



3.1 Automotive Aftermarket

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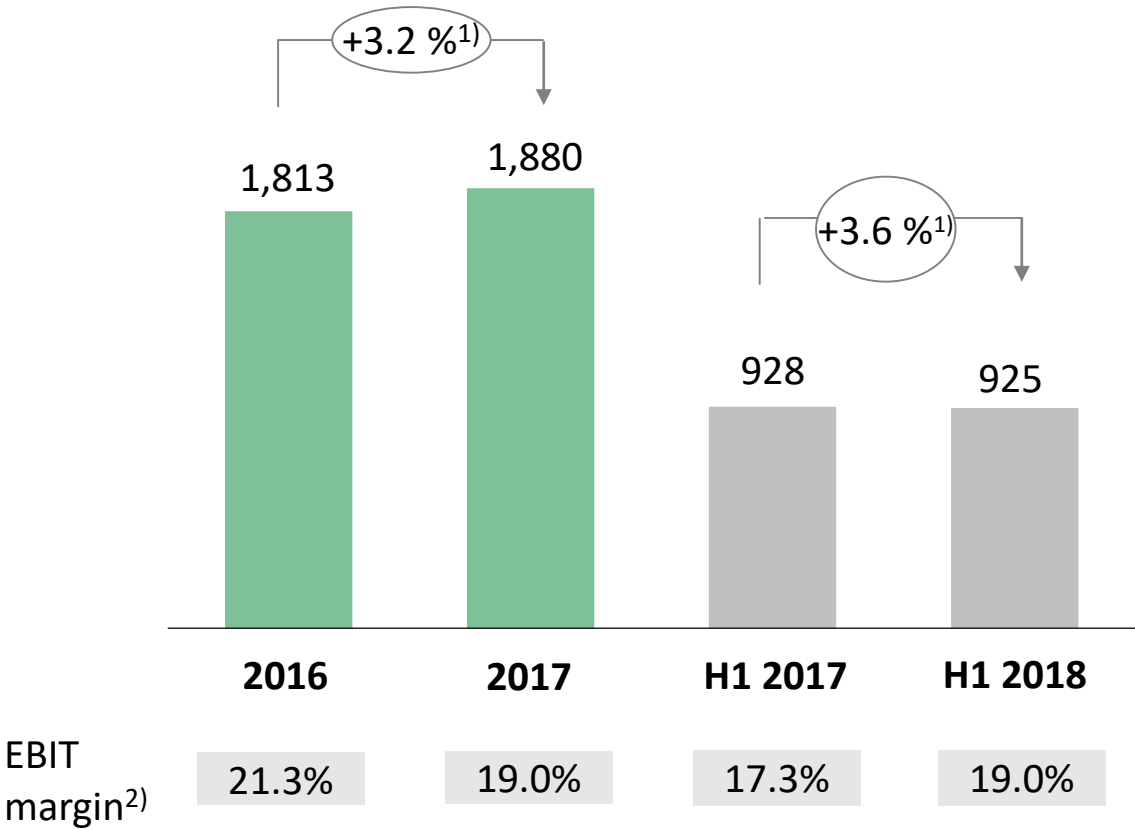


Michael Söding (56)
CEO Automotive Aftermarket

- ▶ 1988 Engineering and business degree Dipl. WI-MB, TU Darmstadt
- ▶ 1989 – 1993 Pirelli Breuberg: Product Management, KAM
- ▶ 1993 – 1996 Hoppecke, Brilon: Sales & Marketing, AAM
- ▶ 1997 Knorr Bremse, Munich: Sales Europe, AAM
- ▶ 1997 – 2001 Exide, Büdingen: MD AAM Germany
- ▶ 2002 – 2009 Schaeffler, Langen: Sales & Marketing global, AAM
- ▶ 2010 – 2018 Schaeffler, Langen: President AAM and Member of the Executive Board Schaeffler Automotive
- ▶ Since 2018 Executive Board Schaeffler AG

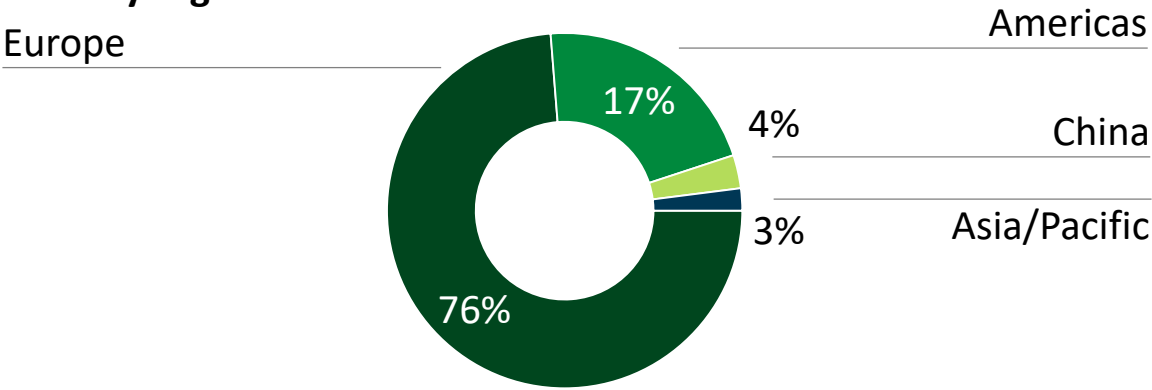
- 1 This is Schaeffler Automotive Aftermarket**
- 2 Resilient growth & High margin business
- 3 Conclusion

Sales and EBIT margin



¹⁾ FX adjusted ²⁾ adjusted & before one off effects

Sales by region³⁾



Sales H1 2018: EUR 925 mn

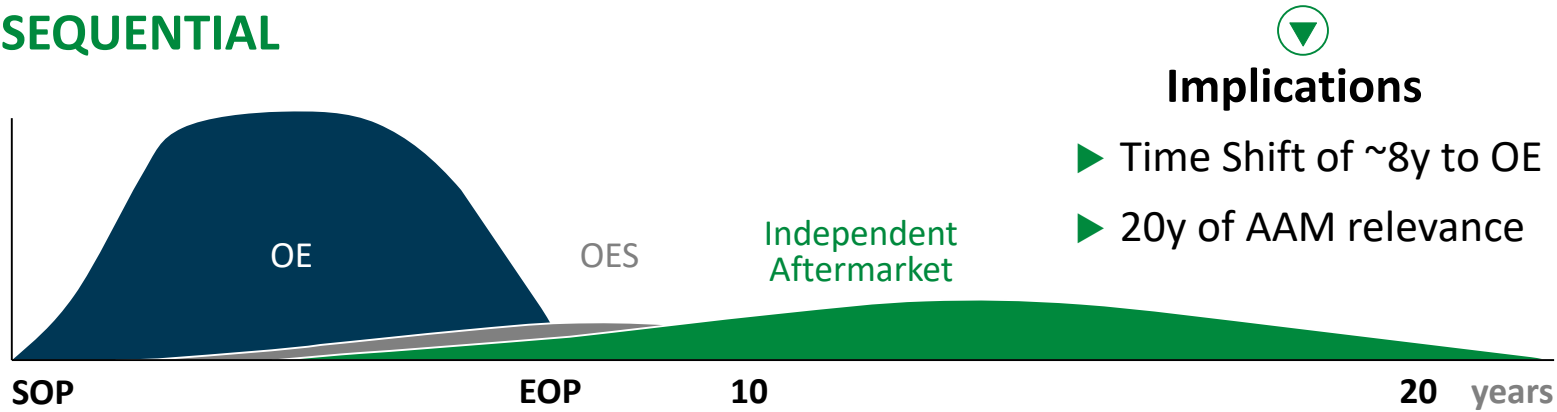
Sales split by channel



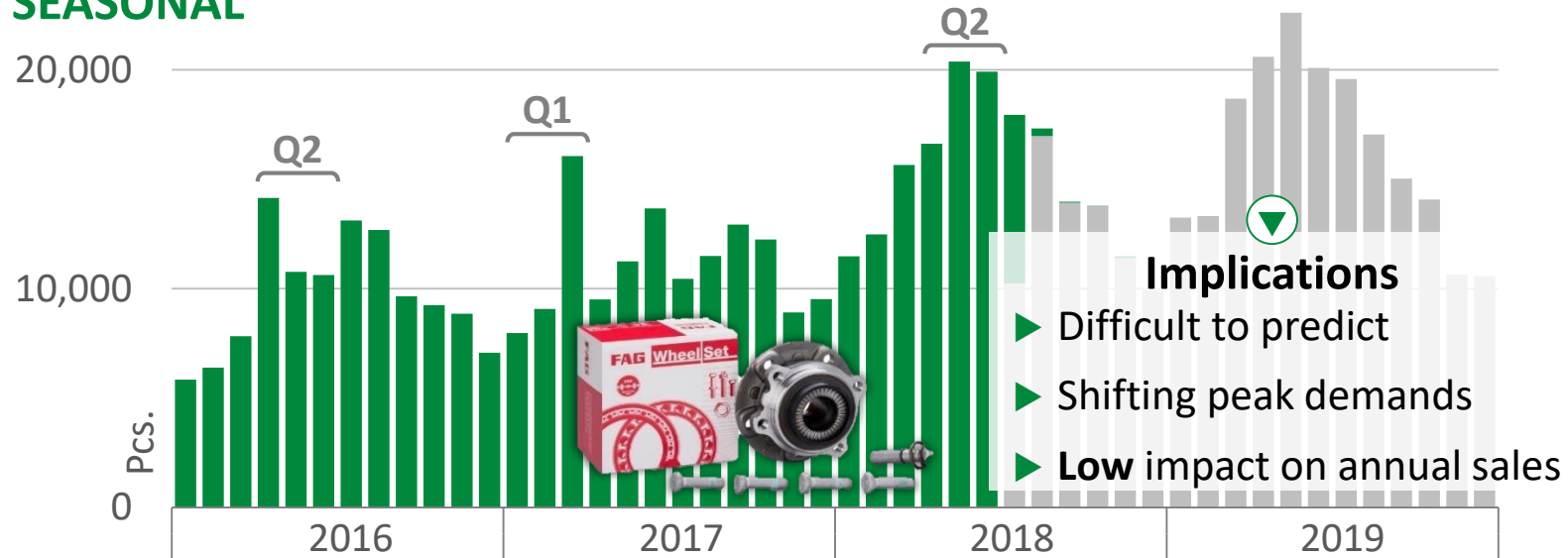
We are able to deliver to all possible demand patterns

SCHAEFFLER

SEQUENTIAL



SEASONAL



SINGULAR



Field Actions

Implications

- ▶ Unpredictable
- ▶ One-time effects
- ▶ **Variable** impact on annual sales - up to MEUR 100/yr. -

We set a unique value proposition in a complex eco-system – 7L/7E

7 Levels – aftermarket value chain



Production



Repair Solutions



National

Regional

Local

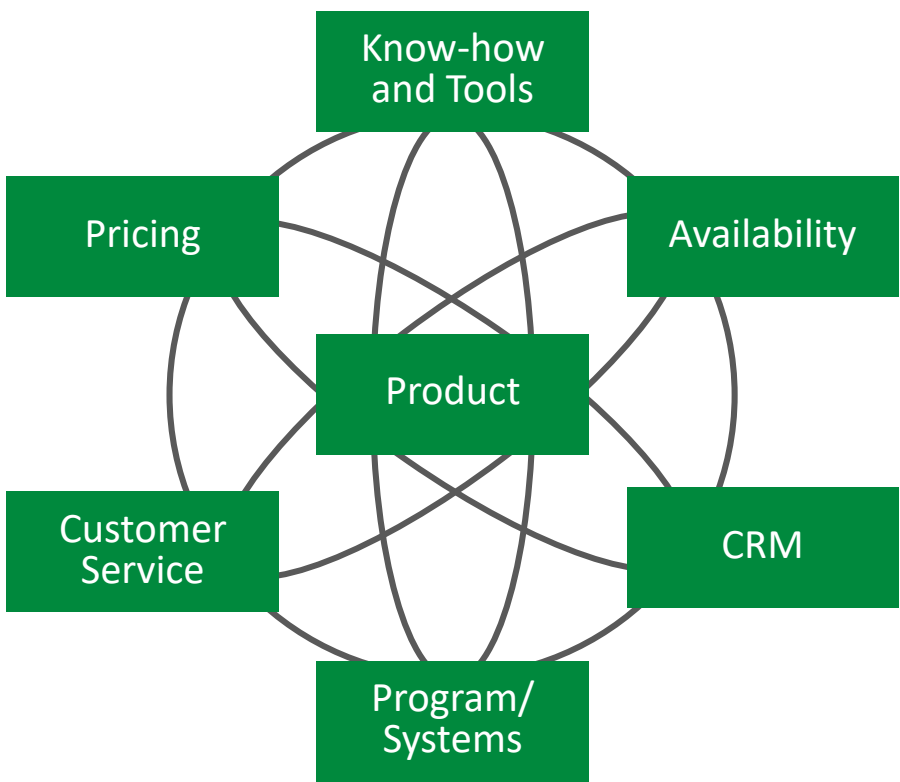


Workshop

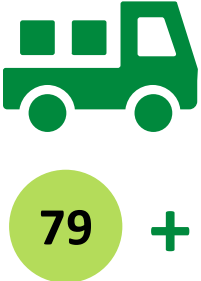


Motorist

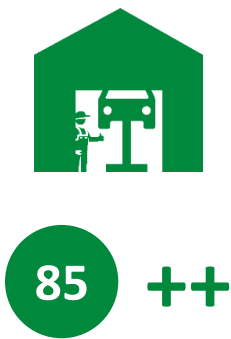
7 Elements – our unique value proposition



Customer Satisfaction

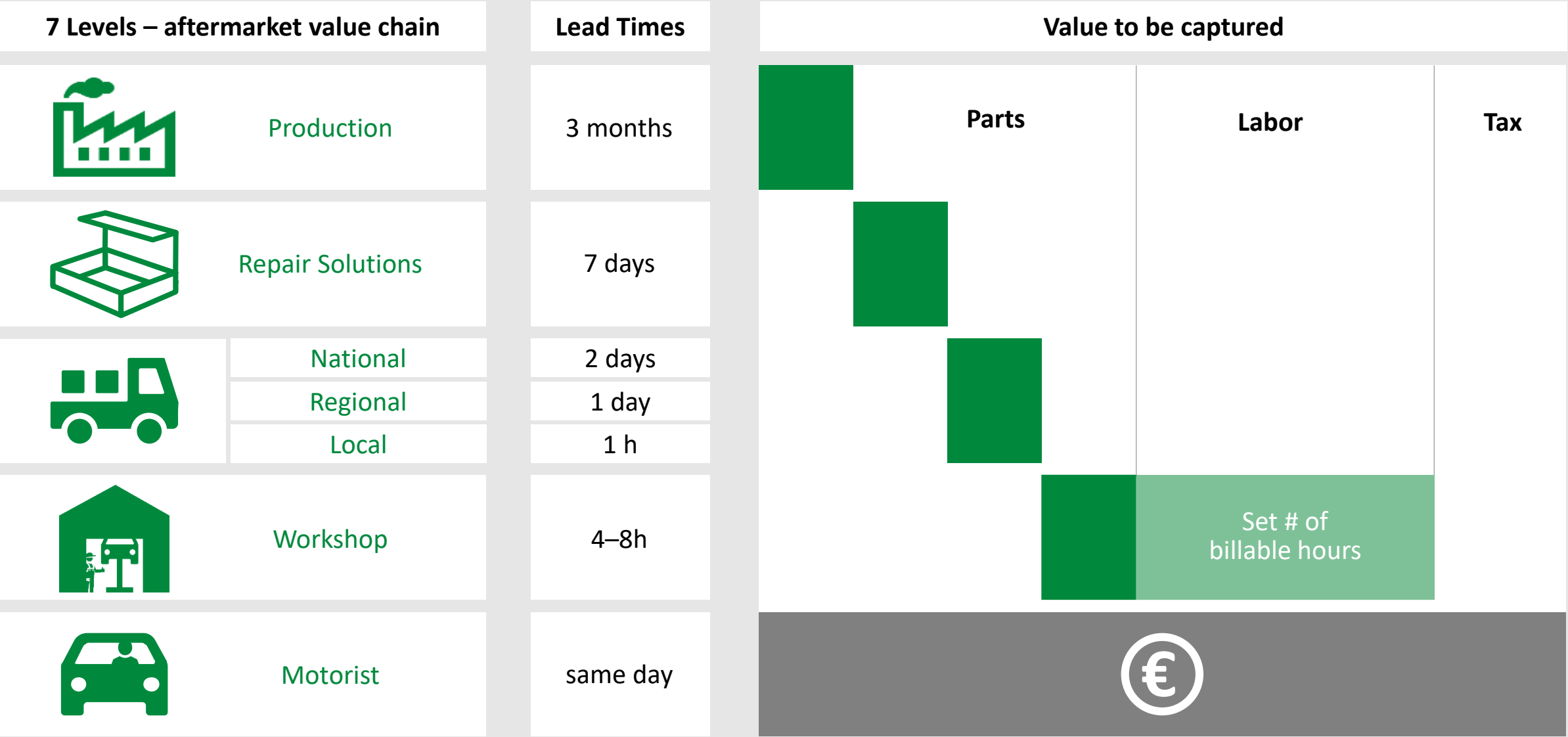


79 +



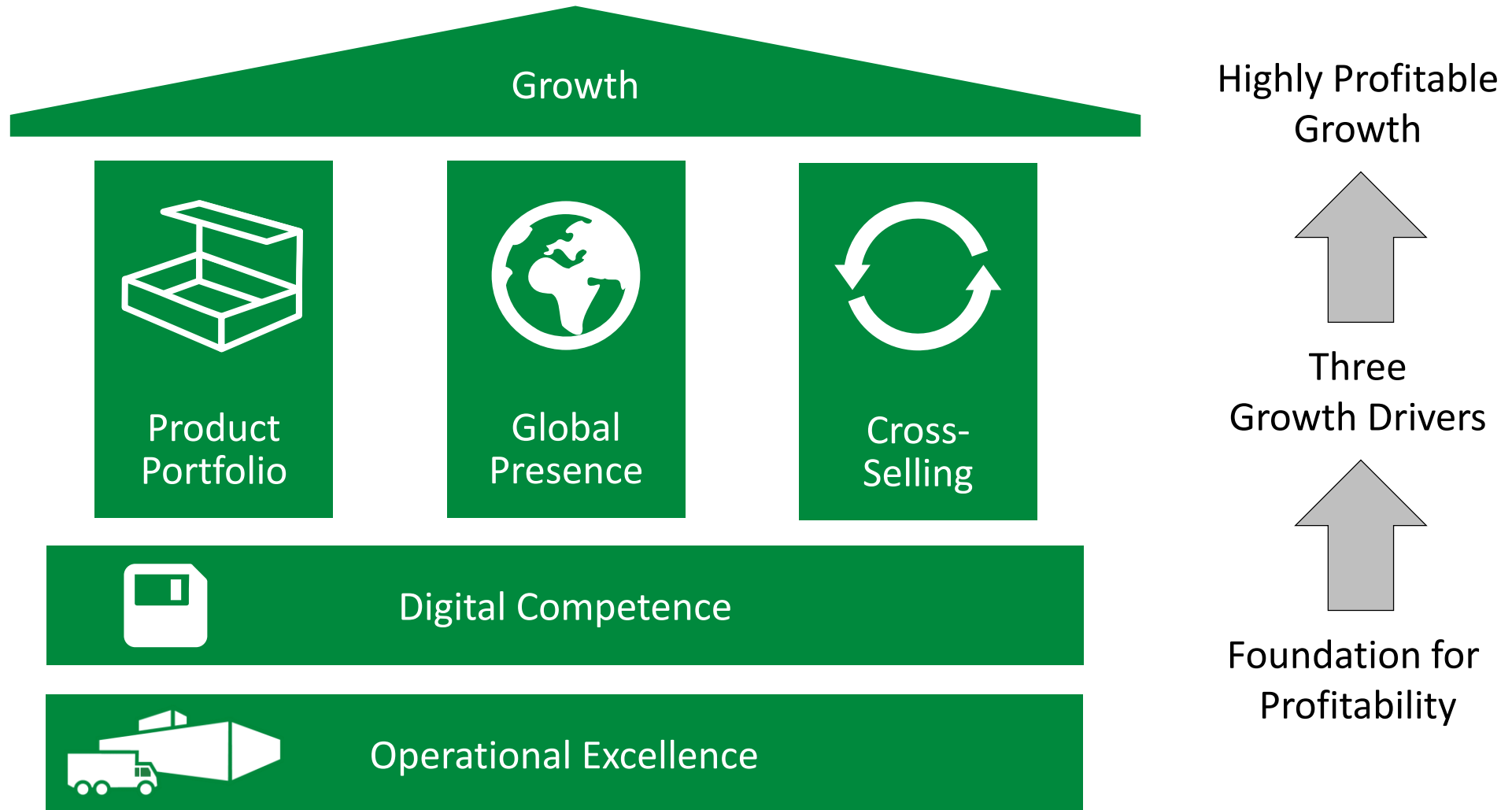
85 ++

Everything we do is geared at unlocking the value at the workshop level



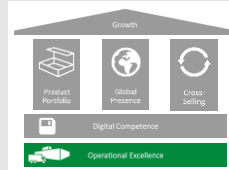
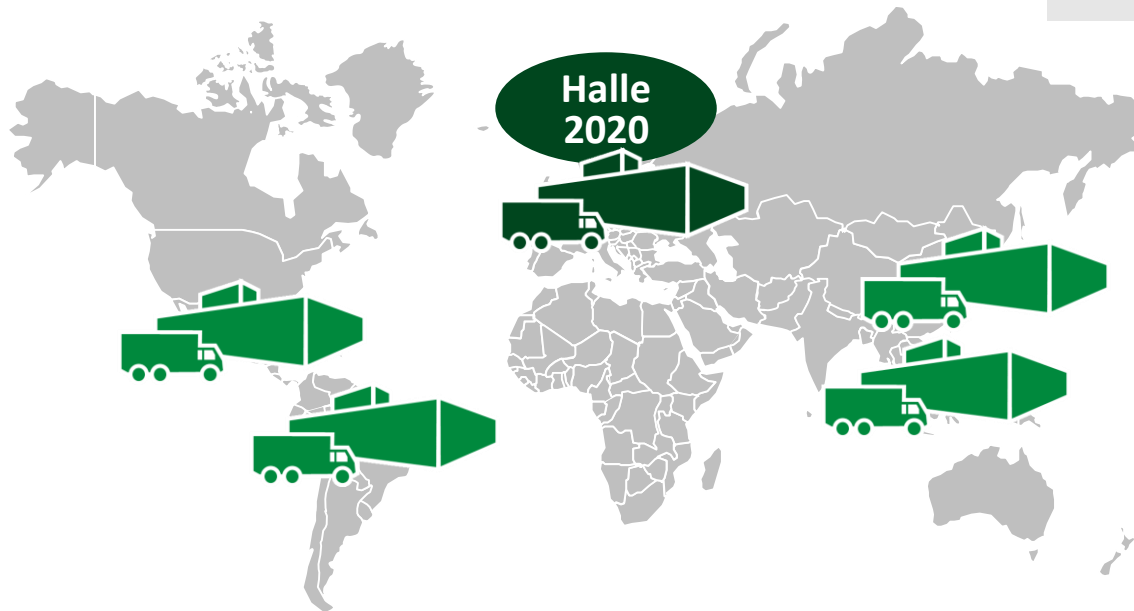
- 1 This is Schaeffler Automotive Aftermarket
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5 building blocks shape our strategy for highly profitable growth



OPERATIONAL EXCELLENCE

Global Footprint



Resource Allocation

Speed and Flexibility



Driving efficiencies

5

Aftermarket-Kitting-Operations (AKO)

28

Regional Warehouses

71

Sales Locations

Turning 8 warehouses into 1

Reduction of working capital

Improved Delivery Service Level

DIGITAL COMPETENCE

DATA

Enable digitalization through data infrastructure

- ▶ Single point of truth
- ▶ Cataloging / data matrix code
- ▶ Improve efficiency



ONLINE

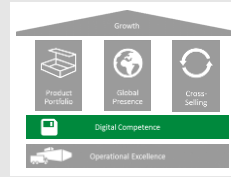
Information & sales channel

- ▶ Product, quality, brand & price information
- ▶ Sales through own country & parts shop
- ▶ Sales through online platforms

CONNECTIVITY

Active participation

- ▶ Association work driving legislation
- ▶ Data access through industry platform
- ▶ Derive business models



Resource Allocation



**Enablement
& Efficiency**

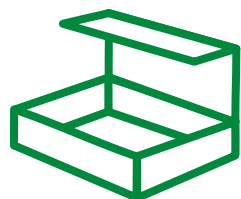


**Safeguarding
High Margin**

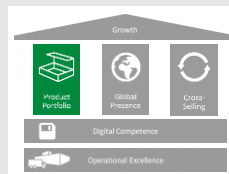


**Collaboration
for Digital
Innovation**

PRODUCT PORTFOLIO



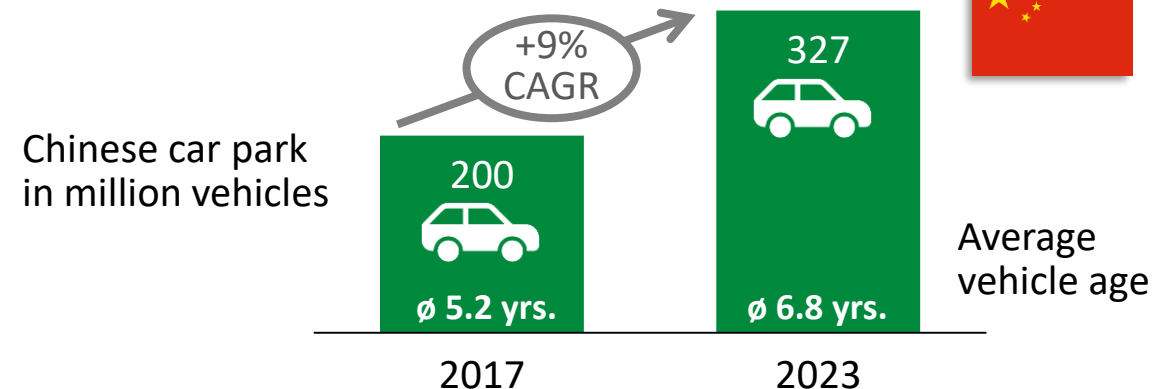
95% Coverage Target
- Full Range -



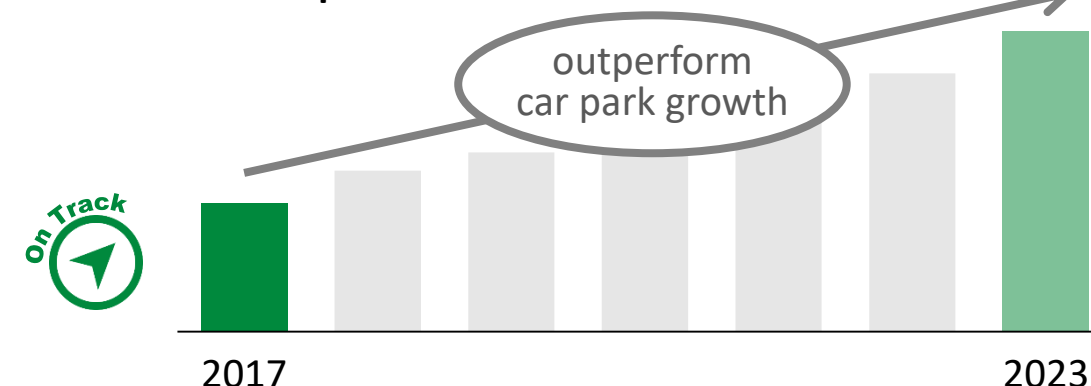
Resource Allocation

Local Presence in Greater China

Car Park Development China



Net Sales Development



GLOBAL PRESENCE



SCM/ Logistics



IT- & Planning Systems



Sales Footprint



Product Coverage

Global
infrastructure
implemented



Resource Allocation

Local Presence in Asia Pacific

Focus Countries



Thailand



Indonesia



Korea



Australia



Sales Footprint

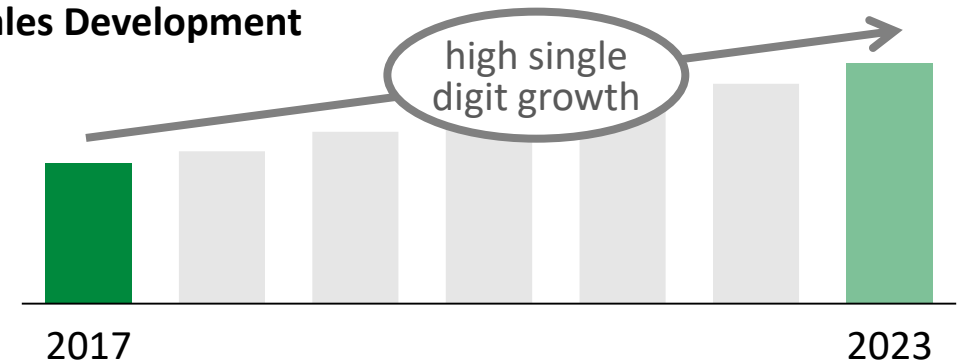
- ▶ Local sales
- ▶ Technical support
- ▶ Online Order Systems



Product Coverage

- ▶ Local R&D
- ▶ AKO Singapore
- ▶ Local Sourcing

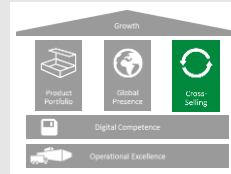
Net Sales Development



CROSS-SELLING

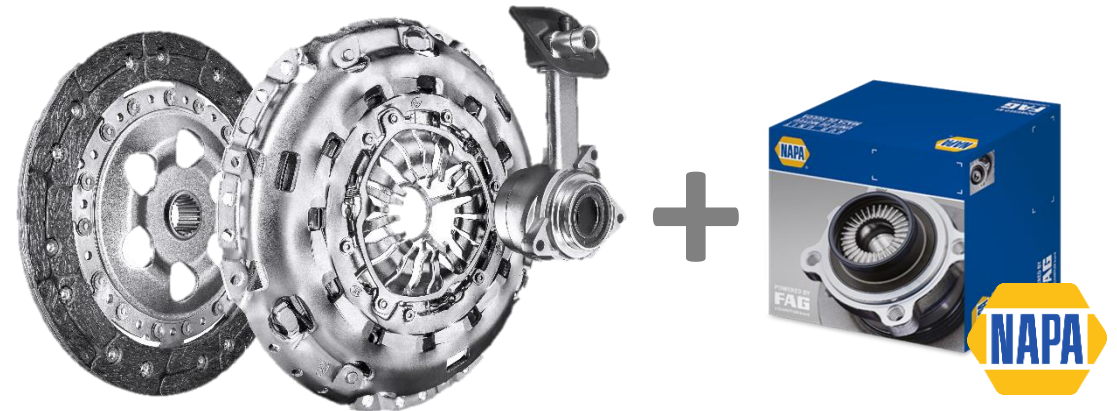


**Established
customer base**



Resource Allocation

Bearings and seals program for North America



2011

Clutch Solutions

2018

Bearings and Seals Program









- ▶ Impressive portfolio with 9,000 bearings and seals
- ▶ Successful entry into North American bearings and seals market
- ▶ Significant potential from collaboration with a top U.S. retailer

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Opportunities and Headwinds (until 2025)

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Top Line Drivers

1. Continuous conversion to product solutions  
2. Best-in-class services towards workshops  
3. Increasing and ageing car park in Asia  
4. Product range and cross-selling 
5. Improved continuity in supply (e.g. AKO) 




Top Line Challenges

1. Accelerated market consolidation 
2. Intensified competition in key product components 

EBIT Margin Drivers

1. Conversion to solutions enables higher margins (less competition – more value added)  
2. Execution of productivity programs (e.g. AKO) 
3. Successful pull strategy enables pricing power 
4. Incremental fixed cost coverage (economies of scale) 

EBIT Margin Challenges

1. Intensified competition 
2. Market consolidation and change in purchasing power 
3. Change in regional mix 
4. Productivity-related investments (e.g. AKO) 