



Annual Press Conference

on the 2020 business year of the MAHLE Group
April 27, 2021

Check against delivery

Statements:

Michael Frick

Chairman of the MAHLE Management Board (ad interim) and CFO

Anke Felder

Member of the MAHLE Management Board and Corporate Executive Vice President
Human Resources

[Michael Frick]

Ladies and Gentlemen,

Good morning,

What a year 2020 was! Looking back, MAHLE's development was largely influenced by two factors: the coronavirus and the transformation. The pandemic hit our industry, and also our company, during a challenging and forward-looking phase of change. Indeed, had fully directed our energies and resources to this process of change.

And the current year will probably continue to be defined by these two constants: the handling of COVID-19 and the advancement of strategic change. At the same time, we will be focusing on cost discipline, responsibility, and strategic future business areas.

Today, together with my colleague on the Management Board, Corporate Executive Vice President Human Resources Anke Felder, I will talk about how we have come through this exceptional year and how we are shaping our future under the present challenging conditions.

Before going into detail about our financial figures for 2020, I would like to summarize MAHLE's performance for you.



MAHLE performance in 2020

- Strong resilience
- Sales EUR 9.8 billion (-16.7 percent)
- EBIT pre restructuring approx. EUR 155 million
- Group's financial framework remains stable
- R&D ratio increased to 6.6 percent
- Cost reduction and restructuring programs pursued resolutely
- Goal for 2021: positive result and turnaround



² | MAHLE GmbH, 2021 press conference on the Financial Statements, April 27, 2021

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1. We have navigated robustly and steered a clear course through this extraordinary year. We have demonstrated strong resilience as a company. We achieved this thanks to a high degree of cost discipline and the immediate introduction of comprehensive cost reduction measures. This meant that we were able to close 2020 with a significantly better result—despite our concerns in the summer.

I would like to take this opportunity to expressly thank the MAHLE employees, who have demonstrated an impressively high level of commitment, optimism, and flexibility during this unusual and difficult time—whether in cooperation with our customers and suppliers, within the organization itself, or as active members of society. Together, we managed to focus on what was important and necessary.

2. As expected, our sales declined organically in 2020—by 16.7 percent to around EUR 9.8 billion. In the final result, our sales figure was significantly better than initially

feared thanks to successful developments in the second half of the year and very good business in China.

3. In 2020, despite the crisis, we generated strong cash flow, reduced our debt, and closed the year positively in operational terms. EBIT before restructuring expenses was positive at around EUR 155 million. This is an excellent figure under the circumstances.
4. The Group's financial framework is stable. Our liquidity is secured. We can afford our future.
5. We are consistently pursuing our successful dual strategy. MAHLE is working both on the intelligent combustion engine for the use of hydrogen and other nonfossil fuels and on technologies that will help the fuel cell and e-mobility achieve broad acceptance in the markets.
6. MAHLE invests in its future, even in times of crisis. Despite the external challenges, investment in our future topics remained virtually unchanged, and we even slightly increased our research and development ratio to 6.6 percent. Our R&D investments traditionally flow directly into the result at MAHLE. Accruals for the Group's restructuring measures were also significantly higher last year. All this was necessary with a view to setting the right course for the future. The measures are reflected in our result. In view of the global market slump, a reduction in the result was to be expected. We closed 2020 with a net loss for the year of EUR 434 million. Our goal for 2021 is to achieve turnaround with a positive result. Looking at the first quarter, we are confident that we will succeed.

Ladies and Gentlemen,

Last year, we took important steps to develop our business and to expand our product portfolio and development expertise.

The focus was primarily on hydrogen and e-mobility.

Project Highlights 2020



³ | MAHLE GmbH, 2021 press conference on the Financial Statements, April 27, 2021

Let me give you a few examples:

MAHLE and Canadian fuel cell manufacturer Ballard Power Systems Inc. have agreed to work together in the future on developing fuel cell systems for commercial vehicles of various weight classes.

Last year, MAHLE developed two standardized air filter solutions for fuel cells. With this new, modular approach, we will significantly reduce development times and costs—and therefore give fuel cell technology a noticeable push toward suitability for large-scale production.

In our second key area of future activity—e-mobility—we have expanded our network of global competence centers. A new global development center for mechatronics and electronics has been set up in Kornwestheim near Stuttgart. This develops product

solutions for vehicles with hybrid, hydrogen, or battery electric drives. In Fellbach, also near Stuttgart, we opened a new test rig for testing and developing e-axles and e-drive units.

With its new high-performance condenser, MAHLE has been enabling the faster charging of the traction battery of hybrid and electric vehicles since last year. Thanks to this new development, MAHLE is making electric vehicles more suitable for everyday use and the mass market.

Our e-bike business launched the next generation of its drive system for e-bikes in 2020. Our customers include internationally renowned brands and exclusive workshops. In 2020, MAHLE Smartbike Systems achieved six-figure production quantities for drive units and systems. We are planning significant double-digit growth for the coming years.

All these activities are leading to high order volumes in the field of alternative drives. In addition to our stable existing business—including products from our traditional internal combustion engine activities—we secured numerous orders in the area of new drive technologies during the year under review.



MAHLE Business Wins in E-Mobility



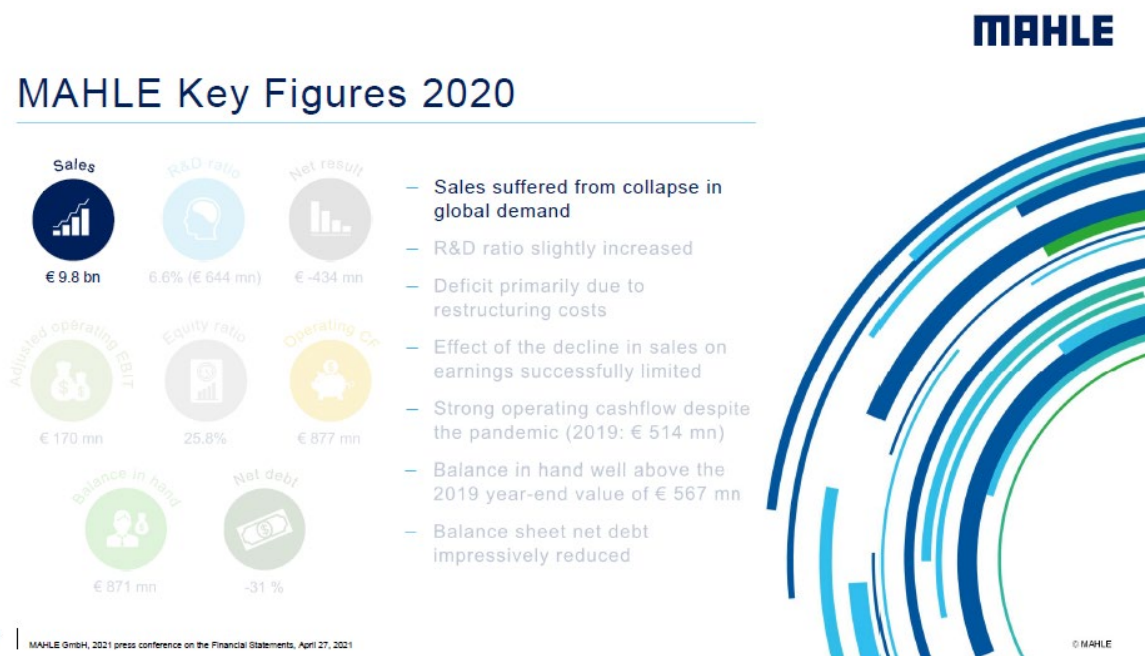
⁴ | MAHLE GmbH, 2021 press conference on the Financial Statements, April 27, 2021

The most important projects in this respect include orders for electric drive motors for two-wheelers and passenger cars, power electronics, battery cooling systems, as well as electric compressors and water pumps. Our electric compressor has become a bestseller. To date, we have already received orders from six major OEMs in this segment.

Moreover, our customers rely on our core competences for the new drive types. Examples include thermal management, which is used for air conditioning and cooling systems as well as for electric auxiliary heaters, and oil management, which is needed for the electric axle. In addition, thanks to the strength of our portfolio in fuel cell peripherals, we secured development and series orders from well-known manufacturers in this field.

Our order books are well filled. We also gained new customers. Today, we supply all well-known OEMs in the passenger car and commercial vehicle sector as well as new market entrants.

This brings me to the most important financial figures for 2020:



In the year under review, 2020, MAHLE generated Group sales of EUR 9.8 billion. Sales thus declined organically—that is, after adjustment for exchange rate effects and changes to the consolidation group—by 16.7 percent compared with 2019. This slump in sales roughly corresponds to the coronavirus-related downturn in the global market for passenger cars and commercial vehicles.

The first half of the year was particularly challenging. In April 2020 alone, when many vehicle manufacturers were faced by temporary reduction stoppages during the first looked down, our sales had fallen by around 70 percent at the low point of the year.

As the year progressed, international markets began to recover significantly. This was also reflected in the positive development of our sales in the second half of the year.

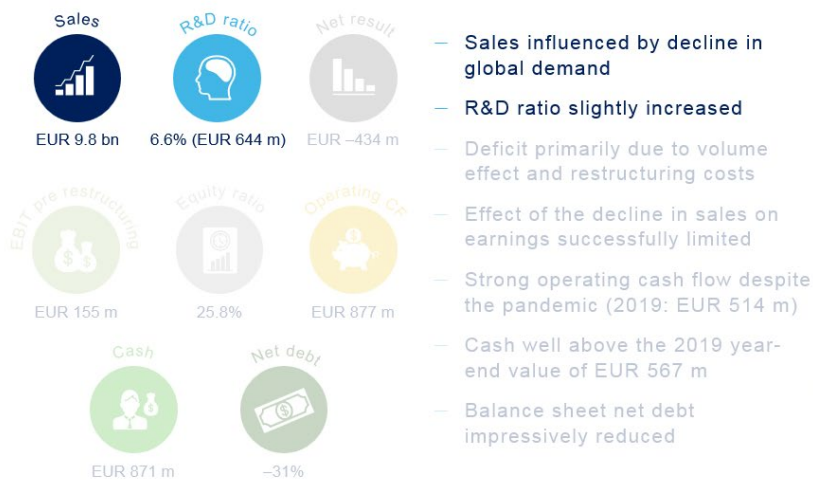
In addition, negative exchange rate effects impacted our sales. They represented a burden of EUR 318 million due to the devaluation of key trading currencies against the euro, such as the Argentine peso and the Brazilian real.

At EUR 54 million, changes to the consolidation group had a positive effect on our sales. This was due in particular to the first full consolidation of the joint venture Behr Hella Service, which previously was proportionately consolidated.



In terms of regional sales distribution, all regions recorded significant double-digit sales declines. The only exception was the Asia/Pacific region. Here, the rapid recovery of the Chinese market in the course of the year under review partially compensated for the sales losses in other countries. MAHLE achieved record sales in China in 2020. Adjusted for negative exchange rate effects, our business in China grew by almost 4 percent in comparison with the previous year to EUR 1.3 billion.

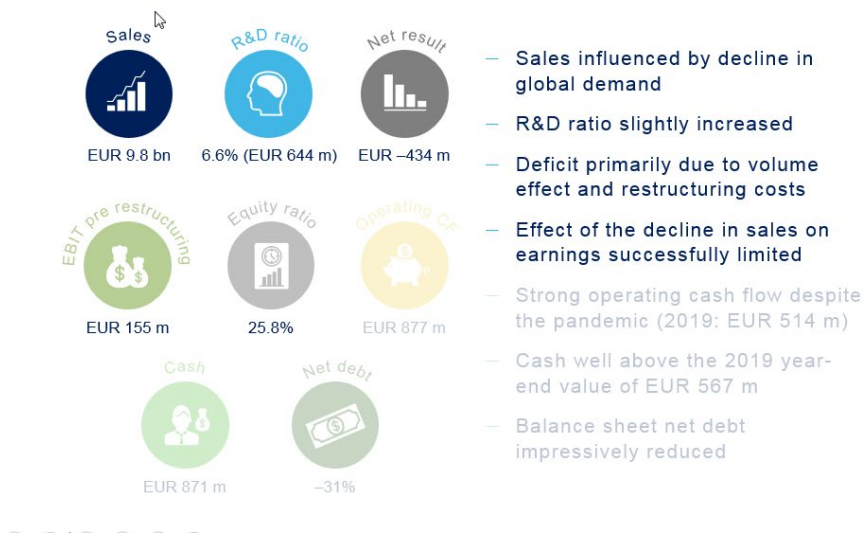
MAHLE Key Figures 2020



The pandemic also affected our capital expenditures. We reduced our investments in tangible fixed assets to EUR 436 million, which was EUR 116 million less than in 2019. On the other hand, we did not cut back on Group-wide research and development expenditure, which was maintained at the high level of EUR 644 million in 2020 despite the difficult environment. We were thus able to increase our investment ratio in development costs from 6.2 to 6.6 percent.

While investments in key areas of future activity exceeded the depreciation on tangible fixed assets, the Group-wide ratio of 89 percent was below the previous year's value (113 percent). As in 2019, we made around half of our investments in Europe, followed by Asia/Pacific with around 28 percent. North America represented approximately 17 percent of the investments.

MAHLE Key Figures 2020



As expected, the impact of the COVID-19 pandemic, negative exchange rate effects, and sales losses from weakened markets also affected our result. In total, we closed 2020 with a net loss for the year of EUR 434 million.

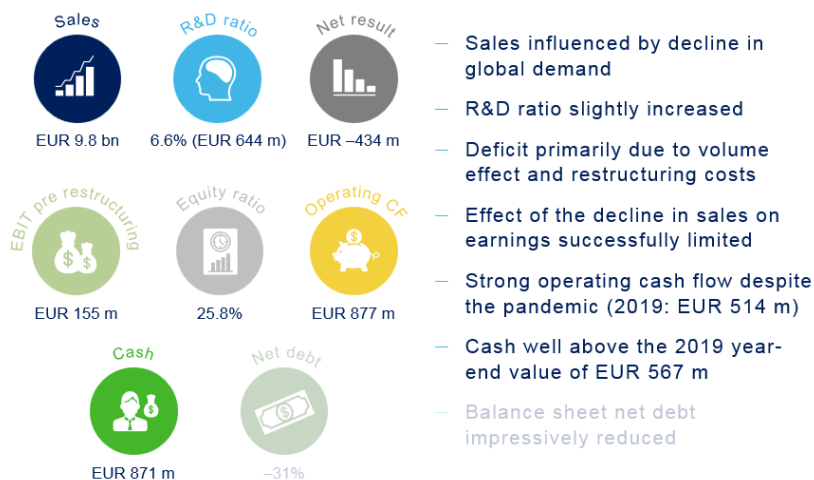
Overall, special effects have shaped our earnings situation. In view of the accelerated transformation of the automotive industry, we have not deviated from our course with regard to the structural reorganization of the Group. In the year under review, we made accruals for necessary restructuring measures.

EBIT before restructuring expenses amounts to EUR 155 million. This is a good figure given the challenging conditions. It shows that we were able to successfully cushion the impact of the significant decline in sales on our result.

We have taken every possible measure to reduce the negative effect of the pandemic on our profitability and liquidity. Without delay, we adapted our cost structure to the decline in demand. In addition, we succeeded in cutting costs both in production and in administrative areas. We used the instrument of short-time work in Germany, and similar tools for temporary flexible working in other countries.

Mainly due to the net loss for the year and negative currency effects of EUR 163 million, our equity decreased by EUR 654 million to EUR 2.089 billion in the year under review. Our equity ratio was thus 25.8 percent. This is a good value with reference to the industry average. But a higher ratio would give us more strategic room for maneuver. We therefore continue to aim for a target rate of at least 33 percent.

MAHLE Key Figures 2020



Despite lower sales, we generated a strong operating cash flow in the year under review. Compared with the previous year, we increased it significantly from EUR 514 million to EUR 877 million. Our efforts to stringently and successfully manage our working capital, such as by improving payment terms or optimizing our inventories, made a decisive contribution.

Our cash flow development was also influenced by reduced investments in tangible fixed assets as well as the effects of our M&A activities.

As at December 31, 2020, cash in hand amounted to around EUR 871 million, considerably above the year-end value of EUR 567 million in 2019.

In addition to significantly increasing our cash funds, we reduced our liabilities to banks. As a result, we were able to steadily improve our net debt starting in July 2020. At EUR 925 million, MAHLE's net balance sheet debt at the end of the year was an impressive 31 percent below the previous year's value, and it was further reduced by the end of March this year.

Ladies and Gentlemen,

For 2021, what was already important in 2020 remains unchanged: we continue to focus on strict cost discipline and on the further development of strategically crucial fields.

We are breaking new ground in Group financing with an external rating for the first time. The rating agency Moody's rated MAHLE positive with "Ba1, outlook stable." This puts us well above the average for the supplier industry. The Ba1 rating strengthens our position on the capital market and allows us to reach an even wider group of investors and markets.

These are good prerequisites for continuing on the course of our technological transformation and the structural reorganization of the Group.

On that note, I will hand over to my colleague on the Management Board, Corporate Executive Vice President Human Resources Anke Felder.

[Anke Felder]

Thank you, Michael.

Ladies and Gentlemen, as you know, we intensified our cost reduction and restructuring programs last year. In view of our industry's transformation and the weaker development of the global automotive markets, the aim is to reposition MAHLE technologically and structurally in the coming years and thus secure our long-term competitiveness.

Unfortunately, staffing level adjustments are necessary to achieve this goal. Such measures are difficult for us. However, these decisions are also part of our global responsibility for the sustainable positioning of MAHLE.

More specifically, to further the structural and strategic positioning of the Group, we have identified an excess capacity of 7,600 jobs, of which around 2,000 are in Germany.

We have recently reached an agreement with the employee representatives for our German locations. We are particularly pleased that we have developed a common understanding of the need for action and constructive solutions.

The agreement includes an attractive voluntary program and will be supplemented, if necessary, by reductions in working hours. We will already be launching in May.

If the adjustment measures cannot be carried out in full through the voluntary program, we have agreed a roadmap for further implementation with the employee representatives.



As far as the current headcount is concerned, as at the end of 2020, the MAHLE Group employed around 72,000 people. This is almost 5,000 fewer than in the previous year. Europe accounts for 46 percent of our workforce with around 33,000 employees,

Asia/Pacific for 22 percent with almost 16,000 employees, and North America for 20 percent with roughly 14,600 employees. Moreover, MAHLE employs nearly 8,000 people in South America, representing 11 percent of our headcount.

Fit for the Future: Upskilling and Reskilling at MAHLE

MAHLE



- Preparing employees for new technologies and new ways of working in line with business targets
- Continuous adaption and expansion of training offers alongside the dual strategy
- Implementation of virtual learning meetups, toolboxes, and digital learning platforms
- Transformation Roadmap: global reskilling initiative based on our future product portfolio and the required key skills



⁹ | MAHLE GmbH, Annual Press Conference 2021

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The key to success, especially in the current stage of the transformation, lies in the skills and potential of our workforce. That is why our top priority is have the right talent on board, to develop these employees further, and to retain them. Preparing our workforce for new technologies and working methods is particularly important. By continuously checking our strategic and individual learning and development requirements against our existing portfolio, we ensure that our position is sustainable and aligned with demand and target groups, thereby contributing to the Group’s long-term success.

In 2020, we steadily expanded our entire program for advanced training. Through virtual learning meetups and toolboxes as well as digital learning platforms, we ensure that we meet the individual learning needs of our employees. In addition, we are continuously

expanding the learning program for all target groups on the topics of hydrogen, e-mobility, functional safety, and artificial intelligence.

We are addressing changing priorities in the occupational profiles at MAHLE with our requalification initiative, Transformation Roadmap, which aims to prepare our employees for the future requirements of our industry. Based on the future product portfolio and the key skills it requires, a pilot project is initially aimed at all development areas, the entire mechatronics and electronics business, and sales.

This way, we are further developing the necessary skills in a targeted manner and strengthening the most important pillar of this company: our workforce.

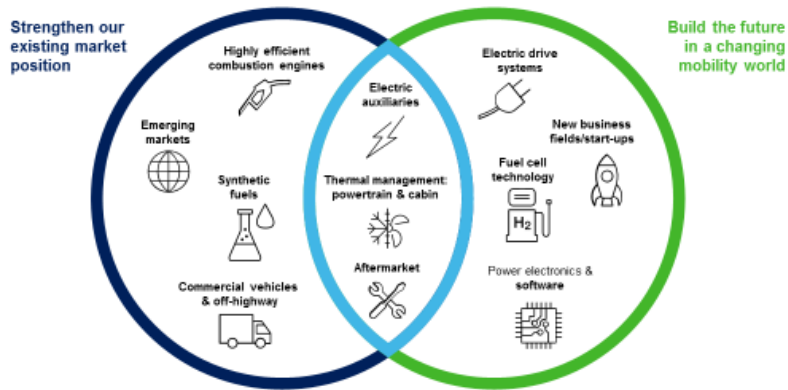
And now I will hand back to Michael Frick.

[Michael Frick]

Thank you, Anke.

What is the focus in 2021? One thing is quite clear: we will continue to forge ahead with MAHLE's technological transformation this year.

Dual Strategy



60% of sales independent of the passenger car ICE—around 75% by 2030.
 More than 80% of advanced development investments directed into future technologies

¹⁰ | MAHLE GmbH, Annual Press Conference 2021

And we are well positioned to do so. We want to remain a strong player in the combustion engine sector as long as this type of drive is needed on the international markets and demanded by our customers. At the same time, we are continuing to develop our portfolio with the same high intensity toward e-mobility, hydrogen, and e-fuels.

Let me name a few forward-looking technology projects from our strategic focus areas:

Project Highlights 2021



In Stuttgart, we commissioned our first hydrogen test rig for the testing of fuel cells and hydrogen-powered combustion engines a few weeks ago. Our initial investment in this area was around EUR 2 million. The signs point to further expansion.

In the field of battery technologies, our newly developed immersion cooling is one of our most important products this year. This product enables batteries to be cooled even more effectively. It is paving the way for a new generation of battery systems. With this technology, electric vehicles will be cheaper, lighter, and more resource-efficient.

We are developing electric motors that do not require rare earth elements. The central feature of these new motors is inductive, contactless power transmission—allowing the motor to operate without wear and highly efficiently.

We are successfully transferring conventional technologies from the combustion world into the new drive world: our mechatronic actuators are a recent example of this. In the past, they were used to control turbochargers, for instance. They now control the transmission or the air conditioning system in an electric vehicle. MAHLE is one of the

three largest manufacturers of these products in the world today. By 2025, we plan to increase annual production from 2.5 million to as many as 6 million units.

We will continue to strengthen our research and development activities in 2021 by expanding the global competence centers. Recently, for example, MAHLE's new electronics and mechatronics development center in Changshu/China became operational. Around 70 employees develop solutions for alternative drives at that location, primarily for the Chinese market.

And in Stuttgart, we will be opening our first 3D printing center in the next few weeks. The center will design processes for the broad use of 3D printing in industrial manufacturing and for the construction of prototypes. This will speed up the development of new technology solutions, including those needed for electric vehicles.

These technological initiatives are part of our responsibility for our future as a company and for sustainable, climate-friendly mobility. Of course, we know that our responsibility doesn't end there. And on this topic, I will hand you back to Anke Felder.

[Anke Felder]

Ladies and Gentlemen,

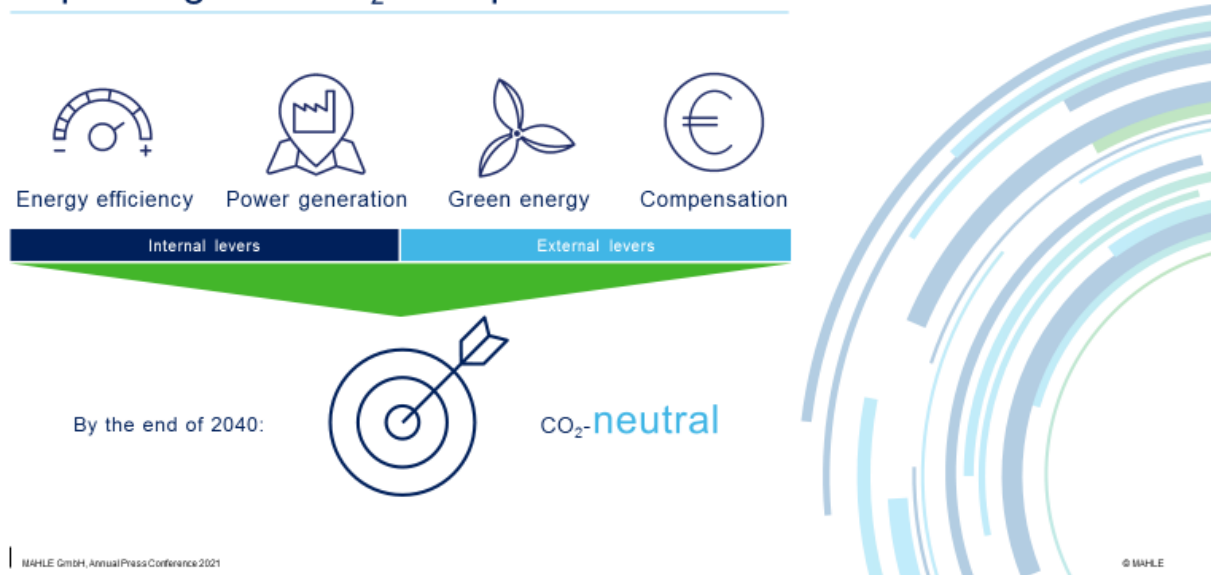
MAHLE is a company that is 99.9 percent owned by a foundation. For us, assuming responsibility means acting not only for the benefit of the company from an economic perspective, but also for the benefit of humanity. This means that we take responsibility for our employees and also for the impact of our business activities on the environment and society.

MAHLE ESG Performance rated by EcoVadis



With our products, we have always helped to make individual mobility more sustainable, more efficient, and more economical. Our innovations and technological solutions are designed in line with these principles. Environmental, social, and governance criteria have been part of our identity for a long time. This is demonstrated by the positive assessment by EcoVadis, the ratings platform for corporate social responsibility and sustainable procurement, MAHLE performed well in this assessment, receiving a silver medal, which ranks it among the top 21 percent of all participants in the supplier industry.

Improving our CO₂ Footprint



In the year under review, we further intensified our efforts to make MAHLE more environmentally sustainable in its production processes and operational procedures. These include, for example, clearly defined, binding, and measurable targets for our CO₂ footprint.

We are committed to the Paris Agreement. By 2040, we want to become carbon-neutral in accordance with Scopes 1 and 2 of the Greenhouse Gas Protocol. We will already operate our German plants in a carbon-neutral manner by the end of 2021. At the same time, we have entered into intensive dialog with our suppliers to ensure that sustainability is also firmly established in our supply chain.

We also assume responsibility for the health of our workforce. Against the backdrop of the ongoing coronavirus pandemic, protecting the health of our employees remains a top priority.

Right at the start of the pandemic, we implemented all the necessary measures to mitigate its effects quickly, consistently, and in a “hands-on” way. Here are just a few examples of this:

1. We allow working from home or mobile working wherever possible. Only a very small skeleton team is still currently working in-house.
2. Following the outbreak of the pandemic, we implemented strict hygiene and social distancing rules, restrictive visitor management, and appropriate test routines at production locations. Since early April this year, we have also made self-tests available to any employees at our German locations who cannot work from home.

Moreover, when it comes to in-house vaccination campaigns, MAHLE is ready to help support local public vaccination efforts in the countries and drive back the virus as effectively as possible. We have developed concepts that enable us to take immediate action as soon as vaccines are available for broad sections of the population depending on the situation in the individual markets. In Germany, for example, we are ready for the arrival of the vaccines. We are very pleased that a joint pilot project with the German Red Cross (DRK) is currently underway at our location in Reichenbach.

To close, I will hand you back to Michael Frick.

[Michael Frick]

Thank you very much. Ladies and Gentlemen, 2021 will continue to be a year of great challenges. The further course of the pandemic and the transformation will significantly shape our strategic decisions and our operational activities. We will continue to sharpen our focus and target those topics that will make a noticeable difference in our transformation efforts.

The first quarter was very encouraging for MAHLE, and the first few months even exceeded our expectations. All business areas contributed to this positive development. According to current estimates, we anticipate significant organic sales growth for the year as a whole.

Nevertheless, in addition to the pandemic, there are other external factors that can have a negative effect on our development: we are experiencing major supply bottlenecks for semiconductors and plastic granulars. We also continue to see risks in trade policy.

That is why we remain vigilant. Strict cost and cash discipline provide a clear framework for all operational activities and strategic decisions.

Moreover, the course on key issues will be set this year at the political level. In addition to a new national government in Germany this fall, the automotive industry will be shaped above all by stricter framework conditions from Brussels. I am thinking in particular about the climate protection targets of the Green Deal or of Euro 7. We are monitoring these developments closely because they could lead to significant structural adjustments in the market. I urge all decision-makers to exercise prudence when it comes to regulatory measures.

We stand unreservedly for climate and environmental protection. However, climate policy must be implemented in conjunction with economic and social policy. Against this background, MAHLE is campaigning to expand the current discussion. In addition to the ramp-up of e-mobility, we should lay the foundations for effective climate protection in all available fields of technology. A policy framework should aim to promote alternative drive and fuel solutions. The competition for the best ideas should determine how this goal is achieved from a technical perspective. This is where we should rely on the creativity of engineers, not on directives from politicians. In this way, it will be possible to maintain value creation at our locations.

MAHLE will actively support this process and contribute its expertise to the discussions.

Summary

- 2020 results better than expected
- Goal for 2021: positive result and increase in sales
- Persistent risks—we remain vigilant
- Restructuring on track
- Technological transformation continues unabated
- Around 75 percent of sales independent of passenger car ICE by 2030
- MAHLE is ready for the future



Ladies and Gentlemen, I would now like to sum up the outlook:

- MAHLE has shown remarkable resilience throughout the pandemic and closed 2020 significantly better than expected.
- The goal for 2021 is to achieve turnaround with positive annual financial statements.
- According to current estimates, we expect MAHLE to substantially increase its sales for 2021 in comparison with the previous year.
- We remain extremely vigilant in view of the significant risks from the coronavirus pandemic, supply bottlenecks, and political regulations.
- With the agreement recently reached for Germany, the structural reorganization of the Group is on the right track in overall terms.
- The Group's technological transformation in line with future mobility requirements is continuing unabated.

- Currently, MAHLE generates more than 60 percent of its sales independently of the passenger car combustion engine. This figure should grow to a good three-quarters by 2030. To this end, we will maintain the same level of investment in our future business areas.
- Our Group financing is well secured. MAHLE is ready for the future.

Thank you very much.