



PEOPLE, PLANET, PROGRESS!

IR Presentation

May 2021



Disclaimer



This presentation contains forward-looking statements that are based on current assumptions, expectations, estimates, forecasts, and other information currently available to the PWO Executive 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.

Highlights of the First Quarter of 2021



- **Satisfactory first quarter**
- **Positive development in Czechia, Mexico and China**
- **High level of new business underscores our solutions expertise for the three trends of electrification, safety and comfort**

Equity Story: We are an Engineering House



**Customer solutions
with passion**

- **Pushing boundaries**

in metal forming and joining technologies

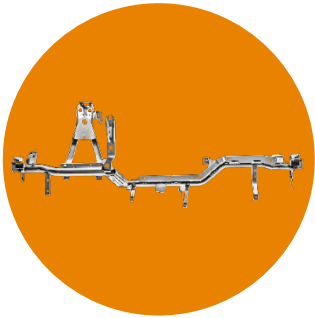
- **Perfect solutions**

for tomorrow's requirements for function and weight

Equity Story: We are an Engineering House

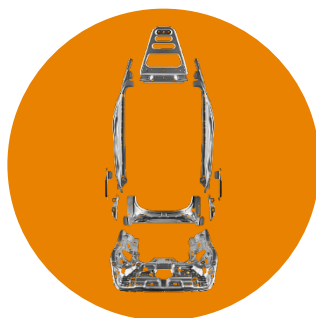


Instrument panel carriers



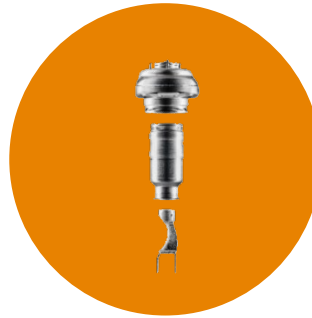
- Lightweight solution with global appeal
- Modern deep drawn steels in combination with innovative joining technologies
- Passenger protection and less noise and vibration in the passenger compartment

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 components made of high-strength steel combined with aluminum
- Optimal weight and price ratio
- Utmost performance

Components for electromechanical brake boosters



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

Electric engine housings



- Essential components for modern electrification, safety and comfort concepts
- Over 120 million units p.a. manufactured by PWO 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**
makes it possible 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



ABS and ESP
housings



Components
for electric
drives



E-engine
housings

Safety components for airbags, seats and steering



Seat
structures



Airbag
components



Steering
column
components

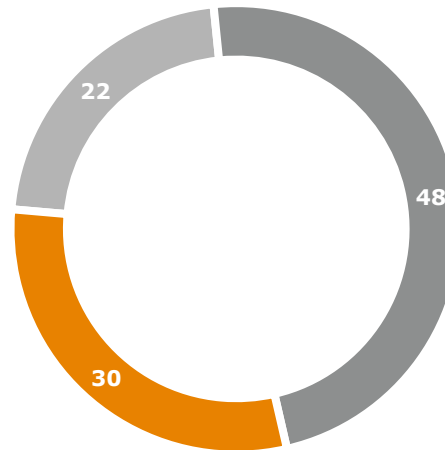
Structural components and subsystems for body and chassis



Instrument
panel carriers



Air suspension
system
components



- **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 bands of color (red, orange, yellow, green, blue, purple) curving upwards from the bottom right towards the top right, set against a dark grey background.

**Responsibility
down to the smallest detail**

- **Sustainability shapes our business model**

Steel is environmentally friendly

- **PWO's central environmental goal: CO₂ neutrality**

For the Oberkirch location by 2026

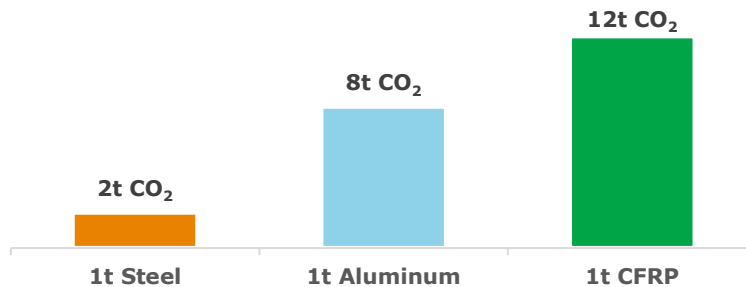
For the Group by 2030

Equity Story: Business as a Force for Good



Steel is sustainable

Steel reduces CO₂ emissions



Source: German Steel Federation

- 1) Extracting aluminum from bauxite releases 4 times more CO₂ than extracting steel from iron ore
- 2) The production of carbon fiber-reinforced plastic even releases six times the amount of CO₂

Steel is environmentally friendly in several ways

- 1) Significantly more favorable CO₂ balance than alternative materials
- 2) Extremely durable
- 3) 100% recyclable
- 4) Steel is light: Our lightweight design expertise minimizes material usage

Milestones on the way to CO₂ neutrality in Oberkirch

- 1) Increase energy efficiency
- 2) Use of self-generated electricity as far as possible
- 3) Increased use of green power
- 4) Compensation of remaining emissions through certificates

Equity Story: Going the Extra Mile



**Our full commitment
in everything we do**

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

Equity Story: Think Global, Act Local



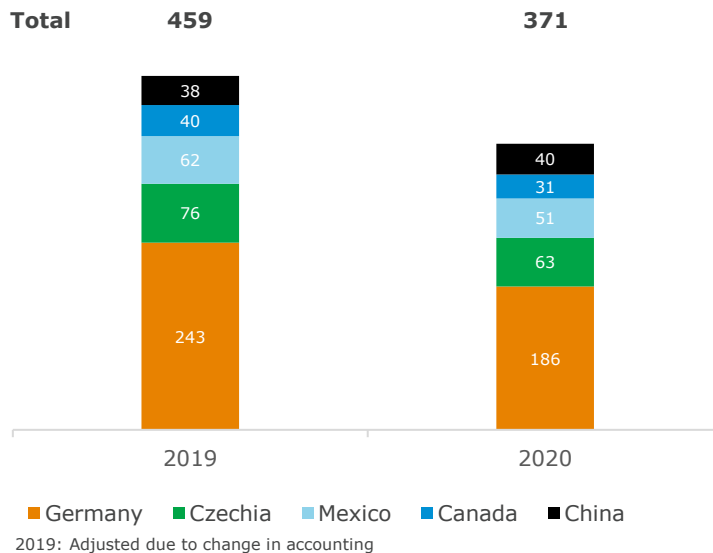
**Continuously expanding
our international presence**

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

Equity Story: Think Global, Act Local



Revenue breakdown by location



Revenue breakdown by customer



● Future growth drivers

China, Mexico, and Czechia

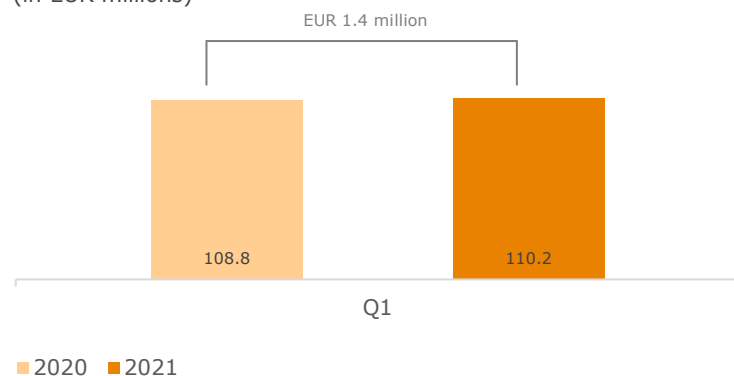
● Supplying all of our top 10 customers

typically from several PWO locations worldwide

First Quarter of 2021: Satisfactory start into the new year



Revenue (in EUR millions)

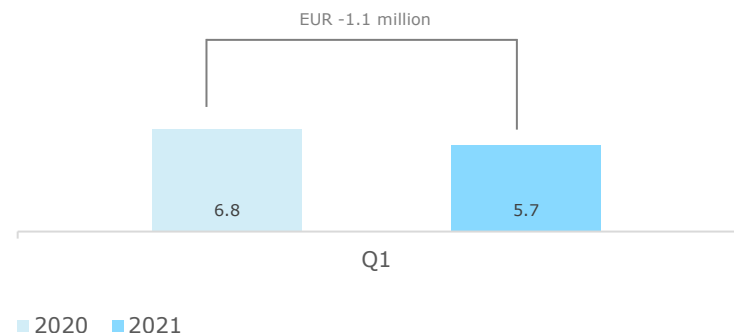


2020: Adjusted due to change in accounting

● Revenue slightly higher than in prior year

- First quarter burdened by corona-related recession
- Prior-year first quarter still little affected by the pandemic

EBIT before currency effects (in EUR millions)



● EBIT before currency effects not quite at prior year's level

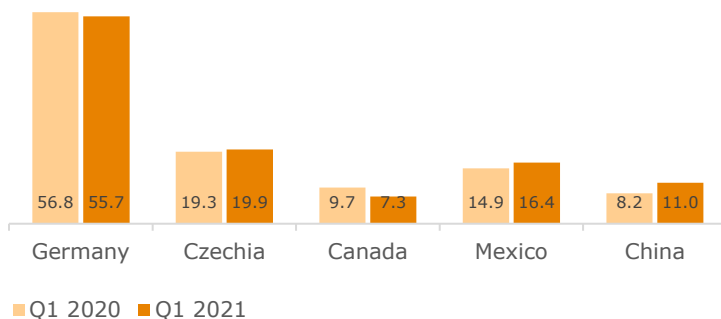
- Material cost ratio higher due to slight change in product mix and higher purchasing prices
- Staff cost ratio improved
- Ratio of other operating expenses increases due to various and, in some cases, compensatory effects

First Quarter of 2021: International locations drive performance



Revenue by segment

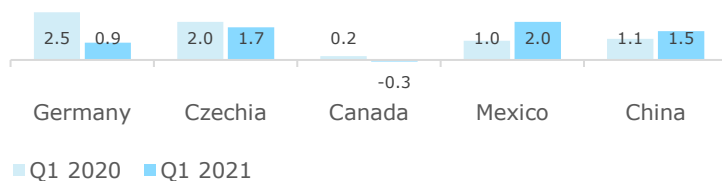
(in EUR millions)



2020: Adjusted due to change in accounting

EBIT before currency effects by segment

(in EUR millions)



Germany Segment

- Revenue lower than in prior year due to market conditions
- Numerous improvement measures now underway to strengthen competitiveness

Czechia Segment

- Gratifying revenue growth
- EBIT before currency effects at a high level even amid location's expansion

Canada Segment

- A return to growth and an improvement in the current situation already concretely foreseeable

Mexico and China Segments

- Developing into the Group's growth drivers in terms of revenue and EBIT before currency effects

First Quarter of 2021: Strengthening the competitiveness of the Oberkirch production location



● Two programs from 2020 to adjust headcount

- One-off charges from these two programs already recognized in FY 2020 amounted to EUR 18.4 million

● Numerous additional measures initiated

- Process optimization via a comprehensive efficiency enhancement program
- Assessment of room to maneuver arising from the latest collective agreement

Headcount Development

(incl. trainees and temporary employees)

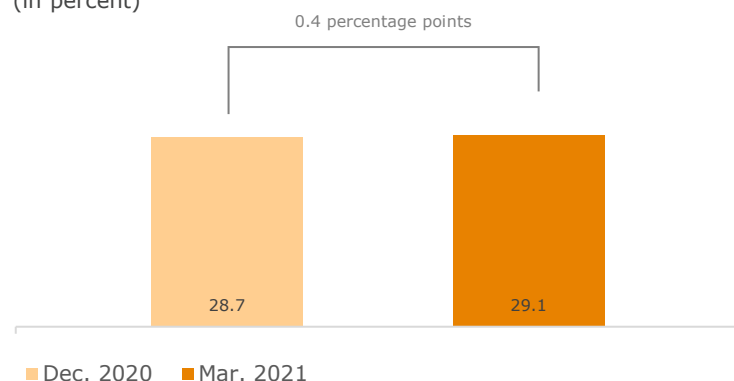


First Quarter of 2021: Stable quality of the balance sheet



Equity ratio

(in percent)

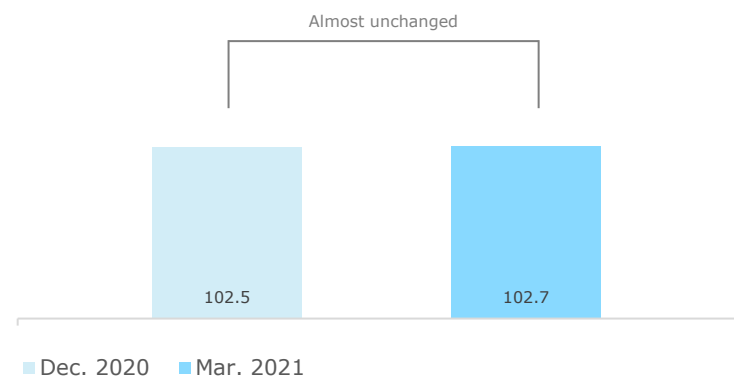


● Equity ratio improves

- Positive net income for the period
- Positive other comprehensive income, mainly due to lower valuation of pension provisions (capital market interest rate effects)

Net debt

(in EUR millions)



● Net debt almost unchanged

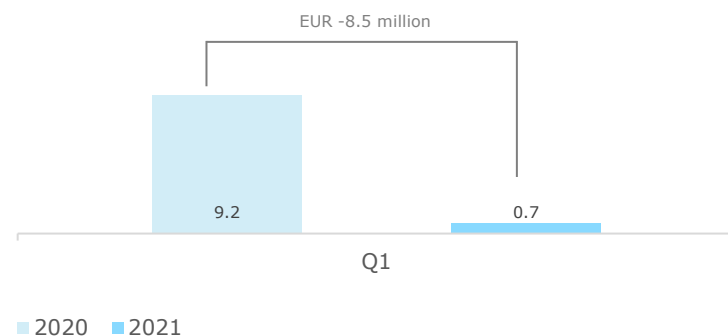
- Capital expenditure according to segment report still low at EUR 2.1 million (p/y: EUR 3.0 million)
- Extensive free credit lines secure financial leeway
- KfW financing of EUR 30 million concluded in Q1 2020 (due in Dec. 2023, can be returned at any time)

First Quarter of 2021: Free cash flow slightly positive



Free cash flow

(in EUR millions)

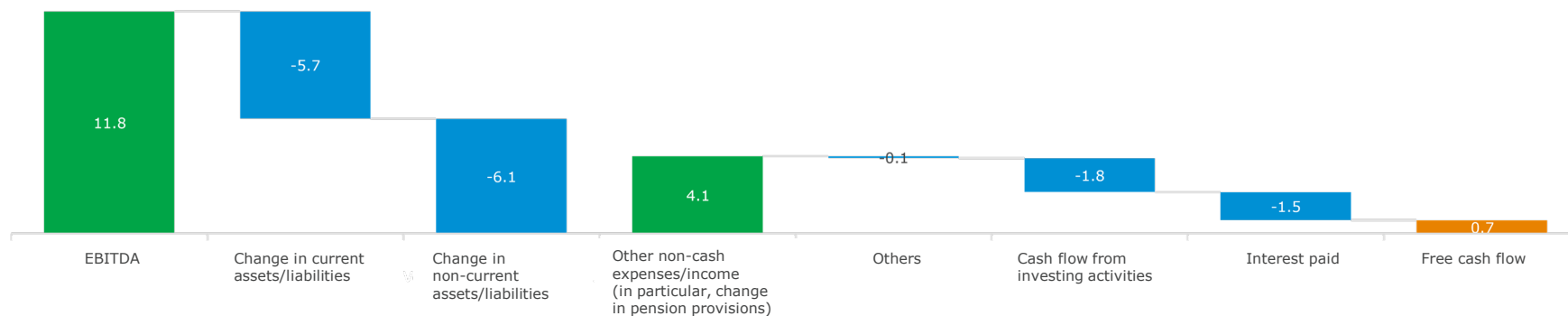


Sources of free cash flow in Q1 2021

(in EUR millions)

● Higher level of working capital

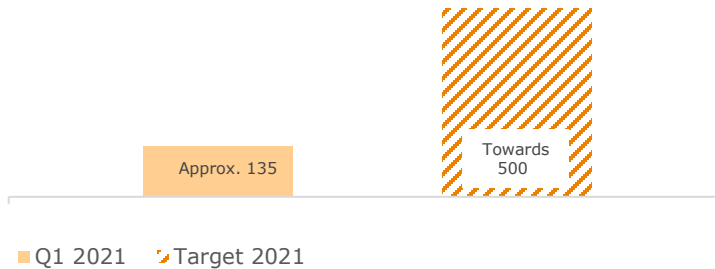
● Payments related to staff adjustments



First Quarter of 2021: High level of new business at the beginning of the year



New business (Lifetime volumes for series and tools) (in EUR millions)



- **On the right track to achieving full-year targets**
- **Large orders**
 - Air suspension components for various premium-class vehicles; manufactured at the Oberkirch location
 - Instrument panel carriers for an all-electric touring sedan; manufactured at the Czech location
 - Production to begin in 2023
- **Significant portion of new orders relates to entire platforms; production lifetimes tend towards the upper end of the customary range of 5 - 8 years**

Fiscal Year 2021: Group outlook



- Forecast for revenue and EBIT before currency effects raised on April 23, 2021
- Dynamic leverage ratio stands to benefit from improvement in EBITDA
- Strong increase in new business expected

in EUR	Forecast for 2021 raised on April 23, 2021	Forecast for 2021 as stated in 2020 Annual Report	Actual results in 2020
Revenue	400 - 410 million	≈ Approx. 380 million	371.2 million
EBIT before currency effects	15 - 18 million	Positive in low double-digit million EUR range	-8.1 million
Free cash flow	To be updated at a later time	Negative in low double-digit million EUR range	29.1 million
Equity ratio		Flat	28.7%
Dynamic leverage ratio		< 4 years	4.8 years
Capital expenditures		> 20 million	13.8 million
Lifetime volume of new business		Towards 500 million	Approx. 400 million

● **Superior market position**

Broad product range for the mobility of the future

Independent of type of vehicle drivetrain

Highest 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 the complete digitization of our processes

Focusing on electrification, safety and comfort

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