

# Press release

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Stuttgart, April 25, 2022

## MAHLE cautious in 2022 after higher sales

- Stronger growth of 12 percent in sales and higher earnings power despite rising raw materials and logistics costs in 2021
- No forecasts for 2022 as a result of severe geopolitical risks and rising costs
- Firmly on track for transformation with new technologies for climate-neutral mobility
- Preparation of employees for new world of mobility with training and transformation dialog

**The automotive supplier MAHLE was able to boost sales and earnings power in 2021 despite difficult conditions but expects growing problems for the global automotive sector. First Covid, then the semiconductor shortage and now the war in Ukraine, combined with massively rising costs – the German group is therefore cautious and is not making any forecasts for the current year. “Over the past two years, MAHLE has largely absorbed the additional cost. However, I am now convinced that automakers and component suppliers are called upon to reach agreement as partners on a fair distribution of burdens in this difficult situation,” said Michael Frick, Deputy Chairman of the MAHLE Group Management Board and CFO, at the Annual Press Conference. With stringent expenditure and cost discipline, MAHLE is forging ahead with its structural and technological transformation.**

After the dip as a result of Covid in 2020, the sales of the technology group in the 2021 financial year grew by 11.9 percent to €10.9 billion following adjustment for exchange rate effects. Business grew in all regions and Business Units. However, further growth was prevented by the slump in demand in the second half of the year. The operating result before interest and tax (EBIT) was positive at €169 million (previous year: €-192 million). The operating EBIT return was 1.5 percent compared with the prior-year figure of -2.0 percent. “On one hand, this positive development is due to higher sales and lower restructuring expenses. On the other hand, our cost and expenditure discipline as well as our restructuring programs also had the

desired effect,” said Frick, presenting the Group’s key figures. The consolidated net loss was reduced by 75 percent to €-108 million. This loss was the result of higher financing expenses and tax payments which could not be reduced by offsetting tax losses carried forward.

Equity remained almost stable in 2021 at €2.05 billion. The equity ratio was reduced to 23.9 percent as a result of the higher balance sheet total. The debt ratio (ratio of net debt to EBITDA) fell to 1.3 (previous year: 2.1). In April 2021, MAHLE placed a €750 million bond with considerable demand from investors. This was the largest financial transaction in the history of the company. “MAHLE has a firm foundation and high liquidity for financing its future,” said Frick.

In the financial year under review, the Group invested €666 million (6.1% of sales) – more than the previous year – in research and development for climate-compatible mobility. “In 2022, we will need to expand and redefine our position as an established Tier 1 supplier in the three strategic areas of e-mobility, thermal management and classical drive systems,” Frick stated.

He added that the main emphasis of business would shift even more strongly towards e-mobility over the next few years. By 2030, MAHLE plans to increase the share of its sales earned independently from the internal combustion engine for passenger cars from the present figure of more than 60 percent to 75 percent.

In 2021, the company scored with new electric drive technologies that address customers’ key concerns – range, convenience and fast charging. As regards the vehicle itself, this includes battery cooling technologies that will allow recharging in a matter of minutes. As regards charging infrastructure, MAHLE developed a fast-charging solution allowing capacities up to 750 kW. Thermal management systems based on heat pumps also ensure greater efficiency and convenience. They reduce the loss of range in the winter by up to 20 percent. According to company statements, an entirely new electric motor that does not require rare earth elements has aroused considerable interest with a large number of vehicle manufacturers.

Where e-mobility currently approaches its limits, MAHLE intends to fill the gap with other drive technologies such as hydrogen, fuel cells or e-fuels. “Here, we can rapidly make a key contribution to climate protection at the same time as reducing dependence on oil and gas,” said Frick. He sees potential especially in the commercial vehicle sector. As part of the mobility transition, MAHLE is also committed to e-bikes and produces ultra-light, compact drive systems.

However, the expansion of climate-neutral mobility is not progressing equally fast in all the world's regions. The pace of development of e-mobility is different. Frick emphasized: "As long as there are internal combustion engines, MAHLE will be a reliable partner to the market and customers in this area." MAHLE is the market leader for many internal combustion engine components and intends to strengthen its position in strategic areas.

The transition from the internal combustion engine to e-mobility has boosted the pressure to change in all areas. "It is therefore all the more important for employee representatives and top management to pool their ideas," commented Anke Felder, Management Board Member and Corporate Executive Vice President Human Resources.. At MAHLE, this process gave rise to the transformation dialog, a new approach to realigning German locations for the future launched as a joint project of the company together with the Works Councils and the IG Metall trade union in 2021.

In order to strengthen the skills and capabilities required by a changing world of mobility, MAHLE continues to reinforce its global position with respect to qualification and training offerings for the workforce. "We aim to offer easily accessible training for all employees. This is why we have created a modern learning environment," Felder explained. In this environment, employees find relevant training content that can easily be integrated in their everyday work at flexible times. The focus of the content has shifted even more strongly to e-mobility.

At the end of 2021, about 71,300 people worked for the MAHLE Group, almost 900 fewer than in 2020. The personnel reduction was part of the structural transformation of the Group as a result of change. The Group will continue to forge ahead with this transformation.

### Key figures compared with the previous year

	2020	2021
<b>Sales</b> (€ million)	9,774	<b>10,933</b>
<b>EBIT</b> (€ million)	-192	<b>169</b>
<b>EBIT margin</b> (percent)	-2.0	<b>1.5</b>
<b>Consolidated net loss</b> (€ million)	-434	<b>-108</b>
<b>Equity</b> (€ million)	2,089	<b>2,050</b>
<b>Headcount</b> <sup>1</sup> (number of people)	72,184	<b>71,298</b>

<sup>1</sup> As at December 31

Note for journalists: you will find audio statements and images connected with this press release at <https://www.mahle.com/de/news-and-press/press-releases/>.

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Michael Frick is the Deputy Chairman of the MAHLE Group Management Board and CFO.



Anke Felder is a Member of the MAHLE Management Board and Corporate Executive Vice President Human Resources.



This innovative electric motor from MAHLE does not require rare earth elements and operates at very high efficiency entirely without wear.



Electric compressor: MAHLE can report a success story with the key component of the air conditioning system for electric vehicles.



With ChargeBIG Power, MAHLE offers an infrastructure solution for the fast charging of electric cars.



Throughout the world, MAHLE provides employees with new training offerings to make them fit for the changing world of mobility.



Focus on e-mobility: MAHLE test rig for electric drive axles at Fellbach near Stuttgart.



Inconspicuous and extremely light: MAHLE has set a benchmark in the sector with its e-bike drive systems.

## **Contacts at MAHLE Communications:**

Manuela Hoehne

Director MAHLE Communications

Phone: +49 711 501-12506

E-Mail: manuela.hoehne@mahle.com

Ruben Danisch

Head of Corporate and Product Communications

Phone: +49 711 501-12199

E-mail: ruben.danisch@mahle.com

Ingo Schnaitmann

Corporate and Business Press Spokesperson

Phone: +49 711 501-13185

E-Mail: ingo.schnaitmann@mahle.com

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## **About MAHLE**

MAHLE is a leading international development partner and supplier to the automotive industry. The technology group is now broadly positioned in the areas of powertrain technology and thermal management with a clear focus on future topics relating to mobility. MAHLE is working both on the intelligent combustion engine for the use of hydrogen and other non-fossil fuels and on technologies that will help the fuel cell and e-mobility achieve broad acceptance in the markets. The product portfolio of the company, which was founded in 1920, addresses all the crucial aspects of the powertrain and air conditioning technology. Half of all vehicles in the world now contain MAHLE components. #weshapefuturemobility

In 2021, MAHLE generated sales of EUR 10.9 billion and is represented in over 30 countries with more than 71,000 employees in 160 production locations and 12 major research and development centers. (Last revised: 2021-12-31)