

Q3 STATEMENT 2021

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Operator: Ladies and gentlemen, good day and welcome to the Vitesco Technologies Q3 Statement 2021 Conference Call. Today's conference is being recorded. At this time, I would like to turn the conference over to Heiko Eber. Please go ahead, sir.

Heiko Eber: Thank you very much. Ladies and gentlemen, welcome to our very first ever standalone financial results presentation. It was quite a long road to our spin off but, finally, we managed a successful listing in Q3 this year and are glad to have you all in this call. The following presentation and our quarterly statement on the financial results of the third quarter has been published on our IR website in the reports and presentation section 7am this morning, in case you have not seen that.

So looking at our agenda today, Andreas Wolf, our CEO; and our CFO, Werner Volz are here to guide you through our presentation on the financial results. Those will also be available for a Q&A opportunity afterwards.

And since it is the very first of many presentation and results calls to follow, we naturally highly appreciate your feedback, so please reach out to our IR team so we can collect your thoughts and your suggestions and jointly work on constantly improving.

And now, let me hand over to our CEO Andreas for the first overview on our Q3 performance.

Andreas Wolf: Yeah. Thank you, Heiko. And also again, ladies and gentlemen, welcome to our financial results call. As you can imagine, I have long been waiting for this moment and I can say that we all still feel the excitement of finally being a standalone company. And I still remember – clearly remember the moment and all the emotions when I could find it ring the bell at the Frankfurt Stock Exchange. So we look forward to our today's meeting, I would say as a starting point of our sustainable positive development on the stock exchange.

To demonstrate this long-term approach, we also wanted to involve our employees in a sustainable way. We did so by planting more than 40,000 new trees, together with our cooperation partner called Treadom. This enables our employees to adopt one tree each showing the long-term development also by the regular updates they receive on their trees. So I voted for a cashew tree in Kenya because I like cashews. Overall, we will save almost 10,000 tons of co2 emissions but of course, and this could

already be seen an IHS lowered its production forecast at the day of our listing events, bad timing, our spin off came in a challenging market environment.

Already the first half year, the basis for prospectors marked the shift from an industry, which was slowed down by COVID-19 to an industry, which then was slowed down by the critical availability of semiconductors. The third quarter of '21 proved to be even more difficult than Q2, but – and that's where I'm proud of we managed to also master these challenges. Despite the additional headwinds from the CME shortages, Vitesco has proven the continuous capability of outperforming the global vehicle production.

However, before we dig deeper into the quarterly results, I would like to spend a few words on the nine months figures. Our dynamic sales growth to 6.3 billion Euros year-to-date, our significant improvement in our operating income development as well as the positive free cash flow of around 90 million Euros versus a significant cash burn in the same period last year underlines that our overall transformation is progressing very well. Sure we still see some effects, which are related to the separation from Conti but I think the numbers already demonstrate that our efforts in both stopping the bleeding in our non-core technology business and developing our electrification business further are continuing to bear fruit, backed by our strong underlying business.

Having said that, I now come back to a quick overview on our most recent quarter. We came out with sales of 1.9 billion Euros and 22.8 million adjusted EBIT in quarter three 2021, this was a decline versus the same quarter of the prior year. However, 2020 was driven very much by pickup effects of a long after long lockdown, additional governmental stimulus packages, such as reduced VAT in Germany to boost the economy and by cost advantages due to short-term work.

We also managed to continuously work on our strategic realignment. For example, the phase out of our contract manufacturing business unit progressed according to plan. What makes us very confident that also the sales will increase again in the upcoming years is for example, our order intake, which came in at 2.6 billion Euros in quarter three 2020 corresponding to a book-to-build ratio of 1.6, excluding the contract manufacturing business unit, obviously, for which, given the nature of the business we do not have any order intake. The electrification order intake was at almost 800 million lifetime sales, more than 600 million of these linked to our electrification technology business unit.

As I already mentioned, our sales came in 13% below quarter three 2020, already included in this number is a positive impact from foreign exchange effects of 1.9 percentage points. The lower sales volume and the additional costs we incurred with a semiconductor shortage also reduced our adjusted EBIT margin to 1.2% in quarter three 2021. The reported EBIT was negative at minus 51.9 million Euros. This together with the increased CapEx and raising working capital level resulted in our free cash flow in Q3, which amounted to minus 230 million Euros. Nevertheless, we could improve our equity ratio year-on-year by 3.2 percentage points to 37.1%.

These results, which were below quarter three 2020, are the result of a sharply declining market, as you can see, on page five. Europe, our strongest market, was down almost 30%. Also the North American vehicle production decreased in the mid 20s. As a result of the semiconductor shortage, we noticed that our customers production focus was especially on electric vehicles and premium platforms. In the middle of this trend, we managed to outperform the markets, which in this case, of course means that we shrank less than the markets.

Vitesco Technologies, as a group, posted an outperformance of 9 percentage points. Our core even outperformed the market on a like-for-like basis by more than 12 percentage points. This was especially driven by our sales performance in Asia, ex China, and the European market except for Germany.

And now, Werner Volz will guide you through more details of our financial performance in quarter three. Please Werner.

Werner Volz: Yes, thank you very much, Andreas, and very warm welcome also from my side to today's call. As you can imagine also for me personally, this is very exciting to be finally here at this stage together with you after the entire hard work and the preparation we put into our transaction over the last months and actually years.

But now, let us directly start by taking a closer look at the overall group performance. As Andrew has mentioned already, our sales organically declined by 14.9% to 1.9 billion Euro in Q3 2021 which is an outperformance of 9 percentage points above the worldwide light vehicle production. The burden, already mentioned, also from NPS from the additional semiconductor costs resulted in a decremental margin of 27.7% and finally, an adjusted EBIT of roughly 23 million Euro. The sales of our core technologies were at 1.2 billion with a margin of 0.8%. And as you can see, almost all semiconductor associated effects were incurred in the core technologies of our Electronic Controls and Sensing & Actuation business units but I will go into more details on this in the respective business unit overviews in a couple of minutes. If we deduct the losses from our electrification technology business unit, which is obviously still in a steep ramp up mode, we would have realized the group margin of 5.2%.

Now taking a closer look at our ET business unit, where we can see that also here for the first time unfortunately, in the recent quarters, we felt the impact of the constrained semiconductor supply. Our sales, even slightly decreased to 129 million Euro in Q3 2021. And even our good sales performance in Europe, where we managed to increase our sales in a decreasing automotive market could not compensate for the reduced worldwide sales volume. Also, the adjusted EBIT could not reach the level of Q3 2020 and came in at minus 69 million with additional R&D expense, as well as ramp up costs but also additional material cost. However, we managed to continuously improve our gross margin on a year-over-year basis with a positive gross margin year-to-date, so this positive trend continues on. On the positive side, we managed to book 640 million Euro or intake for the business unit electrification technology, and all of this orders are related to high-voltage components, such as our power electronics and high voltage drives.

Now moving forward to Electronic Controls on page eight, we see the strongest impact of the semi shortage on a single business unit. So this business unit really suffers the strongest from the overall chip shortage situation. The organic sales reduced by 21% to just 807 million Euro in this quarter. Also, the adjusted EBIT, unfortunately was down by 14 million to 29 million Euro in Q3. However, EC managed the decline in sales at a decremental margin of just 21.1%, despite the additional burden of round 16 million from semiconductor shortage. The positive contribution in this quarter also came from our non-core technologies. We managed the positive adjusted EBIT in this area based on continuous improvements from restructuring, a continuous strict cost discipline, as well as supporting one-time effects helping us to mitigate the additional headwind in our core technologies. Overall, EC core technologies contributed 503 million sales at 4.1% adjusted EBIT margin.

Our Sensing & Actuation business, on next page now, was also impacted by the semi shortage, however, in a different way than or comparing that with Electronic Controls. As you can see, sales

proved to be rather resilient with 747 million Euro in Q3, just the 5% organic decline versus the previous year, so much better performance and the overall global market. And the reason for this is the usage of broker parts and different supply channels to continue supplying our customers, however doing that there are of course higher costs associated with this strategy, as you can see in the declining adjusted EBIT, which is now at 7% margin compared to last year. The burden amounted to approximately 24 million Euro. So, you can see we did everything to maintain, basically the supply chain to our customers but at its cost. The most resilient markets in Sensing & Actuation were once more China where we were able to benefit from strict emission legislation as well as the European countries, except for Germany. The core technologies of Sensing & Actuation contributed with 603 million Euro of sales even managing to increase 3% versus Q3 2020 and with a margin of 9.7% adjusted EBIT.

On page 10, finally, our contract manufacturing business unit and as expected, we will see declining sales in the next years in this business unit. The sales now at 241 million Euro in Q3, roughly 20% below the previous year's quarter. However, also here we see some impacts from the overall market's decline related to the Continental business, obviously, and on the adjusted EBIT, we realized a margin of 4.3%. Again, this is offset on group level, given that we purchased a similar amount of goods from Continental contract manufacturing, which leads to a higher cost of goods sold in our other three business units, which obviously have to purchase from Continental such parts.

The reason for the difference in the margin is that previous year's adjusted EBIT margin was influenced by last year's significant cost savings related to the COVID-19 pandemic and as you remember it, we applied short-term work in all kinds of massive cost saving measures and in addition, carve out related special effects in 2020 lead to an increase in the realized contract manufacturing margins – in the realized contract manufacturing margin. The contractual framework on contract manufacturing after the spinoff foresees a certain productivity and this will lead to a margin reduction on both sides. So Vitesco and Continental in contract manufacturing, the contract manufacturing margin, therefore, will gradually decrease. That is moving forward and looking into the near-term, mid-term future.

However, on a group level, the overall impact will be neutral, since we received similar productivities from contract manufacturing from Continental.

Now moving on from the P&L and focusing on the cash flow. You can see that the lower results also lead to a decrease in cash flow. First of all, please keep in mind that Q3 2020 was profiting extraordinarily from pickup effects in sales combined with a lower cost base coming out of the first COVID-19 lockdown. There are two more effects on our operating cash flow that I would like to highlight. Number one is of course the burden from additional costs related to the semiconductor shortage and number two is that we have seen a significant increase in our working capital, especially coming from inventories. This is due to the fact that finished goods were elevated on short-term call offs, cancellations from our customers, and, in addition, we also increased raw material in order to avoid shortages on components other than semiconductors. And all of that, obviously led to a significant increase in our inventories over the last several months.

On the investing cash flow, we spent more money on CapEx, as we have already told you in the last meeting. So I mentioned that in our H1 call already. This is of course also related to the increase in order intake activities, which Andreas was referring to. Cash inflows in the investing cash flow came from the disposal of our SCR [ph] commercial vehicle activities in [indiscernible] as well as from line transfers within contract manufacturing and phasing out certain lines and transferring and selling them to Continental and all of that amounted to roughly 45 million Euro.

Our overall free cash flow amounted to minus 213 million in Q3 2021, significantly below the previous year's levels. In the financing cash flow, spin-off-related payments were very much the driver of the cash outflow, you can see on the slide. In Q3 2021, the main driver was the payment of 121 million Euro we had to make to purchase the 3.56% share on our Continental – from Continental France, which used to hold the remaining shares in Vitesco Technologies prior to the spinoff that was specifically explained in the prospectus.

On slide 12, you can see how the free cash flow profile impacted our liquidity. Coming from 255 million Euro, cash and cash equivalents in our balance sheet at the end of 2020, we managed to increase our cash position by 329 million Euro to 584 million Euro on September 30, 2021. However, we have told you that the 255 million Euro cash at the end of 2020 were not fully reflecting our complete cash situation. At that point in time, we were still part of Continental's cash pooling and therefore, did not have all our funds on our balance sheet yet.

Taking a look at the de facto cash position of 663 million at the end of 2020, you see a slight cash out in the first nine months in 2021 of 79 million Euro. In addition to the 584 million Euro cash, we had two undrawn RCF facilities for day-to-day financing, as we already also explained earlier, amounting to a total of 1 billion. Again, these two facilities are undrawn because so far we didn't need to utilize it yet. Our overall available liquidity therefore stands at an almost 1.6 billion Euro.

If we now take a look at some of our balance sheet related KPIs, you will see that we continue to be in a quite strong position. Due to the semiconductor shortage we saw an increase in our working capital year-on-year. As already mentioned, the main driver for this was that finished goods were elevated on short-term call-off cancellations from our customers. In addition, inventories also increased to secure supply of components other than semiconductors. However, our overall working capital is still depressed or impacted on a percentage of sales basis, given the payment terms that we have installed with the contract manufacturing setup coming from Continental. And again, we benefit from nine months payment terms that we have in that business with Continental. Our net debt was still negative at minus 391 million. So, the situation remains unchanged that we have more cash than debt on our balance sheet. The net debt ratio was at minus 0.6.

And here we kindly ask you for your understanding that given the short history of us Vitesco, as we are in our current structure, we could not provide you with the trailing last 12 months data for Q3 2020, given the lack of a standalone Q4 2019. However, now moving forward, of course, we will always have the full set of financials available from now on. Our equity ratio increased to 37%. This happened both on the basis of an increase in equity of almost 100 million through OCI, other comprehensive income, and due to reduction of the balance sheet total. This was primarily driven from the netting of accounts receivables and accounts payables with Continental, which we had due to the already mentioned cash pooling situation prior to listing.

And now, we will provide you with our own outlook for our fiscal year for the remainder of 2021. As you are all aware, we find ourselves in a very challenging market environment. After the COVID-19 crisis led to significant reduced volume in 2020, we of course all anticipated the markets to be rebound in 2021 until we are finally off the severity of the semiconductor shortage,, especially now in Q3 this year. Currently, we anticipate stagnating markets, potentially with a very slight growth for the full year 2021. Especially our key markets in Europe will be down versus the previous years and we currently anticipate a decline of around 3%. Also something China will presumably slightly decrease, while we currently

expect North America to remain on the previous levels – previous year’s levels. Only in the markets outside of these three, we expect the growth of around 5%.

Now what does this mean for us, Vitesco? Well, Andreas already mentioned in his opening remarks that we are working very hard on our transformation – on the transformation of our company, as we explained in several meetings earlier and I think he pointed out that our efforts are beginning to bear fruit, as can be seen, in particular in our nine-month figures, even though the market environment is challenging and will presumably remain challenging well into the next year. I think our outlook we are providing today is reflecting both the difficult market environment with all its hiccups and also the continuous progress we’re making at Vitesco. When you compare our KPIs for the current year with last year’s actuals, you can see the significant improvements we want to achieve not only on our top line but especially with regards to our operating income and cash flow development.

For the full year, we anticipate sales between 8.2 billion Euro to 8.4 billion Euro at an adjusted EBIT margin of 1.5% to 1.7%. Our visibility on how the fourth quarter will turnout is still somewhat limited. The performance will very much depend on the availability of semiconductors as well as on the [Technical Difficulty] of the worldwide supply chain and the call of behaviours of our customers. The adjusted EBIT margin will be adjusted for one-offs, which we expect in the magnitude of 160 million to 190 million. Since we had rather limited CapEx in the first half in 2021, I mentioned that in our H1 call, we will presumably not reach the 6% level, which we gave as mid-term targets. For 2021, we expect a level of 5.2% to 5.5% to be realistic now. This all is expected to result in a free cash flow of around 70 million to 120 million.

And with that, we have reached the end of our prepared presentation and we all are looking forward now for your questions and comments. Heiko?

Heiko Eber: Thank you very much, Andreas. Thank you very much, Werner. Ladies and gentlemen, as announced, we will now enter the Q&A part of today’s session. As always, in order to allow all participants to ask questions, we kindly ask you to limit yourself to two questions. If time allows, of course, there is the chance to ask additional questions afterwards. So, operator, we would now be ready for the first question.

Operator: Thank you, Heiko. Ladies and gentlemen, if you would like to ask a question, please signal by pressing star, one on your telephone keypad. If you’re using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Once again, please press star, one to ask a question. We’ll pause for just a moment to allow everyone an opportunity to signal. We’ll take our first question from Giulio Pescatore from Exane. Your line is open, please go ahead.

Giulio Pescatore: Hi. Thanks for taking my question. So first of all, thank you very much for providing the detail of core and non-core by segment. That’s very helpful. I hope you continue to give us that in the coming quarters. And so my first question on the outperformance implied for Q4, I mean, if I look at your top line guidance, it seems to be quite conservative also at the upper-end of the range. And what type of outperformance do you think the business can generate in Q4? And the second question when do you expect a normalization in the inventory level to play out on your balance sheet? Thank you

Werner Volz: Thank you for these two questions. Addressing first the top line, well we very much of course look into call off behaviours in the last several weeks, but also in – we take into account what general institutes are explaining to the development of the market, so we very much look into IHS numbers and taking all these two aspects into account we think 8.2 to 8.4 is a rather realistic estimate for the remainder of the year. And reflects, of course, the uncertainty that I tried to explain that we still have in the supply chain but also with certain uncertainties with customer call off behaviours.

Maybe briefly to the second question, the inventory level burdened now by the fact that we have all parts but not those which were critical from the semiconductor side, so we started already to adjust our planning system so that step by step we expect an improvement on the inventory level also.

Giulio Pescatore: Okay. So follow up on the first point on the revenue. So if you use IHS, you're expecting the business to underperform like they go production in Q4 and write this because I just expect some improvements sequentially versus Q3 of 10%. And so, why is that? Is there an acceleration in the phases [ph] of contract manufacturing? I mean, what is lagging in that performance?

Werner Volz: No, it's mainly the quarter four numbers. To project the quarter four numbers, we are more on the conservative side. We have seen that our own ability to deliver was driven but in many cases, we were slow down by the fact that other competitors, other suppliers in that market were not able to deliver. Therefore, we are a little bit cautious to give more of – how can I say more positive numbers.

Giulio Pescatore: Okay, that makes sense. Thank you.

Operator: Our next question comes from the line of Christoph Laskawi from Deutsche Bank. Your line is open. Please go ahead.

Christoph Laskawi: Good morning. It's Christoph Laskawi from Deutsche. Thank you for taking my question. The first one will be on the statements that you used quite a lot of brokers to get semis as well, which are creating additional costs. Now, are there still semis available at the brokers and that you actively use or is that essentially the inventory now gone? And how do you see the availability from your regular supplies improving into Q4 and then into Q1? That's the first question. And the second one will be just as inflation in general is quite broadly discussed. Could you comment on the past through agreements that you have for the raw materials in place? And how you cope with the inflation on semis and electronic components? Thank you.

Werner Volz: Hey, this is Werner. Indeed four questions, but let me try to answer them because they are very closely linked. First of all, semiconductors availability at brokers, in general, I would say exhausted. We, from time to time, always find them again, you have also differentiate between black labour and green labour parts etc but all-in-all, since we are in that situation, since one and a half years, basically, they are – the availability of broker semiconductors has significantly reduced. What we see, though, is looking into especially 2021 that step-by-step, we should see an improvement of the supply – of the regular supply of the components. Just a side note, we already started, in Spring this year, to basically give to our supply base, the needs for components in 2022 and now getting all the feedback, we see that first half year might still be a bit difficult, has to be managed, but then the second half year will be already better. So, all-in-all, I'm optimistic that '22 will be better than '21 obviously.

Now coming to the increases of material cost, increases on one hand, raw material, in many cases, we have clauses in the contract, so we basically pass through those increases. On the semiconductor side, we already announced to all our customers that we expect them also coverage by price increases whether that will be achieved on a percent or not, we will see but we already announced that a couple of weeks ago and we get also positive feedback. So there's a willingness to look into that more in depth.

Christoph Laskawi: Thank you. Just one to add, if I may. On the high voltage order intake, could you just roughly indicate which region was the strongest in that or just pick where it's trending well currently? Thank you.

Andreas Wolf: It was mainly in China and Europe.

Christoph Laskawi: Thanks.

Operator: Ladies and gentlemen, a gentle reminder, please press star one to ask a question. That is star one on your telephone keypad. We'll take our next question from Michael Jack from Bank of America. Please go ahead, Michael.

Michael Jack: Hi. Good morning Andreas, Werner, and Heiko and congratulations on reporting your first set of results. My two questions. The first one, you mentioned increasing inventories of non-semi related materials to avoid shortages. Can you highlight which specific materials you were concerned about? And if these are indicative of another shortage situation developing? That's the first question. And the second question is, how should we think about other cost inflation items like labour, energy, and shipping costs going into the fourth quarter and first quarter of 2022? Thanks.

Andreas Wolf: Maybe I take 30 seconds to explain the inventory increase, how the mechanics is behind. So we plan with a certain volume, production volume, which is based on the call of our customers. Then, as you know, for whatever reason, specific components are not available. So what happens then from a logistic or from supply chain point is that you get all other materials, except the, let's say, 5 or 10 critical components for a specific product. Since our customers told us we try to basically, once the availability is better of those critical components, we try to produce more and reduce the backlog. We didn't slow down the inflow of those normal components. And the normal components are the PCBs and the housings and other electric components.

Now that that we see that making up the backlog will not be so fast as we originally thought, we will also slow down the inbound part of the material side, maybe a little bit long explanation. But this shows you that we basically step on the brakes now for all other components, but always looking to what is the inbound of the critical components so that we have a better matching of all components towards the critical ones. Hopefully that explain more in detail how the mechanics works.

Michael Jack: It does. Thank you.

Werner Volz: And picking up or taking up the second part of your questions with regard to other costs in Q4 or the cost situation associated with that shortage situation. We explained that we have around 40 million include its negative impact coming from chips shortage, causing premium cost in certain materials, but the other 50% relates to additional freight cost and we think that we will see similar effects also in Q4.

Operator: Thank you. We'll take our next question from [indiscernible]. Your line is open. Please go ahead.

Speaker: Good morning. Thank you for taking my questions. Two on my side, please. I'm not sure I got your comment correctly earlier but would you expect Q3 to be the peak in terms of semi issues like Conti said yesterday? That would be the first. And then the second, I know it's a bit early to talk about 2022 or if we assume say around 10%, 11% increase in global production plus some outperformance for you, how should we think about the incremental margin for 2022? Thank you

Andreas Wolf: I would start with the first question. It is the peak or the low behind us, it's a little bit of speculation because we had so many surprises during the year but I would expect really that that quarter four is already better than going into next year H1 will be better etc. So the more we move into the future, the better it will be. Q3 was significantly impacted not only by the semiconductor shortage but additional events, as you remember. So the winter storm in Austin still had impacts in quarter three, mandated shutdowns and so, yes, I would say that is the peak or the lowest point of the supply situation.

Werner Volz: With regard to the second part of your question, please understand today we're not providing an outlook into 2022. However, of course, we keep hitting the cost break. We will be applying continuous high cost discipline and we should see double digit incremental margin.

Speaker: Thank you.

Operator: Ladies and gentlemen, once again, please press star, one to ask a question. That is star, one on your telephone keypad. We will take our next question from Jose Asumendi from JPMorgan. Please go ahead.

Jose Asumendi: Good morning, guys. And I had one question, please. Just going back to this clarification [ph] technologies, if you could maybe talk a little bit more about the medium term, how you see incremental R&D expenditure in 2022 to 2023, a bit more into the coming quarters. And if you could just walk us through the levers to hit breakeven in this division? What are again delivers volume, reduction of R&D expenditure, anything else that you consider? Then will you have this division in breakeven, but a little bit more into bit more-short term, how do you see the R&D expenditure in this division? Thank you.

Andreas Wolf: Maybe I start with a general explanation how we see – let's say, how do we achieve the mid-term target of break even in that specific business unit. First of all, it starts with the sales because, as you know, we target 2 billion sales mid-term for the business unit, which is basically times four or five to where we are today. That's one, obviously a big lever. But the other things which significantly led to better performance of that business units. I think we explained that also in other rounds that we are more extremely more efficient in how we use our resources. That's, on one hand, the R&D cost, where in the past, customer-specific products were developed, we switch now to generic platforms and have, I would say, two-thirds of the of the development cost on the generic side, but only 20%, 30% on customer-specific application. That's a big lever, because before we spend 100% per customer project.

And then also, working with a more modular design, we are now able to significantly reduce our production cost means that even some products can or many products can use the same production

line. And then in addition to that, I also have to say that in the past, we had big [indiscernible], especially in the area of scrap, etc, in our production facilities, where we are now able to really control them. So, all this led already and will lead to a step-wise more or less linear improvement towards breakeven. I don't know, Werner, is there anything to add or –

Werner Volz: With regard to R&D, yes, of course, right now, we experienced significant – well, we experienced an increase in R&D in the ET business that is driven by the new order intake and also, which is supported by the other topics that we also explained with regard to our transformation, while we're shifting resources from other areas into to support the growth of ET. And here we see a double-digit percentage increase in R&D in this year and we will, of course, continue to increase R&D also moving forward in 2022 and also 2023, until 2023. We probably should normalize with regard to our R&D expense, starting to normalize and basically reducing the percentage of R&D to sales by 2023.

Jose Asumendi: Thank you. Very helpful.

Operator: Ladies and gentlemen, once again, please press star, one, if you would like to ask a question. That is star, one to ask the question. We have one follow up question, would like to take it?

Heiko Eber: Absolutely. Thank you.

Operator: Sure. Is a follow up question from Giulio Pescatore. Please go ahead.

Giulio Pescatore: Hi, thanks. Just a boring question for me, I think that we have time. Can you just remind us of the phasing of the restructuring cash costs in Q4 in 2022?

Werner Volz: Sorry, I'm not sure whether I understand it completely. Restructuring, your question is related to restructuring and –

Giulio Pescatore: Yeah, the restructuring costs, the cash for restructuring costs this year and then next year.

Werner Volz: Yeah, okay. Well, right now, we have restructuring accruals in our balance sheets, which we build up the last years. Basically, there was only a small amount this year, in the first nine months, small amounts means lower-double-digit restructuring costs or restructuring accrual. Total – the total amount that we have in our balance sheet is around 350 million and the cash out that we had so far related to our restructuring amounts to around 55 million year-to-date. So, as you can see, we already spent and we already are in the middle of our restructuring. On the other side, larger amounts and payouts, we expect to happen in 2023 basically, 2022, 2023. Here we see – here we expect larger double-digit million amounts or even three-digit million amount, so we might even hit 100 million in payouts in 2023. Does that help?

Giulio Pescatore: Okay. Thank you. Yeah, yeah, very much. Thank you. And so another one. Of your older intake, how much of that was related to silicon carbide technology? I mean, are you seeing a lot of interest for those type of products? And I think you mentioned in your prospectus that the start of production for silicon carbide inverters should start in 2023, I think it was. Just curious to know how much of the new orders were dedicated to silicon carbide?

Andreas Wolf: Yeah, to my knowledge, there was no silicon carbide in the overall – maybe I start differently, reset. Silicon carbide is one technology we significantly focused on because we see a lot of gains on the efficiency side but still, it is not the mainstream in the electrification world. Many others use different technologies. We have all that in our portfolio, so we don't really mind whether – in which direction it goes but we like the silicon carbide technology. We had order intake already with customers, we will bring that into production, but specifically quarter three, there was no order linked to silicon carbide.

Giulio Pescatore: Okay, thank you.

Operator: We have a follow up question from Michael Jack from Bank of America. Please go ahead, Michael.

Michael Jack: Thank you. One final one, do you have any sense for where the remaining share overhang level now stands? Do you still expect share trading to normalize by the end of November?

Werner Volz: Thanks, Michael. So maybe that's a question for me. Of course, we don't have to full transparency yet on how our portfolio of shareholders has changed. We are currently in the phase of evaluating that reaching out to them. Nevertheless, we expect that the majority of the overhang is already digested and if you just look at the share price performance, let's say over the last four weeks, then I guess you could see that we had an fairly normalized level in line with our peers and market.

Michael Jack: Thank you very much.

Operator: We have no further question. I will hand over the call back to Heiko for any additional closing remarks. Please go ahead.

Heiko Eber: So thank you very much. So that was it, our first quarterly result call. I would really like to thank you for your time for your interest. As always, if there are more questions coming to your mind afterwards reach out to us, we are more than happy to help. So with this, I would close the call. Thanks again for your attention. Thanks for your time and looking forward to talking to you soon. Thank you very much.