



What has made us strong in the analog world,
has made us even stronger in the digital world.
We pioneer motion

Results Q3 and 9M 2020 Schaeffler AG

Conference Call
Nov 10, 2020
Herzogenaurach

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Agenda

- 1** Overview
- 2** Business Highlights Q3 and 9M 2020
- 3** Financial Results Q3 and 9M 2020
- 4** Outlook

Q3 2020 with strong sequential recovery led by China – Covid-19 pandemic situation remains challenging

Key messages

- 1 Group sales with sequential recovery in Q3 – Automotive divisions leading the recovery with Automotive Technologies -1%¹ and Aftermarket 0%¹, Industrial -8%¹
- 2 Group EBIT margin² 9.4% – Automotive divisions with stronger earnings quality, Automotive Technologies EBIT margin² 8.3%
- 3 Strong FCF³ in Q3 with EUR 333 mn – Provisions for new restructuring program not cash relevant in Q3, Capex reduced to EUR 181 mn (Q3 19: EUR 229 mn)
- 4 Continued cost discipline at Group and divisional level – Short-time work with positive EBIT impact in Q3
- 5 Headcount further reduced to 83,711 (Q2 20: 84,223) – Effect fully related to Europe
- 6 FY 2020 guidance specified – Virtual CMD on November 18, including Mid-term Targets

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

Sales growth¹ Q3

-2.6%

EUR 3,396 mn

Gross margin Q3

23.8%

Q3 2019: 25.4%

EBIT margin² Q3

9.4%

Q3 2019: 9.1%

Free Cash Flow³ Q3

EUR 333 mn

Q3 2019: EUR 362 mn

Schaeffler Group Q3 2020 – Highlights and lowlights



Substantial business improvement in Q3, sales recovery led by Greater China with 16.5%¹ growth yoy, Americas with slight growth



Capacity utilization further normalized throughout the quarter in all regions, Industrial with overutilization in Greater China



Cost and capital disciplined continued, accompanied by temporary measures, e.g. short-time work



Strong FCF at EUR 333 mn with a conversion rate² of 32% thanks to proactive inventory management as well as capital discipline

¹ FX-adjusted | ² LTM FCF before M&A divided by EBITDA before special items



Sales development in Region Europe negative across all divisions, Industrial impacted the most with -23.4%¹ yoy



Industrial Gross profit impacted by fixed assets write-down and non-personnel related provisions



Q3, even if strong, remained a quarter with high volatility and low visibility



Q4 expected to be not as strong as Q3, Covid-19 pandemic second wave requires cautiousness

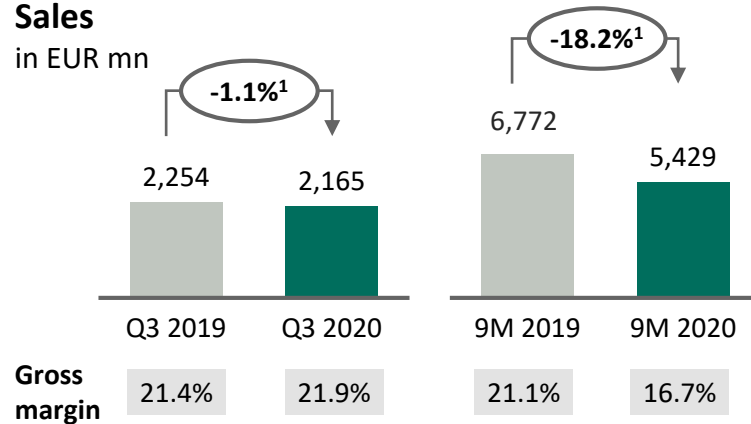
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Automotive Technologies – Strong sequential recovery, Q3 EBIT margin above prior year

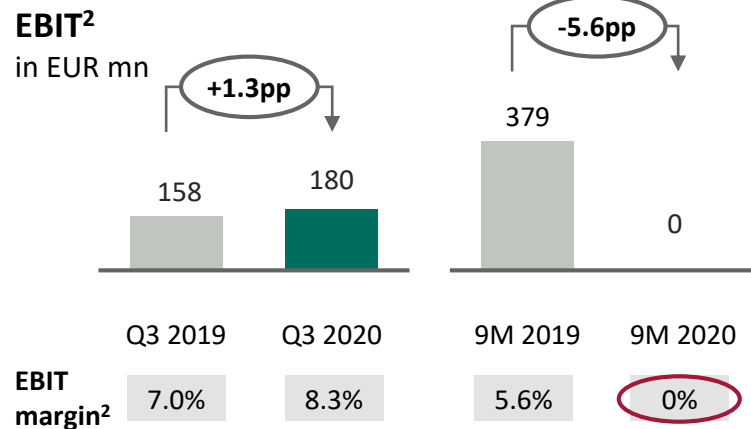
Sales

in EUR mn



EBIT²

in EUR mn



Sequential sales improvement in Q3 driven by market recovery; strong outperformance of 500 bps in 9M driven by all regions



Gross margin in Q3 with yoy increase helped by impact of RACE efficiency measures as well as Covid-related cost containment actions such as labor cost flexibilization and non-personnel cost reduction



Overhead cost reduction by 12% in Q3 yoy driving strong EBIT margin



Region Europe with slowest market recovery, sales performance almost in line with market development



High uncertainty remains, due to the Covid-19 pandemic and its macroeconomic impacts

¹ FX-adjusted | ² Before special items

Automotive Technologies – Accelerating the Transformation for future Powertrain and Chassis Technologies

Business Highlights

Executing RACE



E-Mobility Competence Center



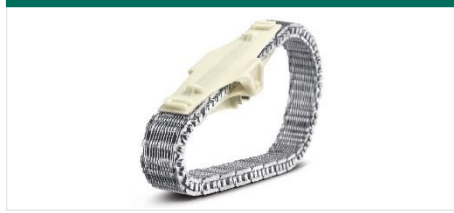
Executing RACE

- Optimize portfolio and grow along eco-friendly drives and chassis applications
- Improve capital and cost efficiency to create long-term value

Ford Brand Pillar Award for MHT



New CVT Project



Powertrain

- Strengthening the Competence Center for E-Mobility in Buehl, Germany
- Schaeffler was honored with Ford's Brand Pillar Award for its MHT module
- New Japanese OEM nomination for ~ EUR 400 mn CVT Project
- First nomination for Heavy Duty E-Motors with Wave Winding Technology

New E-Motor Heavy Duty Project



New development partnership



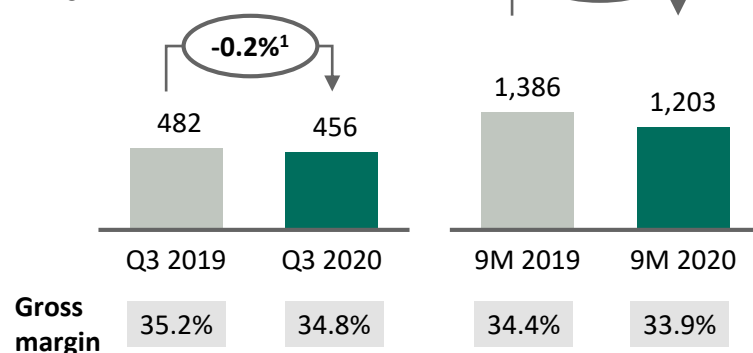
Chassis Systems

- New partnership with Bosch Automotive Steering to expand the development of intelligent Rear Wheel Steering (iRWS) portfolio

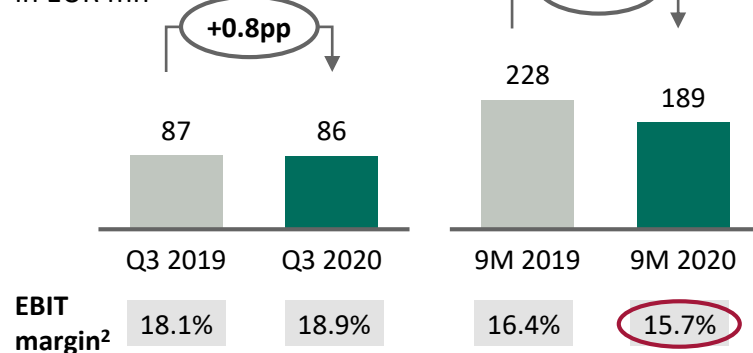
Automotive Aftermarket – Q3 with sequential sales recovery, strong operational performance

Sales

in EUR mn

EBIT²

in EUR mn



Sequential sales recovery across all regions; Growth in Independent Aftermarket 5.5%¹ yoy



Robust profitability supported by cost flexing in overhead areas; further efficiency gains from program GRIP execution



Logistics: first customer shipments from AKO³ Europe following a successful ramp-up of the operation; Beginning of relocation of all central German warehouses



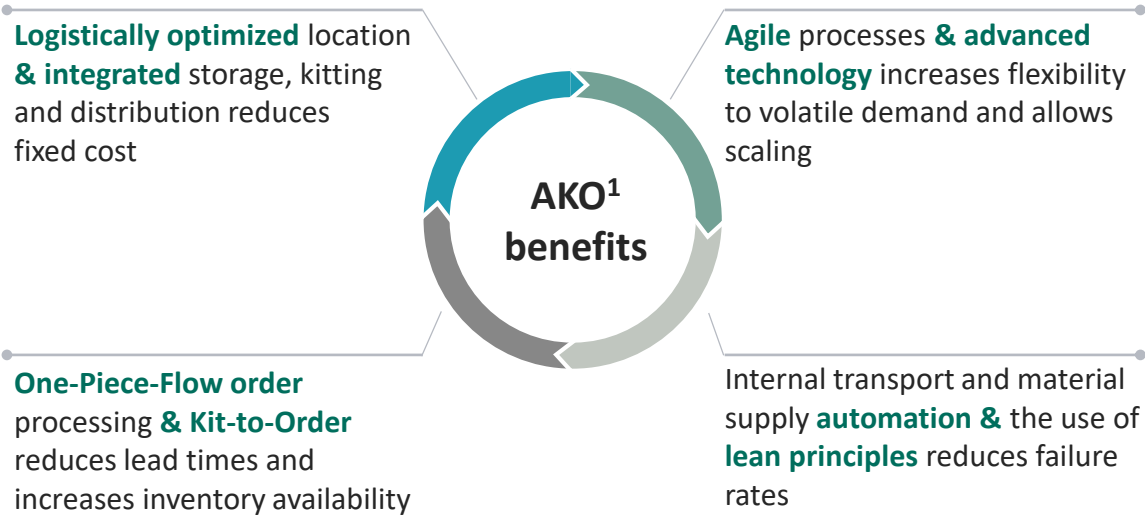
Sales in OES business with sequential improvement but still below PY (-13.6%¹ yoy)



Sudden higher than expected increase in demand puts strain on supply continuity

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

Logistics – AKO¹ Europe production was completed successfully; cost of double warehouse structure during relocation



60% of worldwide inventory in AKO Europe by 2023



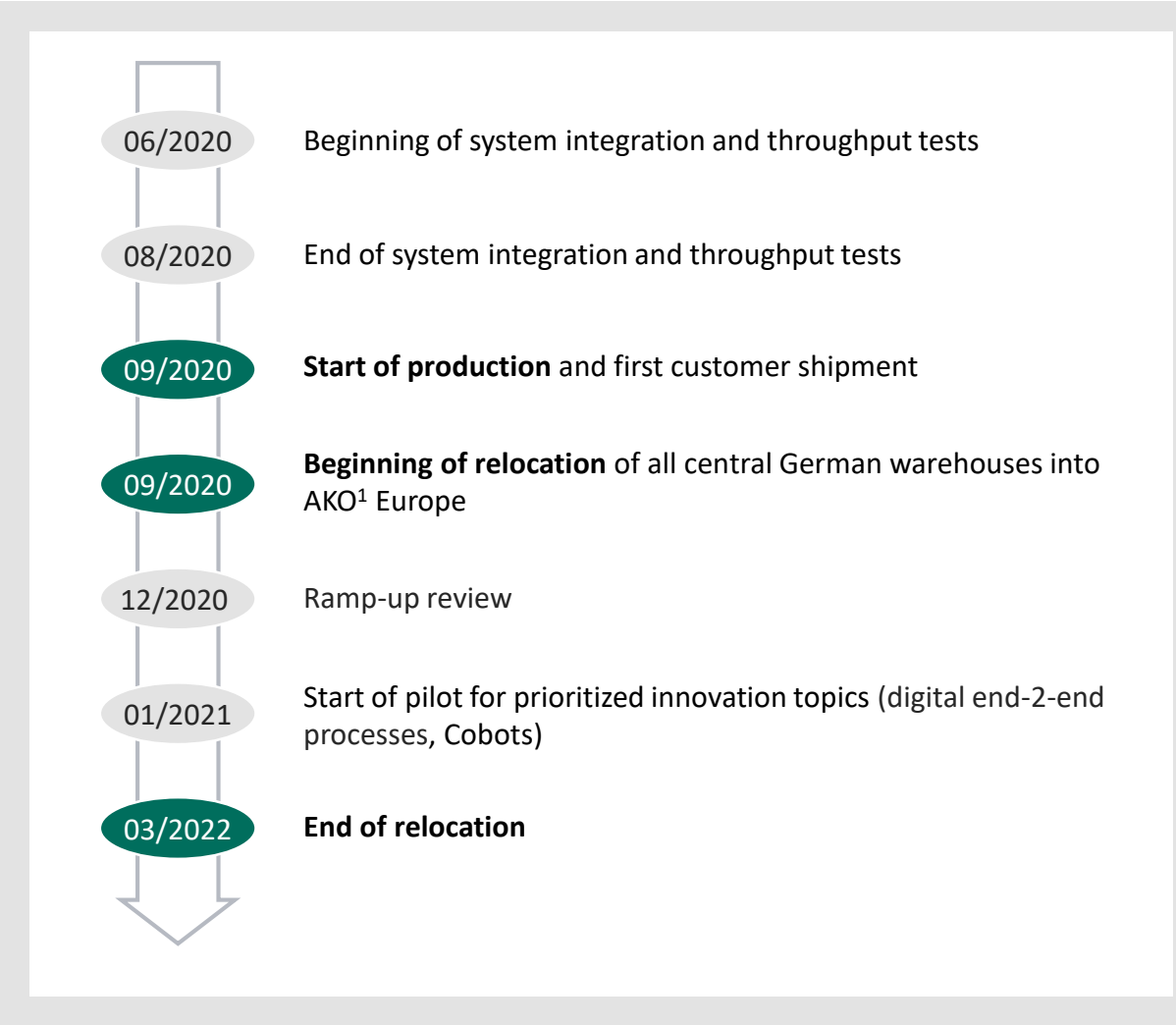
30% reduction in kitting times



Consolidation of 7 locations



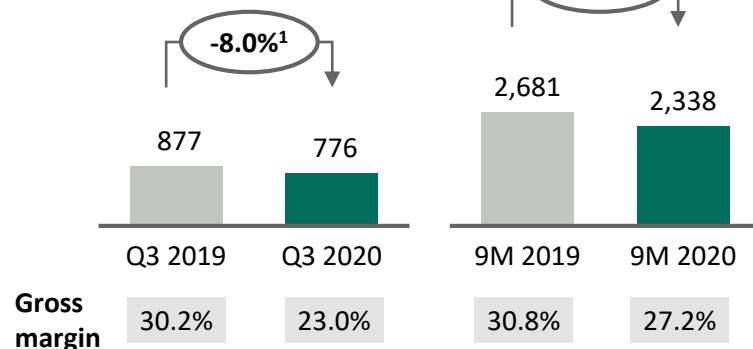
¹ Aftermarket Kitting Operation



Industrial – Sales gradually improved, margin impacted by lower volume and higher provisions

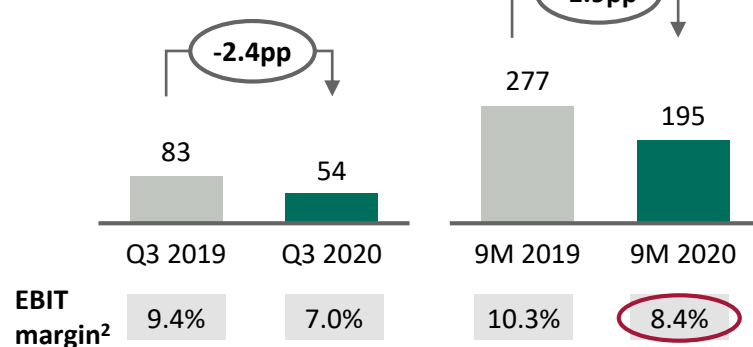
Sales

in EUR mn



EBIT²

in EUR mn



Greater China with almost 25%¹ growth yoy in Q3, driven by sector cluster Wind and closely linked Power Transmission



Overhead cost reduction by 17% in Q3 yoy stabilizing earnings, partly driven by program FIT



Europe contracting by -23.4%¹, sector clusters Aerospace and Industrial Automation as well as Industrial Distribution affected the most



Q3 Gross margin impacted by fixed assets write-down and non-personnel related provisions; fixed assets write-down classified as special item and therefore adjusted on EBIT level

¹ FX-adjusted | ² Before special items

Industrial – Strengthening our customer relationship and growing our business with bearings and Industry 4.0 products

Business Highlights

Digital Distributor Days



- For the first time, Distributor Days were held as digital events with over 1,000 participants
- Interactive live sessions in various languages to stay in close touch with our customers even in challenging times
- Very positive feedback from our sales partners

Existing and new growth in Offroad

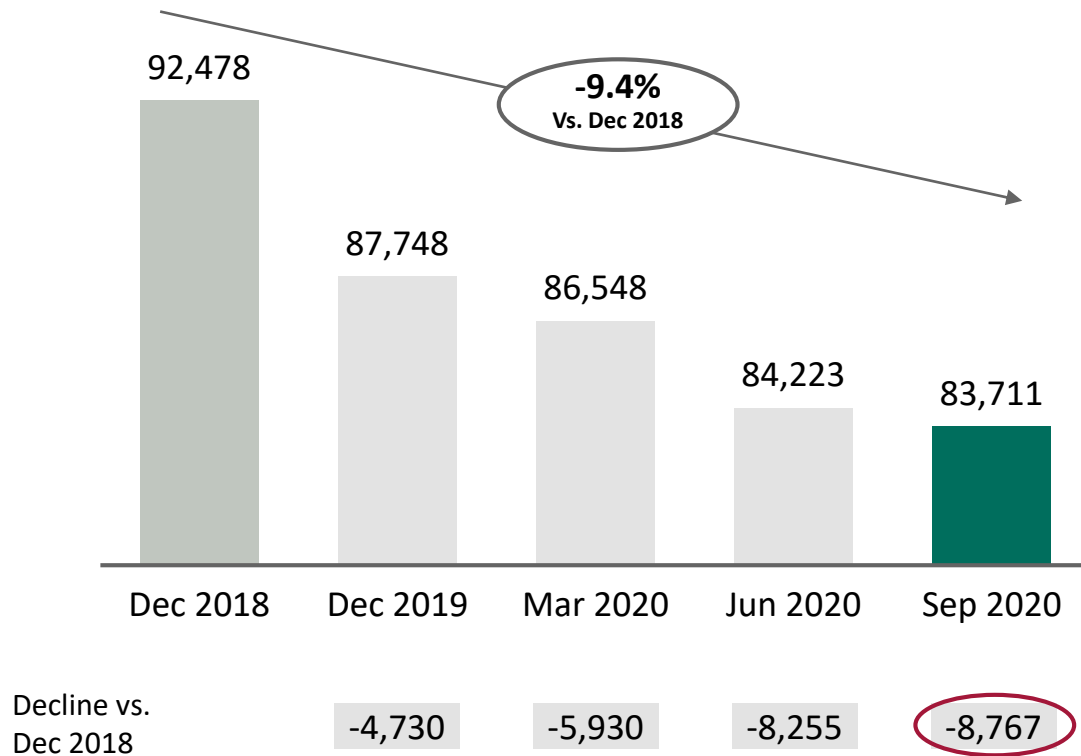


- Strong order book development in the Offroad sector by the end of Q3
- Project won with a major tractor manufacturer to supply gearbox bearings
- Successful launch of the mechatronic torque measurement sensor system – Series supply of four key OEMs achieved. Sensor system enables safer and more efficient harvesting and fertilizing processes

Cost management – Flexing of costs continued

Schaeffler Headcount

as per month end



Key aspects

- Divisional improvement programs RACE, GRIP and FIT resulted in selected site divestments and a voluntary severance scheme with 1,900 HCO reduction
- Starting in December 2019, broad-based cost flexing measures were implemented, both at Divisional and Corporate level. Due to the Covid-19 pandemic, these were further intensified in recent months
- New restructuring program announced in September 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, mainly in Germany, predominantly completed by end of 2022
 - Transformation costs of around EUR 700 mn (of which EUR 485 mn already booked in Q3)
 - EUR 250-300 mn annual benefits targeted, 90% will be realized already in 2023

Capital allocation – Prioritization and differentiated steering resulting in Capex ratio² of 5.4% in 9M

Investment¹ allocation | in EUR mn

	FY 18	FY 19	Q3 19	Q3 20	9M 20
Automotive Technologies	1,049	702	167	77	241
Automotive Aftermarket	56	68	-1	18	20
Industrial	170	163	64	77	199
Schaeffler Group	1,275	933	231	171	459
Capex	1,232	1,045	229	181	481
Capex ratio²	8.7%	7.2%	6.3%	5.3%	5.4%

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

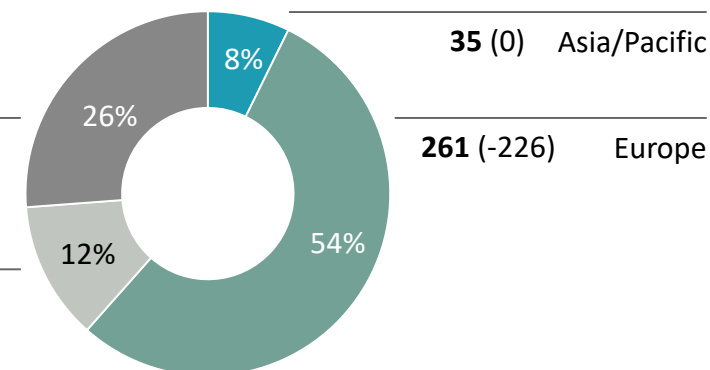
Key aspects

- Capex in FY 2020 reprioritized and to be reduced by at least one third compared to previous year (Capex FY 2019: EUR 1,045 mn)
- Capex prioritization properly balanced among divisions
- Throughout 9M we continued to invest in E-Mobility, sector cluster Wind, AKO³ and Sustainability projects

³ Aftermarket Kitting Operation

Capex by region 9M 2020 in EUR mn (yoy change)

Greater China	126 (-57)
Americas	59 (-59)



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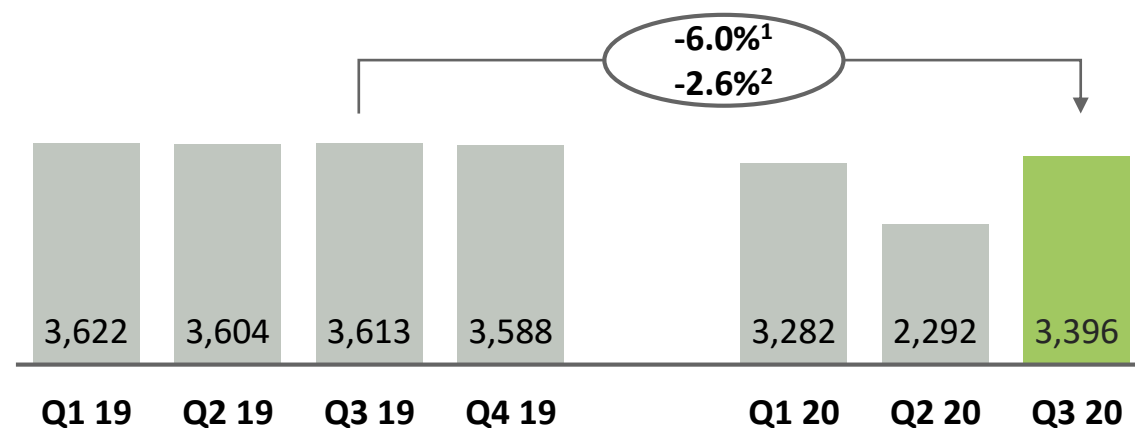
Key figures Q3 and 9M 2020

in EUR mn		Q3 2019	Q3 2020	Q3 2020 vs. Q3 2019	9M 2019	9M 2020	9M 2020 vs. 9M 2019
Sales	1	3,613	3,396	-6.0% -2.6% ¹	10,839	8,971	-17.2% -15.4% ¹
Gross Profit	2	917	810	-107 mn	2,729	1,947	-782 mn
Gross Margin		25.4%	23.8%	-1.6pp	25.2%	21.7%	-3.5pp
EBIT²	3	327	320	-7 mn	883	385	-498 mn
EBIT Margin²		9.1%	9.4%	+0.3pp	8.1%	4.3%	-3.8pp
Net income³	4	212	-172	-384 mn	485	-525	-1,010 mn
EPS⁴ (in EUR)		0.31	-0.26	-0.57	0.73	-0.78	-1.51
Schaeffler Value Added⁵	4	247	-75	-322 mn	247	-75	-322 mn
ROCE⁶		12.9%	8.1%	-4.8pp	12.9%	8.1%	-4.8pp
Free Cash Flow⁷	5	362	333	-29 mn	133	185	+52 mn
Capex	6	229	181	-48 mn	823	481	-342 mn
Net financial debt	7	2,842	2,688	-154 mn	2,842	2,688	-154 mn
Leverage ratio⁸		1.4x	1.6x	+0.2x	1.4x	1.6x	+0.2x
Headcount		89,036	83,711	-6.0%	89,036	83,711	-6.0%

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

1 Sales growth – Greater China with strong growth, Americas flat, Europe still negative

Sales | in EUR mn



Sales growth

Reported

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

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

Key aspects

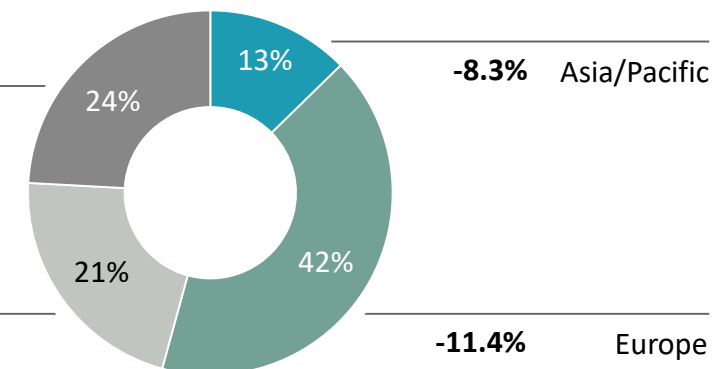
- Sales in Q3 sequentially improved in all regions; China (+16.5%²) and Americas (+0.8%²) growing yoy, Europe still down double digit
- Automotive Technologies with strong growth in China (+14.2%²), Europe improving but still negative in Q3 (-9.3%²)
- Aftermarket slightly down in Europe yoy, Americas growing (+12.9%²)
- Industrial lagging in Europe (-23.4%²), whereas growth in China further accelerated (+24.6%²)

Sales by region Q3 2020

yoy growth²

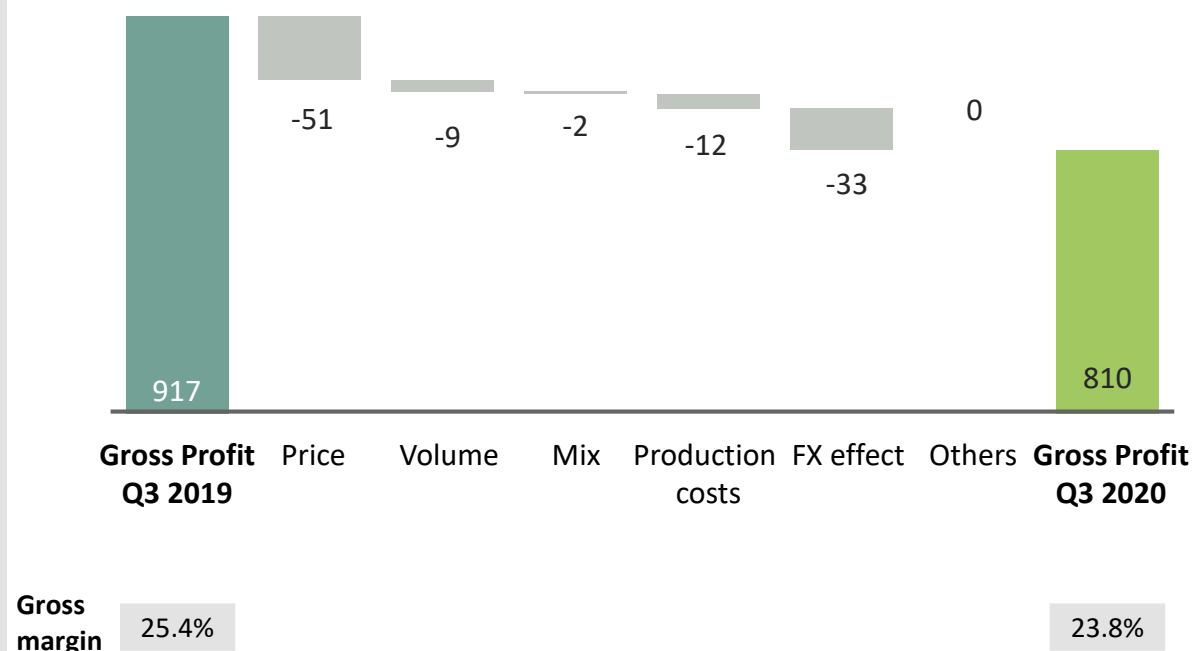
Greater China +16.5%

Americas +0.8%



2 Gross Profit – Stable in Automotive divisions, lower in Industrial

Gross Profit Q3 2019 vs. Q3 2020 | in EUR mn



Key aspects

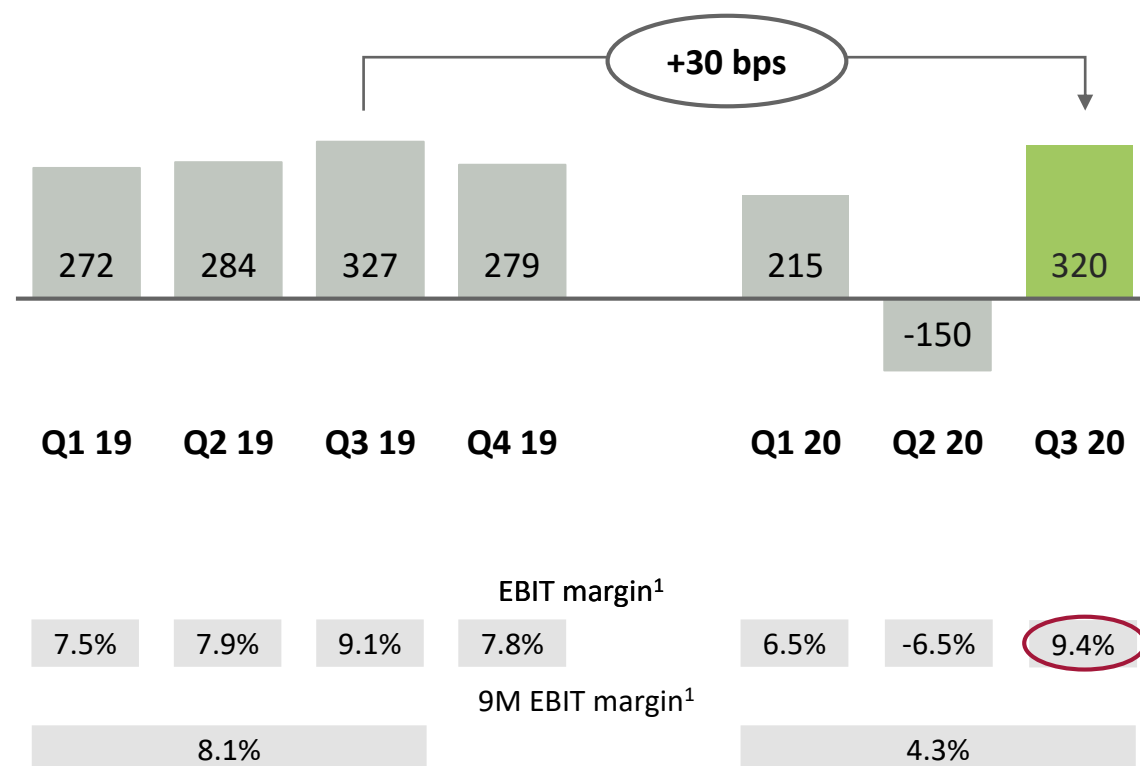
- Normal negative price effect in Automotive Technologies, Aftermarket with favorable effect as a result of initiatives within GRIP program
- Lower production costs in Automotive Technologies, but higher in Industrial due to fixed assets write-down and non-personnel related provisions
- Negative FX effect is mainly driven by translational effects and overproportionally related to Aftermarket and Industrial

Gross Margin

in % of sales	Q3 19	Q3 20	Q3 20 vs. Q3 19	9M 19	9M 20	9M 20 vs. 9M 19
Automotive Technologies	21.4%	21.9%	+0.5pp	21.1%	16.7%	-4.4pp
Aftermarket	35.2%	34.8%	-0.4pp	34.4%	33.9%	-0.5pp
Industrial	30.2%	23.0%	-7.2pp	30.8%	27.2%	-3.6pp
Group	25.4%	23.8%	-1.6pp	25.2%	21.7%	-3.5pp

3 EBIT margin¹ – Strong Q3 margin of 9.4%¹ driven by Automotive divisions

EBIT¹ | in EUR mn



¹ Before special items

Key aspects

- Strong Q3 EBIT margin¹ of 9.4% as a result of market recovery as well as temporary (e.g. short-time work) and structural measures
- Automotive divisions with strong results in Q3 driven by all three factors mentioned above
- Industrial lagging in biggest region Europe, together with non-personnel related provisions resulting in lower EBIT margin yoy

EBIT margin¹

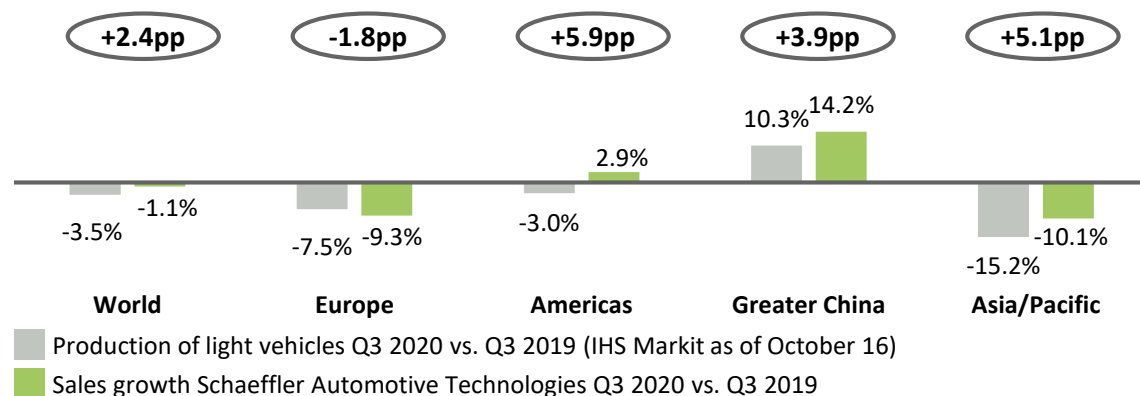
	Q3 19	Q3 20	Q3 20 vs. Q3 19	9M 19	9M 20	9M 20 vs. 9M 19
Automotive Technologies	7.0%	8.3%	+1.3pp	5.6%	0.0%	-5.6pp
Aftermarket	18.1%	18.9%	+0.8pp	16.4%	15.7%	-0.7pp
Industrial	9.4%	7.0%	-2.4pp	10.3%	8.4%	-1.9pp
Group	9.1%	9.4%	+0.3pp	8.1%	4.3%	-3.8pp

Automotive Technologies – Outperformance in all regions except Europe, EBIT margin above prior year

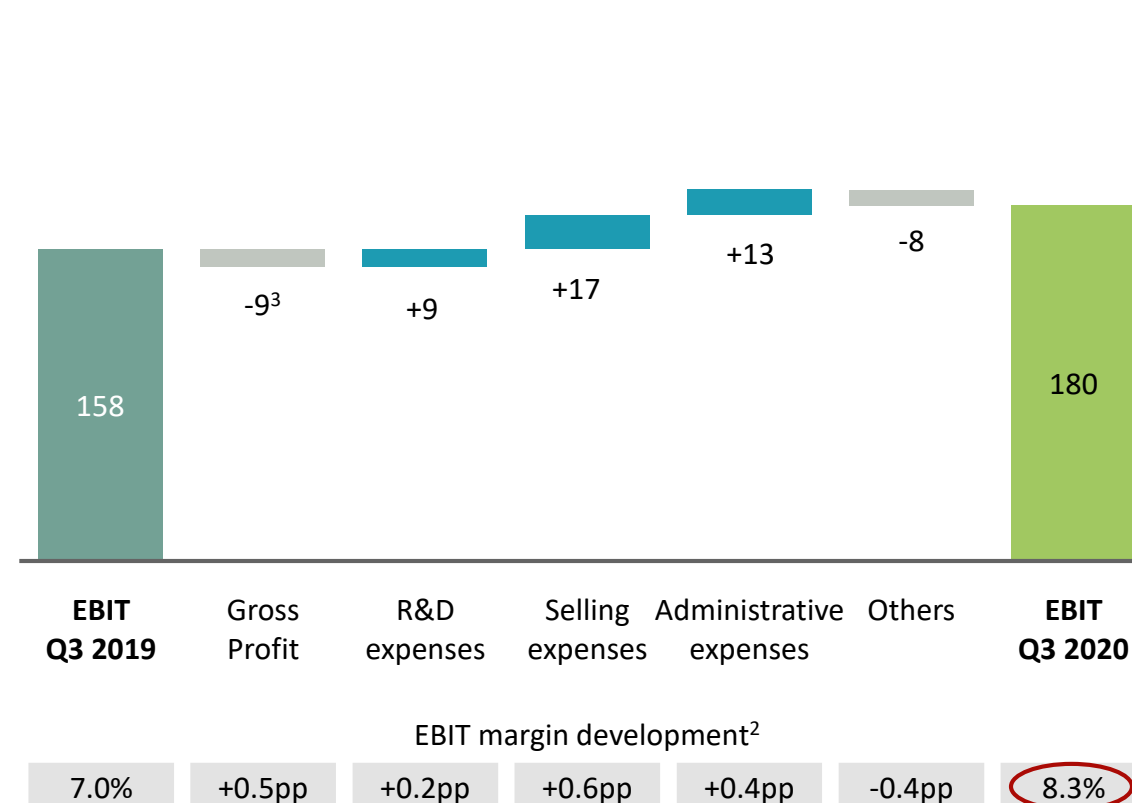
Sales by business division | yoy growth

	Q3 2019	Q3 2020	Δ^1
E-Mobility	190	180	-3.9%
Engine Systems	700	650	-4.8%
Transmission Systems	995	988	+2.8%
Chassis Systems	369	347	-2.9%
Total	2,254	2,165	-1.1%

Outperformance: Sales¹ vs. market development in Q3



EBIT² Q3 2019 vs. Q3 2020 | in EUR mn



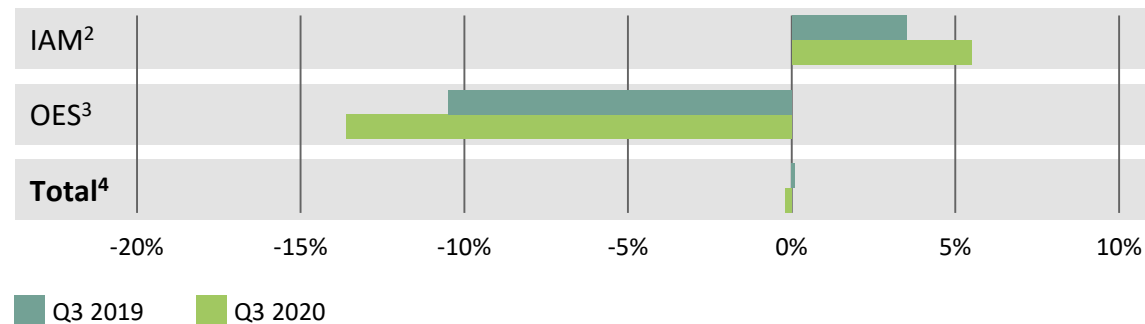
¹ FX-adjusted | ² Before special items | ³ Includes negative FX effects of EUR 6 mn

Automotive Aftermarket – Positive development in Independent Aftermarket, strong margin

Sales by region | yoy growth

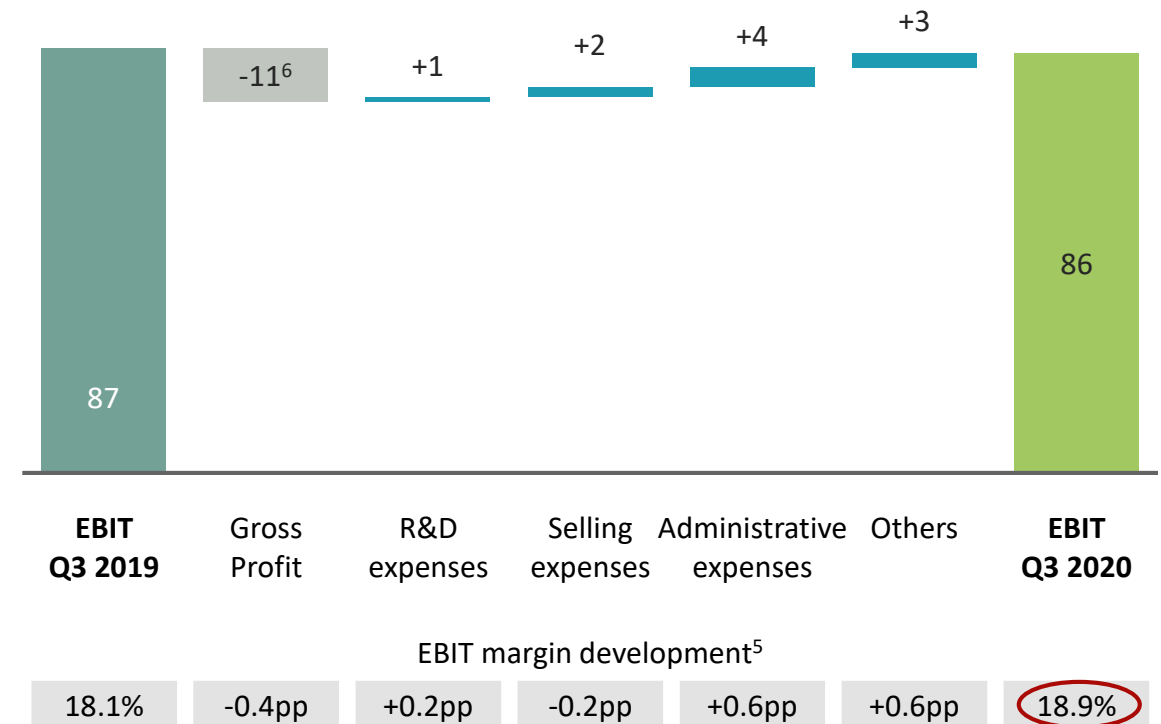
	Q3 2019	Q3 2020	Δ^1
Europe	351	334	-3.4%
Americas	86	80	+12.9%
Greater China	22	21	-0.2%
Asia/Pacific	23	21	+2.0%
Total	482	456	-0.2%

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 Q3 2019 vs. Q3 2020 | in EUR mn



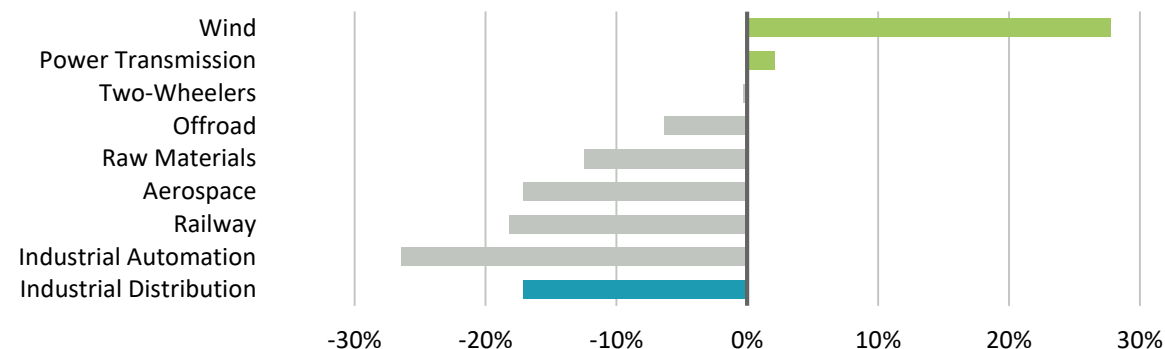
⁵ Before special items | ⁶ Includes negative FX effects of EUR 10 mn

Industrial – Polarized sales development continued, margin impacted by lower volume and higher provisions

Sales by region | yoy growth

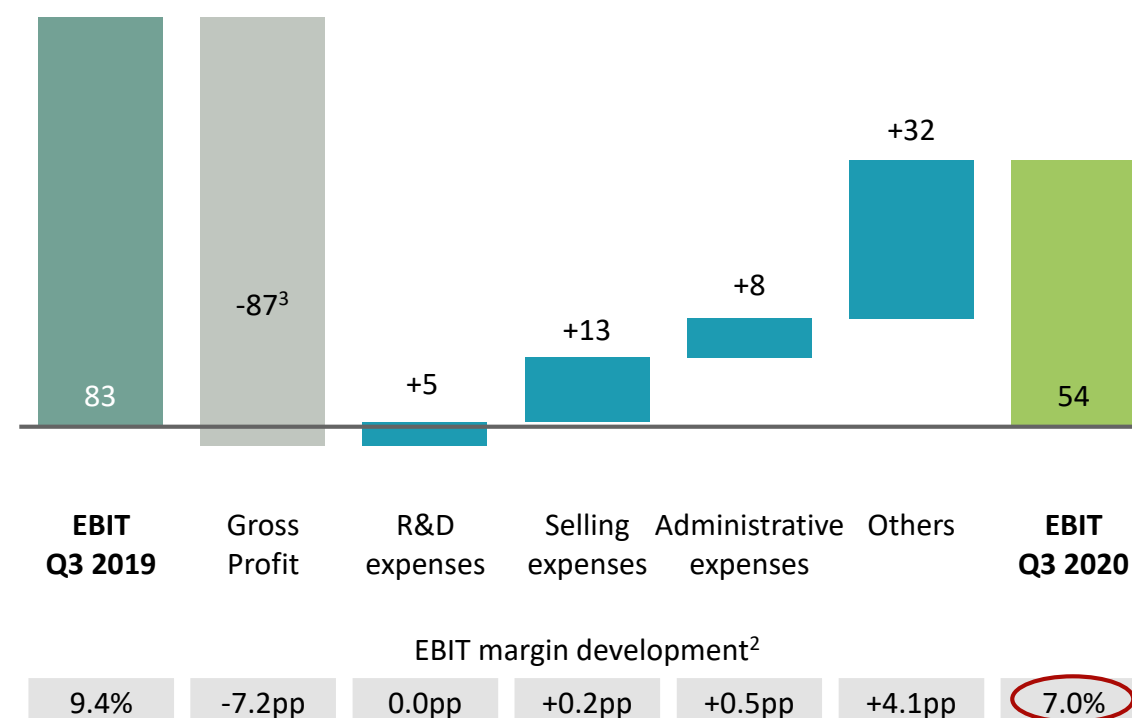
	Q3 2019	Q3 2020	Δ ¹
Europe	388	296	-23.4%
Americas	159	127	-12.9%
Greater China	193	231	+24.6%
Asia/Pacific	138	121	-5.7%
Total	877	776	-8.0%

Industrial sales growth by sector cluster Q3 2020¹



¹ FX-adjusted

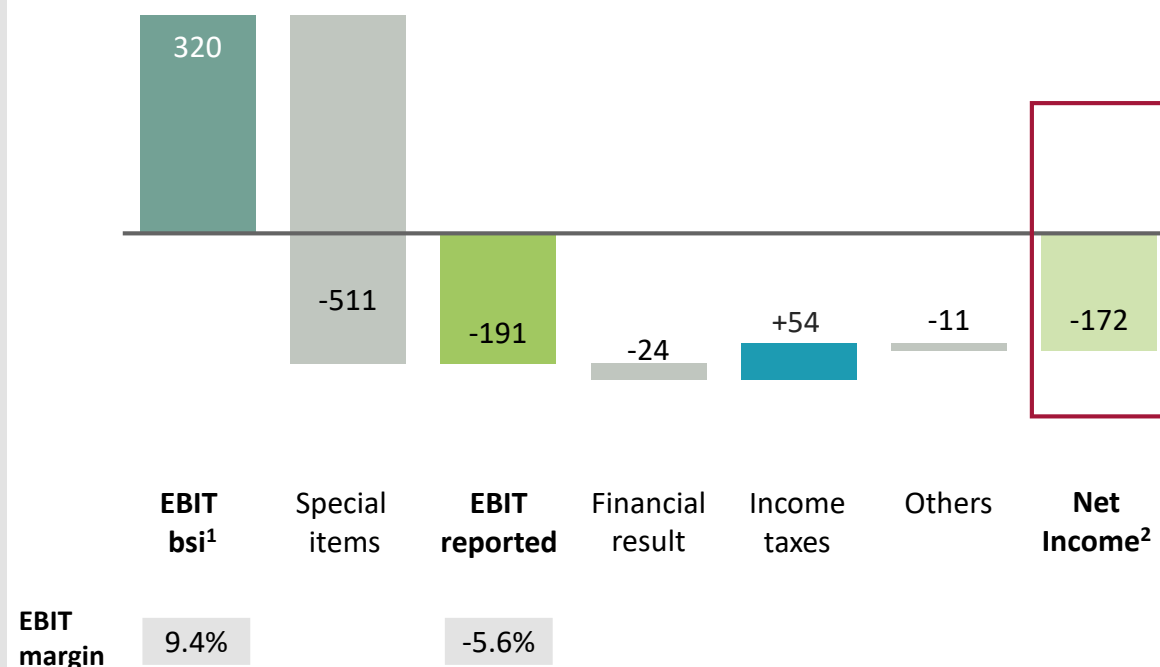
EBIT² Q3 2019 vs. Q3 2020 | in EUR mn



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

3 EBIT before special items – Reconciliation Q3 2020

Reconciliation Q3 2020 | in EUR mn



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

Key aspects

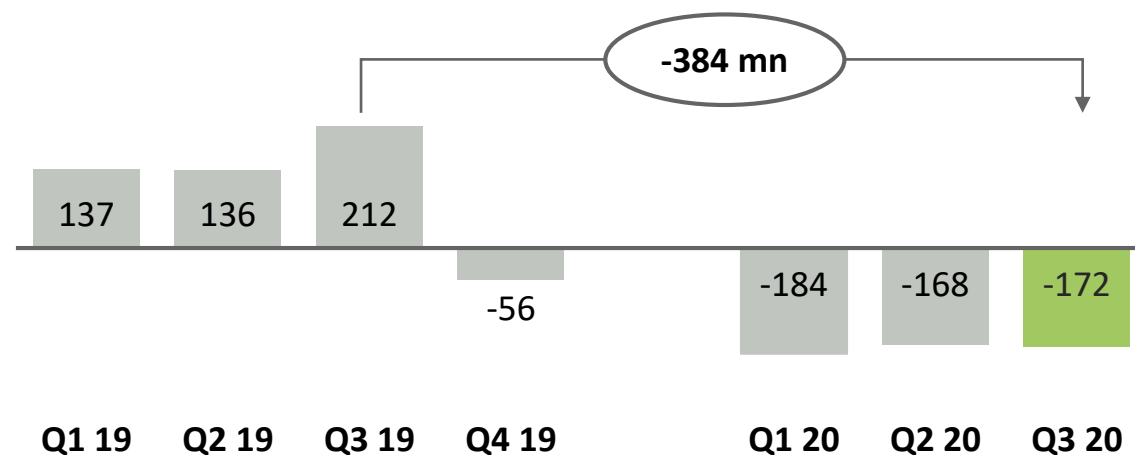
- New restructuring program announced in September leading to EUR 485 mn provisions in Q3, allocated divisionally on top of the programs RACE, GRIP and FIT
- EUR 20 mn fixed assets write-down in Industrial

Special items by division | in EUR mn

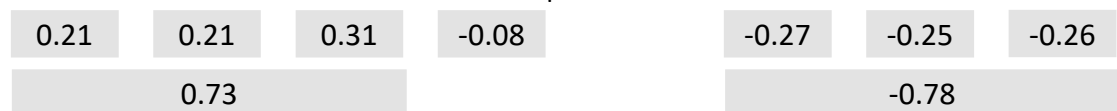
	Q3 19	Q3 20	Q3 20 vs. Q3 19	9M 19	9M 20	9M 20 vs. 9M 19
EBIT Reported	312	-191	-503	795	-413	-1,208
Automotive Technologies	15	252	237	87	517	430
Aftermarket	0	23	23	0	23	23
Industrial	0	236	236	0	258	258
Group	15	511	496	88	798	710
EBIT bsi ¹	327	320	-7	883	385	-498

4 Net income¹ Q3 2020 EUR -172 mn – EPS² Q3 2020 at EUR -0.26 (PY: EUR 0.31)

Net income¹ | in EUR mn



EPS² | in EUR

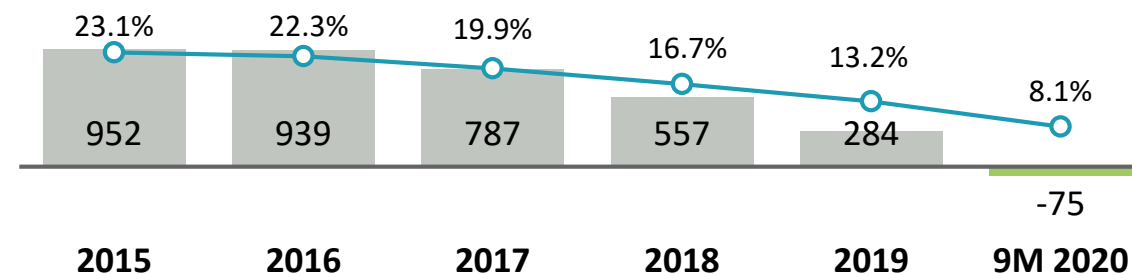


¹ Attributable to the shareholders of the parent company | ² Earnings per common non-voting share

Key aspects

- Q3 Net income¹ decreased by EUR -384 mn, mainly due to restructuring provisions
- EPS² in Q3 decreased to EUR -0.26 (Q3 19: EUR 0.31)
- In 9M Net income¹ reached EUR -525 mn, Net income before special items¹ amounted to EUR 139 mn
- Schaeffler Value Added³ decreased to EUR -75 mn due to the lower EBIT in all divisions, whereas the average Capital Employed declined

Schaeffler Value Added³ | in EUR mn

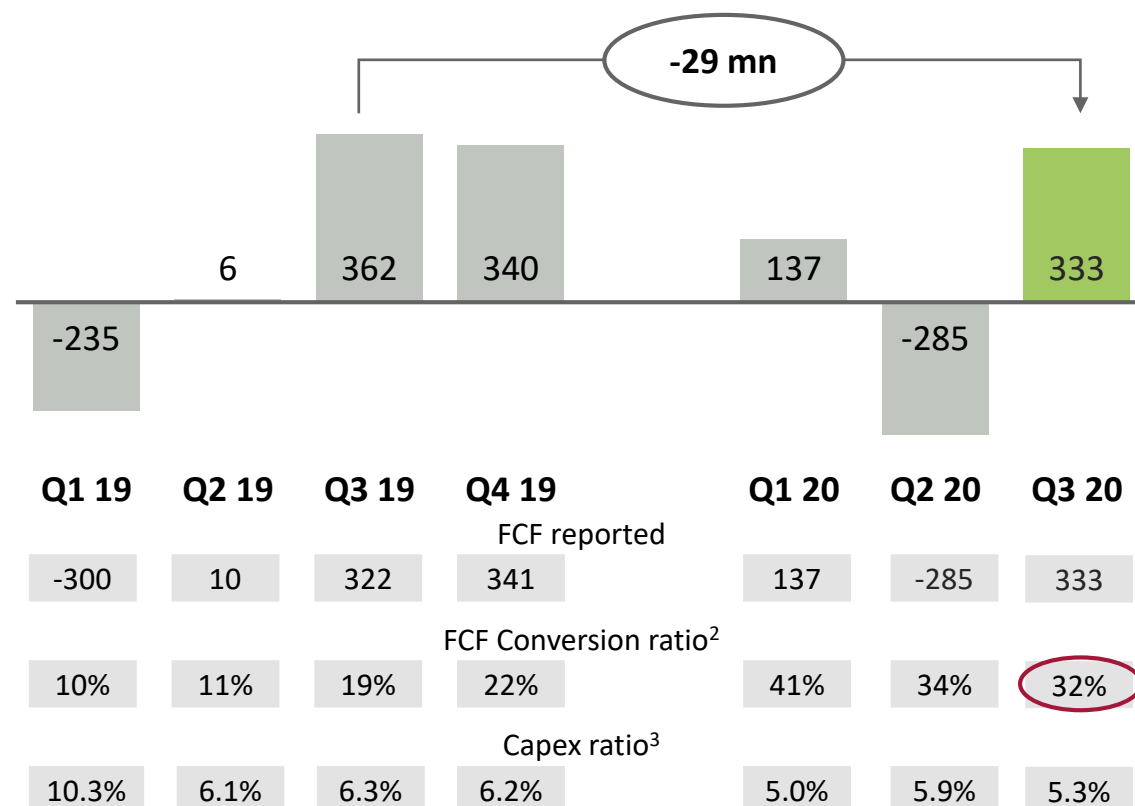


— ROCE before special items

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

5 Free Cash Flow before M&A¹ Q3 at EUR 333 mn (PY: EUR 362 mn)

Free Cash Flow before M&A¹ | in EUR mn



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

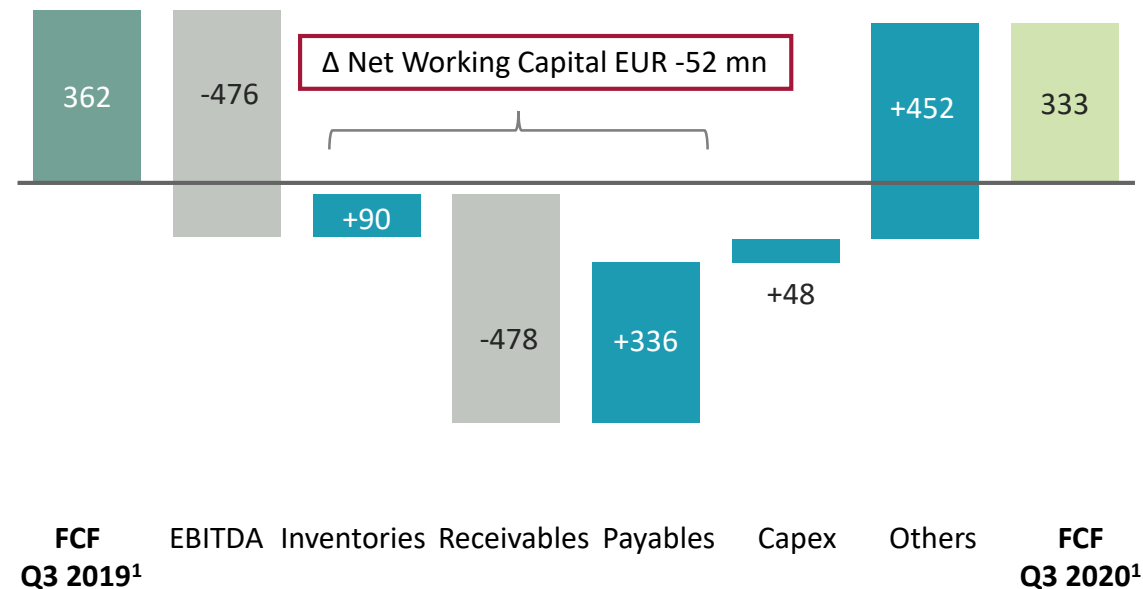
- FCF¹ in Q3 amounted to EUR 333 mn, mainly driven by Capex discipline and proactive Working Capital management; provisions for new restructuring program not cash relevant in Q3
- Despite lower EBIT, FCF¹ in 9M improved yoy by EUR 52 mn
- Strict prioritization led to reduced Capex of EUR 181 mn (Q3 19: EUR 229 mn)

FCF Details | in EUR mn

	Q3 2019	Q3 2020	Δ Q3 20/19	9M 2019	9M 2020	Δ 9M 20/19
FCF as reported	322	333	+11	32	185	+153
M&A	40	0	-40	101	0	-101
FCF before M&A	362	333	-29	133	185	+52

5 Free Cash Flow details Q3 2020 – Strong FCF supported by proactive inventory management

FCF¹ Q3 2019 vs. Q3 2020 | in EUR mn



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

Key aspects

- Negative EBITDA development yoy mainly due to EUR 485 mn provisions for new restructuring program
- Proactive inventory management resulted in EUR 90 mn positive effect
- “Others” include non-cash relevant provisions for new restructuring program

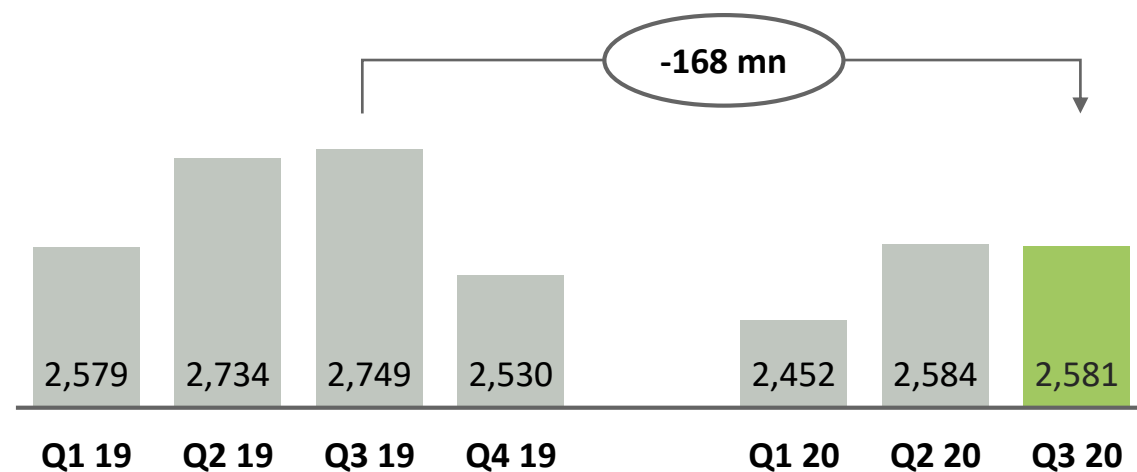
Net Working Capital details | in EUR mn

Change in	Q3 2019	Q3 2020	Δ Q3 20/19	9M 2019	9M 2020	Δ 9M 20/19
Inventories	101	191	90	-40	39	79
Receivables	-1	-479	-478	-266	-148	118
<i>thereof R. Sale Program</i>	0	0	0	0	-50	-50
Payables	-82	254	336	-137	-78	59
Δ Net Working Capital	18	-34	-52	-443	-188	255
<i>Working Capital ratio¹</i>	<i>19.1</i>	<i>20.6</i>	<i>-</i>	<i>19.1</i>	<i>20.6</i>	<i>-</i>

¹ in % of sales (LTM)

6 Working Capital ratio 20.6% – Capex ratio 5.3% in Q3

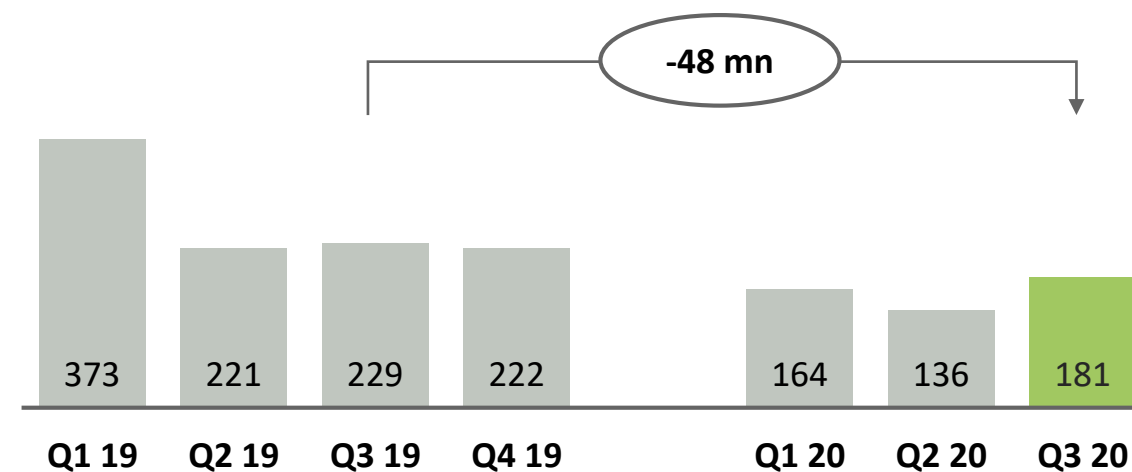
Working capital¹ | in EUR mn



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

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

Capex² | in EUR mn



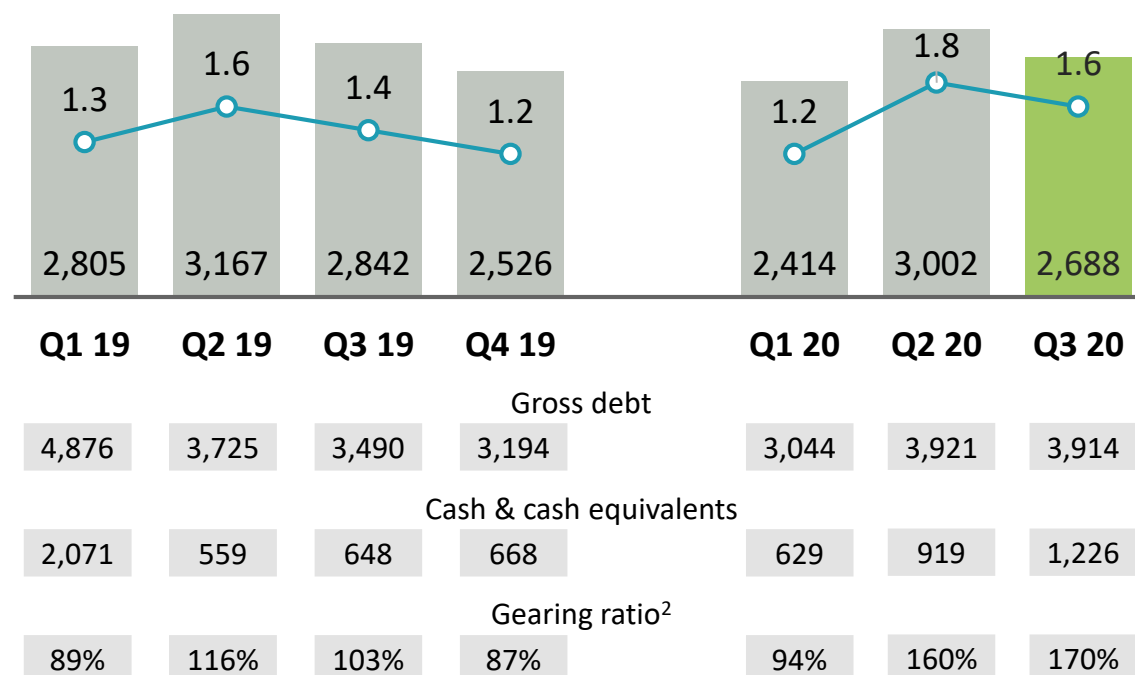
			in % of sales		
10.3%	6.1%	6.3%	6.2%	5.0%	5.9%
	7.6%			5.4%	5.3%

² Cash view

7 Net debt of EUR 2,688 mn – Leverage ratio¹ at 1.6x

Net financial debt and Leverage ratio¹ | in EUR mn

—○— Leverage ratio¹



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 decreased to EUR 2.7 bn, Leverage ratio¹ 1.6x
- 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

Strong liquidity situation

- Cash balance Schaeffler Group as per end of September 2020 EUR 1,226 mn (June 2020 EUR 919 mn, year end 2019 EUR 668 mn)
- Committed unused credit lines on Group level of almost EUR 2.0 bn as per end of September 2020
- Available liquidity of EUR 2.8 bn or 22% of LTM Net Sales³

Agenda

- 1 Overview
- 2 Business Highlights Q3 and 9M 2020
- 3 Financial Results Q3 and 9M 2020
- 4 Outlook

New Guidance 2020 – FY 2020 guidance specified

Group Guidance

	Actuals 9M 2020	Guidance FY 2020
Sales growth¹	-15.4%	-13 to -11.5%
EBIT margin²	4.3%	4.5 - 5.5%
Free Cash Flow³	EUR 185 mn	EUR 500 - 600 mn

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

Divisional Guidance

Automotive Technologies		Automotive Aftermarket		Industrial	
Actuals 9M 2020	Guidance FY 2020	Actuals 9M 2020	Guidance FY 2020	Actuals 9M 2020	Guidance FY 2020
-18.2%	-14.5 to -13%	-9.7%	-8 to -6.5%	-11.3%	-10 to -9%
0.0%	1 - 2%	15.7%	14.5 - 15.5%	8.4%	7.5 - 8.5%

Market assumptions 2020

- ▶ Automotive Technologies: Decrease of global passenger car production of around **-18% to -20%**
- ▶ Industrial: Decline of industrial production of **around 5%**

Coronavirus pandemic will not result in any significant new adverse implications for the company's result of operations

Conclusion & Outlook – Strong Q3 performance, Covid-19 uncertainty managed with preparedness and speed

- 1 Sequential top line recovery in Auto divisions – Industrial with gradual improvement but environment remains muted
- 2 Strong earnings quality in both Automotive divisions – Industrial impacted by higher provisions
- 3 Overhead cost reduction of more than EUR 200 mn in the first nine months – Deployment of temporary and structural measures pays off in all divisions
- 4 FY 2020 Guidance specified – Covid-19 related uncertainty managed with preparedness and speed, visibility will stay limited and volatility high
- 5 Organization continues to proof its resilience in the current challenging environment



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

Financial calendar 2020 / 2021 – Virtual Capital Markets Day November 18

Roadshows

Nov 26

Virtual Roadshow J.P. Morgan



Nov 30

Virtual Roadshow Berenberg



Dec 3

Virtual Roadshow Jefferies

Regular capital market communication

Nov 10

9M 2020 Earnings Release



Nov 18

Virtual Capital Markets Day – 1pm CET

Mar 4

FY 2020 Earnings Release



What has made us strong in the analog world,
has made us even stronger in the digital world.
We pioneer motion

IR Contact

Investor Relations

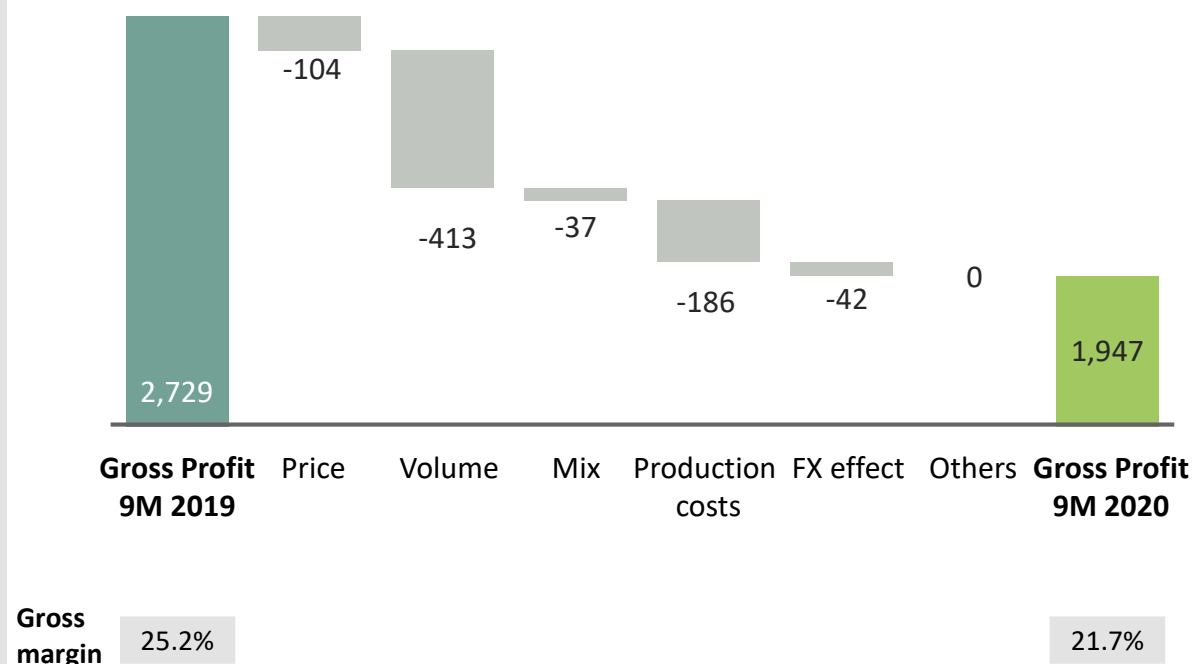
Phone: + 49 9132 82-4440

Email: ir@schaeffler.com

Web: www.schaeffler.com/ir

Gross Profit 9M – Severe volume losses could not be compensated by cost flexing

Gross Profit 9M 2019 vs. 9M 2020 | in EUR mn



Key aspects

- Normal negative price effect in Automotive Technologies, Industrial still with slightly 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 Technologies

Gross Margin

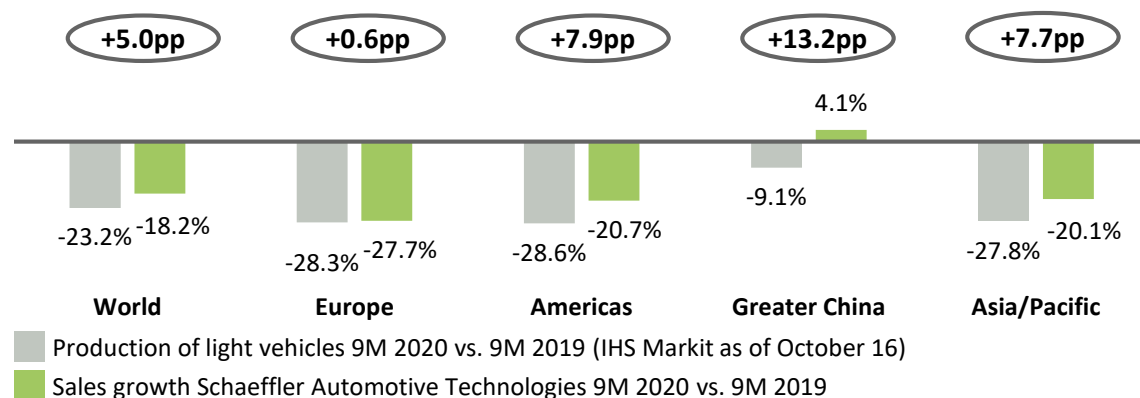
in % of sales	Q3 19	Q3 20	Q3 20 vs. Q3 19	9M 19	9M 20	9M 20 vs. 9M 19
Automotive Technologies	21.4%	21.9%	+0.5pp	21.1%	16.7%	-4.4pp
Aftermarket	35.2%	34.8%	-0.4pp	34.4%	33.9%	-0.5pp
Industrial	30.2%	23.0%	-7.2pp	30.8%	27.2%	-3.6pp
Group	25.4%	23.8%	-1.6pp	25.2%	21.7%	-3.5pp

Automotive Technologies 9M – Strong Outperformance in most regions, EBIT reached break-even level

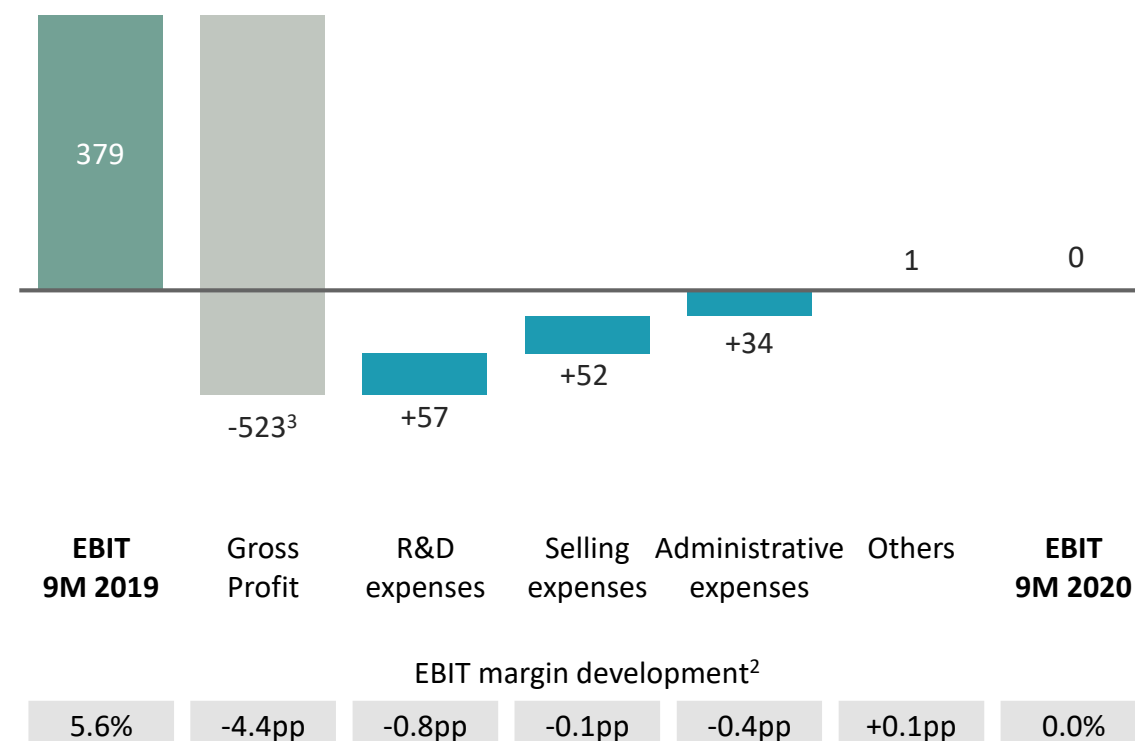
Sales by business division | yoy growth

	9M 2019	9M 2020	Δ ¹
E-Mobility	496	451	-8.0%
Engine Systems	2,088	1,638	-20.6%
Transmission Systems	3,021	2,438	-17.8%
Chassis Systems	1,167	902	-21.0%
Total	6,772	5,429	-18.2%

Outperformance: Sales¹ vs. market development in 9M



EBIT² 9M 2019 vs. 9M 2020 | in EUR mn



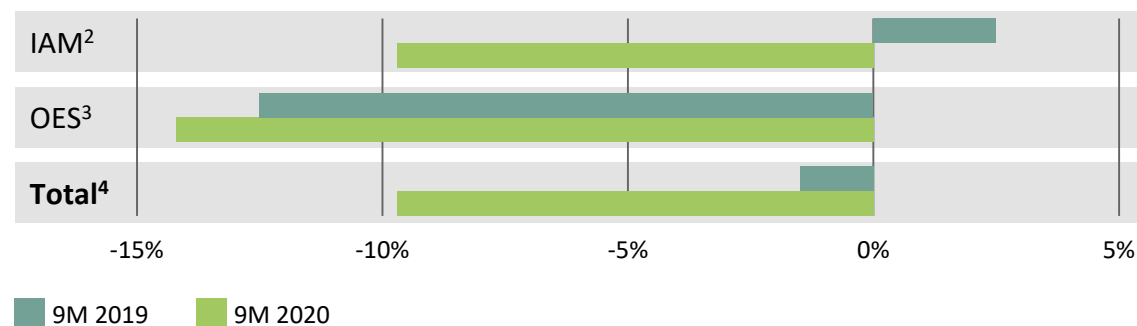
¹ FX-adjusted | ² Before special items | ³ Includes negative FX effects of EUR 7 mn

Automotive Aftermarket 9M – Sales decline in all regions, strong earnings quality

Sales by region | yoy growth

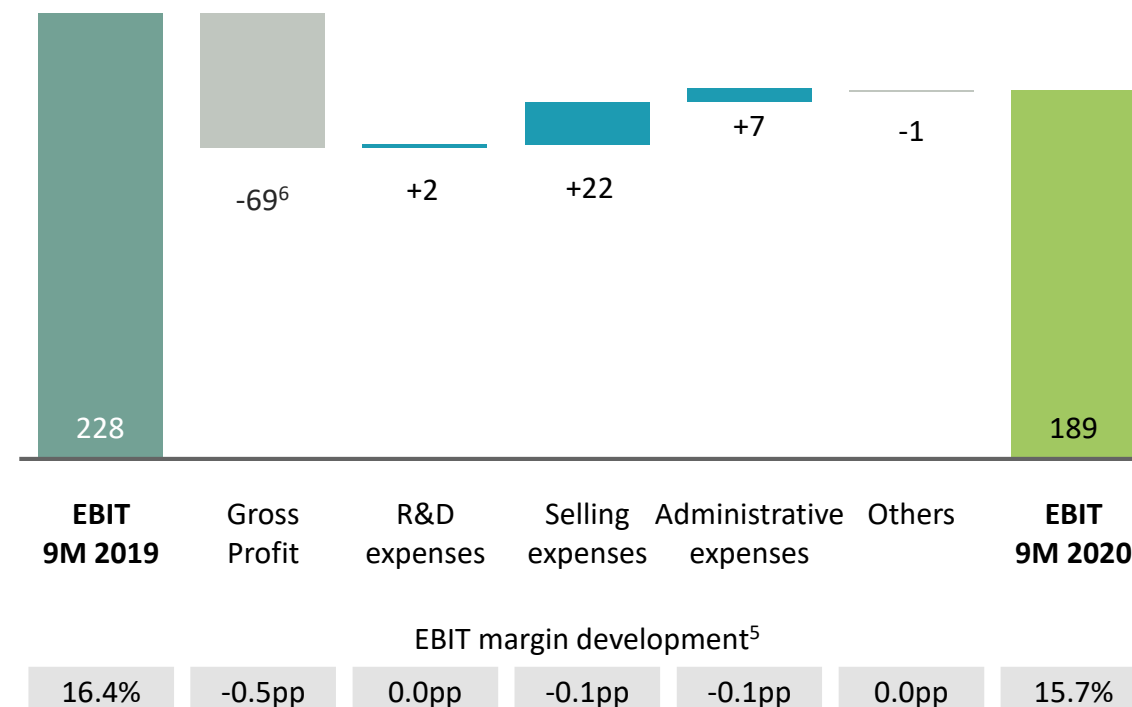
	9M 2019	9M 2020	Δ ¹
Europe	983	874	-9.7%
Americas	269	216	-9.1%
Greater China	64	57	-8.0%
Asia/Pacific	71	56	-17.8%
Total	1,386	1,203	-9.7%

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 9M 2019 vs. 9M 2020 | in EUR mn



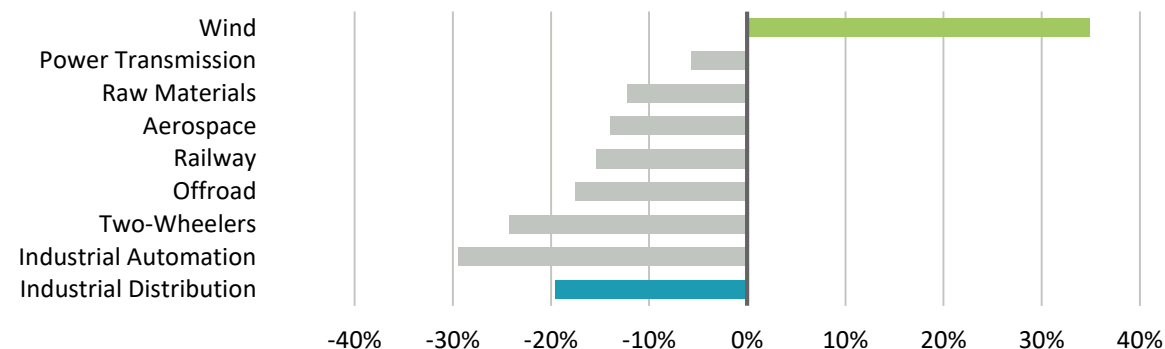
⁵ Before special items | ⁶ Includes negative FX effect of EUR 18 mn

Industrial 9M – Sales decline in all sector clusters except Wind, earnings quality robust

Sales by region | yoy growth

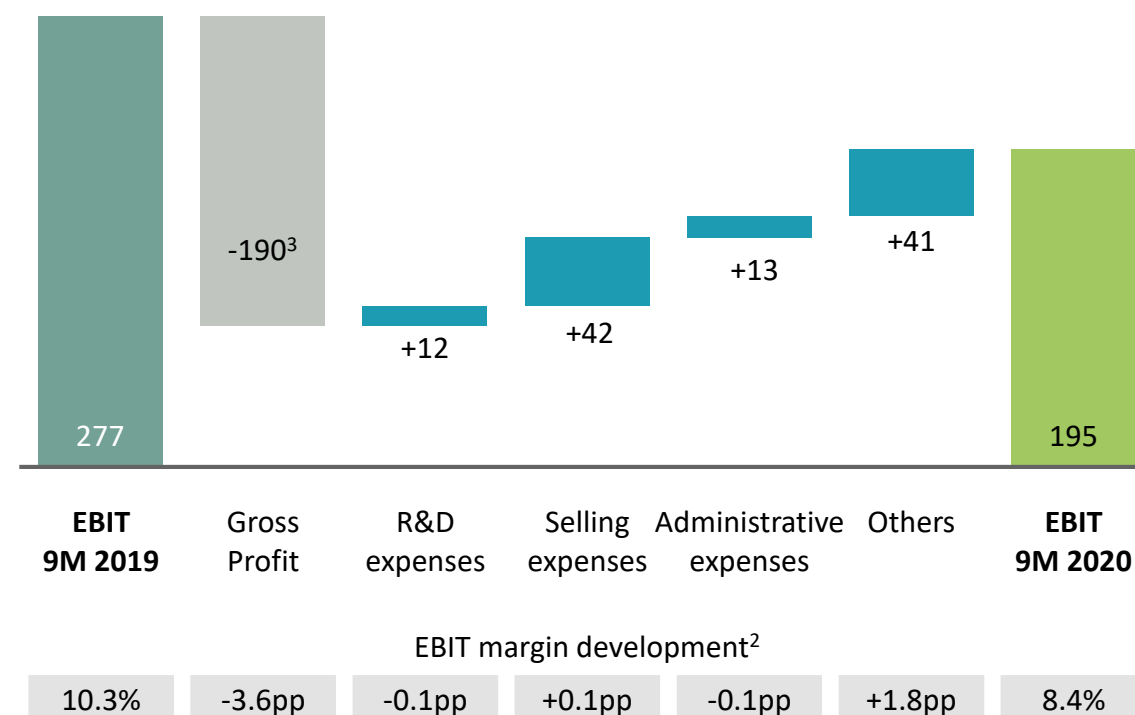
	9M 2019	9M 2020	Δ^1
Europe	1,248	976	-21.5%
Americas	481	396	-15.5%
Greater China	539	638	+20.2%
Asia/Pacific	414	328	-17.5%
Total	2,681	2,338	-11.3%

Industrial sales growth by sector cluster 9M 2020¹



¹ FX-adjusted

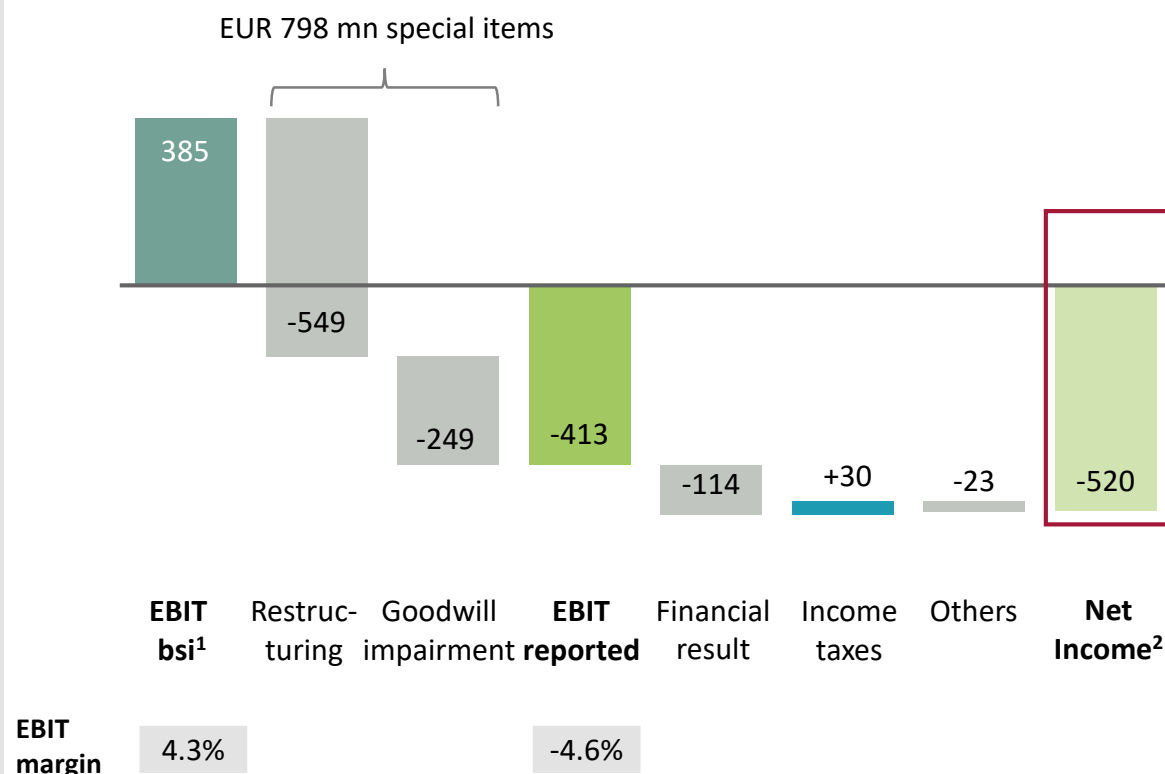
EBIT² 9M 2019 vs. 9M 2020 | in EUR mn



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

EBIT before special items – Reconciliation 9M 2020

Reconciliation 9M 2020 | in EUR mn



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

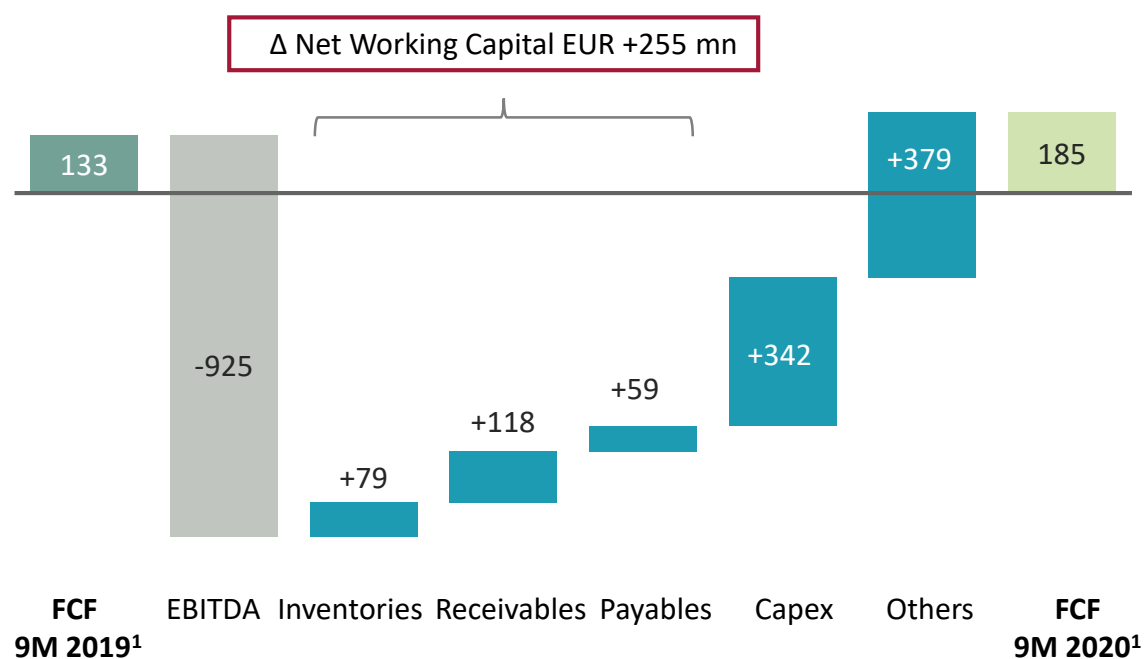
Key aspects

- New restructuring program announced in September leading to EUR 485 mn provisions in Q3, allocated divisionally on top 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

Special items by division | in EUR mn

	Q3 19	Q3 20	Q3 20 vs. Q3 19	9M 19	9M 20	9M 20 vs. 9M 19
EBIT Reported	312	-191	-503	795	-413	-1,208
Automotive Technologies	15	252	237	87	517	430
Aftermarket	0	23	23	-	23	23
Industrial	0	236	236	0	258	258
Group	15	511	496	88	798	710
EBIT bsi ¹	327	320	-7	883	385	-498

Free Cash Flow details 9M 2020 – Net Working Capital and Capex prioritization

FCF¹ 9M 2019 vs. 9M 2020 | in EUR mn

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

Key aspects

- Negative EBITDA development yoy due to EUR 549 mn provisions for divisional programs RACE, GRIP and FIT and weaker operational result
- Positive Net Working Capital Delta of EUR 256 mn
- Capex prioritization resulted in a Capex reduction of EUR 342 mn
- “Others” include non-cash relevant provisions for new restructuring program

Net Working Capital details | in EUR mn

Change in	Q3 2019	Q3 2020	Δ Q3 20/19	9M 2019	9M 2020	Δ 9M 20/19
Inventories	101	191	90	-40	39	79
Receivables	-1	-479	-478	-266	-148	118
thereof R. Sale Program	0	0	0	0	-50	-50
Payables	-82	254	336	-137	-78	59
Δ Net Working Capital	18	-34	-52	-443	-188	255
Working Capital ratio ¹	19.1	20.6	-	19.1	20.6	-

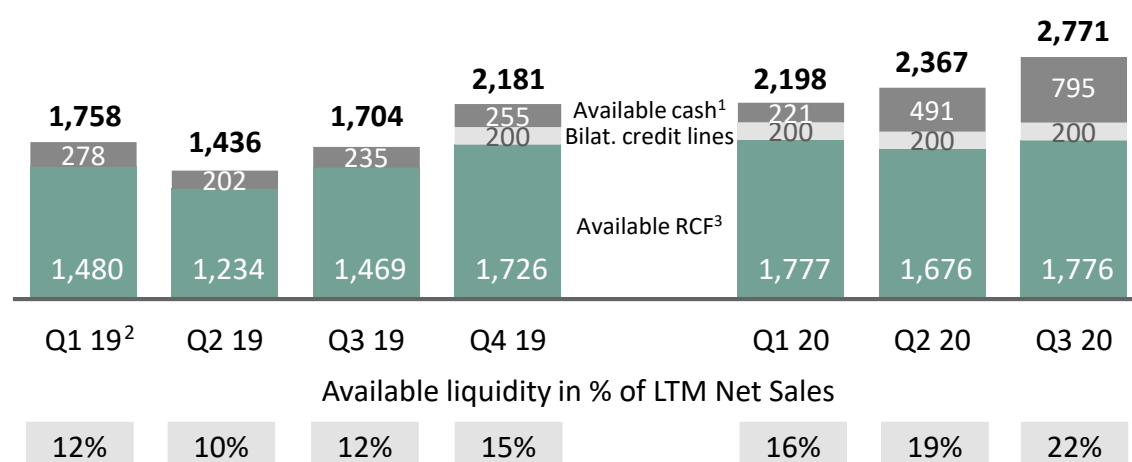
¹ in % of sales (LTM)

Liquidity position of more than EUR 2.7 bn at the end of September – Successful bond transaction of EUR 1.5 bn issued on October 5, 2020 to refinance upcoming maturities

Liquidity

- Cash balance Schaeffler Group as per end of September 2020 EUR 1,226 mn (June 2020 EUR 919 mn, year end 2019 EUR 668 mn)
- Committed unused credit lines on Group level of almost EUR 2.0 bn as per end of September 2020, available liquidity¹ 22% of LTM Net Sales

As of September 30, 2020 | in EUR mn



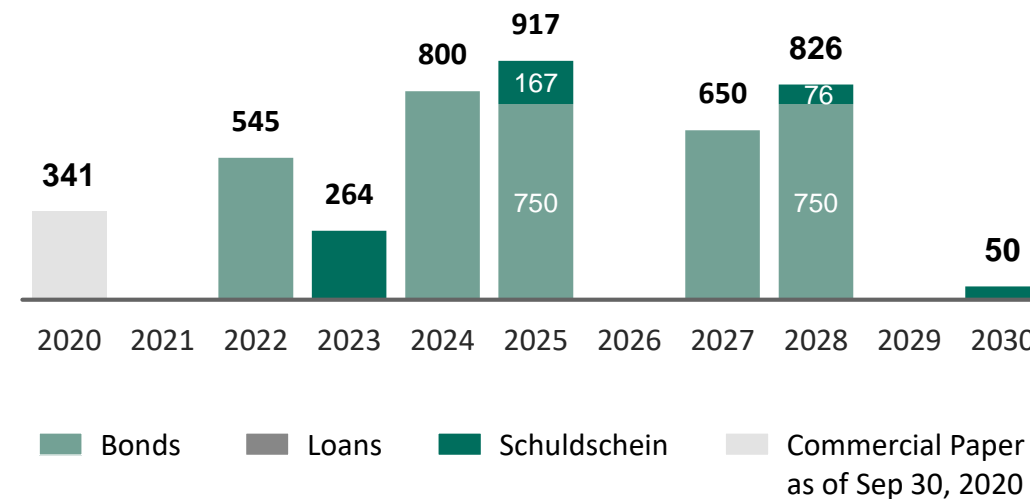
¹ Excluding restricted cash | ² Excluding cash required for redemption of called bonds

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

Maturity Profile⁴

- Bond issuance with 5- and 8-year tranches of EUR 750 mn each applied in October and November to refinance Investment Facility, 3.25% EUR 2025 bond and Tender Offer for parts of 1.125% EUR 2022 bond
- Balanced debt maturity profile; maturity 2022 largely pre-funded; no major redemptions until March 2024; CPs covered by available cash¹

Pro-forma as of November 5, 2020 | in EUR mn



⁴ Pro-forma as of November 5, 2020 after settlement of new bonds and repayments

Automotive Technologies (AT) outperformance by quarters

YTD 20

Outperformance: +5.0pp

Q1 20

	IHS ¹	AT ²	Outper- formance
World	-22.2%	-12.0%	+10.2pp
Europe	-16.1%	-13.5%	+2.6pp
Americas	-11.6%	-5.2%	+6.4pp
Greater China	-45.7%	-22.8%	+22.9pp
Asia/Pacific	-13.3%	-7.3%	+6.0pp

Q2 20

	IHS ¹	AT ²	Outper- formance
	-44.5%	-42.0%	+2.5pp
	-61.1%	-59.5%	+1.6pp
	-70.8%	-62.5%	+8.3pp
	+8.5%	+17.3%	+8.8pp
	-55.4%	-41.9%	+13.5pp

Q3 20

	IHS ¹	AT ²	Outper- formance
	-3.5%	-1.1%	+2.4pp
	-7.5%	-9.3%	-1.8pp
	-3.0%	+2.9%	+5.9pp
	+10.3%	+14.2%	+3.9pp
	-15.2%	-10.1%	+5.1pp

New regional
structure for 2019 and
2020 figures applied

FY 19

Outperformance: +4.7pp

Q1 19

	IHS ¹	AT ²	Outper- formance
World	-5.7%	-1.7%	+4.0pp
Europe	-6.5%	-3.5%	+3.0pp
Americas	-3.4%	+12.4%	+15.8pp
Greater China	-11.3%	-14.5%	-3.2pp
Asia/Pacific	-0.4%	+1.2%	+1.6pp

Q2 19

	IHS ¹	AT ²	Outper- formance
	-8.2%	-4.2%	+4.0pp
	-8.3%	-7.5%	+0.8pp
	-2.2%	+4.7%	+6.9pp
	-18.7%	-10.7%	+8.0pp
	-0.9%	-0.8%	+0.1pp

Q3 19

	IHS ¹	AT ²	Outper- formance
	-3.8%	+1.4%	+5.2pp
	-0.1%	-3.6%	-3.5pp
	-1.3%	+8.7%	+10.0pp
	-7.7%	+7.1%	+14.8pp
	-5.0%	-2.1%	+2.9pp

Q4 19

	IHS ¹	AT ²	Outper- formance
	-4.2%	+1.2%	+5.4pp
	-3.7%	-7.1%	-3.4pp
	-8.0%	+3.8%	+11.8pp
	+3.1%	+24.6%	+21.5pp
	-10.5%	-9.7%	+0.8pp

New regional
structure for 2019 and
2020 figures applied

¹ Light Vehicle production growth according to IHS Markit as of October 16 | 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
Sales	3,622	3,604	3,613	3,588	3,282	2,292	3,396
Sales Growth¹	+0.4%	-2.0%	+1.2%	+0.6%	-9.2%	-34.5%	-2.6%
EBIT Reported	230	253	312	-5	-88	-135	-191
EBIT bsi	272	284	327	279	215	-150	320
EBIT bsi margin	7.5%	7.9%	9.1%	7.8%	6.5%	-6.5%	9.4%

Automotive Technologies | in EUR mn

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

¹ FX-adjustedAdjusted comparative
figures 2019

Automotive Aftermarket | in EUR mn

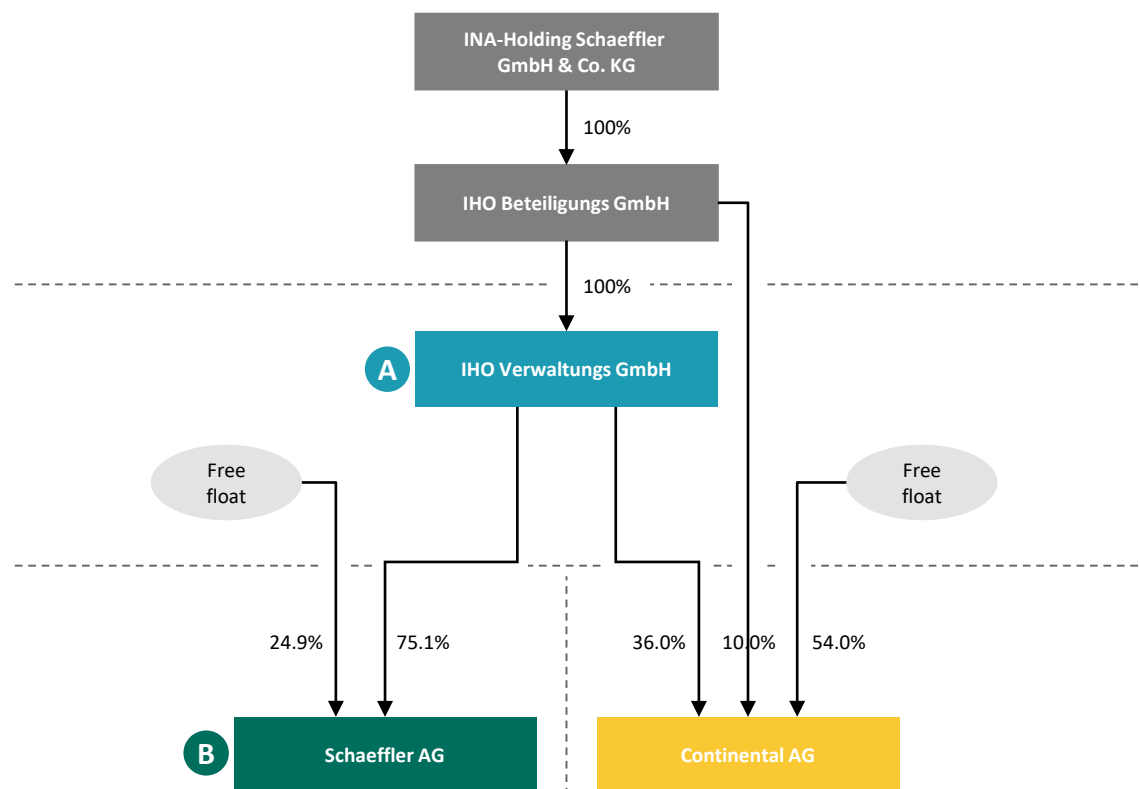
	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20
Sales	443	461	482	462	446	301	456
Sales Growth¹	-1.1%	-3.6%	+0.1%	+0.1%	+1.5%	-30.5%	-0.2%
EBIT Reported	69	72	87	62	76	27	63
EBIT bsi	69	72	87	77	76	27	86
EBIT bsi margin	15.5%	15.6%	18.1%	16.7%	17.1%	9.0%	18.9%

Industrial | in EUR mn

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

Overview Corporate and Financing Structure

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



Financing structure | as of September 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)	-	400	E+3.75%	May-24	Not rated
	RCF (EUR 400 m)	-	-	E+3.75%	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	427	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	384	6.00%	May-27	BB+/Ba2/BB-
	6.375% SSNs 2029 (USD)	400	342	6.375%	May-29	BB+/Ba2/BB-
Total IHO Verwaltungs GmbH			3,603	Ø 3.83% ^{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
	Investment Facility (EUR)	-	238	E+1.15%	Dec-22	Not rated
	Schuldschein Loans (EUR)	-	557	Ø 1.65%	May-23, 25, 28 & 30	Not rated
CP	Commercial Paper Program (EUR)	-	341	Ø 0.13%	Ø Nov-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			3,935	Ø 1.97% ³		

¹ EUR/USD = 1.1708 | 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