Schaeffler Automotive Technologies
Exane BNP Paribas & Jefferies Virtual Motor Show Conference

Matthias Zink
CEO Automotive Technologies
March 10, 2021
Schaeffler Group at a glance – We are an Automotive and Industrial supplier

3 Divisions
In % of FY 2020

- Industrial 25%
- Automotive Aftermarket 13%
- Automotive Technologies 62%

EUR 12.6 bn

Schaeffler Group

- Leading position in technology and innovation
- Diversified customer base serving 10 customer sectors
- Market leading product offering from components, systems to services
- Global footprint with 75 plants and 20 R&D centers
- ~83,000 employees in more than 50 countries
- Highly experienced leadership team with focus on execution

4 Regions
In % of FY 2020

- Asia Pacific 13%
- Europe 43%
- Greater China 23%
- Americas 21%

Well-diversified Automotive and Industrial supplier with global reach and synergistic businesses
Schaeffler Group – Sustainability Targets address the requirements of our customers

Achievements

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

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

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

Goals

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

Renewable energy:
100% purchased power from renewable sources until 2024

CDP rating:
“A-”-rating for CDP Climate Score 2021

Accident rate:
10% average annual reduction of accident rate until 2024

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

Carbon neutral production in 2030
Scope 1 and 2

20% reduction of fresh water supply until 2030

NEW
Automotive Technologies – Driving the transition to innovative propulsion and chassis technologies

1 Where we stand

<table>
<thead>
<tr>
<th>Electric and Hybrid Propulsion</th>
<th>Engine Components and Systems</th>
<th>Europe</th>
<th>Greater China</th>
</tr>
</thead>
<tbody>
<tr>
<td>8% of sales in 2020</td>
<td>30% of sales in 2020</td>
<td>37% of sales in 2020</td>
<td>26% of sales in 2020</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transmission Components and Systems</th>
<th>Chassis Applications</th>
<th>Americas</th>
<th>Asia / Pacific</th>
</tr>
</thead>
<tbody>
<tr>
<td>45% of sales in 2020</td>
<td>17% of sales in 2020</td>
<td>22% of sales in 2020</td>
<td>15% of sales in 2020</td>
</tr>
</tbody>
</table>

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Revenue in EUR mn

<table>
<thead>
<tr>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>9,044</td>
<td>7,821</td>
</tr>
</tbody>
</table>

EBIT in EUR mn

<table>
<thead>
<tr>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>496</td>
<td>278</td>
</tr>
</tbody>
</table>

EBIT margin\(^1\)

<table>
<thead>
<tr>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.5%</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

\(^1\) Before special items
Vision Powertrain 2035 – Electrification is further accelerating

Vision Powertrain 2035
Global Light Vehicle Production

We drive the transition to innovative propulsion systems

HEV as transition technology will reach tipping point in 2030

Electrification is further accelerating
We actively manage our Product Portfolio

Vision Powertrain 2035
Global Light Vehicle Production

Mature Business

New Business

<table>
<thead>
<tr>
<th></th>
<th>Products for ICE and HEV</th>
<th>Powertrain agnostic(^1) products</th>
<th>Products for Electrified Powertrains</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HEV</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>xEV</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Example

Ball Screw Drive for Steering

Rear Wheel Steering

3in1 e-Axle

\(^1\) Independent from powertrain type

Decreasing potential

Increasing potential

Strongly increasing potential

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3 How we win

How we win: e-Mobility Order Intake goal overachieved

### Order Intake

<table>
<thead>
<tr>
<th>Year</th>
<th>H1</th>
<th>H2</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>4.7</td>
<td>6.6</td>
<td>11.3</td>
</tr>
<tr>
<td>2018</td>
<td>8.0</td>
<td>4.6</td>
<td>12.6</td>
</tr>
<tr>
<td>2019</td>
<td>7.7</td>
<td>7.3</td>
<td>15.0</td>
</tr>
<tr>
<td>2020</td>
<td>4.6</td>
<td>5.5</td>
<td>10.2</td>
</tr>
</tbody>
</table>

**2.7 bn OI in E-Mob**

<table>
<thead>
<tr>
<th>Book-to-bill-ratio</th>
<th>H1</th>
<th>H2</th>
<th>FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1.1x</td>
<td>1.5x</td>
<td>1.3x</td>
</tr>
<tr>
<td>2018</td>
<td>1.7x</td>
<td>1.1x</td>
<td>1.4x</td>
</tr>
<tr>
<td>2019</td>
<td>1.8x</td>
<td>1.7x</td>
<td>1.7x</td>
</tr>
<tr>
<td>2020</td>
<td>1.4x</td>
<td>1.2x</td>
<td>1.3x</td>
</tr>
</tbody>
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**Targets for Order Intake E-Mobility**

- **until 2021:** EUR 1.5-2 bn
- **from 2022:** EUR 2-3 bn

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

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

- First SOP for Hybrid Module with Torque Converter (HEV)
- First E-Motor nomination (xEV)
- First 3in1 DHT nomination (HEV)
- Construction start E-Mobility plant, Szombathely Hungary (HEV)
- First 3in1 Hybrid Module nomination with integrated Torque Converter (HEV)
- First 2in1 E-Axle nomination (xEV)
- First 2in1 Hybrid Module nomination with inhouse E-Motor (HEV)
- First nomination for 3in1 performance E-Axles (xEV)
- First E-Motor nomination for Heavy Duty (HEV)

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New Business

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

Key Aspects

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

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

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How we fund our own growth and create value

- Funding our New Business
- Capex allocation and R&D expenses shifted to New Business
- Qualification Program ‘Fit4Mechatronics’

**Mature Business**

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<tr>
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<td>Priority Margin</td>
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<tr>
<td>Order intake</td>
<td>►</td>
</tr>
<tr>
<td>Profitability</td>
<td>►</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>►</td>
</tr>
<tr>
<td>Capex / Reinvestment rate</td>
<td>&lt; 1</td>
</tr>
<tr>
<td>Footprint</td>
<td>◀</td>
</tr>
<tr>
<td>Overhead(^3)</td>
<td>◀</td>
</tr>
</tbody>
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\(^1\) Independent from powertrain type  
\(^2\) Powertrain split of Order Intake without Heavy Duty  
\(^3\) Selling & Admin expenses

**New Business**

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<tr>
<th>Powertrain agnostic(^1) products</th>
<th>Products for Electrified Powertrains</th>
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<tr>
<td>Priority Growth</td>
<td></td>
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<tr>
<td>Order intake</td>
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<td>Profitability</td>
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*Order Intake\(^2\) FY 2019 & FY 2020:

- 25.2 bn EUR
- 41% HEV
- 43% ICE
- 16% xEV

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We turn business opportunities into award-winning partnerships
We drive the transition to innovative propulsion and chassis technologies, to conquer leadership positions in New Business

1. We plan conservatively with a disciplined view on costs in a highly uncertain market environment

2. We aim to outperform the market thanks to our system understanding and our excellence in industrialization

3. We actively manage the transition by ensuring profitability in Mature Business and fostering strong growth in New Business

4. We implement our efficiency measures, reduce complexity and manage our portfolio to fund our own growth while securing a dependable margin range

5. We prioritize growth and aim for leadership positions in our New Business, leveraging both our organic capabilities and external growth
We pioneer motion
Backup
We will capture further market potential with high quality components and systems

**Mature Business**

- Hybrid Module with Torque Converter
- Damper
- CVT Chain

**HARVEST**

- System understanding at vehicle level
- Mechatronic and Electrical Systems
- Mechanical Components and Systems
- Components

**We deliver**
**Components and Systems**
to OEMs and Tiers

**Significant Content**
of Mature Business Products in all Powertrain types

**We benefit from our Production- and Process Know-How**

By complexity reduction and active portfolio management we will harvest our mature business
We actively manage the transition by ensuring profitability in Mature Business and a strong growth in New Business.

**Mature Business**
- We **HARVEST** with our Enabler-Technologies
- We **EXIT/DIVEST** expiring businesses & consolidate our footprint

**New Business**
- We **BUILD** Competencies in Power Electronics & Hydrogen
- We **GROW** in Electrified Powertrains

**Automotive Technologies** – Driving the transition to innovative propulsion and chassis technologies.