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Investor and Analyst Call FY 2020
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**
Pass car scenario

- Electrified
- Conventional
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**

<table>
<thead>
<tr>
<th>AKC&lt;sup&gt;®&lt;/sup&gt;</th>
<th>Brake Control System for Electric Vehicles</th>
<th>Automatic 8-speed PowerLine Transmission for CVs</th>
<th>ProAI for Next Generation Vehicles</th>
<th>Software, e.g. cubiX, ADOPT</th>
<th>Electric Drives for CVs and Power Electronics for PCs</th>
<th>Airbag Modules for Passive Safety (frontal, lateral, centre)</th>
<th>New Shuttle concepts, e.g. RABus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rear-Axle Steering Systems</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
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\textsubscript{2} emissions (Scope 1)
2. CO\textsubscript{2} emissions from energy consumption (Scope 2)
3. CO\textsubscript{2} 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

- 2019: 36,518
- Organic: -4,559 (-12.5%)
- M&A: 1,516 (4.2%)
- FX: -864 (-2.4%)
- 2020: 32,611

Total change: -10.7%
Outperforming the Market with Strong Recovery in H2

Sales in € million

<table>
<thead>
<tr>
<th></th>
<th>H1</th>
<th>H2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>18,366</td>
<td>18,152</td>
</tr>
<tr>
<td>2020</td>
<td>13,509</td>
<td>19,102</td>
</tr>
</tbody>
</table>

-26%  
+5%

41%
Sales by Regions

in € million and in % of sales

North America
- 26% of sales
- €8,587
- 46% organic growth
- 26% organic decline

South America
- 2% of sales
- €752
- 1% organic growth
- 16% organic decline

Asia-Pacific
- 25% of sales
- €8,147
- 0.3% organic growth
- 28% organic decline

Africa
- 25% of sales
- €315
- 14% organic growth
- 15% organic decline

Europe
- 46% of sales
- €14,810
- 2% organic growth
- 17% organic decline

*Organic growth in 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
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 months.

Wind business with growing markets in 2020.
R&D Expenditure and Investments in Property, Plant & Equipment

**R&D Expenditure**

1) in € million and in % of sales

- 2019: 2,652 (7.3%)
- 2020: 2,516 (7.7%)

Change: -136 (-5%)

**Investments in PP&E**

2) in € million and in % of sales

- 2019: 1,681 (4.6%)
- 2020: 1,278 (3.9%)

Change: -403 (-24%)

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 %

- 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

1,047
50
-514
-1,258
50
-794
-211
-530
-741

Adj. EBIT
Special effects
EBIT
Financial and Tax Result
Net Result

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

Net Result Includes Provisions for Transformation
## Strong Cash Generation in H2

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free Cash Flow</td>
<td>2,547</td>
<td>3,278</td>
</tr>
<tr>
<td>Adjustments</td>
<td>803</td>
<td>994</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-1,744</td>
<td>-2,284</td>
</tr>
</tbody>
</table>

- 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
Gross debt increase mainly due to WABCO Acquisition

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

Note: Gross debt = Financial liabilities / derivative financial instruments

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Debt</th>
<th>Cash</th>
<th>Invest in Securities</th>
<th>Net Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>9,647</td>
<td>2,302</td>
<td>2,597</td>
<td>4,748</td>
</tr>
<tr>
<td>2020</td>
<td>13,284</td>
<td>2,341</td>
<td>101</td>
<td>10,842</td>
</tr>
</tbody>
</table>
Net Debt Development

in € million

Net Debt
31 Dec 2019
4,748

Adj. FCF

WABCO Acquisition

Interest/Trans.Costs

Dividends

Other M&A

Others

Net Debt
31 Dec 2020
10,842

Purchase Price

6,412

344

110

118

104

Net Debt

6,098

6,094

314
Balance Sheet

in € million and in % of balance sheet total

Assets

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivable</td>
<td>32,350</td>
<td>36,730</td>
</tr>
<tr>
<td>Inventories</td>
<td>16%</td>
<td>11%</td>
</tr>
<tr>
<td>Other current assets</td>
<td>12%</td>
<td>9%</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>18%</td>
<td>65%</td>
</tr>
<tr>
<td></td>
<td>54%</td>
<td></td>
</tr>
</tbody>
</table>

Equity and Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivable</td>
<td>32,350</td>
<td>36,730</td>
</tr>
<tr>
<td>Inventories</td>
<td>61%</td>
<td>70%</td>
</tr>
<tr>
<td>Other current assets</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>22%</td>
<td>12%</td>
</tr>
<tr>
<td></td>
<td>54%</td>
<td></td>
</tr>
</tbody>
</table>
Main Financing Transactions 2020

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Executed</th>
<th>Amount</th>
<th>Term</th>
<th>Pricing Coupon (Re-offer Yield)</th>
<th>Pricing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bridge Loan</td>
<td>Apr 2020</td>
<td>EUR 1.35 bn</td>
<td>Max. 2 years</td>
<td>1.50% – 4.25% with quarterly step-up</td>
<td>1.50% – 4.25%</td>
</tr>
<tr>
<td>2 EMTN Bond 1</td>
<td>Sept 2020</td>
<td>EUR 1.5 bn</td>
<td>5/8 years</td>
<td>3.000% (3.125%) with quarterly step-up</td>
<td>3.000% (3.125%)</td>
</tr>
<tr>
<td>3 EMTN Bond 2</td>
<td>Nov 2020</td>
<td>EUR 0.5 bn</td>
<td>6.5 years</td>
<td>2.750% (2.875%) with quarterly step-up</td>
<td>2.750% (2.875%)</td>
</tr>
</tbody>
</table>

→ 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


<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>93</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>94,7</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>93,9</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>88,7</td>
<td>-6%</td>
</tr>
<tr>
<td>2020</td>
<td>20,4</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>12,3</td>
<td>+11%</td>
</tr>
<tr>
<td>2022</td>
<td>8,3</td>
<td>+5%</td>
</tr>
<tr>
<td>2023</td>
<td>88,8</td>
<td>+1%</td>
</tr>
</tbody>
</table>

Commercial Vehicle Market >6 t.

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>3,16</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>3,65</td>
<td>-5%</td>
</tr>
<tr>
<td>2018</td>
<td>3,74</td>
<td>-3%</td>
</tr>
<tr>
<td>2019</td>
<td>3,56</td>
<td>-3%</td>
</tr>
<tr>
<td>2020</td>
<td>3,44</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>3,35</td>
<td>-3%</td>
</tr>
<tr>
<td>2022</td>
<td>3,3</td>
<td>-1%</td>
</tr>
<tr>
<td>2023</td>
<td>3,34</td>
<td>+1%</td>
</tr>
</tbody>
</table>
Outlook 2021

Sales
€37-39 billion

EBIT Margin*
4.5-5.5%

Free Cash Flow*
€0.8-1.2 billion

* adjusted
Next Generation Mobility