

# Results Q1 2020 Schaeffler AG

Conference Call  
May 6, 2020  
Herzogenaurach

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## Agenda

- 1 Overview
- 2 Business Highlights Q1 2020
- 3 Financial Results Q1 2020
- 4 Outlook

## Robust Q1 results despite Coronavirus pandemic outbreak – Strong Free Cash Flow

### Key messages

- 1 Group sales impacted by Coronavirus – Automotive OEM affected the most (-12%<sup>1</sup>), whereas Aftermarket with slight growth (+1.5%<sup>1</sup>)
- 2 Group EBIT margin<sup>2</sup> protected – Strong EBIT margin in Industrial (10.7%<sup>2</sup>) and Automotive Aftermarket (17.1%<sup>2</sup>)
- 3 Strong FCF<sup>3</sup> with EUR 137 mn – Capex prioritized (EUR 164 mn) and Working Capital reduced
- 4 Headcount further reduced to 86,548 (FY 19: 87,748) – Voluntary severance scheme in Europe expanded to 1,900 headcounts (prior: 1,300)
- 5 Goodwill impairment of EUR 249 mn in Automotive OEM – Reduction of balance sheet risks
- 6 Virtual AGM on May 8, dividend proposal EUR 45 cent<sup>4</sup> confirmed – More detailed FY 2020 guidance will be provided once visibility improves

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

<sup>4</sup> Proposed dividend per common non-voting share

Sales growth<sup>1</sup>

**-9.2%**

EUR 3,282 mn

Gross margin

**24.3%**

EUR 799 mn

EBIT margin<sup>2</sup>

**6.5%**

EUR 215 mn

Free Cash Flow<sup>3</sup>

**EUR 137 mn**

Q1 2019: EUR -235 mn

## Schaeffler Group Q1 2020 – Highlights and lowlights



Automotive OEM sales down by 12%<sup>3</sup> in Q1, with strong outperformance of 11pp (vs. LVP<sup>1</sup> of -23%);

E-Mobility business division with stable development



Automotive Aftermarket with strong performance backed by a solid sales development in Europe and ongoing cost discipline



Industrial with higher EBIT margin<sup>2</sup> yoy despite sales contraction by 7.5%<sup>3</sup>; sector cluster Wind with continued very strong growth pattern, especially in Greater China



Strong FCF<sup>4</sup> of EUR 137 mn, driven by lower investments in previous quarters and reduced Working Capital

<sup>1</sup> Light Vehicle Production (IHS Markit as of April 27) | <sup>2</sup> Before special items | <sup>3</sup> FX adjusted | <sup>4</sup> Before cash in- and outflows for M&A activities



Group gross margin further declined albeit on the back of significantly lower organic growth due to the Coronavirus pandemic



Automotive OEM gross margin subdued driven by Coronavirus-triggered rapid sales drop overcompensating cost flexing measures



Cyclical sectors in Industrial with continued double-digit sales declines, especially in Industrial Automation, Offroad and Two-Wheelers



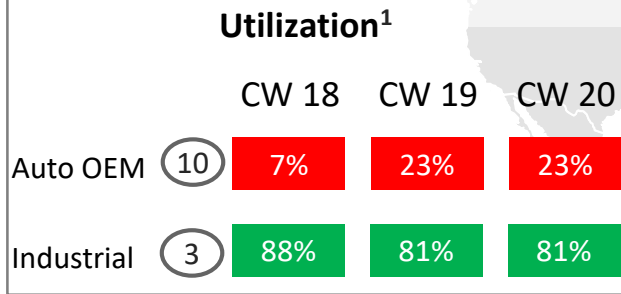
Coronavirus implications trigger EUR 249 mn goodwill impairment in Automotive OEM; conservative valuation results in reduced balance sheet risks

**All 75 Schaeffler plants reopening in CW 20 – Capacity utilization building up**

**Global Footprint**

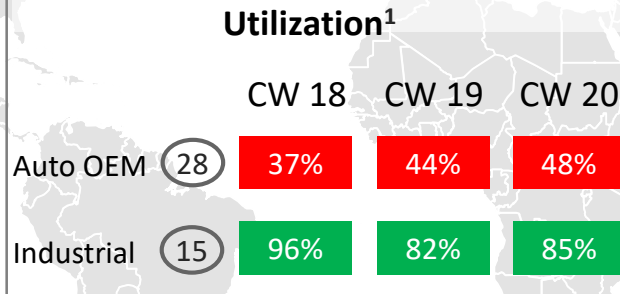
**Americas**

- Until CW 18 7 out of 10 Auto OEM plants shut down, while Industrial plants were producing
- All plants reopening in CW 19



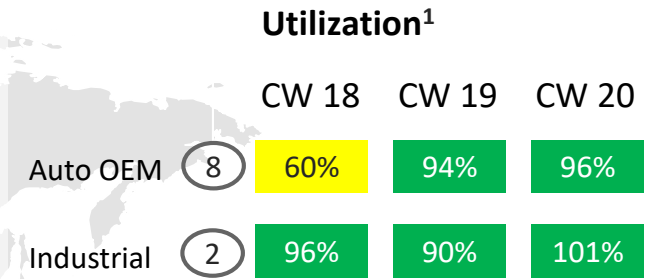
**Europe**

- Until CW 18 3 out of 28 Auto OEM plants shut down; 14 out of 15 Industrial plants operating
- All plants reopening in CW 19



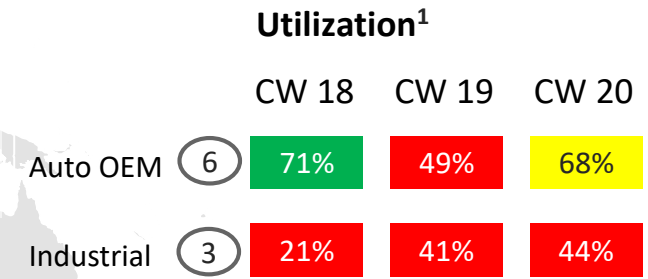
**Greater China**

- All 8 Auto OEM plants and the 2 Industrial plants reopened in CW 8
- Successful ramp-up management



**Asia/Pacific**

- In CW 18 2 out of 6 Auto OEM plants and 1 out of 3 Industrial plants closed
- All plants reopening in CW 20



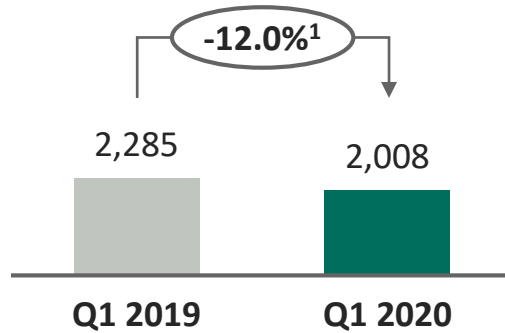
○ Number of plants

<sup>1</sup> Average Utilization per calendar week: ■ < 50% ■ 50% ≤ x < 70% ■ ≥ 70%

**Schaeffler benefitting from balanced business mix (Auto and Industrial) and robust regional setup**

**Automotive OEM – Strong Outperformance, gross margin lower on rapid sales decline**

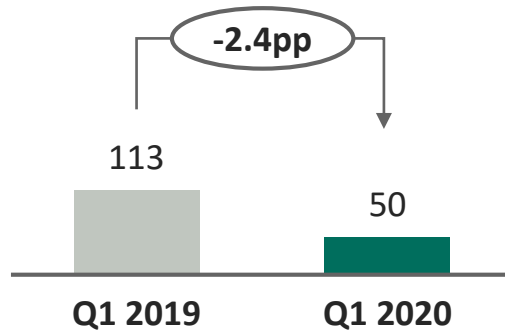
**Sales**  
in EUR mn



**Gross margin**

Q1 2019	21.2%
Q1 2020	19.1%

**EBIT<sup>2</sup>**  
in EUR mn



**EBIT margin<sup>2</sup>**

Q1 2019	4.9%
Q1 2020	2.5%



Automotive OEM sales down by 12%<sup>1</sup> in Q1, with strong outperformance of 11pp (vs. LVP<sup>3</sup> of -23%) driven by all regions, especially Greater China



Overhead costs decreased as a result of efficiency program RACE and lower logistic costs in line with reduced volumes



Capex reduction accelerated, prioritization steered by Capex Committee and according to our capital allocation framework



The Coronavirus pandemic affected the demand side materially in all regions, Greater China showing first signs of a recovery in March

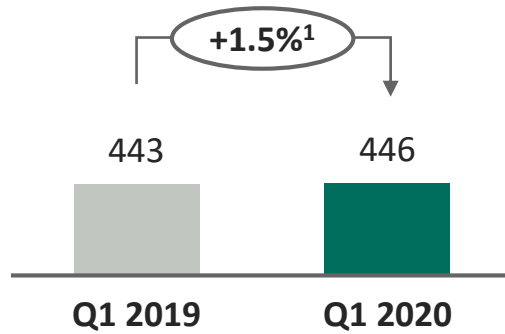


Gross margin negatively affected particularly by the Coronavirus-triggered rapid sales drop

<sup>1</sup> FX-adjusted | <sup>2</sup> Before special items | <sup>3</sup> Light Vehicle Production (IHS Markit as of April 27)

## Automotive Aftermarket – Stable sales development and strong earnings quality in Q1

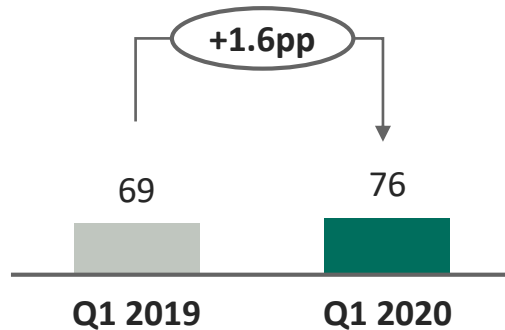
**Sales**  
in EUR mn



**Gross margin**

Q1 2019	34.3%
Q1 2020	35.4%

**EBIT<sup>2</sup>**  
in EUR mn



**EBIT margin<sup>2</sup>**

Q1 2019	15.5%
Q1 2020	17.1%



Strong sales growth of +5.6%<sup>1</sup> in Region Europe, partially related to inventory reduction at the distributor level in the previous year



Improved gross margin through additional sales volume and favorable sales mix



Reduction of selling and administration expenses supported by program GRIP



Coronavirus pandemic led to a sharp sales decline in Greater China followed by reduced demand in the remaining regions towards the end of the reporting period



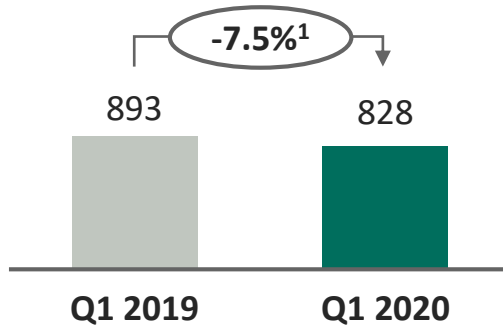
Decrease in miles driven leading to reduced amount of vehicle repairs globally

<sup>1</sup> FX-adjusted | <sup>2</sup> Before special items



**Industrial – Strong earnings quality in Q1, Coronavirus impact on sales limited**

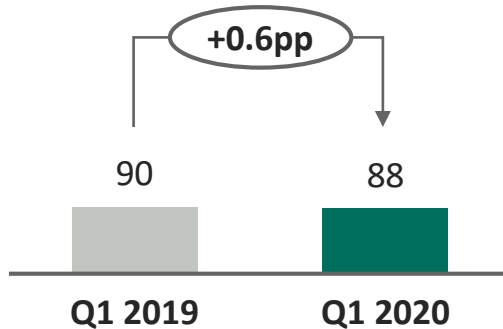
**Sales**  
in EUR mn



**Gross margin**

31.0%      31.1%

**EBIT<sup>2</sup>**  
in EUR mn



**EBIT margin<sup>2</sup>**

10.1%      10.7%



Wind sector with very strong growth, impact from crisis overall limited in Q1 – Double digit growth in China



Gross margin stable despite sales contraction, further successful execution of cost saving program FIT leading to EBIT margin improvement



Proactive adjustment of overhead costs to the sales development



Overall sales decline driven by cyclical slowdown as expected and first impact from Coronavirus, especially shutdowns in India

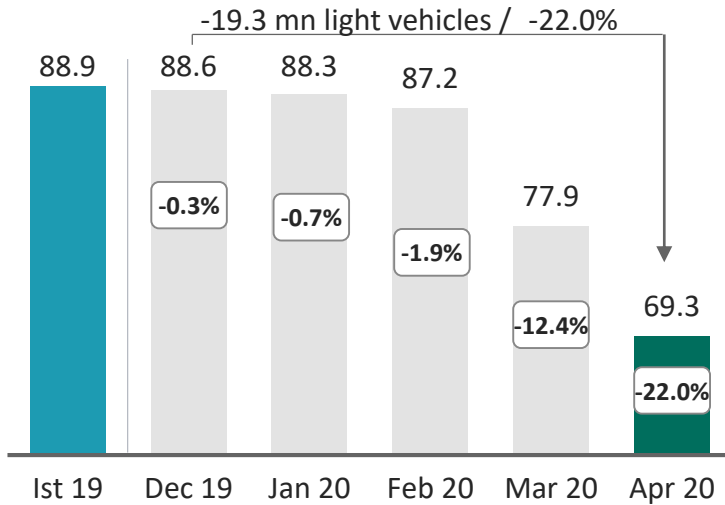


Lower sales in Industrial Distribution across all regions

<sup>1</sup> FX-adjusted | <sup>2</sup> Before special items

## Coronavirus Update – Market Indicators for our three divisions

### Auto OEM – Global LVP<sup>1</sup> 2020



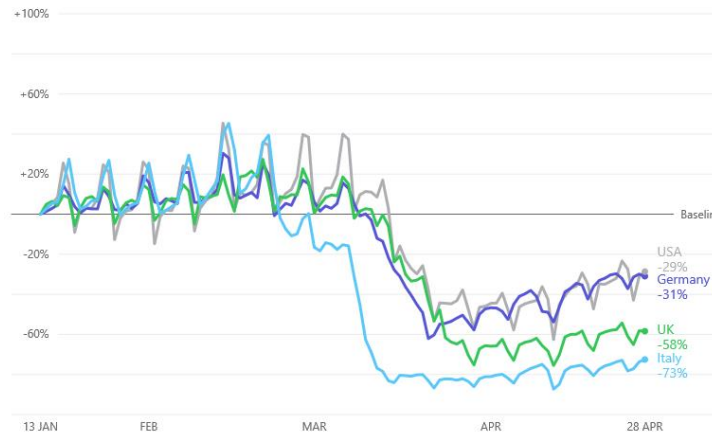
x.x% yoy vs. 2019

- Global LVP<sup>1</sup> expected to reach around -47% yoy in Q2, according to IHS
- China showing a gradual recovery of market demand, all other regions are expected to continue the weak trend seen in March

<sup>1</sup> Light Vehicle Production (IHS Markit as of April 27)

### Auto AAM – Mobility trends

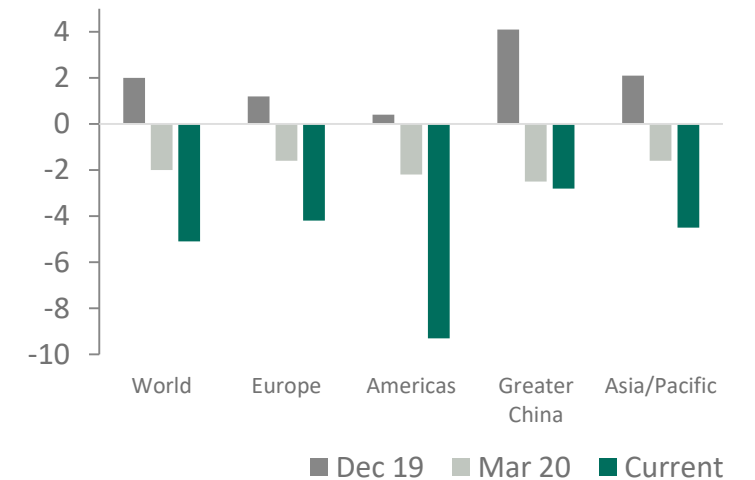
Source: Apple



- In Q2 significant drop in market demand for repair services likely due to global decline in vehicle miles driven
- Partial recovery of Chinese market in March expected to continue

### Industrial – Industrial production 2020

in % vs. 2019, Source: Oxford Economics April 24, 2020



- Additional burden compared to Q1 due to the ongoing restrictions and shutdowns in various countries (e.g. India, Italy, Spain etc.) expected
- No major effect on Wind “sector” in China expected

## 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 discipline

- Flexing of cost base (e.g. short-time work) and structural improvements
- Strict spending control measures (e.g. consultancy costs, R&D projects)

### Capital discipline

- Reprioritization and reduction of Capex
- Working Capital management

### Liquidity

- Robust liquidity position
- No redemptions until 2022

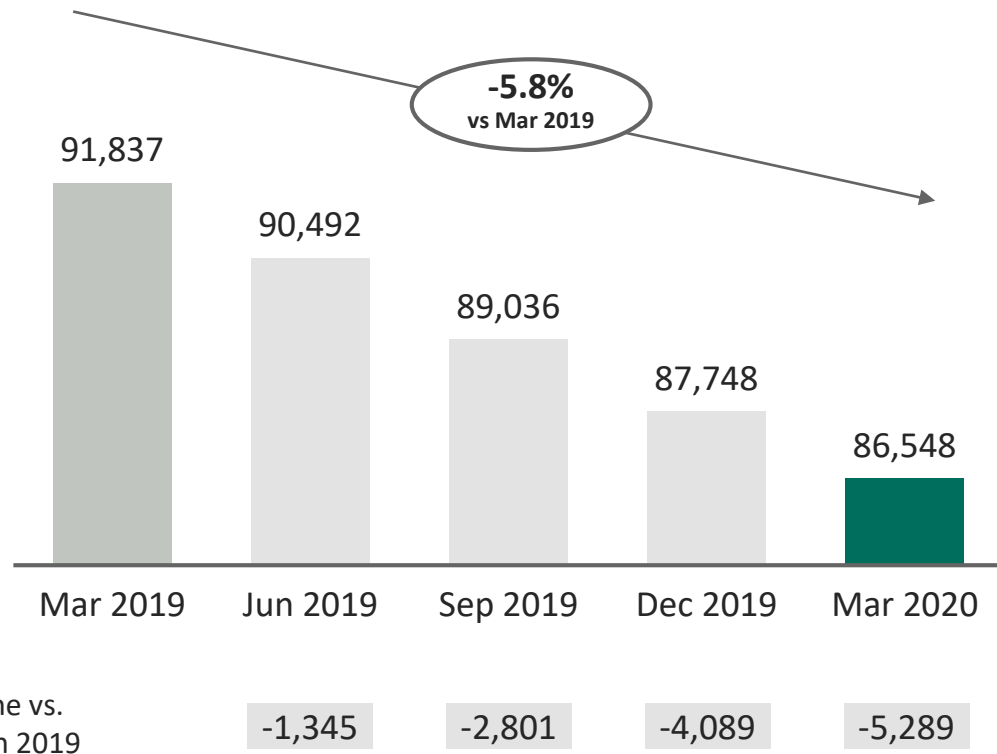
### Balance Sheet

- Goodwill impairment results in reduced balance sheet risks
- Low complexity is an advantage

## Headcount further reduced – Voluntary severance scheme in Europe expanded

### Schaeffler Headcount

as per month end



### Key aspects

- Headcount reduction of almost 6% yoy, achieved by various efficiency programs and divestment of plants
- Regional split of yoy headcount reduction includes
  - Europe: ca. -3,600
  - Americas: ca. -900
  - Greater China: ca. -700
  - Asia/Pacific: ca. -100
- In addition, other levers to reduce personnel costs and increase flexibility, e.g. short-time work and the adjustment of 40-hour contracts to 35-hours were implemented
- Voluntary severance scheme introduced in November 2019, now expanded and targeting a headcount reduction of around 1,900 (prior: 1,300)

## Prioritization of Capex – Reduction and re-phasing of investments resulting in lower spending

### Investment<sup>1</sup> allocation | in EUR mn

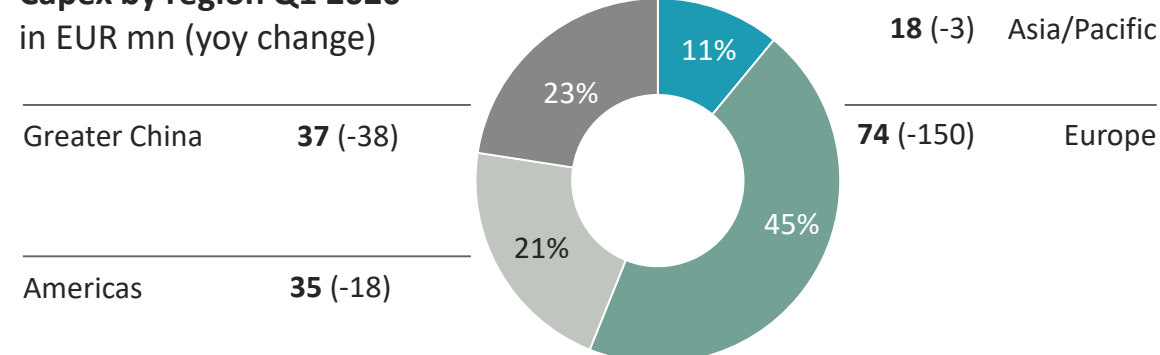
	FY 18	FY 19	Q1 19	Q1 20
<b>Automotive OEM</b>	1,049	702	223	88
<b>Automotive Aftermarket</b>	56	68	39	1
<b>Industrial</b>	170	163	34	69
<b>Schaeffler Group</b>	<b>1,275</b>	<b>933</b>	<b>296</b>	<b>158</b>
<b>Capex</b>	<b>1,232</b>	<b>1,045</b>	<b>373</b>	<b>164</b>
<b>Capex ratio<sup>2</sup></b>	<b>8.7%</b>	<b>7.2%</b>	<b>10.3%</b>	<b>5.0%</b>

<sup>1</sup> Additions to intangible assets and property, plant and equipment | <sup>2</sup> 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 between divisions
- Capex phasing to be equalized across quarters, no hockey stick

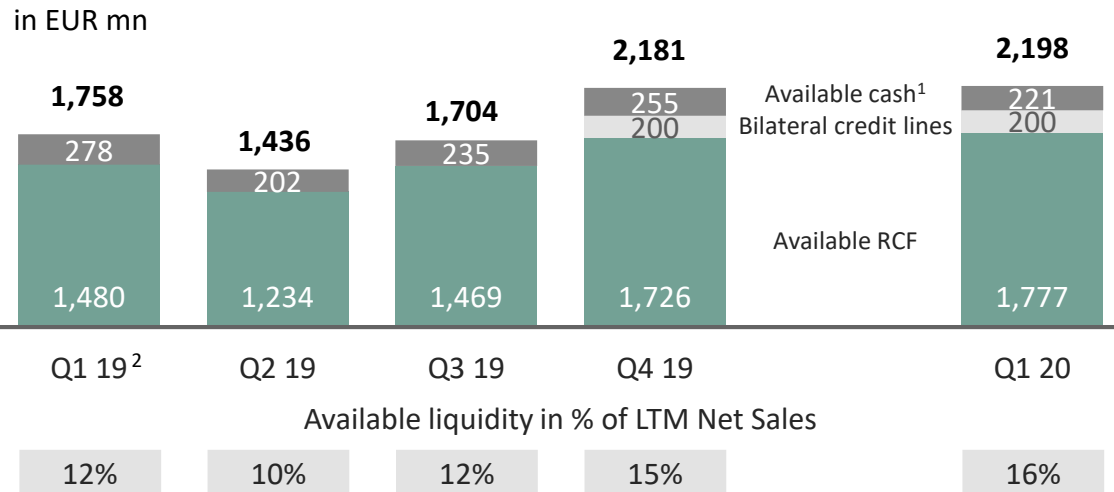
### Capex by region Q1 2020 in EUR mn (yoy change)



## Healthy liquidity position – No redemptions until 2022

### Liquidity

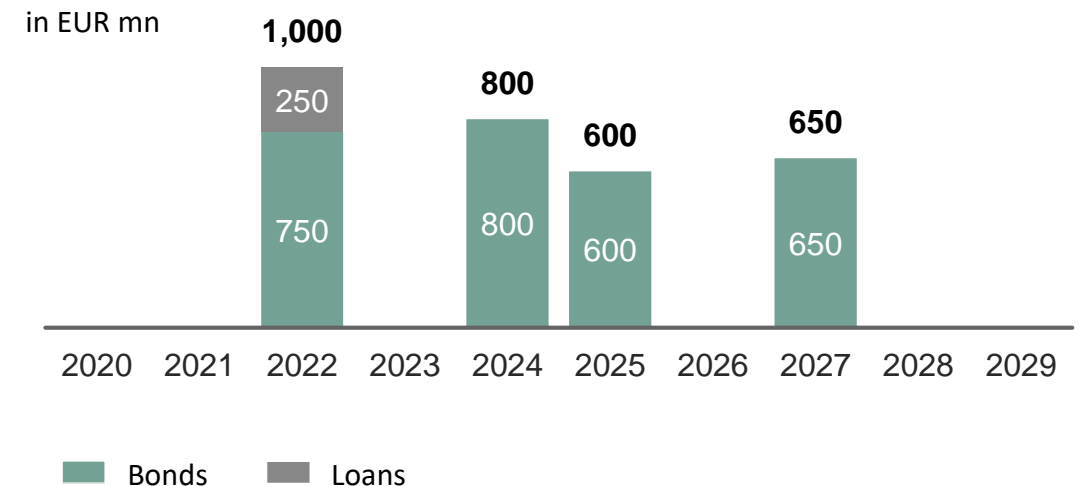
- Cash balance Schaeffler Group as per end of March 2020 EUR 629 mn (EUR 668 mn as per year end 2019)
- Committed unused credit lines of almost EUR 2 bn as per end of March 2020, available liquidity<sup>1</sup> 16% of LTM Net Sales



<sup>1</sup> Excluding restricted cash | <sup>2</sup> Excluding cash required for redemption of called bonds | <sup>3</sup> Excluding CP

### Maturity Profile

- Robust debt maturity profile, no redemption<sup>3</sup> until March 2022
- On top, Green Schuldschein transaction with 3, 5 and 8 year maturities will be settled in May

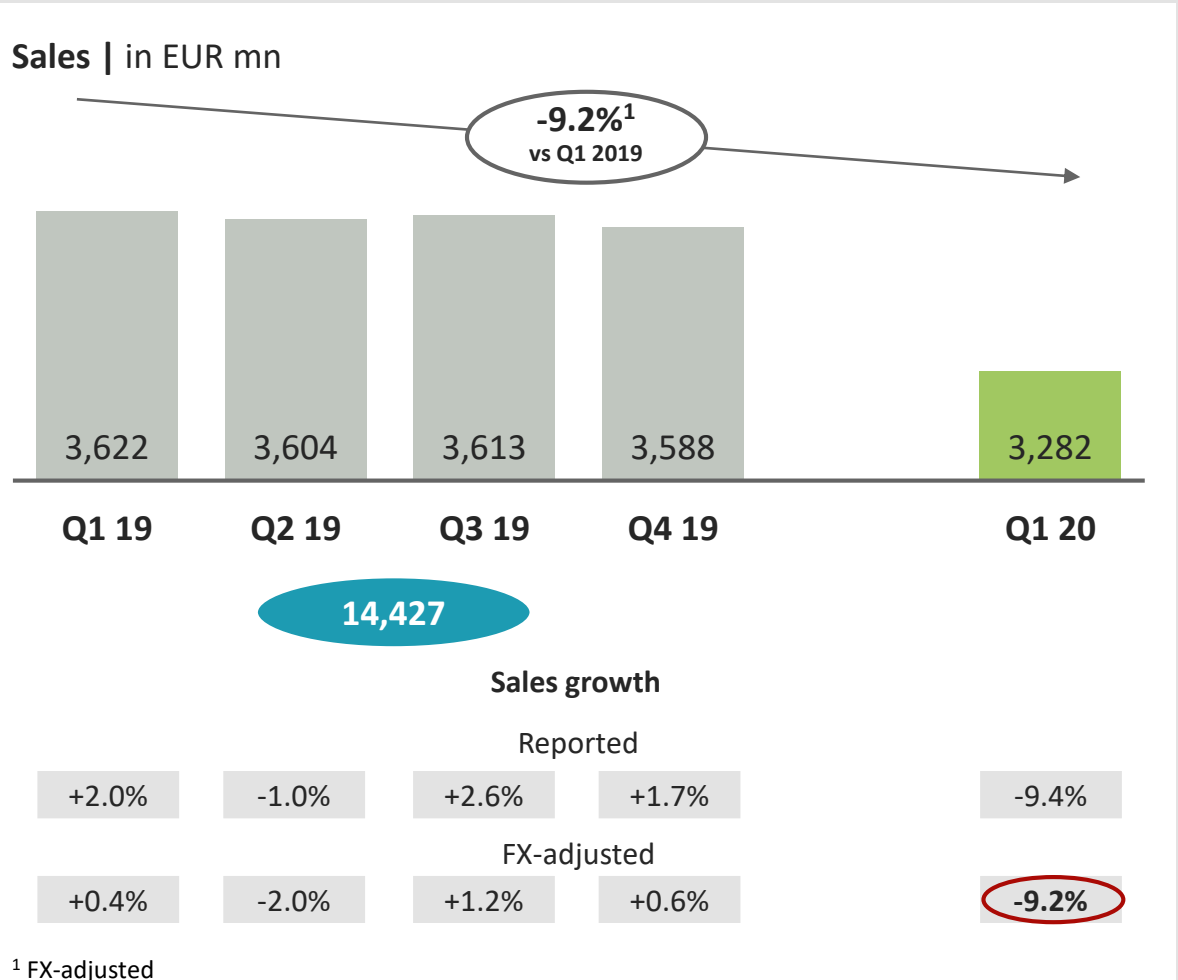


## Key figures Q1 2020

in EUR mn		Q1 2019	Q1 2020	Q1 2020 vs. Q1 2019
Sales	1	3,622	3,282	-9.4% -9.2% <sup>1</sup>
Gross Profit	2	913	799	-114 mn
Gross Margin		25.2%	24.3%	-0.9pp
EBIT <sup>2</sup>	3	272	215	-57 mn
EBIT Margin <sup>2</sup>		7.5%	6.5%	-1.0pp
Net income <sup>3</sup>	4	137	-184	-321 mn
EPS <sup>4</sup> (in EUR)		0.21	-0.27	-0.48
Schaeffler Value Added <sup>5</sup>	4	422	328	-94 mn
ROCE <sup>6</sup>		15.0%	12.8%	-2.2pp
Free Cash Flow <sup>7</sup>	5	-235	137	+372 mn
Capex	6	373	164	-209 mn
Net financial debt	7	2,805	2,414	-391 mn
Gearing ratio <sup>8</sup>		88.5%	93.8%	+5.3pp
Headcount		91,837	86,548	-5.8%

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

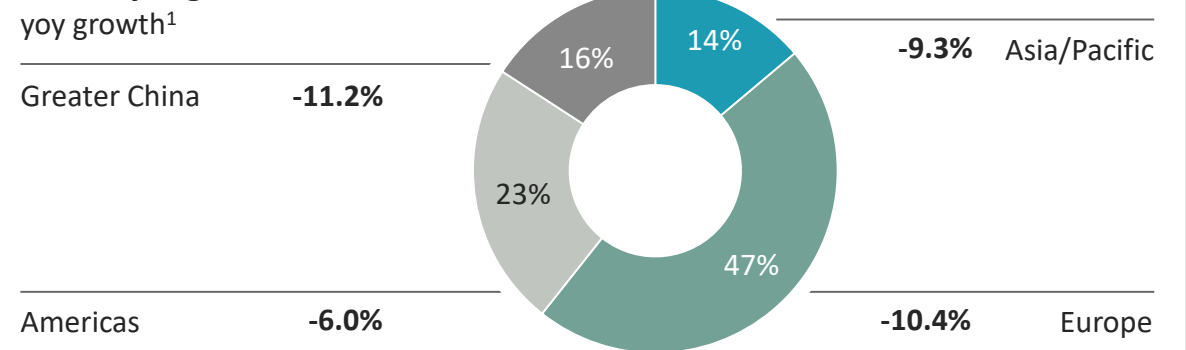
**1 Sales growth – Negative sales development across all regions, impacted by Coronavirus pandemic**



**Key aspects**

- Sales of Automotive OEM impacted by plant closings, especially in Europa (-13.5%<sup>1</sup>) and Greater China (-22.8%<sup>1</sup>)
- Decreasing demand in Industrial in Europe (-15.0%<sup>1</sup>) but strong performance in Greater China (+21.4%<sup>1</sup>) continues mainly driven by sector cluster Wind
- Volume-driven sales increase in Automotive Aftermarket

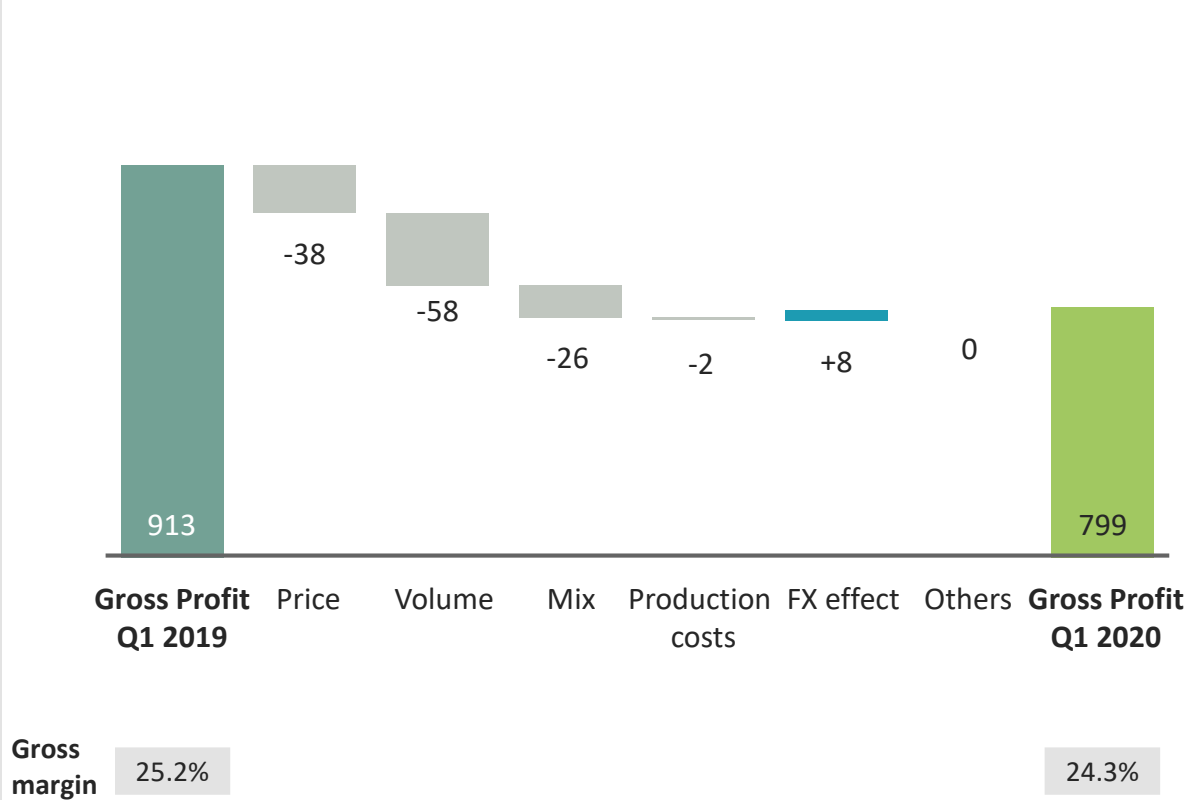
**Sales by region Q1 2020**





**2 Gross Profit – Severe volume losses leading to lower gross margin**

Gross Profit Q1 2019 vs. Q1 2020 | in EUR mn



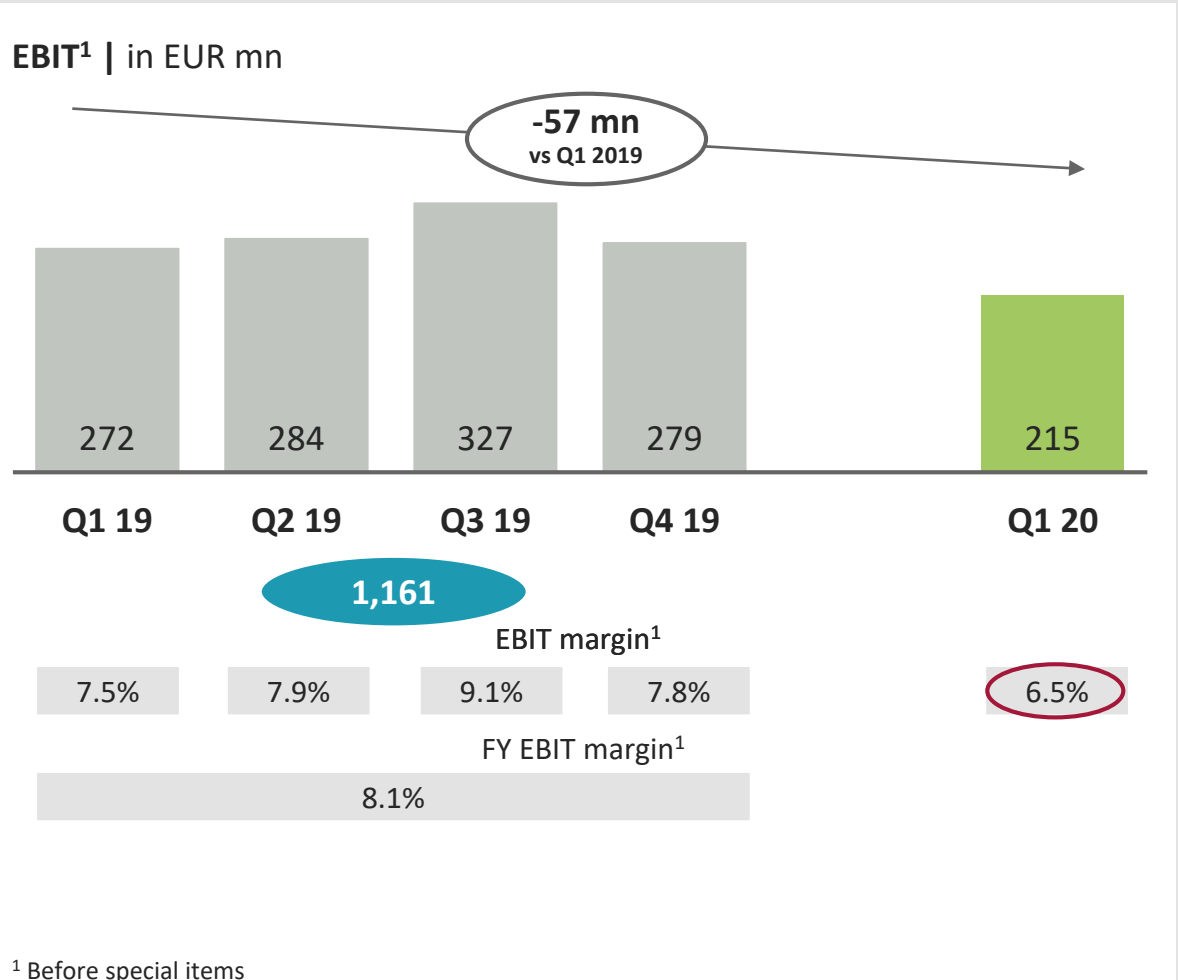
**Key aspects**

- Normal negative price effect in Automotive OEM, Industrial continued the positive price momentum
- Negative volume effects in Automotive OEM and Industrial due to demand drop triggered by the Coronavirus pandemic, hindering a realization of production cost improvements
- Ramp up costs in E-Axle and Hybrid systems account for large portion of mix effects

**Gross Margin**

in % of sales	Q1 19	Q1 20	Q1 20 vs. Q1 19
Auto OEM	21.2%	19.1%	-2.1pp
Aftermarket	34.3%	35.4%	+1.1pp
Industrial	31.0%	31.1%	+0.1pp
Group	25.2%	24.3%	-0.9pp

**3 EBIT margin<sup>1</sup> – Margin decline of 1.0pp, solely driven by Automotive OEM division**



**Key aspects**

- Decline in EBIT margin<sup>1</sup> by 1.0pp to 6.5% largely caused by decline in gross margin in Automotive OEM
- EBIT margin<sup>1</sup> of Automotive Aftermarket and Industrial improved due to improved or stable gross margin, overhead cost structure and FX-effects
- Decrease of overhead costs by EUR 45 mn, relative to sales increase by 0.4pp to 17.6% of sales

**EBIT margin<sup>1</sup>**

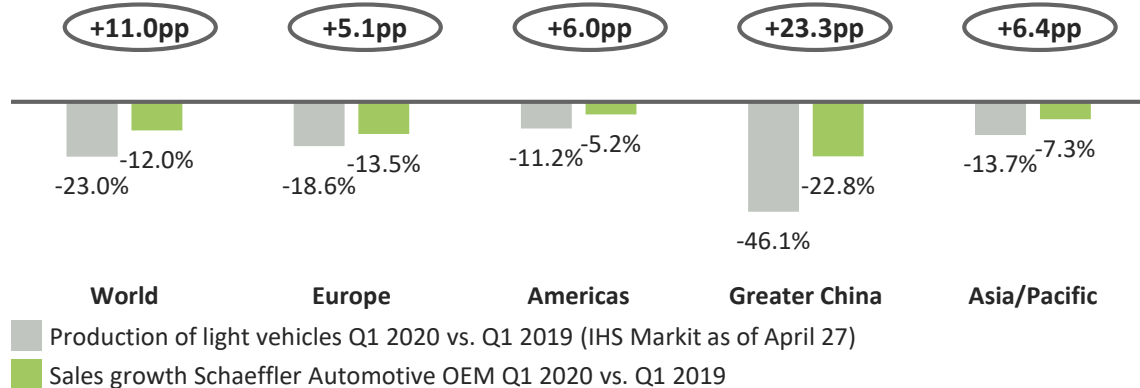
	Q1 19	Q1 20	Q1 20 vs. Q1 19
Auto OEM	4.9%	2.5%	-2.4pp
Aftermarket	15.5%	17.1%	+1.6pp
Industrial	10.1%	10.7%	+0.6pp
Group	7.5%	6.5%	-1.0pp

## Automotive OEM – Very strong outperformance, improved overhead cost control

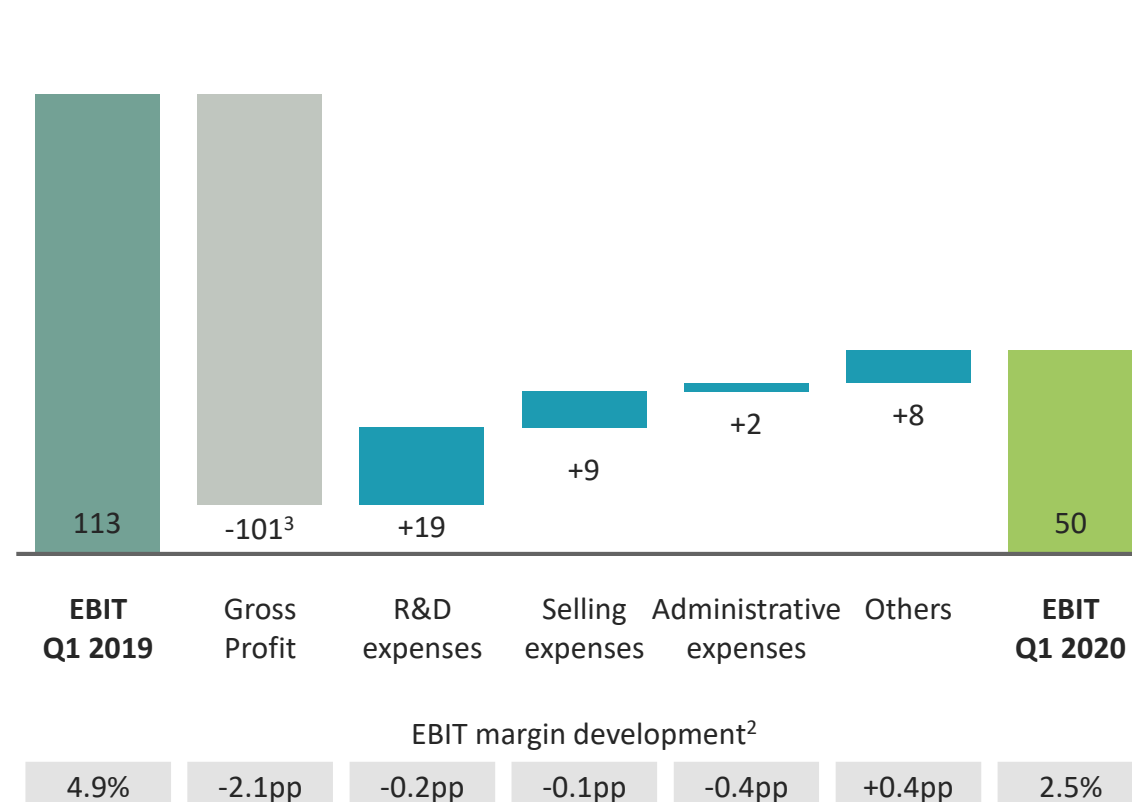
### Sales by business division | yoy growth

	Q1 2019	Q1 2020	Δ <sup>1</sup>
E-Mobility	147	144	-1.8%
Engine Systems	699	604	-13.8%
Transmission Systems	1,038	902	-13.5%
Chassis Systems	401	359	-9.9%
<b>Total</b>	<b>2,285</b>	<b>2,008</b>	<b>-12.0%</b>

### Outperformance: Sales<sup>1</sup> vs. market development in Q1



### EBIT<sup>2</sup> Q1 2019 vs. Q1 2020 | in EUR mn



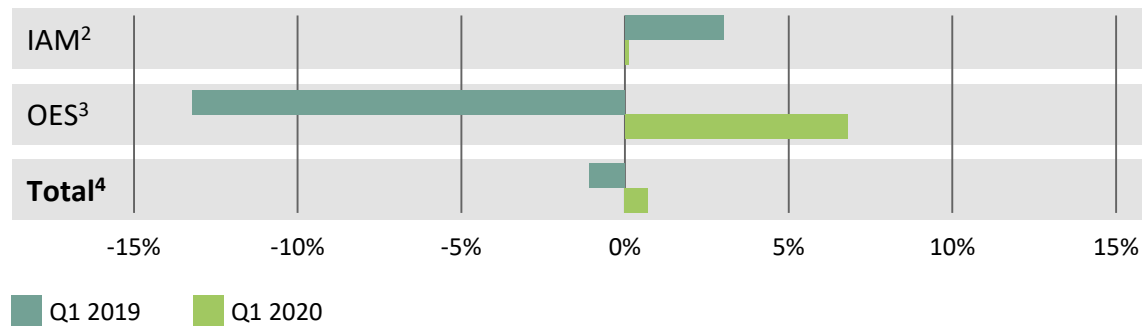
<sup>1</sup> FX-adjusted | <sup>2</sup> Before special items | <sup>3</sup> Includes positive FX effects of EUR 4 mn

## Automotive Aftermarket – Good growth in Europe, strong earnings quality

### Sales by region | yoy growth

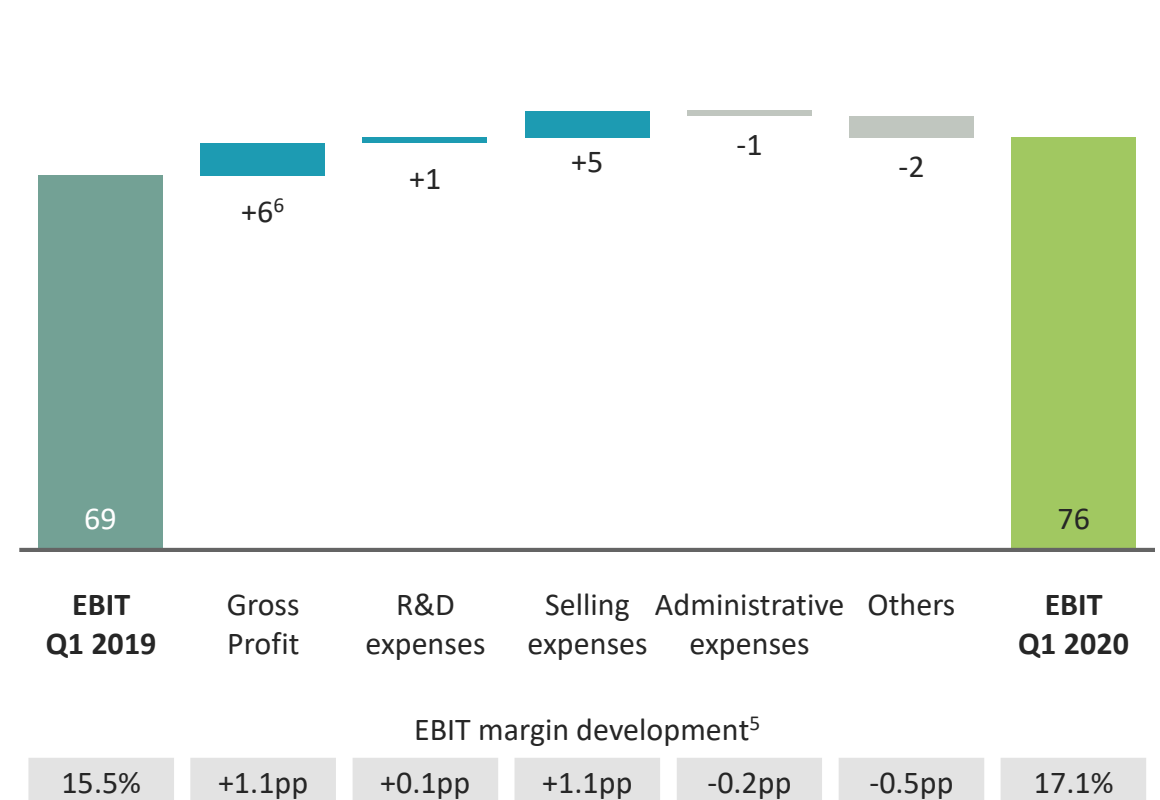
	Q1 2019	Q1 2020	Δ <sup>1</sup>
Europe	312	329	+5.6%
Americas	88	81	-4.7%
Greater China	20	15	-24.9%
Asia/Pacific	23	21	-9.9%
<b>Total</b>	<b>443</b>	<b>446</b>	<b>+1.5%</b>

### Automotive Aftermarket sales growth by channel<sup>1</sup>



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

### EBIT<sup>5</sup> Q1 2019 vs. Q1 2020 | in EUR mn



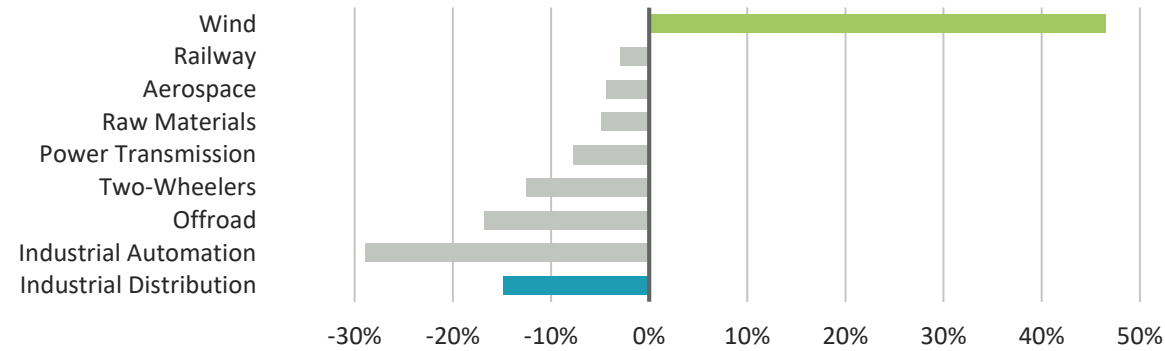
<sup>5</sup> Before special items | <sup>6</sup> No FX impact

**Industrial – Strong sales growth in sector cluster Wind, strong earnings quality in Q1**

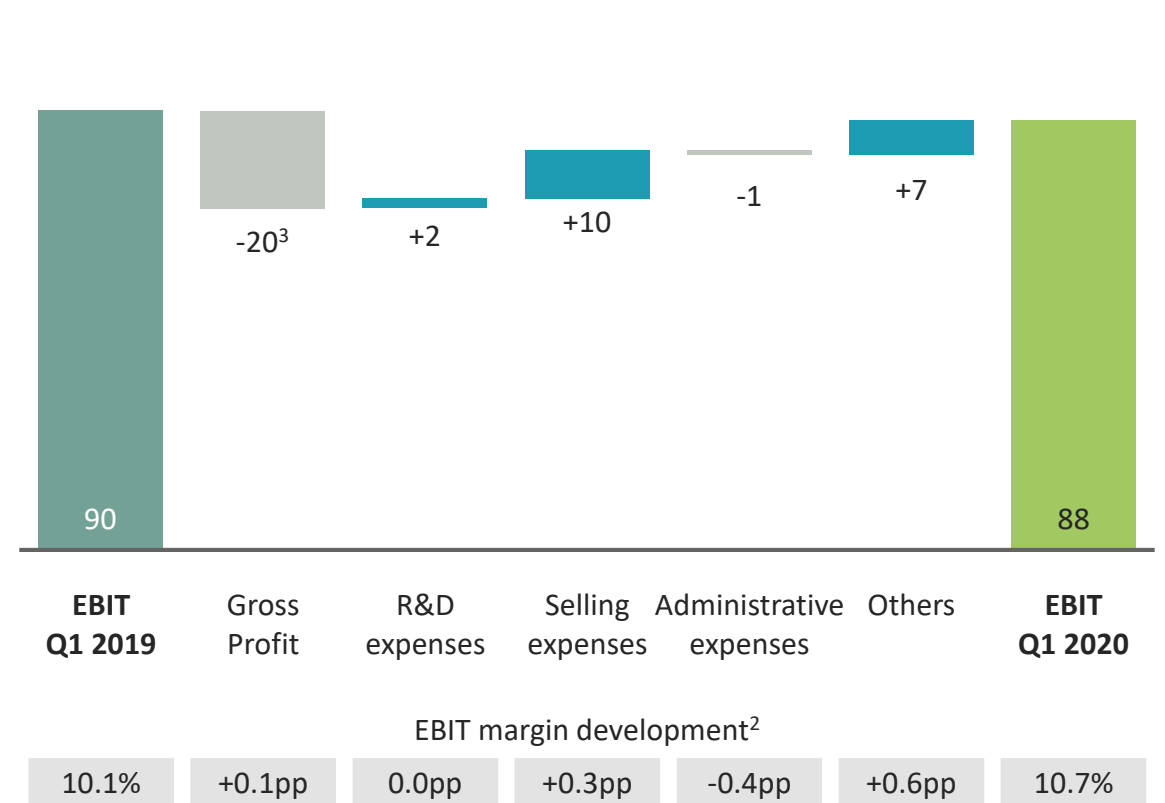
**Sales by region | yoy growth**

	Q1 2019	Q1 2020	Δ <sup>1</sup>
Europe	438	372	-15.0%
Americas	162	149	-9.5%
Greater China	155	189	+21.4%
Asia/Pacific	138	118	-14.1%
<b>Total</b>	<b>893</b>	<b>828</b>	<b>-7.5%</b>

**Industrial sales growth by sector cluster Q1 2020<sup>1</sup>**



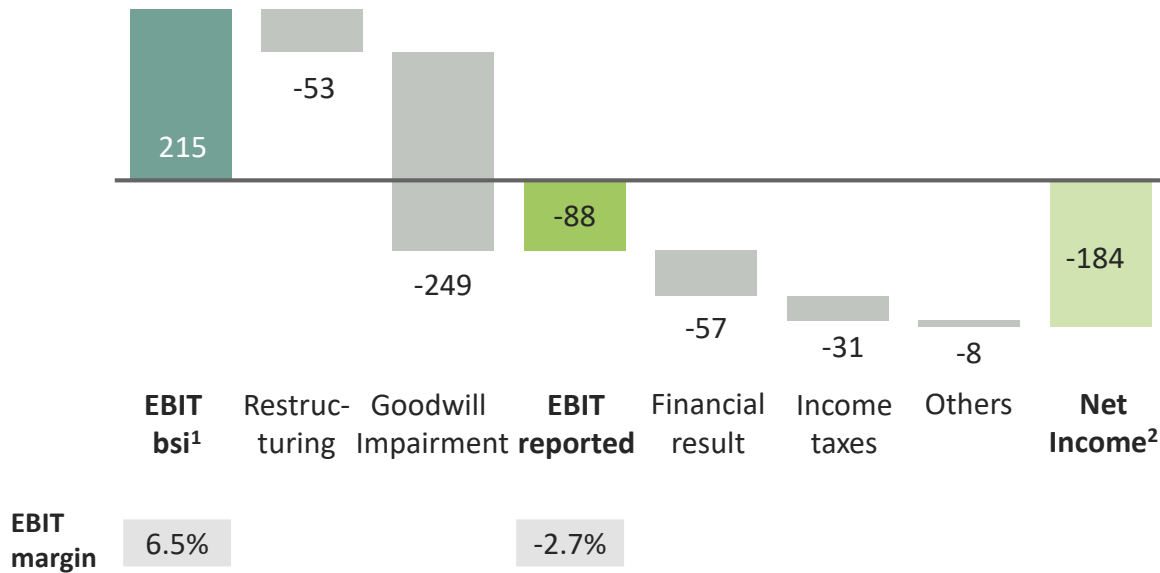
**EBIT<sup>2</sup> Q1 2019 vs. Q1 2020 | in EUR mn**



<sup>1</sup> FX-adjusted | <sup>2</sup> Before special items | <sup>3</sup> Includes positive FX effects of EUR 4 mn

**3 EBIT before special items – Reconciliation Q1 2020**

Reconciliation Q1 2020 | in EUR mn



<sup>1</sup> Before special items | <sup>2</sup> Attributable to the shareholders of the parent company

**Key aspects**

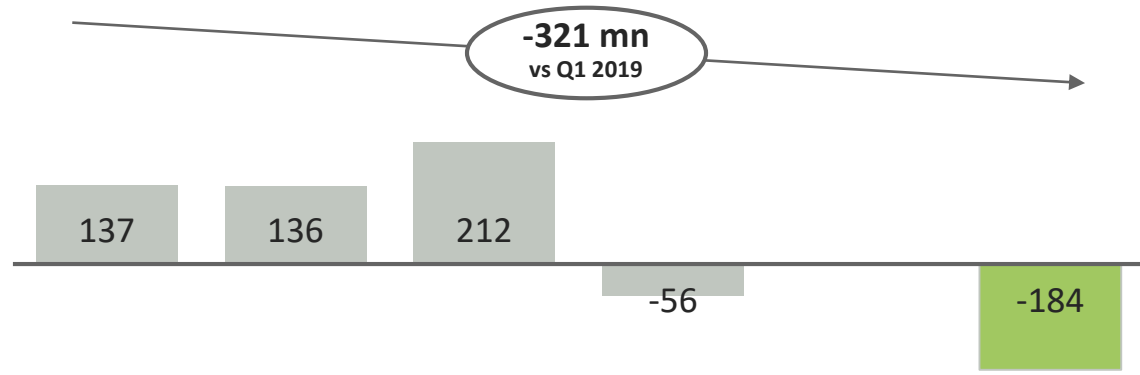
- Expansion of voluntary severance scheme in Europe, leading to EUR 53 mn additional provision for programs RACE and FIT
- Goodwill impairment of EUR 249 mn in division Automotive OEM triggered by uncertainty related to Coronavirus pandemic
- Goodwill impairment not relevant for income taxes

Special items by division | in EUR mn

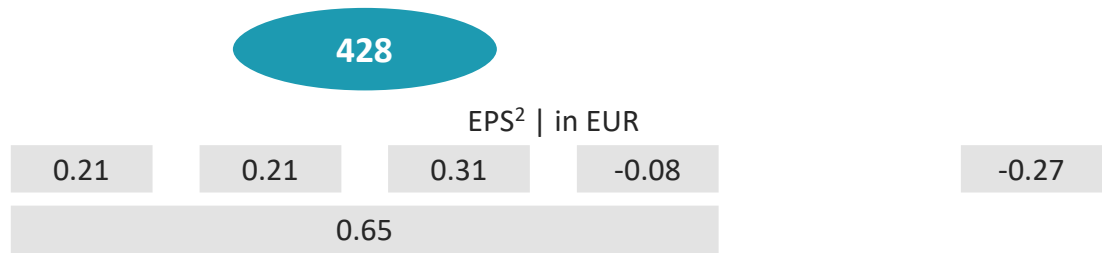
in EUR m	Q1 19	H1 19	9M 19	FY 19	Q1 20
<b>EBIT Reported</b>	230	483	795	790	<b>-88</b>
Auto OEM	55	73	87	209	270
Aftermarket	-	-	-	15	-
Industrial	-13	0	0	147	32
<b>Group</b>	<b>42</b>	<b>73</b>	<b>88</b>	<b>372</b>	<b>302</b>
<b>EBIT bsi<sup>1</sup></b>	<b>272</b>	<b>556</b>	<b>883</b>	<b>1,161</b>	<b>215</b>

**4 Net income<sup>1</sup> Q1 2020 EUR -184 mn – EPS Q1 2020 at EUR -0.27 (PY: EUR 0.21)**

Net income<sup>1</sup> | in EUR mn



Q1 19    Q2 19    Q3 19    Q4 19    Q1 20



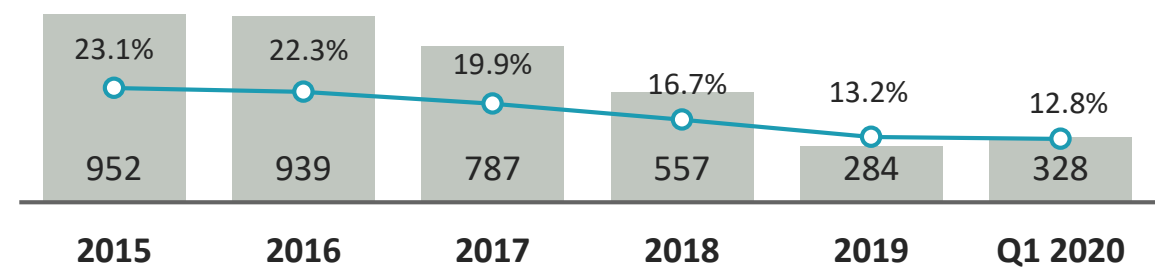
EPS<sup>2</sup> | in EUR

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

**Key aspects**

- Net Income before special items amounted to EUR 103 mn
- EPS decreased to EUR -0.27 (Q1 19: EUR 0.21)
- Schaeffler Value Added<sup>3</sup> decreased to EUR 328 mn (Q1 19: EUR 422 mn) due to lower EBIT and higher average capital employed

Schaeffler Value Added<sup>3</sup> | in EUR mn

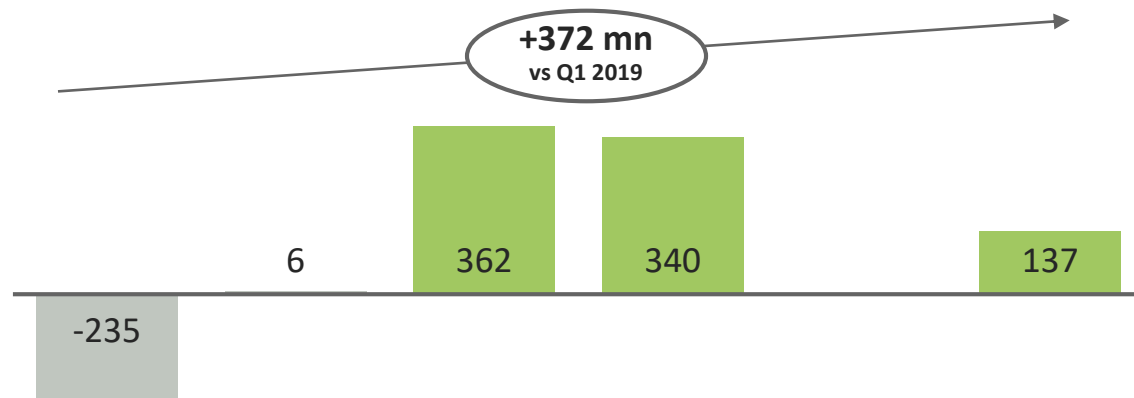


ROCE before special items

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

## 5 Free Cash Flow before M&A<sup>1</sup> FY at EUR 137 mn (PY: EUR -235 mn)

### Free Cash Flow before M&A<sup>1</sup> | in EUR mn



Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
FCF reported				
-300	10	322	341	137
FCF Conversion ratio <sup>2</sup>				
10%	11%	19%	22%	41%
Capex ratio <sup>3</sup>				
10.3%	6.1%	6.3%	6.2%	5.0%

<sup>1</sup> Before cash in- and outflows for M&A activities

<sup>2</sup> LTM FCF before M&A divided by EBITDA before special items | <sup>3</sup> Capex in % of sales

### Key aspects

- Strong Free Cash Flow<sup>1</sup> of EUR 137 mn despite lower EBIT
- Working Capital, especially lower trade receivables, contributed to strong Free Cash Flow
- Strict capital discipline reduced cash outflows from Capex to EUR 164 mn (Q1 19: EUR 373 mn)

### FCF Details | in EUR mn

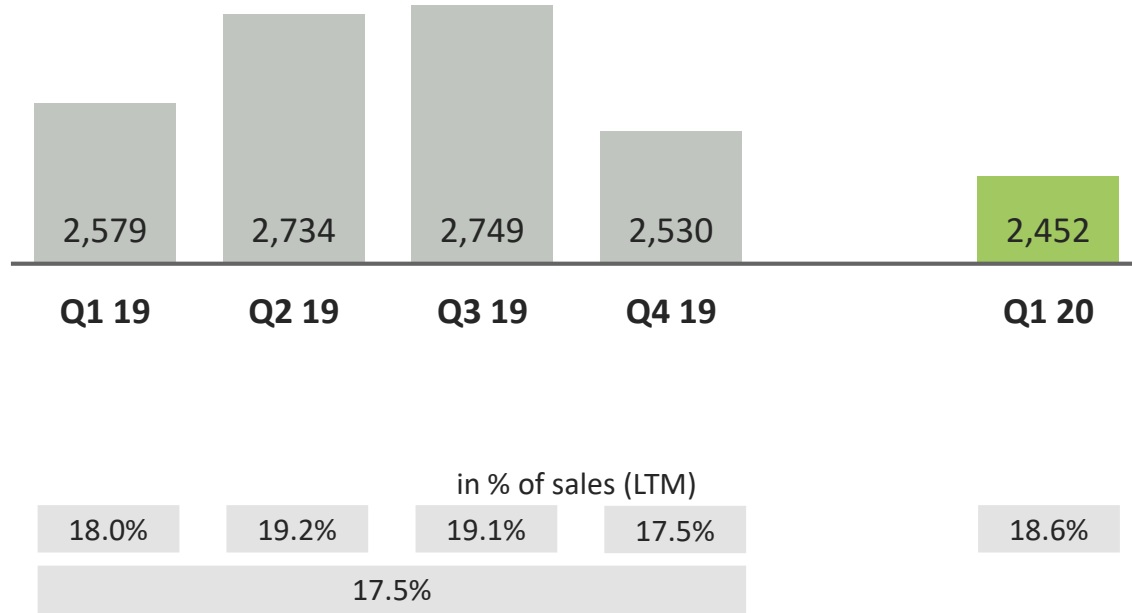
	Q1 2019	Q1 2020	Δ Q1 20/19
<b>FCF as reported</b>	<b>(300)</b>	<b>137</b>	<b>437</b>
M&A	65	0	(65)
<b>FCF before M&amp;A</b>	<b>(235)</b>	<b>137</b>	<b>372</b>
Non recurring items <sup>4</sup>	14	71	57
Investments <sup>5</sup>	51	0	(51)
Receivable Sale Program	0	0	0
	<b>(170)</b>	<b>208</b>	<b>378</b>

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



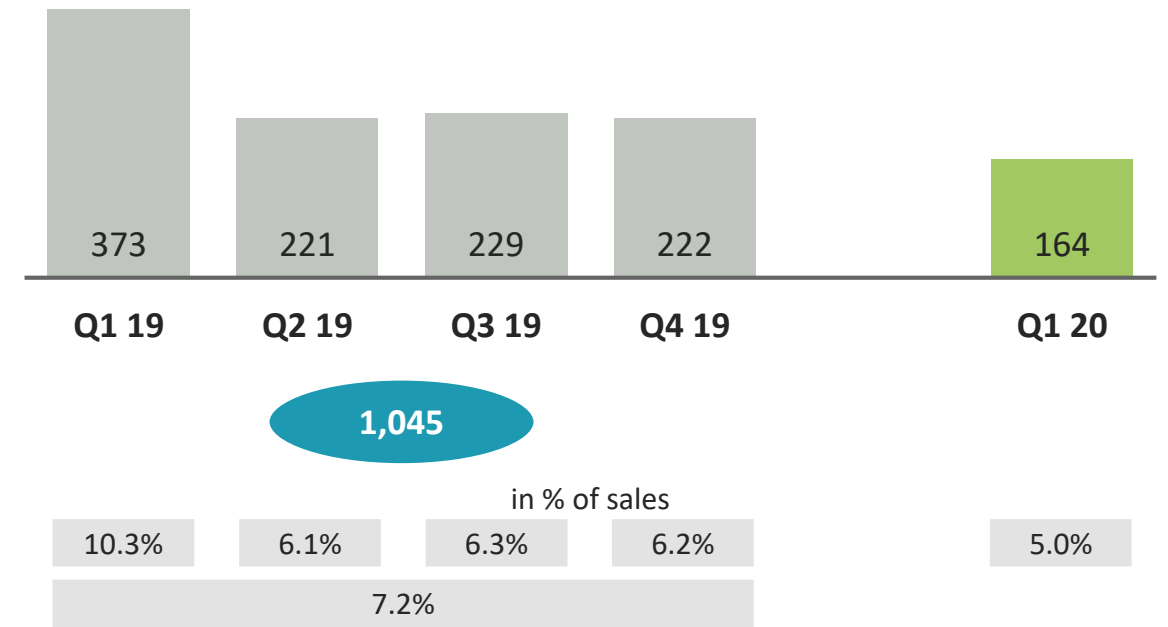
**6 Working Capital ratio 18.6% – Capex ratio 5.0% in Q1**

Working capital<sup>1</sup> | in EUR mn



<sup>1</sup> According to balance sheet; figures as per the end of period

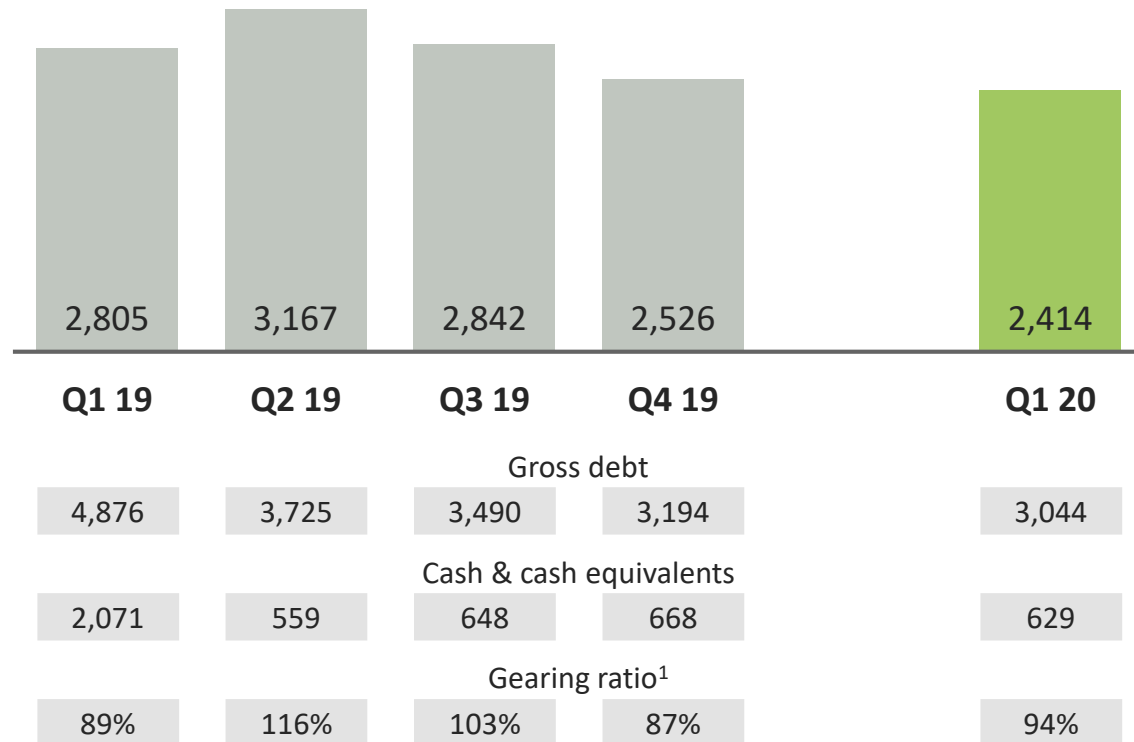
Capex<sup>2</sup> | in EUR mn



<sup>2</sup> Cash view

**7 Net debt of EUR 2,414 mn – Leverage ratio<sup>2</sup> stable at 1.2x**

**Net financial debt and Gearing ratio | in EUR mn**

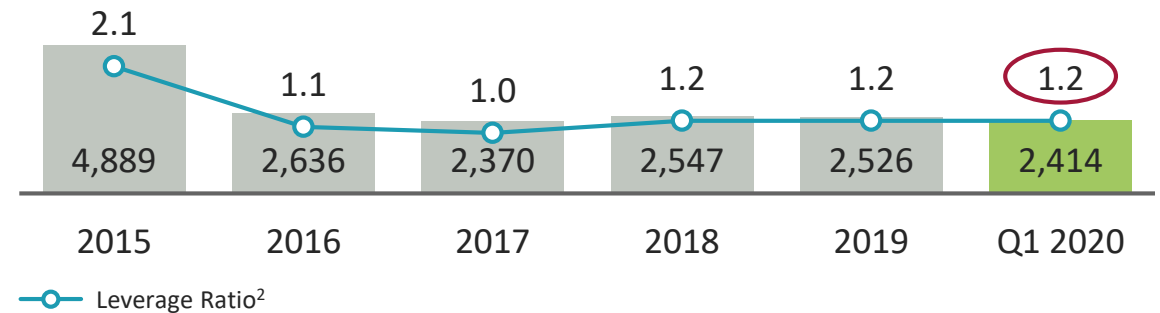


<sup>1</sup> Gearing ratio: Ratio of net financial debt to equity incl. non-controlling interests in %

**Key aspects**

- Net financial debt of EUR 2.4 bn, Leverage ratio<sup>2</sup> 1.2x
- Completion of Green Schuldschein transaction with volume of approximately EUR 350 mn

**Net debt development | in EUR mn**



<sup>2</sup> Leverage Ratio: Net financial debt to EBITDA ratio before special items

## Summary – Robust Q1 results, increasing preparedness and action for uncharted territory situation

- 1 Robust Q1 results – Setup of being an Automotive and Industrial supplier a clear competitive advantage

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- 2 Used opportunity to lever our efficiency programs – Cost saving measures further strengthened

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- 3 Robust liquidity position – Company dealing with tough Q2 headwinds, adapting to the environment in a flexible and modular way

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- 4 Virtual AGM on May 8, dividend proposal EUR 45 cent<sup>1</sup> confirmed, payout date May 13 – New remuneration scheme set up

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- 5 More detailed FY 2020 guidance will be provided once visibility improves – Board activating all levers under Schaeffler Group control to manage and mitigate Coronavirus pandemic risk



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

<sup>1</sup> Proposed dividend per common non-voting share

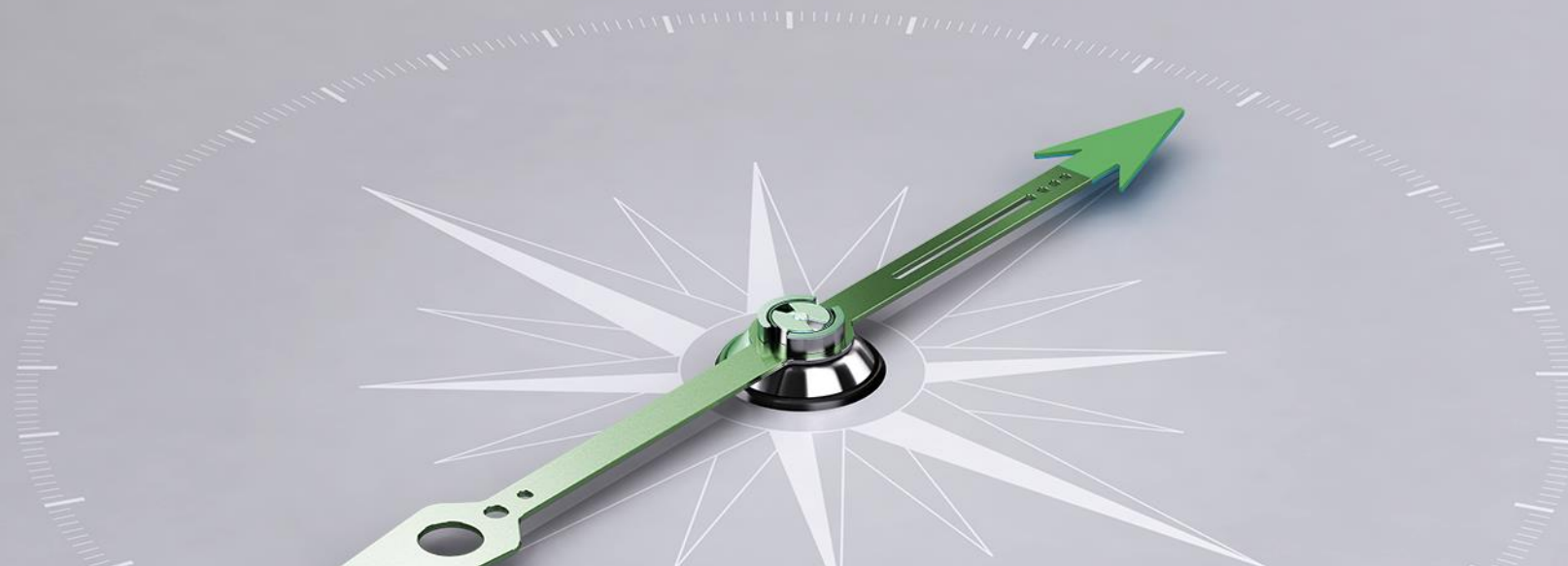
**Financial calendar 2020 – Virtual AGM on May 8, new CMD date to come**

**Roadshows / Conferences**

May 11	Frankfurt, Virtual Roadshow
May 12	London, Virtual Roadshow
May 13	Paris, Virtual Roadshow

**Regular capital market communication**

May 6	Q1 2020 Earnings Release
May 8	Virtual AGM
Aug 4	H1 2020 Earnings Release
Nov 10	9M 2020 Earnings Release
To come	Strategy CMD 2020



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Backup 1

**Backup 1**

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**Usual information top-up**

## Automotive OEM outperformance by quarters

	Q1 20			Q1 19			Q2 19			Q3 19			Q4 19		
	IHS <sup>1</sup>	Auto OEM <sup>2</sup>	Outper- formance	IHS <sup>1</sup>	Auto OEM <sup>2</sup>	Outper- formance	IHS <sup>1</sup>	Auto OEM <sup>2</sup>	Outper- formance	IHS <sup>1</sup>	Auto OEM <sup>2</sup>	Outper- formance	IHS <sup>1</sup>	Auto OEM <sup>2</sup>	Outper- formance
World	-23.0%	-12.0%	<b>+11.0pp</b>	-5.8%	-1.7%	<b>+4.1pp</b>	-8.2%	-4.2%	<b>+4.0pp</b>	-3.9%	+1.4%	<b>+5.3pp</b>	-4.4%	+1.2%	<b>+5.6pp</b>
Europe	-18.6%	-13.5%	<b>+5.1pp</b>	-6.7%	-3.2%	<b>+3.5pp</b>	-8.4%	-6.7%	<b>+1.7pp</b>	-0.7%	-4.1%	<b>-3.4pp</b>	-4.2%	-8.3%	<b>-4.1pp</b>
Americas	-11.2%	-5.2%	<b>+6.0pp</b>	-3.4%	+12.4%	<b>+15.8pp</b>	-2.2%	+4.7%	<b>+6.9pp</b>	-1.4%	+8.7%	<b>+10.1pp</b>	-8.2%	+3.8%	<b>+12.0pp</b>
Greater China	-46.1%	-22.8%	<b>+23.3pp</b>	-11.4%	-14.5%	<b>-3.1pp</b>	-18.7%	-10.7%	<b>+8.0pp</b>	-7.7%	+7.1%	<b>+14.8pp</b>	+3.2%	+24.6%	<b>+21.4pp</b>
Asia/Pacific	-13.7%	-7.3%	<b>+6.4pp</b>	-0.4%	+1.2%	<b>+1.6pp</b>	-0.9%	-0.8%	<b>+0.1pp</b>	-4.9%	-2.1%	<b>+2.8pp</b>	-10.5%	-9.7%	<b>+0.8pp</b>

New regional  
structure for 2019 and  
2020 figures applied

FY 19  
Outperformance: **+4.8pp**

<sup>1</sup> Light Vehicle production growth according to IHS Markit as of April 27) | <sup>2</sup> FX-adjusted sales growth of Automotive OEM division

## Key figures by Group and division

Adjusted comparative  
figures 2019

## Group | in EUR mn

	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
Sales	3,622	3,604	3,613	3,588	<b>3,282</b>
Sales Growth <sup>1</sup>	+0.4%	-2.0%	+1.2%	+0.6%	<b>-9.2%</b>
EBIT Reported	230	253	312	-5	<b>-88</b>
EBIT bsi	272	284	327	279	<b>215</b>
EBIT bsi margin	7.5%	7.9%	9.1%	7.8%	<b>6.5%</b>

## Automotive Aftermarket | in EUR mn

	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
Sales	443	461	482	462	<b>446</b>
Sales Growth <sup>1</sup>	-1.1%	-3.6%	+0.1%	+0.1%	<b>+1.5%</b>
EBIT Reported	69	72	87	62	<b>76</b>
EBIT bsi	69	72	87	77	<b>76</b>
EBIT bsi margin	15.5%	15.6%	18.1%	16.7%	<b>17.1%</b>

## Automotive OEM | in EUR mn

	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
Sales	2,285	2,232	2,254	2,272	<b>2,008</b>
Sales Growth <sup>1</sup>	-1.7%	-4.2%	+1.4%	+1.2%	<b>-12.0%</b>
EBIT Reported	58	90	143	-5	<b>-220</b>
EBIT bsi	113	108	158	117	<b>50</b>
EBIT bsi margin	4.9%	4.9%	7.0%	5.1%	<b>2.5%</b>

## Industrial | in EUR mn

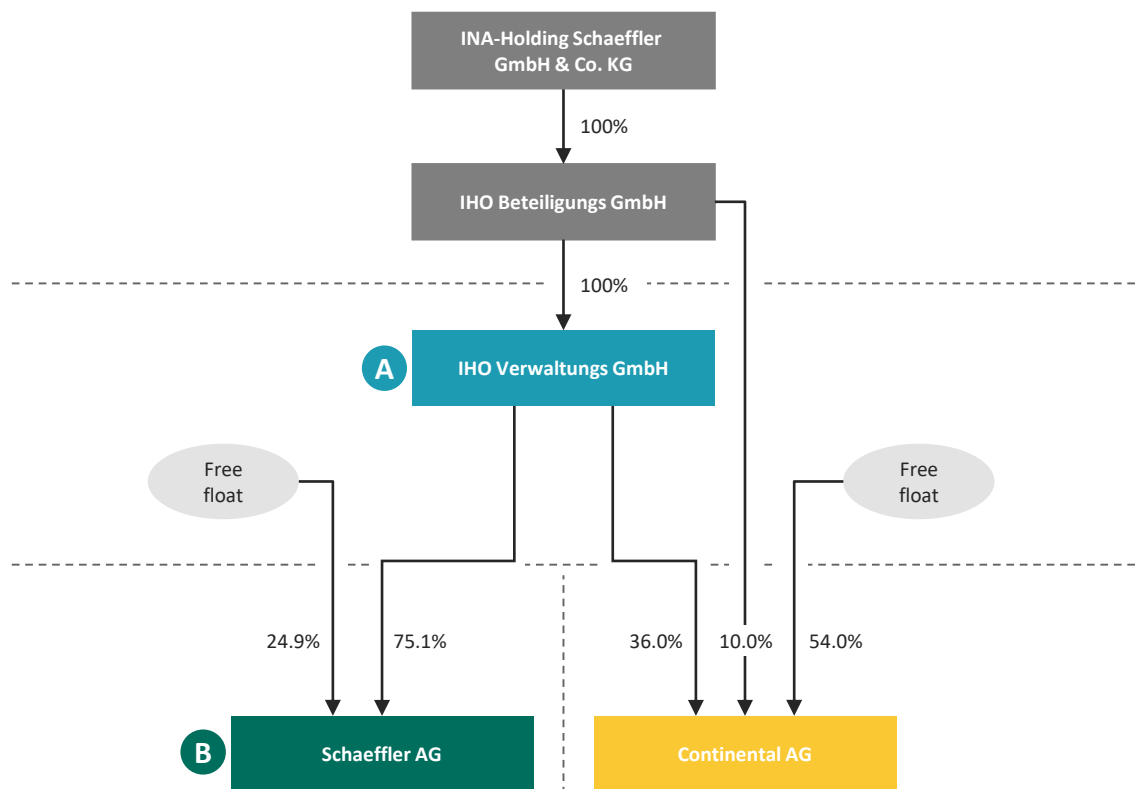
	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
Sales	893	911	877	853	<b>828</b>
Sales Growth <sup>1</sup>	+6.9%	+5.0%	+1.2%	-0.6%	<b>-7.5%</b>
EBIT Reported	103	91	83	-63	<b>56</b>
EBIT bsi	90	104	83	84	<b>88</b>
EBIT bsi margin	10.1%	11.4%	9.4%	9.9%	<b>10.7%</b>

<sup>1</sup> FX-adjusted



## Overview Corporate and Financing Structure

### Corporate structure (simplified) | as of March 31, 2020



### Financing structure | as of March 31, 2020

#### A IHO Verwaltungs GmbH

	Debt instrument	Nominal (USD m)	Nominal (EUR <sup>1</sup> m)	Interest	Maturity	Rating (Fitch/Moody's/S&P)
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	456	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	411	6.00%	May-27	BB+/Ba2/BB+
	6.375% SSNs 2029 (USD)	400	365	6.375%	May-29	BB+/Ba2/BB+
<b>Total IHO Verwaltungs GmbH</b>			<b>3,882</b>	<b>Ø 3.68%</b> <sup>2,3</sup>		

#### B Schaeffler AG

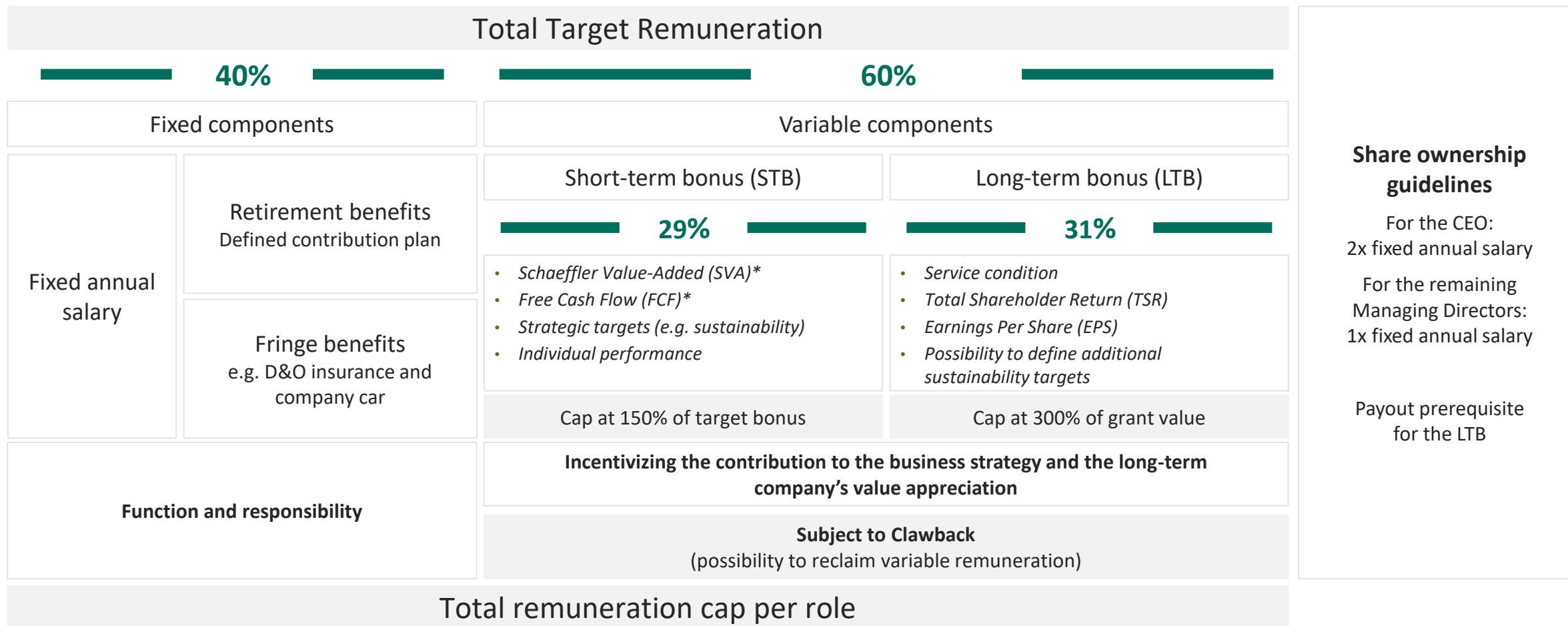
	Debt instrument	Nominal (USD m)	Nominal (EUR <sup>1</sup> m)	Interest	Maturity	Rating (Fitch/Moody's/S&P)
Loans	RCF (EUR 1,800 m)	-	-	E+0.50%	Sep-23	Not rated
	Investment Facility (EUR 250 m)	-	250	E+1.00%	Dec-22	Not rated
CP	Commercial Paper Program (EUR 1,000 m)	-	15	Ø 0,00%	Jun-20	Not rated
Bonds	1.125% SNs 2022 (EUR)	-	750	1.125%	Mar-22	BBB-/Baa3/BBB-
	1.875% SNs 2024 (EUR)	-	800	1.875%	Mar-24	BBB-/Baa3/BBB-
	3.25% SNs 2025 (EUR) - SFBV <sup>4</sup>	-	600	3.25%	May-25	BBB-/Baa3/BBB-
	2.875% SNs 2027 (EUR)	-	650	2.875%	Mar-27	BBB-/Baa3/BBB-
<b>Total Schaeffler Group</b>			<b>3,065</b>	<b>Ø 2.19%</b> <sup>3</sup>		

<sup>1</sup> EUR/USD = 1.0956 | <sup>2</sup> After cross currency swaps | <sup>3</sup> Incl. commitment and utilization fees

<sup>4</sup> Bond issued by Schaeffler Finance B.V., guaranteed by Schaeffler AG

**Backup 2**  
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**Additional information**

**AGM proposal – New remuneration scheme, fostering sustainable value creation**



The weightings of remuneration components as a % of total target remuneration (provided above) may slightly vary for various Managing Directors depending on the individual amounts of fringe benefits. For the divisional CEOs, division-specific performance indicators Schaeffler Value Added of the Division (SVA Division) und Divisional Cash Flow (DCF Division) are considered in addition to the above performance criteria. Deviation in the Financial Year 2020: Managing Directors received a special one-of grant of virtual shares (PSUs) as a compensation for the decreased level of pension benefits due to the system change as of 1 January 2020. The value of the special one-of grant is equivalent to 50% of the gross fixed annual salary, PSUs are settle in cash in three tranches.

## Remuneration scheme – Comparison previous system vs. new system

	System until 2019	System from 2020
<b>Fixed annual salary</b>	Contractually agreed, monthly payment	<i>No change</i>
<b>Fringe benefits</b>	Contractually agreed, company car etc.	<i>No change</i>
<b>Short-term bonus (STB)</b>	Free Cash Flow (FCF Group*) and Schaeffler Value Added (SVA Group*) at group level (weighted equally)	<i>No change</i>
	Possibility to annually define other strategic targets by Supervisory Board	Sustainability targets for 2020 (improvement of CDP-Rating and implementation of measures in order to increase energy efficiency)
<b>Long-term bonus (LTB)</b>	<u>Components:</u> 50% service condition, 25% TSR condition, 25% FCF condition	<u>Components:</u> 50% service condition, 25% TSR condition, 25% EPS condition
		Additional sustainability targets could be defined at a later stage
<b>Performance Share Unit Plan</b>	<u>Peer Group:</u> MDAX	<u>Peer Group:</u> weighted Sector Basket (SXAGR/ SXNGR)** reflecting the industry focus of Schaeffler AG
	<u>Target achievement</u> for TSR and FCF condition: 0 – 100%	<u>Target achievement</u> for TSR and EPS condition: 0 – 200%
<b>Share ownership guidelines</b>	No	Yes, used as a prerequisite for the payout within the LTB
<b>Clawback</b>	No	Yes, in relation to the variable components
<b>Pension plan</b>	Defined benefits plan	Defined contribution plan
<b>Maximum remuneration (cap)</b>	STB and LTB are capped	In addition to STB and LTB caps, a cap of total remuneration per role is defined

\*For the divisional CEOs the performance criteria are completed by the division-specific performance indicators Schaeffler Value Added of the Division (SVA Division) und Divisional Cash Flow (DCF Division).

\*\* SXAGR: STOXX Europe 600 Automobiles and Parts Gross Return (weighting: 75%); SXNGR: STOXX Europe 600 Industrial Goods and Services Gross Return (weighting: 25%)

## Goodwill impairment in Automotive OEM – Conservative valuation approach applied

- 1 The Schaeffler Group goodwill impairment test is conducted on a divisional level – the goodwill is impaired when the carrying amount exceeds the recoverable amount of a division

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- 2 The higher uncertainty for the future course of business of Automotive OEM triggered by the Coronavirus pandemic resulted in changed assumptions for the calculation of the recoverable amount

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- 3 As a result a goodwill impairment of EUR 249 mn in Automotive OEM was accounted for, the impairment is adjusted on EBIT level

