

# Press release

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Stuttgart, April 25, 2023

## MAHLE grows with electrification

- New group strategy focuses strongly on electrification, thermal management and components for high-efficiency green internal combustion engines
- Sales grow 14 percent to €12 billion in 2022 – operating profit posted
- New orders for over €11 billion, half of which for products not dependent on the internal combustion engine
- Higher sales and profitability expected for 2023
- CEO Arnd Franz: “We will leverage growth opportunities with innovative, highly efficient products and proven system competence.”

**The automotive component supplier MAHLE is reorienting itself in the light of the transformation in the automotive industry. Electrification and thermal management as well as components for high-efficiency green internal combustion engines are the core of the corporate strategy MAHLE 2030+. MAHLE considers sales potential for the company in connection with electric cars to be three times as high as with internal combustion engines. “With a large number of innovative, high-efficiency products for e-mobility and our proven system competence in thermal management, we will leverage growth opportunities,” said CEO Arnd Franz at the annual press conference held on Tuesday in Stuttgart. In the 2022 financial year, sales grew by 14 percent to €12.4 billion. The group recorded an operating profit. “2022 was an extraordinarily good year for MAHLE in terms of orders received. We will benefit from the impetus generated and continue our upturn,” said Franz. In the current financial year, MAHLE expects further growth in sales and higher profitability. In 2022, the technology group received new orders for more than €11 billion, about half of which are not dependent on the internal combustion engine. The strongest growth was experienced in the business units of Thermal Management (+16 percent) and Electronics and Mechatronics (+13 percent) – both especially relevant for e-mobility. Double-digit growth was also recorded in the business units connected with the internal combustion engine, as well as in spare parts and accessories business.**

With its group-wide program, MAHLE is boosting earnings power and liquidity as well as efficiency in all functional areas. “By 2025, we want to be back on track for success. Earnings take priority over sales. And our cost management must

become considerably faster,” said Franz, who has been MAHLE CEO since November 2022.

Cost increases as a result of the crisis, especially for materials, energy and carriage, had a severe negative impact on the component supplier’s business, especially in the first half of the year. The company countered these developments with cost savings, productivity improvements and price adjustments; both sales and the operating result were significantly improved in the second half of the year. “We achieved this success through close cooperation with our customers and suppliers in order to distribute these additional costs fairly and equitably,” said MAHLE CFO Markus Kapaun. “Provisional figures for the first quarter indicate that this positive trend has continued into the new financial year. This shows that we are succeeding with our mix of innovative products for e-mobility and proven competence for the internal combustion engine,” Franz added.

While MAHLE posted negative EBIT for the first six months of the year, earnings improvements in the third and fourth quarters led to a positive operating result. Nevertheless, the operating profit was lower than in the previous year, at €60 million. It was not possible to compensate entirely for the massive additional costs of €800 million as a result of the crisis during the reporting period. After financing expenses and taxes, MAHLE reported a consolidated net loss of €332 million for 2022 and is aiming to achieve turnaround in 2023. The equity ratio was 20.2 percent.

The group has a solid financial foundation for its strategic reorientation in the form of committed credit lines and liquid funds totaling €2.3 billion. This figure includes a loan of €300 million granted by the European Investment Bank for the development of zero-emission vehicle technologies.

“MAHLE has stable financial prospects. We can call upon a diverse, balanced financing portfolio,” Kapaun emphasized.

MAHLE is consistently forging ahead with its technological transformation. 5.4 percent of sales are used to fund research and development, and a large part is invested in the new strategic areas. 70 percent of the new patent applications, totaling almost 400, submitted in 2022 concerned electrification.

Within the framework of its electrification strategy, the company is focusing mainly on electric drives and smart charging. Two new types of electric motor have attracted a strong response from customers: the Superior Continuous Torque (SCT) electric motor is the only electric traction motor available on the market to date which can deliver high power continuously. It is therefore especially attractive for use in commercial vehicles. The Magnet-free Contactless Transmitter (MCT) electric motor requires no rare earth elements and works extremely efficiently without wear. In MAHLE chargeBIG, the company has a

tried and tested charging solution for parking lots available in the marketplace. In addition, MAHLE is working on wireless charging together with Siemens.

MAHLE is among the world's largest suppliers of high-efficiency modular thermal management systems for drivetrains and interior comfort. In the case of electric cars, the value creation potential for thermal management is significantly higher than with the internal combustion engine. Electric compressors play a key role. The latest electric compressor developed by MAHLE is the most powerful in the world, with a rating of up to 18 kilowatts. To date, the total order volume for electric compressors has reached €1.4 billion. Another highly successful product of the company is the battery cooling plate, which allows fast charging, long ranges and a long service life for sensitive lithium-ion batteries. MAHLE is also among the top global suppliers with its innovative heat pump systems. These help reduce the energy consumption of an electric vehicle, allowing the use of smaller, less costly batteries.

In the field of classical drive systems, MAHLE remains a reliable supplier to vehicle and motor manufacturers and provides highly advanced products that boost efficiency. The group supports more green internal combustion engines powered by hydrogen and synthetic fuels and intends to win market shares. "Our customers appreciate our continued support for the internal combustion engine in connection with our strategy," said Franz.

In its Transformation Dialog, the company is breaking new ground to shape the future of its locations through appropriate tools and measures together with its employees, employee representative bodies and trade unions. At the end of 2022, the group employed 71,947 people throughout the world.

### Key figures compared with the previous year

	2021	2022
<b>Sales</b> (€ million)	10,933	<b>12,434</b>
<b>EBIT</b> (€ million)	169	<b>60</b>
<b>EBIT margin</b> (percent)	1,5	<b>0,5</b>
<b>Consolidated net loss</b> (€ million)	-108	<b>-332</b>
<b>Equity</b> (€ million)	2,050	<b>1,677</b>
<b>Headcount</b> <sup>1</sup> (number of people)	71,298	<b>71,947</b>

<sup>1</sup> as at December 31, 2022

The 2022 annual report is available on the MAHLE website at <https://annualreport.mahle.com/en>

Note for journalists: you will find audio statements and images connected with this press release at: <https://www.mahle.com/de/news-and-press/press-releases/>.

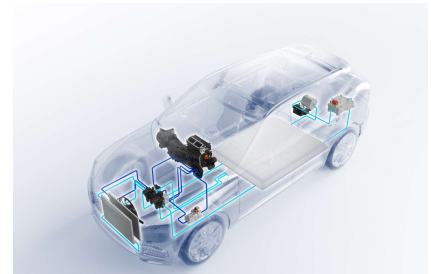
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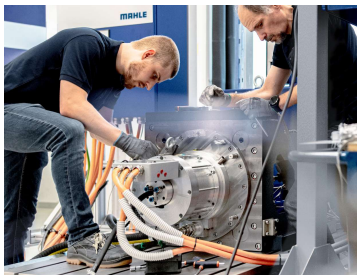
Arnd Franz, Member of the MAHLE Management Board and CEO



Markus Kapaun, Member of the MAHLE Management Board and CFO



Thermal management, i.e. heating and cooling, is crucial for the electric car.



MAHLE's SCT electric motor can be operated at high power for an unlimited time. Sample tests for a number of customers are in progress.



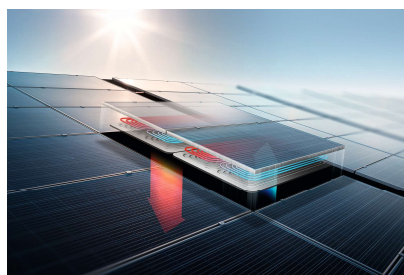
Electric compressor: MAHLE can report another success story with this key component for the air conditioning system of electric vehicles.



In chargeBIG, MAHLE offers low-cost charging infrastructure for electric vehicles parked for a significant time.



Through its Transformation Dialog, MAHLE intends to make its locations fit for the future by taking appropriate action together with employee representative bodies.



MAHLE is a technology partner of Sunmaxx PVT, a start-up that develops photovoltaic – thermal systems that generate electric power and heat from solar energy using MAHLE technology. This way, the energy yield is boosted to almost 80 percent.



In the space of a few years, MAHLE has established itself as a technology leader in the e-bike sector with super-lightweight drive systems.

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**About MAHLE**

MAHLE is a leading international development partner and supplier to the automotive industry with customers in both passenger car and commercial vehicle sectors. Founded in 1920, the technology group is working on the climate-neutral mobility of tomorrow, with a focus on the strategic areas of electrification and thermal management as well as further technology fields to reduce CO<sub>2</sub> emissions, such as fuel cells or highly efficient combustion engines that also run on hydrogen or synthetic fuels. Today, one in every two vehicles globally is equipped with MAHLE components.

MAHLE generated sales of more than EUR 12 billion in 2022. The company is represented with approx. 72,000 employees at 152 production locations and 12 major research and development centers in more than 30 countries. (as of 31.12.2022)

#weshapefuturemobility