



Investor Update Call – Annual Result 2019 | May 4, 2020

Michael Frick | Member of the Management Board and CFO of MAHLE Group

Jan-Frederek Thiele | Director Corporate Controlling

Philipp Kuckuck | Vice President Corporate Finance

Disclaimer

This presentation was prepared with reasonable care. However, no responsibility can be assumed for the correctness of the provided information. In addition, this document contains summary information only and does not purport to be comprehensive and is not intended to be (and should not be construed as) the sole basis of any analysis or other evaluation. No representation or warranty (express or implied) is made as to, and no reliance should be placed on, any information, including projections, targets, estimates and opinions contained herein. By accepting this presentation you acknowledge that you will be solely responsible for your own assessment of the market and the market position of MAHLE and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of MAHLE's business.

This presentation may contain 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.

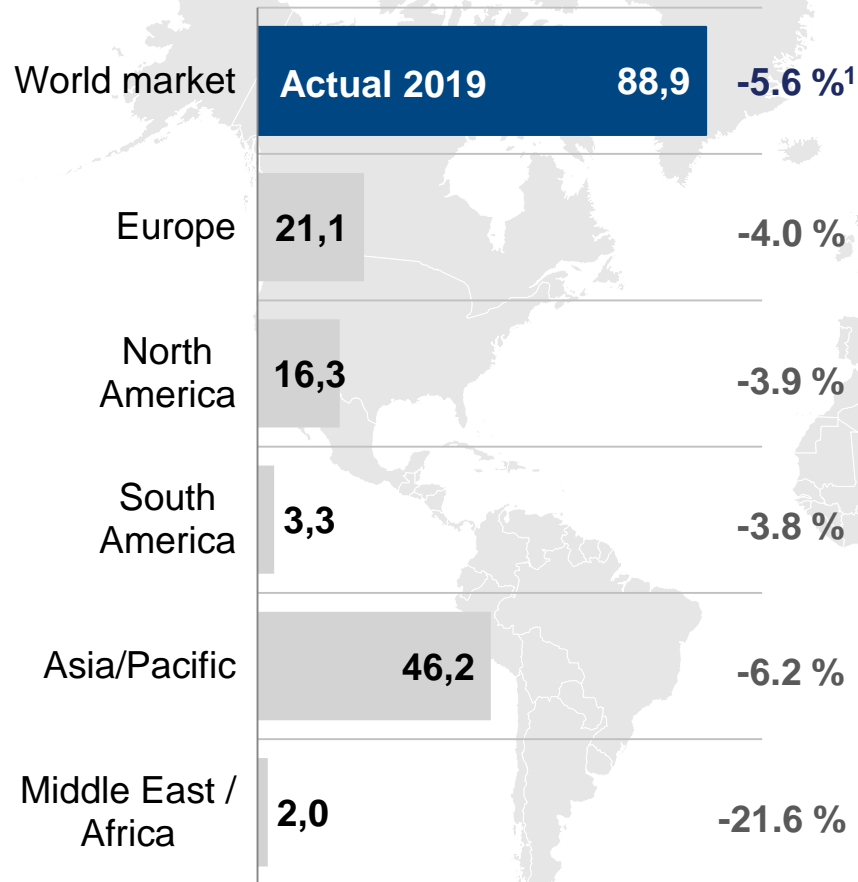
The estimates given involve a degree of risk and uncertainty, and the actual developments of e.g. MAHLE's sales, results and financial situation may differ from those forecasted. We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.

This presentation does not constitute an offer or invitation to subscribe for, or purchase any securities and neither this presentation nor anything in it shall form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. This presentation does not contain or constitute an offer of, or the solicitation of an offer to buy or subscribe for, securities to any person or in any jurisdiction to whom or in which such offer or solicitation is unlawful. The information contained in this presentation is not for publication, release or distribution in the United States, Australia, Canada or Japan and, subject to certain exceptions, the securities referred to herein may not be offered or sold in the United States, Australia, Canada or Japan or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada or Japan.

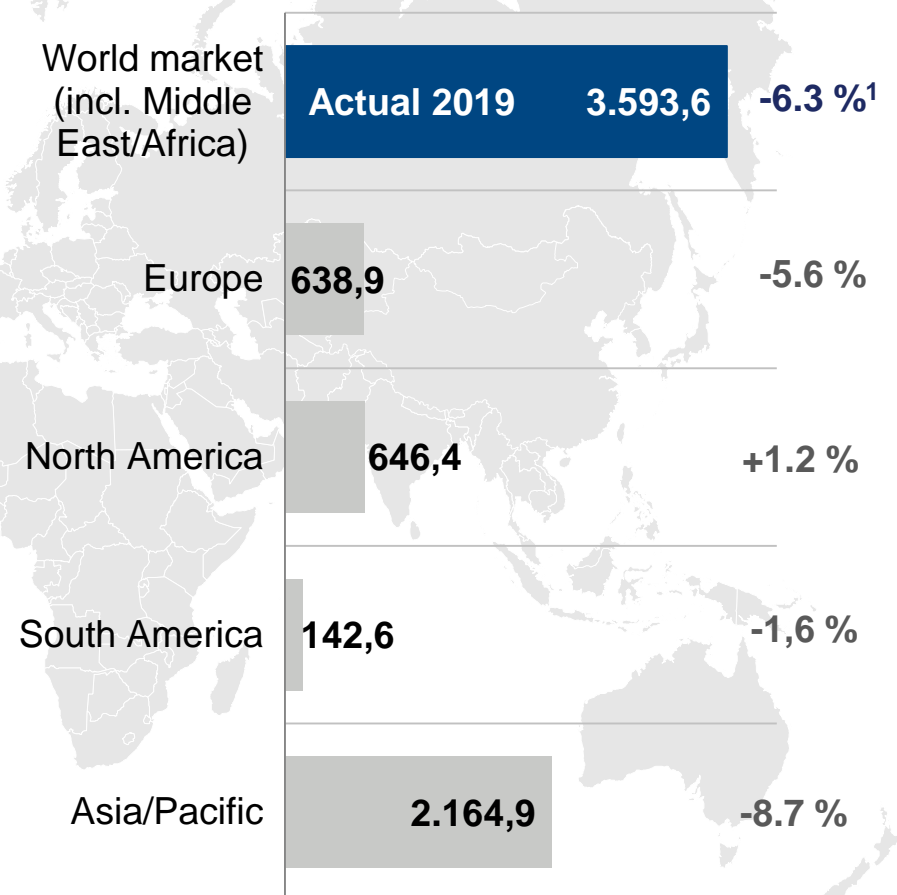
Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

2019 Market development dominated by global economic downturn due to rising trade conflicts and protectionism

Production of Passenger Cars and Light Commercial Vehicles [in mn pcs.]



Production of Medium and Heavy Duty Vehicles and Buses (>6t) [in tsd pcs.]

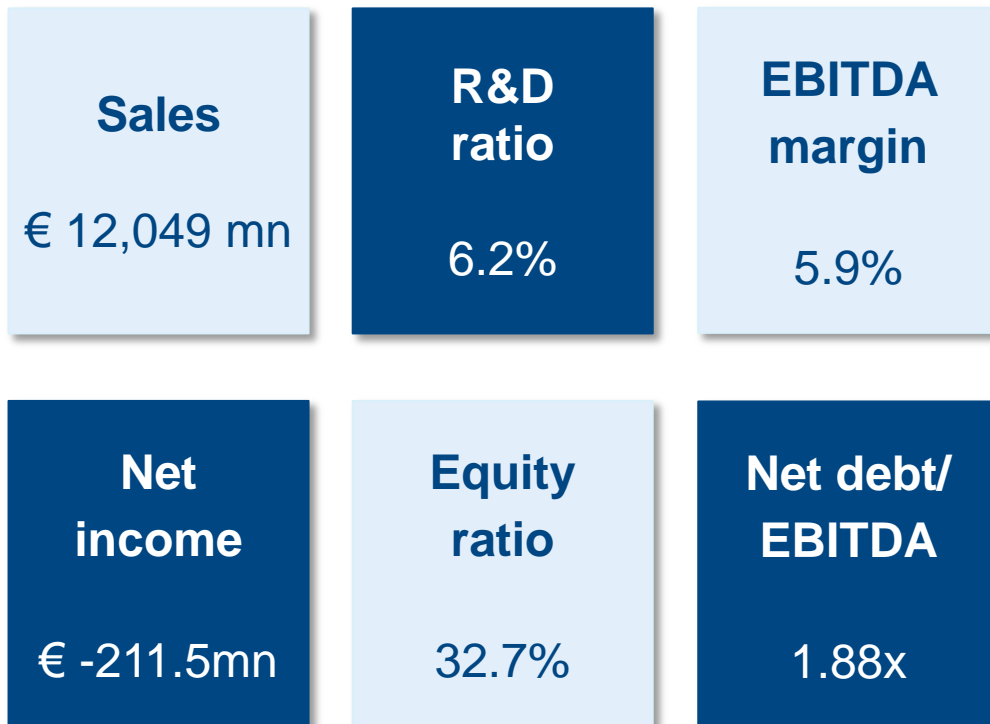


¹ Comparison Actual 2019 with Actual 2018

Source: Data provided by IHS Markit Copyright © 2020, Light Vehicles up to 6t, LV Production Dec. 2019 and MHD Production Dec. 2019

Weak market development and restructuring activities impacted sales and profitability

MAHLE Group – Key financials 2019



- Sales performance better than market reduction
- EBITDA margin mainly effected by restructuring accruals
- Net income impacted by EUR 200mn restructuring accruals
- R&D ratio remains stable to support transformation

MAHLE optimizes European footprint by closing and restructuring Western European plants & R&D centers



Restructuring of Thermal Management Plant Rouffach, France.



Closure of Filtration Plant Öhringen, Germany;
Reduction of Head-quarter activities, Stuttgart, Germany.



Closure of Engine Components Plant in La Loggia/Saluzzo, Italy.



Closure of Filtration Plant in Telford, UK.



Closure of R&D Center in Foetz, Luxembourg.



New Business Unit from 2020 for growth products in Electronics and Mechatronics

BUSINESS UNITS

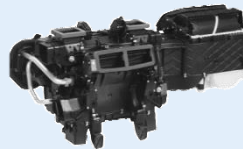
Engine Systems and Components



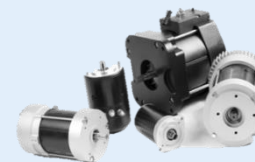
Filtration and Engine Peripherals



Thermal Management



Electronics & Mechatronics



Aftermarket



PROFIT CENTERS

Engineering Services, Motorsports, and Special Applications

Large and small Engine Components

Industrial Thermal Management

A/C Control Units



New organizational structure reflects MAHLE's dual strategy and supports growth areas

MAHLE Management Board Changes (effective 01/2020)



Human Resources and Director of Personnel

Anke Felder

Corporate Executive Vice President Human Resources



Filtration and Engine Peripherals / BU2

Martin Weidlich

Corporate Executive Vice President and General Manager



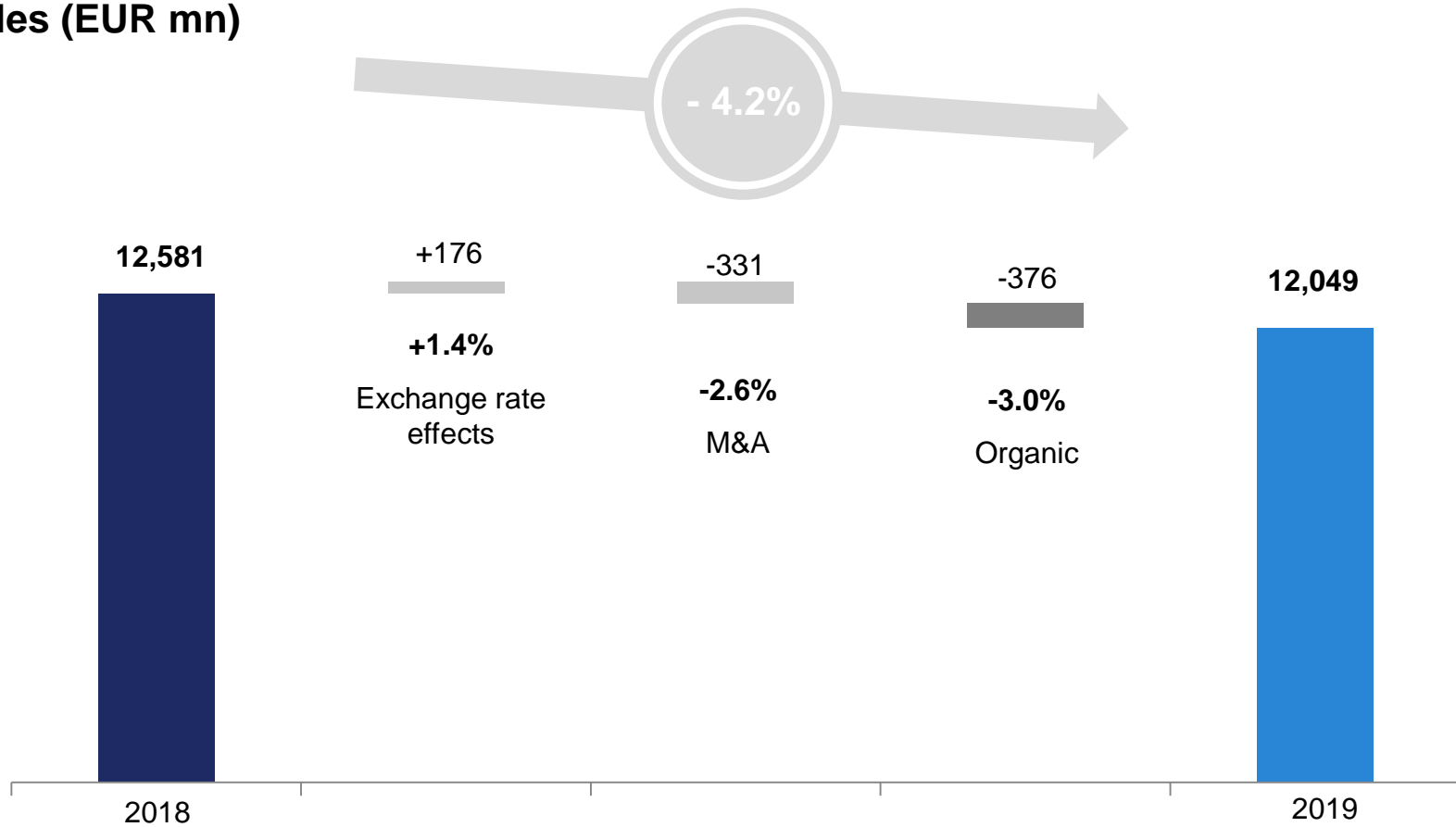
Electronics and Mechatronics / (new) BU4

Wilhelm Emperhoff

Corporate Executive Vice President and General Manager

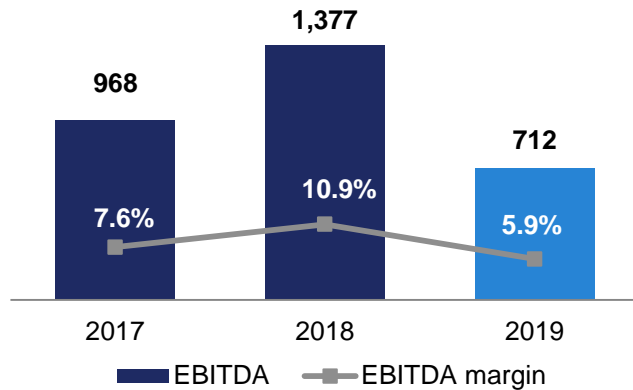
Positive sales performance in Mechatronics/ Electronics and Aftermarket leads to market outperformance

Sales (EUR mn)



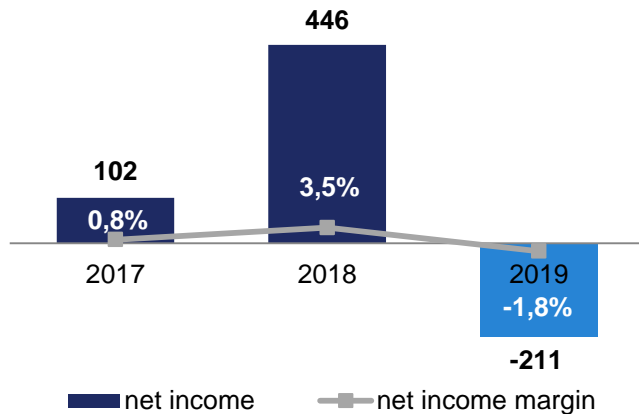
Earnings impacted by market decline and restructuring accruals

EBITDA (EUR mn)*



- Decrease in EBITDA & Net driven by:
 - Restructuring accruals,
 - Lower sales volumes,
 - Less attractive product mix,
 - Higher prices for plastic granulate and tariffs on aluminum and steel,

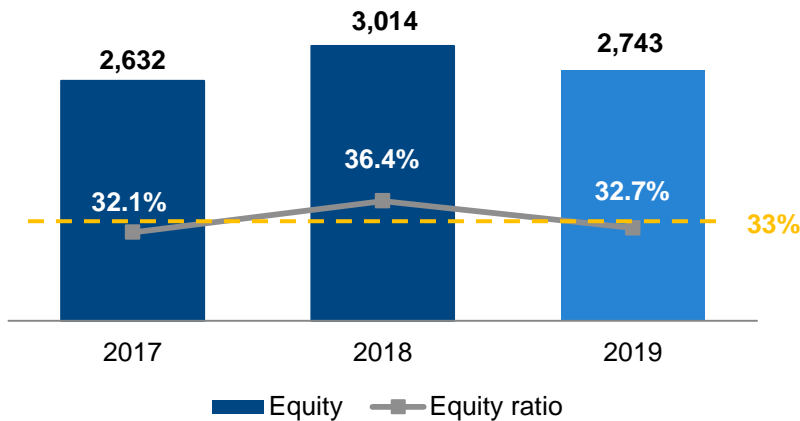
Net income (EUR mn)



*since 2018. Adjusted disclosure for 2017 and 2018 due to tax- and FX-effects

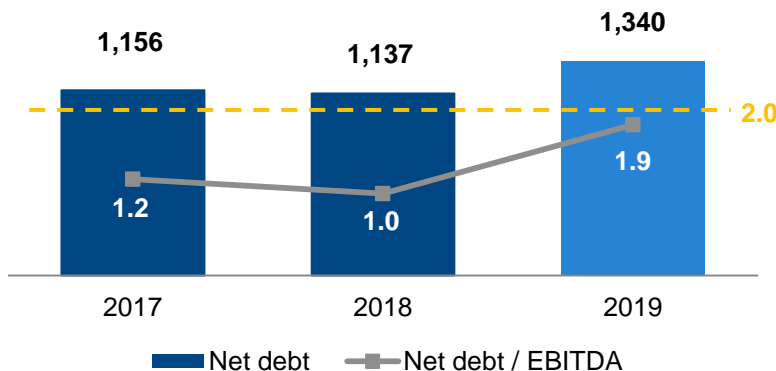
Despite significant head wind from markets, MAHLE is still in line with its financial thresholds

Equity (EUR mn)



- Reduced profitability and extended balance sheet total due to issuance of Schuldschein Darlehen in 2019 lead to a decline of the equity ratio

Net debt* (EUR mn)



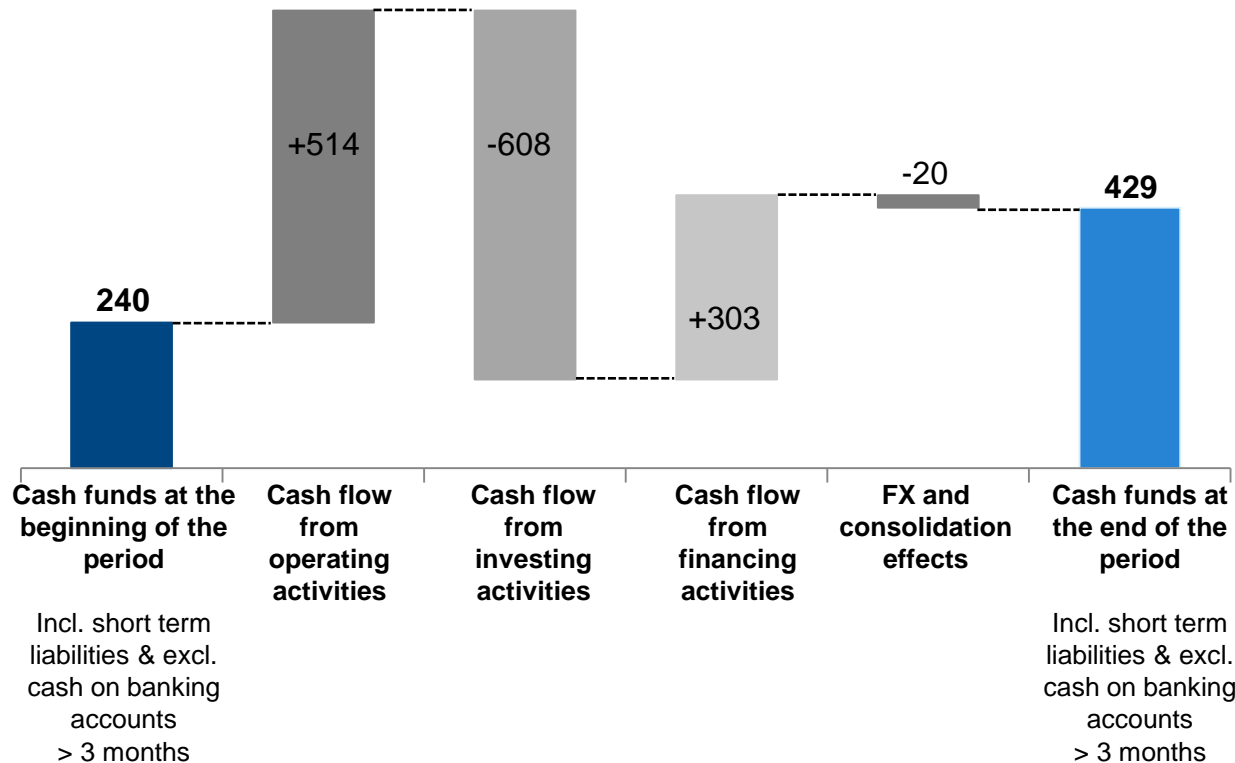
- Net debt/ EBITDA slightly below our internal threshold and mainly influenced by reduced EBITDA

- Leverage will remain high throughout 2020 due to Covid19 crisis impact on Sales and EBITDA respectively

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

Weak operating cash flow due to market downturn and final installment from 2017 quality warranty case

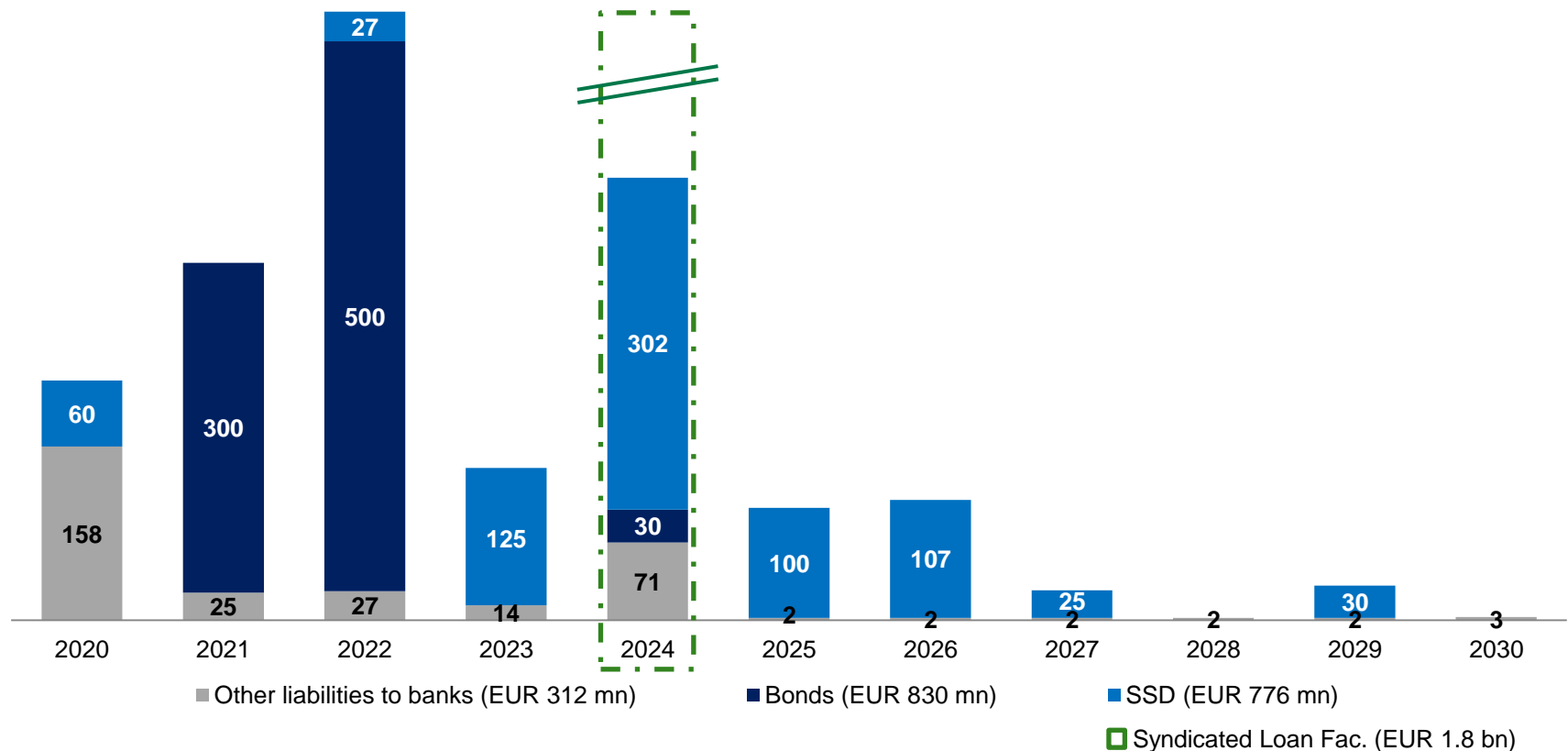
Cash flow development 2019 (EUR mn)



- Reduced operating cash flow due to
 - sales loss,
 - final EUR 30mn payment from 2017 warranty claims
 - increased working capital
- Cash flow for CapEx 10% lower than 2018 at EUR 549mn
- Investing Cash Flow includes M&A payment for further 5% stake in MAHLE Behr
- Schuldschein & Private Placement issuances

Well balanced maturity profile with newly extended Revolving Credit Facility

- MAHLE has extended its RCF to 5+1+1 years in 2019 and increase it by EUR 200mn to EUR 1.8bn
- MAHLE has issued EUR 175mn and USD 213mn Schuldschein in 2019 tapping USD for the first time
- MAHLE has issued a 5 year Private Placement stand alone Term Sheet Bond of EUR 30mn

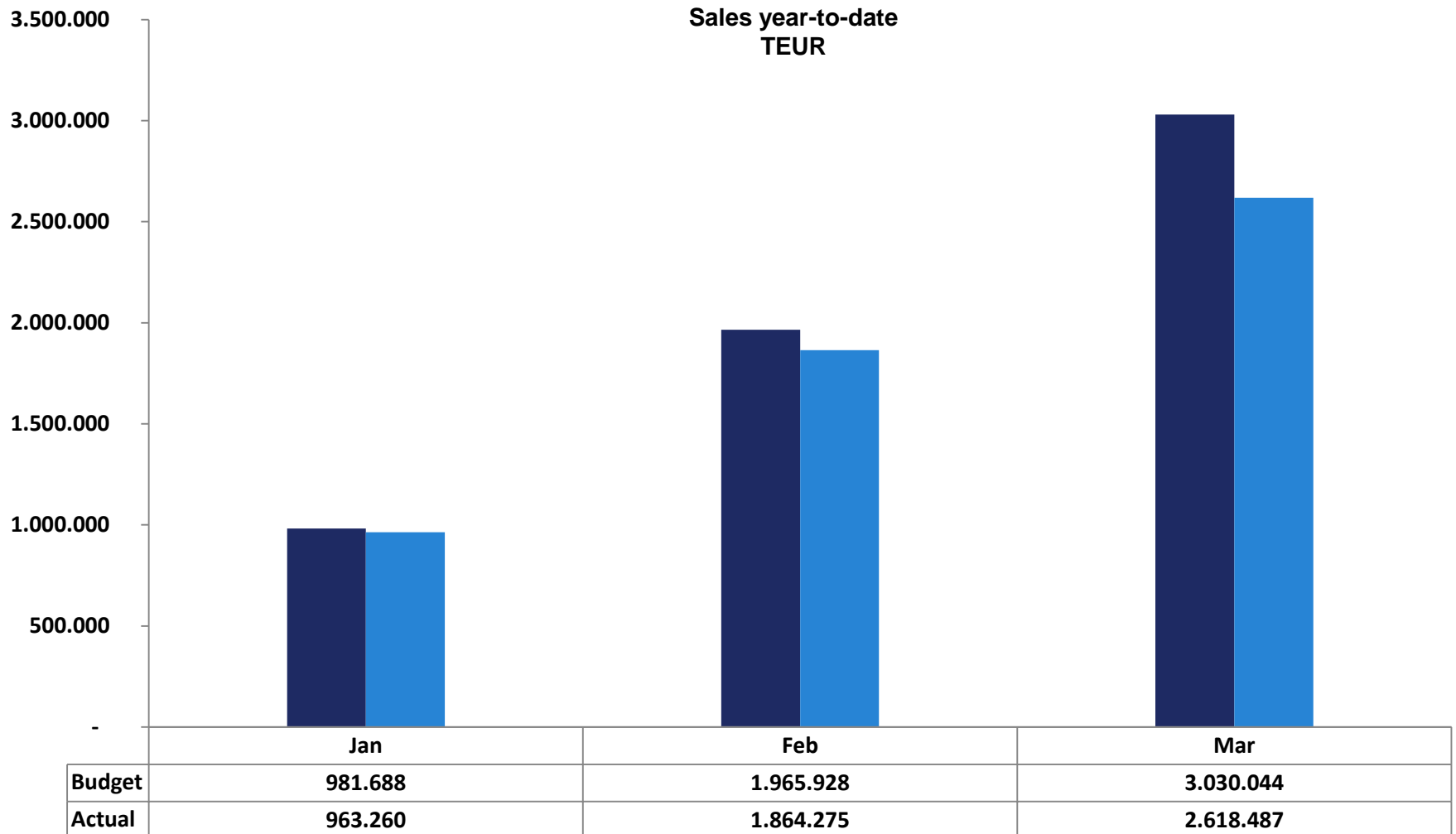


Data as of April 09th, 2020

RCF = Revolving Credit Facility

SSD = Schuldscheindarlehen

Sales development in 2020 year to date



Two Covid-19 scenarios

Scenario

- Original Outlook
- Possible outlook

Assumptions

Scenario 1 (U-type shape recovery)

Growth rate resumes at lower levels ...

- **5 Week Shutdown**
- **Moderate production recovery 2020** from May to December
- **Moderate Consumer confidence** recovery expected early 2021
- **Market still below Budget in 2021**, recovery from 2022 onwards

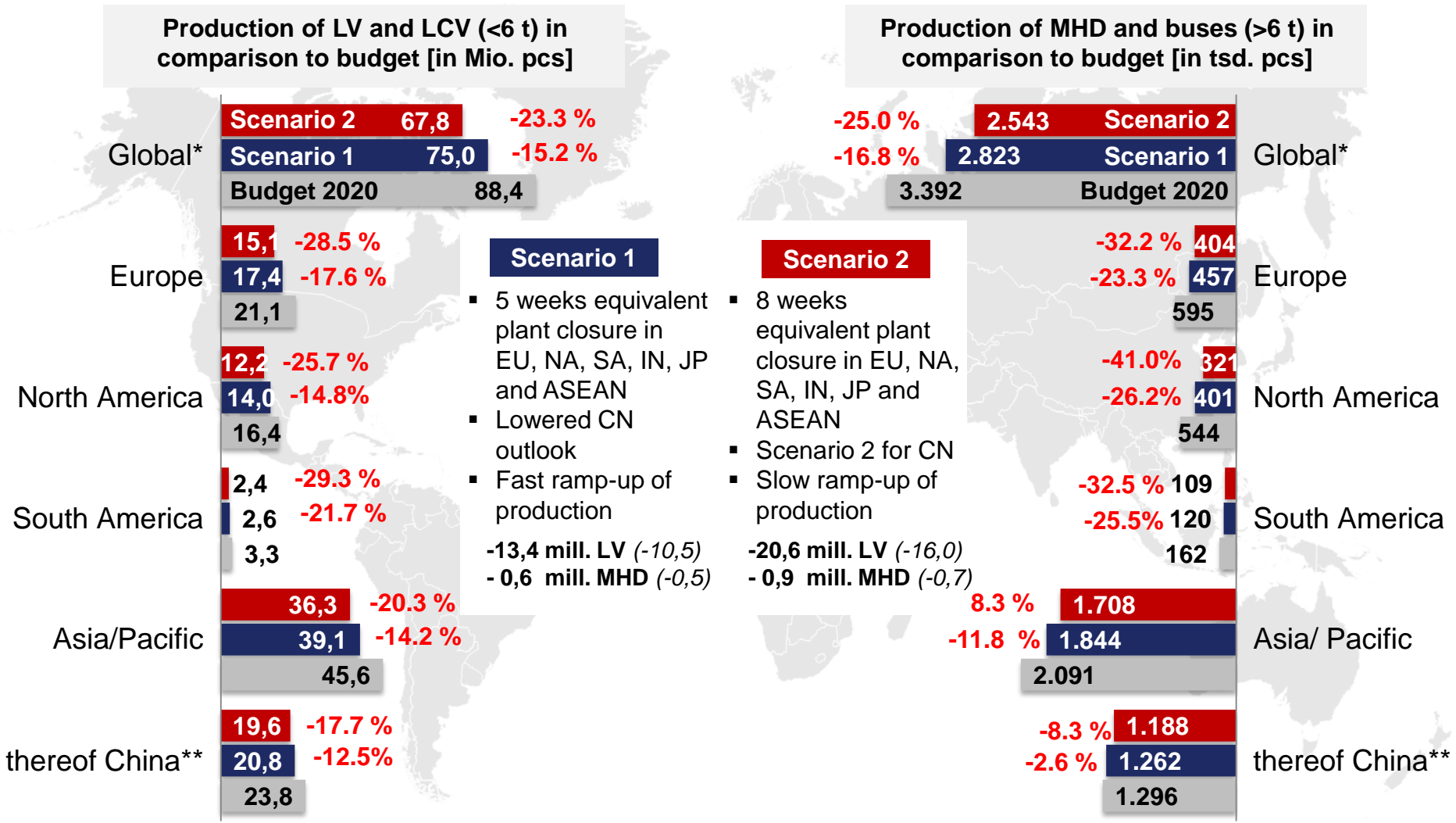
Scenario 2 (Deep U, skewed towards L shape recovery)

Growth rate resumes at much lower levels ...

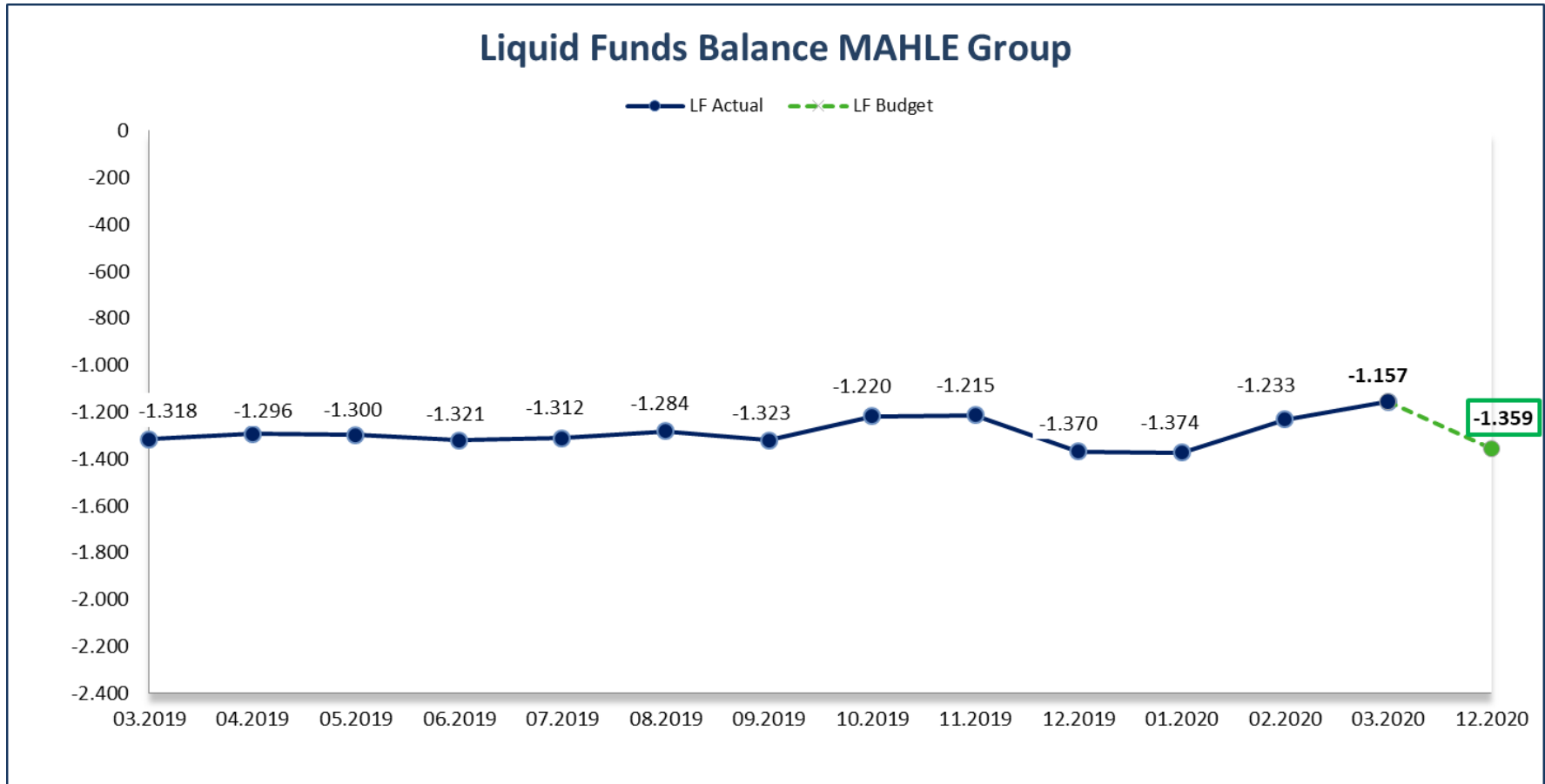
- **8 Week Shutdown**
- **Only poor production recovery 2020**, starting late May and slow ramp up to Dec.
- **Late Consumer confidence revival** expected earliest H2 2021
- **Prolonged slower growth rates in 2021 & beyond.**

Global automotive production scenarios 2020

Status April, 2020



Net Liquid Funds Year-to-date and Budget





Thank you for your attention
Q & A