

Speech text Press conference MAHLE Aftermarket, 07/19/2021, 11:00–12:30 (max., depending on Q&A round)

“MAHLE Aftermarket – strategic expansion in the direction of new mobility in full swing”

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Speaker: Olaf Henning, Andreas Beihofer (product management, purchasing and planning) und Georges Mourad Service Solutions/Operations and Business Excellence)

Speaker: Olaf Henning

Dear ladies and gentlemen,

I would like to welcome you all to this press conference.

I was able to provide you with some good news at our last press conference as we had a stable 2020 behind us despite difficult circumstances. Today, the review is even more positive. In 2021, we not only exceeded our sales targets, but even achieved the highest sales in the history of MAHLE Aftermarket. In particular, we were able to grow significantly faster than the market in the area of workshop equipment and thermal management. In doing so, we have paid special attention to our ability to deliver. Our balance sheet is positive: We have been able to supply our customers reliably and stably at all times. We are well prepared to do so with 1,700 employees, 25 locations, and over 25,000 sales partners. We have also firmly planned for growth in 2022.

Nevertheless, as a Group we find ourselves faced with a difficult market environment which is shaped by current geopolitical events. To be clear, we condemn the Russian attack on Ukraine and have drawn consequences for our business in Russia: Our deliveries to Russia have largely stopped, we are compliant with all sanctions. MAHLE is not concluding any new business with Russian customers until further notice and is not investing on site. The current challenges and uncertainties are great.

Therefore, as of today, I do not want to make a forecast for 2022. We have taken extensive measures to cushion negative effects such as increased energy and freight costs and geopolitical uncertainties. However, it remains challenging, even though many of the measures taken are already having a good impact. Georges Mourad will explain what this looks like in practice later.

The basis for the record results of 2021 was the confidence the workshops and dealers placed in us. They know that we are a reliable partner by their side. And the same is true worldwide. We are continually expanding our global presence. Today, MAHLE Aftermarket already comprises around thirty branches worldwide. Added to this is the infrastructure of the MAHLE Group, which is present worldwide with around 160 branches. We can also access these structures if necessary.

From these 30 locations, we supply the markets with engine components, gaskets, filters, thermal management components, starter motors, and alternators as well as workshop equipment and much more. Today, we have a total of around 80,000 parts on offer. And this total is increasing every day, especially in the areas of new mobility, and commercial vehicles and non-road mobile machinery. Andreas Beihofer will touch on this in more detail later. In doing so, we contribute globally to the MAHLE Group's sustainability goals and also make commercial vehicle fleets more sustainable through our portfolio by keeping vehicles in perfect condition. For us, sustainability begins in production. All German MAHLE production locations have been carbon neutral since last year. In addition, the use of energy generated from renewable sources is increasing daily. We are currently reviewing all locations for sustainability and optimizing them with the goal of carbon neutrality. New buildings such as our new Service Solutions Center in Parma are designed to be carbon neutral from the outset.

Our customers also benefit from the broad expertise of the MAHLE Group in the commercial vehicle area. MAHLE stands for outstanding quality and durability. MAHLE components have worked hard to earn this reputation around the world, both on and off the road. A critical success factor here is our original equipment manufacturer (OEM) competence. Spare parts from MAHLE fulfill the same strict standards as the parts that are delivered to the assembly line in the manufacturer's plants. We know first-hand what will be needed for the fleets of tomorrow because we are developing these fleets together with the commercial vehicle manufacturers. In research and development centers around the world, we are currently working on alternatively driven vehicle concepts, whether battery-electric, hydrogen-based or based on climate-neutral fuels. The knowledge behind this flows directly towards MAHLE Aftermarket, ensuring that we have the right products needed to maintain global fleets at all times. Overall, we expect increasing drive electrification in the light- and medium-duty area of commercial vehicles, all the way to fully battery-powered electric vehicles. For this segment, we can use our products and solutions from the passenger car sector or adapt them relatively easily. In heavy commercial vehicles, on the other hand, we see another form of drive, namely the fuel cell or hydrogen as an energy source. Our original equipment experience is very helpful here too as we have been a development partner and series supplier for such fuel-cell systems for many years. We are ready for hydrogen in many fields already thanks to our technology. We are particularly strong in the complex air intake system and in the temperature control of fuel-cell systems. We supply pollutant gas filters, charge air coolers or even fuel preheaters in series vehicles, and many other MAHLE components are currently passing through the test benches of passenger car and commercial vehicle manufacturers. A few specific examples are humidifiers, air filters, control units, DC/DC converters, heat exchangers, and also air conditioning systems, of course. We are cooperating with Ballard in order to understand the complete fuel-cell system even better and to make faster progress in its development for the mass market. MAHLE contributes its broad experience in thermal management, air management, power electronics, and

packaging. We have established an H₂ test section in Stuttgart. Here, we have been testing both the use of hydrogen in combustion engines for heavy goods traffic and the fuel cell in the complete system since spring 2021. Therefore, we are already very familiar with this powertrain technology and are preparing ourselves intensively to help workshops prepare for this trend through service and maintenance solutions.

Last year's excellent result, even against a backdrop of strained supply chains and declining fleet mileage, is clear evidence of the trust our customers place in us. We have successfully established ourselves as a partner to workshops, will continue to expand this positioning in the future with new solutions along the entire value chain, and expect further growth in the coming years. We are constantly adjusting our strategy for this. One of the central pillars of this is the strengthening of our logistics and the diversification of our supply chains, which helps us to guarantee our ability to deliver. We are specifically strengthening our commercial vehicle and NRMM portfolio, and further expanding the Service Solutions division with solutions for battery diagnostics and maintenance. At the same time, we are expanding our portfolio in the areas of electronics and new mobility. We are also expanding our digital information services with solutions such as the virtual workshop. These activities are supported and sustained by our new organizational structure, which we implemented in 2021 and which we are continually optimizing. It combines a global focus with regional customer demands and needs. Product ideas and customer demands are thus exchanged earlier and in a more agile fashion: our customers have benefited from this since 2021.

We have thus been able to facilitate the work of our customers, setting them up for the future in an increasingly difficult market environment. We translate the challenges of independent workshops into opportunities and new business areas around diagnostics, calibration, thermal management, and fluid management. At the same time, however, we also serve the workshops with classic products such as filters and engine components with our usual reliability.

Various influences on the supply chains in the automotive industry have greatly changed planning and procurement in the Aftermarket area in recent years. Volatility on the procurement side has unavoidable consequences for all participants in the supply chains, right down to the independent workshops. Our task as a partner of the independent workshops is to reduce these consequences. To achieve this, we are working in a variety of areas. Mobility change, economic risks due to geopolitical uncertainties, and declining mileage in the fleet are already putting pressure on the sector. That's why we focus specifically on supply chain stability to position our customers for the future.

Lockdowns and resulting production losses have caused a huge backlog in global supply chains and led to a shortage of components that seem incidental, but only until they are actually out. This can only be dealt slowly and in waves. This causes problems in the distribution of goods. In particular, the lack of transport capacity on the road and by container causes congestion. Containers get stranded in the wrong regions and the steady flow of containers on the world's oceans is severely disrupted. They are slowed down and are not available for new shipments.

At MAHLE Aftermarket GmbH, we have implemented a wide range of measures to counteract these issues. We have increased the safety stocks of the central and regional warehouses to reduce our dependence on container deliveries. We are also strengthening alternative distribution channels and relocating production to locations that guarantee stable logistics. No matter where a product is manufactured, however, it always complies one hundred percent with the strict MAHLE quality standards: we vouch for this and stand by the slogan "Made by MAHLE." We are making every effort to cushion the fluctuations in the markets. This extends to our employees in the incoming and outgoing goods departments, who are currently working extra shifts to compensate for the wave-like deliveries and ensure your supply of MAHLE products.

Fully automatic forklifts and digital goods recording systems have become standard in the logistics sector, and this is also the case in our warehouses. We are currently taking an important next step by setting up fully automatic warehouse systems with logistics robots. At the end of 2022, we will open a fully automated storage system in Olive Branch, USA, as a first step. And in 2023 two further European locations will follow. We will expand this concept and build a network of fully automatic hubs that will form the backbone of MAHLE Aftermarket logistics. This has several advantages for us, our customers, and the environment. Firstly, a fully automatic warehouse takes up only about a quarter of the space of a conventional warehouse. This reduces costs and decreases the amount of land sealed for logistics locations. In addition, fully automatic warehouses are extremely efficient: ten of the robotic shuttles used consume as much electricity as a Hoover. At the same time, lead times and the probability of defects decrease. Our customers benefit from this through faster deliveries, fewer returns and minimal cost shares for goods logistics.

At the beginning, Olaf Henning emphasized the relevance of the commercial vehicle segment for MAHLE Aftermarket and also referred to the strong connection between the original equipment business and the Aftermarket, which sets MAHLE apart in the commercial vehicle area. This will be demonstrated this year at events such as the IAA, where the Group will be presenting our solutions for the commercial vehicles of tomorrow.

In the Aftermarket area, we will increase the share of commercial vehicles in the total business volume by another ten to fifteen percent by 2030. We think in terms of on-road and off-road, from filters to engine components, thermal management to Service Solutions, and provide the necessary solutions around the globe to keep fleets running. To this end, we have also rolled out a commercial vehicle campaign this year that will address our customers globally and provide them with targeted information on this topic. This goes from the POS to the virtual workshop, which we will introduce to you later.

Powertrain parts for commercial vehicles have to meet the most demanding requirements. Reliability, durability, and guaranteed functionality even in extreme and challenging conditions are standard and what the market expects. This is what our products and repair kits in the engine components product group stand for. Knowing that a spare part from

MAHLE guarantees a service life equivalent to that of the original equipment manufacturer part is important for our customers. We have greatly expanded the area of starter motors, alternators and turbochargers. Also in high demand are our repair kits, which are designed for engine overhauls and contain all the parts necessary to rejuvenate an engine and keep it in the fleet for many more miles. Our Clevite brand is representative of this concept of repair kits for US engines and is now also an integral part of our scope of supply in Europe with our own stock and deliveries from Poland for our customers.

In thermal management, we are guided by the following question: How can we be an even stronger partner for companies and workshops? Thermal management is a central prerequisite for the reliable operation of commercial vehicles and thus undoubtedly an important field for us and our customers. It already accounts for around 20 percent of MAHLE Aftermarket's sales. We therefore strengthened this segment in 2020 with the acquisition of a majority share in Behr Hella Services, one of the leading suppliers of automotive air conditioning and engine cooling products in the independent automotive parts market. Since then, we have continued expanding with indirect condensers, evaporators, compressors, and a variety of other components. When we talk about the commercial vehicle solutions business, this naturally also concerns the Service Solutions division. We are consistently expanding it in order to prepare fleet operators for the future. At the same time, we are conducting fundamental research on the subject of battery diagnostics via charging plugs and working on service equipment for fuel-cell vehicles on the basis of our OE competence. To this end, we keep a close eye on the needs of our customers, especially in economically difficult times. We support them with leasing offers for the workshop equipment and offer an excellent price-performance ratio as well as possibilities for later upgrades where possible. This way, everyone can afford the right service equipment and operate profitably. Our range of workshop solutions includes the calibration of driver assistance systems, particle measurement at the tail pipe, maintenance of air conditioning systems, and disinfection of the cabin. Let me give you two examples. We have integrated a variety of new features into our Digital ADAS equipment to generate new business for workshops in the calibration of driver assistance systems. This is particularly important for the category of delivery vehicles and light commercial vehicles as they often travel at high speeds and under time pressure. During calibration, preparation takes the most time as you have to find the right calibration panel, orient the vehicle, and manually transfer the data to the diagnostic tool. We have already massively shortened the first two steps with the TechPRO® Digital ADAS compared to competitors. This is thanks to the digital calibration panels projected onto the monitor and vehicle orientation using our laser-based technology. This alone reduces working hours by up to 80 percent.

The current Digital ADAS 2.0 goes a few steps further and automates the setup almost completely. All the employee has to do now is attach the wheel clamps, place the digital calibration panel in front of the vehicle, and move the laser range finders into position. Then one more click, and the ADAS 2.0 takes care of the rest. For this purpose, we have developed new MAHLE laser meters that measure the distances themselves and transmit the measurement data to the diagnostic tool via Bluetooth. For the operator, this means no

more taking and copying down readings. This not only saves time, but also makes incorrect entries almost impossible. Thanks to the intelligent system, the calibration panel in front of the camera or sensor also moves into the correct position fully automatically at the touch of a button.

In France, Italy, the Netherlands, Spain and the UK, the license plate is also directly linked to the vehicle identification number. We make clever use of this. For this purpose, we set up the calibration tool in these countries with the option of a webcam. All the operator has to do is place the vehicle in front of the calibration tool. The camera takes a picture of the identification mark and transfers it to the TechPRO® diagnostic tool. No more looking at the vehicle registration document, no more typing in entries, no more confirming. This saves an enormous amount of time and avoids incorrect entries. For workshops already using a TechPRO® Digital ADAS, a special upgrade kit will be available. In addition, we offer a variety of instruction videos that explain the application to workshops with pinpoint accuracy.

With the trend towards automatic transmissions, which is also noticeable in light commercial vehicles, we are expanding the business fields of workshops with new transmission oil service solutions of the ATX series. Our ATX series for automatic transmission service has also grown. The new additions ATX 250 and 280 are a further development of the successful MAHLE FluidPRO® ATX 150/180 series. In terms of design and user interface, the equipment fits perfectly into the family structure of the ACX A/C service unit and bring with them a number of new innovative functions.

A real labor-saving feature is the ability to monitor the automatic transmission flushing unit with an app. This way, the employee can take their smartphone or tablet with them into the vehicle, always have the status of the device in view, and also receive instructions displayed directly. This is a great advantage if, for example, individual gears have to be shifted through during the flushing process.

Another advantage of the new series is its connectivity: in the event of a problem, a MAHLE technician can connect to the unit via remote service and provide technical assistance. We have even gone one step further and are working on pilot projects with augmented reality on the subject of troubleshooting.

The ATX 250 station can also be Bluetooth-enabled thanks to a USB connection and a separately available stick, and thus made controllable via the app.

Now we come to innovations that make us particularly proud. Since the end of March, we have been the first provider worldwide to enable independent workshops to also carry out battery diagnostics on electric vehicles.

For this purpose, we have equipped our TechPRO® diagnostic tool with new software. With this step, we have opened up new, future-proof business areas for independent workshops beyond the combustion engine. A battery diagnostic is necessary for the maintenance and

repair of electric vehicles, but also for determining the residual value. This basic diagnostic is available from us under the label eSCAN.

But we are going two important steps further and positioning ourselves far ahead of the competition with our BatteryPRO diagnostics and maintenance solution, which is being presented in its entirety for the first time today. We will use the charging plug in addition to the existing OBD port for battery diagnostics of electric vehicles in the future and offer this solution under the name eHealth. For this, we are working together with volytica diagnostics, a software developer from Dresden. It evaluates the measured data in the cloud and provides valuable information about the state of the electric vehicle battery. In this way, the condition of a battery can be defined in relation to all other recorded batteries of the same type in the fleet. In addition, the system will make a forecast of the remaining expected running time of a vehicle. On this basis, fleet operators can also exchange their vehicle pool with optimized resale value. Since the start of 2022, the new diagnostics solution for passenger cars has been tested in practice together with TÜV NORD Mobilität and a well-known European fleet operator. It is expected to be available here at the end of 2022. In the next step, we will also offer battery diagnostics for battery-electric trucks and buses.

Thirdly, we will also offer the first service equipment for battery circuits under the name eCARE by the end of the year. MAHLE eCARE enables the replacement of all common coolants in the vehicle manufacturers' thermal management systems. In most cases, the coolant manufacturer schedules corresponding intervals. With eCARE, workshops can thus open up an important additional field of work and position themselves for the future.

Another future field that we are specifically addressing is the area of electronics and power electronics. The transformation is also rapidly driving the electrification of auxiliary components and the use of electronics and power electronics. In the electronics area, we are already on the market with a large number of components and, since the acquisition of the

Spanish electronics specialist Nagares, have a stable share of the aftermarket business with control modules.

In the filtration area, we are expanding our portfolio at full speed along the changing powertrain. In the cabin, we now cover 97.5 percent of all hybrid vehicles and 70.8 percent of all BEVs in EMEA. We have a total of 135 filters for hybrid and fuel-cell powertrains, 55 oil filters for hybrid vehicles and 95 special filters for BEV applications in our range. The workshops can rely on us without reservation here.

Last but not least, I would like to present to you an important expansion of our digital information offer today. Let me elaborate a little on this. For some time now, we have been rapidly pushing ahead with the expansion of our digital offerings. This includes not only the design of our workshop equipment, which is networked in the workshop concept, can be updated over the air, and can access the manufacturer's servers when, for example, security gateways come into play. Rather, a digitalized overall concept is the backbone of the MAHLE Aftermarket offering, which ranges from e-commerce solutions to information and support services on technical topics and virtual trade fair presentations. I will pick out two very practical offers to illustrate the added value.

The MAHLE TechTool offers OEM-level information in 14 languages and provides detailed insights into automotive air conditioning and engine cooling for passenger cars and commercial vehicles – for beginners and professionals alike. The intuitive menu navigation makes the MAHLE TechTool uncomplicated and quick to use. After vehicle selection, you can choose between system or component level. Then, an explanation is provided for the selected element, possible defects, and their causes and remedies. Video animations on the functions of the individual components complete the offer.

With our online fill quantity tool, we are also expanding the range of thermal management products. It provides information in seven languages on the correct refrigerant and oil quantities for passenger cars and commercial vehicles. The online fill quantity tool works on PC, tablet and smartphone and is thus always available to users. A favorites function makes it possible to mark preferred vehicle types and quickly call them up again if required.

Today, I would like to introduce you to another module: the virtual workshop. In this photo-realistic virtual space, we make it possible to experience the entirety of all MAHLE Aftermarket offerings across all vehicle types and drive systems. We are thus creating a virtual training center for our customers, providing information, offering the possibility of direct enquiries and also offering technical support. I have some initial impressions here in a short film snippet.

Ladies and gentlemen, let me summarize once again:

- With €1.1 billion in sales, 2021 was a record year for MAHLE Aftermarket. We are planning for further growth in the medium term, but so far this year we see ourselves exposed to strong additional burdens from prices of logistics, energy, and raw materials.
- This is where we have targeted our efforts to strengthen our logistics backbone and position our customers for the future.
- One of our strong pillars for the future is the commercial vehicle business, which we are expanding and strengthening.
- With the introduction of the BatteryPRO Service Solutions, we are putting ourselves ahead of the competition and are the first provider to give independent workshops, testing companies, and fleet operators full insight into the “black box” vehicle battery, thus creating a completely new product family and putting ourselves far ahead of the competition.
- At the same time, we are further expanding our product range around electronics and filtration for the new mobility area and are strengthening our digital information offerings.
- In this way, we are strengthening our customers, making them future proof in the mobility change, and continuously expanding our positioning as a partner of independent workshops, distribution, and all other customers.
- At the same time, we are consistently digitalizing and expanding our virtual information services for our customers.

And now we look forward to your queries!