A clean, safe, comfortable and affordable mobility, for people and goods.
BMW and FCA nominated ZF as Supplier for New 8-speed Automatic Transmission
ZF supplies fully electric driveline for the all-new Mercedes-Benz EQC model
Further Highlights of H1 2019
ZF and WABCO: A Unique Systems Supplier
WABCO shareholders approved proposed acquisition on June 27
Full Systems Supplier in all Segments

Efficient, Safe and Automated Mobility Solutions for Passenger Cars and Commercial Vehicles
Financial Key Figures H1 2019

Dr. Konstantin Sauer | Chief Financial Officer
Financial Overview H1 2019

€18.4 billion
Sales

€587 million
Investments in property, plant and equipment

€1.3 billion
Research & Development

24%
Equity Ratio

€646 million
Adjusted EBIT

149,297
Employees

August 02, 2019 | Half-year figures as of June 30, 2019
Sales Development H1 2019

Sales
in € million

YTD June 2018: 18,654
- Organic: -312 (-1.7%)
- M&A: -245 (-1.3%)
- FX: 269 (1.5%)

YTD June 2019: 18,366

-1.5%
Sales by Regions

in € million and in % of sales

North America
5,363
+ 3%
- 4%
+ 11%
+167%

South America
532
3%
- 9%
1%

Europe
8,632
47%

Asia-Pacific
3,600
20%

Africa
239

Organic growth in H1 2019 compared to previous year
Sales by Divisions

Passenger Car Sales shows a decline in the first half year 2019 comparing to 2018
Despite overall trend in the Passenger Car market growth of Passive Safety Systems and Electronics/ADAS
Heavy Commercial vehicles and industrial business show a growth for the first half year 2019
R&D Budget and Investments in Property, Plant and Equipment

R&D Expenditure*
in € million and in % of sales

- H1 2018: 1,241 (6.7%)
- H1 2019: 1,300 (7.1%)

Investments in PP&E
in € million and in % of sales

- H1 2018: 499 (2.7%)
- H1 2019: 587 (3.2%)

*R&D expenses w/o capitalization

August 02, 2019 | Half-year figures as of June 30, 2019
Adjusted EBIT Margin

in € million and margin in %

H1 2018: €1,055, 5.7%
H1 2019: €646, 3.5%

Developments

▪ Gross margin negatively impacted by lower volumes due to weakening of the global Passenger Car market

▪ Ramp-ups of new plants in particular for E-Mobility in H1 2019

▪ Increased R&D expenses to strengthen ZF’s technological position

▪ H1 2019 only slight capacity adjustment due to initially expected stronger second half 2019
Adjusted EBIT Margin

EBIT and Adjusted EBIT H1 2018
in € million and margin in %

- EBIT: 887 (4.8%)
- Purchase price allocation: -87
- Book gain from disposal: 255
- Adjusted EBIT: 1,055 (5.7%)

EBIT and Adjusted EBIT H1 2019
in € million and margin in %

- EBIT: 378 (2.1%)
- Purchase price allocation: 268
- Adjusted EBIT: 646 (3.5%)
Net Profit After Tax

in € million

Developments

- Financing costs on level of previous year mainly due to lower interest expense compensated by transaction costs of WABCO as well as interest on leasing (IFRS16)

- Tax ratio slightly increased to 25.6% (previous year: 23.7%) due to US tax reform
Free Cash Flow

in € million

H1 2018: 770
H1 2019: -257
Adjustments: -751
Adjusted Free Cash Flow: 19

Developments

- Free Cash Flow at minus €257 million in H1 2019
- Free Cash Flow includes the payment to the European Commission for antitrust fine (€188 million)
- Slightly negative operative Free Cash Flow is mainly effected by:
  - Lower EBIT margin
  - Further increase of capex
  - Seasonal working capital swings
Gross and net debt increased by around €1.4 billion due to:

- First time adoption of IFRS 16
- Negative Free Cash Flow
- Dividends/interest/transaction costs

Current Ratings

- S&P: BBB− (negative outlook)
- Moody's: Baa3 (negative outlook)
Equity Ratio

Liabilities and Equity
in € million and in % of balance sheet total

<table>
<thead>
<tr>
<th>Date</th>
<th>Equity</th>
<th>Other liabilities/provisions</th>
<th>Financial liabilities</th>
<th>Pension provisions</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 31, 2018</td>
<td>27,032</td>
<td>38%</td>
<td>19%</td>
<td>15%</td>
<td>28%</td>
</tr>
<tr>
<td>June 30, 2019</td>
<td>28,655</td>
<td>36%</td>
<td>23%</td>
<td>17%</td>
<td>24%</td>
</tr>
</tbody>
</table>

+1,623

Developments

- Equity ratio decreased by 4 percentage points to 24%
- Equity decrease by around €0.5 billion mainly due to actuarial losses relating to pension provisions
- Increase in financial liabilities driven by first-time adoption of IFRS 16 as well as short-term increase in liabilities to banks
Maturity Profile

Maturity of Main Group Financings as of June 30, 2019
Nominal amounts in € million

- Bonded Loans
- EUR Bonds
- USD Bonds
- EIB Loan
- Syndicated Loan (undrawn)

Note: Excluding bilateral credit lines worldwide (book value €1,153 million)
Excluding undrawn credit facilities relating to WABCO acquisition
Outlook H2 2019
Forecast 2019: Passenger cars & commercial vehicles < 6 to

**Vehicle production** in % compared to previous year

- **Global**
  - 2018: -4.3%
  - 2019: -0.7%

- **Europe**
  - 2018: -3.3%
  - 2019: -1.3%

- **South America**
  - 2018: 3.0%
  - 2019: 4.0%

- **North America**
  - 2018: -2.7%
  - 2019: -0.5%

- **China**
  - 2018: -3.3%
  - 2019: -8.7%

- **Others**
  - 2018: -2.7%
  - 2019: 1.9%
Forecast 2019: Commercial vehicles > 6 to

Vehicle production in % compared to previous year

<table>
<thead>
<tr>
<th>Region</th>
<th>2018</th>
<th>2019</th>
<th>Change</th>
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</thead>
<tbody>
<tr>
<td>Global</td>
<td>2.9</td>
<td>-3.1</td>
<td>-5.8</td>
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<tr>
<td>Europe</td>
<td>2.7</td>
<td>-5.0</td>
<td>-7.7</td>
</tr>
<tr>
<td>South America</td>
<td>23.0</td>
<td>-0.1</td>
<td>22.9</td>
</tr>
<tr>
<td>North America</td>
<td>15.9</td>
<td>1.8</td>
<td>17.7</td>
</tr>
<tr>
<td>China</td>
<td>-8.0</td>
<td>-6.1</td>
<td>-1.9</td>
</tr>
<tr>
<td>Others</td>
<td>13.4</td>
<td>-0.8</td>
<td>12.6</td>
</tr>
</tbody>
</table>
Outlook 2019 disclosed at Annual Press Conference

Sales: €37-38 billion
EBIT Margin*: 5.0-5.5%
Free Cash Flow*: €1.0 billion

Outlook 2019 revised

Sales: €36-37 billion
EBIT Margin*: 4-5%
Free Cash Flow*: €0.5-1.0 billion

* adjusted
#MobilityLifeBalance

IAA press conference
Frankfurt/Main, September 10, 11:15 a.m.
Hall 8, booth C 21