COMMENTED SLIDES / CONFERENCE CALL RESULTS Q3 AND 9M 2020

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Results Q3 and 9M 2020 Schaeffler AG

Conference Call
Nov 10, 2020
Herzogenaurach

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Operator

Dear ladies and gentlemen, welcome to the Schaeffler Group conference call. As a reminder, all participants will be in a listen-only mode. After the presentation, there will be an opportunity to ask questions. If any participant has difficulties hearing the conference, please press the star key followed by zero on your telephone for operator assistance. At our customers request, this conference will be recorded, and the replay will be available shortly after the call on the website. May I now hand you over to Renata Casaro, who will lead you through this conference. Please go ahead, madam.

Renata Casaro

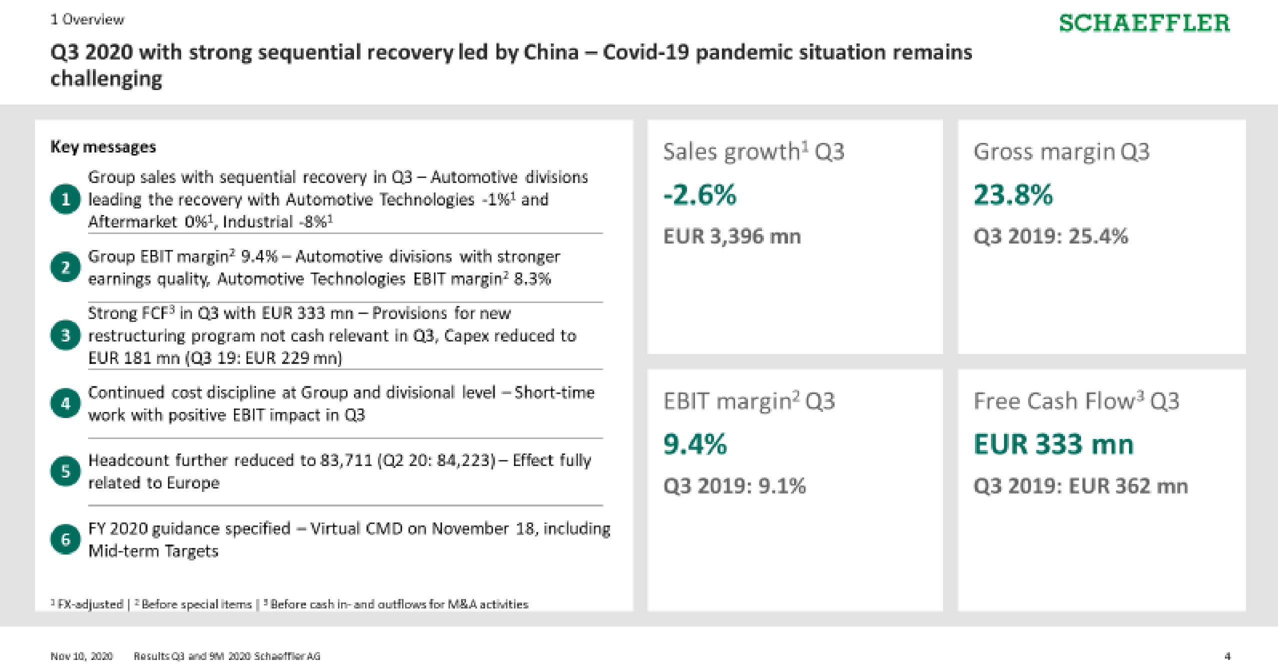
Thank you very much, operator. Dear investors, dear analysts, welcome to the Q3 2020 results of the Schaeffler Group. Thank you for your time today. Although we have already published, abiding with BaFin regulations, our Q3 preliminary results and our Full Year 2020 guidance. Leading the call will be Mr. Klaus Rosenfeld, Group CEO and Dr. Klaus Patzak, Group CFO.

Without further ado, I leave the floor to Mr. Rosenfeld. Klaus, the floor is yours.

Klaus Rosenfeld

Ladies and gentlemen, Renata, thank you very much for your introduction. Welcome to our Q3 results call. As Renata mentioned, the numbers have been pre-released a few days ago and you saw yesterday evening that we also sent out an ad-hoc regarding the guidance. Let me quickly put that in perspective. We simply followed the BaFin regulation that is relevant for us. The tipping point for this guidance was the positive indications we have for October and that led us to specify the, so far qualitative guidance, into something more quantitative that we want to explain to you during this call.

Agenda

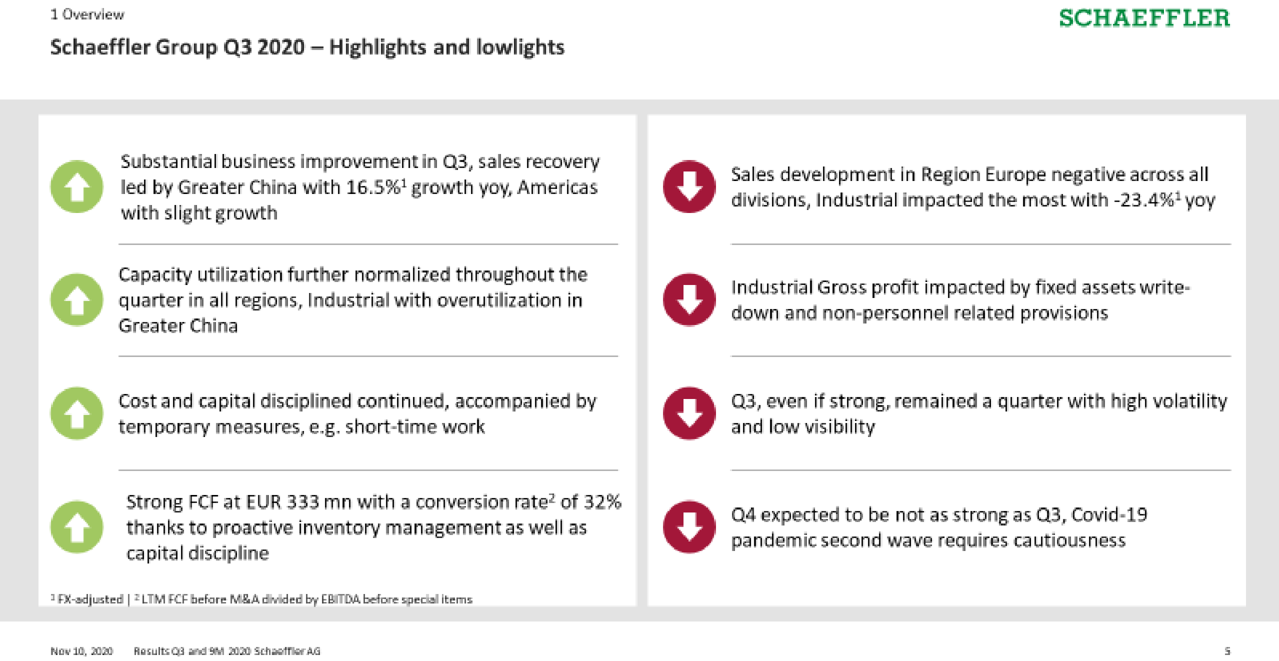


Klaus Rosenfeld

Let me quickly go through my part in the overview, and if you please follow me to page four, there you have the key messages and most of these numbers are known to you. Group sales clearly show a sequential recovery in Q3 driven by the two automotive divisions, both automotive OEM now renamed into Automotive Technologies and Aftermarket, while industrial was minus 8% in the quarter, was lagging behind. I think a positive development on the margin was 9.4%. Also here, automotive divisions with the stronger improvements in terms of earnings quality, Automotive Technologies, 8.3%, clearly a margin that is also benefiting from some of the tactical measures we have put in place. And then number three, Q3 Free cash flow strong with EUR 333 million, very close to previous year. Here you see the impact from proactive Working Capital Management, discipline on Capex, but also clearly the improved business. This number does not include for sure any part of the new restructuring program that is not cash relevant in Q3. And as I said, Capex very conservatively managed with EUR 181 million below the 6% benchmark in Q3.

In terms of our measures, I think we can report that the cost discipline at Group but also at the Division levels is high and that the short-time work has in particular brought a positive EBIT impact in Q3 that will, over time, then reduce. We see on the headcount number that the previous programs are still showing impact, headcount further reduced to 83,700, what is, if you compare this over the last quarters, more than 9% down and shows that we are continuously improving in terms of cost management, the full effect related to Europe.

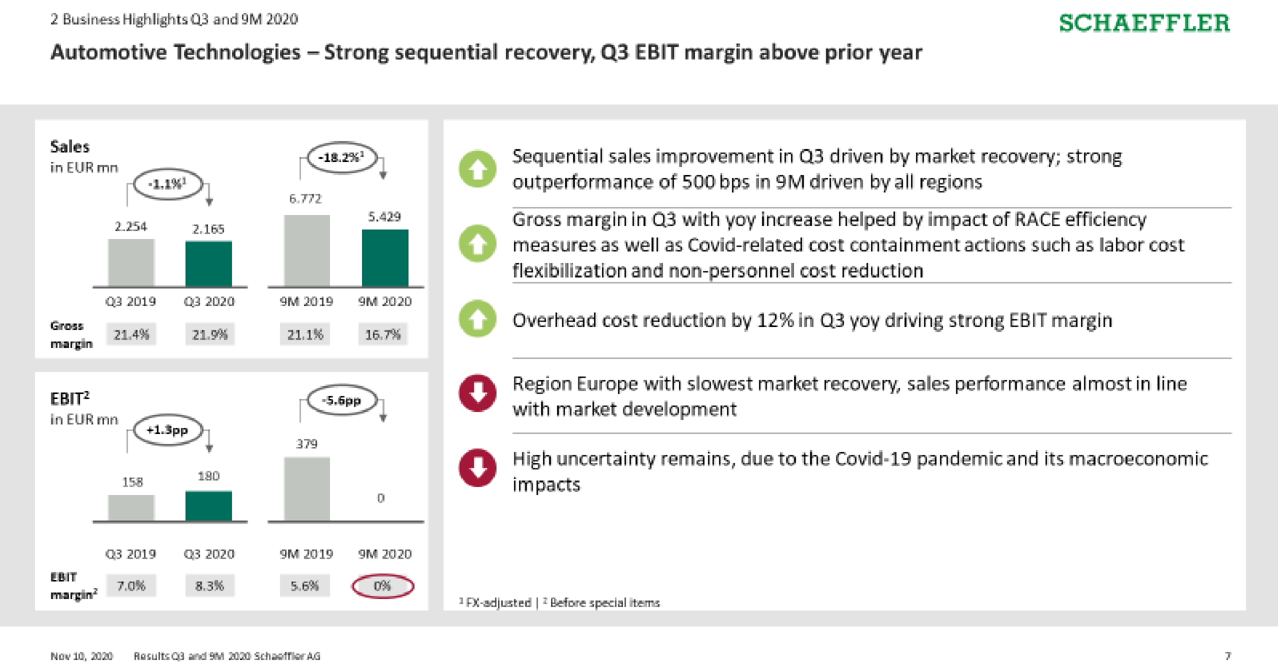
I just mentioned the guidance and will give you more color in the later part. Let me quickly mention here, as all of you know, our next event is the Capital Market Day, the virtual Capital Market Day next week, November 18th, where we will also explain Mid-Term Targets.



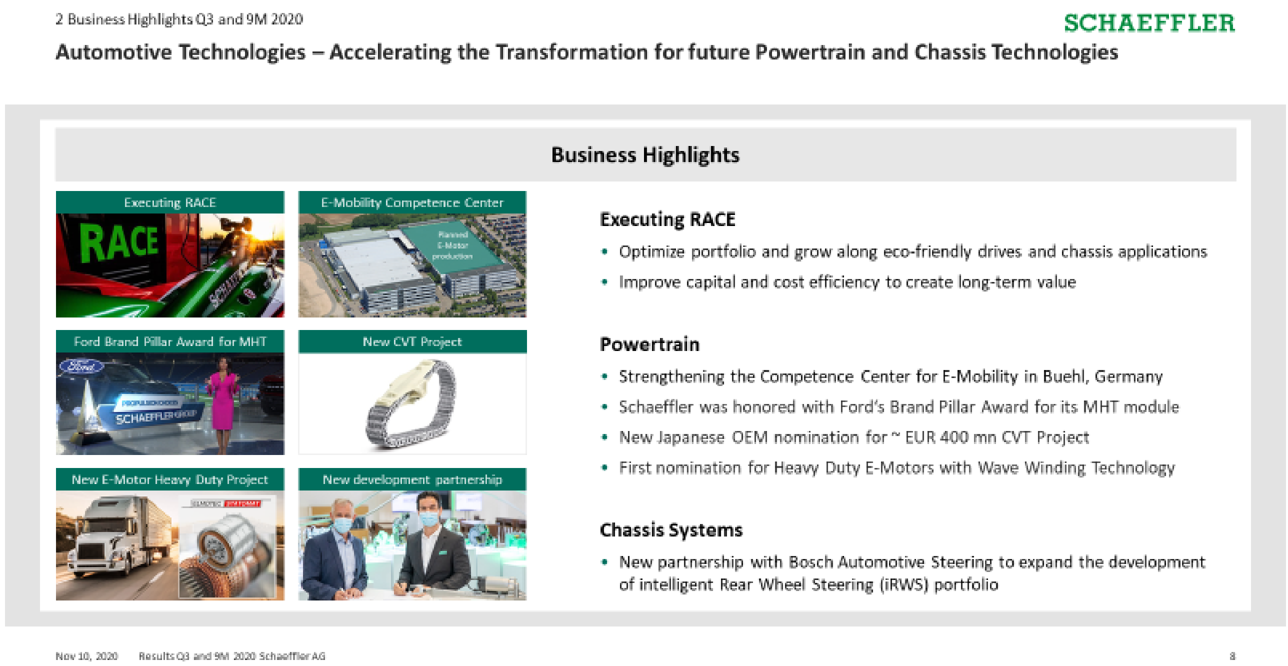
If you want to have a high-level assessment over for the quarter, page five gives you the highlights and the lowlights. As I mentioned, business improved in Q3. We see a continuous recovery led by Greater China. Greater China, 16.5% FX adjusted growth year over year. What is clearly positive in Americas, also with a slight growth compared to previous year, shows that these are the two engines that are driving the recovery. Let me add here, both in the Automotive but also in the Industrial world, where China is still, in terms of growth rate, for us, above the auto growth rate. Capacity utilization further normalized through all the regions and also in all our activities, in particular Industrial, we see overutilization in Greater China. So, capacity utilization more than 100%. This shows that, again, the China business is really performing well. We have always said that coping with this crisis needs continuous cost and capital discipline and that is clearly implemented and followed through. And that has also led them to this strong Free cash flow with the conversion rate of 32%. The negative part, Europe is clearly lagging behind. Also here, the impact on Industrial was bigger than all the other regions. And we have, as explained later in the deck, also had to take some profit impact on the gross profit side, on the Industrial side, that was driven by fixed asset write downs and non-personnel related provisions, which Klaus will explain later on. Q3 remains a quarter with high volatility, low visibility. In Q4, we expect not to be as strong as Q3. While there are clearly positive signs in

October, the uncertainty remains high, and that is also why our guidance for the year 2020 is rather cautious and conservative.

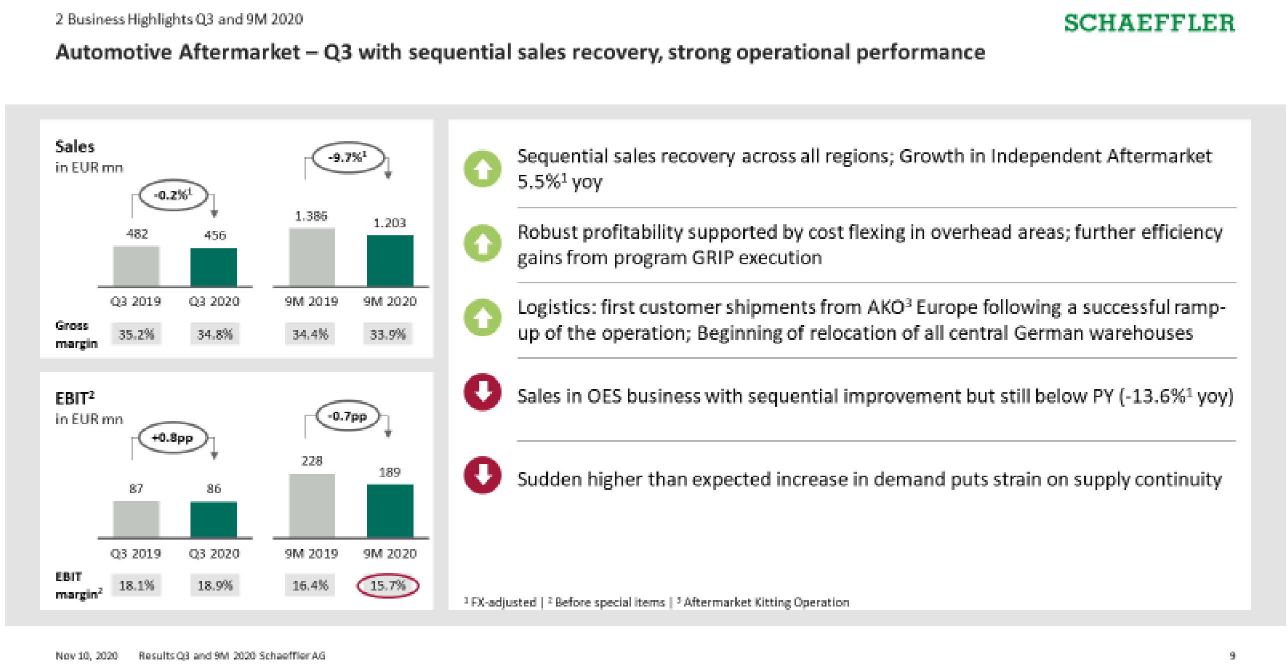
Agenda



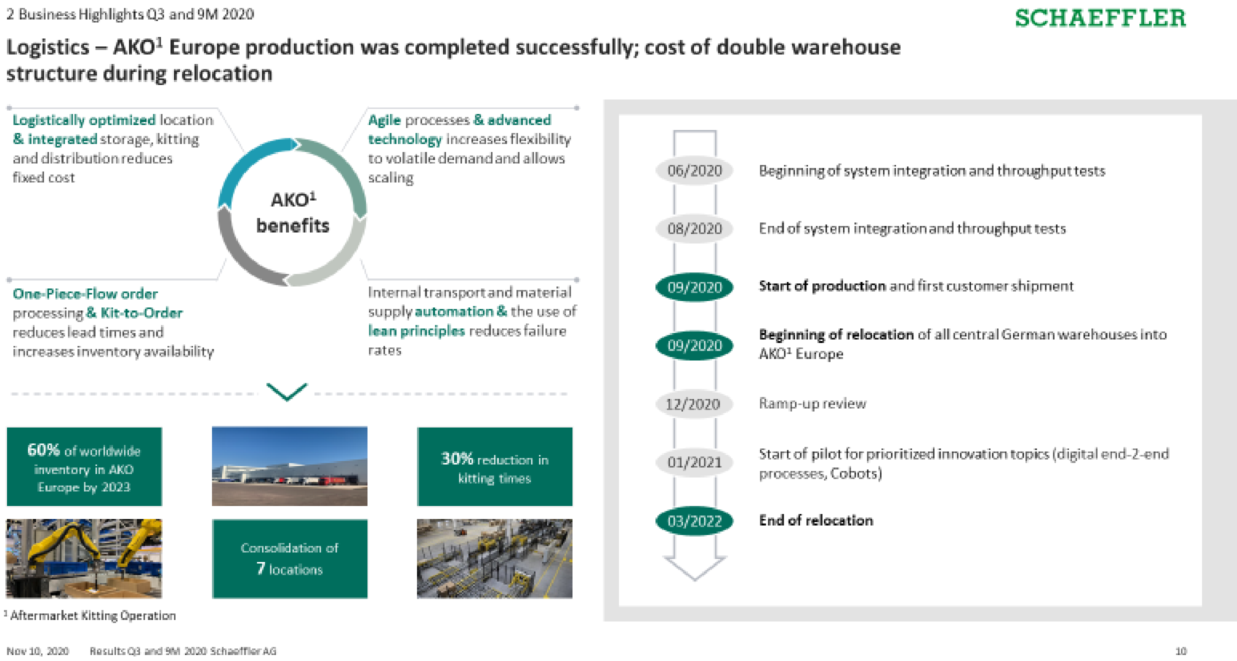
Click quickly through the divisions page seven, I am not going to explain this all line by line, but as I said, Automotive saw a strong sequential recovery and Q3 EBIT margin is even above the previous year. Gross margin with an improvement also from all the efficiency measures, good cost containment, Covid related and clearly also the right direction in terms of flexibilizing our labor costs. The plants are doing a very good job at the moment to avoid any deviations and we are also quite proud of how the Working Capital Management is steered, in particular by the Automotive plants. Overall head cost reduction 12% also speaks for itself. And the two other negatives I already mentioned, Europe sees the slowest market recovery, we also have outperformance in that region.



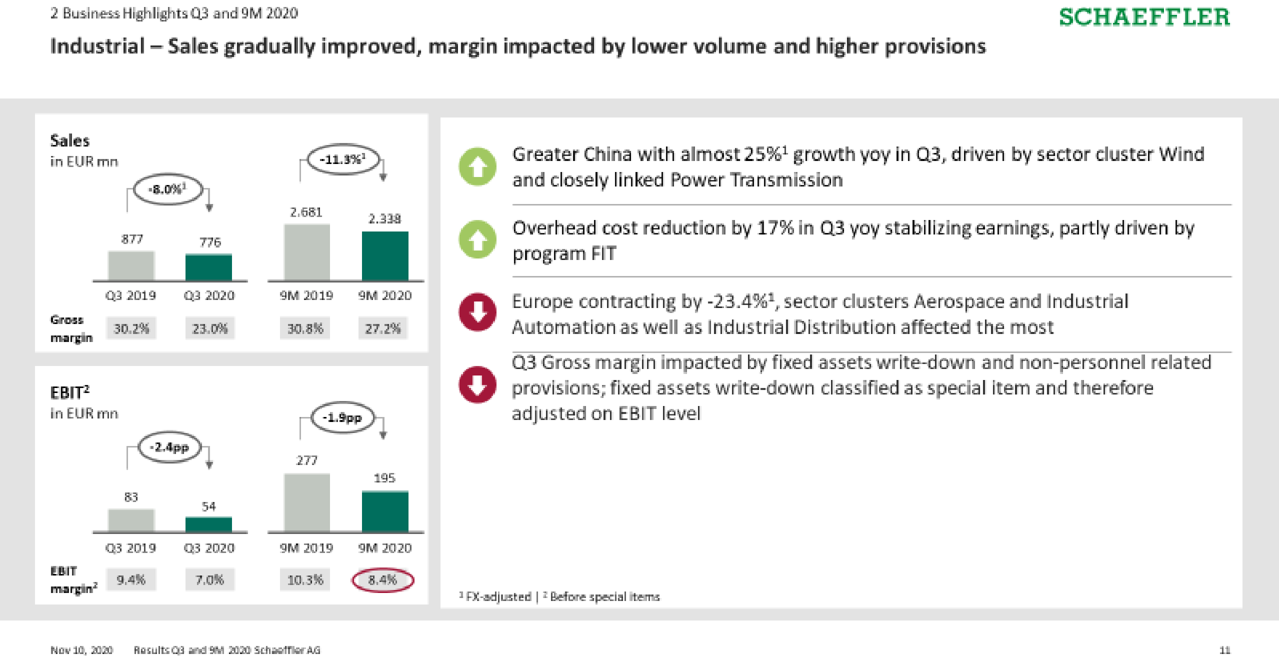
Some color in terms of the business exemplified here on page eight, executing race, good on track. In powertrain we see high activity. You remember from our structural measures, the new competence center for E-Mobility in Bühl is progressing well. We are proud that we have just been honored by Ford with a prestigious brand pillar global award for our MHT module, you all know this. It is another proof that it is a big achievement and obviously that car takes off quite well, so we are benefiting from this. We have seen from a Japanese OEM a new nomination for a CVT project that is pointing in the right direction and also a first nomination for a heavy duty E-Motor that again shows that our technology in terms of E-Motor and the weight winding capabilities we have really pays off. Not to forget the Chassis, there is a new partnership with Bosch Automotive Steering to expand the development of our intelligent rear wheel steering portfolio, which also tells you that we are still focusing very much on new technology.



Automotive Aftermarket, also very short here, sequential improvement, growth in independent Aftermarket 5.5% compared to the previous year. What is clearly showing that that business is also taking off, robust profitability, and we are starting to see first customer shipments from the AKO investment, a long-term investment that you have all followed for quite some time. The AKO is ramped up successfully and we will begin with the relocation of all our essential German warehouses. Just to mention it here already, there is for some time some duplication in this. But I think the tipping point has been reached where we will now successfully execute the relocation and then also harvest the improvement potential. Sales in the OES business have been rather weak with some improvement. That is also nothing unexpected and the higher than expected increase has also challenged our supply chain.



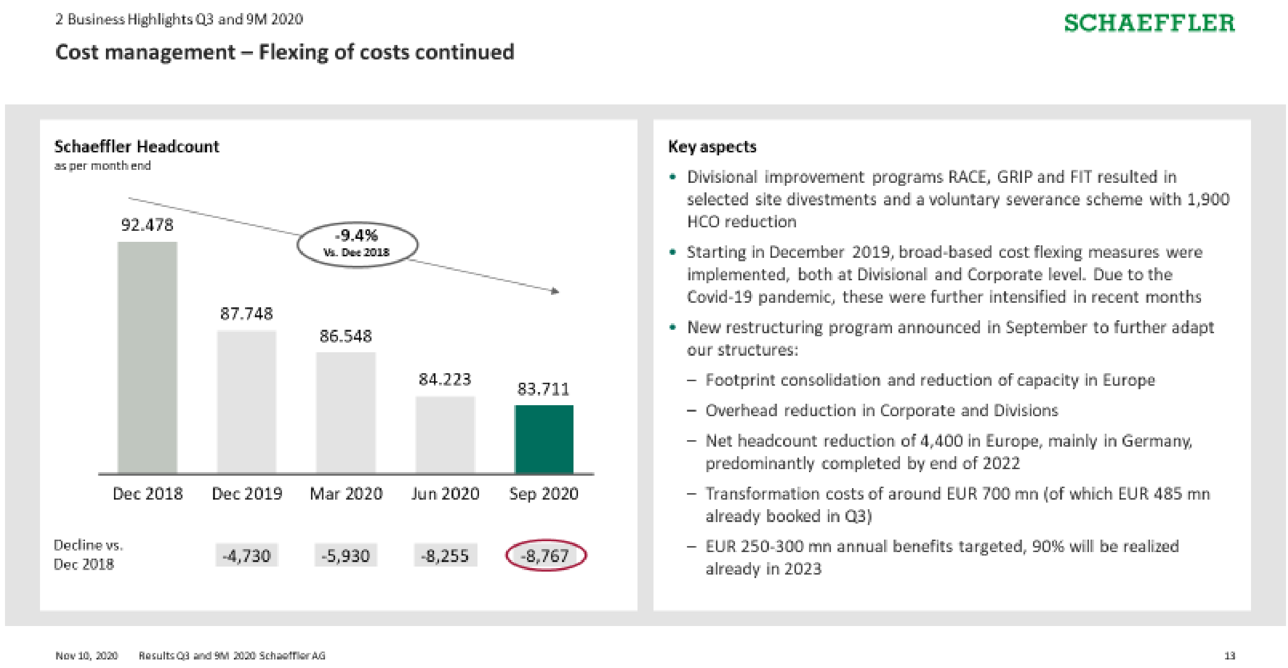
Page 10 gives you, again, a little bit of color on the AKO benefits. It is a major project, 60% of worldwide inventory is expected in AKO Europe by 2023. We are consolidating seven locations. And there is a significant challenge in improving the efficiency with a targeted 30% reduction in run through times and kitting times.



Industrial, page 11. Also here, as you saw in the second quarter already, China driving the business with continued strong business in wind and also some improvements in the power transmission area. We think that the election in the US could further support everything that has to do with regenerative energy, and that would be good for us. Good work on the overhead cost reduction, but also the impacts that will be explained later and also here, Europe, rather contracting.

In terms of the sectors, maybe just to give you some color, some of the more pre-cyclical sectors, off-road shows some improvement. Power transmission also the same. Railway, rather, moving sidewards with a good mid-term expectation. But critical sectors like the Industrial Automation, rather, still be weak. You all know that tool machinery, for example, is a good indicator for industrial production, textile machines, printing machines, and that is still rather weak. Aerospace in an interesting situation with the civil aircraft weak, but with cargo and also with military going well.

This is also then on page 12, further exemplified with Offroad. We have done a lot in the last months to get our distribution business up to where it was and have used the digital format here with some very good feedback from our sales partners. Offroad, I mentioned.



Let me go to page 13. I think that is a continued success story, reducing our headcount and delivering on the different schemes we have announced. The voluntary severance scheme from end of last year is up and running well and we are definitely in time and also in budget. The new restructuring program announced is also achieving what we wanted to achieve. There is really no impact yet, but what is important for you to note that the plan is confirmed. We are now in the third month after announcement and have yesterday already started the implementation of one critical part. The next voluntary severance scheme has been announced here for Germany yesterday. And we have reached agreement with workers' council how to best do this. There is still a lot of work to be done, but we are really pleased that after two months, our HR colleagues in particular have paved the way here for a successful implementation of this program.

2 Business Highlights Q3 and 9M 2020

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Capital allocation – Prioritization and differentiated steering resulting in Capex ratio[2] of 5.4% in 9M

Investment[1] 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 ratio[2]	**8.7%**	**7.2%**	**6.3%**	**5.3%**	**5.4%**

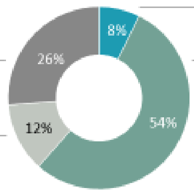
[1] Additions to intangible assets and property, plant and equipment | [2] Capex in % of sales

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, AKO[3] and Sustainability projects

[3] Aftermarket Kitting Operation

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



Capital allocation, I think I already mentioned the key aspects. The Capex ratio at the moment is running below our famous 6% threshold, 5.4% in the first nine months shows that we are disciplined. You also see this shift in terms of where we invest. When you look at the EUR 459 million, EUR 199 million come from Industrial, that clearly demonstrates that the new capital allocation logic with the reinvestment rate logic that we introduced at the beginning of last year, is starting to pay off with much more focus on making sure that we invest only in the growth areas and be very conservative in the areas where we do not want to grow anymore. That is clearly something that we will also explain during our Capital Markets Day. You still see a lot of investment in Europe, but also that will be more explained in the next week when we convene for the Capital Markets Day. With this, I hand over to Klaus for more detail on the numbers.

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Agenda

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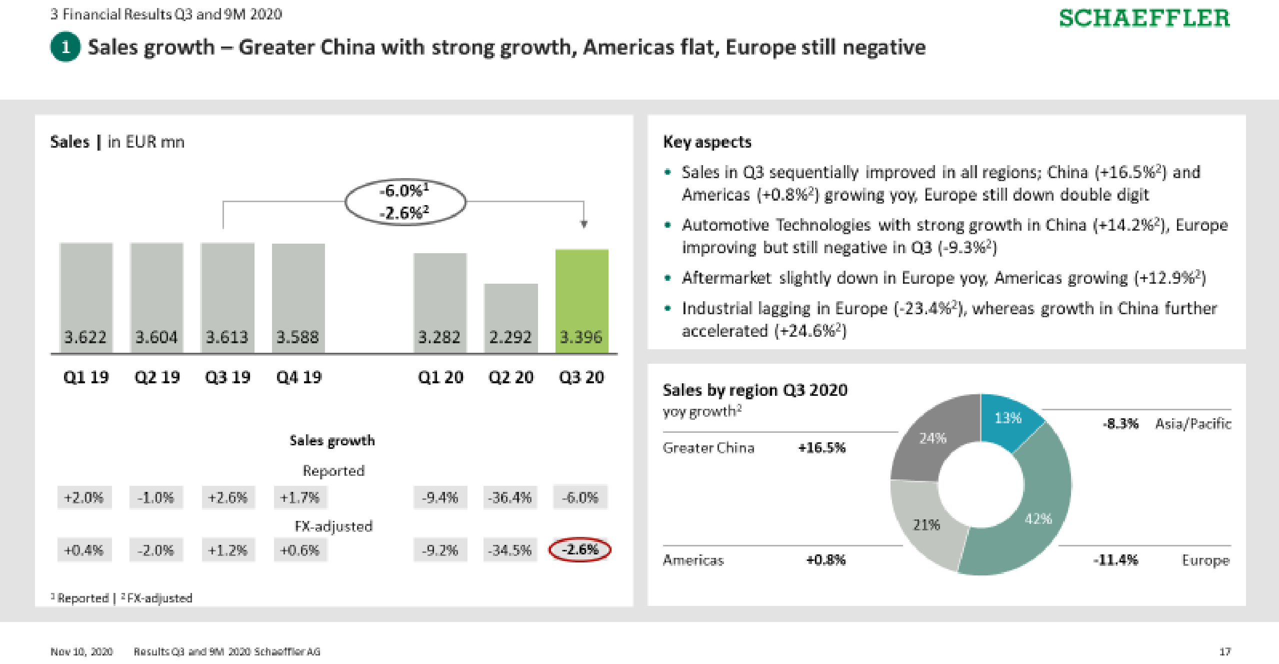
Key figures Q3 and 9M 2020

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*
EBIT[2]	3	327	320	-7 mn	883	385	-498 mn
EBIT Margin[2]		*9.1%*	*9.4%*	*+0.3pp*	*8.1%*	*4.3%*	*-3.8pp*
Net income[3]	4	212	-172	-384 mn	485	-525	-1,010 mn
EPS[4] (in EUR)		0.31	-0.26	-0.57	0.73	-0.78	-1.51
Schaeffler Value Added[5]	4	247	-75	-322 mn	247	-75	-322 mn
ROCE[6]		12.9%	8.1%	-4.8pp	12.9%	8.1%	-4.8pp
Free Cash Flow[7]	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 ratio[8]		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

Dr. Klaus Patzak

Yes, thanks, Klaus. And good morning also from my side. Page 16 shows to key figures. But I will not spend time on that because the following slides lead you through all relevant key figures.



So, on page 17 on sales growth, sales are down around about EUR 200 million, a nominal decline of 6%, FX adjusted 2.6%. We had, as already mentioned, strong growth in China. Aftermarket benefited from a strong Americas business and Industrial, on the one hand, with a decline in Europe, on the other hand, a growth in China. And I will come back to that in a minute. As already hinted from Klaus, we had quite a good dynamic during the third quarter, so say since September was already positive. That means this FX adjusted growth. And also in October, we had continued kind of positive, dynamic and again, growth in all regions except for Europe, but Europe was also declining more in a low single digit range. You can also see from the difference between nominal and FX adjusted growth that have been quite strong currency impacts mainly coming from the Renminbi, the Peso, the Real and the US dollar.

3 Financial Results Q3 and 9M 2020

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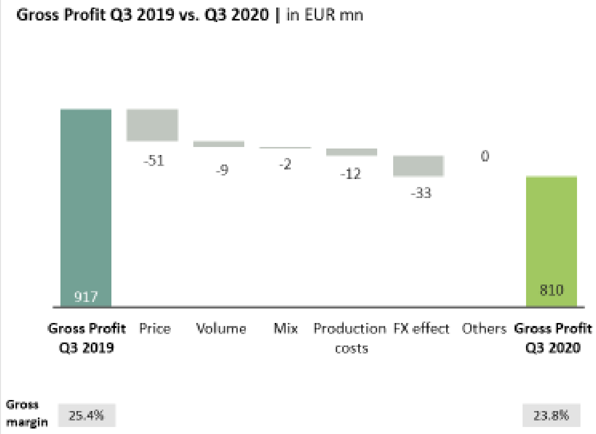
2 Gross Profit – Stable in Automotive divisions, lower in Industrial



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 tanslational 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

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On the next page, page 18, on the gross profit, you see that gross profit came down around about EUR 100 million and the gross margin is 23.8. This is 160 basis points lower than a year ago. And if you look at the bridge, you can see that price was around 50 million negative, basically stemming totally from Automotive Technology. Automotive Aftermarket was actually positive and Industrial was more or less flat. Then you see, in the middle of the bridge, the production cost. It is only minus 12, but within that kind of piece, you know, there are two different pockets. The one is that we had a strong improvement in production cost, specifically also in Automotive Technology. And then, on the other hand, this positive improvement was more than compensated by write downs of six assets and higher warranty accruals in both Automotive Technology and Industry. I will come back to that later. You can also see on the FX effect that this was a 33 million negative. Obviously, that has something to do also with the FX impact on sales, which was 122 million.

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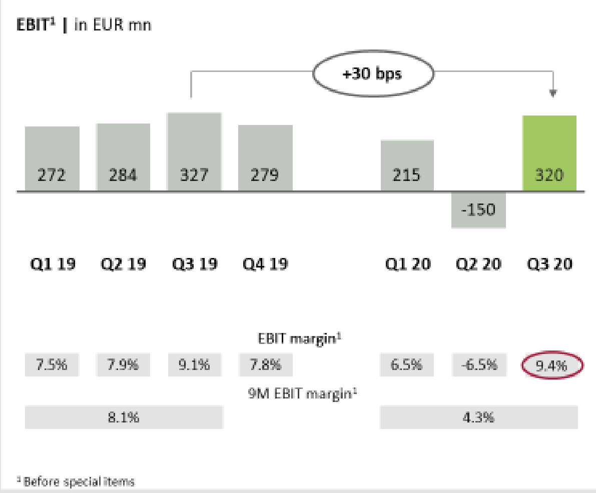
③ EBIT margin[1] – Strong Q3 margin of 9.4%[1] driven by Automotive divisions



Key aspects

- Strong Q3 EBIT margin[1] 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 margin[1]

	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

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So, on the next slide, page 19, you see the EBIT adjusted development, so EBIT adjusted was more or less flat with 320 million in the third quarter. Actually, the adjusted EBITDA margin increased by 30 basis points. This strong Q3 margin development was a result of the market recovery, at least this kind of short term catch up, as well as temporary measures. And these temporary measures include, on the one hand, some postponements of projects, but on the other hand, the short term work as mentioned by Klaus Rosenfeld, and we already saw in the third quarter that the impact of short-term work was significantly lower, basically only half of what we had in the second quarter. And again, I would expect that number to go down, again, 50% in the fourth quarter.

So, having said that, also what is clear to you, that the fourth quarter margin will be lower, that it has something to do with seasonality, specifically in the Automotive area.

3 Financial Results Q3 and 9M 2020

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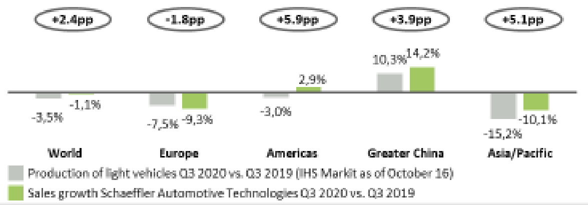
Automotive Technologies – Outperformance in all regions except Europe, EBIT margin above prior year

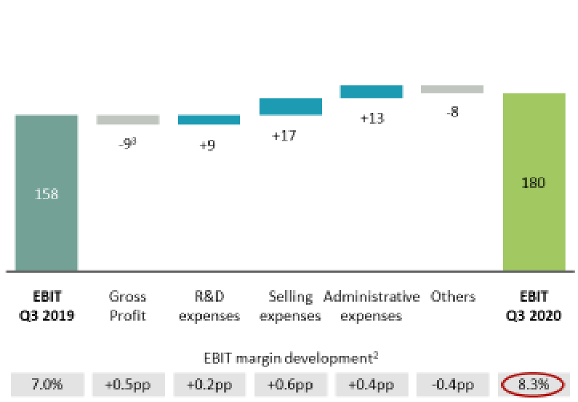
Sales by business division | yoy growth

	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: Sales[1] vs. market development in Q3



EBIT[2] Q3 2019 vs. Q3 2020 | in EUR mn



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

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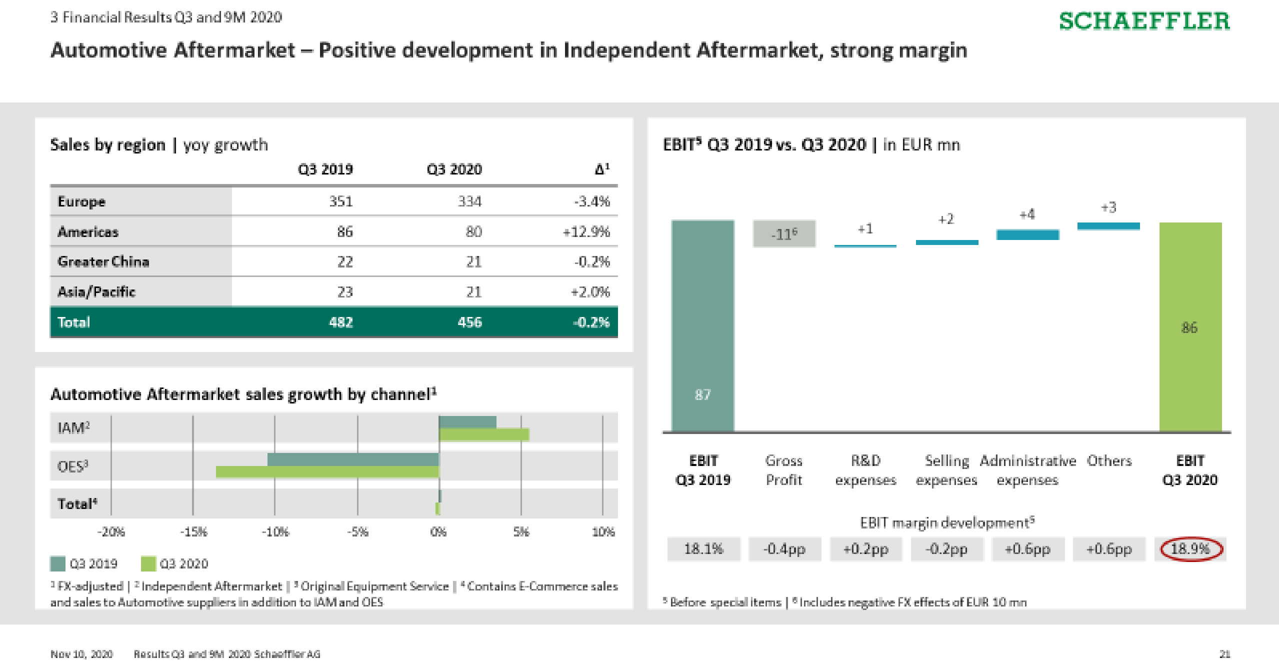
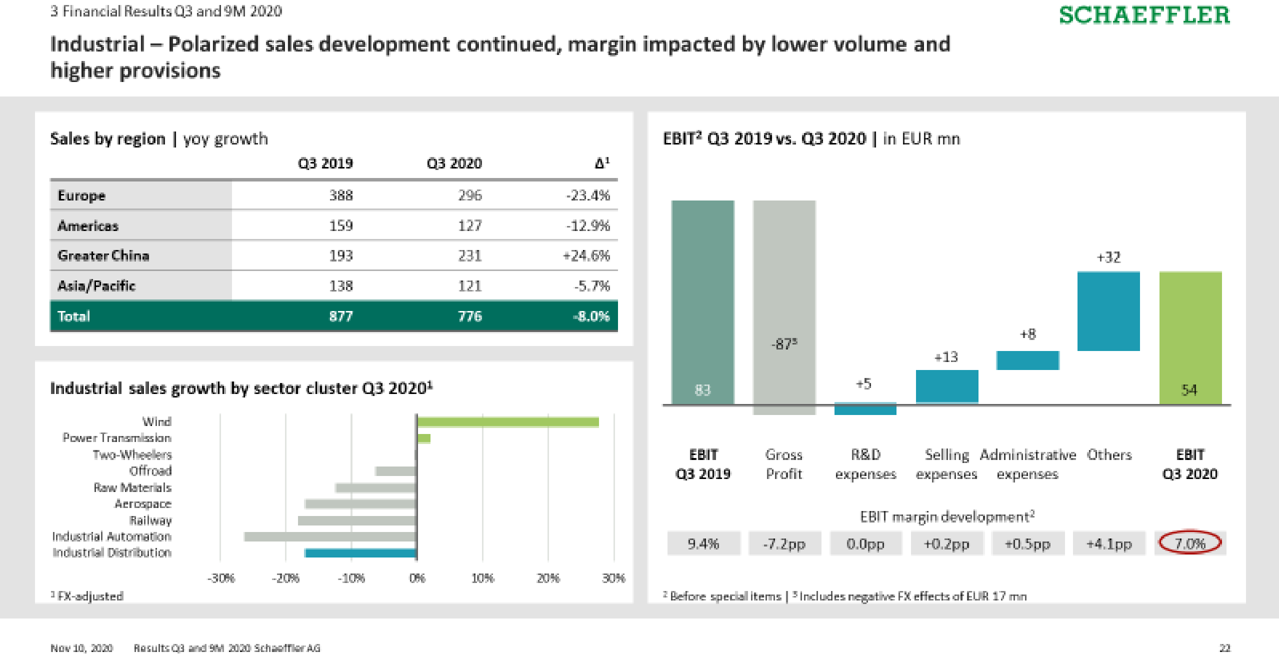
And with that, on page 20, you see further information on Automotive Technologies, nominal decline of 4%, FX adjusted 1.1. October, again, quite good and showing also some growth. Outperformance for the overall business was 2.4 and year-to-date 5.5 percentage points, which is clearly above the historical average. So that is something which I would not expect for all years to come.

Then, on the right-hand side, profitability, it was up EUR 22 million to EUR 180 million in the quarter and the adjusted margin was at 8.3%, 130 basis points above prior year. And again, here you see, on the gross profit side, minus EUR 9 million reported. And here again, you see this combination of significantly reduced production costs, which is more than compensated by, on the one hand, the price decline mentioned earlier, but on the other hand, also write downs of fixed assets and higher warranty accruals.

But you also can see in the following parts of the bridge that in our savings, in R&D, selling and administrative expenses helped us to improve earnings by 39 million and had therefore a significant impact on the margin. Again, Q4 will be seasonally lower, like in in prior years.



Page 21, on Automotive Aftermarket, nominally down 5.5%, FX adjusted 0.2. Also, here, October was good with growth. And on the bridge, you see that EBIT adjusted was stable, with 86 million and the margin was up 80 basis points. Keep in mind, in Q4, a margin will be lower because there will be additional costs for AKO mentioned earlier by Klaus Rosenfeld, which could be in the range of around 2 percentage points compared to the third quarter. And also seasonally, typically the Aftermarket business has some higher markdown costs to digest.



	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%

On Industrial page 22, nominal decline. Double digit, minus 11.5%, FX adjusted 8%. If you look on the lower left-hand side, you see that growth, as mentioned earlier by Klaus, was driven by Wind and Power Transmission. In October, there was still a negative year over year development, but only low single digits. Obviously also, at least in that month, the business stabilized somewhat.

On the margin and the profitability, EBIT adjusted was EUR 29 million lower, coming in with EUR 54 million and the margin was 7%, 240 basis points lower. And here you see, if you look at the column gross profit, that the gross profit was burdened by, on the one hand, lower volume, secondly uneven capacity utilization, with idle capacity in Europe. And you remember that Klaus hinted also to a decline of the European business. And on the other hand, also overcapacity in China and overcapacity also means that you have higher costs than in a perfect capacity utilization.

And then, in addition, there have been the write downs of assets and these write downs of assets, they are adjusted in the column 'Others' with 20 million. But what is not adjusted is the higher warranty accruals and, in the end, these higher warranty accruals, they also let, if you want to sum it up, also to this decline in the margin year over year.

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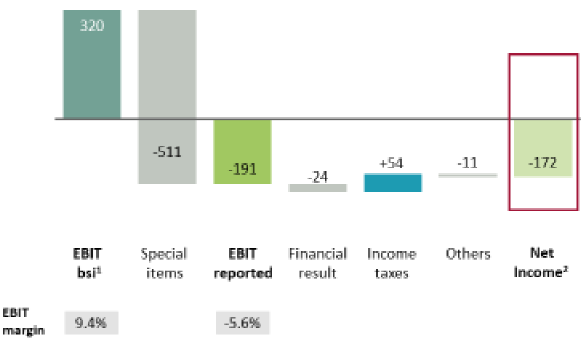
3 EBIT before special items – Reconciliation Q3 2020

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

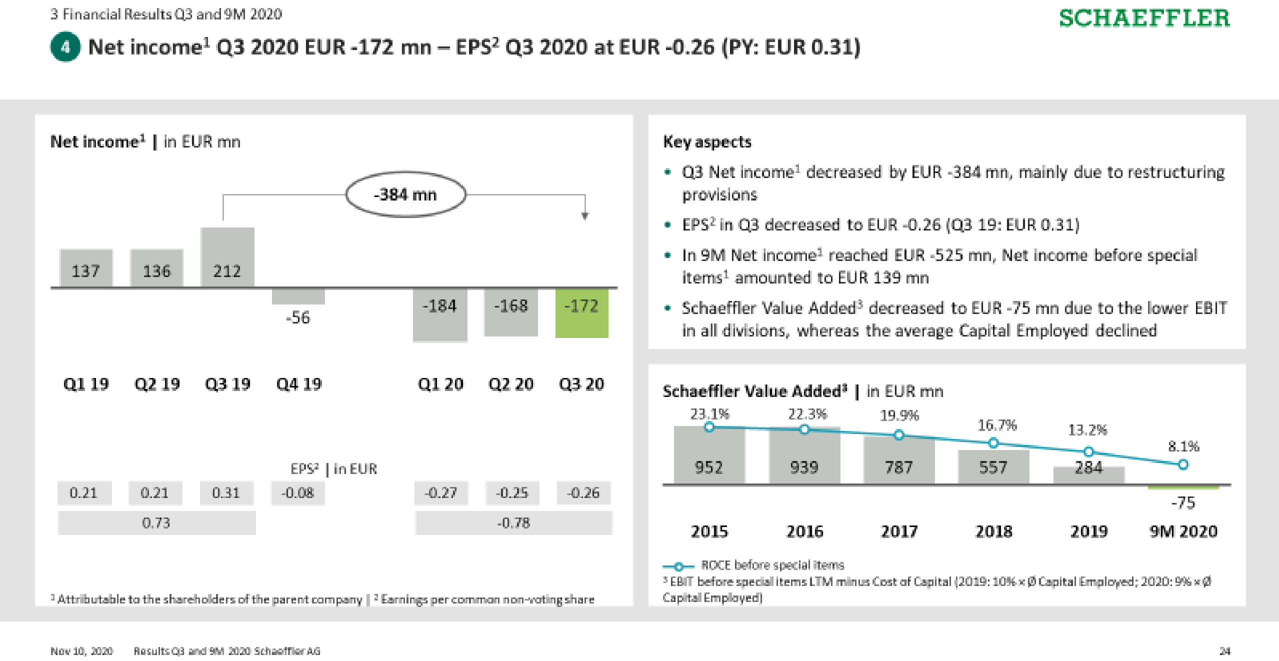
Special items by division | in EUR mn

	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

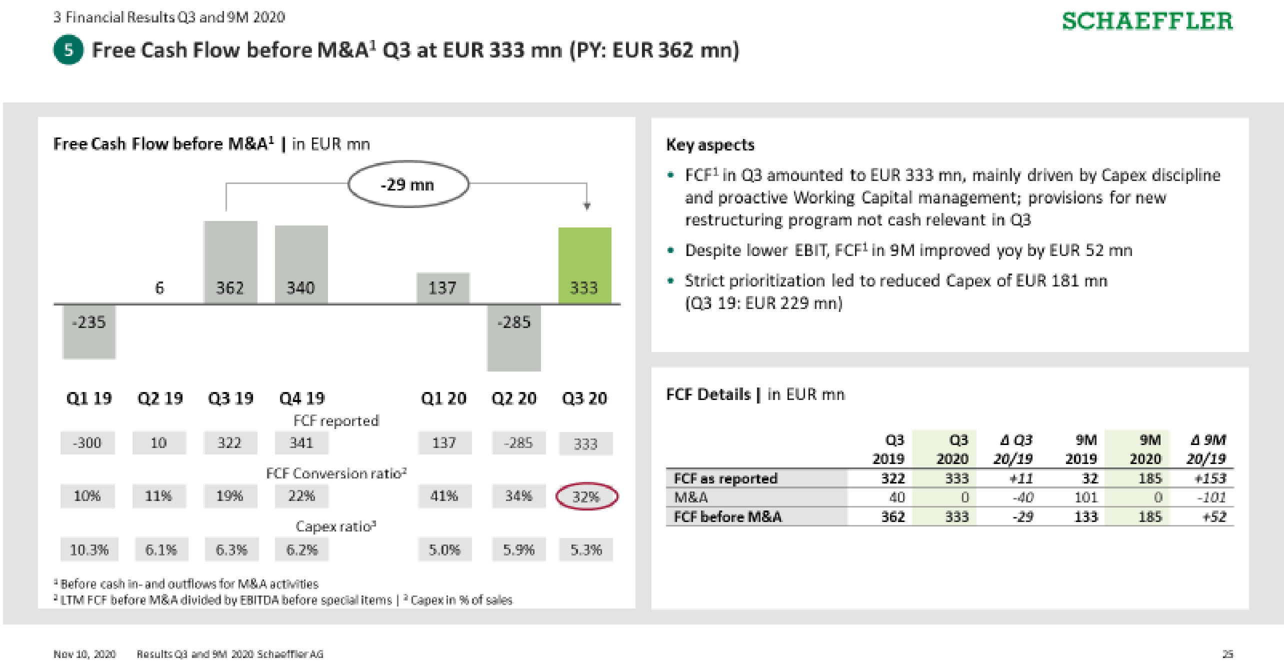
On the next slide, 23, EBIT before special items to reconciliation. You see that we had special items of EUR 511 million. EUR 485 million out of that are part of the structural measures we communicated September 9th. They split more or less similar to what you can see on the right-hand side into the divisions. For the fourth quarter, I would expect further charges in the area of EUR 50 to EUR 100 million, that still depending on further negotiation and communication also outside of Germany.

And this EUR 511 million, in addition to this EUR 485, also includes this EUR 20 million fixed asset write down, which I mentioned earlier.

Then on the financial result, EUR 24 million, this benefited from an appreciation of the embedded option of the former high yield bond. Keep in mind that for the fourth quarter, I would expect here a negative impact in this line item from the refinancing exercise specifically. That includes the full write down of the embedded option of this former high yield bond, which has been repaid in the meantime. Income taxes is positive, that basically is a reflection of the restructuring accruals and that the deferred tax accounting, which has been considered here.



On the next page: net income is down EUR 384 million. That is obviously due to the restructuring provisions and Schaeffler Value Added decreased to minus EUR 75 million due to the lower EBIT. On the other hand, average capital employed declined only in part due to the write down of goodwill of the Automotive Technology Division in the first quarter.



On the Free cash flow, page 25. Free cash flow reported is actually up EUR 11 million if we strip out the impact from acquisitions in the prior year, we are down by EUR 29 million. But still, I think the EUR 333 million in the quarter is a good result and benefits from what Klaus Rosenfeld mentioned earlier, that we had good management on the inventory side and on the other hand, followed through with the Capex discipline of the earlier quarters.

Within this EUR 333 million, there is a cash out for restructuring expenses, roughly EUR 35 million, but clearly more than offset by the benefits of the German short-term work. And again, here, that positive impact will be lower in the fourth quarter. In addition, in the fourth quarter, there will be a Free cash flow impact from the cash out, from the refinancing exercise, including transaction fees, disagio, early redemption costs and so forth.

3 Financial Results Q3 and 9M 2020

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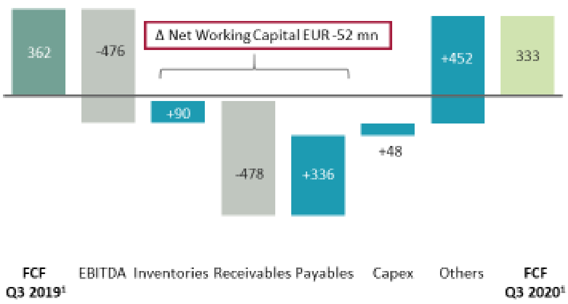
5 Free Cash Flow details Q3 2020 – Strong FCF supported by proactive inventory management

FCF[1] 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

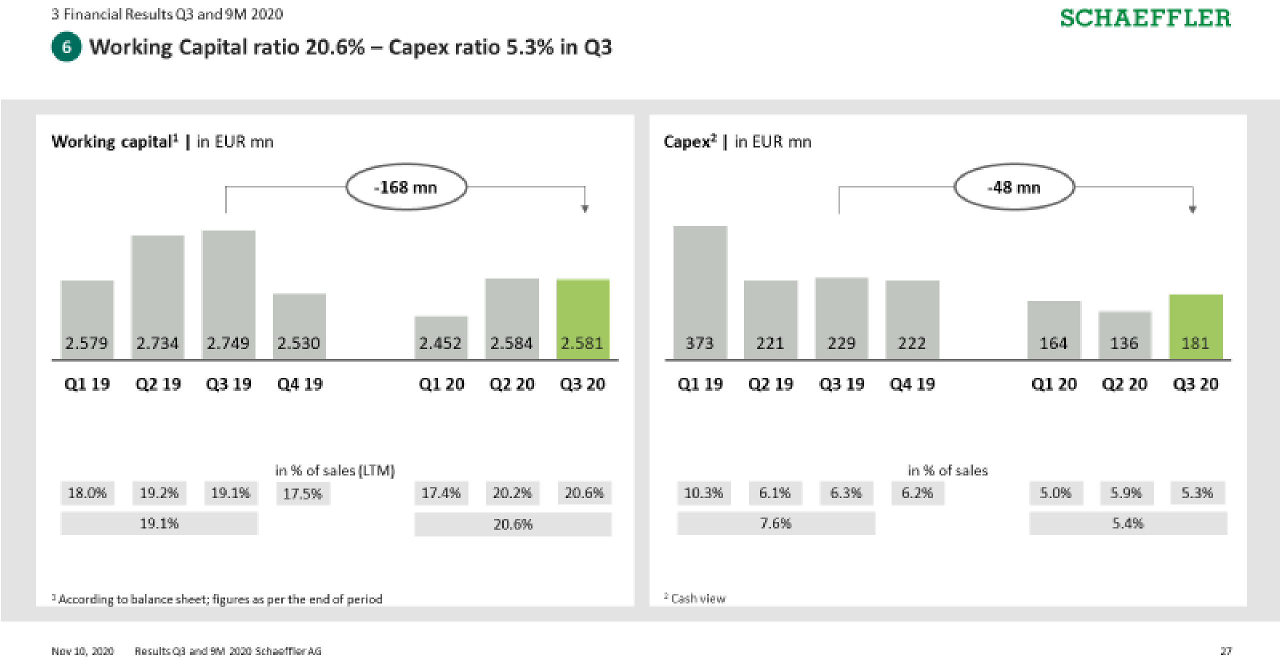
Change in	Q3 2019	Q3 2020	*Δ Q3 20/19*	9M 2019	9M 2020	*Δ 9M 20/19*
Inventories	101	191	90	-40	39	79
Receivables	-1	-479	-478	-266	-148	118
thereof R. Sale Program	*0*	*0*	*0*	*0*	*-50*	*-50*
Payables	-82	254	336	-137	-78	59
Δ Net Working Capital	**18**	**-34**	**-52**	**-443**	**-188**	**255**
Working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

[1] in % of sales (LTM)

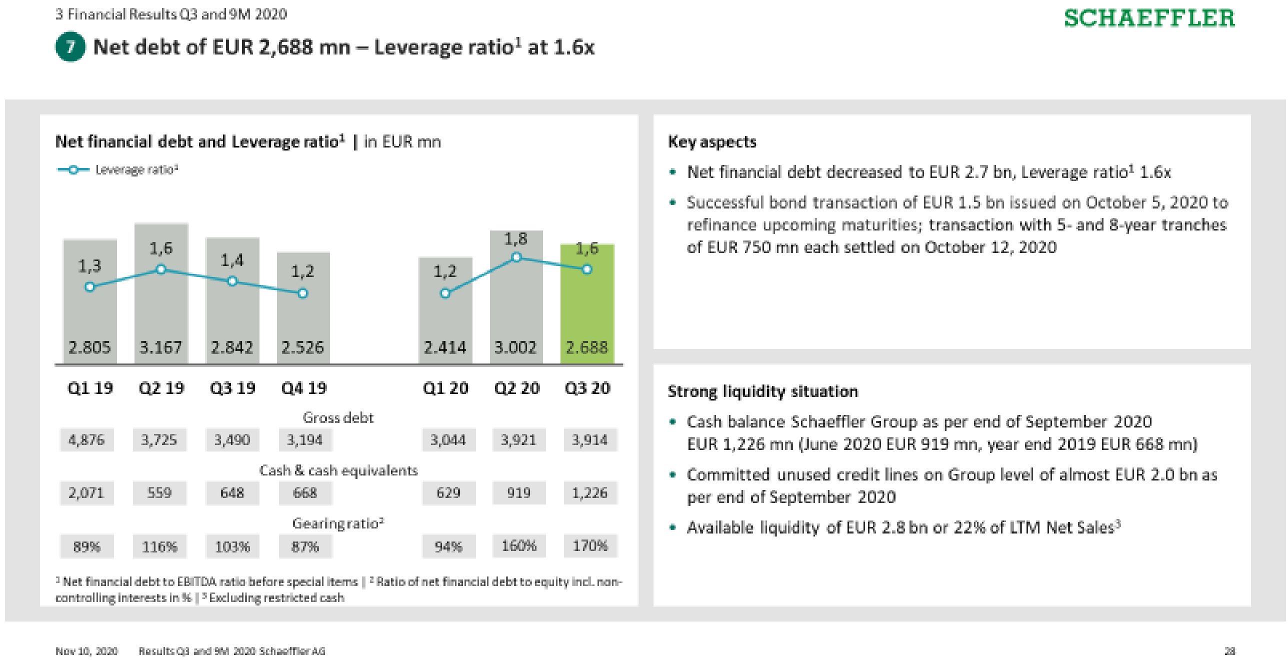
Nov 10, 2020 Results Q3 and 9M 2020 Schaeffler AG 26

On the next page, you can see the year over year bridge for the Free cash flow. In the end, you can see it is EUR 29 million difference coming from Net Working Capital, which is also a reflection of the high dynamics within the third quarter.

You see on the EBITDA, the second column to the left, that this is obviously including the restructuring and other special items in the third quarter of EUR 511 million expense. And on the other hand, in others, that has been reversed because this is an accounting entry, but not another cash out at the moment. We also had in October a continuation of the positive trend in Free cash flow.



Next page on Working Capital. Working Capital came down EUR 168 million, if you look at the balance sheet, but obviously that includes a negative FX impact. Capex was EUR 181 million down for the EUR 48 million year over year. And I guess we can say that for the fourth quarter, we will continue with the Capex discipline. Reinvestment rate in the third quarter was clearly below one.



And on page 28 on net debt, or net debt over EBITA, you see that there is an increase from 1.4 a year ago to 1.6. That is driven by lower EBITDA last 12 months. That is what we show here. We expect for the fourth quarter a slight improvement there.

The liquidity situation is strong. We now have a cash balance of 1.2 billion euros and the available liquidity is at 22% of the last 12 months' sales. And on the upper right-hand side, you see again the refinancing topic. In the fourth quarter you will finally see in the numbers a cash, on the one hand of 1.5 billion. But also, what we have done in October and November is to repay debt of more than 1 billion.

And with that, I would give it back to you, Klaus.

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Agenda

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New Guidance 2020 – FY 2020 guidance specified

Group Guidance

	Actuals 9M 2020	Guidance FY 2020
Sales growth[1]	-15.4%	-13 to -11.5%
EBIT margin[2]	4.3%	4.5 - 5.5%
Free Cash Flow[3]	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%

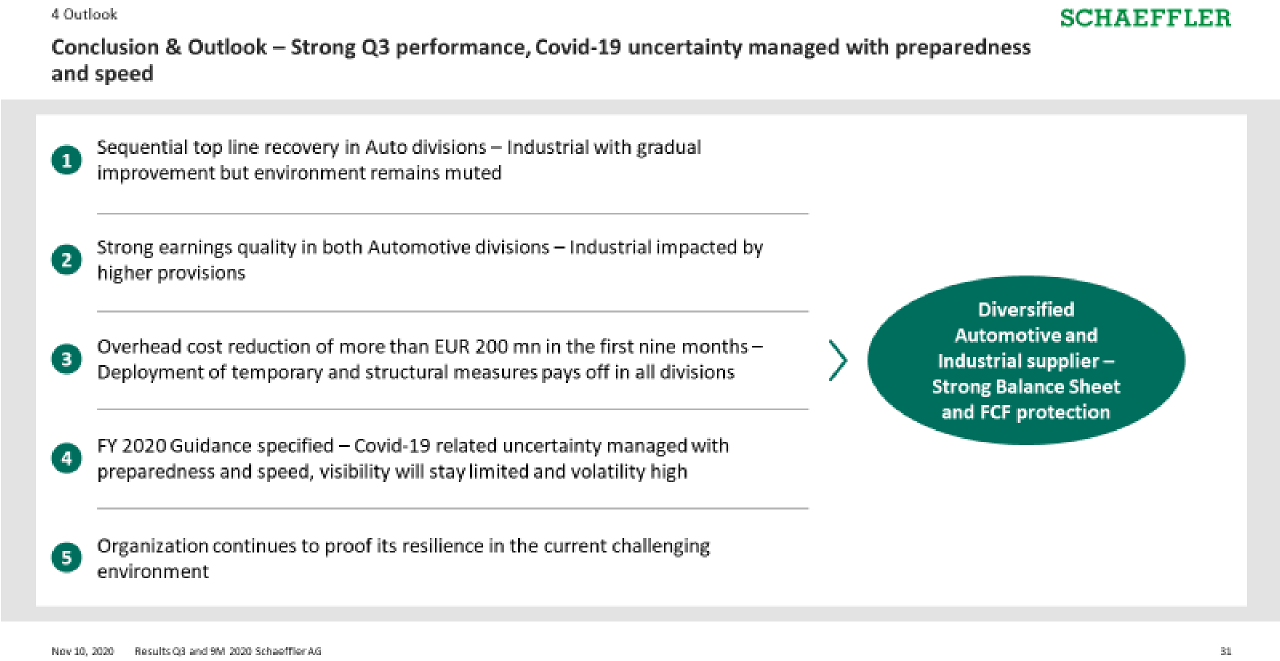
Market assumptions 2020

- 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

Thank you very much, Klaus. I will finish the presentation with page 30 and 31. 30 just shows again the new guidance for 2020, with the quantitative numbers according to the template that we used at the beginning of the year before we suspended the guidance.

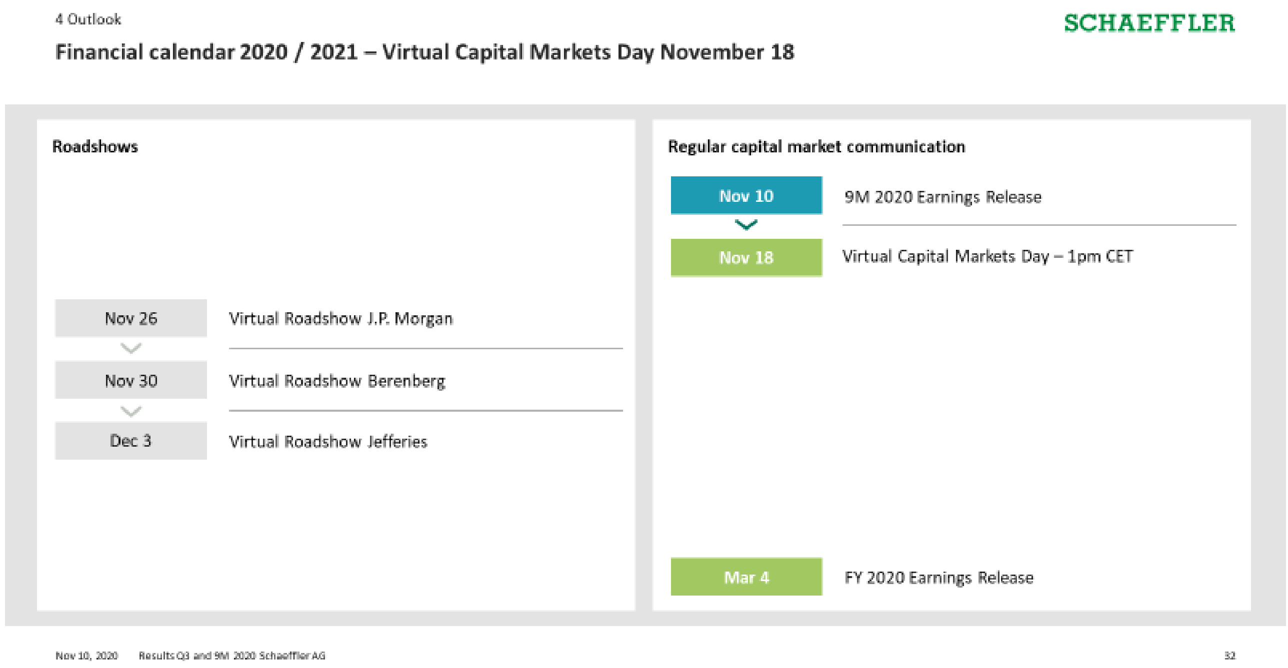
I think I do not have to go through in detail here. The only thing I want to say is that this is based on market assumptions, Automotive Technologies. We expect here a decrease of global passenger car production for the full year of minus 18 to minus 20% to previous year, and also a decline of the industrial production of around 5%. And we have clearly based this guidance on the assumption that the Corona virus pandemic will not result in any significant new adverse implications in terms of a second full lockdown or anything that could even be more serious. So, you should regard this as a conservative guidance against a development that we see rather cautiously optimistic.



Let me conclude on 31, sequential top line recovery. As I mentioned, Industrial lagging a little bit behind with gradual improvements, but in an environment that is still muted. Strong earnings, quality improvement in both Automotive divisions and Industrial, with the higher provisions in Q3 that Klaus explained. We are clearly focused on cost reduction, as you know, and the structural measures that were announced at the beginning of September are in implementation and will clearly be executed as promised.

The guidance is specified, and we all know that the uncertainty will not go away tomorrow. So, it is still something that we are very focused on to make sure that we improve our competitiveness and also the resilience of the company.

I think the organization has shown that it can cope with such a crisis. We are quite proud what in particular our colleagues in the plants and on the shop floors are delivering every day. And that makes us also optimistic that with our diversified portfolio, with the strong balance sheets, Klaus mentioned the strong liquidity, but also our proven ability to manage Free cash flow, we are on the right track to position us well for the year 2021 and thereafter.



32 has the main dates. We will do, after the Capital Markets Day, a little roadshow in selected countries with the help of J.P. Morgan, Berenberg and Jefferies. But more importantly, next week, one o'clock, our virtual Capital Markets Day, where we will also share with you our Mid-Term Targets. Thank you very much. And back to you, Renata, for the Q&A section.

Q&A SESSION

Akshat Kacker, JP Morgan

Thank you. Akshat from JP Morgan, good morning. The first one is on M&A and inorganic growth opportunities. Is there any update that you would like to share with us on the M&A optionalities or any targets that you are looking at?

Also in your presentation, I don't see a mention of hydrogen. Any initiatives there that you would like to highlight?

And finally, in this context and this topic of other growth opportunities, when you look at your balance sheet with an expected unrestricted cash of around 1.1 billion by year end, do you agree that bolt-on acquisitions can be financed by cash? That is the first one, broadly, around M&A.

The second one is on the first nomination for heavy duty e-motors. Is it possible to share more details on the size of this order and the timeline of delivery? Also, Klaus, if you could share the rationale for OEMs to outsource this to suppliers in an industry that is much more concentrated and vertically integrated, that will be helpful, please.

And the last one is on your full year 2020 guidance released yesterday. What are you seeing from your OEM customers in Q4 and some color around Europe, especially in the fourth quarter, will be helpful. Thank you.

Klaus Rosenfeld

Okay, these were basically six questions, let's share them, as we have the Capital Markets Day in front of us, we are referring to this presentation from talking about M&A. You know the radar and you know the strategy will share more with you, also in terms of criteria in the Capital Markets Day.

Same holds true for the hydrogen. I think we indicated that that is one of the growth initiatives. It is also a very interesting proof point to show why Automotive and Industrial, in our Schaeffler case makes a lot of sense to do it together. We are fully determined here. And I will also give you a little bit of insight on what that means. There is a hype on hydrogen for sure, but our ability to industrialize certain technology here is clearly something that is seen as a positive from the many inquiries we get. And we feel that we are well positioned on that front.

On the unrestricted cash, I hand that over to Klaus. The E-Motor order, please understand that we cannot give more detail here at this moment. I think this is in the truck area, so quite interesting to see that also the business here is not only passenger cars but covers more sectors. Also here, we will give you a little bit of insight next week. The OEM behavior in terms of what is coming indicates that the recovery stabilizes. I can say that in across the board, in Automotive plants, we see good demand also for the next two or three months to come. The outsourcing question is a more strategic question. The key focus going forward for us is on E-Mobility. We know that we compete in certain areas with our OEMs themselves, but in our core technology, I think we have a competitive edge and USPs that they cannot really do themselves. On the question for the unrestricted cash and the guidance I would hand over Klaus.

Dr. Klaus Patzak
I think there was a question also on cash and M&A. I think, first of all, if we talk unrestricted cash, I rather want to first talk about restricted cash because I want to bring that number down and this number will come down in this year and probably also in the next year. We are working on that, in part with our banks in order to come to a good solution.

So that will then also help the unrestricted cash. At the moment, we are running at 22% of the last 12 months. I think that makes a lot of sense in the current environment. But if you would see that the pandemic ease out and the market is getting stable, then we can bring that down to a figure which is more in comparison to the historic numbers.

That means also that if there is a stabilization, we could free up cash and then bring it in to growth initiatives. That is the first point I want to make. Obviously, we want to keep net debt over EBITDA in a reasonable range. You saw the numbers. It was, is it 1.6. So, I said also that will come down a bit in Q4 and that might then be also kind of a level where we feel comfortable with.

The other thing I want to mention is on the M&A side that our radar is obviously on. In the Capital Market Day, we also might give an indication of what kind of financial criteria we have discussed in the board. So therefore, please bear with us until next week.

Akshat Kacker, JP Morgan
Thank you so much. Looking forward to the CMD.

Henning Cosman, HSBC

Good morning. I have three questions, please. The first one is, if I understood right from Klaus Patzak, I think you said you are anticipating a two-percentage point margin dilution in Aftermarket in Q4 as compared to Q3 from the AKO? If you could please confirm that and also talk about how you see that developing going forward, because I think Klaus Rosenfeld said in his opening remarks that there is a tipping point coming and at some point, of course, the efficiencies will start offsetting the cost redundancy. So, if you could just remind us of the trajectory of the benefits and the double cost structure.

The second question is on the price component in Automotive, it does seem a little bit elevated as compared to normal levels, so if you could just talk about that a little bit again. Is it related to certain regions, to certain customers? Do you regard this as rather exceptional, or shall we brace ourselves for something more similar going forward?

And then the third question, going a little bit into the CMD direction again, clearly a super strong quarter again, as were Q1, as were Q2, quite exciting CMD coming up. All the investors agree basically, but at the same time, they are all a bit anxious to put fresh money behind the story ahead of a looming, potentially quite large capital increase. So can you just maybe say again, if you think this is something that you expect will go away? By something you will be able to say next week and give people more confidence to start getting involved with the case more again? Or do you envisage this to last beyond the CMD having the risk of jeopardizing the strong message of the CMD a little bit. Thank you very much.

Klaus Rosenfeld

Thank you, Henning, maybe I take the last one first and explain again that what we ask for in the summer was an authorization and not a capital increase. That is a big difference. We explained that there is no need for a capital increase, in particular not from an operating point of view, and I think you see now in the third quarter that that was completely right.

And the third answer to that point is, we explained that and said we want to have something in our toolbox and have that completed going forward. And that was also the question from the colleague from JP Morgan. There are opportunities that we may want to look at, but there is nothing in the making, nothing concrete that would hint to a capital increase. It is all about flexibility and all about optionality, and I can only repeat what we said before, this is totally consistent, what we always said, there is, please, no intention at all to finance restructuring costs or anything like this with a capital increase. That would be completely wrong. This is again, it is about flexibility and making sure that we have the right tools available in an efficient manner at the right moment in time. And don't forget, others have also authorized capitals, and this is something very normal in a German environment, so there is nothing else than this behind that.

Dr. Klaus Patzak
So on the other two questions, first, on the Automotive Aftermarket business. Yes, I can confirm that sequentially, fourth quarter compared to third quarter, I expect increase in expenses for AKO and that would be around 2% margin impact.

And also in 2021, there will be a negative impact investments in AKO, which will be followed then in 2022 with a positive impact coming from the topics which Klaus Rosenfeld mentioned, better productivity and lower material costs coming out of that consolidation.

And on the price decline, I would regard that as a normal price decline. So there is nothing which I would see as a big change here. What is good and important is that we are able, with productivity measures, to counter that price decline. With that, back to the next question.

Henning Cosman, HSBC
Yes, thank you. So just to clarify then, in 2021, the net effect of the AKO is still a negative effect. But in 2022, it turns into a positive effect. Correct?

Dr. Klaus Patzak
Correct.

Klaus Rosenfeld
That is correct, Henning.

Sascha Gommel, Jefferies
Good morning. Thank you for taking my questions. It is Sascha from Jefferies. My first question would actually be on the organic growth in E-Mobility. Compared to the last quarters, that were a bit soft against the market recovery. Maybe you can give us some more details. What was behind that? That would be my first question.

Klaus Rosenfeld
Well, let's go to the page, again…

Sascha Gommel, Jefferies
The E-Mobility was down 5% organically in Q3 and in the last quarters, E-Mobility was outperforming quite drastically versus all the other divisions, so I was just wondering why it's not anymore.

Klaus Rosenfeld
I think, as we always said, I mean, you see this also from the sales number, this is EUR 190 million in Q3, 2019 and EUR 180 in Q3, 2020. There are some structural effects here that explain these numbers that also have to do with the inclusion of Compact Dynamics and Elmotec, the recovery of the China and Americas market. Don't take this as a trend, this is still the smallest part of our Automotive business. What we need here is the mid-term focus and the long-term focus. And as we are not sharing order book details in the quarter, I can say that there is a positive development there. The book to bill ratio is definitely significantly above the ordinary or let's say traditional core business and that is the number to look to. We feel quite good about our E-Mobility position. And I think the two projects that I just mentioned show that even in such a crisis, there is positive momentum to be expected in the future.

Sascha Gommel, Jefferies
So, we should not consider kind of EUR 180 million, EUR 190 million as a plateau. It rather will kind of accelerate again from there.

Klaus Rosenfeld
No, definitely not.

Sascha Gommel, Jefferies
Okay, good. My second question, coming back to the guidance with a bit of focus on automotive to clarify the Aftermarket. Why is Automotive seasonally weaker from profitability perspective in Q4? Because my understanding is in most years you should get your R&D reimbursement in Q4. Can you explain that again to me, please?

Klaus Rosenfeld
Well, it is typically demand-driven, and I would say Q4 this time is a very unusual situation, but in Europe, where we have still the bulk of our business, typically the December month is not a full month. That normally explains the weakness. In China that may be different. So, I think the answer there was more a historically related

question. You saw from our guidance that, and that is the general logic there, that we are conservative on purpose. The environment is still challenging. There is a lot of uncertainty. And whatever this semi-lockdown means now, is difficult to project. Therefore, again, take this as a conservative guidance for both Automotive Technologies and Aftermarket.

Sascha Gommel, Jefferies

Ok, perfect. Understood. And then my last question would be on the restructuring charges. You book, let's say about EUR 500 after nine months. I think you said you want to book EUR 700 million, but Mr. Patzak said you only expect another EUR 50 to EUR 100 in Q4. Does that mean there will be another 100-ish in 2021, or do you think you need less than the 700 million initially expected?

Dr. Klaus Patzak

No, the EUR 700 million still stands. If I recall correctly, we said off that EUR 700 million, we expect 80 to 90% to be booked in the current fiscal year, depending on the progress. And it was clear from the beginning that a part of that can be booked only in 2021, a smaller part because that has something to do with moving production from one location to the other location. This is something which you cannot just book by announcing your plan. These are costs which then need to be carried when they arise.

Sascha Gommel, Jefferies

All right. Thank you. Thank you, gentlemen. Have a good day.

Christophe Boulanger, Barclays

Hi, good morning. So, I will have three questions.

The first one is on your financial results. Can you please quantify what will be the Q4 impact of the refinancing on the bond, on the financial results?

Second one is on your liquidity position. So as I can see on your slide 40, your liquidity positions, stand at 2.8 billion euros excluding restricted cash at the end of Q3, and it looks to me that strictly it stands below 2 billion, implying over 800 million of excess liquidity. Once the market is normalizing, can you please help us to understand what will be first a fair level of liquidity? And then secondly, would you potentially consider outside acquisition to potentially repay some debt? And if so, what type of debt would you repay? And the last question is on net leverage. Your net leverage ratio is at 1.6

times. What will be the acceptable range for this ratio? Is it between 1 and 2 times or are you willing to go over 2 times on a potential acquisition? That's it.

Dr. Klaus Patzak
So then I give it a shot. The first one was on the financial result and the refinancing impact. This refinancing impact, as I mentioned earlier, includes the non-cash impact, which is that we kind of write down the value of the embedded derivative of the high yield bond. You know, the overall impact could be close to 40 million. The cash impact obviously will be lower than because the write down is not cash effective. That is on the first question.

The second one on liquidity. So please keep in mind two things. The overall refinancing exercise was 1.5 billion in new bonds in order to repay 1.6 billion in existing bonds. So that was not an increase in our -- in the interim there is an increase. But that will go away when we have fully paid back the bond due in 2022. Also, you have to keep in mind that what your colleague said earlier, the 700 million charge out of the communicated restructuring measures of September, they will be, and that is what I said in the call, roundabout at 90% cash effective. So that basically flows into cash flow in the years 2021 and 22, mainly.

In addition, there is restructuring cash out from the former programs. And I mentioned in the call in September that this is around 100 million or a bit more, so I would say 120 million, and that needs to be kept in mind.
Obviously, on the other hand, we expect and we work on having operational Free cash flow and therefore we try to work against that. You will also in the CMD see that Free cash flow will play a significant role also going forward in our target system.

On the net debt over EBITDA, I think that the 1.6 debt will actually come down a bit, that is what I said already. I think if you talk M&A, then you have to talk not a quarter, but also long term, because in the end, I would not be worried if that is a higher number for a couple of quarters. But then there needs to be a plan to bring it back, including with the profitability and cash performance of that entity.

Christophe Boulanger, Barclays
So maybe just to follow up, what will be your long-term target of net leverage ratio then?

Dr. Klaus Patzak
That will be communicated in the CMD.

Christophe Boulanger, Barclays
Okay, thank you very much.

Dr. Klaus Patzak
You are welcome

Sabrina Reeh, UBS
Hi, good morning, gentlemen. I have three questions.
So the first one would be on the Free cash flow. Since it was a strong versus the prior year, looking forward into 2021, can we expect to see a continuation of the improvement in Free cash flow as well, similarly? How much of the lower Capex spend would you consider sustainable? And how does that tie in with the investment requirements that you might need for the E-Mobility division?

The second question would be on the cost reductions. Could you maybe shed some light on how much of the cost reductions are sustainable into the next years? Some of your competitors have given a split on how much they think is temporary and how much they think is sustainable for the next two years.

And the last question is on the Q4 quarter. Some suppliers have been speaking of OEMs potentially prolonging Christmas vacations and therefore having less production days in December. You kind of insinuated on generally that there is a seasonality aspect in Europe anyways, but have you heard similar comments on this? And has this staked into your more conservative guidance expectations as well. Thank you.

Klaus Rosenfeld
Let me take the last one and the first one I think we will, as Klaus mentioned several times, we will, in the Capital Markets Day, give you also our mid-term targets. The guidance for 21 will come with the annual report sometime at the beginning of next year. In terms of Free cash flow, I think you know that this is our major KPI to look at. We have always been good at managing Free cash flow. Certainly there are, as already mentioned, there are some impacts in there, for example, from short-time work that is not sustainable. And clearly, in terms of Capex, we follow a strict capital allocation and use of cash policy that is driven by the portfolio and the growth prospects. I would like to leave it like this and more to come then in the Capital Markets Day.

Last point, what are we seeing for our Q1. Call offs are definitely showing a positive momentum. I can say that I have not heard anyone who says they are going to extend Christmas vacation. I would at the moment rather think that the opposite is going to be the case, at least in some areas. We are seeing that capacity utilization is rising. But I cannot say that there is a company that has told us that they want to extend Christmas vacation. And then on the cost reduction, Klaus, I am not sure whether you want to want to add something there.

Dr. Klaus Patzak
Well, there is an impact, obviously, from postponements of projects and therefore, I would expect that the run rate of the overhead costs will be higher in next year than in the third quarter. That is quite normal. In addition, we mentioned that the impact of short-term work, which has helped us in the second, in the third, and also still in the fourth quarter, that will probably be not material anymore. But on the other hand, I think also cost discipline will stay in our focus. And while we still are investing in improving the company, including in IT and digitalization. We will make sure that structurally we will improve the cost situation by means of shared services and things like that. So again, here, we will tell you more about the mid-term targets in the CMD.

Sabrina Reeh, UBS
OK, thank you both.

Horst Schneider, BofA Merrill Lynch
Good morning. Hallo, Herr Rosenfeld, hallo Herr Patzak. I have got basically just two questions left. They both relate a little bit to outperformance and production outlook for the fourth quarter. I just want to understand basically how the outperformance is going to develop in the fourth quarter. I understand on market volume there is always some uncertainty, but on outperformance, you should have better visibility. So, what is driving that outperformance in the fourth quarter? Can it accelerate further? And in that context, also, can you explain again what has driven the great outperformance in transmission systems in Q3?

Coming back to this comment that you made on Christmas vacation, what is your visibility on that? If the OEMs now run into too high stock levels, they can still change their mind and they can nevertheless lead mid-December already into planned holidays, right? Or do you already know today, that is just not going to happen. Thank you.

Klaus Rosenfeld
Okay, let me try to take the one on outperformance. As Klaus said, the year to date number with the above 5% should not simply be extrapolated, in Q3 it was more in the 2 to 3% range. And again, we are going through an unusual situation in terms of developments.

The transmission situation clearly tells you that when people buy cars, there are not enough e-cars available. So, the transmission area is benefiting from traditional demand. It is one of our areas where we have the highest profitability as well. So, at the end of the day, it all depends on which projects are ramping up.

To just give you an example, the outperformance in the Americas was strong in Q3 because of the MHT module, that is an E-Mobility part and transmission systems was strong because there were some new projects from torque converters and one-way clutches. There is also, in the thermal management module, it is going well, also wheel bearings is going well. So, it is across the board where at the moment we see this regional outperformance in Q3.

And again, when demand continues as it is continuing, I think we should expect something in the normal range that we always have, that is somewhere between 2 to 4%. But it remains to be seen. This is demand driven and visibility is getting better. We talked to you about October being a positive development, but the year is not over and there is still a lot of risk. So, I would like to remain cautious here with any detailed number on Q4 outperformance. But the trend, from my point of view, is solidifying.

Horst Schneider, BofA Merrill Lynch
Is it driven than really by the regional mix and the different content of vehicle by region?

Klaus Rosenfeld
Yes. And just think about the dual mass flywheel that, you know, is one of the key contributors, if that demand is high in China, it makes a difference.

Horst Schneider, BofA Merrill Lynch
Yes, okay. All right. And Christmas vacations? The last question I had?
Klaus Rosenfeld

Again, I said that we don't have any information that people will go into an extended Christmas vacation. What I see from production levels, and again, we saw that at the beginning of this year when we shared that with you and during the crisis, I mean, these numbers all point into a different direction that the week by week plant utilization is rather going up than down.

Horst Schneider, BofA Merrill Lynch
What is the notification period for that? For the December production then? When you have full visibility on that?

Klaus Rosenfeld
You know, that is different plant by plant and region by region. I can't give you that number. We can come back to you and I will talk to them. What I can say, again, is that the plants have done an excellent job at the moment, and you see this from working capital, what we had always in the past, whether it was some sort of consumption deviations and so on. That is all handled in a very, very proactive manner and we are really proud of what the plants are contributing at the moment in terms of cost management and working capital management.

Horst Schneider, BofA Merrill Lynch
Excellent. Thank you.

Klaus Rosenfeld
You're welcome.

Jemma Permalloo, JP Morgan
Hi, thank you very much. I am not sure whether you are in a position to answer this question…

Klaus Rosenfeld
Sorry we couldn't hear what you said. Can you please repeat that? Hello?

Operator
So, Ms. Permalloo hang-up at the moment. As there are no further questions, I hand back to Mr. Rosenfeld.

Klaus Rosenfeld

Well, then, thank you very much for coming together, ladies and gentlemen. We appreciate the interest in the Schaeffler story, and there is more to come next week on the 18th. You are cordially invited, and we look forward to a next session on the story. Thank you very much. Bye-bye.

Backup

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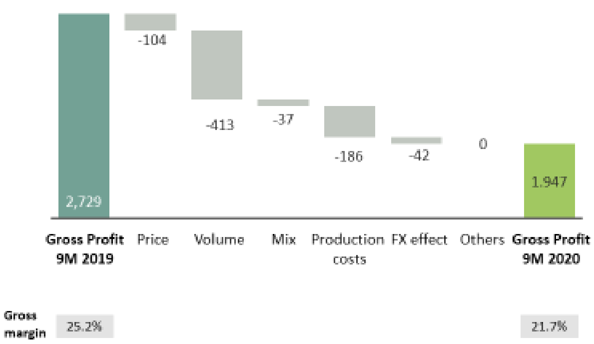
Gross Profit 9M – Severe volume losses could not be compensated by cost flexing

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

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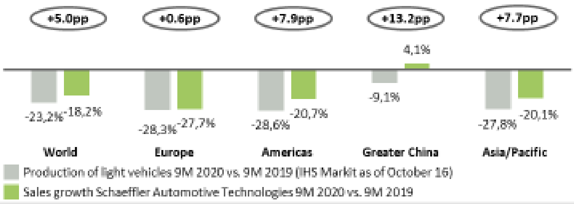
Automotive Technologies 9M – Strong Outperformance in most regions, EBIT reached break-even level

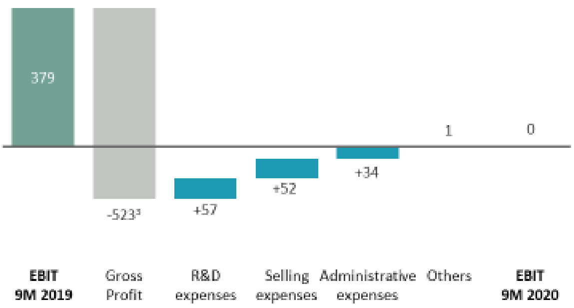
Sales by business division | yoy growth

	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: Sales[1] vs. market development in 9M



EBIT[2] 9M 2019 vs. 9M 2020 | in EUR mn



EBIT margin development[2]

5.6%	-4.4pp	-0.8pp	-0.1pp	-0.4pp	+0.1pp	0.0%

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

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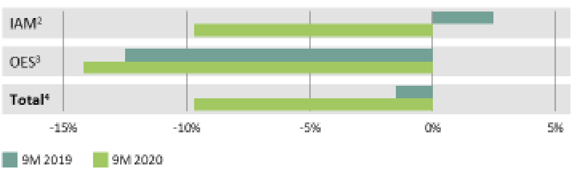
Automotive Aftermarket 9M – Sales decline in all regions, strong earnings quality

Sales by region | yoy growth

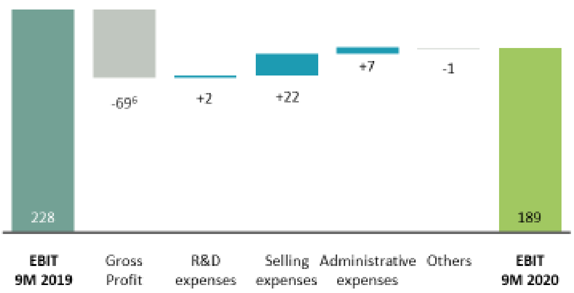
	9M 2019	9M 2020	Δ[1]
Europe	983	874	-9.7%
Americas	269	216	-9.1%
Greater China	64	57	-8.0%
Asia/Pacific	71	56	-17.8%
Total	**1,386**	**1,203**	**-9.7%**

Automotive Aftermarket sales growth by 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] 9M 2019 vs. 9M 2020 | in EUR mn



EBIT margin development[5]

16.4%	-0.5pp	0.0pp	-0.1pp	-0.1pp	0.0pp	15.7%

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

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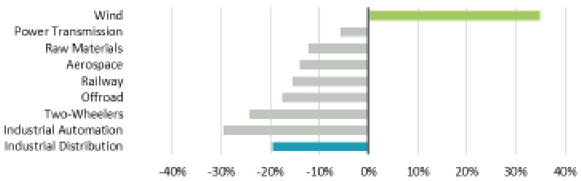
Industrial 9M – Sales decline in all sector clusters except Wind, earnings quality robust

Sales by region | yoy growth

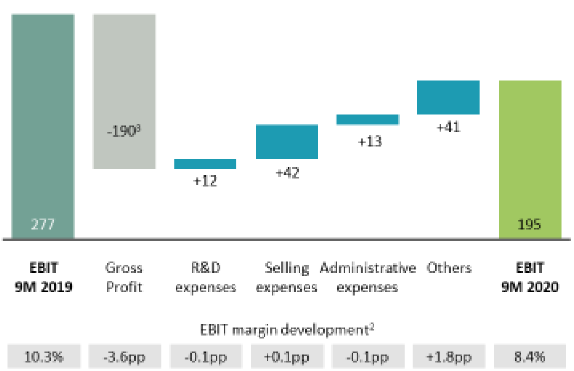
	9M 2019	9M 2020	Δ[1]
Europe	1,248	976	-21.5%
Americas	481	396	-15.5%
Greater China	539	638	+20.2%
Asia/Pacific	414	328	-17.5%
Total	**2,681**	**2,338**	**-11.3%**

Industrial sales growth by sector cluster 9M 2020[1]



[1] FX-adjusted

EBIT[2] 9M 2019 vs. 9M 2020 | in EUR mn



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

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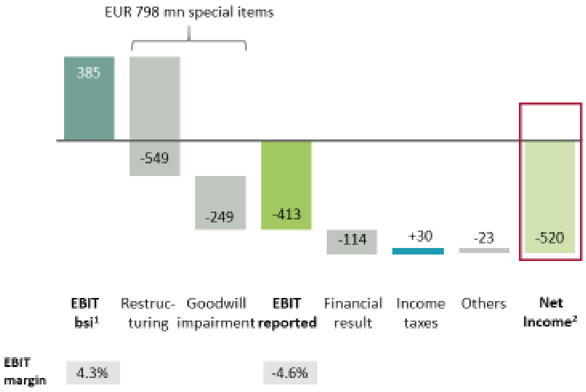
EBIT before special items – Reconciliation 9M 2020

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**

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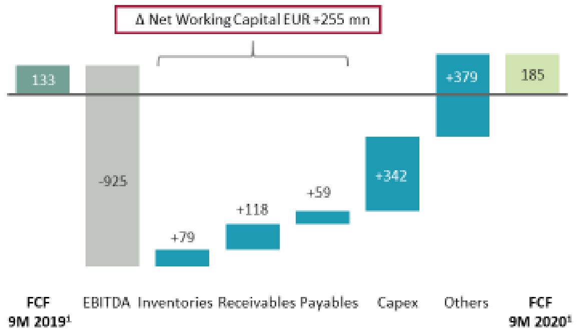
Free Cash Flow details 9M 2020 – Net Working Capital and Capex prioritization

FCF[1] 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)

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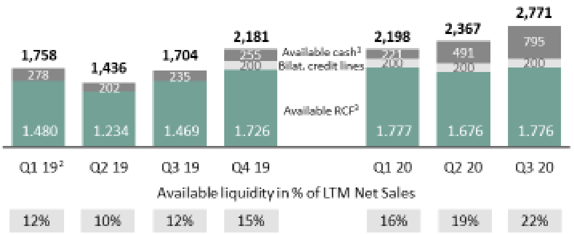
Liquidity position of more than EUR 2.7 bn at the end of September – Successful bond transaction of EUR 1.5 bn issued on October 5, 2020 to refinance upcoming maturities

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 liquidity[1] 22% of LTM Net Sales

As of September 30, 2020 | in EUR mn

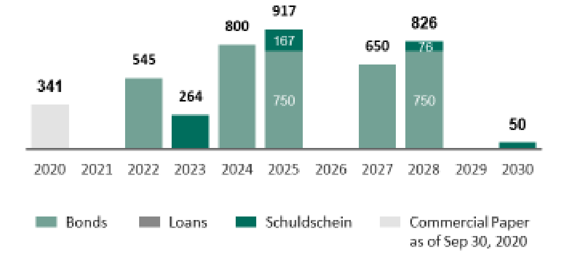


[1] Excluding restricted cash | [2] Excluding cash required for redemption of called bonds
[3] Utilization includes draw downs of cash and in form of letters of credit

Maturity Profile[4]

- 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 cash[1]

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

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Automotive Technologies (AT) outperformance by quarters

YTD 20
Outperformance: +5.0pp

	Q1 20 IHS[1]	Q1 20 AT[2]	Q1 20 Outper-formance	Q2 20 IHS[1]	Q2 20 AT[2]	Q2 20 Outper-formance	Q3 20 IHS[1]	Q3 20 AT[2]	Q3 20 Outper-formance
World	-22.2%	-12.0%	+10.2pp	-44.5%	-42.0%	+2.5pp	-3.5%	-1.1%	+2.4pp
Europe	-16.1%	-13.5%	+2.6pp	-61.1%	-59.5%	+1.6pp	-7.5%	-9.3%	-1.8pp
Americas	-11.6%	-5.2%	+6.4pp	-70.8%	-62.5%	+8.3pp	-3.0%	+2.9%	+5.9pp
Greater China	-45.7%	-22.8%	+22.9pp	+8.5%	+17.3%	+8.8pp	+10.3%	+14.2%	+3.9pp
Asia/Pacific	-13.3%	-7.3%	+6.0pp	-55.4%	-41.9%	+13.5pp	-15.2%	-10.1%	+5.1pp

New regional structure for 2019 and 2020 figures applied

FY 19
Outperformance: +4.7pp

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

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

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Key figures by Group and division

Adjusted comparative figures 2019

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 Growth[1]	+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 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 Growth[1]	-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%

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 Growth[1]	-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%

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 Growth[1]	+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%

[1] FX-adjusted

Overview Corporate and Financing Structure

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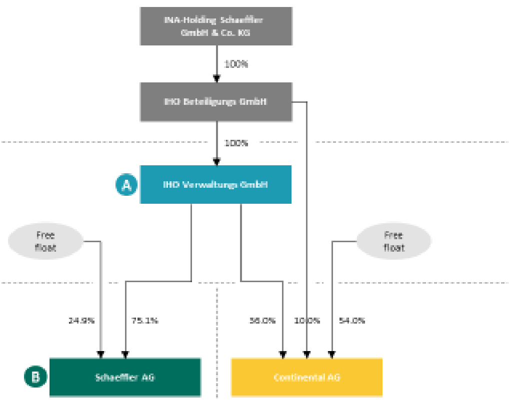
Corporate structure (simplified) | as of September 30, 2020



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 400m)	-	-	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 1,800m)	-	-	E+0.65%	Sep-23	Not rated
	Investment Facility (EUR)	-	288	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		**3,985**	**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