

MAHLE Investor Update Call – Half-Year Results 2022

MAHLE Group | September 05, 2022

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FUTURE
MOBILITY**



MAHLE

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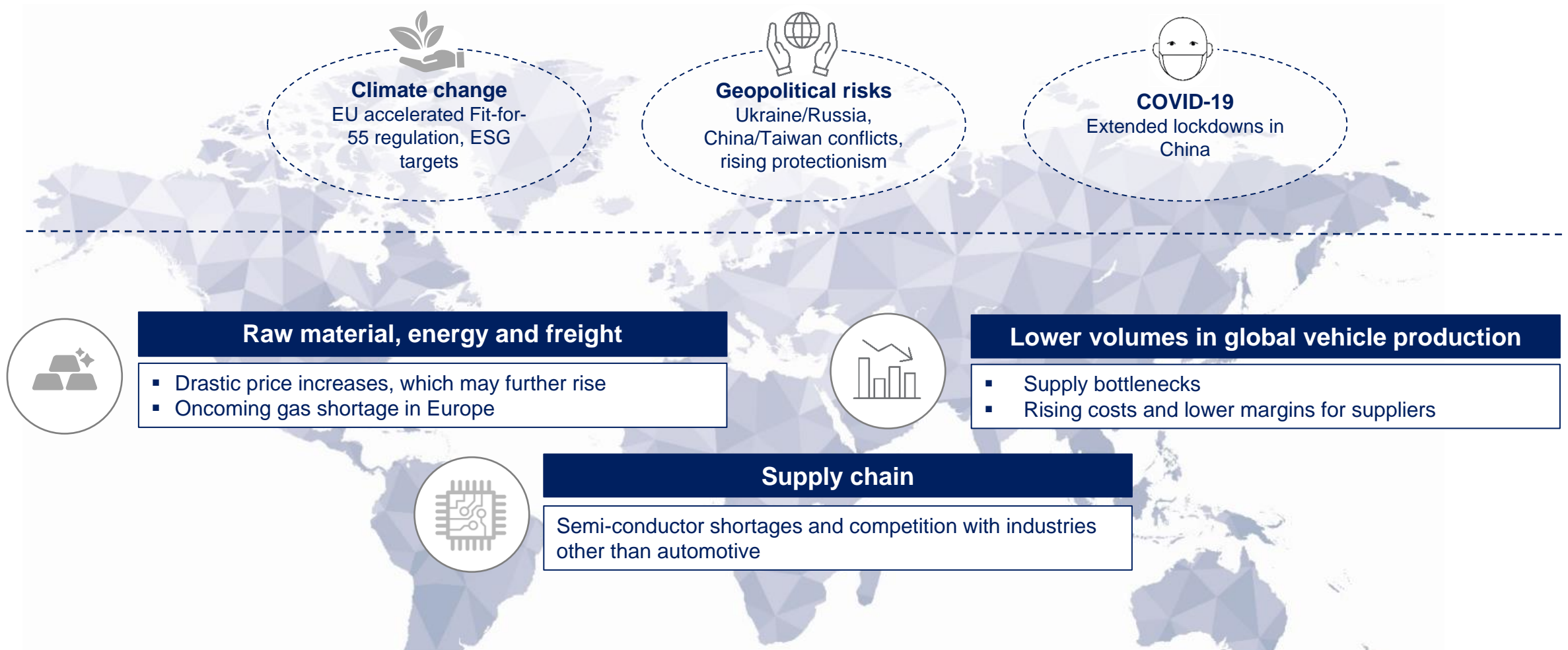
This presentation contains forward-looking statements and information on the business development of MAHLE. These statements are based on assessments and assumptions relating to the development of the economies of individual countries, and in particular of the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of publication. The estimates given involve a degree of risk and uncertainty, and the actual developments of e.g. MAHLE's sales, results and financial situation may differ materially from the expectations expressly or implicitly assumed in the forward-looking statements.

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Intensifying external impacts and high uncertainty in markets

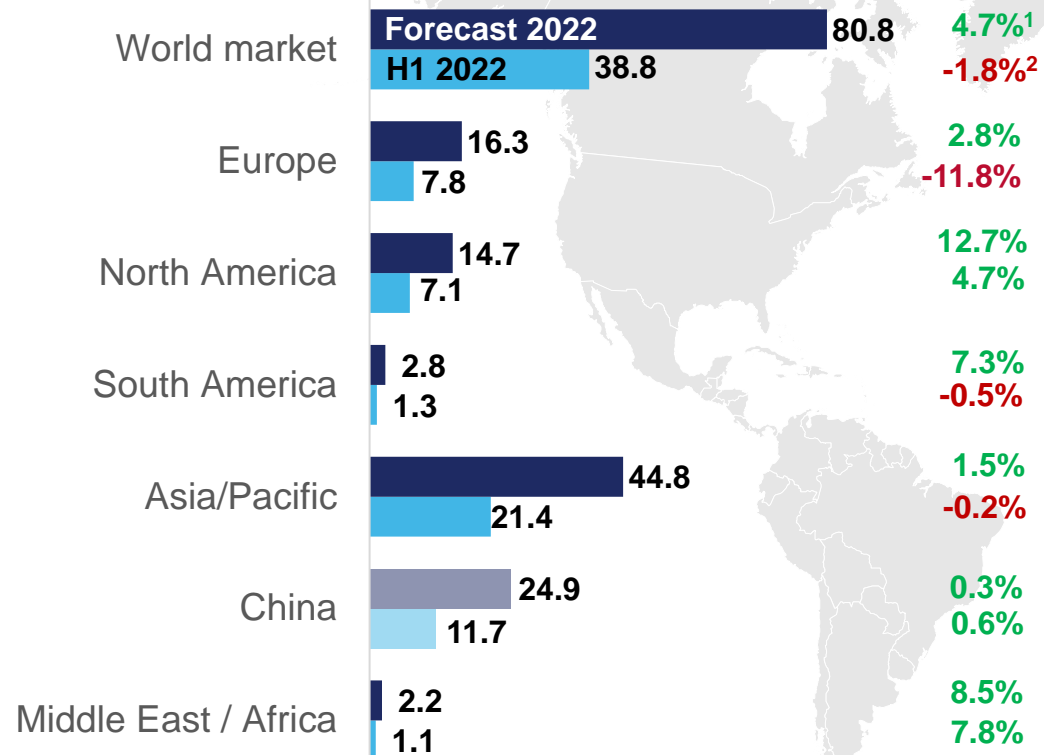


We continuously focus on strict cost & cash discipline while consistently implementing mitigation measures

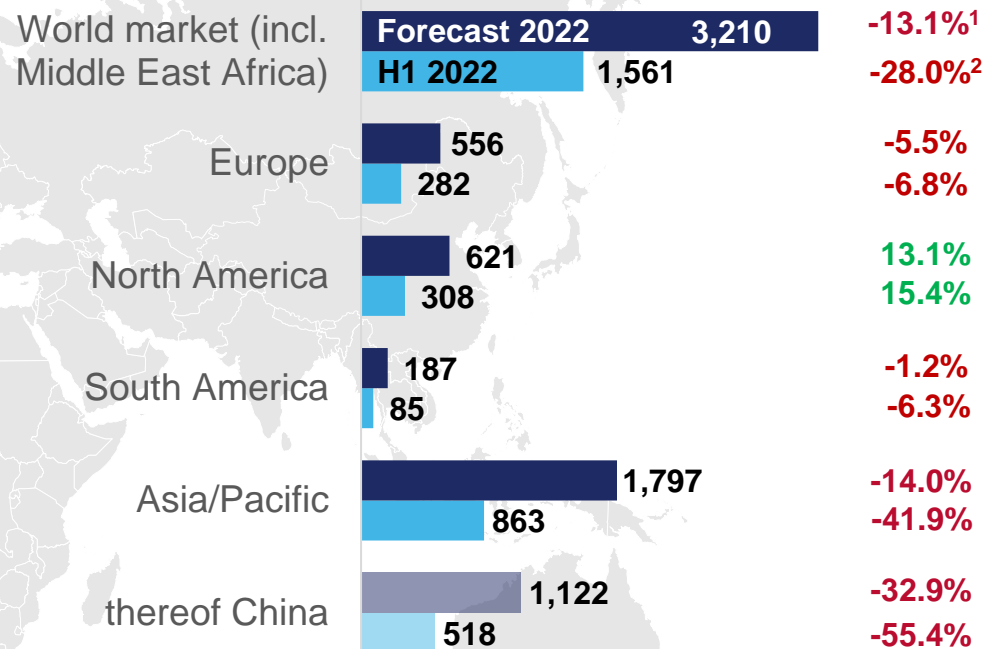
Market Development 2022 affected by a multitude of factors

Light vehicles and medium and heavy duty vehicles production H1 2022 and forecast 2022

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

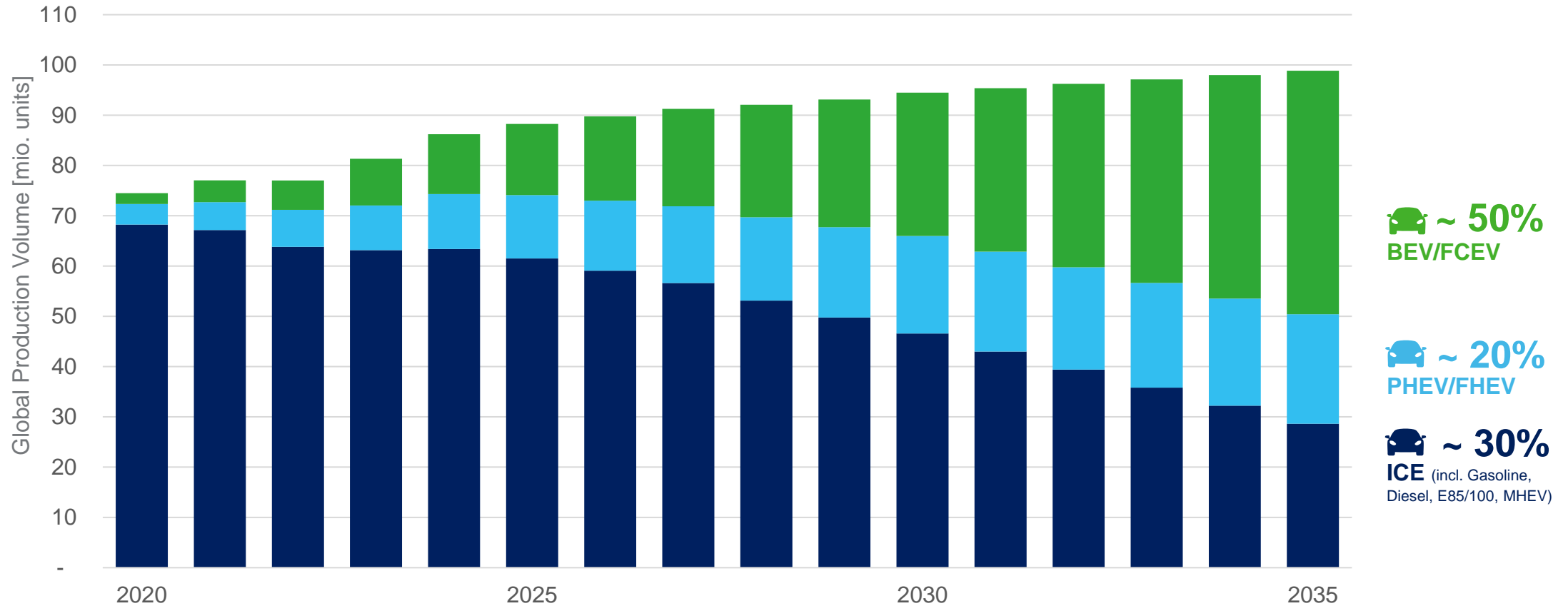


Production of medium and heavy duty vehicles and buses (>6t) [in tsd pcs.]



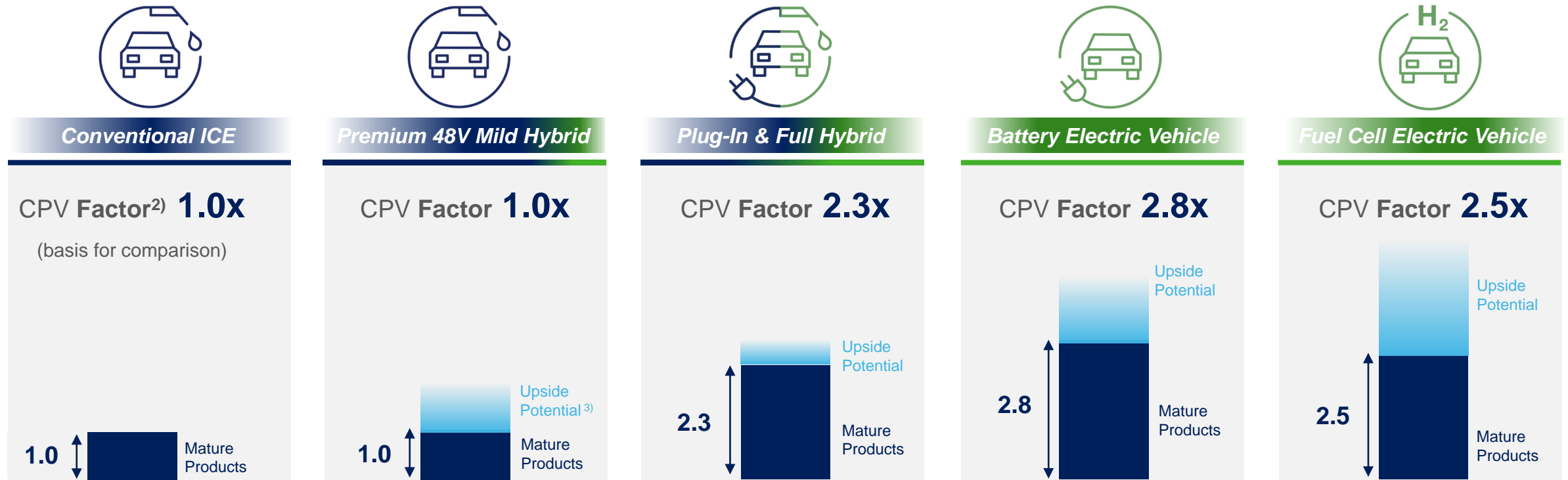
Current legislation and OEM announcements lead to further increasing electrification globally

MAHLE global LV powertrain scenario



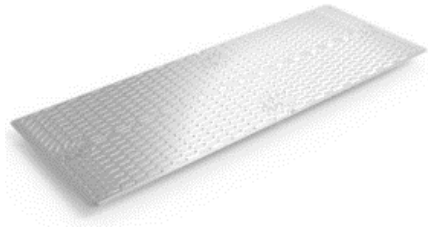
Electrification offers potential for MAHLE light vehicle content

MAHLE Content per Light Vehicle Potential¹⁾

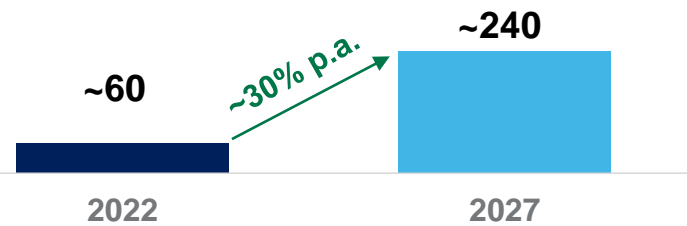


Examples for successful business development¹⁾

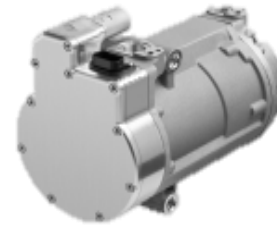
Battery Cooling Plates



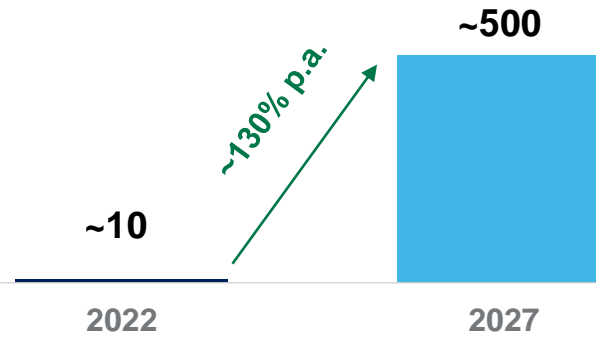
In EURm



Electric A/C Compressor



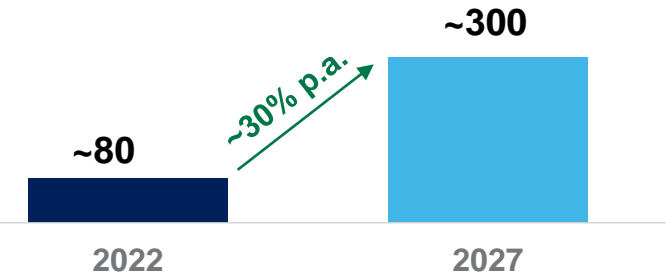
In EURm



Pedelec eDrive Systems

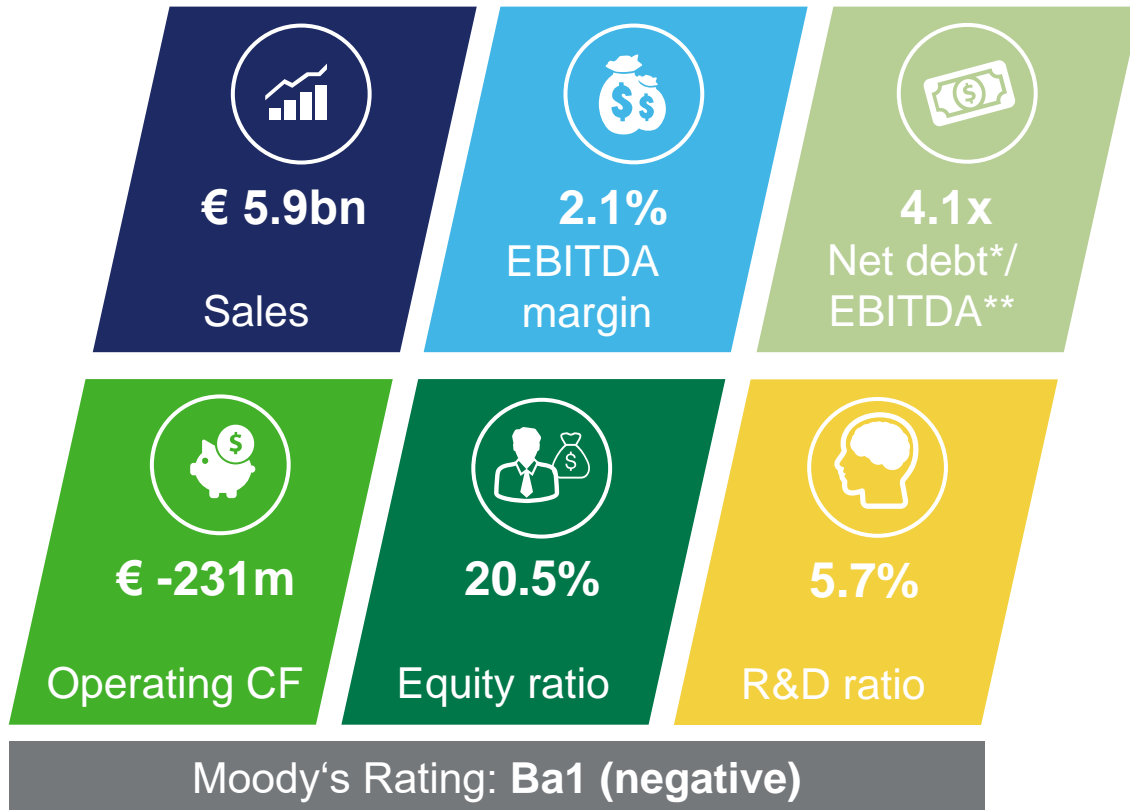


In EURm



Overview about key financials

MAHLE Group – key financials H1 2022



- EBITDA margin primarily affected by higher costs for material, freight, energy and personnel but also lower sales volumes
- Net debt/ EBITDA significantly higher due to supply bottlenecks at OEMs in H2 2021 and rising costs combined with higher working capital in H1 2022
- R&D costs higher to support transformation; ratio slightly lower due to increased revenues

Intensifying measures to mitigate the inflationary effects

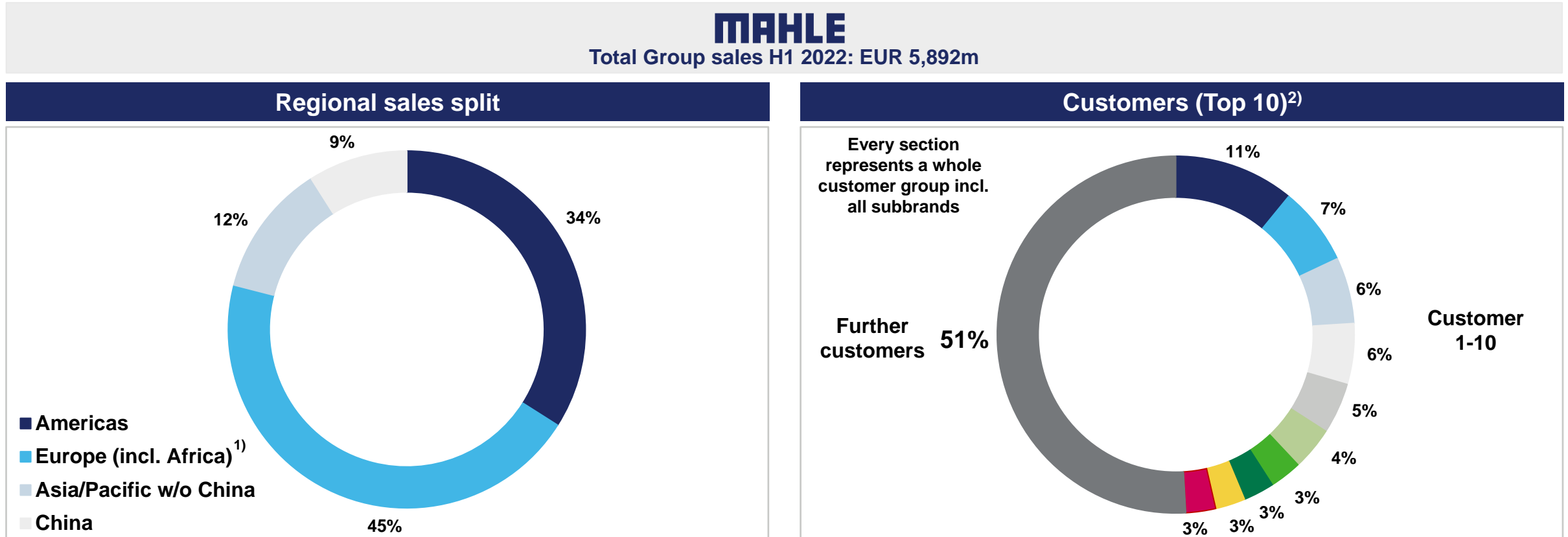
Raw material price increases and expensive logistics & energy



- Cost risks for indexed raw material are managed by use of **price adjustment clauses with customers and will be expanded**; net exposure is **hedged** for several raw materials
- MAHLE is negotiating with its suppliers and customers to achieve a **fair sharing of the burdens**
- Various **logistics projects e.g.** a lowering of **premium freight costs**
- Various **projects in purchasing**

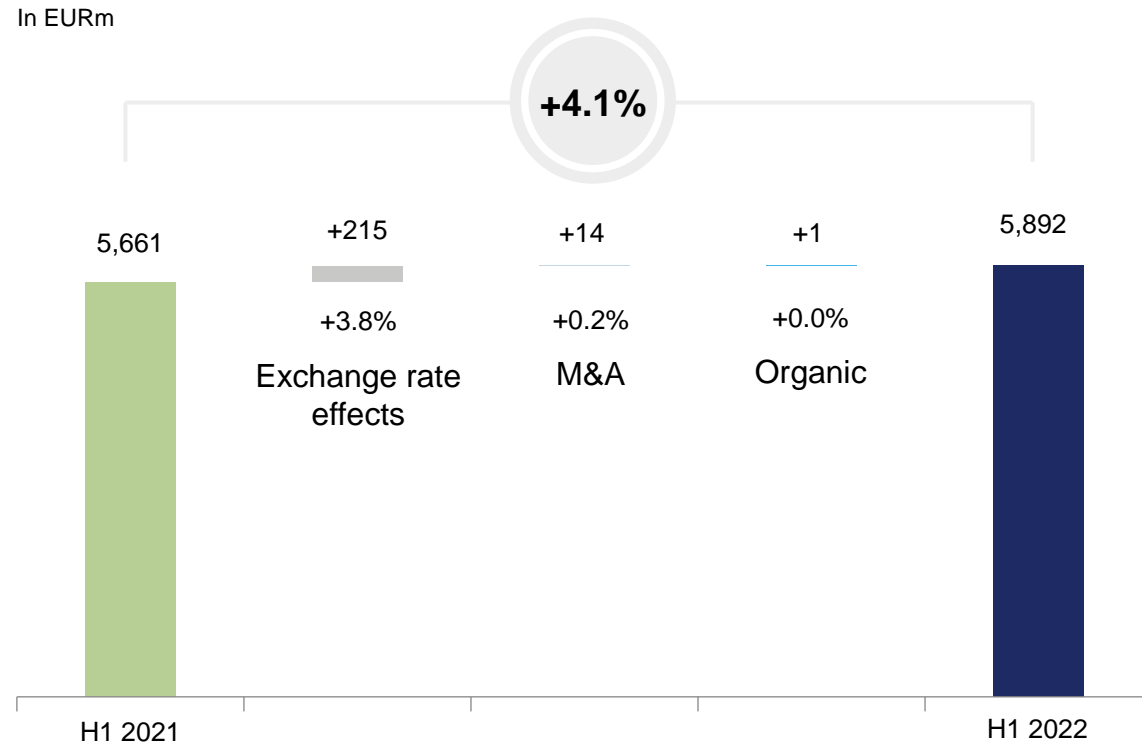
Well-balanced geographical sales split and diversified, global customer base

Global footprint incl. customer sales shares



MAHLE's organic sales growth is above market level

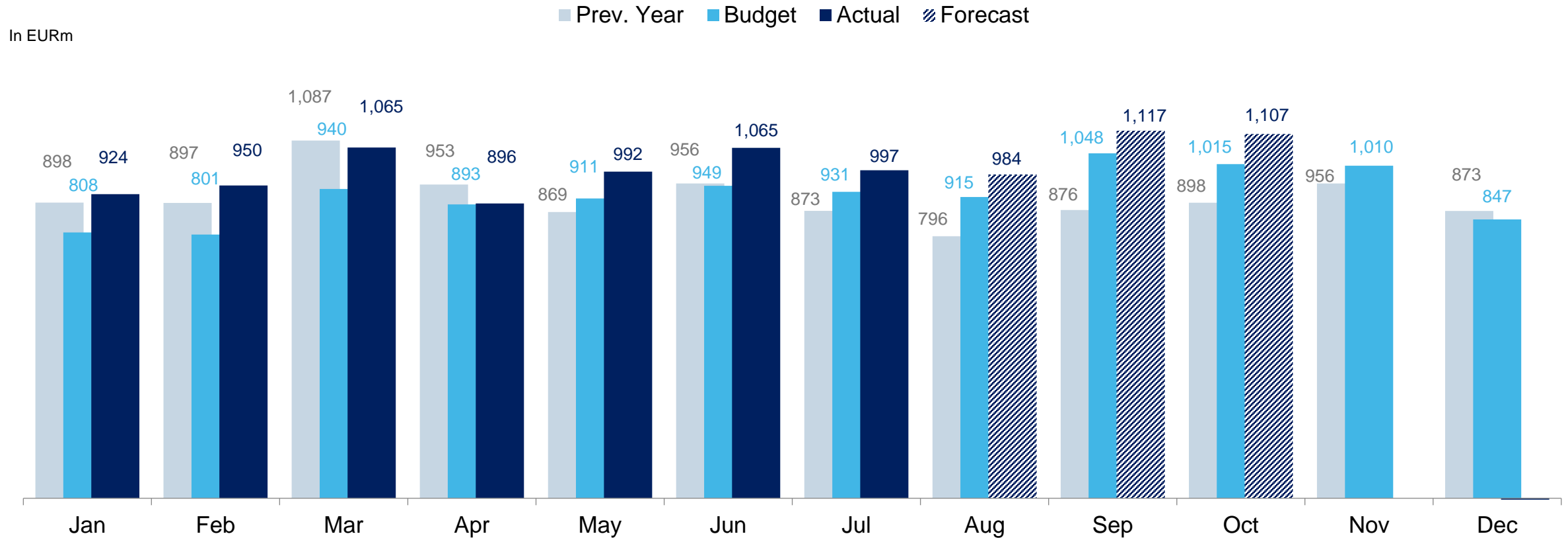
MAHLE Group sales



- Chinese sales decreased organically due to lockdowns of more than 21%, harming MAHLE Group's organic growth by around 2%
- Double digit organic growth rates in Aftermarket
- Favourable currency translation effects mainly from the appreciation of the USD, CNY and BRL

Outperforming budgeted sales by 11% in H1 2022

MAHLE Group Sales January to July 2022 MTD incl. Forecast

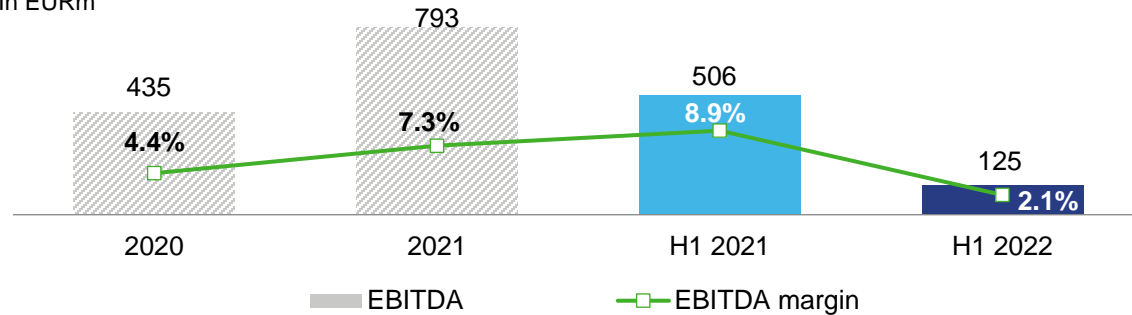


2022

Effects from customer compensations especially in the second half-year of 2022

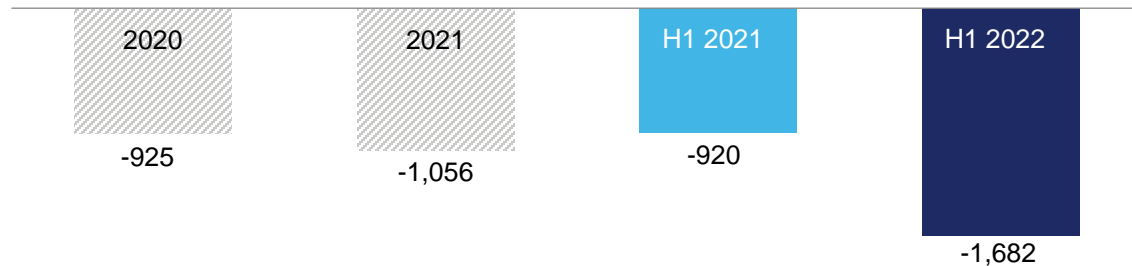
EBITDA

In EURm

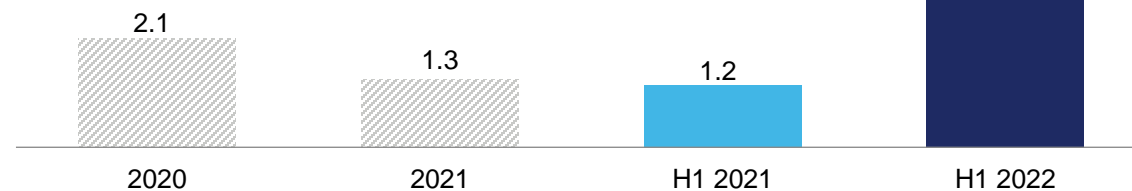


Net debt*

In EURm



Net debt* / EBITDA

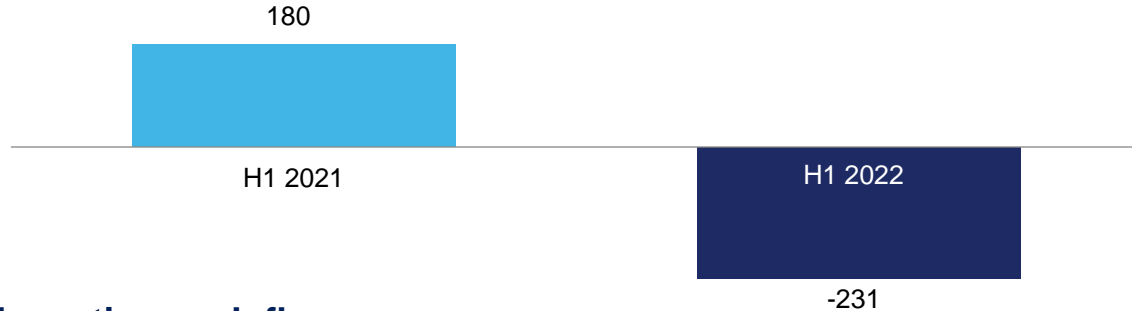


- Decline in EBITDA mainly due to risen costs besides lower sales volumes
- Increased costs for material, logistics, energy and personnel of more than EUR 300m after deduction of price escalation clauses
- Customer compensation shows first slight success in H1 2022 but will especially improve H2 2022 results
- Net debt impacted by increased working capital, due to increased receivables and higher inventories

Free cash flow impacted by external challenges

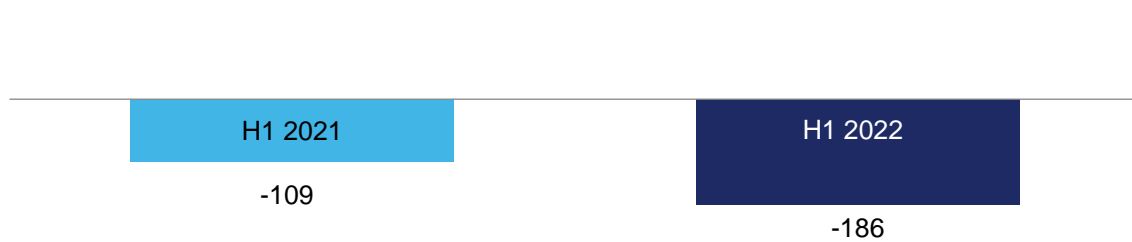
Operating cash flow

In EURm



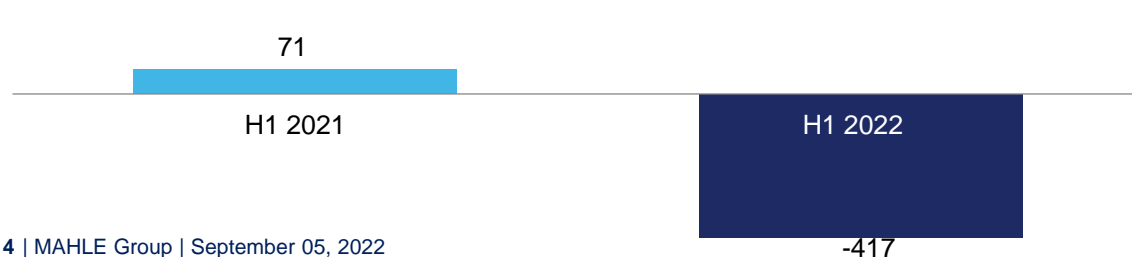
Investing cash flow

In EURm



Free cash flow*

In EURm



- Operating cash flow significantly hit by negative performance mainly due to risen costs
- Higher cash out for restructuring, amounting to EUR 94m
- Investing cash flow impacted by higher capex

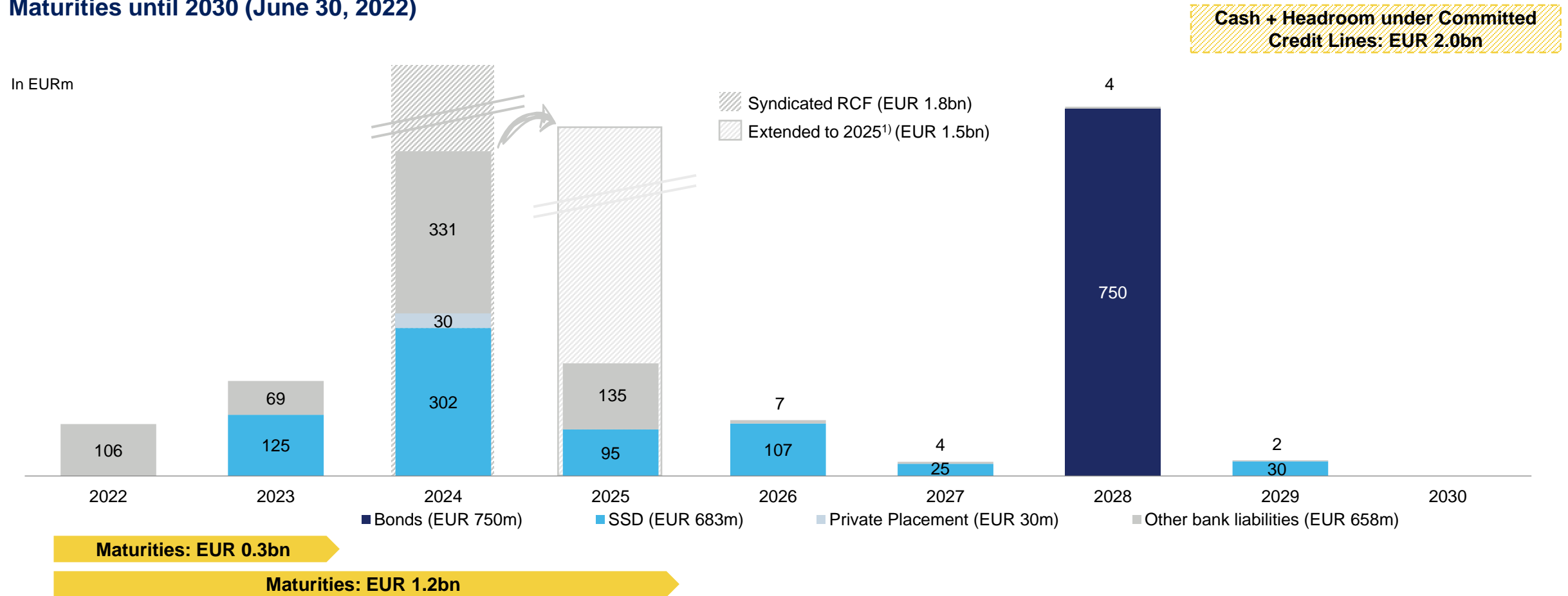
European Investment Bank supports MAHLE R&D for zero-emissions vehicle technologies



- **Term loan of EUR 300m** for investments into **eco-friendly technologies** for battery-electric, plug-in-hybrid-electric and fuel-cell electric vehicles
 - **Disbursement in August, 2022**
 - **Ten year** tenor with **amortized repayments**
 - **Coupon: 2.649%**
 - **Supports our R&D** activities in **eight EU countries**
-
- Supports our aim to **accelerate transformation** towards **future technologies**
 - Further **diversification** of investor base
 - Increased **financial flexibility**

Upcoming maturities are well covered by sufficient liquidity

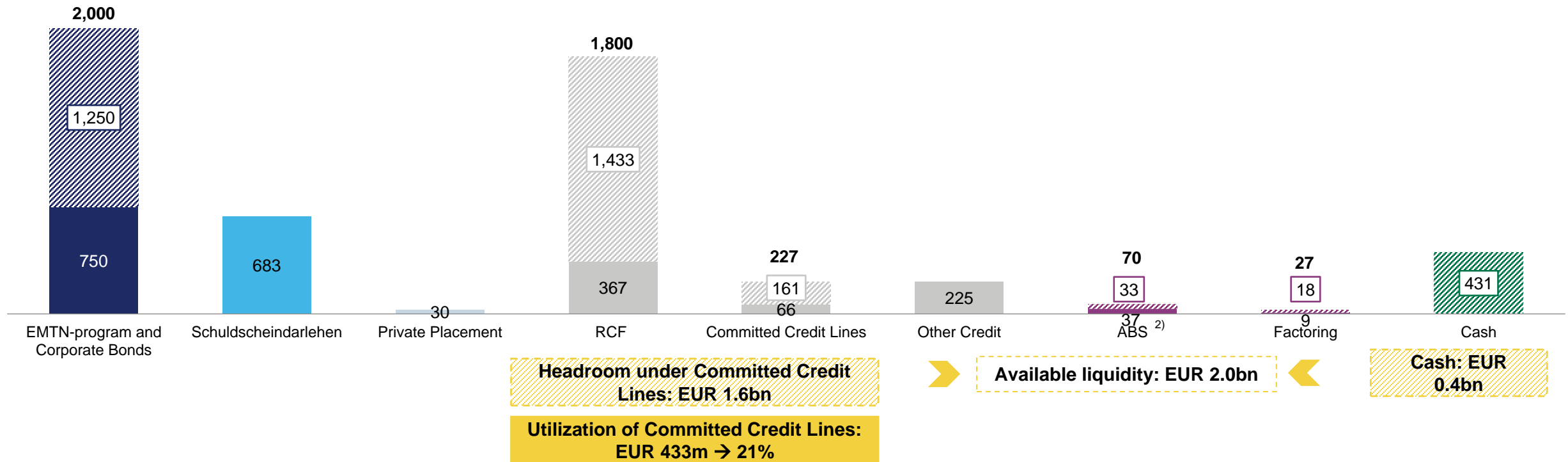
Maturities until 2030 (June 30, 2022)



Broad variety of debt funding sources¹⁾

Funding status (June 30, 2022)

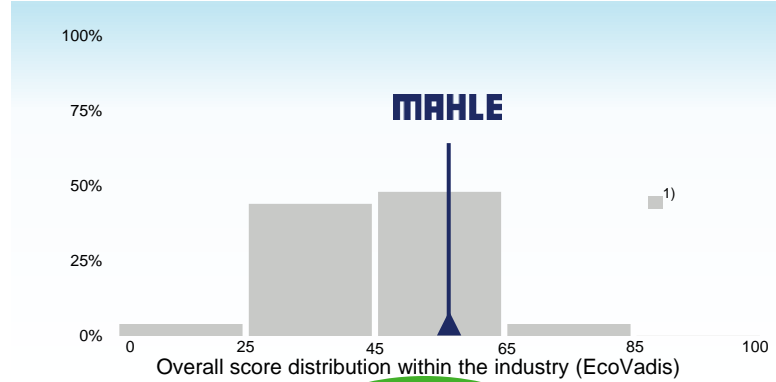
In EURm



Total debt funding sources (excl. free EMTN-Program and ABS/Factoring programs): EUR 3.7bn

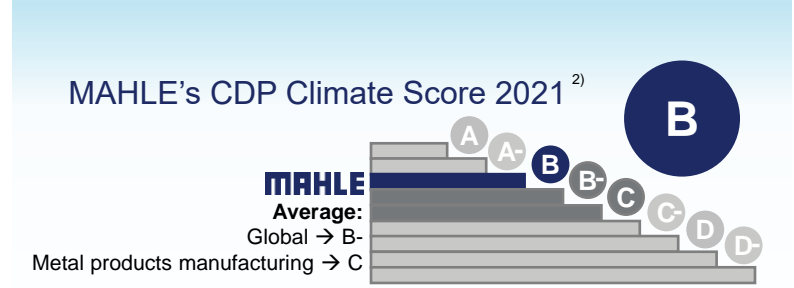
MAHLE's ESG performance is rated by EcoVadis and CDP

Overview ESG Ratings and Reports at MAHLE



SILVER
2022
ecovadis
Sustainability
Rating

amongst
the **best**
25%



CDP
DISCLOSURE INSIGHT ACTION

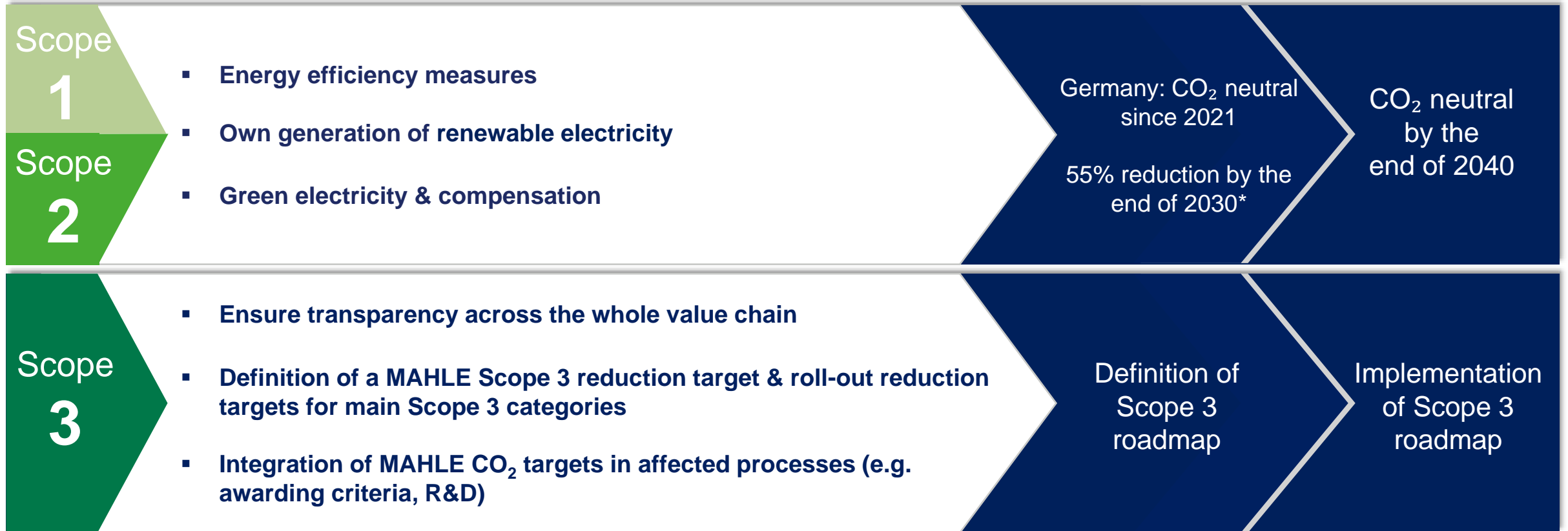
Above
average



2021
Sustainability
Report
incl. SDGs

Yearly
available

MAHLE's path to CO₂ neutrality



* 2018 as baseline year

Conclusion – key credit highlights

Summary



Global Top Tier 1 supplier

- MAHLE Group is among the 25¹⁾ 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 3²⁾ 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

- 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



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 2.0bn
- Moody's rating of Ba1 (negative) further improves access to capital market and thus enhances financial independence and flexibility

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Thank you for your attention!



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