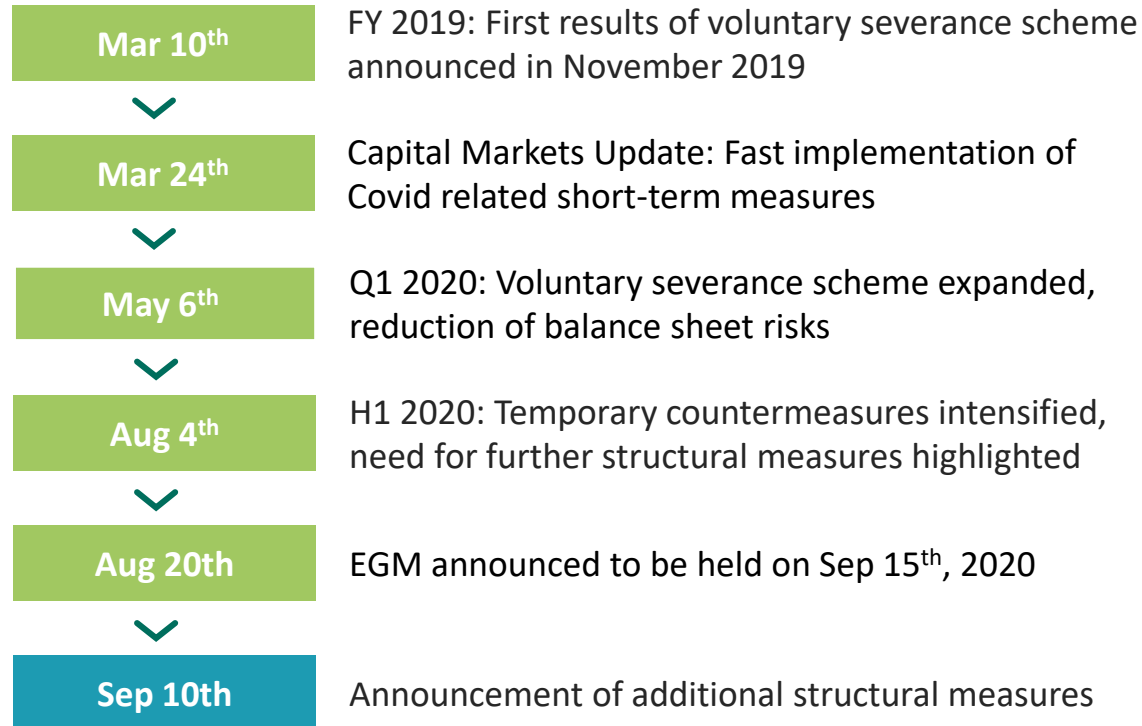


Adapting our structures to a prolonged market recovery

CEO & CFO Conference Call
Sep 10, 2020 - 11.30 CEST
Herzogenaurach

Introducing additional structural measures – Current trading improved, still market headwinds persist

Schaeffler key financial news-flow in 2020



Current trading July and August 2020

- 1** Sequential improvement at Group level continued in July and August vs. H1 2020

- 2** Automotive OEM August stable vs. July, Automotive Aftermarket sequentially improving in August vs. July

- 3** Industrial Division sales still impacted by overall market slowdown

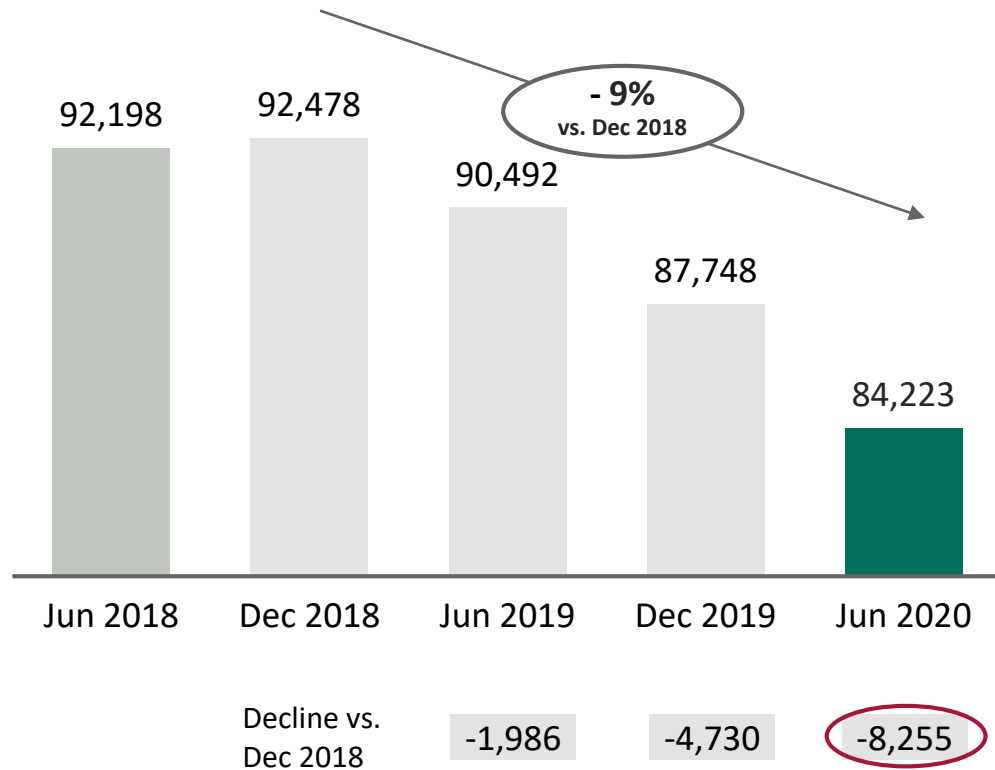
- 4** Capacity utilization across regions further stabilized in August, Europe lagging behind

- 5** Temporary measures - i.a. short time work - and Capex discipline continued in the Summer months, liquidity situation robust

Transformation journey continues – Additional structural measures will add to previous programs

Schaeffler Headcount

as per month end



Efficiency measures implemented in recent quarters

- BCT dissolution was a key milestone of our stringent divisionalisation
- Divisional improvement programs RACE, GRIP and FIT are holistic programs including top line, efficiency and investment prioritization levers, implementation started in 2019
- The above programs resulted in selected site divestments and a voluntary severance scheme with 1,900 HCO reduction
- Starting in December 2019, broad-based cost flexing measures were implemented, both at Divisional and Corporate level. Due to Covid, these were further intensified in recent months:
 - Reduction of travel, service and logistic costs
 - Reduction of marketing and consulting costs
 - Project cancelations / adjustments (incl. R&D)
 - Cost saving measures at plant level (e.g. Purchasing savings)

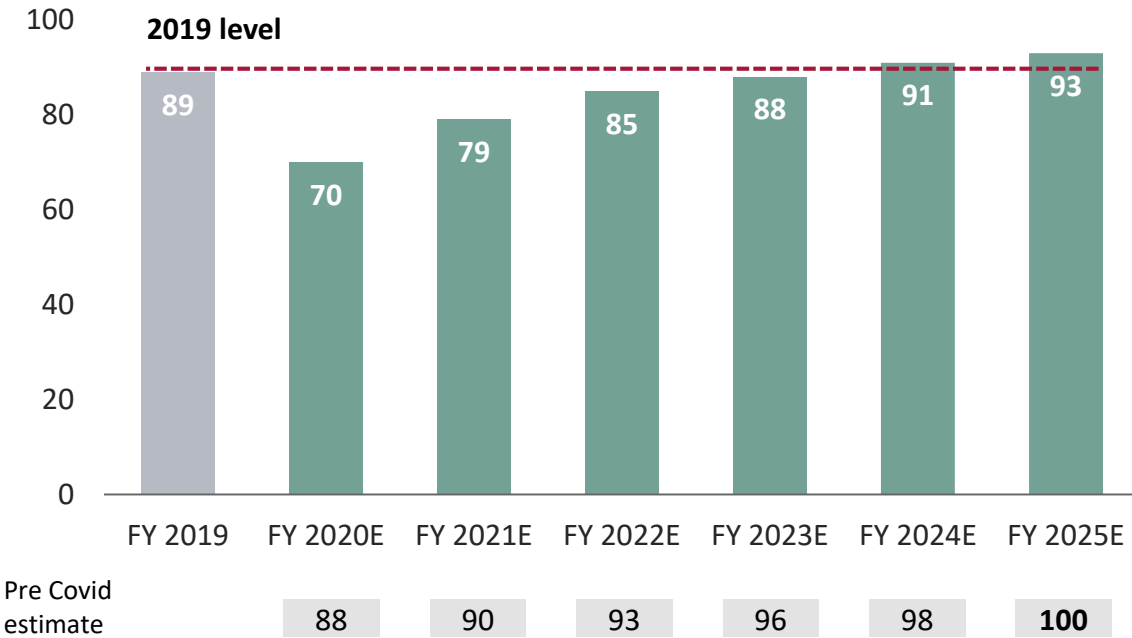
The financial impact of these was already visible in the H1 2020 earnings

BCT: Bearing and Component Technologies

Prolonged market recovery phase requires adaptation of our structures – Footprint, Capacities, Overheads

LVP: prolonged recovery phase expected

(LVP¹ in mn vehicles)



¹ Light vehicle production based on IHS Markit as of January (pre Covid) / August 2020

Rationale and Assumptions

- LVP is not expected to reach 2019 level until 2024
- Relevant Industrial Production expected to return to 2019 output level earliest by 2022

Measures announced go in two main directions:

- 1 Footprint consolidation and reduction of capacity in Europe
- 2 Overhead reduction in Corporate and Divisions

Scope

- Europe with focus mainly on **Germany**
- About **4,400 headcount** net reduction in Europe mainly in Germany, predominantly completed by end of 2022
- Around 14% of German workforce

1 Footprint consolidation and reduction of capacity in Europe – Increase competitiveness

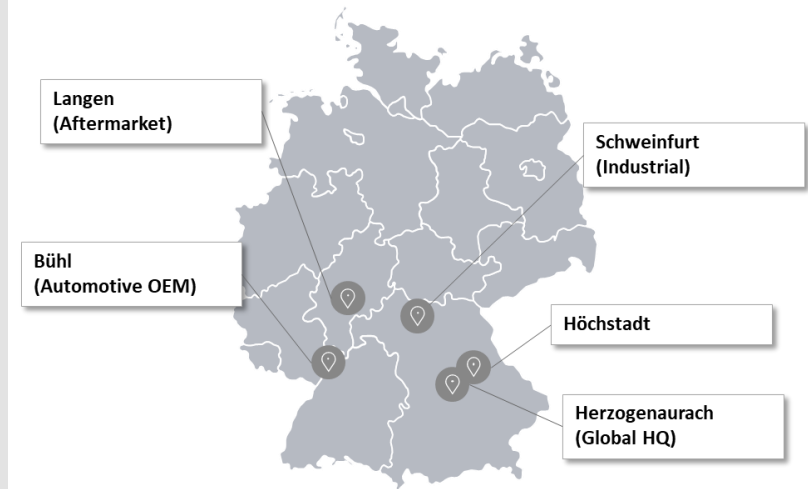
Scope

- a. **Consolidating our footprint** – Address our fragmented footprint and increase our localization rate – 14 sites affected, thereof 12 in Germany
- b. **Reducing capacity** – Right-size our internal tool manufacturing and special machinery units and adjust capacity in plants
- c. **Improving efficiency in plants** – Adapt the ratio of direct to indirect employees in remaining factories

Improve competitiveness

- Automotive OEM: Strengthen e-Mobility competence center in Bühl, focus on active portfolio management in terms of product strategies and footprint
- Aftermarket: consolidate smaller offices into headquarter in Langen
- Industrial: consolidate 4 German plants into one, expand investments in strategic growth areas into the headquarters in Schweinfurt

Strengthen 5 key competence centers



14
sites affected

~3,200
net HCO reduction

2 Overhead reduction in Corporate and Divisions – Reduce complexity

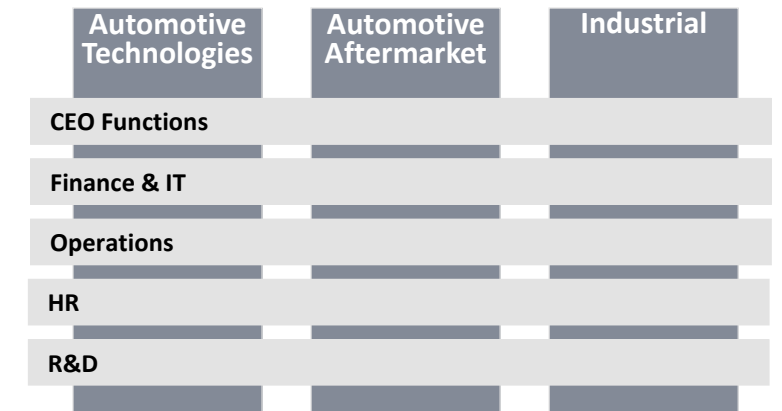
Scope

- All Divisions and Functions
- Managerial and non-managerial positions
- Mainly in Germany

Reduce complexity

- Delayer the organization
- Further streamline our processes
- Recalibrate roles, responsibilities and tasks in our matrix structure
- Enable faster decision-making and execution

Divisions and all Corporate functions



~1,200
net HCO reduction

Financial impact

Savings: EUR 250 - 300 mn annual benefits of which 90% will be realized already in 2023, split roughly evenly between Automotive OEM and Industrial, small impact in Aftermarket

Transformation cost: Around EUR 700 mn cost mainly in H2 2020, majority of cash-out in 2021 and 2022 – around 90% personnel-related including severance and 10% related to other costs including transfer

Fiscal year 2020 impact: provision to be booked in H2, no impact on EBIT before special items

Self-help structural measures – Reduce cost and increase competitiveness


- 1 Coronavirus-related uncertainty remains high – **We adapt our structures to a prolonged market recovery in a sustainable way**

- 2 Appropriate temporary cost flexing benefitted the Group in H1 – **short-term levers will remain in focus beyond 2020**

- 3 **Accelerate structural change and transformation** – Optimize our European footprint, increase localization and adapt overhead in Divisions and Corporate functions

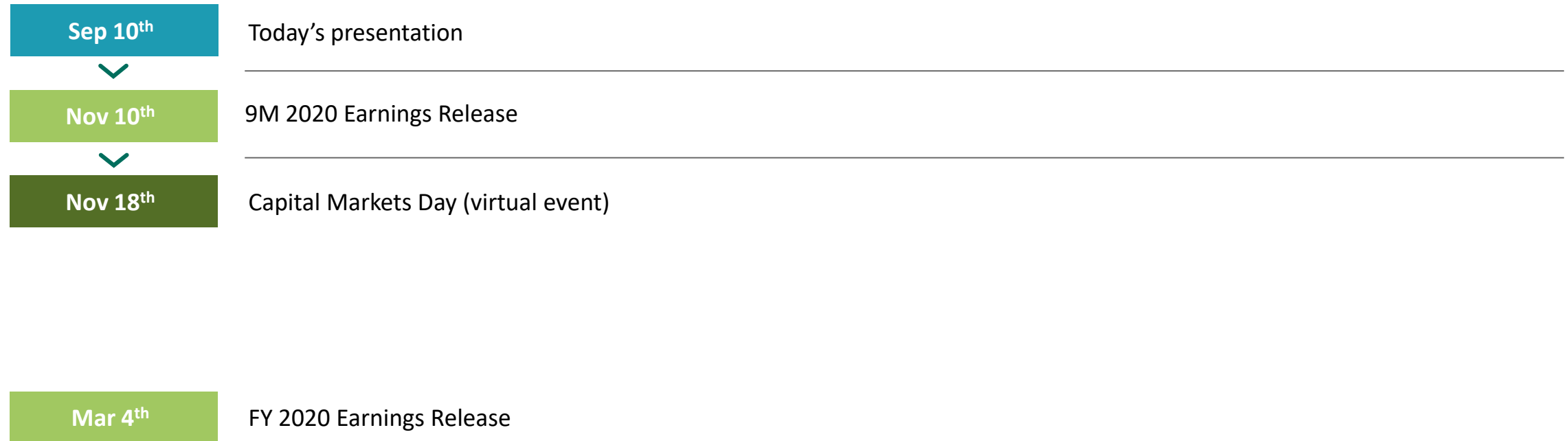
- 4 **Increase competitiveness** – Create flexibility to invest in future business and technologies, continue to focus resources on employee reskilling

- 5 **Liquidity is robust, our Capex discipline continues** – We will continue to shape our balanced portfolio as Automotive and Industrial supplier



Sustainably reduce
cost and increase
competitiveness
for the long term

Financial calendar 2020/2021 – Capital Markets Day on November 18th 2020



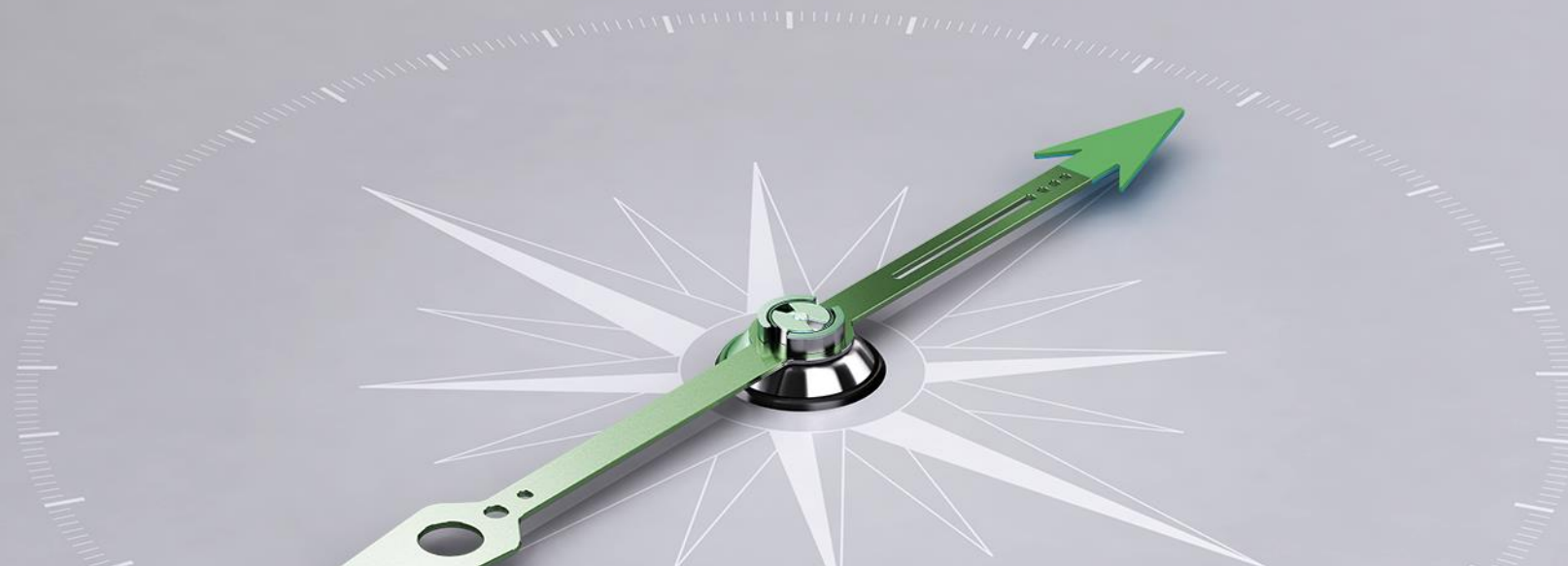
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