



# PEOPLE, PLANET, PROGRESS!

IR-Presentation

August 2021



# Disclaimer



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The figures in this presentation are usually presented in EUR million. Differences may occur between the individual amounts and the sum of these amounts due to rounding. Such differences are not of a significant nature.

# Equity Story: We are an Engineering House



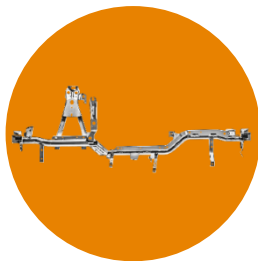
**Customer solutions  
with passion**

- **Pushing boundaries**  
in metal forming and joining technologies
- **Perfect economical solutions**  
for tomorrow's requirements in terms of function and weight

# Equity Story: We are an Engineering House

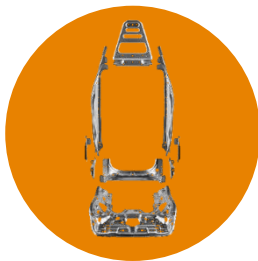


## Instrument panel carriers



- Lightweight solution with a claim to global leadership
- Modern deep-drawing steels in combination with innovative joining technologies
- Passenger protection and less noise and vibration in the passenger compartment

## Seat structures



- One of the world's lightest metal structures for front seats
- High-precision components made of high-strength steel combined with aluminum

## Air suspension components



- Hybrid component made of high-strength steel and aluminum
- Optimum combination of weight and price ratio
- Utmost performance

## Components for electromechanical brake boosters



- Key components of electromobility
- Greater range for e-mobility through recovery of kinetic energy

## Electric motor housings



- Essential component for modern electrification, safety and comfort concepts
- Over 120 million units p.a. manufactured using the world's fastest production process

# Equity Story: Mobility of the Future



**Our focus:  
Electrification, safety, and comfort**

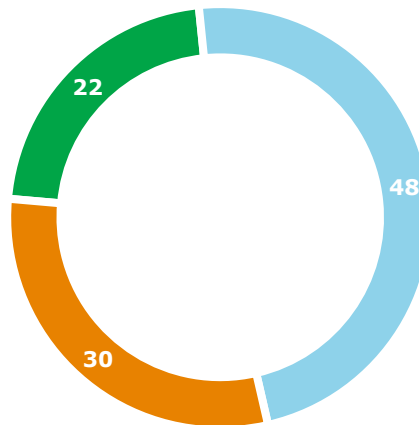
- **Electrification and autonomous driving**  
change the entire design of the vehicle
- **Our comprehensive understanding of the overall system**  
enables us to speak the language of our customers
- **Together with our business partners, we are shaping the mobility of the future**

# Equity Story: Mobility of the Future



## 2020 revenue breakdown by product area in %

### Mechanical components for electrical and electronic applications



### Structural components and subsystems for vehicle bodies and chassis



### Safety components for airbags, seats and steering



● **Over 1,000 products**  
for electrification, safety, and comfort

● **More than 90% of revenue is independent of combustion engines**



# Equity Story: Business as a Force for Good

A graphic of a rainbow with multiple parallel lines, curving upwards from the bottom right towards the top right of the slide.

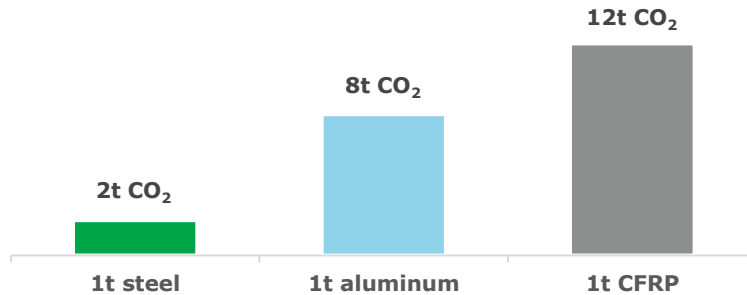
**Responsibility  
down to the smallest detail**

- **Sustainability shapes our business model**  
Steel is environmentally friendly
- **PWO's central environmental goal: Carbon neutrality**  
At the Oberkirch location by 2026  
Throughout the Group by 2030

# Equity Story: Business as a Force for Good



## Steel reduces CO<sub>2</sub> emissions



Source: German Steel Federation

- 1) Extracting aluminum from bauxite releases four times more CO<sub>2</sub> than extracting steel from iron ore
- 2) The production of carbon fiber-reinforced plastic even releases six times the amount of CO<sub>2</sub>

## Steel is environmentally friendly in several ways

- 1) Extremely durable
- 2) 100% recyclable
- 3) Steel is light: We minimize material usage with our expertise in lightweight design

## Milestones on the way to carbon neutrality in Oberkirch

- 1) Switch to green electricity starting in 2022
- 2) Increase in energy efficiency
- 3) Use of self-generated electricity as far as possible
- 4) Compensation of remaining emissions through certificates



# Equity Story: Going the Extra Mile



**Our full commitment  
in everything we do**

- **Innovative solutions and digitalization**  
for products and of processes
- **Zero-defect philosophy**  
throughout the Group

# Equity Story: Think Global, Act Local



**Continuously expanding  
our international presence**

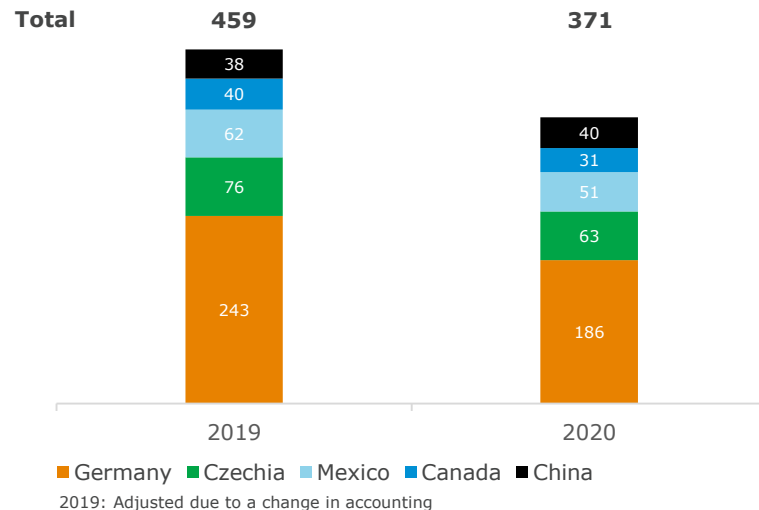


- **Future growth**  
is to be driven by international locations
- **Worldwide delivery capability**  
wherever the customer needs us
- **Global customer base**  
is to be expanded further

# Equity Story: Think Global, Act Local



## Revenue breakdown by location



## Our top 10 customers



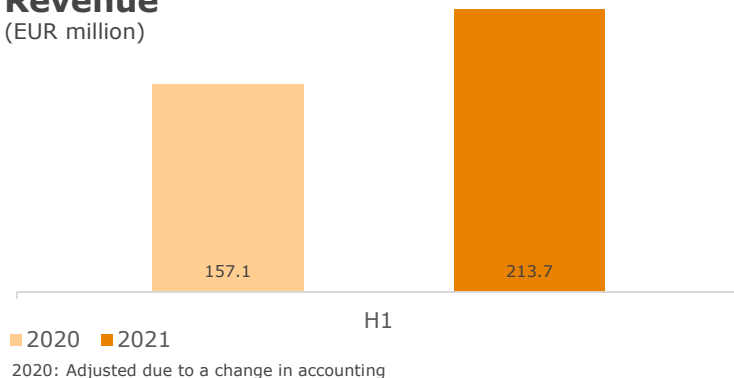
- **Future growth drivers**  
China, Mexico, Czechia

- **Delivery to all of our top 10 customers**  
typically from several PWO locations worldwide

# First Half of 2021: Group

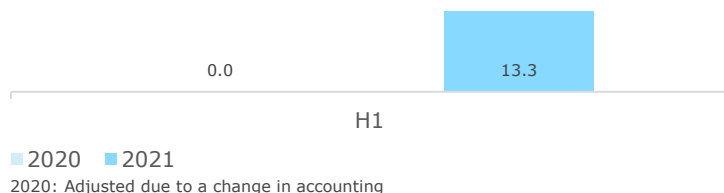


## Revenue (EUR million)



- **Business improves significantly after weak previous year as a result of the coronavirus pandemic**

## EBIT before currency effects (EUR million)



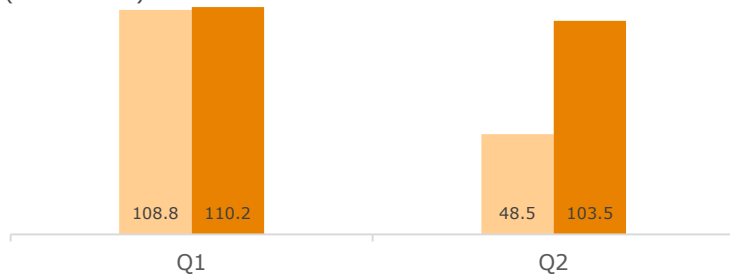
- **EBIT before currency effects also increases considerably**
  - Higher cost of materials ratio due to increased purchase prices
  - However, other cost ratios decline due in particular to rise in revenue
  - Additional factors
    - Personnel adjustments
    - Low capital expenditure

# Second Quarter of 2021: Group



## Revenue

(EUR million)



■ 2020 ■ 2021

2020: Adjusted due to a change in accounting

### ● Revenue declines from Q1 to Q2 2021

- Volatile business due to supply bottlenecks for critical intermediate products
- Our own supply chains have been stable so far

## EBIT before currency effects

(EUR million)



■ 2020 ■ 2021

2020: Adjusted due to a change in accounting

### ● EBIT before currency effects higher in Q2 than in Q1 2021 despite weaker revenue

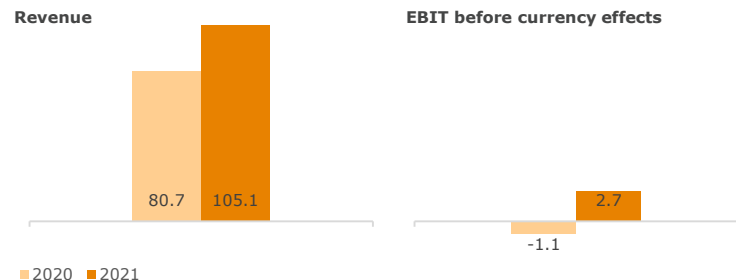
- Improvements in operating income
- Extraordinary revenue from customer invoices
- Passing on of increased material prices, in part relating to the first quarter
- Other operating expenses (not including currency expenses) lower in Q2 than in Q1 2021

# First Half and Second Quarter of 2021: Germany Segment



## First half of 2021

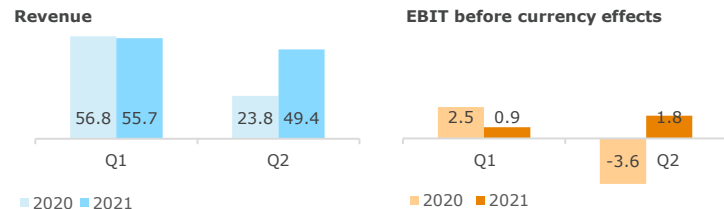
(EUR million)



- **EBIT margin before currency effects only 3.5 percent despite positive trend**
- **Continued efforts to secure the future viability of the German site**

## First and second quarter of 2021

(EUR million)



- **Revenue declines from Q1 to Q2 2021**
- **EBIT before currency effects nevertheless higher in Q2 than in Q1 2021**
  - Extraordinary revenue from customer invoices and the passing on of increased material prices particularly relate to the Germany segment
  - Previous personnel adjustments begin to make a visible impact

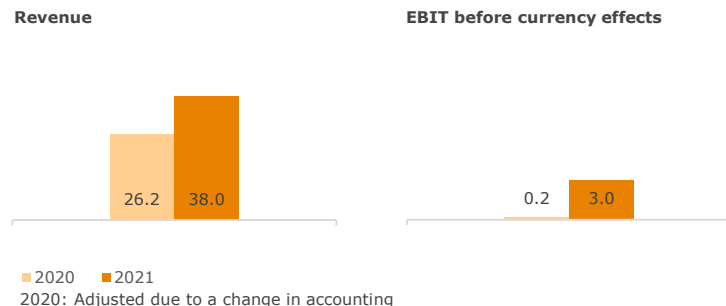


# First Half and Second Quarter of 2021: Czechia Segment



## First half of 2021

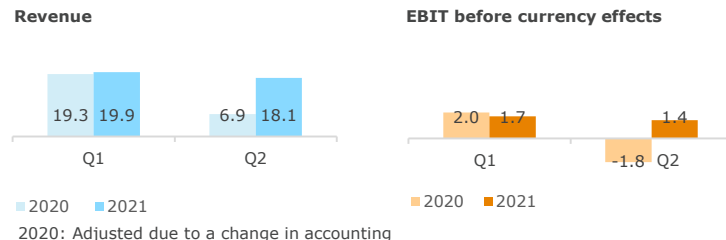
(EUR million)



- Stronger revenue increase than in the Group as a whole
- EBIT margin before currency effects remains at a high level despite expenses for site expansion

## First and second quarter of 2021

(EUR million)



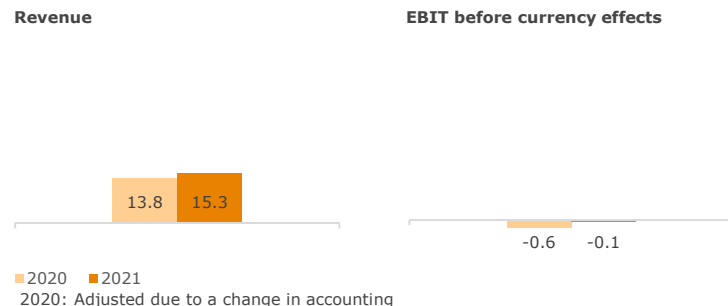
- Revenue declines from Q1 to Q2 2021
- Effects on EBIT before currency effects counteracted
  - More efficient use of materials
  - Cost reductions with regard to staff and other operating expenses

# First Half and Second Quarter of 2021: Canada Segment



## First half of 2021

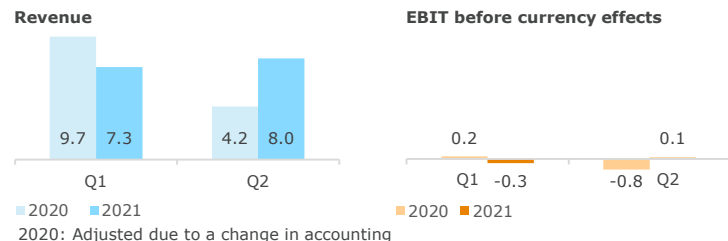
(EUR million)



- **Major series productions currently starting up**
  - Ramp-up planned in the second half of the year
  - EBIT before currency effects expected to continue developing positively

## First and second quarter of 2021

(EUR million)



- **Revenue higher in Q2 than in Q1 2021 also due to production start-ups**
  - Bottlenecks in customers' supply chains hindered even stronger increase
  - Positive EBIT before currency effects in Q2 also due to considerable reduction in the cost of materials

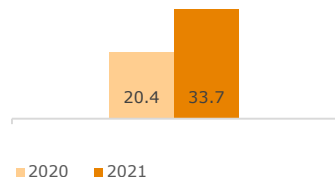
# First Half and Second Quarter of 2021: Mexico Segment



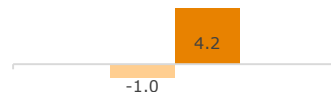
## First half of 2021

(EUR million)

Revenue



EBIT before currency effects



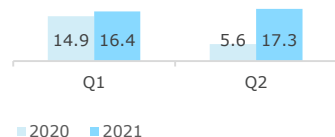
### ● Segment with the strongest growth in the Group

– High new business of previous years becomes visible

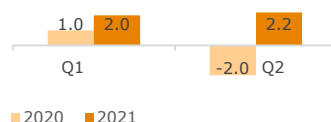
## First and second quarter of 2021

(EUR million)

Revenue



EBIT before currency effects



### ● Revenue higher in Q2 than in Q1 2021 also due to production start-ups

– Occasional inefficiencies in workflows due to supply bottlenecks at our customers compensated for with stable and mature processes

# First Half and Second Quarter of 2021: China Segment



## First half of 2021

(EUR million)

Revenue

EBIT before currency effects



■ 2020 ■ 2021

2020: Adjusted due to a change in accounting

### ● Major production start-ups in this segment, too

– Sharp increase in revenue, although previous year was less affected by the pandemic than other markets

## First and second quarter of 2021

(EUR million)

Revenue

EBIT before currency effects



■ 2020 ■ 2021

2020: Adjusted due to a change in accounting

### ● Stable revenue in Q2 vs. Q1 2021

### ● EBIT nevertheless continues to grow due to shifts in the product mix

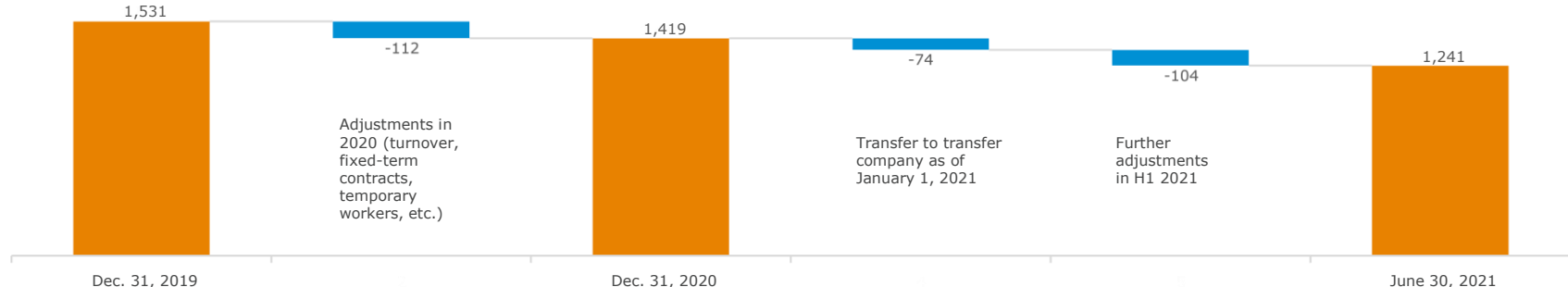
# First Half of 2021: Productivity Programs Continued at the Oberkirch Production Site



- Considerable adjustments already implemented
- Further reconciliation of interests agreed on in first half of the year
- Vast majority of adjustments affect indirect activities in production and production-related areas
- Numerous additional measures initiated

## Development of employee numbers

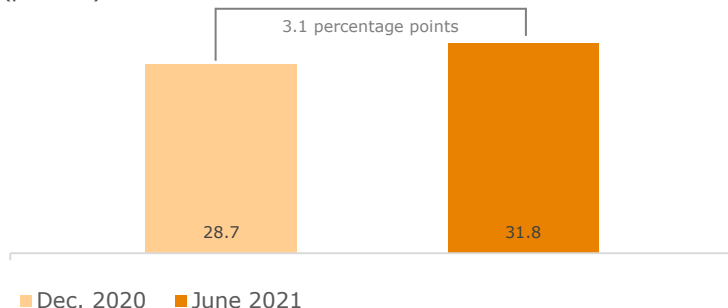
(including trainees and temporary workers)



# First Half of 2021: Improved Quality of Statement of Financial Position



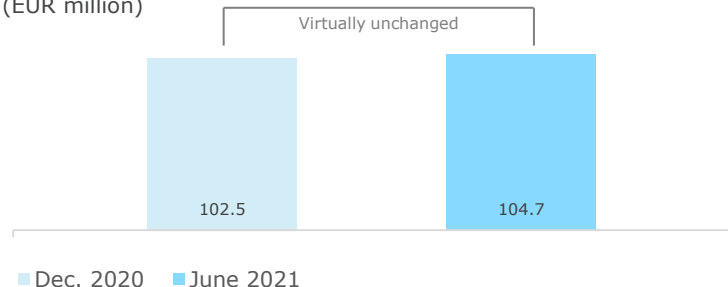
## Equity ratio (percent)



### ● Equity ratio increased

- Positive net income for the period
- Positive other comprehensive income: valuation of pension provisions (effect of capital market interest rates) and currency translation difference

## Net debt (EUR million)



### ● Net debt virtually unchanged

- Capital expenditure still low at EUR 6.1 million (p/y: EUR 8.5 million) according to segment report
- Dynamic leverage ratio improved to 3.1 years (p/y: 4.8 years)
- Extensive, undrawn lines of credit ensure flexibility

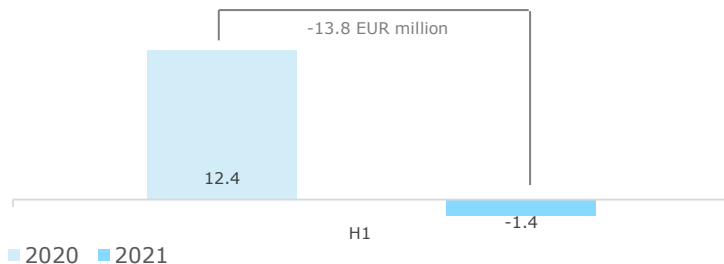


# First Half of 2021: Free Cash Flow Slightly Negative



## Free Cashflow

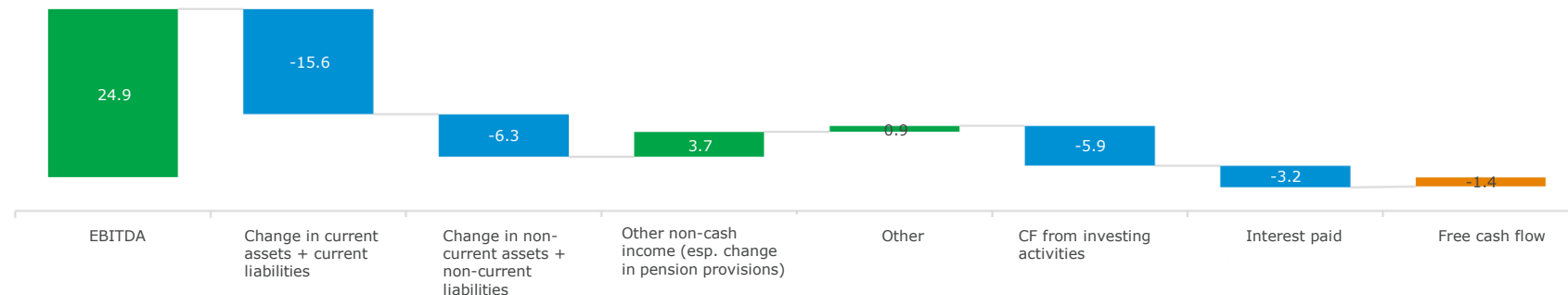
(Percent)



- Higher capital employed in current assets due to the rising business volume
- Payments in connection with the personnel adjustment measures

## Sources of free cash flow in H1 2021

(EUR million)

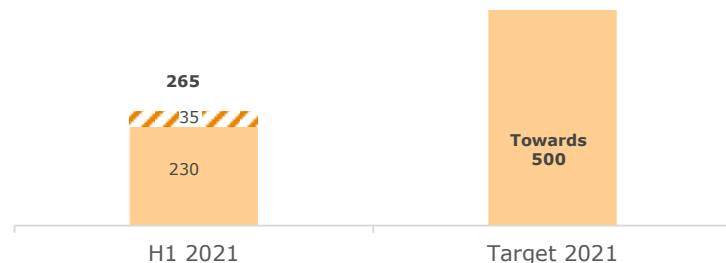



# First Half of 2021: New Business Continually High



## New business (lifetime volume series and tools)

(EUR million)



 Volume pledged in the reporting period and confirmed in writing at the beginning of July

- **On track to achieve annual target**
- **Larger order volumes**
  - Body components and instrument panel carriers EUR 135 million
  - Air suspension components EUR 35 million
  - Safety components for airbags EUR 30 million
  - Electrification EUR 10 million
- **New business in Mexico exceeded revenue of 2020 and 2019**
- **Production mainly to start in 2022 and 2023**
- **Lifetime of new orders at upper end of typical average range of 5 to 8 years**

# Geschäftsjahr 2021: Outlook



- **Significant improvement expected in revenue, EBIT before currency effects and quality of statement of financial position**
- **Risks: course of the coronavirus pandemic, supply bottlenecks (esp. chips and steel), sharp rise in purchase prices, potential non-recurring expenses once additional findings from efficiency analyses are available**

In EUR	Current 2021 forecast	2021 forecast as per 2020 Annual Report	2020 actual results
<b>Revenue<sup>1</sup></b>	400 - 410 million	~ 380 million	371.2 million
<b>EBIT before currency effects<sup>1</sup></b>	15 - 18 million	Positive in low double-digit millions	-8.1 million
<b>Free cash flow<sup>2</sup></b>	Negative in low double-digit millions	Negative in low double-digit millions	29.1 million
<b>Equity ratio<sup>2</sup></b>	30.0 %	Flat	28.7 %
<b>Dynamic leverage ratio<sup>2</sup></b>	< 3.5 years	< 4 years	4.8 years
<b>Capital expenditure<sup>2</sup></b>	> 20 million	> 20 million	13.8 million
<b>Lifetime volume new business<sup>2</sup></b>	Towards 500 million	Towards 500 million	Approximately 400 million

<sup>1</sup>Forecast of April 23, 2021, <sup>2</sup>Forecast of August 2, 2021

# Summary

## ● **First-class market position**

Broad product range for the mobility of the future

Independent of type of vehicle drivetrain

Excellent reputation for innovative strength, quality, and delivery reliability

## ● **Further strengthening of competitiveness**

Adjustment in employee numbers being implemented in Germany

Oberkirch production location is being developed into a high-tech powerhouse

International locations are being strategically expanded

## ● **Equity story**

Focusing on electrification, safety, and comfort

PWO is positioning itself as a partner for shaping the mobility of the future

Sustainability and digitalization are shaping the development of our processes