



# Schaeffler Automotive Technologies – Harvesting the Mature, Growing the New Business

J.P. Morgan European Automotive Conference

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## Agenda

- 1 Where we stand
- 2 Where we play
- 3 How we win
- 4 How we create value

# 1 Where we stand

# Automotive Technologies – Driving the transition to innovative Propulsion and Chassis Technologies

**SCHAEFFLER**

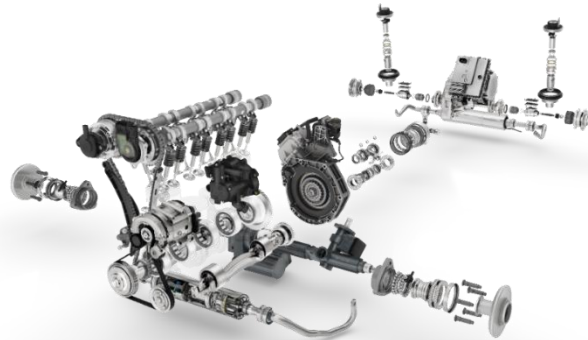
Adjusted  
Comparative  
Figures 2020

## Electric and Hybrid Propulsion

13% of sales<sup>2</sup> in 2020

## Engine Components and Systems

26% of sales in 2020



## Transmission Components and Systems

45% of sales in 2020

## Chassis Applications

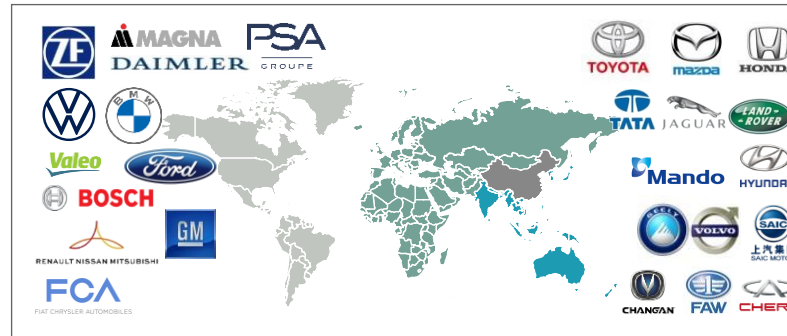
16% of sales in 2020

## Europe

37% of sales in 2020

## Greater China

26% of sales in 2020



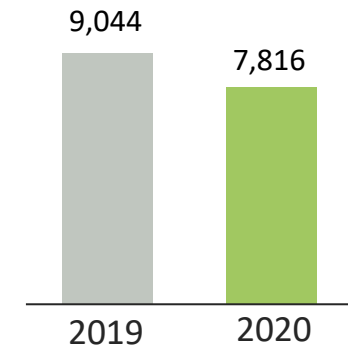
## Americas

22% of sales in 2020

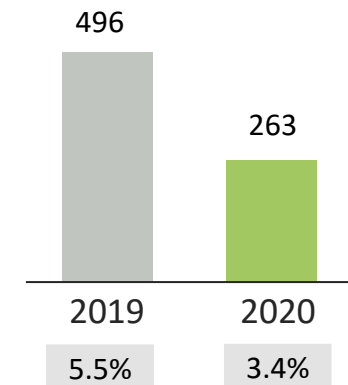
## Asia / Pacific

15% of sales in 2020

## Revenue in EUR mn



## EBIT<sup>1</sup> in EUR mn



EBIT  
margin<sup>1</sup>

5.5%

3.4%

<sup>1</sup> Before special items

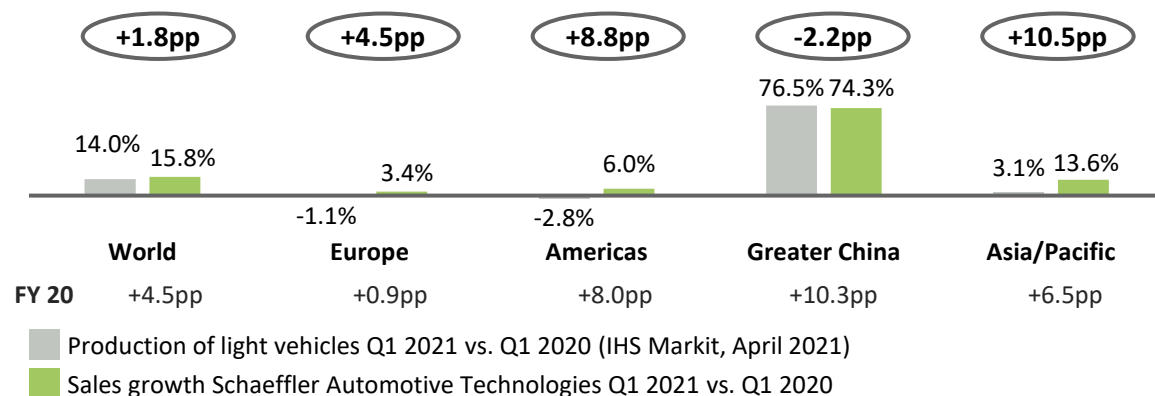
<sup>2</sup> Including Chassis Mechatronics Systems, Fuel Cell & Thermal Management Systems

## Automotive Technologies – Q1 2021 Exceptional growth in China, strong mature business delivering double-digit EBIT margin<sup>2</sup>

### Sales by business division | yoy growth

|                      | Q1 2020      | Q1 2021      | Δ <sup>1</sup> |
|----------------------|--------------|--------------|----------------|
| E-Mobility           | 243          | 305          | +26.5%         |
| Engine Systems       | 529          | 593          | +14.5%         |
| Transmission Systems | 902          | 1,034        | +18.5%         |
| Chassis Systems      | 333          | 349          | +7.0%          |
| <b>Total</b>         | <b>2,008</b> | <b>2,281</b> | <b>+15.8%</b>  |

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

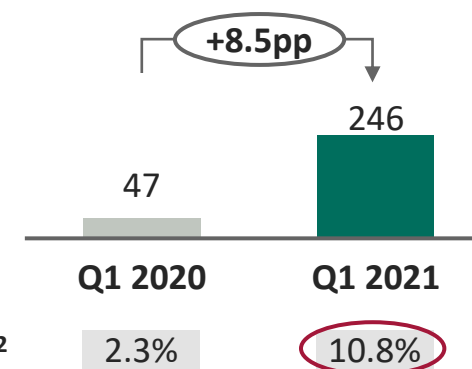


### Key aspects

- Strong sales performance driven by market recovery in China; Outperformance of 180 bps impacted by base effect in China; continued above-market growth in Americas
- BD E-Mobility with highest growth rate (+26.5%<sup>1</sup>), but also Mature Business a strong growth driver in Q1
- Strong result driven by market recovery, scale effects and structural cost savings while commodity price increases did not yet materially impact Q1

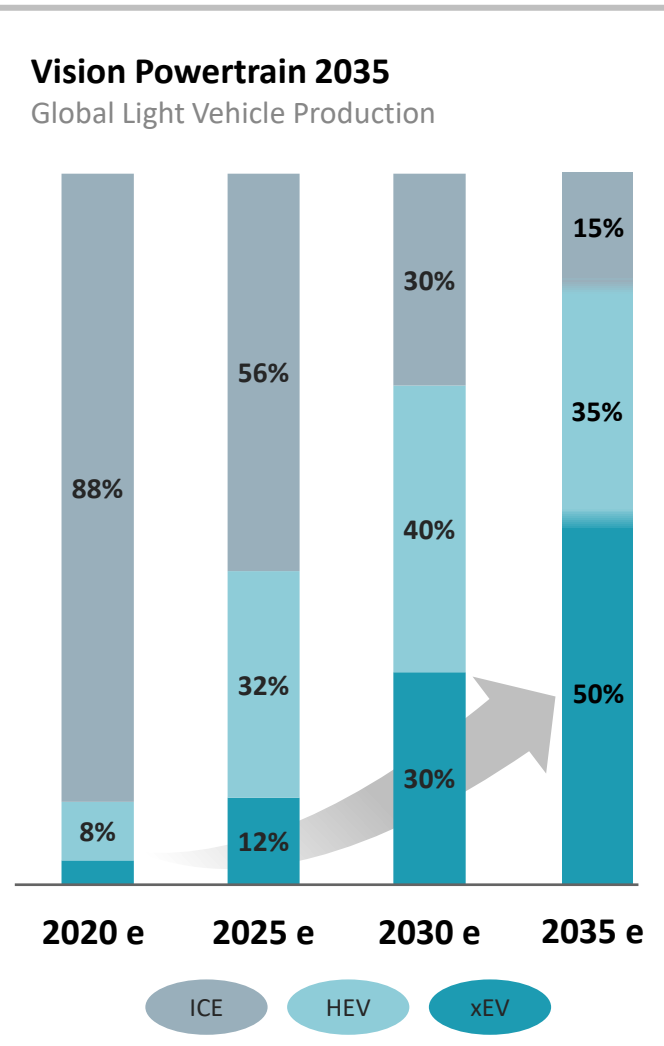
EBIT<sup>2</sup>  
in EUR mn

EBIT margin<sup>2</sup>



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

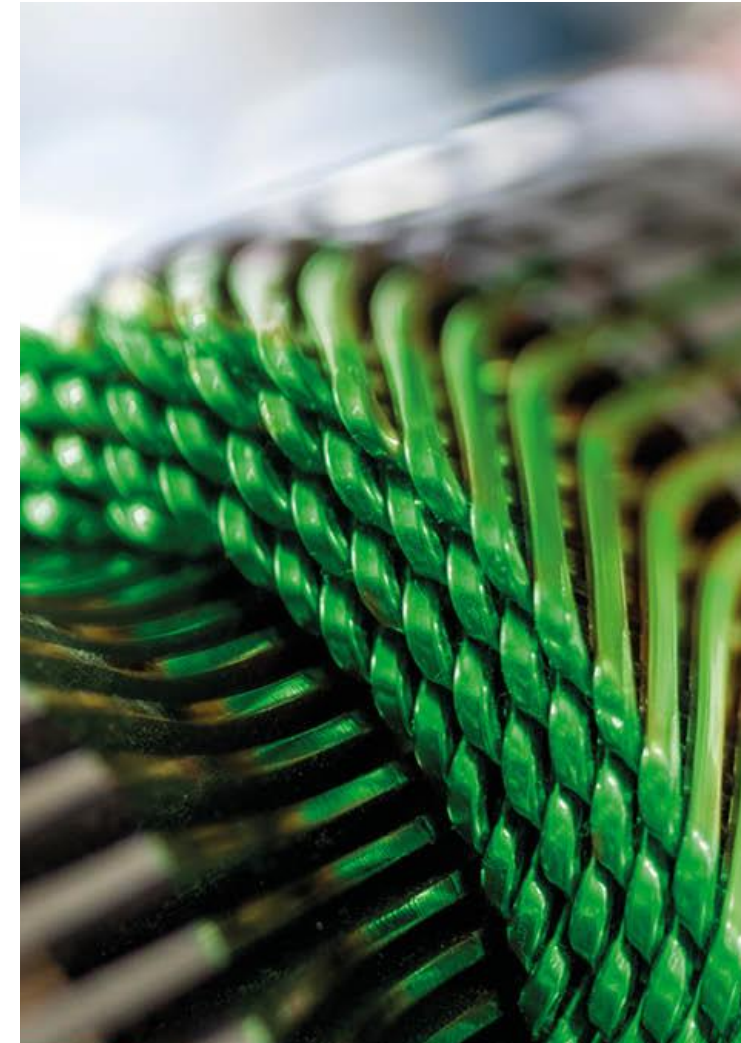
## Vision Powertrain 2035 – Electrification is further accelerating



We drive the transition to innovative propulsion systems

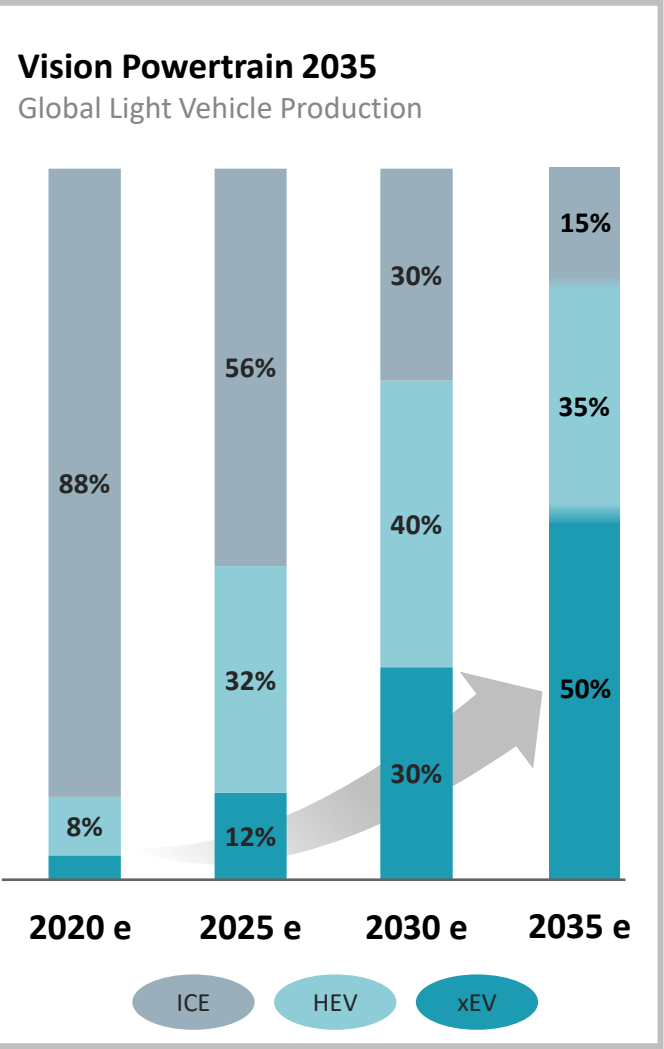
HEV as transition technology will reach tipping point in 2030




Electrification is further accelerating



## 2 Where we play

We actively manage our Product Portfolio – Harvesting the Mature, Growing the New Business



|         | Mature Business  |   | New Business   |  |
|---------|--|---|--|--|
|         | Products for ICE and HEV   | Powertrain agnostic <sup>1</sup> products | Powertrain agnostic <sup>1</sup> products  | Products for Electrified Powertrains   |
| ICE     | Decreasing potential   | Decreasing potential                      | Increasing potential   |  |
| HEV     | Increasing potential   | Increasing potential                      | Increasing potential   | Strongly increasing potential  |
| xEV     |  | Strongly increasing potential             | Strongly increasing potential  | Strongly increasing potential  |
| Example | <br>Ball Screw Drive for Steering |   | <br>Rear Wheel Steering | <br>3in1 e-Axle |

<sup>1</sup> Independent from powertrain type

Decreasing potential    Increasing potential    Strongly increasing potential



# 3

## How we win

## Mature Business – Successfully harvesting our high value-added mature business

Best-in-class  
components  
& systems

Superior  
Quality

Manufacturing  
Excellence



Large forging



Cold forming



Coating



Grinding



Heat treatment



Machining



Injection



Assembly

## Mature Business

HARVEST

System  
understanding  
at vehicle level

Mechatronic and  
Electrical Systems

Mechanical  
Components  
and Systems

Components

Outstanding Production- and Process Know-how

### Key Aspects:

- We deliver components and systems for Powertrain and Chassis
- Safeguard margins and generate cash
- Transfer of manufacturing know-how to new business fields

We focus on profitable Enabler-Technologies for hybrid powertrains and optimized combustion engines

## Heavy Duty applications – Supplying E-Motors and Hybrid Modules

Modular  
strategy for  
Heavy Duty

Highly  
Integrated  
3in1 System

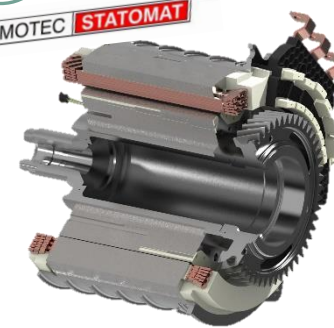
P1 Hybrid  
Module



ELMOTEC STATOMAT

### New Business

GROW



1<sup>st</sup> Nomination for a E-Motor for  
Heavy Duty (2020)



1<sup>st</sup> Nomination for a Hybrid  
Module for Heavy Duty (2021)

#### Key Aspects:

- Market Entry Heavy Duty with Hybrid Modules for Schaeffler
- 3in1 System with integrated Power Electronics
- Recuperation of braking energy
- Supporting to achieve CO<sub>2</sub> & NO<sub>x</sub> targets for the customer

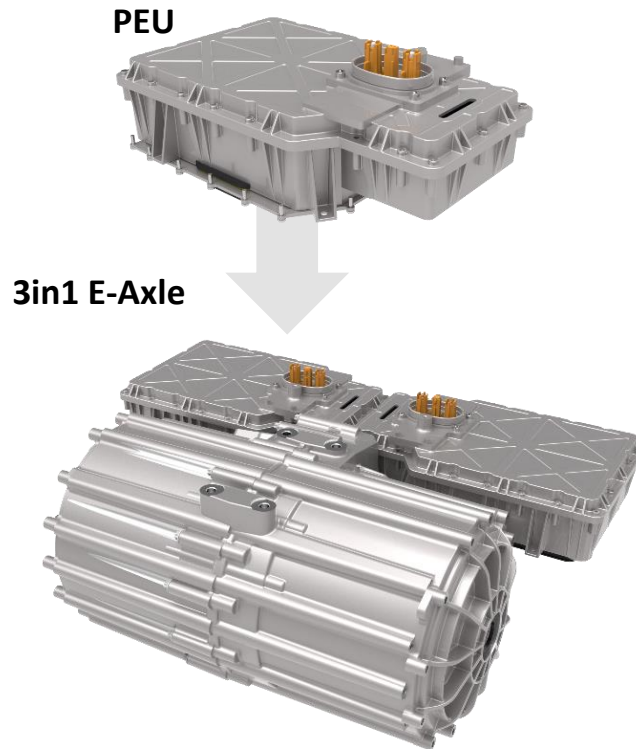
**We are electrifying the Heavy-Duty sector and supporting our customers in achieving their CO<sub>2</sub> targets**

## Power Electronic Unit Application – Extending our 3in1 Powertrain Portfolio

PEU for E-Axle

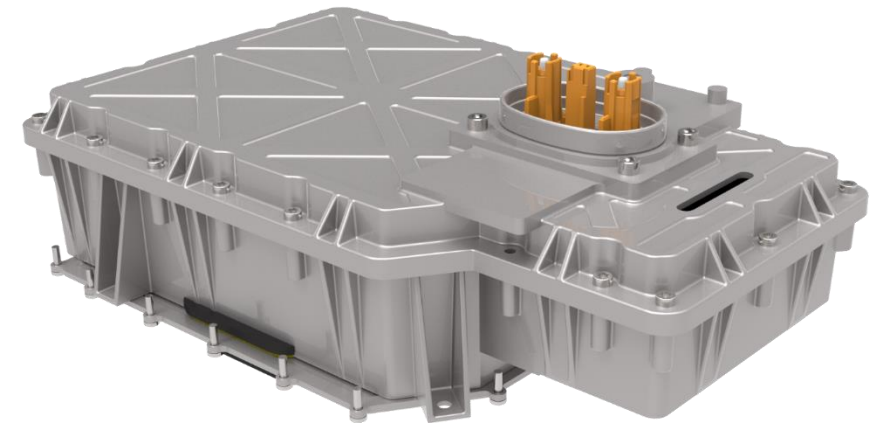
SiC<sup>1</sup> Inverter

800 V  
Performance  
Applications



### New Business

GROW



#### Key Aspects

- First Inhouse Power Electronic Unit for Schaeffler
- E/E<sup>2</sup> Innovations and Competences build up internally
- Accomplishing our 3in1 product portfolio in E-Mobility
- Integration of power electronic system actuation functions

**With our new inhouse PEU solution we harness our E/E<sup>2</sup> competences and increase business opportunities**

## E-Axles – Reinventing E-Axles by combining all our Components with a Thermal Management System

Cross  
fertilization from  
mature ICE  
Business

Increase of  
Efficiency and EV  
range

Full vehicle heat  
control

ICE



ICE

Benefit TMM +  
Efficiency Drive >25%  
Avail. Waste Heat >30%

Current market leader for  
TMM in ICE business

Heat abundant  
Focus Cooling

xEV



BEV

Benefit TMM ++  
Efficiency Drive >80%  
Avail. Waste Heat >5%



New Business

GROW



### Key Aspects

- We enable our customers offering more efficient drives by integrating innovative thermal management components

We have a deep system understanding of thermal management, necessary to optimize an electric powertrain system



## Industrial applications – Leveraging Schaeffler’s Auto and Industrial DNA, Capturing New Growth Opportunities with Cross-Fertilization

Wave-Winding  
Technology

Market entrance  
in Industrial for  
E-Motors

Market entry in  
Industrial for  
eWheel



### New Business

GROW



#### Key Aspects

- Modular platform for Heavy Duty and Industrial in Production
- High max. power and max. torque application
- New important market fields for Schaeffler

We are further expanding our business with our first E-Motor and eWheel nomination in the industrial sector

## Sustainable Investments in Europe – New E-Mobility production plant in Hungary

Competence  
center for  
manufacturing

Production of  
systems &  
components

CO<sub>2</sub> neutral



<sup>1</sup>German Sustainable Building Council



### Key Aspects

- 18,000 m<sup>3</sup> thereof 15,000 m<sup>3</sup> production space (30 hectares area)
- DGNB<sup>1</sup> Gold certification and highly efficient production processes
- Photovoltaic system & Green service-, rain- and wastewater treatment

**We will officially open the plant in Hungary in September 2021.**

## Fuel Cells – Joining Forces: Schaeffler's Industrialization Power Combined with Refire Fuel Cell System Know-How

Strategic  
Cooperation

Development of  
Key Components

Accelerating  
time to market

**SCHAEFFLER**

&

**REFIRE**

### New Business



#### Key Aspects

- Development of Bipolar plates and Thermal Management Systems
- Increasing speed in the industrialization process
- Compounding our capabilities in the fuel cell ecosystem

**The cooperation with Refire is strengthening the market position of Schaeffler and speeding-up the development and market entry**



## Chassis Systems – Schaeffler will drive the expansion of chassis mechatronics

Proven expert in  
the fields of  
electronics and  
mechatronics

Powertrain  
agnostic business

Future growth  
potential for  
Chassis  
mechatronics



**Viktor Molnar**

- Various global managerial positions at Robert Bosch GmbH
- Outstanding specialist knowledge and many years of experience for Body Electronics

### New Business

GROW



#### Key Aspects:

- Two prominent volume-production nominations acquired for intelligent mechatronic rear axle steering system

**Schaeffler strengthens Chassis Systems business division for a sustainable and successful future**

## Eco-system – Creating a leading technological platform with strong industrialization capabilities

### 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

### Key aspects

- We continuously leverage our Automotive + Industrial supplier eco-system by following our portfolio logic of Build, Grow, Harvest and Exit/Divest – Our New Business thrives on the strong foundations of the Mature
- We harness synergies between Automotive Technologies, Automotive Aftermarket and Industrial, even more in New Business fields like E-Motors or Hydrogen
- We closed technological gaps organically but also inorganically by acquisitions, JVs or cooperations
- We remain open to new collaborations in our future growth fields E-Mobility, Fuel Cells and Chassis Mechatronics

Compact  
Dynamics



ELMOTEC STATOMAT

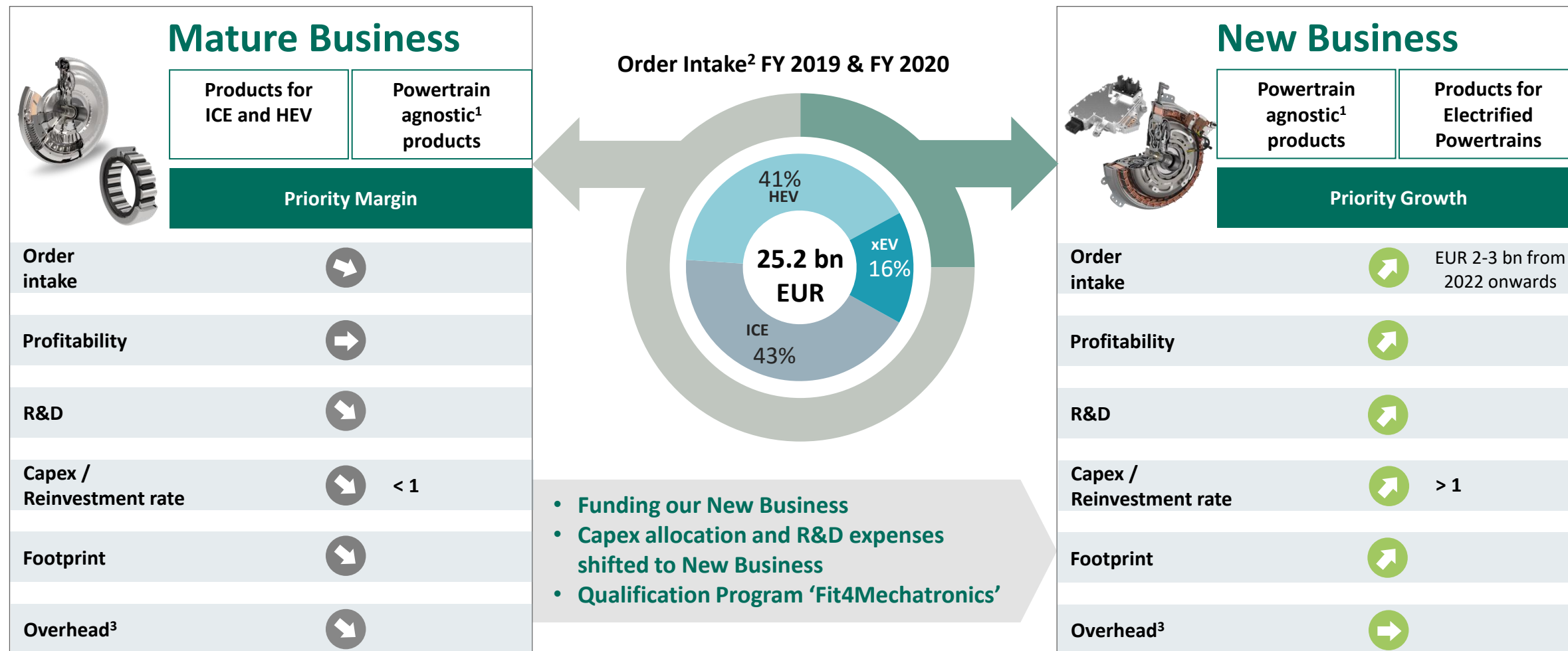
XTRONIC

Strong manufacturing and technological platform works like an eco-system, integrating collaborations

# 4

## How we create value

## How we fund our own growth and create value



<sup>1</sup> Independent from powertrain type | <sup>2</sup> Powertrain split of Order Intake without Heavy Duty | <sup>3</sup> Selling & Admin expenses

## 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

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

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

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

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- 5 We prioritize growth and aim for leadership positions in our New Business, leveraging both our organic capabilities and external growth



**Conquer leadership  
positions in  
New Business  
for electrified  
Powertrains and  
Chassis applications**

# We pioneer motion



**Backup**

## Semiconductor shortage – Evaluation and impact on our business

- 1 We have a balanced customer portfolio in Light Vehicles and Heavy Duty, but the semiconductor shortage is hitting the market across the board

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- 2 According to industry sources, and to our own evaluation, the supply of semiconductors will not recover before Q4/2021

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- 3 Schaeffler impact is very low and expected to be recovered in the later part of the year  
We are in close contact with our customers to monitor any influences and risks to our business

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- 4 We support sector initiatives to increase in the mid-term the reliability of sourcing of strategic components



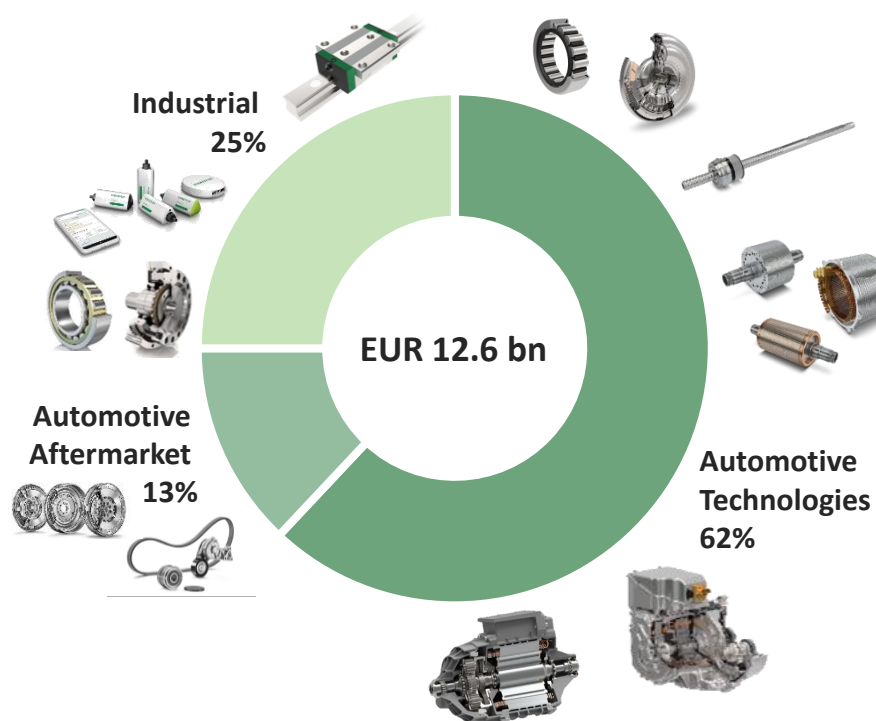
**An industry-wide,  
not company-  
specific issue**



## Schaeffler Group at a glance – We are an Automotive and Industrial supplier

### 3 Divisions

In % of FY 2020

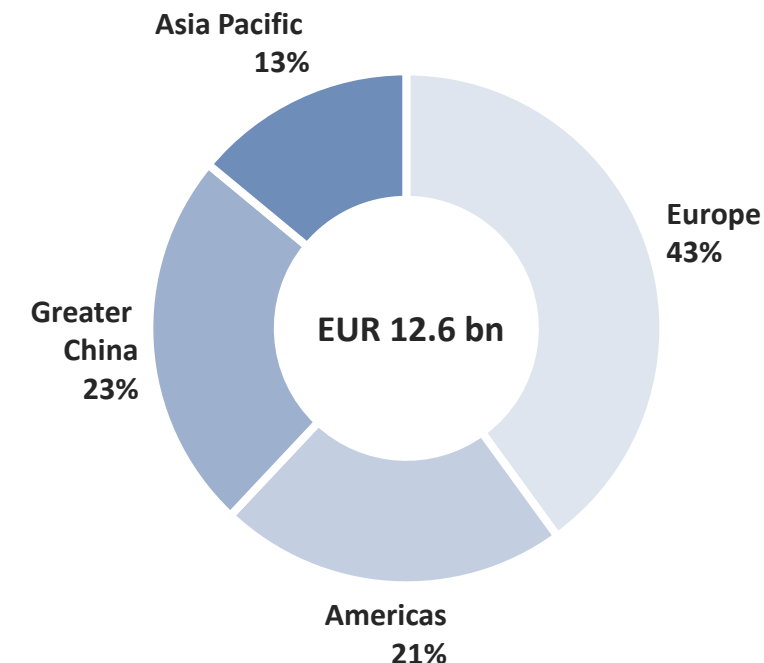


### Schaeffler Group

- 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

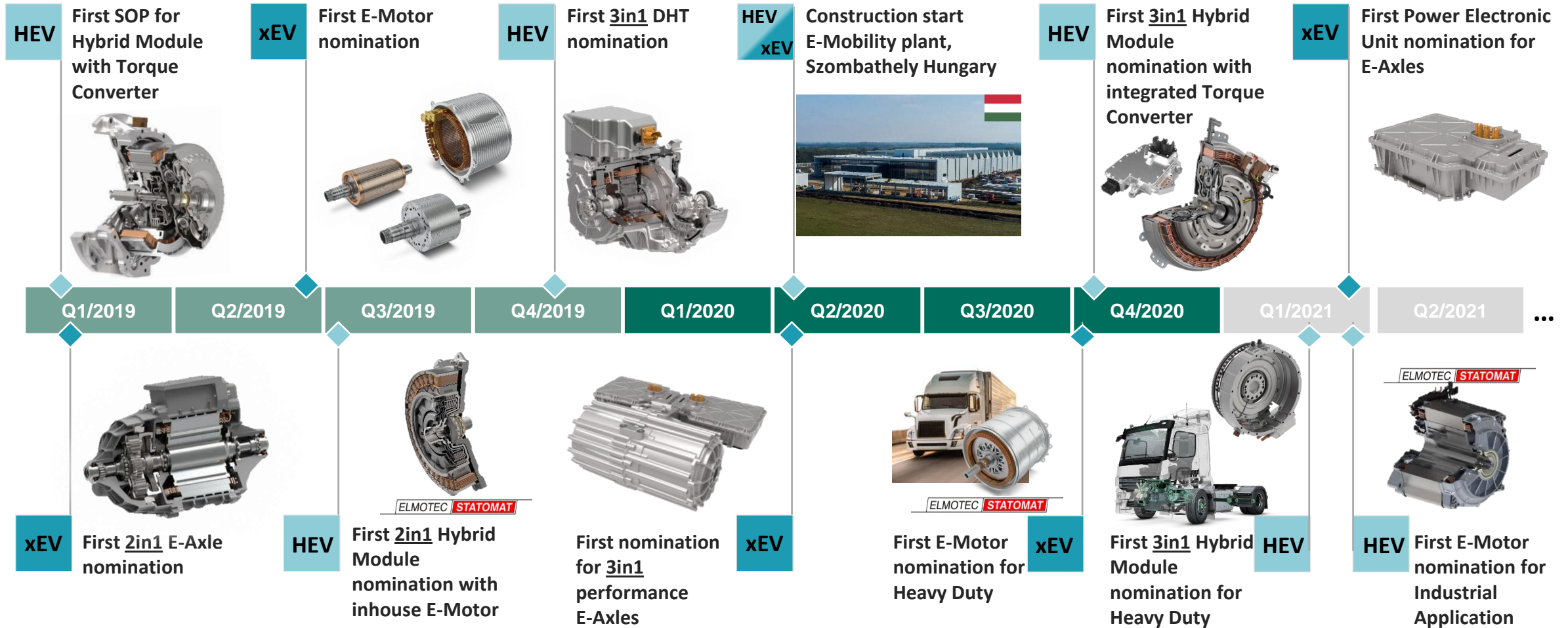
### 4 Regions

In % of FY 2020

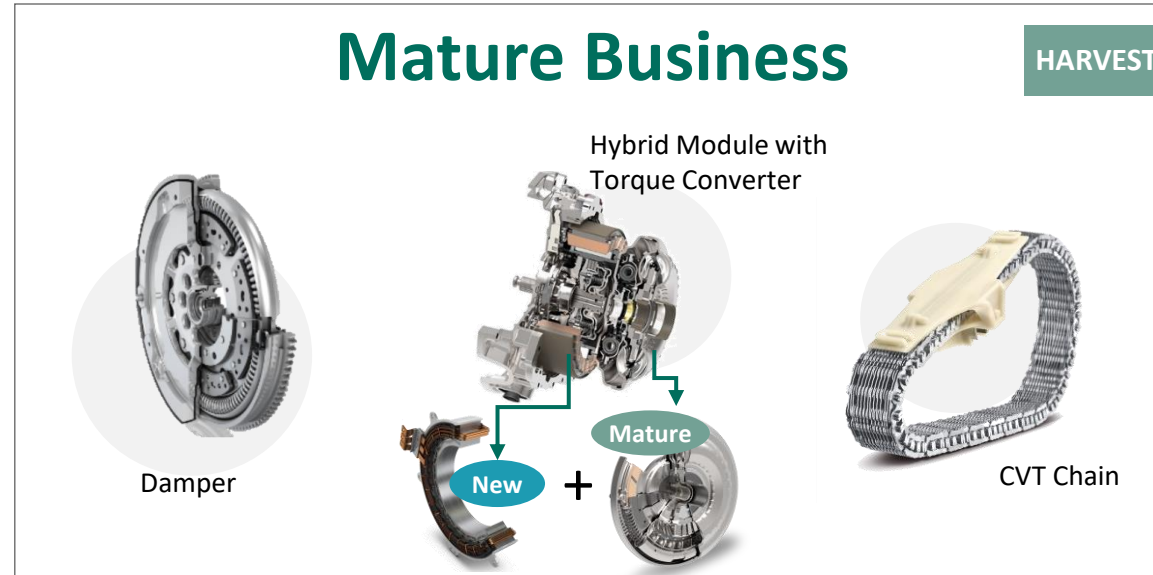


**Well-diversified Automotive and Industrial supplier with global reach and synergistic businesses**

## Focused and fast-paced E-Mobility portfolio expansion since 2019



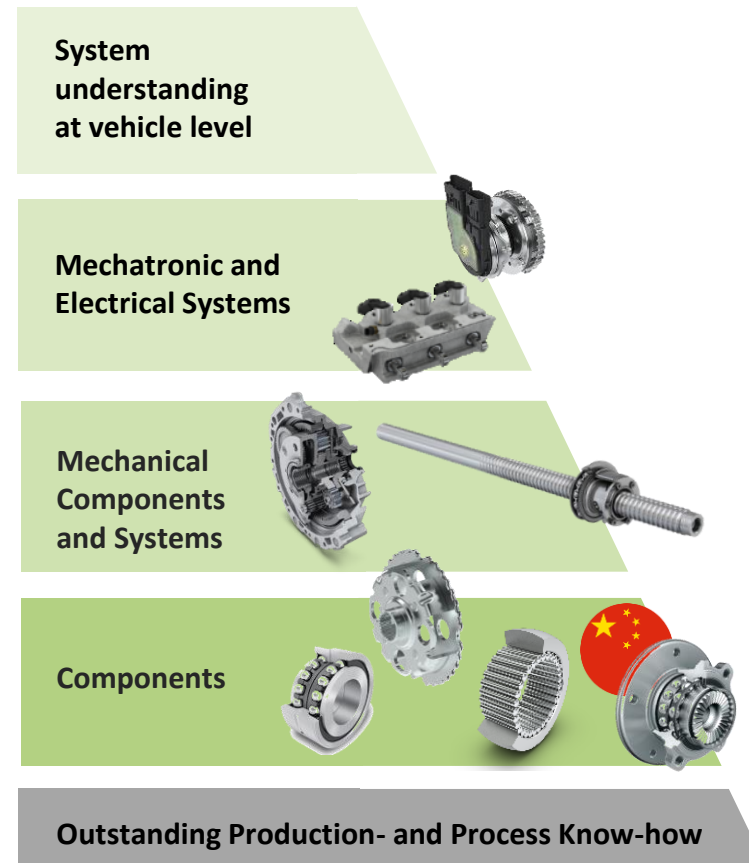
We will capture further market potential with high quality components and systems



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

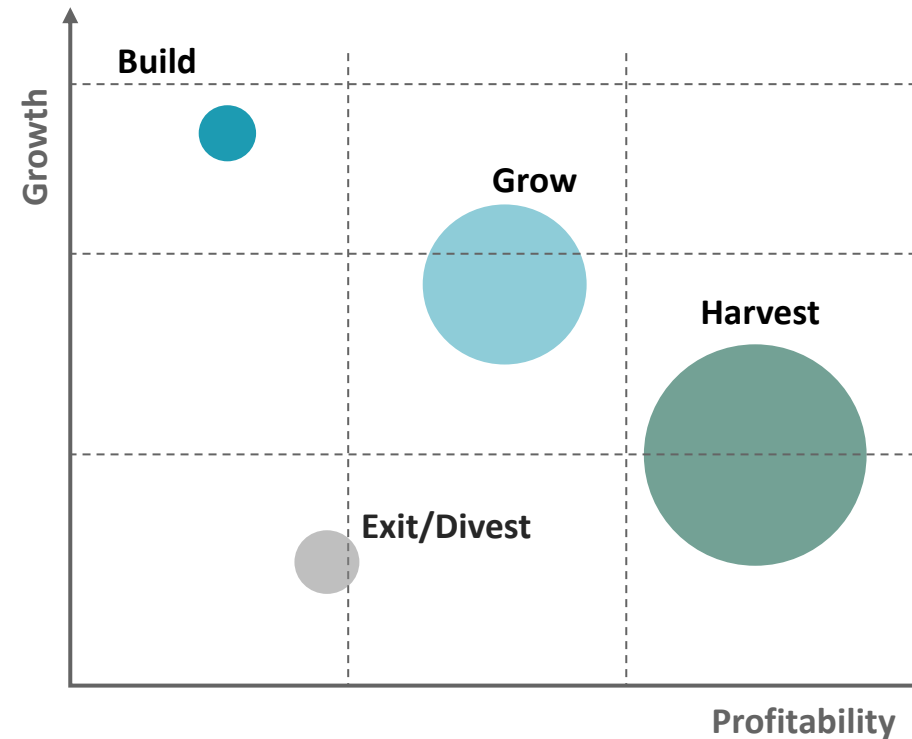
**We actively manage the transition by ensuring profitability in Mature Business and a strong growth in New Business**

## Mature Business

We  
**HARVEST**  
with our  
Enabler-Technologies

We  
**EXIT/DIVEST**  
expiring businesses &  
consolidate our footprint

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

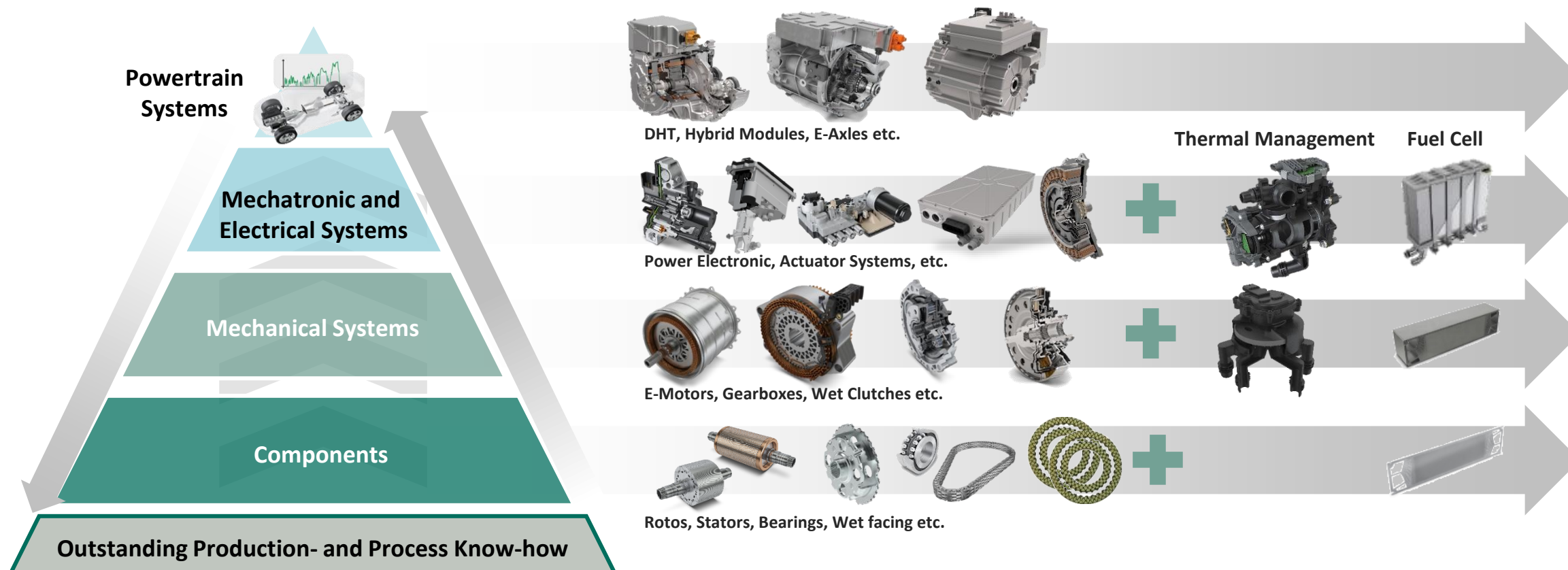


## New Business

We  
**BUILD**  
Competencies in  
Power Electronics & Hydrogen

We  
**GROW**  
in Electrified  
Powertrains

## E-Mobility Propulsion portfolio today – Components and Systems



We are extending our portfolio of E-Mobility due to high relevance for future powertrain systems

## Automotive Technologies (AT) outperformance by quarters

YTD 21

Outperformance: +1.8pp

Q1 21

|               | IHS <sup>1</sup> | AT <sup>2</sup> | Outper-<br>formance |
|---------------|------------------|-----------------|---------------------|
| World         | +14.0%           | +15.8%          | +1.8pp              |
| Europe        | -1.1%            | +3.4%           | +4.5pp              |
| Americas      | -2.8%            | +6.0%           | +8.8pp              |
| Greater China | +76.5%           | +74.3%          | -2.2pp              |
| Asia/Pacific  | +3.1%            | +13.6%          | +10.5pp             |

FY 20

Outperformance: +4.5pp

Q1 20

|               | IHS <sup>1</sup> | AT <sup>2</sup> | Outper-<br>formance |
|---------------|------------------|-----------------|---------------------|
| World         | -22.2%           | -12.1%          | +10.1pp             |
| Europe        | -15.7%           | -13.5%          | +2.2pp              |
| Americas      | -11.6%           | -5.2%           | +6.4pp              |
| Greater China | -45.7%           | -22.8%          | +22.9pp             |
| Asia/Pacific  | -13.5%           | -7.3%           | +6.2pp              |

Q2 20

|               | IHS <sup>1</sup> | AT <sup>2</sup> | Outper-<br>formance |
|---------------|------------------|-----------------|---------------------|
| World         | -42.9%           | -41.9%          | +1.0pp              |
| Europe        | -58.2%           | -59.5%          | -1.3pp              |
| Americas      | -69.6%           | -62.5%          | +7.1pp              |
| Greater China | +10.2%           | +17.3%          | +7.1pp              |
| Asia/Pacific  | -54.9%           | -41.9%          | +13.0pp             |

Q3 20

|               | IHS <sup>1</sup> | AT <sup>2</sup> | Outper-<br>formance |
|---------------|------------------|-----------------|---------------------|
| World         | -2.4%            | -1.2%           | +1.2pp              |
| Europe        | -6.0%            | -9.3%           | -3.3pp              |
| Americas      | -3.1%            | +2.9%           | +6.0pp              |
| Greater China | +10.9%           | +14.2%          | +3.3pp              |
| Asia/Pacific  | -12.9%           | -10.1%          | +2.8pp              |

Q4 20

|               | IHS <sup>1</sup> | AT <sup>2</sup> | Outper-<br>formance |
|---------------|------------------|-----------------|---------------------|
| World         | +3.2%            | +8.0%           | +4.8pp              |
| Europe        | +1.1%            | +6.4%           | +5.3pp              |
| Americas      | +0.6%            | +9.1%           | +8.5pp              |
| Greater China | +6.1%            | +9.5%           | +3.4pp              |
| Asia/Pacific  | +3.6%            | +9.1%           | +5.5pp              |

<sup>1</sup> Light Vehicle production growth according to IHS Markit, April 2021 | <sup>2</sup> FX-adjusted sales growth of Automotive Technologies division