

## **Fiscal year 2023: Profitability and cash flow exceeded expectations**

## **PRESS RELEASE**

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- › **Sales increase to €9.23 billion in fiscal year 2023 (2022: €9.07 billion)**
- › **Adjusted EBIT margin came in higher than the company's own guidance at 3.7 percent (2022: 2.5 percent)**
- › **Free cash flow above the company's expectations at €84.9 million (2022: €123.2 million)**
- › **Growth in electrification sales of around 21 percent to €1.3 billion (2022: €1.1 billion)**
- › **Order intake of more than €12 billion, of which around 70 percent in the electrification business**
- › **Order backlog as of December 31, 2023 stood at around €58 billion, with more than half electrification-related**
- › **First dividend distribution planned**
- › **Guidance for 2024: sales forecast between €8.3 billion and €8.8 billion, further improvement of adjusted EBIT margin between 4.5 percent and 5.0 percent, negative free cash flow of around €350 million expected**

Regensburg, March 14, 2024. Vitesco Technologies, a leading international provider of modern drive technologies and electrification solutions for sustainable mobility, is today publishing its **consolidated financial statements for fiscal year 2023**. The company had already published preliminary results on February 23, 2024, in which it fully achieved – and in some cases exceeded – its own forecast for all key financials.

CEO Andreas Wolf: “2023 was a challenging but successful year. Our company achieved further profitable growth, won important orders, and advanced its leading position in the electromobility market.”

## **Profitability and cash flow well above company and market expectations**

In 2023, Vitesco Technologies increased its **consolidated sales** to €9.23 billion despite a persistently challenging market environment (2022: €9.07 billion). Adjusted for changes in the scope of

consolidation and exchange-rate effects, sales increased by 4.4 percent.

Due to the further improvement in operating performance, the company's **adjusted EBIT margin** of 3.7 percent (2022: 2.5 percent) was much higher than its forecast range of 2.9 percent to 3.4 percent. The **adjusted EBIT** thus amounted to €341.1 million (2022: €225.5 million).

Thanks to improved profitability and despite higher investments and the financial burden from the contract manufacturing business with Continental, **free cash flow** amounted to €84.9 million in fiscal year 2023 (2022: €123.2 million). This was higher than Vitesco Technologies' own forecast of approximately €50 million and the market consensus of €71 million.

**Capital expenditures**<sup>1</sup> on property, plant, and equipment and software amounted to €499.8 million (2022: €446.6 million). The ratio of capital expenditures to sales was therefore 5.4 percent (2022: 4.9 percent).

As of December 31, 2023, Vitesco Technologies' **equity ratio** stood at 37.6 percent (December 31, 2022: 40.3 percent). The company reported **net liquidity** of €337.0 million as of December 31, 2023 (December 31, 2022: €333.4 million).

Vitesco Technologies generated sales of around €1.3 billion from electrification components in 2023 (2022: €1.1 billion). The reason for the less significant increase in sales was the softening of demand for electrification components in the market in the fourth quarter of 2023. The numerous project ramp-ups could not compensate for this effect.

In fiscal year 2023, **total order intake** came to more than €12 billion (2022: €14 billion). Roughly €8.3 billion of that amount was attributable to electrification components (2022: €10.4 billion).

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<sup>1</sup> Excluding right-of-use assets under IFRS 16.

As of December 31, 2023, Vitesco Technologies had a total **order backlog** of around €58 billion, of which more than half was related to electrification for the first time.

“The large number of product launches in 2023 and this year confirm our attractive electrification portfolio. With our strong partnerships, for example in form of long-term supply contracts for silicon carbide, we consider ourselves well prepared in this regard,” says Wolf.

**Consolidated net income** came to -€96.4 million in 2023 (2022: €23.6 million). Despite the improvement in earnings at operating level, **earnings per share** decreased to -€2.41 (2022: €0.59). This was mainly due to a high tax burden as a result of write-downs on loss carryforwards at the German subsidiaries in connection with Schaeffler AG’s tender offer.

#### **First dividend payment as planned in 2024**

At the Annual General Meeting on April 24, 2024, the Executive Board and Supervisory Board will propose a dividend distribution of €0.25 per share.

CFO Sabine Nitzsche: “We fully achieved – and in some cases exceeded – our published guidance for all of the main financial KPIs. It remains our clear aim to continue to boost profitability in the years ahead. And we will continue to invest heavily in the growth market in order to strengthen our leading market position.”

#### **Results from the divisions**

By concentrating on two divisions instead of four since the start of 2023, the company is sharpening its strategic focus on electrification of the drive system in order to operate more effectively, efficiently, and flexibly in the market for sustainable drive technologies.

Sales generated by the **Powertrain Solutions division** decreased to €6.12 billion in 2023 (2022: €6.37 billion). Adjusted for changes in the scope of consolidation and exchange-rate effects, the decrease amounted to 1.4 percent. The decline in sales was chiefly attributable to the planned reduction in contract manufacturing for Continental and the disposal of business units.

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Adjusted EBIT of the Powertrain Solutions division improved year on year and was up by €119.3 million or 34.5 percent to €464.6 million in fiscal year 2023 (2022: €345.3 million). This equates to 7.6 percent of adjusted sales (2022: 5.5 percent). The positive operating activities – especially in the division’s core business – are the reason for this development.

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In fiscal year 2023, sales in the **Electrification Solutions division** climbed by 14.3 percent to €3.16 billion (2022: €2.77 billion), driven by the strong performance in China and Europe.

Adjusted EBIT of the Electrification Solutions division declined year on year and was down by €5.0 million or 5.4 percent to –€98.1 million in fiscal year 2023 (2022: –€93.1 million). This equates to –3.1 percent of adjusted sales (2022: –3.4 percent). The increase in ramp-up costs for new projects was a key factor here.

“We are confident that we will reach the break-even point in the electrification business in 2024. That is an ambitious goal, but achievable,” said Nitzsche.

**Outlook for 2024: further improvement in adjusted EBIT and break-even in the electrification business**

In view of the challenging market environment and the planned significant decline in contract manufacturing activities with Continental, Vitesco Technologies is forecasting sales of between €8.3 billion and €8.8 billion. Due to the increase in profitability that is anticipated in the electrification business, the company expects to generate an adjusted EBIT margin of between 4.5 percent and 5.0 percent. The company is also forecasting a negative free cash flow of around €350 million in 2024, owing mainly to negative effects from reduced contract manufacturing activities and the repayment of start-up financing to Continental.

Due to the high number of product launches this year, especially in the second half of 2024, we expect our investment ratio<sup>2</sup> to be around 7 percent of sales for the year as a whole - with a full focus on investments in electrification.

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<sup>2</sup> Excluding right-of-use assets under IFRS 16.

The **Annual General Meeting** will take place on April 24, 2024.

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COMPARISON OF KEY FIGURES IN 2023 AND 2022

€ million	2023	2022	Δ as a %
Sales	9,233.2	9,070.0	1.8
EBITDA	748.1	703.3	6.4
as % of sales	8.1	7.8	
EBIT	172.2	143.3	20.2
as % of sales	1.9	1.6	
Net income	-96.4	23.6	-508.5
Basic earnings per share in €	-2.41	0.59	
Diluted earnings per share in €	-2.41	0.59	
Adjusted sales <sup>1</sup>	9,233.2	8,984.9	2.8
Adjusted operating result (adjusted EBIT) <sup>2</sup>	341.1	225.5	51.3
as % of adjusted sales	3.7	2.5	
Free cash flow	84.9	123.2	-31.1
Net liquidity	337.0	333.4	1.1
Gearing ratio as a %	-11.8	-10.9	
Total equity	2,851.3	3,061.7	-6.9
Equity ratio as a %	37.6	40.3	
Number of employees as at December 31 <sup>3</sup>	35,528	38,043	-6.6
Dividend per share in € <sup>4</sup>	0.25	–	
Share price at year-end <sup>5</sup> in €	78.20	54.25	
Share price at year high <sup>5</sup> in €	96.20	59.50	
Share price at year low <sup>5</sup> in €	54.75	25.65	

1. Adjusted for changes in the scope of consolidation.

2. Adjusted for amortization of intangible assets from purchase price allocation, changes in the scope of consolidation, and extraordinary items.

3. Excluding apprentices/trainees.

4. Subject to approval at the Annual General Meeting on April 24, 2024.

5. Vitesco Technologies stock as quoted in the Deutsche Börse AG XETRA system.

**Vitesco Technologies** is a leading international developer and manufacturer of cutting-edge drive systems for sustainable mobility. With intelligent system solutions and components for electric, hybrid, and internal combustion drive systems, Vitesco Technologies is making mobility clean, efficient, and affordable. The product portfolio includes electric drives, electronic controls, sensors and actuators, and exhaust gas treatment solutions. In 2023, Vitesco Technologies generated sales of around €9.23 billion and employs a workforce of around 35,500 employees at 50 locations. Vitesco Technologies is headquartered in Regensburg, Germany.







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