Investor and Analyst Call H1 2022

August 3, 2022

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ZF Group
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Living in a World of Crises – Anticipation is Key!

- Covid-19 outbreaks and lockdowns
- Semiconductor shortage
- War in Ukraine
- Disrupted supply chains
- Uncertainties in energy supply
- Rising inflation

August 3, 2022 | Half-Year figures as of June 30, 2022
Consequently Pursuing Our Strategy in 2022

Orders for high performance hardware and software

Significant new business wins

Adapting structures and ways of working to reflect “new normal”

Successfully launched Commercial Vehicle Solutions Division

ZF’s Strategy provides framework in times of crisis

August 3, 2022 | Half-Year figures as of June 30, 2022
Business Wins Even in Difficult Times:
Electric Driveline Orders

€ 23 bn
Wind Power Development Weakening, ZF Business Unit Continues Performing Well

Acting now.
For climate and nature

August 3, 2022 | Half-Year figures as of June 30, 2022
Financial Key Figures
H1 2022
Financial Overview H1 2022

€21.2 billion Sales

4.0% Adjusted EBIT margin

€-630 million Adjusted Free Cashflow

€5 billion Liquidity

€1.7 billion Research & Development

€666 million Investments PP&E
Sales Development H1 2022

in € million

H1 2021: 19,342
Organic: 5.1% (989)
FX: 4.6% (890)
H1 2022: 21,221

+10%
Sales by Regions

in € million and in % of sales

North America
5,952
28% +9%

South America
696
3% +25%

Europe
9,563
45% +7%

Asia-Pacific
4,770
23% -5%

Africa
240
1% +14%

Organic growth in H1 2022 compared to previous year

August 3, 2022 | Half-Year figures as of June 30, 2022
ZF Passenger Car Divisions in total 6% organic growth

- Outperforming the Passenger Car production by 8 percentage points
- Transformation of E-Mobility in full swing. Business Wins of €21 billion for Electric Driveline

August 3, 2022 | Half-Year figures as of June 30, 2022
Sales by Divisions

in € million

- **Commercial Vehicle Solutions**: +4%
  - H1 2021: 3,510
  - H1 2022: 3,660

- **Industrial Technology**: +8%
  - H1 2021: 1,558
  - H1 2022: 1,683

- **Aftermarket**: +10%
  - H1 2021: 1,465
  - H1 2022: 1,608

- Commercial Vehicle Solutions started as new Division as of January 1, 2022
- New business wins for system solution in commercial vehicle segment due to joined product portfolio
- Commercial Vehicle Solutions with 32 percentage points market outperformance
R&D Expenditure and Capex

R&D Expenditure
in € million and in % of Sales

- **H1 2021**: 1,469
- **H1 2022**: 1,676
- **Change**: +207 (+14%)

Capex
in € million and in % of Sales

- **H1 2021**: 506
- **H1 2022**: 666
- **Change**: +160 (+32%)

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

2) Incl. leasing contracts

August 3, 2022 | Half-Year figures as of June 30, 2022
Adjusted EBIT

in € million and in % of Sales

H1 2021 | H1 2022
---|---
1.009 | 851
5.2% | 4.0%

› Adjusted EBIT-margin at 4%

› Result burdened by
  ‣ Increased R&D Expenditure to further shape Next Generation Mobility
  ‣ Upfront cost for new facilities in particular for E-Mobility
<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
<th>% of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBIT</td>
<td>851</td>
<td>4.0%</td>
</tr>
<tr>
<td>Purchase price allocation</td>
<td>-320</td>
<td></td>
</tr>
<tr>
<td>Restructuring</td>
<td>-31</td>
<td></td>
</tr>
<tr>
<td>M&amp;A and other Items</td>
<td>-26</td>
<td></td>
</tr>
<tr>
<td>Non-Recurring</td>
<td>-102</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>372</td>
<td>1.8%</td>
</tr>
<tr>
<td>Financial and Tax Result</td>
<td>-314</td>
<td></td>
</tr>
<tr>
<td>Net Result</td>
<td>58</td>
<td>0.3%</td>
</tr>
</tbody>
</table>
Free Cash Flow

in € million

Free Cash Flow impacted by

- Lower Earnings
- Higher investment due to catch-up effects from the previous years
- Inventory build up since year-end 2021 due to
  - Inflation
  - Safety stocks

H1 2021

Free Cash Flow  Adjustments  Adjusted Free Cash Flow

246  -432  -186

H1 2022

-600  30  -630

August 3, 2022 | Half-Year figures as of June 30, 2022
Gross Debt / Net Debt

in € million

<table>
<thead>
<tr>
<th>Date</th>
<th>Gross Debt</th>
<th>Cash/cash equivalents</th>
<th>Net Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 31, 2021</td>
<td>12,531</td>
<td>2,424</td>
<td>10,107</td>
</tr>
<tr>
<td>Jun 30, 2022</td>
<td>13,177</td>
<td>2,021</td>
<td>11,156</td>
</tr>
</tbody>
</table>

- Net debt increased by €1 billion due to negative cash flow
- Liquidity headroom at around €5 billion
- Leverage on June 30, 2022 at 3.3x

Note: Gross debt = Financial liabilities / derivative financial instruments
Balance Sheet

in € million and in % of balance sheet total

**Assets**

<table>
<thead>
<tr>
<th></th>
<th>31.12.2021</th>
<th>30.06.2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivable</td>
<td>15%</td>
<td>17%</td>
</tr>
<tr>
<td>Inventories</td>
<td>13%</td>
<td>14%</td>
</tr>
<tr>
<td>Other current assets</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>63%</td>
<td>60%</td>
</tr>
</tbody>
</table>

**Equity and Liabilities**

<table>
<thead>
<tr>
<th></th>
<th>31.12.2021</th>
<th>30.06.2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension provisions</td>
<td>15%</td>
<td>8%</td>
</tr>
<tr>
<td>Other liabilities/provisions</td>
<td>66%</td>
<td>68%</td>
</tr>
<tr>
<td>Equity</td>
<td>19%</td>
<td>24%</td>
</tr>
</tbody>
</table>

August 3, 2022 | Half-Year figures as of June 30, 2022
### Maturity Profile

**Maturity of Main Group Financings as of Jun 30, 2022**  
Nominal amounts in € million

<table>
<thead>
<tr>
<th>Year</th>
<th>Bonds (w/o green)</th>
<th>Syndicated Loans</th>
<th>EIB Loan</th>
<th>Bonded Loans</th>
<th>Green Bond</th>
<th>RCF (undrawn)</th>
<th>Refinancing RCF on July 14th</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>250</td>
<td>1.582</td>
<td>1.200</td>
<td>1.787</td>
<td>900</td>
<td>500</td>
<td>1.453</td>
</tr>
<tr>
<td>2023</td>
<td>2187</td>
<td>500</td>
<td>1.939</td>
<td>1.553</td>
<td>700</td>
<td>225</td>
<td>2.187</td>
</tr>
<tr>
<td>2024</td>
<td>2.208</td>
<td>1.508</td>
<td>2.100</td>
<td>2.208</td>
<td>1.100</td>
<td>500</td>
<td>2.208</td>
</tr>
<tr>
<td>2025</td>
<td>1.939</td>
<td>152</td>
<td>1.787</td>
<td>1.939</td>
<td>750</td>
<td>500</td>
<td>1.939</td>
</tr>
<tr>
<td>2026</td>
<td>1.453</td>
<td>553</td>
<td>900</td>
<td>1.453</td>
<td>700</td>
<td>500</td>
<td>1.453</td>
</tr>
<tr>
<td>2027</td>
<td>1.687</td>
<td>1100</td>
<td>1.100</td>
<td>1.687</td>
<td>700</td>
<td>500</td>
<td>1.687</td>
</tr>
<tr>
<td>2028</td>
<td>1.475</td>
<td>500</td>
<td>500</td>
<td>1.475</td>
<td>0</td>
<td>500</td>
<td>1.475</td>
</tr>
<tr>
<td>2029</td>
<td>749</td>
<td>49</td>
<td>700</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2030</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Note:**  
Excluding bilateral credit facilities & leasing
Outlook H2 2022
2022 Priorities

1. Continue to manage the manifold crisis

2. Focused investments in future-oriented technologies

3. Drive ZF’s change process
# Vehicle Production 2022-2023

## Global Pass Car & 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>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>74,3</td>
<td>-16%</td>
</tr>
<tr>
<td>2021</td>
<td>77,1</td>
<td>+3%</td>
</tr>
<tr>
<td>2022</td>
<td>80,8</td>
<td>+5% [+9]</td>
</tr>
<tr>
<td>2023</td>
<td>82,5</td>
<td>+2% [+7]</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></td>
</tr>
<tr>
<td>2018</td>
<td>3,74</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>3,56</td>
<td>-5%</td>
</tr>
<tr>
<td>2020</td>
<td>3,44</td>
<td>-3%</td>
</tr>
<tr>
<td>2021</td>
<td>3,41</td>
<td>-3%</td>
</tr>
<tr>
<td>2022</td>
<td>3,00</td>
<td>-12%</td>
</tr>
<tr>
<td>2023</td>
<td>3,31</td>
<td>+10%</td>
</tr>
</tbody>
</table>

August 3, 2022 | Half-Year figures as of June 30, 2022
2022 Outlook Confirmed, but still with Caveat

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