

Virtual 1-on-1 Summer Summit

July 1-2, 2020



MORE THAN *100 Years of* INNOVATIONS

PWO

Highest innovative strength in metal forming

International growth opportunities in the post-corona period

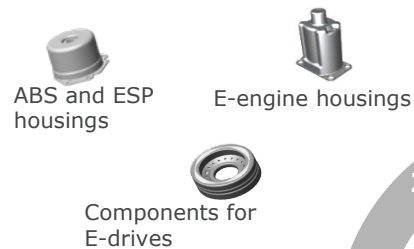
Consistent increase in competitiveness

Wide range of solutions for automotive comfort and safety



Revenue 2019

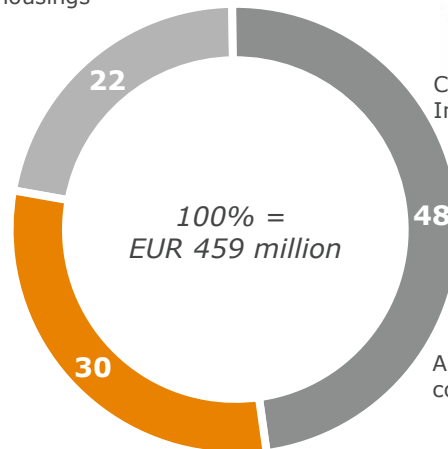
MECHANICAL COMPONENTS FOR ELECTRICAL/ELECTRONIC APPLICATIONS



SAFETY COMPONENTS FOR AIRBAG, SEATS, AND STEERING



STRUCTURAL COMPONENTS AND SUBSYSTEMS FOR THE VEHICLE BODY AND CHASSIS



- Most important products
 - Instrument panel carriers
 - E-engine housings
 - Seat structures
 - Air suspension components
- Independent of the vehicle's drivetrain
 - Revenue decline should production of combustion engines cease completely: <10% (e.g. in clutch and transmission components)

Series production for today's requirements

- Use of modern 3rd generation sheet steel materials and high-strength aluminum materials
- Realization of structural lightweight construction solutions



Development focus for the future

- Continuous development of concepts for functional hybrid lightweight construction
- New cost- and weight-optimized solutions that are economically suitable for large series production

One of the most lightweight metal structures for front seats worldwide

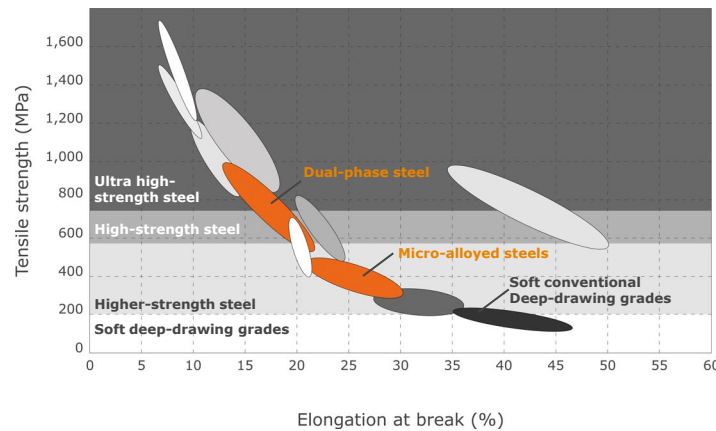


PWO structure for front seats

- Delivery to a Tier 1 supplier for several OEM platforms -



3rd generation ultra high-strength dual-phase steel



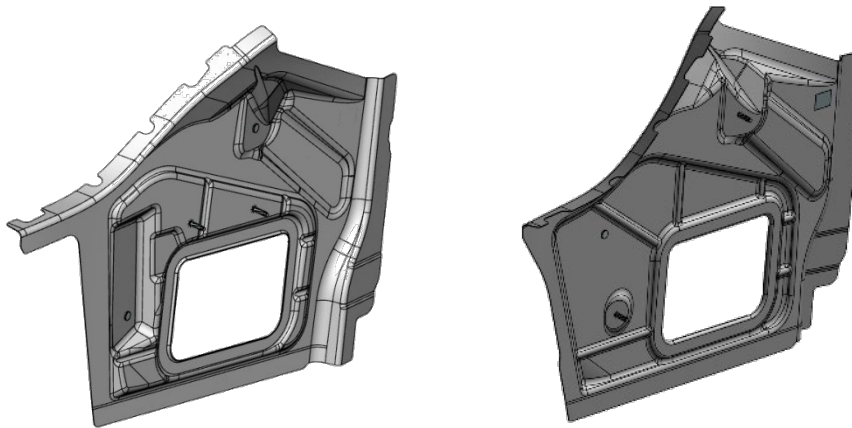
Sources: IFUM, ArcelorMittal, Salzgitter, ThyssenKrupp, Posco, Bentler - simplified display

- Worldwide unique solution in cold forming
 - Pushing the manufacturing limits of component complexity and the use of ultra-high strength materials
- Dual production using a specially developed forming press

Shorter process chain for production of chassis components



PWO strike plates for a premium class model

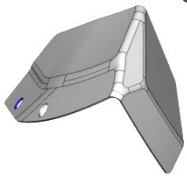


- Function
 - Impermeability of passenger compartment
 - Mounting diaphragm for buffering pressure
- Material
 - Aluminum 6,000; 1 mm thickness
 - Specially coated
- Ideal production process; shorter process chain
 - Automatic feeding of 6 clinch bolts directly in the press
 - Dual production with automatic transfer
 - Ideal press bed size

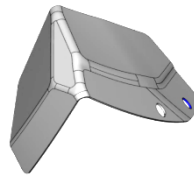
Chassis components: Optimized design to achieve manufacturability



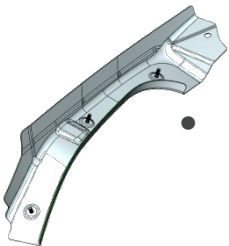
PWO connecting plates for a premium class model



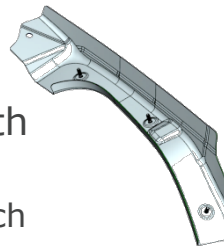
- Ideal production process
 - Dual production with automatic punching press progressive tool



- Function
 - Impermeability of passenger compartment
 - Trunk drainage



- Ideal production process with shorter process chain
 - Automatic feeding of 6 clinch bolts directly in the press
 - Dual production with automatic transfer
 - Ideal press bed size

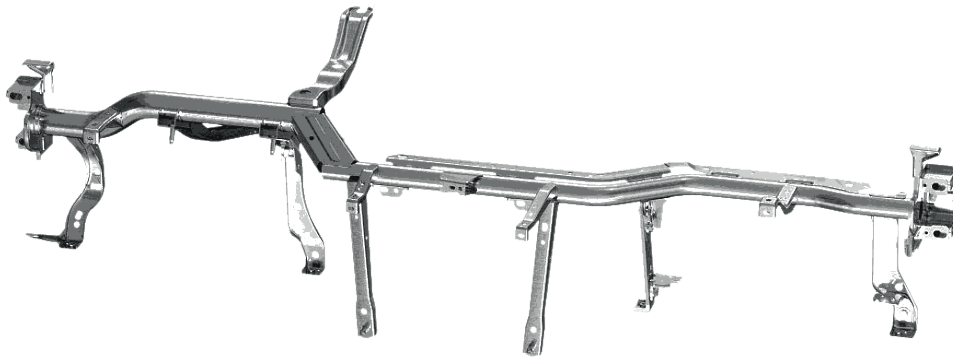


- Material
 - Aluminum 5,000; 1.15 mm thickness
 - Specially coated

Latest weight-optimized instrument panel carrier



Supplying a variety of automotive manufacturers

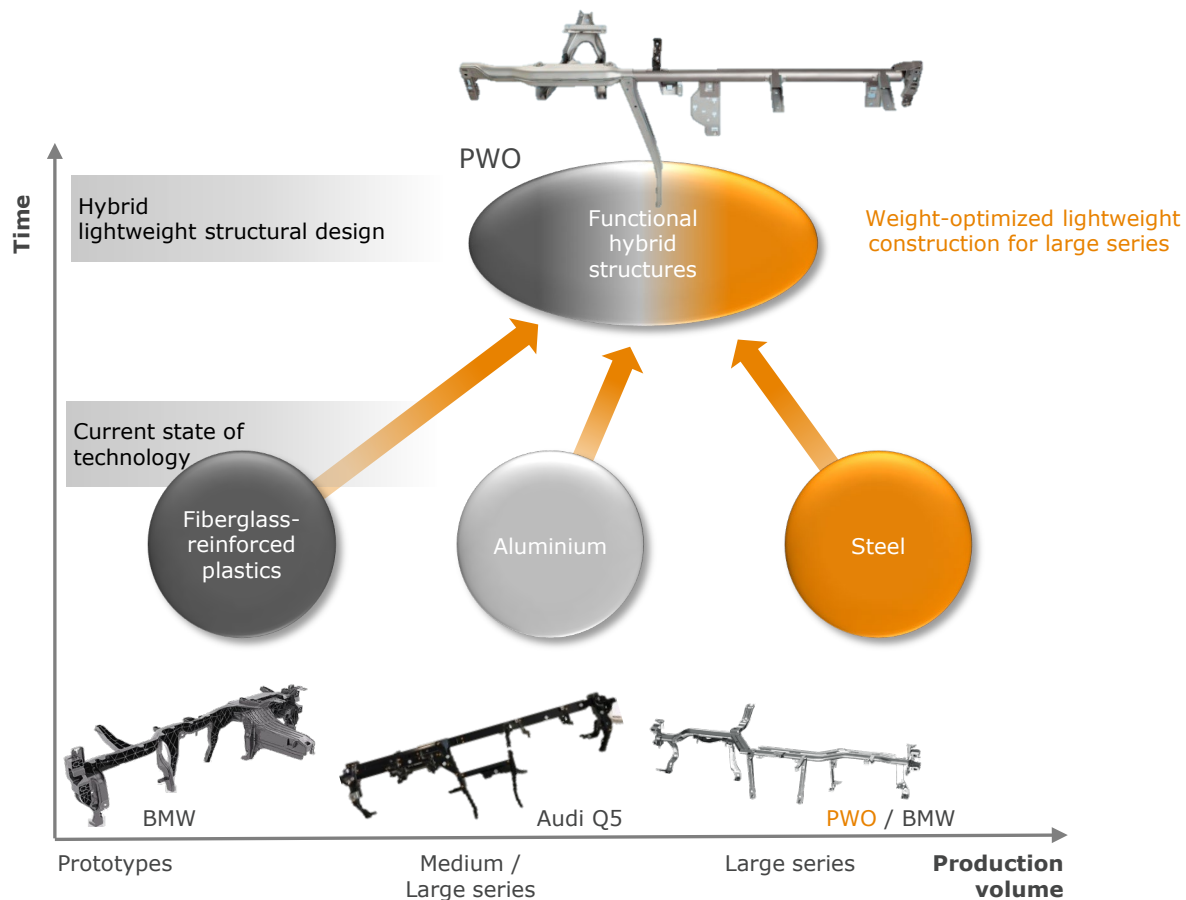


- Cost-efficient lightweight construction using the most superior design principles possible
- Different stiffness and/or strength requirements of the individual components taken into consideration
- Worldwide delivery capability at all PWO locations

Visionary hybrid instrument panel carrier



Concept study for the IAA 2019

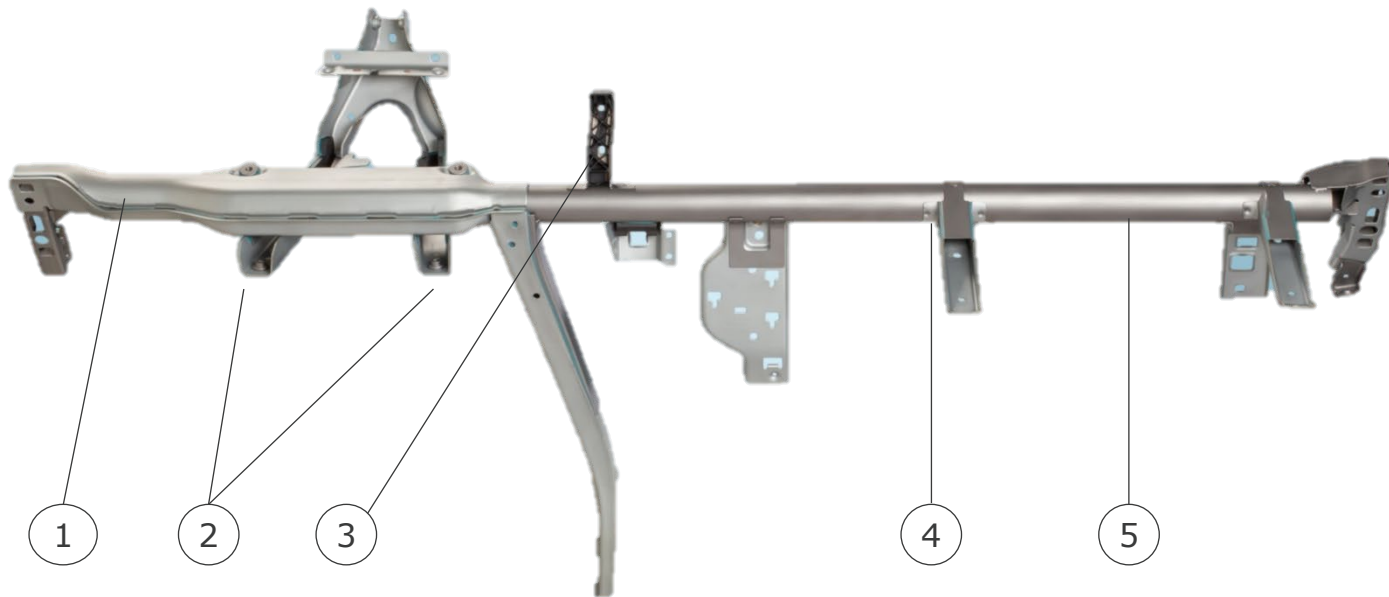


- Solution using a hybrid lightweight structural design
- Use of composite steels, fiberglass-reinforced plastics and innovative joining techniques

Visionary hybrid instrument panel carrier



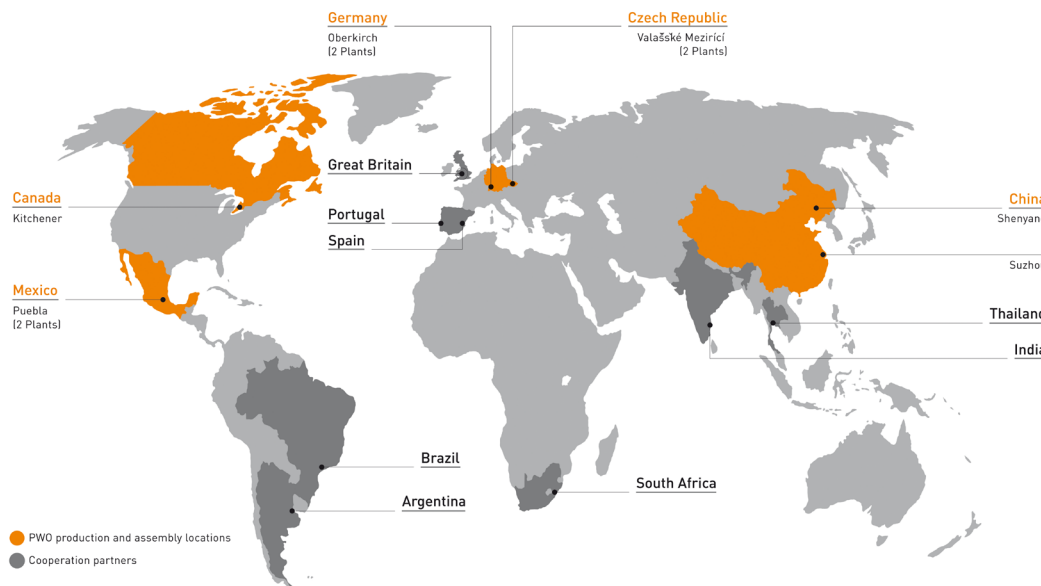
Concept study for the IAA 2019



1. Composite steel
2. Various types of insert nuts and bolts
3. Plastic inlay – high frequency joining technology
4. Electromagnetic spot welding
5. Pipe foam filling

Patent pending
Patent pending

Ideally positioned worldwide

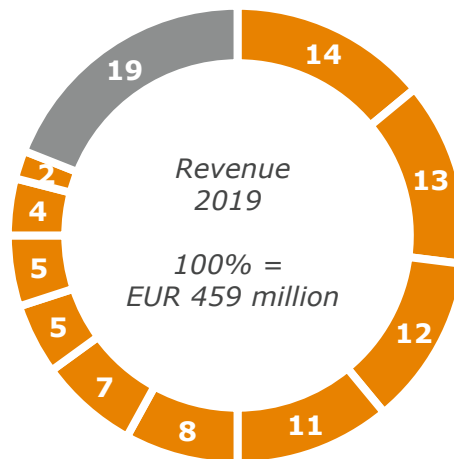


- 9 production and assembly locations on 3 continents meet today's demand
- Project-related manufacturing in other countries carried out by cooperation partners
- Long-term development of further production sites conceivable in Eastern Europe and China

... facilitates delivery to our international customer base



Established relationships with important clients for PWO



- Relationships with some customers span decades
- Deliveries predominantly worldwide from numerous PWO locations
- Status as a Tier 1 or Tier 2 supplier, depending on the product

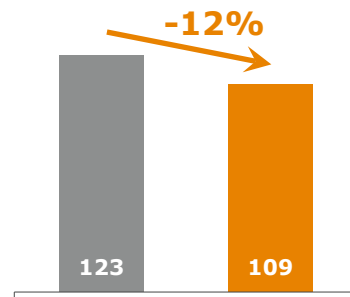


10 largest customers Other customers

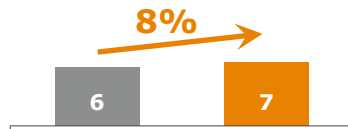
Q1 2020: Positive start to the year for the Group amid a weak market environment



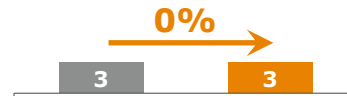
Revenue



EBIT before currency effects



Net income for the period



■ Q1 2019 ■ Q1 2020 Figures in EUR millions
2019 revenue adjusted due to change in accounting

- Declining revenue
 - Subdued market development as expected
 - Lower tool revenue
 - Additional decline in call orders following outbreak of corona pandemic
- But significantly higher EBIT
 - Cost-cutting measures take effect
 - One-time effects, especially in the Asia segment, also have a positive effect

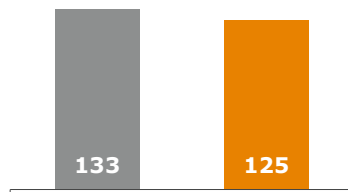
Q1 2020: Significant increase in free cash flow and improved Group balance sheet ratios



Free cash flow (in EUR millions)



Net debt (in EUR millions)



Equity ratio (%)

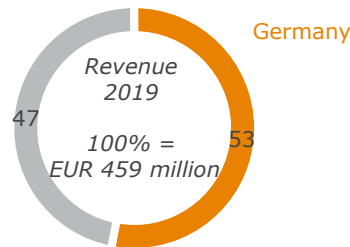


■ 12/2019 ■ 3/2020

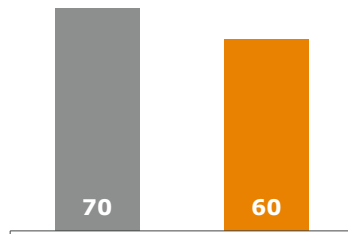
- Growth in free cash flow
 - Reduction in working capital
 - Investment is strictly limited
- Increase in equity ratio
 - Higher free cash flow had a positive effect
 - Rise in interest rates led to lower allocations to pension provisions
 - Negative offsetting effects from cash flow hedges

Q1 2020: Germany affected the most by market's slowdown

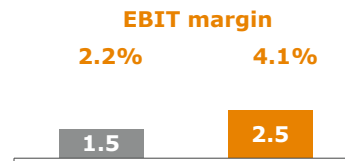
5-year plan (pre-corona): Future stabilization of revenue as best possible scenario



Total revenue



EBIT before currency effects



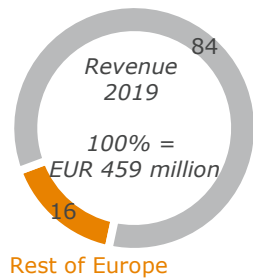
■ Q1 2019 ■ Q1 2020 Figures in EUR millions
2019 revenue adjusted due to change in accounting

- Declining revenue in Q1
 - Further decline was already part of the original plan for the year
 - Lower tool revenue
- EBIT increase in Q1
 - Elimination of up-front costs in 2019 and cost-cutting measures
- Current profitability
 - EBIT margin remains unsustainable in the long term despite improvement

Q1 2020: Rest of Europe remains our strongest location



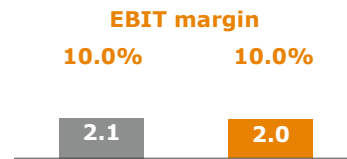
5-year plan (pre-corona): Growth of approx. 25%



Total revenue



EBIT before currency effects



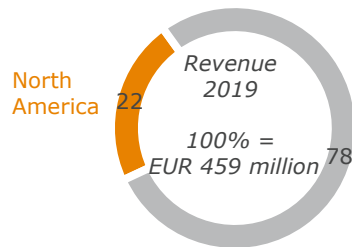
■ Q1 2019 ■ Q1 2020 Figures in EUR millions
2019 revenue adjusted due to change in accounting

- Stable revenue in Q1
 - Very little affected by the market weakness, as in 2019
- EBIT in Q1 at prior-year level
 - Typically low fluctuation
- Current profitability
 - Strong EBIT margin
 - Sustainable level expected at 8%-10%

Q1 2020: Two locations in North America with diverging performance



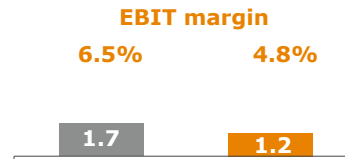
5-year plan (pre-corona): Growth of approx. 25%



Total revenue



EBIT before currency effects



■ Q1 2019 ■ Q1 2020 Figures in EUR millions

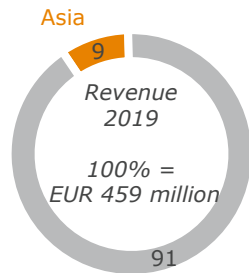
2019 revenue adjusted due to change in accounting

- Location in Canada
 - Currently in a weak phase: Start-ups and ramp-ups of large new series are slow
 - High-margin location with limited growth prospects over the medium term
- Location in Mexico
 - Positive development continued in Q1
 - High-margin location with above-average medium-term growth prospects

Q1 2020: Excellent prospects in China



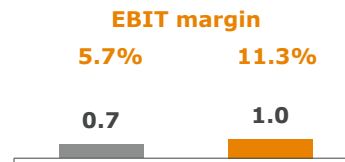
5-year plan (pre-corona): Growth of approx. 30%



Total revenue



EBIT before currency effects



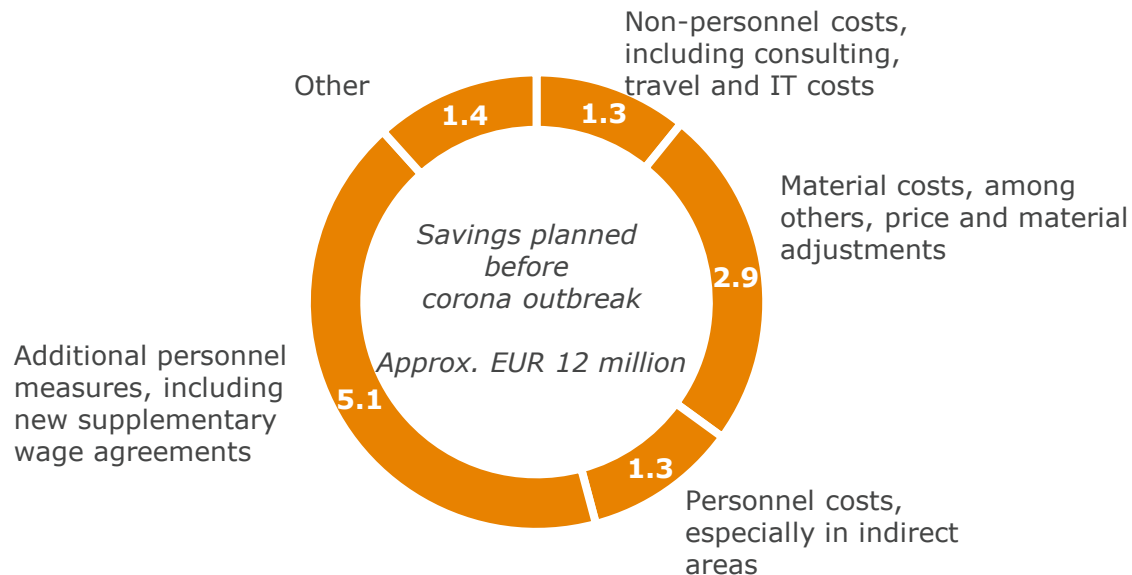
■ Q1 2019 ■ Q1 2020 Figures in EUR millions
2019 revenue adjusted due to change in accounting

- Declining revenue in Q1
 - Largely corona-induced
- EBIT higher in Q1
 - One-time effects from invoicing
- Current profitability
 - Current margin disproportionately positive
 - But extensive cost reduction measures were implemented in 2019
 - As a result, excellent outlook for earnings in the post-corona period

Outlook: Extensive cost reductions already planned prior to corona outbreak



Measures in 2020 at Oberkirch location



- Group of measures now being adapted to the current situation
- New supplementary wage agreements are still being negotiated
- Programs being implemented at international locations on an ongoing basis

Outlook: Current capacity utilization in the Group is improving



June

- Expected Group capacity utilization: Approx. 2/3
- Mexico on stand-alone basis: Approx. 1/3

Year average

- Expected Group capacity utilization: Almost 3/4
- Canada on stand-alone basis: Approx. 2/3

Excellent market position

- Broad product portfolio
- Independent of vehicles' drivetrain
- Utmost reputation for innovative strength, quality and delivery reliability

Additional measures underway to increase competitiveness

- Measures implemented at all locations in 2019 are starting to take full effect during the corona period
- Comprehensive cost-reduction program, especially in Germany

This presentation contains forward-looking statements that are based on current assumptions, expectations, estimates, forecasts, and other information currently available to the PWO Management Board, and on assumptions, expectations, estimates, forecasts, and budgets that are derived from these. The forward-looking statements should not be understood as guarantees of future developments and results that are mentioned therein. Various known and unknown risks and uncertainties, as well as other factors, may result in actual developments and results diverging significantly from estimates that are mentioned here explicitly or are contained implicitly. These factors include those that PWO has described in published reports, and which are available on the PWO website at www.progress-werk.de. Irrespective of statutory regulations, PWO accepts no obligation to update such forward-looking statements and to adjust them to future events or developments.

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.