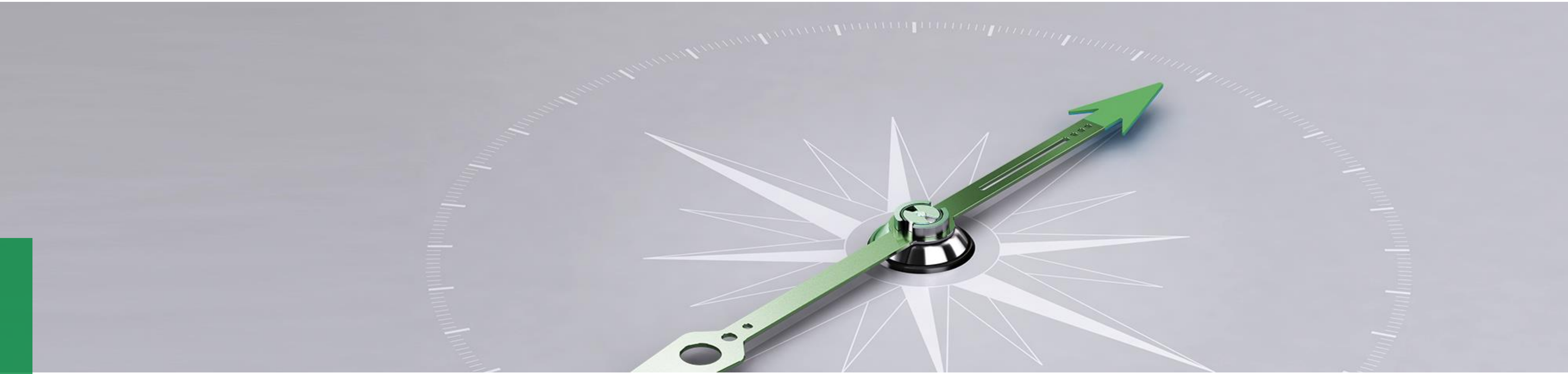
SCHAEFFLER



Results Q2 and H1 2020 Schaeffler AG

Conference Call
Aug 4, 2020
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.

SCHAEFFLER

Dr. Klaus Patzak appointed CFO of Schaeffler AG as of August 1, 2020

Dr. Klaus Patzak – CFO and Member of the Board of Managing Directors

Dr. Klaus Patzak – Career

- Dr. Klaus Patzak (55) was most recently a managing partner responsible for selected portfolio companies at Siemens, managing director of Siemens Gas & Power Management GmbH and CFO of the new Siemens Gas and Power business
- Prior to this, he served as CFO of Bilfinger SE from 2016 to 2018 and held the same position at Osram Licht AG from 2011 to 2016
- Dr. Patzak holds a doctorate in business administration

Decision Supervisory Board, July 2020

- Dr. Klaus Patzak has been appointed as a Member of the Board of Managing Directors, effective from August 1, 2020
- Dr. Patzak succeeded Dietmar Heinrich as head of the Finance and IT functions
- Dietmar Heinrich left the company on July 31, 2020

Agenda

SCHAEFFLER

Q2 2020 negatively impacted by the Coronavirus pandemic – Encouraging order development

Key messages

1. Group sales impacted by the pandemic – Automotive OEM affected the most (-42%[1]), Aftermarket -31%[1] and Industrial -18%[1]
2. Group EBIT margin[2] -6.5% – Clearly negative in Automotive OEM, positive in Automotive Aftermarket and Industrial
3. FCF[3] in Q2 EUR -285 mn – Impacted by negative EBIT and Working Capital, Capex reduced to EUR 136 mn (Q2 19: EUR 221 mn)
4. Countermeasures intensified – Focus on cost and capital management with increased flexing of costs and Capex prioritization
5. Headcount further reduced to 84,223 (Q1 20: 86,548) – Mainly driven by Region Americas and Europe
6. Order intake H1 in Automotive OEM of EUR 4.6 bn with a book-to-bill ratio[4] of 1.4x – Substantial E-Mobility orders

[1] FX-adjusted | [2] Before special items | [3] Before cash in- and outflows for M&A activities
[4] Lifetime Sales / Current period revenue

Sales growth[1] Q2

-34.5%

EUR 2,292 mn

EBIT margin[2] Q2

-6.5%

EUR -150 mn

Free Cash Flow[3] Q2

EUR -285 mn

Q2 2019: EUR 6 mn

Order intake H1 Automotive OEM

4.6 EUR bn

Book-to-bill-ratio[4] 1.4x

SCHAEFFLER

Schaeffler Group Q2 2020 – Highlights and lowlights

- Substantial business improvement seen in June and related to all divisions and regions
- China – Strong recovery in Automotive OEM, ongoing robust business in particular in sector cluster Wind in Industrial
- Strict cost and capital discipline, continued strong liquidity situation secured
- Balanced business mix of Automotive OEM, Automotive Aftermarket and Industrial pays off

- Negative Coronavirus impact in Q2: sales, EBIT and FCF affected
- Automotive divisions with significant sales contraction in Europe and Americas driven by lockdowns, Automotive OEM with negative EBIT
- Uncertainty remains, we even more need to adapt our structures to market conditions

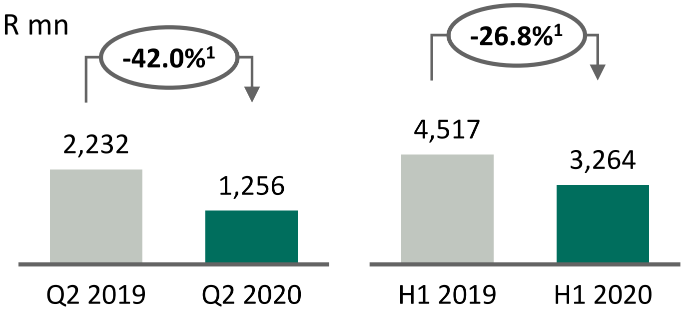
SCHAEFFLER

Agenda

SCHAEFFLER

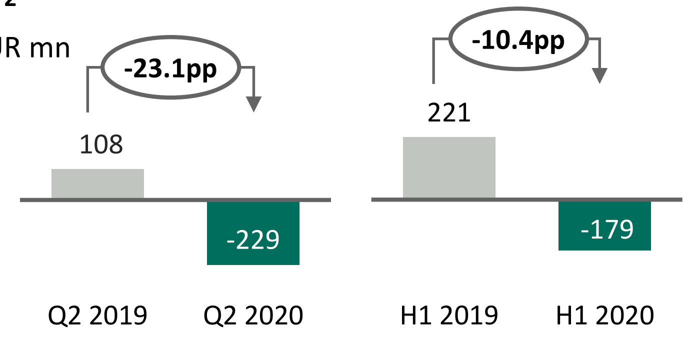
Automotive OEM – Strong sales decline and negative EBIT in Q2

Sales
in EUR mn



	Q2 2019	Q2 2020	H1 2019	H1 2020
Gross margin	20.6%	3.8%	20.9%	13.2%

EBIT[2]
in EUR mn



	Q2 2019	Q2 2020	H1 2019	H1 2020
EBIT margin[2]	4.9%	-18.2%	4.9%	-5.5%

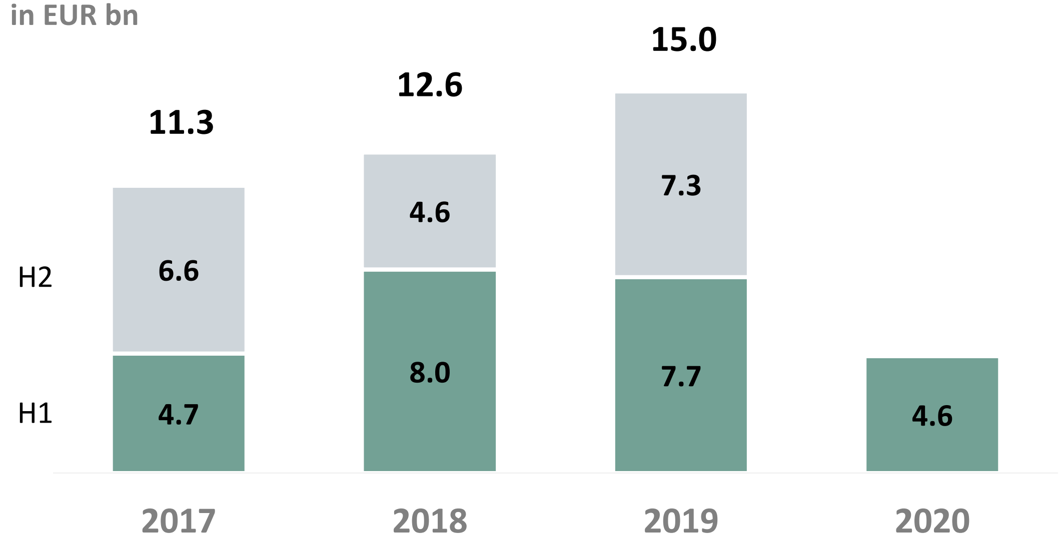
- Solid Outperformance of 250bps in Q2 (H1: 640bps), driven by all regions; strong recovery in China in Q2 with 17%[1] sales growth, other regions improved during the quarter
- Encouraging Order intake of EUR 4.6 bn in H1, book-to-bill ratio 1.4x; business division E-Mobility with first order for a complete “3 in 1” Electric Axle System
- Overhead cost control measures intensified, significantly reduced capex while safeguarding investment for important customer launches
- Coronavirus situation negatively impacted all business divisions and regions except Greater China
- Volume drop lowered fixed cost absorption, resulting in gross margin erosion – Drop through sequentially higher with 35% in Q2 (Q1: 23%)
- Strong Coronavirus pandemic impact in April and May resulted in suboptimal capacity utilization

[1] FX-adjusted | [2] Before special items

SCHAEFFLER

Automotive OEM – Additional EUR 1.1bn Order intake in E-Mobility

Automotive OEM Order Intake[1]



Book-to-bill-ratio[2]

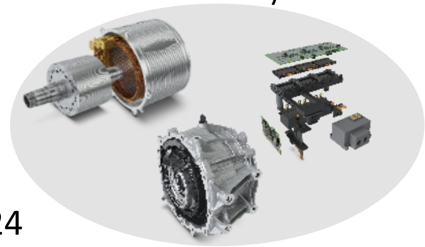
	2017	2018	2019	2020
H2	1.5x	1.1x	1.7x	-
H1	1.1x	1.7x	1.8x	1.4x
FY	1.3x	1.4x	1.7x	-

Business Highlights

E-Mobility – Electric Axle Systems

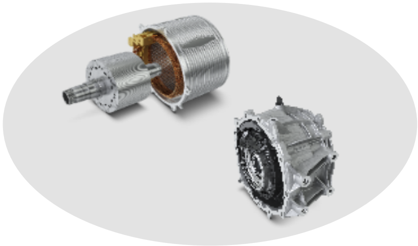
1
- Delivery of a complete electric axle system including e-motors, power electronics and transmission
- EV high performance application
- Order intake ~900 mn EUR, SOP 2024

"3 in 1" E-Axle System



2
- Delivery of electric axle system with e-motors and transmission
- Application for high voltage hybrid
- Order intake ~200 mn EUR, SOP 2021

"2 in 1" E-Axle System



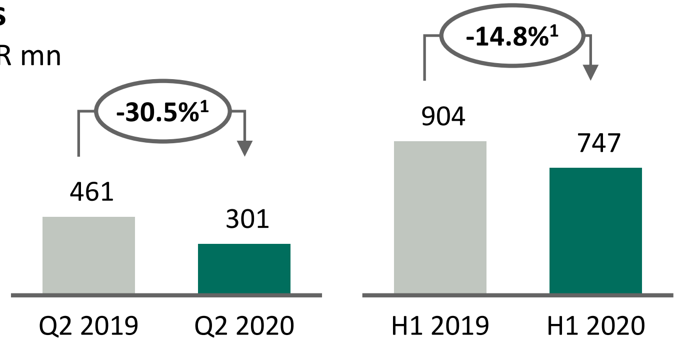
Target of EUR 1.5 - 2.0 bn Order intake 2020 in E-Mobility well on track

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

SCHAEFFLER

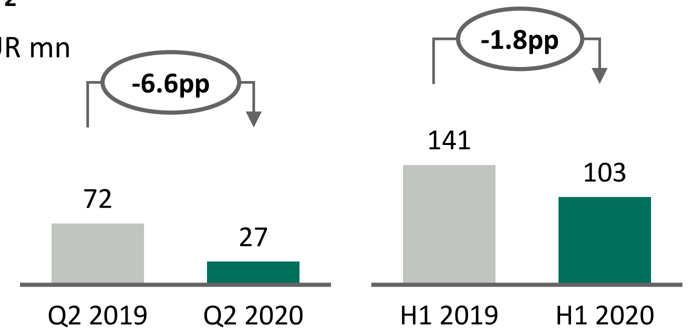
Automotive Aftermarket – Strong sales decline in Q2, earnings quality robust

Sales
in EUR mn



	Q2 2019	Q2 2020	H1 2019	H1 2020
Gross margin	33.6%	30.3%	34.0%	33.4%

EBIT[2]
in EUR mn



	Q2 2019	Q2 2020	H1 2019	H1 2020
EBIT margin[2]	15.6%	9.0%	15.6%	13.8%

- Improving sales trend in June in our core markets Europe and Americas, underpinned by increasing mobility rates
- Good flexing of overhead costs supported by program GRIP could limit the drop through, resulting in a robust EBIT margin level
- Sales volume decline in all regions except Greater China due to Coronavirus pandemic, both in Independent Aftermarket and in OES business
- Predictability of future demand impaired by erratic order behavior, constrained consumer spending and additional safety stocks along the distribution chain

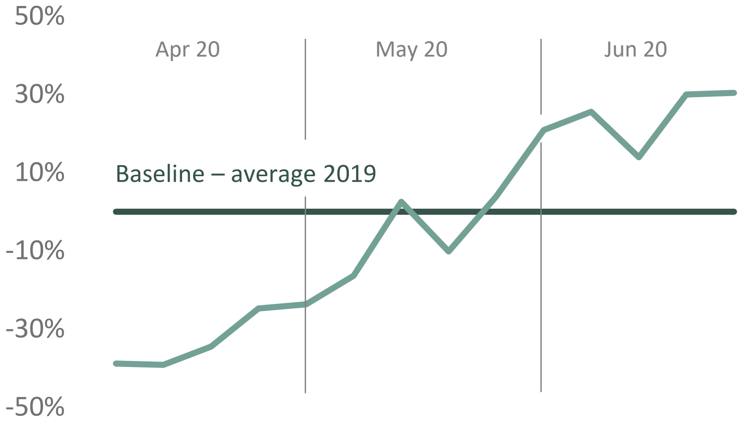
[1] FX-adjusted | [2] Before special items

SCHAEFFLER

Automotive Aftermarket – Improving trend in demand, but global revenues still below pre-coronavirus pandemic levels

REPXPERT sessions[1]

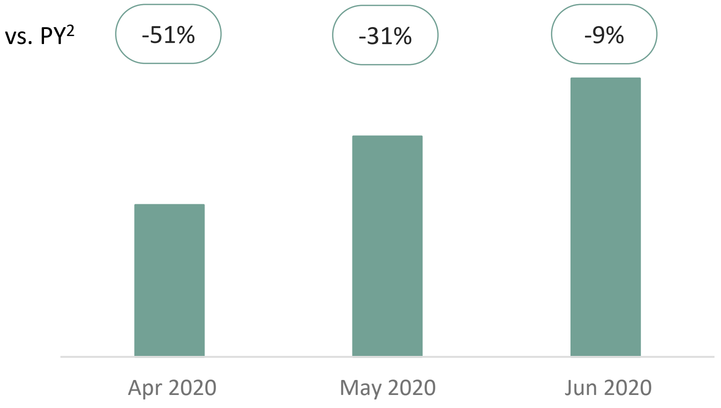
Relative deviation to baseline average 2019



- Increasing activity in workshops indicated by higher usage rates of the Schaeffler REPXPERT portal (information and services workshop portal of Schaeffler Automotive Aftermarket)

Revenue

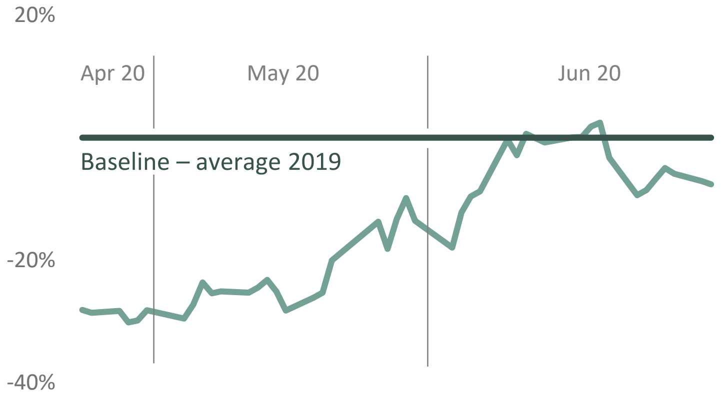
In EUR mn



- Negative sales growth in Q2 2020 but with an increasing trend mainly in Europe and Americas
- Greater China on previous year level in Q2 2020

Order Book (next 30 days)

Relative deviation to baseline average 2019



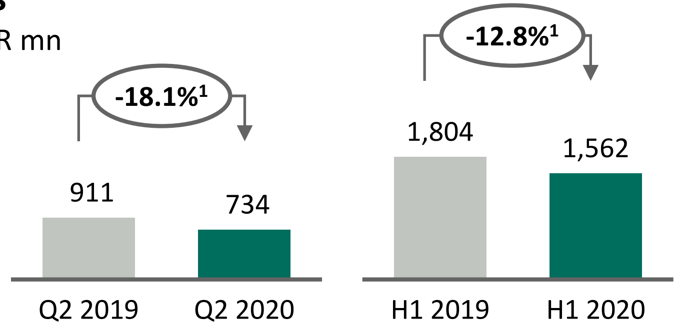
- Positive development in global order intake
- Risk to future demand based on bullwhip effect across the value chain and reduced mobility rates in the past months

[1] The analysis is based on Schaeffler Automotive Aftermarket REPXPERT online portal data | [2] Previous year (PY) FX-adjusted

SCHAEFFLER

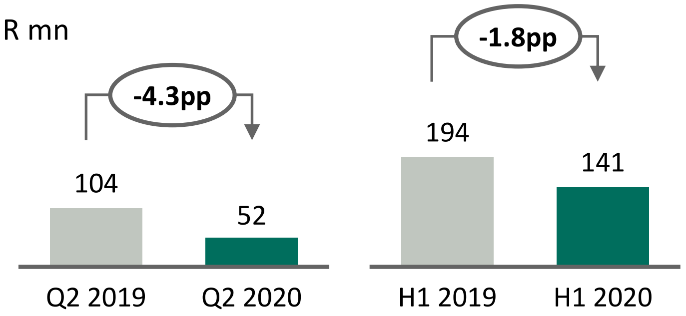
Industrial – Strong overall sales decline in Q2, earnings quality robust

Sales
in EUR mn



	Q2 2019	Q2 2020	H1 2019	H1 2020
Gross margin	31.1%	27.2%	31.1%	29.2%

EBIT[2]
in EUR mn



	Q2 2019	Q2 2020	H1 2019	H1 2020
EBIT margin[2]	11.4%	7.1%	10.8%	9.0%

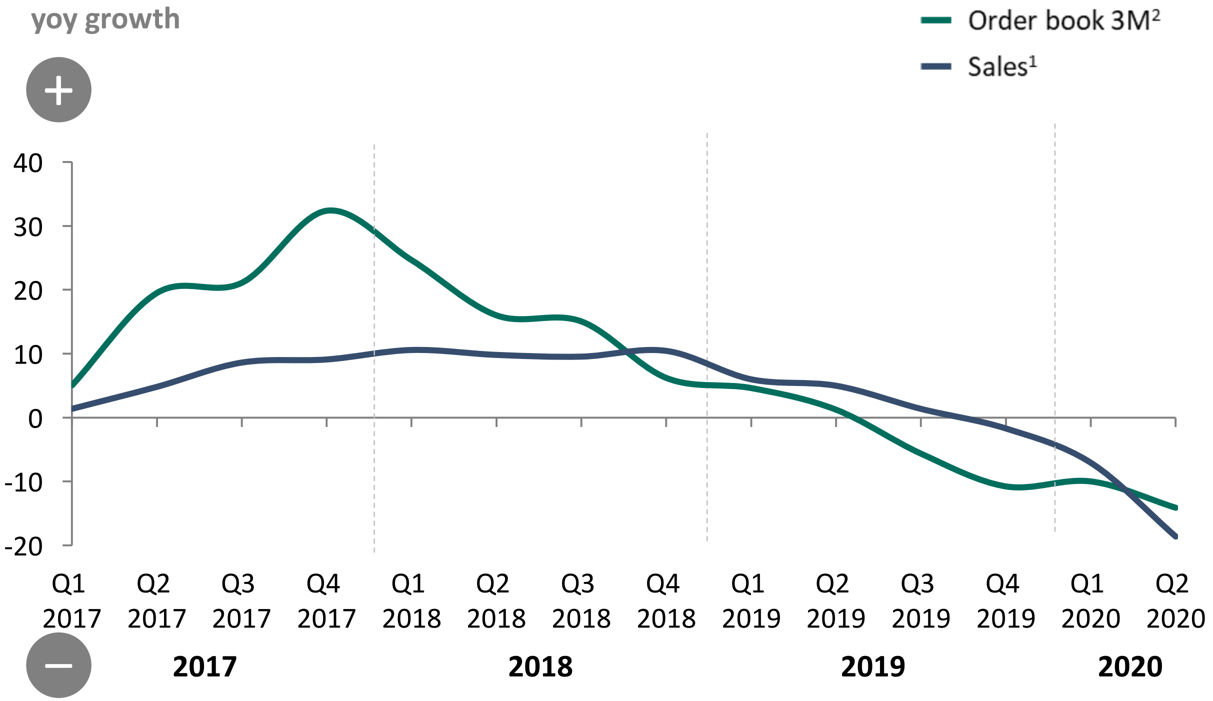
- Lowest point in sales due to lockdowns and restrictions passed, sales picked up in May and June 2020
- Double digit growth in China continued, driven by strong growth in sector cluster Wind
- Overhead ratio YTD 2020 (19.6%) close to ratio YTD 2019 (19.3%) due to measures introduced such as short-time work, shut downs and cost control
- Coronavirus impact on volumes with negative effects on the production costs (volume related)
- Q2 EBIT margin impacted by sales decline, dropped to 7.1% of sales

[1] FX-adjusted | [2] Before special items

SCHAEFFLER

Industrial – New orders and innovations in future growth fields, despite a challenging market environment

Orderbook 3M



[1] FX-adjusted product sales
[2] The order book 3M measures the amount of customer orders which are due in the next three months. It is presented as a relative, fx-adjusted yoy 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.

Business Highlights

- Schaeffler OPTIME: Plug. Play. Predict. Launch of cost-effective and highly scalable wireless condition monitoring solution

- Linear actuator for range extension of cobot applications introduced to the market, first order received

- New business with metro expansion project in Asia/Pacific, major order received for railway bearings

SCHAEFFLER

Coronavirus Update – Average utilization level of plants improving

Global Footprint

Americas

- Utilization with strong rebound effect starting in May and continuing into Q3 in North America
- Both divisions run on stable capacity

Utilization[1,2]

	Number of plants	CW 31	CW 32	CW 33e
Auto OEM	10	93%	91%	91%
Industrial	3	100%	86%	83%

Europe

- Business picking-up with improving trend since May
- Lower utilization and shut down weeks during summer break in Europe

Utilization[1,2]

	Number of plants	CW 31	CW 32	CW 33e
Auto OEM	28	44%	65%	64%
Industrial	15	69%	57%	80%

Greater China

- Strong recovery in China continued
- Growth in Industrial dominated by sector cluster Wind

Utilization[1,2]

	Number of plants	CW 31	CW 32	CW 33e
Auto OEM	8	88%	101%	100%
Industrial	2	99%	109%	111%

Asia/Pacific

- Low utilization in Auto OEM in CW 32 driven by holiday shut-downs in Korea
- Demand driven improvement in Industrial continues in both Vietnam and India

Utilization[1,2]

	Number of plants	CW 31	CW 32	CW 33e
Auto OEM	6	65%	19%	80%
Industrial	3	56%	61%	78%

◯ Number of plants

[1] Average Utilization per calendar week: < 50% (red); 50% ≤ x < 70% (yellow); ≥ 70 % (green)
[2] Data as of July 29th

SCHAEFFLER

Coronavirus Update – Countermeasures on Group and divisional level

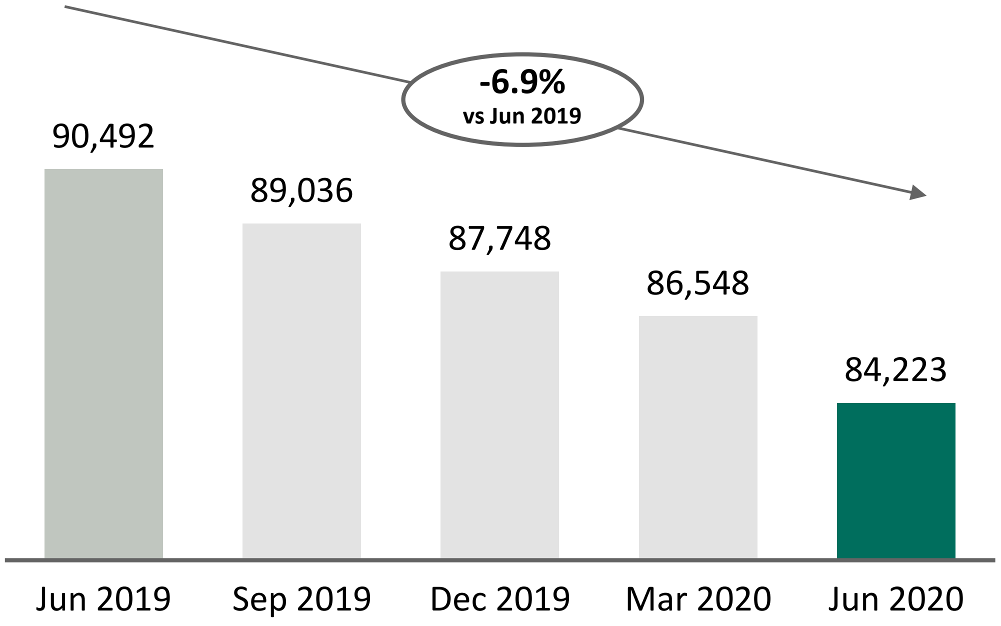
Health & Safety	• Strict health and safety measures implemented worldwide • Continued disciplined execution during ramp-up phase
Cost management	• Flexing of cost base (e.g. short-time work) and structural improvements • Headcount reduction progressing
Capital allocation	• Reprioritization and reduction of Capex • Working Capital management
Liquidity	• Strong liquidity position • Completion of Schuldschein transaction
Balance Sheet	• Leverage ratio 1.8x • Low complexity is an advantage

SCHAEFFLER

Cost management – Flexing of costs intensified

Schaeffler Headcount

as per month end



	Jun 2019	Sep 2019	Dec 2019	Mar 2020	Jun 2020
Decline vs. June 2019		-1,456	-2,744	-3,944	-6,269

Key aspects

- Headcount reduction of almost 7% yoy, achieved by our efficiency programs and divestment of plants
- Regional split of yoy headcount reduction includes
  - Europe: ca. -3,700
  - Americas: ca. -1,900
  - Greater China: ca. -500
  - Asia/Pacific: ca. -100
- Usage of short-time work intensified in Q2, leading to a higher contraction in the FTE figure vs. Headcount
- Other cost flexing measures include:
  - 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)

SCHAEFFLER

Capital allocation – Prioritization and differentiated steering resulting in Capex ratio[2] of 5.4% in H1

Investment[1] allocation | in EUR mn

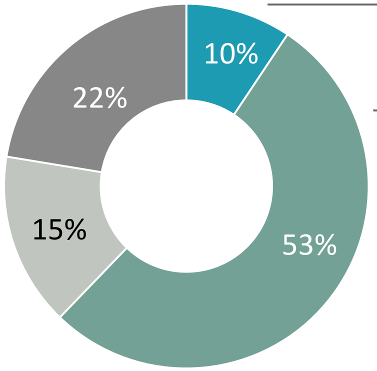
	FY 18	FY 19	Q2 19	Q2 20	H1 20
Automotive OEM	1,049	702	167	76	164
Automotive Aftermarket	56	68	-2	1	2
Industrial	170	163	41	53	122
Schaeffler Group	**1,275**	**933**	**205**	**130**	**288**
Capex	**1,232**	**1,045**	**221**	**136**	**300**
Capex ratio[2]	**8.7%**	**7.2%**	**6.1%**	**5.9%**	**5.4%**

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

Key aspects

- Capex in FY 2020 reprioritized and to be reduced by at least one third compared to previous year
- Capex prioritization properly balanced among divisions
- Throughout H1 we continue to invest in E-Mobility, sector cluster Wind, AKO and Sustainability projects

Capex by region H1 2020
in EUR mn (yoy change)



Asia/Pacific	**28** (-6)
Europe	**158** (-188)
Greater China	**67** (-66)
Americas	**46** (-35)

SCHAEFFLER

Agenda

SCHAEFFLER

Key figures Q2 and H1 2020

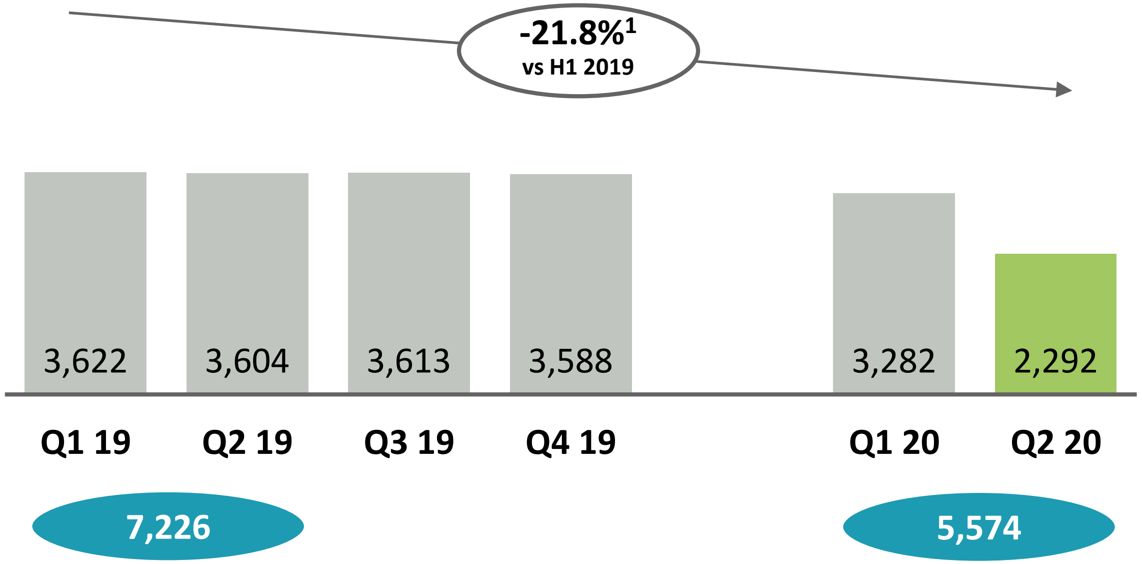
in EUR mn		Q2 2019	Q2 2020	Q2 2020 vs. Q2 2019	H1 2019	H1 2020	H1 2020 vs. H1 2019
Sales	1	3,604	2,292	-36.4% / -34.5%[1]	7,226	5,574	-22.9% / -21.8%[1]
Gross Profit	2	899	339	-560 mn	1,813	1,138	-675 mn
Gross Margin		*25.0%*	*14.8%*	-10.2pp	*25.1%*	*20.4%*	-4.7pp
EBIT[2]	3	284	-150	-434 mn	556	65	-491 mn
EBIT Margin[2]		*7.9%*	*-6.5%*	*-14.4pp*	*7.7%*	*1.2%*	*-6.5pp*
Net income[3]	4	136	-168	-304 mn	273	-353	-626 mn
EPS[4] **(in EUR)**		0.21	-0.25	-0.46	0.42	-0.52	-0.94
Schaeffler Value Added[5]	4	289	-89	-378 mn	289	-89	-378 mn
ROCE[6]		13.4%	7.9%	-5.5pp	13.4%	7.9%	-5.5pp
Free Cash Flow[7]	5	6	-285	-291 mn	-229	-148	+81 mn
Capex	6	221	136	-85 mn	594	300	-294 mn
Net financial debt	7	3,167	3,002	-165 mn	3,167	3,002	-165 mn
Leverage ratio[8]		1.6x	1.8x	+0.2x	1.6x	1.8x	+0.2x
Headcount		90,492	84,223	-6.9%	90,492	84,223	-6.9%

[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

SCHAEFFLER

1 Sales growth – Severe sales decline in all regions, except Greater China

Sales | in EUR mn



Sales growth

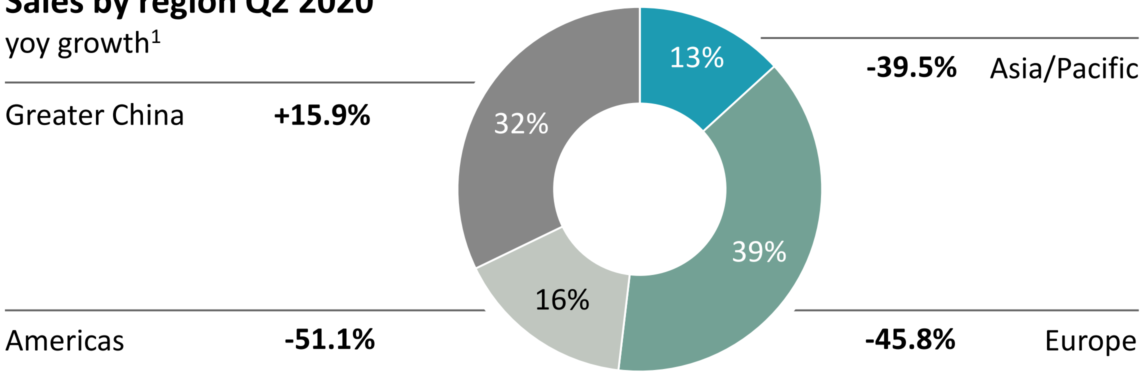
	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20
Reported	+2.0%	-1.0%	+2.6%	+1.7%	-9.4%	-36.4%
FX-adjusted	+0.4%	-2.0%	+1.2%	+0.6%	-9.2%	-34.5%

[1] FX-adjusted

Key aspects

- Sales in Q2 heavily impacted by almost complete lockdown during April and May in Europe and Americas
- Automotive OEM with declining sales in Europe (-60%[1]) and Americas (-63%[1]), but strong rebound in China (+17%[1])
- Aftermarket with similar dynamic, but less severe
- Industrial with biggest slowdown in Asia-Pacific (-33%[1]) and continued good growth in China (+15%[1])

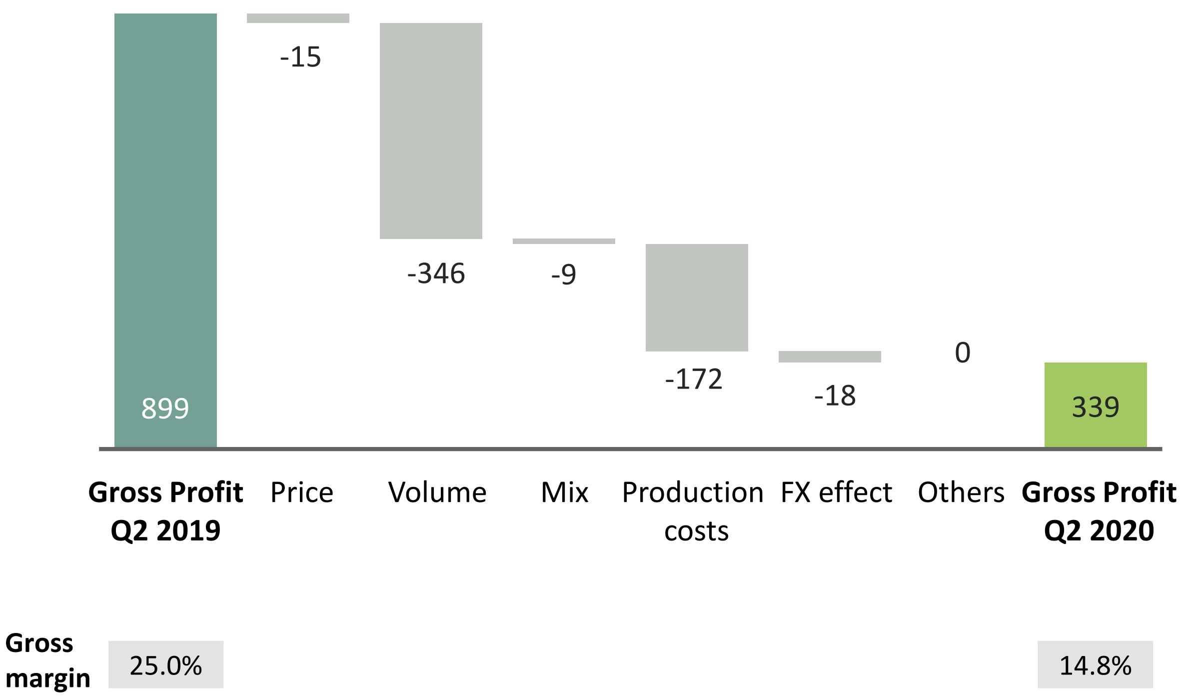
Sales by region Q2 2020
yoy growth[1]



SCHAEFFLER

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

Gross Profit Q2 2019 vs. Q2 2020 | in EUR mn



Key aspects

- Normal negative price effect in Automotive OEM, Industrial still with positive price momentum, but less material
- Negative volume effects across all divisions representing major impact on Gross Profit development
- Cost flexing measures could not fully compensate the negative volume related production cost development, especially in Automotive OEM

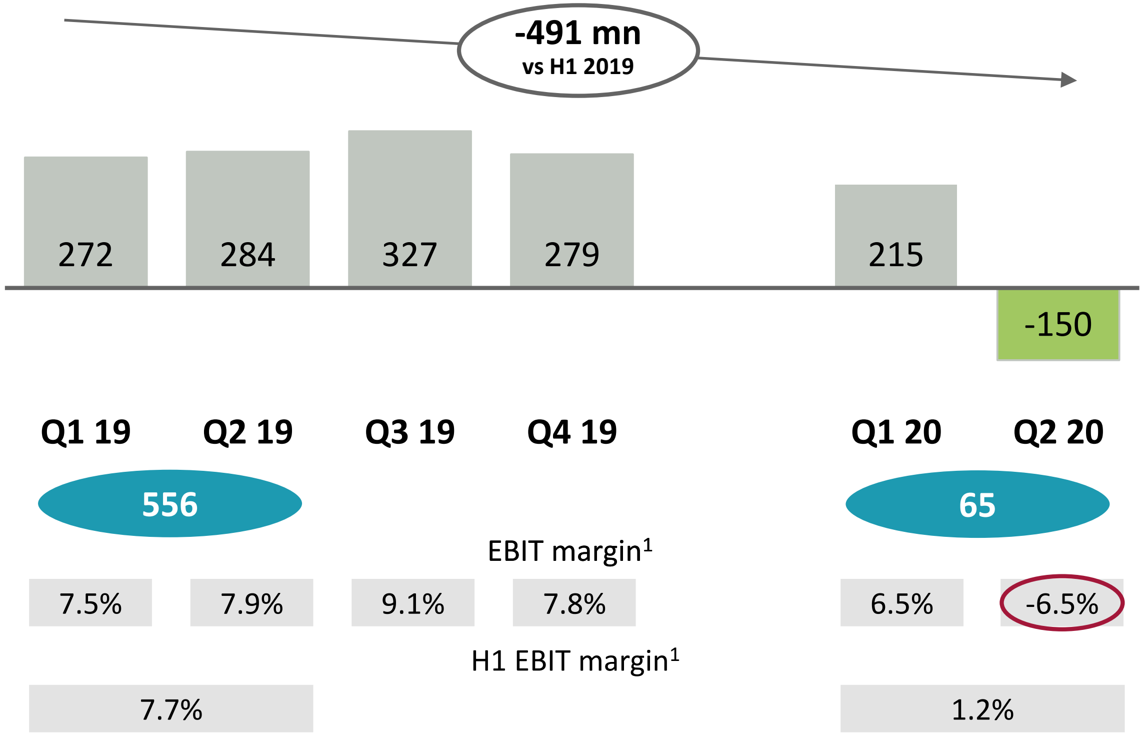
Gross Margin

in % of sales	Q2 19	Q2 20	Q2 20 vs. Q2 19	H1 19	H1 20	H1 20 vs. H1 19
Auto OEM	20.6%	3.8%	-16.8pp	20.9%	13.2%	-7.7pp
Aftermarket	33.6%	30.3%	-3.3pp	34.0%	33.4%	-0.6pp
Industrial	31.1%	27.2%	-3.9pp	31.1%	29.2%	-1.9pp
Group	25.0%	14.8%	-10.2pp	25.1%	20.4%	-4.7pp

SCHAEFFLER

3 EBIT margin[1] – Strong margin decline in Q2, EBIT margin[1] H1 positive

EBIT[1] | in EUR mn



[1] Before special items

Key aspects

- Biggest impact on declining EBIT margin[1] due to negative EBIT in Automotive OEM
- Both Automotive Aftermarket and Industrial with subdued but clearly positive EBIT contribution
- We significantly reduced overhead costs with an overall reduction by EUR 125 mn yoy

EBIT margin[1]

	Q2 19	Q2 20	Q2 20 vs. Q2 19	H1 19	H1 20	H1 20 vs. H1 19
Auto OEM	4.9%	-18.2%	-23.1pp	4.9%	-5.5%	-10.4pp
Aftermarket	15.6%	9.0%	-6.6pp	15.6%	13.8%	-1.8pp
Industrial	11.4%	7.1%	-4.3pp	10.8%	9.0%	-1.8pp
Group	7.9%	-6.5%	-14.4pp	7.7%	1.2%	-6.5pp

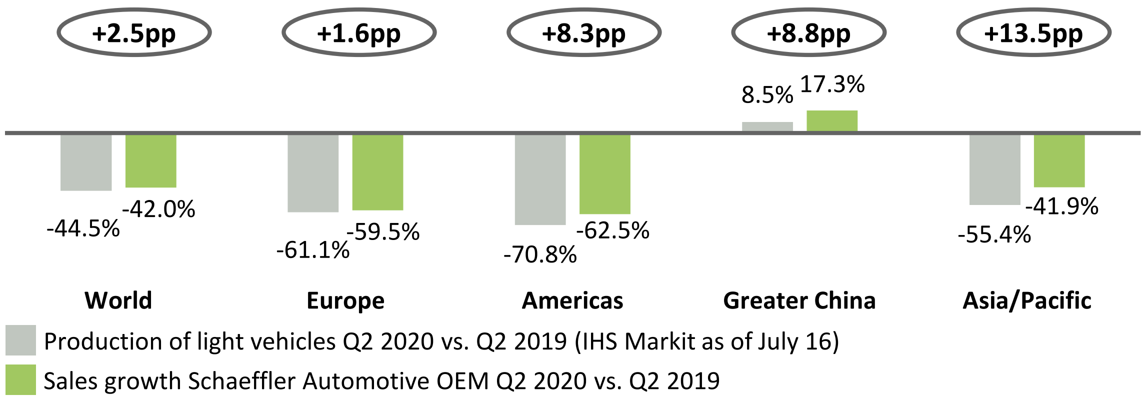
SCHAEFFLER

Automotive OEM – Outperformance achieved in all regions, negative EBIT

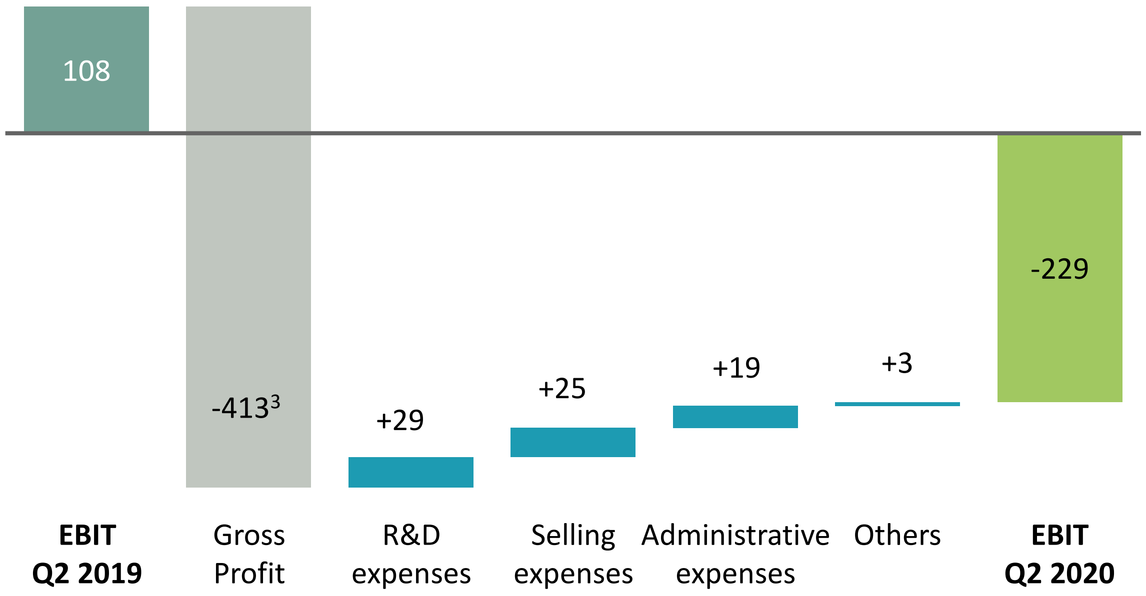
Sales by business division | yoy growth

	Q2 2019	Q2 2020	Δ[1]
E-Mobility	159	128	-18.8%
Engine Systems	689	384	-43.6%
Transmission Systems	987	548	-43.1%
Chassis Systems	397	196	-49.1%
Total	**2,232**	**1,256**	**-42.0%**

Outperformance: Sales[1] vs. market development in Q2



EBIT[2] Q2 2019 vs. Q2 2020 | in EUR mn



EBIT margin development[2]

4.9%	-16.8pp	-3.6pp	-1.2pp	-1.5pp	+0.0pp	-18.2%

[1] FX-adjusted | [2] Before special items | [3] Includes negative FX effects of EUR 6 mn

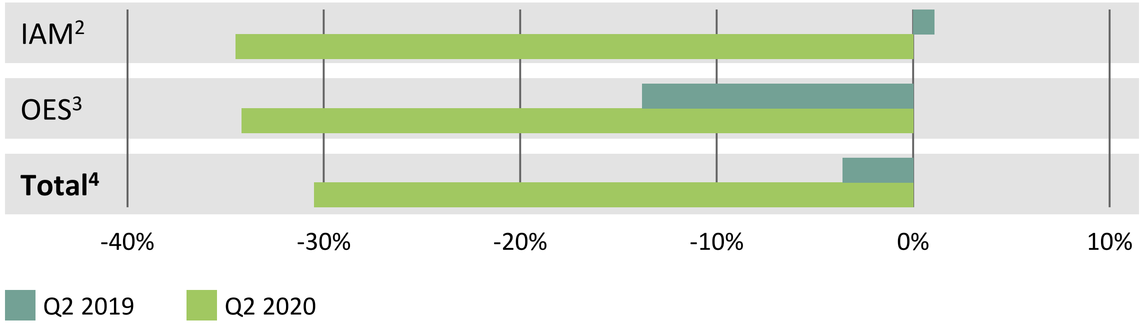
SCHAEFFLER

Automotive Aftermarket – Severe sales decline in core regions, good overhead cost control

Sales by region | yoy growth

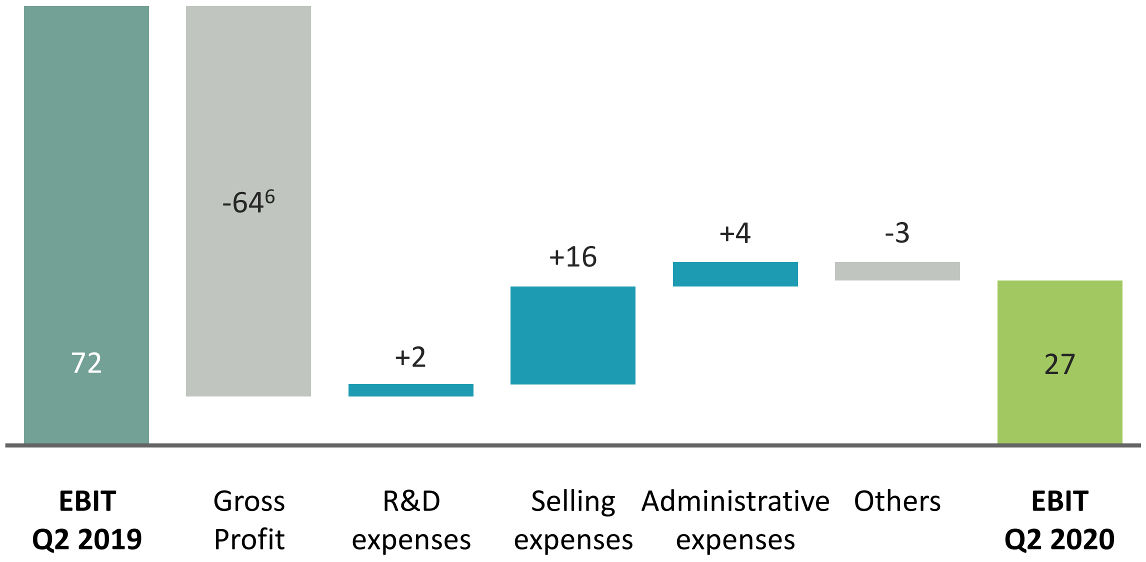
	Q2 2019	Q2 2020	Δ[1]
Europe	320	212	-31.7%
Americas	95	56	-33.3%
Greater China	22	21	-0.8%
Asia/Pacific	25	13	-43.4%
Total	**461**	**301**	**-30.5%**

Automotive Aftermarket sales growth by channel[1]



[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

EBIT[5] Q2 2019 vs. Q2 2020 | in EUR mn



EBIT margin development[5]

EBIT Q2 2019	Gross Profit	R&D expenses	Selling expenses	Administrative expenses	Others	EBIT Q2 2020
15.6%	-3.3pp	-0.2pp	-1.7pp	-0.8pp	-0.6pp	9.0%

[5] Before special items | [6] Includes negative FX effects of EUR 8 mn

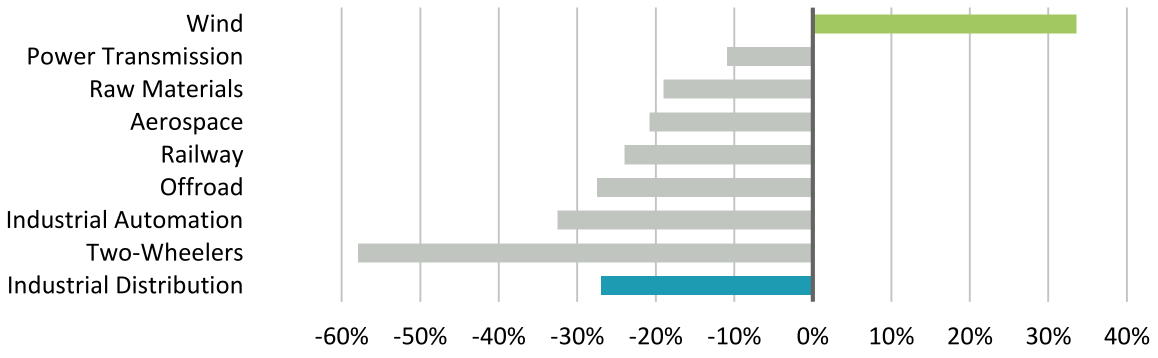
SCHAEFFLER

Industrial – Polarized sales development, earnings quality robust

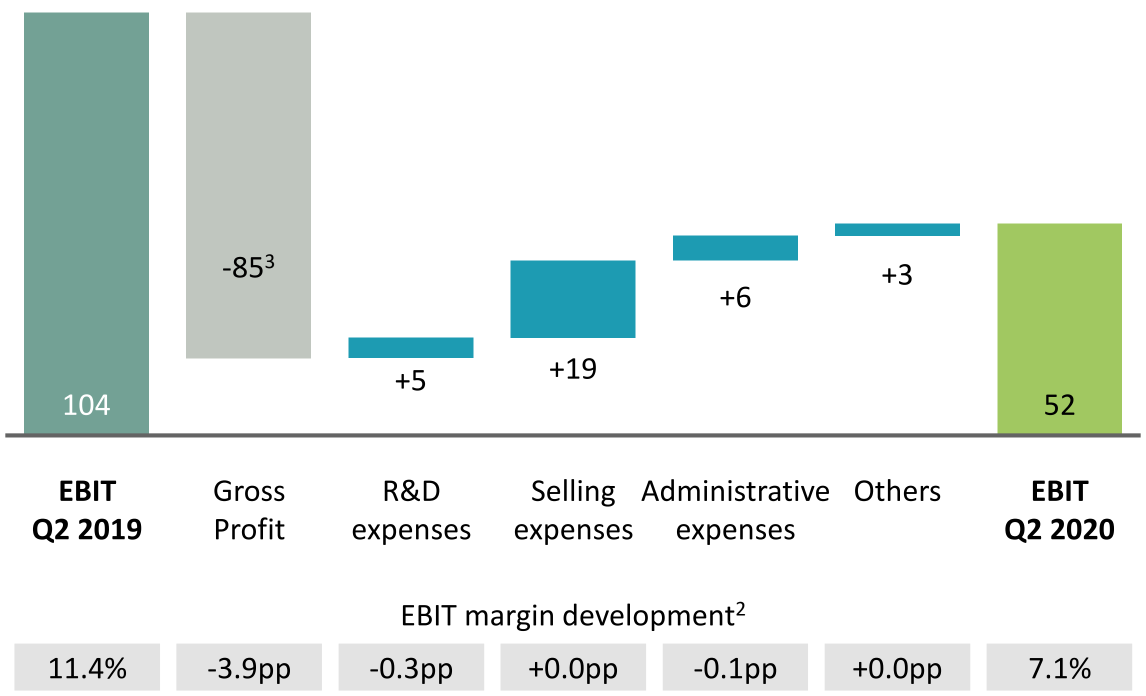
Sales by region | yoy growth

	Q2 2019	Q2 2020	Δ[1]
Europe	422	308	-26.5%
Americas	160	120	-24.2%
Greater China	191	218	+14.6%
Asia/Pacific	138	89	-32.7%
Total	**911**	**734**	**-18.1%**

Industrial sales growth by sector cluster Q2 2020[1]



EBIT[2] Q2 2019 vs. Q2 2020 | in EUR mn

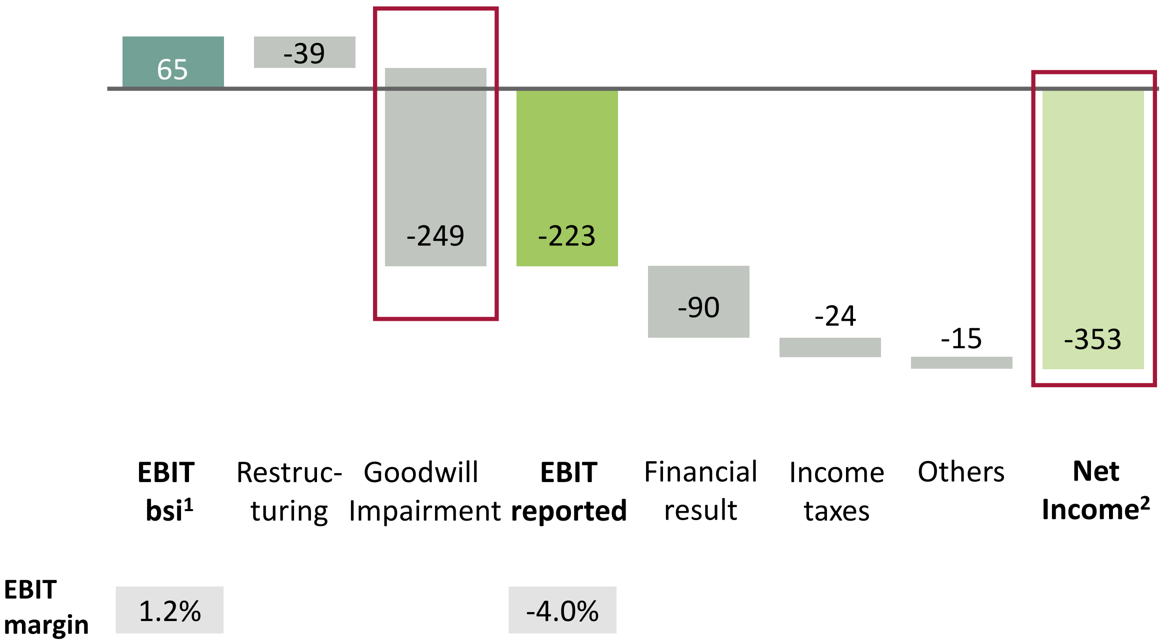


[1] FX-adjusted | [2] Before special items | [3] Includes negative FX effects of EUR 4 mn

3 EBIT before special items – Reconciliation H1 2020

SCHAEFFLER

Reconciliation H1 2020 | in EUR mn



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

Key aspects

- Expansion of voluntary severance scheme in Europe, leading to EUR 39 mn additional provision for programs RACE and FIT in H1
- Goodwill impairment of EUR 249 mn in division Automotive OEM triggered by uncertainty related to Coronavirus pandemic
- Goodwill impairment not relevant for income taxes

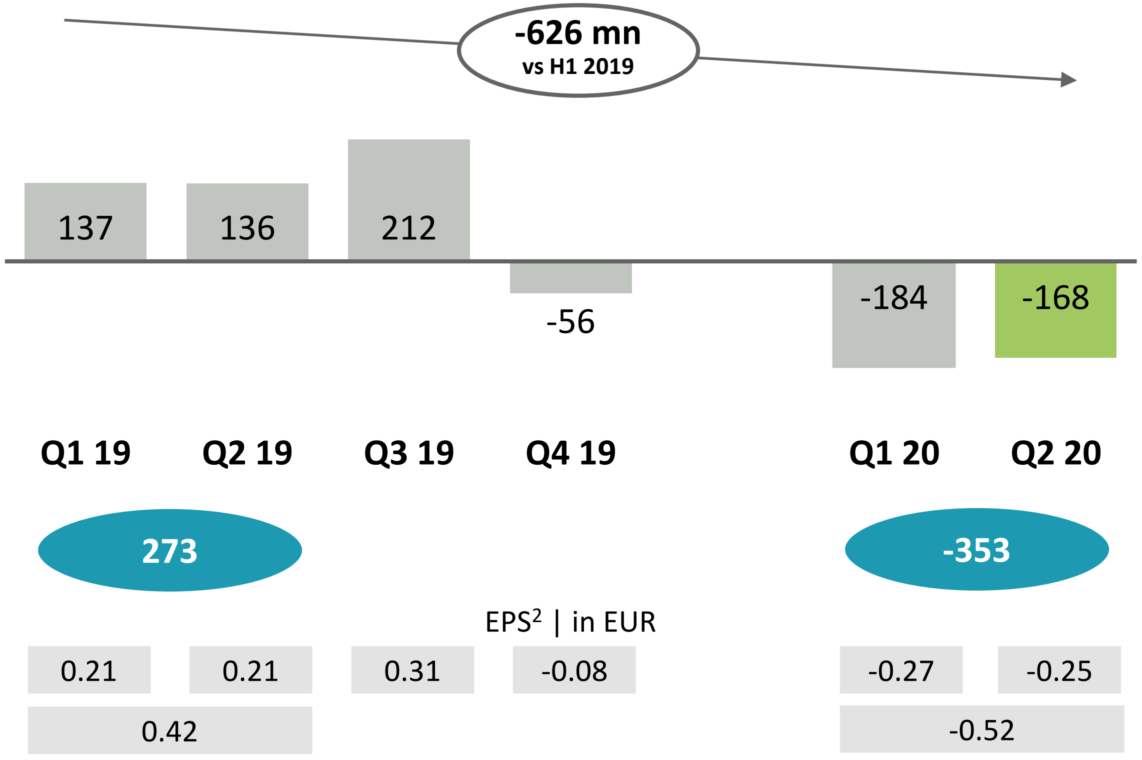
Special items by division| in EUR mn

in EUR m	Q1 19	H1 19	9M 19	FY 19	Q1 20	H1 20
EBIT Reported	230	483	795	790	-88	-223
Auto OEM	55	73	87	209	270	265
Aftermarket	-	-	-	15	-	-
Industrial	-13	0	0	147	32	22
Group	42	73	88	372	302	288
EBIT bsi[1]	272	556	883	1,161	215	65

SCHAEFFLER

4 Net income[1] Q2 2020 EUR -168 mn – EPS[2] Q2 2020 at EUR -0.25 (PY: EUR 0.21)

Net income[1] | in EUR mn

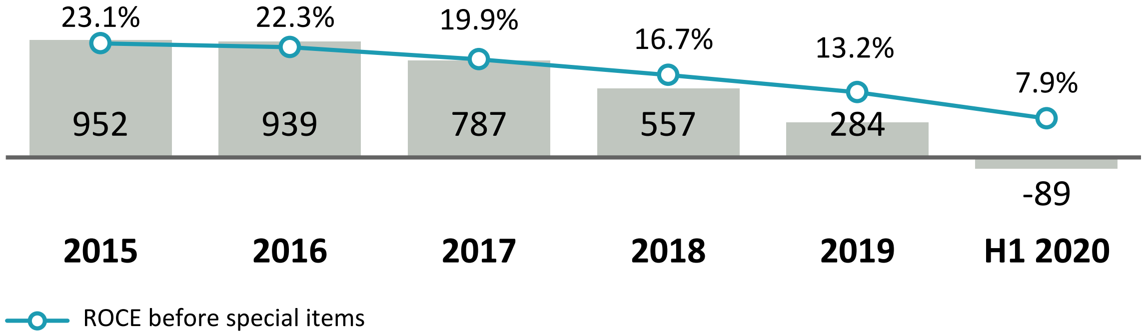


[1] Attributable to the shareholders of the parent company | [2] Earnings per common non-voting share

Key aspects

- In H1 Net income[1] reached EUR -353 mn, Net income before special items amounted to EUR -76 mn
- EPS[2] decreased to EUR -0.25 (Q2 19: EUR 0.21)
- Schaeffler Value Added[3] decreased to EUR -89 mn (H1 19: EUR 289 mn) due to lower EBIT and higher average Capital Employed

Schaeffler Value Added[3] | in EUR mn

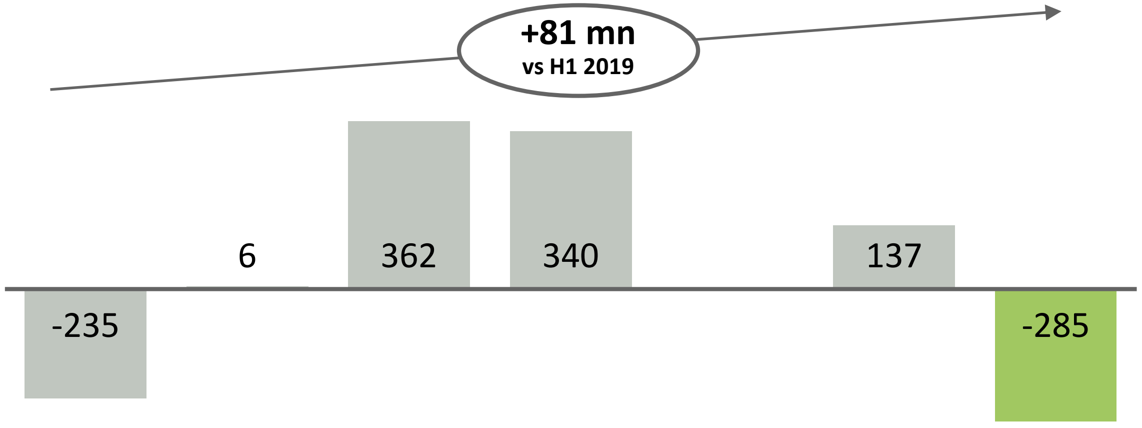


[3] EBIT before special items LTM minus Cost of Capital (2019: 10% × Ø Capital Employed; 2020: 9% × Ø Capital Employed)

SCHAEFFLER

5 Free Cash Flow before M&A[1] FY at EUR -148 mn (PY: EUR -229 mn)

Free Cash Flow before M&A[1] | in EUR mn



	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20
FCF reported	-300	10	322	341	137	-285
FCF Conversion ratio[2]	10%	11%	19%	22%	41%	34%
Capex ratio[3]	10.3%	6.1%	6.3%	6.2%	5.0%	5.9%

[1] Before cash in- and outflows for M&A activities
[2] LTM FCF before M&A divided by EBITDA before special items | [3] Capex in % of sales

Key aspects

- FCF[1] in Q2 amounted to EUR -285 mn, mainly driven by negative EBIT and Working Capital; in addition higher non recurring items as a result of cash outs for efficiency programs
- Despite lower EBIT, FCF[1] in H1 improved YoY by EUR 81 mn
- Strict prioritization led to reduced Capex of EUR 136 mn (Q2 19: EUR 221 mn)

FCF Details | in EUR mn

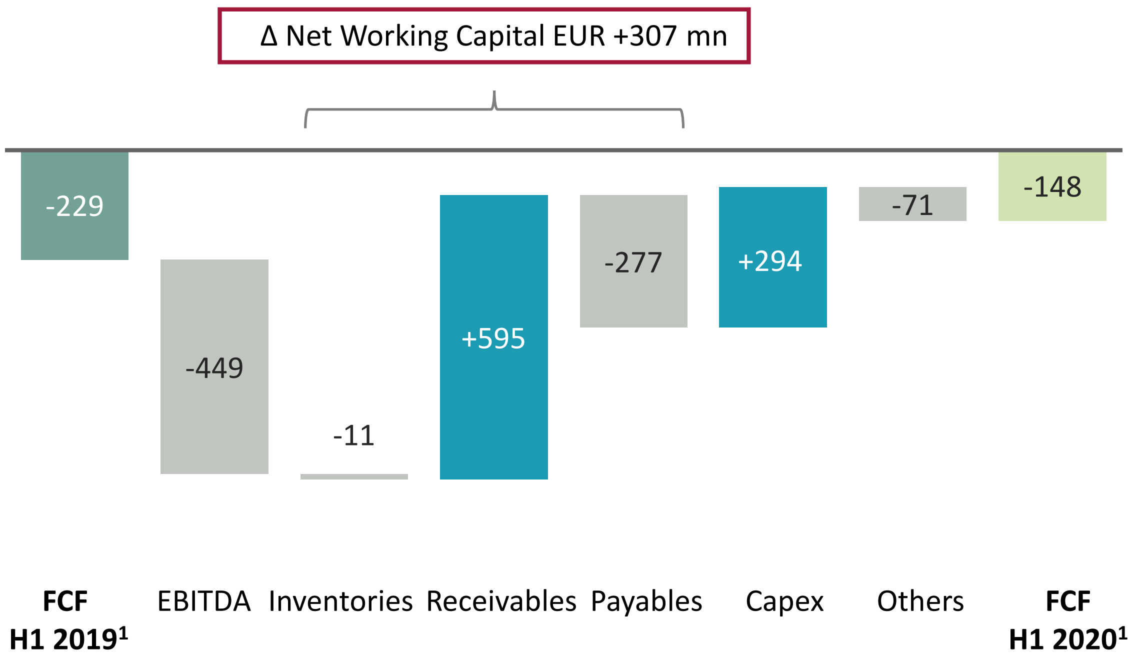
	Q2 2019	Q2 2020	*Δ Q2 20/19*	H1 2019	H1 2020	*Δ H1 20/19*
FCF as reported	**10**	**-285**	***-295***	**-290**	**-148**	***142***
M&A	-4	0	*4*	61	0	*-61*
FCF before M&A	**6**	**-285**	***-291***	**-229**	**-148**	***81***
Non recurring items[4]	31	62	*31*	45	134	*89*
Investments[5]	0	5	*5*	51	11	*-40*
Receivable Sale Program	0	50	*50*	0	50	*50*
	37	**-168**	***-205***	**-133**	**47**	***180***

[4] Including payments for legal cases and restructuring measures | [5] Capex in major strategic projects, e.g. Agenda 4 plus One (AKO Europe, EDC, Focus)

SCHAEFFLER

5 Free Cash Flow details H1 2020 – Net Working Capital and Capex prioritization

FCF[1] H1 2019 vs. H1 2020 | in EUR mn



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

Key aspects

- Positive Net Working Capital Delta of EUR +307 mn contributed materially to the FCF composition in H1 2020
- Capex prioritization resulted in a Capex reduction in H1 of EUR 294 mn
- Others include mainly cash outs for the voluntary severance scheme in Europe and other components of efficiency programs
- Receivable Sale program reduced by EUR 50 mn in Q2

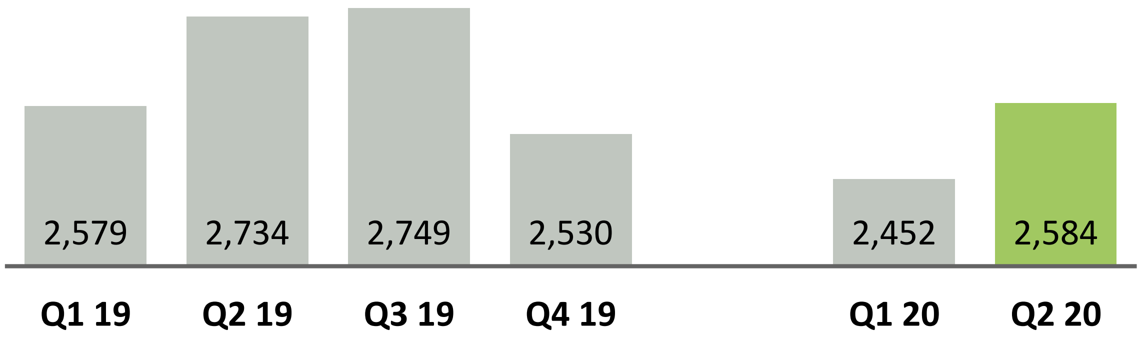
Net Working Capital details | in EUR mn

Change in	Q1 2019	Q1 2020	Q2 2019	Q2 2020	H1 2019	H1 2020	*Δ H1 20/19*
Inventories	-117	-151	-24	-1	-141	-152	-11
Receivables	-241	76	-23	255	-264	331	595
thereof R. Sale Program	*0*	*0*	*0*	*-50*	*0*	*-50*	*-50*
Payables	62	62	-118	-394	-55	-332	-277
Δ Net Working Capital	**-296**	**-13**	**-165**	**-140**	**-460**	**-153**	**307**
Working Capital ratio[1]	*18.0*	*17.4*	*19.2*	*20.2*	*19.2*	*20.2*	-

[1] in % of sales (LTM)

6 Working Capital ratio 20.2% – Capex ratio 5.9% in Q2

Working capital[1] | in EUR mn

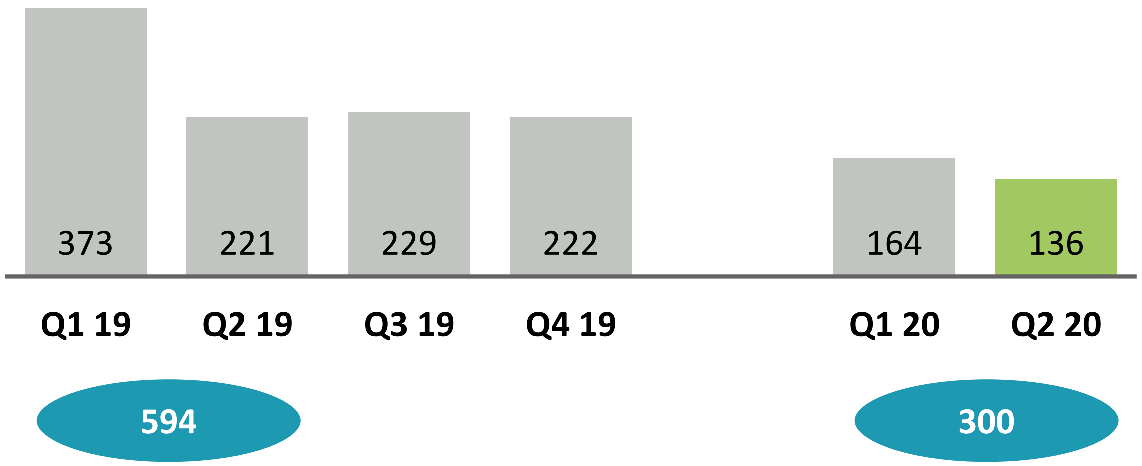


in % of sales (LTM)

Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20
18.0%	19.2%	19.1%	17.5%	17.4%	20.2%
19.2%				20.2%	

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

Capex[2] | in EUR mn



in % of sales

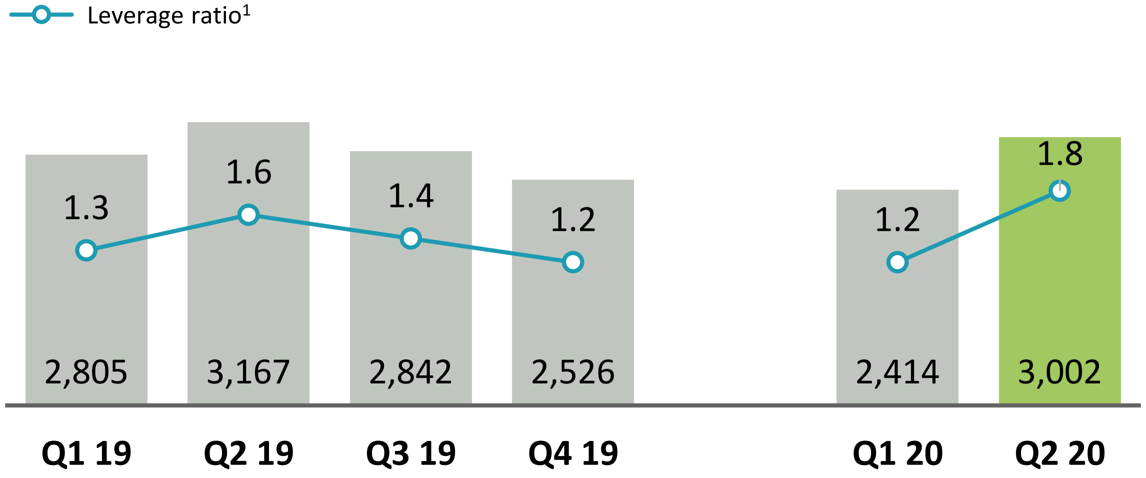
Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20
10.3%	6.1%	6.3%	6.2%	5.0%	5.9%
8.2%				5.4%	

[2] Cash view

SCHAEFFLER

7 Net debt of EUR 3,002 mn – Leverage ratio[1] at 1.8x

Net financial debt and Leverage ratio[1] | in EUR mn



	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20
Gross debt	4,876	3,725	3,490	3,194	3,044	3,921
Cash & cash equivalents	2,071	559	648	668	629	919
Gearing ratio[2]	89%	116%	103%	87%	94%	160%

[1] Net financial debt to EBITDA ratio before special items | [2] Ratio of net financial debt to equity incl. non-controlling interests in % | [3] Excluding restricted cash

Key aspects

- Net financial debt increased to EUR 3.0 bn and including dividend payment, Leverage ratio[1] 1.8x
- Completion of Schuldschein transaction with a total volume of EUR 507 mn, out of which EUR 300 mn are used for sustainable projects

Strong liquidity situation

- Cash balance Schaeffler Group as per end of June 2020 EUR 919 mn (end of March EUR 629 mn, year end 2019 EUR 668 mn)
- Committed unused credit lines on Group level of almost EUR 1.9 bn as per end of June 2020, available liquidity[3] 19% of LTM Net Sales

Agenda

SCHAEFFLER

Post-Coronavirus world further reinforces some global investment trends – Schaeffler strongly positioned

Governments supporting growth in new technologies

SUPPORT JOB CREATION
in future-oriented technology fields

Sustainable investments as key lever to restart the European economy

SUPPORT INVESTMENT
in growing sectors & markets

Key themes for automotive and industrial suppliers

1 Faster shift to EVs and cleaner ICE in individual mobility

2 Increasing investment in rail and public infrastructure

3 Sustained investment in renewable energy

Schaeffler areas of competence

- Significant annual order intake in solutions for electrification (hybrid modules, e-axles, etc)
- Cleaner, lower CO2 ICE solutions

- Bearings and complete drive systems for Rail, plus condition monitoring and maintenance
- Key components for hydrogen-powered fuel cells

- Global Player in Offshore and Onshore Wind turbines components and condition monitoring solutions

Schaeffler well equipped with sustainable solutions to participate in these growth markets

SCHAEFFLER

The strategic relevance of sustainability further increased

Sustainability is an integral part of our Corporate Values

Schaeffler Group is engaged in impactful initiatives

value balancing alliance
United Nations Global Compact
PARIS2015 COP21·CMP11
econsense
Responsible Minerals Initiative

Focused action on key priorities has resulted in rating improvements

Silver Medal 2019 (ecovadis)

"B-"Score in 2019 (CDP)

Low risk category 2020 (Sustainalytics)

Systematic process to analyze stakeholder requirements established

- Customers
- Employees
- Regulators
- Investors

Five sustainability targets with direct link to top management compensation

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 purchasing volume of production material from suppliers with Sustainability self assessments until 2022

SCHAEFFLER

Conclusion & Outlook – Solid Q2 performance, acting on all levers under our control

1. Solid Q2 performance, despite severe Coronavirus impact, sequentially improving in June and July
2. Relentless commercial push in all divisions – Encouraging Order intake in E-Mobility, new orders and product launches in Industrial
3. Appropriate short-term cost flexing – We will further adapt our structures to market conditions
4. Coronavirus-related uncertainty remains high – We activate all levers under our control
5. Schaeffler Group divisions well positioned in Post-Coronavirus increasingly relevant growth fields in Automotive and Industrial

Diversified Automotive and Industrial supplier – Strong Balance Sheet and FCF protection

SCHAEFFLER

Financial calendar 2020 / 2021 – Capital Market Update in CW 48

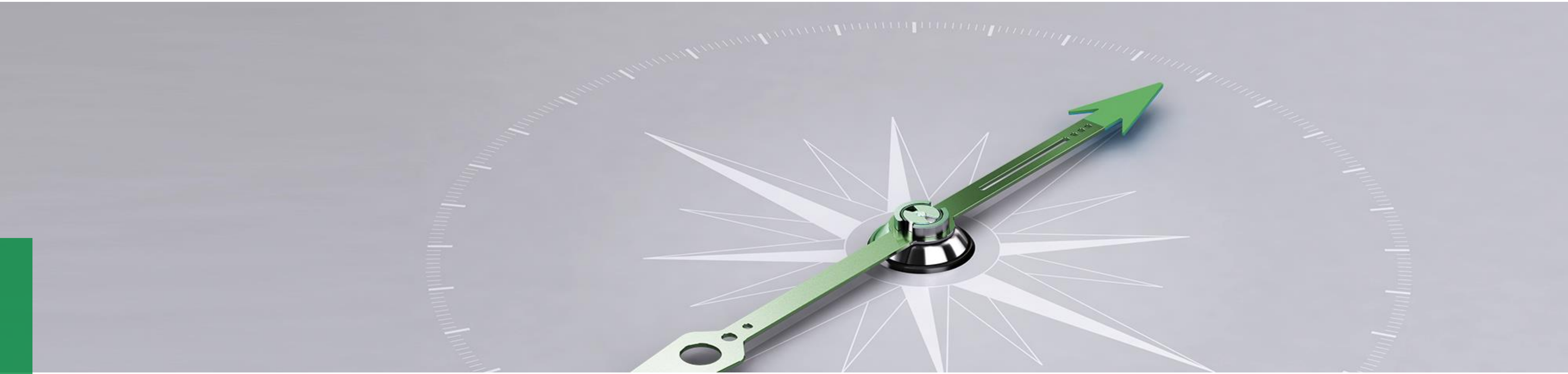
Roadshows

Aug 6	London, Virtual Roadshow HSBC
Aug 7	Frankfurt, Virtual Roadshow DZ Bank

Regular capital market communication

Aug 4	H1 2020 Earnings Release
Nov 10	9M 2020 Earnings Release
CW 48	Capital Market Update
Mar 4	FY 2020 Earnings Release

SCHAEFFLER



IR Contact

Investor Relations
Phone: + 49 9132 82 4440
Email: ir@schaeffler.com
Web: www.schaeffler.com/ir

SCHAEFFLER

Backup 1

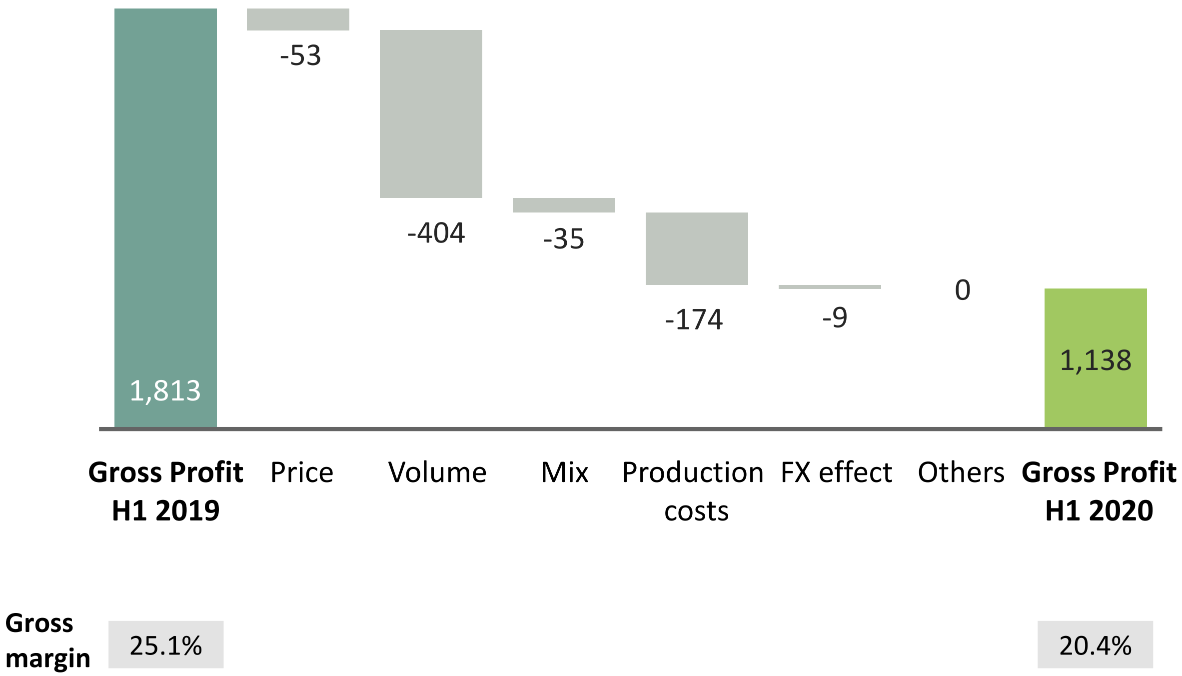
–

Usual information top-up

SCHAEFFLER

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

Gross Profit H1 2019 vs. H1 2020 | in EUR mn



Key aspects

- Normal negative price effect in Automotive OEM, Industrial still with positive price momentum
- Negative volume effects across all divisions representing major impact on Gross Profit development
- Cost flexing measures could not fully compensate the negative volume related production cost development, especially in Automotive OEM

Gross Margin

in % of sales	Q2 19	Q2 20	Q2 20 vs. Q2 19	H1 19	H1 20	H1 20 vs. H1 19
Auto OEM	20.6%	3.8%	-16.8pp	20.9%	13.2%	-7.7pp
Aftermarket	33.6%	30.3%	-3.3pp	34.0%	33.4%	-0.6pp
Industrial	31.1%	27.2%	-3.9pp	31.1%	29.2%	-1.9pp
Group	25.0%	14.8%	-10.2pp	25.1%	20.4%	-4.7pp

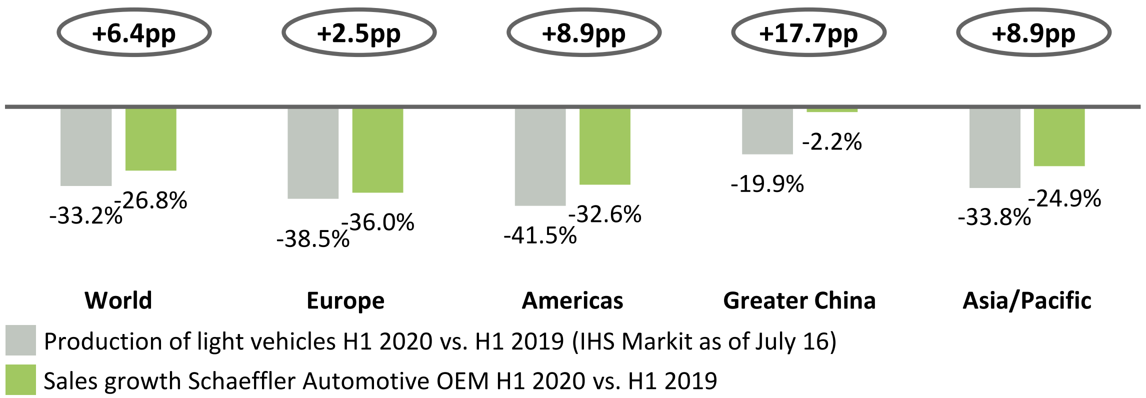
SCHAEFFLER

Automotive OEM – Strong Outperformance achieved in all regions, negative EBIT

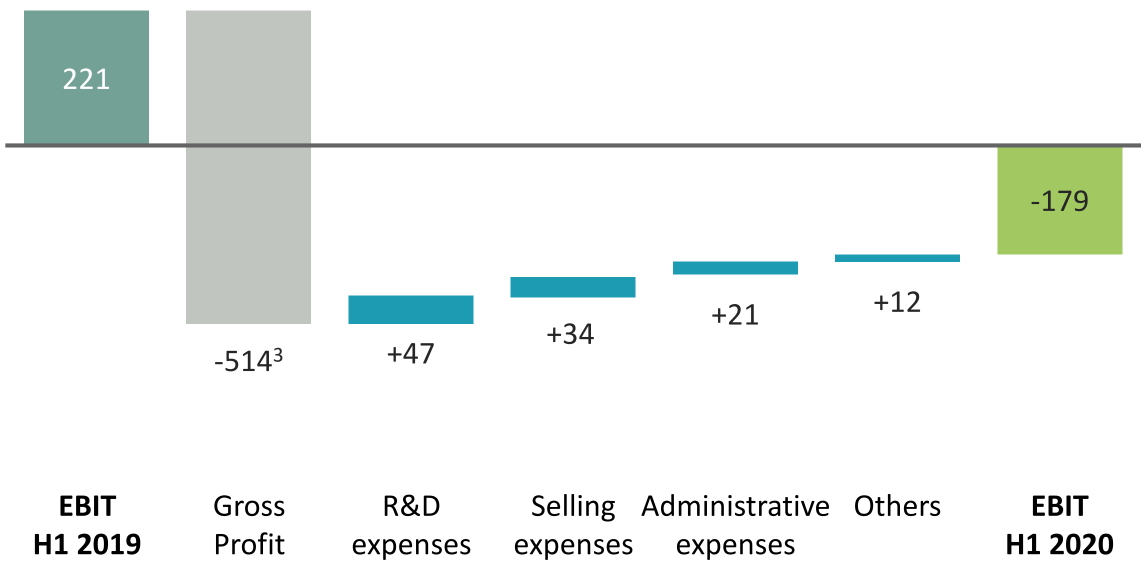
Sales by business division | yoy growth

	H1 2019	H1 2020	Δ[1]
E-Mobility	306	271	-10.6%
Engine Systems	1,388	988	-28.6%
Transmission Systems	2,026	1,450	-27.9%
Chassis Systems	798	555	-29.4%
Total	**4,517**	**3,264**	**-26.8%**

Outperformance: Sales[1] vs. market development in H1



EBIT[2] H1 2019 vs. H1 2020 | in EUR mn



EBIT margin development[2]

4.9%	-7.7pp	-1.5pp	-0.5pp	-0.9pp	+0.2pp	-5.5%

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

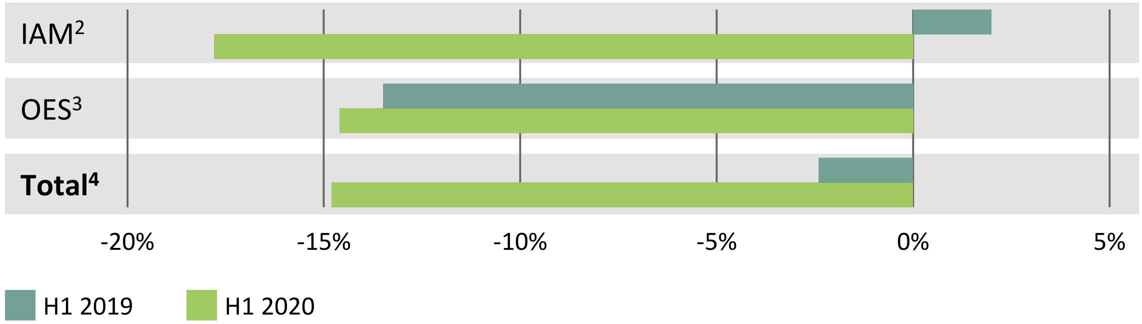
SCHAEFFLER

Automotive Aftermarket – Sales decline in all regions, robust earnings quality

Sales by region | yoy growth

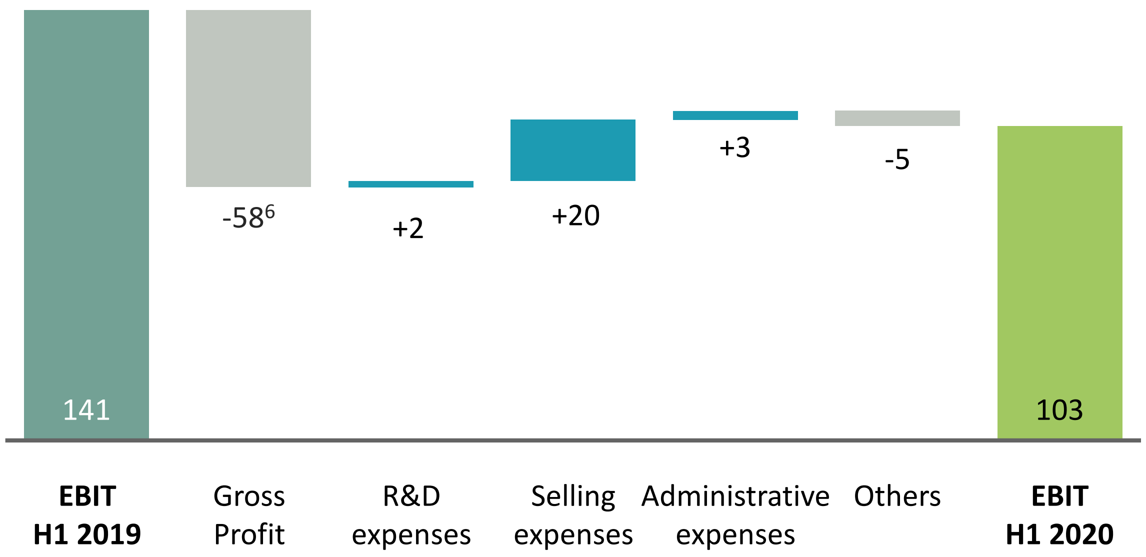
	H1 2019	H1 2020	Δ[1]
Europe	632	541	-13.3%
Americas	183	137	-19.5%
Greater China	41	35	-12.3%
Asia/Pacific	48	34	-27.0%
Total	**904**	**747**	**-14.8%**

Automotive Aftermarket sales growth by channel[1]



[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

EBIT[5] H1 2019 vs. H1 2020 | in EUR mn



EBIT margin development[5]

15.6%	-0.6pp	+0.0pp	+0.0pp	-0.4pp	-0.8pp	13.8%

[5] Before special items | [6] Includes negative FX effect of EUR 8 mn

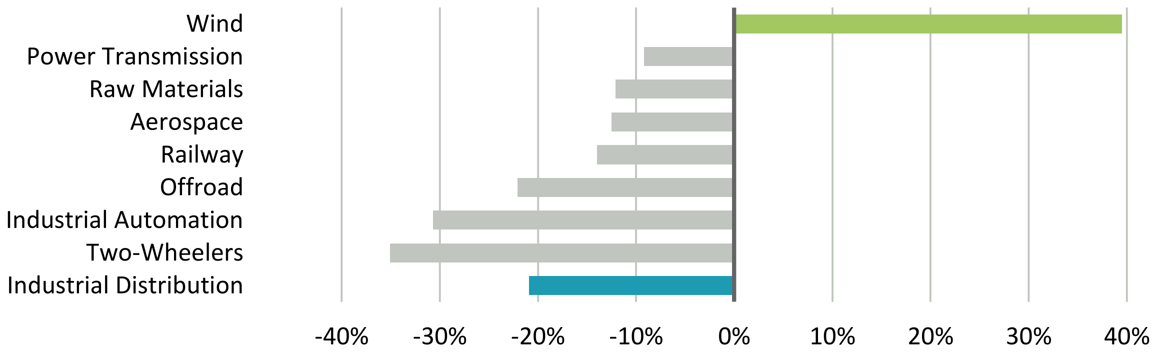
SCHAEFFLER

Industrial – Sales decline in all sector clusters except Wind, earnings quality robust

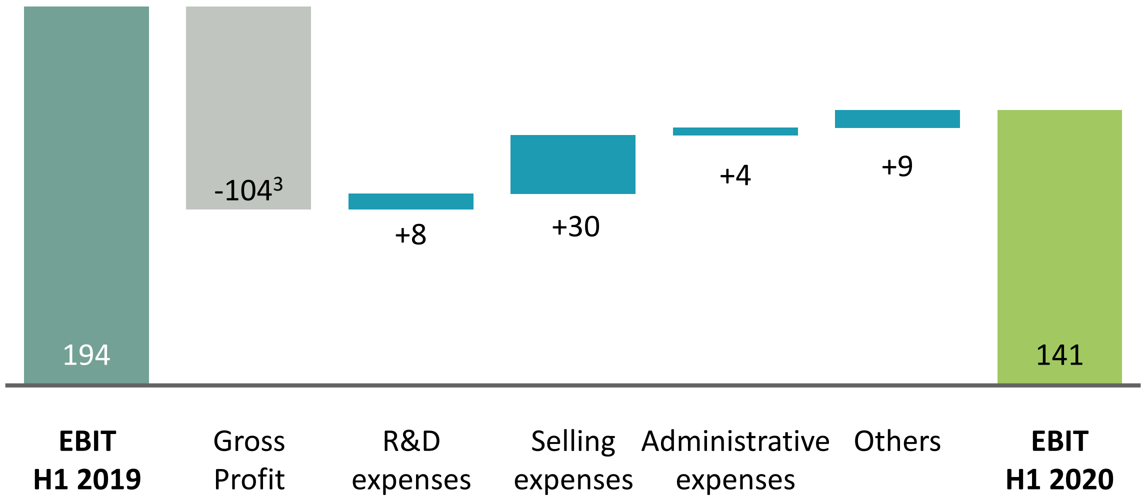
Sales by region | yoy growth

	H1 2019	H1 2020	Δ[1]
Europe	860	680	-20.6%
Americas	322	269	-16.8%
Greater China	346	407	+17.6%
Asia/Pacific	276	207	-23.4%
Total	**1,804**	**1,562**	**-12.8%**

Industrial sales growth by sector cluster H1 2020[1]



EBIT[2] H1 2019 vs. H1 2020 | in EUR mn



EBIT margin development[2]

EBIT H1 2019	Gross Profit	R&D expenses	Selling expenses	Administrative expenses	Others	EBIT H1 2020
10.8%	-1.9pp	-0.1pp	+0.1pp	-0.3pp	+0.4pp	9.0%

[1] FX-adjusted | [2] Before special items | [3] No FX impact

SCHAEFFLER

Automotive OEM outperformance by quarters

YTD 20
Outperformance: +6.4pp

New regional structure for 2019 and 2020 figures applied

	Q1 20 IHS[1]	Q1 20 Auto OEM[2]	Q1 20 Outperformance	Q2 20 IHS[1]	Q2 20 Auto OEM[2]	Q2 20 Outperformance
World	-22.2%	-12.0%	**+10.2pp**	-44.5%	-42.0%	**+2.5pp**
Europe	-16.1%	-13.5%	**+2.6pp**	-61.1%	-59.5%	**+1.6pp**
Americas	-11.6%	-5.2%	**+6.4pp**	-70.8%	-62.5%	**+8.3pp**
Greater China	-45.7%	-22.8%	**+22.9pp**	+8.5%	+17.3%	**+8.8pp**
Asia/Pacific	-13.3%	-7.3%	**+6.0pp**	-55.4%	-41.9%	**+13.5pp**

FY 19
Outperformance: +4.7pp

	Q1 19 IHS[1]	Q1 19 Auto OEM[2]	Q1 19 Outperformance	Q2 19 IHS[1]	Q2 19 Auto OEM[2]	Q2 19 Outperformance
World	-5.7%	-1.7%	**+4.0pp**	-8.2%	-4.2%	**+4.0pp**
Europe	-6.5%	-3.5%	**+3.0pp**	-8.3%	-7.5%	**+0.8pp**
Americas	-3.4%	+12.4%	**+15.8pp**	-2.2%	+4.7%	**+6.9pp**
Greater China	-11.3%	-14.5%	**-3.2pp**	-18.7%	-10.7%	**+8.0pp**
Asia/Pacific	-0.4%	+1.2%	**+1.6pp**	-0.9%	-0.8%	**+0.1pp**

	Q3 19 IHS[1]	Q3 19 Auto OEM[2]	Q3 19 Outperformance	Q4 19 IHS[1]	Q4 19 Auto OEM[2]	Q4 19 Outperformance
World	-3.8%	+1.4%	**+5.2pp**	-4.2%	+1.2%	**+5.4pp**
Europe	-0.1%	-3.6%	**-3.5pp**	-3.7%	-7.1%	**-3.4pp**
Americas	-1.3%	+8.7%	**+10.0pp**	-8.0%	+3.8%	**+11.8pp**
Greater China	-7.7%	+7.1%	**+14.8pp**	+3.1%	+24.6%	**+21.5pp**
Asia/Pacific	-5.0%	-2.1%	**+2.9pp**	-10.5%	-9.7%	**+0.8pp**

[1] Light Vehicle production growth according to IHS Markit as of July 16 | [2] FX-adjusted sales growth of Automotive OEM division

Key figures by Group and division

SCHAEFFLER

Adjusted comparative figures 2019

Group | in EUR mn

	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20
Sales	3,622	3,604	3,613	3,588	3,282	**2,292**
***Sales Growth*[1]**	*+0.4%*	*-2,0%*	*+1.2%*	*+0.6%*	*-9.2%*	***-34.5%***
EBIT Reported	230	253	312	-5	-88	**-135**
EBIT bsi	272	284	327	279	215	**-150**
EBIT bsi margin	7.5%	7.9%	9.1%	7.8%	6.5%	**-6.5%**

Automotive Aftermarket | in EUR mn

	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20
Sales	443	461	482	462	446	**301**
***Sales Growth*[1]**	*-1.1%*	*-3.6%*	*+0.1%*	*+0.1%*	*+1.5%*	***-30.5%***
EBIT Reported	69	72	87	62	76	**27**
EBIT bsi	69	72	87	77	76	**27**
EBIT bsi margin	15.5%	15.6%	18.1%	16.7%	17.1%	**9.0%**

Automotive OEM | in EUR mn

	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20
Sales	2,285	2,232	2,254	2,272	2,008	**1,256**
***Sales Growth*[1]**	*-1.7%*	*-4.2%*	*+1.4%*	*+1.2%*	*-12.0%*	***-42.0%***
EBIT Reported	58	90	143	-5	-220	**-225**
EBIT bsi	113	108	158	117	50	**-229**
EBIT bsi margin	4.9%	4.9%	7.0%	5.1%	2.5%	**-18.2%**

Industrial | in EUR mn

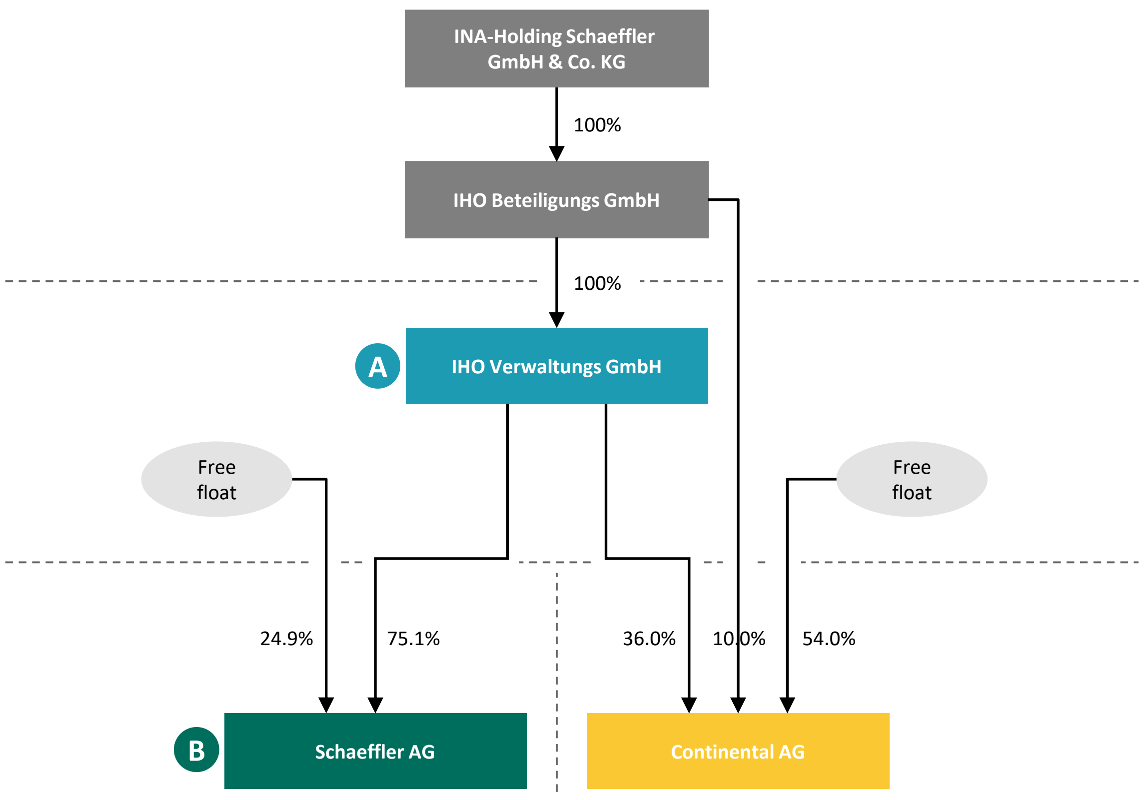
	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20
Sales	893	911	877	853	828	**734**
***Sales Growth*[1]**	*+6.9%*	*+5.0%*	*+1.2%*	*-0.6%*	*-7.5%*	***-18.1%***
EBIT Reported	103	91	83	-63	56	**63**
EBIT bsi	90	104	83	84	88	**52**
EBIT bsi margin	10.1%	11.4%	9.4%	9.9%	10.7%	**7.1%**

[1] FX-adjusted

Overview Corporate and Financing Structure

SCHAEFFLER

Corporate structure (simplified) | as of June 30, 2020



Financing structure | as of June 30, 2020

A IHO Verwaltungs GmbH

	Debt instrument	Nominal (USD m)	Nominal (EUR[1] m)	Interest	Maturity	Rating (Fitch/Moody's/S&P[5])
Loans	Term loan (EUR)	-	600	E+2.75%	May-24	Not rated
	RCF (EUR 400 m)	-	-	E+2.75%	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	447	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	402	6.00%	May-27	BB+/Ba2/BB-
	6.375% SSNs 2029 (USD)	400	357	6.375%	May-29	BB+/Ba2/BB-
	Total IHO Verwaltungs GmbH		**3,856**	**Ø 3.68%[2,3]**		

B Schaeffler AG

	Debt instrument	Nominal (USD m)	Nominal (EUR[1] m)	Interest	Maturity	Rating (Fitch/Moody's/S&P[5])
Loans	RCF (EUR 1,800 m)	-	100	E+0.50%	Sep-23	Not rated
	Investment Facility (EUR)	-	238	E+1.00%	Dec-22	Not rated
	Schuldschein Loans (EUR)	-	507	Ø 1.52%	May-23, 25 & 28	Not rated
CP	Commercial Paper Program (EUR)	-	297	Ø 0.16%	Ø Aug-20	Not rated
Bonds	1.125% SNs 2022 (EUR)	-	750	1.125%	Mar-22	BBB-/Ba1/BB+
	1.875% SNs 2024 (EUR)	-	800	1.875%	Mar-24	BBB-/Ba1/BB+
	3.25% SNs 2025 (EUR) - SFBV[4]	-	600	3.25%	May-25	BBB-/Ba1/BB+
	2.875% SNs 2027 (EUR)	-	650	2.875%	Mar-27	BBB-/Ba1/BB+
	Total Schaeffler Group		**3,942**	**Ø 1.91%[3]**		

[1] EUR/USD = 1.1198 | [2] After cross currency swaps | [3] Incl. commitment and utilization fees
[4] Bond issued by Schaeffler Finance B.V., guaranteed by Schaeffler AG | [5] Downgrade on 20 July 2020

Backup 2

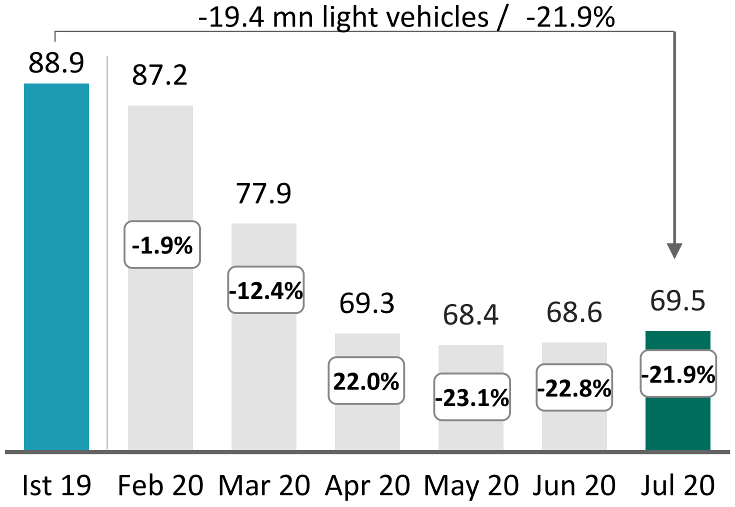
–

Additional information

SCHAEFFLER

Coronavirus Update – Market Indicators for our three divisions

Auto OEM – Global LVP[1] 2020

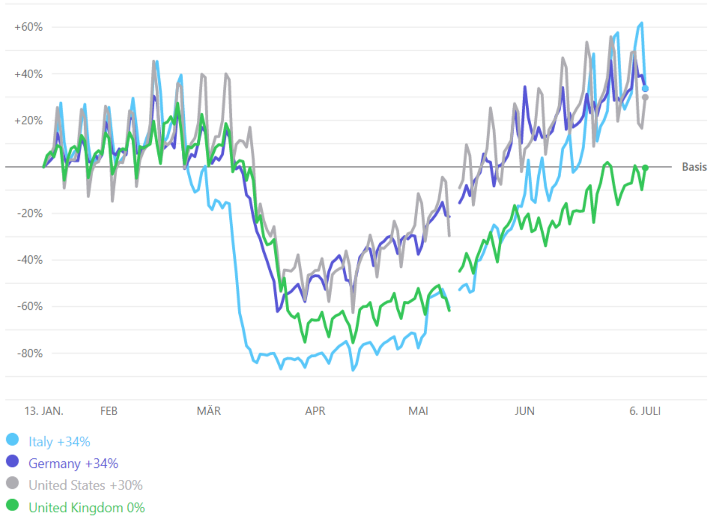


- In June, the global LVP[1] stabilized/slightly increased for the first time since the Coronavirus pandemic
- Global LVP[1] expected to continue to decline in H2 20, however less severe than in H1 20

[1] Light Vehicle Production (IHS Markit as of July 16)

Auto AAM – Mobility trends

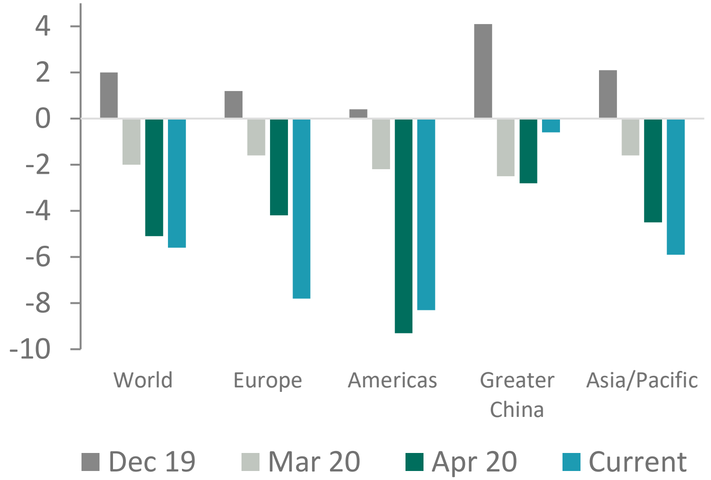
Source: Apple



- Increasing mobility rates across all regions, partly related to increasing preference towards individual mobility
- Positive mobility development is expected to be offset by restricted consumer spending

Industrial – Industrial production 2020

in % vs. 2019, Source: Oxford Economics June 2nd, 2020



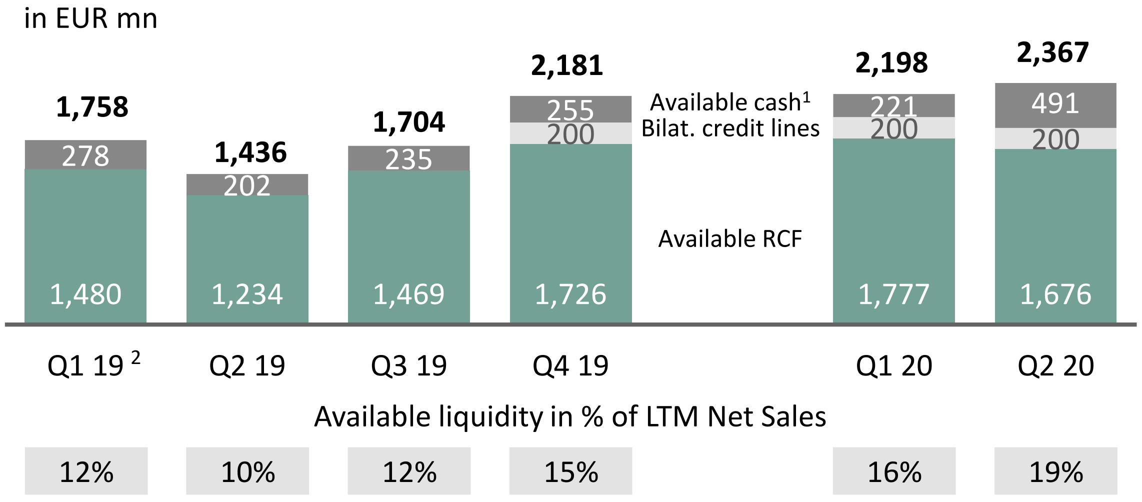
- Further deterioration of the 2020 outlook. Q2 potentially the trough point due to lockdowns and various restrictions
- Majority of G7 economies amongst the hardest hit countries (e.g. Italy, France, Germany). China as a clear bright spot.

SCHAEFFLER

Strong liquidity position of more than EUR 2.4 bn at the end of June – Schuldschein loans successfully raised in Q2

Liquidity

- Cash balance Schaeffler Group as per end of June 2020 EUR 919 mn (end of March EUR 629 mn, year end 2019 EUR 668 mn)
- Committed unused credit lines on Group level of almost EUR 1.9 bn as per end of June 2020, available liquidity[1] 19% of LTM Net Sales



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

Maturity Profile

- Robust debt maturity profile, no major redemptions until March 2022; Commercial Paper maturities fully covered by available cash[1]
- Schuldschein transaction with 3, 5 and 8 year maturities in a total volume of EUR 507 mn settled in Q2 2020