

BUILDING AN ELECTRIFICATION POWERHOUSE

February 2020
Vitesco Technologies

VITESCO TECHNOLOGIES OVERVIEW

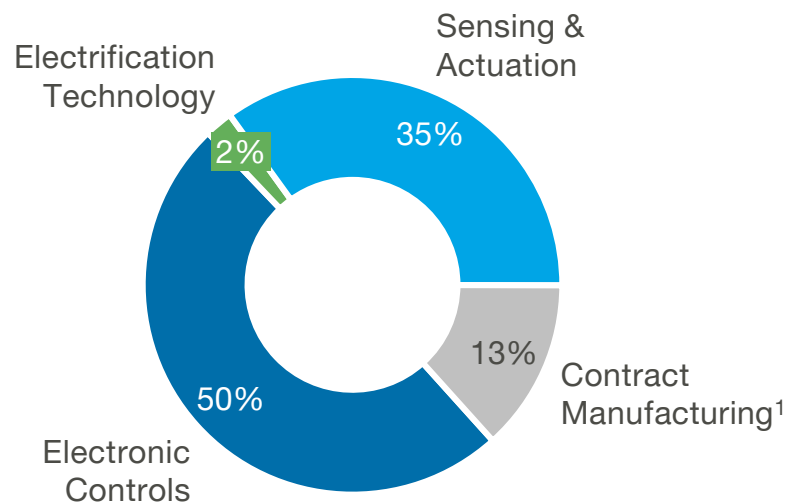


€9.1 billion
FY2018 sales



>40,000
employees

By business unit in FY2018:



Leading global provider
of propulsion solutions to make
driving more **efficient, cleaner and
convenient**



Electrification pioneer
with **>10 years of field experience**
and a portfolio covering all major
current and future scenarios



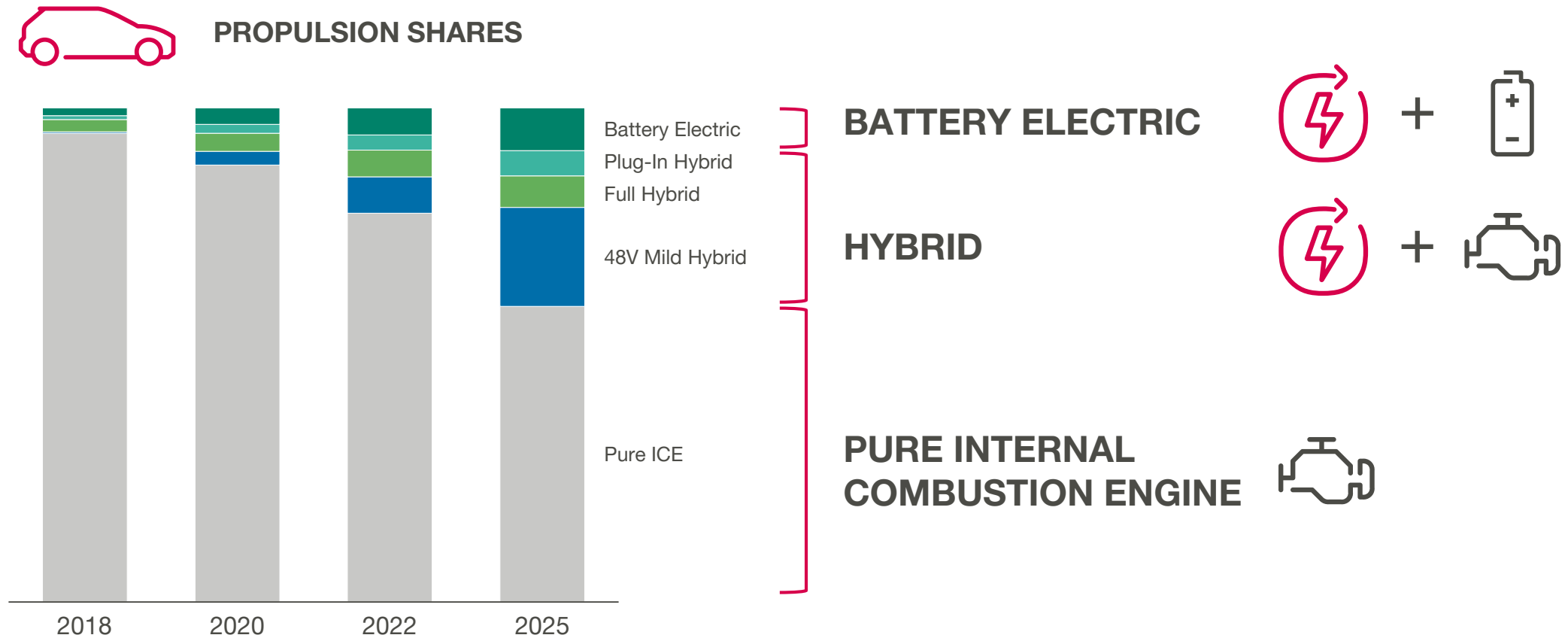
Electronics champion
with strong DNA in **electronics,
mechatronics and software**



Strong position
in **electronic control systems,
sensing technologies, actuators and
exhaust after-treatment**

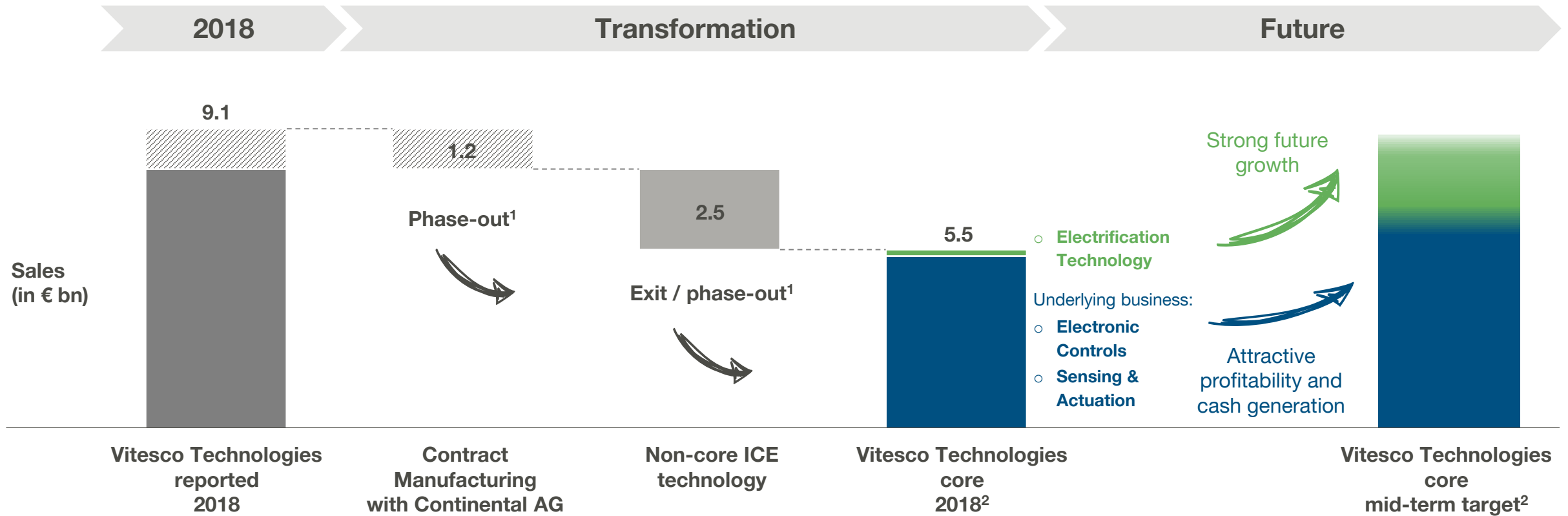
Source: Company information. Notes: ¹ The Contract Manufacturing business unit comprises legacy manufacturing of Continental AG products in Vitesco Technologies locations as a remainder of the carve-out and will be phased out over time

FUTURE MOBILITY IS ELECTRIFIED



Source: Company Data Analysis. Notes: Data represents expected outlook on propulsion shares in global light vehicle production by units

A CLEAR VISION TO TRANSFORM VITESCO TECHNOLOGIES



Source: Company information. Notes: ICE: Internal Combustion Engine. Sales as per end of FY2018. ¹ Majority of phase-out planned to be completed within the next decade, timeline may vary depending on strategic decisions and customer demand; ² Excluding non-core ICE technology and Contract Manufacturing

STRONG FOUNDATION FROM CORE TECHNOLOGIES FOR THE ELECTRIFIED FUTURE



Electronic Controls



Sensing & Actuation



Electrification Technology

Total

Sales



€2.9 bn



€2.4 bn



€0.2 bn

€5.5 bn

Adj. EBITDA margin

14.9%

17.5%

-172.3%

9.6%

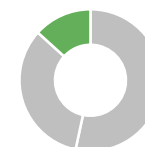
Backlog



€21.3 bn



€13.3 bn



€5.3 bn

€39.9 bn

Source: Company information. Notes: Sales, backlog and adj. EBITDA margin excluding non-core ICE technology and Contract Manufacturing as per end of FY2018. Adjusted EBITDA margin before consolidation and special effects. Backlog defined as sum of cumulative order intake not yet booked as sales

VITESCO TECHNOLOGIES: AN ELECTRONICS CHAMPION READY FOR GROWTH IN THE ELECTRIFIED FUTURE



Electronics champion

64% electronics content
of total backlog¹



Electrification pioneer

€2.0 bn invested in electrification²
with **€5.3 bn** electrification backlog¹



Strong underlying business

€5.3 bn sales
16.3% adj. EBITDA margin



Future-proof skillset

7,300 engineers
thereof **4,300** software and systems³



All electrification scenarios

covered by **broad portfolio**



Market leader

Top 1 or 2 position in **>66%** of
underlying business sales⁴

Source: Company information. Notes: Sales and adj. EBITDA margin excluding non-core ICE technology, Contract Manufacturing and Electrification Technology as per end of FY2018. Adjusted EBITDA margin before consolidation and special effects. ¹ Backlog of Electrification Technology as per end of FY2018. Total backlog as per end of FY2018: €55.6 bn. Backlog defined as sum of cumulative order intake not yet booked as sales; ² FY2008-FY2018 cumulative neg. EBIT, thereof more than 750mn in FY2016-2018; ³ Number of engineers as per end of FY2018; ⁴ Based on company estimate of market positions as per FY2018

BUILDING AN ELECTRIFICATION POWERHOUSE

1

Leading the transition toward electric mobility



2

Profitable underlying business enabling above-market growth



3

Radical measures and decisive actions to foster value creation



4

Clear vision delivered by new management with strong track record

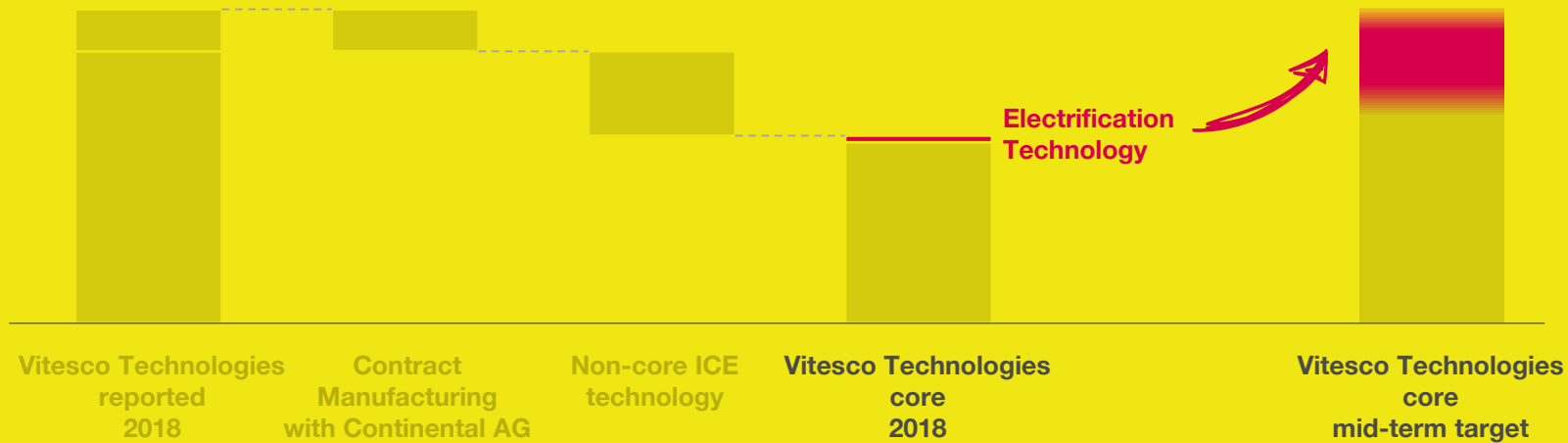


5

Positioned to achieve superior growth with attractive cash generation



LEADING THE TRANSITION TOWARD ELECTRIC MOBILITY



SUCCESSFULLY CAPITALIZING ON MARKET OPPORTUNITIES



Market Drivers

- **Worldwide regulation** requires significantly lower CO₂ and pollutant emissions
- **OEMs adjust their fleet strategies** faster and more radically
- **Societal pressure for change** increases



Our solutions enable the transformation



Propulsion Evolution

- **~30-40% of all new vehicles** worldwide will be **hybrid or electric by 2025¹**
- **Pure ICE share** in new vehicles will go down by up to **35 percentage points** from 2018 to 2025¹



Our portfolio covers all scenarios



Vehicle Content

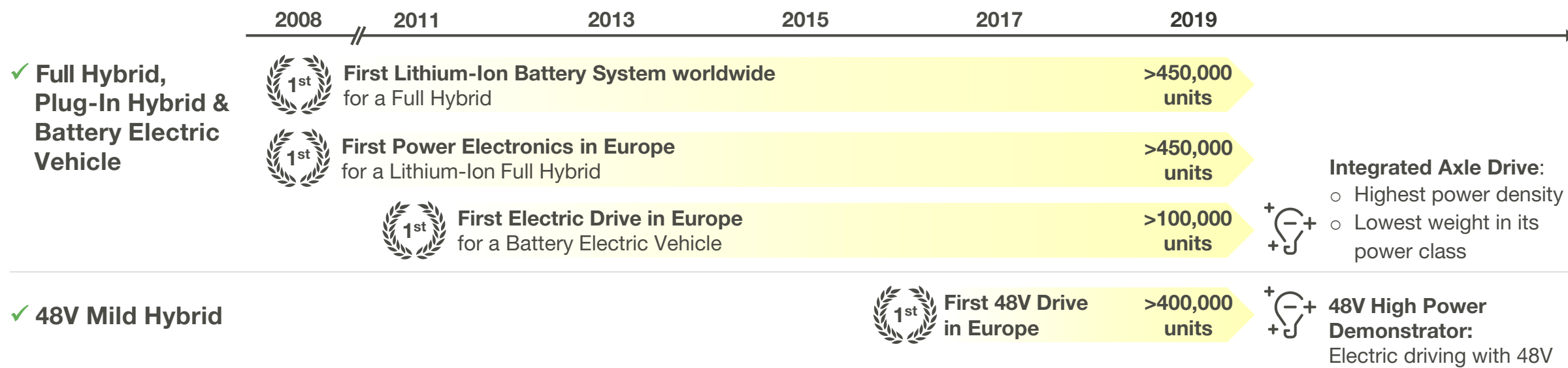
- Increase of **average total content value per vehicle** by **26% from 2018 to 2025** mainly driven by electrification²
- All future propulsion technologies **heavily rely on electronics**



Electronics is our DNA

Source: Company information. Notes: ¹ BCG, "Who will drive electric cars to the tipping point?", January 2020; Company Data Analysis; ² McKinsey, Reboost, October 2019

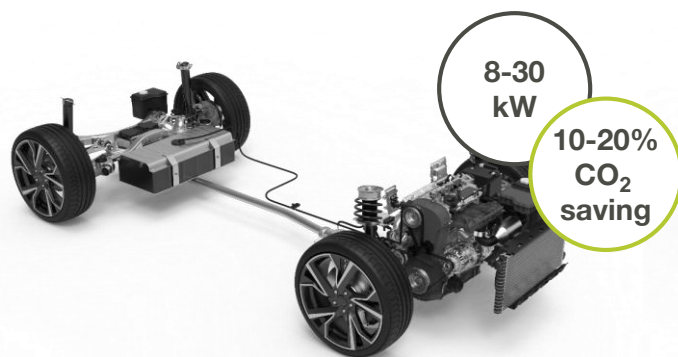
FIRST SUPPLIER TO FULLY EMBRACE THE TRANSITION TOWARD ELECTRIC MOBILITY



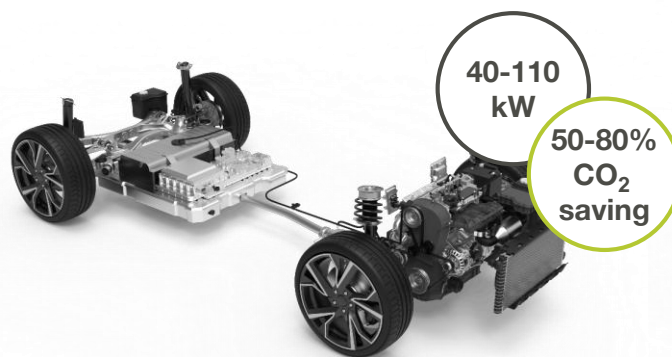
Source: Company information. Notes: Cumulative units sold for several product generations. "First" meaning first mass market application. Backlog of Electrification Technology as per end of FY2018. Backlog defined as sum of cumulative order intake not yet booked as sales. ¹ FY2008-FY2018 cumulative neg. EBIT, thereof more than 750mn in the past three years; ² Number of electrification components which are exclusively applied in electrified vehicles, according to McKinsey Reboost, October 2019, with these components Vitesco Technologies can address an estimated market of ~€30-45 bn in 2025 according to Company Data Analysis

LEADING SOLUTIONS FOR ALL ELECTRIFICATION TYPES

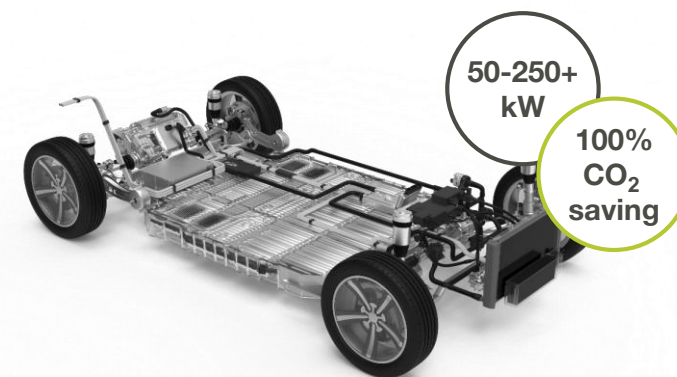
48V Mild Hybrid



Plug-In Hybrid



Battery Electric Vehicle



Electrification: Key offering

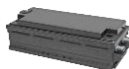
System supplier offering full range from battery management to drive



48V Belt Starter Generator



48V DC/DC Converter



48V Battery Pack

Integrated axle drive and components from battery management to charging and power electronics



HV Inverter



HV Battery Management



HV DC/DC Converter



HV Battery Junction Box



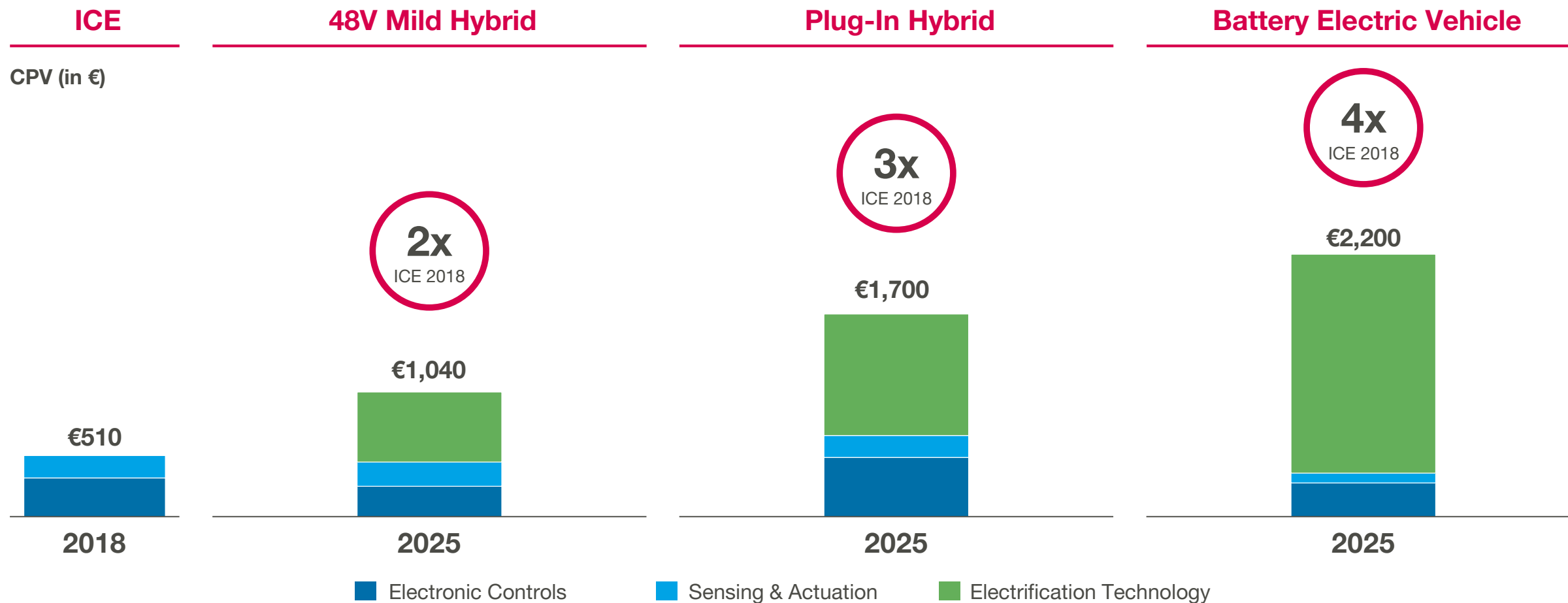
HV Electric Axle Drive System



Integrated Power Electronics & Charging

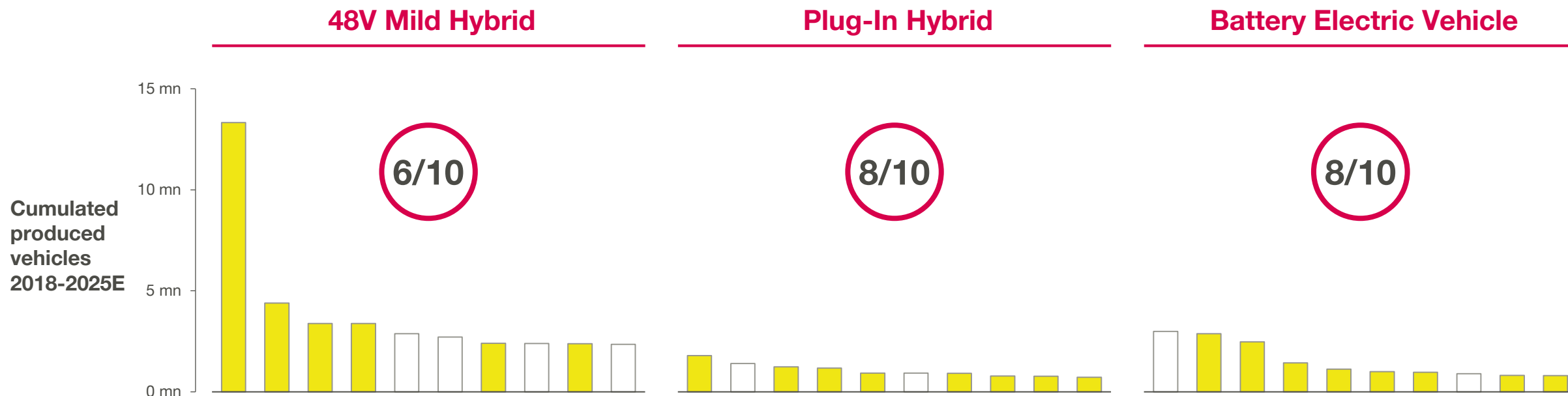
Source: Company information. Notes: HV: High Voltage. CO₂ savings relate to “tank to wheel” potential vs. pure combustion vehicle based on WLTP (World Harmonized Light-Duty Vehicles Test Procedure)

VITESCO TECHNOLOGIES' PORTFOLIO OFFERS SUPERIOR CPV OPPORTUNITIES IN ANY FUTURE SCENARIO



Source: Company Data Analysis. Notes: ICE: Internal Combustion Engine. CPV: Content Per Vehicle

VITESCO TECHNOLOGIES PRESENT IN MAJORITY OF TOP 10 ELECTRIFIED PLATFORMS FOR KEY ARCHITECTURES



Vitesco Technologies supplies one or more components from the following product groups:

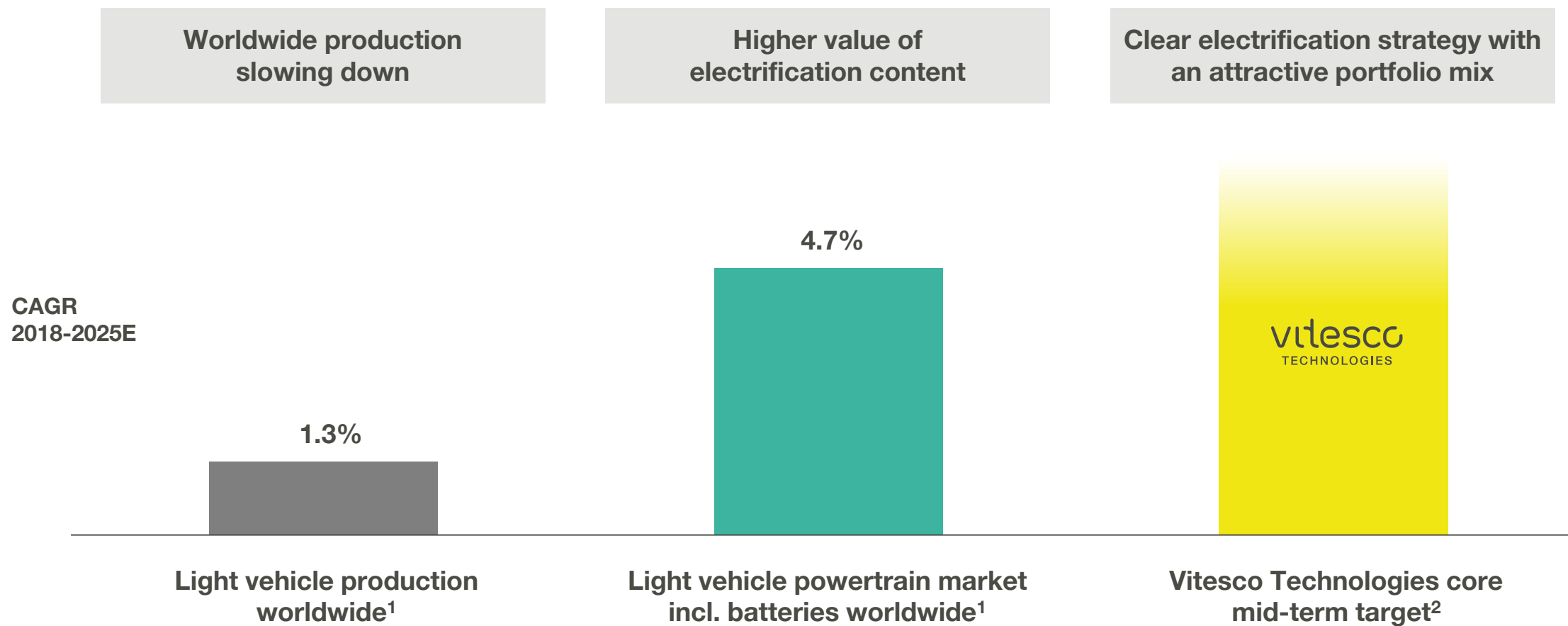
- Electrification Technology (BU ET)
- Electronic Controllers (BU EC)
- Thermal Management (BU S&A)

Examples:



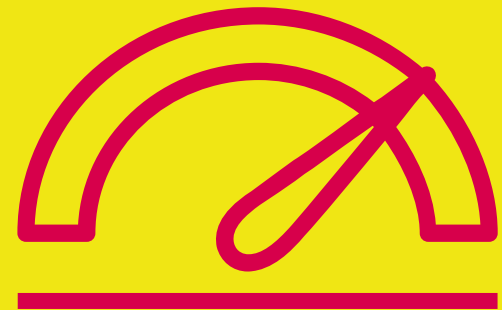
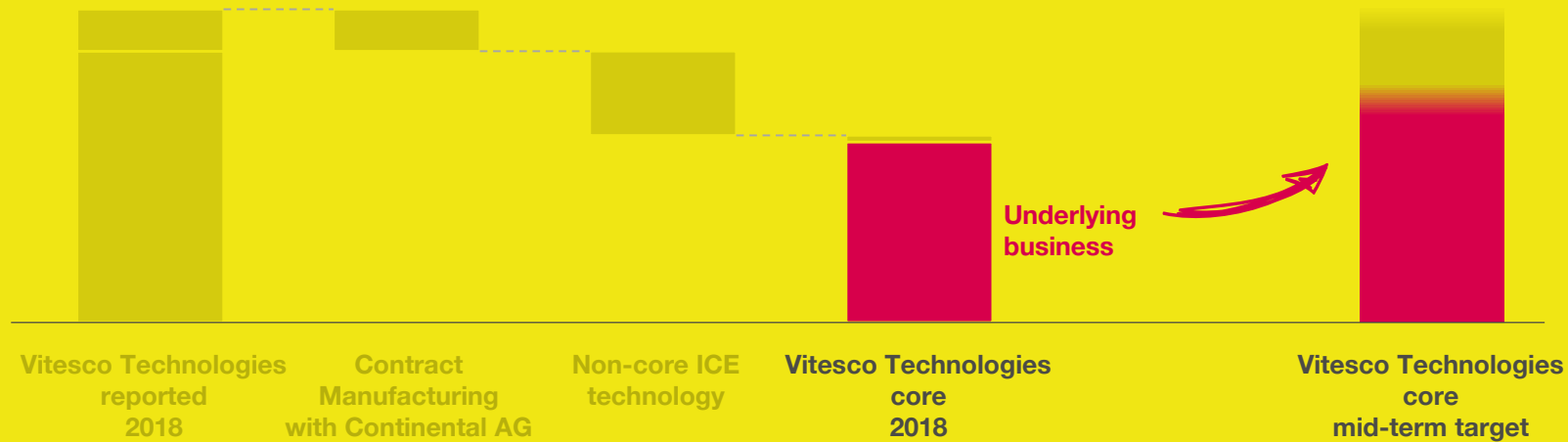
Source: Company information, IHS Markit – Automotive Alternative Propulsion Forecast, October 10, 2019. Notes: Presence subject to OEM sourcing strategy (single- or multiple-source) and vehicle configuration (e.g. manual or automatic transmission)

POSITIONED TO OUTGROW THE POWERTRAIN MARKET DUE TO A FAVORABLE PRODUCT MIX



Source: Company information. Notes: ¹ McKinsey, Reboost, October 2019; ² Excluding non-core ICE technology and Contract Manufacturing

PROFITABLE UNDERLYING BUSINESS ENABLING ABOVE-MARKET GROWTH



CASH GENERATIVE UNDERLYING BUSINESS PROVIDES MEANS AND EXPERTISE

€5.3
billion

**Underlying
Business
Sales**

>65%

**Cash
Conversion¹**

>66%
of sales²

**Top 1 or 2
Market Position³**



Electronic Controls

Brain of the powertrain assuring efficiency, performance and convenience



**Transmission
Control Units**



**Engine Control
Units**



Sensing & Actuation

Eyes and hands of the powertrain, allowing precise control



NO_x Sensors



**Flex Fuel, Active
High Temperature,
Knock Sensors**



**Electronic Throttle
Controls**

Source: Company information. Notes: Sales excluding non-core ICE technology, Contract Manufacturing and Electrification Technology as per end of FY2018. Global positions based on company estimate market share data.

¹ Defined as (Adj. EBITDA – Capex) / Adj. EBITDA, arithmetic mean FY2017-FY2018; ² Represents underlying business sales; ³ Based on company estimate of market positions as per FY2018

LEVERAGING EXISTING CORE COMPETENCIES TO CAPTURE ADDITIONAL FUTURE OPPORTUNITIES

Established carry-over to non-LV

Commercial vehicle

- Engine Control Units
- After-treatment Control Units
- Transmission Control Units
- Sensors
- Actuators
- Catalysts

Two-wheeler

- Engine Control Units
- Sensors
- Actuators
- Catalysts

Short-term

Electrification application

Master Controller



Hybrid Transmission Electronics



Thermal Management



Clean Air Solutions



Mid- to long-term

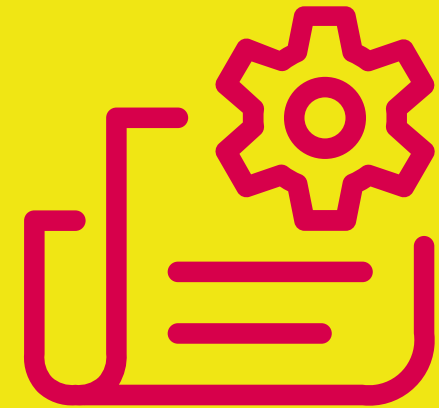
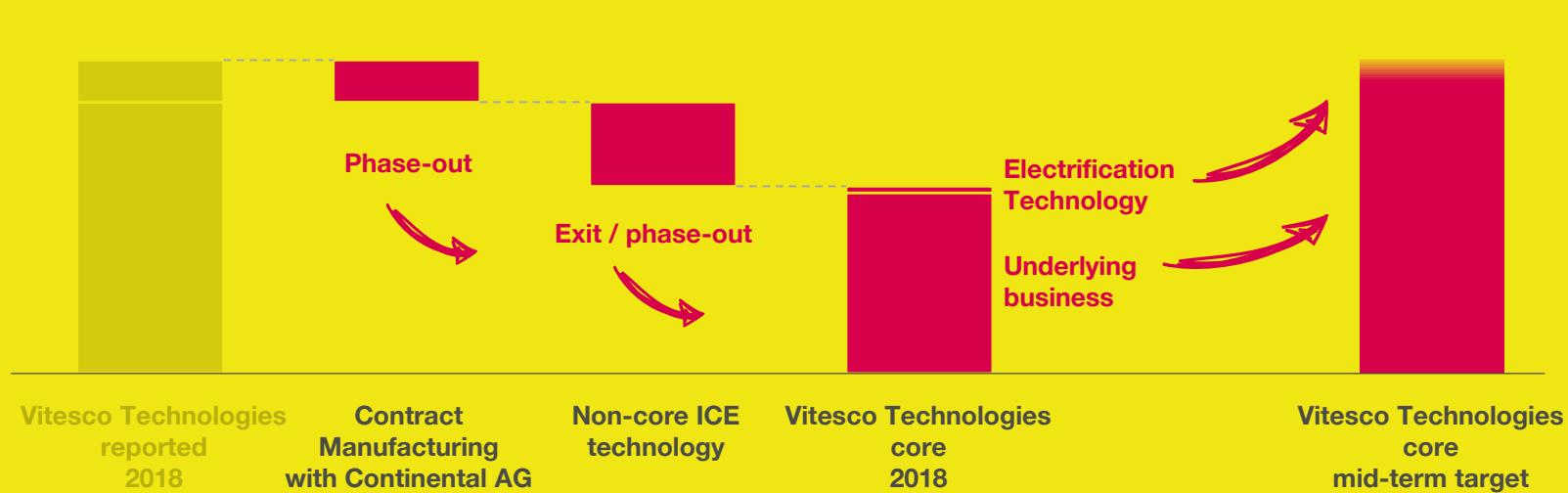
Fuel cell application

Redeployment of combustion components to heavy and light duty vehicles (e.g. Air Path, Fluid, Electronics, ...)



100% high voltage electrification portfolio

RADICAL MEASURES AND DECISIVE ACTIONS TO FOSTER VALUE CREATION



EXECUTION OF A CLEAR ELECTRIFICATION STRATEGY FOCUSING ON PROFITABILITY AND OPTIMIZING INVESTMENTS



Improvement Program

on current business



Execution of Electrification Strategy

Design



Bill of Material

Robustness ↑

- Modular design → time to market
- Platform approach → scale
- Increased efficiency → range

Manufacturing



Manufacturing Cost

- Make/Buy/Partner → reduced cost
- Simplified processes → reduced cost

Portfolio

Order Book

Improvements achieved
across entire portfolio and
numerous customer projects

- Scalable performance classes → offering
- Modular products → scale & offer
- Robust for electrification scenarios
- Strict hurdle rates → profitability
- Co-Invest → invest control



High Voltage
+48V DC/DC



4th Gen.
High Voltage
Inverter



4th Gen. E-Axle
and Inverter

Source: Company information

DECISION TO EXIT/PHASE OUT NON-CORE BUSINESSES

Contract Manufacturing for Continental AG

Legacy manufacturing of Continental AG products in Vitesco Technologies as a remainder of the carve-out

Profitability largely offset on group level by business currently outsourced to Continental AG



€1.2
bn sales → **Phase-Out**

Non-core ICE technology

Combustion products with limited long-term market perspective

- Injector, High Pressure Pump
- Fuel Delivery
- Selective Catalytic Reduction Systems
- Turbocharger



Profitability: €3 mn Adj. EBITDA

€2.5
bn sales → **Exit / Phase-Out**

Base case scenario with upside potential through strategic options

Source: Company information. Notes: Majority of phase-out planned to be completed within the next decade, timeline may vary depending on strategic decisions and customer demand; ICE: Internal Combustion Engine. Sales and adj. EBITDA as per end of FY2018. Adj. EBITDA before consolidation and special effects

GLOBAL FOOTPRINT RATIONALIZATION AND CONTINUOUS FOCUS ON OPERATIONAL EXCELLENCE

Focus areas

- Local production for local demand approach
- Plant consolidation / shift towards BCC
- Advanced robotics applications

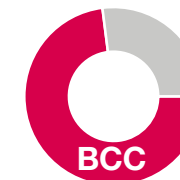
Target

2018
31 plants



>

Mid- to long-term
24 plants



Commitment to operational excellence: Continuous focus on operational efficiency and cost control along the P&L structure to maintain and improve profitability.

Source: Company information. Notes: BCC: Best Cost Country. BCC shares reflect planned share in sales produced in best cost countries

CLEAR VISION DELIVERED BY NEW MANAGEMENT WITH A STRONG TRACK RECORD



EXPERIENCED MANAGEMENT COMMITTED TO DELIVER ON THEIR VISION: ELECTRIFIED. EMOTION. EVERYWHERE.



Andreas Wolf
CEO



Werner Volz
CFO



Ingo Holstein
CHRO



Thomas Stierle
Electrification Technology



Wolfgang Breuer
Electronic Controls

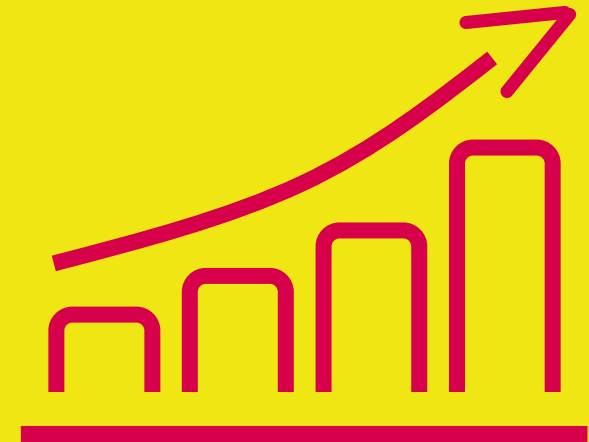


Klaus Hau
Sensing & Actuation

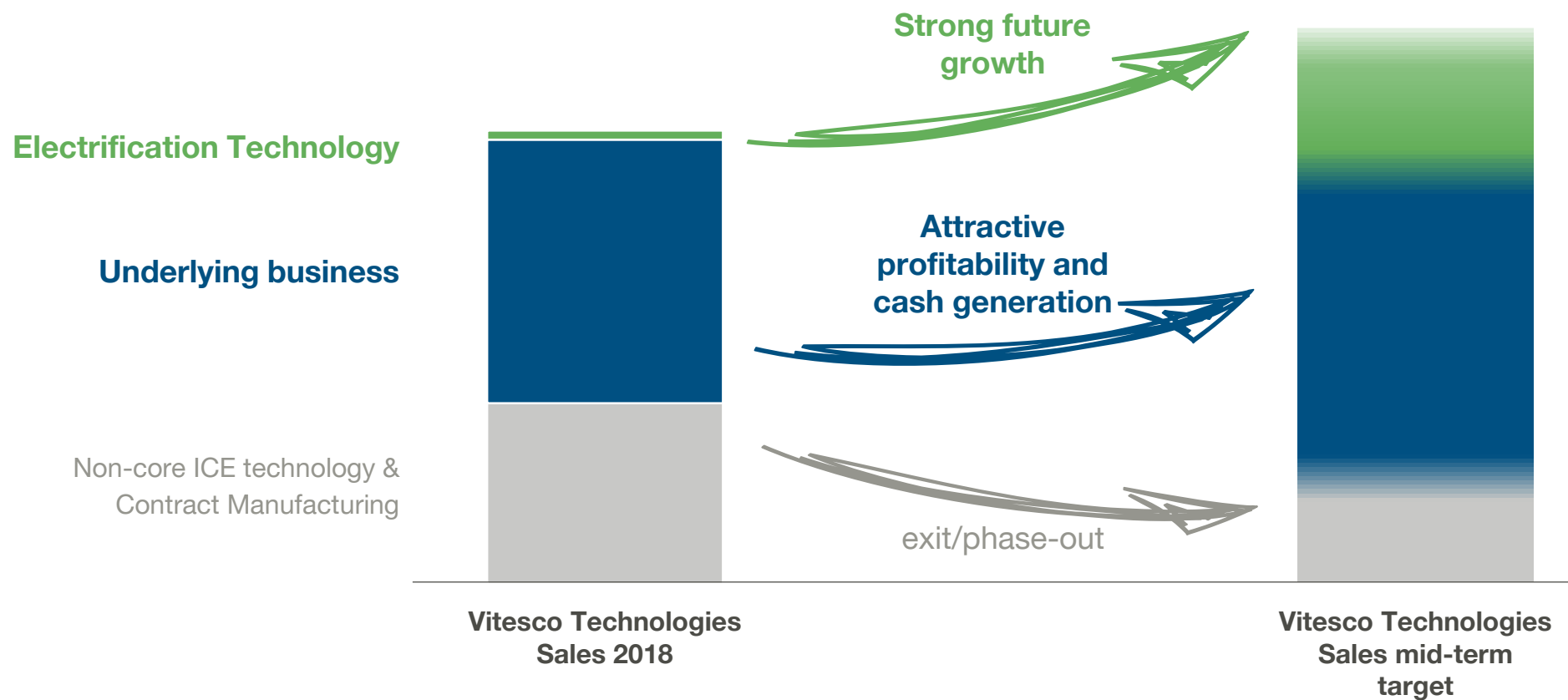
Relevant experience	>30 years	>30 years	>25 years	>20 years	>25 years	>25 years
Track record	<ul style="list-style-type: none"> Transformed Body & Security business: 2x sales¹, 2x EBIT margin¹ Carved-out part of Continental's business 	<ul style="list-style-type: none"> Strengthened Chassis & Safety division: 2x sales at attractive profitability¹ Supported profitable growth with advanced driver assistance systems 	<ul style="list-style-type: none"> Restructured Continental's tire dealer business in Germany Successfully led the integration of 63,000 Siemens VDO employees into Continental 	<ul style="list-style-type: none"> Turned around after-treatment Actuator business from negative to double digit EBIT margin¹ Led the introduction of new Actuator applications for electric vehicles 	<ul style="list-style-type: none"> Reduced R&D to sales ratio² for System Program business Pioneered in Multicore and AutoSAR-based Controls 	<ul style="list-style-type: none"> Transformed Sensing & Actuation business: 2x sales¹, ~6x EBIT margin¹ Founded innovative NO_x Sensor business and positioned VT as #1 in the market

Source: Company information. Notes: ¹ Increase of sales and EBIT margin in FY2018 compared to sales and EBIT margin in FY2010; ² Decrease of R&D to sales ratio in FY2018 compared to R&D to sales ratio in FY2012

POSITIONED TO ACHIEVE SUPERIOR GROWTH WITH ATTRACTIVE CASH GENERATION








UNDERLYING BUSINESS TO FUND TRANSITION INTO ELECTRIFICATION



Source: Company information. Notes: ICE: Internal Combustion Engine; Sales as per end of FY2018

POSITIONED TO ACHIEVE SUPERIOR GROWTH WITH ATTRACTIVE CASH GENERATION

	FY2018 financials				Mid-term target		
	Sales € mn	Adj. EBITDA ³ % of sales	€ mn	Capex % of sales	Sales € mn	Adj. EBITDA ³ % of sales	Capex % of sales
 Electrification Technology	197	-172.3%	-339	23.0%	↗↗↗	↗↗↗	↘↘↘
 Sensing & Actuation	3,226	12.2%	394	7.1%	↗	↗↗	↘↘
of which core	2,392	17.5%	419	7.0%	↗	↘	↘↘
of which non-core ICE technology	834	-2.9%	-25	7.4%	exit / phase out		
 Electronic Controls	4,568	10.2%	467	6.9%	↘	↗↗↗	↘↘
of which core	2,948	14.9%	440	5.3%	↗	↗↗	→
of which non-core ICE technology	1,620	1.7%	27	9.7%	exit / phase out		
 Contract Manufacturing	1,225	9.9%	122	7.9%	phase out		
 Vitesco Technologies¹	9,143	7.1%	646	7.5%	↗↗	↗↗↗	↘
of which core ²	5,465	9.6%	522	6.7%	↗↗↗	↗↗↗	→

Source: Company information. Notes: ¹ Includes group consolidation; ² Includes Electrification Technology, Sensing & Actuation core and Electronic Controls core; ³ Before consolidation and special effects

BUILDING AN ELECTRIFICATION POWERHOUSE

1

Leading the transition toward electric mobility

€5.3 bn
electrification backlog¹

2

Profitable underlying business enabling above-market growth

16.3%
adj. EBITDA margin

3

Radical measures and decisive actions to foster value creation

Exit / phase-out
of €2.5 bn non-core sales

4

Clear vision delivered by new management with strong track record

**ELECTRIFIED. EMOTION.
EVERYWHERE.**

5

Positioned to achieve superior growth with attractive cash generation






>65%
cash conversion²

Source: Company information. Notes: Adj. EBITDA margin excluding non-core ICE technology, Contract Manufacturing and Electrification Technology as per end of FY2018. Adjusted EBITDA margin before consolidation and special effects. ¹ Backlog of Electrification Technology as per end of FY2018. Backlog defined as sum of cumulative order intake not yet booked as sales; ² Defined as (Adj. EBITDA – Capex) / Adj. EBITDA, arithmetic mean FY2017-FY2018

APPENDIX

POSITIONED TO ACHIEVE SUPERIOR GROWTH WITH ATTRACTIVE CASH GENERATION (CONT'D)

9M2019 financials

	Sales € mn	Adj. EBITDA ³ % of sales	€ mn	Capex % of sales
 Electrification Technology	189	-117.8%	-222	48.0%
 Sensing & Actuation	2,439	13.2%	323	7.7%
of which core	1,825	17.0%	310	7.1%
of which non-core ICE technology	614	2.1%	13	9.2%
 Electronic Controls	3,212	4.9%	156	6.7%
of which core	2,068	12.3%	254	7.8%
of which non-core ICE technology	1,144	-8.6%	-98	4.7%
 Contract Manufacturing	1,002	8.5%	85	5.6%
 Vitesco Technologies¹	6,828	5.0%	341	8.0%
of which core ²	4,068	8.4%	341	9.4%

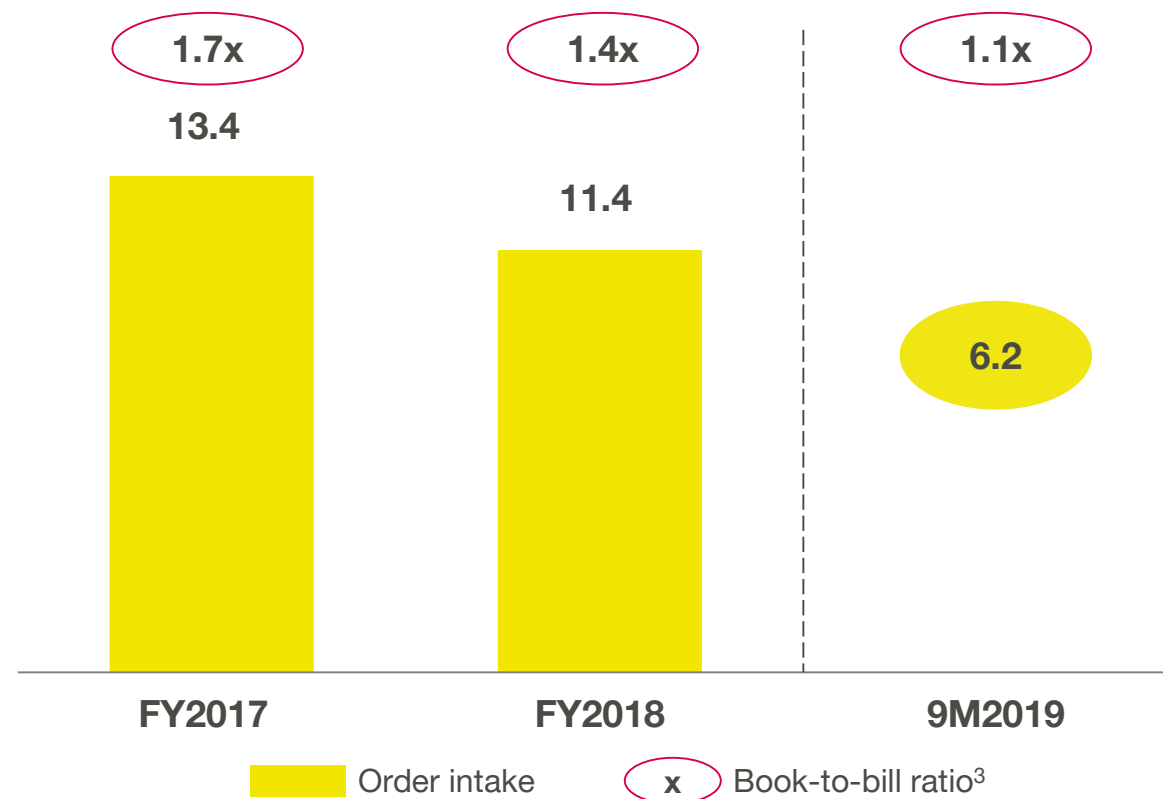
Source: Company information. Notes: ¹ Includes group consolidation; ² Includes Electrification Technology, Sensing & Actuation core and Electronic Controls core; ³ Before consolidation and special effects

SUMMARY OF REPORTED HISTORICAL FINANCIALS

Reported financials (in € mn)

	FY2017	FY2018	9M2019
Sales	9,083	9,143	6,828
% growth	-	0.7%	-
Adj. EBITDA¹	879	646	341
% margin	9.7%	7.1%	5.0%
Adj. EBIT²	487	225	-8
% margin	5.4%	2.5%	-0.1%
Capex	689	684	548
% sales	7.6%	7.5%	8.0%

Order intake (in € bn)



Source: Company information. Notes: Order intake defined as sum of acquired lifetime sales within the respective fiscal year. ¹ Before consolidation and special effects; ² Before amortization of intangibles from PPA, consolidation and special effects; ³ Ratio of order intake over sales excluding Contract Manufacturing

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