

VITESCO TECHNOLOGIES

FISCAL YEAR 2023

Regensburg, 14.03.2024

Public



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AGENDA OF THE ANALYST AND INVESTOR CONFERENCE ON THE FY 2023 RESULTS

1 | HIGHLIGHTS FOR FY 2023

2 | OUTLOOK COMPARISON

3 | KEY FIGURES

4 | MARKET DEVELOPMENT

5 | SALES AND ADJUSTED EBIT DEVELOPMENT

6 | CASH FLOW AND LIQUIDITY PROFILE

7 | BALANCE SHEET STRUCTURE

8 | OUTLOOK FOR FY 2024

Andreas Wolf

Sabine Nitzsche

WE CONCLUDED A SUCCESSFUL FY 2023 DESPITE A CHALLENGING MARKET ENVIRONMENT

9,233

€ million **sales** in FY 2023 – in line with our guidance

55%

electrification share of the total **order backlog of 57.6 € billion** at year-end 2023

341

 € million

3.7% **adjusted EBIT** – supported by profitability improvements across our entire portfolio



85

 € million

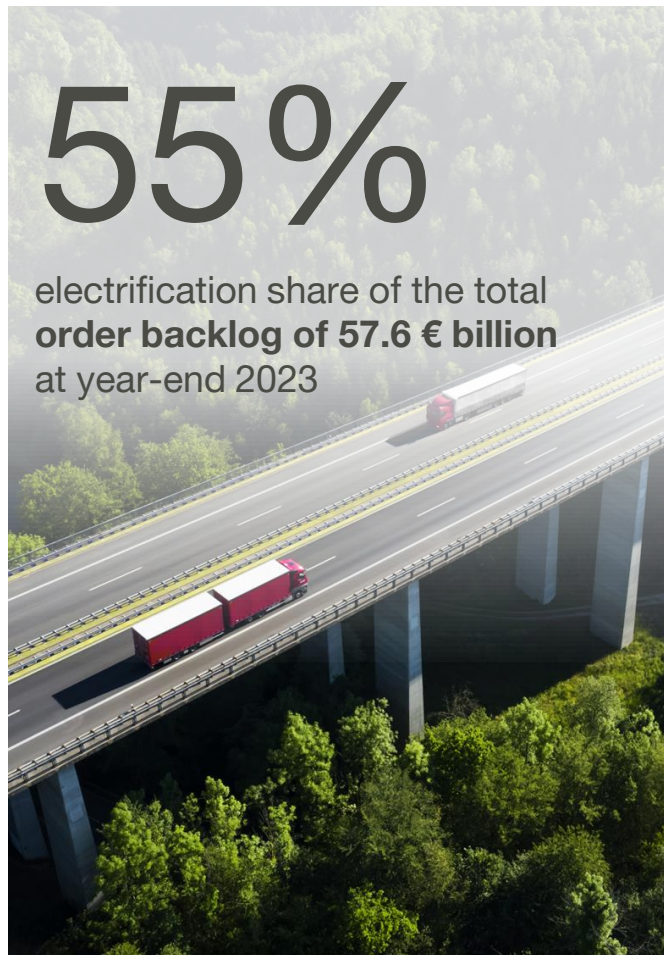
Free Cash Flow due to increased profitability

8.3

€ billion **electrification order intake** during FY 2023; **total order intake** at **12.2 € billion**

1,313

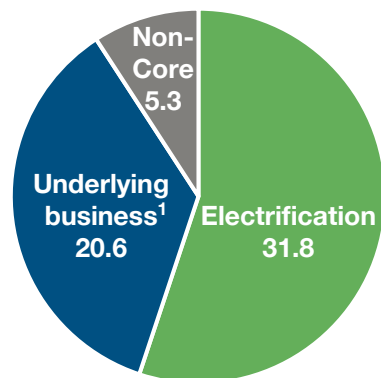
€ million total **electrification sales** during FY 2023 - due to further ramp-ups of new projects



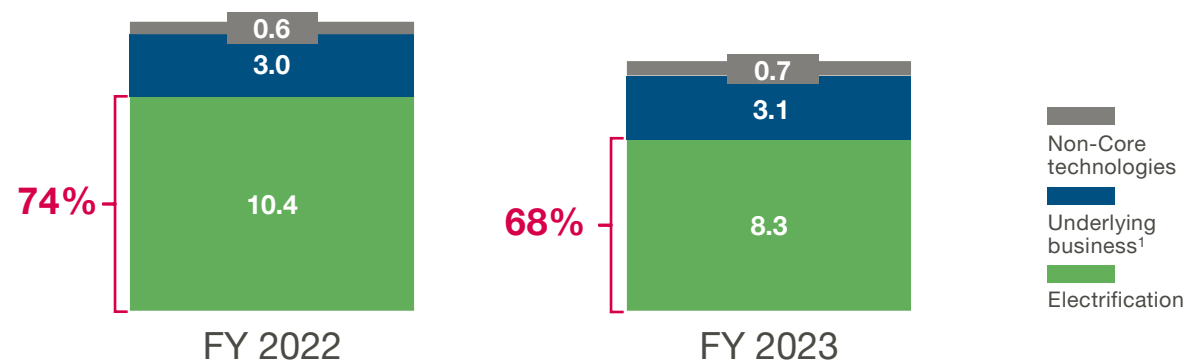
Order intake defined as sum of acquired lifetime sales within the respective fiscal year. Order backlog defined as sum of cumulative order intake not yet booked as sales. Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects. Free cash flow defined as operating cash flow plus investing cash flow.

ELECTRIFICATION ORDERS AGAIN PREDOMINANT IN FY 2023

Order Backlog of 57.6 (€ bn)



Order Intake (€ bn)



🔍 Highlights and Comments

- > Around 55% of total order backlog related to electrification products
- > Increased share in electrification order backlog benefitted from strong momentum in electrification order intake

🔍 Highlights and Comments

- > Book-to-bill ratio in Electrification of 6.4
- > Group book-to-bill ratio at 1.3, excluding Non-Core at 1.7

Rounding differences may occur for arithmetical reasons. Order intake defined as sum of acquired lifetime sales within the respective fiscal year. Order backlog defined as sum of cumulative order intake not yet booked as sales. |
¹ Underlying business excluding electrified part of underlying business.

PROFITABILITY AND CASH FLOW AT THE UPPER END OF OUR UPDATED GUIDANCE

Vitesco Technologies Group (€ mn)

	2023E	2023	
Sales	9,200 to 9,700	9,233	✓
Adj. EBIT Margin	2.9% to 3.4%	3.7%	✓
Capex¹ Ratio	5% to 6%	5.4%	✓
Free Cash Flow	~ 50	~ 85	✓

Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects. Free Cash Flow defined as Operating Cash Flow plus Investing Cash Flow. | ¹ Capex excluding right of use assets (IFRS 16).

OUR TRANSFORMATION RESULTED IN IMPROVED KEY FIGURES IN ALL MAJOR AREAS

Vitesco Technologies Group (€ mn)

	FY 2022	FY 2023	Delta
Sales	9,070.0	9,233.2	163.2
% growth			1.8%
Adj. EBIT	225.5	341.1	115.6
% margin	2.5%	3.7%	1.2pp
EBIT	143.3	172.2	28.9
% margin	1.6%	1.9%	0.3pp
Capex¹	446.6	499.8	53.2
% of sales	4.9%	5.4%	0.5pp
Free Cash Flow	123.2	84.9	-38.3
% margin	1.4%	0.9%	-0.5pp
Equity Ratio	40.3%	37.6%	-2.7pp



Highlights and Recent Developments

Sales

- > Headwind from FX amounted to 1.6%
- > € 1,313 mn electrification sales

Adjusted EBIT

- > Significant increase in profitability due to decrease in Non-Core sales and incremental step-ups across entire portfolio

Capex

- > Higher investments driven by many new project ramp-ups in electrification business

Free Cash Flow

- > Despite higher Capex – higher than anticipated free cash flow due to higher operating cash flow

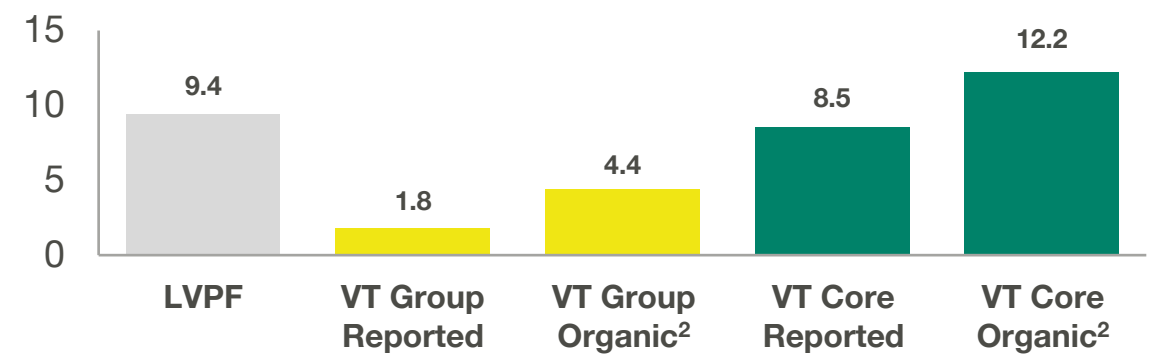
Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects. Free cash flow defined as operating cash flow plus investing cash flow. | ¹ Capex excluding right of use assets (IFRS 16).

CORE BUSINESS GROWTH CONTINUES TO TREND ABOVE MARKET AVERAGE

Light Vehicle Production¹ (mn units)

	2023 Production	2023 Δ YoY
Europe	17.3	+11.7%
North America	15.7	+9.2%
China	29.2	+9.9%
Rest of World	28.0	+7.6%
Worldwide	90.1	+9.4%

Year-on-year Growth Rates (in %)



🔍 Highlights and Comments – Market

- > Inventory rebuild cycle was largely completed at the end of last year in Europe and North America, thus supporting overall production volumes
- > China’s LV³ production supported by continued strong export activity, government incentives and rebounding domestic demand, but Chinese CV⁴ market remains rather weak

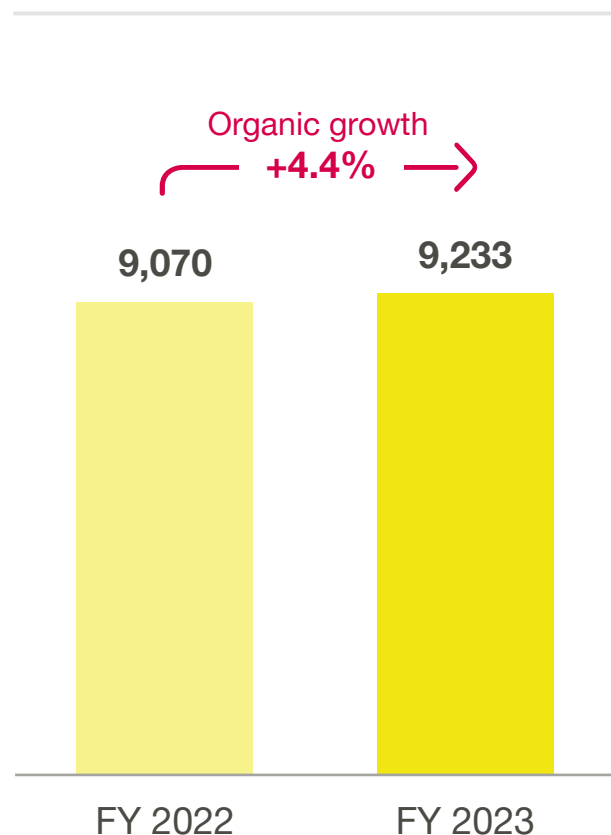
🔍 Highlights and Comments – Vitesco Technologies

- > Top-line development underlines transformation progress: Core organically outperforms the market while Non-Core sales decrease according to plan
- > Germany and Asia (especially China) contribute to growth on year-on-year basis

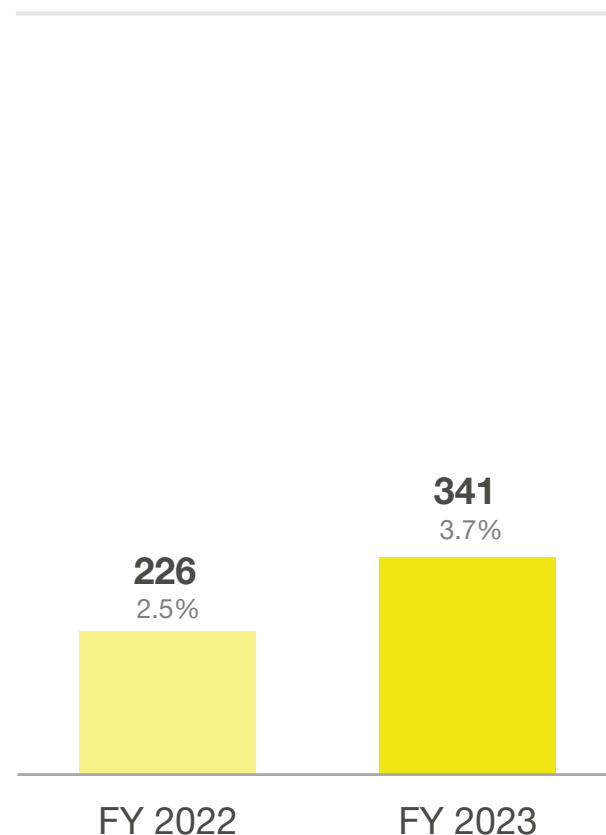
Rounding differences may occur for arithmetical reasons.
¹ Based on S&P Global Mobility, Light Vehicle Production Forecast as of 01/2024. Regions as defined for Vitesco Technologies' sales regions. | ² Sales without effects from consolidation and FX. | ³ Light Vehicles. | ⁴ Commercial Vehicles.

WE MANAGED TO SIGNIFICANTLY IMPROVE OUR PROFITABILITY DESPITE MAJOR HEADWINDS IN THE INDUSTRY

Sales (€ mn)



Adjusted EBIT (€ mn)



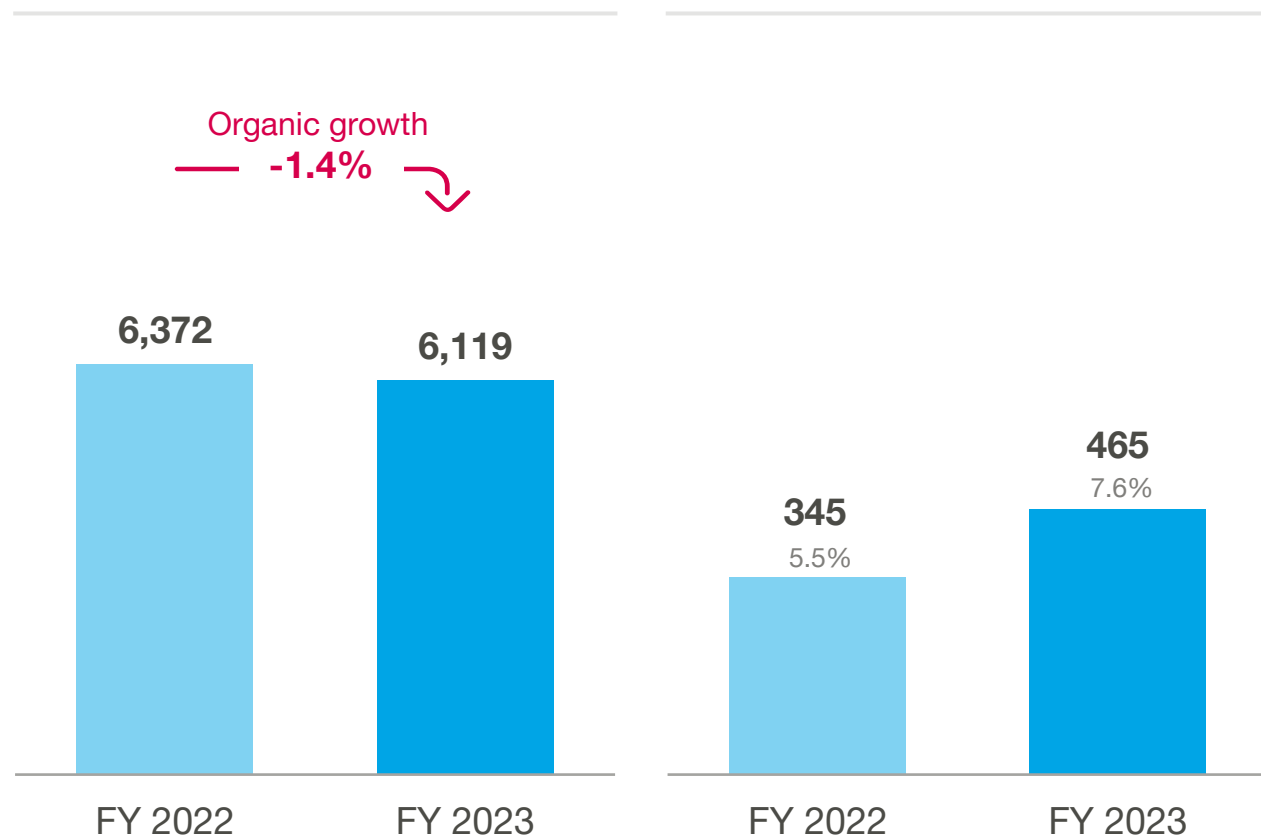
Vitesco Technologies

- > Organic sales growth 5.0pp below light vehicle production, however Core technologies outperformed by 2.8pp
- > Headwinds from currency related effects amounting to 1.6pp
- > Core technologies sales at €6,645 mn (PY: €6,126 mn) and 4.2% adj. EBIT margin (PY: 3.8%)
- > Further ramp-down of Non-Core activities by €356 mn in line with internal expectations

PLANNED SALES DECREASE IN NON-CORE ACTIVITIES DRIVES FURTHER IMPROVEMENT IN ADJUSTED EBIT MARGIN

Sales (€ mn)

Adjusted EBIT (€ mn)



Powertrain Solutions Division – DIV P

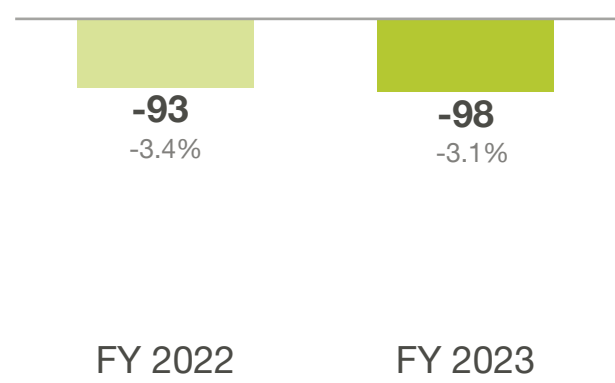
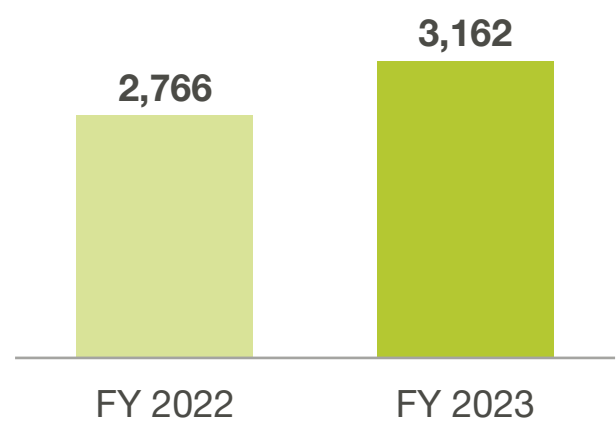
- > Positive development in Core business stood against planned ramp-down in Non-Core activities
- > Sales burdened from currency related headwinds amounting to 1.2pp
- > Contract Manufacturing decreased by ~30% YoY to €743 mn sales in FY 2023
- > Continuous cost containment supports overall profitability in FY 2023
- > Core ICE business at €3,418 mn (PY: €3,336 mn) sales and 11.5% adj. EBIT margin (PY: 10.7%)

UNCHANGED STRONG SALES PERFORMANCE SHOWING FURTHER IMPROVEMENT IN PROFITABILITY

Sales (€ mn)

Adjusted EBIT (€ mn)

Organic growth
+16.8%



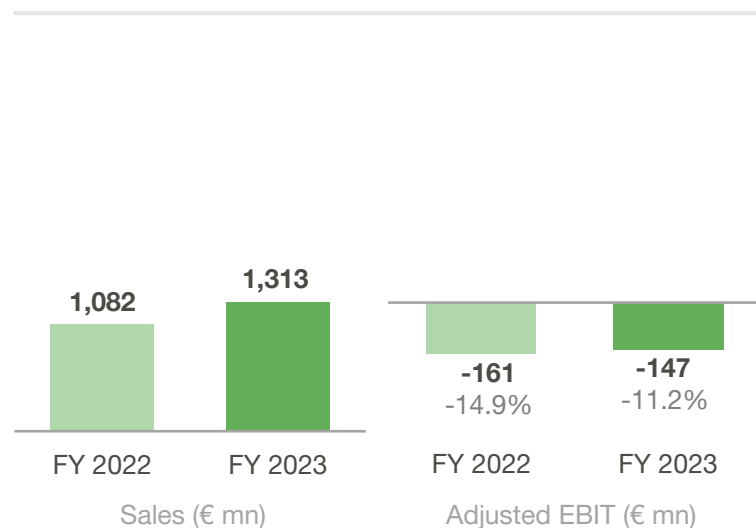
Electrification Solutions Division – DIV E

- > Positive sales development driven by strong performance in China and Europe
- > Organic sales growth outperforms global light vehicle production by 7.4pp
- > Sales growth includes currency related headwinds of 2.5pp
- > Adjusted EBIT includes costs for new project ramp-ups mainly within electrification business

Organic Growth: Sales without effects from consolidation and FX. Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects.

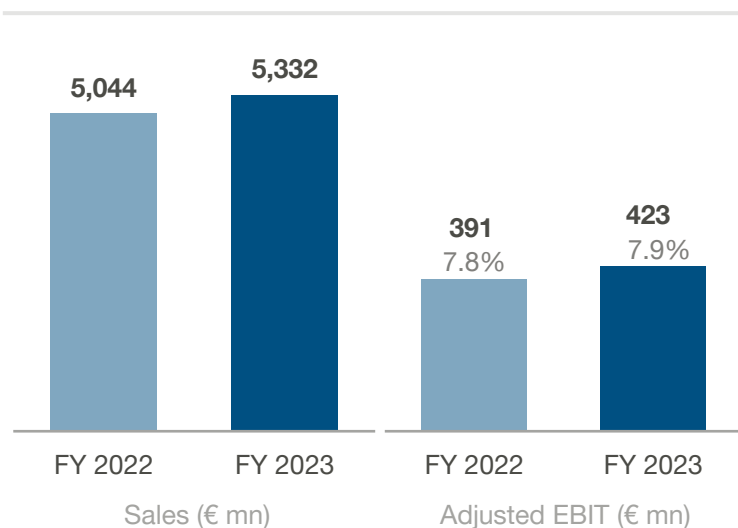
ELECTRIFICATION AND CORE ICE BUSINESS ON TRACK TO DELIVER ON MID-TERM TARGETS

Electrification



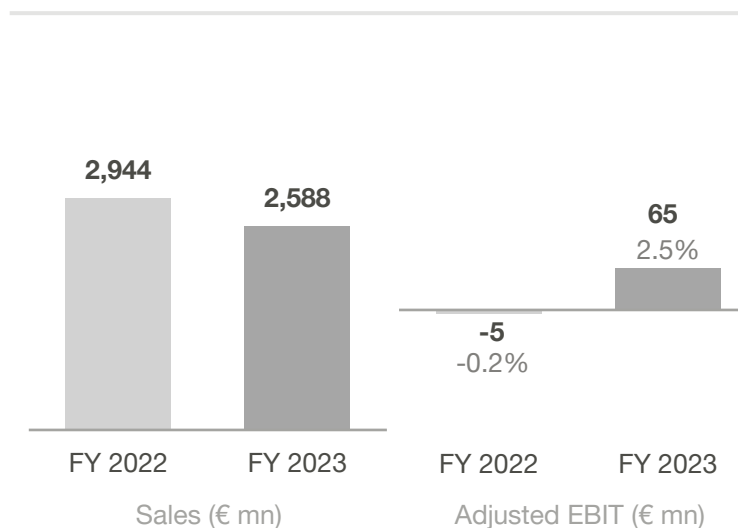
- > Sales growth of ~21% driven by project ramp-ups
- > Increasing volumes supported adj. EBIT margin improvement

Core ICE (excl. Electrification)



- > Solid top-line development despite weaker year-end performance
- > Constant margin step-up reflects normalization of supply chain

Non-Core

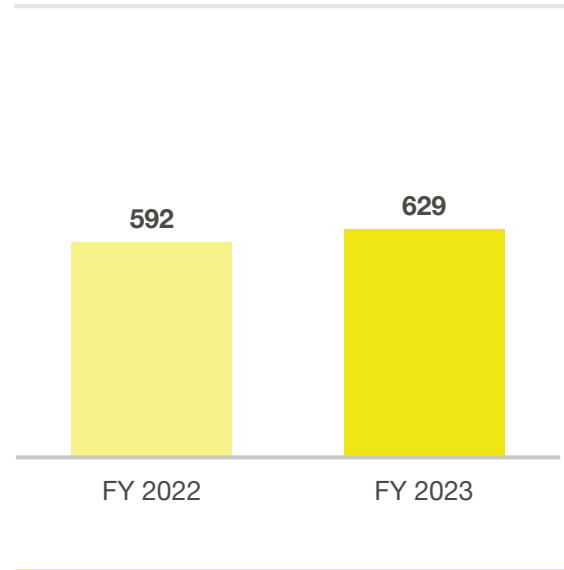


- > Decrease in Non-Core business continues as planned
- > Adj. EBIT came in positive mainly due to ongoing strict cost containment because of successful ramp-downs

Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects.

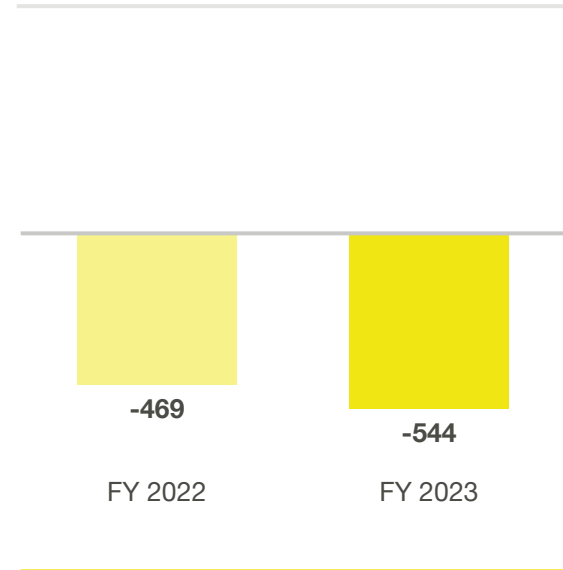
CASH FLOW IMPROVEMENTS DUE TO STRONG OPERATIONAL PERFORMANCE

Operating Cash Flow (€ mn)



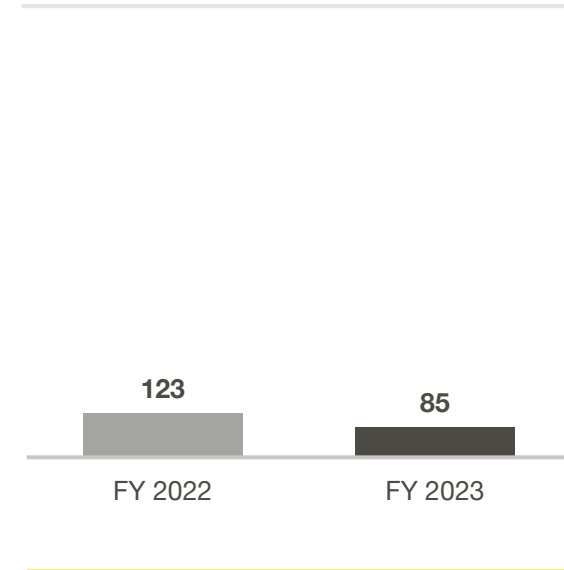
> Positive operational performance and improved profitability led to higher operating cash inflow

Investing Cash Flow (€ mn)



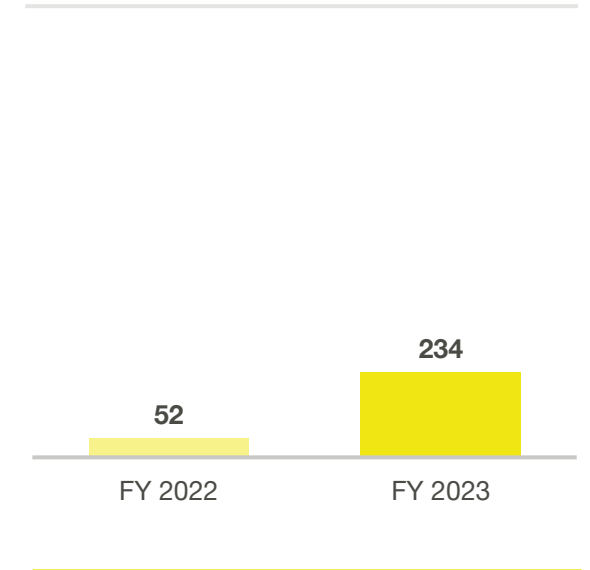
> Higher capex due to increasing investments for electrification business in FY 2023

Free Cash Flow (€ mn)



> Better than anticipated free cash flow in FY 2023

Financing Cash Flow (€ mn)



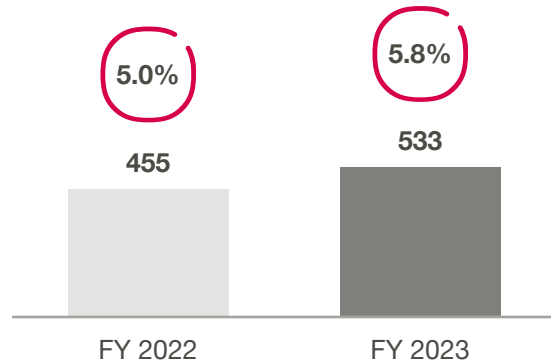
> Financing cash flow affected by utilization of long-term loans

Free cash flow defined as operating cash flow plus investing cash flow.

EQUITY RATIO AND NET DEBT DEMONSTRATE OUR SOLID BALANCE SHEET

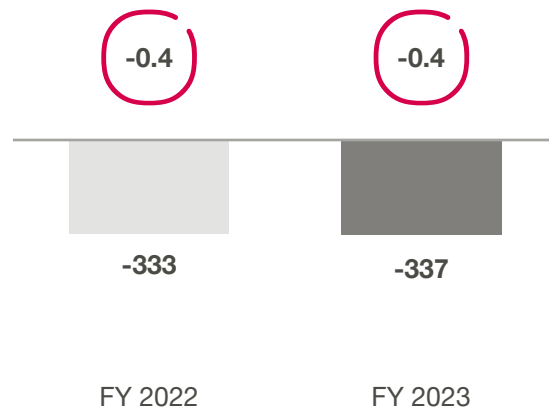
Net Working Capital (€ mn)

Net working capital/LTM sales



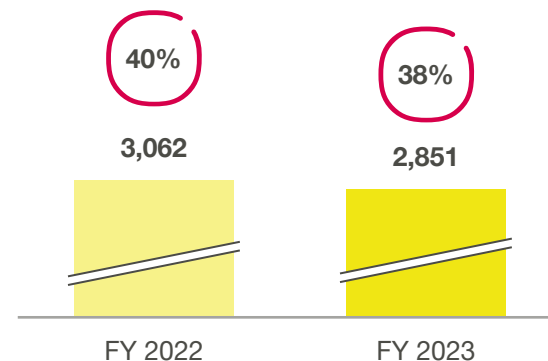
Net Debt (€ mn)

Net debt/LTM adj. EBITDA

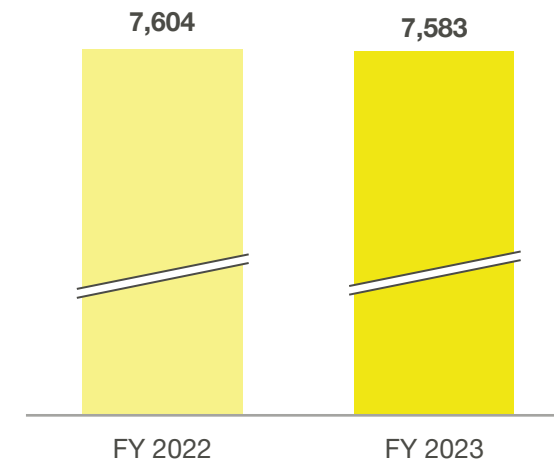


Total Equity (€ mn)

Equity ratio



Balance Sheet Total (€ mn)



> Increase in net working capital mainly driven by decrease in accounts payables

> Working capital intensity in line with our long-term projections following ramp-down of Contract Manufacturing

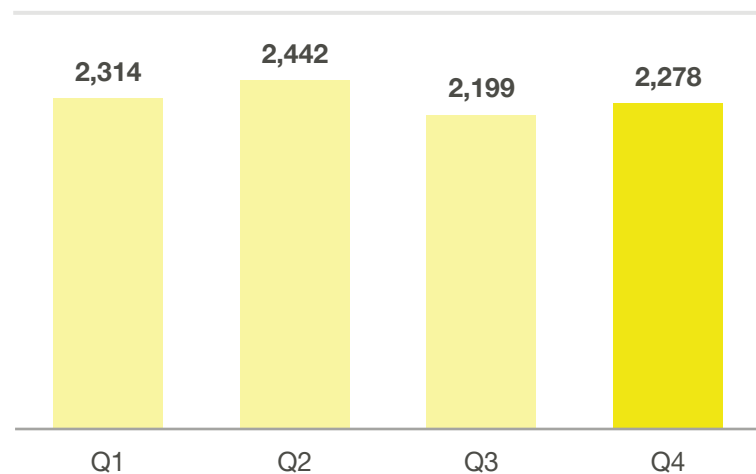
> Net debt/LTM adj. EBITDA ratio remains at solid level and demonstrates our comfortable liquidity situation

> Equity ratio remains at very solid level around 38%

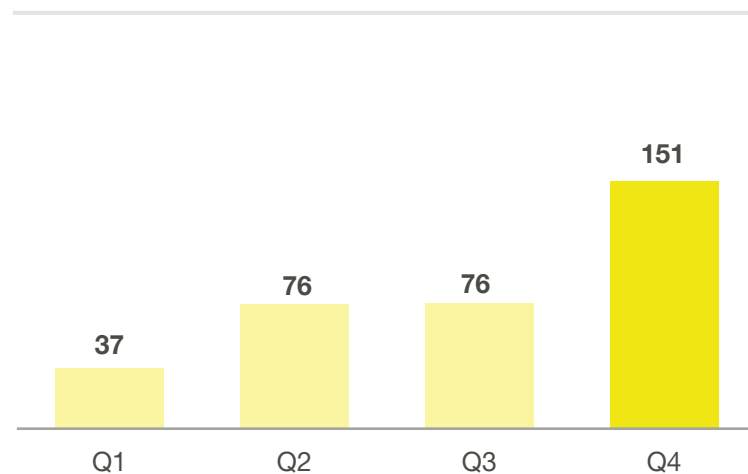
LTM: Last twelve months. Adj. EBITDA before consolidation and special effects.

Q4 SHOWS STRONGEST PROFITABILITY RESULT IN FISCAL YEAR 2023

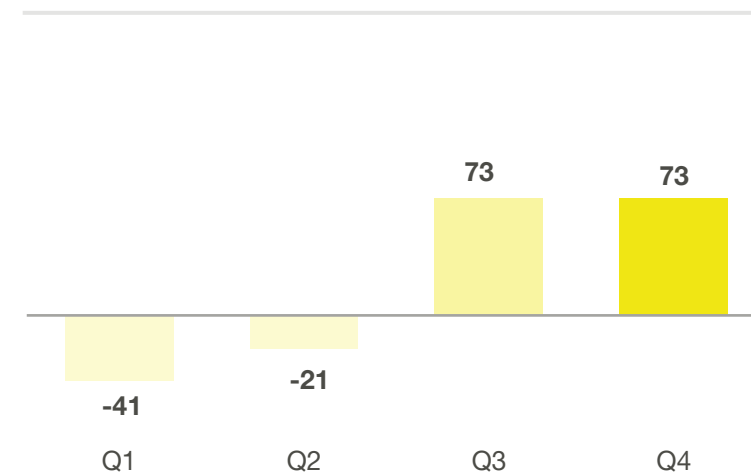
Sales (€ mn)



Adjusted EBIT (€ mn)



Free Cash Flow (€ mn)



> Non-Core ramp-down accelerated as planned during H2 2023

> Profitability, especially in H1 2023, suffered from higher gross input costs from material and labor costs

> Compensation payments from customers as well as R&D reimbursements resulted in a strong Q4 2023

> Free cash flow improved during the year due to positive operational performance

CORE TECHNOLOGIES CONTINUE TO IMPROVE WHILE PHASE-OUT OF NON-CORE ACTIVITIES ACCELERATES

Vitesco Technologies Group (€ mn)

	2023	2024E
Sales	9,233	8,300 to 8,800
Adj. EBIT Margin	3.7%	4.5% to 5.0%
Capex¹ Ratio	5.4%	~ 7%
Free Cash Flow	85	~ -350



Market Outlook

China	→	~ 0% to 2%
Europe	→	~ -3% to -1%
NA	→	~ 0% to 2%
RoW	→	~ -3% to -1%
World	→	~ -1% to 1%

The outlook for fiscal year 2024 does not consider any effects resulting from the integration into Schaeffler.

Light Vehicle Production Forecast for changes of FY 2024 production compared to FY 2023 based on S&P Global Mobility, Light Vehicle Production Forecast as of 01/2024.

Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects. Free cash flow defined as operating cash flow plus investing cash flow. | ¹ Capex excluding right of use assets (IFRS 16).



Q&A

CONTACT OUR INVESTOR RELATIONS TEAM

Heiko Eber

Head of Investor Relations

Phone: +49 941 2031-72348

Email: heiko.eber@vitesco.com

Jens von Seckendorff

Senior Investor Relations Manager

Phone: +49 941 2031-6381

Email: jens.von.seckendorff@vitesco.com

Gagan Sehgal

Investor Relations Manager

Phone: +49 941 2031-3099

Email: garish.gagan.sehgal@vitesco.com



UPCOMING EVENTS

Corporate Events



Annual General Meeting
April 24, 2024



Quarterly Statement Q1 2024
May 8, 2024



Interim Report H1/Q2 2024
August 13, 2024



Quarterly Statement 9M/Q3 2024
November 14, 2024

Roadshows and Conferences



Roadshow, London
March 18, 2024



BNP Autos Conference, Paris
March 19, 2024



HSBC Future Transportation, virt.
March 22, 2024



Citi Virtual Autos Trip, virt.
May 15, 2024



**dbAccess European Champions,
Frankfurt, May 22, 2024**

Q4 INFORMATION

Q4 KEY FIGURES

Vitesco Technologies Group (€ mn)

	Q4 2022	Q4 2023	Delta
Sales	2,346.3	2,278.0	-68.3
% growth			-2.9%
Adj. EBIT	98.2	151.3	53.1
% margin	4.3%	6.6%	2.3pp
EBIT	74.6	113.4	38.8
% margin	3.2%	5.0%	1.8pp
Capex¹	193.1	167.2	-25.9
% of sales	8.2%	7.3%	-0.9pp
Free Cash Flow	89.7	73.2	-16.5
% margin	3.8%	3.2%	-0.6pp
Equity Ratio	40.3%	37.6%	-2.7pp



Highlights and Recent Developments

Sales

- > Headwind from FX: 2.3%

Adjusted EBIT

- > Adjusted EBIT margin increased to 6.6%

Free Cash Flow

- > Operational performance resulted in positive free cash flow

Capex

- > As in previous years, comparably high capex towards the end of the year

Equity Ratio

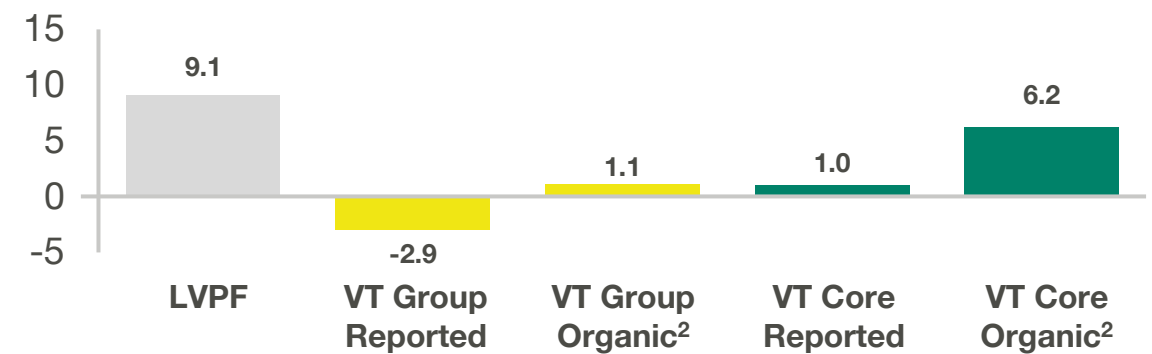
- > Equity ratio remains at solid level

LIGHT VEHICLE PRODUCTION PICKED UP DURING Q4

Light Vehicle Production¹ (mn units)

	Q4 Production	Q4 Δ YoY
Europe	4.4	+5.3%
North America	3.7	+5.0%
China	8.7	+19.2%
Rest of World	7.0	+2.8%
Worldwide	23.9	+9.1%

Year-on-year growth rates (in %)



🔍 Highlights and Comments – Market

- > Inventory rebuild cycle was largely completed in Europe and North America in Q4 2023, thus supporting overall production volumes
- > Strong growth in production figures in China followed by a rather weak performance in Q4 2022

🔍 Highlights and Comments – Vitesco Technologies

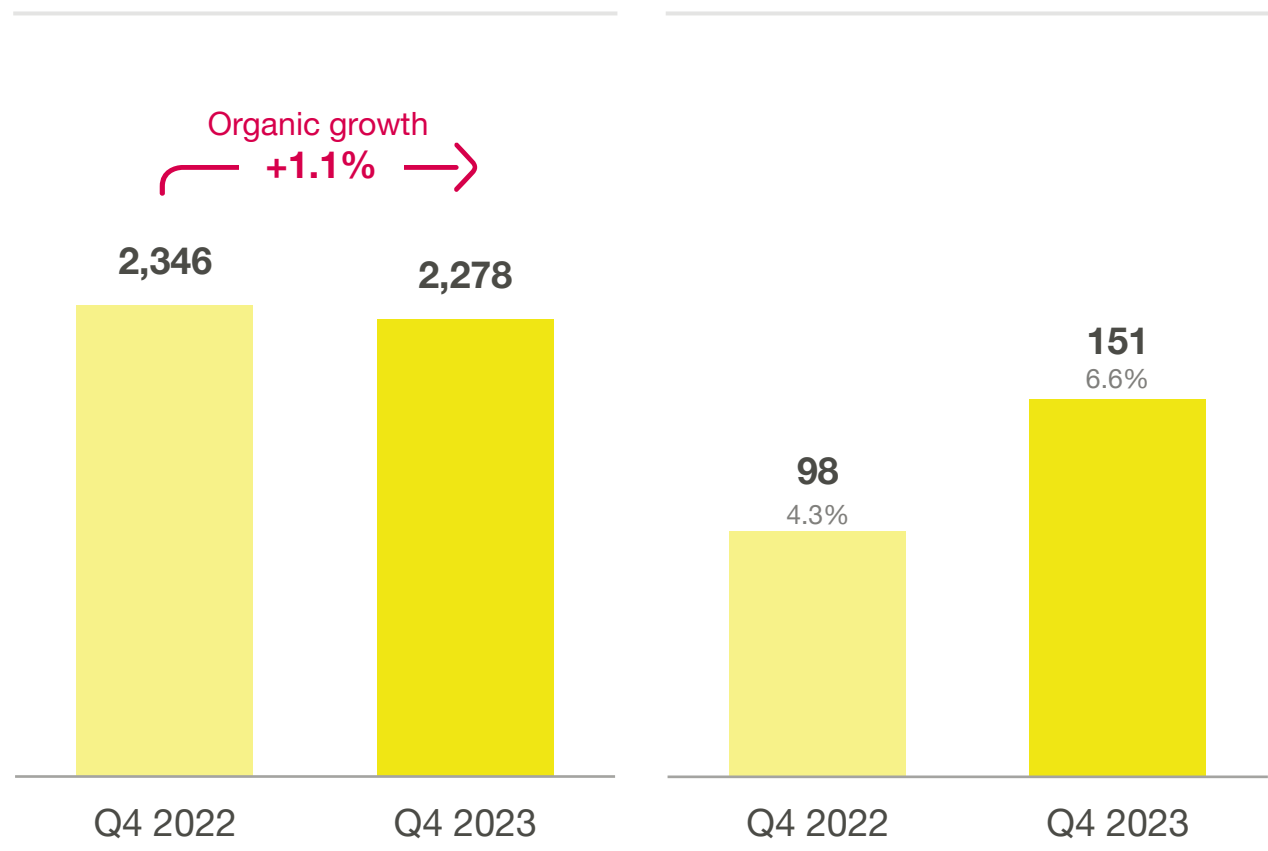
- > Top-line development demonstrates transformational progress: growth in Core while Non-Core decreases
- > Apart from Germany and China, all other regions posted declining sales

Rounding differences may occur for arithmetical reasons.
¹ Based on S&P Global Mobility, Light Vehicle Production Forecast as of 01/2024. Regions as defined for Vitesco Technologies' sales regions. | ² Sales without effects from consolidation and FX.

Q4 SALES AND ADJUSTED EBIT DEVELOPMENT FOR VITESCO TECHNOLOGIES GROUP

Sales (€ mn)

Adjusted EBIT (€ mn)



Vitesco Technologies

- > Headwind from currency effects amounting to 2.3pp

- > Core technologies sales at €1,664 mn (PY: €1,647 mn) and 6.5% adj. EBIT margin (PY: 7.2%)

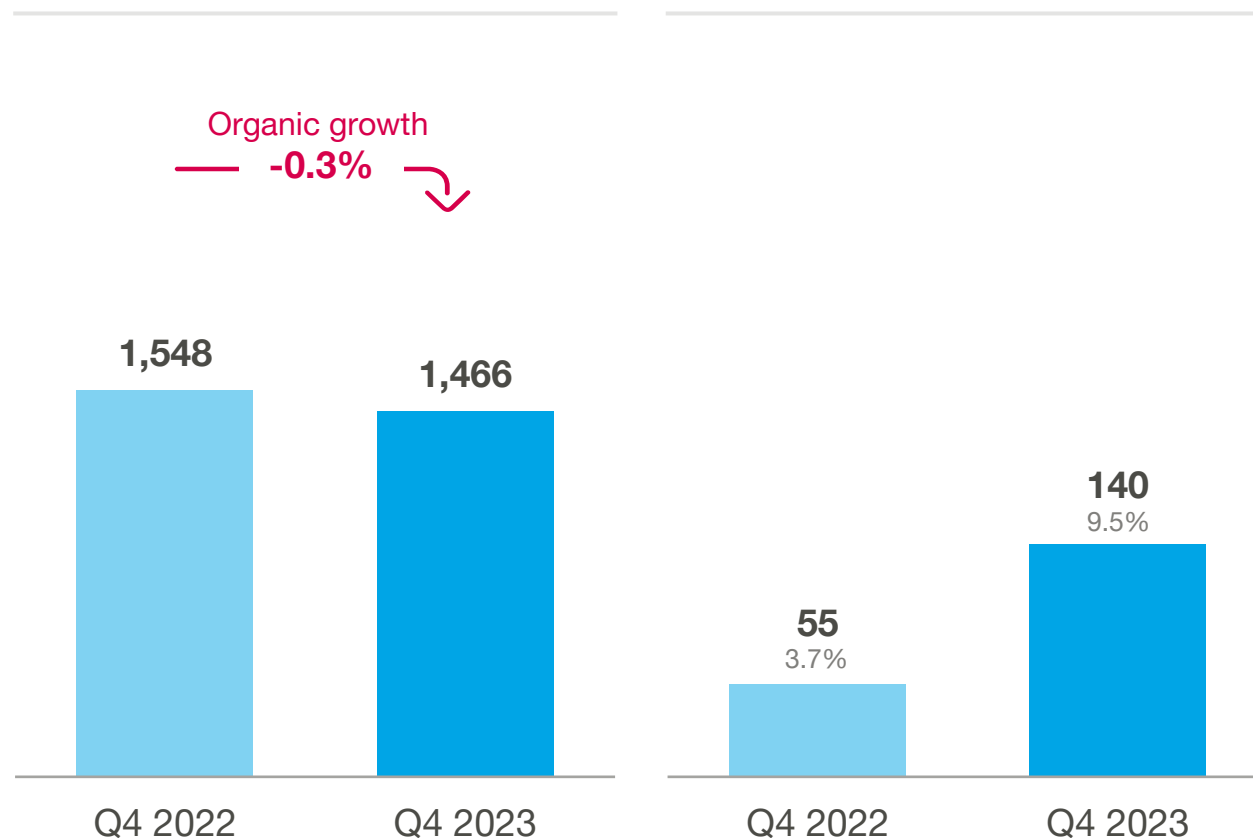
- > Further ramp-down of Contract Manufacturing activities to €111 mn (PY: €242 mn) in line with internal expectations

Organic Growth: Sales without effects from consolidation and FX. Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects.

Q4 SALES AND ADJUSTED EBIT DEVELOPMENT FOR POWERTRAIN SOLUTIONS DIVISION

Sales (€ mn)

Adjusted EBIT (€ mn)



Powertrain Solutions Division – DIV P

- > Sales includes planned ramp-down in Non-Core activities and divestures
- > FX headwind of 2.4pp included in sales development
- > Strong Q4 2023 driven by cost inflation settlements
- > Core technologies at 11.5% adj. EBIT margin (PY: 8.9%) based on sales of €852 mn (PY: €849 mn)

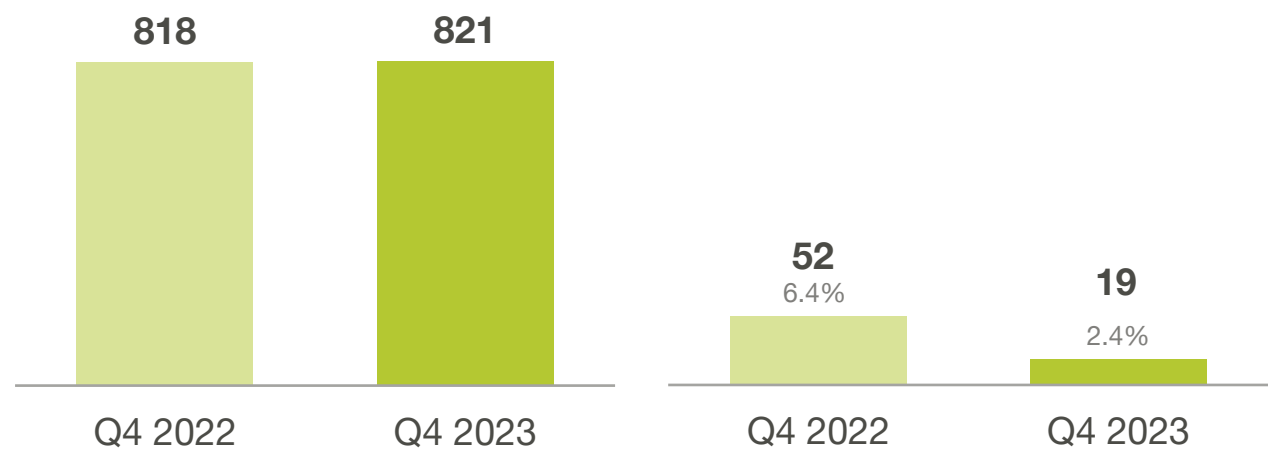
Organic Growth: Sales without effects from consolidation and FX. Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects.

Q4 SALES AND ADJUSTED EBIT DEVELOPMENT FOR ELECTRIFICATION SOLUTIONS DIVISION

Sales (€ mn)

Adjusted EBIT (€ mn)

Organic growth
+2.3% →



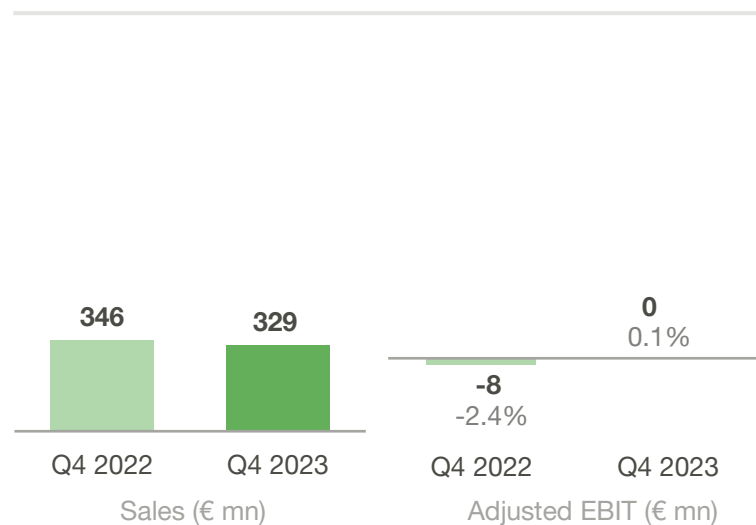
Electrification Solutions Division – DIV E

- > Ramp-up of new projects and improved material availability stood against ramp-down of old projects
- > Adjusted EBIT includes lower level for R&D reimbursements in Core ICE
- > Sales growth includes currency related headwinds of 2.0pp
- > Core ICE business benefits from overall market development and further stabilized supply chains resulting in 5.0% adj. EBIT margin

Organic Growth: Sales without effects from consolidation and FX. Adj. EBIT before amortization of intangibles from PPA, consolidation and special effects.

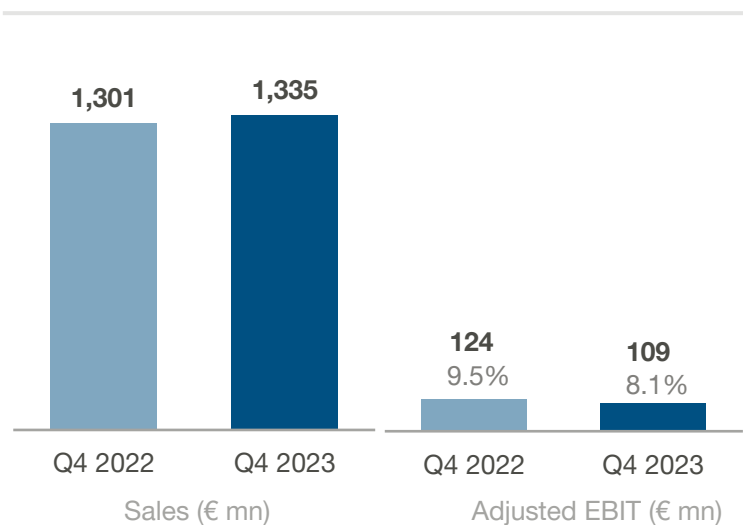
Q4 ELECTRIFICATION, CORE ICE AND NON-CORE BUSINESS

Electrification



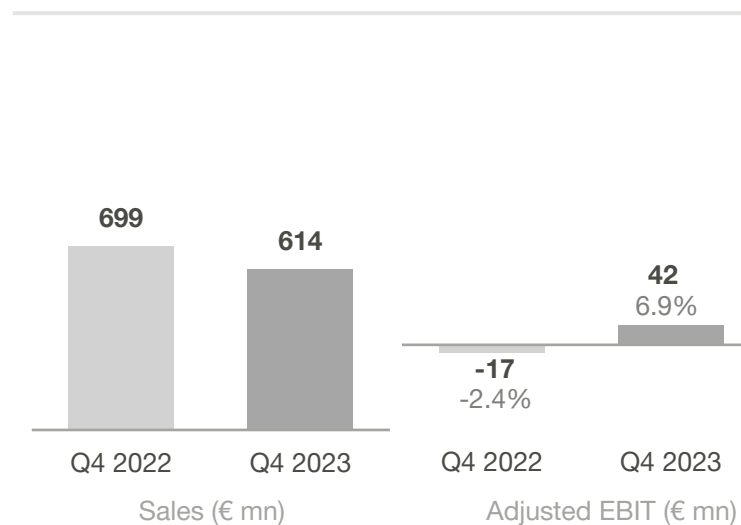
- > Sales reflects postponed call-off behavior from selected customers
- > Electrification on break-even levels during Q4 2023

Core ICE (excl. Electrification)



- > Slight improvement in top-line stood against lower levels of R&D reimbursements

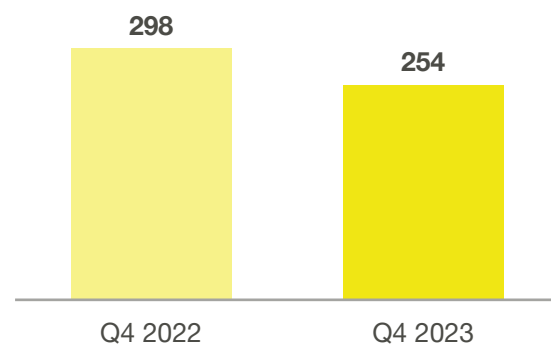
Non-Core



- > Decrease in Non-Core business continues as planned
- > Adj. EBIT came in positive mainly due to ongoing strict cost containment because of successful ramp-downs

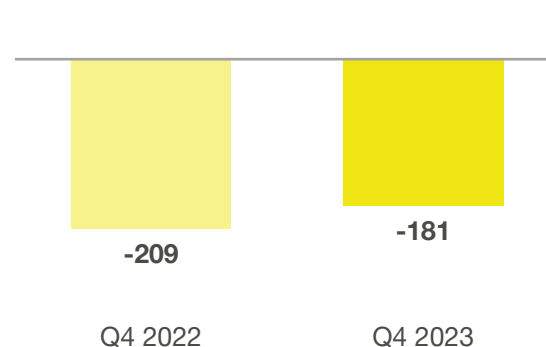
Q4 CASH FLOW PROFILE

Operating Cash Flow (€ mn)



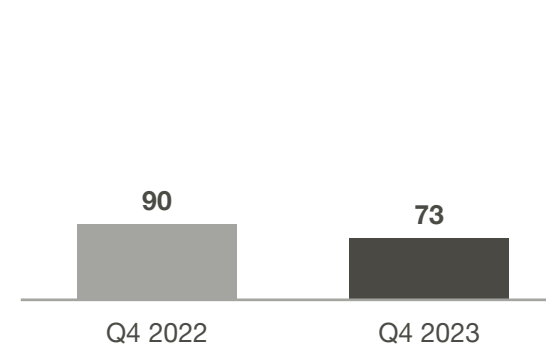
- > Lower operating cash flow despite higher profitability

Investing Cash Flow (€ mn)



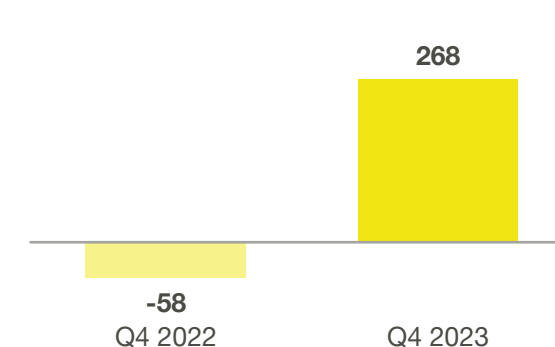
- > Higher level of capex due when compared to FY 2023

Free Cash Flow (€ mn)



- > Strong cash generation in Q4 2023 in line with seasonal pattern

Financing Cash Flow (€ mn)



- > Q4 2023 financing cash flow reflects utilization of long-term loans

THANK YOU