

# Driving Excellence

Annual Press Conference  
April 16, 2024

**MAHLE**

**Please check against delivery**

Statements:

**Arnd Franz**

Chairman of the MAHLE Management Board and CEO

**Markus Kapaun**

Member of the MAHLE Management Board and CFO

Ladies and gentlemen,

I am very pleased to welcome you here today.

When I spoke here last year, I said that our clear target for 2023 was to get back in the black. And we did it!



We achieved this despite adverse conditions, further supply chain disruption, mounting costs, especially for primary products and energy, and a market that remains highly volatile – in both economic and geopolitical terms.

The challenges of the technological transformation remained with us in 2023. Market volumes lagged behind expectations. While last year saw positive developments in global markets for passenger cars and commercial vehicles, this trend did not apply to Europe. The sales of battery-electric vehicles, in particular, are still a long way from justifying the high investments we, like many others, are making in this area of technology.

In this difficult environment, we have diligently done our homework. Our measures to improve our results as part of our group strategy MAHLE 2030+ have taken effect. These efforts are beginning to bear fruit: here has been a positive trend in our key performance indicators.

# MAHLE is Back in the Black



Highest sales ever

Positive annual net profit

Performance programs & strategy MAHLE 2030+ have taken effect

Steady focus on cash and profitability

MAHLE is in upwards trend

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Our sales are up once again. Through a group-wide program, we worked diligently on improving our profitability. This also included cleaning up our portfolio. Together with FORVIA HELLA, we sold our respective 50% shares in the BHTC joint venture. We will shortly be disposing of our OEM business with thermostats. In the aftermarket, thermostats will remain part of our product range.

We are now focusing more closely on our core products in electrification, thermal management, and sustainable internal combustion engines. In these areas, we are among the leading suppliers in the market.

Thanks to our global presence, we are closely networked with our business partners all over the world. This enabled us to take countermeasures in line with the market and partially offset additional costs. This, for me, is a clear demonstration of the strong relations we enjoy with our customers and suppliers. We all share common challenges and collectively strive to identify solutions – transparently and in close collaboration. I would like to thank everyone for their constructive and confident cooperation.

All in all, we were able to achieve a turnaround in terms of our operating and group result for 2023. Markus Kapaun will be presenting the figures in detail shortly. However, I can already reveal that we closed the 2023 financial year with a profit.

MAHLE is stabilized, and we are on the upswing. But we still have a long way to go. We are moving in the right direction!

# Driving Excellence

The MAHLE logo is positioned in the bottom right corner of the slide. It consists of the word "MAHLE" in a bold, blue, sans-serif font. The background of the slide features a large, stylized circular graphic composed of concentric rings in various shades of blue, with a central white circle.

Throughout MAHLE's more than 100-year history, our company has repeatedly demonstrated that we can advance the automotive industry worldwide with innovative strength, quality, and industrialization expertise. And we continue to do so, even as our industry undergoes massive and fundamental change.

I would like to take this opportunity to thank our more than 72,000 employees in 29 countries for their commitment and passion to delivering top performance and going the extra mile. This is why the title of the 2023 annual report is "Driving Excellence."

The future of mobility is electric. In light of our extensive experience as a supplier of engine components, the changes resulting from electrification represent the most severe upheaval in MAHLE company history. We will leverage the next few years to meet the highest technological and economic standards. In everything we do.

Our traditional business with internal combustion engine components is still going strong, even better than expected in certain areas. With our new technology fields of electrification and thermal management, we are among the key companies shaping future mobility. We provide cutting-edge technologies that fulfil our customers' needs. Still, we have a long way to go before these new technologies achieve a market position as strong as those of our traditional products. To achieve this, we will need higher volumes. Electrification must occur faster in order for us to grow sustainably.

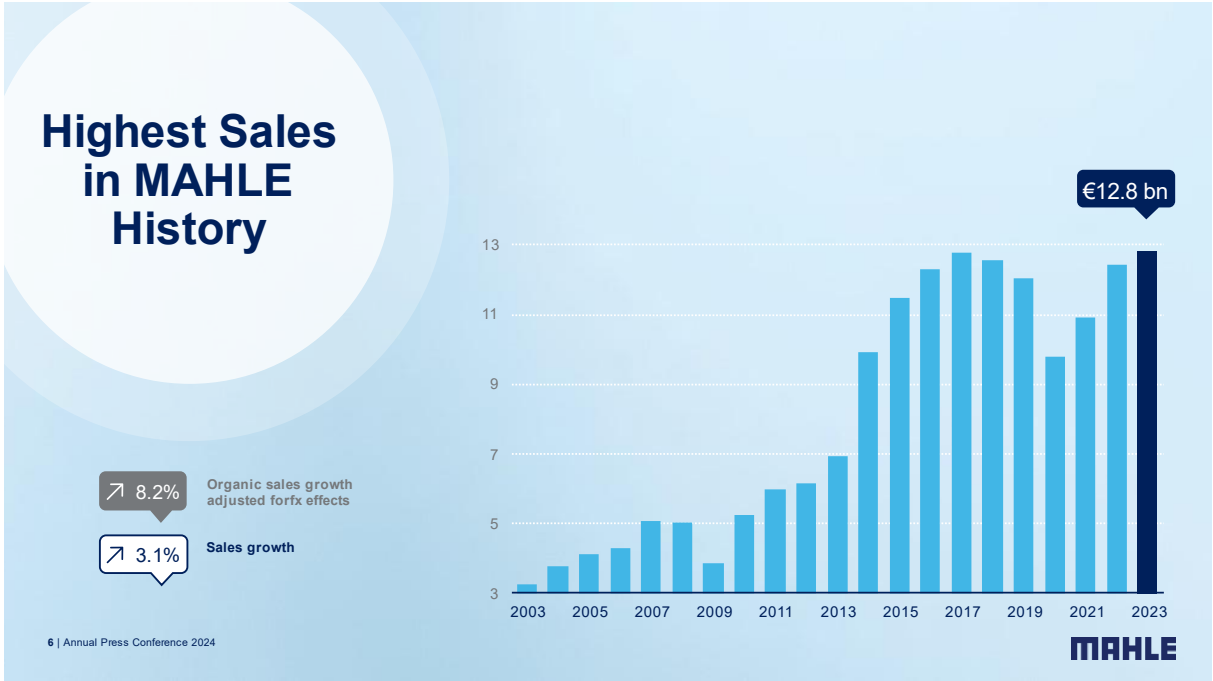
Markus Kapaun will now present our figures for the 2024 financial year in detail.

I would now like to hand over to you, Markus.

Ladies and gentlemen,

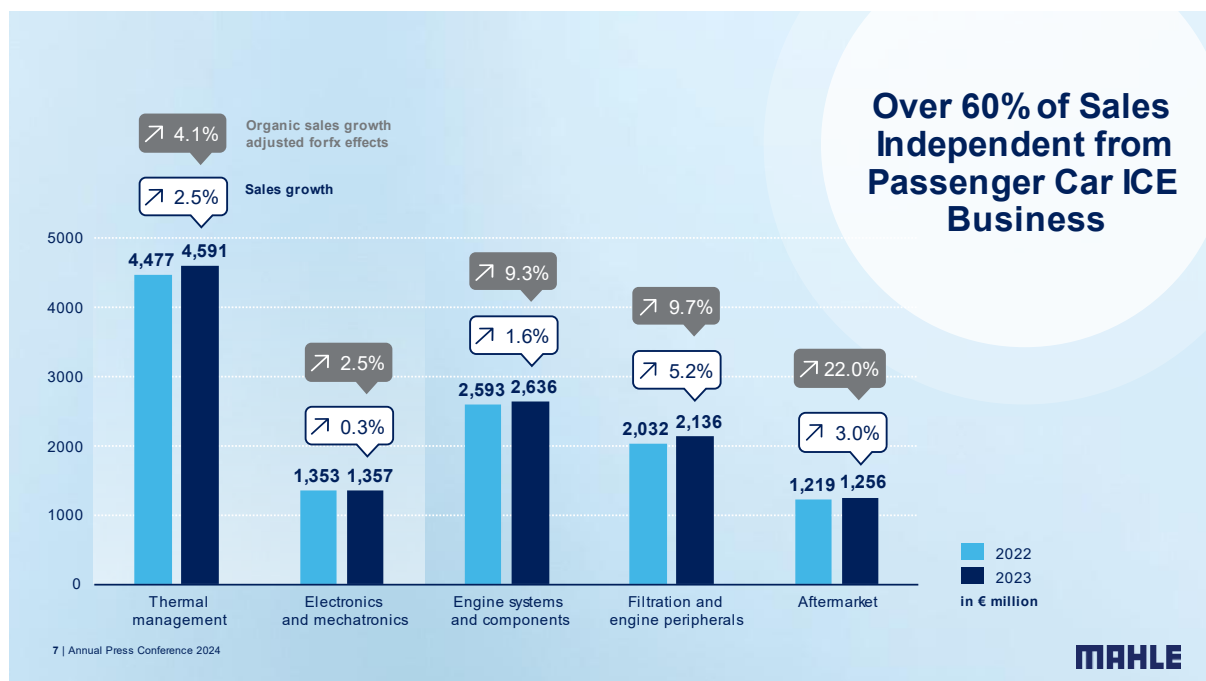
As Arnd Franz has already explained, 2023 was not an easy year for us or the automotive supplier industry as a whole. We continued to contend with rising costs along the entire value chain. This was mainly due to high wage settlements for primary products and rising energy costs. And the orders we expected for e-mobility products did not materialize.

Nevertheless, we achieved our sales and profit targets.



Overall, our sales were on a par with pre-crisis levels. With €12.8 billion, we achieved the highest sales in the company’s history. Adjusted for negative exchange rate effects, organic growth amounted to 8.2 percent. We were able to further boost sales volumes as well as raise our sales prices.

Let us now turn to our individual **business units**:



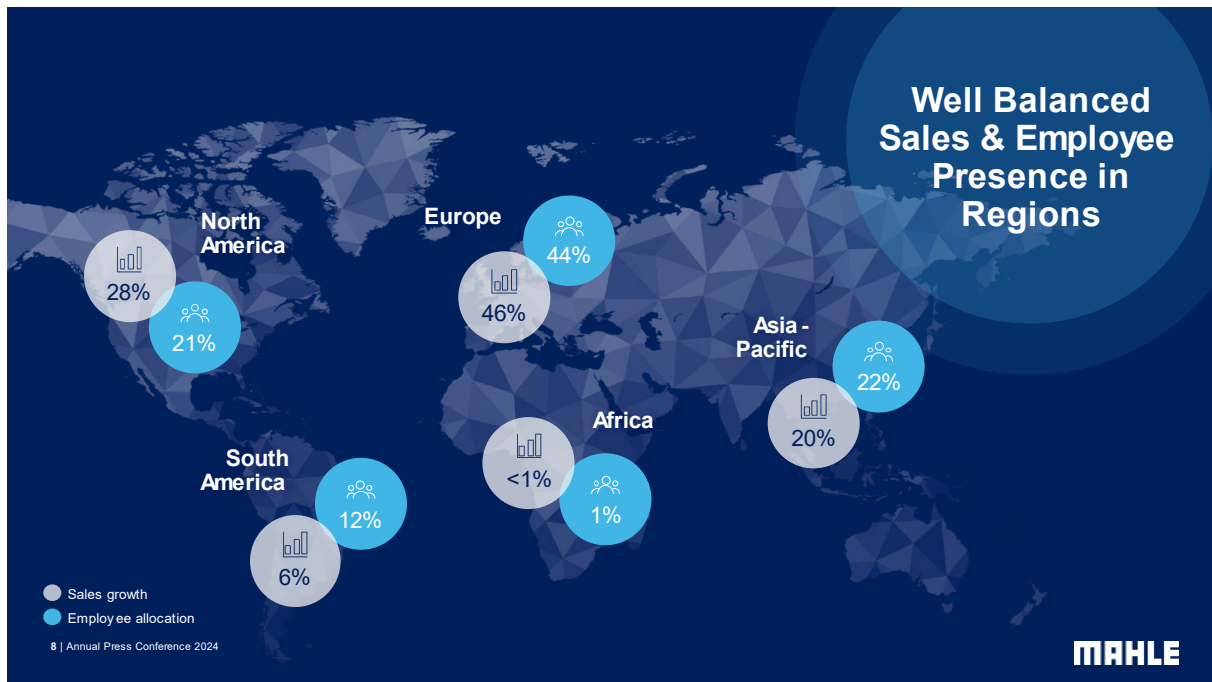
In our business units primarily associated with internal combustion engine products, we achieved significant growth, especially in Europe and North America. Global sales of engine systems and components rose by 1.6 percent – or 9.3 percent adjusted for exchange rate effects – to €2.6 billion. Our Filtration and Engine Peripherals business unit performed even better, with an increase in sales of 5.2 percent – or 9.7 percent adjusted for exchange rate effects – to €2.1 billion.

In total, we generate nearly 40 percent of our sales with technologies and products directly related to passenger car combustion engines. Our traditional business is still going strong. In this generally declining market, we intend to win further market share and to remain a reliable partner for our customers.

Still, it is simultaneously important to position our solutions and products for e-mobility in the marketplace. The sales of our Electronics and Mechatronics business unit rose slightly to €1.4 billion, while in our Thermal Management business unit, sales increased by 2.5 percent, or 4.1 percent adjusted for exchange rate effects, to €4.6 billion. What is evident in both these business units is that vehicle manufacturers did not sell as many battery-electric vehicles as planned. However, developments show that we are heading in the right direction. To this end, we were able to further expand our portfolio of thermal management products for electric vehicles as well as begin to manufacture new products for air conditioning systems and battery cooling plates at our European locations. In the field of battery cooling, we recorded double-digit growth.

Finally, we also achieved strong results in the Aftermarket business unit. Here, we were able to increase sales – in particular with engine components and filter products – by 3 percent, or 22 percent when adjusted for exchange rate effects, to €1.3 billion.

Our sales have grown in all regions of the world.

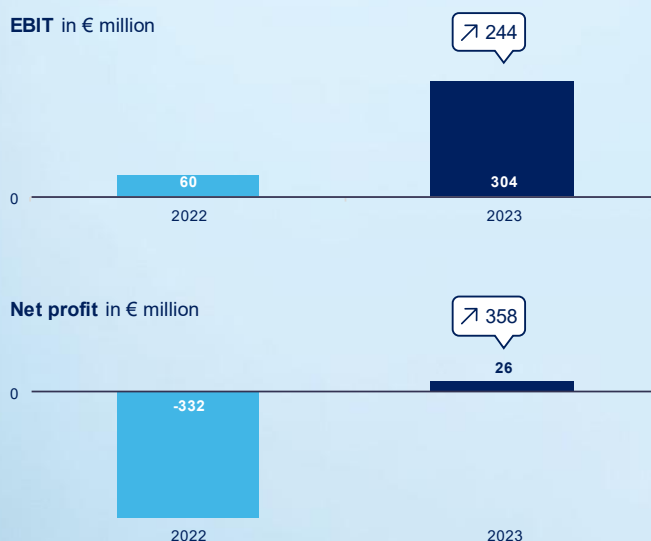


Despite the considerable organic sales growth, the number of employees worldwide remained stable overall at just under 72,500 in 2023. We hired more employees than in previous years – particularly in Europe and North America, and especially in our future-oriented areas of electronics, mechatronics and thermal management. We produce almost exclusively locally, i.e., directly where our customers need the parts. We supply components to all manufacturers of passenger cars and commercial vehicles throughout the world. Particularly gratifying here is our wide diversification: our 10 biggest customers account for less than 50 percent of our sales.

Ladies and gentlemen,

Let's take a look at the profit situation. It shows we have achieved a clear turnaround!

## Positive Annual Net Income



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We have boosted our operating result by €244 million and our consolidated result by €358 million.

Our earnings before interest and taxes (EBIT) rose from €60 million to €304 million. This enabled us to secure an EBIT margin of 2.4 percent, compared to 0.5 percent in the previous year.

In terms of our group result, following a net loss of €332 million in the previous year, MAHLE was able to record a positive annual net income of €26 million.

Aside from the positive trend in sales volume, other factors that had a particularly strong impact were sales price adjustments as well as consistent measures implemented to boost productivity and profit. We will continue along this path in 2024. The goal is to continuously improve our profitability through – for example – excellence initiatives in purchasing, production, sales, and administration. In addition, we will be implementing further measures to optimize our portfolio, streamline our locations, and improve our working capital.

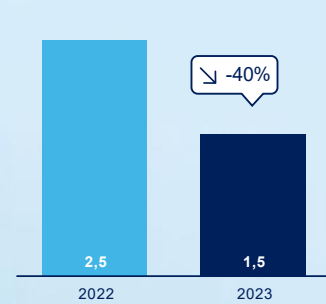


## Significantly Reduced Net Debt

Net debt in € billion



Net debt ratio to EBITDA



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Our improved performance is also evident in other key indicators:

There was a significant reduction in the net debt shown by our balance sheet, which fell to €1.35 billion. Our debt ratio, i.e., the ratio of net debt to EBITDA, fell markedly from 2.5 to 1.5.

An improved operating earnings situation, a successful passing of cost increases to customers, and individual effects related to the aforementioned portfolio readjustment all played a role in this.

Due to the slight balance sheet profit, our equity ratio remained almost stable at 19.6 percent. Currency effects resulted in insignificant differences compared to the previous year.

## Continuous High Investments

to Secure Future Growth

- **€491 m**  
invest in tangible fixed assets
- **€673 m**  
for new products and processes



Technology Kit  
for Electric Motors

High Voltage Coolant Pump  
Functional Test Rig

Despite a reduction in net debt, we were able to increase the investments in our tangible fixed assets. In the 2023 financial year, we invested €491 million above depreciation. This corresponds to an investment ratio of 3.8 percent of sales. The focus of our investments was on our important future-oriented areas of thermal management, electronics, and mechatronics.

In line with our MAHLE 2030+ strategy, a large proportion of our research and development expenses was also dedicated to our core areas of electrification and thermal management. Despite the difficult business environment, our research and development expenses rose slightly to €673 million. That represents 5.3 percent of sales. As a result, we have registered 341 new patents – nearly one per day – in addition to 502 records of invention.

To ensure financial flexibility and independence, we have a broad-based group financing structure and are constantly working to diversify and manage maturities.

Most recently, we signed a new syndicated loan agreement for €1.6 billion in February 2024. This new agreement replaces the old loan, which was due in 2025, ahead of schedule. The new credit line consists of a revolving tranche of €1.2 billion and an additional loan of €400 million euros. It was provided by 11 international (core) banks.

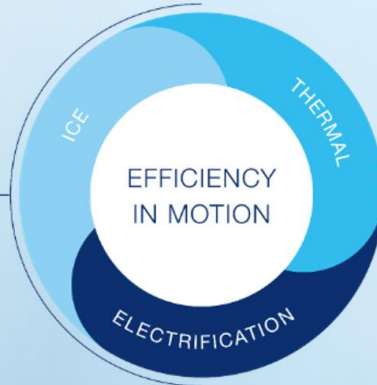
I have now completed my presentation and would like hand over back over to Arnd Franz.

# MAHLE 2030+ is Successfully Driving Transformation

## Cost leadership strategy

Improve efficiency, including H<sub>2</sub> and non-fossil fuels.

WE SHAPE  
FUTURE MOBILITY



## System solution strategy

Major supplier of modular and highly efficient thermal management systems with global footprint.

## Focus strategy

on electric drives and intelligent charging.

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Thank you, Markus.

Ladies and gentlemen,

2023 was another year of headlines, many of them negative. Political decisions, such as the unexpected U-turn on purchase incentives for electric vehicles in Germany at the end of the year, did little to ensure the much-heralded planning security – in fact, they had the opposite effect. Nevertheless, the transformation to zero-emission, sustainable mobility continues to make progress. As it must!

In our view, these developments represent considerable opportunities for MAHLE, which are reflected in our group strategy MAHLE 2030+. In line with our vision. “We Shape Future Mobility,” we will shape our future with top technologies for electrification, thermal management, and efficient, sustainable internal combustion engines.

Electrification is the topic of the future. Our focus is on electric drives and intelligent charging. We are doing everything we can to make e-mobility more attractive and more affordable. Thermal management is crucially important for electrification and is a MAHLE key competency. This is why we are developing system solutions for battery-electric, hybrid vehicles, and conventionally powered vehicles. Regarding the internal combustion engine, we are forging ahead with efficiency improvements and thus enabling the fastest transition away from fossil fuels possible.



In 2023 we secured new OEM contracts totaling €10.5 billion. These contracts pertained to all three MAHLE strategy fields as well as all vehicle classes and powertrain types.

We are especially pleased about orders secured for our electric traction motors – from premium passenger cars to e-scooters. This confirms that we are on the right track technologically.

Our thermal management solutions are making key contributions to the electrification of all vehicle classes. Our electric compressors remain best-sellers. In 2023, we won further major contracts. As a result, we have been able to boost the current total order volume for electric climate compressors to roughly €2.2 billion euros.

With our cooling modules, we acquired orders with a total sales volume of around €710 million worldwide in 2023. We are particularly pleased that we have been able to win over new manufacturers from China, who account for almost half of the order volume.

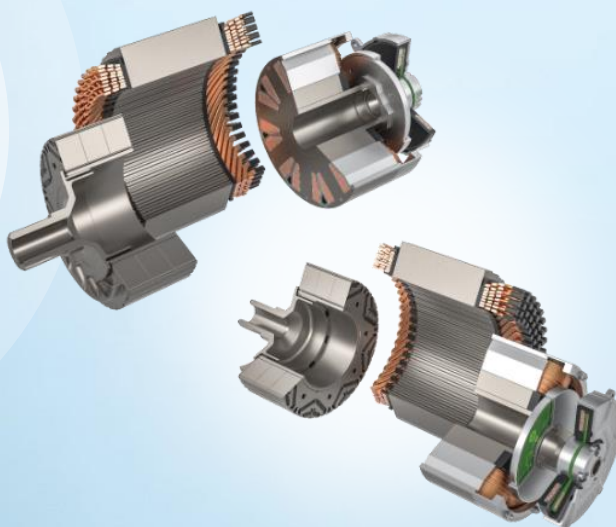
With a total volume of almost €700 million euros, the largest single order secured in 2023 was for our HVAC modules, which, as you know, are required in all types of powertrains.

Our innovative humidifier for the air intake system of fuel cell vehicles also won over major customers.

And in the internal combustion engine space we won orders for more than just conventional powertrains: A further production order for hydrogen engine components, in this case awarded by DEUTZ, confirms that we are on the right track with our commitment to sustainable fuels.

## The Perfect E-Motor for a Wide Range of Vehicles

MAHLE Combines  
Benchmark Technologies  
SCT and MCT



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Ladies and gentlemen,

MAHLE has the necessary innovative strength and an effective strategy to cement its position as a leading global automotive supplier in all relevant automobile markets.

2023 was a landmark year for innovations. We have set new benchmarks. Our technical innovations boost the performance and efficiency of electric vehicles. Our technology toolkit for electric motors combines the benefits of our Superior Continuous Torque (SCT) and Magnet-free Contactless Transmitter (MCT) technologies. Designed as a modularly configurable solution, the “perfect motor” offers the best of both worlds – combining permanently high peak power and efficiency while also eliminating the need for rare earth elements.

## MAHLE Goes Bionic

Battery Cooling with  
the Power of Nature



We were also able to achieve a genuine leap forward in technology with our new bionic battery cooling plate. This offers 10 percent more cooling power than conventional designs. Thanks to the innovative cooling system, batteries are able to deliver greater performance, can be charged faster, and are more durable.

## Reduce Complexity

Thermal Management  
Module Increases  
Range and Efficiency



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In electric vehicles, systems for heating and cooling the powertrain, energy accumulators, and inner vehicle cabins are becoming much more complex. In order to reduce this complexity to the greatest extent possible, we introduced a new thermal management module in 2023. This

module integrates heat exchangers, coolant pumps, sensors, and valves into a single unit. This approach reduces package space and costs. In addition, the module works much more efficiently and can extend the range of an electric car by up to 20 percent.



We are especially pleased about a milestone achieved in the wireless charging space. In 2023, the leading international engineering association for the progress of mobility technologies, SAE International, declared the MAHLE new automated positioning system as the global standard for the future of contactless charging. The decision of SAE in favor of our technology confirms our systems expertise in electrification. It also paves the way for the rapid, widespread market launch of this appealing alternative to cable-connected charging. I am convinced that this will serve as a major boost for e-mobility. In Siemens and Witricity, we have secured two strong partners with whom we will work to continue advancing the overall system of charging infrastructure and vehicle technology.

In 2023, we also embarked on another new key partnership, as we joined with battery specialist ProLogium of Taiwan to develop and assess thermal management systems for the next generation of solid-state batteries.

## Battery Diagnostics

Making Workshops Fit for the Future

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In the key business areas of service and spare parts, we are also working on innovative products for workshops to keep these sectors fit for the future. In keeping with our group strategy, electrification, digitalization, and sustainability are the three pillars of this business unit. One recent example is E-HEALTH Charge, our new battery diagnostic system for electric vehicles of all types and brands.

## Sustainable Fuels

Climate Neutral Combustion Engines

**E-Fuels/Biofuels:**  
Decades of expertise

**Hydrogen:**  
Fast decarbonization for commercial vehicles

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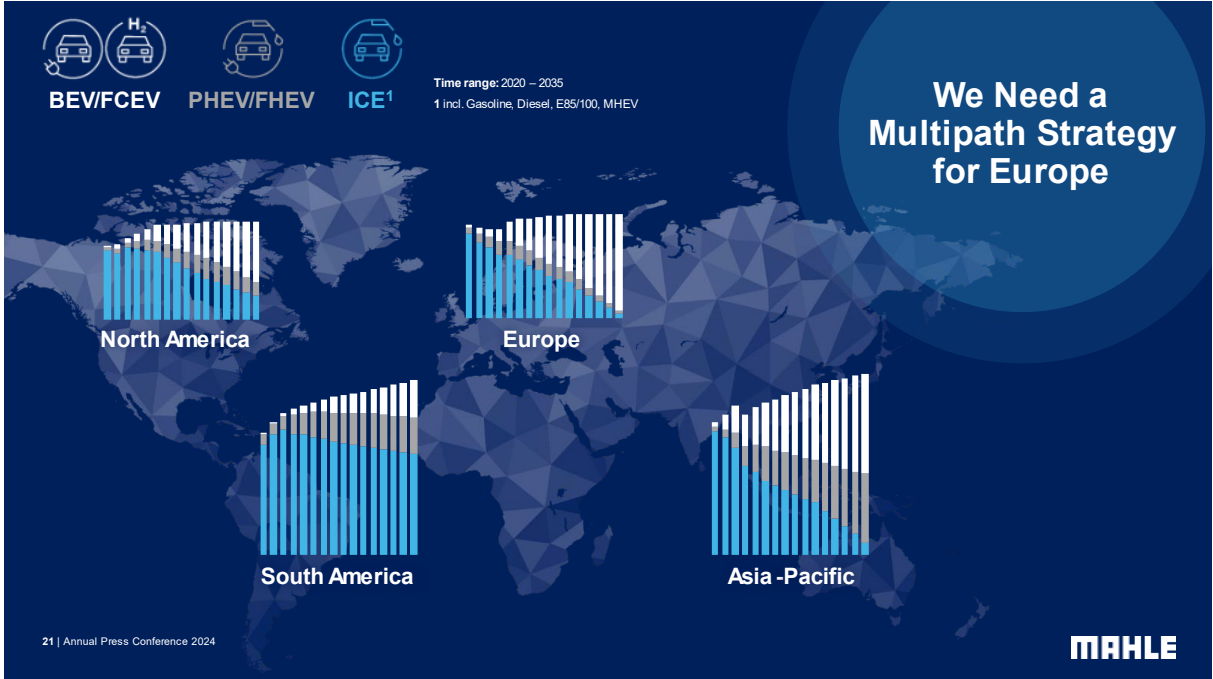
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Last but not least, we used our expertise in 2023 to pave the way for the use of sustainable fuels in internal combustion engines. Our components for high-efficiency engines also capable



of running on e-fuels, hydrogen, or other non-fossil fuels will contribute to greater sustainability. The opening of our Bio Mobility Center in Brazil enables sustainable mobility worldwide.

Because one thing is clear: e-mobility alone will not be sufficient to achieve climate targets. Effective climate protection will require faster decarbonization, and that e-mobility grows at a much faster pace. This is a task for society as a whole. Everyone must play their part in terms of technology, regulations, industrial policy, and infrastructure.



Especially – but not only – in emerging economies and in certain segments of the commercial vehicle sector, internal combustion engines will remain the drive system of choice for the foreseeable future. This is why we need sustainable internal combustion engines that can be operated with renewable fuels. This also applies to the existing fleet of combustion engine driven vehicles, which will still populate the roads for decades to come.

So the motto must be: To decarbonize mobility, we need to phase out fossil fuels — as quickly as possible!

In Europe, we need a multipath powertrain strategy such as those Japan, China and North America are already pursuing. We need responsible regulatory action that is aligned with reality – not only so firms can work in a future-proof and profitable way, but also so that the industry can play an active part in shaping the coming employment and social ramifications of the technological transformation.

In 2023, to safeguard the future of our German facilities, we also reached a unique collective bargaining agreement for the future with employee representatives. This agreement outlines our process for the joint development of location-specific future concepts for German plants and for the necessary training of employees. This transformation dialogue is currently being intensely pursued.

# Driving Excellence

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Ladies and gentlemen,

I would like to close with an appeal. The manifold global challenges of our times cannot be solved by the economy alone. We are committed to playing our part in society as an employer and innovation driver. As a foundation-owned company, social participation and respect for people and the environment form core MAHLE values. For this reason, like other companies, we require the right framework conditions.

Germany must be internationally competitive and regain its position as the driving force in Europe. This means rapidly reducing bureaucracy, while also ensuring competitive energy costs, a reliable infrastructure, political and regulatory stability, and a basis for reliable planning as well as addressing the shortage of skilled labor. With young technological talent from schools and universities who have the will to shape the future.

We have long seen ourselves as a European company. This is why the European Parliament election in June will play a central role for MAHLE. We are therefore encouraging our employees to vote. We have 30,000 people working for us in 14 countries within the European Union. Because Europe is relevant. In the next legislative period, MAHLE hopes for a strong industrial policy focused on competitiveness and location conditions. We advocate a fact-based policy that does not rely on bans in technology, but rather on diversity. We appeal for innovation-friendly conditions, in which the transformation to sustainable technologies is encouraged via the free competition of ideas. This transformation can also leverage significant potential in new areas such as digitalization and the more efficient use of data in mobility. A future-oriented agenda is crucial to promote innovation, investment and growth.

Ladies and gentlemen,

Let me recap:



The slide features a light blue background with a large white circle in the center. At the top right of the circle is a blue award ribbon icon with a checkmark. The main title 'MAHLE is Back on Course for Success' is written in bold blue text. Below the title are five vertical text boxes, each containing a key message. The MAHLE logo is in the bottom right corner, and the text '22 | Annual Press Conference 2024' is in the bottom left corner.

## MAHLE is Back on Course for Success

- MAHLE has managed to turn the trend around
- MAHLE 2030+ strategy is working
- 2024 is key milestone to get back on track
- E-mobility ramp-up needs predictability
- We are ready for the mobility transition

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1. 2023 was an important year for MAHLE. Despite the many economic and geopolitical challenges, we faced, we boosted sales and closed the year with a profit. **MAHLE has managed to turn the tide.**
2. **Our strategy MAHLE 2030+ is gaining traction.** We are back on course: solid financing, close cooperation with our employees, strong relationships with our customers worldwide, a strong market position with our core products, as well as innovations for the electrification of mobility. MAHLE is demonstrating how the transformation in the German automotive industry can be successful.
3. **2024 marks an important milestone on the road back to sustainable profitability.** We will make further improvements in our profitability and cash flow. Our aim is to grow faster, more efficient, and more powerful.
4. **To successfully implement e-mobility, we need to plan for the future in a reality-oriented manner.** This is the only way we can keep the financial and social costs of this transformation as minimal as possible.
5. **We are ready for the mobility transition.** This is confirmed by our key figures and innovative products.

Thank you very much, ladies and gentlemen. Markus Kapaun and I now look forward to your questions.