

FY and Q4 2020 Schaeffler AG earnings

Earnings Call
March 4, 2021
Herzogenaurach

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Agenda

- 1** Overview
- 2** Business Highlights FY and Q4 2020
- 3** Financial Results FY and Q4 2020
- 4** Outlook

Solid FY 2020 execution – Thanks to the resilience of our organization

Key messages 2020

- 1 FY 2020 sales -10.4%¹; supported by +4.6%¹ Q4 recovery – All regions growing, Greater China +10.3%¹ in Q4
- 2 FY Gross margin at 23.1% and EBIT margin² at 6.4%; sequential development in Q4 with 26.5% gross margin and 11.5% EBIT margin – Automotive Technologies the key driver
- 3 Order Intake³ EUR 10.2 bn in Automotive Technologies – Strong E-Mobility Order intake of EUR 2.7 bn, exceeding EUR 1.5 - 2 bn target
- 4 Cost discipline continued – Functional costs -12% yoy, Headcount 5.1% reduction to 83,300 vs. 87,750 at year end 2019
- 5 Disciplined Capex allocation with overall <1 reinvestment rate – FCF⁴ FY 2020 at EUR 539 mn, Dividend proposal EUR 25 cents⁵
- 6 Sustainability – “A-” CDP rating goal reached one year in advance
Company Strategy – Roadmap 2025 initiated, now in execution

¹ FX-adjusted | ² Before special items | ³ Nominations to customer projects | ⁴ Before cash in- and outflows for M&A activities | ⁵ Proposed dividend per common non-voting share | ⁶ in % of Net income attributable to shareholders before special items

Sales growth¹

FY **-10.4%**
Q4 **+4.6%**

EBIT margin²

FY **6.4%**
Q4 **11.5%**

Free Cash Flow⁴

FY **EUR 539 mn**
Q4 **EUR 355 mn**

Dividend⁵

EUR 25 cents
Payout Ratio 50%⁶

FY 2020 Guidance as of November 2020 – Overachieved both by Group and Divisions

Group Results FY 2020

	Guidance	Actuals	
Sales growth¹	-13 to -11.5%	-10.4%	✓
EBIT margin²	4.5 - 5.5%	6.4%	✓
Free Cash Flow³	EUR 500 - 600 mn	EUR 539 mn	✓

¹ FX-adjusted | ² Before special items | ³ Before cash in- and outflows for M&A activities

Divisional Results FY 2020

Automotive Technologies ✓		Automotive Aftermarket ✓		Industrial ✓	
Guidance	Actuals	Guidance	Actuals	Guidance	Actuals
-14.5 to -13%	-11.6%	-8 to -6.5%	-7.0%	-10 to -9%	-9.2%
1 - 2%	3.6%	14.5 - 15.5%	15.8%	7.5 - 8.5%	8.5%

Actual market development vs. assumptions⁴:

- Automotive Technologies: LVP decreased by **-16.1%** according to IHS⁵ vs. assumption of around **-18% to -20%**⁴
- Industrial: Industrial production declined by **-6.5%**⁶ vs. assumption of around **-5%**⁴

⁴ As of November 9th 2020 | ⁵ IHS Markit (February 2021) | ⁶ Oxford Economics (December 2020)

Roadmap 2025 – Building on our strong foundations and innovating as diversified Automotive and Industrial Group

Automotive Technologies

Mature

We **HARVEST** with our enabler-Technologies

We **EXIT/DIVEST** expiring businesses & consolidate our footprint

New

We **BUILD** Competencies in Power Electronics & Hydrogen

We **GROW** in Electrified Powertrains

We drive the transition to innovative propulsion and chassis technologies, to conquer leadership positions in New Business

Automotive Aftermarket



Platform business

- One-stop-shop
- Consolidated distribution



Advanced repair solutions & services

- Plug & Play solutions
- Also available for hybrids



Wheel bearings for passenger cars

- Independent of drive train
- High-performance parts

We capture growth opportunities in new markets and maintain a high margin level

Industrial

Driving innovation with systems and services

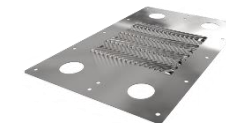
Robotics solutions



Wireless condition monitoring



Hydrogen solutions



Pushing growth in our core business

Large-size wind bearings



Rail bearings



Agricultural technologies



We further build on our profitability track record, while entering in promising new technologies

Schaeffler Group FY 2020 – Highlights and lowlights



Positive growth in Greater China with quick recovery in Automotive and massive demand in sector cluster Wind, which led to growth even in H1



Substantial performance improvement in H2, mainly driven by the Automotive Technologies division



Cost and capital discipline continued – Restructuring program well on track



Further impact delivered on sustainability roadmap across the company; sustainability goals with link to top management compensation established



All regions apart from Greater China impacted by Covid-19 pandemic, Europe affected the most



Covid-19 pandemic led to strong sales decline in H1 in all divisions, Automotive Technologies affected the most



Sector cluster Aerospace, Railway and Industrial Automation lagging recovery in H2



High volatility of end markets as well as supply situation calls for contingency planning and preparedness

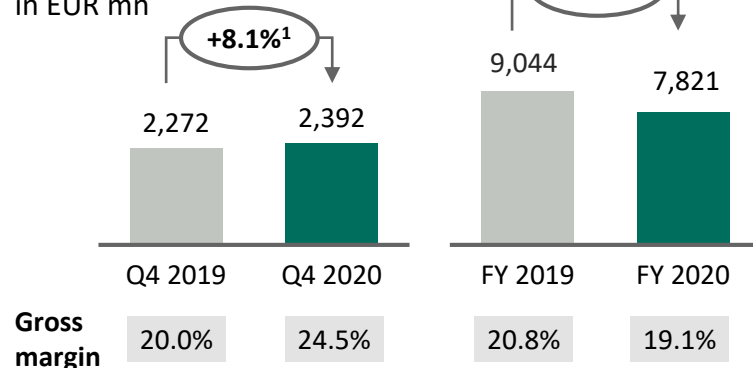
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Automotive Technologies – Strong sales development in Q4, exceptional double-digit EBIT margin²

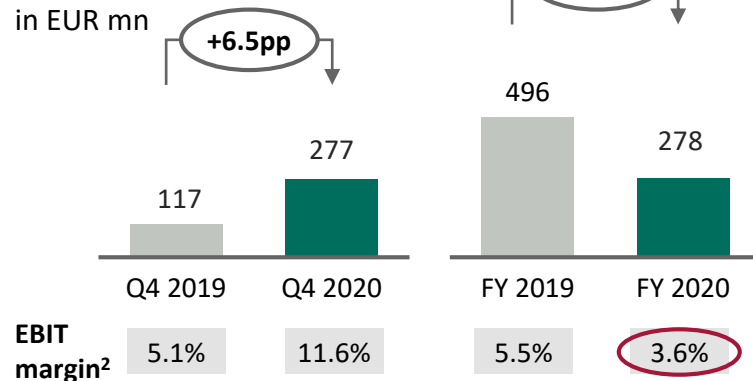
Sales

in EUR mn



EBIT²

in EUR mn



Strong Outperformance in Q4 of 490 bps driven by all regions; FY outperformance reached 450 bps, regions Greater China and Americas the main drivers



E-Mobility gaining further traction with another strong set of new orders, leading to a FY 2020 Order Intake of EUR 2.7 bn (Book-to-bill-ratio of BD E-Mobility: 4.2x), driven by system business



Strong Gross Profit development in H2, driven by lower production costs, RACE efficiency improvements and raw materials tailwind



Volatile market situation and headwinds led to abnormal capacity utilizations in 2020



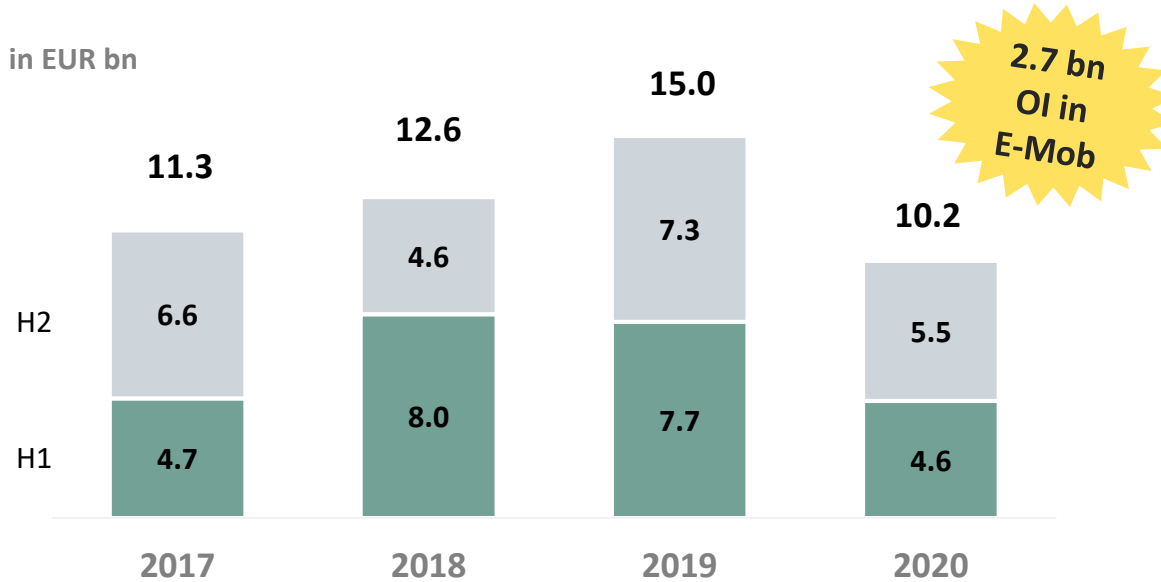
Cost reductions in 2020 partly supported by temporary, contingency savings such as short-time labor

¹ FX-adjusted | ² Before special items

Automotive Technologies – How we win: E-Mobility Order Intake goal overachieved

Order Intake¹

in EUR bn

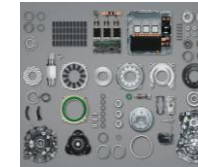
Book-to-bill-ratio²

H2	1.5x	1.1x	1.7x	1.2x
H1	1.1x	1.7x	1.8x	1.4x
FY	1.3x	1.4x	1.7x	1.3x

¹ Received orders in given time period | ² Lifetime Sales / Current period revenue

Business Highlights E-Mobility

GROW



Major Order Intakes in 3in1 System Business



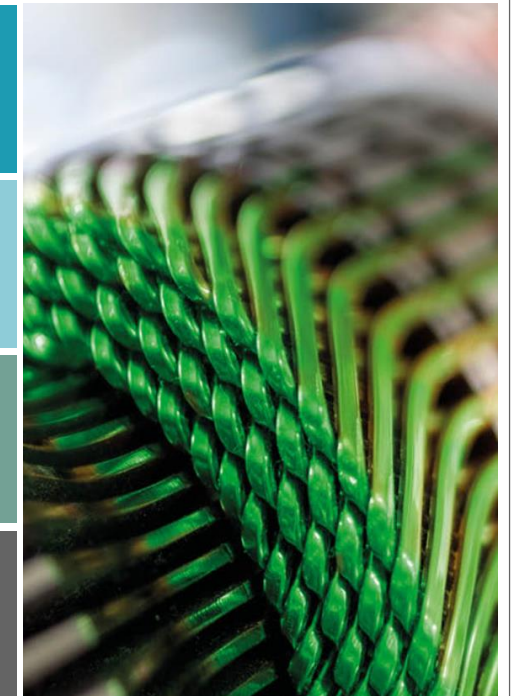
Number of E-Mobility projects increased by more than 30% vs. 2019



Product portfolio expanded and new market segments entered

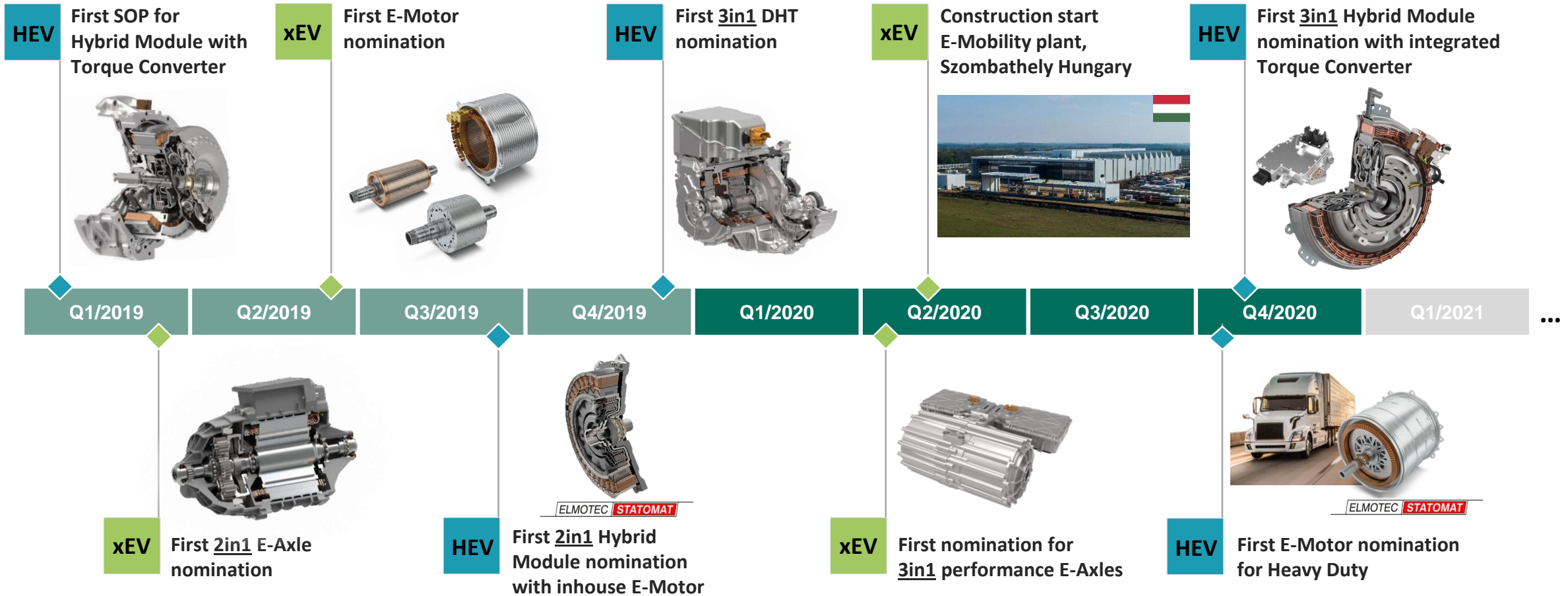


Mass production of E-Motors in preparation

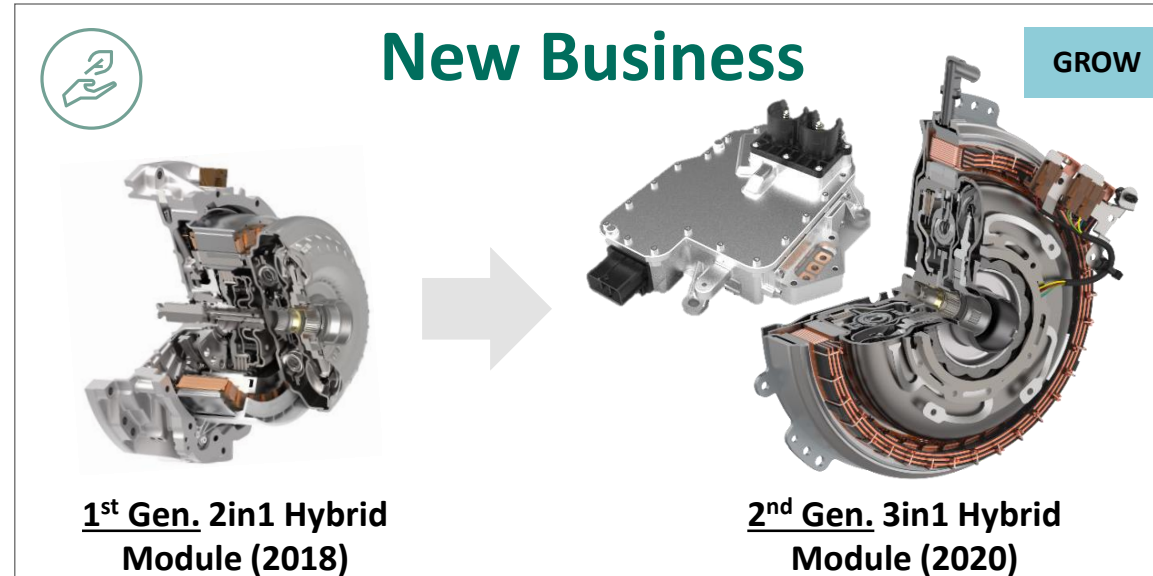


EUR 2.7 bn Order Intake in BD E-Mobility achieved in 2020, overachieving EUR 1.5 - 2 bn target

E-Mobility 2019 and 2020 overview - Our accelerated transformation to electrified powertrain solutions pays off



E-Mobility deep-dive – Our new Hybrid Module solution is extending our 3in1 powertrain portfolio



Key Aspects



Hybrid Module



Torque Converter

- Ground-breaking package with a Torque Converter
- Integration of E-Motor and Torque Converter greatly reduces the overall length
- Inhouse E-Motor and Torque Converter
- Efficient 48V PEU integrated

**Integrated
Micro Torque
Converter**

**First 48V
application for
3in1 Systems**

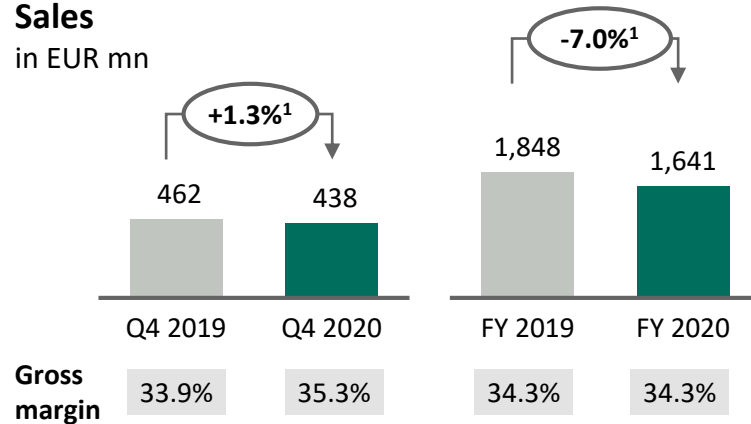
**Improved
Power density**

Our innovative strength makes us a qualified partner for modular and highly integrated 3in1 systems

Automotive Aftermarket – Stable sales development in Q4, robust operational performance

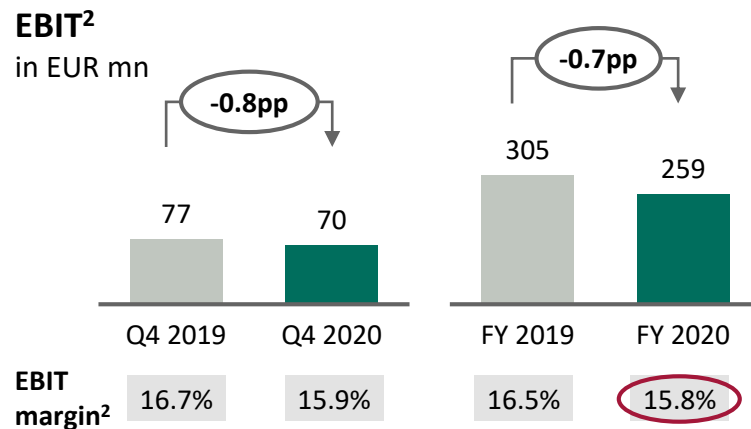
Sales

in EUR mn



EBIT²

in EUR mn



Slight sales growth in Q4, mainly driven by 9.4%¹ growth in Region Americas



Q4 Gross margin above previous year level, supported by additional sales volume, favorable mix effects and GRIP initiatives



Sequential increase in demand puts strain on supply continuity

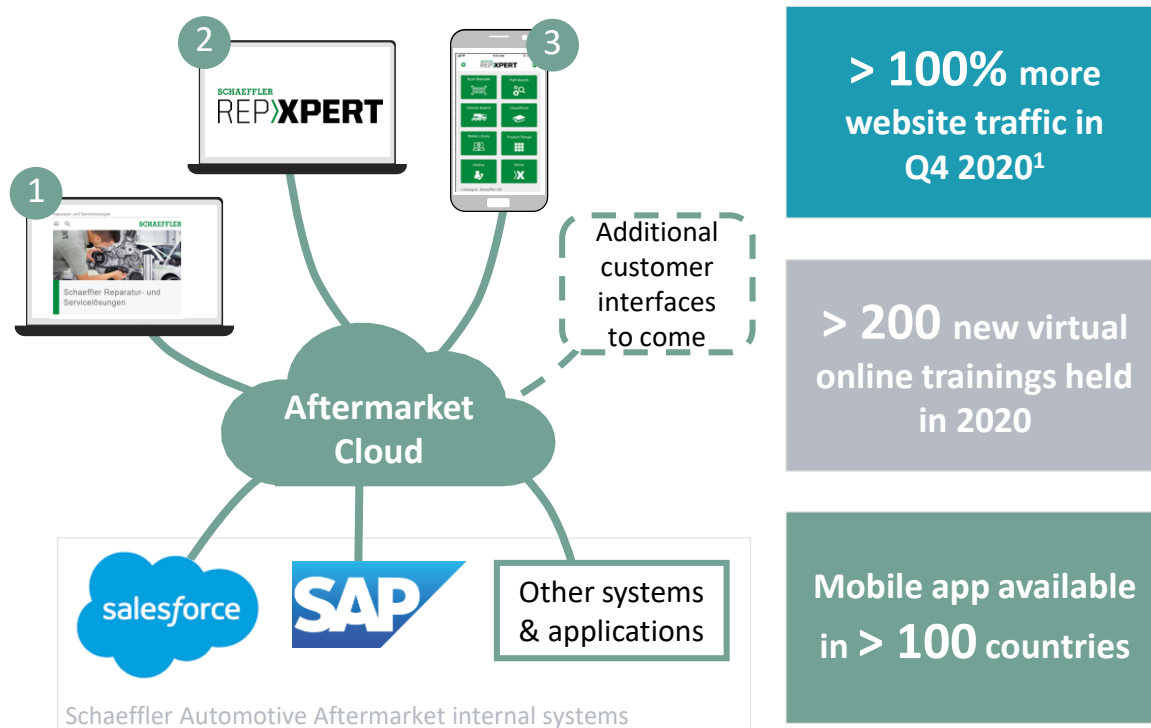


AKO³: functional expenses affected by double cost structure related to the ramp-up of the AKO Europe

¹ FX-adjusted | ² Before special items | ³ Aftermarket Kitting Operation

Automotive Aftermarket – How we win: Digital competence, accelerated by the pandemic, the Automotive Aftermarket’s state-of-the-art integrated ecosystem

Cloud solution with multiple customer interfaces



1 Automotive Aftermarket Website

- NEW: **Integrated online parts & solutions catalog** providing up-to-date information, specifications and references at article level
- NEW: **Search engine optimized website content** to achieve better search engine rankings and visibility

2 REPAIRPERT

- NEW: **Virtual online** training offerings for complex repair solutions , e.g. for **Thermal Management Module**
- NEW: First **e-learning** (self-study) **course** for **Self-Adjusting Clutch** in Germany, including test and certificates for users

3 Mobile app features

- NEW: **Repair and installation instructions** for Schaeffler product portfolio

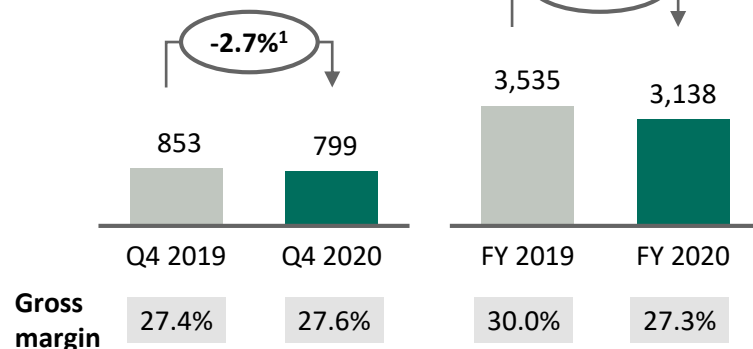
¹ Measured in page views in comparison to Q4 2019

The Aftermarket Cloud serves as “one platform” for current and future online activities and customer services

Industrial – Sales with sequential further improvement, margin impacted by heterogenous utilization

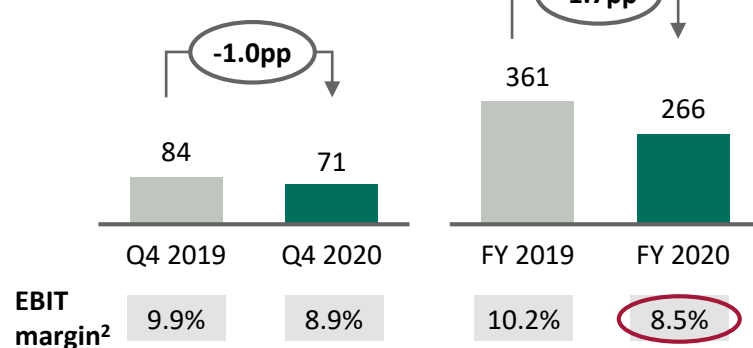
Sales

in EUR mn



EBIT²

in EUR mn



Greater China again with double-digit growth with sector cluster Wind as main driver



First signs of structural recovery in Two-Wheelers, Offroad and Industrial Automation



High demand in newly launched condition monitoring service solution OPTIME, successful launch in China



Heterogenous utilization leading to negative production cost impact, but successful expansion of large sized bearings capacity with higher localization bringing some improvement

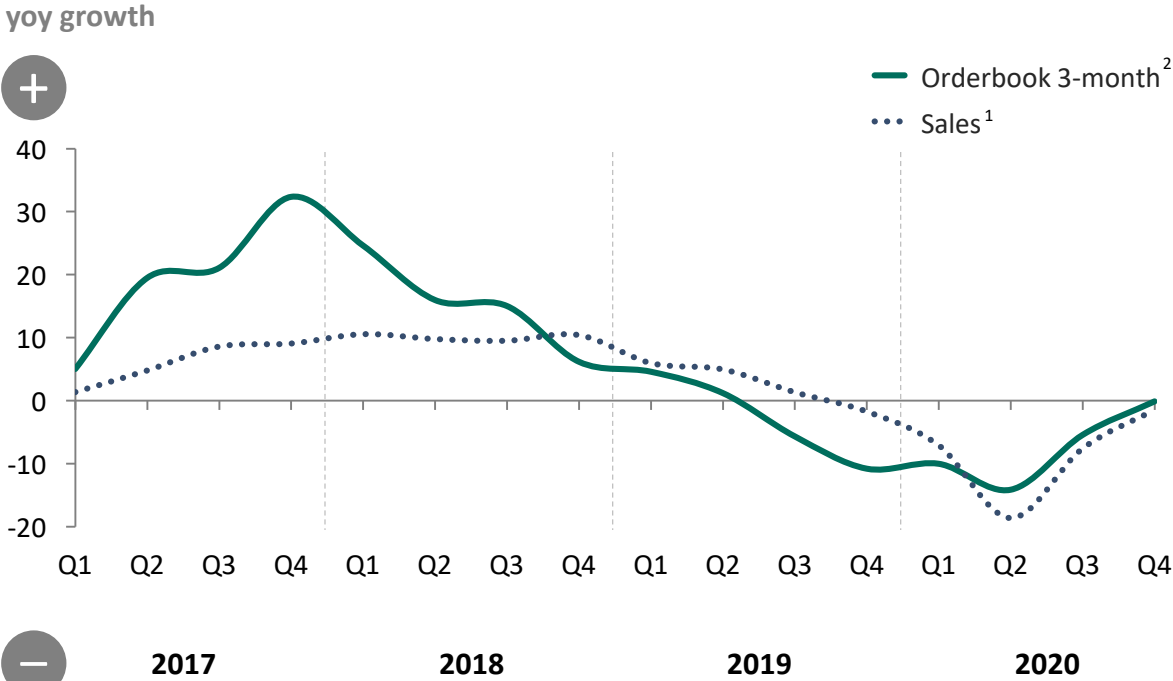


Cost structure in Europe still subpar; extensive restructuring and improvement program in execution

¹ FX-adjusted | ² Before special items

Industrial – How we win: secular growth in Wind continues, diversified portfolio provides balanced growth chances

Orderbook 3-month



¹ FX-adjusted product sales

² The order book 3Month measures the value of customer orders which are due in the next three months. It is presented as a relative, FX-adjusted year-over-year growth indicator which reflects the short-term business expectations. Developments in the distribution business have typically a shorter reach and are therefore only partially reflected by this indicator.

Order wins



Large multi-year contract signed with key Chinese OEM



New order received for bearings used in centrifuges of a large American food processing company



New business launched with major OEM in Asia/Pacific to supply bearings for forklifts

Continued growth in the wind sector and new orders in growing markets like food & beverage and material handling

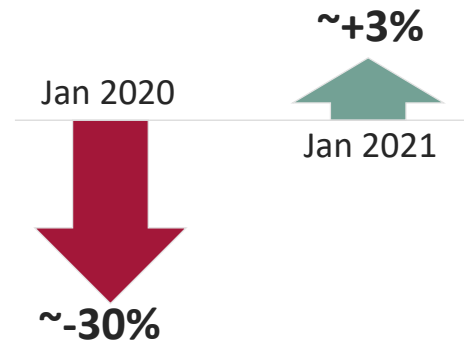
Deep-dive Industrial Automation & Robotics: Signs of recovery in our Automation business and further successful push of our Robotic solutions

Recovery in Industrial Automation business progressing



- Industrial Automation with positive 3-month orderbook in January 2021
- Various sectors contributed, including machine tools

**Orderbook 3-month
Industrial Automation (yoy):**



Push of new Robotic solutions



- Speed reducer transmission for cobot joints developed and introduced to the market
- Next major step in expanding our business

Speed reducer with up to
30,000 h
service life

Speed reducer with up to
-20%
inner friction
for dynamic precision

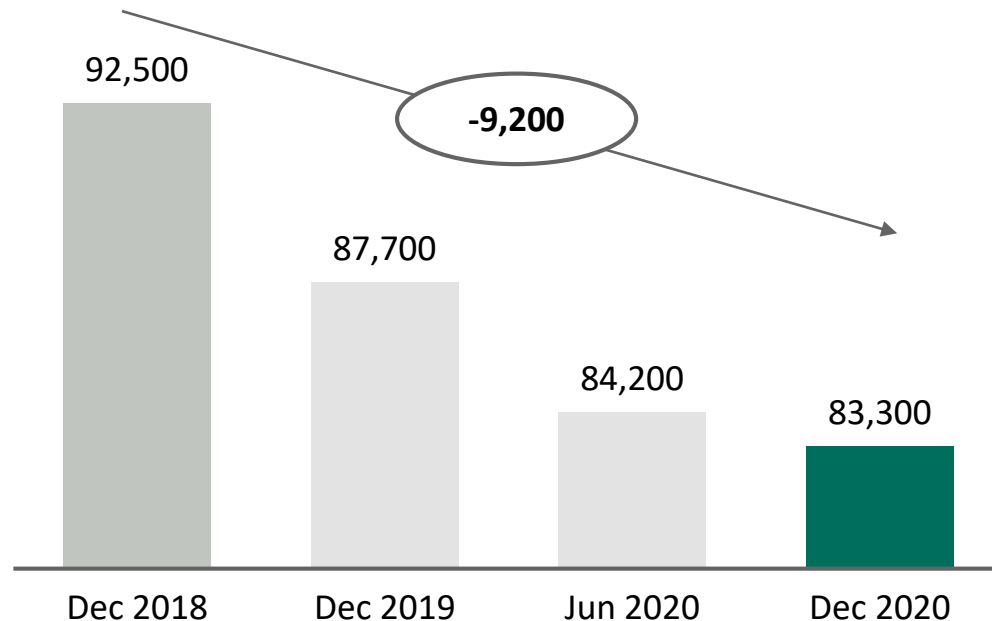
New main bearing with up to
+30%
tilting rigidity
for higher accuracy

Positive orderbook development in our Industrial Automation business, robotics portfolio enlargement well underway

Cost management – Flexing of costs well on track

Schaeffler Headcount¹

as per month end



Decline vs. Dec 2018	World	-4,800	-8,300	-9,200
	Europe (incl. Germany)	-3,000	-4,700	-6,400

¹ Figures rounded

Key aspects

- Schaeffler reduced the Headcount by almost 10% since December 2018
- In September 2020, a restructuring program was initialized to further adapt our structures:
 - Footprint consolidation and reduction of capacity in Europe
 - Overhead reduction in Corporate and Divisions
 - Net headcount reduction of 4,400 in Europe (to come), mainly in Germany, predominantly completed by end of 2022
 - Transformation costs of around EUR 700 mn (of which EUR 580 mn already booked in 2020)
 - EUR 250 - 300 mn annual benefits targeted, 90% will be realized already in 2023
- As of end of February 2021, the program is well on track:
 - Around 30% of planned headcount reduction already signed via the voluntary severance scheme
 - Constructive dialogue with employee representatives

Capital allocation – Prioritization and differentiated steering resulting in Capex ratio² of 5% in FY 2020

Investment¹ allocation | in EUR mn

	FY 18	FY 19	Q4 19	Q4 20	FY 20
Automotive Technologies	1,049	672	124	130	370
Automotive Aftermarket	56	67	31	3	22
Industrial	170	193	46	46	246
Schaeffler Group	1,275	933	200	179	639
Capex	1,232	1,045	222	151	632
Capex ratio²	8.7%	7.2%	6.2%	4.2%	5.0%
Reinvestment Rate	1.5	1.0	0.8	0.8	0.7

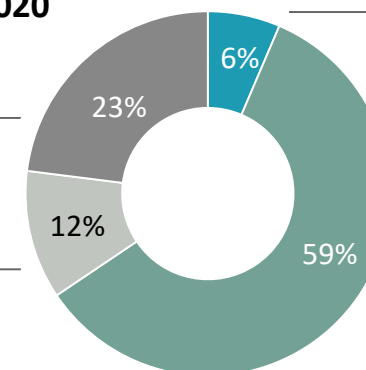
¹ Additions to intangible assets and property, plant and equipment | ² Capex in % of sales

Key aspects

- Automotive Technologies: continued prioritization drives investments; increase in E-Mobility, decrease for Transmission Systems. New site for E-motor production in Szombathely, Hungary
- Industrial: continued adaptation of footprint, with capacity expansion for large size bearings in Nanjing, China; and investment in new hall for Railway bearings in Brasov, Romania

Investments¹ by region FY 2020 in EUR mn (yoy change)

Greater China	147 (-44)
Americas	73 (-64)



Sustainability – Progress in 2020, new goal for fresh water supply going forward

Achievements



Climate Rating: A-



50 CLIMATE LEADERS
SUSTAINABILITY A RACE WE CAN WIN



CDP Rating

- Major improvement in CDP climate rating, moving up from B- to A-
- CDP target for 2021 already achieved in 2020

Energy efficiency

- In 2020, 100% of electricity in Germany was purchased from renewable sources
- Company-wide energy efficiency program with interdisciplinary team established

50 Sustainability & Climate Leaders

- Schaeffler selected as one of "50 Climate & Sustainability Leaders" by the United Nations
- Increases our commitment to deliver on sustainability at a sustained pace

Goals

Energy efficiency:

100 GWh cumulated annual efficiency gains through implementation of energy efficiency measures until 2024

Renewable energy:

100% purchased power from renewable sources until 2024

CDP rating:

"A"-rating for CDP Climate Score 2021



Accident rate:

10% average annual reduction of accident rate until 2024

Sustainable suppliers:

90% of production material from suppliers with Sustainability self assessments until 2022



Carbon neutral production in 2030

Scope 1 and 2



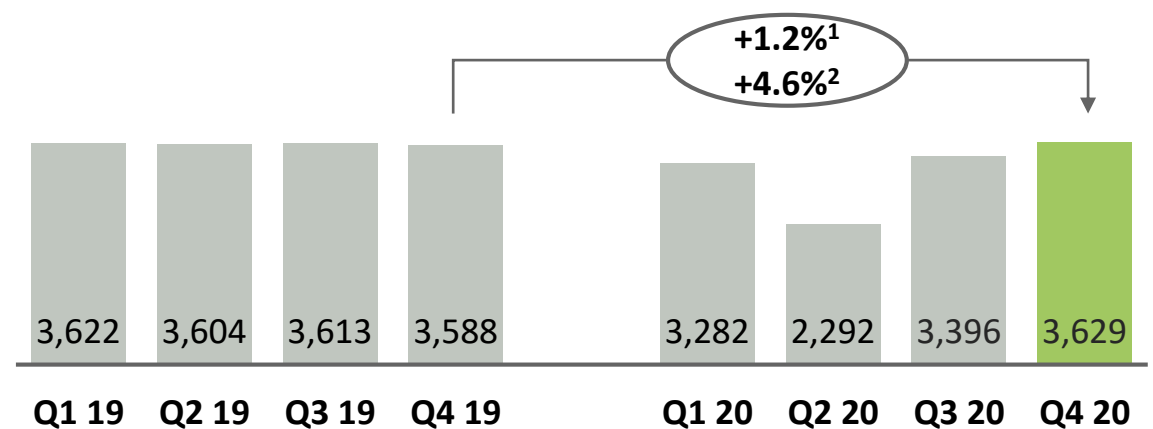
20% reduction of fresh water supply until 2030

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Sales – All regions grew in Q4, Greater China double-digit

Sales | in EUR mn



Sales growth

Reported

+2.0%	-1.0%	+2.6%	+1.7%	-9.4%	-36.4%	-6.0%	+1.2%
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FX-adjusted

+0.4%	-2.0%	+1.2%	+0.6%	-9.2%	-34.5%	-2.6%	+4.6%
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¹ Reported | ² FX-adjusted

Key aspects

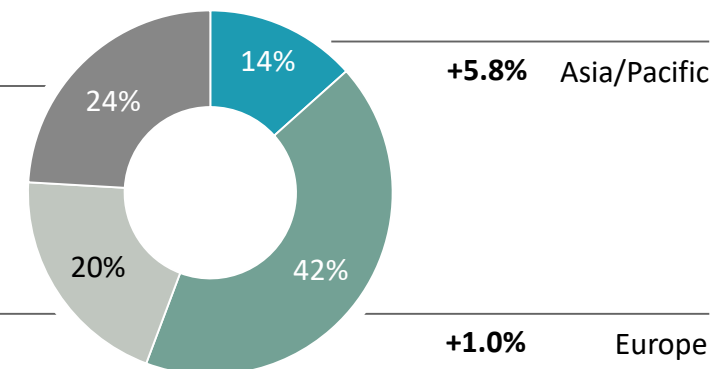
- Sales in Q4 sequentially improved; strong growth in China continued, Europe returning to growth
- Automotive Technologies with homogenous growth rates in all regions
- Aftermarket slightly down in Europe yoy, Americas growing (+9.4%²)
- Industrial still lagging in Europe and Americas, although sequentially improved; China with 12%² growth

Sales by region Q4 2020

yoy growth²

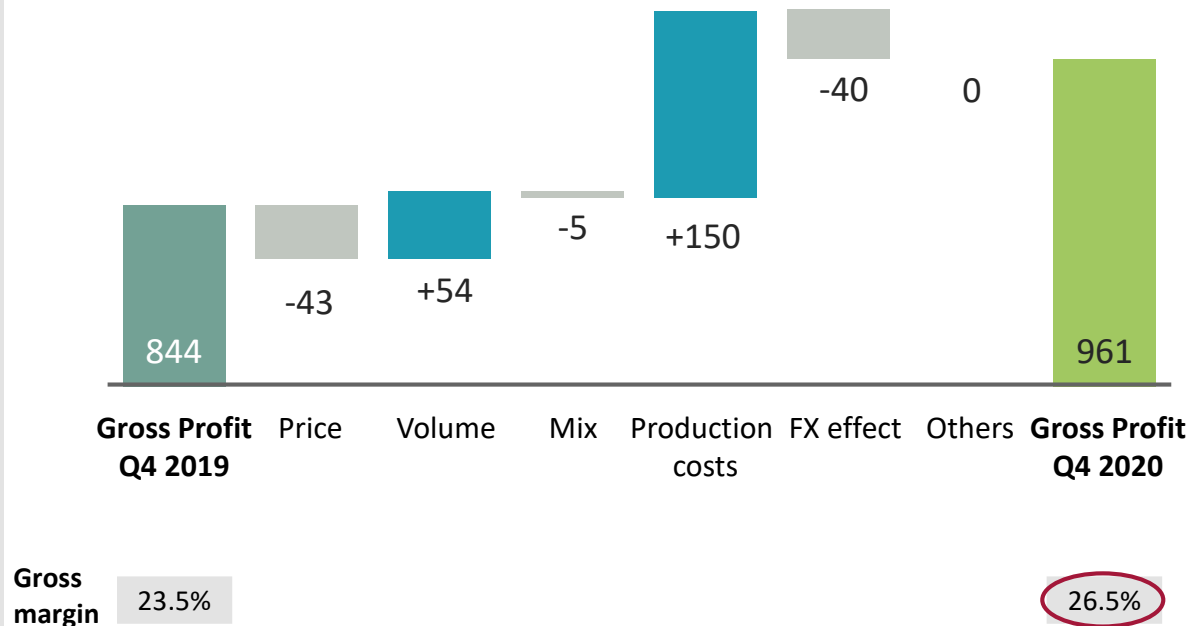
Greater China +10.3%

Americas +5.8%



Gross Profit – Exceptional gross margin driven by both Automotive divisions

Gross Profit Q4 2019 vs. Q4 2020 | in EUR mn



Key aspects

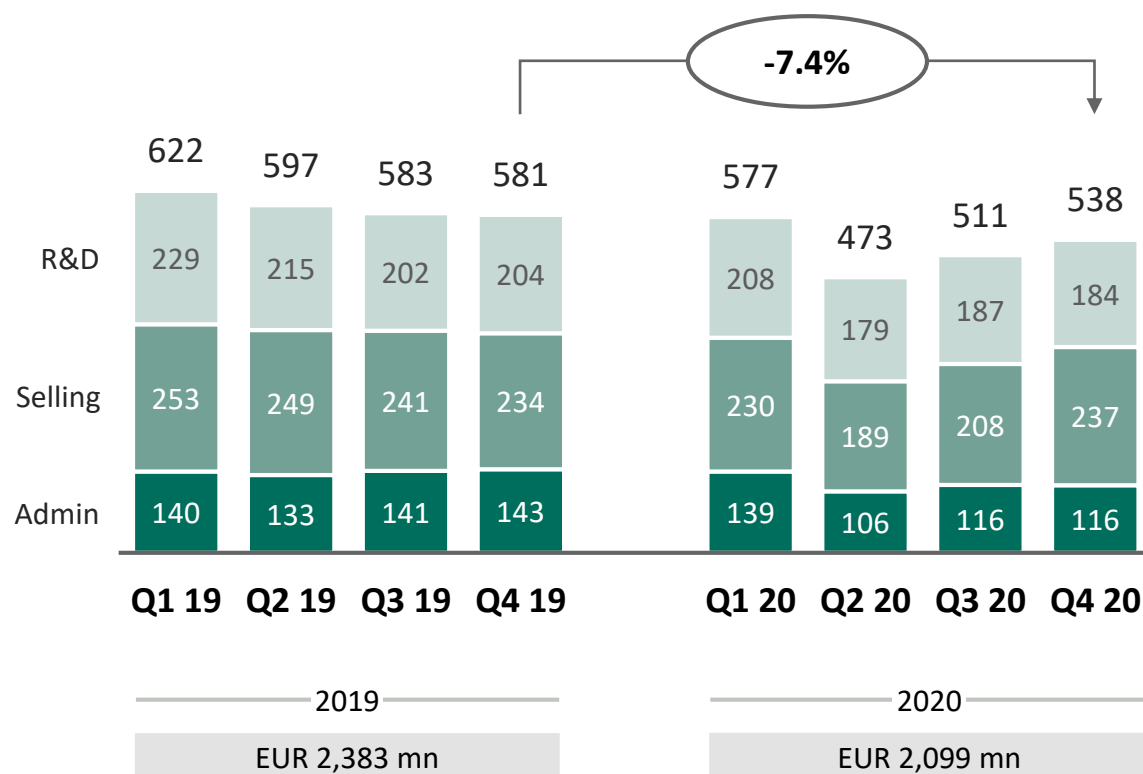
- Normal negative price effect in Automotive Technologies, Aftermarket and Industrial with flat price development yoy
- Lower production costs in Automotive Technologies mainly driven by operating leverage, effective cost savings in plants as well as short-time labor
- Negative FX effect is mainly driven by translational effects and overproportionally related to Automotive Aftermarket and Industrial

Gross margin

in % of sales	Q4 19	Q4 20	Q4 20 vs. Q4 19	FY 19	FY 20	FY 20 vs. FY 19
Automotive Technologies	20.0%	24.5%	+4.5pp	20.8%	19.1%	-1.7pp
Automotive Aftermarket	33.9%	35.3%	+1.4pp	34.3%	34.3%	0.0pp
Industrial	27.4%	27.6%	+0.2pp	30.0%	27.3%	-2.7pp
Group	23.5%	26.5%	+3.0pp	24.8%	23.1%	-1.7pp

Functional costs – R&D and Admin expenses in Q4 below prior year

Functional costs | in EUR mn



Key aspects

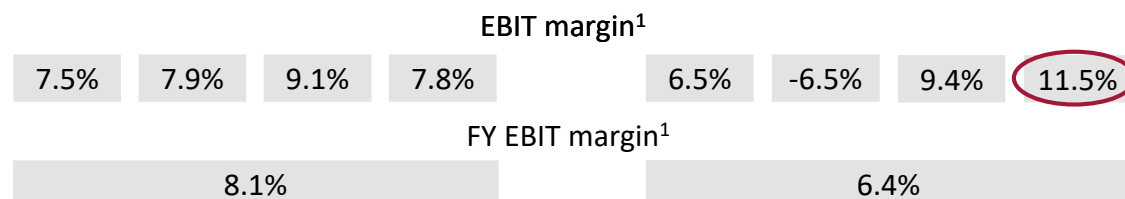
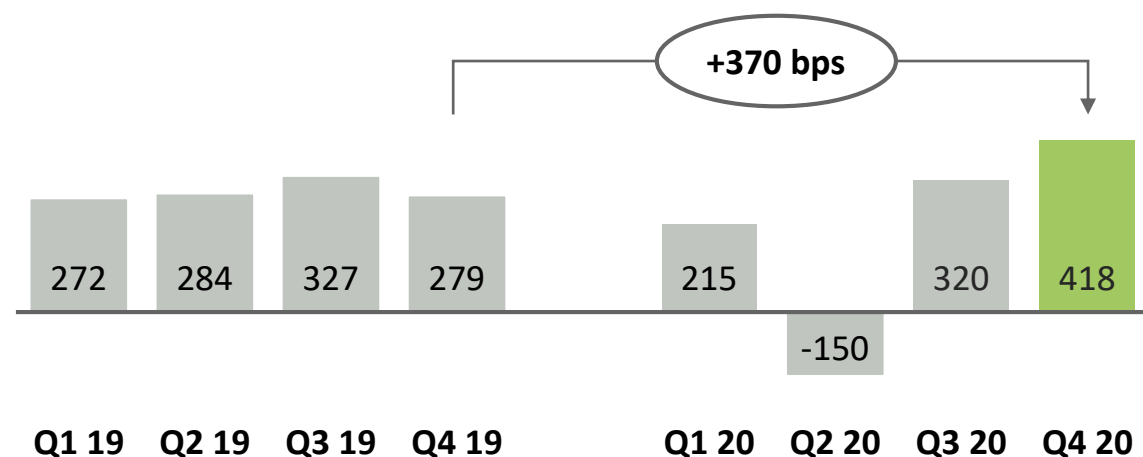
- Costs decreased by 7.4% in Q4 and 11.9% full year; in line with sales decrease
- R&D costs EUR 19 mn below Q4 2019 due to lower personnel expenses (EUR -15 mn) and external services
- Selling costs EUR 4 mn above Q4 2019; higher transportation and packaging costs not compensated by lower personnel expenses
- Admin expenses decreased by EUR 27 mn

Functional cost ratio

in % of sales	Q4 19	Q4 20	Q4 20 vs. Q4 19	FY 19	FY 20	FY 20 vs. FY 19
Automotive Technologies	14.6%	12.5%	-2.1pp	15.1%	15.3%	+0.2pp
Automotive Aftermarket	18.3%	19.5%	+1.2pp	17.9%	18.3%	+0.4pp
Industrial	19.3%	19.1%	0.1pp	19.4%	19.3%	-0.1pp
Group	16.3%	14.8%	-1.5pp	16.5%	16.7%	+0.2pp

Exceptional EBIT margin before special items – Strong earnings quality supported by good cost control

EBIT¹ | in EUR mn



¹ Before special items

Key aspects

- Strong Q4 EBIT margin of 11.5%¹ as a result of market recovery in Automotive Technologies as well as temporary and structural cost measures
- Automotive Aftermarket with slightly declining EBIT margin
- Industrial margin sequentially improving, markets recovering

EBIT margin¹

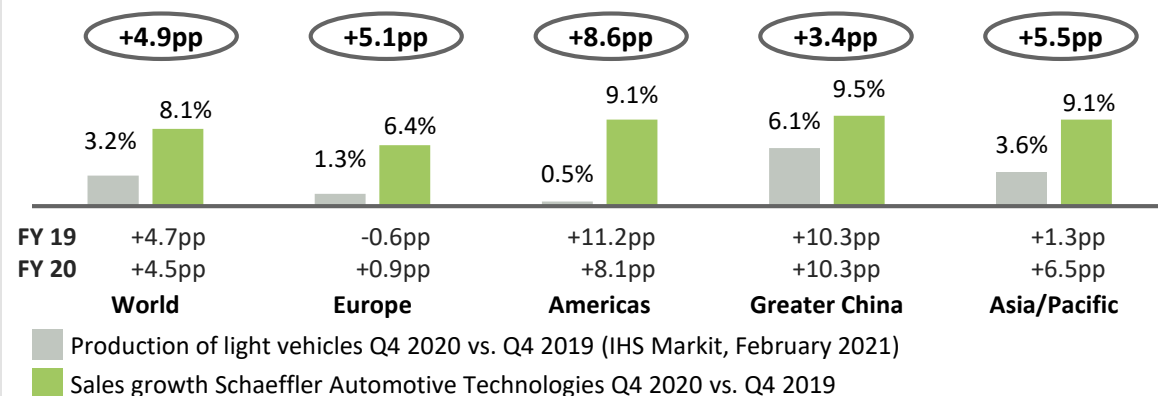
	Q4 19	Q4 20	Q4 20 vs. Q4 19	FY 19	FY 20	FY 20 vs. FY 19
Automotive Technologies	5.1%	11.6%	+6.5pp	5.5%	3.6%	-1.9pp
Automotive Aftermarket	16.7%	15.9%	-0.8pp	16.5%	15.8%	-0.7pp
Industrial	9.9%	8.9%	-1.0pp	10.2%	8.5%	-1.7pp
Group	7.8%	11.5%	+3.7pp	8.1%	6.4%	-1.7pp

Automotive Technologies – Strong Outperformance in all regions, double-digit EBIT margin²

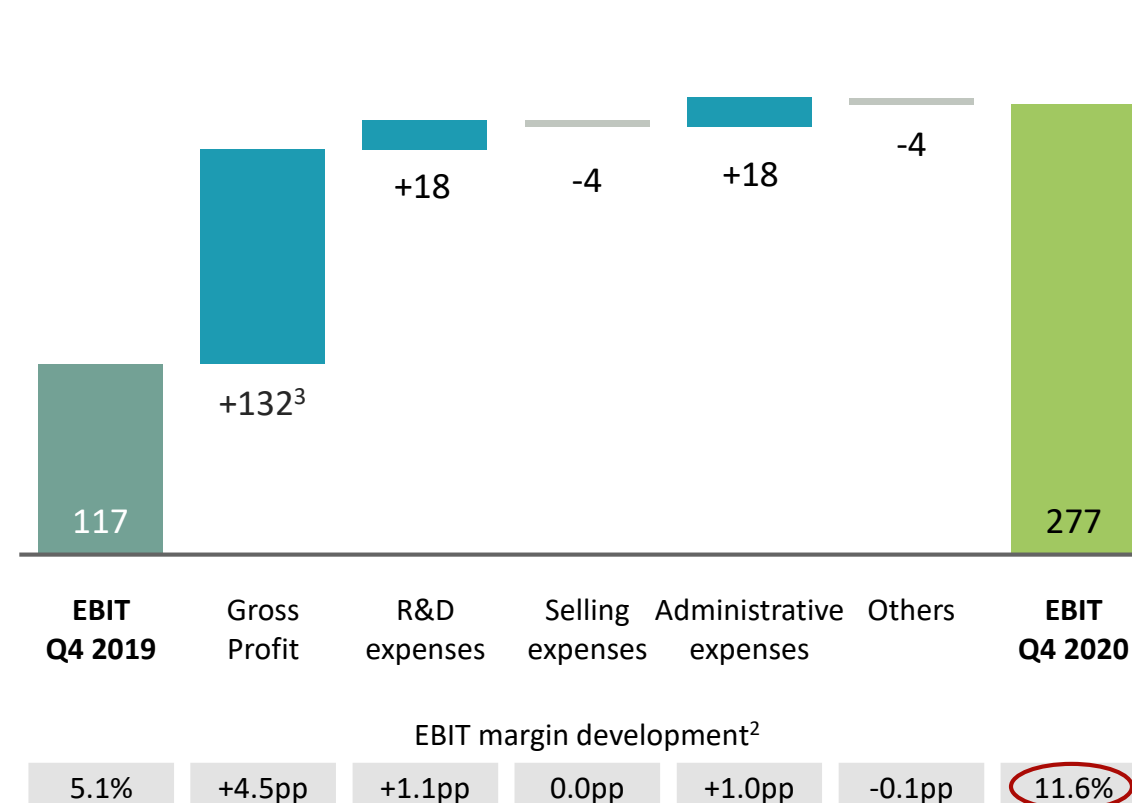
Sales by business division | yoy growth

	Q4 2019	Q4 2020	Δ ¹
E-Mobility	186	206	+12.2%
Engine Systems	705	731	+6.2%
Transmission Systems	1,002	1,068	+10.3%
Chassis Systems	380	387	+4.5%
Total	2,272	2,392	+8.1%

Outperformance: Sales¹ vs. market development in Q4



EBIT² Q4 2019 vs. Q4 2020 | in EUR mn



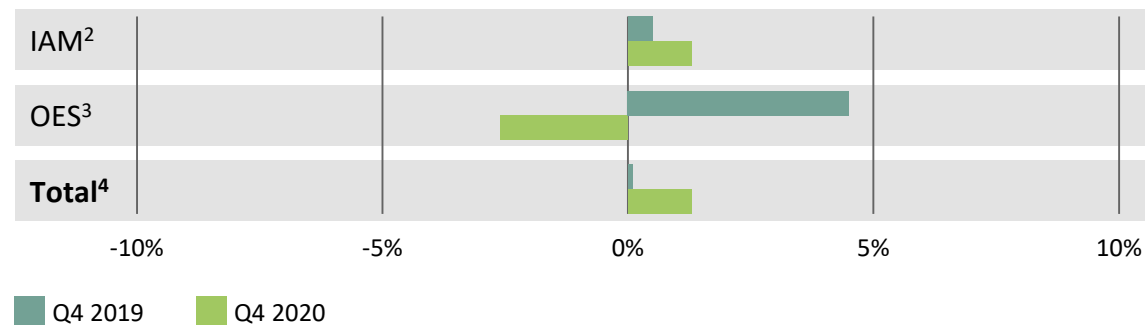
¹ FX-adjusted | ² Before special items | ³ Includes negative FX effects of EUR 9 mn

Automotive Aftermarket – Stable sales development, EBIT margin⁵ slightly declining

Sales by region | yoy growth

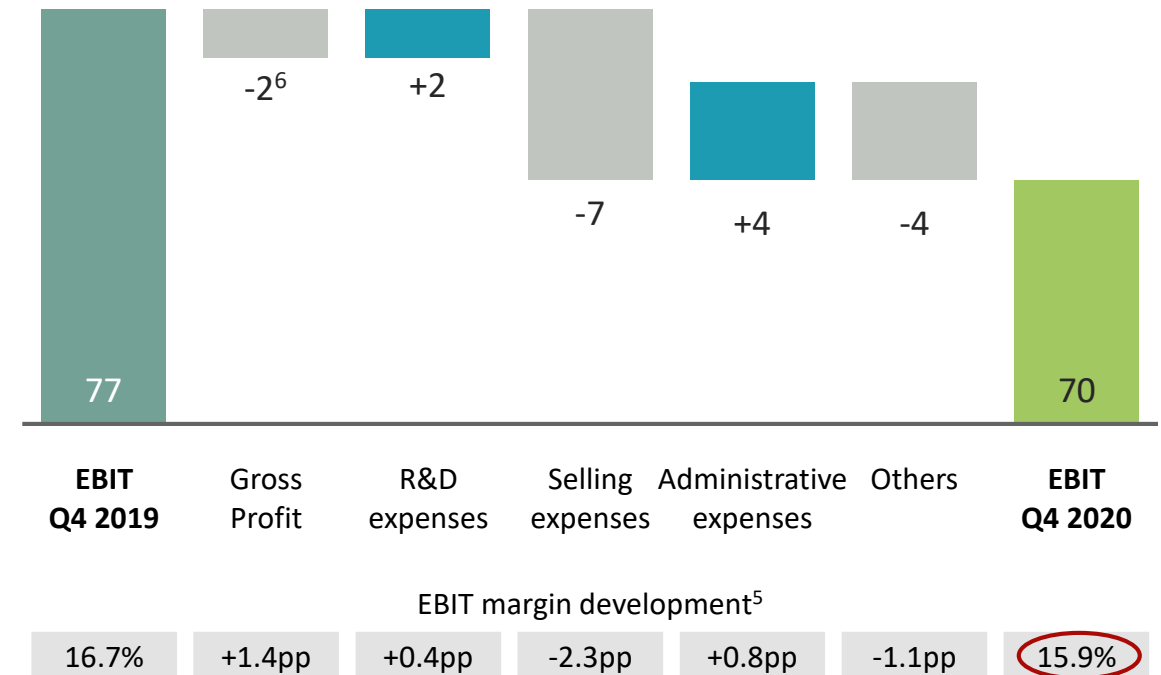
	Q4 2019	Q4 2020	Δ ¹
Europe	326	309	-2.0%
Americas	93	84	+9.4%
Greater China	18	21	+20.1%
Asia/Pacific	26	24	+2.9%
Total	462	438	+1.3%

Automotive Aftermarket sales growth by channel¹



¹ FX-adjusted | ² Independent Aftermarket | ³ Original Equipment Service | ⁴ Contains E-Commerce sales and sales to Automotive suppliers in addition to IAM and OES

EBIT⁵ Q4 2019 vs. Q4 2020 | in EUR mn



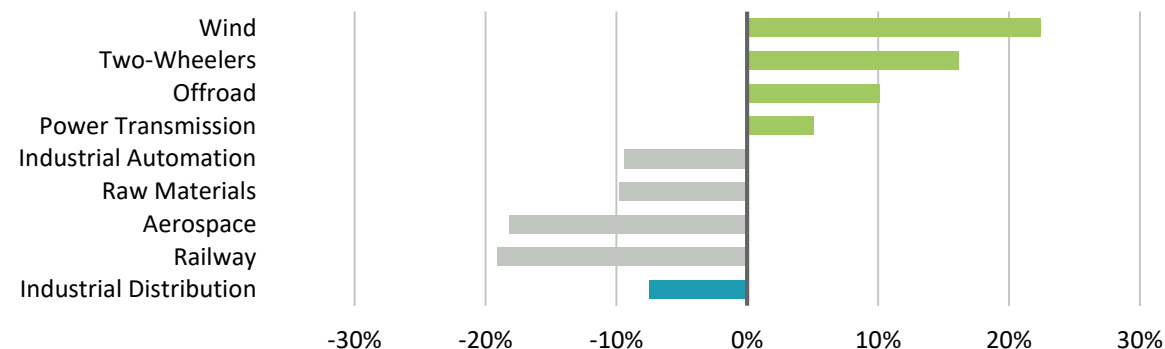
⁵ Before special items | ⁶ Includes negative FX effects of EUR 14 mn

Industrial – Growth extends to more sectors, EBIT margin² sequentially improved

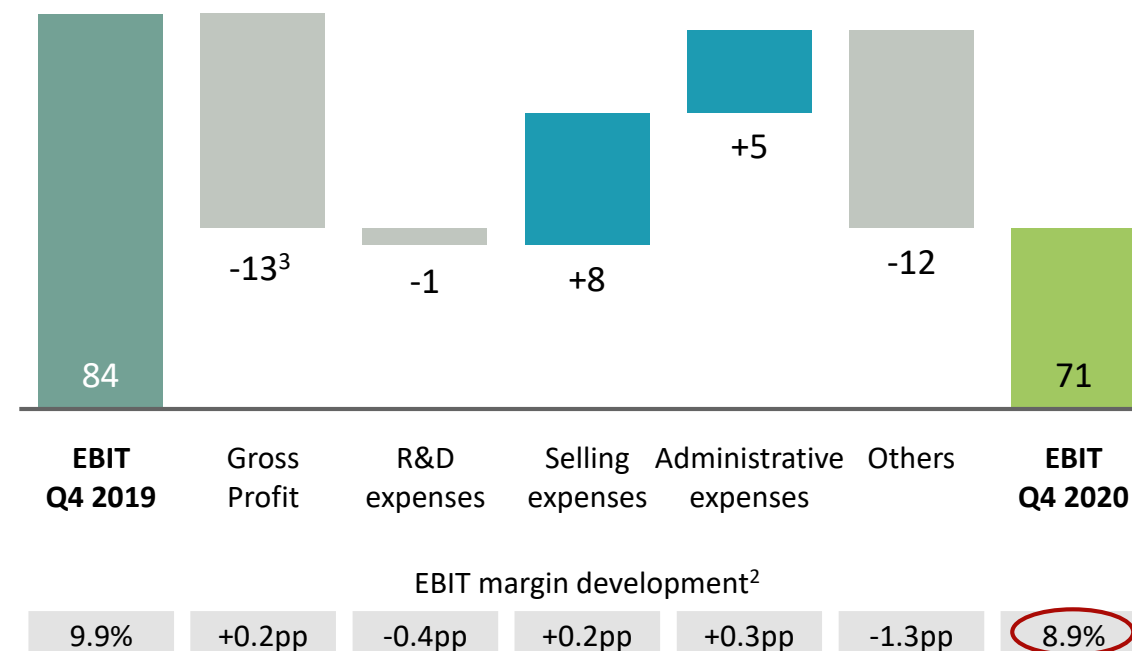
Sales by region | yoy growth

	Q4 2019	Q4 2020	Δ ¹
Europe	379	342	-8.4%
Americas	157	132	-7.3%
Greater China	184	202	+12.0%
Asia/Pacific	134	123	-1.5%
Total	853	799	-2.7%

Industrial sales growth by sector cluster Q4 2020¹

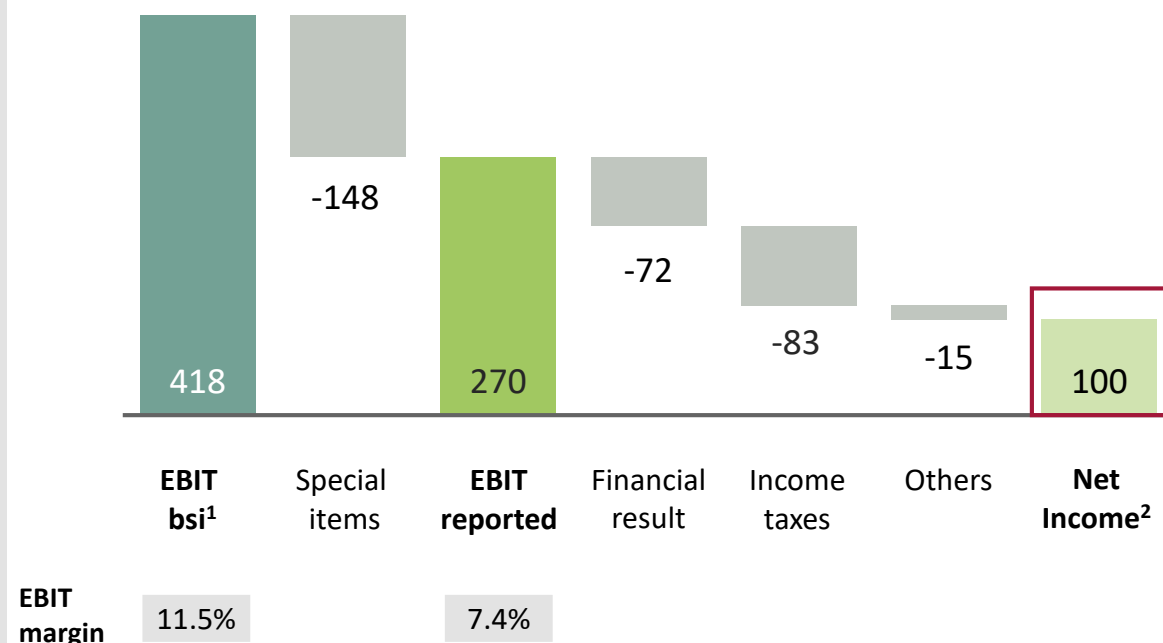
¹ FX-adjusted

EBIT² Q4 2019 vs. Q4 2020 | in EUR mn

² Before special items | ³ Includes negative FX effects of EUR 17 mn

Net income positive in Q4, despite restructuring expenses mainly in Europe

Reconciliation Q4 2020 | in EUR mn



¹ Before special items | ² Attributable to the shareholders of the parent company

Key aspects

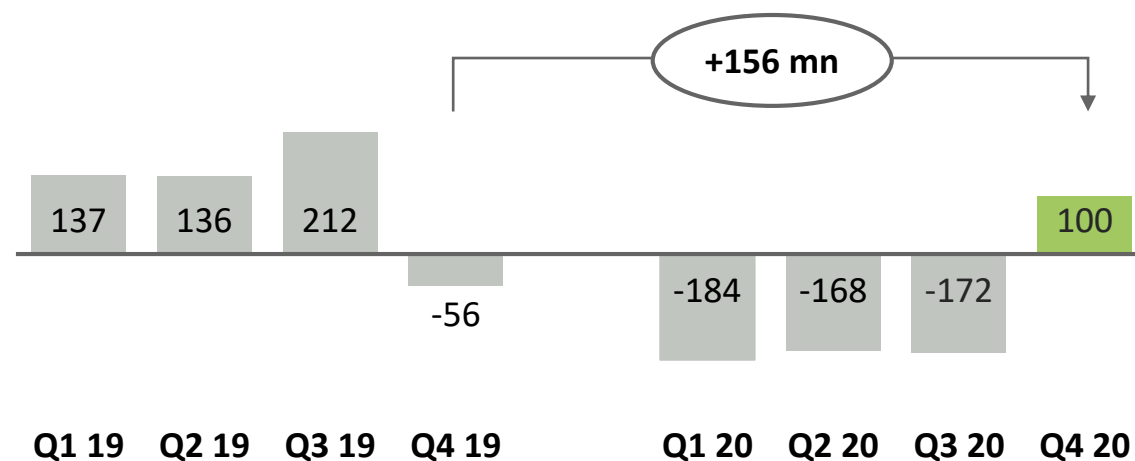
- New restructuring program announced in September leading to additional EUR 95 mn provisions in Q4 (FY: EUR 580 mn), allocated divisionally as part of the programs RACE, GRIP and FIT
- Moreover, provisions for a voluntary severance scheme built in S. Korea
- Financial result lower yoy, mainly related to the refinancing activities in October with a negative effect of EUR 39 mn
- Negative tax effect due to higher current tax expenses

Special items by division | in EUR mn

	Q4 19	Q4 20	Q4 20 vs. Q4 19	FY 19	FY 20	FY 20 vs. FY 19
EBIT Reported	-5	270	+275	790	-143	+933
Automotive Technologies	122	91	-31	209	608	+399
Automotive Aftermarket	15	6	-9	15	30	+15
Industrial	147	51	-96	147	309	+162
Group	284	148	-136	372	946	+574
EBIT bsi¹	279	418	+139	1,161	803	-358

Net income¹ Q4 2020 EUR 100 mn – EPS² turned positive in Q4 2020

Net income¹ | in EUR mn

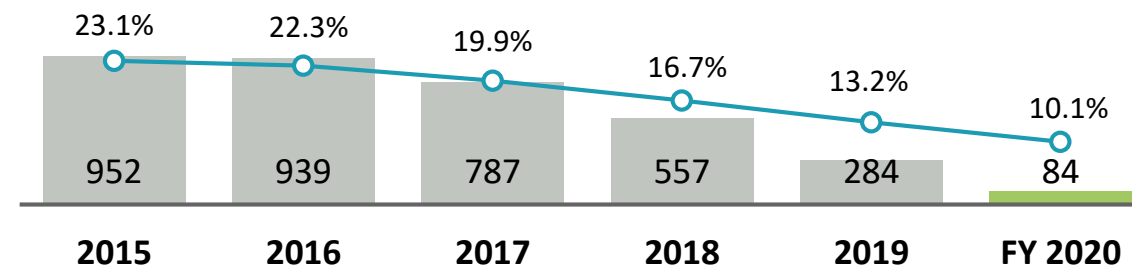


¹ Attributable to the shareholders of the parent company | ² Earnings per common non-voting share

Key aspects

- FY 2020 Net Income¹ reached EUR -424, Net income before special items¹ amounted to EUR 325 mn
- EPS² in Q4 increased to EUR 0.15 (Q4 19: EUR -0.08)
- Schaeffler Value Added³ decreased to EUR 84 mn due to the lower EBIT in all divisions, whereas the average Capital Employed declined

ROCE and Schaeffler Value Added³ | in EUR mn

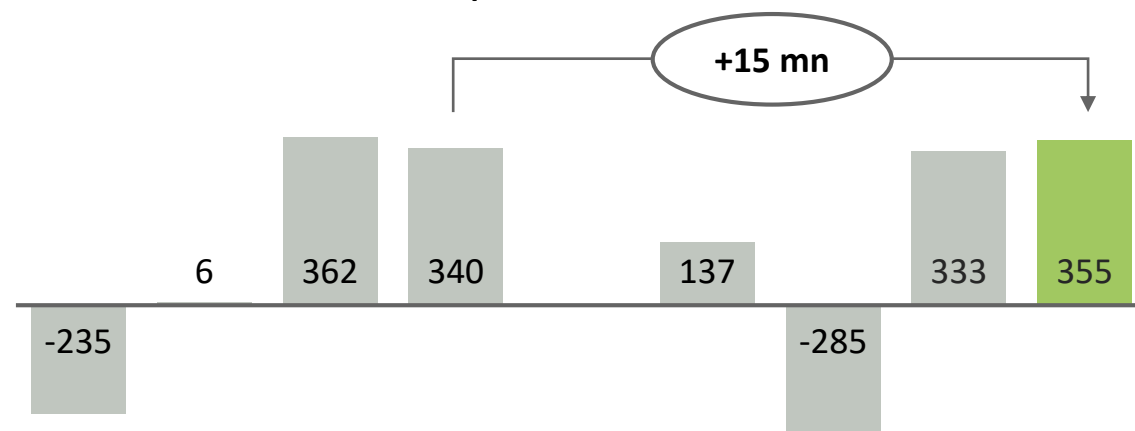


— ROCE before special items

³ EBIT before special items LTM minus Cost of Capital (2019: 10% × Ø Capital Employed; 2020: 9% × Ø Capital Employed)

Free Cash Flow – Strong Cash Performance demonstrates stringent execution

Free Cash Flow before M&A¹ | in EUR mn



Q1 19 Q2 19 Q3 19 Q4 19 Q1 20 Q2 20 Q3 20 Q4 20

FCF Conversion ratio²

- 0.0 1.2 > 1.0 > 1.0 - > 1.0 1.3

Reinvestment rate

1.3 0.9 1.0 0.8 0.7 0.6 0.7 0.8

Capex ratio³

10.3% 6.1% 6.3% 6.2% 5.0% 5.9% 5.3% 4.2%

¹ Before cash in- and outflows for M&A activities

² Ratio FCF before M&A to EBIT reported | ³ Capex in % of sales

Key aspects

- Despite lower EBIT, FCF¹ in 2020 improved by EUR 66 mn yoy
- FCF¹ in Q4 amounted to EUR 355 mn, mainly driven by yoy EBITDA improvement and continued Capex discipline
- Strict prioritization led to reduced Capex of EUR 151 mn (Q4 19: EUR 222 mn)
- Cash-flow from Net Working Capital of EUR 180 mn especially due to lower inventories

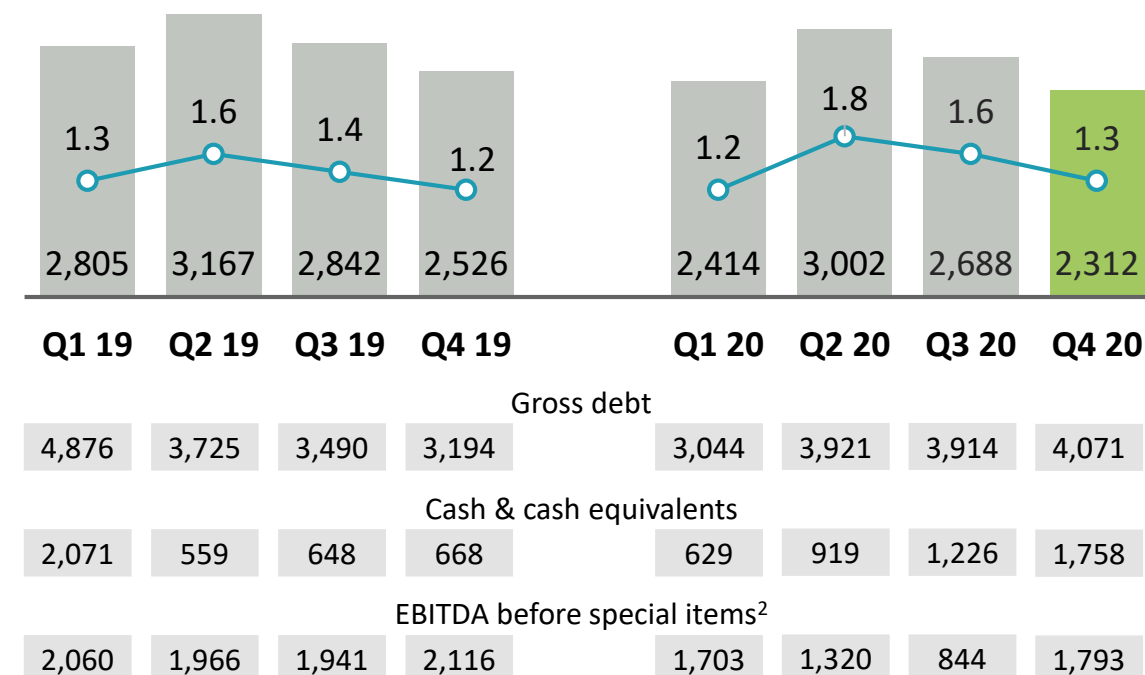
FCF Details | in EUR mn

	Q4 2019	Q4 2020	Δ Q4 20/19	FY 2019	FY 2020	Δ FY 20/19
FCF as reported	341	367	+27	372	552	+180
M&A	-1	-12	-12	101	-13	-114
FCF before M&A	340	355	+15	473	539	+66

Net debt decreased to EUR 2.3 bn – Leverage ratio¹ at 1.3x

Net financial debt and Leverage ratio¹ | in EUR mn

—○— Leverage ratio¹



¹ Net financial debt to EBITDA ratio before special items | ² LTM | ³ Excluding restricted cash

Key aspects

- Net financial debt decreased to EUR 2.3 bn, Leverage ratio¹ 1.3x
- Successful bond transaction of EUR 1.5 bn issued on October 5, 2020 to refinance upcoming maturities; transaction with 5- and 8-year tranches of EUR 750 mn each settled on October 12, 2020
- No major maturities until March 2024

Strong liquidity situation

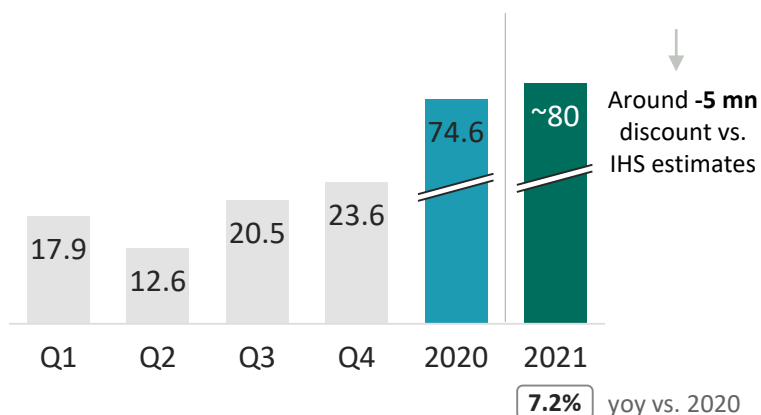
- Cash balance Schaeffler Group as per end of December 2020 EUR 1,758 mn (December 2019 EUR 668 mn)
- Committed unused credit lines on Group level of almost EUR 2.0 bn as per end of December 2020
- Available liquidity of EUR 3.5 bn or 28% of LTM Net Sales³

Agenda

- 1** Overview
- 2** Business Highlights FY and Q4 2020
- 3** Financial Results FY and Q4 2020
- 4** Outlook

Our Outlook going forward

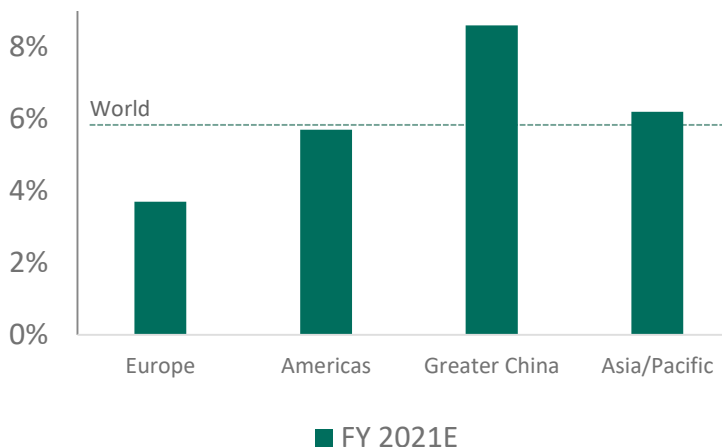
Automotive Technologies – Global LVP¹ 2021



- Discount of around 5 mn vehicles to February IHS estimate of 84.6 mn LVP in 2021 leading to around 7% yoy market growth
- More cautious estimate due to remaining Coronavirus crisis uncertainties, risk of supply chain disruptions and global volatility

¹ Light Vehicle Production (IHS Markit, February 2021)

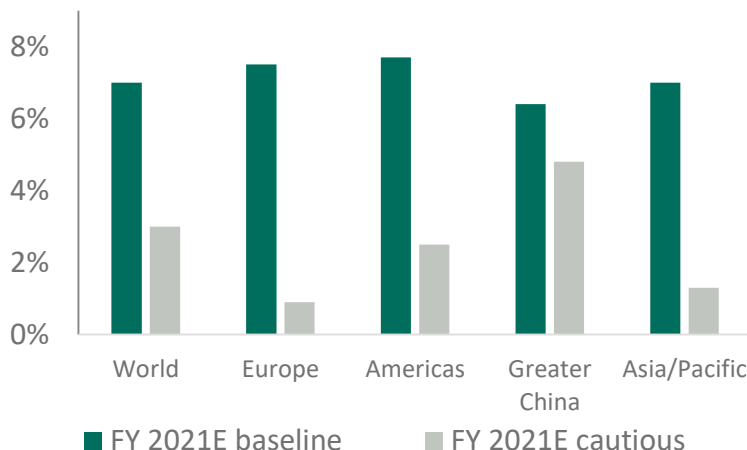
Automotive Aftermarket – GDP²



- World GDP expected to reach 5.8% growth in 2021 fueled by recovery in demand after the Coronavirus crisis
- In case of further prolonged disruptions cautious Oxford Economics scenario would assume 0.9% world GDP growth

² GDP (Oxford Economics, February 2021)

Industrial – Industrial production³



- The global industrial production is expected to recover to its pre pandemic levels by the end of 2021 in case of no further severe disruptions (“baseline” scenario)
- Cautious scenario would be more applicable in case of further prolonged disruptions

³ Industrial production in the sectors Mechanical engineering (NACE 28), Transport equipment (NACE 30), Electrical equipment (NACE 27.1), (Oxford Economics, December 2020)

FY 2021 Guidance – Confident outlook, cautious approach

Group Guidance

	Guidance FY 2021
Sales growth ¹	> 7%
EBIT margin ²	6 - 8%
Free Cash Flow ³	Around EUR 100 mn

¹ FX-adjusted | ² Before special items | ³ Before cash in- and outflows for M&A activities

⁴ See Annual Report 2020 for more details

Divisional Guidance

Automotive Technologies	Automotive Aftermarket	Industrial
Guidance FY 2021	Guidance FY 2021	Guidance FY 2021
Outperf. 200 - 500 bps	5 - 7%	4 - 6%
> 4.5%	> 11.5%	> 8.5%

Market assumptions 2021⁴

- Automotive Technologies: Increase of LVP of around **7%** as cautious estimate considering further possibilities of disruptions and volatility
- Automotive Aftermarket: Increase of global GDP by around **3%** (midpoint)
- Industrial: Increase of relevant industrial production of around **5%** (midpoint)

Conclusion & Outlook

- 1 Performance orientation and resilience of our organization enabled Schaeffler Group to deliver sound FY 2020 results while continuing to bring forward innovation
- 2 Diversified Automotive & Industrial set up proved its intrinsic strength also in 2020 and will be even more leveraged upon going forward as key competitive advantage
- 3 Structural adaptation of our footprint, capacity and headcount is progressing
- 4 Optimal capital allocation provides sound foundations for our mature and established business, enables to fund and fuel progress of our new businesses across Divisions
- 5 Overall good start in FY 2021, volatility of our end markets calls for confident yet cautious 2021 Guidance and operational flexibility in dealing with current headwinds

**Relentless focus on
execution –
Delivering solid
operating
performance and
cash generation**

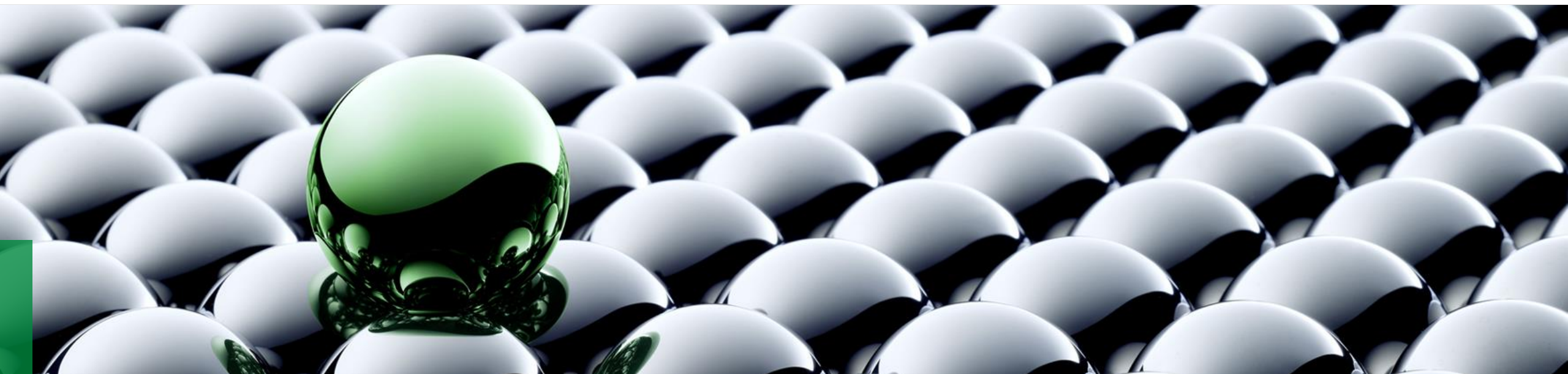
2021 Capital market activities

Roadshows & Conferences – March 2021 Virtual Events

Mar 5	Roadshow – <i>Oddo BHF</i>
Mar 8	Roadshow – <i>Bank of America</i>
Mar 10	Conference – <i>Motor Show, Jefferies & Exane</i>
Mar 17	Field Trip – <i>Automotive, J.P. Morgan</i>
Mar 25	Conference – <i>German Corporates, Stifel</i>

Financial calendar

Mar 4	FY 2020 Earnings Release
Apr 23	Virtual AGM
May 12	Q1 2021 Earnings Release
Aug 4	H1 2021 Earnings Release
Nov 9	9M 2021 Earnings Release



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Backup 1

Backup 1
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Information top-up

Key figures FY and Q4 2020

in EUR mn	Q4 2019	Q4 2020	Q4 2020 vs. Q4 2019	FY 2019	FY 2020	FY 2020 vs. FY 2019
Sales	3,588	3,629	+1.2% +4.6% ¹	14,427	12,600	-12.7% -10.4% ¹
Gross Profit	844	961	+117 mn	3,574	2,909	-665 mn
Gross margin	23.5%	26.5%	+3.0pp	24.8%	23.1%	-1.7pp
EBIT²	279	418	+139 mn	1,161	803	-358 mn
EBIT margin²	7.8%	11.5%	+3.7pp	8.1%	6.4%	-1.7pp
Net income³	-56	100	+156 mn	428	-424	-852 mn
EPS⁴ (in EUR)	-0.08	0.15	+0.23	0.65	-0.63	-1.28
Schaeffler Value Added⁵	284	84	-200 mn	284	84	-200 mn
ROCE⁶	13.2%	10.1%	-3.1pp	13.2%	10.1%	-3.1pp
Free Cash Flow⁷	340	355	+15 mn	473	539	+66 mn
Capex	222	151	-71 mn	1,045	632	-413 mn
Net financial debt	2,526	2,312	-214 mn	2,526	2,312	-214 mn
Leverage ratio⁸	1.2x	1.3x	+0.1x	1.2x	1.3x	+0.1x
Headcount	87,748	83,297	-5.1%	87,748	83,297	-5.1%

¹ FX-adjusted | ² Before special items | ³ Attributable to shareholders of the parent company | ⁴ Earnings per common non-voting share | ⁵ Defined as EBIT before special items LTM minus Cost of Capital (2019: 10% × Ø Capital Employed; 2020: 9% × Ø Capital Employed) | ⁶ Before special items, LTM | ⁷ Before cash in- and outflows for M&A activities | ⁸ Net financial debt to EBITDA ratio before special items

Ancillary comments to support the Equity Story

Additional KPIs	FY 2021	Comments
Order Intake E-Mobility	EUR 1.5 - 2.0 bn	Starting from 2022 the new target of EUR 2 - 3 bn applies
Capex	Around EUR 800 mn	Focus areas include Digitalization, Sustainability, Innovation & Technology and investments in New Business
Restructuring cash-out	Up to EUR 350 mn	Significant portion of extraordinary restructuring expenses in 2021 expected leading to prudent FCF guidance
Dividend proposal	25 cents	Dividend payout ratio ² 50% within our range of 30 - 50%
Leverage ratio ¹	1.2x - 1.7x	Leverage ratio 2021 comfortably within our mid-term range
Average Tax rate	30 - 34%	Overall effective tax rate in line with pre-Covid years
FX rate EUR/USD	1.25	Next to EUR/USD, also the Chinese Renminbi and Mexican Peso are of specific importance

¹ Net financial debt to EBITDA ratio before special items | ² in % of Net income attributable to shareholders before special items

Equity Story – Positioning Schaeffler for long-term value creation

- 1 Roadmap 2025 in execution – Focus on capital allocation, portfolio management and FCF generation


- 2 Automotive Technologies – Conquer leadership positions in New Business for electrified Powertrains and Chassis applications

- 3 Automotive Aftermarket – Maintain a high margin level, expand our share of wallet and reach

- 4 Industrial – Enter attractive growth fields, further enhance profitability

- 5 Financial Framework – Strict performance orientation based on Mid-term Targets

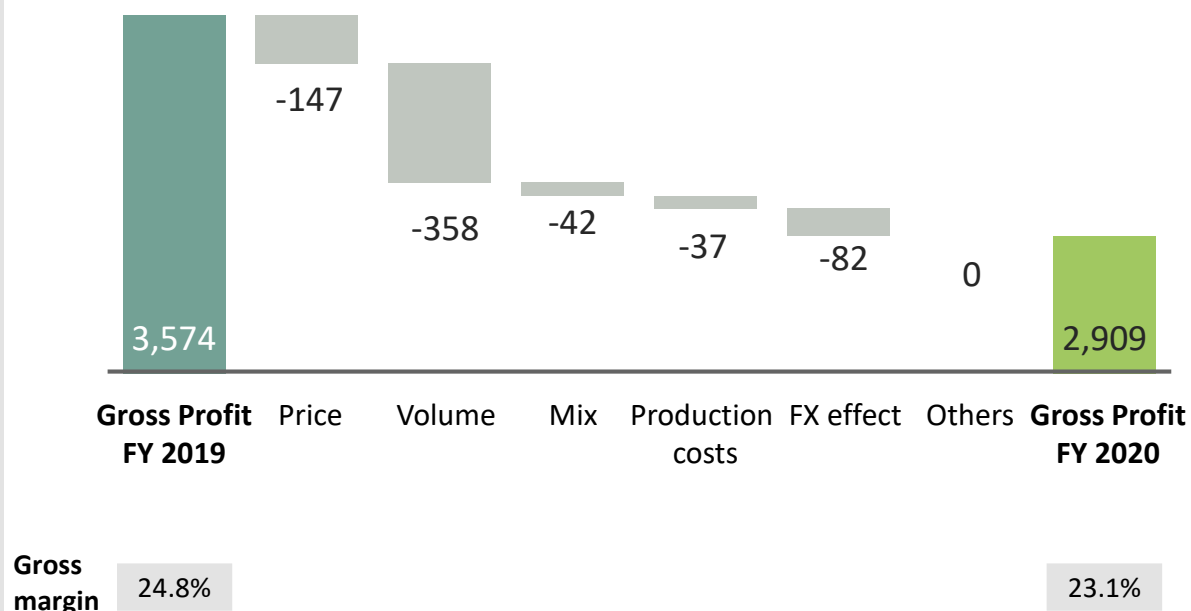
- 6 Sustainability – Fully committed to activate all impact levers to achieve sustainability goals



**Creating long-term
value and generating
Free Cash Flow**

Gross Profit FY – Severe volume losses could not be fully compensated by cost flexing

Gross Profit FY 2019 vs. FY 2020 | in EUR mn



Key aspects

- Normal negative price effect in Automotive Technologies, Automotive Aftermarket and Industrial with slightly positive price development
- Negative volume effects across all divisions representing major impact on Gross Profit development
- Negative FX effect is mainly driven by translational effects and overproportionally related to Automotive Aftermarket and Industrial

Gross margin

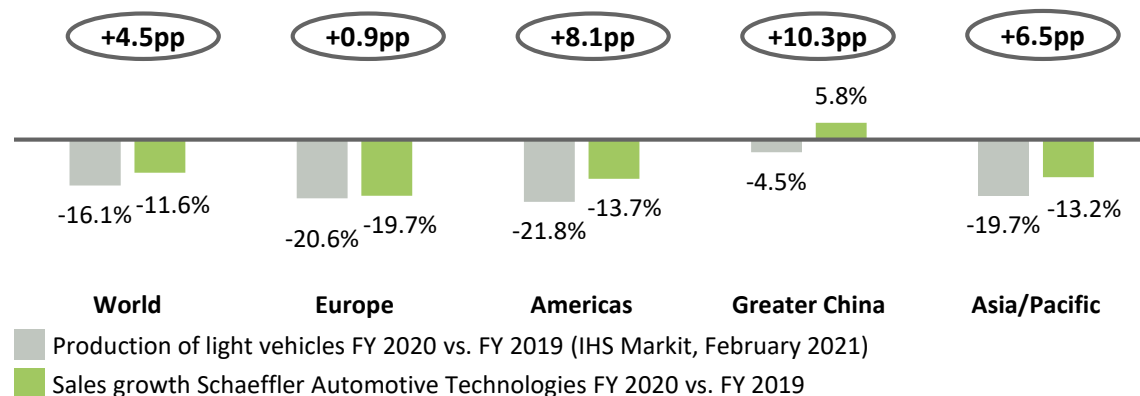
in % of sales	Q4 19	Q4 20	Q4 20 vs. Q4 19	FY 19	FY 20	FY 20 vs. FY 19
Automotive Technologies	20.0%	24.5%	+4.5pp	20.8%	19.1%	-1.7pp
Automotive Aftermarket	33.9%	35.3%	+1.4pp	34.3%	34.3%	0.0pp
Industrial	27.4%	27.6%	+0.2pp	30.0%	27.3%	-2.7pp
Group	23.5%	26.5%	+3.0pp	24.8%	23.1%	-1.7pp

Automotive Technologies FY – Strong Outperformance, EBIT margin² impacted by volume declines

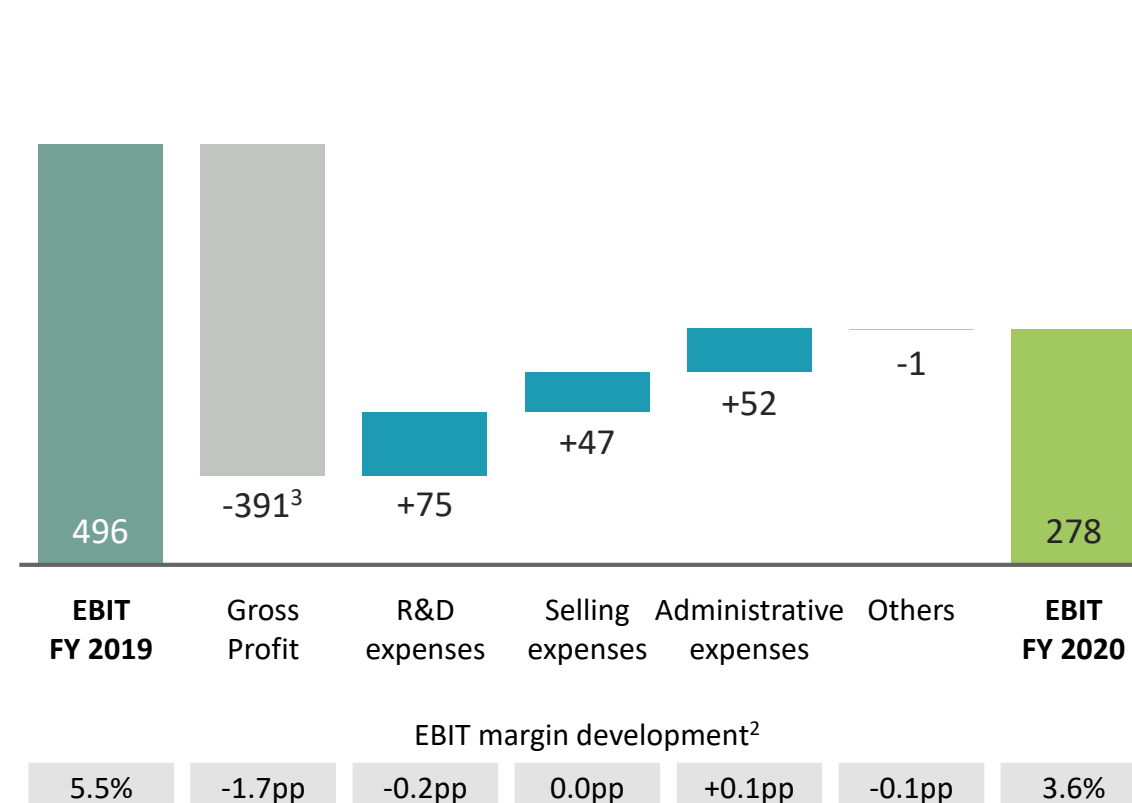
Sales by business division | yoy growth

	FY 2019	FY 2020	Δ ¹
E-Mobility	681	657	-2.5%
Engine Systems	2,793	2,369	-13.8%
Transmission Systems	4,023	3,506	-10.8%
Chassis Systems	1,547	1,289	-14.8%
Total	9,044	7,821	-11.6%

Outperformance: Sales¹ vs. market development in FY



EBIT² FY 2019 vs. FY 2020 | in EUR mn



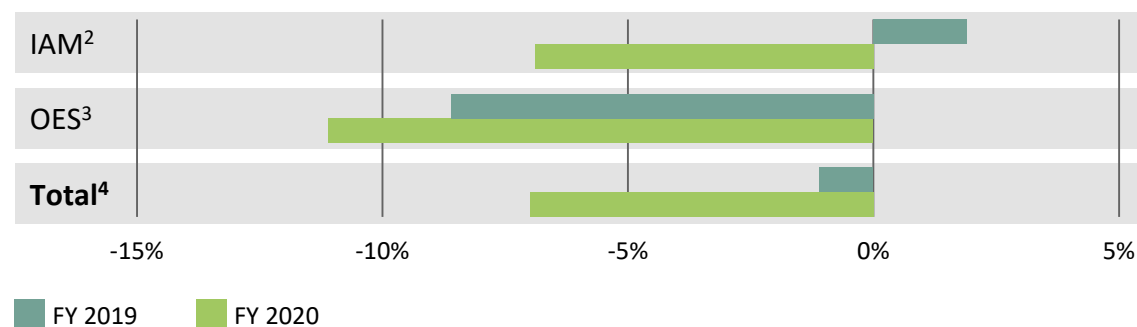
¹ FX-adjusted | ² Before special items | ³ Includes negative FX effects of EUR 17 mn

Automotive Aftermarket FY – Sales impacted by Covid-19 pandemic, robust EBIT margin⁵

Sales by region | yoy growth

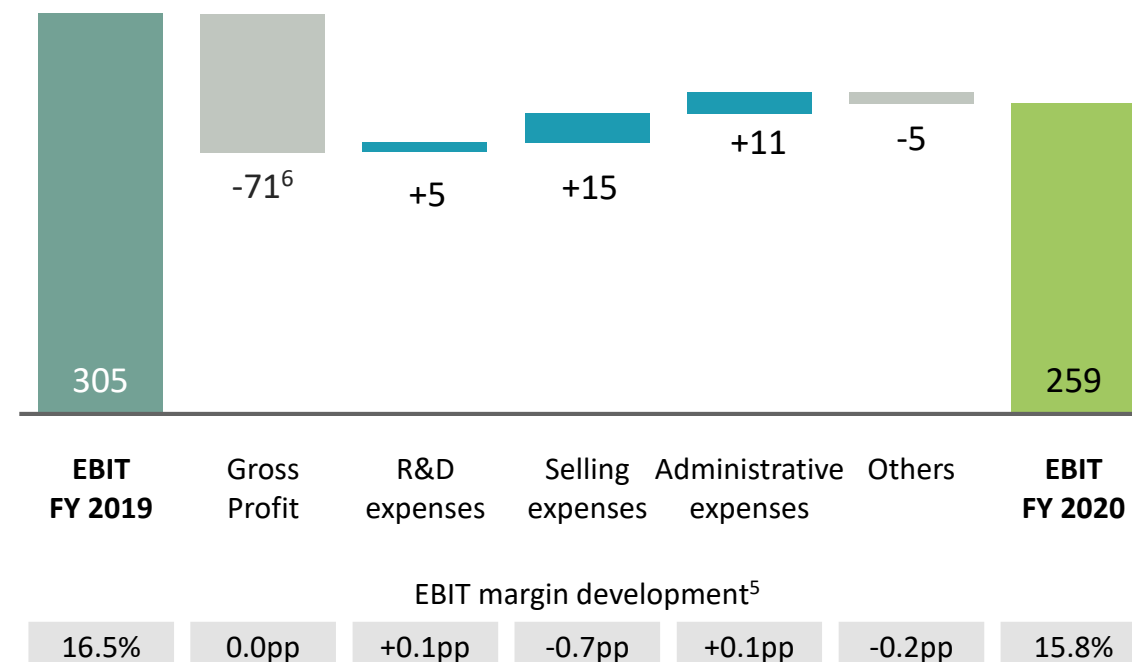
	FY 2019	FY 2020	Δ ¹
Europe	1,308	1,183	-7.8%
Americas	362	301	-4.3%
Greater China	81	77	-1.9%
Asia/Pacific	96	80	-12.3%
Total	1,848	1,641	-7.0%

Automotive Aftermarket sales growth by channel¹



¹ FX-adjusted | ² Independent Aftermarket | ³ Original Equipment Service | ⁴ Contains E-Commerce sales and sales to Automotive suppliers in addition to IAM and OES

EBIT⁵ FY 2019 vs. FY 2020 | in EUR mn



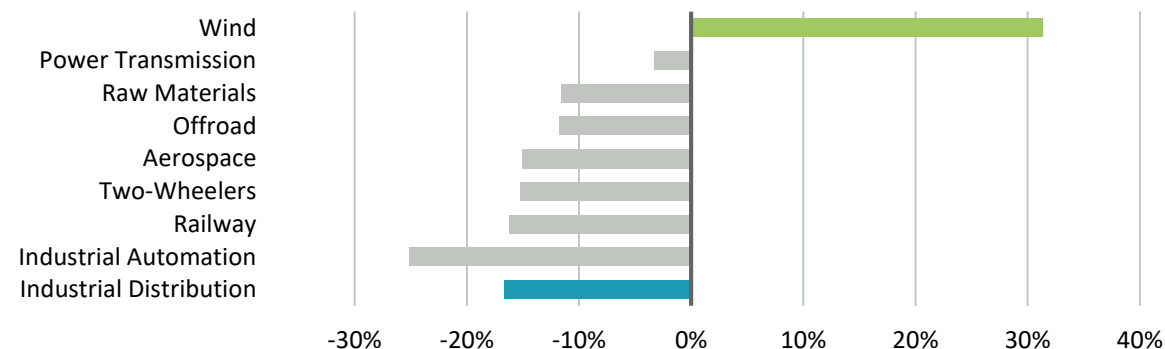
⁵ Before special items | ⁶ Includes negative FX effects of EUR 32 mn

Industrial FY – Strong sales in Wind, EBIT margin² impacted by lower volumes in all other sectors and Industrial Distribution

Sales by region | yoy growth

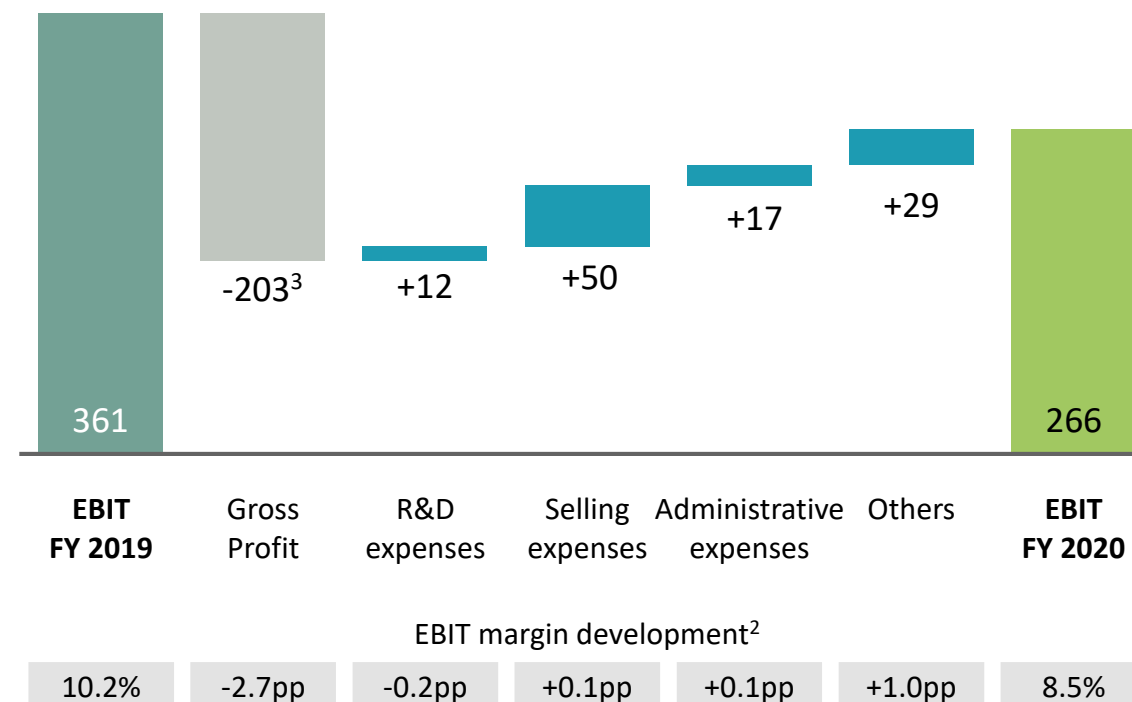
	FY 2019	FY 2020	Δ^1
Europe	1,627	1,319	-18.4%
Americas	638	528	-13.5%
Greater China	723	840	+18.1%
Asia/Pacific	547	451	-13.6%
Total	3,535	3,138	-9.2%

Industrial sales growth by sector cluster FY 2020¹



¹ FX-adjusted

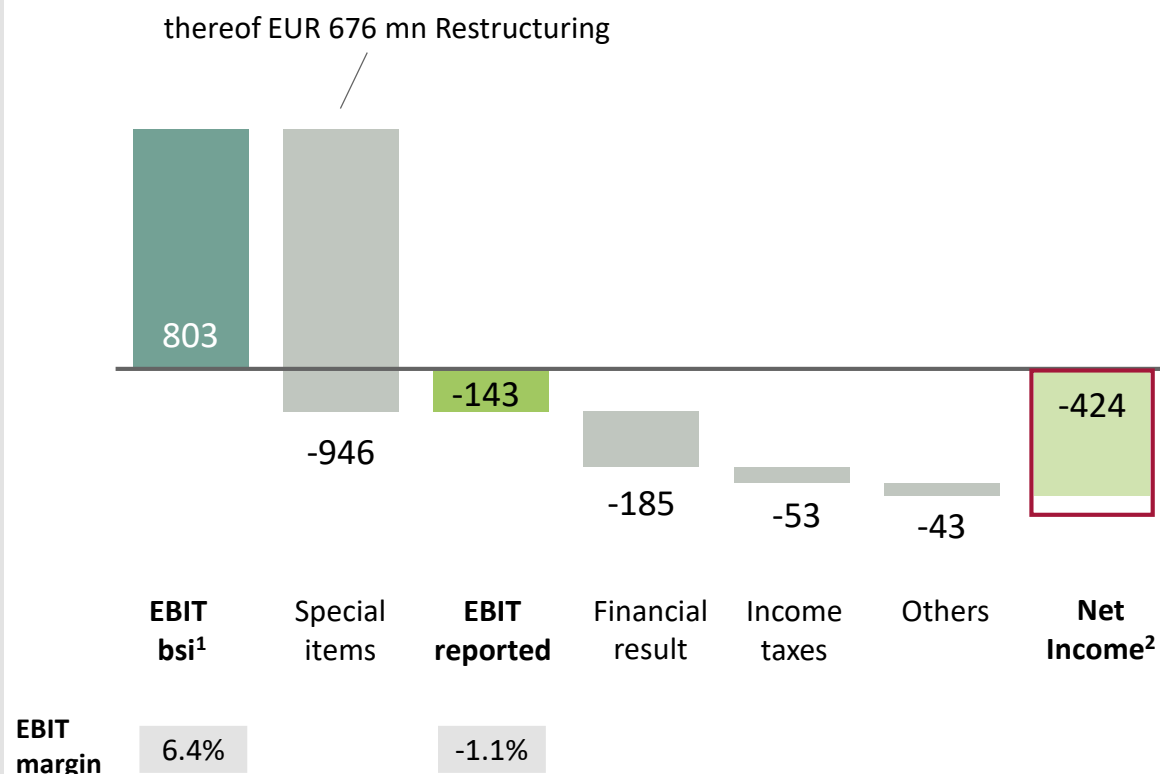
EBIT² FY 2019 vs. FY 2020 | in EUR mn



² Before special items | ³ Includes negative FX effects of EUR 34 mn

EBIT before special items – Reconciliation FY 2020

Reconciliation FY 2020 | in EUR mn



¹ Before special items | ² Attributable to the shareholders of the parent company

Key aspects

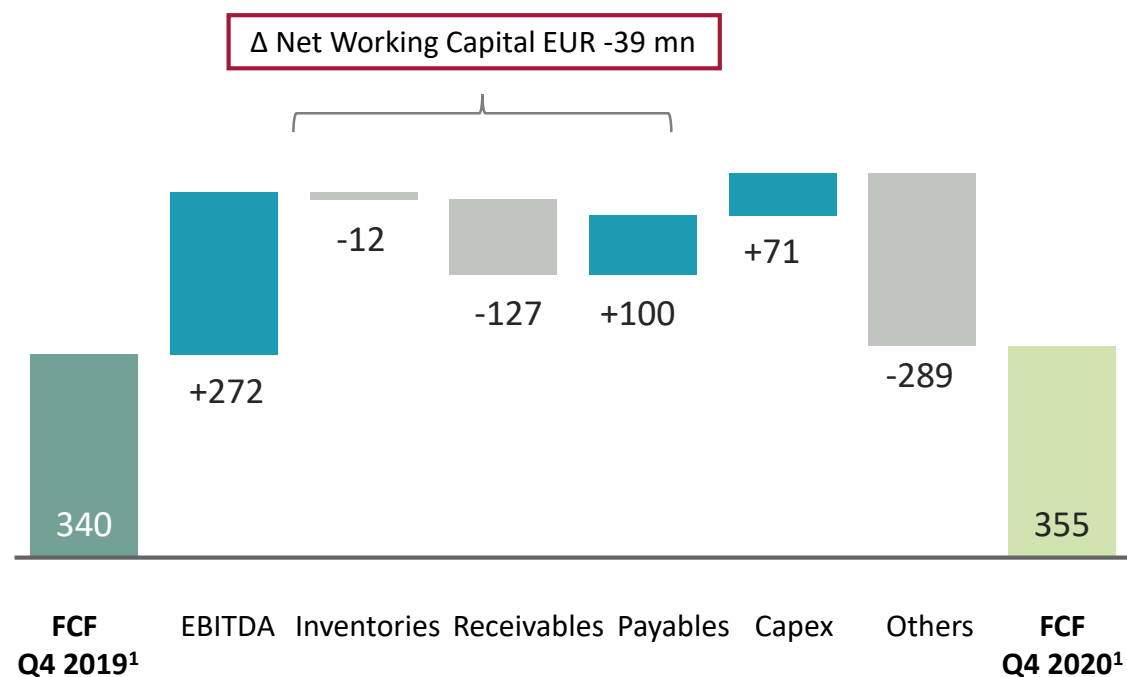
- New restructuring program announced in September leading to EUR 580 mn provisions in FY 2020, allocated divisionally as part of the programs RACE, GRIP and FIT
- Goodwill impairment of EUR 249 mn in division Automotive Technologies triggered by uncertainty related to the Covid-19 pandemic
- Financial result lower yoy, mainly related to the refinancing activities in October with a negative effect of EUR 39 mn

Special items by division | in EUR mn

	Q4 19	Q4 20	Q4 20 vs. Q4 19	FY 19	FY 20	FY 20 vs. FY 19
EBIT Reported	-5	270	+275	790	-143	+933
Automotive Technologies	122	91	-31	209	608	+399
Automotive Aftermarket	15	6	-9	15	30	+15
Industrial	147	51	-96	147	309	+162
Group	284	148	-136	372	946	+574
EBIT bsi¹	279	418	+139	1,161	803	-358

Free Cash Flow details Q4 2020 – FCF supported by strong operational performance

FCF¹ Q4 2019 vs. Q4 2020 | in EUR mn



¹ Before cash in- and outflows for M&A activities

Key aspects

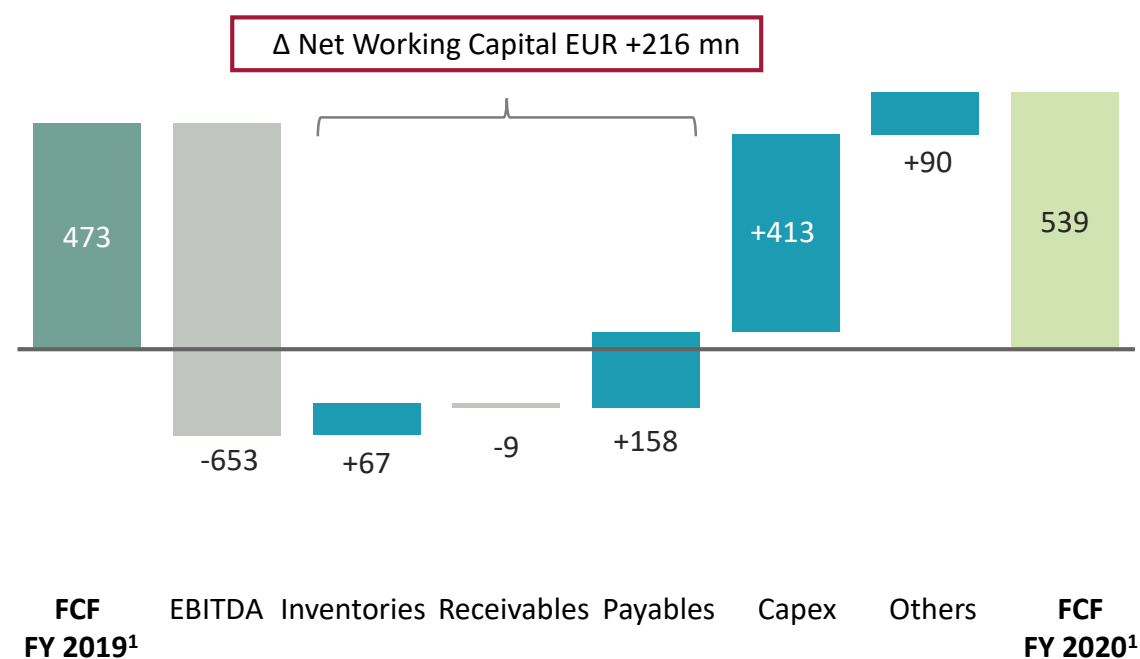
- Positive EBITDA development yoy due to strong performance in Automotive Technologies
- Net Working Capital slightly negative with EUR -39 mn
- “Others” include positive extraordinary effects in Q4 2019 related to restructuring provisions for the voluntary severance scheme as well as higher payments for debt services and income tax payments in Q4 2020

Net Working Capital details | in EUR mn

Change in	Q4 2019	Q4 2020	Δ Q4 20/19	FY 2019	FY 2020	Δ FY 20/19
Inventories	117	105	-12	77	144	+67
Receivables	110	-17	-127	-156	-165	-9
<i>thereof R. Sale Program</i>	0	0	0	0	-50	-50
Payables	-8	92	+100	-145	13	+158
Δ Net Working Capital	219	180	-39	-224	-8	+216
<i>Working Capital ratio¹</i>	<i>17.5</i>	<i>18.7</i>	<i>-</i>	<i>17.5</i>	<i>18.7</i>	<i>-</i>

¹ in % of sales (LTM)

Free Cash Flow details FY 2020 – Net Working Capital and Capex prioritization

FCF¹ FY 2019 vs. FY 2020 | in EUR mn¹ Before cash in- and outflows for M&A activities

Key aspects

- Negative EBITDA development yoy due to provisions for the new restructuring program announced in September and a weaker operational result
- Positive Net Working Capital Delta of EUR 216 mn
- Capex prioritization resulted in a Capex reduction of EUR 413 mn

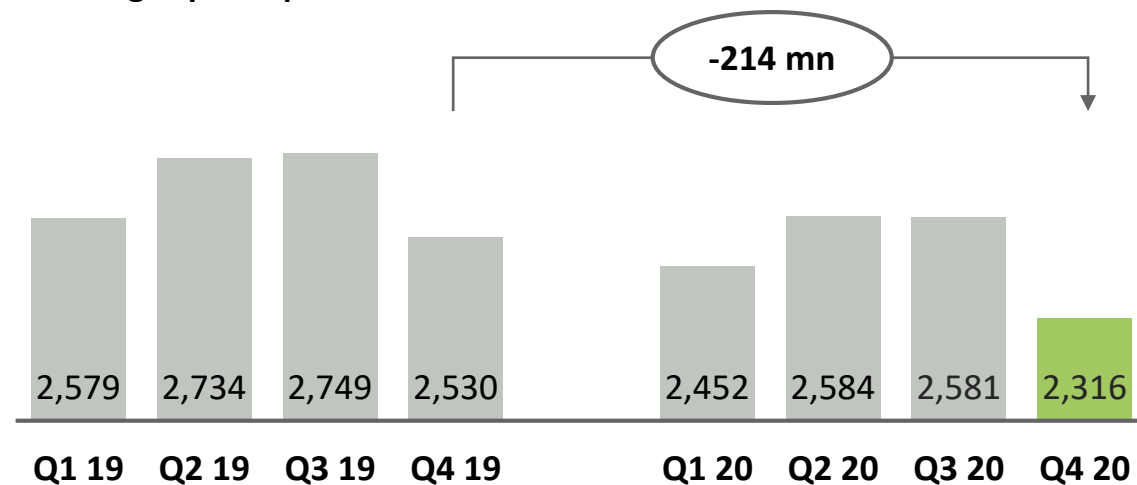
Net Working Capital details | in EUR mn

Change in	Q4 2019	Q4 2020	Δ Q4 20/19	FY 2019	FY 2020	Δ FY 20/19
Inventories	117	105	-12	77	144	+67
Receivables	110	-17	-127	-156	-165	-9
thereof R. Sale Program	0	0	0	0	-50	-50
Payables	-8	92	+100	-145	13	+158
Δ Net Working Capital	219	180	-39	-224	-8	+216
Working Capital ratio ¹	17.5	18.7	-	17.5	18.7	-

¹ in % of sales (LTM)

Working Capital ratio 18.7%, sequentially decreasing – Capex ratio 4.2% in Q4

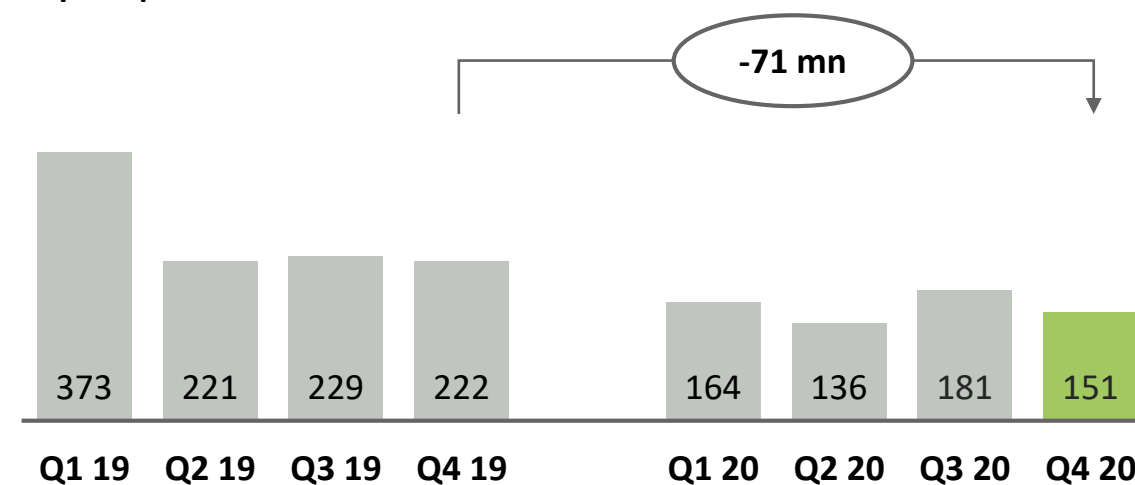
Working capital¹ | in EUR mn



in % of sales (LTM)							
18.0%	19.2%	19.1%	17.5%	17.4%	20.2%	20.6%	18.7%
17.5%				18.7%			

¹ According to balance sheet; figures as per the end of period

Capex² | in EUR mn



in % of sales							
10.3%	6.1%	6.3%	6.2%	5.0%	5.9%	5.3%	4.2%
7.2%				5.0%			

² Cash view

New regional
structure for 2019 and
2020 figures applied

Automotive Technologies (AT) outperformance by quarters

FY 20 Outperformance: +4.5pp				Q1 20			Q2 20			Q3 20			Q4 20		
	IHS ¹	AT ²	Outper- formance		IHS ¹	AT ²	Outper- formance		IHS ¹	AT ²	Outper- formance		IHS ¹	AT ²	Outper- formance
World	-22.2%	-12.0%	+10.2pp		-42.9%	-42.0%	+0.9pp		-2.4%	-1.1%	+1.3pp		+3.2%	+8.1%	+4.9pp
Europe	-15.8%	-13.5%	+2.3pp		-58.2%	-59.5%	-1.3pp		-6.0%	-9.3%	-3.3pp		+1.3%	+6.4%	+5.1pp
Americas	-11.6%	-5.2%	+6.4pp		-69.6%	-62.5%	+7.1pp		-3.2%	+2.9%	+6.1pp		+0.5%	+9.1%	+8.6pp
Greater China	-45.7%	-22.8%	+22.9pp		+10.2%	+17.3%	+7.1pp		+10.9%	+14.2%	+3.3pp		+6.1%	+9.5%	+3.4pp
Asia/Pacific	-13.3%	-7.3%	+6.0pp		-54.9%	-41.9%	+13.0pp		-12.9%	-10.1%	+2.8pp		+3.6%	+9.1%	+5.5pp

FY 19 Outperformance: +4.7pp				Q1 19			Q2 19			Q3 19			Q4 19		
	IHS ¹	AT ²	Outper- formance		IHS ¹	AT ²	Outper- formance		IHS ¹	AT ²	Outper- formance		IHS ¹	AT ²	Outper- formance
World	-5.7%	-1.7%	+4.0pp		-8.2%	-4.2%	+4.0pp		-3.8%	+1.4%	+5.2pp		-4.2%	+1.2%	+5.4pp
Europe	-6.5%	-3.5%	+3.0pp		-8.3%	-7.5%	+0.8pp		-0.1%	-3.6%	-3.5pp		-3.7%	-7.1%	-3.4pp
Americas	-3.4%	+12.4%	+15.8pp		-2.2%	+4.7%	+6.9pp		-1.3%	+8.7%	+10.0pp		-8.0%	+3.8%	+11.8pp
Greater China	-11.3%	-14.5%	-3.2pp		-18.7%	-10.7%	+8.0pp		-7.7%	+7.1%	+14.8pp		+3.1%	+24.6%	+21.5pp
Asia/Pacific	-0.4%	+1.2%	+1.6pp		-0.9%	-0.8%	+0.1pp		-5.0%	-2.1%	+2.9pp		-10.5%	-9.7%	+0.8pp

¹ Light Vehicle production growth according to IHS Markit, February 2021 | ² FX-adjusted sales growth of Automotive Technologies division

Key figures by Group and division

Group | in EUR mn

	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
Sales	3,622	3,604	3,613	3,588	3,282	2,292	3,396	3,629
Sales Growth¹	+0.4%	-2.0%	+1.2%	+0.6%	-9.2%	-34.5%	-2.6%	+4.6%
EBIT Reported	230	253	312	-5	-88	-135	-191	270
EBIT bsi	272	284	327	279	215	-150	320	418
EBIT bsi margin	7.5%	7.9%	9.1%	7.8%	6.5%	-6.5%	9.4%	11.5%

Automotive Technologies | in EUR mn

	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
Sales	2,285	2,232	2,254	2,272	2,008	1,256	2,165	2,392
Sales Growth¹	-1.7%	-4.2%	+1.4%	+1.2%	-12.0%	-42.0%	-1.1%	+8.1%
EBIT Reported	58	90	143	-5	-220	-225	-72	186
EBIT bsi	113	108	158	117	50	-229	180	277
EBIT bsi margin	4.9%	4.9%	7.0%	5.1%	2.5%	-18.2%	8.3%	11.6%

¹ FX-adjustedAdjusted comparative
figures 2019

Automotive Aftermarket | in EUR mn

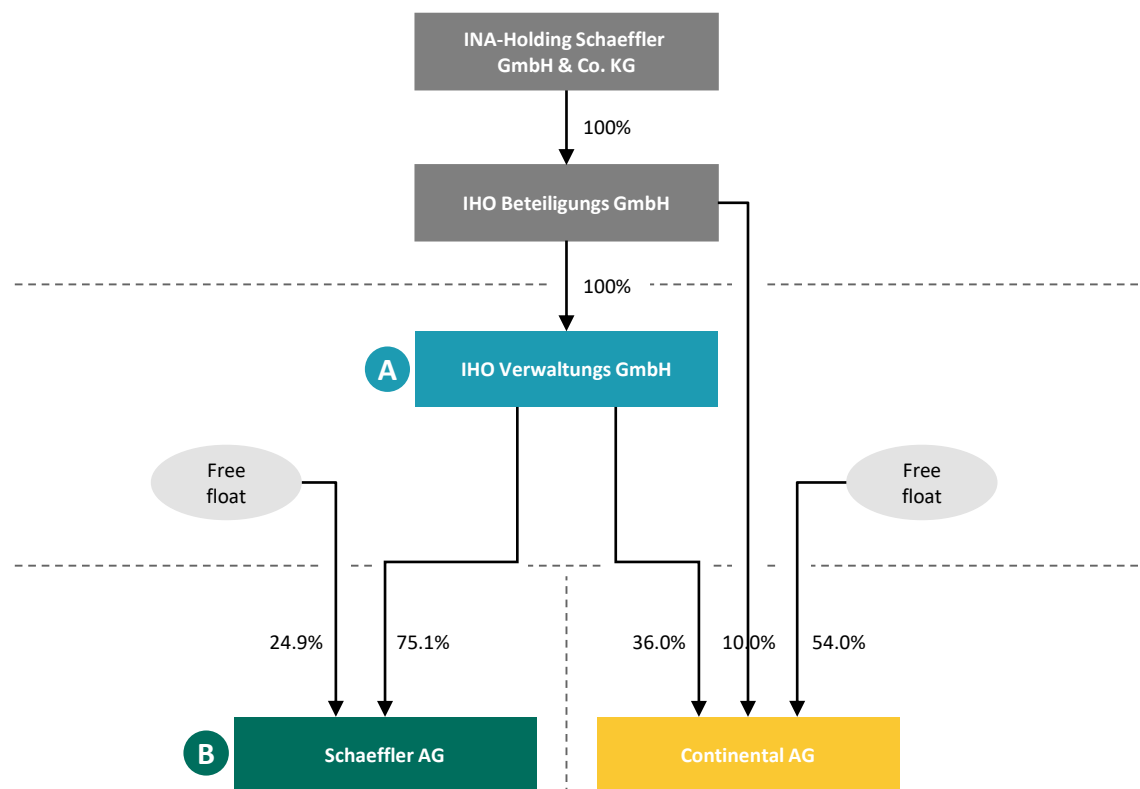
	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
Sales	443	461	482	462	446	301	456	438
Sales Growth¹	-1.1%	-3.6%	+0.1%	+0.1%	+1.5%	-30.5%	-0.2%	+1.3%
EBIT Reported	69	72	87	62	76	27	63	63
EBIT bsi	69	72	87	77	76	27	86	70
EBIT bsi margin	15.5%	15.6%	18.1%	16.7%	17.1%	9.0%	18.9%	15.9%

Industrial | in EUR mn

	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
Sales	893	911	877	853	828	734	776	799
Sales Growth¹	+6.9%	+5.0%	+1.2%	-0.6%	-7.5%	-18.1%	-8.0%	-2.7%
EBIT Reported	103	91	83	-63	56	63	-182	20
EBIT bsi	90	104	83	84	88	52	54	71
EBIT bsi margin	10.1%	11.4%	9.4%	9.9%	10.7%	7.1%	7.0%	8.9%

Overview Corporate and Financing Structure

Corporate structure (simplified) | as of December 31, 2020



Financing structure | as of December 31, 2020

A IHO Verwaltungs GmbH

	Debt instrument	Nominal (USD m)	Nominal (EUR ¹ m)	Interest	Maturity	Rating (Fitch/Moody's/S&P)
Loans	Term loan (EUR)	-	400	E+3.25%	May-24	Not rated
	RCF (EUR 400 m)	-	-	E+3.25%	May-24	Not rated
Bonds	3.625% SSNs 2025 (EUR)	-	800	3.625%	May-25	BB+/Ba2/BB-
	3.75% SSNs 2026 (EUR)	-	750	3.75%	Sep-26	BB+/Ba2/BB-
	4.75% SSNs 2026 (USD)	500	407	4.75%	Sep-26	BB+/Ba2/BB-
	3.875% SSNs 2027 (EUR)	-	500	3.875%	May-27	BB+/Ba2/BB-
	6.00% SSNs 2027 (USD)	450	367	6.00%	May-27	BB+/Ba2/BB-
	6.375% SSNs 2029 (USD)	400	326	6.375%	May-29	BB+/Ba2/BB-
Total IHO Verwaltungs GmbH			3,550	Ø 3.77% ^{2,3}		

B Schaeffler AG

	Debt instrument	Nominal (USD m)	Nominal (EUR ¹ m)	Interest	Maturity	Rating (Fitch/Moody's/S&P)
Loans	RCF (EUR 1,800 m)	-	-	E+0.65%	Sep-23	Not rated
	Schuldschein Loans (EUR)	-	557	Ø 1.65%	May-23, 25, 28 & 30	Not rated
CP	Commercial Paper Program (EUR)	-	30	Ø 0.11%	Ø Jan-21	Not rated
Bonds	1.125% SNs 2022 (EUR)	-	545	1.125%	Mar-22	BBB-/Ba1/BB+
	1.875% SNs 2024 (EUR)	-	800	1.875%	Mar-24	BBB-/Ba1/BB+
	2.750% SNs 2025 (EUR)	-	750	2.750%	Oct-25	BBB-/Ba1/BB+
	2.875% SNs 2027 (EUR)	-	650	2.875%	Mar-27	BBB-/Ba1/BB+
	3.375% SNs 2028 (EUR)	-	750	3.375%	Oct-28	BBB-/Ba1/BB+
Total Schaeffler Group			4,082	Ø 2.43% ³		

¹ EUR/USD = 1.2271 | ² After cross currency swaps | ³ Incl. commitment and utilization fees

Backup 2

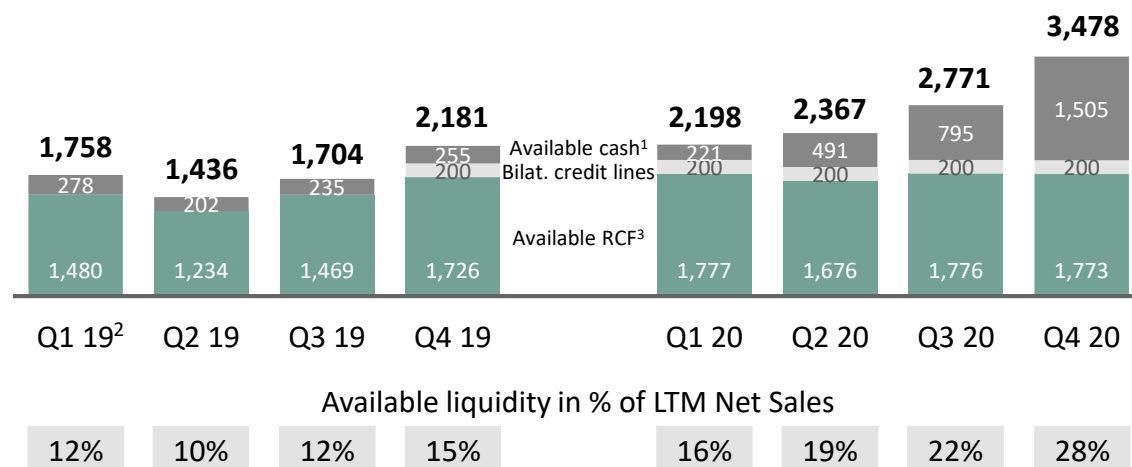
Backup 2
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Additional information

Liquidity position of more than EUR 3.4 bn at the end of December 2020

Liquidity

- Cash balance Schaeffler Group as per end of December 2020 EUR 1,758 mn (December 2019 EUR 668 mn)
- Committed unused credit lines on Group level of almost EUR 2.0 bn as per end of December 2020, available liquidity¹ 28% of LTM Net Sales

As of December 31, 2020 | in EUR mn



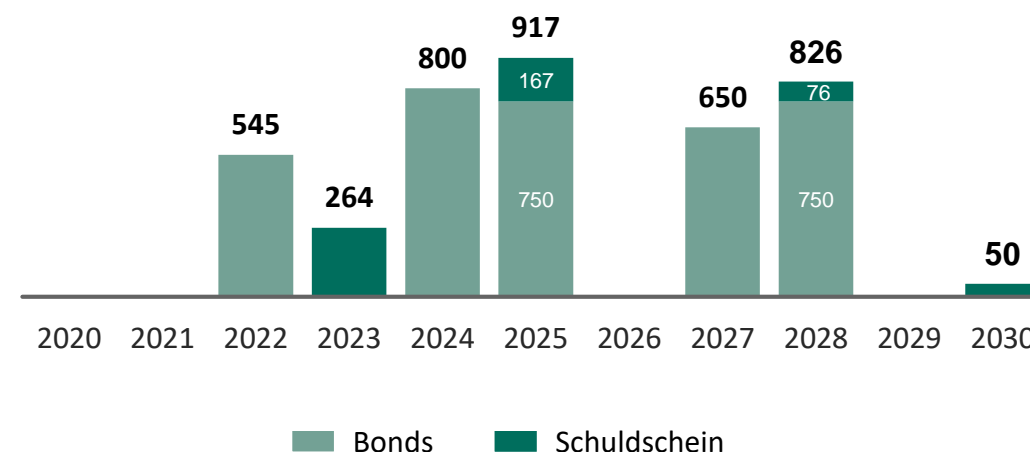
¹ Excluding restricted cash | ² Excluding cash required for redemption of called bonds

³ Utilization includes draw downs of cash and in form of letters of credit

Maturity Profile

- Balanced debt maturity profile after successful refinancing in Oct. 2020
- No major maturities until March 2024
- Average maturity of financing portfolio as per 31 December 2020: 4 years 9 months

As of December 31, 2020 | in EUR mn



FY 2021 Guidance – Confident outlook, cautious approach

Group Guidance

	Actuals FY 2020 ⁴	Guidance FY 2021
Sales growth¹	-10.5%	> 7%
EBIT margin²	6.3%	6 - 8%
Free Cash Flow³	EUR 539 mn	Around EUR 100 mn

¹ FX-adjusted | ² Before special items | ³ Before cash in- and outflows for M&A activities

⁴ Adjusted comparative figures | ⁵ See Annual Report 2020 for more details

Divisional Guidance

Auto Technologies		Auto Aftermarket		Industrial	
Actuals FY 2020 ⁴	Guidance FY 2021	Actuals FY 2020 ⁴	Guidance FY 2021	Actuals FY 2020 ⁴	Guidance FY 2021
Outperf. 450 bps	Outperf. 200 - 500 bps	-6.9%	5 - 7%	-9.4%	4 - 6%
3.4%	> 4.5%	15.7%	> 11.5%	8.8%	> 8.5%

Market assumptions 2021⁵

- Automotive Technologies: Increase of LVP of around **7%** as cautious estimate considering further possibilities of disruptions and volatility
- Automotive Aftermarket: Increase of global GDP by around **3%** (midpoint)
- Industrial: Increase of relevant industrial production of around **5%** (midpoint)

Reported and adjusted comparative figures FY 2020

FY 20 – Reported and adjusted comparative figures

Group	FY 20 – Reported	FY 20 – Adjusted comp. figures	Δ
Sales Growth¹	-10.4%	-10.5%	-0.1pp
Gross Profit	EUR 2,909 mn	EUR 2,848 mn	-61 mn
R&D expenses	EUR -758 mn	EUR -702 mn	+56 mn
EBIT Margin²	6.4%	6.3%	-0.1pp
Free Cash Flow³	EUR 539 mn	EUR 539 mn	-
Auto Technologies			Δ
Sales Growth¹	-11.6%	-11.7%	-0.1pp
EBIT Margin²	3.6%	3.4%	-0.2pp
Auto Aftermarket			Δ
Sales Growth¹	-7.0%	-6.9%	+0.1pp
EBIT Margin²	15.8%	15.7%	-0.1pp
Industrial			Δ
Sales Growth¹	-9.2%	-9.4%	-0.2pp
EBIT Margin²	8.5%	8.8%	+0.3pp

¹ FX-adjusted | ² Before special items | ³ Before cash in-and outflows for M&A activities

Key aspects

- Adjusted comparative figures FY 2020 as basis for outlook 2021
- Biggest impact from strengthening of the business management by the divisions through further divisionalization
- Slight impact from a methodologic change in the accounting of development services (IFRS 15) effective January 1, 2021, reflecting the relationship between development services and future series production in a different manner
 - Development costs of all customer projects are capitalized from the date on which a series contract with the customer is highly probable and the costs are amortized over the lifecycle of series production
 - Increased capitalization of development costs and thus to a shift of R&D costs to cost of sales
 - Impacting also balance sheet with new line item “contract cost assets”, increase of “contract liabilities” and other slight changes (mainly deferred taxes) leading to EUR 187 mn increase in equity