

Q4 and FY 2021 Schaeffler AG earnings

Earnings Call
March 8, 2022
Herzogenaurach

We pioneer motion

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Agenda

- 1** Overview
- 2** Business Highlights Q4 and FY 2021
- 3** Financial Results Q4 and FY 2021
- 4** Outlook

Strong performance in FY 2021 – Strong FCF and contribution by all divisions

Key messages FY 2021

- 1 FY Group sales¹ +9.7% – Good Outperformance in Automotive Technologies, double-digit growth in Aftermarket and Industrial
- 2 FY EBIT margin² 9.1% – Margin successfully protected in Automotive Technologies despite volatile market, Industrial margin reaching lower end of Mid-term Targets corridor with 12.0%
- 3 FY FCF³ EUR 523 mn – Higher EBITDA and disciplined Capex approach leading to strong Cash Flow generation
- 4 Roadmap 2025 – Restructuring program successfully closed, financial benefits expected in 2023/2024
- 5 Automotive Technologies – Operating Model sharpened; powertrain scenario further accelerated reflecting faster BEV adoption
- 6 FY 2022 Guidance⁶ suspended due to high uncertainty and unpredictability

¹ FX-adjusted sales growth | ² EBIT margin before special items | ³ Before cash in- and outflows for M&A activities | ⁴ Proposed dividend per common non-voting share | ⁵ in % of Net inc. attributable to shareholders before sp. items | ⁶ Guidance had been approved by the Executive Board on 22 February 2022

Sales

FY **EUR 13.9 bn**
+9.7%¹

EBIT

FY **EUR 1.3 bn**
9.1%²

Free Cash Flow³

FY **EUR 523 mn**

Dividend⁴

EUR 50 cents
Payout Ratio 44%⁵

FY 2021 Guidance – Achieved both by Group and Divisions

Group Results FY 2021

	Guidance ⁴	Actuals	
Sales growth ¹	> 7%	9.7%	✓
EBIT margin ²	8 - 9.5%	9.1%	✓
Free Cash Flow ³	> EUR 400 mn	EUR 523 mn	✓

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

Divisional Results FY 2021

Automotive Technologies ✓		Automotive Aftermarket ✓		Industrial ✓	
Guidance ⁴	Actuals	Guidance ⁴	Actuals	Guidance ⁴	Actuals
Outperf. 200 - 500 bps	400 bps	> 10%	13.0%	11 - 13%	13.6%
> 6%	6.9%	> 12.5%	13.8%	> 10.5%	12.0%

Actual market development vs. assumptions⁴:

- Automotive Technologies: LVP 2021 increased to 77.1 mn according to IHS⁵ vs. assumption of up to 75.3 mn vehicles
- Auto Aftermarket: Global GDP increased by 5.8% (Assumption: 6%)
- Industrial: Relevant Ind. Prod. increased by 11.9% (Assumption: 12%)

⁴ As of November 9th 2021 | ⁵ IHS Markit (February 2022)

Schaeffler Group FY 2021 – Highlights and lowlights



Automotive Technologies with good Outperformance of 400 bps in FY 2021; E-Mobility order intake EUR 3.2 bn, clearly ahead of our 2021 target (EUR 1.5 - 2 bn)



Automotive Aftermarket with strong sales development across all regions, profiting from increasing demand for individual mobility



Industrial with double-digit growth in all regions driven by a broad economic recovery; Melior Motion acquisition closed in February strengthens our Robotics business



Being an Automotive and Industrial supplier pays off, and leads to margin resilience; strong FCF for each division and the whole Group, despite persisting high volatility

¹ Light Vehicle Production



Semiconductor shortage led to extremely high volatility of LVP¹ volumes throughout FY 2021, indirectly hampering top line growth for Automotive Technologies across all regions



General market headwinds – Covid-19 variants and supply chain situation – impacted Q4 and are persisting, low visibility remains



Costs for raw materials, energy and transportation further increased throughout the year 2021



Global macroeconomic risks have increased due to the geopolitical situation leading to high uncertainty and unpredictability

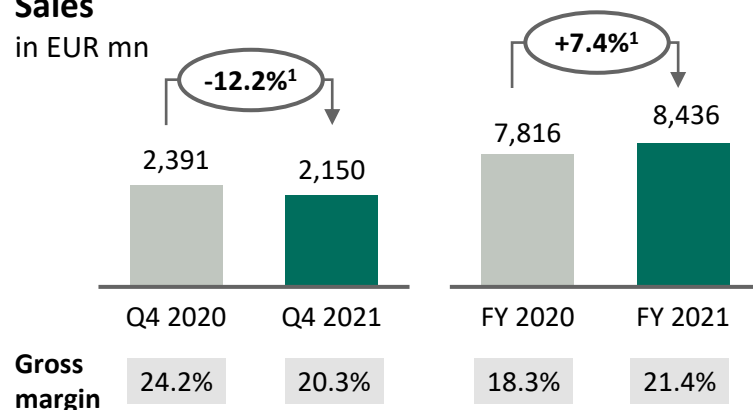
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Automotive Technologies – Good Full Year Outperformance, well-protected EBIT margin²

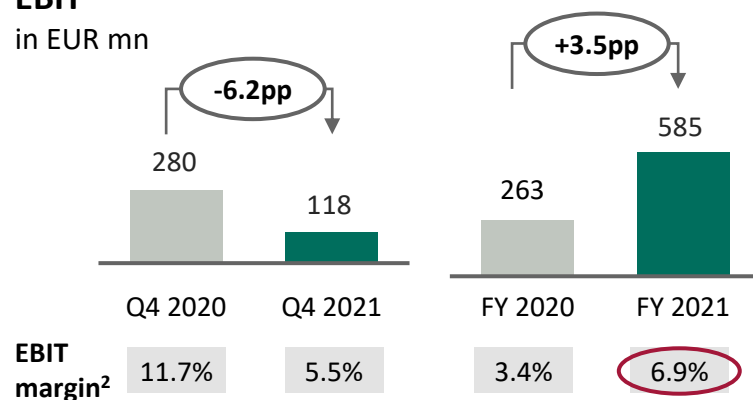
Sales

in EUR mn



EBIT²

in EUR mn



Q4 sales hampered by lower LVP yoy. Overall good level of Outperformance in the FY with 400 bps – Europe the main driver



E-Mobility Order intake EUR 3.2 bn, clearly ahead of FY target of EUR 1.5 - 2 bn. Orders include systems and components for HEV/BEV passenger cars and trucks; promising project list for 2022



Despite lower volumes and higher input costs, EBIT margin² protected by tactical cost mitigation measures both in production and overhead areas



Supply chain disruptions – mainly semiconductor shortages – constrained market growth and led to lower volumes in Q4, especially in Regions Europe and Americas



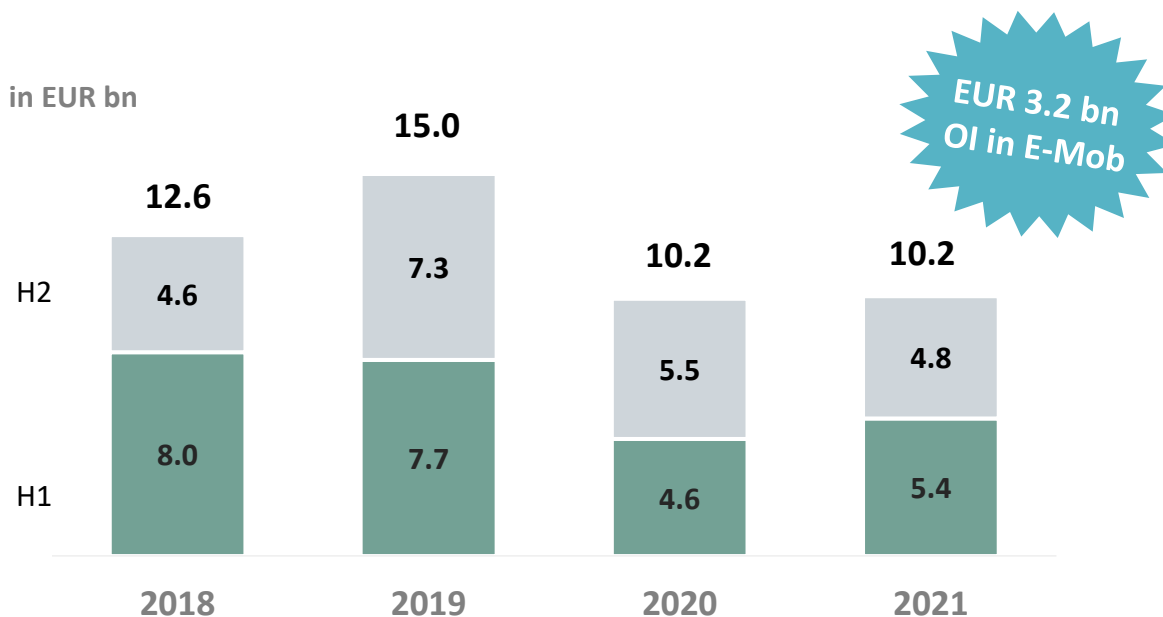
Increasing raw material, energy and freight costs burdened Q4 earnings, as flagged in Q3; negative gross effect to further increase in FY 2022, price recovery actions in implementation

¹ FX-adjusted | ² Before special items

Automotive Technologies – E-Mobility Order Intake goal overachieved

Order Intake¹

in EUR bn

Book-to-bill-ratio²

H2	1.1x	1.7x	1.2x	1.2x
H1	1.7x	1.8x	1.4x	1.3x
FY	1.4x	1.7x	1.3x	1.3x

Business Highlights



E/E³ competencies expanded
with inhouse 800V power electronics



Market for BEV Thermal
Management entered



Market position for
3in1 systems strengthened



Schaeffler wave-winding technology for
E-Motors in mass production for US market

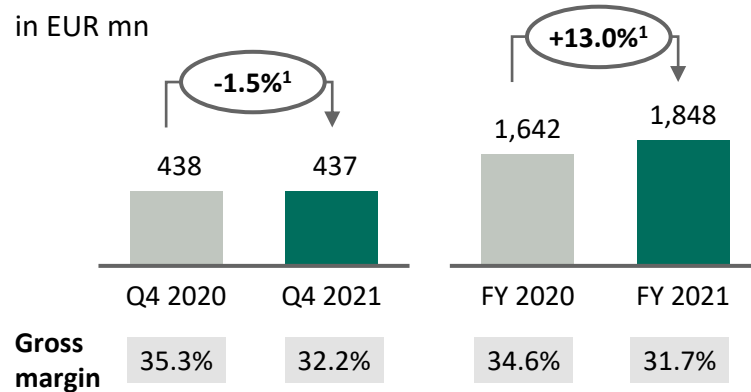
**EUR 3.2 bn Order Intake in BD E-Mobility achieved in 2021,
overachieving EUR 1.5 - 2 bn target. Target 2022 EUR 2 - 3 bn**

¹ Nominations to customer projects | ² Lifetime Sales / Current period revenue | ³ Electric and Electronic

Automotive Aftermarket – Earnings quality affected by delivery performance and increased input costs

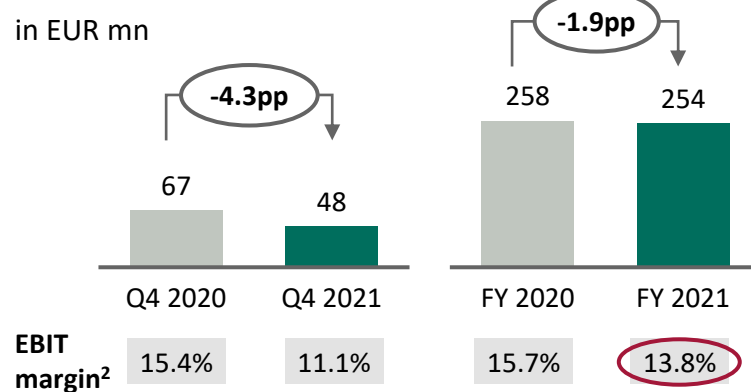
Sales

in EUR mn



EBIT²

in EUR mn



Continued strong growth in Asian regions and Americas



Positive price development to offset increasing input cost



Despite improvement measures with major focus on strengthening material flow, production planning and warehousing capacity, Q4 2021 sales growth in Europe impaired by ongoing logistical performance issues – Specifically in AKO³



Increased input cost (mainly product and freight) expected to persist also in 2022

¹ FX-adjusted | ² Before special items | ³ Aftermarket Kitting Operation in Halle, Germany

Automotive Aftermarket – Schaeffler OneCode Eco-System, Improved customer experience



ACCESS



Real-time **product details**
More than **40,000** articles

SPEED



Repair and **installation instructions**.
Start on scan

PROOF



Authenticity check
No chance for counterfeits

BONUS

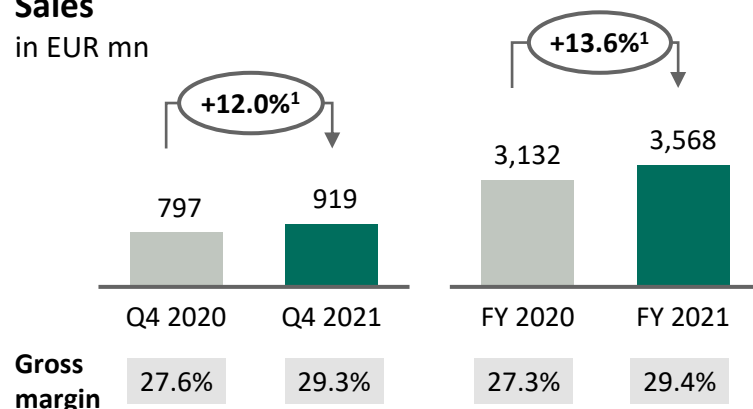


Link to REPERT
Bonus points

Industrial – Double-digit sales growth, FY EBIT margin² at 12%

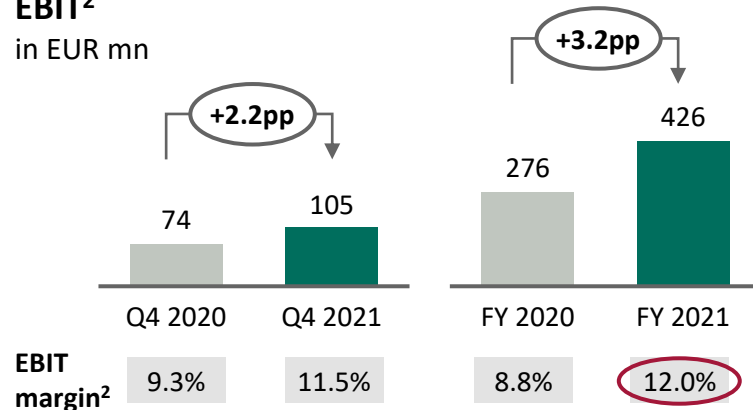
Sales

in EUR mn



EBIT²

in EUR mn



Broad economic recovery continued to benefit our performance in Q4 – Most sectors growing double-digit, Railway returning to positive growth. Double-digit growth in Europe and Asia/Pacific



Strong conclusion in terms of profitability with EBIT margin² significantly ahead of FY 2021 Guidance – Mainly driven by economies of scale and positive impacts of structural cost-saving measures



Melior Motion acquisition - closed in February - to further reinforce our Robotics business going forward



After a very strong H1 2021 in Wind, expiring Offshore subsidies in China led to a normalization in demand, Aerospace and Two-Wheelers also lagging other sector clusters

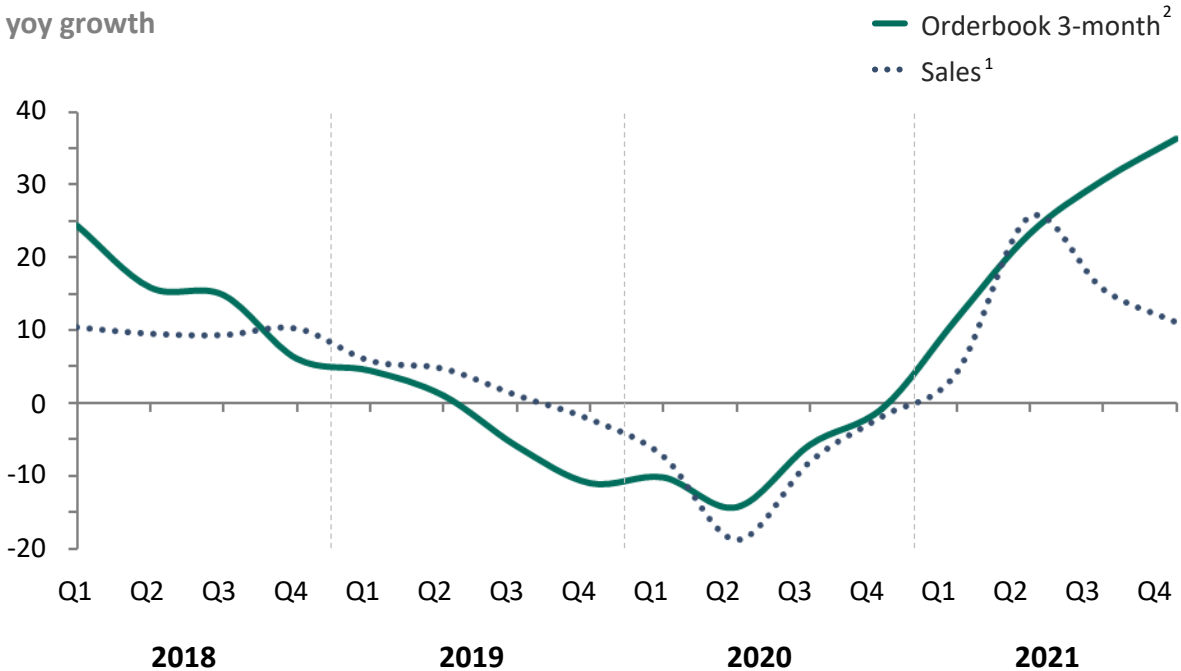


Higher raw material, energy and transportation costs impacted Q4 results and are persisting

¹ FX-adjusted | ² Before special items

Industrial – Diversified Portfolio with significant growth potential

Orderbook 3-month



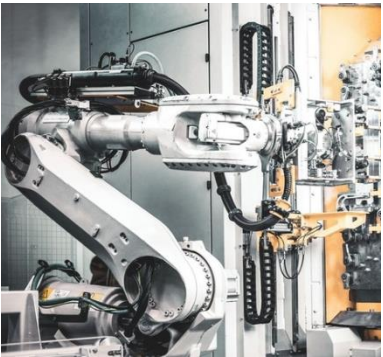
¹ FX-adjusted product sales

² The order book 3-month measures the value of customer orders which are due in the next three months. It is presented as a relative, FX-adjusted yoy 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.

Business highlights



Strong growth in our core business of standardized and specialized bearings across our market clusters



Portfolio expansion – Bolt-on acquisition of Melior Motion, entry in industrial robots market, complements our presence in light-weight robots and cobots

We benefit from our diversified portfolio

Capital allocation – Capex prioritization with investments in growth business, Capex ratio of 4.8% in FY 2021

Investment¹ allocation | in EUR mn

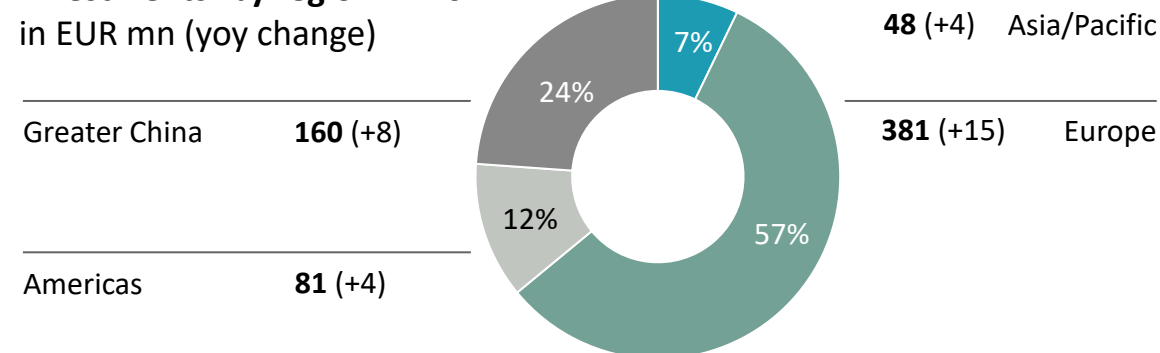
	FY 19	FY 20	Q4 20	Q4 21	FY 21
Automotive Technologies	672	378	125	158	430
Automotive Aftermarket	67	26	1	8	20
Industrial	193	234	53	66	220
Schaeffler Group	933	639	179	232	670
Capex	1,045	632	151	188	671
Capex ratio²	7.2%	5.0%	4.2%	5.4%	4.8%
Reinvestment Rate	1.0	0.7	0.8	1.0	0.7

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

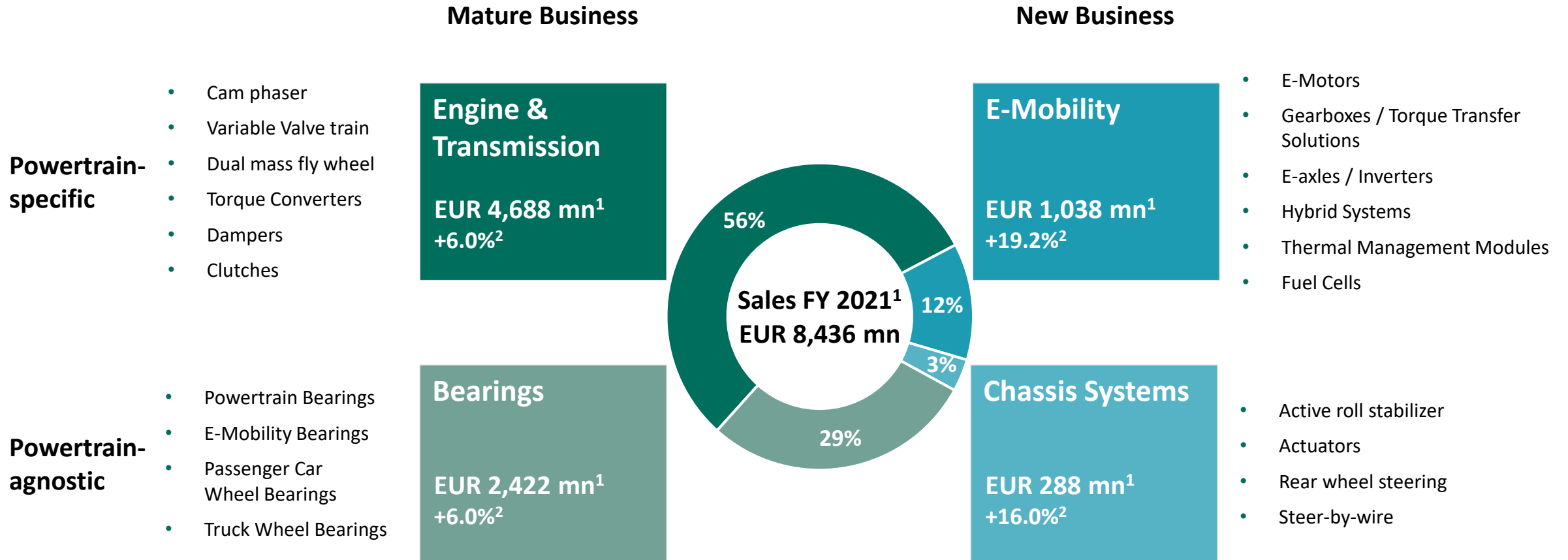
Key aspects FY

- Reinvestment rate: clearly >1 in Industrial division and BD E-Mobility; consistently <1 in BD Transmission Systems and Engine Systems
- Automotive Technologies: continued prioritization drives investments; machinery investments for E-Motor production in Hungary
- Industrial: investments for capacity expansion of large size bearings in Nanjing, China; expansion of production capacity for large size bearings in Brasov, Romania

Investments¹ by region FY 2021 in EUR mn (yoy change)



Portfolio Management Automotive Technologies – Operating Model sharpened

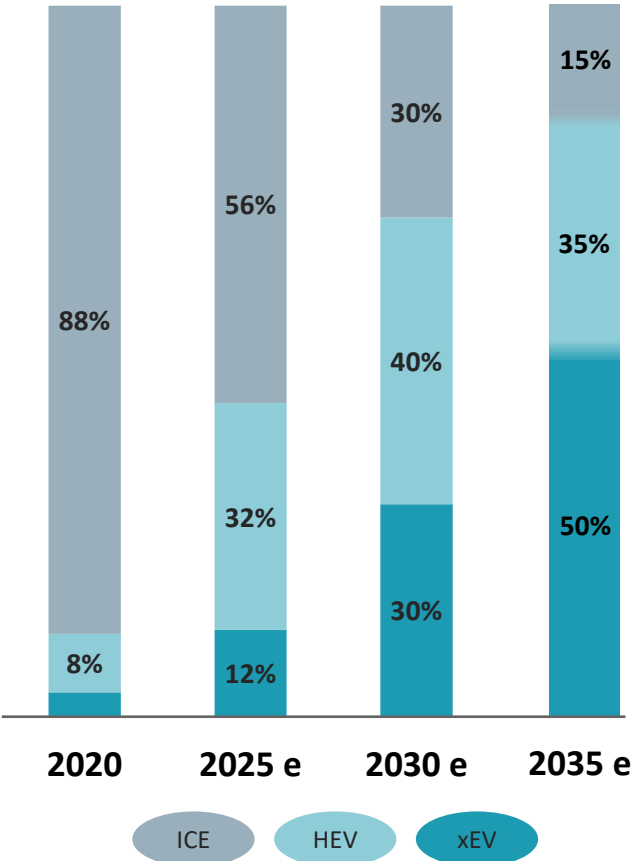


Further differentiating internal resource allocation and steering & further enhancing customer orientation

¹ Indicative sales split FY 2021 according to new business division structure | ² Indicative FX-adjusted sales growth FY 2021

Portfolio Management Automotive Technologies – Electrification is further accelerating

Vision Powertrain – OLD
Global Light Vehicle Production



Climate targets towards zero emission in major markets

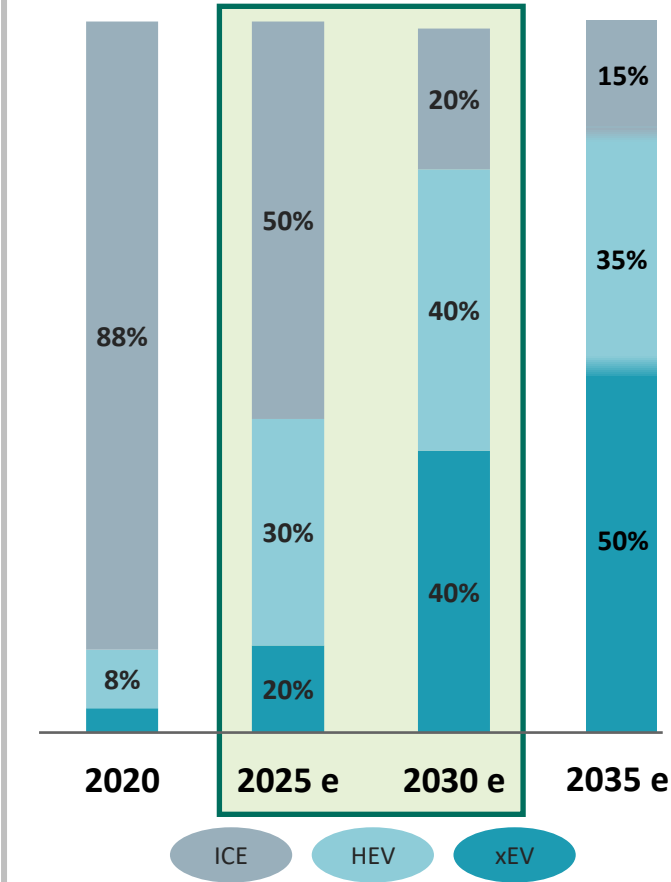


HEV as transition technology will reach tipping point in 2030

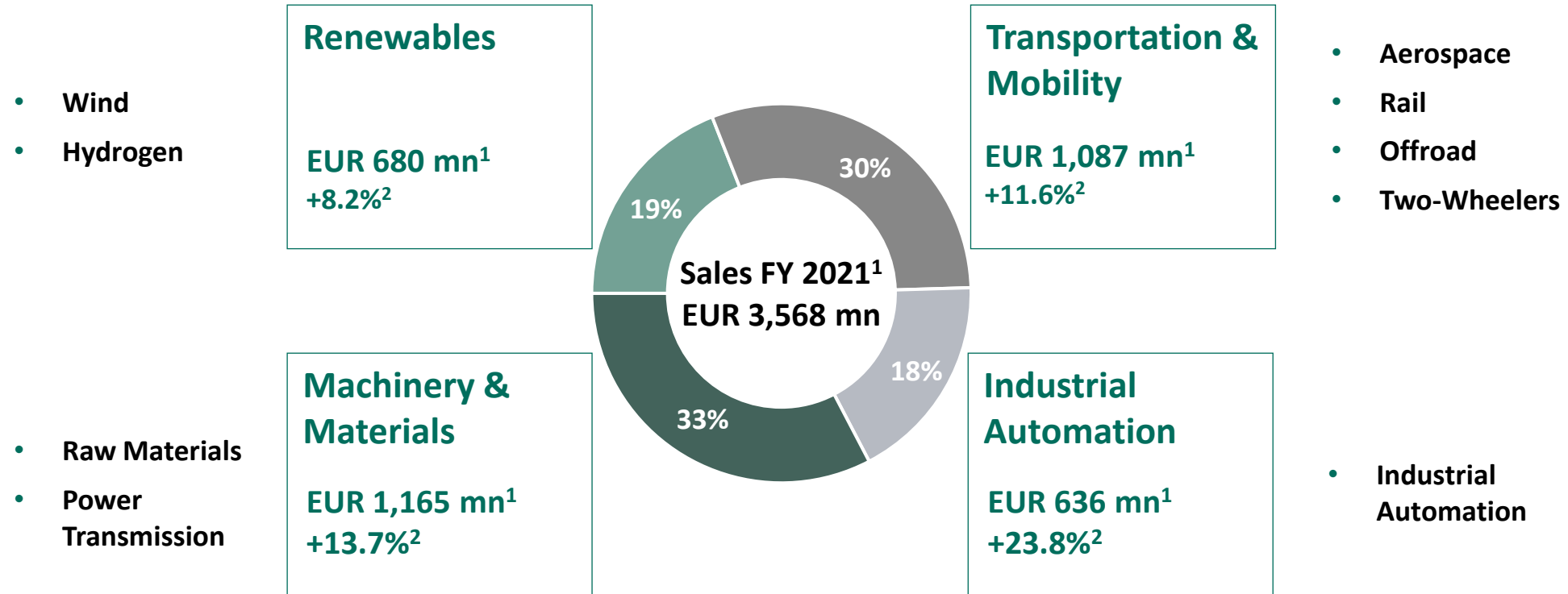


OEMs raise EV targets and accelerate electrification

Vision Powertrain – NEW
Global Light Vehicle Production



Market Clusters Industrial – New approach providing a more comprehensive picture



Distribution business (28% of Industrial sales FY 2021) is allocated to the market clusters

¹ Indicative sales split FY 2021 according to new market clusters | ² Indicative FX-adjusted sales growth FY 2021

Sustainability – All 2021 targets achieved, sustainability is a strategic priority

Energy



Key for achieving climate target for in-house production (Scope 1/2)



Energy Efficiency:

Verified annual Energy Efficiency gains of cumulated 47 GWh



Renewable Energies:

All European production sites have been purchasing 100 percent of their electricity from renewable sources since 2021 (Germany since 2020)

Employee Safety



Employees play a key role for the company's success



Reduced Lost Time Injury Rate:

Reduced to 3.9 (prior year: 4.6), that means a drop by at least 10 % for the fifth year in a row

Supplier Base



Key for achieving climate target for supply chain (Scope 3 upstream)



Sustainable procurement:

Covered 69% of purchasing volume of production material with sustainability self assessments (prior year: 31%)

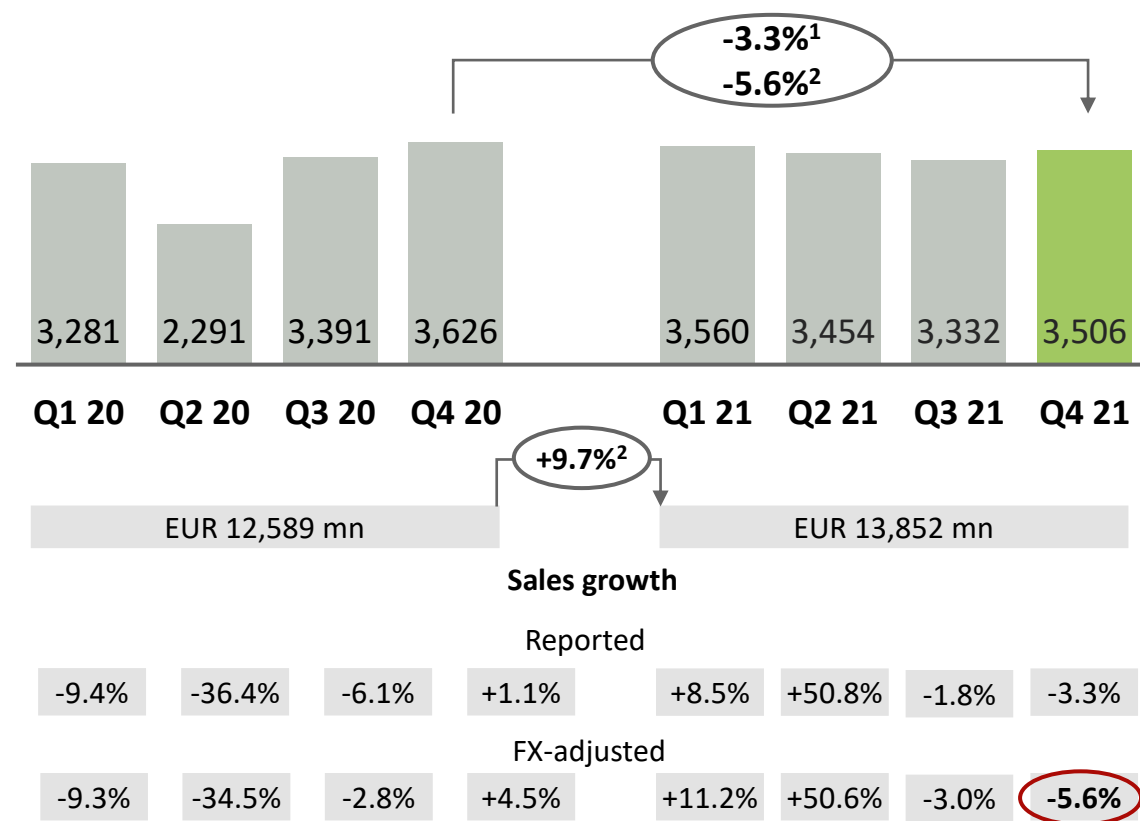
We are strongly committed on making Schaeffler a climate-neutral company

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Sales – Solid development in Q4, only slightly negative yoy despite tough comps

Sales | in EUR mn



¹ Reported | ² FX-adjusted

Key aspects Q4

- Automotive Technologies with lower sales in all regions due to high base and ongoing supply chain disruptions
- AAM with negative growth in Europe (-6%), all other regions growing
- Industrial sales growing in all regions; Region Europe +18%, driven by strong Industrial Automation business

Sales by region Q4 2021

yoy growth²

Greater China

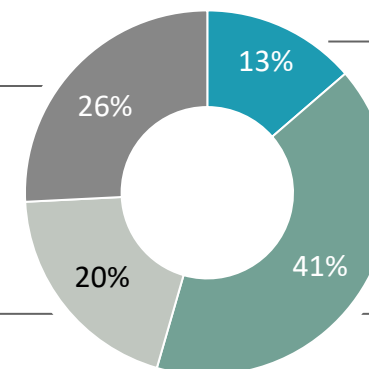
-3.2%

Americas

-8.6%

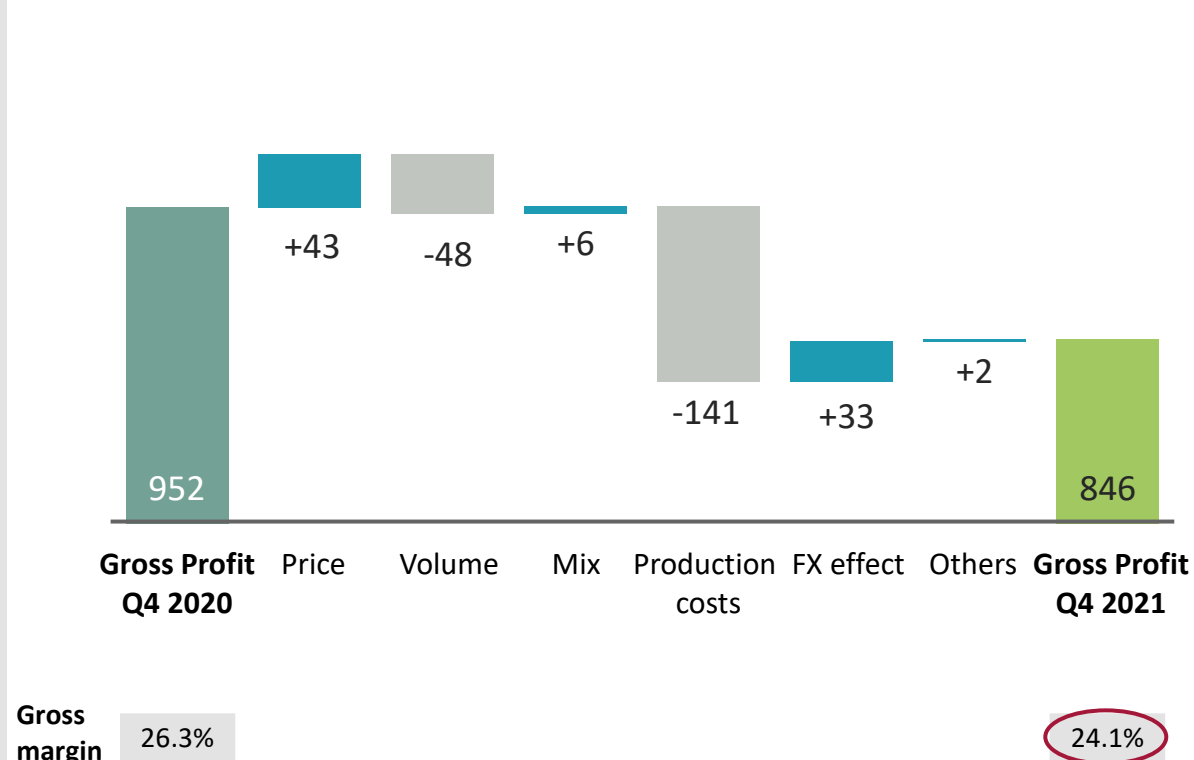
-2.0% Asia/Pacific

-6.9% Europe



Gross Profit – Favorable pricing could not compensate lower volumes and higher production costs

Gross Profit Q4 2020 vs. Q4 2021 | in EUR mn



Key aspects

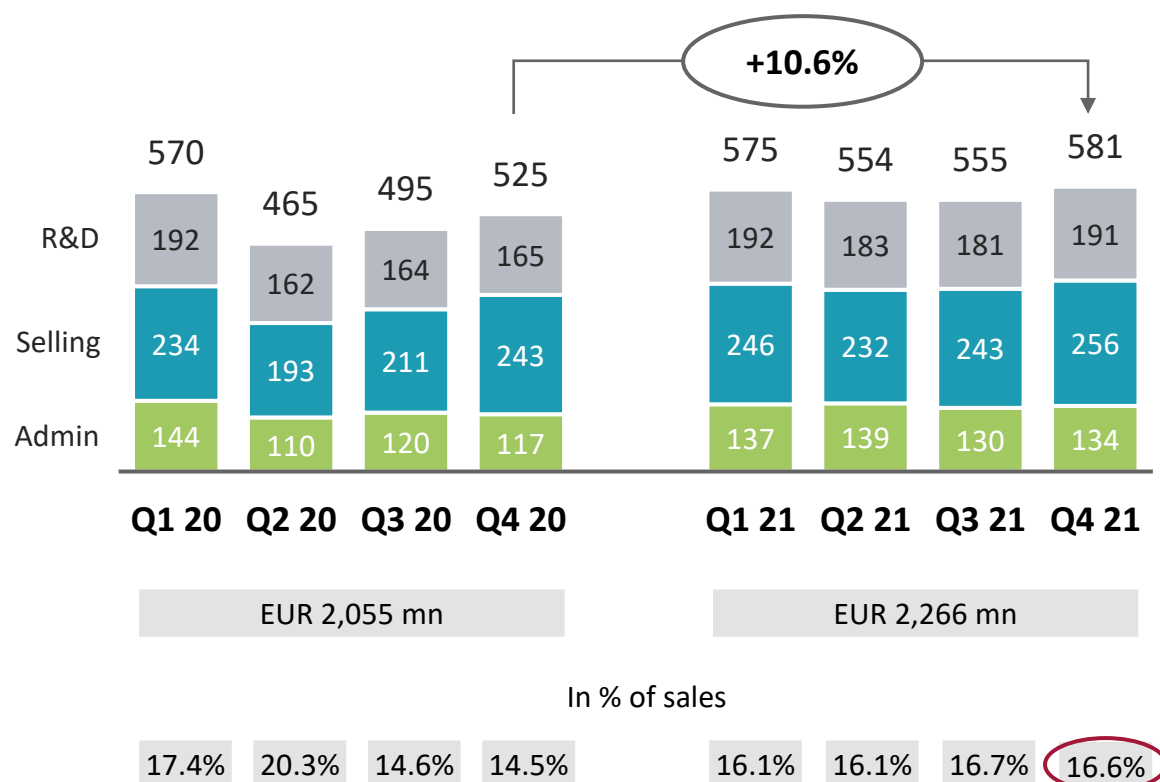
- Positive price development in all divisions
- Negative volume effect mainly related to Automotive Technologies
- Production costs clearly higher yoy due to higher input costs (e.g. Raw Materials and Energy), as flagged in Q3 and January

Gross margin

in % of sales	Q4 20	Q4 21	Q4 21 vs. Q4 20	FY 20	FY 21	FY 21 vs. FY 20
Automotive Technologies	24.2%	20.3%	-3.9pp	18.3%	21.4%	+3.1pp
Automotive Aftermarket	35.3%	32.2%	-3.1pp	34.6%	31.7%	-2.9pp
Industrial	27.6%	29.3%	+1.7pp	27.3%	29.4%	+2.1pp
Group	26.3%	24.1%	-2.2pp	22.7%	24.8%	+2.1pp

Overhead costs – Cost ratio sequentially stable, higher R&D spending to support New business

Overhead costs | in EUR mn



Key aspects

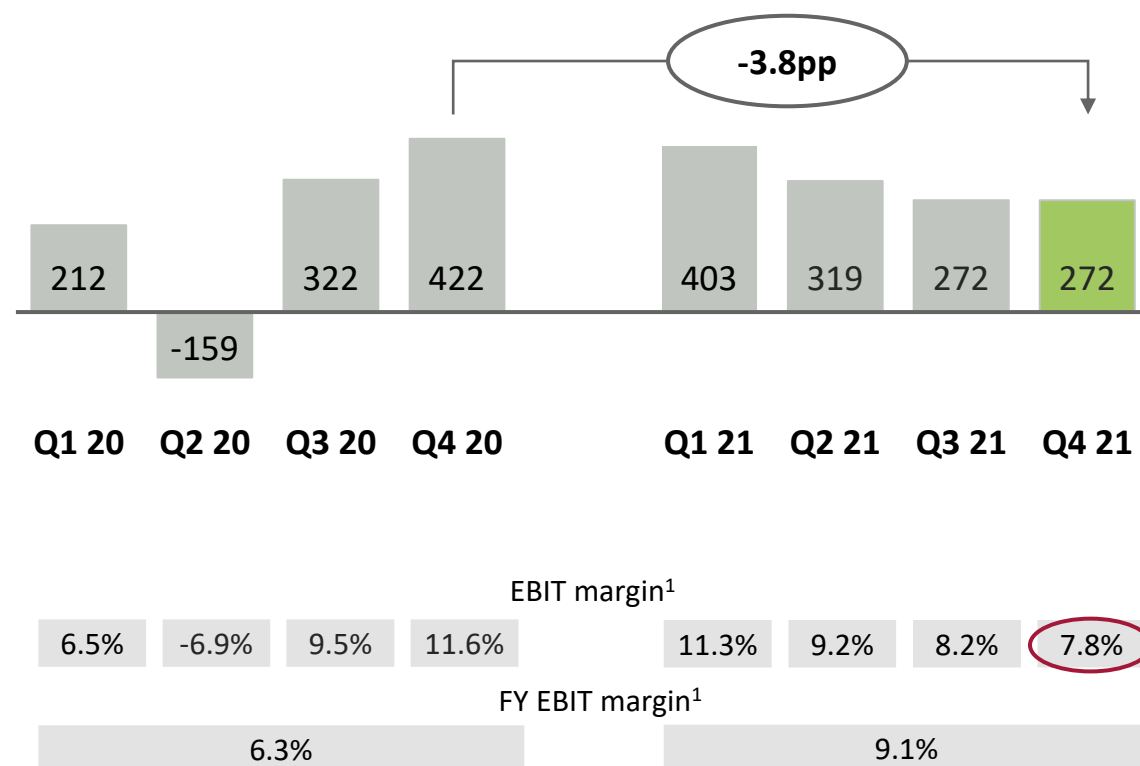
- Overhead costs increased by 11% in Q4 on low comps due to short-term work/other pandemic measures still in place; at pre-pandemic level
- R&D increased due to higher spending mainly for E-Mobility projects
- Selling costs higher yoy due to higher volume in Industrial and price impact on freight cost
- Admin costs below 2019 level; increased by EUR 17 mn yoy on low comps due to short-term work

Overhead cost ratio

in % of sales	Q4 20	Q4 21	Q4 21 vs. Q4 20	FY 20	FY 21	FY 21 vs. FY 20
Automotive Technologies	12.1%	15.0%	+2.9pp	14.8%	15.1%	+0.3pp
Automotive Aftermarket	20.0%	21.2%	+1.2pp	18.6%	18.3%	-0.3pp
Industrial	18.5%	18.0%	-0.5pp	19.0%	18.4%	-0.6pp
Group	14.5%	16.6%	+2.1pp	16.3%	16.4%	+0.1pp

EBIT¹ – Strong margin in Industrial, Auto divisions impacted by hampered volumes and high base

EBIT¹ | in EUR mn



¹ Before special items

Key aspects

- EBIT margin negatively impacted by phasing in of input price effects
- Automotive Technologies with clearly lower margin yoy, driven by negative volume impact, higher production costs and temporary cost savings in prior year quarter
- Automotive Aftermarket margin lower due to lower volumes and higher input costs
- Industrial margin strong, supported by broad cyclical recovery

EBIT margin¹

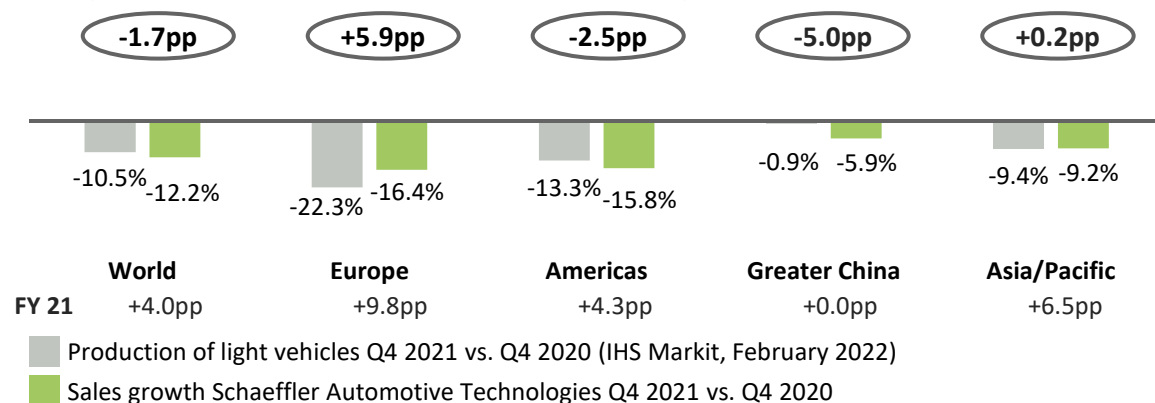
	Q4 20	Q4 21	Q4 21 vs. Q4 20	FY 20	FY 21	FY 21 vs. FY 20
Automotive Technologies	11.7%	5.5%	-6.2pp	3.4%	6.9%	+3.5pp
Automotive Aftermarket	15.4%	11.1%	-4.3pp	15.7%	13.8%	-1.9pp
Industrial	9.3%	11.5%	+2.2pp	8.8%	12.0%	+3.2pp
Group	11.6%	7.8%	-3.8pp	6.3%	9.1%	+2.8pp

Automotive Technologies – Sales hampered by market bottlenecks, effective margin protection despite input cost increase

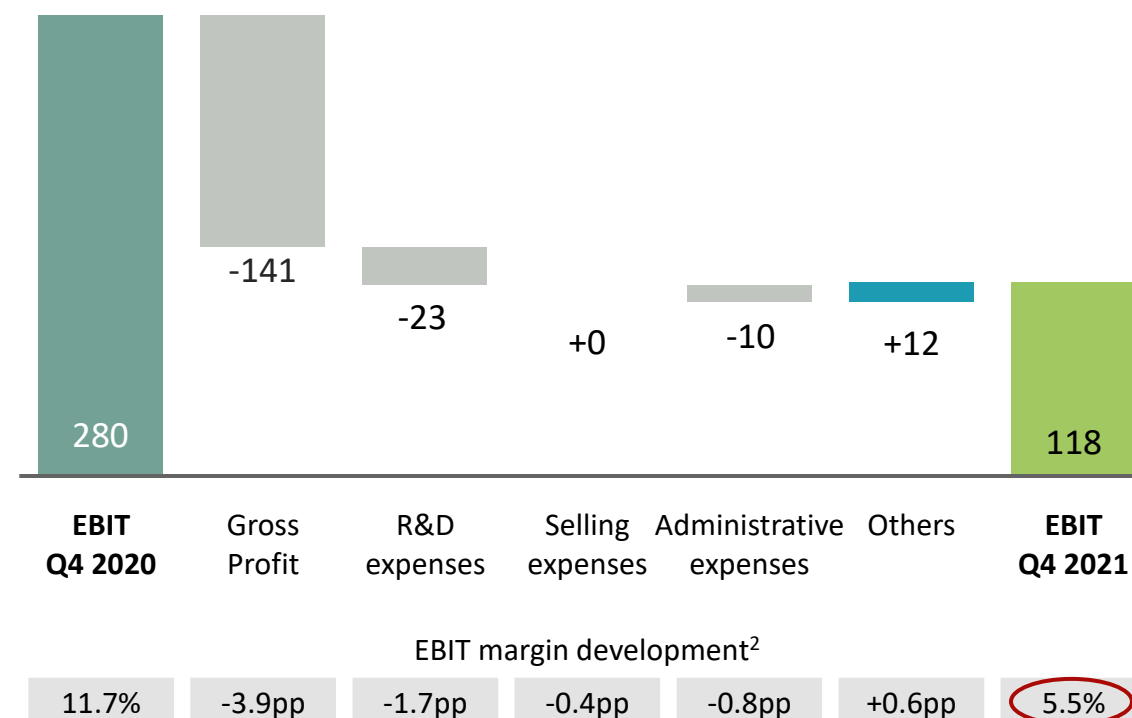
Sales by business division | yoy growth

	Q4 2020	Q4 2021	Δ ¹
E-Mobility	328	363	+7.6%
Engine Systems	631	553	-14.5%
Transmission Systems	1,069	922	-16.4%
Chassis Systems	362	312	-15.5%
Total	2,391	2,150	-12.2%

Outperformance: Sales¹ vs. market development in Q4



EBIT² Q4 2020 vs. Q4 2021 | in EUR mn



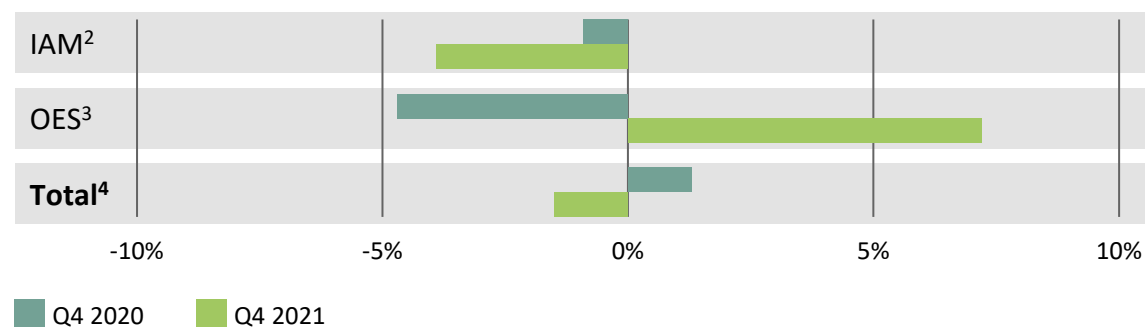
¹ FX-adjusted | ² Before special items

Automotive Aftermarket – Mixed sales development yoy due to delivery performance, EBIT margin⁵ impacted by higher input costs

Sales by region | yoy growth

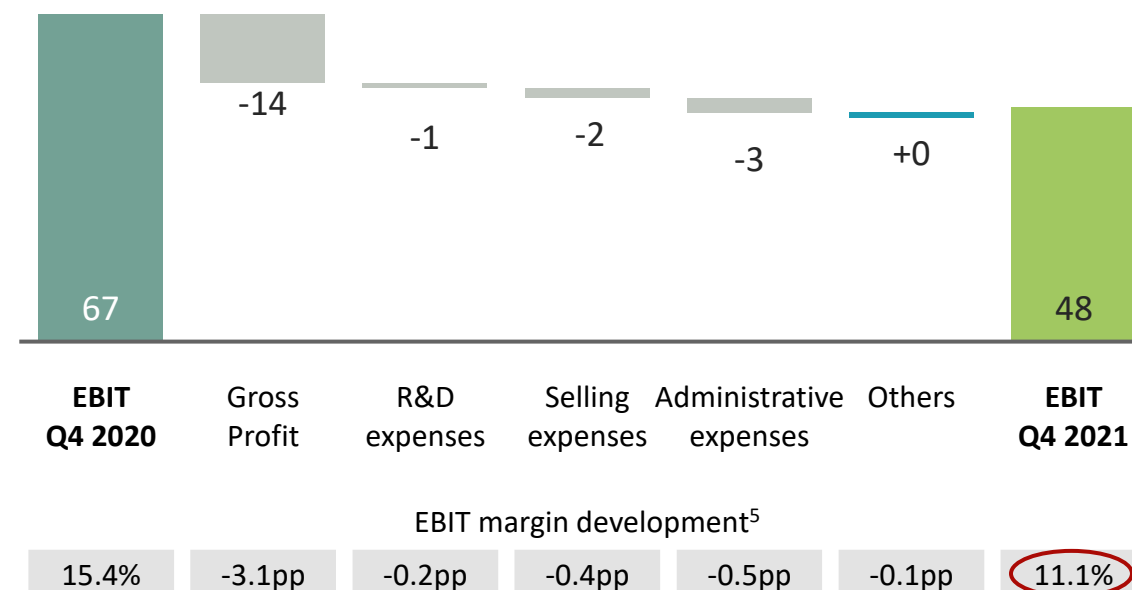
	Q4 2020	Q4 2021	Δ ¹
Europe	309	291	-6.4%
Americas	84	92	+7.1%
Greater China	21	24	+7.7%
Asia/Pacific	24	31	+24.3%
Total	438	437	-1.5%

Automotive Aftermarket sales growth by channel¹



¹ FX-adjusted | ² Independent Aftermarket | ³ Original Equipment Service | ⁴ Contains E-Commerce sales and sales to Automotive suppliers in addition to IAM and OES | ⁵ Before special items

EBIT⁵ Q4 2020 vs. Q4 2021 | in EUR mn

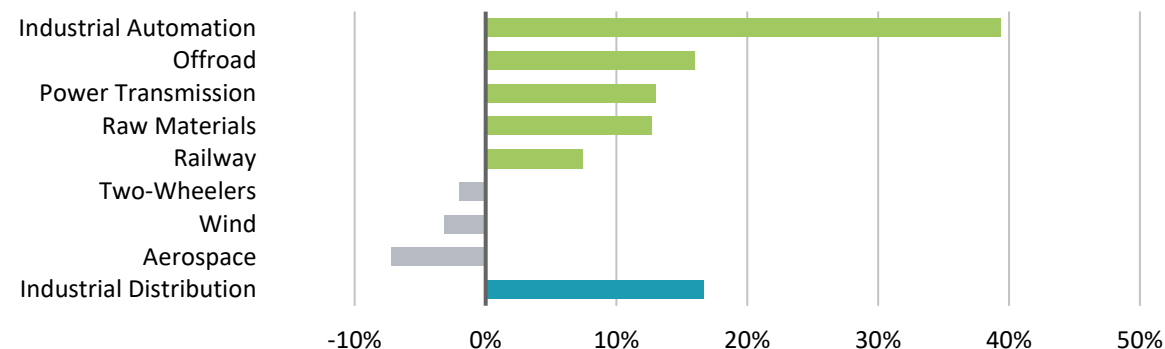


Industrial – Growth momentum continued, strong EBIT¹ margin driven by scale effects and structural cost savings

Sales by region | yoy growth

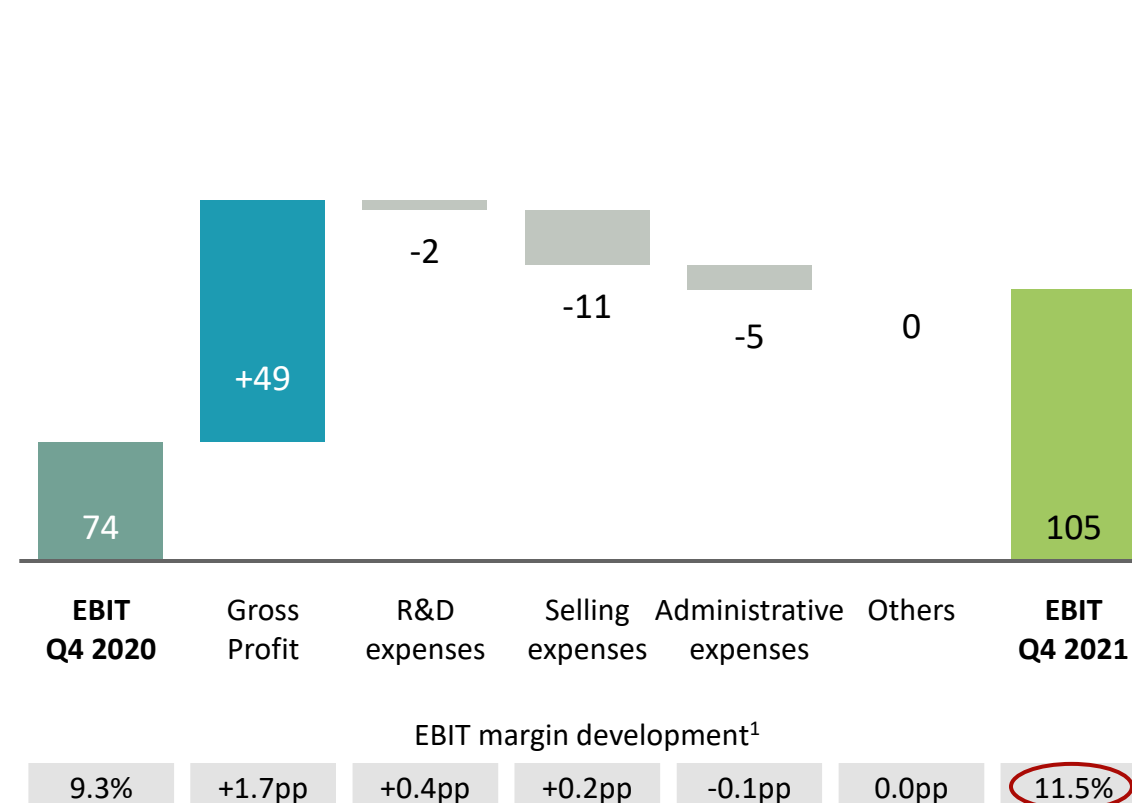
	Q4 2020	Q4 2021	Δ ²
Europe	340	402	+17.6%
Americas	132	151	+9.5%
Greater China	202	226	+4.3%
Asia/Pacific	123	140	+12.7%
Total	797	919	+12.0%

Industrial sales growth by sector cluster Q4 2021^{2,3}



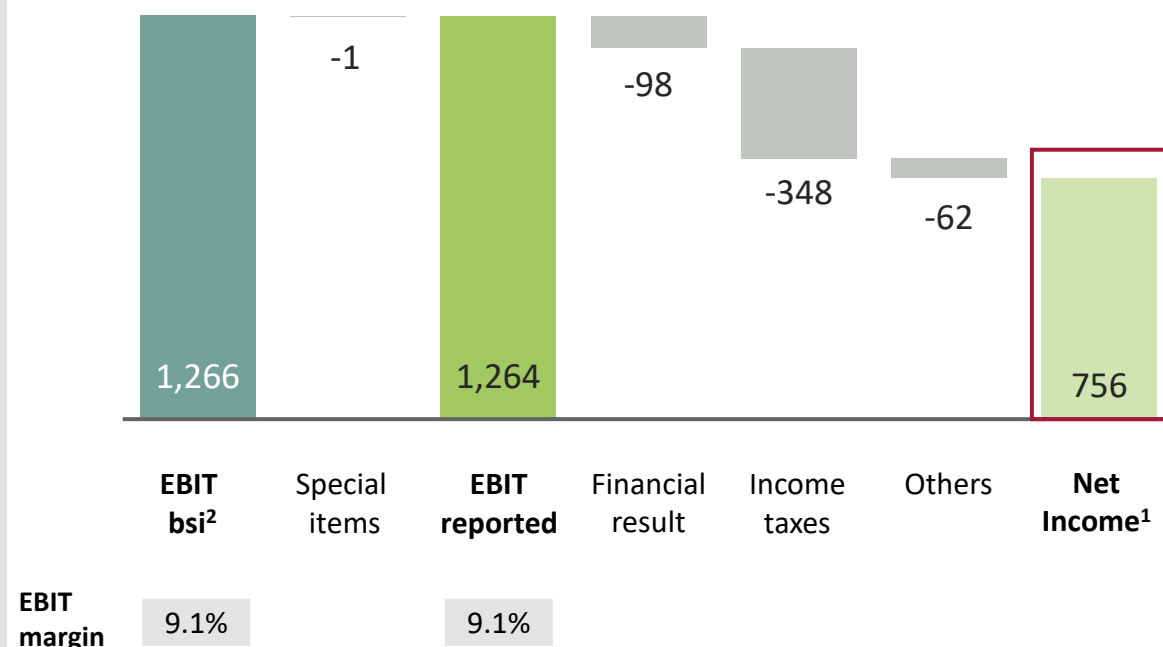
¹ Before special items | ² FX-adjusted | ³ From 2022 new structure as shown on slide 17

EBIT¹ Q4 2020 vs. Q4 2021 | in EUR mn



Net Income¹ – EBIT reconciliation and special items

Reconciliation FY 2021 | in EUR mn



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

Key aspects

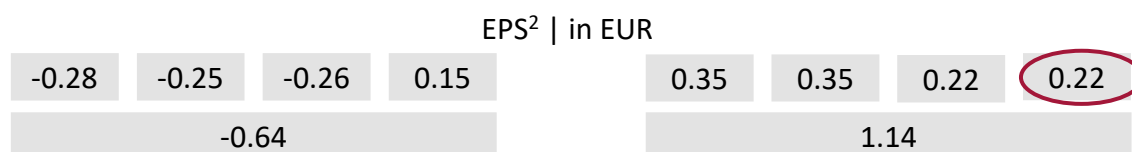
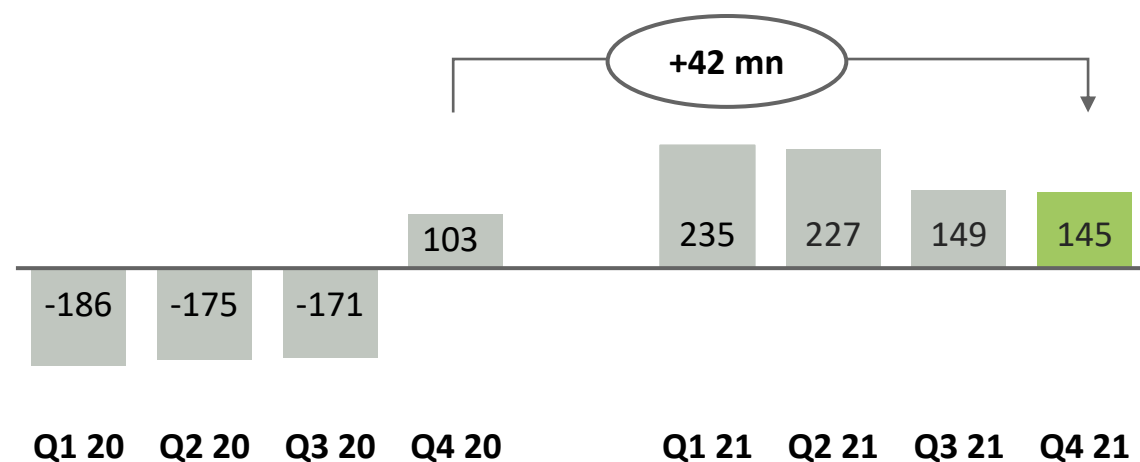
- Financial Result improved by EUR 87 mn vs. prior year; mainly due to one-off impacts (prior year payback of High-Yield Bond; interest income of concluded tax case in Brazil)
- Income taxes in line with expected average tax rate
- Others include mainly equity-accounted result from Schaeffler Paravan Technologies

Special items by division | in EUR mn

	Q4 20	Q4 21	Q4 21 vs. Q4 20	FY 20	FY 21	FY 21 vs. FY 20
EBIT Reported	274	243	-31	-149	1,264	+1,413
Automotive Technologies	+91	-3	-94	+608	-35	-643
Automotive Aftermarket	+6	+1	-5	+30	-18	-48
Industrial	+51	+30	-21	+309	+55	-254
Group	+148	+28	-120	+946	+1	-945
EBIT bsi²	422	272	-150	798	1,266	+468

Net Income¹ – EPS² at EUR 0.22, ROCE³ reached a strong 16.0%

Net income¹ | in EUR mn

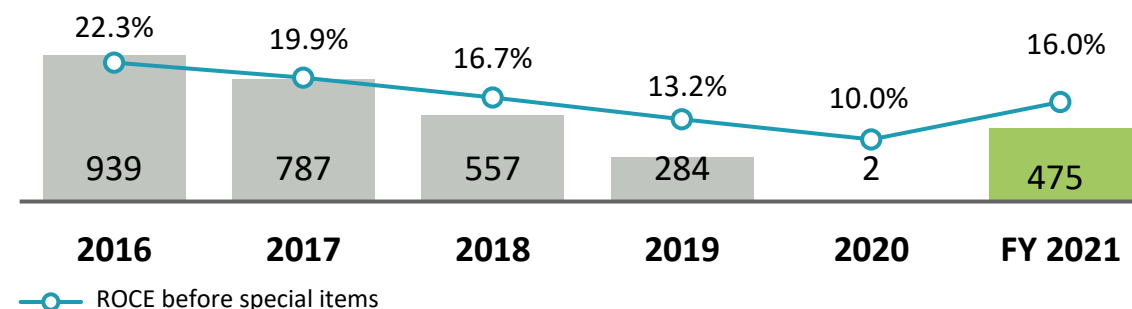


¹ Attributable to the shareholders of the parent company | ² Earnings per common non-voting share

Key aspects

- Q4 2021 Net Income¹ mainly improved from higher financial result; Net income before special items¹ amounted to EUR 165 mn
- FY 2021 Net Income¹ of EUR 756 mn a strong basis for proposed dividend increase to 50 cents per common non-voting share, payout ratio 44%³
- ROCE⁴ higher than pre-pandemic level; Schaeffler Value Added⁵ increased to EUR 475 mn due to higher EBIT LTM and slightly lower Ø Capital Employed

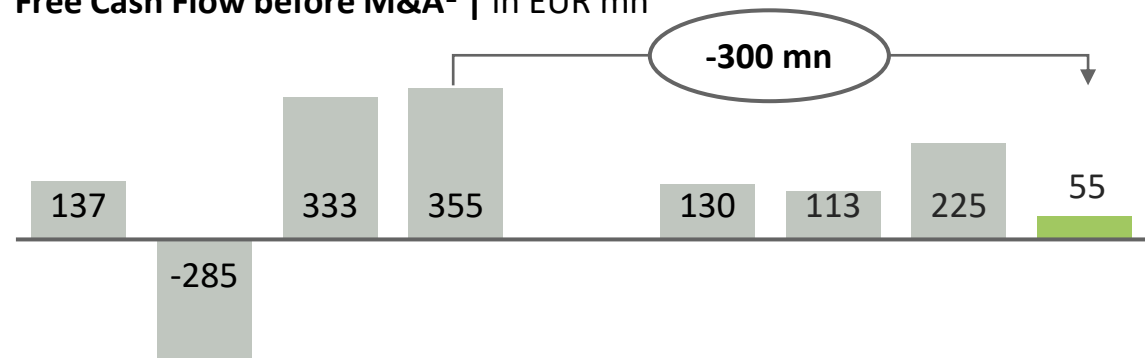
ROCE⁴ and Schaeffler Value Added⁵ | in EUR mn



³ in % of Net income attributable to shareholders before special items | ⁴ Before special items | ⁵ LTM EBIT before special items minus Cost of Capital (10% × Ø Capital Employed)

Free Cash Flow – Positive, despite seasonal impact and tactical increase of inventory

Free Cash Flow before M&A¹ | in EUR mn



Q1 20 Q2 20 Q3 20 Q4 20 Q1 21 Q2 21 Q3 21 Q4 21

EUR 539 mn

EUR 523 mn

FCF Conversion ratio²

-	-	-	1.3	0.3	0.3	0.8	0.2
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Reinvestment rate

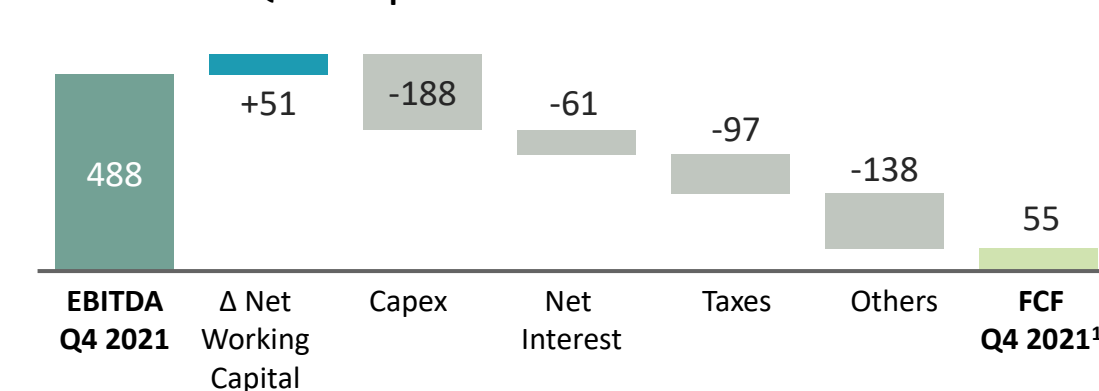
0.7	0.6	0.7	0.8	0.5	0.6	0.9	1.0
0.7				0.7			

Capex ratio³

5.0%	5.9%	5.3%	4.2%	3.7%	3.9%	6.4%	5.4%
5.0%				4.8%			

¹ Before cash in- and outflows for M&A activities | ² Ratio FCF before M&A to EBIT reported – Only applicable if FCF and EBIT positive | ³ Capex in % of sales

Reconciliation Q4 2021 | in EUR mn



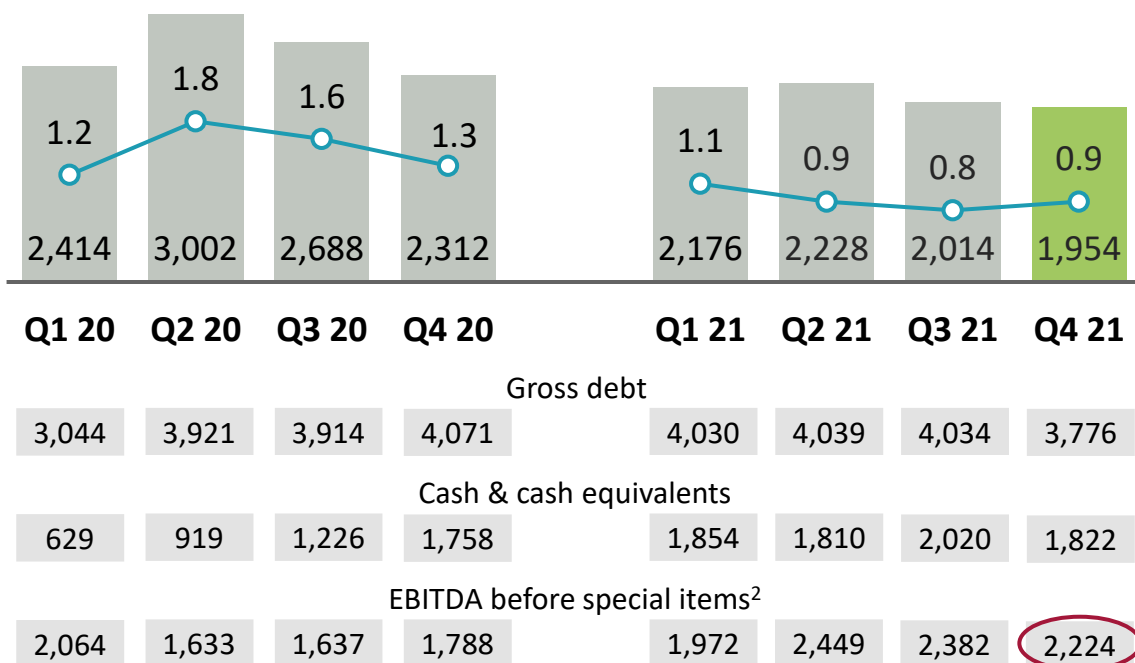
FCF Details | in EUR mn

	Q4 2020	Q4 2021	Δ Q4 21/20	FY 2020	FY 2021	Δ FY 21/20
FCF as reported	367	44	-323	552	500	-52
M&A	-12	+11	+23	-13	+23	+36
FCF before M&A	355	55	-300	539	523	-16
Legal cases	1	-4	-5	7	-8	-15
Restructuring	24	32	+8	176	308	+132
Others	0	-1	-1	0	+7	+7
Financing	30	0	-30	80	0	-80
FCF bef. M&A and sp. items	410	82	-327	802	830	+28

Net debt – Leverage ratio¹ at 0.9x and strong liquidity position

Net financial debt and Leverage ratio¹ | in EUR mn

—○— Leverage ratio¹



¹ Net financial debt to EBITDA ratio before special items | ² LTM | ³ Excluding restricted cash

Key aspects

- Net financial debt further decreased, Leverage ratio¹ below Mid-Term Targets
- No maturities until March 2024 after prepayment of 2023 Schuldschein tranches in November 2021 and redemption of EUR 2022 bond on March 1, 2022

Strong liquidity situation

- Cash balance Schaeffler Group on a high level, providing security in an unforeseeable environment
- Committed unused credit lines on Group level of almost EUR 1.8 bn as per end of December, available liquidity³ 25% of LTM Net Sales

Reported and adjusted comparative figures FY 2021

FY 21 – Reported and adjusted comparative figures

Group		FY 21 – Reported	FY 21 – Adjusted comp. figures	Δ
Sales Growth ¹	1	+9.7%	+10.2%	+0.5pp
EBIT Margin ²	2	9.1%	8.8%	-0.3pp
Free Cash Flow ³		EUR 523 mn	EUR 523 mn	-

Auto Technologies				Δ
Sales Growth ¹		7.4%	7.8%	+0.4pp
EBIT Margin ²		6.9%	6.4%	-0.5pp
Auto Aftermarket				Δ
Sales Growth ¹		13.0%	13.9%	+0.9pp
EBIT Margin ²		13.8%	13.9%	+0.1pp
Industrial				Δ
Sales Growth ¹		13.6%	14.2%	+0.6pp
EBIT Margin ²		12.0%	11.8%	-0.2pp

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

Key aspects adjusted comparative figures

1 Sales Growth

- Constant-currency revenue growth will be determined by translating revenue for the reporting periods at the average rates of the relevant prior year period rather than at standard exchange rates

2 EBIT Margin

- Further streamline steering of the Divisions
- EBIT margin before special items will include the income (loss) from equity-accounted investees (Schaeffler Paravan Technologies)
- Character of these activities developed more and more into an R&D effort for our Chassis Systems Business Division – Therefore, we include the result in the EBIT figure from an accounting methodology
- Adjusted comparative figures FY 2021 as basis for Guidance 2022

Agenda

- 1 Overview
- 2 Business Highlights Q4 and FY 2021
- 3 Financial Results Q4 and FY 2021
- 4 Outlook

FY 2022 Guidance – Suspended

- 1 Due to the great geopolitical and economic uncertainty caused by the war in Ukraine, the FY 2022 guidance - approved on February 22nd and mentioned in our Annual Report - is suspended

- 2 In the current unprecedented situation, it is impossible to reasonably assess and predict the economic and geopolitical effects of the Russian / Ukrainian conflict on:
 - supply chains, in particular on the side of customers
 - global automotive and industrial production market assumptions
 - freight rates, raw material and energy prices
 - inflation and the global GDP development

- 3 The Schaeffler Group will closely monitor the developments and will publish a FY 2022 guidance as soon as this is feasible

Conclusion & Outlook

- 1 Russia/Ukraine conflict escalation – Safety of our employees and their families in the region are our top priority, very limited direct exposure; Task Force in place to monitor and manage the situation in the region
- 2 Strong performance in FY 2021 – Diversification as an Automotive and Industrial supplier and global footprint foster resilience
- 3 Robust Balance Sheet and strong liquidity are key assets in the current unpredictable and uncharted macro-economic and geopolitical situation
- 4 FY 2022 Guidance suspended
- 5 We stay the course on our Strategy and Roadmap 2025

Ensuring operating performance and cash generation – Navigating in a very dynamic environment

2022 Capital market activities

Roadshows & Conferences involving Top Management

Mar 9	Conference – <i>Exane and Jefferies, Auto Conference</i>
Mar 10	Roadshow – <i>Oddo, Continental Europe</i>

Financial calendar 2022

Mar 8	FY 2021 Earnings Release
Apr 21	AGM
May 10	Q1 2022 Earnings Release
May 31	Hanover Fair, Industrial
June 29	Schaeffler Kolloquium Bühl, Automotive Technologies
Aug 4	H1 2022 Earnings Release
Nov 8	9M 2022 Earnings Release

IR Contact

Investor Relations

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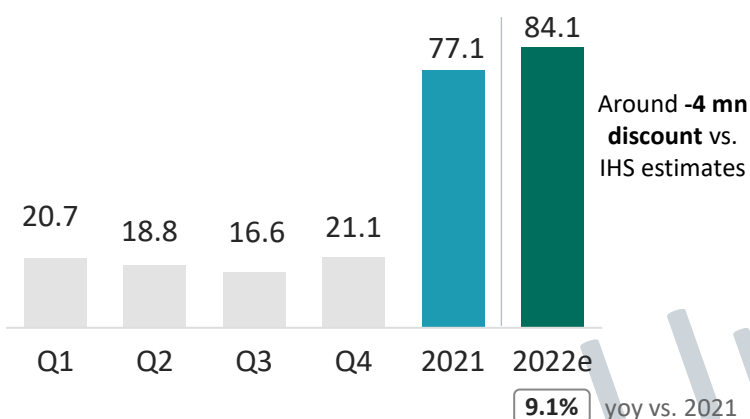
Email: ir@schaeffler.com

Web: www.schaeffler.com/ir

We pioneer motion

Market assumptions as of 22nd February¹ – Under review

Automotive Technologies – Global LVP² 2022

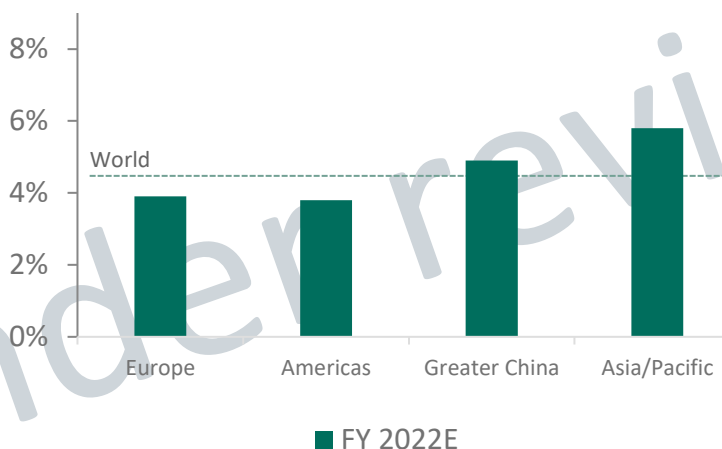


- Discount of around 4 mn vehicles to February IHS estimate of 84.1 mn LVP in 2022 leading to 4% yoy market growth expectation
- Cautious estimate reflecting current and persisting supply chain disruptions and global volatility

¹ Please refer to the Annual Report for further details

² Light Vehicle Production (IHS Markit, February 2022)

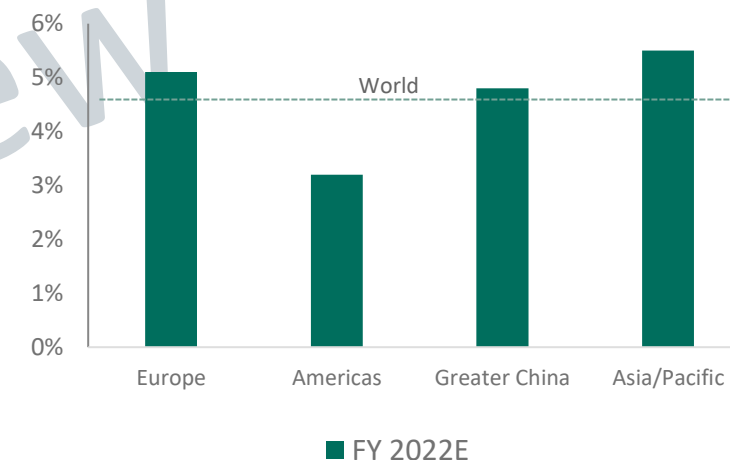
Automotive Aftermarket – GDP³



- World GDP growth is expected to reach 4.5% in 2022
- Slowdown compared to 2021 (5.8%) but still stable growth rates across all regions
- Covid-19, supply chain issues and inflation are considered as main influencing factors for GDP growth in 2022

³ GDP (Oxford Economics, December 2021)

Industrial – Industrial Production⁴



- Global growth expected to slow in 2022 (4.6%) after a very strong increase in 2021 (11.9%)
- Moderate to strong market development across all sectors, mainly driven by Transport Equipment and Mechanical Engineering; the regions Asia/Pacific and Europe are projecting the strongest growth

⁴ Industrial Production (Oxford Economics, December 2021)
Sectors considered: Mechanical Engineering (NACE 28), Transport Equipment (NACE 30), Electrical Equipment (NACE 27.1)

FY 2022 Guidance as of 22nd February¹ – Suspended

Group Guidance

	Actuals FY 2021	Guidance FY 2022
Sales growth ²	10.2%	7 - 9%
EBIT margin ³	8.8%	6 - 8%
Free Cash Flow ⁴	EUR 523 mn	> EUR 300 mn

¹ Please refer to the Annual Report for further details | ² FX-adjusted | ³ Before special items | ⁴ Before cash in- and outflows for M&A activities | ⁵ Light Vehicle Production (IHS Markit, February 2022)

Adjusted comparative
figures 2021

Divisional Guidance

Automotive Technologies		Automotive Aftermarket		Industrial	
Actuals	Guidance	Actuals	Guidance	Actuals	Guidance
Outperf. 440 bps	Out-performance 200 - 500 bps	13.9%	Slight growth	14.2%	Significant growth
6.4%	> 4%	13.9%	> 12%	11.8%	> 11%

Market assumptions for 2022

- Automotive Technologies: LVP growth of **4%** in 2022 vs. 9.1% growth in latest IHS estimate⁵
- Automotive Aftermarket: Increase of global GDP by around **4.5%**
- Industrial: Increase of relevant industrial production of around **4.5%**

Ancillary comments to support the Equity Story

Additional KPIs	FY 2022	Comments
Order Intake E-Mobility	EUR 2 - 3 bn	Starting from 2022 the new target of EUR 2 - 3 bn applies
Capex	Up to EUR 900 mn	Focus areas include Digitalization, Sustainability, Innovation & Technology and investments in New Business
Restructuring cash-out	Up to EUR 300 mn	Significant portion of extraordinary restructuring expenses in 2022 expected leading to prudent FCF guidance
Dividend Payout Policy	30 - 50%	Dividend payout ratio ² proposal for FY 2021: 44%, subject to AGM approval
Leverage ratio ¹	0.75x - 1.25x	Leverage ratio 2021 below mid-term range
Average Tax rate	28 - 32%	Overall effective tax rate in line with pre-Covid years
FX rates		EUR/USD, Chinese Renminbi and Mexican Peso are the main exposures

¹ Net financial debt to EBITDA ratio before special items | ² in % of Net income attributable to shareholders 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**

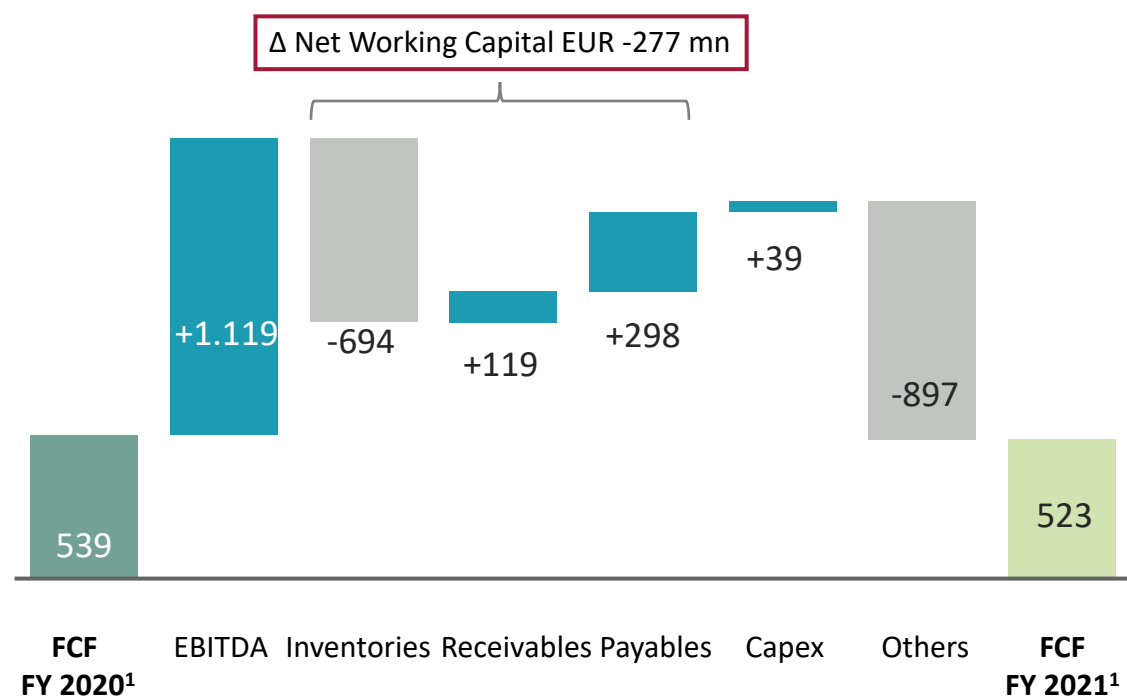
Key figures Q4 and FY 2021

in EUR mn	Q4 2020	Q4 2021	Q4 2021 vs. Q4 2020	FY 2020	FY 2021	FY 2021 vs. FY 2020
Sales	3,626	3,506	-3.3% -5.6% ¹	12,589	13,852	+10.0% +9.7% ¹
Gross Profit	952	846	-106 mn	2,859	3,439	+580 mn
Gross margin	26.3%	24.1%	-2.2pp	22.7%	24.8%	+2.1pp
EBIT²	422	272	-150 mn	798	1,266	+468 mn
EBIT margin²	11.6%	7.8%	-3.8pp	6.3%	9.1%	+2.8pp
Net income³	103	145	+42 mn	-428	756	+1,184 mn
EPS⁴ (in EUR)	0.15	0.22	+0.07	-0.64	1.14	+1.78
Schaeffler Value Added⁵	2	475	+473 mn	2	475	+473 mn
ROCE⁶	10.0%	16.0%	+6.0pp	10.0%	16.0%	+6.0pp
Free Cash Flow⁷	355	55	-300 mn	539	523	-16 mn
Capex	151	188	+37 mn	632	671	+39 mn
Net financial debt	2,312	1,954	-358 mn	2,312	1,954	-358 mn
Leverage ratio⁸	1.3x	0.9x	-0.4x	1.3x	0.9x	-0.4x
Headcount	83,297	82,981	-0.4%	83,297	82,981	-0.4%

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 (10% × 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

Free Cash Flow details FY 2021 – FCF supported by good operational performance

FCF¹ FY 2020 vs. FY 2021 | in EUR mn



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

Key aspects

- Positive EBITDA development yoy due to good operating performance and prior year restructuring accrual
- Net Working Capital negative with EUR -277 mn driven by normalization of working capital structure and levels (prior year impacted by V-shape recovery in H2 2020 and tactical inventory increases to secure delivery reliability, protect against price increases and supply chain fluctuations)
- Others included non-cash relevant provisions for restructuring program in Q3 2020

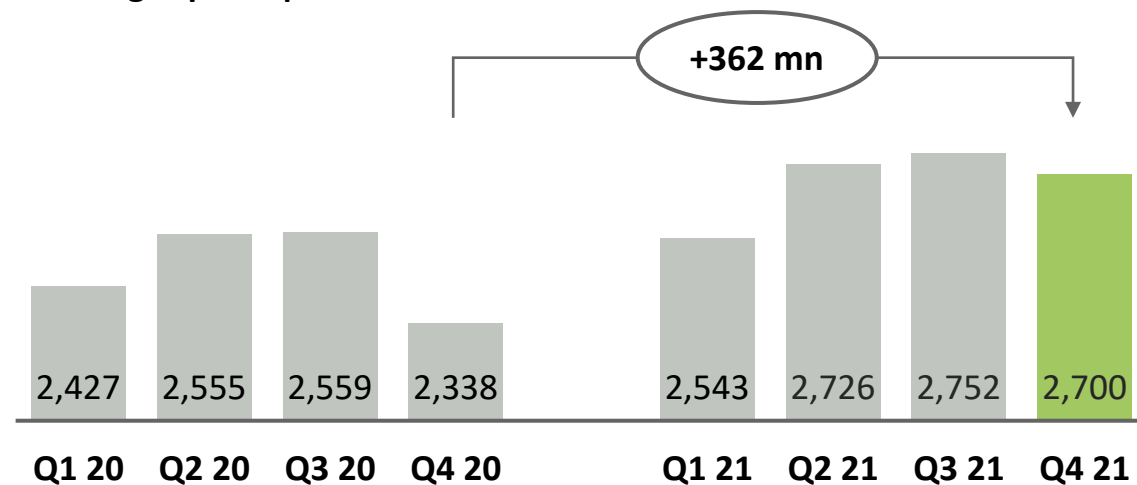
Net Working Capital details | in EUR mn

Change in	Q4 2020	Q4 2021	Δ Q4 21/20	FY 2020	FY 2021	Δ FY 21/20
Inventories	106	-40	-146	142	-552	-694
Receivables	-17	-14	+3	-165	-46	+119
thereof R. Sale Program	0	0	0	0	0	0
Payables	92	105	+13	13	311	+298
Δ Net Working Capital	+181	+51	-130	-10	-287	-277
Working Capital ratio ¹	18.6	19.5	-	18.6	19.5	-

¹ in % of sales (LTM)

Working Capital ratio 19.5% – Capex ratio 5.4% in Q4

Working capital¹ | in EUR mn

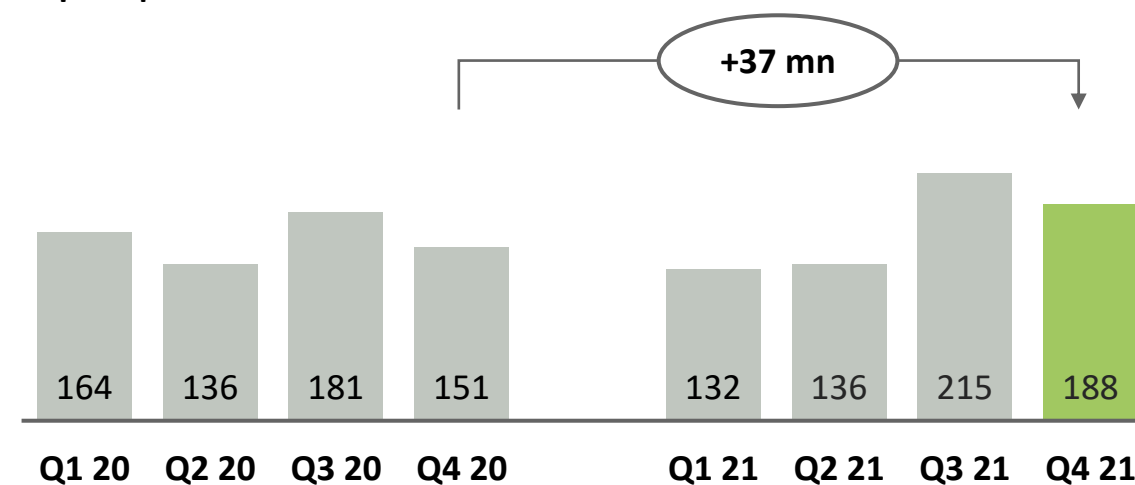


in % of sales (LTM)



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

Capex² | in EUR mn



in % of sales



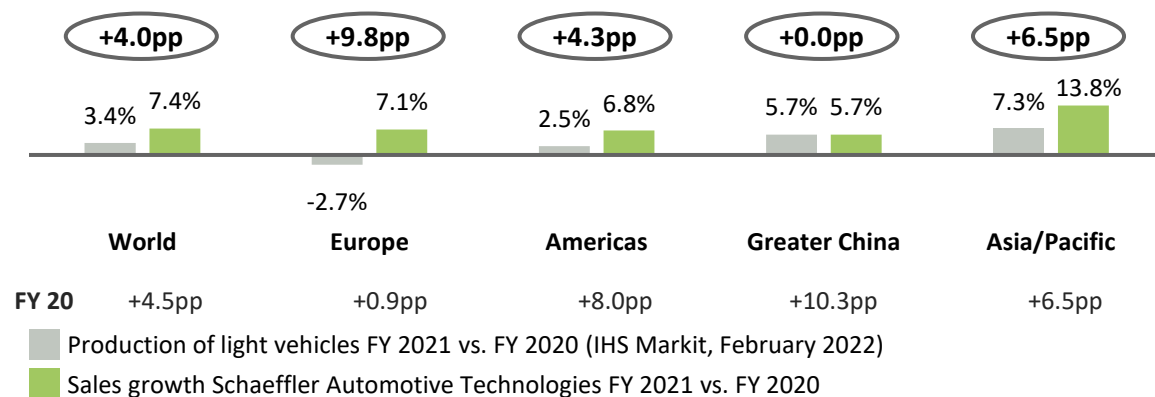
² Cash view

Automotive Technologies – Good Outperformance and EBIT margin²

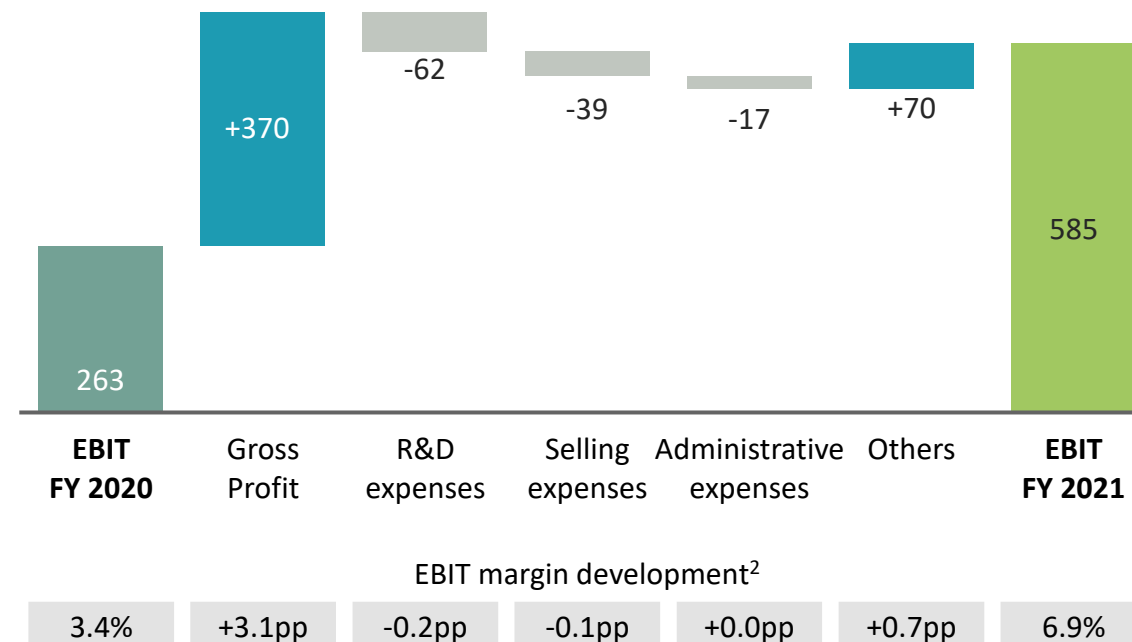
Sales by business division | yoy growth

	FY 2020	FY 2021	Δ ¹
E-Mobility	1,047	1,245	+17.8%
Engine Systems	2,056	2,156	+4.8%
Transmission Systems	3,508	3,741	+6.4%
Chassis Systems	1,204	1,294	+7.1%
Total	7,816	8,436	+7.4%

Outperformance: Sales¹ vs. market development in FY 2021



EBIT² FY 2020 vs. FY 2021 | in EUR mn



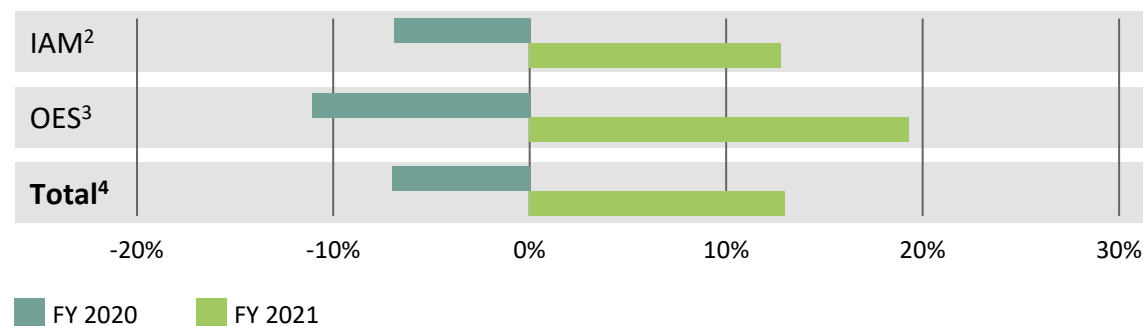
¹ FX-adjusted | ² Before special items

Automotive Aftermarket – Strong sales development, solid EBIT margin⁵

Sales by region | yoy growth

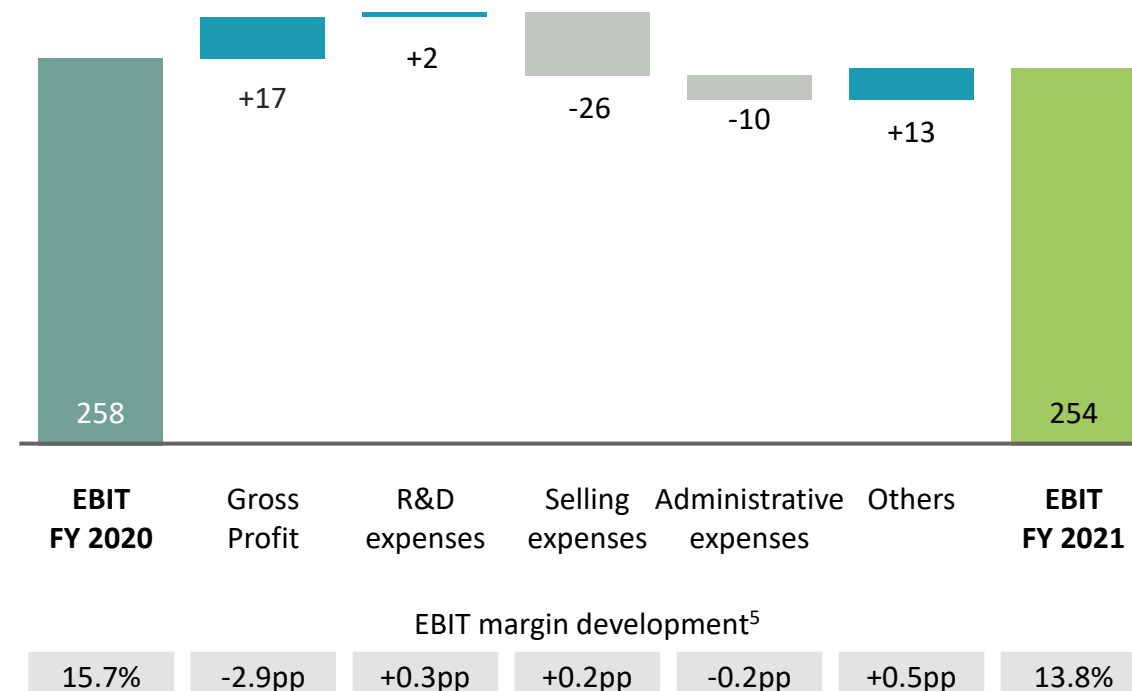
	FY 2020	FY 2021	Δ ¹
Europe	1,184	1,275	+8.1%
Americas	301	363	+26.1%
Greater China	77	101	+27.5%
Asia/Pacific	80	109	+37.9%
Total	1,642	1,848	+13.0%

Automotive Aftermarket sales growth by channel¹



¹ FX-adjusted | ² Independent Aftermarket | ³ Original Equipment Service | ⁴ Contains E-Commerce sales and sales to Automotive suppliers in addition to IAM and OES | ⁵ Before special items

EBIT⁵ FY 2020 vs. FY 2021 | in EUR mn

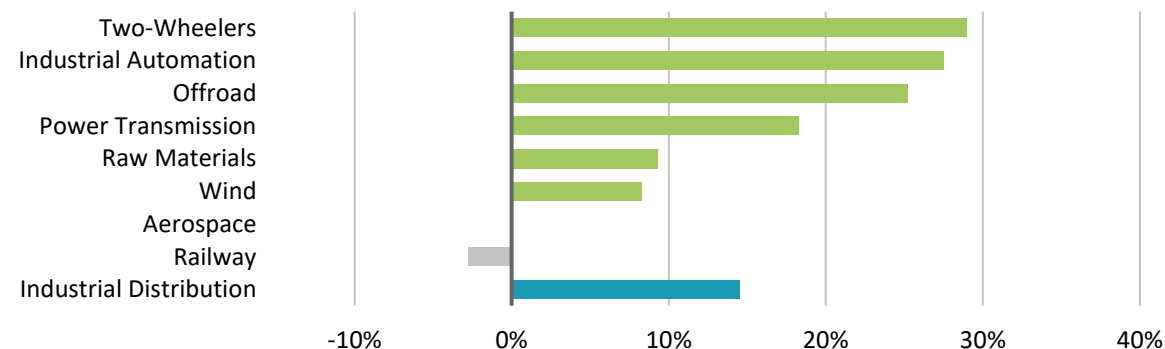


Industrial – Double-digit growth in all regions, strong EBIT margin²

Sales by region | yoy growth

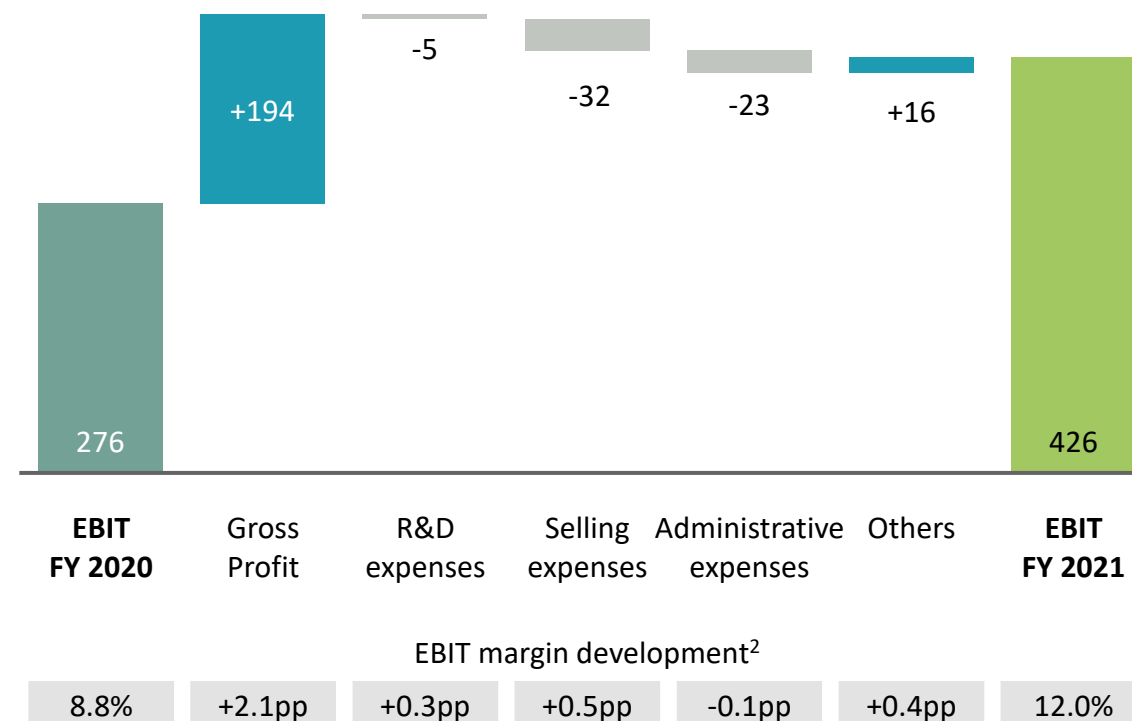
	FY 2020	FY 2021	Δ ¹
Europe	1,312	1,473	+12.3%
Americas	528	588	+13.8%
Greater China	840	982	+14.5%
Asia/Pacific	451	525	+18.3%
Total	3,132	3,568	+13.6%

Industrial sales growth by sector cluster FY 2021^{1,3}



³ From 2022 onwards, this chart will follow the structure of Slide 17

EBIT² FY 2020 vs. FY 2021 | in EUR mn



¹ FX-adjusted | ² Before special items

Automotive Technologies (AT) outperformance by quarters

FY 21 Outperformance: +4.0pp				Q1 21			Q2 21			Q3 21			Q4 21		
	IHS ¹	AT ²	Outper- formance		IHS ¹	AT ²	Outper- formance		IHS ¹	AT ²	Outper- formance		IHS ¹	AT ²	Outper- formance
World	+15.9%	+15.8%	-0.1pp		+48.2%	+65.3%	+17.1pp		-19.1%	-12.2%	+6.9%		-10.5%	-12.2%	-1.7%
Europe	+2.3%	+3.4%	+1.1pp		+80.9%	+116.2%	+35.3pp		-28.7%	-15.0%	+13.7%		-22.3%	-16.4%	+5.9%
Americas	-2.8%	+6.0%	+8.8pp		+146.9%	+136.4%	-10.5pp		-24.5%	-15.8%	+8.7%		-13.3%	-15.8%	-2.5%
Greater China	+77.8%	+74.3%	-3.5pp		-4.2%	+3.3%	+7.5pp		-13.8%	-15.8%	-2.0%		-0.9%	-5.9%	-5.0%
Asia/Pacific	+5.2%	+13.6%	+8.4pp		+82.0%	+62.5%	-19.5pp		-10.9%	+7.3%	+18.2%		-9.4%	-9.2%	+0.2%

FY 20 Outperformance: +4.5pp				Q1 20			Q2 20			Q3 20			Q4 20		
	IHS ¹	AT ²	Outper- formance		IHS ¹	AT ²	Outper- formance		IHS ¹	AT ²	Outper- formance		IHS ¹	AT ²	Outper- formance
World	-22.2%	-12.1%	+10.1pp		-42.9%	-41.9%	+1.0pp		-2.4%	-1.2%	+1.2pp		+3.2%	+8.0%	+4.8pp
Europe	-15.7%	-13.5%	+2.2pp		-58.2%	-59.5%	-1.3pp		-6.0%	-9.3%	-3.3pp		+1.1%	+6.4%	+5.3pp
Americas	-11.6%	-5.2%	+6.4pp		-69.6%	-62.5%	+7.1pp		-3.1%	+2.9%	+6.0pp		+0.6%	+9.1%	+8.5pp
Greater China	-45.7%	-22.8%	+22.9pp		+10.2%	+17.3%	+7.1pp		+10.9%	+14.2%	+3.3pp		+6.1%	+9.5%	+3.4pp
Asia/Pacific	-13.5%	-7.3%	+6.2pp		-54.9%	-41.9%	+13.0pp		-12.9%	-10.1%	+2.8pp		+3.6%	+9.1%	+5.5pp

¹ Light Vehicle production growth according to IHS Markit, February 2022 | ² FX-adjusted sales growth of Automotive Technologies division

Key figures by Group and division

Group | in EUR mn

	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
Sales	3,281	2,291	3,391	3,626	3,560	3,454	3,332	3,506
Sales Growth¹	-9.3%	-34.5%	-2.8%	+4.5%	+11.2%	+50.6%	-3.0%	-5.6%
EBIT Reported	-90	-144	-188	274	388	355	278	243
EBIT bsi	212	-159	322	422	403	319	272	272
EBIT bsi margin	6.5%	-6.9%	9.5%	11.6%	11.3%	9.2%	8.2%	7.8%

Automotive Technologies | in EUR mn

	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
Sales	2,008	1,256	2,161	2,391	2,281	2,084	1,921	2,150
Sales Growth¹	-12.1%	-41.9%	-1.2%	+8.0%	+15.8%	+65.3%	-12.2%	-12.2%
EBIT Reported	-223	-235	-75	189	238	154	108	121
EBIT bsi	47	-240	176	280	246	133	88	118
EBIT bsi margin	2.3%	-19.1%	8.2%	11.7%	10.8%	6.4%	4.6%	5.5%

¹ FX-adjustedAdjusted comparative
figures 2020

Automotive Aftermarket | in EUR mn

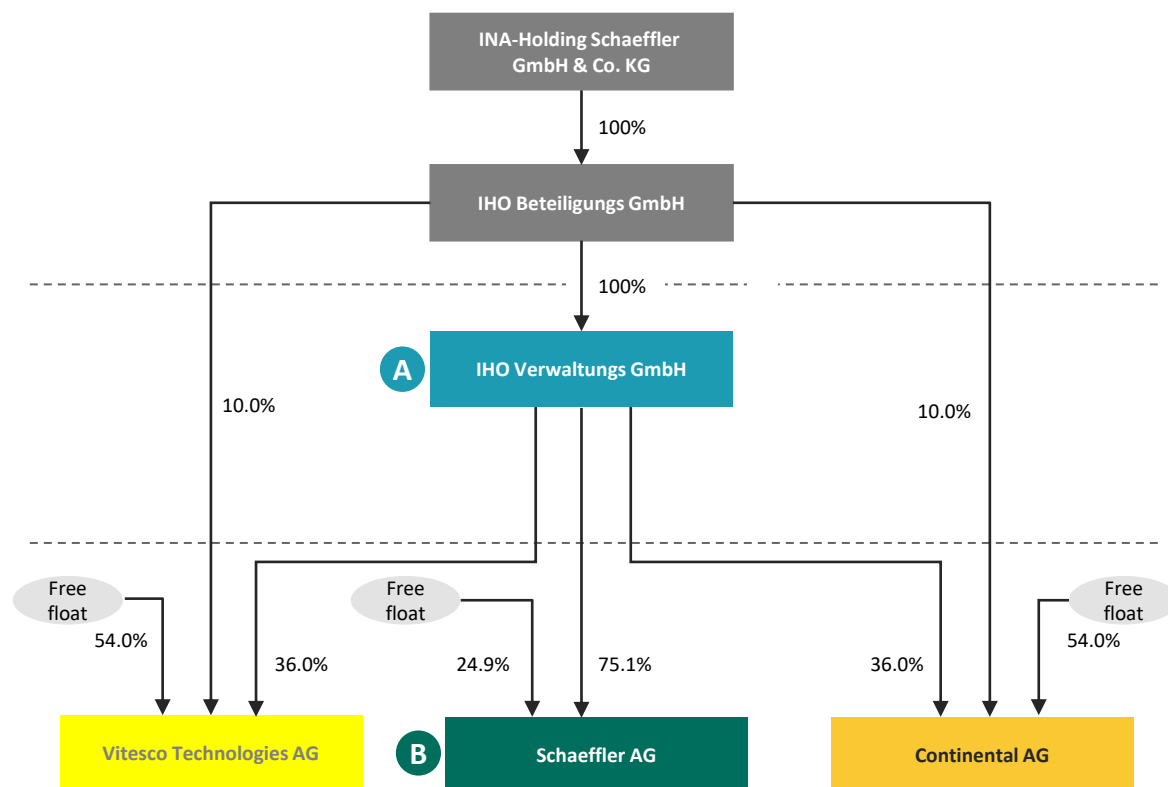
	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
Sales	446	301	456	438	444	467	500	437
Sales Growth¹	+1.6%	-30.5%	-0.2%	+1.3%	+4.0%	+54.1%	+8.7%	-1.5%
EBIT Reported	77	28	62	61	57	88	80	47
EBIT bsi	77	28	86	67	57	77	71	48
EBIT bsi margin	17.2%	9.3%	18.8%	15.4%	12.9%	16.5%	14.3%	11.1%

Industrial | in EUR mn

	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
Sales	827	734	774	797	836	902	911	919
Sales Growth¹	-7.7%	-18.2%	-8.2%	-3.0%	+3.9%	+24.0%	+15.8%	+12.0%
EBIT Reported	56	63	-175	24	93	113	90	75
EBIT bsi	88	53	61	74	99	109	113	105
EBIT bsi margin	10.7%	7.2%	7.8%	9.3%	11.9%	12.0%	12.4%	11.5%

Overview Corporate and Financing Structure

Corporate structure (simplified) | as of December 31, 2021



Financing structure | as of December 31, 2021

A IHO Verwaltungs GmbH

	Debt instrument	Nominal (USD m)	Nominal (EUR ¹ m)	Interest	Maturity	Rating (Fitch/Moody's/S&P)
Loans	RCF (EUR 800 m)	-	260	E+2.75%	Dec-24	Not rated
Bonds	3.625% SSNs 2025 (EUR)	-	800	3.625%	May-25	BB/Ba2/BB-
	3.75% SSNs 2026 (EUR)	-	750	3.750%	Sep-26	BB/Ba2/BB-
	4.75% SSNs 2026 (USD)	500	441	4.750%	Sep-26	BB/Ba2/BB-
	3.875% SSNs 2027 (EUR)	-	500	3.875%	May-27	BB/Ba2/BB-
	6.00% SSNs 2027 (USD)	450	397	6.000%	May-27	BB/Ba2/BB-
	6.375% SSNs 2029 (USD)	400	353	6.375%	May-29	BB/Ba2/BB-
Total IHO Verwaltungs GmbH		3,502		Ø 3.77%^{2,3}		

B Schaeffler AG

	Debt instrument	Nominal (USD m)	Nominal (EUR ¹ m)	Interest	Maturity	Rating (Fitch/Moody's/S&P)
Loans	RCF (EUR 1,800 m)	-	-	E+0.80%	Sep-24	Not rated
	Schuldschein Loans (EUR)	-	298	Ø 2.13%	May-23, 25, 28 & 30	Not rated
CP	Commercial Paper Program (EUR)	-	-	-	-	Not rated
Bonds	1.125% SNs 2022 (EUR)	-	545	1.125%	Mar-22	BB+/Ba1/BB+
	1.875% SNs 2024 (EUR)	-	800	1.875%	Mar-24	BB+/Ba1/BB+
	2.750% SNs 2025 (EUR)	-	750	2.750%	Oct-25	BB+/Ba1/BB+
	2.875% SNs 2027 (EUR)	-	650	2.875%	Mar-27	BB+/Ba1/BB+
	3.375% SNs 2028 (EUR)	-	750	3.375%	Oct-28	BB+/Ba1/BB+
Total Schaeffler Group		3,793		Ø 2.56%³		

¹ EUR/USD = 1.1326 | ² After cross currency swaps | ³ Incl. commitment and utilization fees