Capital Market Day 2021
Automotive Technology

Essen, December 2nd, 2021

engineering. tomorrow. together.
Leadership team with vast automotive and operational experience

Dr.-Ing. Karsten Kroos
CEO & CFO | Since 2019

- Leading mgmt. roles in engineering, business development, sales, business transformation and restructuring on plant-, BU- and corporate-level
- Development of several global market leaders with above average growth rates
- Strong experience in in- and external board positions
- More than 30 years in automotive and industry businesses, thereof more than 26 years with direct P&L responsibility

Frank Altag
COO | Since 2019

- Multiple years in CEO role of BU Dynamic Components
- Simultaneously Chief Operations Officer of business segment Automotive Technology
- Various leading roles in automotive context of thyssenkrupp
- Leadership experience with large German OEM

Kerstin Ney
CHRO | Since 2019

- Multiple years of experience in leading HR positions across thyssenkrupp (Automotive and further industrial experience)
- Broad experience in transformation and reorganization projects
- Broad international project experience in China, USA, Europe
- Excellent network among DAX/MDAX HR-leaders and within co-determination

1. Years of industry experience  |  2. With tk since

1990²

1999²

>30¹

>30¹

>30¹
AT with international set-up and diverse product portfolio to serve across customer segments

### High-tech components and systems as well as automation solutions for vehicle manufacturing

- **Steering**
  - Cold forging
  - Steering column
  - Rack-EP1
  - Column-EP1
- **Damper**
  - Passive, (Semi-) active Air springs & modules
- **Dynamic Components**
  - Assembled camshafts
  - Modules
  - Variable systems
  - Rotor shafts
- **Autom. Body Solutions**
  - Chassis and body in white
  - Standard products
  - Tool manufacturing
- **Automotive Systems**
  - Axle assembly
  - Module assembly

### Diverse product portfolio with international relevance

#### Sales by BU FY 20/21

- Steering: 46%
- Damper: 19%
- Camshafts (now Dynamic Components): 11%
- Automotive Body Solutions: 10%
- Automotive Systems: 5%

#### Sales by region FY 20/21

- Germany: 31%
- Western Europe: 23%
- Central/Eastern Europe: 14%
- North America: 13%
- China: 10%
- Rest of World: 2%

∑ €4.5 bn

1. Electric Power Steering (EPS) | 2. FY 20/21. Sales according to home state principle, addition of regional sales (not consolidated)

### AT is one of the leading suppliers and engineering partners to the international auto industry

<table>
<thead>
<tr>
<th>Established premium ... and volume OEMs</th>
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<td>Volkswagen</td>
<td>SAIC</td>
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### AT has positioned itself internationally close to its customers in growing markets to partake in even the largest global platforms

- European countries: Germany, France, Switzerland, Hungary, UK, Liechtenstein, Romania, Poland, Russia
- Americas: USA, Mexico, Brazil
- Regional development: China, India

1. Electric Power Steering (EPS) | 2. FY 20/21. Sales according to home state principle, addition of regional sales (not consolidated)
AT portfolio with 80% of sales independent of Internal Combustion Engine (ICE) development

Components, systems and services

- Steering column
- Steering gear
- (Semi-) active dampers
- BU Steering
  - Full system steering supplier
- BU Damper
  - For OE and aftermarket business
- Camshafts
- Rotor shafts
- BU Dynamic Components
  - For conventional and alternative engines
- BU Automotive Body Solutions
  - New set-up as chassis and body supplier
- BU Automotive Systems
  - Assembly and logistics services

ICE dependent  ICE independent
Leading market positions established – Future technology trends offering further growth potential

**Steering**
- E-mobility, Autonom. Driving
- Holistic steering system provider with strong software & E/E\(^2\) competence
- No. 1 steering column
- No. 4 total steering market

**Damper**
- E-mobility, Autonom. Driving
- Focus on active and semi active damping systems leveraging a strong brand
- No. 1 semi active dampers

**Dynamic Components**
- Efficient drives/engines
- Leverage strong ICE position for transformation and parallel diversification
- No. 1 assembled camshafts and sliding cam systems

**Autom. Body Solutions**
- Lightweight solutions
- Integrated provider and engineering partner with serial business capabilities
- No. 4 plant engineering\(^2\)

**Automotive Systems**
- Services
- Portfolio rounding off for selected key OEMs

1. Comparable basis IFRS15
2. Related to BU SY assessment and competitive data. New BU AB assessment ongoing
3. Electric/Electronic

In line with market growth
Above market growth
Strongly above market growth
Early and consequent portfolio development along future technologies

### New products
State of the art technology

<table>
<thead>
<tr>
<th>Dynamic Components</th>
<th>New plants¹</th>
<th>More intelligence and more content per car</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steering³</td>
<td>Global footprint</td>
<td></td>
</tr>
<tr>
<td>Dual Pinion</td>
<td></td>
<td><img src="image" alt="Steering column" /> X~5</td>
</tr>
<tr>
<td>Column-EPS²</td>
<td></td>
<td><img src="image" alt="EPS²" /> X~5</td>
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<tr>
<td>Rack-EPS²</td>
<td></td>
<td><img src="image" alt="Assembled camshaft" /> X~15</td>
</tr>
<tr>
<td>Variable systems</td>
<td></td>
<td><img src="image" alt="Modules" /> X~5</td>
</tr>
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<td>Rotor shafts</td>
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<td><img src="image" alt="Passive damper" /></td>
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<tr>
<td>Modules</td>
<td></td>
<td><img src="image" alt="Semi-active damper" /></td>
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<tr>
<td>Full active damper</td>
<td></td>
<td><img src="image" alt="First SOP" /></td>
</tr>
<tr>
<td>DampTronic X damper</td>
<td></td>
<td><img src="image" alt="today" /></td>
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<td><img src="image" alt="2012" /> ✔️</td>
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<tr>
<td>Column-EPS²</td>
<td><img src="image" alt="2016" /> ✔️</td>
</tr>
<tr>
<td>Rack-EPS²</td>
<td><img src="image" alt="2021" /> ✔️</td>
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1. Exemplary  | 2. Electric Power Steering (EPS)  | 3. Full portfolio player
### Strong recovery in FY 20/21 – Current outlook of FY 21/22 with market related uncertainty

[€ mn]

<table>
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<tr>
<th>Financial parameters</th>
<th>Financials</th>
<th>Outlook</th>
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</thead>
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<tr>
<td></td>
<td>FY 19/20¹</td>
<td>FY 20/21</td>
</tr>
<tr>
<td>Sales</td>
<td>4,090</td>
<td>4,522</td>
</tr>
<tr>
<td>EBIT adj.</td>
<td>-166</td>
<td>264</td>
</tr>
<tr>
<td>EBIT adj. margin [%]</td>
<td>-4</td>
<td>5.8</td>
</tr>
<tr>
<td>BCF</td>
<td>-595</td>
<td>59</td>
</tr>
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</table>

¹. FY 19/20 figures adjusted for portfolio changes and new special items guideline
Automotive Technology – Value creation based on passion for innovation and financial performance

Investment highlights

1. Mission critical components & systems
2. Leverage strong ICE position for transformation of dynamic components business
3. Sound order book & strong customer base
4. Global footprint with customer proximity
5. Restructuring & improved resilience
6. Digitized products, processes & business models
Mission critical components with huge growth potential

- AT supplies mission critical components globally
- Majority of AT business is independent of ICE
- New products support growth and foster diversification
- AT as chassis system provider to major OEMs

>€15 bn potential market volume² via new products

1. Vehicle Motion Control (VMC)  |  2. VMC, Steer-by-wire, compressor, battery housing, electro mechanical brake
BU Steering Electric/Electronic competence center built up as major internal software hub

BU Steering competence center Budapest

E/E\textsuperscript{1} competence center as internal software hub

Scope of Budapest E/E\textsuperscript{1} development
- E/E\textsuperscript{1} design including hardware/software design, implementation, testing and integration
- Competence in highest security level ASIL\textsuperscript{2} D

Headcount development

- ST established as system partner
- Software & E/E\textsuperscript{1} competence with \textasciitilde950 Software developers in Hungary
- ST as AT internal technology hub, further AT BUs get supported with SW & E/E\textsuperscript{1} competence

\textsuperscript{1} Electric/Electronic | \textsuperscript{2} Automotive Safety Integrity Level
② Leverage existing high performance ICE business to further drive transformation and diversification of powertrain business

Status quo

BU Dynamic Components

By far market leader for assembled camshafts

Very strong order intake of >€4 bn lifetime sales in last 3 years

Takeover of competitor business and in-house production

Ongoing discussions with major OEMs regarding end of life supply

Way forward

Continuous growth of existing rotor shaft business

Rotor shafts with increasing value and new functionality (e.g. increased complexity due to cooling necessity)

Further expansion through diversification in e-mobility (e.g. AC compressor)
### Solid market positions with established OEMs and new players

**Exemplary**

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- ~85% of plan sales\(^1\) backed with booked business
- Well established partner of leading automotive OEMs
- Supplier for key EV players
- Serve top Chinese OEMs

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1. FY 21/22 to mid-term AT total
Global set-up with focus on customer proximity and best cost locations

Bottom line improvements

FTE [k] by region\(^1\) with clear trend to best cost regions

<table>
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<tr>
<th>Region</th>
<th>30.09.16</th>
<th>30.09.21</th>
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</thead>
<tbody>
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<td>Western Europe incl. Germany</td>
<td>14.3</td>
<td>17.5</td>
</tr>
<tr>
<td>Central/Eastern Europe</td>
<td>45%</td>
<td>55%</td>
</tr>
<tr>
<td>China</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>55%</td>
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New plants: Customer proximity and above average financial performance

- **Mühlacker (AB)**
  - EBIT adj.
  - 19/20 vs 20/21: Mid-term

- **Puebla (ST)**
  - EBIT adj.
  - 19/20 vs 20/21: Mid-term

- **Jászfényszaru (ST)**
  - EBIT adj.
  - 19/20 vs 20/21: Mid-term

- **Changzhou (ST), Changzhou (DA)**
  - EBIT adj.
  - 19/20 vs 20/21: Mid-term

1. Internal FTE comparable excl. Automotive Body Solutions, w/o Rest of World (10FTE 30.09.21)
5 Structural cost improvements: Restructuring, better resilience & best cost set-up

- Restructuring measures:
  - ~1,500 FTE in ongoing & planned restructuring activities

- Better resilience:
  - Best cost country share (Personnel):
    - 30% FY 15/16
    - 50% Plan mid-term
  - G&A expenses:
    - 6.0% FY 18/19
    - 4.2% Plan mid-term

- Improved labor cost:
  - High cost countries [FTE k]
  - Best cost countries [FTE k]
    - FY 18/19:
      - 14.3 (10.0 (70%))
      - 17.5 (9.6 (55%))
      - 19.0 (9.5 (50%))
    - FY 19/20:
      - 14.3 (10.0 (70%))
      - 17.5 (9.6 (55%))
      - 19.0 (9.5 (50%))

1. 18/19 without SY, from FY 20/21 on incl. AB  |  2. Internal FTE comparable excl. Automotive Body Solutions, w/o Rest of World (10FTE 30.09.21)
Digitalization as fundamental driver of future competitiveness

- **Digital products**
  - Innovation Competitiveness
  - EPS\(^1\) systems
  - Vehicle Motion Control

- **Digital processes**
  - Efficiency
  - Quality
  - MES/MOM\(^2\) – globally linked production
  - Traceability of products and production data
  - >70 automation projects

- **Digital business models**
  - New services
  - ST E/E\(^3\) competence
  - carValoo

Enrichment of current products, higher sales and content per vehicle

Reduction of COGS and online visibility for immediate response & improvement

Access to new customers and markets

1. Electric power steering  
3. Electric/Electronic
Automotive industry with highest aspirations regarding sustainability

Front runner
Automotive industry with strong political guidance towards sustainable solutions

Clear targets
All OEMs and big tier 1 suppliers with sustainability roadmaps defined and communicated

Awarding relevance
Sustainability already established as criterion for awarding future business

tk Automotive roadmap and exemplary measures:

**tkAT roadmap**

**Climate neutral**

- 2024 Scope\(^1\) 1 & 2
- 2035 Scope\(^1\) 3

Short term measures:
- Energy efficiency programs
- Renewable energy production
- Procurement of green energy

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1. Scope 1 and 2: Own emissions; Scope 3 Emissions incl. supply chain
Automotive Technology – Committed to realize sustainable shareholder value

Conclusion

80% of business already based on non ICE related future oriented technology

Semiconductor shortage actively managed

Growth with existing and new products

Structural topics approached to reach benchmark performance levels

Mid-term target margin level of 7-8% and CCR min. 0.5
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