference (London) September 08 / 09, 2022



UBS Germany Tour (Munich) September 15, 2022



Goldman Sachs German Corporate Conference (Munich), September 21, 2022



Baader Investment Conference (Munich) September 22, 2022



BofA EU Autos & Future Car Conference (London) September 27 / 28, 2022



DZ Bank Sustainability Day (Frankfurt) September 29, 2022

THANK YOU