



# Investor and Analyst Call FY 2020

March 18, 2021

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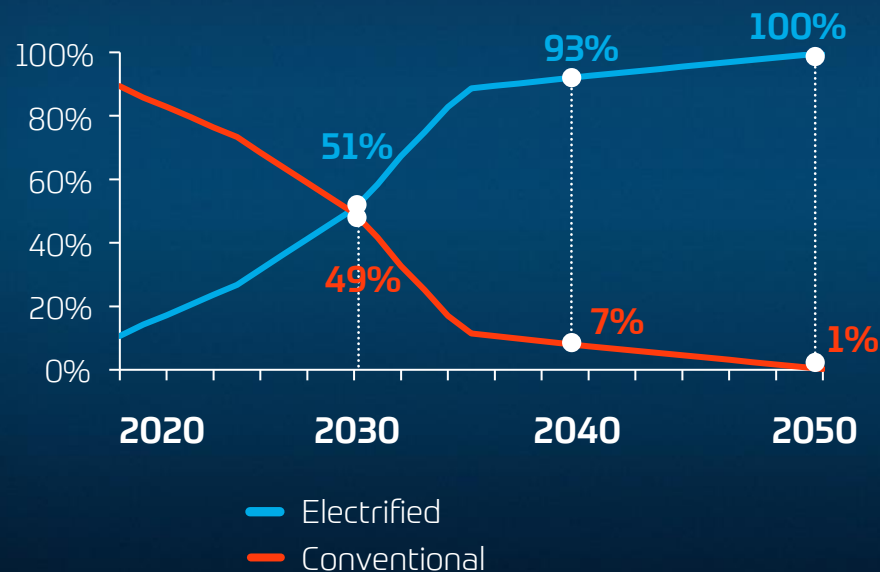


# ZF Company Milestones 2020

- Significant new **business wins** in strategic areas
- Completed **WABCO acquisition**
- **New structures** reflect “new normal”
- Customers chose ZF **software solutions**
- Investors’ **trust**

# ZF E-Mobility Scenario Development

## > Pass car scenario

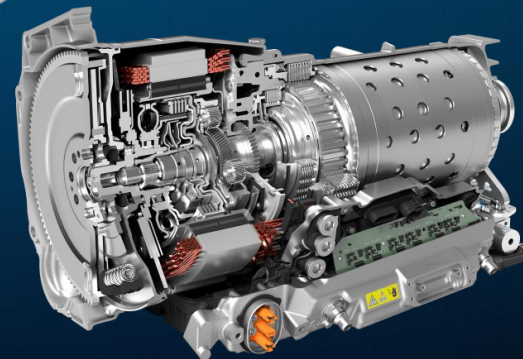
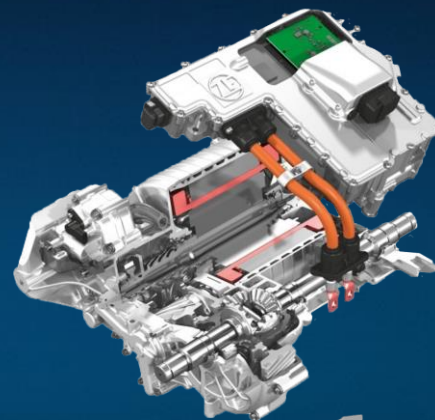




# ZF Accelerates Electric Mobility

## Key Milestones:

- New **Electrified Powertrain Technology Division** operational
- Offers **full E-technology portfolio**
- **€14bn business wins** until end of 2020  
– new wins also continuing in Q1 2021
- **E-Cademy**: largest training program in ZF's history ramp-up



# Combined Technologies Win New Business



Industry's first **fully automated** coupling assist system for a **heavy-duty** tractor-semitrailer combination

- > **50%** reduction of coupling time
- > Increased **safety**
- > **No banksman** required

# WABCO Integration Right on Track

## Milestones for 2021:

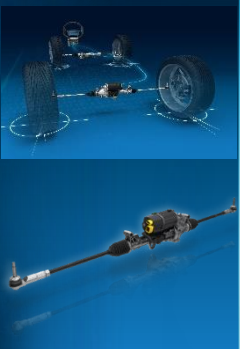
- Implement defined **integration projects**
- Define **final organization of new division**
- Combined **strategic & operative planning**
- **Joint** technology and customer projects

Fully integrated and operating as

➤ **one division**  
by late 2021



# ZF Business Wins – Passenger Cars and Commercial Vehicles



**AKC®**  
Rear-Axle  
Steering  
Systems



**Brake  
Control  
System**  
for Electric  
Vehicles



Automatic  
8-speed  
**PowerLine  
Trans-  
mission**  
for CVs



**ProAI**  
for Next  
Generation  
Vehicles



**Software,**  
e.g. cubiX,  
ADOPT



SIC - 800V

**Electric  
Drives** for  
CVs and  
**Power  
Electronics**  
for PCs



**Airbag  
Modules** for  
Passive Safety  
(frontal, lateral,  
centre)



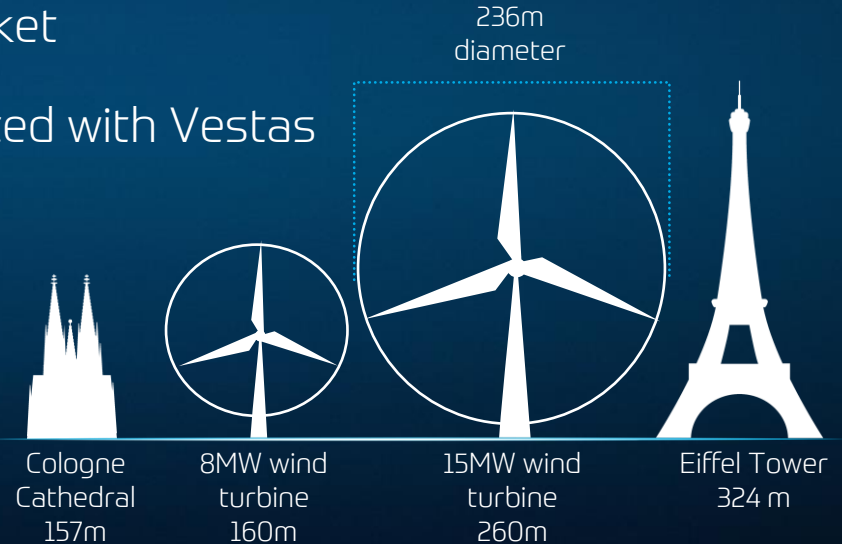
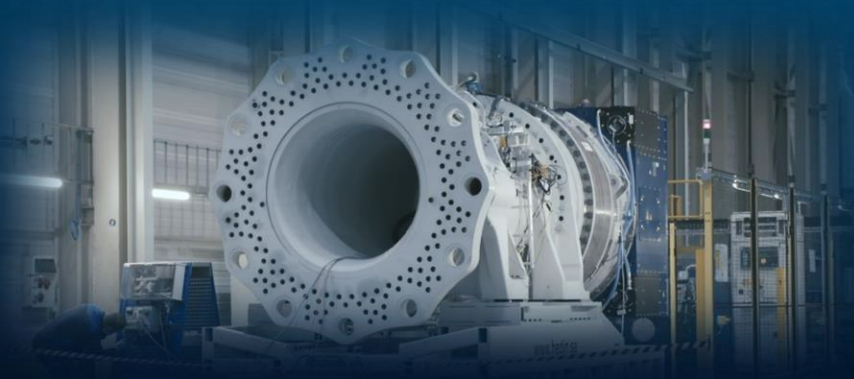
**New  
Shuttle  
concepts,**  
e.g. RABus



# ZF Windpower Success Story

**More than €1bn in revenues for the first time in 2020**

- New generation of wind turbine platform launched
- Unique design allows faster time to market
- 15MW turbine development project started with Vestas



# ZF's Approach to Climate Neutrality



1

**Direct CO<sub>2</sub> emissions**  
(Scope 1)



2

**CO<sub>2</sub> emissions from energy consumption**  
(Scope 2)



3

**CO<sub>2</sub> emissions of upstream value chain & product use** (Scope 3)

# Financial Key Figures 2020



# 2020 Key Figures



**€32.6 billion**  
Sales



**€5.4 billion**  
Liquidity Headroom



**3.2%**  
Adjusted  
EBIT margin



**153,522**  
Employees



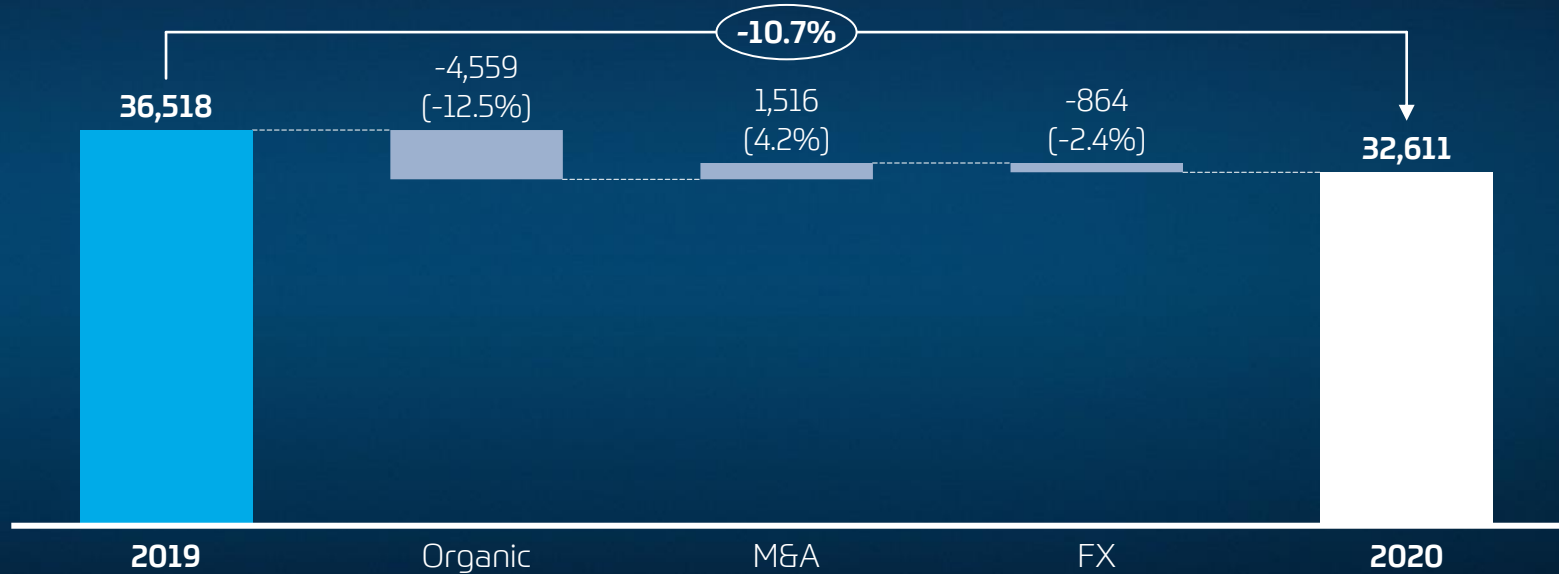
**€2.5 billion**  
Research &  
Development



**€1.3 billion**  
Investments PP&E

# Sales Development

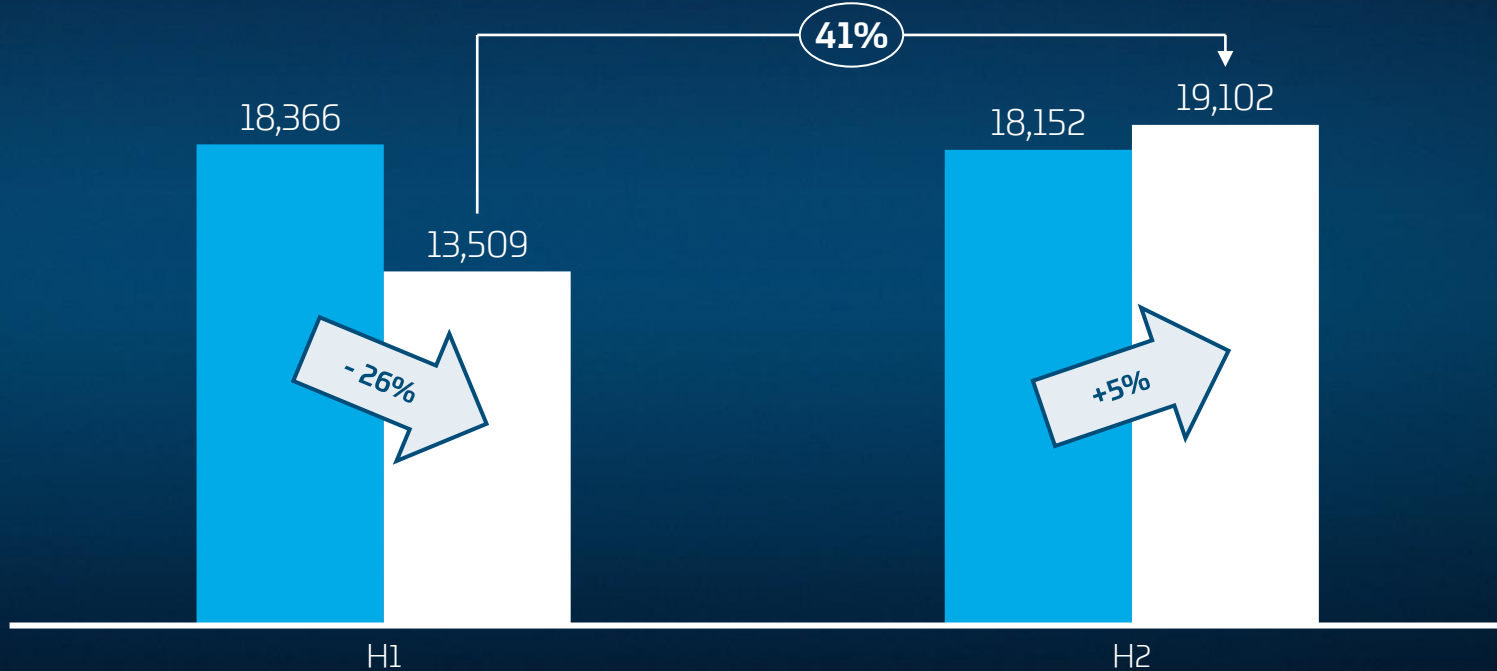
in € million



# Outperforming the Market with Strong Recovery in H2

## Sales

in € million

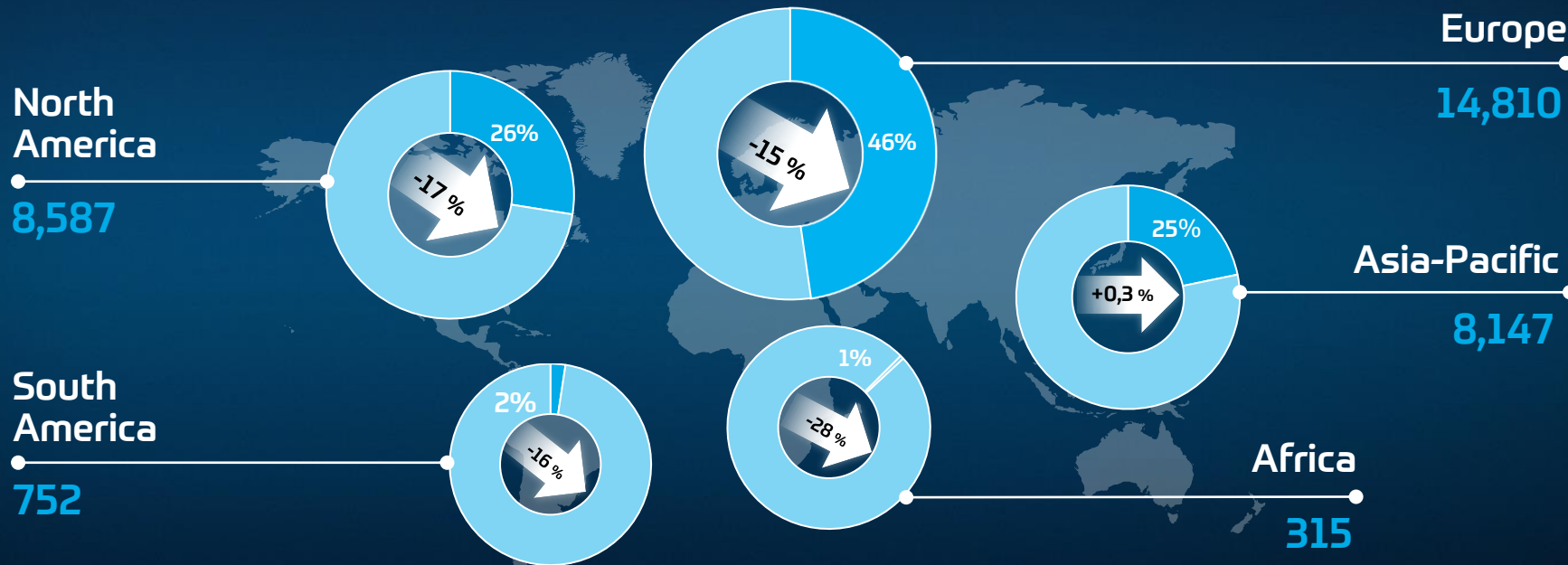


■ 2019 ■ 2020



# Sales by Regions

in € million and in % of sales

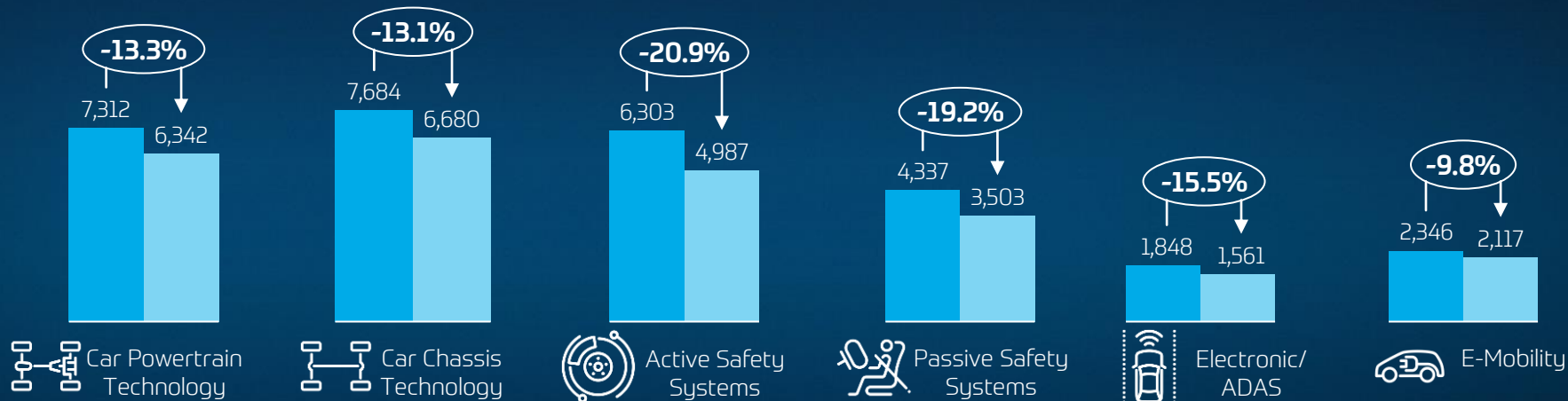


Organic growth in 2020

# Sales by Divisions / Passenger Car

in € million

2019 2020

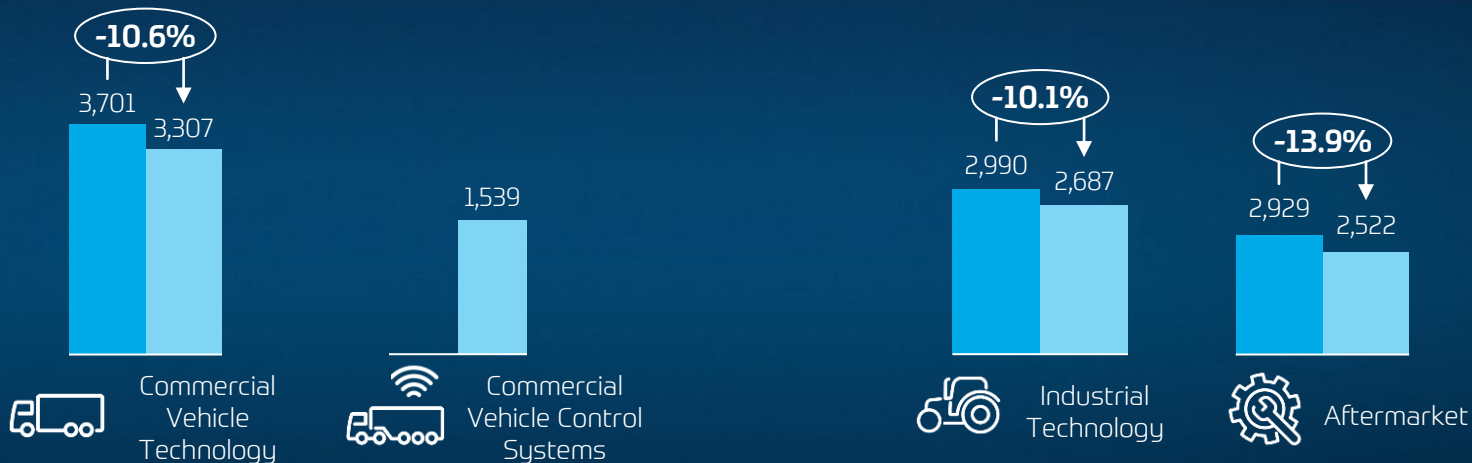


- > ZF Passenger Car Divisions in total outperforming the PassCar production by 3 percentage points
- > Different performance within PassCar divisions due to different global footprint and customer portfolio
- > Benefiting from premium OEM Sales and a strong presence in Asia

# Sales by Divisions

in € million

2019 2020



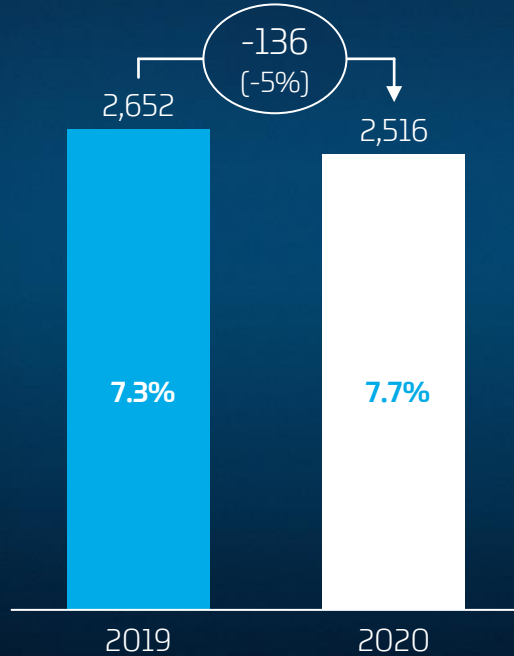
- > Commercial Vehicle Technology benefited from the ramp-up in China in a bullish Chinese market driven by regulation
- > New division CVCS (former WABCO) included for seven month
- > Wind business with growing markets in 2020



# R&D Expenditure and Investments in Property, Plant & Equipment

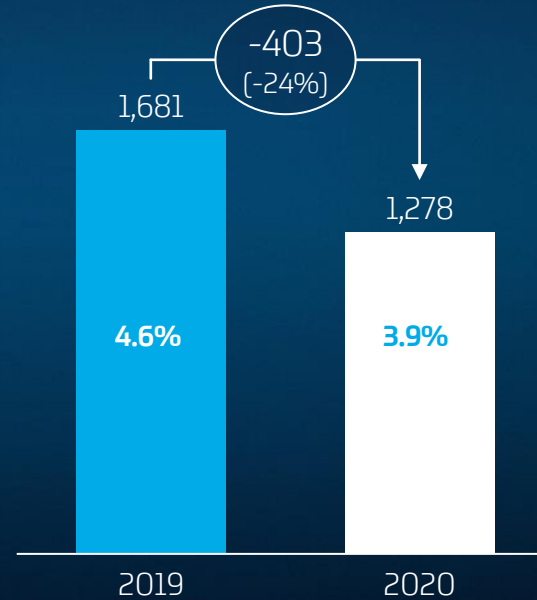
## R&D Expenditure<sup>1)</sup>

in € million and in % of sales



## Investments in PP&E<sup>2)</sup>

in € million and in % of sales



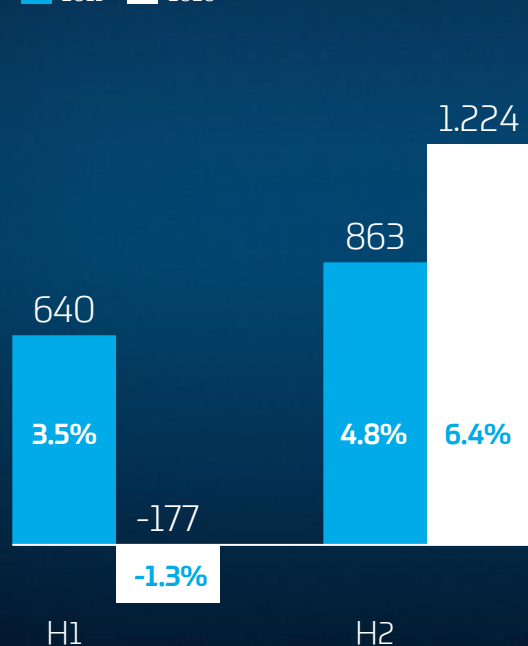
1) R&D Cost recognized in the consolidated statement of profit and loss and the capitalized development cost as inventories and intangible assets and excluding the respective amortization of the capitalized development cost

2) Excluding leasing contracts

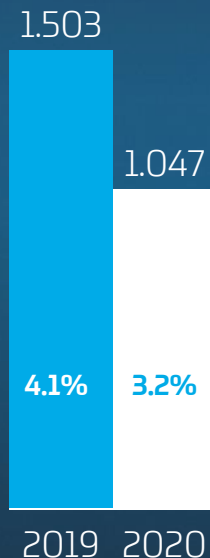
# Strong Recovery of Adjusted EBIT in H2

in € million and margin in %

■ 2019 ■ 2020



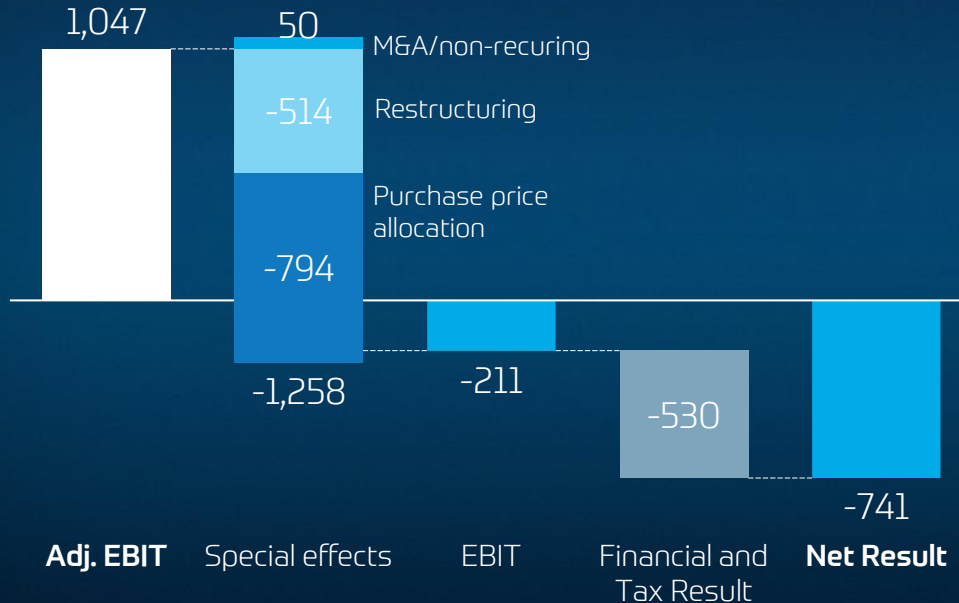
## Full Year Result



- > Margin impacted by sharp drop in sales volumes in H1
- > Flexing of fixed and variable costs by using different instruments
- > Margin decline mitigated by timely countermeasures
- > Rebound of margin supported by market recovery in H2

# Net Result Includes Provisions for Transformation

in € million

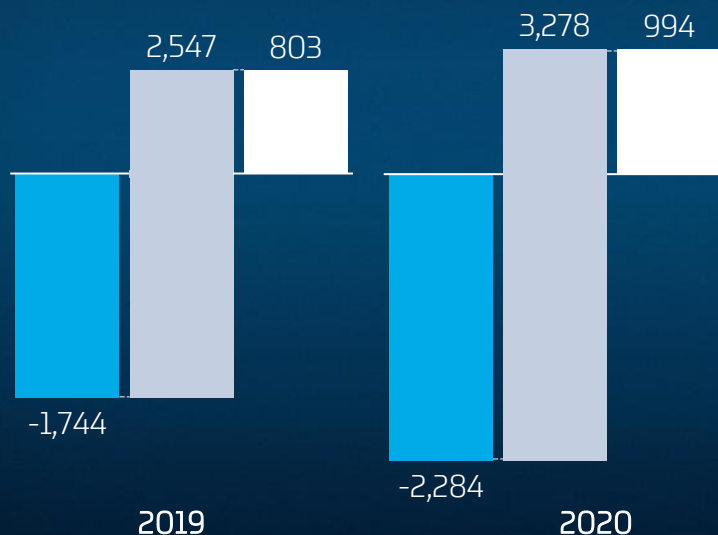


- > Increase of PPA due to WABCO acquisition
- > Restructuring program to support transformation
- > WABCO financing and additional liquidity drive up the financing cost



# Strong Cash Generation in H2

in € million

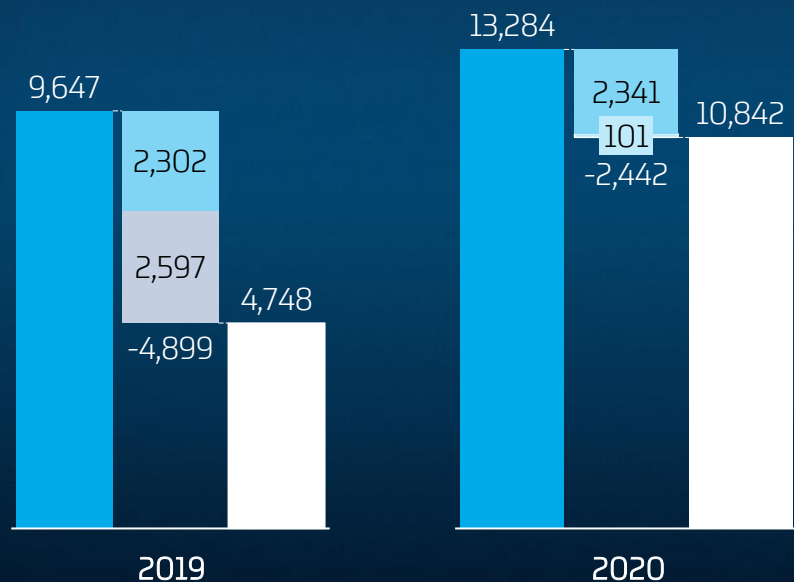


- > Adjustments mainly driven by WABCO Acquisition
- > Adjusted free cash flow with around €1 billion above prior year
  - > Free Cash Flow effected by lower EBIT
  - > Focused Capex spending reduced further outflow
- > Strong cash generation in H2 with more than €1.8 billion

Free Cash Flow Adjustments Adjusted Free Cash Flow

# Gross debt increase mainly due to WABCO Acquisition

in € million



- > Increase of gross debt by €3.6 billion mainly due to
  - > Finalizing the WABCO financing
  - > Bond issuing to secure additional liquidity
  - > Repayment of €1.4 billion
- > Net debt reduced by around €1.4 billion in second half 2020 due to strong cash generation

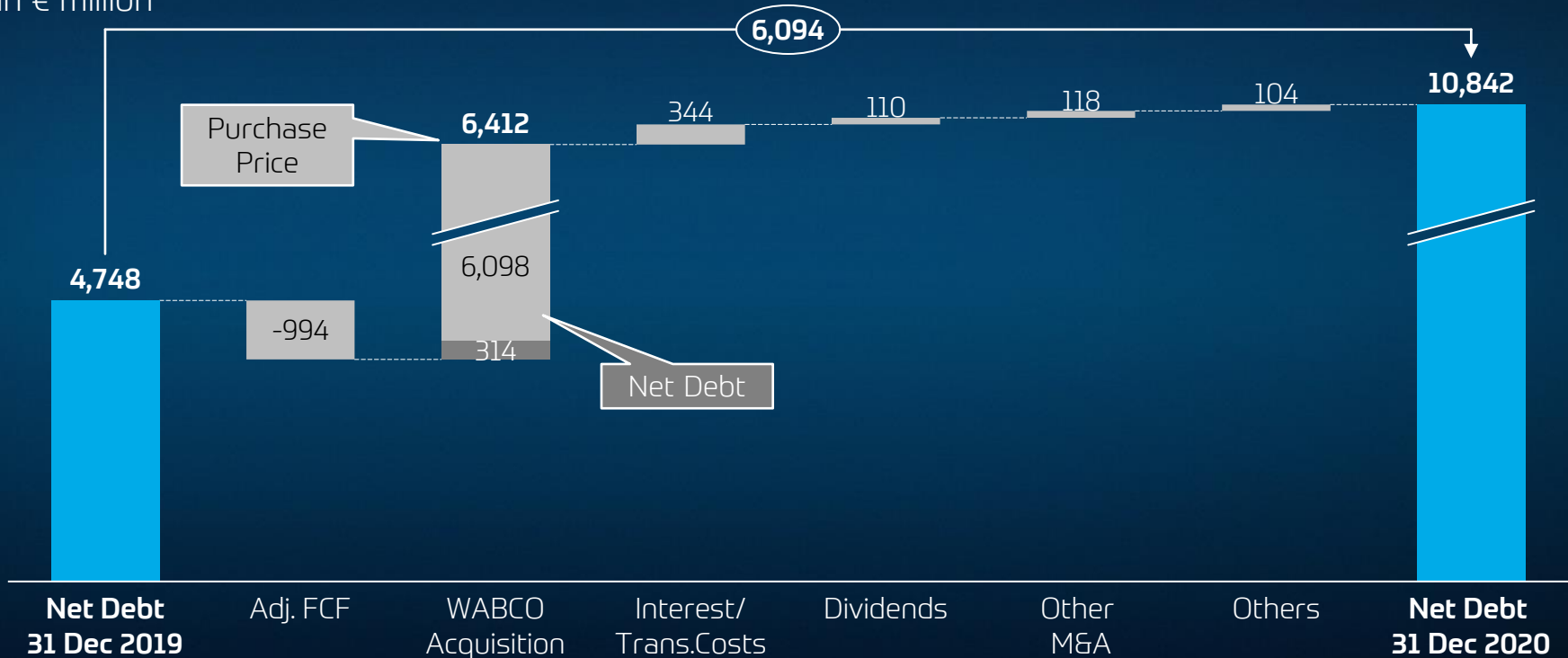
■ Gross Debt ■ Cash ■ Invest in Securities ■ Net Debt

Note: Gross debt = Financial liabilities / derivative financial instruments



# Net Debt Development

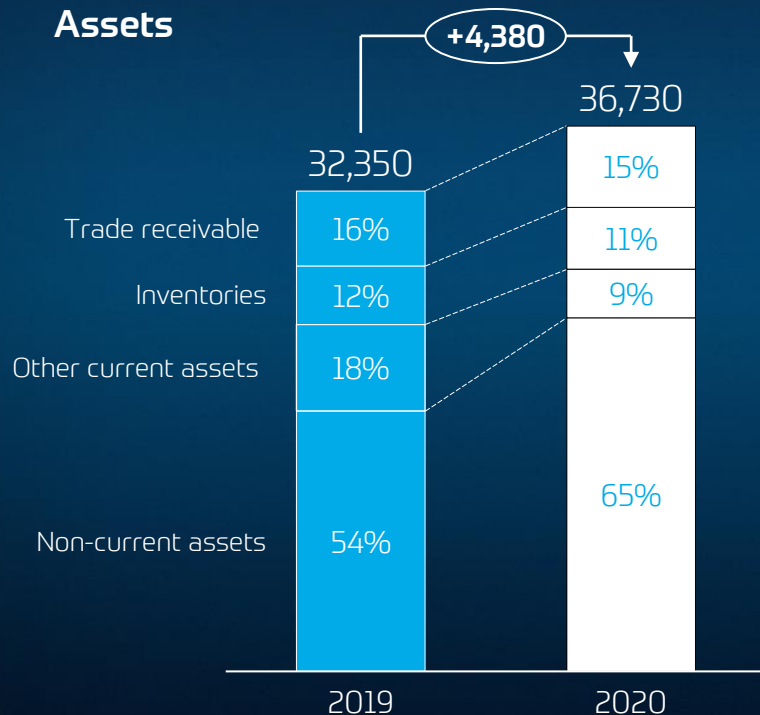
in € million



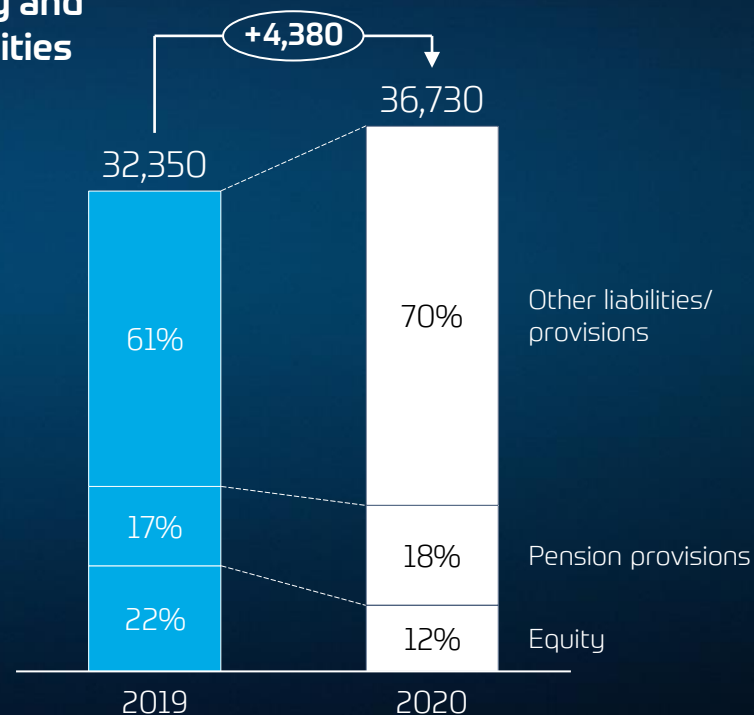
# Balance Sheet

in € million and in % of balance sheet total

## Assets



## Equity and Liabilities



# Main Financing Transactions 2020

	1	2	3
	Bridge Loan	EMTN Bond 1	EMTN Bond 2
Executed	Apr 2020	Sept 2020	Nov 2020
Amount	EUR 1.35 bn	EUR 1.5 bn	EUR 0.5 bn
Term	Max. 2 years	5/8 years	6.5 years
Pricing Coupon (Re-offer Yield)	1.50% – 4.25% with quarterly step-up	3.000% (3.125%) 3.750% (3.875%)	2,750% (2.875%)

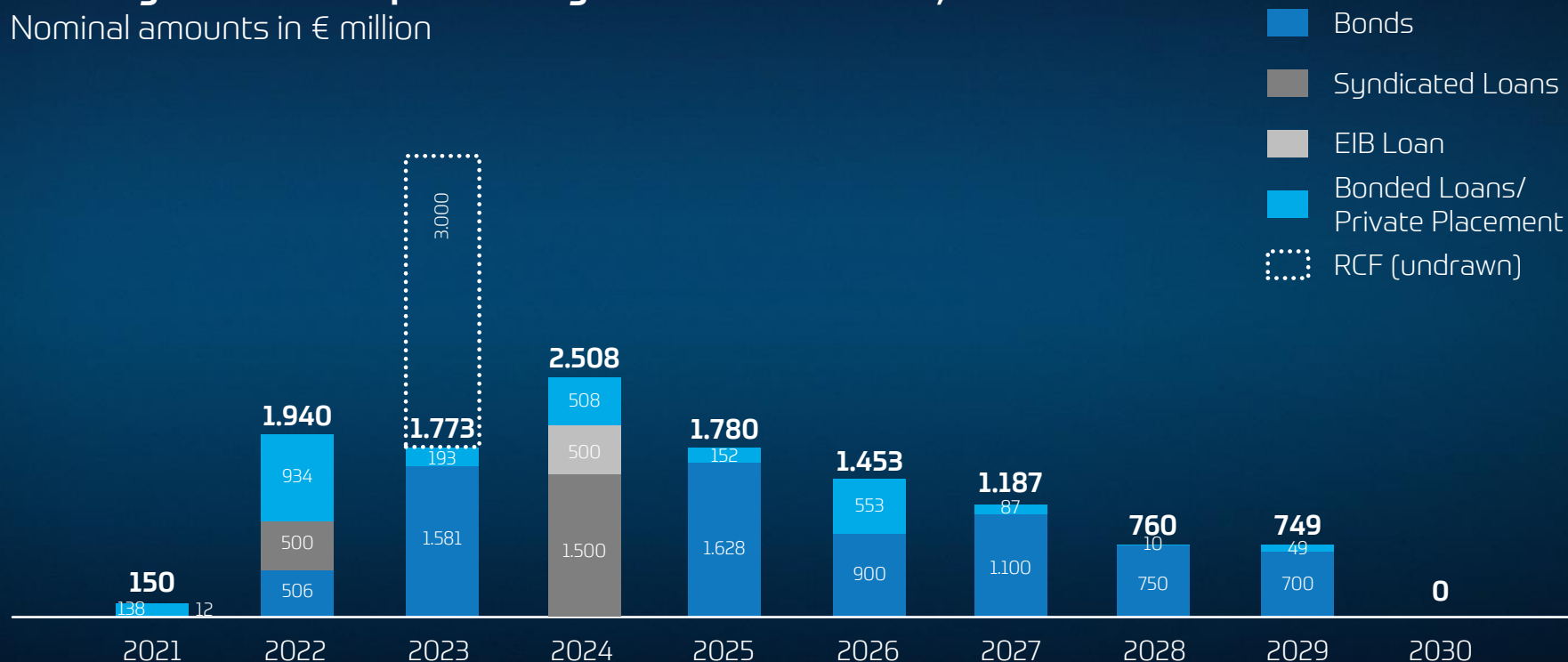
→ *Already fully repaid*



# Maturity Profile Driven by WABCO Financing

## Maturity of Main Group Financings as of December 31, 2020

Nominal amounts in € million

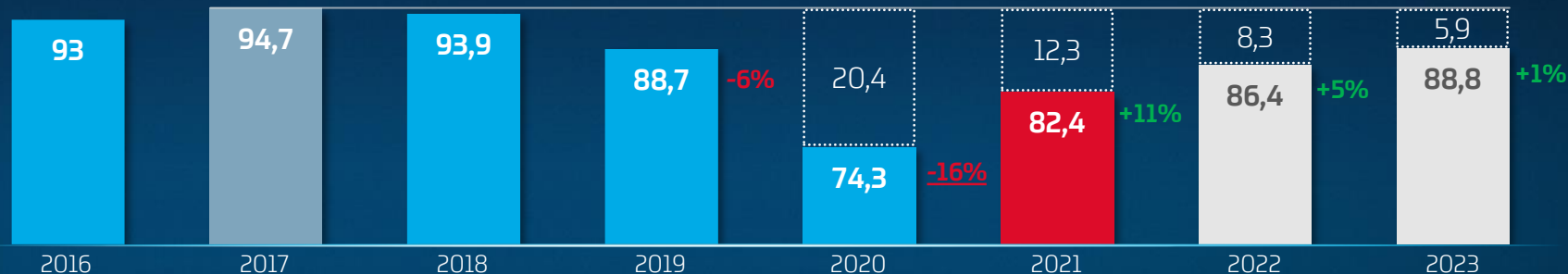


Note: Excluding bilateral credit facilities & leasing

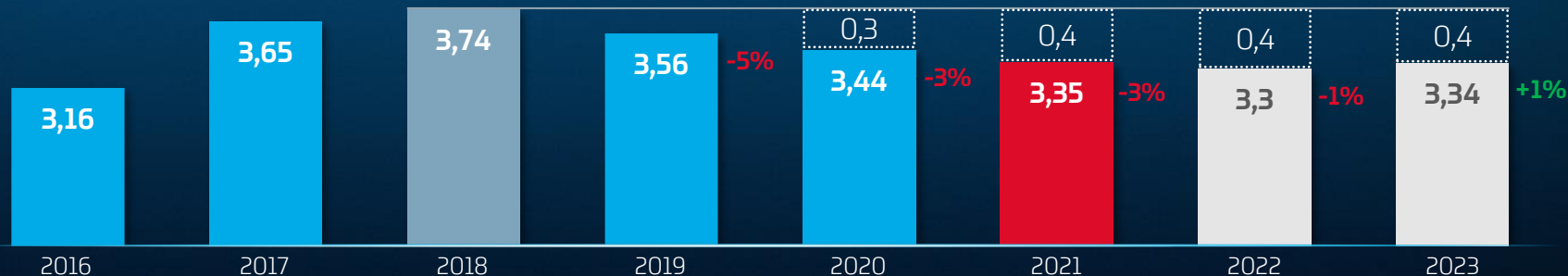
# Outlook 2021

# Vehicle Production 2021-2023

## Global Pass Car & Commercial Vehicle Market <6 t.



## Commercial Vehicle Market >6 t.



# Outlook 2021

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Sales

€ **37-39** billion



EBIT Margin\*

**4.5-5.5** %



Free Cash Flow\*

€ **0.8-1.2** billion

\* adjusted



# Next Generation Mobility