

# MAHLE Investor Update Call – Annual Results 2020

MAHLE Group | April 29, 2021



**MAHLE**

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# Highly experienced management team

## Management Board



**Michael Frick**

Chairman of the Management Board and CEO (ad interim) (since 1<sup>st</sup> Apr. 2021) and CFO (since 2014)

### Experience

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



**Jumana Al-Sibai**

BU Thermal Management (since 1<sup>st</sup> Apr. 2021)

### Experience

- Board member Chassis Systems Control, Bosch Group
- Various positions within Bosch Group
- 18 years of industry experience



**Georg Dietz**

BU Engine Systems and Components (since 2018)

### Experience

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



**Wilhelm Emperhoff**

BU Electronics and Mechatronics (since 2012)

### Experience

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



**Anke Felder**

Corporate Executive Vice President Human Resources (since 2020)

### Experience

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



**Martin Weidlich**

BU Filtration and Engine Peripherals (since 2020)

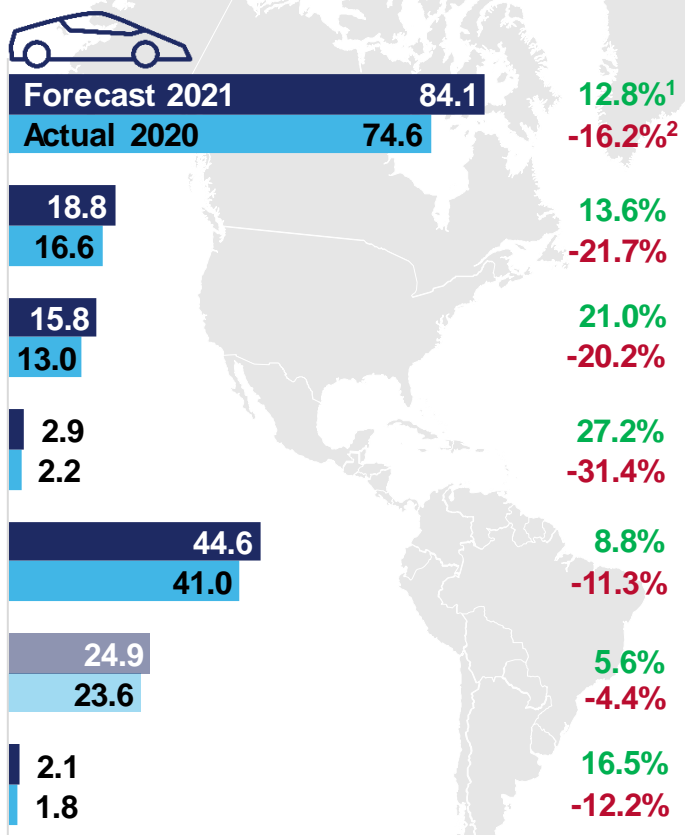
### Experience

- VP Research & Development and Director Core Engineering, Getrag Corporate Group
- EVP Western Europe, Benteler Automobiltechnik
- 20 years of industry experience

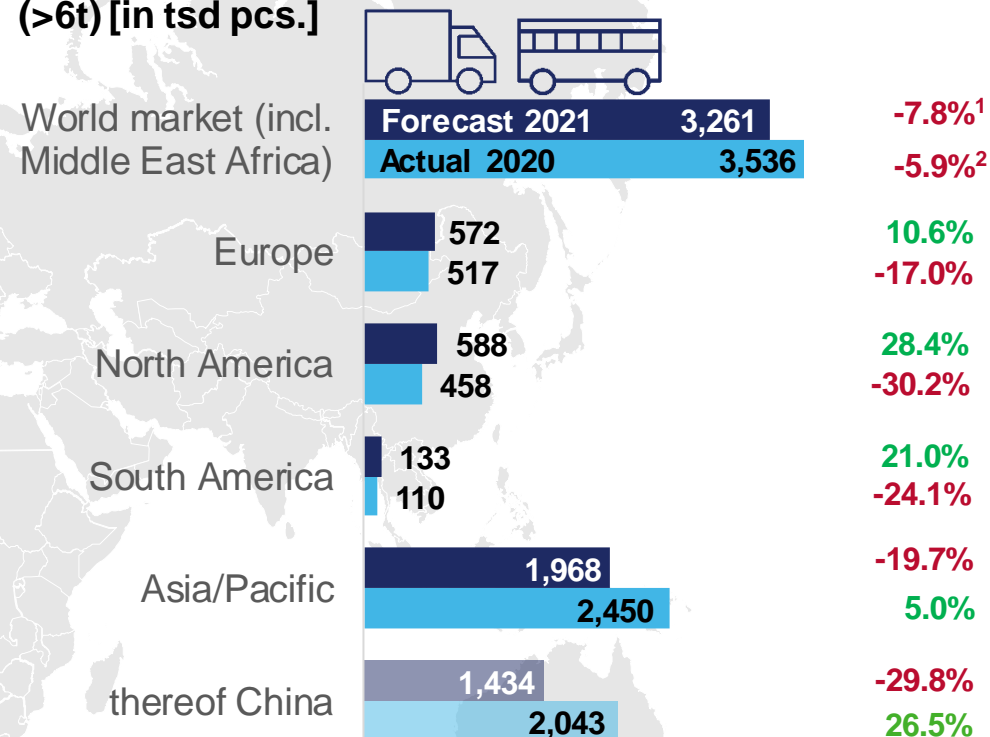
# Market development 2020 affected by COVID-19 – good recovery in LV's expected for 2021

## Light vehicles and medium and heavy duty vehicles production 2020 and forecast 2021

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



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



# COVID-19 impacted sales and profitability, but MAHLE generated strong operational cash flow

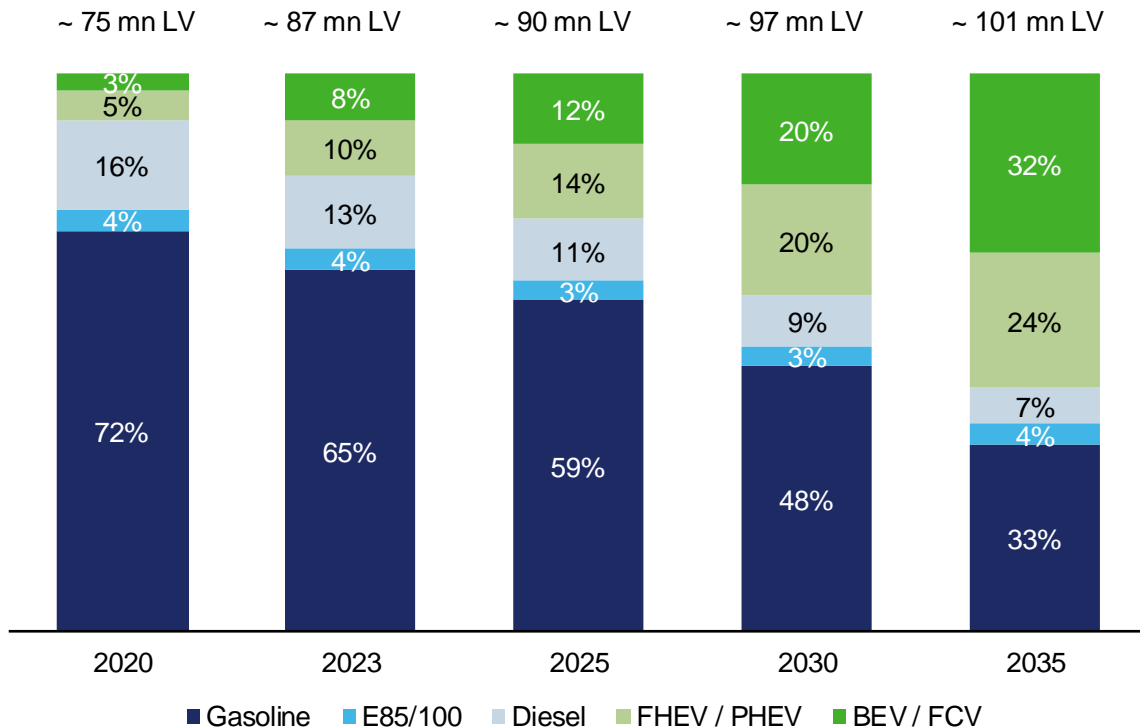
## MAHLE Group – key financials 2020



- Sales influenced by decline in global demand
- Highest R&D ratio in Business Unit Electronics and Mechatronics
- EBITDA margin primarily affected by lower sales volumes and high restructuring costs
- Net debt/ EBITDA ratio exceeding the 2.0 threshold of our financial policy slightly
- Net loss of EUR -434m
- Strong operating cash flow despite the pandemic

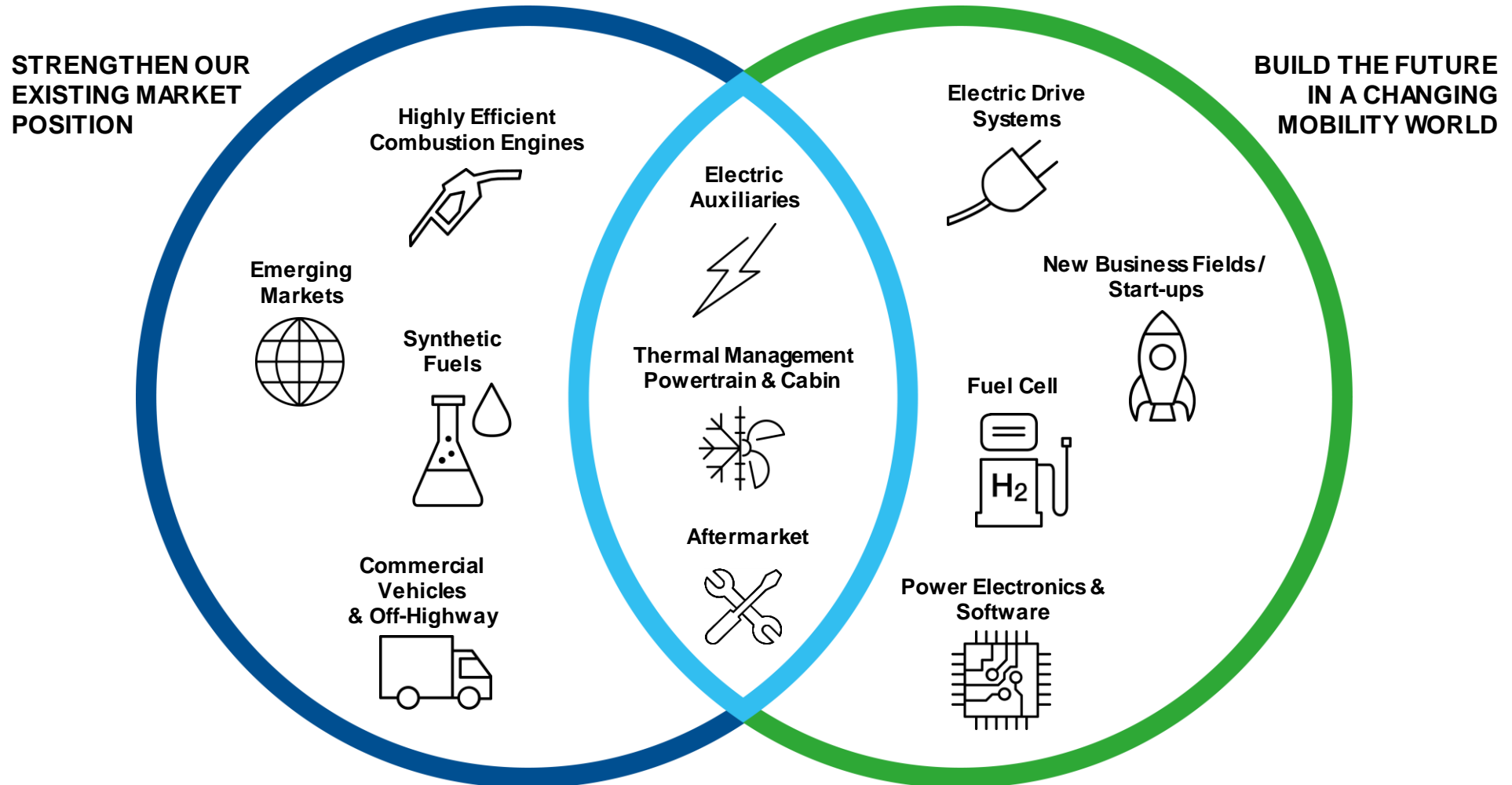
# Strong growth of electrified light vehicle powertrains

## Light vehicle powertrain mix (worldwide)



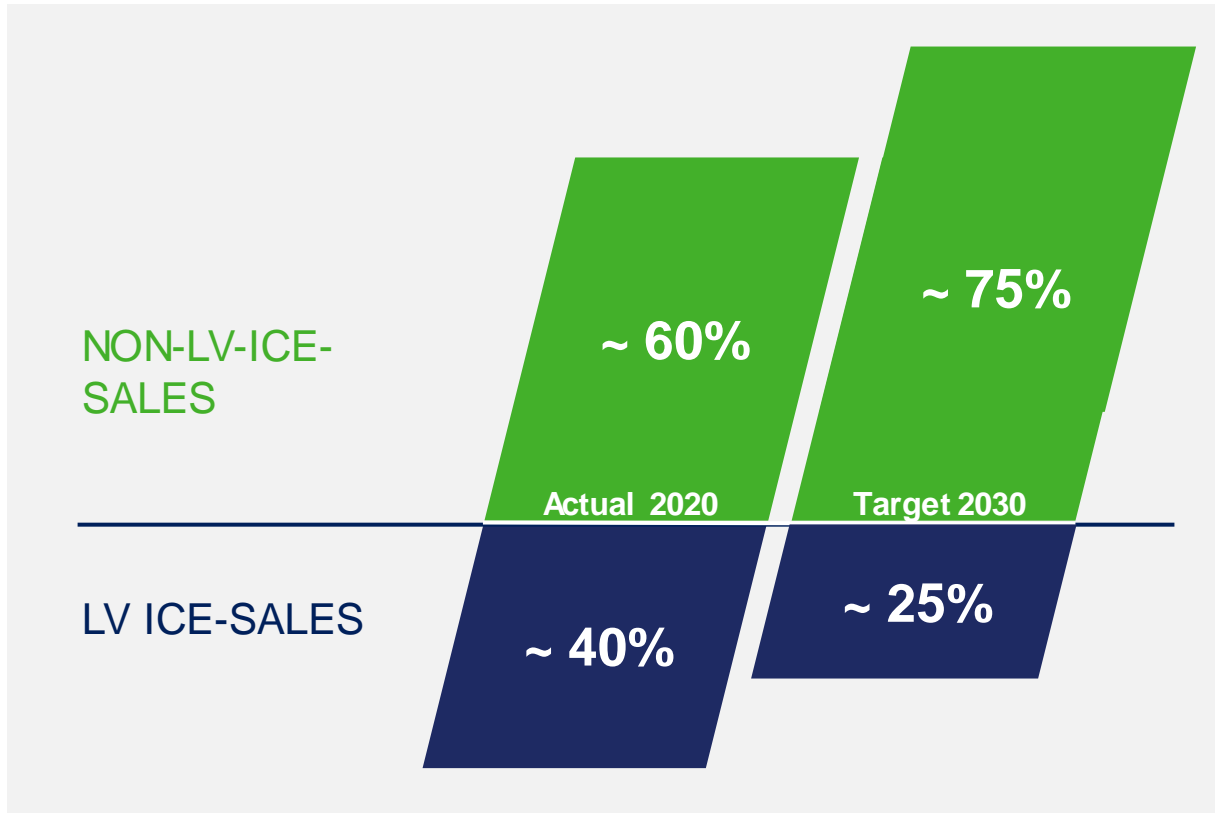
- Despite decline in pure ICE powertrains, they will still play a major role globally and in combination with hybrids
- Significant global reduction of diesel applications
- Growing powertrain complexity drives demand for integrated system solutions
- Alternative powertrains require specific thermal management solutions (e.g. for BEV and FCV)
- Potential to increase sales per vehicle, especially with hybrids

# MAHLE's Dual Strategy is addressing the market transformation



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

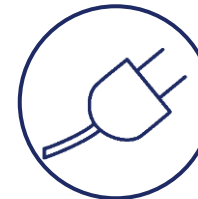
## MAHLE Group total sales share 2020 and target 2030



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



New Electronics and Mechatronics R&D Centers in Germany (2020) and China (2021)

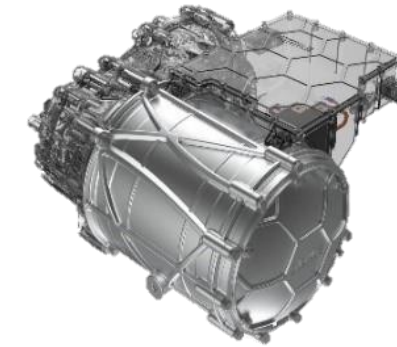
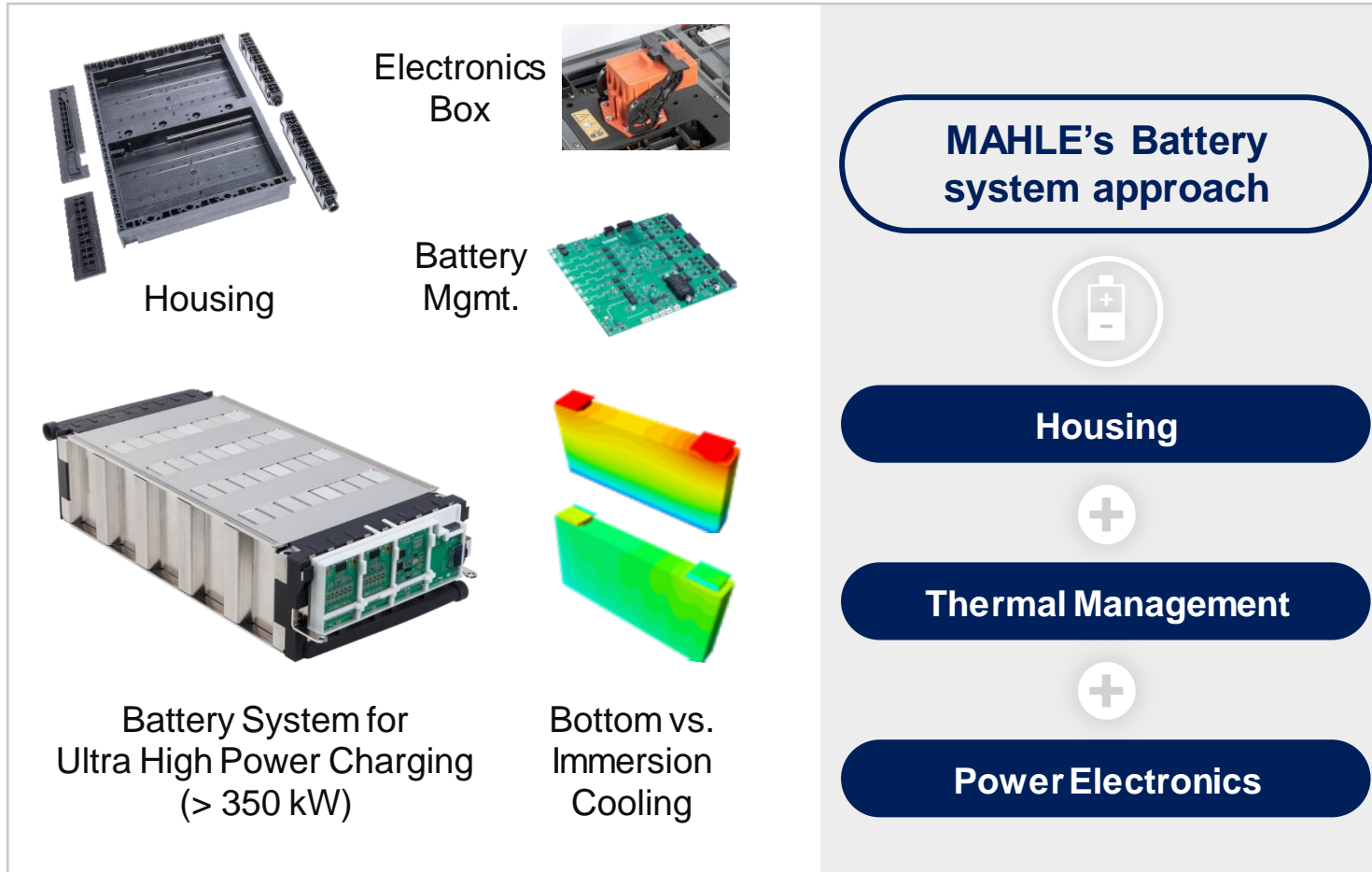


Rarity in Europe: MAHLE's new high-end test bench for e-powertrains in Germany

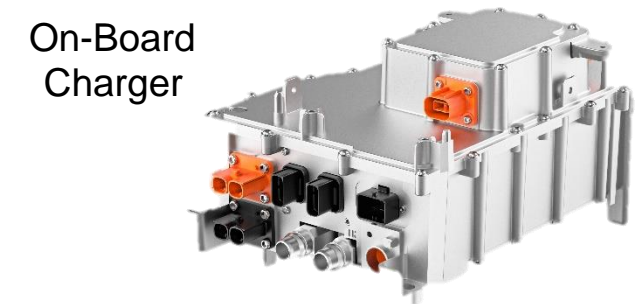


# Strong innovations accelerate MAHLE's transformation towards an e-Mobility system provider

## Battery System and further e-Mobility innovations



Magnet Free High Voltage Motor



On-Board Charger

# Hydrogen technology offers enormous potential especially in long-distance hauling

## MAHLE's hydrogen activities



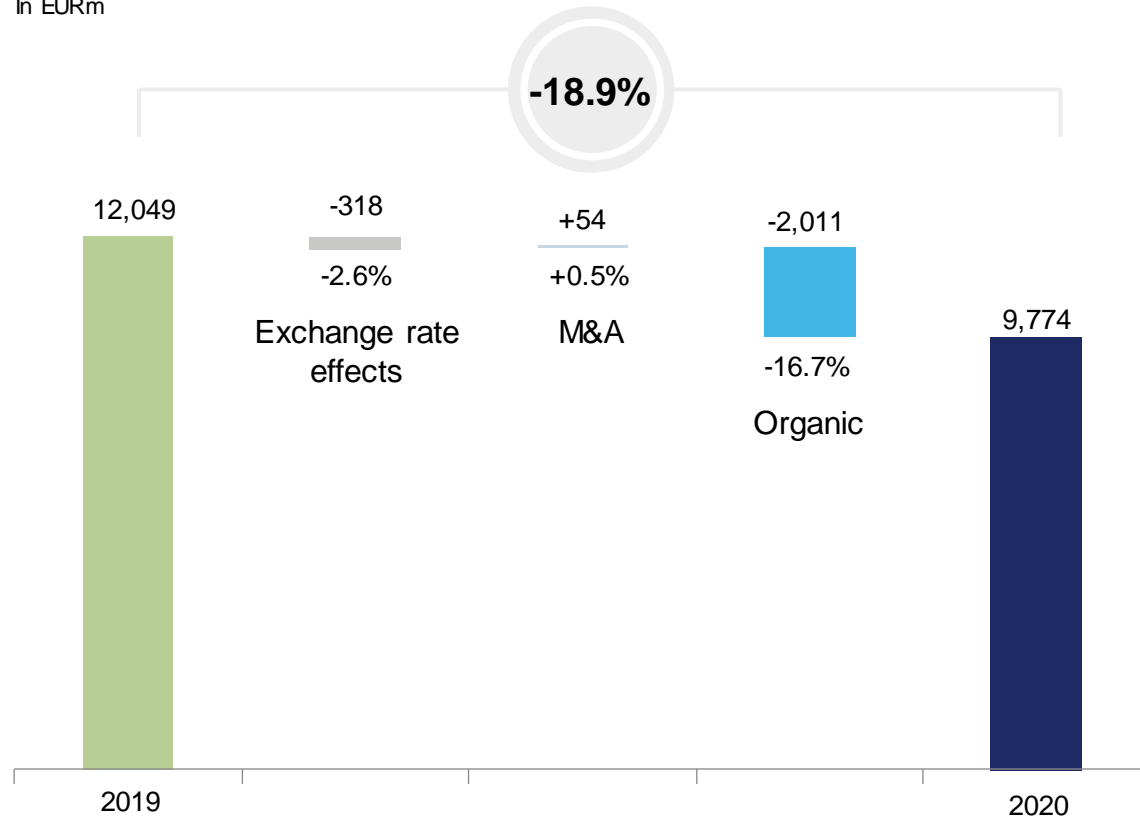
New hydrogen test center in Stuttgart

- H<sub>2</sub> ICE: Short term adaption of existing conventional diesel engine to reduce emissions
- Important bridge technology for commercial vehicles on the road to fuel cell drives
- H<sub>2</sub> Fuel Cell: Midterm solution for zero-emission and zero-CO<sub>2</sub>
- New test center for fuel cells and zero-CO<sub>2</sub> engines running on hydrogen in Stuttgart

# Sales impacted by pandemic-related production shutdown

## MAHLE Group sales

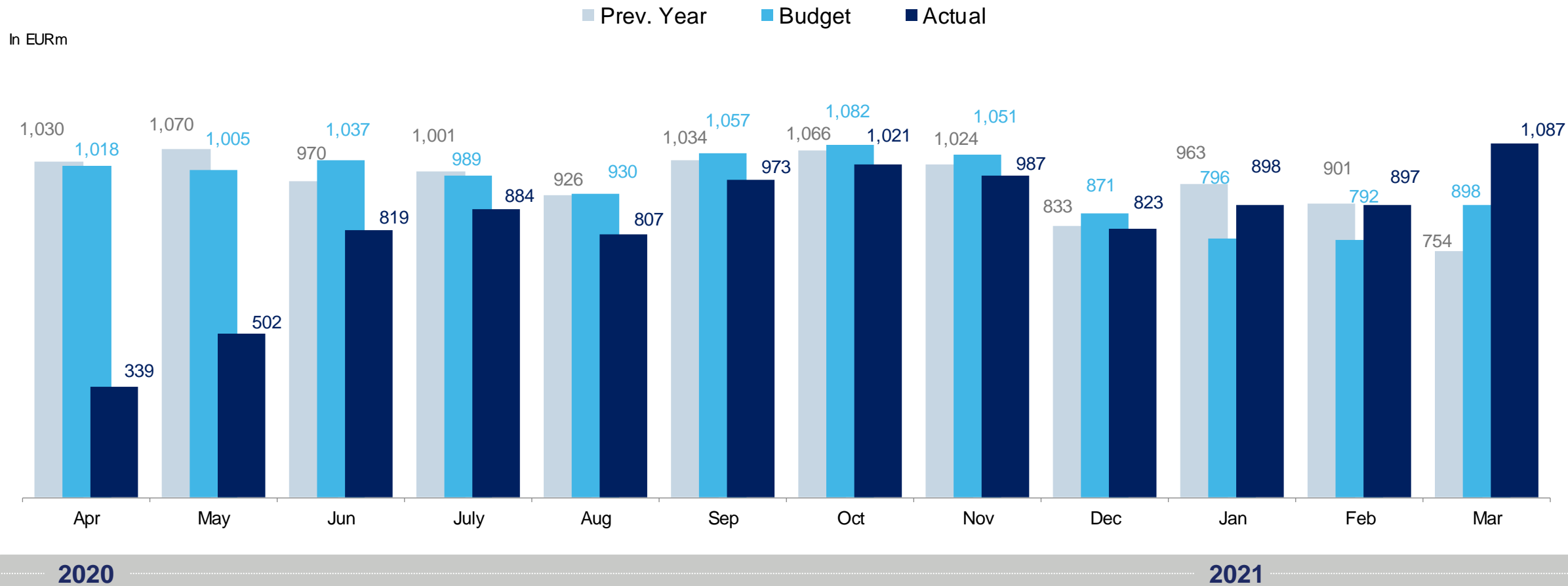
In EURm



- Organic sales development in line with market development
- Significant upswing in H2 2020 with sales amounting to 92% of budgeted sales
- Sales especially robust in Electronics and Mechatronics as well as Aftermarket
- Sales in Asia/Pacific shrank the least, as demand and production in China latterly resumed a clear upward trend

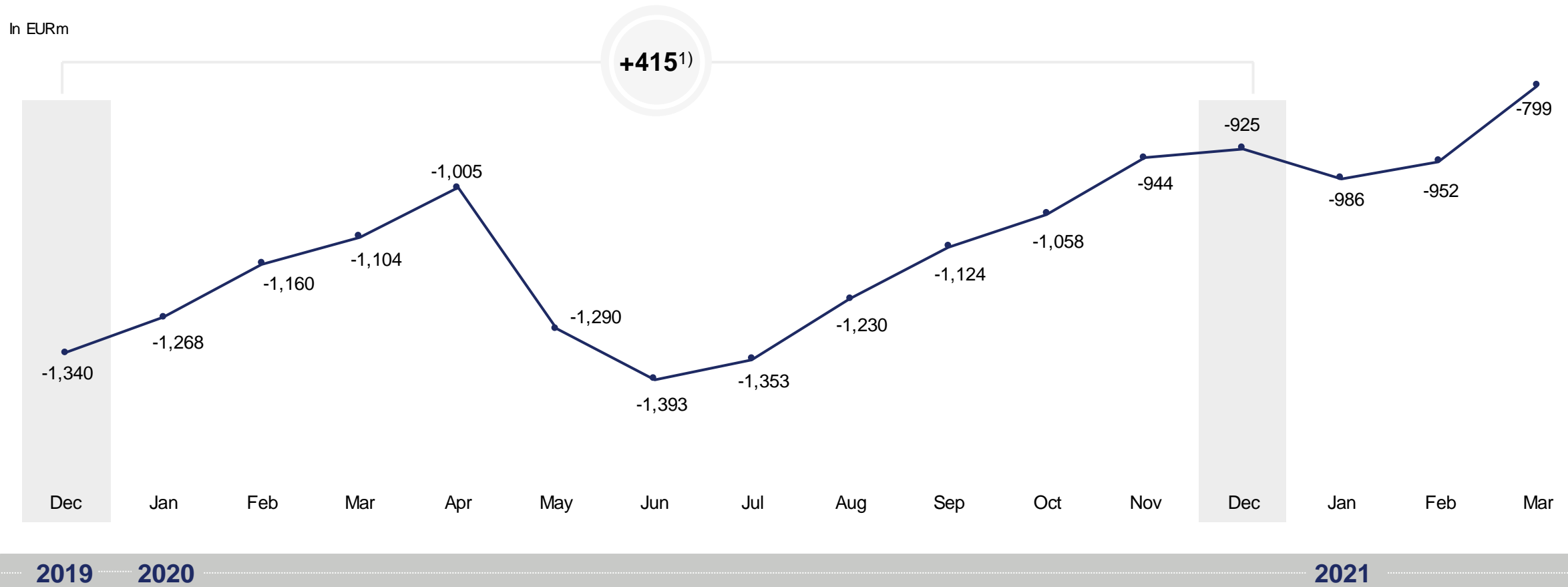
# Strong sales recovery since May 2020

## MAHLE Group sales April 2020 to March 2021 MTD



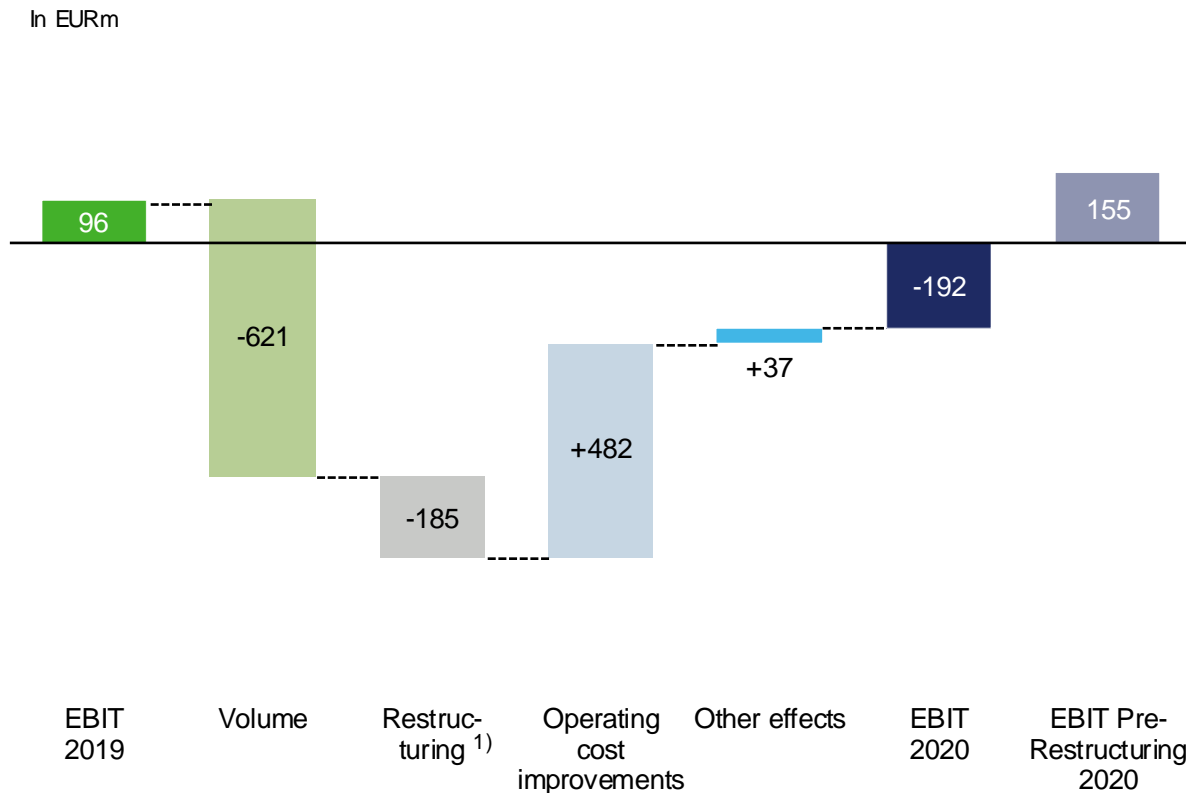
# Net debt substantially improved through good working capital management

## MAHLE Group net debt\* development December 2019 to March 2021



# EBIT improved through flexing of costs across all areas

## EBIT bridge

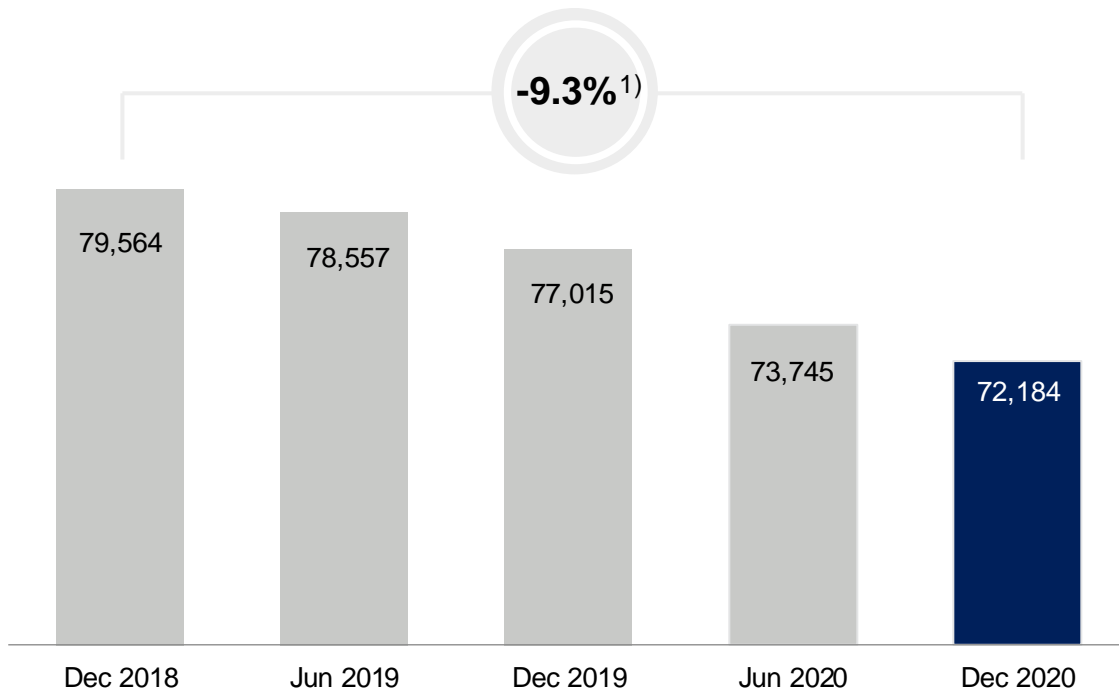


- Cost structure consistently adjusted to match the changing market conditions
- Employee cost reductions during 2020 through reduced headcount, government grants, reduced working time, forced vacations, etc.
- Without restructuring cost of EUR 347m recorded in 2020, EBIT would amount to EUR 155m

# Employee structure consistently adjusted

## MAHLE Group employees development

Employees as per month-end

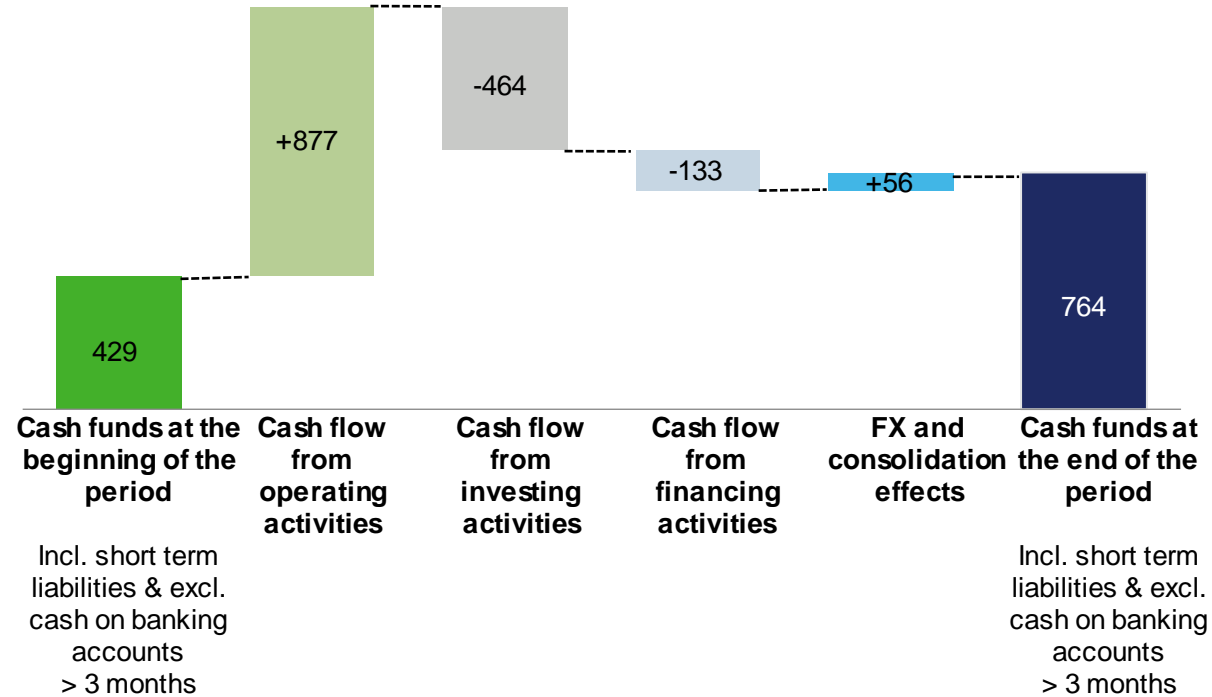


- Restructuring programs resulted in selected site divestments and headcount adjustments
- New global restructuring program announced in September 2020 to further adapt MAHLE's structures:
  - Footprint consolidation and reduction of capacity on four continents, mainly in Western Europe and North America
- Reduced cost basis leads to higher resilience

# Operating cash flow increased significantly

## Cash flow development 2020

In EURm

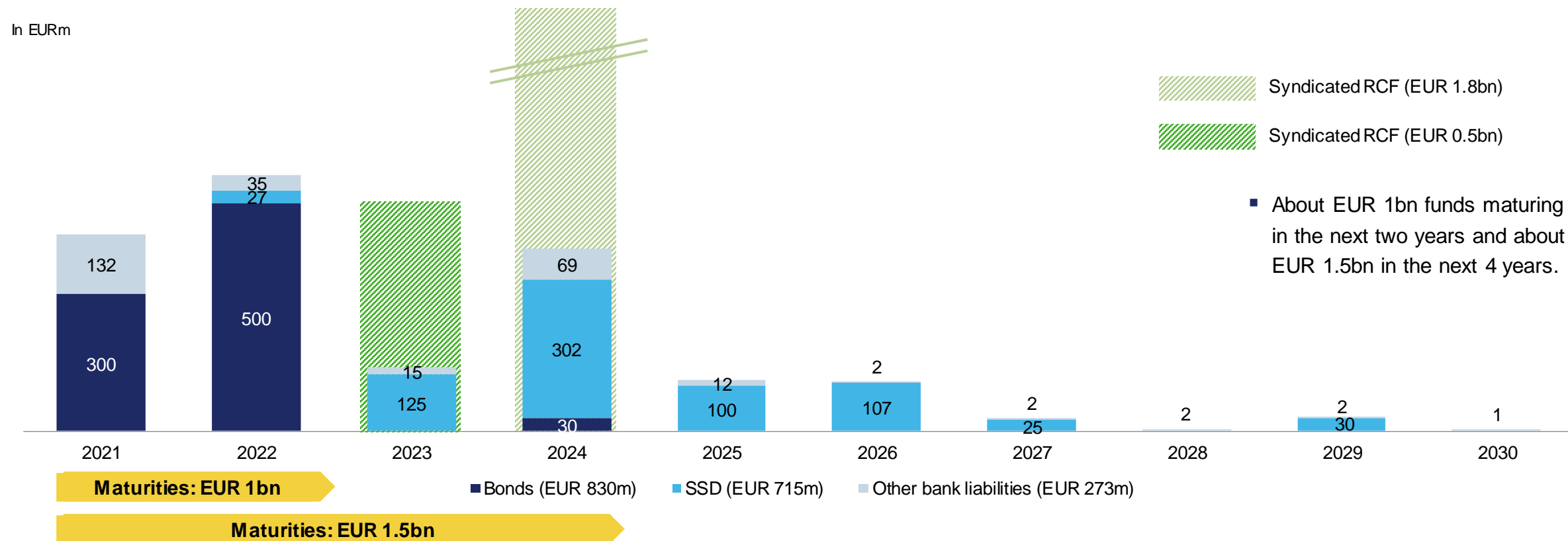


- Increasing operating cash flow mainly due to improved working capital
- Investing cash flow includes M&A payment for further 5% stake in MAHLE Behr and the remaining 50% in BHS
- Cash flow from financing activities reflects Schuldschein repayment of EUR 60m



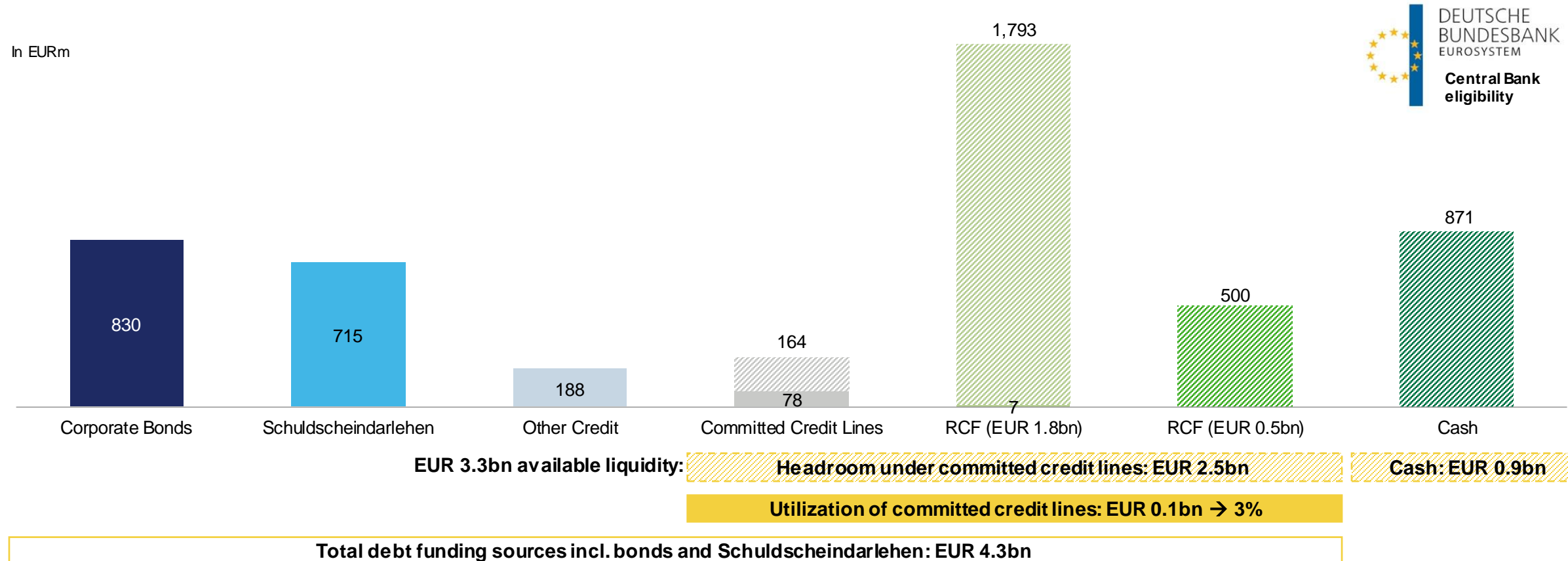
# Upcoming maturities are well covered by sufficient liquidity

## Maturities and funding needs as of 31-12-2020



# Broad variety of debt funding sources<sup>1)</sup>

## Funding status as of 31-12-2020



# MAHLE's inaugural rating proves MAHLE's robust position

Moody's initiated MAHLE credit rating on April 7<sup>th</sup>, 2021

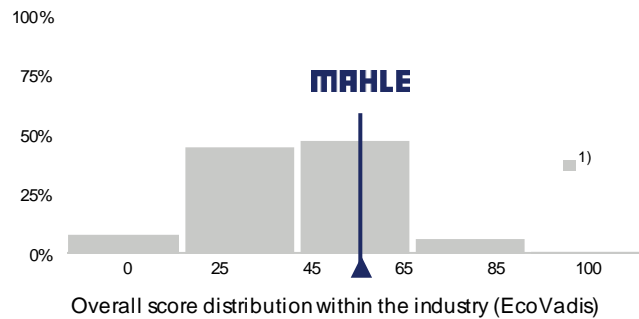


**MOODY'S**  
**Ba1**  
**(stable)**

- Improving the access to international markets and investors
- MAHLE's credit strengths:
  - Leading position as one of the world's largest tier 1 automotive parts supplier
  - Positive strategic alignment to address the disruptive trend of electrification and strengthen the position in mature product segments
  - Conservative financial policy and good liquidity

# MAHLE's ESG performance is rated by EcoVadis – MAHLE is amongst the best 21%

## Overview ESG at MAHLE



### The environmental block

LV-ICE dependency continuously reduced over the last years and well positioned in E-Mobility sector



### The social block

Based on MAHLE's shareholder structure, a foundation with anthroposophical background, social responsibility is part of MAHLE's DNA



### The governance block

Dedicated responsibilities and overarching management for ESG matters implemented. Compliance and risk management organisation and respective guidelines well established



**MAHLE to be carbon-neutral by 2040; German locations even from 2021**



**MAHLE produces face masks and donates them to hospitals and local institutions e.g. in Brazil and Germany**

# 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 leadership

- MAHLE occupies top 3<sup>2)</sup> rankings in 23 out of 30 main product categories underlying a leading 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
- No liquidity outflow during FY2020 despite the COVID-19 situation demonstrating the flexibility of cost base and capacity of MAHLE to quickly adapt to changing market conditions (strong resilience)

# Contacts



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Thank you for your attention!

**MAHLE**