

# MAHLE Investor Update Call – Annual Results 2021

MAHLE Group | April 27, 2022

# WE SHAPE FUTURE MOBILITY



**MAHLE**

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Due to rounding, numbers presented in this presentation may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

# Highly experienced management team

## Management Board



**Michael Frick**

Chairman of the Management Board and CEO (ad interim)

**(from 01<sup>st</sup> May 2022)**  
and CFO (since 2014)

Experience

- Member of the Management Board of MAHLE Behr
- VP Finance and Accounting Europe of MAHLE
- SVP Accounting & Controlling, Emtec Group

**28 years of industry experience**



**Wilhelm Emperhoff**

BU Electronics and Mechatronics (since 2012)

Experience

- CEO, Behr-Hella Thermocontrol GmbH
- EVP of Gasoline Systems business unit, Continental AG
- EVP of Sensors business unit, Siemens Automotive

**33 years of industry experience**



**Jumana Al-Sibai**

BU Thermal Management (since 2021)

Experience

- Board member Chassis Systems Control, Bosch Group
- Various positions within Bosch Group

**19 years of industry experience**



**Anke Felder**

Corporate Executive Vice President Human Resources (since 2020)

Experience

- Managing Director Personnel (CHRO) and Labor Director, OPEL
- VP Human Resources and Board Member, GEA Group
- SVP Human Resources and Member of the Executive Board, Thyssenkrupp

**14 years of industry experience**



**Georg Dietz**

BU Engine Systems and Components (since 2018)

Experience

- VP Camshaft Operations of the Valve Train Systems product line, MAHLE
- Managing Director Production and Member of the Management Board, MAHLE Metal Leve S.A. in Brazil

**33 years of industry experience**



**Martin Weidlich**

BU Filtration and Engine Peripherals (since 2020)

Experience

- EVP Western Europe, Benteler Automobiltechnik
- VP Research & Development and Director Core Engineering, Getrag Corporate Group

**21 years of industry experience**

# Major challenges around the globe

- **Market environment** very **volatile** and **difficult to forecast**; remaining impacts of **COVID-19 pandemic**
- **Rising material, energy and freight costs**
- Intensified **supply bottleneck in semiconductors** in H2 2021
- Due to **temporary plant closures** and **production shortfalls by OEMs** reduced revenue in 2021
- **Short-term order reductions** by customers led to **increased inventories**; clear focus on capacity adjustments
- **War in Ukraine** as the most recent challenge with **limited direct impact for MAHLE**

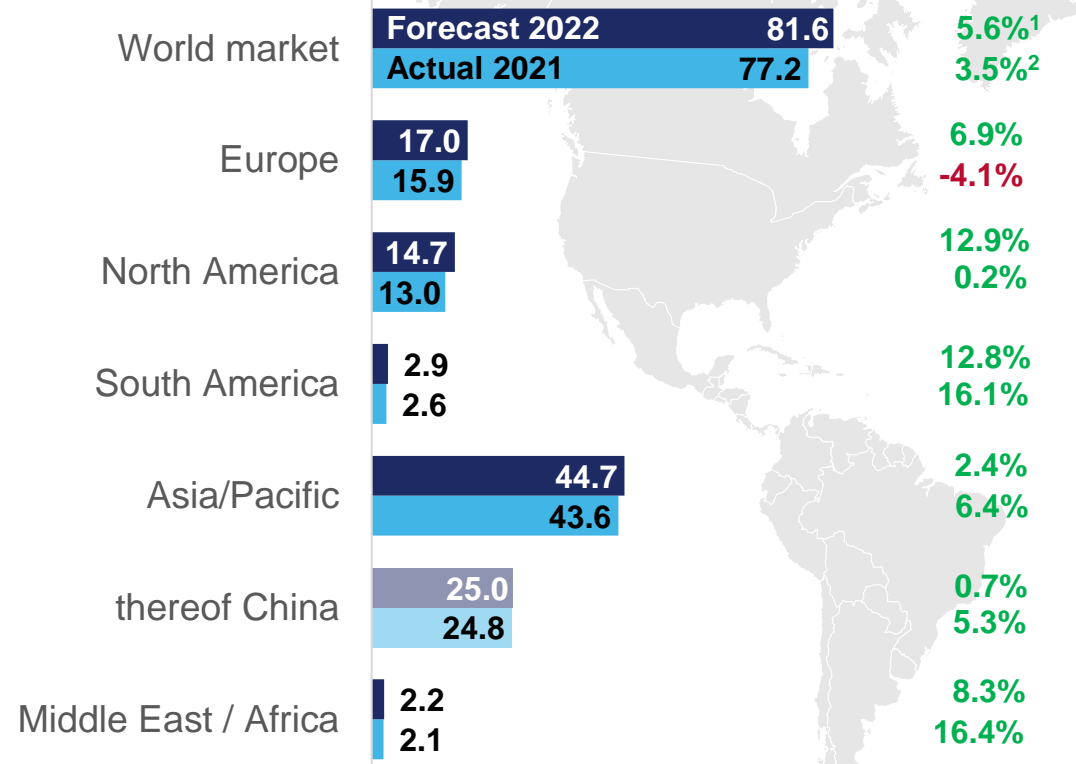
**We continuously focus on strict cost & cash discipline while consistently implementing our restructuring plan**



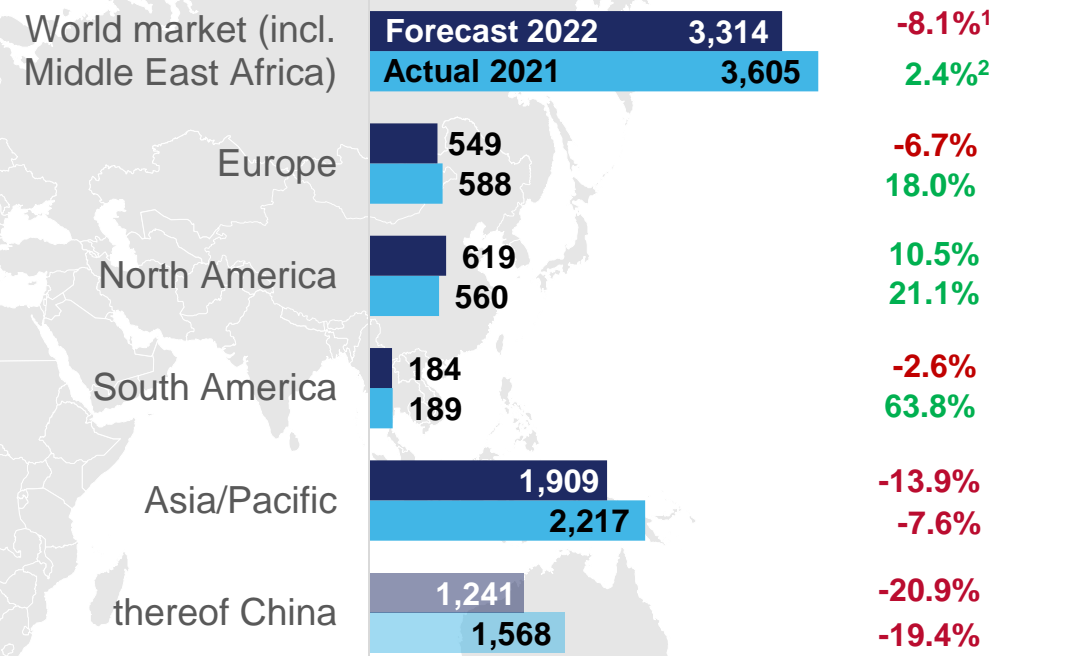
# Market development in 2021 still affected by COVID-19 and the semiconductor shortage

## Light vehicles and medium and heavy duty vehicles production 2021 and forecast 2022

### Production of passenger cars and light commercial vehicles [in mn pcs.]



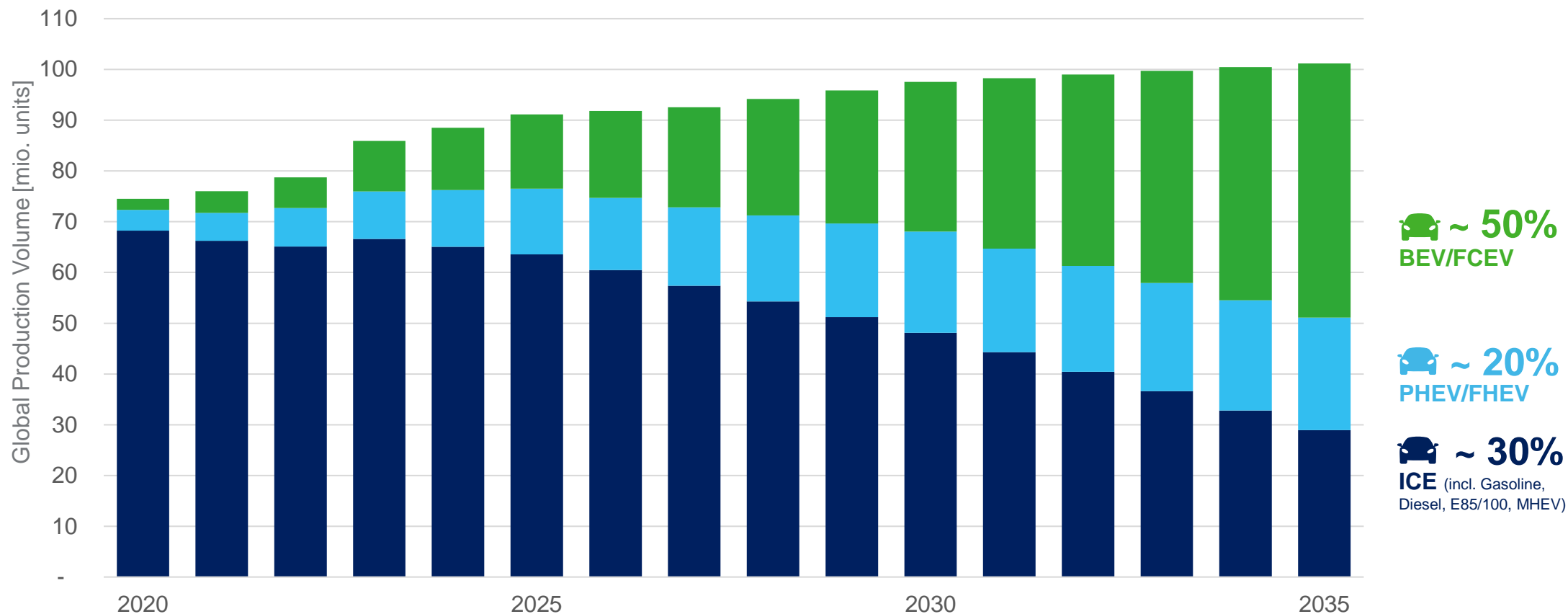
### Production of medium and heavy duty vehicles and buses (>6t) [in tsd pcs.]





# MAHLE LV Powertrain Scenario expects significant ICE drop until 2035

Base Scenario



~ 50%  
BEV/FCEV

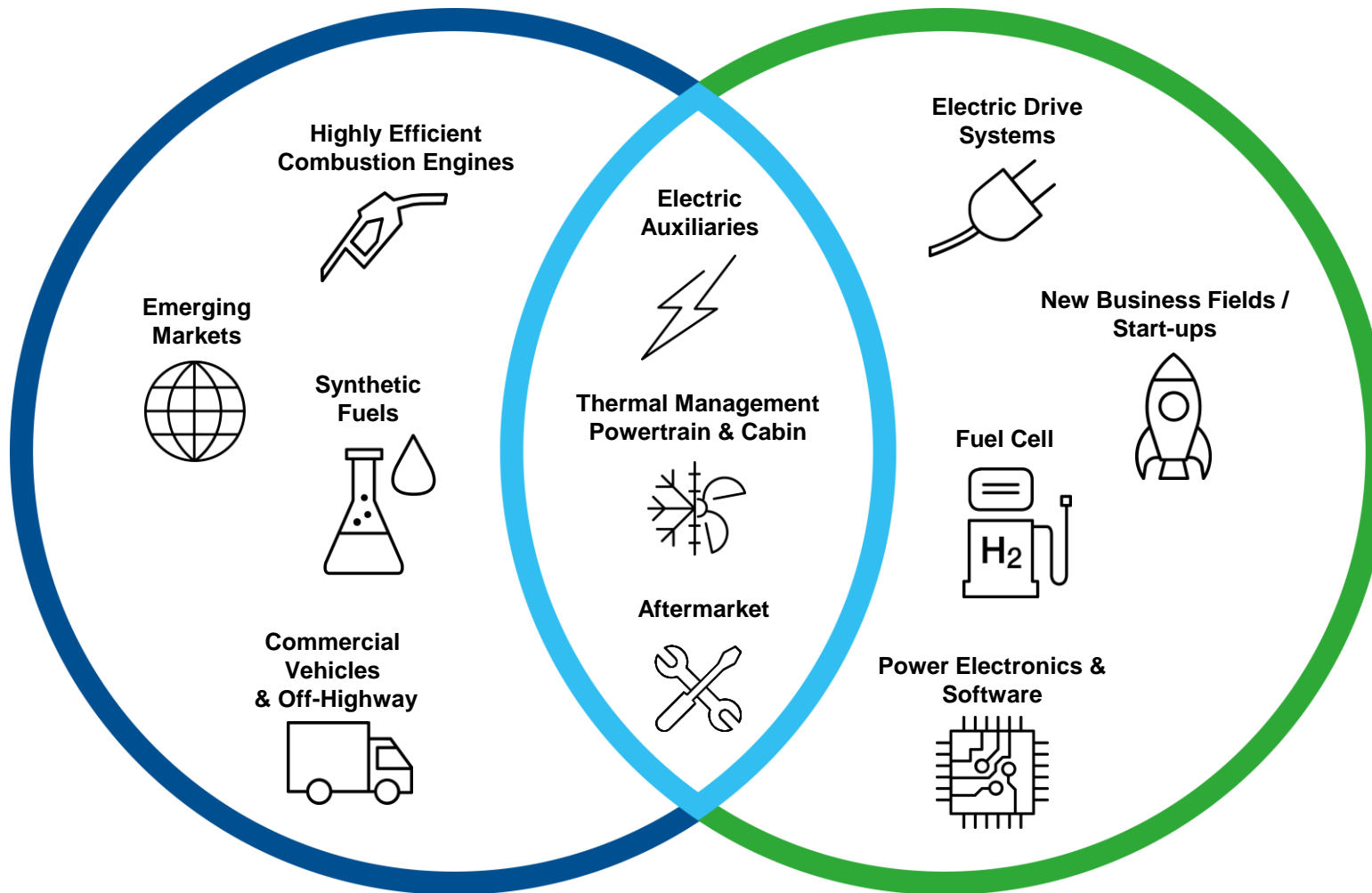
~ 20%  
PHEV/FHEV

~ 30%  
ICE (incl. Gasoline, Diesel, E85/100, MHEV)

- Current legislation and OEM announcements lead to further increasing electrification globally
- In particular strong BEV growth in Europe, North America and China

# Ready for transformation – MAHLE Dual Strategy

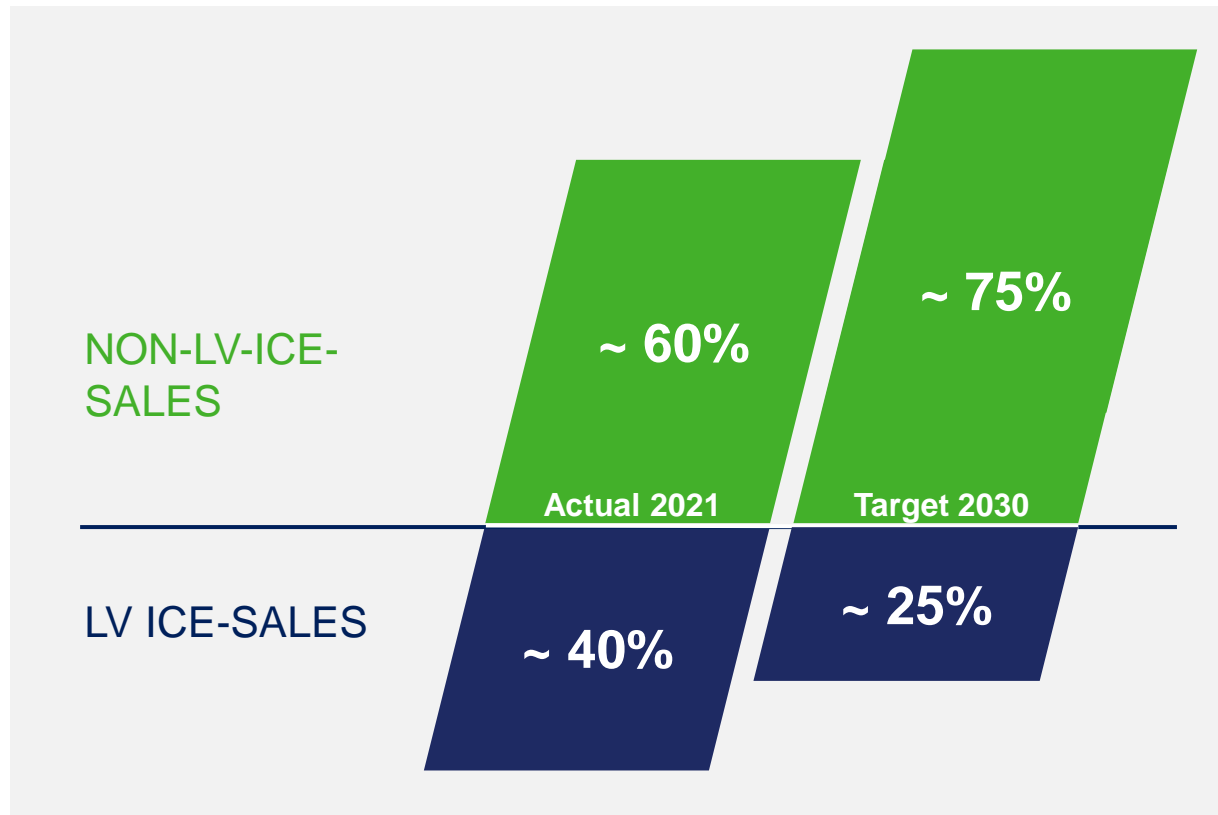
**STRENGTHEN  
MAHLE'S  
EXISTING  
MARKET  
POSITION**



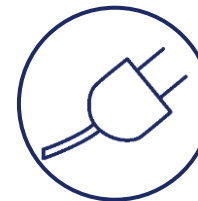
**SHAPE THE  
FUTURE IN A  
CHANGING  
MOBILITY  
WORLD**

# MAHLE's product portfolio is well prepared for a shift in the light vehicle powertrain mix

## MAHLE Group total sales share 2021 and target 2030



MAHLE's share of business segments that are independent of the OEM business for passenger car combustion engines already account for approximately 60% of our group sales



More than 80% of our Advanced Engineering investments are towards future technologies and strategic sustainable mobility areas

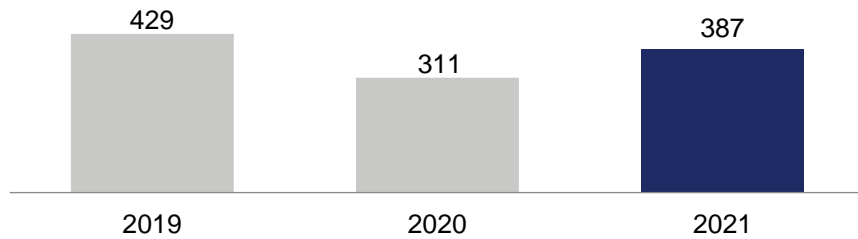


MAHLE established a comprehensive product portfolio for electrified vehicles, resulting in a significantly increased content per vehicle potential for future mobility solutions



# The power of PIONIERGEIST

## MAHLE patent family application per year<sup>2)</sup>

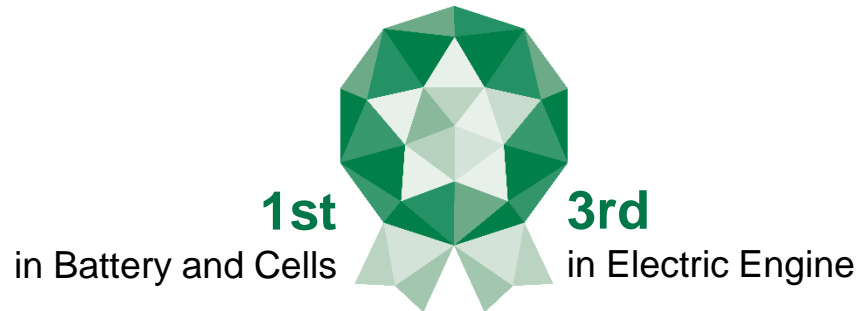


### Magnet-Free Electric Motor

- No rare earth materials
- Inductive power transmission
- Overall efficiency 95%

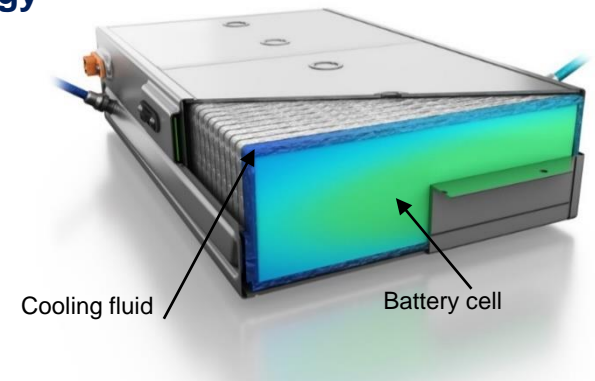
### Pioneering Technology

## MAHLE's patent growth was ranked<sup>1)</sup>



### Close-to-cell Cooling

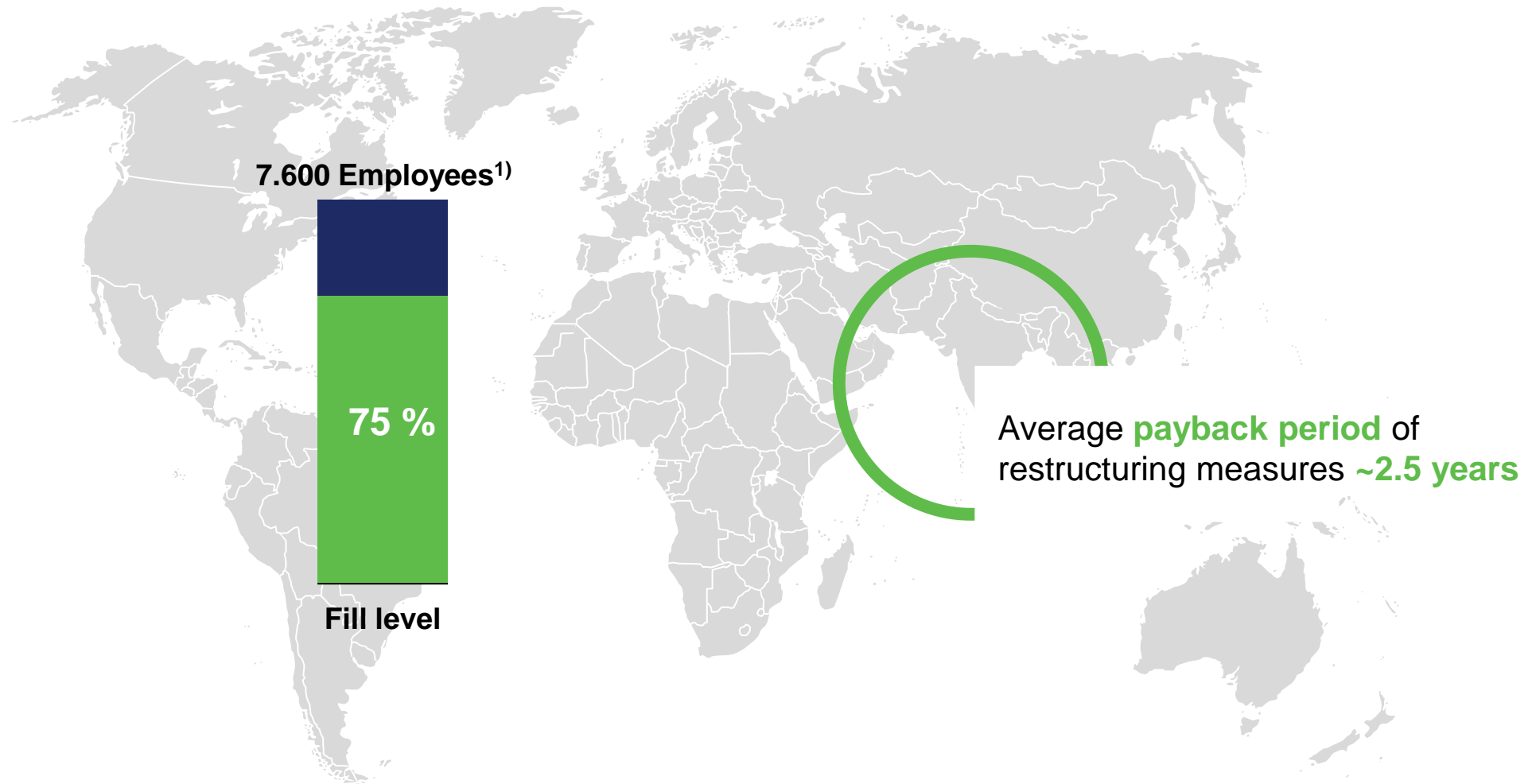
- Enables fast charging
- Homogeneous temperature distribution
- Compact battery design



In a patent-analysis carried out by Quant IP, MAHLE achieves high scores regarding quantity and quality of patents and occupies 1<sup>st</sup> and 3<sup>rd</sup> place in the categories battery & cells and electric engine.

# Worldwide restructuring measures are fully on track

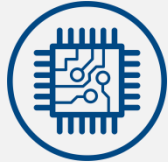
Adjustment target worldwide vs. realized adjustments (as of December 2021)



Note: 1) On the contrary, due to the acquisition of the air conditioning business of former Keihin Corporation 1,300 employees joined the group. Besides that, South America's number of employees rose by around 10 % due to a very good order situation.

# Shortages and raw material price increases pose a challenge on the entire supply chain

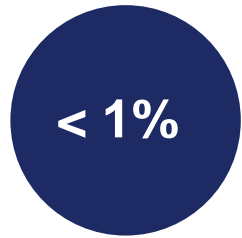
## Semiconductor shortage, raw material price increases and expensive logistics & energy



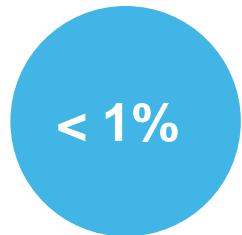
- MAHLE has been **proactively** and **successfully** managing its **supply chain** in order to **mitigate** these **risks** and **ensure sufficient supply**
- Strategy for **long term commitments** regarding semiconductors **from suppliers**
- Cost risks for indexed raw material are managed by use of **price adjustment clauses with customers**; net exposure is **hedged** for several raw materials
- MAHLE is negotiating with its suppliers and customers to achieve a **fair sharing of these burdens**

# Effects from the war in Ukraine

## Total MAHLE exposure 2021 in Russia, Ukraine and Belarus



% of total **sales to third parties** generated with...



% of direct **production material** comes from...



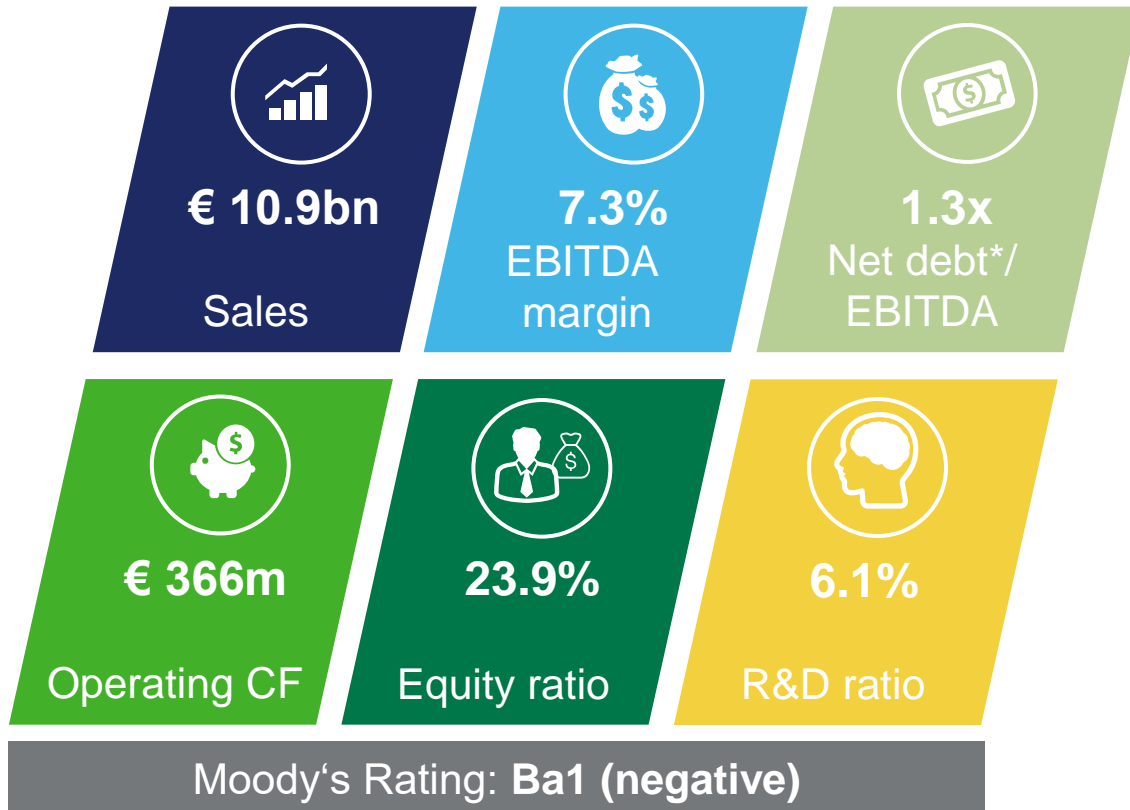
**Direct effects** on MAHLE **are low**

**Indirect effects** due to **further rising raw material and energy prices** and **production stops at various OEMs** are already impacting our business. The future extent is currently not foreseeable.



# Sales increased strongly

## MAHLE Group – key financials 2021

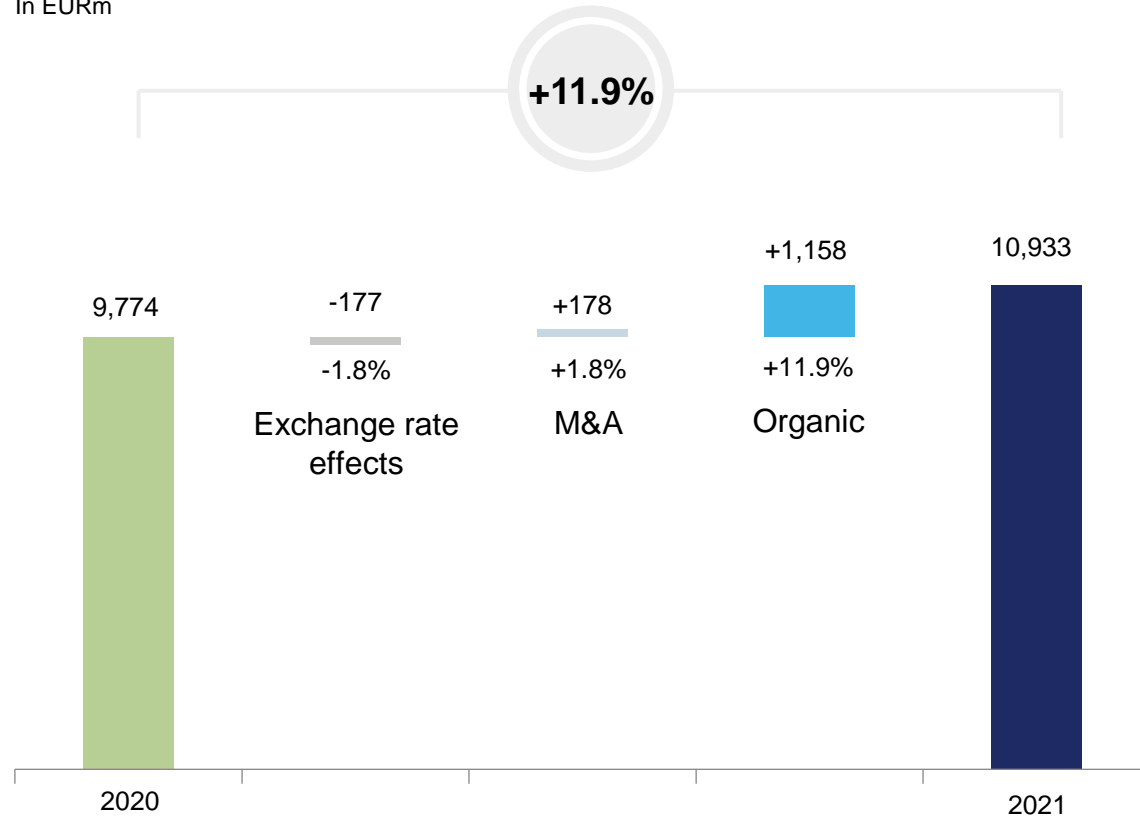


- MAHLE sales outperformed market growth
- Higher EBITDA margin primarily affected by increased sales volumes and improved productivity
- Net debt/ EBITDA significantly improved
- Net loss diminished to EUR 108m
- Equity ratio negatively influenced mainly by extended balance sheet total
- R&D costs remain on a high level to support transformation

# Sales outperformed market growth

## MAHLE Group sales

In EURm



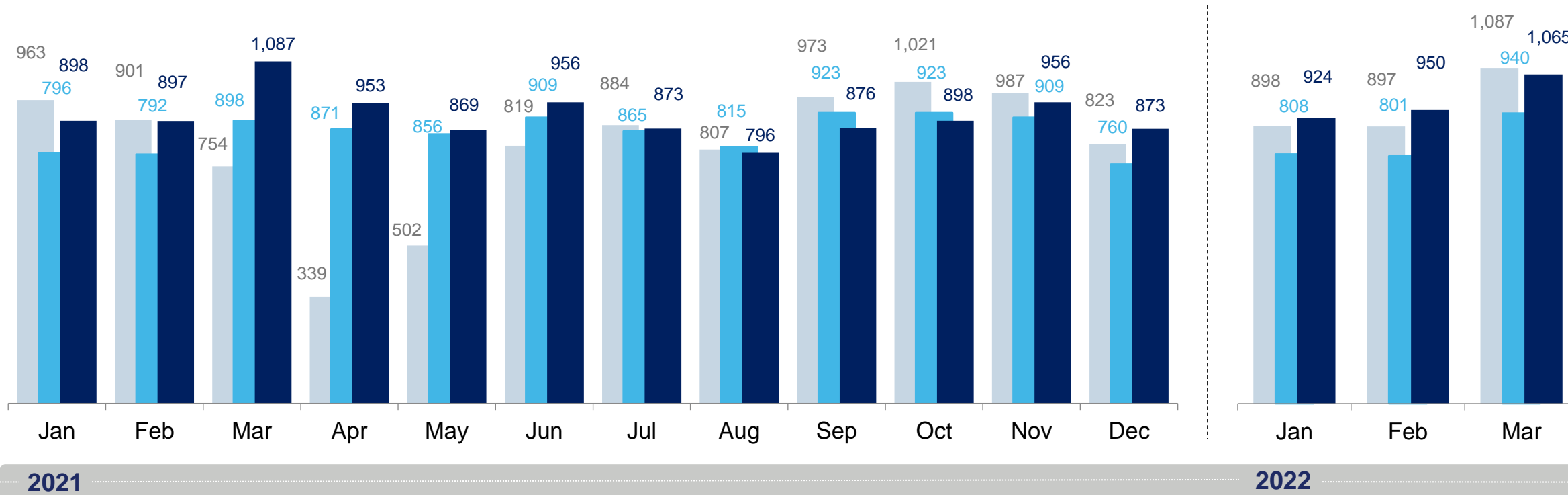
- MAHLE’s organic growth outperformed the market in every region
- Highest proportional organic sales growth in Aftermarket as well as in Electronics and Mechatronics
- Intensified supply bottleneck in semiconductors and production shortfalls by OEMs in H2 2021 prevented further growth
- M&A effects result from purchase of the air conditioning business of former Keihin Corporation (now Hitachi Astemo, Ltd.) as of February 2021

# 15% higher sales in first quarter 2022 than budgeted

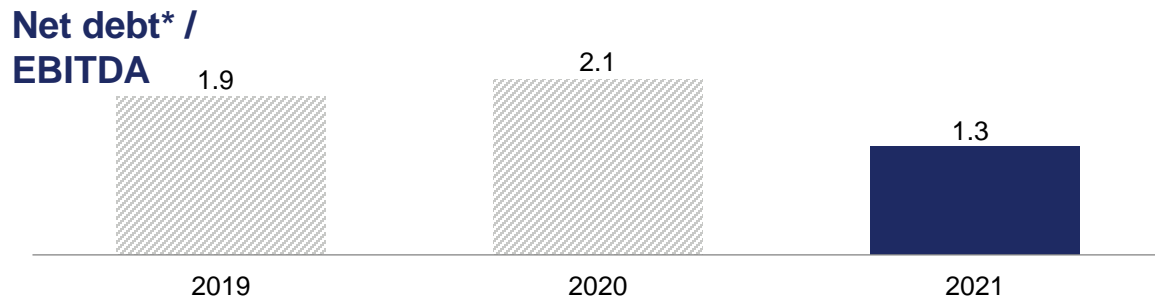
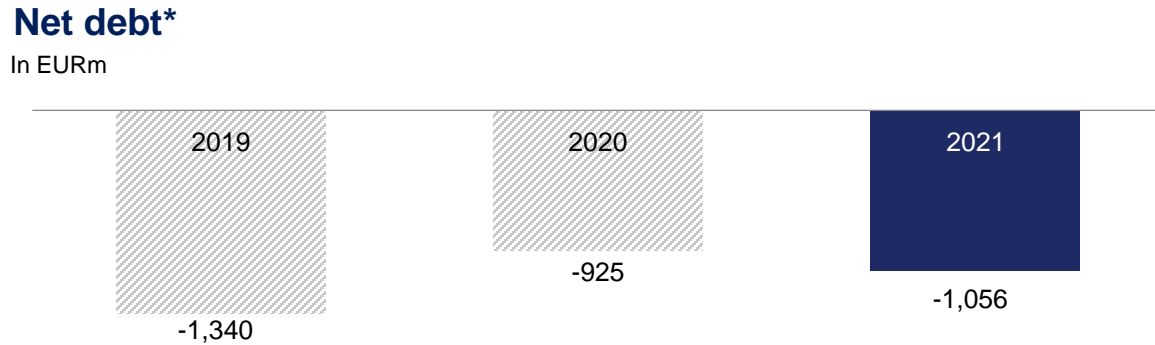
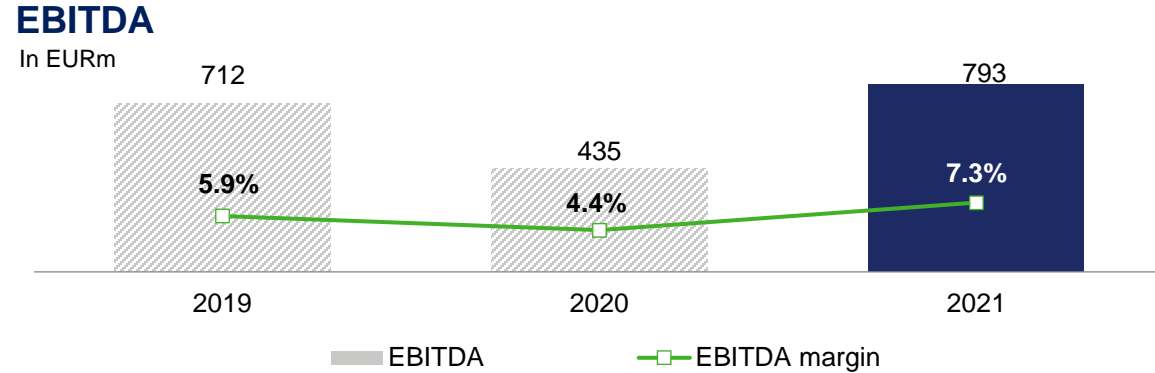
## MAHLE Group Sales January 2021 to March 2022 MTD

In EURm

■ Prev. Year ■ Budget ■ Actual



# Profitability improved, despite increased raw material prices



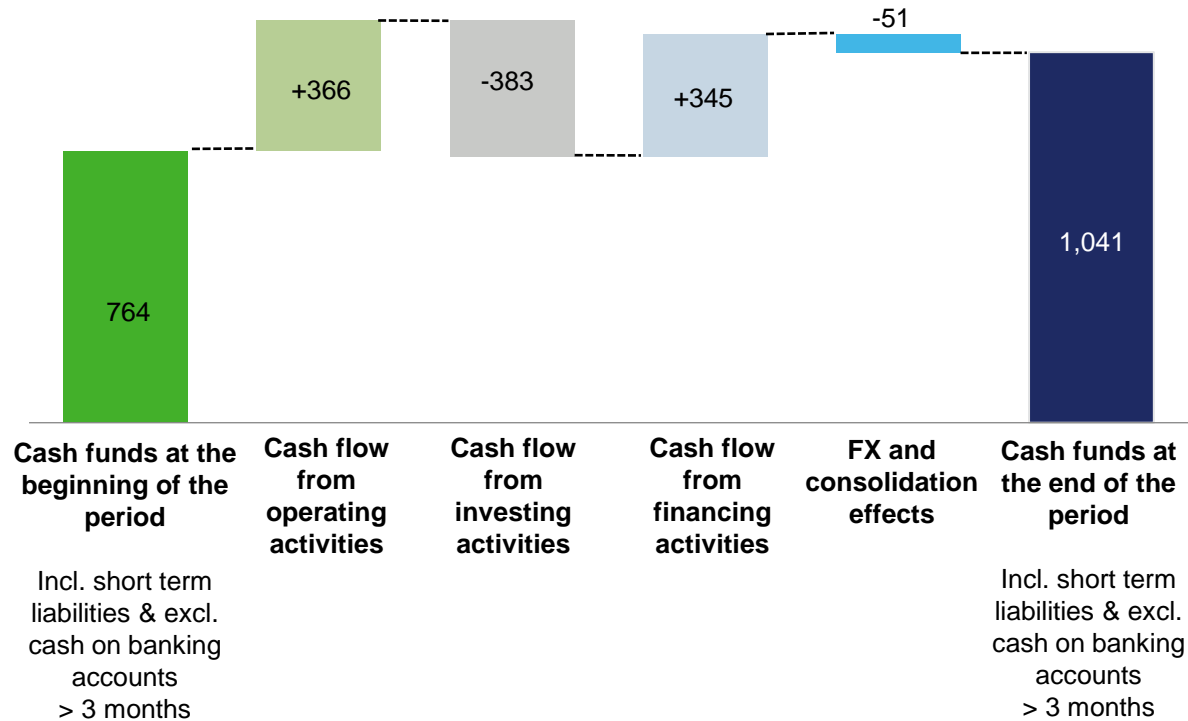
- Rise in EBITDA mainly due to higher sales volumes and numerous cost savings
- No extraordinary restructuring costs in 2021
- Increased costs for raw material, logistics and energy of around EUR 300m and lower than expected sales in Q3 and Q4 2021 from the semiconductor shortage left a dent in earnings
- Net debt impacted by increased working capital
- Net debt / EBITDA ratio far below the internal threshold of 2.0



# Higher cash mainly driven by corporate bond issuance

## Cash flow development 2021

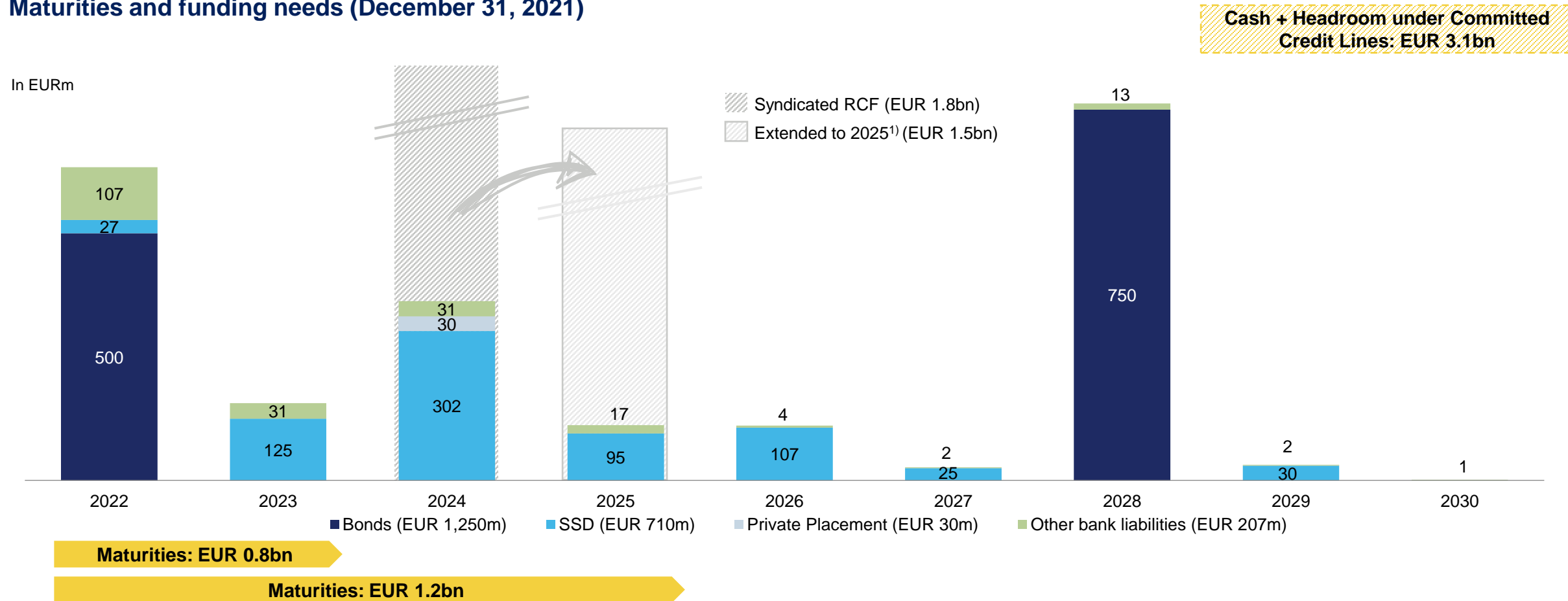
In EURm



- Operating cash flow significantly hit by higher working capital and net loss
- Cash outs for restructuring amounted to EUR 82m
- Cash flow from financing activities reflects bond issuance of EUR 750m compared to repayment of EUR 300m bond of 2014

# Upcoming maturities are well covered by sufficient liquidity

## Maturities and funding needs (December 31, 2021)



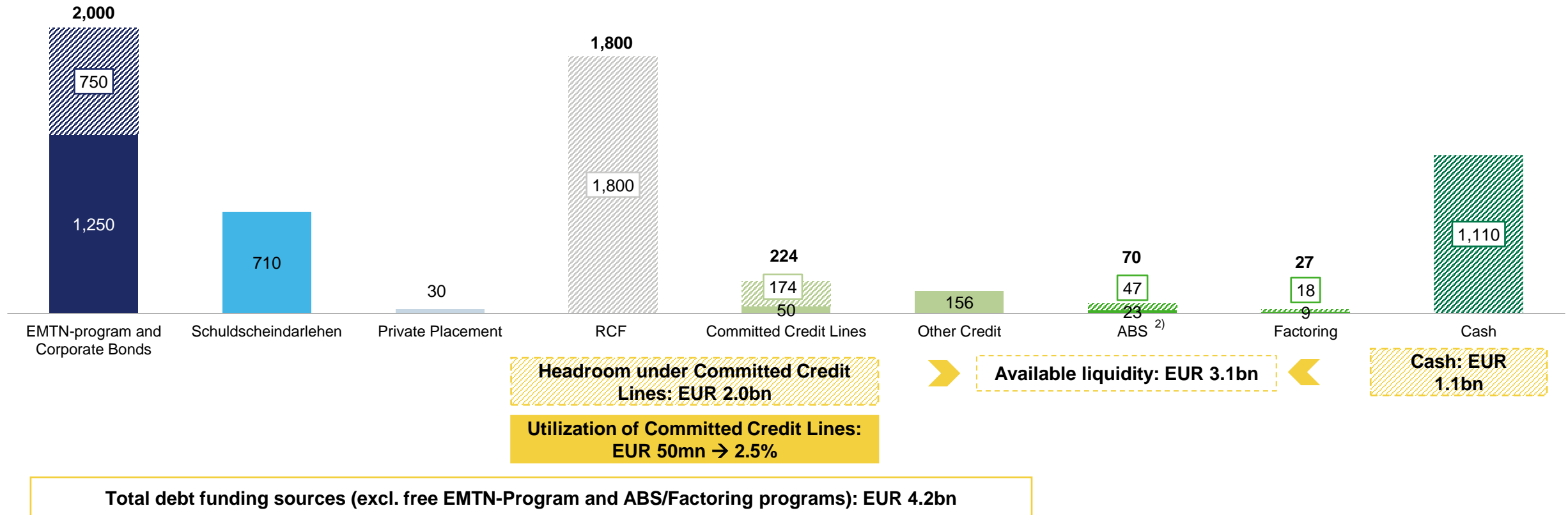
Note: 1) Extension to 2025 was made on 1<sup>st</sup> February 2022. EUR 1.467m will be due in 2025 and EUR 333m remain due in 2024.

SSD = Schuldscheindarlehen  
RCF = Revolving Credit Facility

# Broad variety of debt funding sources<sup>1)</sup> and high liquidity reserves

## Funding status (December 31, 2021)

In EURm

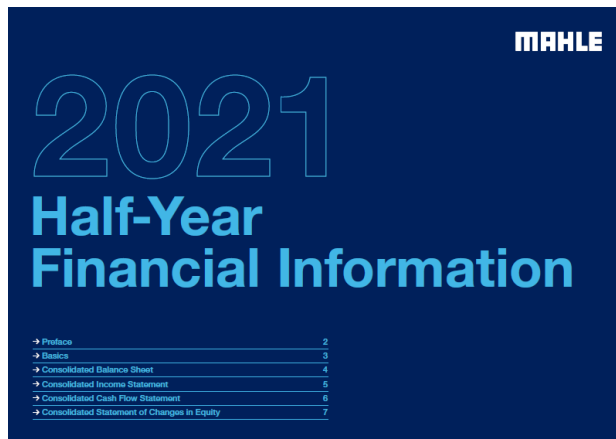


# MAHLE offers more transparency to serve investors' needs

## MAHLE's Rating and Consolidated Half-Year Financial Information



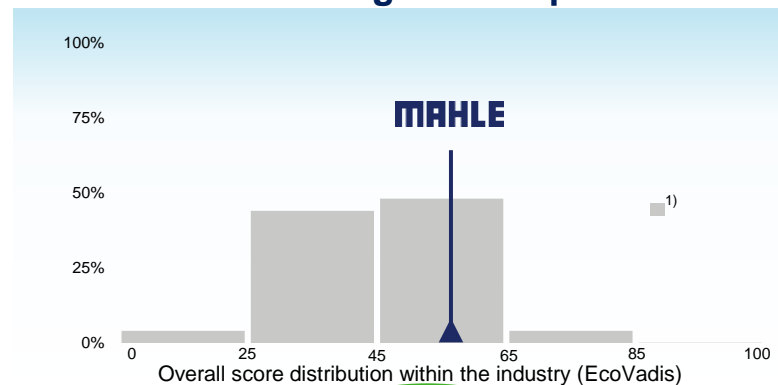
**MOODY'S**  
**Ba1**  
**(negative)**



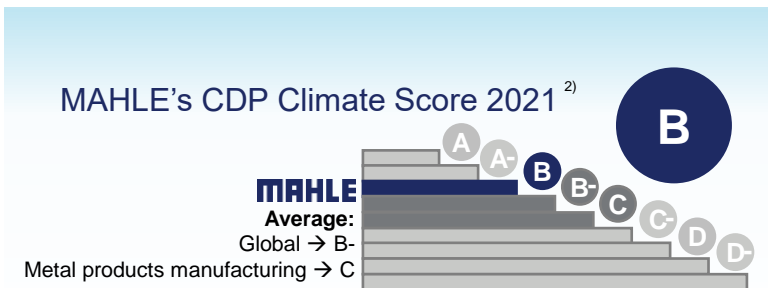
- Moody's adjusted its outlook for MAHLE from stable to negative:  
<https://www.mahle.com/en/investor-relations/creditor-relations/rating/>
- Consolidated Half-Year Financial Information available from 2021:  
<https://www.mahle.com/en/investor-relations/financial-reports/>

# MAHLE's ESG performance is rated by EcoVadis and CDP

## Overview ESG Ratings and Reports at MAHLE



amongst  
the **best**  
**25%**



Above  
average



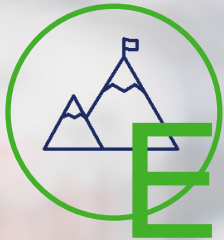
2020  
Sustainability  
Report  
incl. **SDGs**

Yearly  
available

# Focusing on ESG relevant topics

## MAHLE ESG Highlights 2021

Focus **on battery electric drive**, the **fuel cell**, and the **intelligent internal combustion engine** powered by **non-fossil fuels**



Further reduction of **greenhouse gas emissions of MAHLE locations** between 2020 and 2021

**86% MAHLE locations** certified in accordance with the environmental management systems **ISO 14001 and/or EMAS in 2021**



**>100 projects and initiatives** supported by the MAHLE Foundation worldwide in 2021

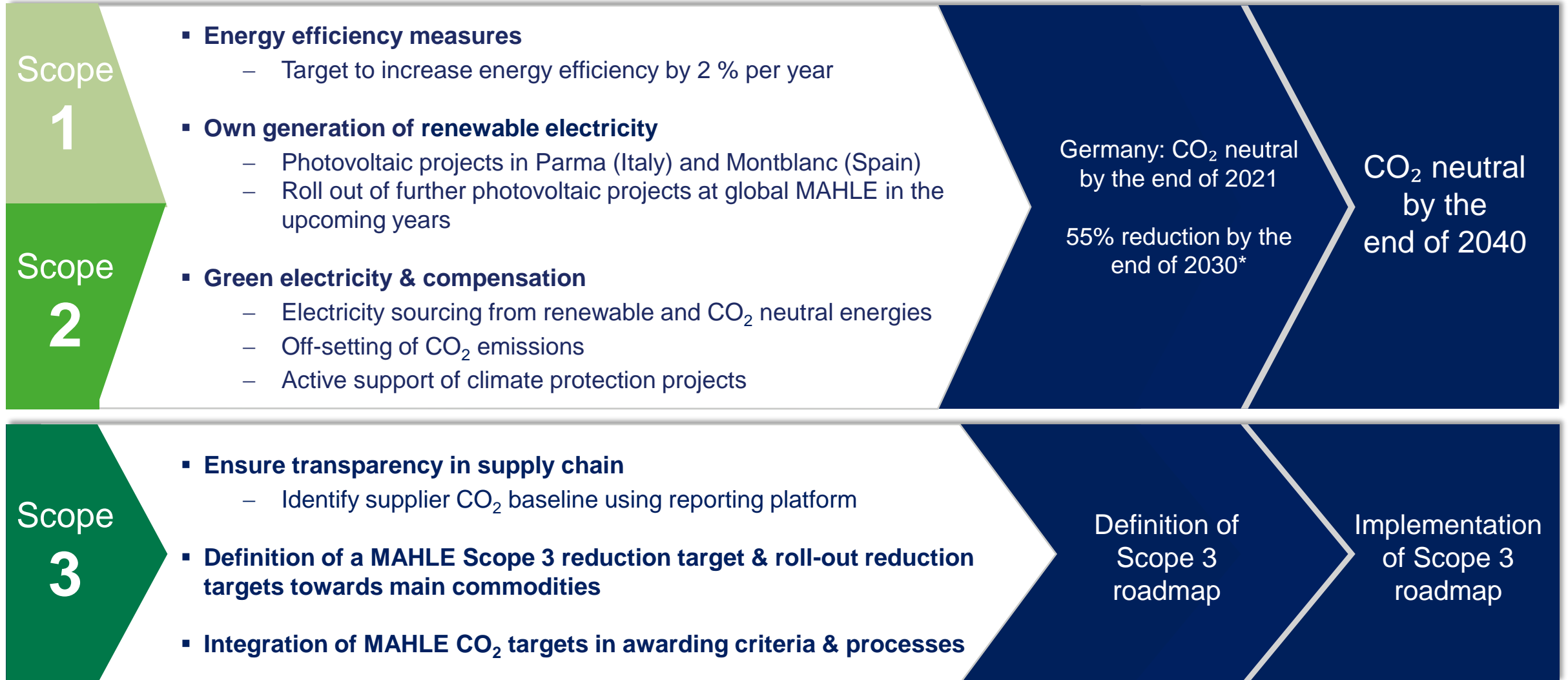
**MAHLE** was again **honored with various awards** for its activities in the field of **diversity & inclusion in 2021**



Implementation of **sustainability steering committee with main functions**

Reorganization regarding **ESG and EU taxonomy requirements, backed by strong management support**

# MAHLE's path to CO<sub>2</sub> neutrality



# Conclusion – key credit highlights

## Summary



### Global Top Tier 1 supplier

- MAHLE Group is among the 25<sup>1)</sup> largest automobile suppliers worldwide
- MAHLE's sales are geographically well-balanced covering all relevant OEMs across all main automotive markets



### Strong market position

- MAHLE occupies top 3<sup>2)</sup> rankings in 23 out of 30 main product categories underlying a strong market position in key product areas, backed by its strong reputation, proven quality and technology leadership



### Clear strategy in line with financial policy

- Dual strategy combines strengths in traditional segments while pushing ahead with innovative solutions following market trends
- MAHLE's continuous active portfolio management constantly complying with conservative financial policies
- Very limited dividend requirements due to foundation ownership



### Future-oriented products

- Business segments that are independent of the OEM business for passenger car combustion engines today already account for about 60 percent of our Group sales
- Current transformation process of the automotive industry enables further boost of MAHLE's sales through increasing content per vehicle



### Considerable liquidity reserves

- MAHLE is able to draw from large liquidity and financing reserves of more than EUR 3.0bn
- Moody's rating of Ba1 (negative) further improves access to capital market and thus enhances financial independence and flexibility



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A nighttime cityscape featuring several illuminated skyscrapers. Overlaid on the scene are large, semi-transparent geometric shapes composed of blue and white triangles, resembling a low-poly mesh or a stylized map. The background is dark, with city lights providing a blue and white color palette.

**WE SHAPE  
FUTURE  
MOBILITY**

A solid dark blue horizontal banner with white text.

Thank you for your attention!

A long-exposure photograph of a road at night, showing light trails from cars and streetlights. The road is flanked by green trees and a fence.

**MAHLE**