

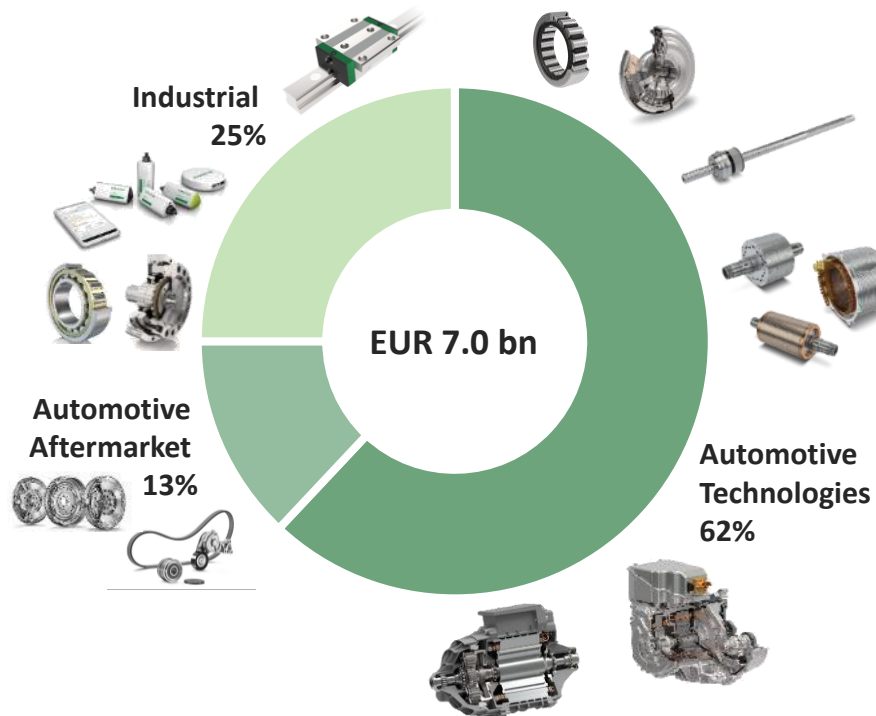
Schaeffler Group Industrial Roadshow

Dr. Stefan Spindler, CEO Industrial Division
September 30th, 2021

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

3 Divisions

In % of H1 2021

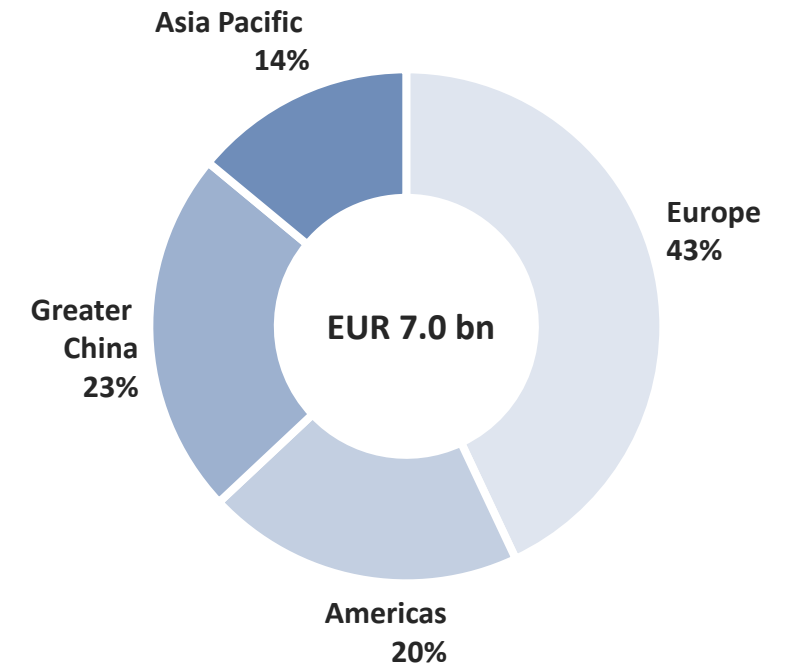


Schaeffler Group

- 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 H1 2021



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

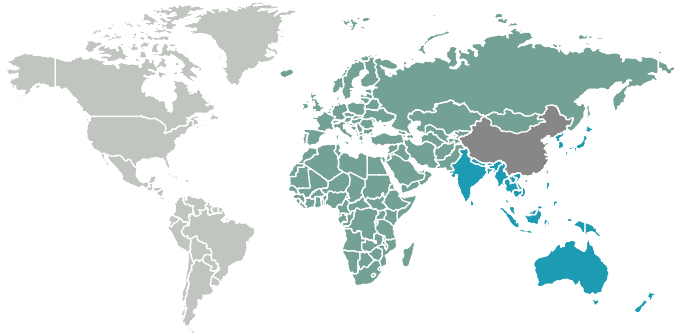
Industrial Division at Schaeffler – Leading global component and system supplier

Europe

40% of sales in H1 2021

Greater China

29% of sales in H1 2021



Americas

17% of sales in H1 2021

Asia / Pacific

14% of sales in H1 2021



Bearings



Linear Technology



Mechanical Systems

Broad range of products

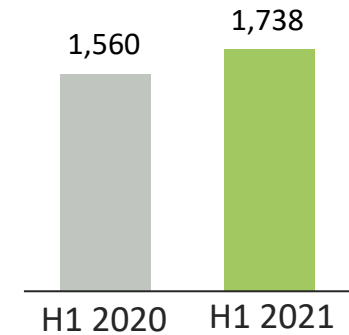


Mechatronic Systems

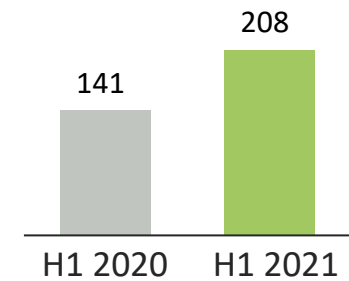


Service Solutions

Revenue in EUR mn



EBIT¹ in EUR mn



EBIT margin¹

9.0%

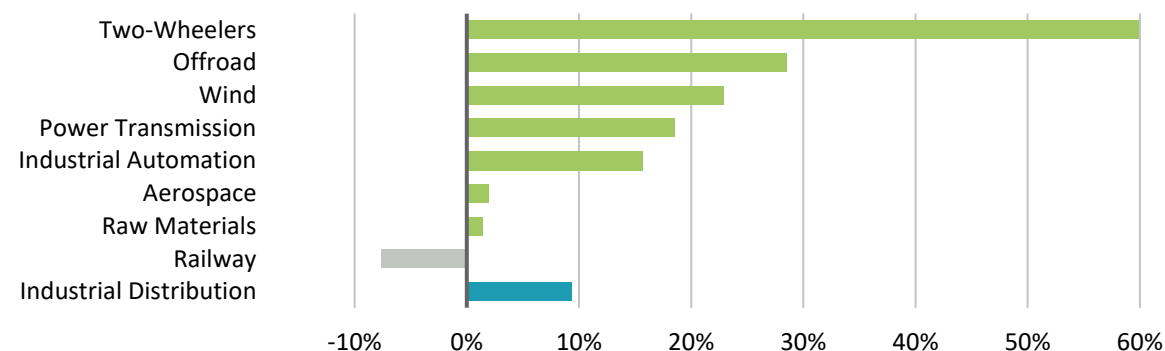
12.0%

Industrial H1 2021 results – Significant recovery in almost all sector clusters, strong EBIT margin²

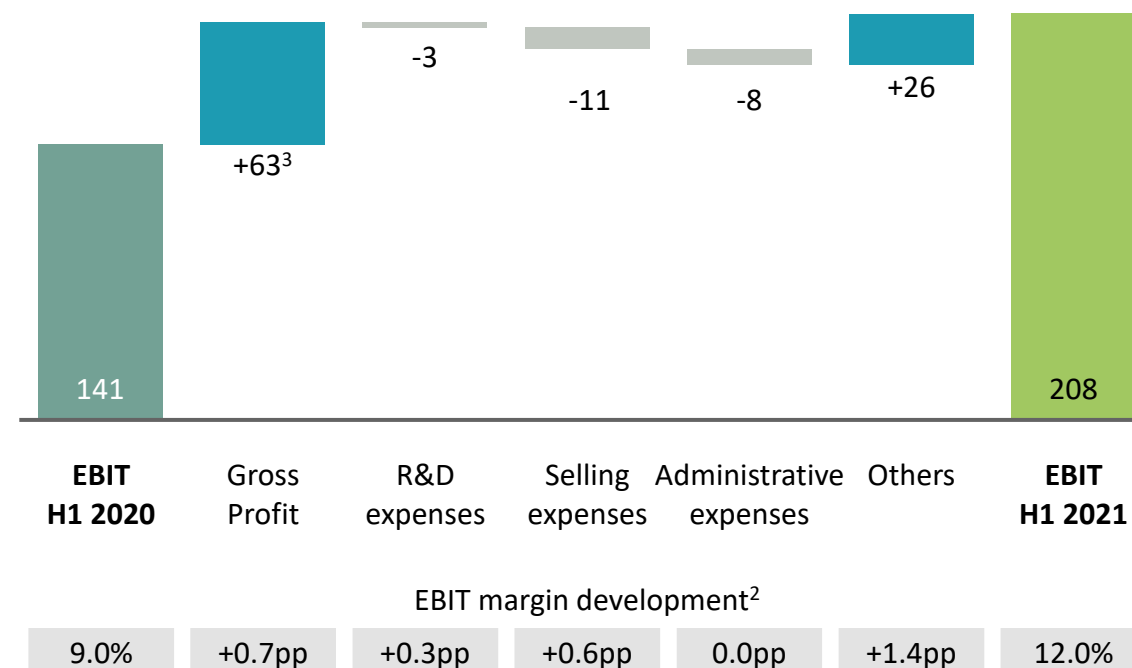
Sales by region [EUR mn] | yoy growth [%]

	H1 2020	H1 2021	Δ ¹
Europe	678	699	+3.5%
Americas	269	285	+14.1%
Greater China	407	507	+26.8%
Asia/Pacific	207	247	+24.2%
Total	1,560	1,738	+13.3%

Industrial sales growth by sector cluster H1 2021¹



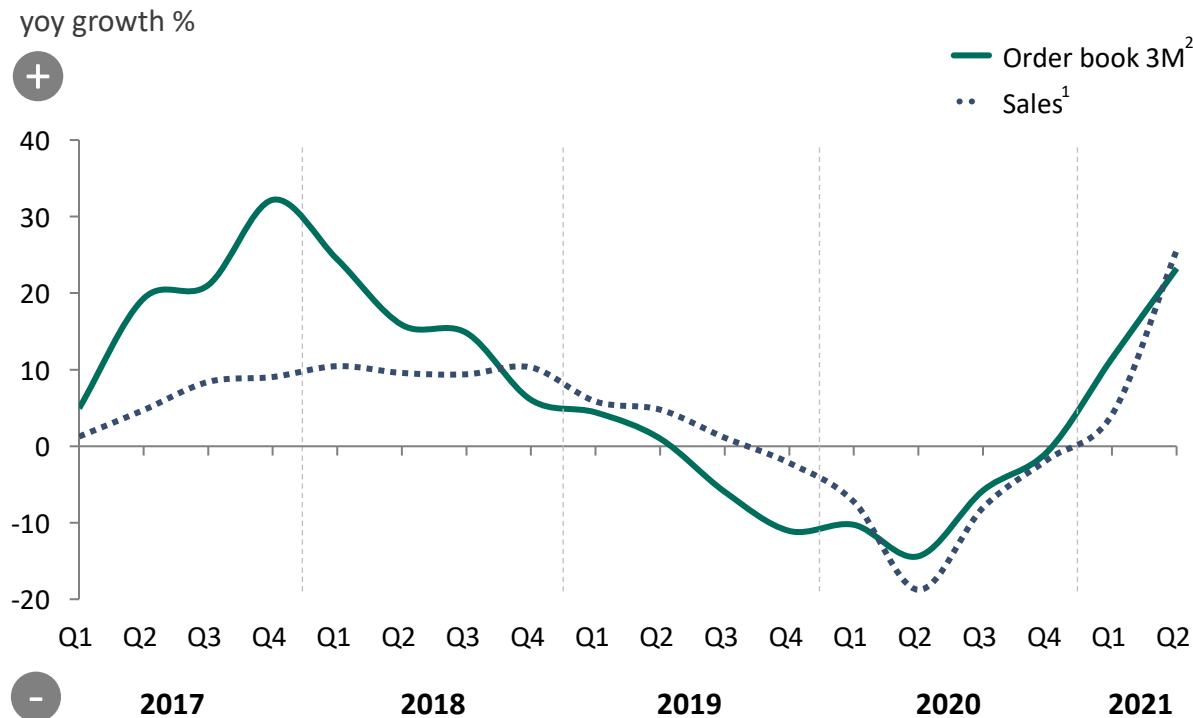
EBIT² H1 2020 vs. H1 2021 | in EUR mn



¹ FX-adjusted | ² Before special items | ³ Includes negative FX effects of EUR -15 mn

Growing the OEM and MRO service business across sectors

Orderbook 3-month



¹ FX-adjusted product sales

² The order book 3Month measures the value of customer orders which are due in the next three months. It is presented as a relative, FX-adjusted year-over-year growth indicator which reflects the short-term business expectations. Developments in the distribution business have typically a shorter reach and are therefore only partially reflected by this indicator.

Innovative solutions



Trendsetting direct drive mechatronic solution for leading textile machinery OEM



Digitally traceable wheelset bearings for major European railway operator



MRO service partnership with key mining customer for large size bearing reconditioning and spare part supply

Supporting customers along the entire product lifecycle

Driving the recovery with core products and innovations

Offroad

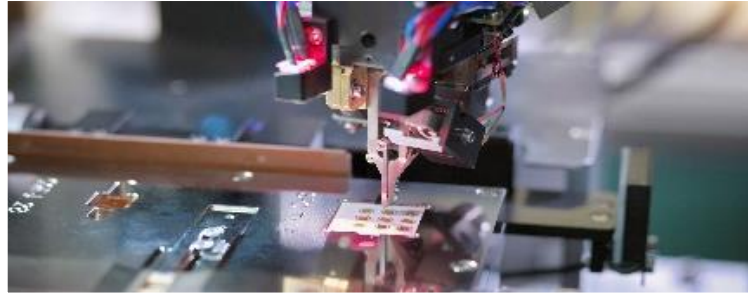


Tillage bearing

Supporting and optimizing the preparation of soil for seed planting

New agricultural bearing solutions introduced to the American and European market

Industrial Automation



Linear motor drive

Testing of electronic chips in semiconductor manufacturing for mass production

Strong order gains from the semiconductor industry in Asia/Pacific

Power Transmission



Standard ball bearing

Bearings used in a wide variety of applications such as electric motors and household appliances

New ball bearing design with highly competitive performance to cost ratio

Significant and broad-based order intake, supported by innovative products and global footprint

Driving circular economy with 100 percent return service for railway bearings



- Replacement service combines ecological and economic savings of reconditioned rolling bearings
- Circular approach reduces CO₂ emissions by more than 95 percent, energy consumption by 94 percent, and water consumption by 96 percent
- Data Matrix Code on every bearing for digitalized maintenance with minimum downtimes enables potential for lifetime extension
- Winner of Railsponsible Supplier Award 2021



Exact
same quality
as new bearing

Supply model with
direct availability
through 100%
return service

Digital twin for
full transparency
on lifecycle status

Combining profitable business with key sustainability aspects

Balanced sector mix with strong product portfolio

Creating VALUE

Energy & Infrastructure



Wind



Raw Materials

Transportation



Aerospace



Rail

Mobile Machines & Equipment



Offroad



Two-Wheelers



Power
Transmission



Industrial
Automation

Industrial Automation

Machinery /
equipment manufacturers

Distribution partners

Service providers

End customers

Mechanical components &
systems



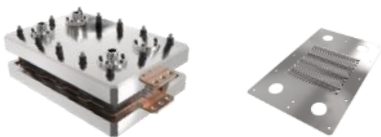
Mechatronics



Service solutions



Hydrogen



*Pushing growth and extending scope
in our core business*

*Scaling service business
with operators*

*Entering new business fields
in future growth areas*

Where to play - How we win - How we create value

Strong customer and technology focus supported by operational excellence & leaner structures



Strengthen technology leadership for bearings and new technologies

- Maintaining and expanding leading position for motion technologies in all major industries
- Ramp-up of new Industry 4.0 services and Robotic solutions as well as hydrogen products



FIT – Drive operational excellence program

- Holistic program across all 4 regions
- Improvement of operational performance along the entire value chain and further extension of performance culture



Reinforce customer excellence

- Launch of our next generation digital customer platform **medias**
- Engage more closely with our sales partners using digital solutions



Consolidate footprint & reduce overhead

- Implementation of leaner organizational structures for increased efficiency and reduced costs adapted to new market situation
- Optimization of plant landscape according to market development and customer needs

Industrial – Our Mid-term Targets

Industrial

Top line

FX-adj. sales growth
> Industrial Production growth
on average 2021 to 2025¹

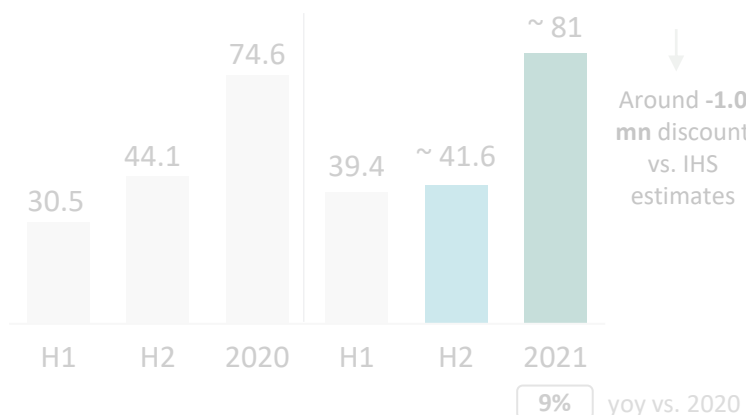
Profitability

12 to 14%
EBIT margin before special items
latest in 2023

¹ Oxford Economics

Our Outlook going forward – Updated market assumptions after August 2021

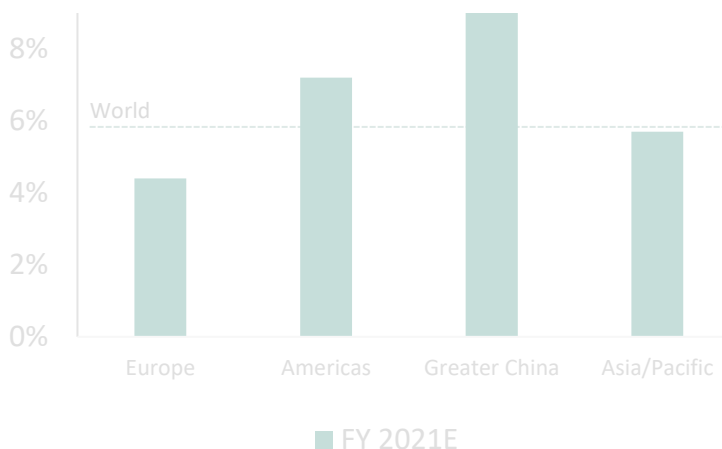
Automotive Technologies – Global LVP¹ 2021



- Schaeffler market assumption at the FY release was ~ 80 mn vehicles (5 mn discount to IHS, Feb. 2021)
- After a strong Q1, the LVP¹ in Q2 was increasingly impacted by the semiconductor shortage
- Compared to IHS, Schaeffler is applying a discount of ~ 1 mn vehicles for the global LVP¹ 2021 due to ongoing semiconductor shortages in H2

¹ Light Vehicle Production (IHS Markit, July 2021)

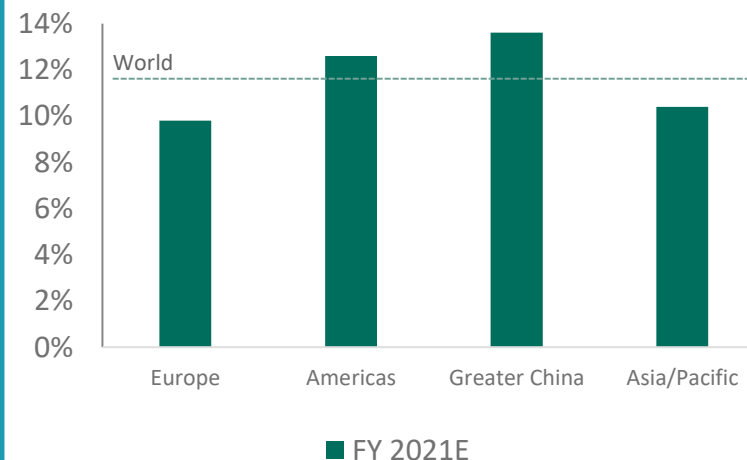
Automotive Aftermarket – GDP²



- World GDP expected to reach 6.3% growth in 2021 (2020: -3,4%) fueled by recovery in demand after the Coronavirus crisis
- Global growth forecast for FY 2021 more optimistic than in Q1 with upward revision across all regions, except Asia/Pacific

² GDP (Oxford Economics, June 2021)

Industrial – Industrial production³



- Global industrial production recovers faster than previously expected (11.9%, prior: 9.1%). Continuous upward revision of outlook since Dec. 2020
- Key drivers for the strong development are the mechanical engineering sector and a very dynamic growth in the regions Americas and Greater China.

³ Industrial production in the sectors Mechanical engineering (NACE 28), Transport equipment (NACE 30), Electrical equipment (NACE 27.1), (Oxford Economics, June 2021)

FY 2021 Guidance – Both, Industrial growth and EBIT margin upgraded with after H1

Group Guidance

	Previous Guidance ⁴ FY 2021	New Guidance FY 2021
Sales growth ¹	> 10%	> 11%
EBIT margin ²	7 - 9%	8 - 9.5%
Free Cash Flow ³	> EUR 300 mn	> EUR 400 mn

¹ FX-adjusted | ² Before special items | ³ Before cash in- and outflows for M&A activities | ⁴ As of May 12

Divisional Guidance

Automotive Technologies		Automotive Aftermarket		Industrial	
Previous ⁴	New	Previous ⁴	New	Previous ⁴	New
Outperf. 200 - 500 bps	Outperf. 200 - 500 bps	6 - 8%	> 10%	7 - 9%	9 - 11%
> 6%	> 6%	> 11.5%	> 12.5%	> 9.5%	> 10.5%

New market assumptions for Fiscal Year 2021

- Automotive Technologies: Increase of LVP of around **9%** as cautious estimate considering further possibilities of disruptions and volatility
- Automotive Aftermarket: Increase of global GDP by around **6%**
- Industrial: Increase of relevant industrial production of around **12%**

We further build on our profitability track record, while entering in promising new technologies

- 1 Market declined by ~5% in 2020 due to the Covid-19 pandemic, expected to recover and grow by 3.5% p.a. between 2021 and 2026

- 2 Industrial Division sales¹ to grow above industrial production mid-term. Hydrogen as an opportunity beyond 2025

- 3 Creating value by pushing growth in our core business and driving innovation with systems and services

- 4 Structural measures to improve operational cost performance and increase EBIT margin² to 12-14% latest by 2023

- 5 M&A and partnering strategy for dedicated areas providing further opportunities



**Enter attractive
growth fields,
further enhance
profitability**

¹ FX-adj. growth | ² Before special items

Equity Story – Positioning Schaeffler for long-term value creation

- 1 Roadmap 2025 in execution – Focus on capital allocation, portfolio management and FCF generation


- 2 Automotive Technologies – Conquer leadership positions in New Business for electrified Powertrains and Chassis applications

- 3 Automotive Aftermarket – Maintain a high margin level, expand our share of wallet and reach

- 4 Industrial – Enter attractive growth fields, further enhance profitability

- 5 Financial Framework – Strict performance orientation based on Mid-term Targets

- 6 Sustainability – Fully committed to activate all impact levers to achieve sustainability goals



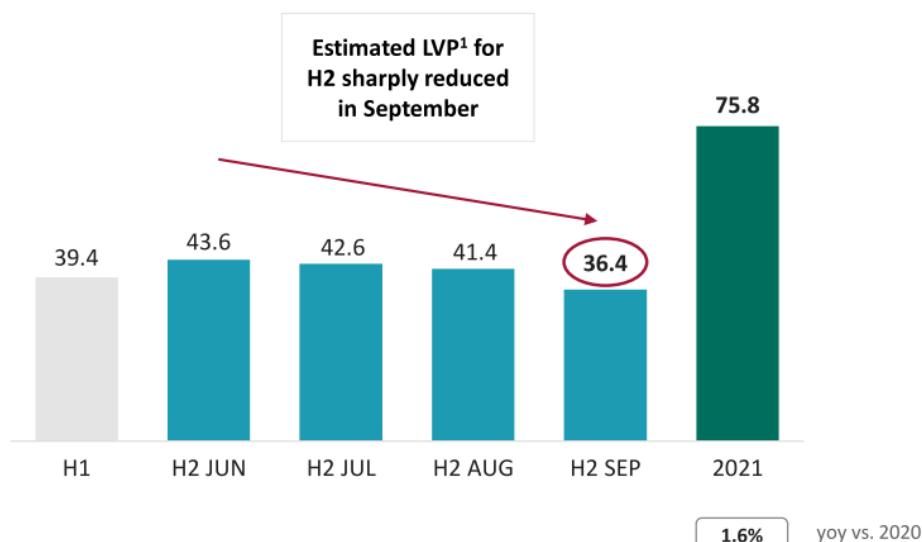
**Creating long-term
value and generating
Free Cash Flow**

Current trading slide as shown at Auto Conference on 28/09

1 Where we stand

SCHAEFFLER

Current Trading – While not immune to stronger headwinds on automotive volumes, we will outperform and we are confident on our FY guidance, protecting margins and FCF

Global LVP¹ 2021

Automotive Market dynamics

- IHS sharply reduced its estimates for the Global LVP¹ in September, now expecting only 1.6 % Global LVP¹ growth vs. 11.4% back in June
 - IHS estimates on volume losses in 2021 due to global chip shortage²:
 - Q1: 1.4 mn
 - Q2: 2.6 mn
 - Q3: 3.4 to 3.8 mn
 - Q4: 2.0 to 3.2 mn
- FY: 9.5 to 11 mn**

Schaeffler Group and Automotive Technologies Division implications

- Automotive market external headwinds - stronger than the ones we already expected - may weigh on sales volumes for the AT division
- Although the estimated LVP¹ was materially reduced by IHS, we aim to outperform the market as per our FY Auto Technologies guidance
- Countermeasures were initiated – Reduction of flextime accounts, selected closing days in plants; short-time work is investigated for Q4
- Despite pressure on volumes, profit and FCF protection actions support our FY divisional and group guidance

¹ Light Vehicle Production (IHS Markit, JUN-SEP) | ² IHS Markit: Semiconductor Update; 20 Sep 2021

Cautiousness expressed in our Q2 Earnings season proved to be right – Headwinds are persisting