

# Q1 2021 Schaeffler AG earnings

Earnings Call  
May 12, 2021  
Herzogenaurach

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## Agenda

- 1** Overview
- 2** Business Highlights Q1 2021
- 3** Financial Results Q1 2021
- 4** Outlook

## Strong Q1 2021 – Sales growth driven by China, double-digit margins in all divisions

### Key messages

- 1 Q1 sales +11.2%<sup>1</sup>, with recovery in Greater China in Automotive Technologies as main driver (+74%<sup>1</sup>)
- 2 Q1 Gross margin with positive yoy development driven by Automotive Technologies; double-digit EBIT margin<sup>2</sup> in all divisions, supported by continuous overhead cost control
- 3 FCF<sup>3</sup> positive with EUR 130 mn, supported by higher EBITDA and lower Capex; below PY due to restructuring cash-outs and Net Working Capital outflows
- 4 ROCE<sup>4</sup> sequentially clearly up at 12.5% (Q1 20: 12.8%), supported by strict capital discipline leading to a substantial decrease of Capital Employed
- 5 Restructuring program initiated in September 2020 progressing well – Overall Net HCO reduction agreed as planned, financial impact unchanged
- 6 Guidance for 2021 upgraded – Higher sales growth<sup>1</sup> and EBIT margin<sup>2</sup>, FCF<sup>3</sup> more than EUR 300 mn

<sup>1</sup> FX-adjusted | <sup>2</sup> Before special items | <sup>3</sup> Before cash in- and outflows for M&A activities | <sup>4</sup> Before special items, LTM

Sales growth<sup>1</sup>

**+11.2%**

EUR 3,560 mn

Gross margin

**26.9%**

Q1 2020: 24.0%

EBIT margin<sup>2</sup>

**11.3%**

Q1 2020: 6.5%

Free Cash Flow<sup>3</sup>

**EUR 130 mn**

Q1 2020: EUR 137 mn

## Schaeffler Group Q1 2021 – Highlights and lowlights



All regions growing in Q1, only Europe flattish; Region China with outstanding growth in all divisions, Region Americas with clear indications of a strong recovery

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Increased need for individual mobility solutions leading to strong demand in all divisions

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Beginning cyclical recovery in infrastructure and equipment as well as sustained high demand for renewable energy fueling orderbook

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Cost and capital discipline continued, cost inflation in procurement still limited in Q1



Covid-19 pandemic situation in many European countries and even more in India still tense, requiring a clear focus on employee's health and safety

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Market headwinds (especially semiconductor shortage and Covid-19 pandemic)

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Special freights on a high level, indicating challenging supply chain situation

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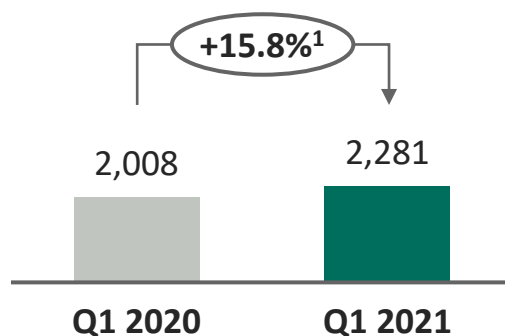
Cost inflation, especially for raw materials, will weigh on earnings 2021 and require proactive steering and preparedness

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

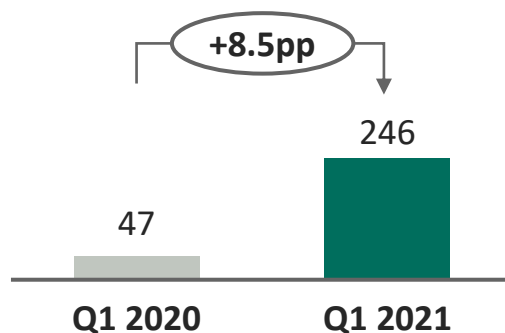
Sales  
in EUR mn



Gross  
margin

18.5%      24.5%

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



EBIT margin<sup>2</sup>

2.3%      10.8%



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



Semiconductor shortages affecting several end customers in Q1, implications on Q2 expected to be even stronger

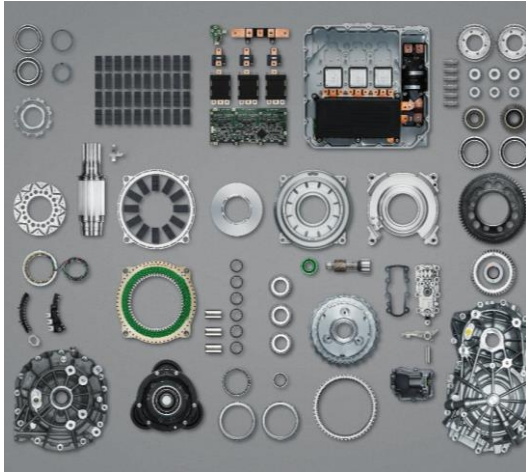


Tight supply chain situation in key commodities leading to higher input costs and freight expenses – Elevated negative impact on profitability expected for upcoming quarters

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



## Automotive Technologies – How we win: contributing to customer's success by becoming the preferred technology partner



**Successful entry in  
heavy-duty hybrid  
modules market**



**Strategic cooperation  
with REFIRE for  
Hydrogen Technology  
and Fuel Cells  
established**

**Substantial increase  
in E-Mobility projects  
acquisition  
Q1 2021 vs. Q1 2020**

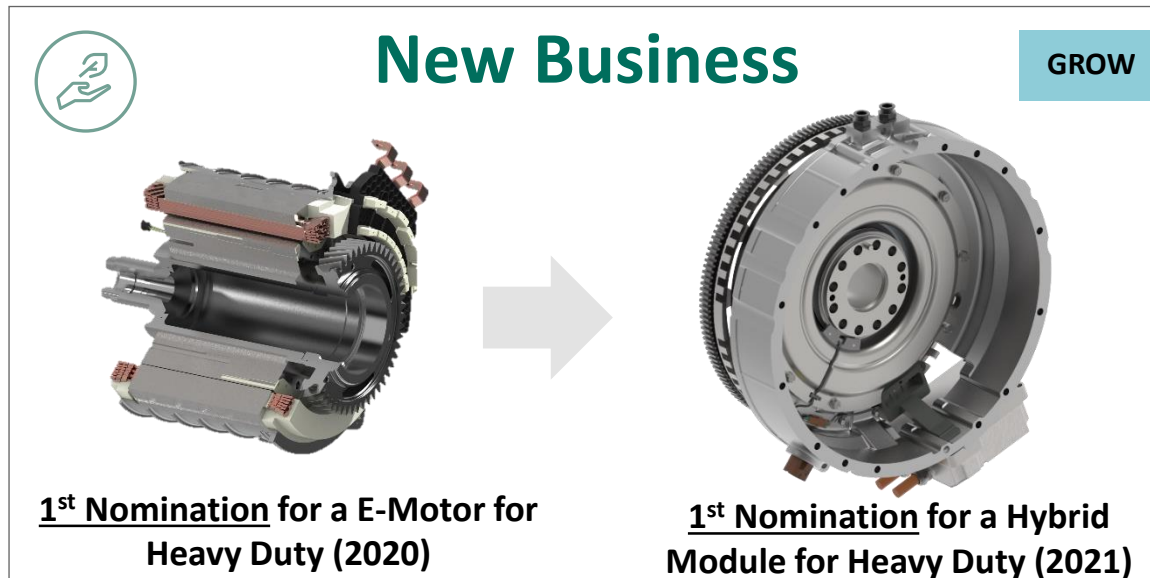


**Successful entry in the  
Chinese market  
with our E-Motors &  
Wave-Winding  
Technology**





## Automotive Technologies – How we win: E-Mobility Heavy Duty, Schaeffler is supplying E-Motors and Hybrid Modules for Heavy Duty



### Key Aspects:

- Market Entry in Heavy Duty with Schaeffler Hybrid Modules
- 3in1 System with integrated Power Electronics
- Leveraging on our braking energy recuperation technology
- Enabling customers to achieve CO<sub>2</sub> & NO<sub>x</sub> targets



Modular  
strategy for  
Heavy Duty

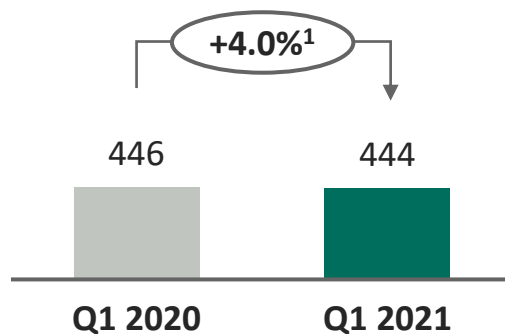
Highly  
Integrated  
3in1 System

P1 Hybrid  
Module

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

## Automotive Aftermarket – Stable sales development, margin lower on higher product costs and ramp-up of new AKO<sup>3</sup> in Europe

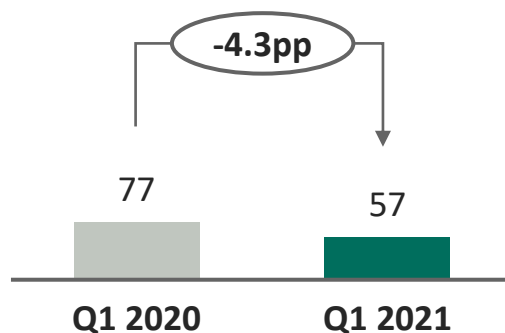
Sales  
in EUR mn



Gross  
margin

35.8%      32.3%

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



EBIT margin<sup>2</sup>

17.2%      12.9%



Continued strong customer demand across all regions



New E-Commerce Platform ETC in China with strong sales performance, contributing to the overall sales growth in China



Sales growth adversely impacted by limitations in material availability



Lower Gross margin due to increased internal sourcing contributions

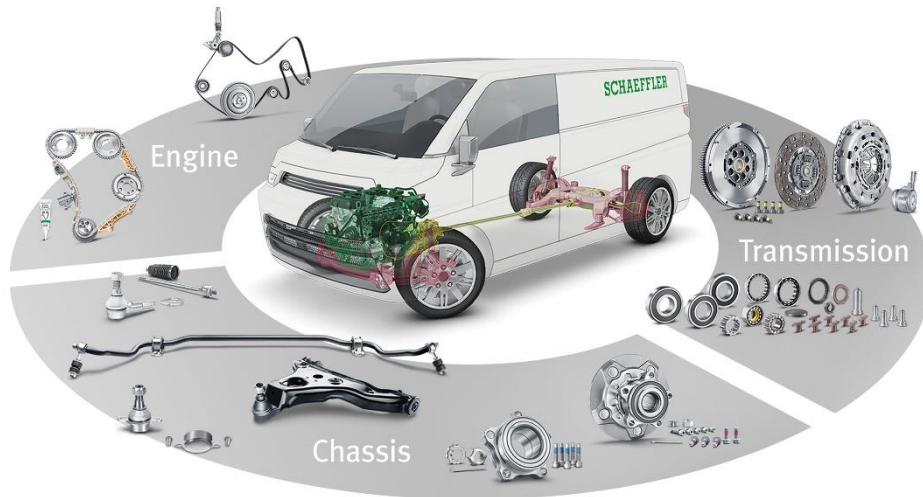


Functional expenses affected by double cost structure related to the ramp-up of the new AKO<sup>3</sup> in Europe

<sup>1</sup> FX-adjusted | <sup>2</sup> Before special items | <sup>3</sup> Aftermarket Kitting Operation

## Automotive Aftermarket – How we win: tapping into LCV business growth opportunities

### Schaeffler's model-based repair solutions for LCV's



Fastest growing  
segment with  
**8% annual  
growth**

Top 10 models in  
Europe represent  
**> 50% of the  
market**

**> 100,000 km  
per year** lead to  
increased  
maintenance

### Light Commercial Vehicles business is driven by

- E-Commerce acceleration and “last mile” delivery services
- Urbanization

### Schaeffler repair solutions reduce TCO for fleet operators by

- Offering a cross-brand, cross-system product portfolio from a single source
- Minimizing downtime thanks to easy installation and longevity of components

### Minimum stock and few infrastructural changes for garages

- Ten models cover almost half of the European LCV market
- Servicing LCV requires just a few technical changes for garages

**Schaeffler's LCV repair solutions enable great business potential in a growing market segment**

## Automotive Aftermarket – How we win in Region Americas: securing business growth by expanding product portfolio based on Schaeffler OE technology leadership



### New replacement product from Schaeffler

- Introduction of new Torque Converter into the Independent Aftermarket is a significant business opportunity
- Torque Converters are an essential component in the growing segment of Automatic Transmissions in the USA and Canada

### Schaeffler is a leading OE supplier for Torque Converters

- Create Aftermarket replacement options on the basis of proven OE concepts
- The innovative designs benefit all channel partners through SKU consolidation (less inventory, more vehicles covered)
- Longer life and superior performance compared to currently offered remanufactured products



First SKUs  
in stock in  
H2 2021

Targeted  
30% coverage  
of US VIO<sup>1</sup> by 2022

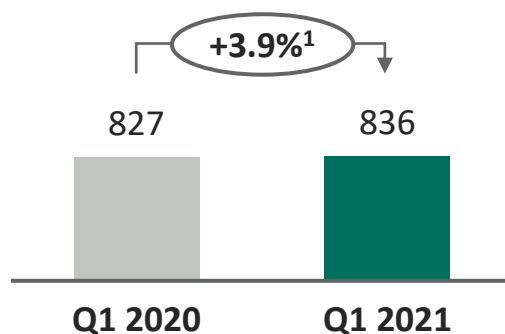
EUR 350 mn  
market volume  
in USA

**Schaeffler to pioneer with a new Torque Converter for the Independent Automotive Aftermarket**

<sup>1</sup> Vehicles in Operation

## Industrial – Strong March signaling market recovery, high profitability

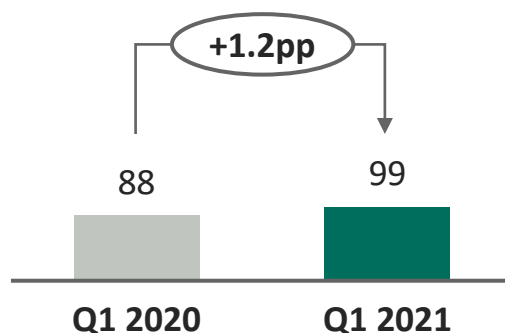
**Sales**  
in EUR mn



**Gross margin**

Quarter	Gross margin
Q1 2020	31.0%
Q1 2021	30.5%

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



**EBIT margin<sup>2</sup>**

Quarter	EBIT margin <sup>2</sup>
Q1 2020	10.7%
Q1 2021	11.9%



First positive growth<sup>1</sup> after 5 quarters of decline – Driven by China and Asia/Pacific, Americas improved to flat, Europe with recovering momentum



Sectors Offroad and Two-Wheelers with highest yoy growth driven by beginning cyclical recovery and increased need for mobility



Increased volumes and good cost control leading to highest margin since 10 quarters, despite FX headwinds



In line with expectations first signs of slowdown in Wind in China, while increasing demand for renewables in Americas

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

## Industrial – How we win: driving the recovery with core products and innovations

### Offroad

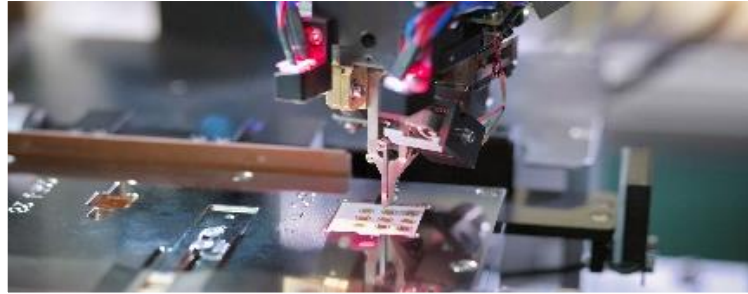


**Tillage bearing**

*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**



## Industrial – How we win in Region Americas: setting the course for sustainable growth in the U.S. Market

### Aerospace



Recovery started

- Increased order entries for overhaul business
- Long term contract closed with key OEM



### Renewable Energy



Large order for wind bearings

- Upgrading the installed base in the U.S. with superior technical solution
- Leveraging our global footprint and market leading position to capture future growth



### Footprint



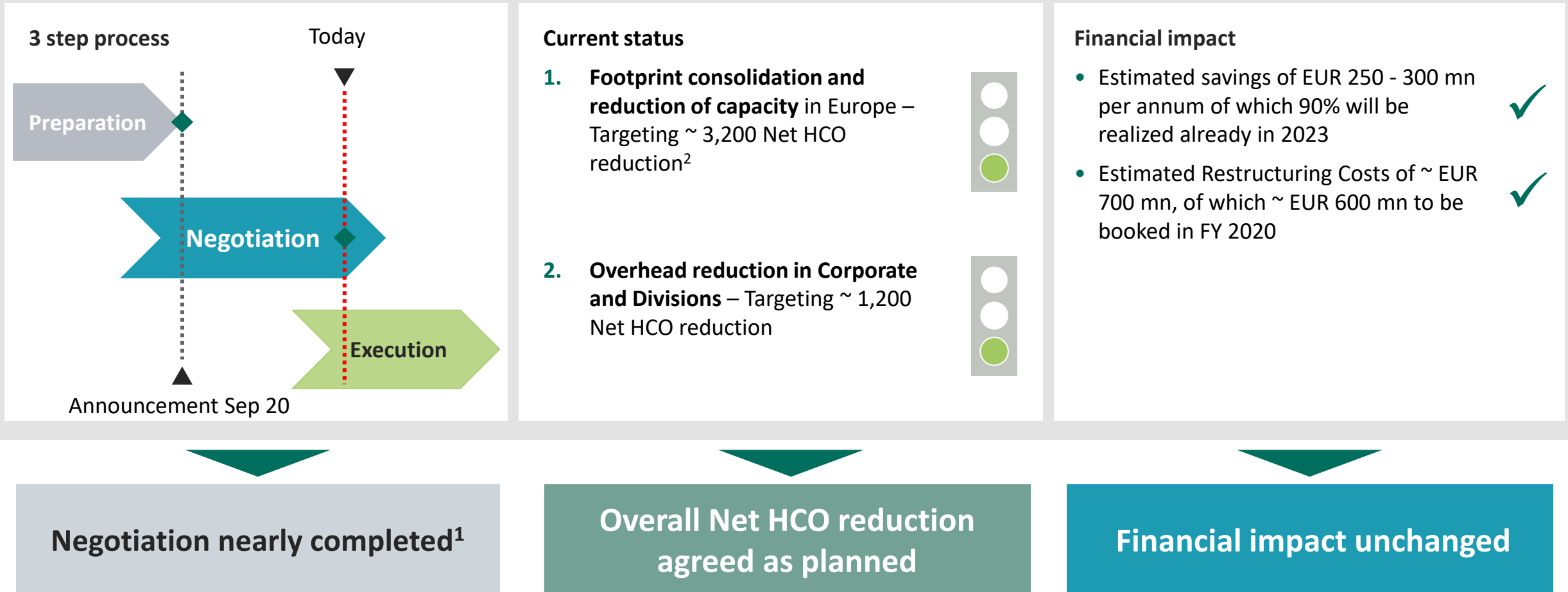
> EUR 70 mn  
invested over 3  
years

- “Made In the U.S.” enhancing flexibility and availability for local growing demands
- Consolidation of smaller facilities – Linear operations moved from Spartanburg to Fort Mill

Strong position to grow in key profitable sectors with continuously improving footprint and technology



## Adapting our structures – Very good progress since announcement in September 2020



<sup>1</sup> Social plans for 10 out of 12 locations in Germany signed, other locations in progress | <sup>2</sup> As announced on Sep 10, 2020

## Capital allocation – Capex ratio with 3.7%<sup>2</sup> in Q1 on an exceptionally low level

### Investment<sup>1</sup> allocation | in EUR mn

	FY 19	FY 20	Q1 20	Q1 21
<b>Automotive Technologies</b>	672	378	91	61
<b>Automotive Aftermarket</b>	67	26	6	3
<b>Industrial</b>	193	235	61	46
<b>Schaeffler Group</b>	<b>933</b>	<b>639</b>	<b>158</b>	<b>110</b>
<b>Capex</b>	<b>1,045</b>	<b>632</b>	<b>164</b>	<b>132</b>
<b>Capex ratio<sup>2</sup></b>	<b>7.2%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>3.7%</b>
<b>Reinvestment Rate</b>	<b>1.0</b>	<b>0.7</b>	<b>0.7</b>	<b>0.5</b>

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

### Key aspects

- Reinvestment rate: clearly >1 in Industrial division and BD E-Mobility; clearly <1 in BD Transmission Systems and Engine Systems
- Automotive Technologies: continued prioritization drives investments; buildup production for E-Motors in Hungary
- Industrial: continued adaptation of footprint, with high investments for capacity expansion of large size bearings in Nanjing, China; and buildup of new hall for Railway bearings in Brasov, Romania

### New E-Motor plant – Szombathely, Hungary



## Sustainability – We are progressing on our roadmap



### “Sustainable Sites” initiative

- Initiative reinforces sustainability performance at all production sites
- ‘Sustainability Performance Tracker’ developed and piloted
- Local sustainability improvement measures, e. g. on CO<sub>2</sub> emissions, waste, water



### Compensation linked to sustainability

Two targets are integrated into this year’s variable short-term compensation of top management:

- Further improvement of energy efficiency: cumulated 45 GWh/a for 2020 and 2021
- Continuous reduction of accidents at work: reduction of 10% compared to 2020



### Global sustainability trainings

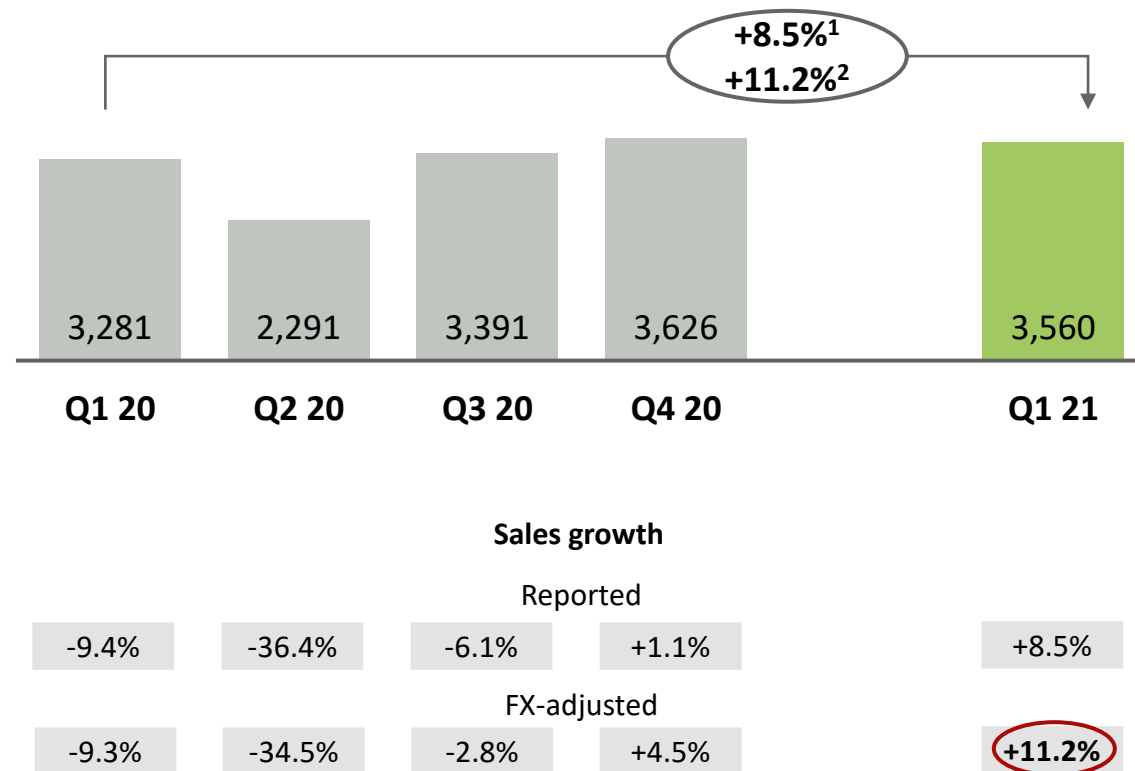
- Dedicated trainings to foster contribution to sustainability roadmap from all employees
- Mandatory training for all employees, already completed in Germany
- Global roll-out process to be finalized within Q2 across all divisions, functions and regions

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## Sales – Strong growth in China, recovery in Europe still lagging the other regions

Sales | in EUR mn



<sup>1</sup> Reported | <sup>2</sup> FX-adjusted

### Key aspects

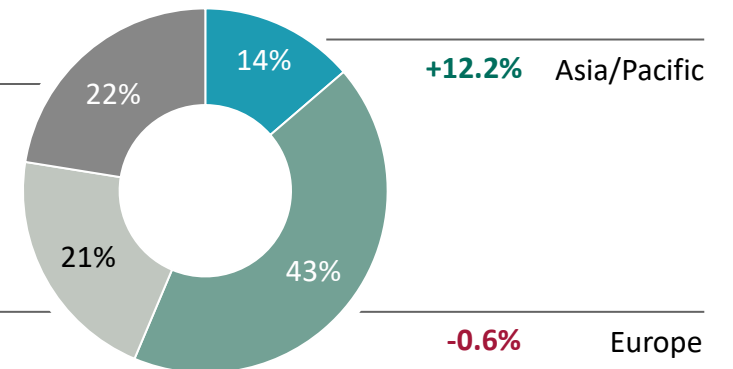
- Positive sales development in Q1 with strong growth in China; Americas and Asia/Pacific also with positive growth momentum
- Automotive Technologies the clear growth driver with 74%<sup>2</sup> growth in China yoy
- AAM slightly down in Europe, all other regions growing double-digit<sup>2</sup>
- Industrial still negative in Europe, improving in Americas and showing double-digit growth in China driven by Wind and Power Transmission

### Sales by region Q1 2021

yoy growth<sup>2</sup>

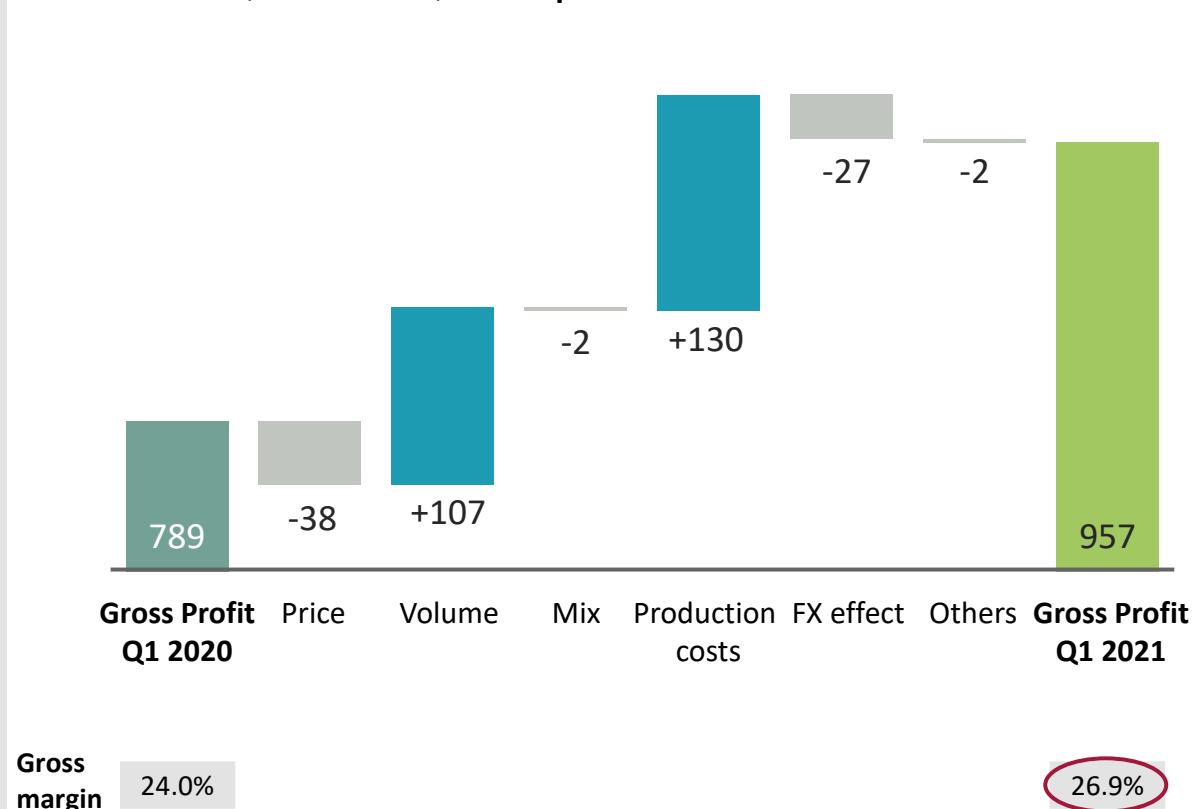
Greater China +57.1%

Americas +6.7%



## Gross Profit – Strong Gross margin driven by Automotive Technologies

Gross Profit Q1 2020 vs. Q1 2021 | in EUR mn



### Key aspects

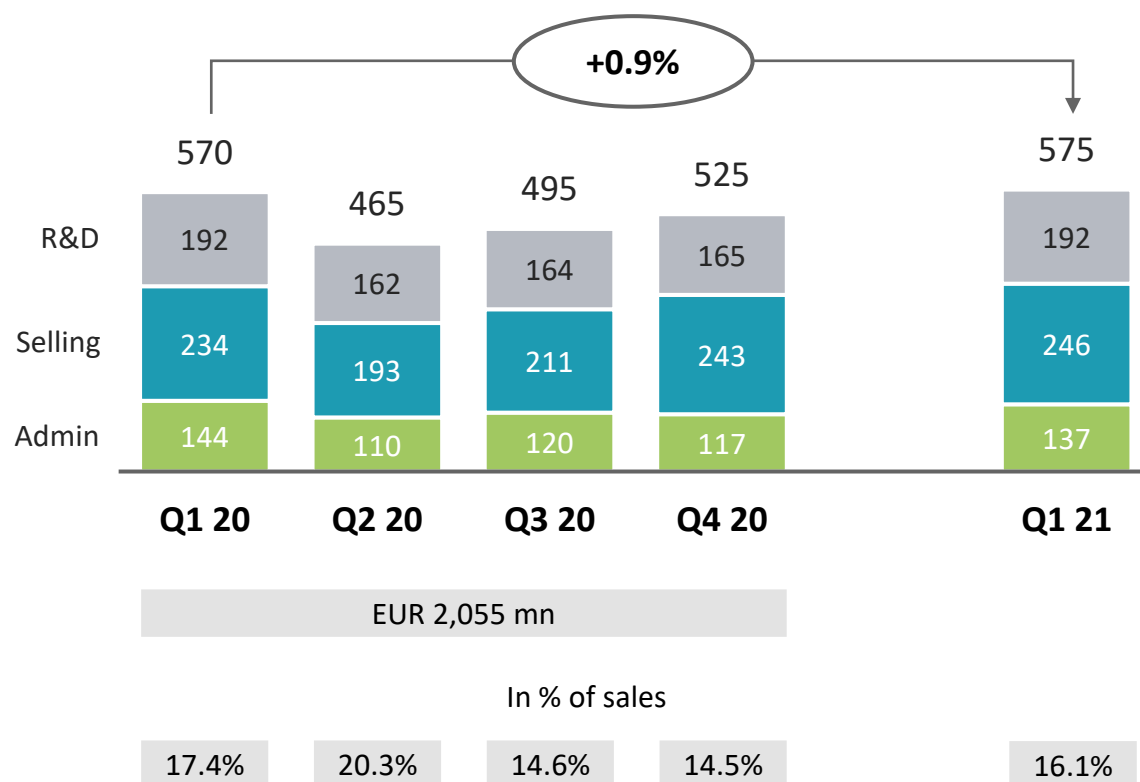
- Normal negative price effect in Automotive Technologies (but less than PY), Aftermarket and Industrial with slightly negative pricing yoy
- Strong volume increase driven by Automotive Technologies, but also Aftermarket and Industrial with higher volumes
- Production costs clearly lower yoy due to scale effects, effective cost savings in plants and still limited cost inflation impact

### Gross margin

in % of sales	Q1 20	Q1 21	Q1 21 vs. Q1 20
Automotive Technologies	18.5%	24.5%	+6.0pp
Automotive Aftermarket	35.8%	32.3%	-3.5pp
Industrial	31.0%	30.5%	-0.5pp
Group	24.0%	26.9%	+2.9pp

## Functional costs – Flat development yoy, cost ratio decreased due to strong cost discipline

### Functional costs | in EUR mn



### Key aspects

- Functional costs increased by 0.9% in Q1; clearly less than the sales increase
- R&D costs flat yoy – Overall on a lower absolute level due to IFRS 15 adjustments, retrospectively applied
- Selling costs increased yoy, due to higher volumes and AKO ramp-up
- Admin expenses decreased by EUR 7 mn yoy as a result of continued cost discipline; sequentially expenses increasing

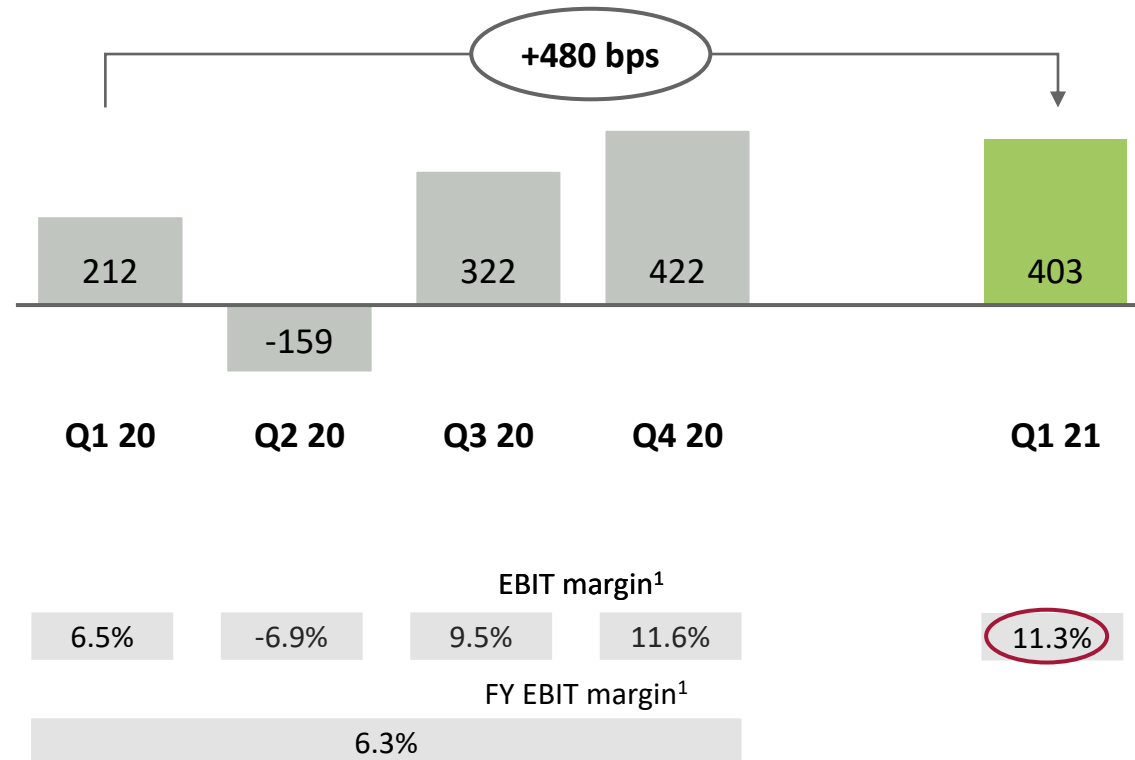
### Functional cost ratio

in % of sales	Q1 20	Q1 21	Q1 21 vs. Q1 20
Automotive Technologies	16.3%	14.4%	-1.9pp
Automotive Aftermarket	17.6%	19.5%	+1.9pp
Industrial	19.8%	19.2%	-0.6pp
Group	17.4%	16.1%	-1.3pp



## Strong EBIT margin before special items – Margin increase supported by top line growth, still low raw material costs and overhead cost control

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



<sup>1</sup> Before special items

### Key aspects

- Strong Q1 EBIT margin<sup>1</sup> of 11.3% as a result of continued market recovery in Automotive Technologies as well as structural cost savings
- Automotive Aftermarket with anticipated lower margin driven by higher product costs (internal sourcing) and AKO ramp-up
- Industrial margin strong, supported by higher volumes and structural cost savings

### EBIT margin<sup>1</sup>

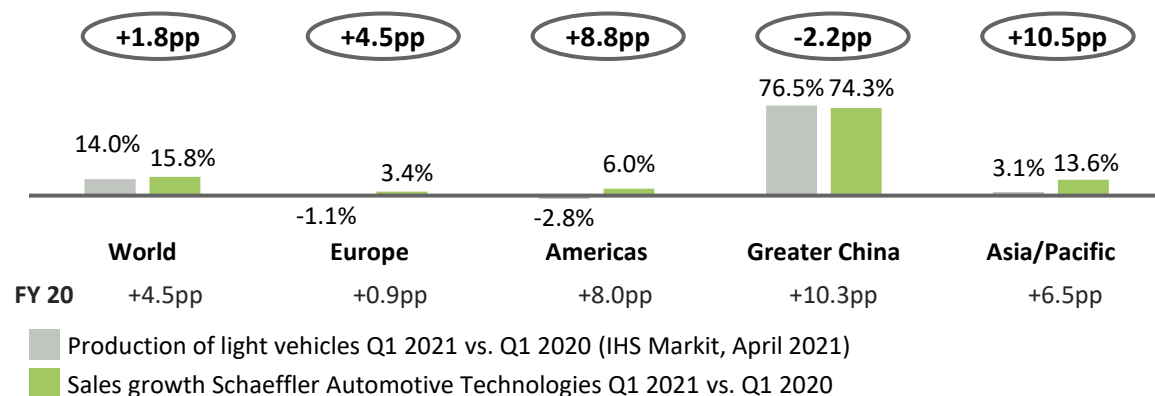
	Q1 20	Q1 21	Q1 21 vs. Q1 20
Automotive Technologies	2.3%	10.8%	+8.5pp
Automotive Aftermarket	17.2%	12.9%	-4.3pp
Industrial	10.7%	11.9%	+1.2pp
Group	6.5%	11.3%	+4.8pp

## Automotive Technologies – Transmission and E-Mobility with strong growth, extraordinary high double-digit EBIT margin<sup>2</sup>

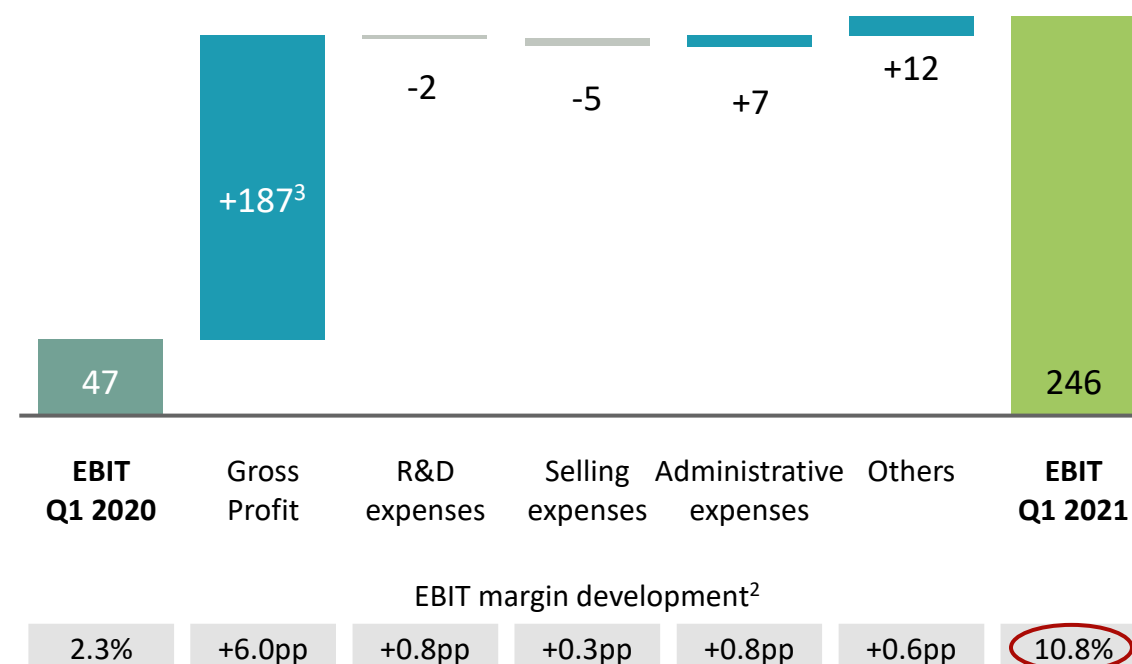
### Sales by business division | yoy growth

	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



### EBIT<sup>2</sup> Q1 2020 vs. Q1 2021 | in EUR mn



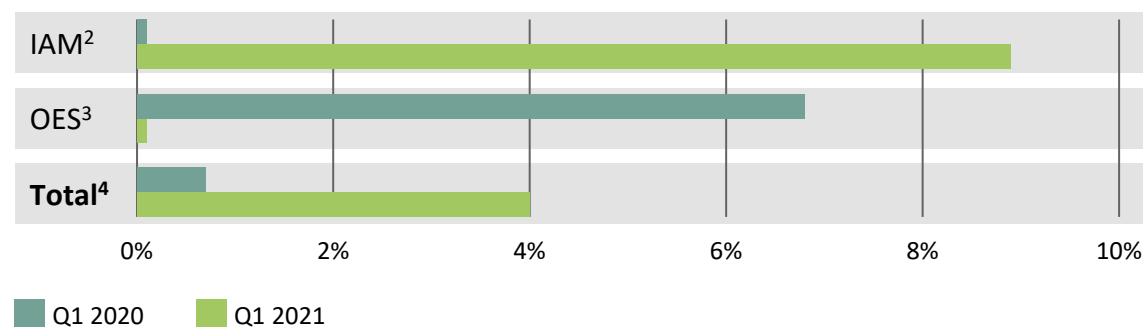
<sup>1</sup> FX-adjusted | <sup>2</sup> Before special items | <sup>3</sup> Includes negative FX effects of EUR -8 mn

## Automotive Aftermarket – Stable sales development, EBIT margin impacted by product costs and AKO ramp-up

### Sales by region | yoy growth

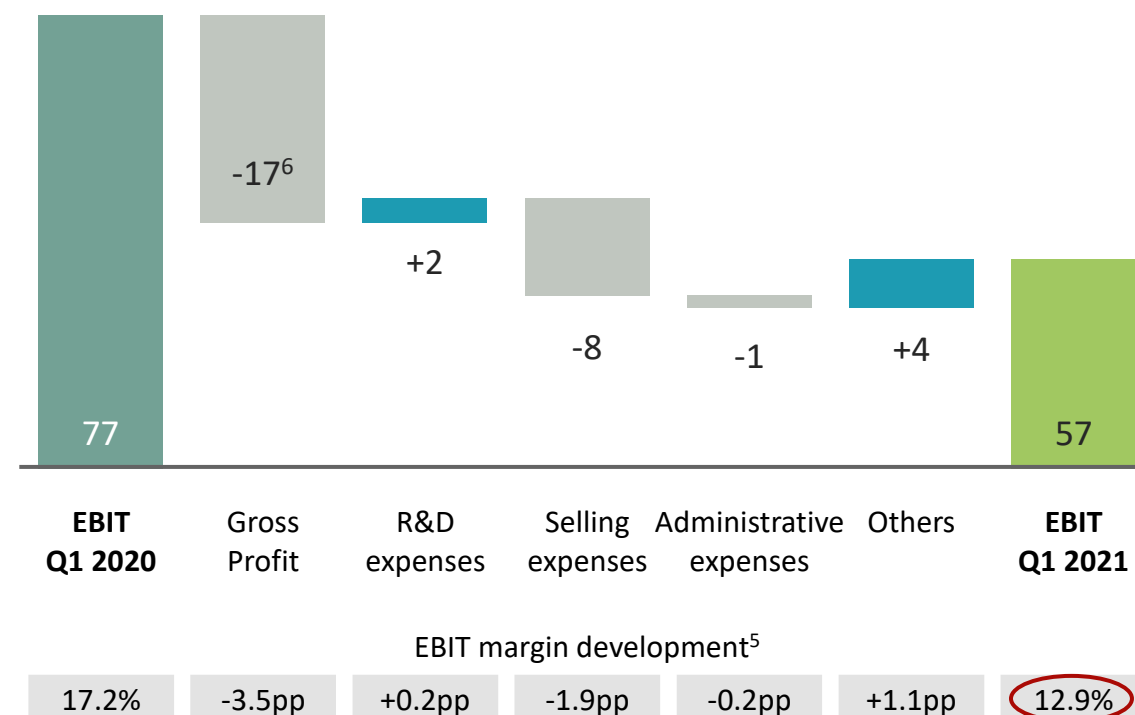
	Q1 2020	Q1 2021	Δ <sup>1</sup>
Europe	329	312	-3.1%
Americas	81	83	+20.4%
Greater China	15	25	+73.8%
Asia/Pacific	21	24	+21.3%
<b>Total</b>	<b>446</b>	<b>444</b>	<b>+4.0%</b>

### Automotive Aftermarket sales growth by channel<sup>1</sup>



<sup>1</sup> FX-adjusted | <sup>2</sup> Independent Aftermarket | <sup>3</sup> Original Equipment Service | <sup>4</sup> Contains E-Commerce sales and sales to Automotive suppliers in addition to IAM and OES

### EBIT<sup>5</sup> Q1 2020 vs. Q1 2021 | in EUR mn



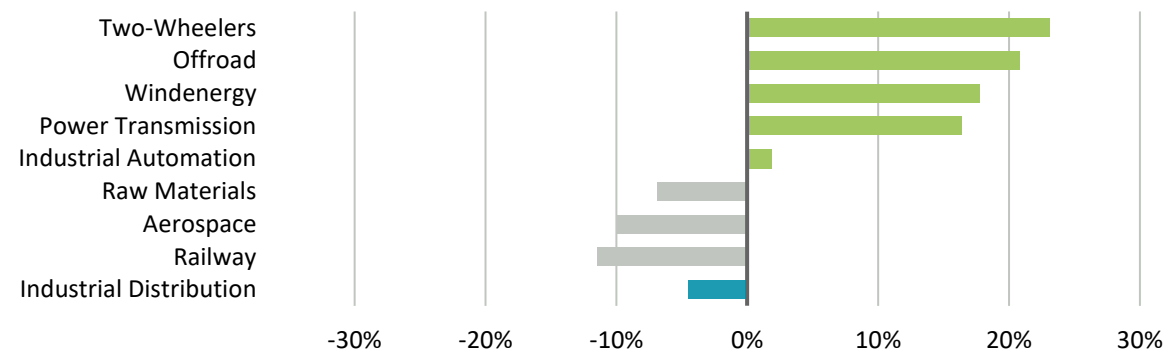
<sup>5</sup> Before special items | <sup>6</sup> Includes negative FX effects of EUR -9 mn

## Industrial – Strong growth in several sector cluster, strong EBIT margin<sup>2</sup>

### Sales by region | yoy growth

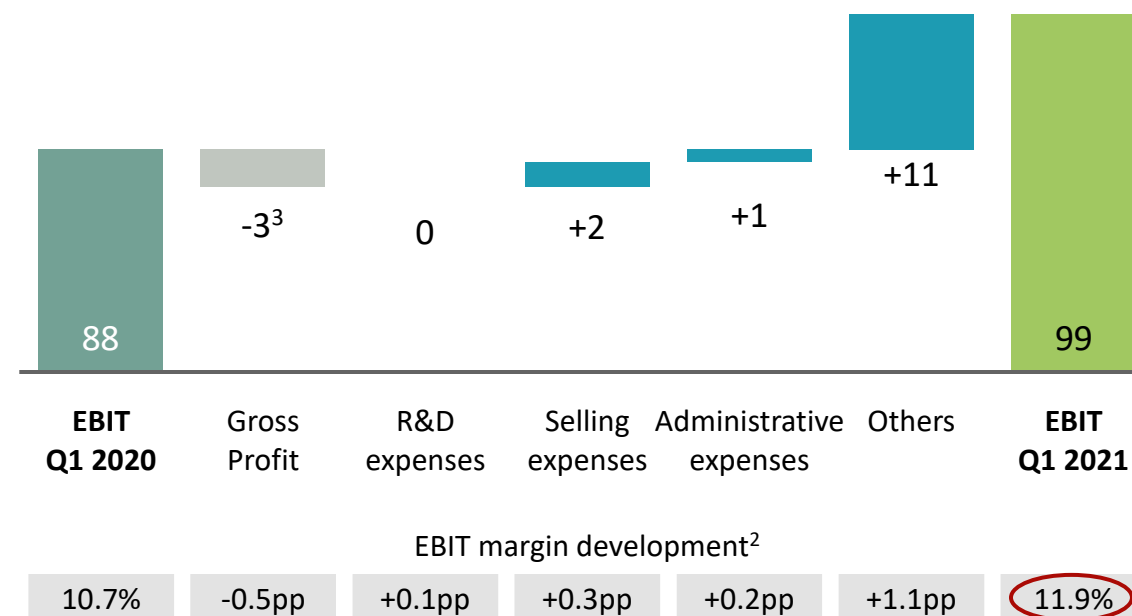
	Q1 2020	Q1 2021	Δ <sup>1</sup>
Europe	370	342	-7.3%
Americas	149	140	+2.4%
Greater China	189	234	+27.1%
Asia/Pacific	118	119	+6.8%
<b>Total</b>	<b>827</b>	<b>836</b>	<b>+3.9%</b>

### Industrial sales growth by sector cluster Q1 2021<sup>1</sup>



<sup>1</sup> FX-adjusted

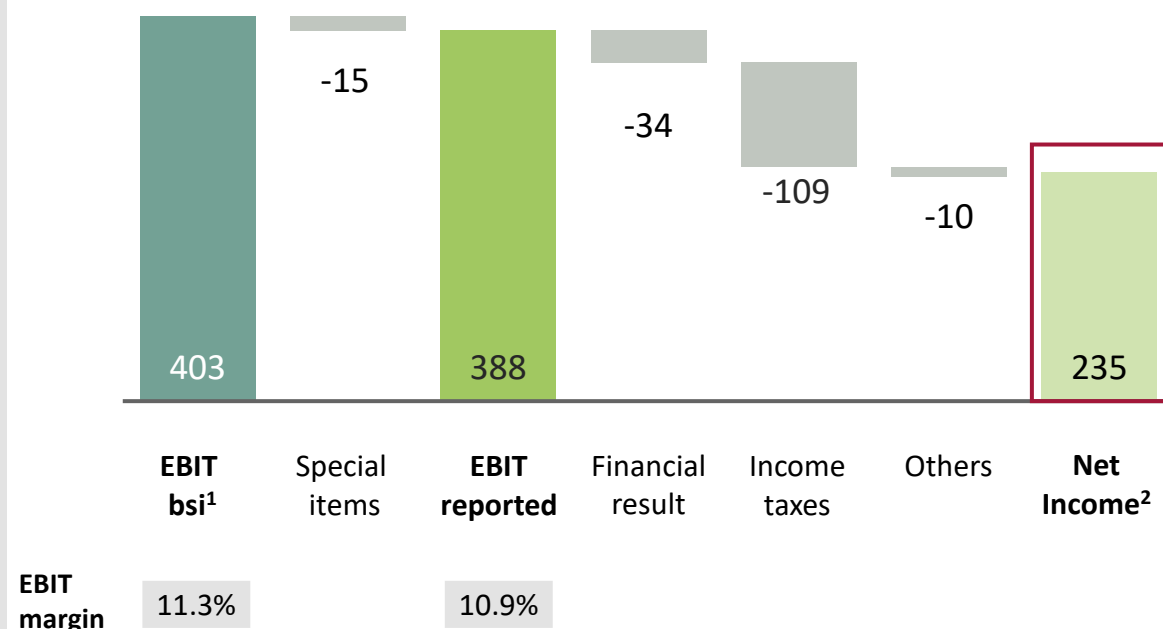
### EBIT<sup>2</sup> Q1 2020 vs. Q1 2021 | in EUR mn



<sup>2</sup> Before special items | <sup>3</sup> Includes negative FX effects of EUR -10 mn

## EBIT before special items – Reconciliation

### Reconciliation Q1 2021 | in EUR mn



<sup>1</sup> Before special items | <sup>2</sup> Attributable to the shareholders of the parent company

### Key aspects

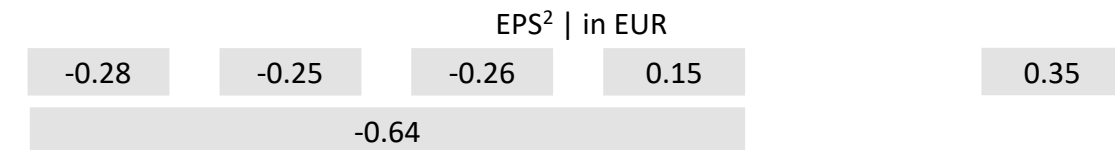
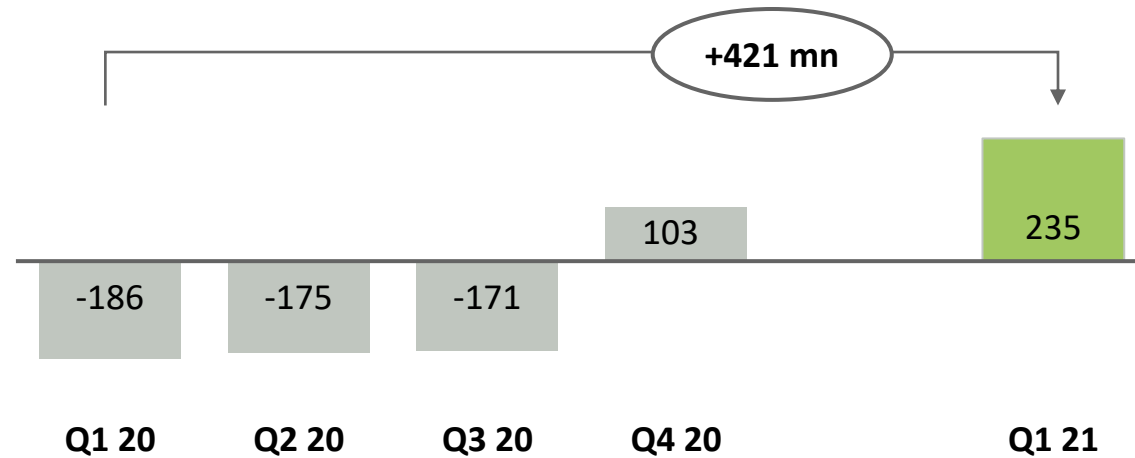
- Special items amounted to EUR 15 mn in Q1, related legal risks and additional provisions for the Roadmap 2025
- Financial Result of EUR -34 mn better than prior year, which was impacted by the redemption option of the former high yield bond
- Income taxes increased yoy on positive EBT; in addition, Q1 2020 included a Goodwill impairment in Automotive Technologies, which was not deductible for tax purposes

### Special items by division | in EUR mn

	Q1 20	Q1 21	Q1 21 vs. Q1 20
<b>EBIT Reported</b>	-90	<b>388</b>	<b>+478</b>
Automotive Technologies	270	8	-262
Automotive Aftermarket	0	1	+1
Industrial	32	6	-26
<b>Group</b>	<b>302</b>	<b>15</b>	<b>-287</b>
<b>EBIT bsi<sup>1</sup></b>	<b>212</b>	<b>403</b>	<b>+191</b>

## Net Income<sup>1</sup> EUR 235 mn – EPS<sup>2</sup> positive with EUR 0.35

### Net income<sup>1</sup> | in EUR mn

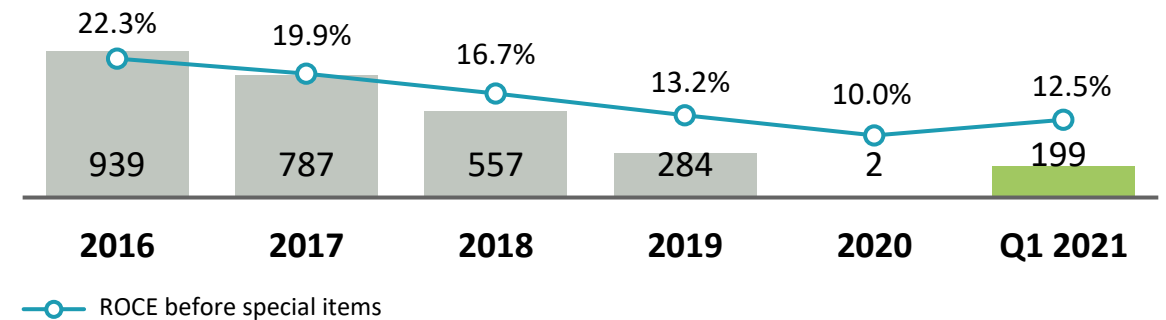


<sup>1</sup> Attributable to the shareholders of the parent company | <sup>2</sup> Earnings per common non-voting share

### Key aspects

- Q1 2021 Net Income<sup>1</sup> reached EUR 235 mn, Net income before special items<sup>1</sup> amounted to EUR 247 mn
- EPS clearly positive with EUR 0.35 (Q1 20: EUR -0.28)
- Schaeffler Value Added<sup>3</sup> decreased to EUR 199 mn (Q1 20: EUR 240 mn) due to lower EBIT LTM, whereas the average Capital Employed declined

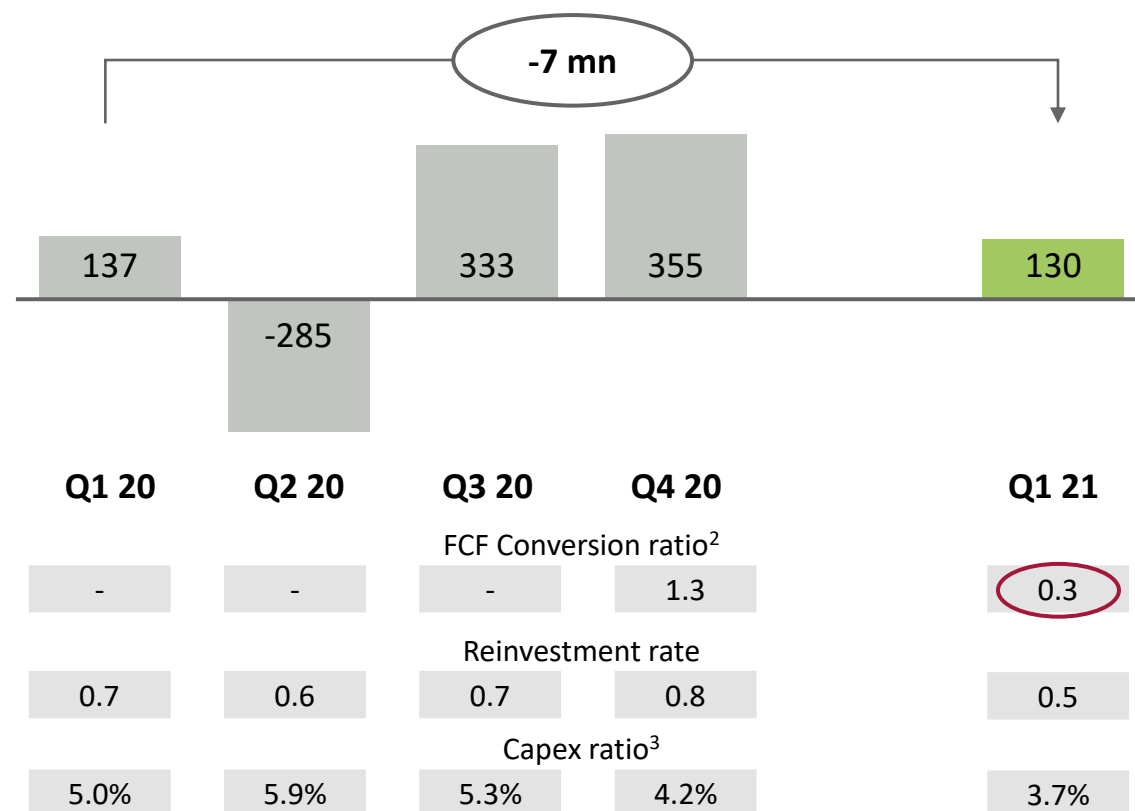
### ROCE and Schaeffler Value Added<sup>3</sup> | in EUR mn



<sup>3</sup> EBIT before special items LTM minus Cost of Capital (9% × Ø Capital Employed)

## Free Cash Flow – Strong EBITDA compensating outflows for Restructuring and Net Working Capital

### Free Cash Flow before M&A<sup>1</sup> | in EUR mn



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

### Key aspects

- Strong EBITDA with EUR 625 mn (Q1 20: EUR 403 mn)
- Capex decreased to EUR 132 mn, higher Capex in the upcoming quarters expected (FY guidance of around EUR 800 mn confirmed)
- Cash Outs for Restructuring reached around EUR 150 mn, mainly related to the voluntary severance scheme in Germany launched in 2019
- Net Working Capital outflow amounted to EUR 164 mn, driven by higher inventories and receivables

### FCF Details | in EUR mn

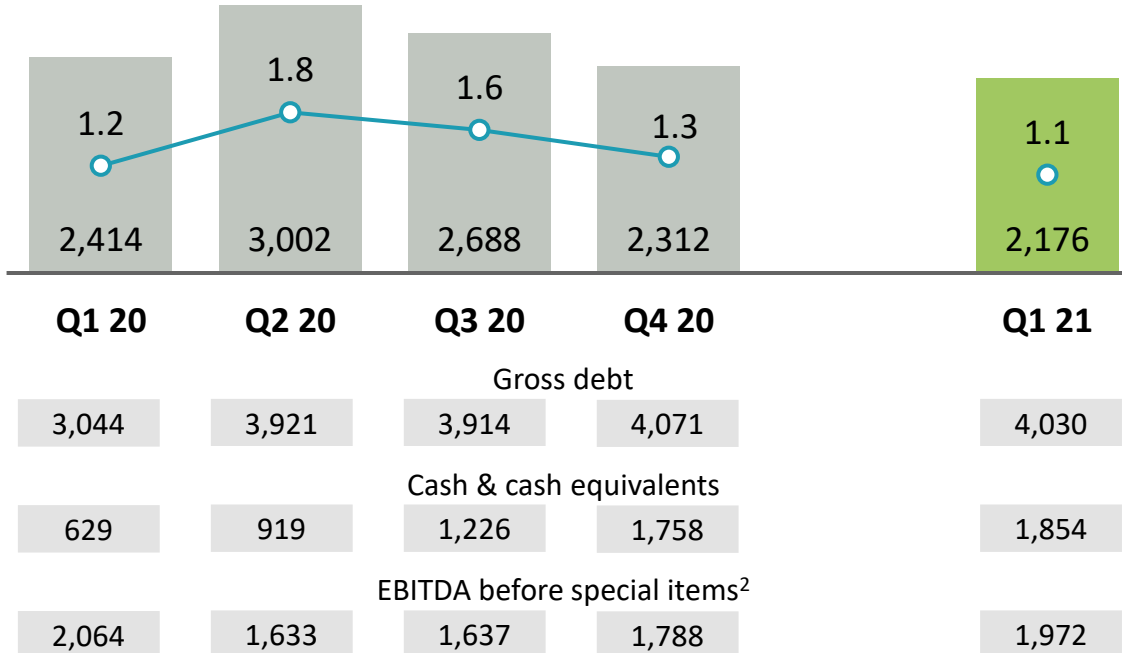
	Q1 2020	Q1 2021	Δ Q1 21/20
FCF as reported	137	134	-3
M&A	-	-4	-4
FCF before M&A	137	130	-7



## Net debt decreased to EUR 2.2 bn – Leverage ratio<sup>1</sup> at 1.1x

### Net financial debt and Leverage ratio<sup>1</sup> | in EUR mn

—○— Leverage ratio<sup>1</sup>



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

### Key aspects

- Net financial debt decreased to EUR 2.2 bn, Leverage ratio<sup>1</sup> 1.1x
- No major maturities until March 2024

### Strong liquidity situation

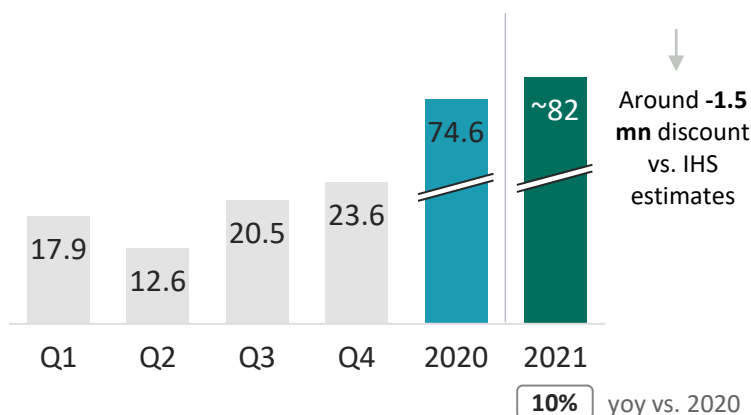
- Cash balance Schaeffler Group as per end of March 2021 EUR 1,854 mn (December 2020 EUR 1,758 mn)
- Committed unused credit lines on Group level of almost EUR 2.0 bn as per end of March 2021, available liquidity<sup>3</sup> 28% of LTM Net Sales

## Agenda

- 1 Overview
- 2 Business Highlights Q1 2021
- 3 Financial Results Q1 2021
- 4 Outlook

## Our Outlook going forward – What changed in our market assumptions since March

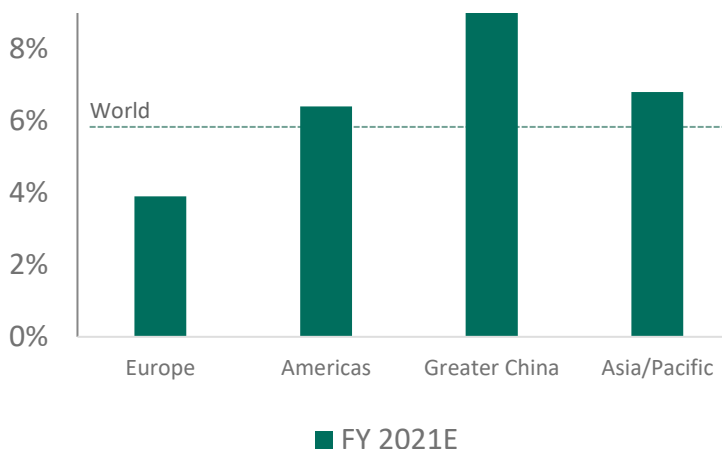
### Automotive Technologies – Global LVP<sup>1</sup> 2021



- Schaeffler market assumption at the FY release was ~80 mn vehicles (5 mn discount to IHS, Feb. 2021)
- In the meantime, IHS reduced its market outlook to 83.5 mn vehicles (Apr. 2021) while Q1 and current trading are stronger than anticipated
- Uncertainties due to Covid-19 and supply chain disruptions remain high, therefore a certain safety discount is still needed for H2

<sup>1</sup> Light Vehicle Production (IHS Markit, April 2021)

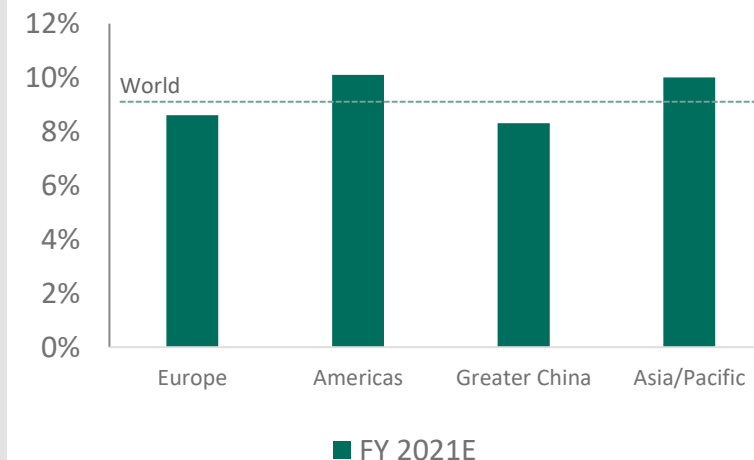
### Automotive Aftermarket – GDP<sup>2</sup>



- World GDP expected to reach 6.2% growth (prior: 5.8%) in 2021 fueled by recovery in demand after the Coronavirus crisis
- Global growth forecast for FY 2021 clearly more optimistic than at beginning of year with upward revision across all regions, esp. of Americas (U.S.)

<sup>2</sup> GDP (Oxford Economics, March 2021)

### Industrial – Industrial production<sup>3</sup>



- Global industrial production expected to recover and grow by 9.1% in 2021 (prior: 7.0%)
- All considered sectors forecasted to contribute positively to global growth. Greater China grows from a strong prior-year base and is set to account for one-third of the absolute global production expansion

<sup>3</sup> Industrial production in the sectors Mechanical engineering (NACE 28), Transport equipment (NACE 30), Electrical equipment (NACE 27.1), (Oxford Economics, March 2021)

## FY 2021 Guidance – Confident outlook, cautious approach

## Group Guidance

	Previous Guidance FY 2021	New Guidance FY 2021
<b>Sales growth<sup>1</sup></b>	> 7%	<b>&gt; 10%</b>
<b>EBIT margin<sup>2</sup></b>	6 - 8%	<b>7 - 9%</b>
<b>Free Cash Flow<sup>3</sup></b>	Around EUR 100 mn	<b>&gt; EUR 300 mn</b>

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

## Divisional Guidance

Automotive Technologies		Automotive Aftermarket		Industrial	
Previous	New	Previous	New	Previous	New
Outperf. 200 - 500 bps	<b>Outperf. 200 - 500 bps</b>	5 - 7%	<b>6 - 8%</b>	4 - 6%	<b>7 - 9%</b>
> 4.5%	<b>&gt; 6%</b>	> 11.5%	<b>&gt; 11.5%</b>	> 8.5%	<b>&gt; 9.5%</b>

## New market assumptions for Fiscal Year 2021

- Automotive Technologies: Increase of LVP of around **10%** 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 **9%**

## Conclusion & Outlook

- 1 Positive top line development led by recovery in China - Region Americas and Europe still lagging, but evident signs of a strong recovery
- 2 Strong earnings quality in Automotive Technologies and Industrial – Aftermarket impacted by internal sourcing costs and AKO ramp-up
- 3 Robust FCF generation despite planned significant cash outflows – Demonstrating Schaeffler's clear value-creation and execution focus
- 4 Restructuring program progressing according to plan – Structural adaptation of our footprint, capacity and headcount continues
- 5 Guidance 2021 after strong Q1 results increased – External factors and cost inflation remain material headwinds, to be managed with mitigating actions and ongoing cost and capital discipline

**Relentless focus on  
execution –  
Delivering solid  
operating  
performance and  
cash generation**

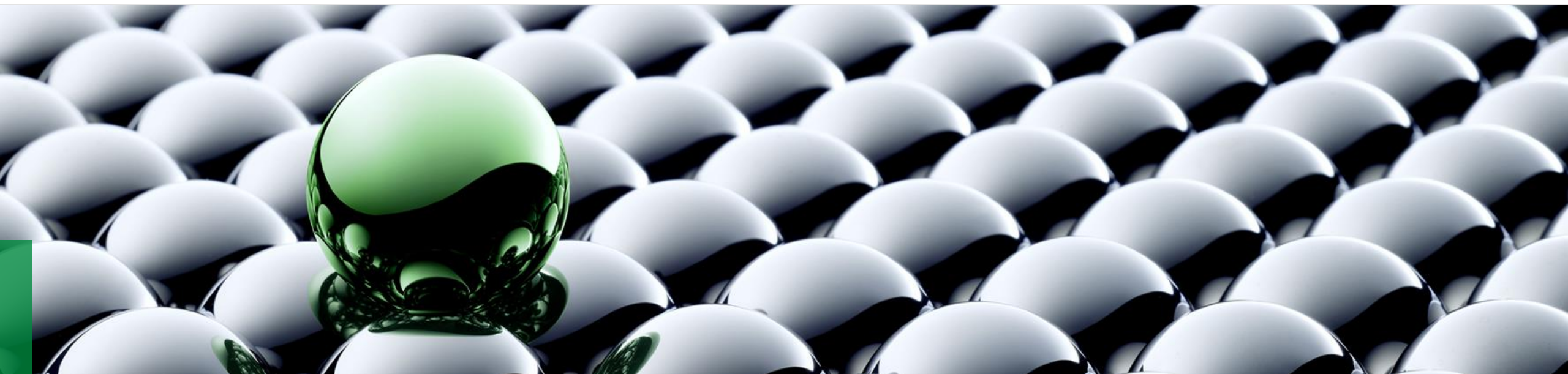
2021 Capital market activities

Roadshows & Conferences – May and June 2021 Virtual Events

May 17	Roadshow – <i>US/UK, Jefferies</i>
May 18	Conference – <i>Automotive, Citi</i>
May 19	Roadshow – <i>DACH, Metzler</i>
May 20	Conference – <i>US, Berenberg</i>
Jun 1	Fireside Chat – <i>E-Mobility, HSBC</i>
Jun 22	Conference – <i>Automotive, J.P. Morgan</i>

Financial calendar

May 12	Q1 2021 Earnings Release
Aug 4	H1 2021 Earnings Release
Nov 9	9M 2021 Earnings Release



## IR Contact

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Web: [www.schaeffler.com/ir](http://www.schaeffler.com/ir)



**Backup 1**

**Backup 1**  
—  
**Information top-up**

## Key figures Q1 2021

in EUR mn	Q1 2020	Q1 2021	Q1 2021 vs. Q1 2020
<b>Sales</b>	3,281	3,560	+8.5% +11.2% <sup>1</sup>
<b>Gross Profit</b>	789	957	+168 mn
<b>Gross margin</b>	24.0%	26.9%	+2.9pp
<b>EBIT<sup>2</sup></b>	212	403	+191 mn
<b>EBIT margin<sup>2</sup></b>	6.5%	11.3%	+4.8pp
<b>Net income<sup>3</sup></b>	-186	235	+421 mn
<b>EPS<sup>4</sup> (in EUR)</b>	-0.28	0.35	+0.63
<b>Schaeffler Value Added<sup>5</sup></b>	240	199	-41 mn
<b>ROCE<sup>6</sup></b>	12.8%	12.5%	-0.3pp
<b>Free Cash Flow<sup>7</sup></b>	137	130	-7 mn
<b>Capex</b>	164	132	-32 mn
<b>Net financial debt</b>	2,414	2,176	-238 mn
<b>Leverage ratio<sup>8</sup></b>	1.2x	1.1x	-0.1x
<b>Headcount</b>	86,548	83,937	-3.0%

<sup>1</sup> FX-adjusted | <sup>2</sup> Before special items | <sup>3</sup> Attributable to shareholders of the parent company | <sup>4</sup> Earnings per common non-voting share | <sup>5</sup> Defined as EBIT before special items LTM minus Cost of Capital (9% × Ø Capital Employed) | <sup>6</sup> Before special items, LTM | <sup>7</sup> Before cash in- and outflows for M&A activities | <sup>8</sup> Net financial debt to EBITDA ratio before special items

## Ancillary comments to support the Equity Story

Additional KPIs	FY 2021	Comments
<b>E-Mobility perimeter</b>	<b>Incl. TMM, Fuel Cells and Chassis Mechatronics</b>	Starting from 2021, the business division E-Mobility includes Thermal management modules, fuel cell components as well as mechatronic chassis systems
<b>Order Intake E-Mobility</b>	<b>EUR 1.5 - 2.0 bn</b>	Starting from 2022 the new target of EUR 2 - 3 bn applies
<b>Capex</b>	<b>Around EUR 800 mn</b>	Focus areas include Digitalization, Sustainability, Innovation & Technology and investments in New Business
<b>Restructuring cash-out</b>	<b>Up to EUR 350 mn</b>	Significant portion of extraordinary restructuring expenses in 2021 expected leading to prudent FCF guidance
<b>Dividend payment on April 28</b>	<b>25 cents</b>	Dividend payout ratio <sup>2</sup> 50% within our range of 30 - 50%
<b>Leverage ratio<sup>1</sup></b>	<b>1.2x - 1.7x</b>	Leverage ratio 2021 around lower end of our mid-term range
<b>Average Tax rate</b>	<b>28 - 32%</b>	Overall effective tax rate in line with pre-Covid years
<b>FX rate EUR/USD</b>	<b>1.25</b>	Next to EUR/USD, also the Chinese Renminbi and Mexican Peso are of specific importance

<sup>1</sup> Net financial debt to EBITDA ratio before special items | <sup>2</sup> 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


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

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

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

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

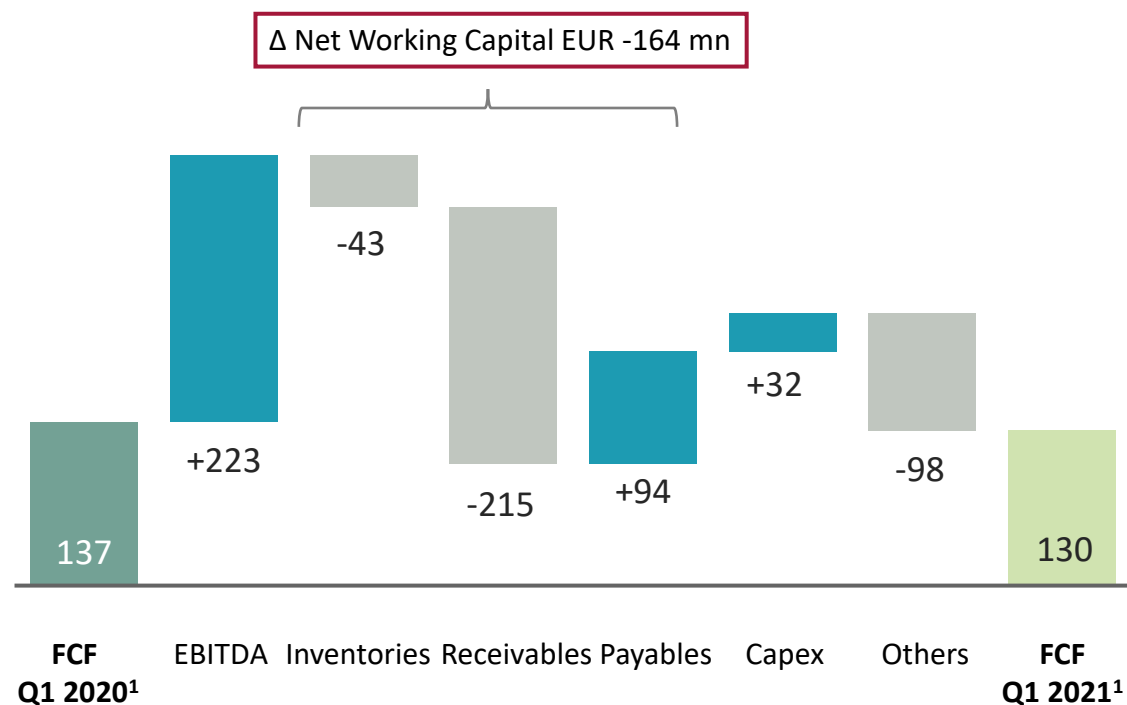
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- 6 Sustainability – Fully committed to activate all impact levers to achieve sustainability goals



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

## Free Cash Flow details Q1 2021 – FCF supported by strong operational performance

### FCF<sup>1</sup> Q1 2020 vs. Q1 2021 | in EUR mn



<sup>1</sup> Before cash in- and outflows for M&A activities

### Key aspects

- Positive EBITDA development yoy due to strong performance of Automotive Technologies division
- Net Working Capital negative with EUR -164 mn due to cash outflows from inventories and receivables
- “Others” mainly related to cash-outs for the voluntary severance scheme in Germany, launched in 2019

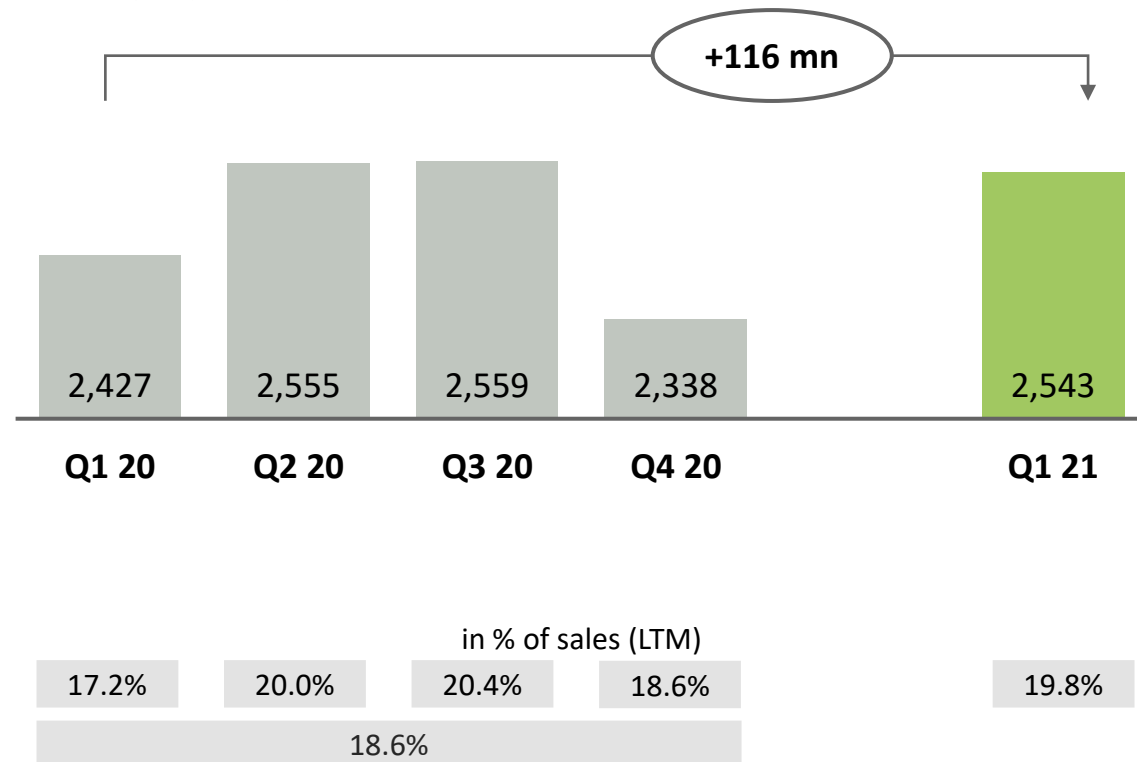
### Net Working Capital details | in EUR mn

Change in	Q1 2020	Q1 2021	Δ Q1 21/20
Inventories	-150	-193	-43
Receivables	76	-138	-214
thereof R. Sale Program	0	0	0
Payables	62	156	+94
<b>Δ Net Working Capital</b>	<b>-12</b>	<b>-176</b>	<b>-164</b>
Working Capital ratio <sup>1</sup>	17.2	19.8	-

<sup>1</sup> in % of sales (LTM)

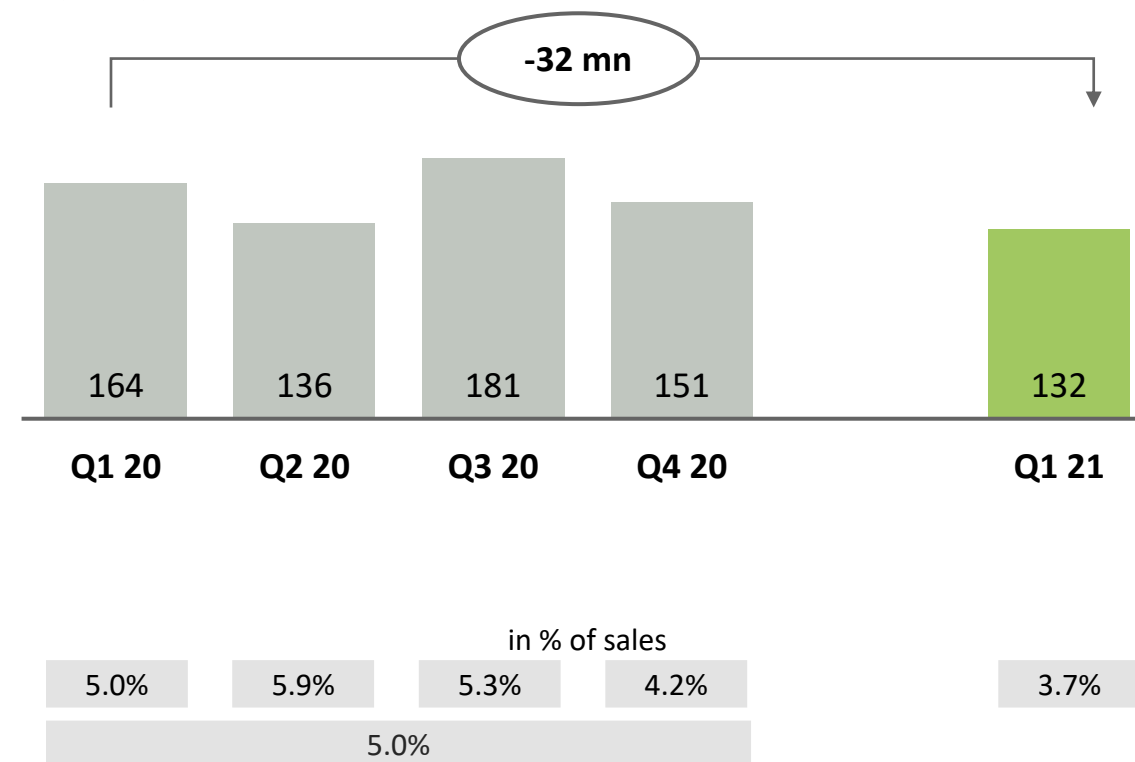
## Working Capital ratio 19.8% – Capex ratio 3.7% in Q1

### Working capital<sup>1</sup> | in EUR mn



<sup>1</sup> According to balance sheet; figures as per the end of period

### Capex<sup>2</sup> | in EUR mn



<sup>2</sup> Cash view

## Automotive Technologies (AT) outperformance by quarters

YTD 21 Outperformance: +1.8pp			Q1 21											
	IHS <sup>1</sup>	AT <sup>2</sup>	Outper- 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			Q2 20			Q3 20			Q4 20		
	IHS <sup>1</sup>	AT <sup>2</sup>	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		

<sup>1</sup> Light Vehicle production growth according to IHS Markit, April 2021 | <sup>2</sup> 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
<b>Sales</b>	3,281	2,291	3,391	3,626	<b>3,560</b>
<b>Sales Growth<sup>1</sup></b>	-9.3%	-34.5%	-2.8%	+4.5%	<b>+11.2%</b>
<b>EBIT Reported</b>	-90	-144	-188	274	<b>388</b>
<b>EBIT bsi</b>	212	-159	322	422	<b>403</b>
<b>EBIT bsi margin</b>	6.5%	-6.9%	9.5%	11.6%	<b>11.3%</b>

## Automotive Aftermarket | in EUR mn

	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21
<b>Sales</b>	446	301	456	438	<b>444</b>
<b>Sales Growth<sup>1</sup></b>	+1.6%	-30.5%	-0.2%	+1.3%	<b>+4.0%</b>
<b>EBIT Reported</b>	77	28	62	61	<b>57</b>
<b>EBIT bsi</b>	77	28	86	67	<b>57</b>
<b>EBIT bsi margin</b>	17.2%	9.3%	18.8%	15.4%	<b>12.9%</b>

Adjusted comparative  
figures 2020

## Automotive Technologies | in EUR mn

	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21
<b>Sales</b>	2,008	1,256	2,161	2,391	<b>2,281</b>
<b>Sales Growth<sup>1</sup></b>	-12.1%	-41.9%	-1.2%	+8.0%	<b>+15.8%</b>
<b>EBIT Reported</b>	-223	-235	-75	189	<b>238</b>
<b>EBIT bsi</b>	47	-240	176	280	<b>246</b>
<b>EBIT bsi margin</b>	2.3%	-19.1%	8.2%	11.7%	<b>10.8%</b>

## Industrial | in EUR mn

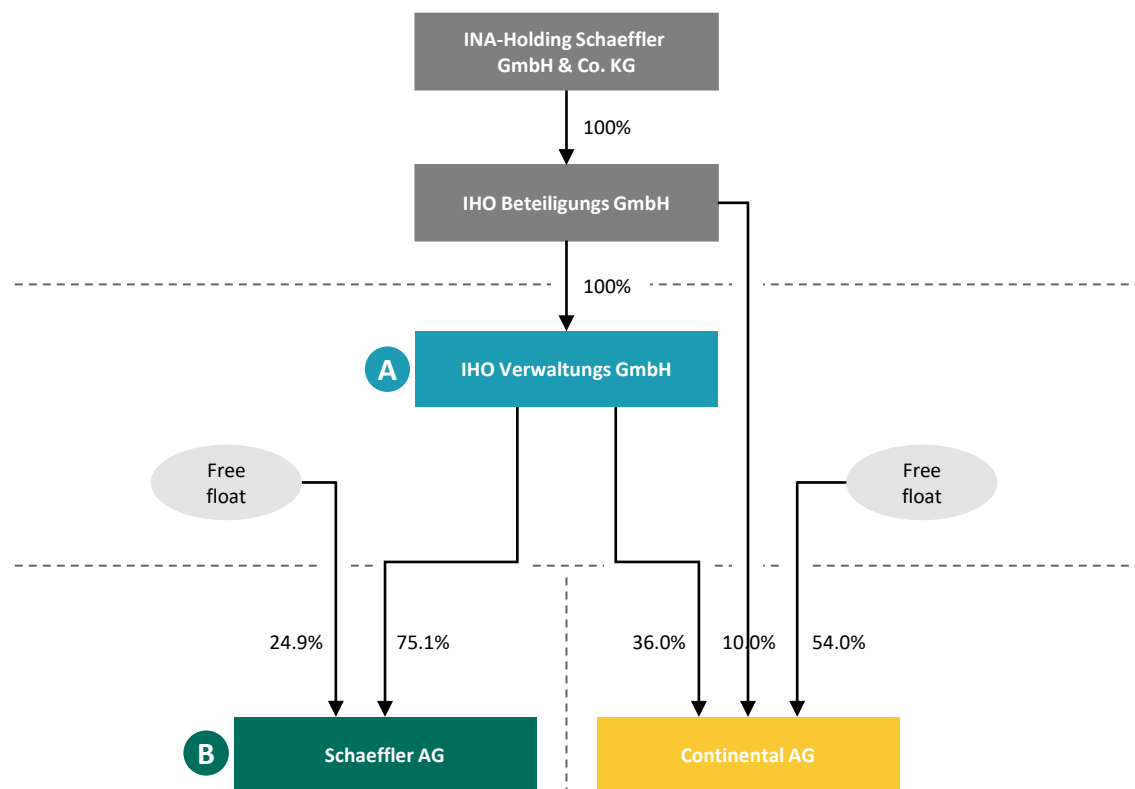
	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21
<b>Sales</b>	827	734	774	797	<b>836</b>
<b>Sales Growth<sup>1</sup></b>	-7.7%	-18.2%	-8.2%	-3.0%	<b>+3.9%</b>
<b>EBIT Reported</b>	56	63	-175	24	<b>93</b>
<b>EBIT bsi</b>	88	53	61	74	<b>99</b>
<b>EBIT bsi margin</b>	10.7%	7.2%	7.8%	9.3%	<b>11.9%</b>

<sup>1</sup> FX-adjusted



## Overview Corporate and Financing Structure

### Corporate structure (simplified) | as of March 31, 2021



### Financing structure | as of March 31, 2021

#### A IHO Verwaltungs GmbH

	Debt instrument	Nominal (USD m)	Nominal (EUR <sup>1</sup> m)	Interest	Maturity	Rating (Fitch/Moody's/S&P)
Loans	RCF (EUR 800 m)	-	200	E+3.25%	Dec-24	Not rated
	Bridge Facility (EUR 400 m)	-	0	E+3.00%	Feb-22	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	426	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	341	6.375%	May-29	BB/Ba2/BB-
Total IHO Verwaltungs GmbH			3,401	Ø 3.81% <sup>2,3</sup>		

#### B Schaeffler AG

	Debt instrument	Nominal (USD m)	Nominal (EUR <sup>1</sup> m)	Interest	Maturity	Rating (Fitch/Moody's/S&P)
Loans	RCF (EUR 1,800 m)	-	-	E+0.80%	Sep-24 <sup>4</sup>	Not rated
	Schuldschein Loans (EUR)	-	557	Ø 1.65%	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			4,052	Ø 2.47% <sup>3</sup>		

<sup>1</sup> EUR/USD = 1.1725 | <sup>2</sup> After cross currency swaps | <sup>3</sup> Incl. commitment and utilization fees

<sup>4</sup> On March 12, 2021, a contractually agreed extension option was exercised to extend the original maturity in 2023 by one year.

**Backup 2**  
—  
**Additional information**

## FY 2021 Guidance – Confident outlook, cautious approach

## Group Guidance

	Actuals Q1 2021	New Guidance FY 2021
Sales growth <sup>1</sup>	11.2%	> 10%
EBIT margin <sup>2</sup>	11.3%	7 - 9%
Free Cash Flow <sup>3</sup>	EUR 130 mn	> EUR 300 mn

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

## Divisional Guidance

Automotive Technologies		Automotive Aftermarket		Industrial	
Actuals Q1 2021	New Guidance	Actuals Q1 2021	New Guidance	Actuals Q1 2021	New Guidance
Outperf. 180 bps	Outperf. 200 - 500 bps	4.0%	6 - 8%	3.9%	7 - 9%
10.8%	> 6%	12.9%	> 11.5%	11.9%	> 9.5%

## New market assumptions for Fiscal Year 2021

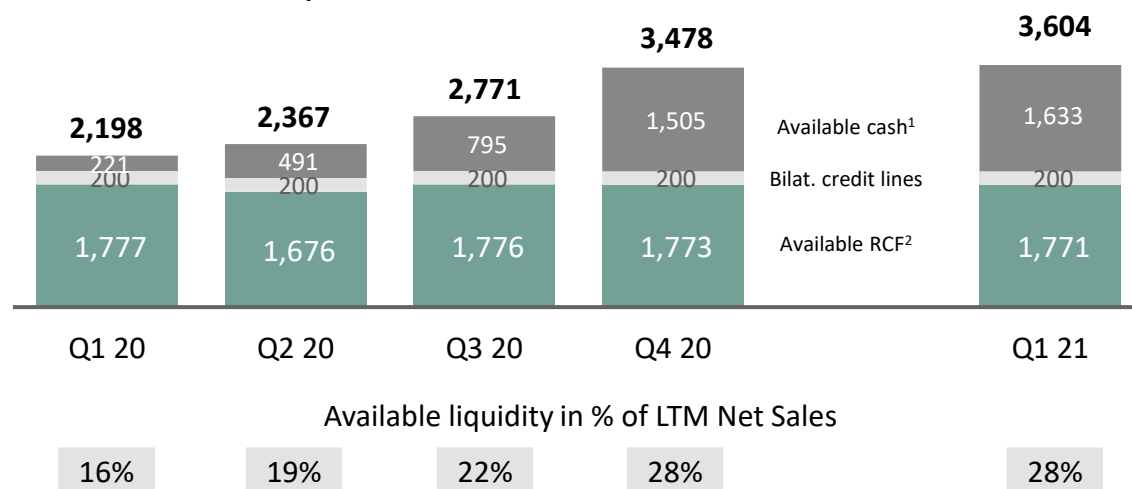
- Automotive Technologies: Increase of LVP of around **10%** as cautious estimate considering further possibilities of disruptions and volatility
- Automotive Aftermarket: Increase of global GDP by around **6%**
- Industrial: Increase of relevant industrial production of around **9%**

## Liquidity position of EUR 3.6 bn at the end of March 2021

### Liquidity

- Cash balance Schaeffler Group as per end of March 2021 EUR 1,854 mn (December 2020 EUR 1,758 mn)
- Committed unused credit lines on Group level of almost EUR 2.0 bn as per end of March 2021, available liquidity<sup>1</sup> 28% of LTM Net Sales

As of March 31, 2021 | in EUR mn



<sup>1</sup> Excluding restricted cash | <sup>2</sup> Utilization includes draw downs of cash and in form of letters of credit

### Maturity Profile

- Balanced debt maturity profile; remainder of EUR 2022 bond maturity pre-funded; no major maturities until March 2024
- Average maturity of financing portfolio as per 31 March 2021: 4 years 6 months

As of March 31, 2021 | in EUR mn

