MAHLE Investor Update Call – Annual Results 2022

MAHLE Group | April 27, 2023
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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.
Agenda

1. Welcome and Introduction | Mr. Kapaun
2. Market Development 2022 – Challenges and Achievements | Mr. Kapaun
3. Annual Closing MAHLE Group 2022 | Mr. Thiele
4. Group Strategy at a Glance | Mr. Wellhöffer
5. Outlook 2023 | Mr. Kapaun
6. Financing MAHLE Group | Mr. Josephs
Highly experienced MAHLE Management Board

1. Welcome and Introduction

Arnd Franz
Chairman of the Management Board
and CEO of the MAHLE Group

Jumana Al-Sibai
Corporate Executive Vice President
and General Manager Thermal
Management
Profit Centers | Control Units and
Industrial Thermal Management

Dr. Beate Bungartz
Corporate Executive Vice President
Human Resources

Georg Dietz
Corporate Executive Vice
President and General Manager
Engine Systems and Components
Profit Center | Large and Small Engine
Components

Martin Wellhöffer
Corporate Executive Vice President
and General Manager
Electronics and Mechatronics

Markus Kapaun
CFO of the MAHLE Group

Martin Weidlich
Corporate Executive Vice President
and General Manager
Filtration and
Engine Peripherals
Auto supply industry: Challenging environment 2022

- Price Increases
- Threat of Market Slowdown
- Transformation to Carbon Neutrality
- Geopolitical Tensions
- Energy Crisis
- Disturbed Supply Chains
MAHLE proactively counteracts via a holistic performance program

### Profitability
Projects focusing on improving MAHLE’s profitability. This entails
- Price increases / claims to customers
- Purchasing cost reductions
- Production performance improvements
- Efficiency optimization of indirect functions

### Cash
Projects focusing on improving MAHLE’s cash flow. This entails
- Working capital improvements
- Capital expenditure reductions
- Asset sales, e.g., unused land and buildings
- Portfolio rationalization
2. Market Development 2022 – Challenges and Achievements

Market development in 2022

Light vehicles and medium and heavy duty vehicles production 2022 and forecast 2023

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

<table>
<thead>
<tr>
<th>Region</th>
<th>Forecast 2023</th>
<th>Actual 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>World market</td>
<td>85.5</td>
<td>82.3</td>
</tr>
<tr>
<td>Europe</td>
<td>16.9</td>
<td>15.8</td>
</tr>
<tr>
<td>North America</td>
<td>15.0</td>
<td>14.3</td>
</tr>
<tr>
<td>South America</td>
<td>3.0</td>
<td>2.8</td>
</tr>
<tr>
<td>Asia w/o China</td>
<td>21.8</td>
<td>20.7</td>
</tr>
<tr>
<td>China</td>
<td>26.4</td>
<td>26.4</td>
</tr>
<tr>
<td>Middle East / Africa</td>
<td>2.3</td>
<td>2.2</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Region (incl. Middle East Africa)</th>
<th>Forecast 2023</th>
<th>Actual 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>World market</td>
<td>3,283</td>
<td>3,067</td>
</tr>
<tr>
<td>Europe</td>
<td>580</td>
<td>585</td>
</tr>
<tr>
<td>North America</td>
<td>594</td>
<td>592</td>
</tr>
<tr>
<td>South America</td>
<td>178</td>
<td>200</td>
</tr>
<tr>
<td>Asia w/o China</td>
<td>821</td>
<td>773</td>
</tr>
<tr>
<td>China</td>
<td>1,055</td>
<td>864</td>
</tr>
</tbody>
</table>

Note 1): Comparison Forecast 2023 with Actual 2022; 2) Comparison Actual 2022 with Actual 2021

Source: Data provided by S&P Global © 2022, Light Vehicles up to 6t, LV Production Apr. 1, 2022 and MHD Production Apr. 2, 2022
2022: Outstanding acquisition year in the company's history

1. Recent Events

Selected MAHLE global acquisitions highlights 2022

<table>
<thead>
<tr>
<th><strong>ICE solutions</strong></th>
<th><strong>NON-ICE solutions</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cooling Module with Fan/Shroud</strong>&lt;br&gt;Lifetime sales: 420 mEUR</td>
<td><strong>Thermal Management System</strong>&lt;br&gt; Lifetime sales: 400 mEUR</td>
</tr>
<tr>
<td>CUST. A</td>
<td>CUST. E</td>
</tr>
<tr>
<td><strong>EGR Cooler Assembly</strong>&lt;br&gt;Lifetime sales: 340 mEUR</td>
<td><strong>HVAC</strong>&lt;br&gt; Lifetime sales: 320 mEUR</td>
</tr>
<tr>
<td>CUST. B</td>
<td>CUST. F</td>
</tr>
<tr>
<td><strong>Piston Assembly</strong>&lt;br&gt;+ Valves + Bearings&lt;br&gt;Lifetime sales: 160 mEUR</td>
<td><strong>Battery Cooling Plate</strong>&lt;br&gt; Lifetime sales: 315 mEUR</td>
</tr>
<tr>
<td>CUST. C</td>
<td>CUST. G</td>
</tr>
<tr>
<td><strong>Carbon Canister</strong>&lt;br&gt;Lifetime sales: 70 mEUR</td>
<td><strong>On-Board-Charger</strong>&lt;br&gt; Lifetime sales: 300 mEUR</td>
</tr>
<tr>
<td>CUST. D</td>
<td>CUST. H</td>
</tr>
</tbody>
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2022 marks the second most successful year in acquisitions in MAHLE history with **acquired LT sales of above 11 bn EUR**

*for E Platform*
Sales increased strongly

MAHLE Group – key financials 2022

- **Sales**: €12.4bn
- **EBITDA margin**: 5.4%
- **Net debt*/EBITDA**: 2.5x
- **Operating CF**: €103m
- **Equity ratio**: 20.2%
- **R&D ratio**: 5.4%

Moody’s Rating: **Ba2 (negative)**

*Net debt = liabilities to banks + bonds – cash in hand, bank balances and checks*
3. Annual Closing MAHLE Group 2022

Recovery effects in the second half 2022

Sales
In EURm

Operating CF
In EURm

EBITDA margin
In EURm and percent (%)

Net debt* / EBITDA

*Net debt = liabilities to banks + bonds – cash in hand, bank balances and checks
Strong sales growth

MAHLE Group sales

In EURm

- Substantial organic growth of 9.7%
- Highest proportional organic sales growth in Aftermarket as well as in Electronics & Mechatronics
- Favorable currency translation effects, mainly from the appreciation of the USD
3. Annual Closing MAHLE Group 2022

MAHLE Group sales January 2022 to March 2023 MTD*

In EURm

- Prev. Year
- Budget
- Actual

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</thead>
<tbody>
<tr>
<td>Jan</td>
<td>889</td>
<td>808</td>
<td>924</td>
<td>924</td>
<td>1,070</td>
<td>1,065</td>
</tr>
<tr>
<td>Feb</td>
<td>897</td>
<td>891</td>
<td>950</td>
<td>950</td>
<td>1,081</td>
<td>1,085</td>
</tr>
<tr>
<td>Mar</td>
<td>950</td>
<td>949</td>
<td>1,065</td>
<td>1,065</td>
<td>1,231</td>
<td>1,225</td>
</tr>
<tr>
<td>Apr</td>
<td>953</td>
<td>956</td>
<td>1,065</td>
<td>1,065</td>
<td>1,321</td>
<td>1,317</td>
</tr>
<tr>
<td>May</td>
<td>953</td>
<td>992</td>
<td>1,065</td>
<td>1,065</td>
<td>1,421</td>
<td>1,417</td>
</tr>
<tr>
<td>Jun</td>
<td>949</td>
<td>911</td>
<td>1,065</td>
<td>1,065</td>
<td>1,521</td>
<td>1,517</td>
</tr>
<tr>
<td>Jul</td>
<td>931</td>
<td>931</td>
<td>1,065</td>
<td>1,065</td>
<td>1,621</td>
<td>1,617</td>
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<tr>
<td>Aug</td>
<td>876</td>
<td>873</td>
<td>1,065</td>
<td>1,065</td>
<td>1,721</td>
<td>1,717</td>
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<tr>
<td>Sep</td>
<td>898</td>
<td>898</td>
<td>1,065</td>
<td>1,065</td>
<td>1,821</td>
<td>1,817</td>
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<tr>
<td>Oct</td>
<td>956</td>
<td>956</td>
<td>1,065</td>
<td>1,065</td>
<td>1,921</td>
<td>1,917</td>
</tr>
<tr>
<td>Nov</td>
<td>873</td>
<td>873</td>
<td>1,065</td>
<td>1,065</td>
<td>2,021</td>
<td>2,017</td>
</tr>
<tr>
<td>Dec</td>
<td>962</td>
<td>962</td>
<td>1,065</td>
<td>1,065</td>
<td>2,121</td>
<td>2,117</td>
</tr>
</tbody>
</table>

*Month-to-date
Lower cash mainly driven by corporate bond repayment

### Cash flow development 2022

| Cash funds at the beginning of the period | Operating cash flow suffered from increased working capital, mainly due to increased inventories and receivables |
| Cash flow from operating activities | Cash outs for restructuring amounted to EUR 121m |
| Cash flow from investing activities | Cash flow from financing activities mainly driven by corporate bond repayment of EUR 500m, Schuldscheindarlehen payback of EUR 75m and loan issuance with European Investment Bank loan of EUR 300m |

- 1,041
- 478
- 361
- 61
- 243

In EURm

Incl. short term liabilities & excl. cash on banking accounts > 3 months

Incl. short term liabilities & excl. cash on banking accounts > 3 months
Group Strategy at a Glance
MAHLE LV Powertrain Scenario expects significant ICE drop until 2035

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

Source: MAHLE PWT Scenario Q1-2023, MAHLE FC 01/2023
Electrification ramp-up driven by legislative push in major regions

- Most significant electrification expected in Europe with vanishing ICE in EU27 & UK.
- Despite strong EV push in CN & USA still some ICE volumes expected until 2035.
- Other regions expected to see later BEV ramp up, especially South America and Middle East & Africa, where BEVs are not foreseeable yet.

Source: MAHLE PWT Scenario Q1-2023, MAHLE FC 01/2023
MAHLE MHD Powertrain Scenario shows slower but continuous ramp-up of BEV and FCEV trucks until 2035

Main Global Market Characteristics

**MD Trucks:** High BEV share for urban / regional delivery & municipal trucks on short routes, FCEV are pushed in CN / JP / KOR.

**HD Trucks:** CO₂ legislation & TCO is main driver for increased electrification. BEV for short routes, Hydrogen for long haul.

**Buses:** Strong global increase of Hybrid and BEV city buses, FCEV future option for longer routes, e.g. Coaches.

Source: MAHLE MHD Powertrain Scenarios >6 tons, Q1-2023
The new corporate strategy MAHLE 2030+ with clear strategic KPIs

Cost Leadership Strategy
ICE champion with superior products, lean cost structures and long trustful customer relationships.

System Solution Strategy
Leader in Thermal Solutions driving energy efficiency and superior cabin comfort for sustainable mobility.

Focus Strategy
Creator of ePowertrain innovations enabling profitable e-mobility through leading technology with highest efficiency.
Innovations 2022 shaping Future Mobility

- Hydrogen engine components
- Battery Cooling Plate
- Fuel Cell Humidifier
- E-Compressor
- SCT E-Motor
- E-Bike drive systems
- MCT E-Motor
- Wireless Charging
- chargeBIG
Thermal management gains great importance thanks to high demands in e-mobility.
Outlook 2023
Outlook 2023
Key KPIs

- Sales: > €13bn
- EBITDA margin: > 6%
- Net debt*/EBITDA: ~ 2.0x

*Net debt = liabilities to banks + bonds – cash in hand, bank balances and checks
Upcoming maturities are well covered by sufficient liquidity

**Maturities until 2030 (December 31, 2022)**

In EURm

- **Maturities: EUR 0.7bn**
  - Bonds (EUR 750m)
  - SSD (EUR 683m)
  - EIB loan (EUR 300m)
  - Private Placement (EUR 30m)
  - Other bank liabilities (EUR 535m)

- **Maturities: EUR 1.3bn**
  - Syndicated RCF (EUR 1.8bn)
  - Extended to 2025\(^1\) (EUR 1.5bn)

- **Cash + Headroom under Committed Credit Lines: EUR 2.3bn**

Note: 1) Extension to 2025 was made on 1\(^{st}\) February 2022. EUR 1.467m will be due in 2025 and EUR 333m remain due in 2024.

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SSD = Schuldscheindarlehen
RCF = Revolving Credit Facility
6. Financing MAHLE Group

Broad variety of debt funding sources¹)

Funding status (December 31, 2022)

In EURm

<table>
<thead>
<tr>
<th>Source/Program</th>
<th>EURm</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMTN-program and Corporate Bonds</td>
<td>2000</td>
</tr>
<tr>
<td>Schuldscheindarlehen</td>
<td>1250</td>
</tr>
<tr>
<td>EIB loan</td>
<td>683</td>
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<tr>
<td>Private Placement</td>
<td>300</td>
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<tr>
<td>RCF</td>
<td>1800</td>
</tr>
<tr>
<td>Committed Credit Lines</td>
<td>1509</td>
</tr>
<tr>
<td>Other credits</td>
<td>291</td>
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<tr>
<td>ABS ²)</td>
<td>161</td>
</tr>
<tr>
<td>Factoring</td>
<td>28</td>
</tr>
<tr>
<td>Cash</td>
<td>216</td>
</tr>
<tr>
<td>Cash: EUR 0.6bn</td>
<td>604</td>
</tr>
</tbody>
</table>

Headroom under Committed Credit Lines: EUR 1.7bn
Available liquidity: EUR 2.3bn
Utilization of Committed Credit Lines: EUR 319m → 16%

Total debt funding sources (excl. free EMTN-Program and ABS/Factoring programs): EUR 4.0bn

Note: 1) Besides the visualized sources MAHLE further uses from time to time, project-based funding with (mostly) supranational institutions; 2) Receivables value (after deduction of discounts).
Enhancing transparency to serve investors' expectations
MAHLE’s ESG performance is rated by EcoVadis and CDP

MAHLE is clearly above industry average results in the assessment of sustainability activities

Among the best 25% of the automobile suppliers

Improved rating to 57

Development 2021 - 2022:
Improved rating in 7 of 11 categories, overall rating constant

Sustainability Report 2022 externally assured (limited assurance)
MAHLE’s path to CO₂ neutrality

- Implementation of energy efficiency measures
- Own generation of renewable electricity
- Green power purchase and compensation

Reduction of emissions along the value chain
- Focus on emissions in the supply chain and emissions from product use
- Integration of MAHLE Scope 3 targets into the relevant processes (e.g. awarding criteria in purchasing, R&D)

Reduction of scope 1+2 emissions by 49% until 2030*
Target: CO₂ neutral until 2040
Germany: CO₂ neutral since 2021
Reduction of emissions in the supply chain and through product use by 28% each by 2030*

* 2019 as baseline year

The MAHLE climate targets are to be externally validated by the Science Based Targets initiative (SBTi). The commitment letter has been submitted in 2022.
Key credit highlights

Summary

- MAHLE Group is among the 25\(^1\) largest automobile suppliers worldwide
- MAHLE’s sales are geographically well-balanced covering all relevant OEMs across all main automotive markets

- MAHLE occupies top 3\(^2\) rankings in 25 out of 31 main product categories underlying a strong market position in key product areas, backed by its strong reputation, proven quality and technology leadership

- Focus on strategic fields of electromobility and thermal management as well as other efficient technologies such as efficient combustion engines
- MAHLE’s continuous active portfolio management constantly complying with conservative financial policies
- Very limited dividend requirements due to foundation ownership

- 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

Note: 1) Source: Berylls Strategy Advisors, TOP 100 Supplier 2021 Study, June 2022 2) Market Shares 2021 (internal study 03/2022), w/o in-house business of OEMs
Contacts

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Corporate Finance

**Florian Ulrich**
Head of Group Financing &
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Thank you for your attention!