Investor and Analyst Call FY 2021

March 17, 2022

Dr. Konstantin Sauer, CFO
Ulf Loleit, Head of Corporate Finance

ZF Group
One-Dimensional Covid-19 Crisis Turned into a Multidimensional Crisis

H1/2020
- Covid-19 crisis
- Lockdown

2021
- Semiconductor shortage
- Higher purchase prices
- Production stops

2022
- Outlook: Recovery expected, but:
  - Geopolitical impact
  - Inflation
  - Still high volatility

Investor and Analyst Call FY 2021
ZF 2021 Accomplishments

- Financial targets achieved
- Transformation in full swing
- Strong focus on new technologies
- New business wins
- Commercial Vehicle Solutions Division launched
Electric Vehicle Sales are Rapidly Growing

ZF is well prepared to meet the demand for electric drives

Investor and Analyst Call FY 2021
ZF is an Established Full-range Supplier for E-Mobility

- E-Motor Options
- Inverter Platforms
- Gearbox Layouts
- Software Systems
ZF Lives Software

- Software-first approach
- No more fixed product cycles
- Continuous development
- Agile methods
- Global Software Center established

see. think. act.
Mobilizing Commercial Vehicle Intelligence.
ZF Less Dependent on Passenger Cars

ZF Revenue Composition in 2019

- 12% Other
- 8% Agriculture
- 80% Commercial Vehicles

ZF 2019 Sales
€36.5 billion

ZF Revenue Composition in 2021

- 9% Other
- 18% Agriculture
- 73% Commercial Vehicles

ZF 2021 Sales
€38.3 billion

+35%
Acting now.

Sustainability @ ZF

Acting for climate and nature

Acting for all people

Acting for lasting values
Financial
Key Figures 2021
2021 Key Figures

- €38.3 billion Sales
- €1 billion Adjusted Free Cash Flow
- 157,549 Employees
- €3.1 billion Research & Development
- €1.6 billion Investments PP&E
- 5.0% Adjusted EBIT margin
Sales Development

in € million

2020: 32,611
Organic: 4,624 (14.2%)
M&A: 1,270 (3.9%)
FX: -192 (-0.6%)
2021: 38,313

+17.5%
Chip Shortages Limiting Supply Impacted Sales in H2

Due to the lack of semiconductors, around 10 million vehicles are not built. ZF lost sales around €2.7 billion.

Sales

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>13,509</td>
<td>19,342</td>
</tr>
<tr>
<td>H2</td>
<td>19,102</td>
<td>18,971</td>
</tr>
<tr>
<td>FY</td>
<td>32,611</td>
<td>38,313</td>
</tr>
</tbody>
</table>

Organic growth in 2021: +14%
Sales by Regions

in € million and in % of sales

Europe
- 17,297

Asia-Pacific
- 9,395

Africa
- 373

North America
- 10,194 (27%)

South America
- 1,054 (3%)

Organic growth in 2021
Sales by Divisions / Passenger Car

ZF Passenger Car Divisions in total 12% organic growth
Outperformed the Global Market by +9.3% as especially Premium OEMs pulled ahead
Electrified Powertrain and Electronic/ADAS Division with double digit growth benefiting significantly from transformation
Commercial Vehicle Technology grew by 18% despite flat market
New division CVCS (former WABCO) included for fully 12 Month for the first time
Industrial Technology and Aftermarket double digits sales growth
R&D Expenditure and Investments in Property, Plant & Equipment

R&D Expenditure ¹)
in € million and in % of sales

<table>
<thead>
<tr>
<th>Year</th>
<th>R&amp;D Expenditure in € million</th>
<th>% of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>2,516</td>
<td>7.7%</td>
</tr>
<tr>
<td>2021</td>
<td>3,060</td>
<td>8.0%</td>
</tr>
</tbody>
</table>

Investments in PP&E ²)
in € million and in % of sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Investments in € million</th>
<th>% of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>1,441</td>
<td>4.4%</td>
</tr>
<tr>
<td>2021</td>
<td>1,605</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

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) Incl. leasing contracts.
Adjusted EBIT

in € million and margin in %

- Adjusted EBIT of 5% in the range of our outlook
- Material price increases with pressure on profit margin in H2
- Strict cost and price control

Full Year Result

- H1: 2020 = 1.010, Margin = 5.2%
  2021 = -1.3%, Margin = -177
- H2: 2020 = 1.224, Margin = 6.4%
  2021 = 900, Margin = 4.7%

- H2: 2020 = 1.047, Margin = 3.2%
  2021 = 1.910, Margin = 5.0%
Adjusted EBIT to Net Result

in € million

Adj. EBIT: 1,910
- Purchase price allocation: -624
- Restructuring: -84
- M&A and other Items: 219
- EBIT: 1,421
- Financial and Tax Result: -638
- Net Result: 783

Adjusted EBIT to Net Result: 5.0% to 2.0%
Cash Flow Target Achieved despite High Inventories

in € million

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>Adjustments</th>
<th>Adjusted Free Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free Cash Flow</td>
<td>3,278</td>
<td>1,414</td>
<td>-2,284</td>
<td>991</td>
</tr>
<tr>
<td>Adjustments</td>
<td>994</td>
<td>423</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Free Cash Flow at €1,414 million

Adjustments of M&A activities 2021 comprises:
- Brakes India
- Sale of shares of WABCO India

Free Cash Flow impacted by inventories due to:
- Increased material prices
- Securing the supply chain
Gross Debt Reduced by €750 million

- Gross debt reduction of €750 million
- Repayment of financial instruments of around €1.9 billion
- Leverage at 2.9x

Note: Gross debt = Financial liabilities / derivative financial instruments

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Debt (€ million)</th>
<th>Cash &amp; Cash equivalent</th>
<th>Net Debt (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>13,284</td>
<td>2,341</td>
<td>10,842</td>
</tr>
<tr>
<td>2021</td>
<td>12,531</td>
<td>2,424</td>
<td>10,107</td>
</tr>
</tbody>
</table>
Balance Sheet

in € million and in % of balance sheet total

**Assets**

- Trade receivable: 15% → 15%
- Inventories: 11% → 13%
- Other current assets: 9% → 9%
- Non-current assets: 65% → 63%

**Equity and Liabilities**

- Other liabilities/provisions: 70% → 66%
- Pension provisions: 18% → 15%
- Equity: 12% → 19%

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## Main Financing Transactions 2021

<table>
<thead>
<tr>
<th></th>
<th>1 EMTN Green Bond 1</th>
<th>2 EMTN Green Bond 2</th>
<th>3 EIB Loan</th>
<th>4 Bonded Loans (ZF)</th>
<th>5 Bonded Loans (WABCO)</th>
<th>6 Term Loans</th>
<th>7 USD Bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Execution Date</td>
<td>04/2021</td>
<td>10/2021</td>
<td>12/2021</td>
<td>04-07/2021</td>
<td>01-03/2021</td>
<td>03-07/2021</td>
<td>Dez. 2021</td>
</tr>
<tr>
<td>Duration/Maturity</td>
<td>6 Years</td>
<td>6,5 Years</td>
<td>6 Years</td>
<td>06-10/2022 01/ 2023</td>
<td>03/2021 11/2023 11/2028</td>
<td>02/2022 03/ 2024</td>
<td>04/2022</td>
</tr>
<tr>
<td>Financing</td>
<td>New Financing</td>
<td>New Financing</td>
<td>New Financing/ not yet drawn</td>
<td>Early Repayment</td>
<td>Early and on-time Repayment</td>
<td>Early Repayment</td>
<td>Early Repayment</td>
</tr>
</tbody>
</table>
**Active Management of Maturity Profile of around €2 billion**

**Maturity as of 31.12.2020**
Amount in € million

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>150</td>
<td>1.940</td>
<td>1.774</td>
<td>2.508</td>
<td>1.780</td>
<td>1.453</td>
<td>1.187</td>
<td>760</td>
<td>749</td>
</tr>
</tbody>
</table>

**Maturity as of 31.12.2021**
Amount in € million

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>0</td>
<td>595</td>
<td>1.687</td>
<td>2.208</td>
<td>1.853</td>
<td>1.453</td>
<td>1.687</td>
<td>1.250</td>
<td>749</td>
</tr>
</tbody>
</table>

Jan 2022 already €345 Mio. repayed
Maturity Profile Driven by WABCO Financing

Maturity of Main Group Financings as of December 31, 2021
Nominal amounts in € million

Note: Excluding bilateral credit facilities & leasing
Outlook 2022
Vehicle Production 2022-2023


Commercial Vehicle Market >6 t.
Current situation and possible impact

- **Energy prices**
- **Impact on OEMs**
- **Material prices**

**Suppliers in Ukraine and Russia**

**Revenue in Ukraine/Russia**

\[ \geq \text{€ 580 Mio.} \]

1 location in Ukraine
5 locations in Russia
(3 plants, 2 Aftermarket)
Outlook 2022 – with Caveat

- **Sales**: > €40 billion
- **EBIT Margin***: 4.5-5.5 %
- **Free Cash Flow***: €1-1.5 billion

* adjusted