

VITESCO TECHNOLOGIES

Q3 2022 RESULTS

Regensburg, November 14, 2022

Public



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AGENDA OF THE CONFERENCE CALL ON THE Q3 2022 RESULTS

1 | HIGHLIGHTS FOR Q3 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



Andreas Wolf



Werner Volz

WE CONTINUED OUR STRONG ELECTRIFICATION ORDER INTAKE MOMENTUM ALSO IN Q3 2022

2,300

€ million **sales** in Q3 2022 – driven by stable demand and increases in worldwide light vehicle production

We received €600 mn order intake in electrification from a global German OEM for our battery management system



✓ 400V and 800V BEV architecture

48


€ million

2.1%

adjusted EBIT – still highly influenced by increased input costs

-16

€ million **free cash flow** – driven by increasing net working capital



3.2

€ billion **electrification order intake** during Q3 2022; **total order intake at 4.3 € billion**

230

€ million total **electrification sales** during Q3 2022

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.

WE SIGNIFICANTLY INCREASED OUR SALES DUE TO GRADUAL IMPROVEMENTS IN SEMICONDUCTOR AVAILABILITY

Vitesco Technologies Group (€ mn)

	Q3 2021	Q3 2022	Delta
Sales	1,913.8	2,300.1	386.3
% growth	-	+20.2%	
Adj. EBIT	24.5	47.9	23.4
% margin	1.3%	2.1%	0.8pp
EBIT	-51.9	2.4	54.3
% margin	-2.7%	0.1%	2.8pp
Capex ¹	118.2	88.9	-29.3
% of sales	6.2%	3.9%	-2.3pp
Free Cash Flow	-213.2	-16.3	196.9
% margin	-11.1%	-0.7%	10.4pp
Equity Ratio	37.1%	40.7%	3.6pp



HIGHLIGHTS AND RECENT DEVELOPMENTS

Sales

- > Impact from FX: +7.4%
- > €230 mn electrification sales

Adjusted EBIT

- > Profitability step-up from higher sales volume still burdened by higher input costs

Capex

- > Capex below prior year's level due to cautious spending behavior amid market uncertainties

Free Cash Flow

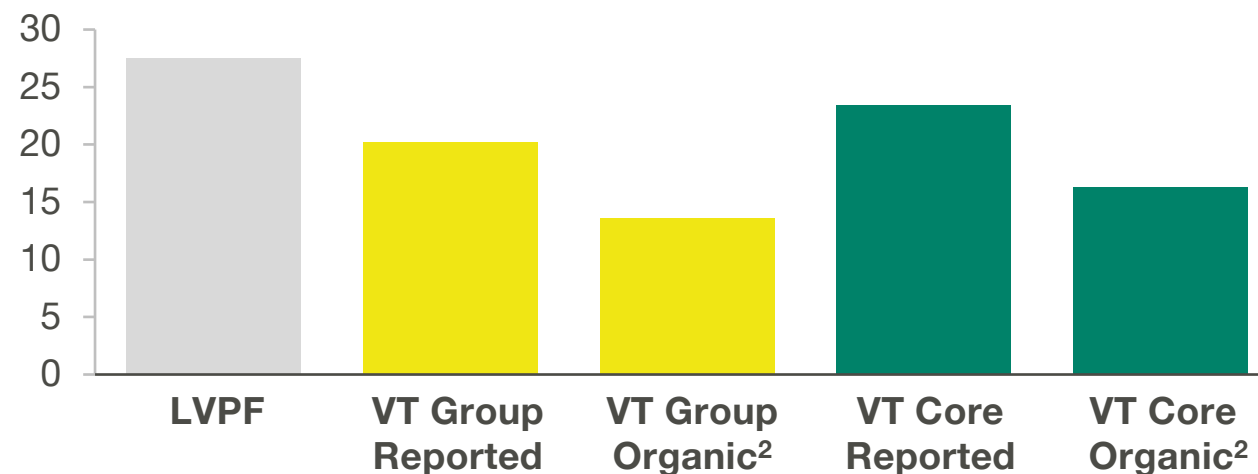
- > Q3 2022 cash outflow mainly driven by seasonal increases in working capital and inventory build-up

DESPITE OUR STRONG SALES MOMENTUM, BASE EFFECTS IN THE PAST YEAR LED TO UNDERPERFORMANCE IN Q3 2022

Light vehicle production¹ (mn units)

	Q3 Production	Q3 Δ YoY
Europe	3.5	20.8%
North America	3.7	23.8%
China	7.3	31.4%
Rest of World	6.7	29.2%
Worldwide	21.2	27.5%

Year-on-year growth rates (in %)



HIGHLIGHTS AND COMMENTS

- > Strong recovery of global light vehicle production after significant drop due to semiconductor shortage in prior year
- > VT sales in Q3 2021 with delayed effect from semiconductor shortage – the respective base effects contribute to underperformance on group and core levels



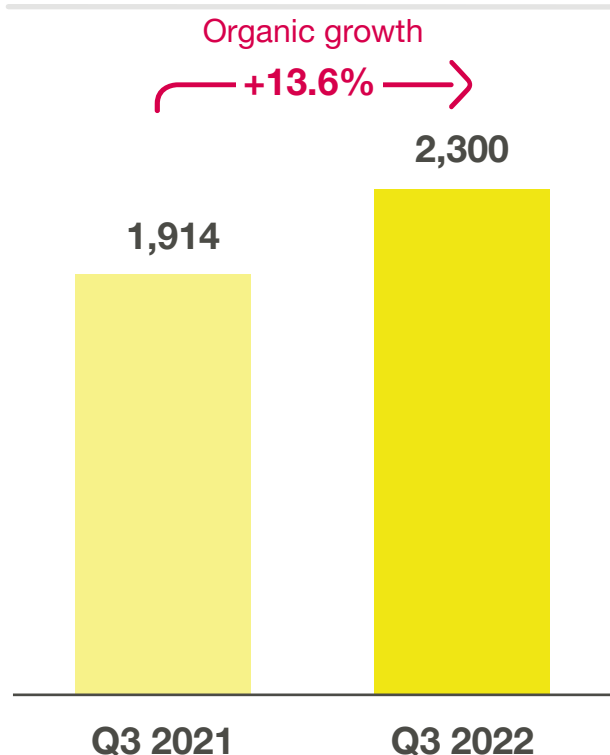
HIGHLIGHTS AND COMMENTS

- > Core technologies development mainly driven by sales recovery in Electronic Controls BU
- > Strong growth in Germany and North America was offset by lower growth rates in Asia and Europe w/o Germany

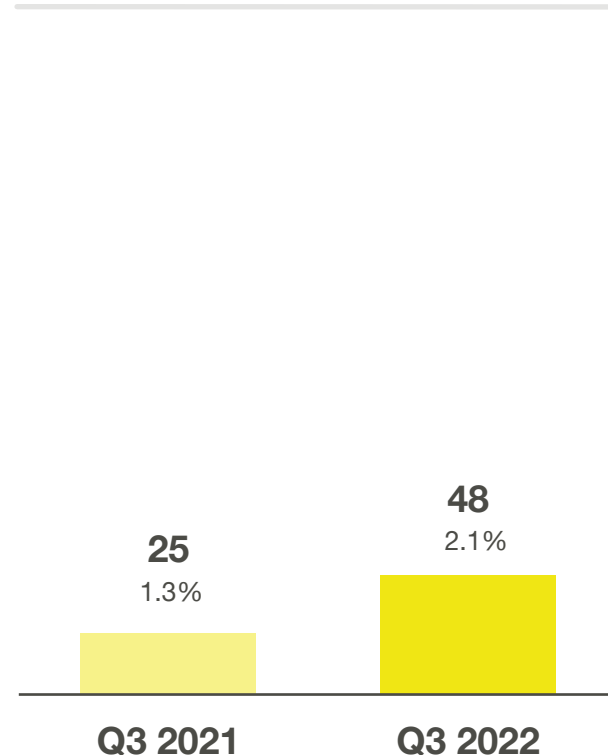
¹ Based on S&P Global Mobility, Light Vehicle Production Forecast as of 10/2022. Regions as defined for Vitesco Technologies' sales regions. ² Sales without effects from consolidation and FX.

WE SIGNIFICANTLY IMPROVED OUR PROFITABILITY ON THE BACK OF A STRONG CORE TECHNOLOGIES PERFORMANCE

Sales (€ mn)



Adjusted EBIT (€ mn)

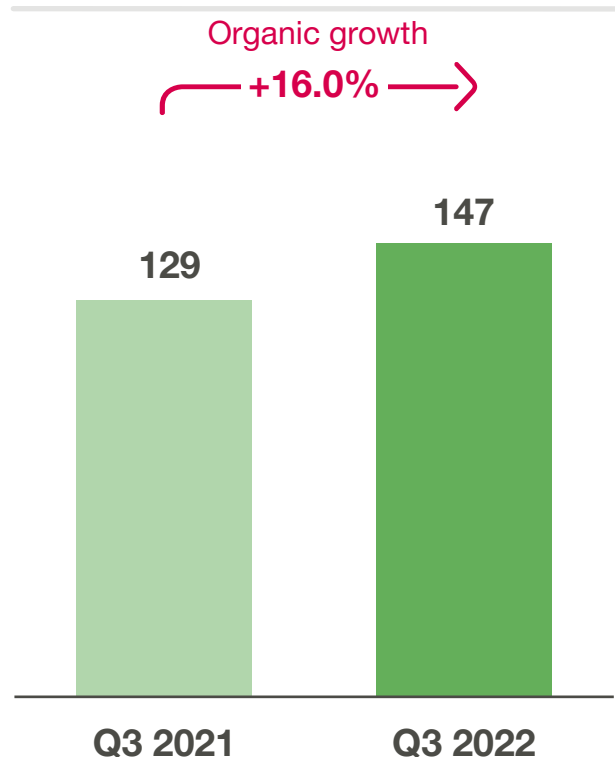


VITESCO TECHNOLOGIES

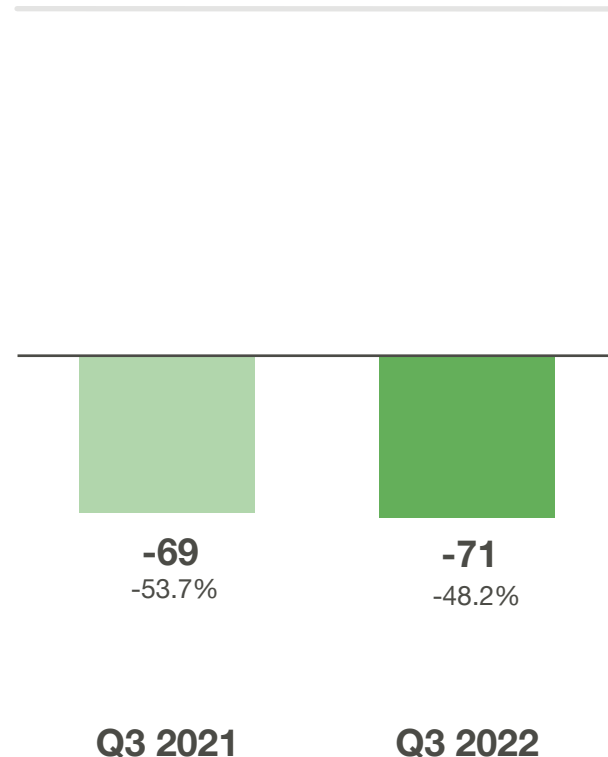
- > Organic sales 13.9pp below light vehicle production due to base effects and regional mix
- > Tailwind from currency effects amounting to 7.4pp
- > Core technologies sales at €1,513 mn (PY: €1,226 mn) and 4.5% adj. EBIT margin (PY: 0.8%)
- > Higher gross input costs from material, energy and freight in Q3 2022 of around €180 mn
- > Margin excl. Electrification Technology business unit of 5.5%

SALES MOMENTUM IN ELECTRIFICATION TECHNOLOGY BU STILL IMPACTED BY GLOBAL SEMICONDUCTOR SHORTAGE

Sales (€ mn)



Adjusted EBIT (€ mn)

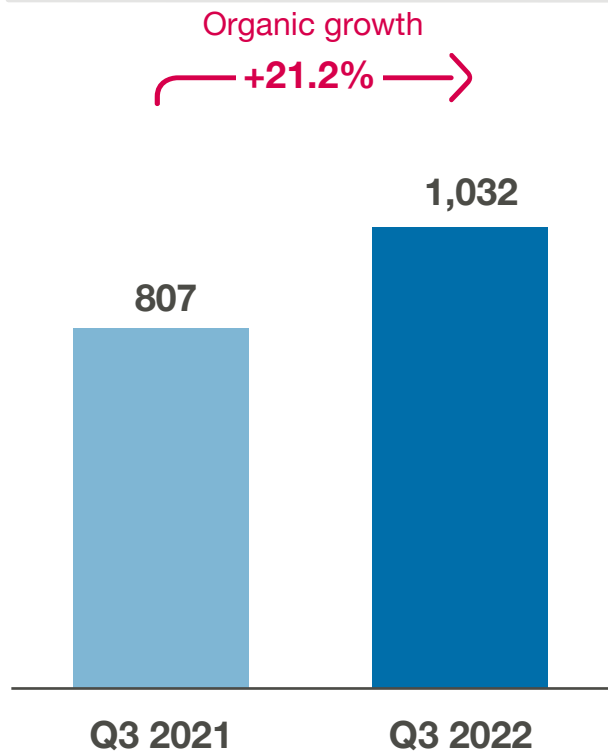


ELECTRIFICATION TECHNOLOGY

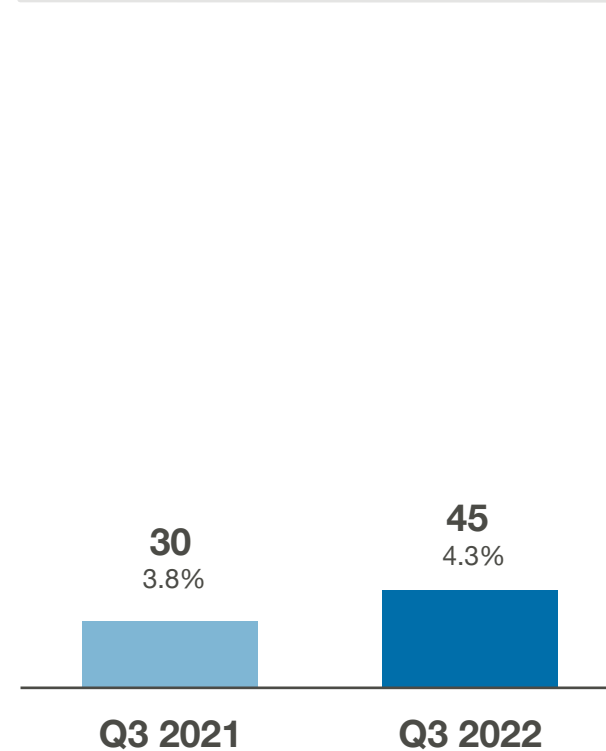
- > Top-line still significantly affected by global semiconductor shortage
- > Capacity extensions in China resulted in two weeks of low production output in Q3
- > Positive sales development mainly driven by German and North American market
- > Adjusted EBIT impacted by increasing input costs and continuous supply chain constraints
- > Additional burdens from ramp-up costs and related upfront R&D expenses
- > ET BU order intake of €1.9 bn in Q3 2022, overall electrification order intake in Q3 of €3.2 bn

RECOVERY OF ELECTRONIC CONTROLS BU DRIVEN BY CORE TECHNOLOGIES PERFORMANCE

Sales (€ mn)



Adjusted EBIT (€ mn)

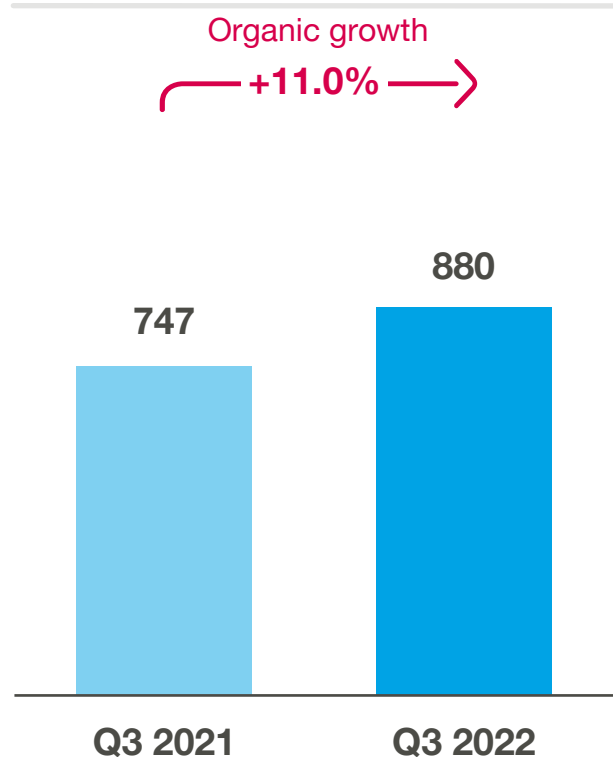


ELECTRONIC CONTROLS

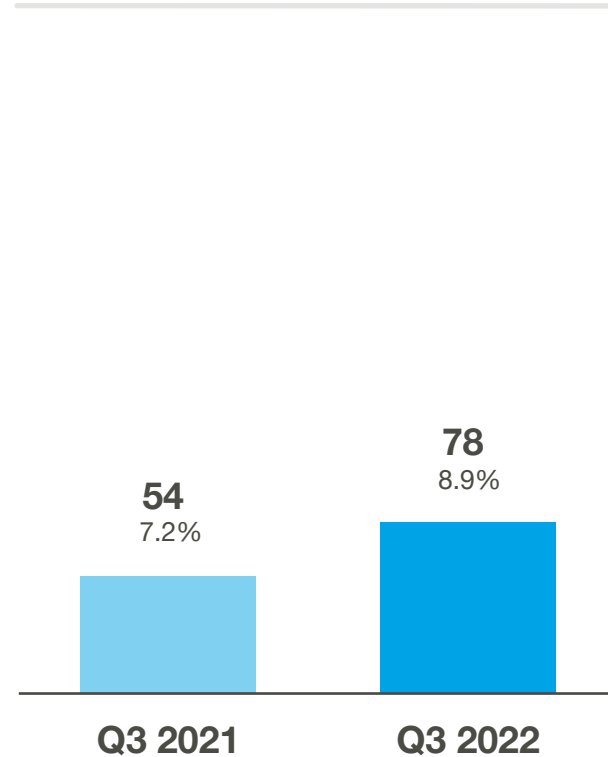
- > Topline recovery mainly driven by strong development in core technologies, especially in Germany and North America
- > While overall semiconductor availability is slightly improving, partially missing customer specific electronics continuously challenge our operations
- > FX tailwinds in sales of 8.0pp
- > Adjusted EBIT margin still strongly impacted by high semiconductor costs, special freights and expenses for broker parts
- > Core technologies sales at €704 mn (PY: €503 mn) and 8.1% adj. EBIT margin (PY: 4.3%)

SENSING & ACTUATION BU CONTINUES TO DELIVER RESILIENT SALES AND PROFITABILITY

Sales (€ mn)



Adjusted EBIT (€ mn)

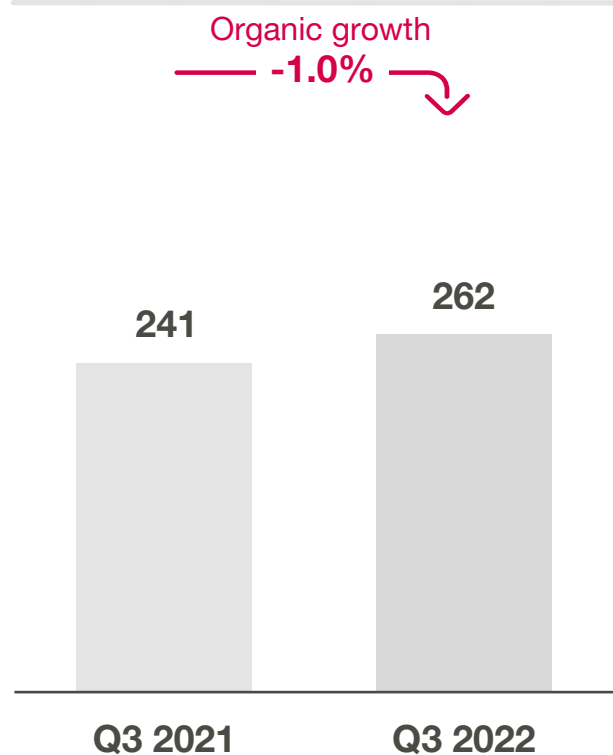


SENSING & ACTUATION

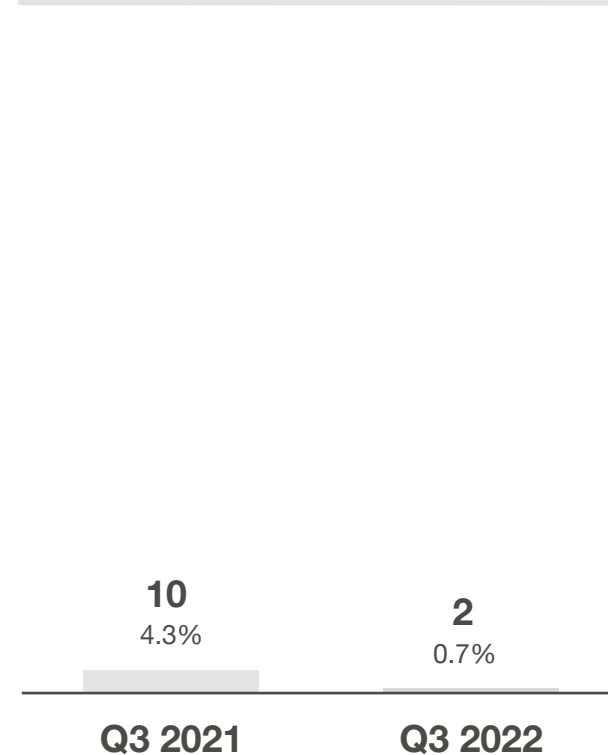
- > FX tailwind of 7.5pp included in sales development
- > Top-line development driven by increasing demand in Germany and North America, compensating for lower sales in China
- > Lower profitability in Q3 2021 due to high usage of broker parts to ensure ongoing business activities
- > Core technologies at 12.8% margin (PY: 9.7%) with sales at €683 mn (PY: €603 mn)

CONTRACT MANUFACTURING BU MARGIN DECLINED AS ANTICIPATED DUE TO BILATERAL PRODUCTIVITY

Sales (€ mn)



Adjusted EBIT (€ mn)



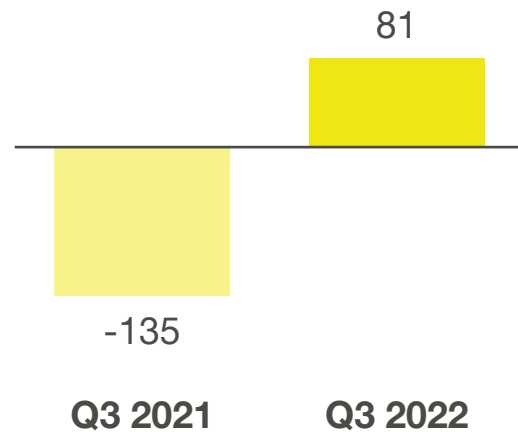
CONTRACT MANUFACTURING

- > Organic top-line development in line with Contract Manufacturing phase-out plan
- > FX effects led to €24 mn higher sales in Q3 2022
- > Contractually agreed bilateral productivity with Continental 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

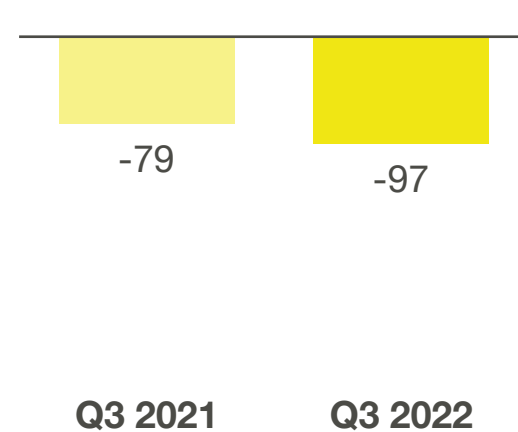
INCREASING NET WORKING CAPITAL INTENSITY LED TO SLIGHTLY NEGATIVE FREE CASH FLOW IN Q3 2022

Operating cash flow

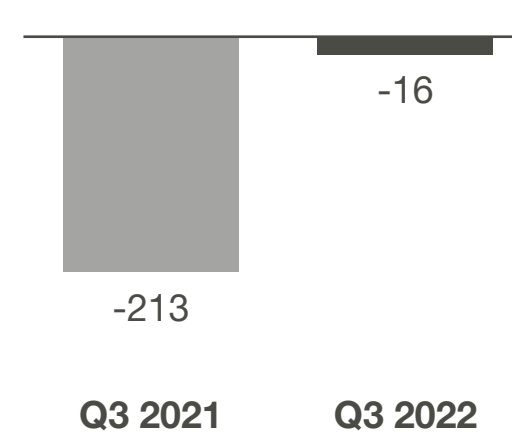
in € mn



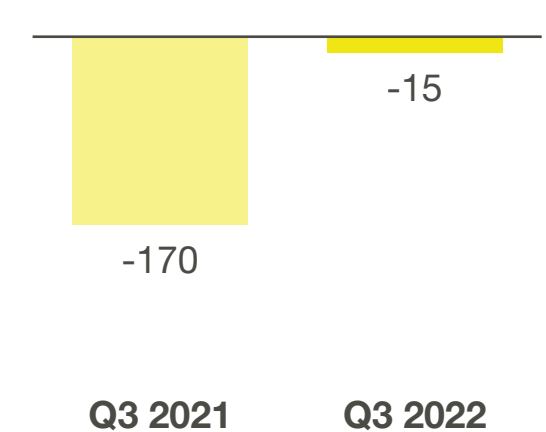
Investing cash flow



Free cash flow



Financing cash flow



> VAT reimbursements in Mexico compensated for higher input costs

> Continuous high inventory and build-up of Trade A/R led to increased NWC

> Cautious spending behavior amid market uncertainties in Q3 2022

> Investing cash flow in Q3 2021 benefitted from cash inflow from disposals

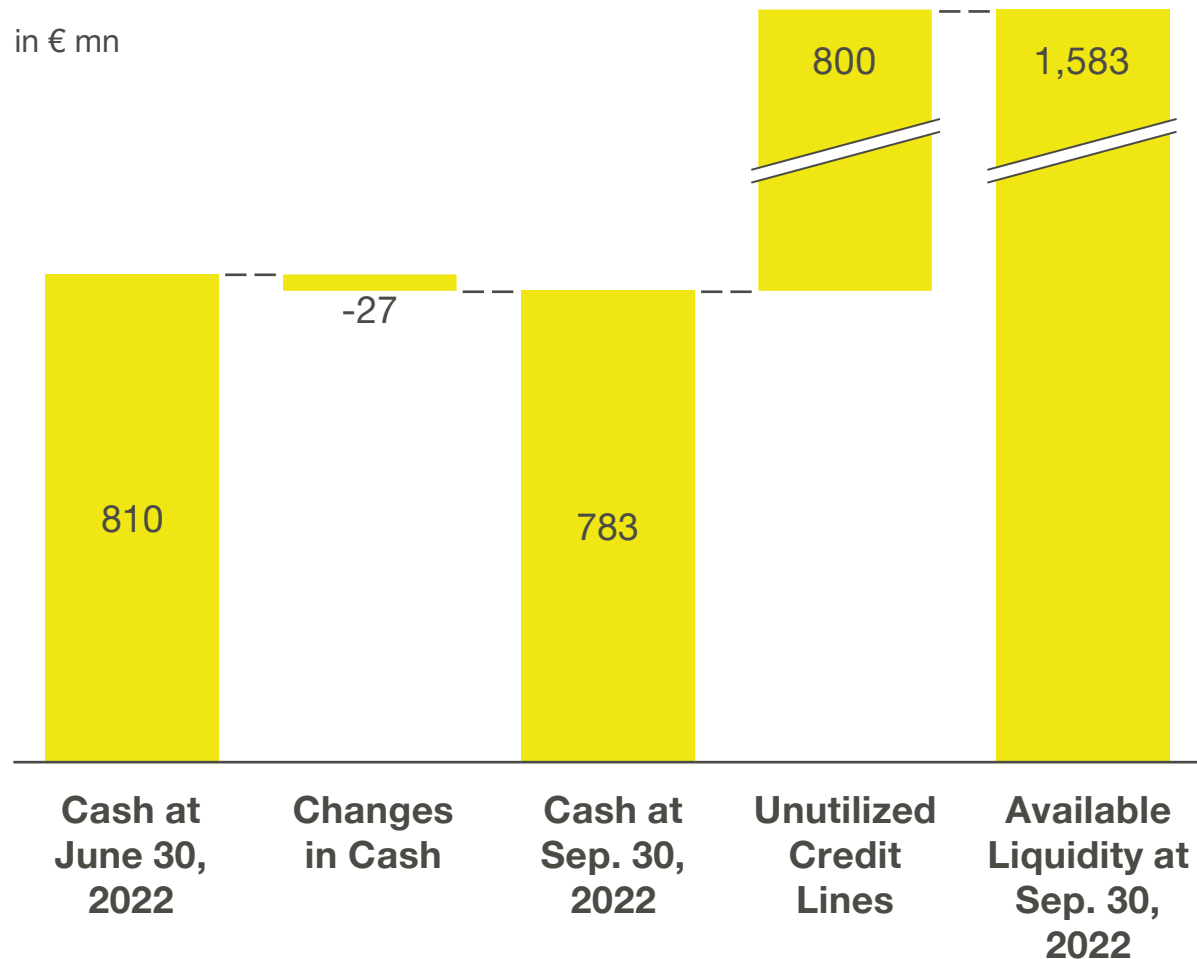
> High working capital intensity led to slightly negative cash flow in Q3 2022

> Q3 2021 impacted by spin-off effects

> Q3 2022 without any special effects regarding financing cash flow

> Q3 2021 mainly driven by spin-off effects

CONTINUOUS COMFORTABLE LIQUIDITY SITUATION DUE TO AVAILABLE CASH POSITION AND UNDRAWN RCF



HIGHLIGHTS AND COMMENTS

Available Liquidity

- > Decrease in cash to €783 mn at the end of Q3 2022
- > Q3 2022 net cash flow mainly impacted from lower capex and Mexican VAT reimbursements, offset by higher working capital intensity

Undrawn Credit Lines

- > Available credit lines amounting to a total of €800 mn

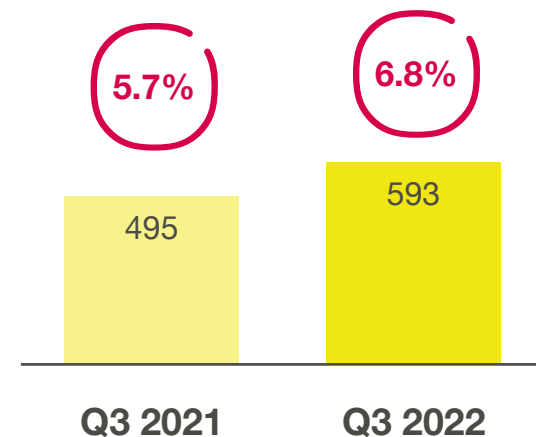
New RCF as of October 06, 2022

- > Unchanged facility amount of €800 mn
- > Improved credit conditions with ESG-link
- > Reduced financial covenants

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

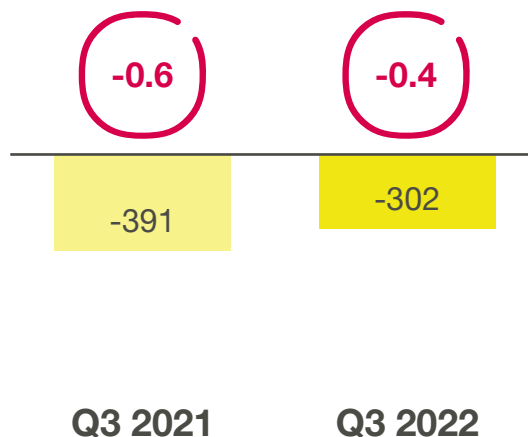
Net working capital (€ mn)

Net working capital / LTM sales



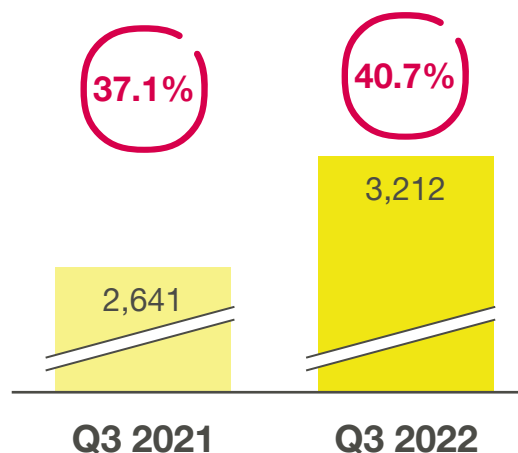
Net debt (€ mn)

Net debt / LTM adj. EBITDA

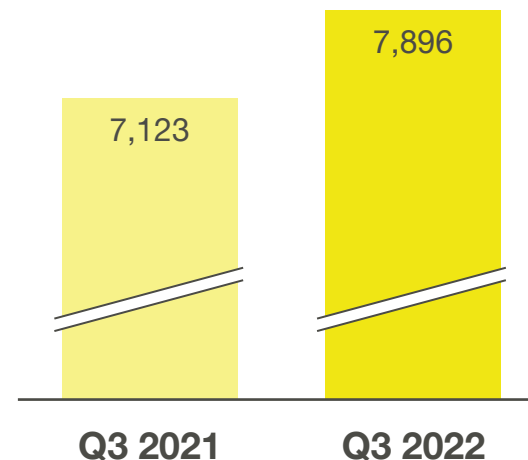


Total equity (€ mn)

Equity ratio



Balance sheet total (€ mn)



> Ongoing inventory build-up to safeguard production continues to tie up operating funds

> Increase in accounts receivable due to seasonally strong sales in September

> Net debt / LTM adj. EBITDA continues to demonstrate strong cash position with low financial debt

> Significant increase in equity due to higher Other Comprehensive Income from pension revaluation

WE UPDATE AND FURTHER SPECIFY OUR GROUP GUIDANCE AS WELL AS OUR MARKET OUTLOOK FOR FY 2022

Vitesco Technologies Group (€ mn)

	2021	2022E
Sales	8,348	9,000 to 9,200 Prev: 8,600 to 9,100
Adj. EBIT Margin	1.8%	2.3% to 2.5% Prev: 2.2% to 2.7%
Special Effects	109	50 to 100 Prev: 100 to 150
Capex¹ Ratio	5.3%	around 5% Prev: around 6%
Free Cash Flow	113	>75 Prev: > 50



MARKET OUTLOOK

World		5% to 7% Prev: 3% to 5%
China		5% to 7% Prev: -2% to 0%
Europe		-3% to -1% Prev: 3% to 5%
North America		10% to 12% Prev: 11% to 13%
Rest of World		7% to 9% Prev: 4% to 6%

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



Preliminary FY 2022 Results

February 2023



Annual Report FY 2022

March 2023



Quarterly Statement Q1 2023

May 2023



Annual General Meeting 2023

May 2023



BNP Paribas MidCap CEO Conference (Paris)

November 16, 2022



DZ Bank Equity Conference (Frankfurt)

November 23, 2022



Roadshow Scandinavia

November 29/30, 2022



Goldman Sachs Autos Conference (London)

December 9, 2022



Roadshow BeNeLux

December 13/14, 2022

THANK YOU