

SCHAEFFLER

**Annual General Meeting of Schaeffler AG
on April 24, 2025
Report by CEO Klaus Rosenfeld**

Check against delivery.

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Dear Shareholders,
Mrs. Schaeffler-Thumann,
Mr. Schaeffler,
Members of the Supervisory Board,
Ladies and Gentlemen,

On behalf of the Board of Managing Directors, I would like to welcome you to the tenth Annual General Meeting of Schaeffler AG at our headquarters here in Herzogenaurach. This is the first regular Annual General Meeting since the merger with Vitesco. It is a ten-year anniversary but also a new beginning. Because at this AGM, all shareholders have the same voting rights for the first time.

I would like to talk to you today about two topics. How did the Schaeffler Group perform in the past year, 2024? And what is our path into the future? But firstly, please allow me to take a brief look at the underlying conditions we are operating in. In geopolitical and economic terms, 2024 was another tumultuous year with major challenges and great uncertainties. This trend continues unchanged in 2025. Rarely has the world been in such disorder and as unpredictable as it is today. So dynamic, and so full of conflicts and crises. You are all aware of this, and I am not here today to describe these developments in every detail or comment on them. Others are better placed to do that than I am.

My job, and our job as the Board of Schaeffler AG, is to answer the question of whether we are well positioned to be successful in this environment. Or whether we have what is necessary to prevail in a multipolar world and against increasingly intense competition. Without doubt, we need robust customer relationships, convincing products, a resilient business model, a healthy balance sheet, a loyal workforce, and steady nerves. And we have all of these. But others have these, too. Is it our four strong regions that set us apart from others? Our quality or our system understanding? Or is it the Schaeffler brand, which unites us, and which is increasingly coming into its own?

Ladies and gentlemen, I believe that at Schaeffler, what makes us stronger than others is that we are a family company at heart. And the fact that with the Schaeffler family we have a strong anchor shareholder that gives us stability and reliability. Especially in difficult and challenging times. An anchor shareholder, a family that has for decades instilled values in its company and help those who carry responsibility to stay on course and not lose sight of the future, particularly when times are turbulent. That's what makes the difference.

VALUES

Innovation, excellence, passion and sustainability. For decades, these are the four values that we have stood for and stood up for. These values have proven their worth for many years. And especially in difficult times. Also on behalf of my colleagues on the Board and all Schaeffler Group employees, I would therefore like to thank you, Mr. Schaeffler, and your esteemed mother, for always reminding us of these values and for not just setting these standards for us but exemplifying them

again and again. We know that this is something that cannot be taken for granted. Thank you very much!

I'll now come to the first part of my remarks and the question: "How did the Schaeffler Group perform last year?"

Fiscal year 2024 was a special year for the Schaeffler Group. As you all know, we took over the Vitesco Technologies Group AG on October 1, 2024. From January 22 to October 1, 2024, Schaeffler AG owned around 39% of the Vitesco Technologies Group AG. On this basis, our income statement in the first nine months of 2024 includes the stand-alone results of the Schaeffler Group, while the earnings of Vitesco are included in the EBIT at equity. From October 1, 2024, we then fully consolidated the Vitesco Technologies Group AG for three months. Against this background, the annualized figures for fiscal year 2024 are only comparable to a limited extent with the figures posted for the previous year.

SEGMENT REPORT 2024

You can also see the effect of this in the segment report. For fiscal year 2024 we show a segment report for three divisions: Automotive Technologies, Vehicle Lifetime Solutions and Bearings & Industrial Solutions. The divisional results refer exclusively to the business of the Schaeffler Group as a standalone entity, i.e., without Vitesco. Compared with the previous year 2023, and in anticipation of the new structure implemented on January 1, 2025, we transferred the business division Automotive Bearings, which was previously part of the Automotive Technologies division, to the Bearings & Industrial Solutions division and therefore – as announced – combined all our bearings activities in one division. For the 2024 financial year, the business of Vitesco Technologies is reported as part of the division designated "Others". In the first nine months initially "at equity", and from October 1, 2024, fully consolidated.

SEGMENT REPORT 2025

From January 1, 2025, we will then report – as already announced in the context of the announcement of the merger – the new segment structure with its four product-focused divisions, the corresponding distribution and allocation of the Vitesco business to these divisions and a division "Others" which covers, among other things, selected additional future business still being established. This includes, for example, the business in humanoid robots we recently showcased during the Hannover Messe. I will come back to this in more detail later.

Complexity of the consolidated financial statement for fiscal year 2024 also increased by a third aspect. Until the merger on October 1, 2024, Schaeffler and Vitesco used different accounting approaches that we have harmonized in the course of the merger. For example, in the case of the accounting of R&D expenditures, we have opted to continue to use the more conservative accounting principles applied by Schaeffler AG. The result is that fewer R&D expenditures are capitalized. Over the term of the expenditures, this is associated with a higher negative impact on earnings in

the initial years and a positive impact in subsequent years. This effect is clear above all in the pro forma result of the E-Mobility division for 2024, which thus performs more negatively compared with the “stand-alone” result of Vitesco Technologies.

The complexity resulting from the three above mentioned aspects makes it nearly impossible to compare the “stand-alone” results of Vitesco and Schaeffler prior to the merger and transfer them to the joint consolidated financial statement for 2024. Against this background, when explaining our result this year I would like to focus on a few KPIs at Group level.

REVENUE 2024

In fiscal year 2024, the revenue of the Schaeffler Group increased to 18.2 billion euros. This equates to a year-on-year increase at constant currency of around 13%, attributable solely to the acquisition of Vitesco. Without including Vitesco, we would have had revenue of around 16.2 billion euros, equivalent to a slight increase in revenue of 0.7%.

EBIT 2024

In fiscal year 2024, the EBIT margin of the Schaeffler Group before special items was at 4.5% p.a. This equates to an adjusted operating result before interest and tax of 811 million euros. Without considering the earnings components of Vitesco, the standalone profit margin of the Schaeffler Group before special items would have been around 6%.

FREE CASH FLOW 2024

Despite the decline in earnings, the free cash flow before inflows and outflows for M&A activities in the same period was 363 million euros, which is attributable among other things to our disciplined management of the working capital. As a result, we performed better than expected. This is evidence of the significant cash flow strength of the Schaeffler Group. Even in difficult times.

NET INCOME 2024

The net income in fiscal year 2024 was minus 632 million euros, the earnings per share minus 0.86 euros. This result includes expenditures related to the Vitesco transaction and integration of 167 million euros. It was also impacted by exceptional, non-recurring special items. These include provisions amounting to 488 million euros for the Earnings Improvement Program announced in November 2024, as well as adjustments to deferred tax assets in Germany of 352 million euros. Without non-recurring special charges, the net income would have been positive at 93 million euros.

DIVIDEND PROPOSAL FULL YEAR 2024

Based on these results, we have decided to propose to the AGM a payout of 0.25 euros per common share. This puts us above our long-term payout ratio target of 40 to 60% of the net income

adjusted for special items. Based on the positive free cash flow, we consider this approach to be justified. Not least to ensure that the shareholders continue to participate in the company's success.

This leads us to the following question: Can we be satisfied with the result of fiscal year 2024? No management team is satisfied with a negative net income. However, taking the non-recurring expenses out of the equation, it is clear that we have done well given the special challenges in 2024 that resulted for us above all in conjunction with the takeover of Vitesco and the difficult environment. We also implemented the Vitesco transaction on schedule and have thus established an outstanding strategic position for the future.

We have to ask ourselves the same question when it comes to the share price of the Schaeffler Group. In 2024 it declined by 24%, and closed at 4.24 euros at year-end. A substantial part of the decrease is without doubt due to market and sectoral factors. Nevertheless, we are not where we should be. Schaeffler is capable of more than that. We will do all in our power to improve the share price in the long term. An important milestone on this journey is our Capital Markets Day on September 16, 2025, when we will present our strategic direction and medium-term goals up to 2028.

GUIDANCE 2025

So much for the results for 2024. I'll now address our Guidance for 2025, which we published on March 5, 2025, in our Annual Press Conference. As well as the Guidance in our Annual Report, which is deliberately kept at Group level due to the consolidation-related specifics previously described, we provided the capital market with additional Guidance information that not only includes the key figures for the Schaeffler Group but also revenue and earnings indications for our four operating divisions in their structure valid as of January 1, 2025. At the beginning of April 2025, to improve understanding of the Guidance, we also provided pro forma figures for fiscal year 2024 for both the Schaeffler Group and the four operating divisions in the new structure. This allows an informative year-on-year comparison for the Guidance 2025.

For fiscal year 2025 we are expecting a revenue of 23 to 25 billion euros compared with 24.3 billion euros in the previous year on a pro forma basis. The profit margin before interest, tax and special items should be between 3% and 5% p.a. in 2025. On a pro forma basis, the comparable margin in 2024 was 3.5% p.a. For the free cash flow before inflows and outflows for M&A activities we expect a value of between minus 200 million to 0 euros. In the previous year, the comparable free cash flow figure would have been minus 694 million euros. This figure includes non-recurring expenses at Vitesco Technologies Group AG level amounting to around 550 million euros before the acquisition. Without these non-recurring expenses, the free cash flow on a pro forma basis would have been around minus 137 million euros. The comparison with the previous year shows that we are considering fiscal year 2025 as another transition year. Moreover, our Guidance 2025 is based on the assumption that the economic environment in 2025 will continue to be subject to great un-

certainties and that the integration of Vitesco will require considerable effort. The tariffs announced by the US government at the beginning of April 2025 and corresponding countermeasures were not known when the Guidance was prepared, so they are also not included in the Guidance. We will be keeping a very close watch on the development of this issue, which is characterized by a particular dynamism. We will report whenever there is a need to take action.

A look at the Guidance for our four divisions shows that we expect a negative result before special items in 2025 for the E-Mobility division, whereas we are expecting a positive EBIT margin before special items for the other three divisions. In two out of three cases we even expect a double-digit figure. The negative result for the E-Mobility division is attributable on the one hand to the weaker market and volume development and on the other to the more conservative accounting e.g. of R&D expenditures. This does not change the fact that we must do everything possible to get the E-Mobility division in the black as quickly and sustainably as possible.

In this context, we are sticking to our evaluation of the synergy potential of around 600 million euros resulting from the acquisition. This synergy potential will be realized over time, starting in 2026, and will be fully implemented by 2029 with expected non-recurring expenses of 665 million euros.

SYNERGIES AND EARNINGS IMPROVEMENT PROGRAM

Alongside the synergy program with potential earnings of around 600 million euros, which primarily result from the merger with Vitesco, we announced an additional Earnings Improvement Program in November 2024 that focuses on structural measures in Germany and elsewhere in Europe. The additional effect on results from this program, which applies mainly to the Bearings & Industrial Solutions division, is 215 million euros p.a. This results overall in an earnings improvement potential including the aforementioned synergies of 815 million euros p.a. from 2029. For the additional Earnings Improvement Program, we are expecting non-recurring expenditures of 429 million euros, for which corresponding provisions were made in the 2024 consolidated financial statement. Both the synergies from the merger with Vitesco and the additional earnings program will help to improve the Schaeffler Group's results in the long term.

INTEGRATION VITESCO

A key aspect of our work in the last financial year was the integration of Vitesco. The implementation of the integration is proceeding on schedule, and the first important outcomes could be achieved. But we still have a lot of work ahead of us. Even though any integration process is associated with friction, the mood is fundamentally positive. The strategic logic of the transaction is understood. This gives us confidence.

In the current phase, it is crucial to make the Schaeffler Group as efficient and streamlined as possible following the acquisition of Vitesco. To support this process and facilitate the implementation we have – in consultation and agreement with the Supervisory Board of Schaeffler AG – established a special target system that will measure the success of the integration using six strategic

KPIs. These include, for example, the integration of the legal Group structure, the reduction of redundant IT applications, the streamlining of processes or the systematic rebranding of locations. Experience shows that these are all issues that often don't get enough attention in the everyday work routine but that are vital for the efficiency of the Schaeffler Group in future. The special target system will remain in place for three years, covering the period from 2025 to 2027. It will work as a multiplier, increasing or decreasing the short-term bonus for each year by plus or minus 20% depending on the achievement of targets, as determined by the usual performance criteria. We assume that this bonus and penalty scheme will help prioritize the necessary integration efforts.

ROADMAP 2025

In the last few years we have learned that every transformation needs a goal and a structured execution program. This is why in 2020 we created our Roadmap 2025 that brings together our most important strategic initiatives. In this context, alongside the divisional sub-programs, we still differentiate in the old structure between four company-wide sub-programs: Innovation & Technology, Digitalization & IT, People & Culture, and Sustainability & Infrastructure. It would go beyond the scope of my speech if I were to report on all the initiatives we are working on and that we have completed meanwhile. So instead, I would like to provide four typical examples from the four company-wide sub-programs.

For the sub-program Innovation & Technology, this would be the opening of our new Technology Center in Herzogenaurach. It's a beacon of innovative strength and development excellence as well as a commitment to Germany as an industrial base. For the sub-program Digitalization & IT, I'd like to mention the intensifying of our strategic partnerships with leading global IT companies like SAP, Microsoft, PTC and Siemens, above all in the field of artificial intelligence. We have also made significant progress with the further development of our training and professional development initiatives, as an example from the sub-program People & Culture. I would also like to make particular mention of the progress achieved in the sub-program Sustainability & Infrastructure. The "A" score in the CDP rating in the climate change category speaks for itself. We are also delighted to have received the "Overdrive Award" for sustainability from General Motors, and the "Gold Award", also in the sustainability category, from Toyota Motors Europe.

NEW ROADMAP 2030

So much for the status of our Roadmap 2025, that we will bring to an end this year on schedule. We will incorporate the strategic initiatives that have not yet been finalized into our new Roadmap 2030. We are still working on the precise content and priorities of the program. However, at this point I can tell you it will consist of five divisional sub-programs and five cross-divisional sub-programs, as this structure has proven effective previously. The Roadmap 2030 defines the execution program on this basis to realize our vision of making the Schaeffler Group the leading Motion Technology Company.

SCHAEFFLER GROUP EMPLOYEES

Before I come to my second question, I'd like to take this opportunity to extend my heartfelt thanks to the entire management team of the Schaeffler Group and to all employees. I do this on behalf of the entire Board. You know what you achieved in 2024. And the enthusiasm with which you have been committed to the Schaeffler Group. I would also like to extend our thanks to our works councils. Many thanks for your dedication, loyalty, and cooperative partnership.

EXECUTIVE BOARD 2024

Please allow me to make particular mention of two people. First of all, our CFO Claus Bauer, who much to our regret is leaving the Schaeffler Group on August 31, 2025. This marks the end of an era. Without Mr. Bauer we would not be where we are today. Dear Claus, you know that we are reluctant to let you go. But we respect your decision to devote yourself entirely to your family after all these years. We managed once before to persuade you to change your plans, but we are not going to attempt it again! Your sound professional expertise, broad experience and team spirit will be greatly missed by all of us and by me personally in particular. Thank you very much for everything you have done for us and for the Schaeffler Group.

We already have your successor. The role of Claus Bauer will be taken over by Christophe Hannequin, who joined us at the beginning of the year and is currently in the onboarding process. Mr. Hannequin is a French citizen whose last role was as Group Chief Financial Officer at the JCB Group, one of the world's leading manufacturers of construction, industrial and agricultural machinery based in the UK. He previously held management roles in finance at Michelin in the USA, Canada and France and at Plastic Omnium and Saint Gobain. Cher Christophe, bienvenue! We are looking forward to working with you.

SUPERVISORY BOARD 2024

My thanks with regard to 2024 would not be complete without mentioning the members of the Schaeffler Supervisory Board, who have once again provided us with support and advice. Many thanks for your trust and above all for your support with implementing the important strategic decisions and with the integration issues. We very much appreciate your support.

I'll now come to the second part of my remarks and the question: What is our path into the future?

MOTION TECHNOLOGY COMPANY

To better visualize this concept, we divided the combined range of products and services into eight product families following the acquisition of Vitesco. The combination of precision mechanics, electronics, sensor technology, and software expertise resulting from the acquisition is virtually unique in its form. All product families have one thing in common. They describe in simplified form the benefit of our products from the customer's perspective. In this context, the smallest common denominator is the topic of motion. This means that the new product structure is an ideal fit for

our motto and the term “Motion Technology Company”. We presented this new structure with eight product families for the first time in January at the CES in Las Vegas, and just a month ago at Hannover Messe, the world’s leading industrial fair. The internal and external feedback has been positive. The unanimous verdict that we are hearing is: “It is impressive what Schaeffler can do”. And that spurs us on.

GUIDE MOTION

The first of our eight product families is “Guide motion”. This is where you’ll find the traditional products that the Schaeffler Group grew up with: Our bearing and linear applications used in a wide range of areas and sectors for rotational and linear movements.

TRANSMIT MOTION

We call the second product family “Transmit motion”. It’s primarily about gearboxes and gearbox components, i.e., components that transmit and convert mechanical forces and torques.

CONTROL MOTION

“Control motion” is the third Schaeffler product family that we have expanded considerably as a result of the acquisition of Vitesco. This product family mainly comprises electronic control devices and intelligent sensors in vehicles, machines or robots that control, adjust and optimize the performance and efficiency of a motor, for example.

GENERATE MOTION

We have called our fourth product family: “Generate motion”. This product category focuses on actuators, i.e., intelligent motion elements that convert a signal into mechanical motion, force or torque. Here too, there is a diverse range of applications. One example is the rapidly growing humanoid robot segment.

POWER MOTION

Product family No. 5 is “Power motion”, which could also be described, roughly, as “electrifying motion”. The focus is mainly on power electronics, an innovative segment that is essential for electric mobility and where the acquisition of Vitesco has been a tremendous boost to us.

DRIVE MOTION

The next product family is “Drive motion” and covers complex electric drive systems that convert electrical energy into mechanical power. These products are also indispensable for electric mobility and many other applications.

ENERGIZE MOTION

“Energize motion” is the penultimate product family. It mainly comprises products used in battery and hydrogen technology, e.g. bipolar plates or stacks for electrolyzers.

SUSTAIN MOTION

And last but not least, “Sustain motion”, our eighth and last product family. This category covers repair solutions offered by our Vehicle Lifetime Solutions division, but also intelligent condition monitoring systems and digital services. These products and services are primarily designed to monitor and extend the life cycle of applications.

8 PRODUCT FAMILIES

Ladies and gentlemen, these are our eight new product families. They provide us with a standardized framework across the entire Group to ensure one thing above all: That we offer our customers innovative solutions. To this end, we need to do even better at conveying what we are capable of while at the same time exploiting cross-divisional cross-selling and development potential. If we manage to do this even better, we will not only create sustained added value for our customers but for our shareholders as well. This is what we aim to achieve with the “Motion Technology Company”.

MOTION TECHNOLOGY COMPANY

But how does that all now actually work? As in the past few years, I’d like to take four examples of innovations to show you what the Motion Technology Company is all about. These are examples of products from four different divisions and four different regions, presented by some of our best talent worldwide, in pairs and across our regions.

The first example is a product from the “Guide motion” family for the aerospace industry. You’ll hear from Duane from Stratford, Canada, and Peter from Schweinfurt from our Bearings & Industrial Solutions division.

VIDEO 1

Ladies and gentlemen, as you see, Schaeffler’s innovative products and technologies are indispensable for the current and future development of the aerospace segment. It’s a constantly growing sector with a wide range of applications – civil, commercial and non-civil.

The second example I’d like to show you is an innovation from our Powertrain & Chassis division to improve vehicle stability on the road and consequently, the safety and comfort of passengers. It’s a solution that is much appreciated by Chinese automotive customers, for example. Mingzhu from

Xiangtan, China, and Max from Herzogenaurach are going to tell us about this technology that combines the two product categories “Control motion” and “Generate motion”.

VIDEO 2

This example illustrates the strong technological added value that the integration of Vitesco brings to the Schaeffler Group.

This will be made even clearer by the next example from our E-Mobility division. This is demonstrated to us by JooHun from Seoul and Christoph from Herzogenaurach, who will report on a new product from the “Drive motion” family that is proving very popular with one of our most important customers in Asia.

VIDEO 3

The fourth and last example that I’d like to show you is being developed in Germany for the whole world. It’s an innovation that shows how Schaeffler is helping to improve the efficiency of electric vehicles and extend their life span. This example from the “Sustain motion” product family will be presented by Karolina and Scott from Frankfurt from our Vehicle Lifetime Solutions division.

VIDEO 4

Ladies and gentlemen, I hope that these four examples give you a concrete impression of what we are working on and what the Motion Technology Company is all about.

Now, what does our path into the future look like?

DIVISIONAL STRUCTURE

You are familiar with our new divisional structure with its four product-focused divisions: E-Mobility, Powertrain & Chassis, Vehicle Lifetime Solutions and Bearings & Industrial Solutions.

The division structure is based on the specific product and service orientation of the individual business segments, while all four divisions have their own goals, their own management teams, their respective product and services portfolios and the necessary production facilities. And naturally, their respective competitors. We aim to be among the winners in all four divisions and earn ourselves leading market positions in the next few years. And we are in a good position to do so, especially following the acquisition of Vitesco.

Is this the right positioning for the future? We are always being asked, why don’t you just make the Schaeffler Group an automotive supplier only. That would make everything easier and then it would all be okay. And that includes the Schaeffler share price.

Our path to the future takes a different form. We consciously want to be a company that operates in several sectors, that leverages shared expertise, platforms or locations, and that in the interests of the Group, drives technology and innovation forward across divisions and regions. In this context, we know that our setup is more complex than that of other companies. Our Executive Board, which also includes four regional members, is more broadly based than in other companies. This requires greater coordination. At the same time, our broader positioning makes us stronger and more resilient.

Allow me to explain these thoughts in a little more detail. If you look at Schaeffler today, then in simplified terms we are active in three business segments with our four product-focused divisions. Three business segments that complement and balance out one another. You could also say that they “hedge” or protect one another.

3 HEDGES PLUS

The first business segment is our OEM business for drivetrains in the automotive sector, which is covered by our E-Mobility and Powertrain & Chassis divisions. Today, this business accounts for around 55% of the revenue of the Schaeffler Group. Following the acquisition of Vitesco, we are one of the largest suppliers in this area worldwide. We cover the entire spectrum of drivetrains, from combustion engines to the highly integrated electric-only drivetrain. And of course, all forms of hybrid solutions.

In recent years, many of our competitors have decided to split up their drivetrain activities, even to the extent of legally splitting drivetrain activities into separate companies. Company 1 develops and sells electrified drivetrains and whatever else is needed for them. Company 2 focuses on components and systems for vehicles powered by combustion engines. We are taking a different approach. We believe it is better to support the entire range of drivetrains and to be able to offer our customers the full breadth of our expertise. This makes us more independent of the current market fluctuations and thus more resilient. No-one can say with certainty today which drivetrain technology will prevail in the future, and how and where. As the current developments in the USA show, regulatory provisions can also change faster than we’d like. We are convinced that electric mobility will continue to gain acceptance. Nevertheless, it is good not to put all our eggs in one basket. That is our Hedge No. 1.

Hedge No. 2 results from the fact that in the last few years we have developed our business in spare parts and repair solutions into one of our best segments. This hedge works quite simply like this: In recent years it has been shown time and again that consumers tend to repair their cars rather than buy new cars, especially in difficult times. When this happens, it is not so good for our OEM business, but good for our business in repair solutions. And this development is precisely what we are currently seeing and benefiting from. Whereas global production volumes in the automotive sector tend to be declining, our aftermarket business, which we have consolidated in the Vehicle Lifetime Solutions division, is thriving. We offer a portfolio of products and solutions for all

forms of drive systems on the market. Those who are not buying are repairing. Ideally with repair solutions from Schaeffler. This is how Hedge No. 2 works.

Hedge No. 3 results from the fact that we are not just active in the automotive sector but in a total of ten sectors. Today, we are one of the leading bearing manufacturers in the world. Our bearings are needed in various sectors. Yes, the automotive sector is our largest sector and accounts for around 75 percent of our revenue. This includes our business in automotive bearings. Conversely, this means that 25 percent of our business is outside the automotive sector. If the automotive sector stagnates, then it may well be that other businesses grow instead. That is our 3rd Hedge: Automotive versus non-automotive.

There is another important aspect in addition to these three hedges. We have always been a company that is innovative, tries out new things, and based on its technological expertise actively taps into new growth areas. To this end we have created a fifth division called “Others” in the segment report. In this division, we have among other things grouped activities that call for particular agility, attention and a willingness to take risks. This category includes, for example, the rapidly evolving business in components for humanoid robots, known as humanoids, or our startup in the field of anode coating for battery cells. These areas are the result of a deliberately centrally managed innovation process with which we aim to tap into the growth areas of the future based on our core areas of expertise.

Is this enough to describe our path into the future? Apart from diversification, I believe there are another three important aspects that distinguish the concept of the Motion Technology Company:

3 ASPECTS

Firstly: In future, we are going to position Schaeffler to be even more customer-centric and focus to an even greater extent on the needs of our customers. The Schaeffler Group has always had a very broad and attractive customer portfolio. In simplified terms, before the takeover of Vitesco there were automotive customers and industrial customers. And that suited the divisional structure we had at that time. With the introduction of the four product-focused divisions, many of our major customers will now be served and supplied from several divisions. This means that within the company, there will need to be more intensive consultation and coordination between us. Not just between the divisions, but also between the regions. What are our customer’s needs? Where do we want to grow with the customer? How do we exhaust cross-selling potential? To this end, we are using the proven global key account manager structure that will have a regional alignment in future. Moreover, we are introducing a new sales model that systematically differentiates between customer and product expertise. This is no easy path. But there is no alternative if we want to focus more strongly on our customer business. To support this transformation process in a top-down approach, we have introduced what we are calling the Customer Dialog, where several times a year, the Executive Board works intensively on selected customer relationships. In this context, it is not just about the customer’s strategy but also the question of how we can further develop customer relationships, make them more profitable, and generate added value for both sides. In this

conjunction, the following principle applies: We want all our customer relationships in the long term to earn at least the cost of the capital on the capital tied up for the respective customer. Why is that important? Because we are still a long way off from that in the case of certain customer relationships.

Secondly: In future we are going to localize our activities to a greater extent than before and develop them at the respective local level. The old idea that we develop the right products for the whole world in Germany and then produce them locally in other countries is reaching its limits. This applies in particular for an increasingly multipolar world with its trade conflicts and tariffs. But also with a view to increasingly complex supply chains or the necessity of reducing CO₂. This means that we have to grant our regions more autonomy. We will become more decentralized. And at the same time, we need a resilient and flexible central framework. That's not easy. But it is necessary, above all if we want to do things faster.

Thirdly: We must reduce complexity. Naturally, our divisions would like to operate as independently as possible. And preferably decide for themselves which IT systems, processes and management structures they use. That's understandable. However, if we allow this without restriction, as an integrated technology company we will become more and more complex and will not be successful in the long term. We are therefore well advised, wherever it is practical, to standardize and modularize our activities, standardize processes, reduce redundant activities and use shared platforms. This applies above all following the takeover of Vitesco. I'll give you an example: Together with Vitesco we are currently using more than 2,500 different IT applications. That is far too many. Together we can and must reduce this number. It can be done, but it is very laborious and takes a lot of persuasion. And that's exactly why we have defined the special goal already mentioned by me for the next three years.

MOTION TECHNOLOGY COMPANY

The path to the future is not an easy one. Certainly not in the current environment. Our vision of becoming the leading Motion Technology Company is an ambitious one. But at the same time, it is coherent and convincing. We will successfully realize this vision if we concentrate on what unites us. Our values, our shared success, our leadership principles and our brand.

THE SCHAEFFLER BRAND

The Schaeffler brand. The name of our founders. A great name! The name of a company that has repeatedly reinvented itself and evolved in the course of its almost 80-year history. A company that aims to help shape the future boldly and resolutely with its pronounced passion for technology and innovation.

On this note I would like to end my speech. To finish I will introduce you to an innovation that we are currently working on.

At the CES in Las Vegas in January, the Chinese company Xiaopeng Huitian presented a model of a “flying car”.

FLYING CAR

Prototypes of this car, which the company wants to launch on the market by 2030, are already being tested for their airworthiness. Why am I telling you about “flying cars”? In January, in Guangzhou, Schaeffler and flying car company Xiaopeng Huitian signed a cooperation agreement on the production of flying car drive systems. The airborne electric drive imposes extremely stringent requirements in respect of safety, reliability and weight. As our Chinese customer put it, Schaeffler’s expertise and experience in the aerospace segment and in electric drivetrains for cars means that it has the potential, in this new form of mobility as well, to play a key role in the development and production of efficient and reliable electric drive systems. Naturally we do not yet know whether flying cars will become established. But it is conceivable. It is being reported that 300 inner-city take-off and landing sites are already being built in Shanghai. Regardless of how the flying car evolves, for us it is clear – as shown by the example from Guangzhou – that the future belongs to those companies that think outside the box in a customer-focused way, that know what they are capable of, that help shape new developments openly and boldly while at the same time remaining conscious of their roots.

SCHAEFFLER GROUP

That is our path! This is what we stand for. This is what our vision is for the “Motion Technology Company”.

Thank you for your attention!