Schaeffler AG
Acquisition of XTRONIC GmbH

May 07, 2019
Herzogenaurach
Disclaimer

This presentation contains forward-looking statements. The words “anticipate”, “assume”, “believe”, “estimate”, “expect”, “intend”, “may”, “plan”, “project”, “should” and similar expressions are used to identify forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about Schaeffler Group’s beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of Schaeffler AG. Forward-looking statements therefore speak only as of the date they are made, and Schaeffler Group undertakes no obligation to update any of them in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. These statements are based on Schaeffler AG management’s current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Actual results may differ from those set forth in the forward-looking statements as a result of various factors (including, but not limited to, future global economic conditions, changed market conditions affecting the automotive industry, intense competition in the markets in which we operate and costs of compliance with applicable laws, regulations and standards, diverse political, legal, economic and other conditions affecting our markets, and other factors beyond our control).

This presentation is intended to provide a general overview of Schaeffler Group’s business and does not purport to deal with all aspects and details regarding Schaeffler Group. Accordingly, neither Schaeffler Group nor any of its directors, officers, employees or advisers nor any other person makes any representation or warranty, express or implied, as to, and accordingly no reliance should be placed on, the accuracy or completeness of the information contained in the presentation or of the views given or implied. Neither Schaeffler Group nor any of its directors, officers, employees or advisors nor any other person shall have any liability whatsoever for any errors or omissions or any loss howsoever arising, directly or indirectly, from any use of this information or its contents or otherwise arising in connection therewith.

The material contained in this presentation reflects current legislation and the business and financial affairs of Schaeffler Group which are subject to change.
Acquisition of XTRONIC GmbH – Transaction overview

Acquisition overview
- Double digit Euro million sales
- 170 employees
- Two sites in Böblingen and Wolfsburg, Germany

Transaction structure
- 100% acquisition of XTRONIC GmbH in exchange for cash

Closing
- Transaction closing expected until June 2019

Financing
- Financing secured via cash and committed credit facilities
XTRONIC – An established supplier of software and electronics engineering services to the automotive industry

XTRONIC – Key aspects
- XTRONIC is an established provider of automotive software and advanced development services with a leading edge in E-mobility, autonomous driving and infotainment
- Headquartered in Böblingen with a second office in Wolfsburg XTRONIC is a pioneer with about 20 years of market presence
- Recognized among OEMs and Tier 1 customers with double digit million sales and strong growth profile

Sophisticated development processes for automotive software and electronics

Expertise in E-mobility and autonomous driving

Acquisition rationale
- Backward integration for recently acquired Paravan technology for autonomous driving
- Strengthen software competence for existing mechatronic projects and enable more advanced solutions going forward
- Integration of XTRONIC will further support position of Schaeffler as partner for mechatronics and future mobility solutions
- Key leadership personnel committed to continue to work for the company
- Fully consistent with our M&A radar priorities
Schaeffler and XTRONIC – Complementing Schaeffler’s industrialization expertise in mechatronics and e-mobility

**SCHAEFFLER**

- Strong industrialisation expertise
- Proven system integration capabilities
- Excellence in high volume production

Deliver state of the art, certified autonomous driving technology

- Established business with OEMs and lean dev ops processes
- Enhance electronic components and software know-how vital for future E-mobility business

**PARAVAN**

Leading drive-by-wire technology „Space Drive“ licensed for on-road use

Key software and development partner for Paravan Space Drive

**XTRONIC**

Strong customer base in automotive software and IP in various key technologies

May 2019  Schaeffler AG – Acquisition of XTRONIC GmbH
Acquisition of XTRONIC GmbH – Key messages

1. Further building block in strategy execution to strengthen our position in E-mobility, autonomous driving and mechatronics

2. XTRONIC is a service provider for automotive software and electronic services with a strong customer base and extensive experience

3. Integration of XTRONIC will further support position of Schaeffler as partner for mechatronics – perfect complement to Space Drive technology

4. Strong track record of innovating and introducing new solutions with tool-based development process/testing

5. Transaction closing expected until June 2019