

# Q3 and 9M 2021 Schaeffler AG earnings

Earnings Call  
November 9, 2021  
Herzogenaurach

We pioneer motion

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## Claus Bauer – CFO Schaeffler AG as of September 1, 2021

### Claus Bauer – CFO and Member of the Board of Managing Directors



### Career

- Claus Bauer (55) joined the Schaeffler Group in 1998 as Head of Tax Department and afterwards Head of Corporate Accounting
- He has been working at Schaeffler's American headquarters since 2002, initially in the role of Chief Financial Officer North America. Following the merger of the regions North- and South America in 2016, he continued in the role as Chief Financial Officer Americas
- Claus Bauer is a business administration graduate and certified tax advisor

### Decision Supervisory Board, August 2021

- Claus Bauer has been appointed as a Member of the Board of Managing Directors, effective from September 1, 2021 and is responsible for Finance and IT

## Agenda

- 1** Overview
- 2** Business Highlights Q3 and 9M 2021
- 3** Financial Results Q3 and 9M 2021
- 4** Outlook

## Solid Q3 2021 – Automotive Technologies sales hampered by market, EBIT margin<sup>2</sup> and FCF<sup>3</sup> successfully protected

### Key messages

- 1 Q3 Group sales<sup>1</sup> -3.0% – Automotive Technologies sales realization hampered by market disruptions, strong growth in Automotive Aftermarket and double-digit in Industrial
- 2 Q3 EBIT margin<sup>2</sup> 8.2% – Effective margin protection in Automotive Technologies despite lower volumes, strong margin in Automotive Aftermarket and Industrial
- 3 Q3 FCF<sup>3</sup> EUR 225 mn – Supported by higher EBITDA; counter-balanced by increased Capex and tactically higher inventories
- 4 9M ROCE<sup>4</sup> peaked at a strong 18.0% (9M 20: 8.0%) – Supported by above average LTM earnings and proactive capital management
- 5 Automotive Technologies Operating Model sharpened to boost execution of our “Mature and New” approach – Further differentiating powertrain-specific and powertrain-agnostic businesses
- 6 FY 2021 Guidance confirmed for Group and divisional margins and FCF – Auto Technologies Outperformance guidance unchanged, Industrial top line raised

<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> Q3

**-3.0%**

EUR 3,332 mn

Gross margin Q3

**23.8%**

Q3 2020: 23.5%

EBIT margin<sup>2</sup> Q3

**8.2%**

EUR 272 mn

Free Cash Flow<sup>3</sup> Q3

**EUR 225 mn**

Q3 2020: EUR 333 mn

## Schaeffler Group Q3 2021 – Highlights and lowlights



Automotive Technologies once again with strong Outperformance of 750 bps in Q3 (9M: 660 bps); all regions outperforming despite weaker markets

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Automotive Aftermarket sales profiting from increasing demand for individual mobility solutions

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Industrial growth in Q3 driven by brisk economic recovery, all sector clusters growing except Wind and Railway

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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 uncertainty

<sup>1</sup> Light Vehicle Production



Semiconductor shortage led to extremely low LVP<sup>1</sup> in Q3, indirectly impacting volumes in Automotive Technologies across all regions

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General market headwinds – Semiconductor shortage, Covid-19 variants and supply chain situation – are persisting with low visibility

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Costs for raw materials, energy and transportation increasing in Q3 as flagged, impacting H2 2021 with a lag

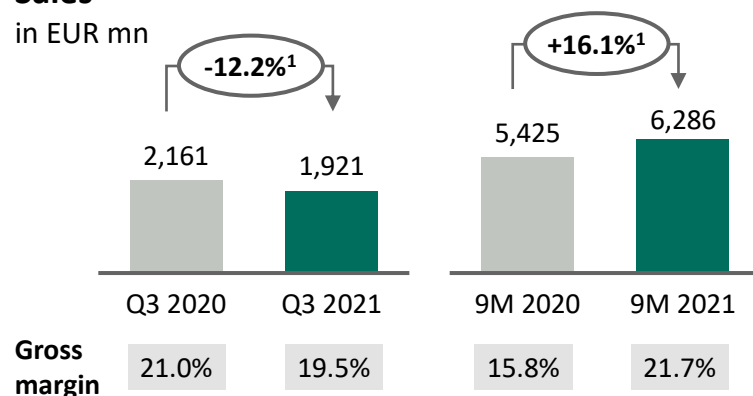
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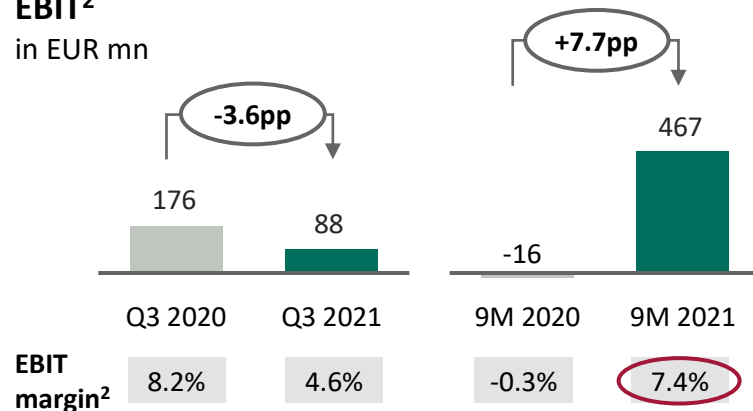
## Automotive Technologies – Strong Outperformance, effective margin protection

## Sales

in EUR mn

EBIT<sup>2</sup>

in EUR mn



Q3 sales impacted by significantly lower LVP in all regions; still, exceptionally high 750 bps Outperformance achieved in Q3, leading to a YTD outperformance of 660 bps, above FY 2021 guidance range



Despite lower volumes and higher input costs, EBIT margin<sup>2</sup> protected by additional tactical cost mitigation measures in production and overhead areas



Supply chain disruptions - mainly semiconductor shortages - clearly affected our customers in Q3; ongoing impact for LVP in Q4 and 2022 expected



Higher raw material costs burdened Q3 earnings together with higher energy and freight costs; negative effect to further increase in Q4, with a lag as previously flagged

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



## Automotive Technologies – How we win: Driving the transition to innovative Powertrain and Chassis Technologies



Investment in state-of-the-art sustainable E-Mobility plant



Schaeffler & Mobileye are advancing the industrialization of autonomous vehicles

Schaeffler at IAA 2021: Showcasing our technology competencies



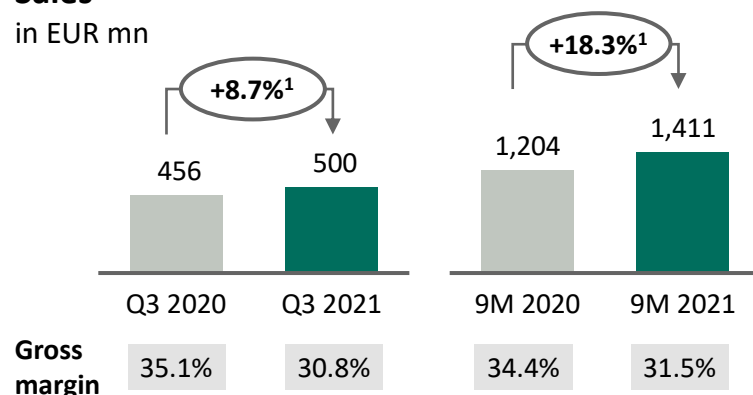
Schaeffler wins prestigious 2021 Automotive News PACE Awards for E-Mobility



## Automotive Aftermarket – Strong sales development in Q3, good margin on high comps

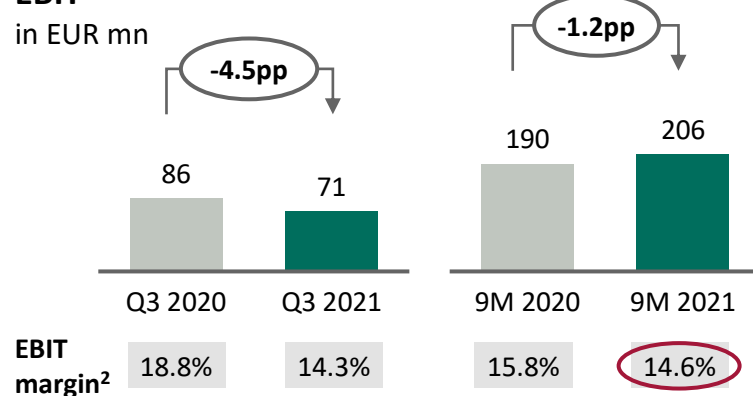
### Sales

in EUR mn



### EBIT²

in EUR mn



Business environment continued to be strong in Q3 – Europe with stable development, double-digit growth in all other regions



Sequential growth in the new E-Commerce platform ETC in China



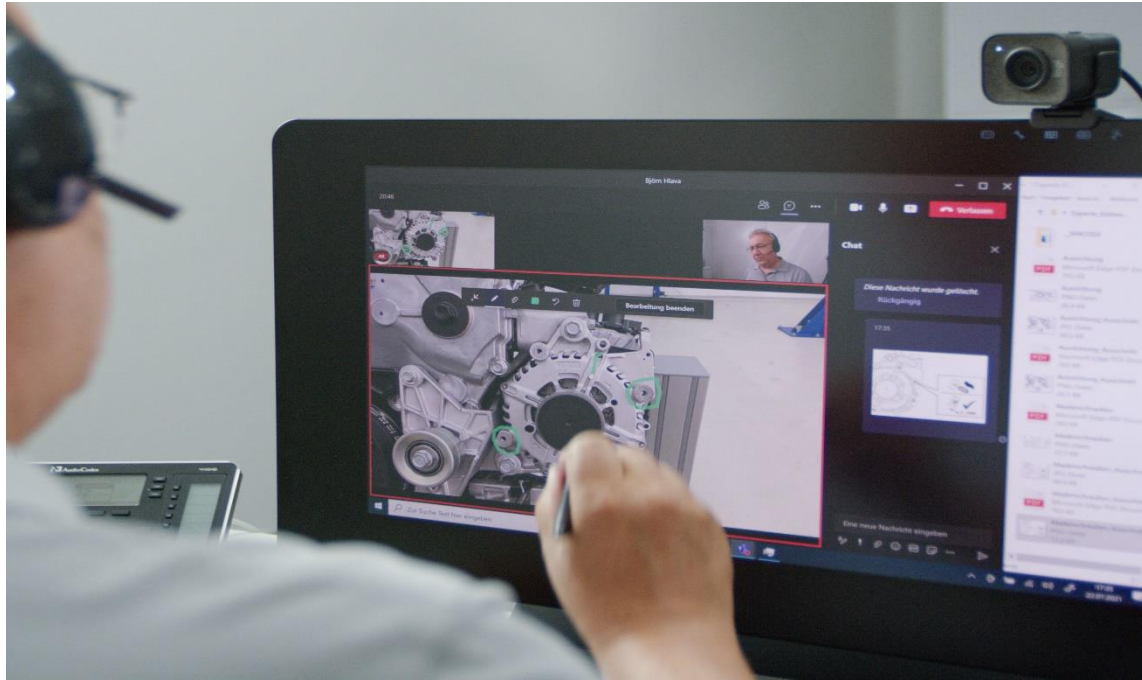
Material availability continues to limit further sales growth opportunities



Lower margin yoy due to increased product costs and high comps

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

## Automotive Aftermarket – How we win: REPERT Remote Support is the next level digital service for garages



**Conventional technical support methods reach their limitations when it comes to complex, demanding vehicle repairs**

- Service technicians increasingly report difficulties in resolving technical inquiries via telephone or email

**Schaeffler launches a Microsoft Dynamics 365 based technical support solution for smartphones, tablets or HoloLens**

- Images and sound transmitted in real time
- Mixed reality to accurately visualize positions and rotational directions
- No access barriers or licenses cost for garages

**Free of charge**  
for garages

Fast login via  
**QR code**

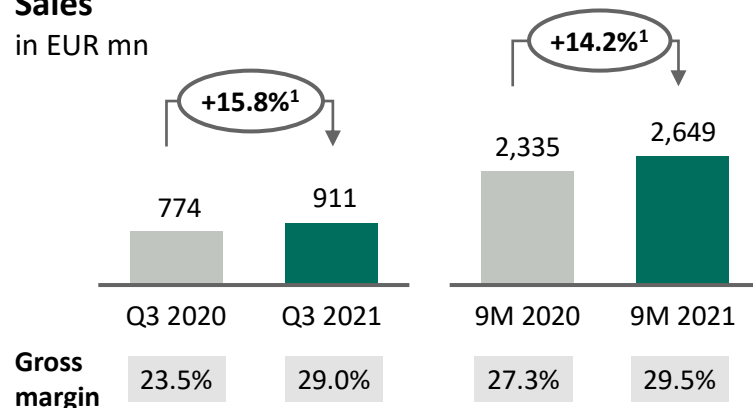
**Available in**  
**Europe** already in  
2021

**REPERT Remote Support enables complex technical repairs and promotes direct contact to garages**

## Industrial – Double-digit sales growth, EBIT margin<sup>2</sup> above 12%

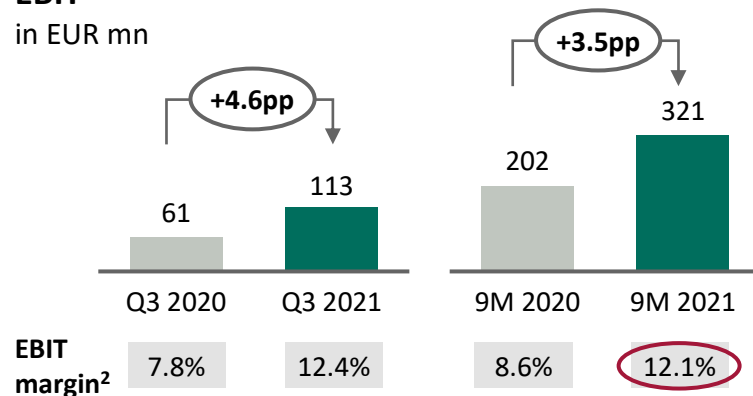
### Sales

in EUR mn



### EBIT<sup>2</sup>

in EUR mn



Brisk economic recovery continued in Q3 – Most sectors growing double-digit, Industrial Distribution up more than 20%<sup>1</sup> yoy



All regions growing in Q3, double-digit growth in Europe, Americas and Asia/Pacific



Strong EBIT margin<sup>2</sup> driven by scale effects and cost saving measures



Wind with negative growth in Q3 yoy as expected, Railway recovering slowly; rising raw material costs preventing an even better profitability

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



## Industrial – How we win: Railsponsible Supplier Award 2021 in the category “Climate Change and Circular Economy”



- Supply model with **direct availability** and **100 percent return service**
- Circular approach **reducing CO<sub>2</sub> emissions**, energy and water consumption **by approx. 95 percent**
- Combining **customer value** with **key sustainability aspects**



## Capital allocation – Capex ratio increased to 6.4% in Q3, investments in growth business

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

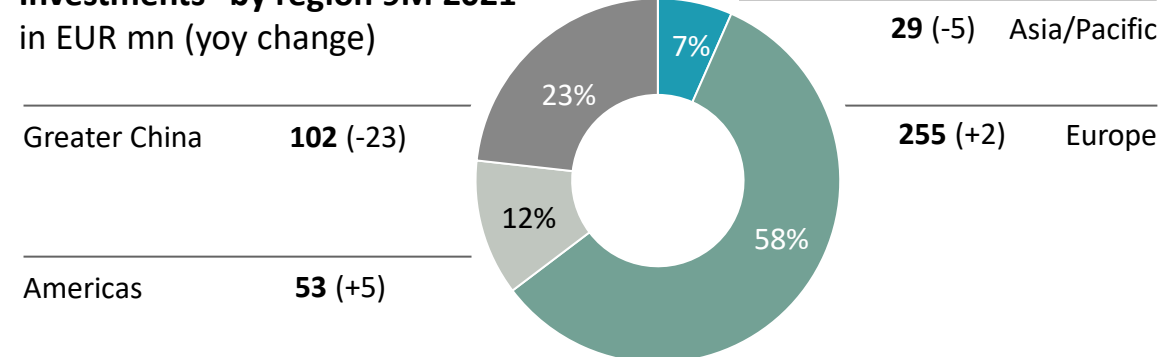
	FY 19	FY 20	Q3 20	Q3 21	9M 21
<b>Automotive Technologies</b>	672	378	86	127	273
<b>Automotive Aftermarket</b>	67	26	13	5	12
<b>Industrial</b>	193	235	72	66	154
<b>Schaeffler Group</b>	<b>933</b>	<b>639</b>	<b>171</b>	<b>198</b>	<b>439</b>
<b>Capex</b>	<b>1,045</b>	<b>632</b>	<b>181</b>	<b>215</b>	<b>482</b>
<b>Capex ratio<sup>2</sup></b>	<b>7.2%</b>	<b>5.0%</b>	<b>5.3%</b>	<b>6.4%</b>	<b>4.7%</b>
<b>Reinvestment Rate</b>	<b>1.0</b>	<b>0.7</b>	<b>0.7</b>	<b>0.9</b>	<b>0.7</b>

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

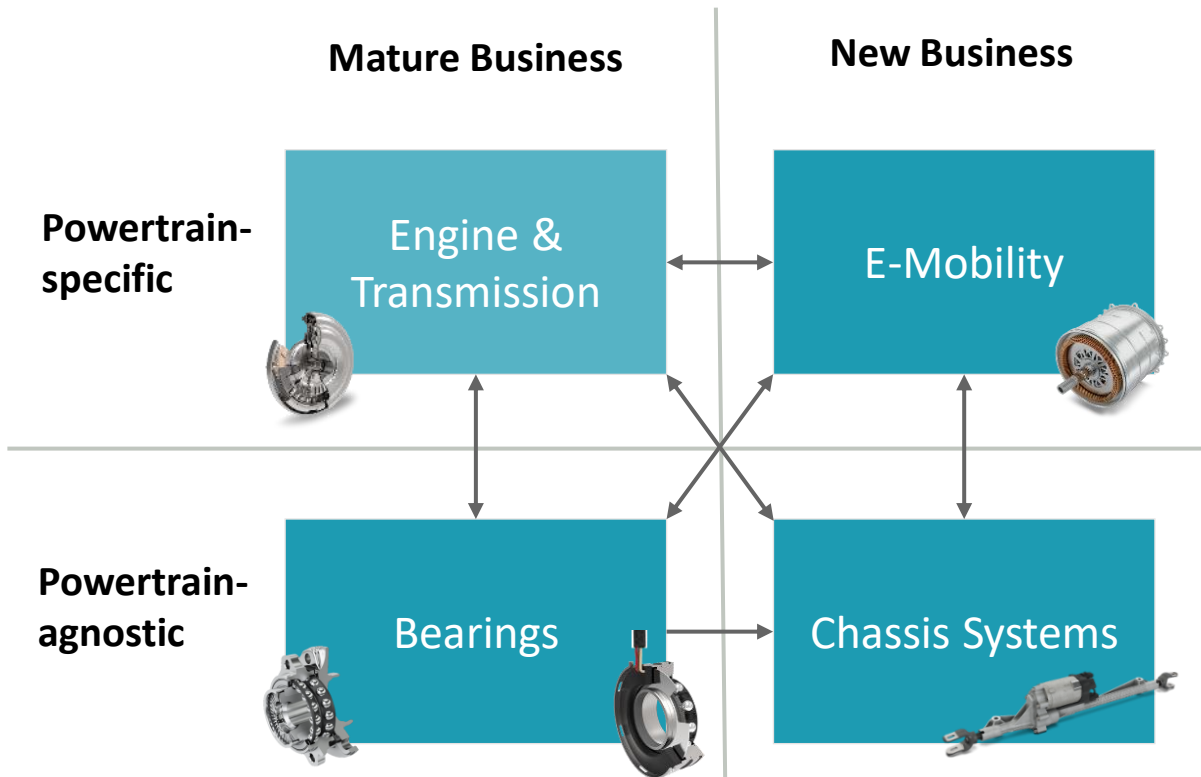
### Key aspects Q3

- 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; new hall for Railway bearings in Brasov, Romania

### Investments<sup>1</sup> by region 9M 2021 in EUR mn (yoy change)



## 1 How we create value: Portfolio management – Automotive Technologies Operating Model sharpened



### Key aspects

- We sharpen our Operating Model in Automotive Technologies, consistent with our goals to:
  - Lead in E-Mobility, technological edge and innovation
  - Strengthen Chassis system business as second pillar of the Division
  - Extract higher synergies with business for conventional powertrains (Engine & Transmission Systems)
  - Leverage our powertrain agnostic automotive bearings business and our synergies with the Industrial division
- We increasingly differentiate our steering of resources, capital and growth

Operating Model sharpened to further boost execution of “Mature & New” and “Powertrain-agnostic & -specific” approach

## 2 How we create value: Synergies – Automotive and Industrial cross-fertilization leveraging Offroad & E-Motor



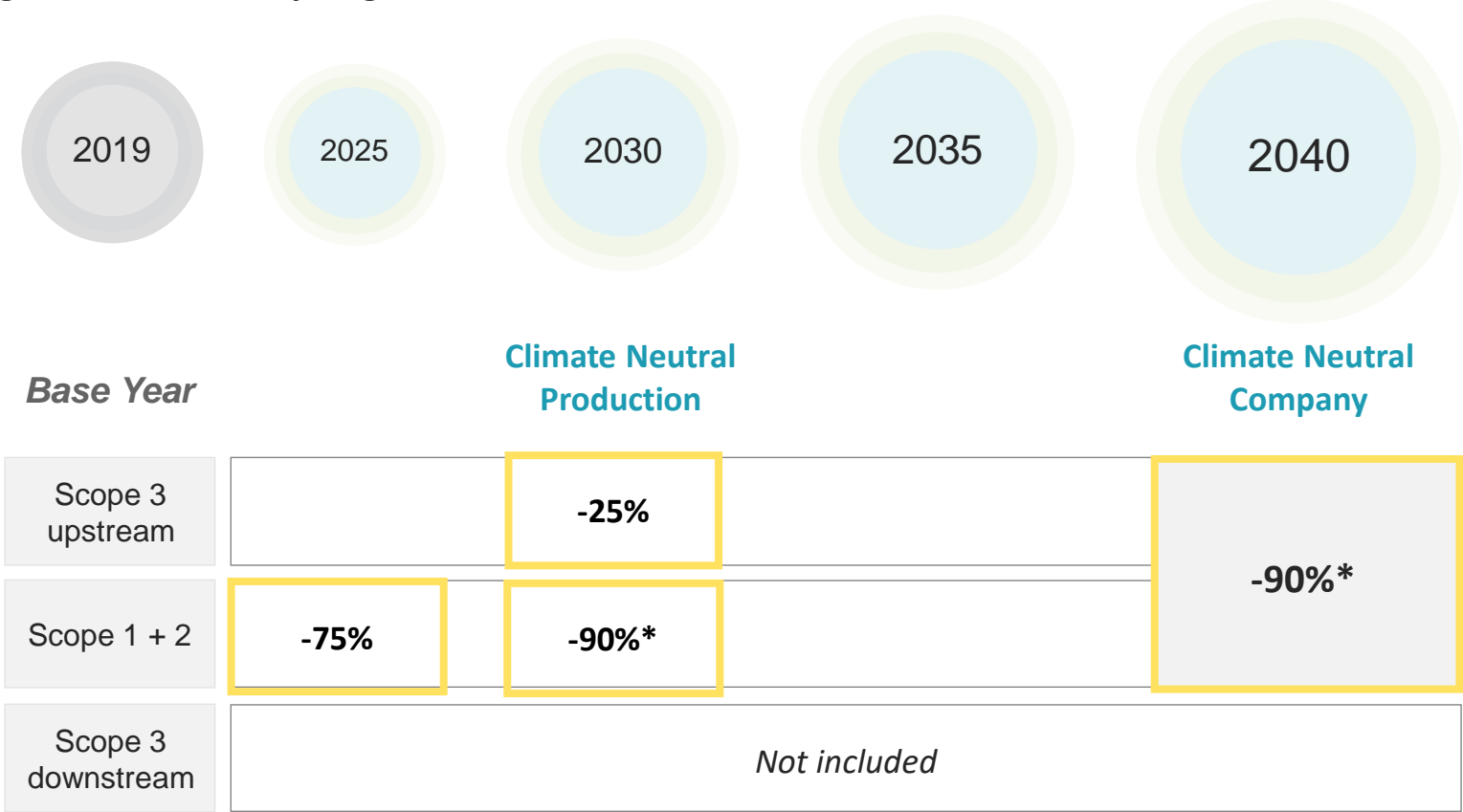
- New **E-Mobility business for Offroad applications** based on close cooperation between divisions
- Customer intimacy and application knowledge of the **Industrial Division**
- **Automotive** E-motor technology know-how





3 How we create value: Sustainability – New step on our path to Climate Neutrality

Long-Term Sustainability Targets



\* Residual emissions are to be compensated

Key aspects

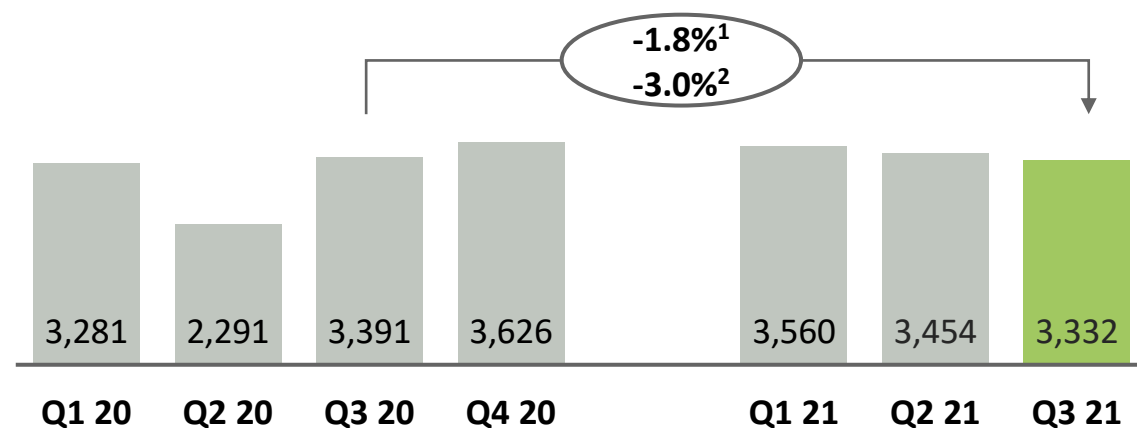
- Decarbonization as top priority
- Emissions occurring in the supply chain (Scope 3 upstream):
  - Climate neutral from 2040
  - Emission reduction of 25% until 2030
  - From 2025, Schaeffler will source 100,000 tons of green steel on an annual basis from Swedish start-up H2greensteel
- Production facilities (Scope 1&2):
  - Climate neutral from 2030
  - Emission reduction of 75% until 2025
- Clear strategy with specific measures being defined and implemented across the company

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## Sales – Mixed regional sales development, China with weakest growth on tough comps

Sales | in EUR mn



### Sales growth

Reported

-9.4%	-36.4%	-6.1%	+1.1%	+8.5%	+50.8%	-1.8%
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FX-adjusted

-9.3%	-34.5%	-2.8%	+4.5%	+11.2%	+50.6%	-3.0%
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<sup>1</sup> Reported | <sup>2</sup> FX-adjusted

### Key aspects Q3

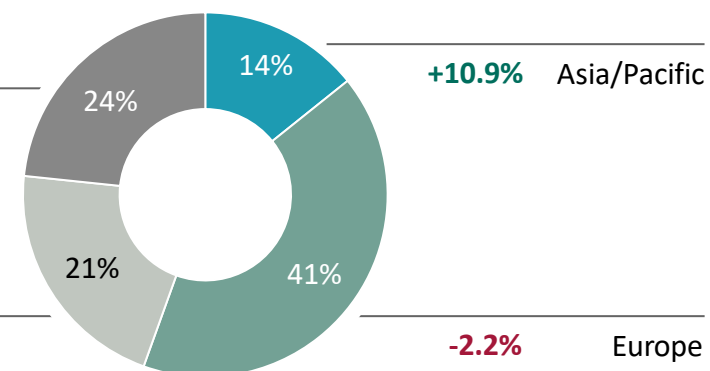
- Slightly negative growth development yoy, driven by lower production levels in Automotive Technologies and V-shape recovery in prior year
- Automotive Technologies with lower sales in Europe, Americas and Greater China; Asia/Pacific with +7%<sup>2</sup>
- AAM with double-digit growth in all regions, except Europe
- Industrial with double-digit growth in all regions, except China; China affected by normalizing demand in Wind business

### Sales by region Q3 2021

yoy growth<sup>2</sup>

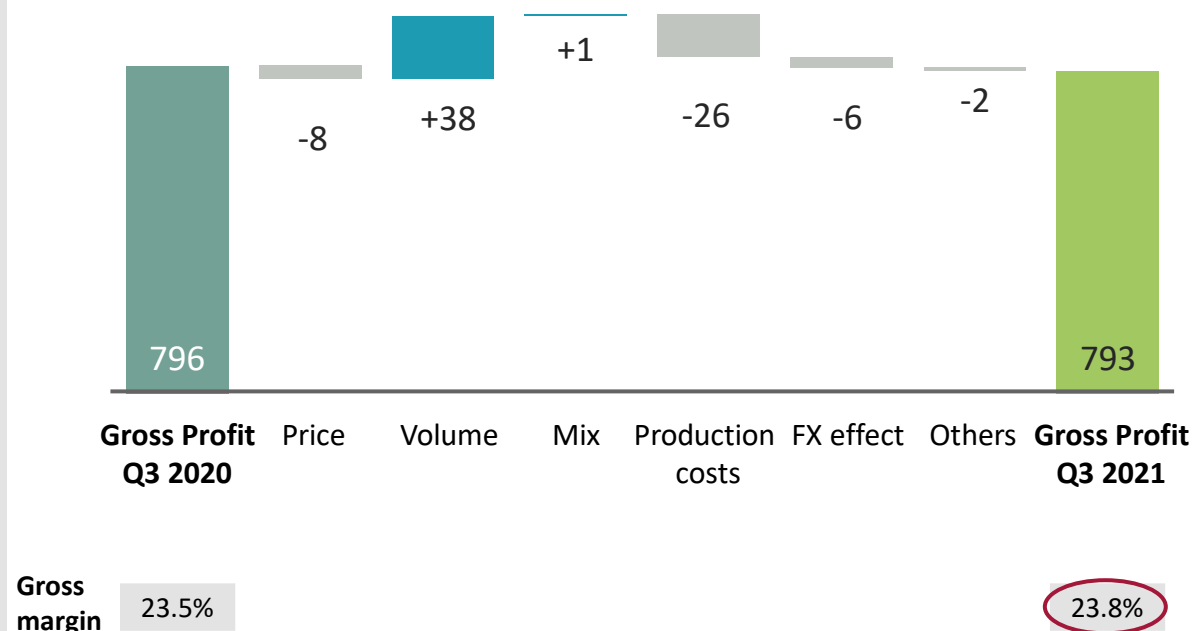
Greater China -9.7%

Americas -5.5%



## Gross Profit – Stable gross margin yoy, production costs increasing

### Gross Profit Q3 2020 vs. Q3 2021 | in EUR mn



### Key aspects

- Negative price effect in Auto Technologies lower than PY, due to some material price clauses in North America; Aftermarket with positive pricing
- Volume impact driven by divisional mix (higher relative volume for Aftermarket and Industrial division)
- Production costs slightly higher yoy due to higher input costs phasing in (e. g. raw materials and energy)

### Gross margin

in % of sales	Q3 20	Q3 21	Q3 21 vs. Q3 20	9M 20	9M 21	9M 21 vs. 9M 20
Automotive Technologies	21.0%	19.5%	-1.5pp	15.8%	21.7%	+5.9pp
Automotive Aftermarket	35.1%	30.8%	-4.3pp	34.4%	31.5%	-2.9pp
Industrial	23.5%	29.0%	+5.5pp	27.3%	29.5%	+2.2pp
Group	23.5%	23.8%	+0.3pp	21.3%	25.1%	+3.8pp

## Gross margin – Managing input cost inflation

### Impact of input cost inflation

- As flagged, input prices continued to increase in Q3
  - Steel accounts for 65% of our production material
  - Logistics and energy cost follow the same trend
- In Q3 2021, 100 bps<sup>1</sup> gross margin impact from Raw Materials, Energy and Logistics, expected to increase to 200 bps<sup>1</sup> in Q4 2021
- We expect 200 bps<sup>1</sup> of headwind on average in FY 2022, with front-loaded phasing

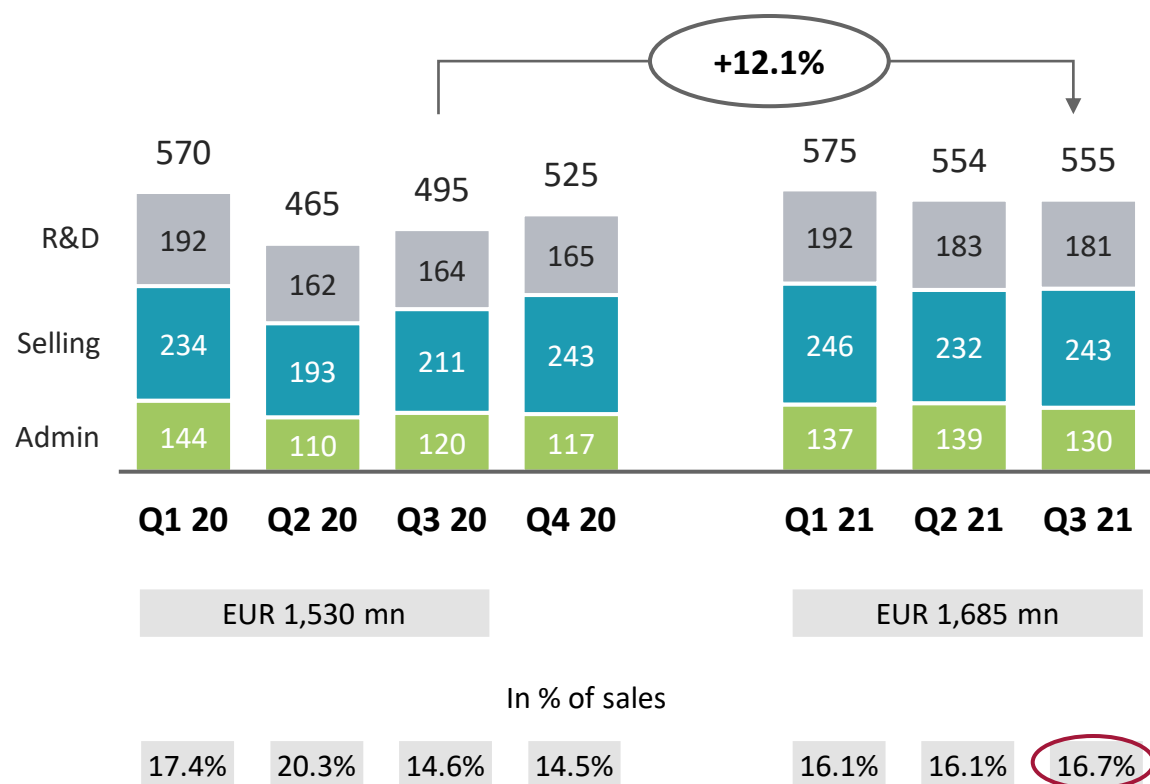
### How we mitigate

- Pricing dynamics is different among divisions and businesses, and price recovery in **most cases is partial, and moreover with a time lag**
  - In Automotive Technologies, price recovery mostly relies on one-to-one customer negotiations, which differ among customers and regions
  - In Industrial, pricing initiatives are showing positive effects and mix is developing favorably

<sup>1</sup> On a gross basis vs. H1 2021

## Functional costs – Increase yoy due to low comps, cost discipline keeps functional cost ratio sequentially stable

### Functional costs | in EUR mn



### Key aspects

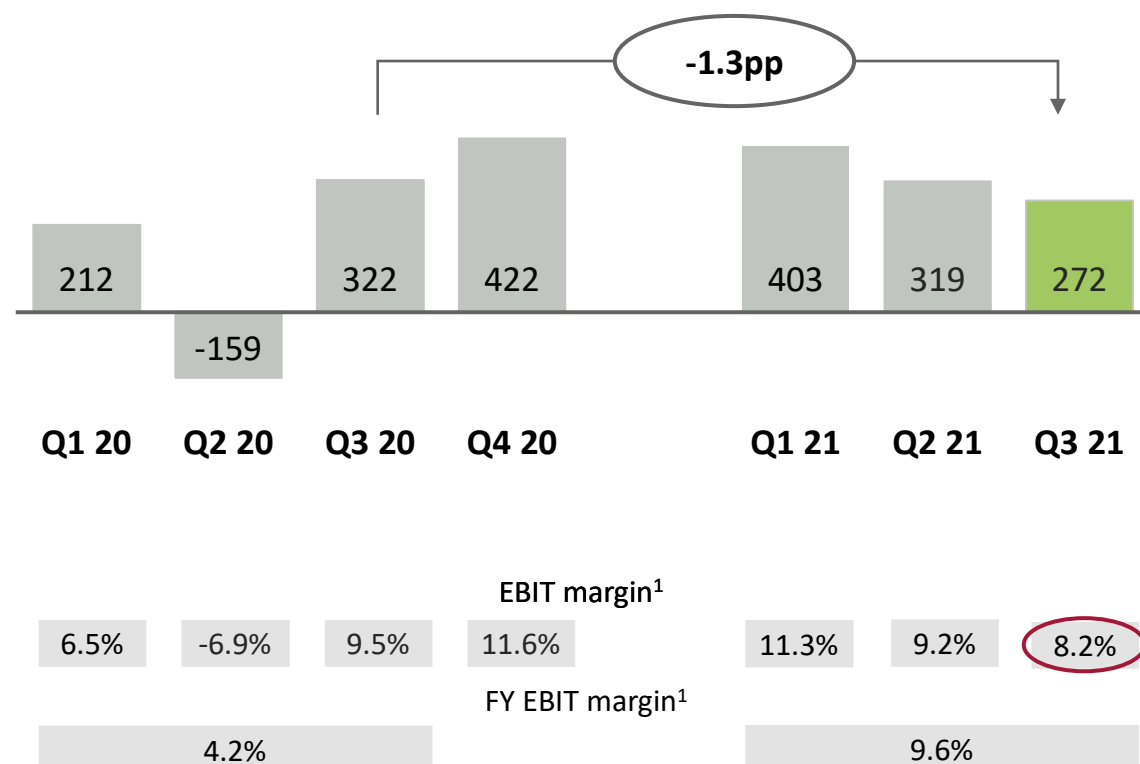
- Functional costs increased by 12% in Q3 yoy on very low comps due to short-term work and other pandemic measures still in place
- R&D normalizing to pre-pandemic levels
- Selling costs increased yoy due to higher storage and logistic costs as well as revamping marketing efforts
- Admin costs increased by EUR 10 mn; still lower than pre-pandemic levels

### Functional cost ratio

in % of sales	Q3 20	Q3 21	Q3 21 vs. Q3 20	9M 20	9M 21	9M 21 vs. 9M 20
Automotive Technologies	12.7%	15.8%	+3.1pp	15.9%	15.1%	-0.8pp
Automotive Aftermarket	16.6%	17.1%	+0.5pp	18.1%	17.4%	-0.7pp
Industrial	18.9%	18.3%	-0.6pp	19.2%	18.5%	-0.7pp
Group	14.6%	16.7%	+2.1pp	17.1%	16.3%	-0.8pp

## Solid EBIT margin<sup>1</sup> – Strong margin in Industrial, Automotive Technologies indirectly impacted by semi shortage

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



<sup>1</sup> Before special items

### Key aspects

- Solid Q3 EBIT margin<sup>1</sup> of 8.2%, however input price effects phasing in
- Automotive Technologies with lower margin, driven by negative volume impact and temporary cost savings in prior year quarter
- Automotive Aftermarket with good margin, extraordinary margin prior year
- Industrial margin strong, supported by broad cyclical recovery and good cost control

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

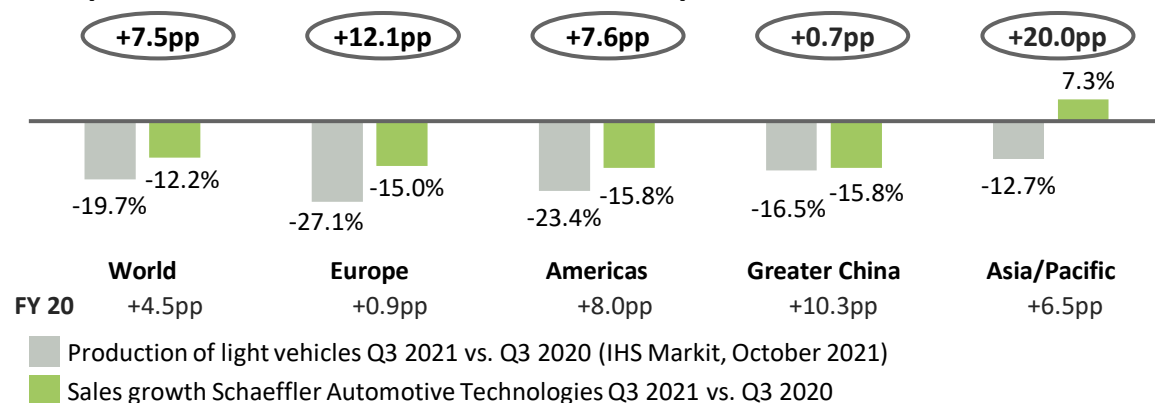
	Q3 20	Q3 21	Q3 21 vs. Q3 20	9M 20	9M 21	9M 21 vs. 9M 20
Automotive Technologies	8.2%	4.6%	-3.6pp	-0.3%	7.4%	+7.7pp
Automotive Aftermarket	18.8%	14.3%	-4.5pp	15.8%	14.6%	-1.2pp
Industrial	7.8%	12.4%	+4.6pp	8.6%	12.1%	+3.5pp
Group	9.5%	8.2%	-1.3pp	4.2%	9.6%	+5.4pp

## Automotive Technologies – Outperformance driven by double-digit Europe and Asia/Pacific, Americas strong, effective margin protection

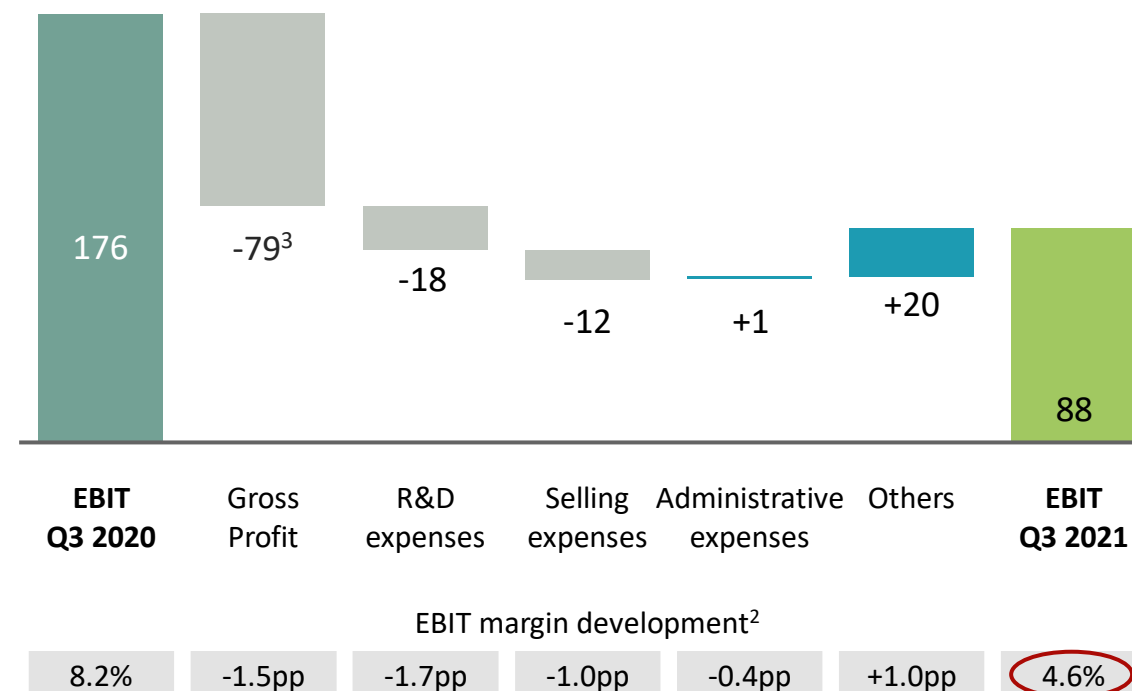
### Sales by business division | yoy growth

	Q3 2020	Q3 2021	Δ <sup>1</sup>
E-Mobility	284	272	-6.0%
Engine Systems	566	486	-15.2%
Transmission Systems	989	861	-14.3%
Chassis Systems	322	302	-7.8%
<b>Total</b>	<b>2,161</b>	<b>1,921</b>	<b>-12.2%</b>

### Outperformance: Sales<sup>1</sup> vs. market development in Q3



### EBIT<sup>2</sup> Q3 2020 vs. Q3 2021 | in EUR mn



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

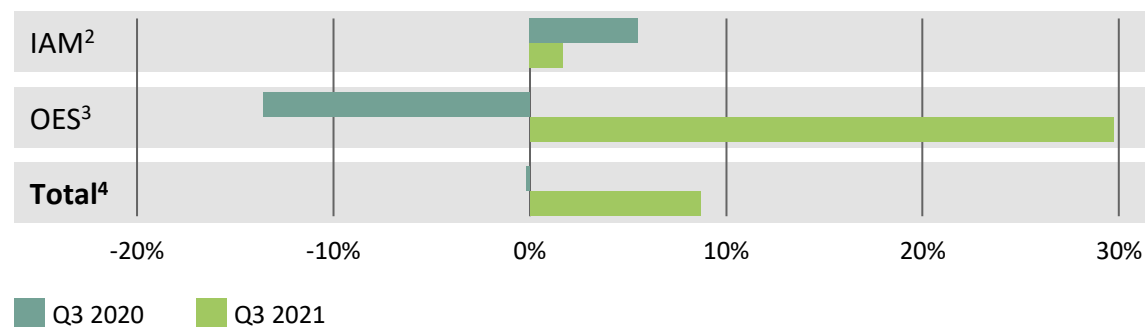


## Automotive Aftermarket – Strong sales development, EBIT margin<sup>5</sup> impacted by higher input costs

### Sales by region | yoy growth

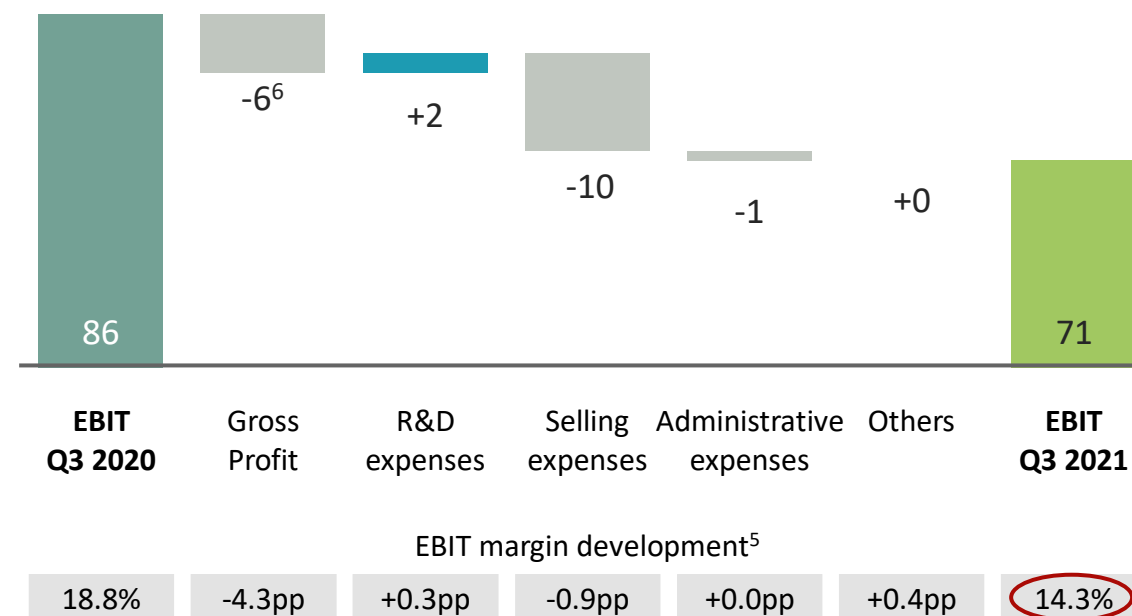
	Q3 2020	Q3 2021	Δ <sup>1</sup>
Europe	334	341	+2.3%
Americas	80	102	+26.5%
Greater China	21	27	+18.9%
Asia/Pacific	21	30	+40.5%
<b>Total</b>	<b>456</b>	<b>500</b>	<b>+8.7%</b>

### 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> Q3 2020 vs. Q3 2021 | in EUR mn



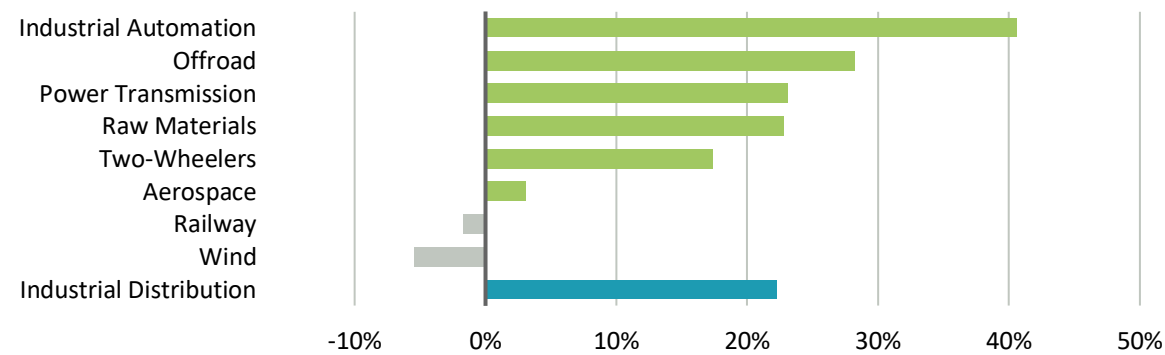
<sup>5</sup> Before special items | <sup>6</sup> Includes positive FX effects of EUR 1 mn

## Industrial – Most sector clusters with double-digit growth, strong EBIT<sup>2</sup> margin

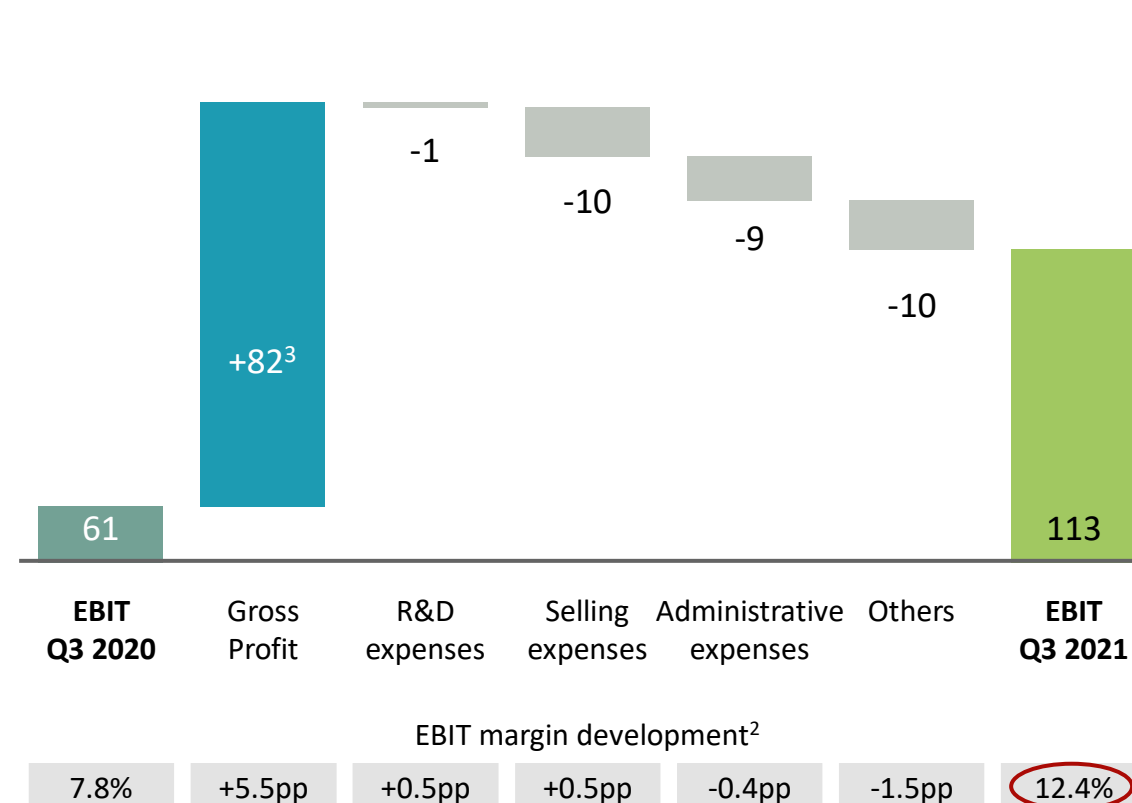
### Sales by region | yoy growth

	Q3 2020	Q3 2021	Δ <sup>1</sup>
Europe	295	372	+26.7%
Americas	127	151	+17.6%
Greater China	231	250	+2.5%
Asia/Pacific	121	138	+14.2%
<b>Total</b>	<b>774</b>	<b>911</b>	<b>+15.8%</b>

### Industrial sales growth by sector cluster Q3 2021<sup>1</sup>

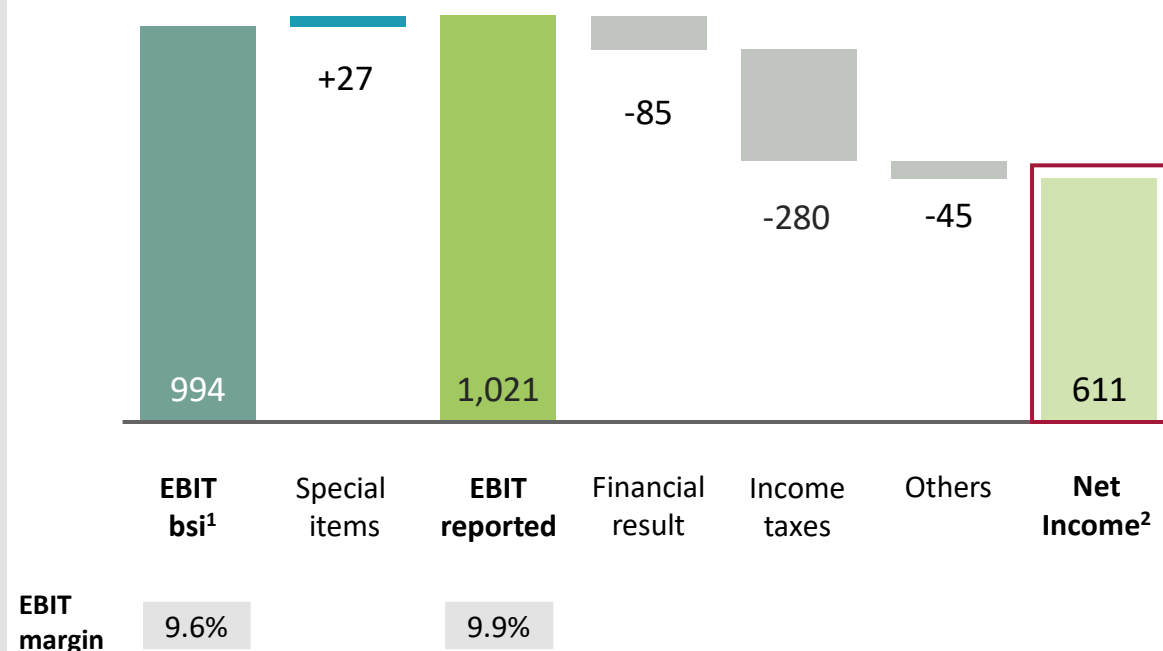
<sup>1</sup> FX-adjusted

### EBIT<sup>2</sup> Q3 2020 vs. Q3 2021 | in EUR mn

<sup>2</sup> Before special items | <sup>3</sup> Includes positive FX effects of EUR 8 mn

## EBIT before special items – Reconciliation

### Reconciliation 9M 2021 | in EUR mn



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

### Key aspects

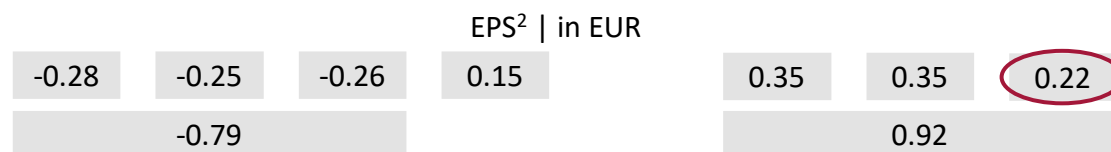
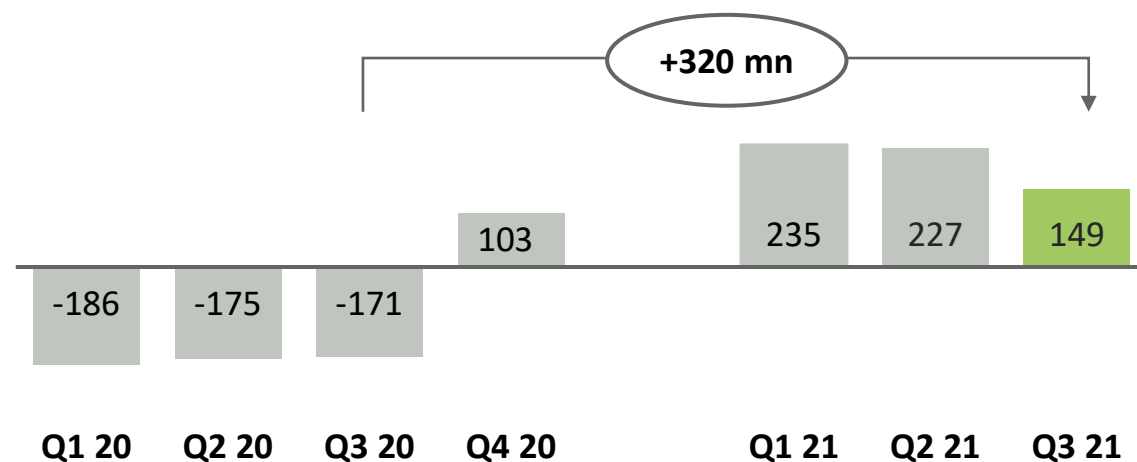
- Special items amounted to positive EUR 27 mn in 9M, mainly related to a partial reversal of provisions for the Roadmap 2025
- Financial Result of EUR -85 mn (PY: EUR -114 mn); positively impacted from interest income on concluded tax case in Brazil
- Income taxes in line with expected average tax rate

### Special items by division | in EUR mn

	Q3 20	Q3 21	Q3 21 vs. Q3 20	9M 20	9M 21	9M 21 vs. 9M 20
<b>EBIT Reported</b>	-188	278	+466	-422	1,021	+1,443
Automotive Technologies	+252	-20	-272	+517	-33	-549
Automotive Aftermarket	+23	-9	-31	+23	-19	-42
Industrial	+236	+23	-213	+258	+24	-234
<b>Group</b>	<b>511</b>	<b>-6</b>	<b>-517</b>	<b>+798</b>	<b>-27</b>	<b>-825</b>
<b>EBIT bsi<sup>1</sup></b>	<b>322</b>	<b>272</b>	<b>-50</b>	<b>376</b>	<b>994</b>	<b>+618</b>

# Net Income<sup>1</sup> EUR 149 mn, EPS<sup>2</sup> EUR 0.22 – ROCE<sup>3</sup> reached a strong 18.0%

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

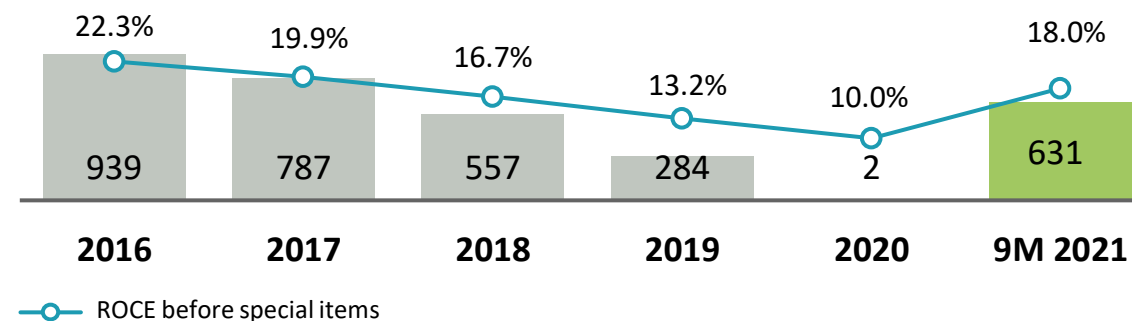


<sup>1</sup> Attributable to the shareholders of the parent company | <sup>2</sup> Earnings per common non-voting share

## Key aspects

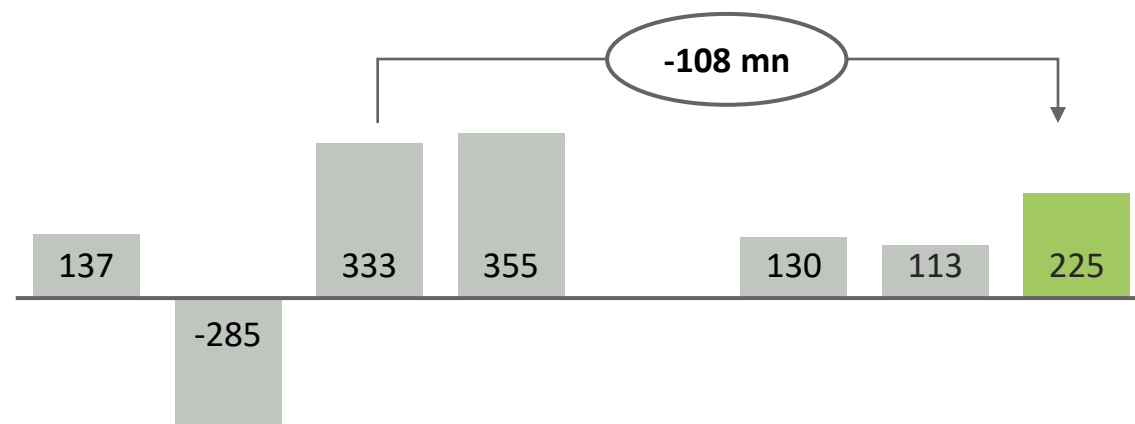
- Q3 2021 Net Income<sup>1</sup> reached EUR 149 mn, Net income before special items<sup>1</sup> amounted to EUR 146 mn
- 9M 2021 Net Income<sup>1</sup> of EUR 611 mn a strong basis to pay into our dividend policy
- ROCE<sup>3</sup> peaked at a strong 18.0%; Schaeffler Value Added<sup>4</sup> increased to EUR 631 mn due to higher EBIT LTM and lower average Capital Employed

## ROCE<sup>3</sup> and Schaeffler Value Added<sup>4</sup> | in EUR mn



<sup>3</sup> Before special items | <sup>4</sup> LTM EBIT before special items minus Cost of Capital (10% × Ø Capital Employed)

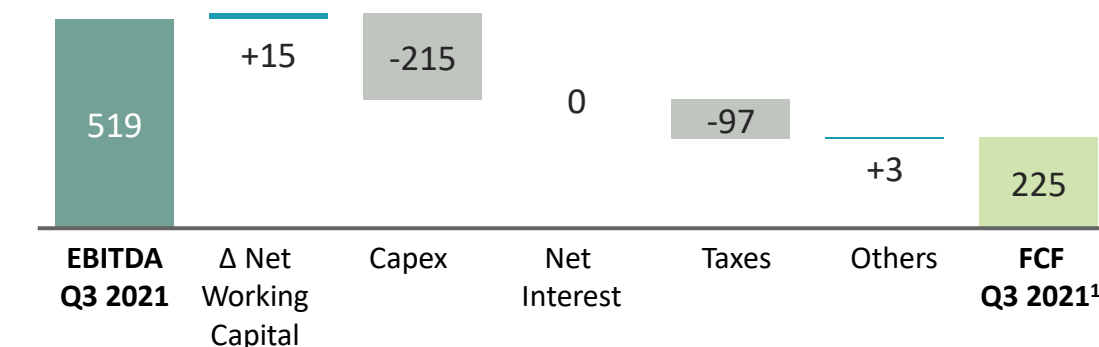
## Free Cash Flow – Strong EBITDA compensated outflows for Capex

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

Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
FCF Conversion ratio <sup>2</sup>						
-	-	-	1.3	0.3	0.3	0.8
Reinvestment rate						
0.7	0.6	0.7	0.8	0.5	0.6	0.9
Capex ratio <sup>3</sup>						
5.0%	5.9%	5.3%	4.2%	3.7%	3.9%	6.4%

<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

## Reconciliation Q3 2021 | in EUR mn



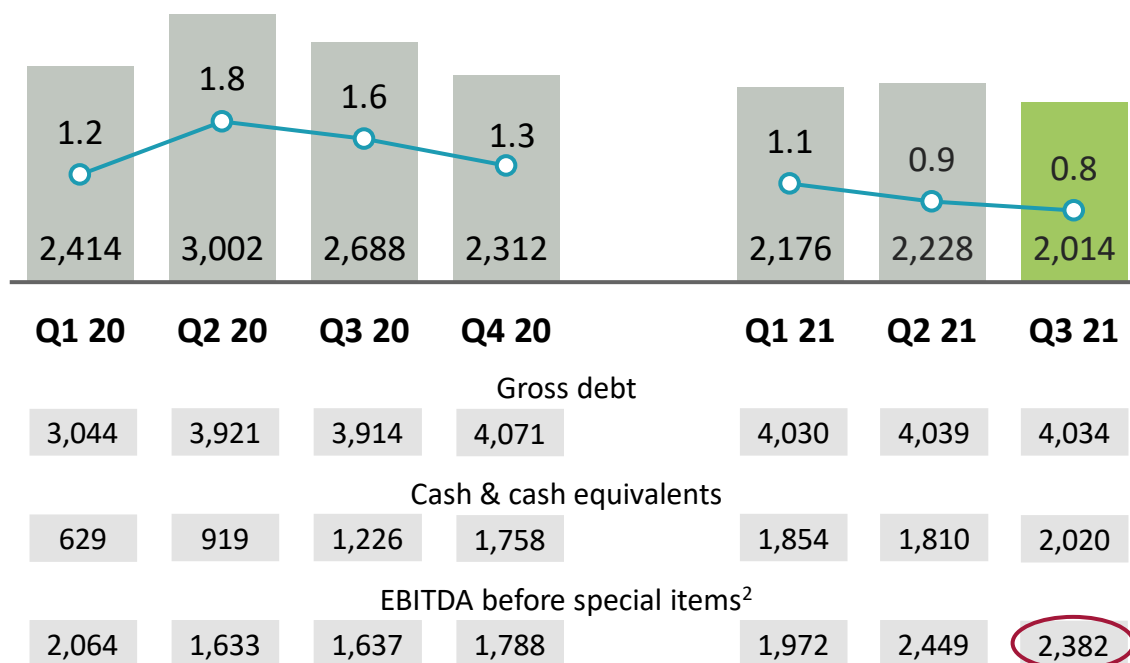
## FCF Details | in EUR mn

	Q3 2020	Q3 2021	Δ Q3 21/20	9M 2020	9M 2021	Δ 9M 21/20
FCF as reported	333	215	-118	185	457	+272
M&A	0	+10	+10	0	+11	+11
FCF before M&A	333	225	-108	185	468	+283
Legal cases	0	-2	-2	6	-4	-10
Restructuring	45	75	+30	152	276	+124
Others	0	3	+3	0	9	+9
Financing	0	0	0	50	0	-50
FCF bef. M&A and sp. items	377	301	-76	393	749	+356

## Net debt decreased to EUR 2.0 bn – Leverage ratio<sup>1</sup> at 0.8x

### 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 2.0 bn, Leverage ratio<sup>1</sup> 0.8x
- No maturities until March 2024 after announced prepayment of 2023 Schuldschein tranches and pre-funded bond maturity in March 2022

### Strong liquidity situation

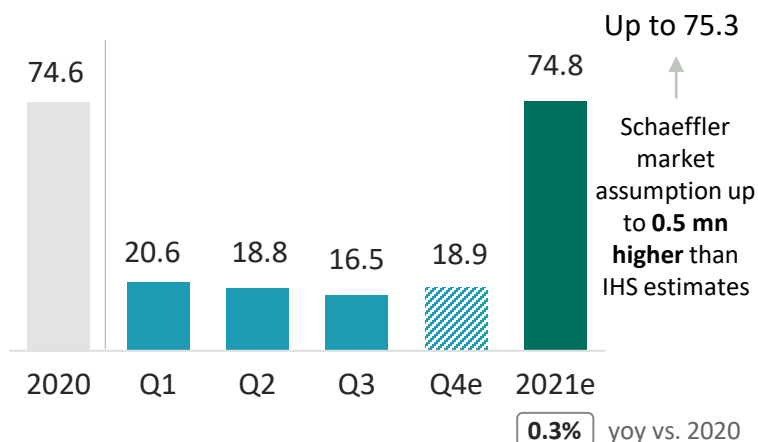
- Cash balance Schaeffler Group as per end of September 2021 EUR 2,020 mn (December 2020: EUR 1,758 mn)
- Committed unused credit lines on Group level of almost EUR 2.0 bn as per end of September, available liquidity<sup>3</sup> 27% of LTM Net Sales

## Agenda

- 1 Overview
- 2 Business Highlights Q3 and 9M 2021
- 3 Financial Results Q3 and 9M 2021
- 4 Outlook

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

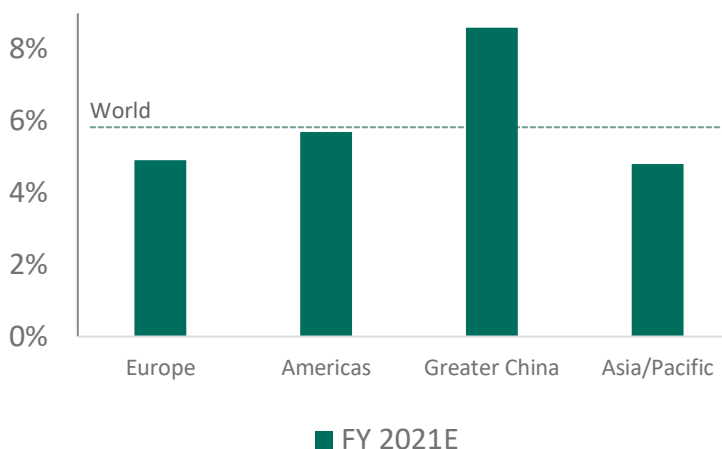
### Automotive Technologies – Global LVP<sup>1</sup> 2021



- Schaeffler market assumption at the FY release was ~ 80 mn vehicles (5 mn discount to IHS, Feb. 2021)
- After a strong Q1, the LVP<sup>1</sup> in Q2 and even more in Q3 was strongly impacted by the semiconductor shortage
- For Q4, Schaeffler anticipates a moderate upside of up to 0.5 mn vehicles vs. IHS estimates

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

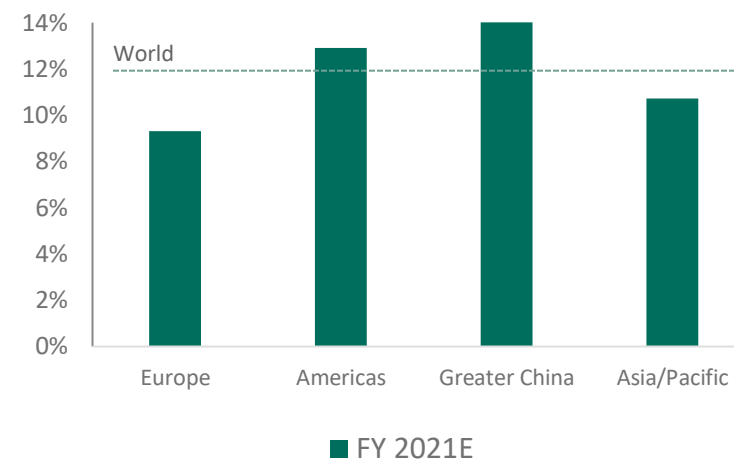
### Automotive Aftermarket – GDP<sup>2</sup>



- World GDP expected to reach 5.9% growth in 2021 (2020: -3.4%) fueled by economic recovery after the Coronavirus crisis
- Global GDP growth expectation for FY 2021 slightly reduced compared to the previous prognosis from June 2021 (6.3%)

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

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



- Global industrial production expected to grow by 12.0% in 2021 (last release: 11.9%)
- Strong market development across all regions, mainly driven by Greater China and Americas; fastest growing sector was the mechanical engineering sector (~ 13%)

<sup>3</sup> Industrial Production (Oxford Economics, Sept. 2021)  
Sectors: Mechanical Engineering (NACE 28), Transport Equipment (NACE 30), Electrical Equipment (NACE 27.1)



## FY 2021 Guidance – Group and divisional margins and FCF confirmed

## Group Guidance

	Guidance Aug 4 <sup>4</sup> FY 2021	Guidance Nov 9 <sup>4</sup> FY 2021
<b>Sales growth<sup>1</sup></b>	> 11%	> 7%
<b>EBIT margin<sup>2</sup></b>	8 - 9.5%	8 - 9.5%
<b>Free Cash Flow<sup>3</sup></b>	> EUR 400 mn	> EUR 400 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> Release Date

<sup>5</sup> Light Vehicle Production (IHS Markit, October 2021)

## Divisional Guidance

Automotive Technologies		Automotive Aftermarket		Industrial	
Aug 4 <sup>4</sup>	Nov 9 <sup>4</sup>	Aug 4 <sup>4</sup>	Nov 9 <sup>4</sup>	Aug 4 <sup>4</sup>	Nov 9 <sup>4</sup>
Outperf. 200 - 500 bps	Outperf. 200 - 500 bps	>10%	> 10%	9 - 11%	11 - 13%
> 6%	> 6%	> 12.5%	> 12.5%	> 10.5%	> 10.5%

## New market assumptions for Fiscal Year 2021

- Automotive Technologies: LVP 2021 up to 0.5 mn vehicles higher than latest IHS estimate<sup>5</sup> of 74.8 mn vehicles
- Automotive Aftermarket: Increase of global GDP by around 6%
- Industrial: Increase of relevant industrial production of around 12%

## Conclusion & Outlook

- 1 Automotive Technologies strongly outperformed a weaker market, strong Aftermarket and Industrial sales support evidence of “Automotive & Industrial Supplier” resilience paying off

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- 2 Margins and FCF solid, also supported by tactical mitigating actions, as external headwinds - raw materials, energy, freight - continue to be challenging. All hands on deck for Q4 and 2022

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- 3 Brisk pace of innovation is recognized by our Customers – „Automotive and Industrial Supplier“ cross-fertilisation supports our ecosystem; new cooperation with Mobileye in Auto

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- 4 Sustainability focus intensifying – Strategically with Scope 3 upstream targets. Operationally, increasingly embedded in product innovation, investments and operations, and sourcing

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- 5 FY 2021 Margins and FCF guidance confirmed – Preparedness to face increased input costs for longer, related to raw materials, energy and transportation costs; high confidence in sustainably growing our business and leveraging Automotive and Industrial competitive edge

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

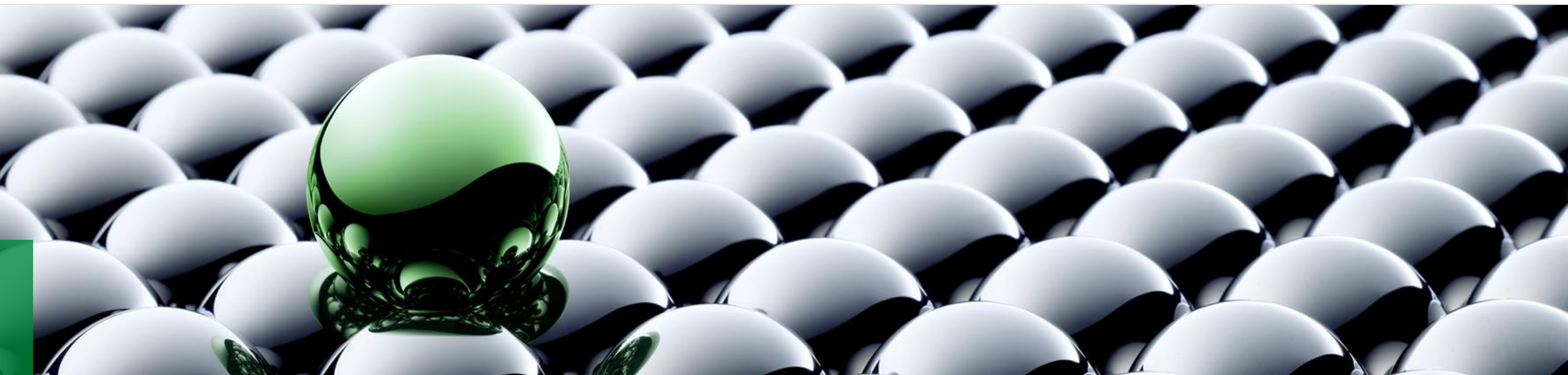
## 2021/2022 Capital market activities

## Roadshows &amp; Conferences – Next CEO &amp; CFO IR events

Nov 11	Roadshow – <i>J.P. Morgan, Europe ex-DACH</i>
Nov 12	Roadshow – <i>Deutsche Bank, DACH</i>
Jan 19	Conference – <i>Kepler, German Corporates</i>

## Financial calendar 2021/2022

Nov 9	9M 2021 Earnings Release
Mar 8	FY 2021 Earnings Release
Apr 6	Colloquium Baden-Baden, Automotive Technologies
Apr 21	AGM
Apr 25 - 29	Hanover Fair, Industrial
May 10	Q1 2022 Earnings Release
Aug 4	H1 2022 Earnings Release



## IR Contact

### Investor Relations

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We pioneer motion

## 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>Up to EUR 700 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>Payout Ratio</b>	<b>30 - 50%</b>	Dividend payout ratio <sup>2</sup> 50% within our range of 30 - 50%
<b>Leverage ratio<sup>1</sup></b>	<b>0.75x - 1.25x</b>	Leverage ratio 2021 below 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

## Key figures Q3 and 9M 2021

in EUR mn	Q3 2020	Q3 2021	Q3 2021 vs. Q3 2020	9M 2020	9M 2021	9M 2021 vs. 9M 2020
<b>Sales</b>	3,391	3,332	-1.8% -3.0% <sup>1</sup>	8,964	10,346	+15.4% +15.9% <sup>1</sup>
<b>Gross Profit</b>	796	793	-3 mn	1,907	2,593	+686 mn
<b>Gross margin</b>	23.5%	23.8%	+0.3pp	21.3%	25.1%	+3.8pp
<b>EBIT<sup>2</sup></b>	322	272	-50 mn	376	994	+618 mn
<b>EBIT margin<sup>2</sup></b>	9.5%	8.2%	-1.3pp	4.2%	9.6%	+5.4pp
<b>Net income<sup>3</sup></b>	-171	149	+320 mn	-531	611	+1,142 mn
<b>EPS<sup>4</sup> (in EUR)</b>	-0.26	0.22	+0.48	-0.79	0.92	+1.71
<b>Schaeffler Value Added<sup>5</sup></b>	-164	631	+795 mn	-164	631	+795 mn
<b>ROCE<sup>6</sup></b>	8.0%	18.0%	+10.0pp	8.0%	18.0%	+10.0pp
<b>Free Cash Flow<sup>7</sup></b>	333	225	-108 mn	185	468	+283 mn
<b>Capex</b>	181	215	+34 mn	481	482	+1 mn
<b>Net financial debt</b>	2,688	2,014	-674 mn	2,688	2,014	-674 mn
<b>Leverage ratio<sup>8</sup></b>	1.6x	0.8x	-0.8x	1.6x	0.8x	-0.8x
<b>Headcount</b>	83,711	83,935	+0.3%	83,711	83,935	+0.3%

<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 (10% × 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

## FY 2021 Guidance – Group and divisional margins and FCF confirmed

## Group Guidance

	Actuals 9M 2021	Guidance Nov 9 <sup>4</sup> FY 2021
<b>Sales growth<sup>1</sup></b>	15.9%	> 7%
<b>EBIT margin<sup>2</sup></b>	9.6%	8 - 9.5%
<b>Free Cash Flow<sup>3</sup></b>	EUR 468 mn	> EUR 400 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> Release Date

<sup>5</sup> Light Vehicle Production (IHS Markit, October 2021)

## Divisional Guidance

Automotive Technologies		Automotive Aftermarket		Industrial	
Actuals 9M 2021	Guidance Nov 9 <sup>4</sup>	Actuals 9M 2021	Guidance Nov 9 <sup>4</sup>	Actuals 9M 2021	Guidance Nov 9 <sup>4</sup>
Outperf. 660 bps	Outperf. 200 - 500 bps	18.3%	> 10%	14.2%	11 - 13%
7.4%	> 6%	14.6%	> 12.5%	12.1%	> 10.5%

## New market assumptions for Fiscal Year 2021

- Automotive Technologies: LVP 2021 up to 0.5 mn vehicles higher than latest IHS estimate<sup>5</sup> of 74.8 mn vehicles
- Automotive Aftermarket: Increase of global GDP by around 6%
- Industrial: Increase of relevant industrial production of around 12%

## 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**



## E-Mobility – Promised and delivered: Order Intake and Footprint



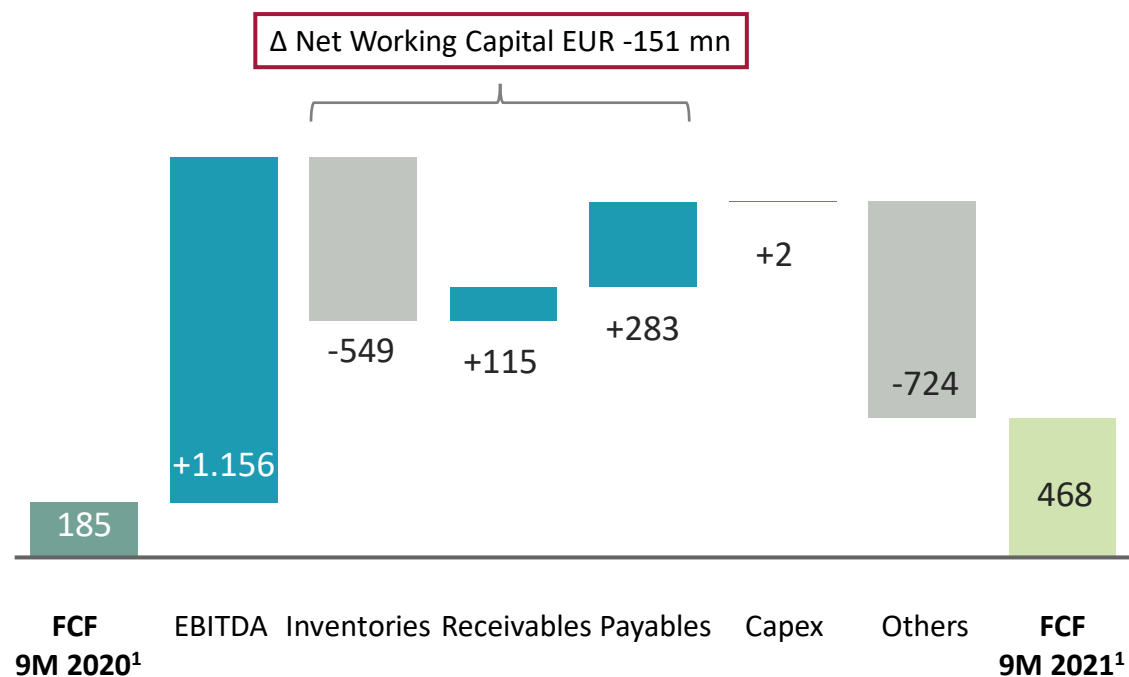
**11.4 bn EUR**  
Total Order Intake  
for E-Mobility  
since 2018

**2.1 bn EUR**  
Order Intake for  
E-Mobility  
achieved in H1 2021



## Free Cash Flow details 9M 2021 – FCF supported by good operational performance

### FCF<sup>1</sup> 9M 2020 vs. 9M 2021 | in EUR mn



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

### Key aspects

- Positive EBITDA development yoy due to good operating performance
- Net Working Capital negative with EUR -151 mn driven by normalization of working capital structure and levels (prior year impacted by V-shape recovery in Q3 2020)
- Others included non-cash relevant provisions for restructuring program in Q3 2020

### Net Working Capital details | in EUR mn

Change in	Q3 2020	Q3 2021	Δ Q3 21/20	9M 2020	9M 2021	Δ 9M 21/20
Inventories	184	-145	-329	37	-512	-549
Receivables	-479	65	+544	-148	-33	+115
thereof R. Sale Program	0	0	0	0	0	0
Payables	254	95	-159	-78	205	+283
<b>Δ Net Working Capital</b>	<b>-41</b>	<b>+15</b>	<b>+56</b>	<b>-189</b>	<b>-340</b>	<b>-151</b>
Working Capital ratio <sup>1</sup>	20.4	19.7	-	20.4	19.7	-

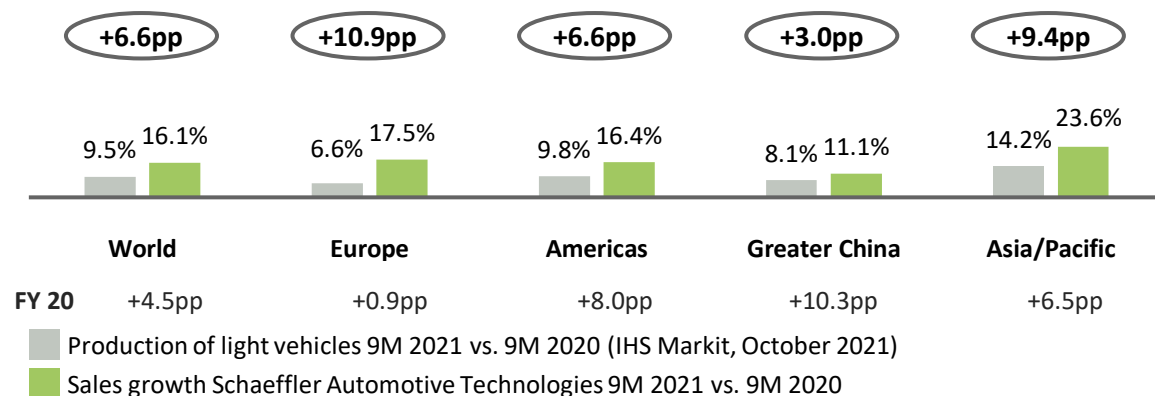
<sup>1</sup> in % of sales (LTM)

## Automotive Technologies – Strong Outperformance across all regions, good EBIT margin<sup>2</sup>

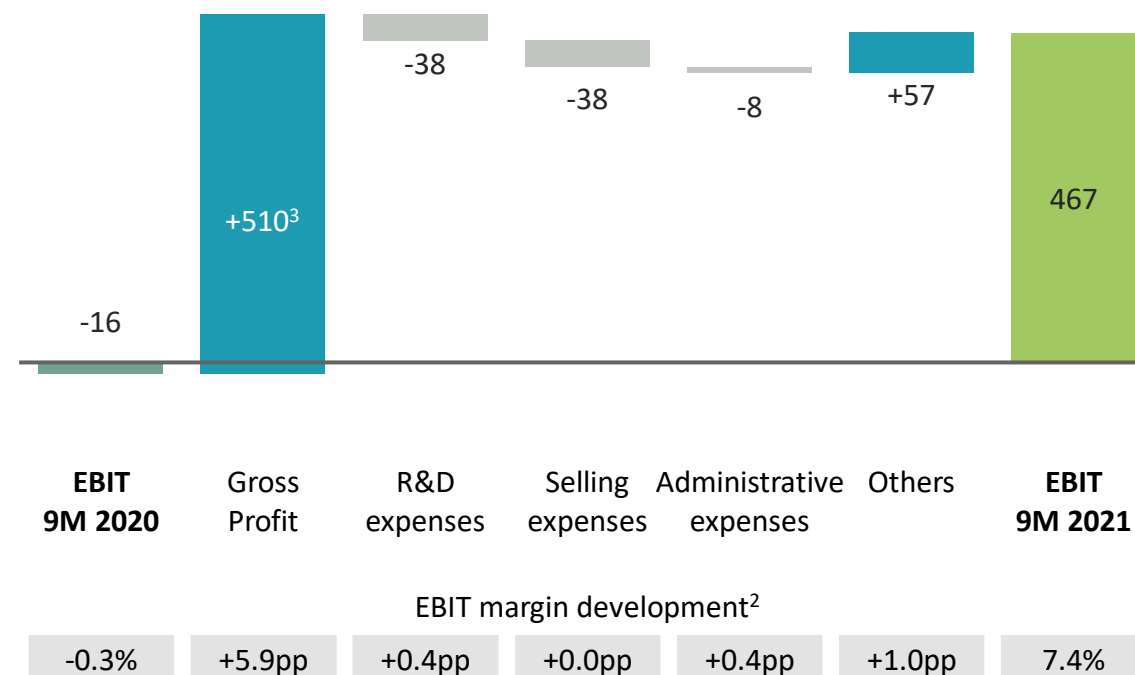
### Sales by business division | yoy growth

	9M 2020	9M 2021	$\Delta^1$
E-Mobility	719	883	+22.4%
Engine Systems	1,425	1,603	+13.5%
Transmission Systems	2,439	2,819	+16.5%
Chassis Systems	842	982	+16.8%
<b>Total</b>	<b>5,425</b>	<b>6,286</b>	<b>+16.1%</b>

### Outperformance: Sales<sup>1</sup> vs. market development in 9M



### EBIT<sup>2</sup> 9M 2020 vs. 9M 2021 | in EUR mn



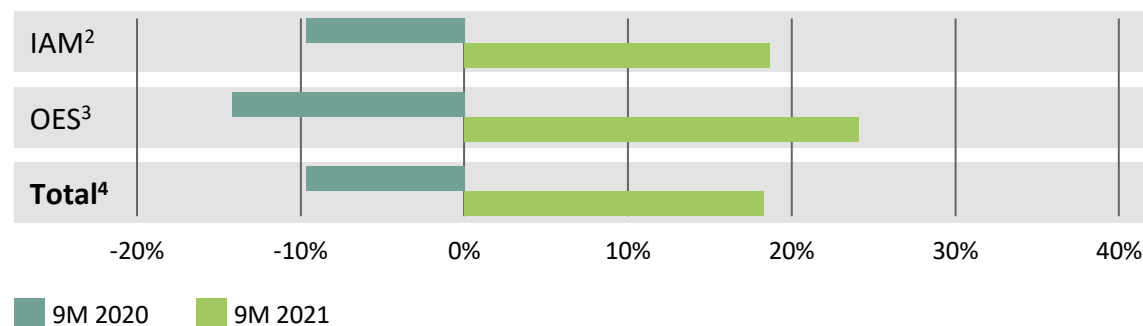
<sup>1</sup> FX-adjusted | <sup>2</sup> Before special items | <sup>3</sup> Includes negative FX effects of EUR -19 mn

## Automotive Aftermarket – Positive sales development, stable EBIT margin<sup>5</sup>

### Sales by region | yoy growth

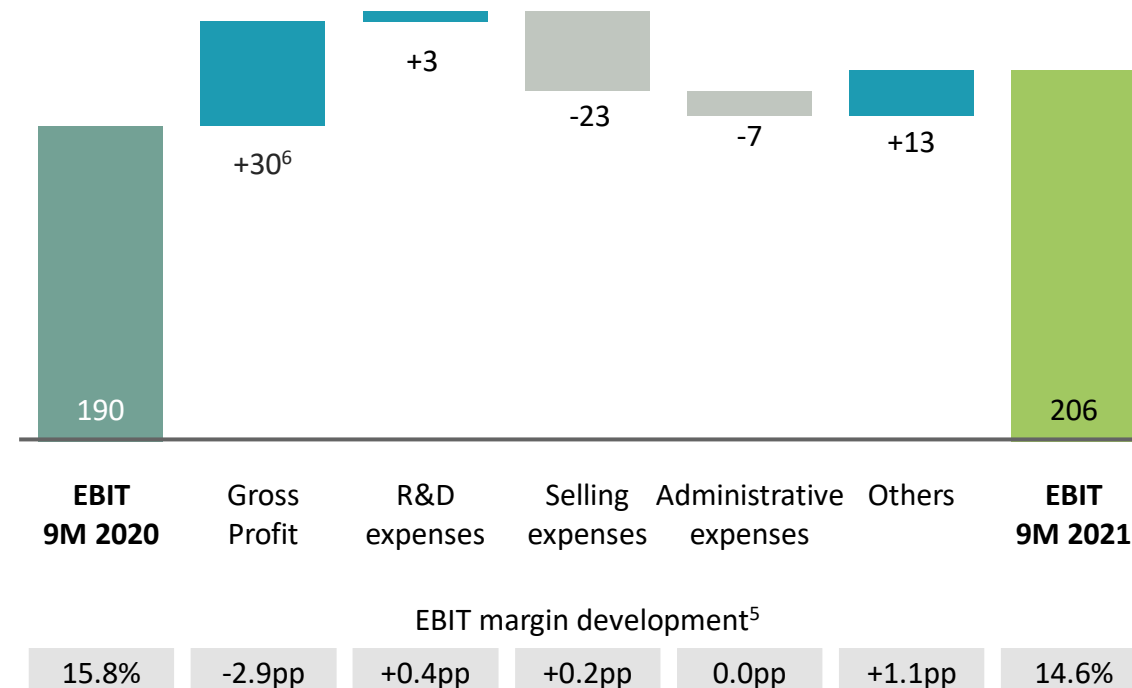
	9M 2020	9M 2021	Δ <sup>1</sup>
Europe	875	985	+13.2%
Americas	216	271	+34.0%
Greater China	57	78	+34.8%
Asia/Pacific	56	78	+44.0%
<b>Total</b>	<b>1,204</b>	<b>1,411</b>	<b>+18.3%</b>

### 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> 9M 2020 vs. 9M 2021 | in EUR mn



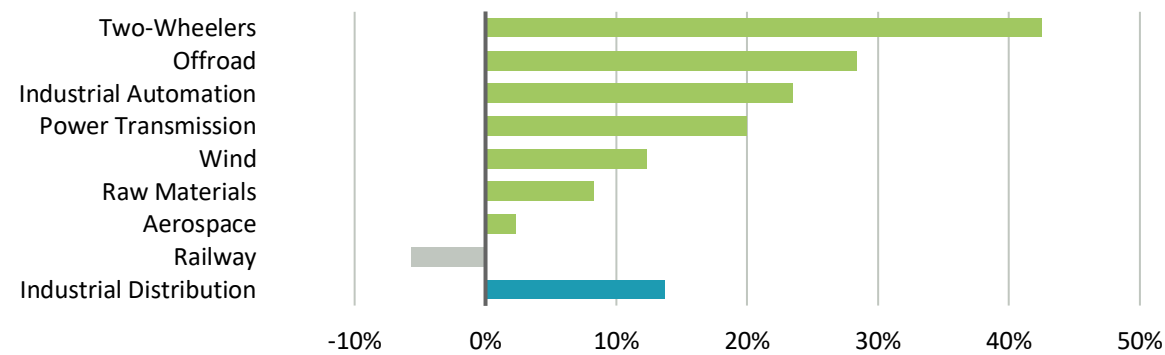
<sup>5</sup> Before special items | <sup>6</sup> Includes negative FX effects of EUR -7 mn

## Industrial – Double-digit growth in all regions, strong EBIT margin<sup>2</sup>

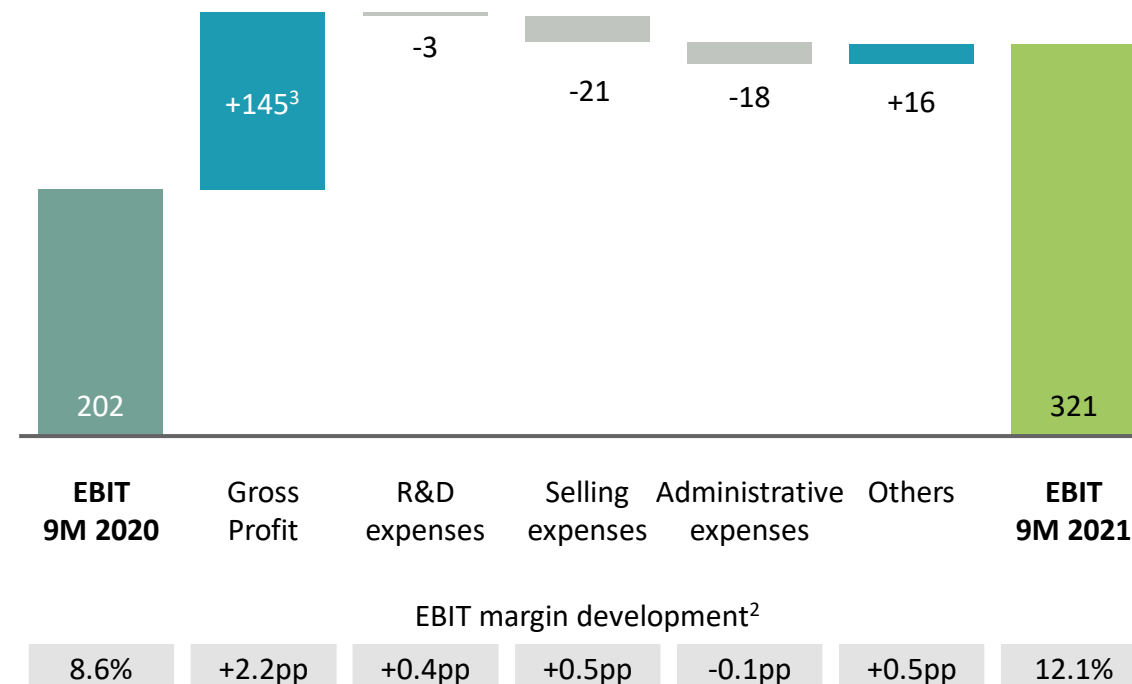
### Sales by region | yoy growth

	9M 2020	9M 2021	Δ <sup>1</sup>
Europe	973	1,071	+10.5%
Americas	396	436	+15.3%
Greater China	639	756	+17.7%
Asia/Pacific	328	385	+20.4%
<b>Total</b>	<b>2,335</b>	<b>2,649</b>	<b>+14.2%</b>

### Industrial sales growth by sector cluster 9M 2021<sup>1</sup>



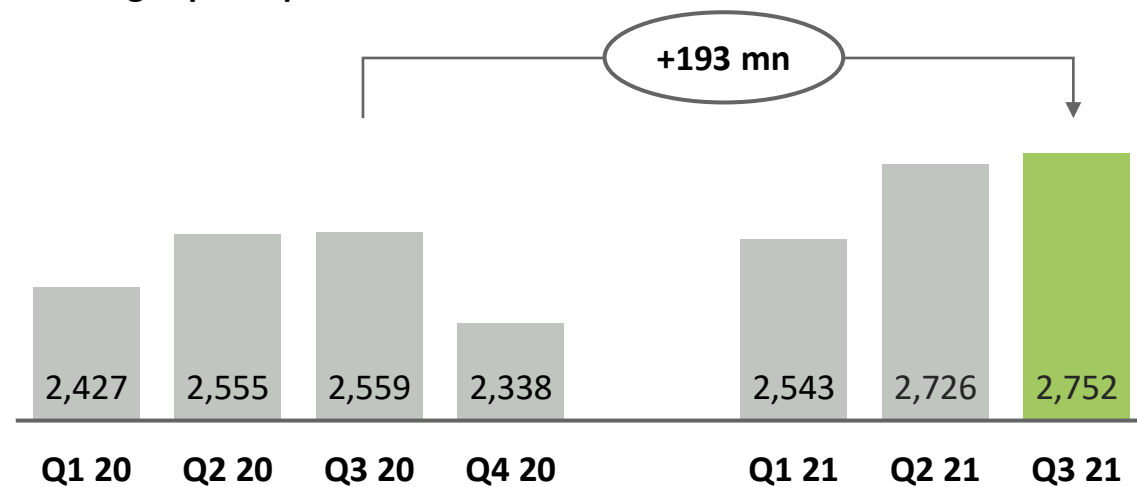
### EBIT<sup>2</sup> 9M 2020 vs. 9M 2021 | in EUR mn



<sup>1</sup> FX-adjusted | <sup>2</sup> Before special items | <sup>3</sup> Includes negative FX effects of EUR -7 mn

## Working Capital ratio 19.7% – Capex ratio 6.4% in Q3

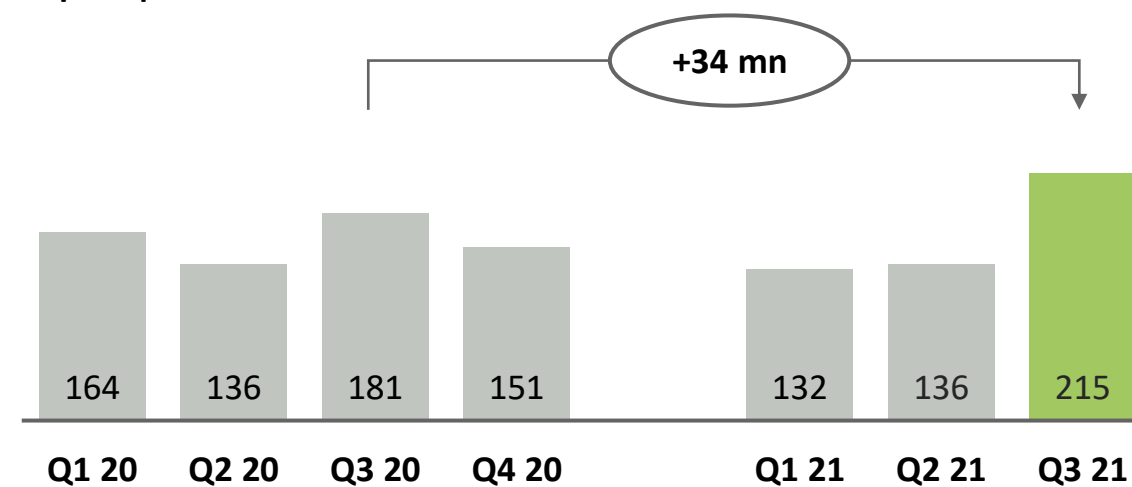
Working capital<sup>1</sup> | in EUR mn



			in % of sales (LTM)		
17.2%	20.0%	20.4%	18.6%	19.8%	19.4%
	20.4%			19.7%	19.7%

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

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



			in % of sales		
5.0%	5.9%	5.3%	4.2%	3.7%	3.9%
	5.4%			4.7%	6.4%

<sup>2</sup> Cash view

## Automotive Technologies (AT) outperformance by quarters

YTD 21 Outperformance: +6.6pp				Q1 21			Q2 21			Q3 21		
	IHS <sup>1</sup>	AT <sup>2</sup>	Outper- formance		IHS <sup>1</sup>	AT <sup>2</sup>	Outper- formance		IHS <sup>1</sup>	AT <sup>2</sup>	Outper- formance	
World	+15.7%	+15.8%	+0.1pp		+48.3%	+65.3%	+17.0pp		-19.7%	-12.2%	+7.5%	
Europe	+1.1%	+3.4%	+2.3pp		+81.9%	+116.2%	+34.3pp		-27.1%	-15.0%	+12.1%	
Americas	-2.9%	+6.0%	+8.9pp		+146.9%	+136.4%	-10.5pp		-23.4%	-15.8%	+7.6%	
Greater China	+79.2%	+74.3%	-4.9pp		-4.3%	+3.3%	+7.6pp		-16.5%	-15.8%	+0.7%	
Asia/Pacific	+5.2%	+13.6%	+8.4pp		+82.0%	+62.5%	-19.5pp		-12.7%	+7.3%	+20.0%	

FY 20 Outperformance: +4.5pp				Q1 20			Q2 20			Q3 20			Q4 20		
	IHS <sup>1</sup>	AT <sup>2</sup>	Outper- formance		IHS <sup>1</sup>	AT <sup>2</sup>	Outper- formance		IHS <sup>1</sup>	AT <sup>2</sup>	Outper- formance		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, October 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	Q2 21	Q3 21
<b>Sales</b>	3,281	2,291	3,391	3,626	3,560	3,454	<b>3,332</b>
<b>Sales Growth<sup>1</sup></b>	-9.3%	-34.5%	-2.8%	+4.5%	+11.2%	+50.6%	<b>-3.0%</b>
<b>EBIT Reported</b>	-90	-144	-188	274	388	355	<b>278</b>
<b>EBIT bsi</b>	212	-159	322	422	403	319	<b>272</b>
<b>EBIT bsi margin</b>	6.5%	-6.9%	9.5%	11.6%	11.3%	9.2%	<b>8.2%</b>

## Automotive Technologies | in EUR mn

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

<sup>1</sup> FX-adjustedAdjusted comparative  
figures 2020

## Automotive Aftermarket | in EUR mn

	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
<b>Sales</b>	446	301	456	438	444	467	<b>500</b>
<b>Sales Growth<sup>1</sup></b>	+1.6%	-30.5%	-0.2%	+1.3%	+4.0%	+54.1%	<b>+8.7%</b>
<b>EBIT Reported</b>	77	28	62	61	57	88	<b>80</b>
<b>EBIT bsi</b>	77	28	86	67	57	77	<b>71</b>
<b>EBIT bsi margin</b>	17.2%	9.3%	18.8%	15.4%	12.9%	16.5%	<b>14.3%</b>

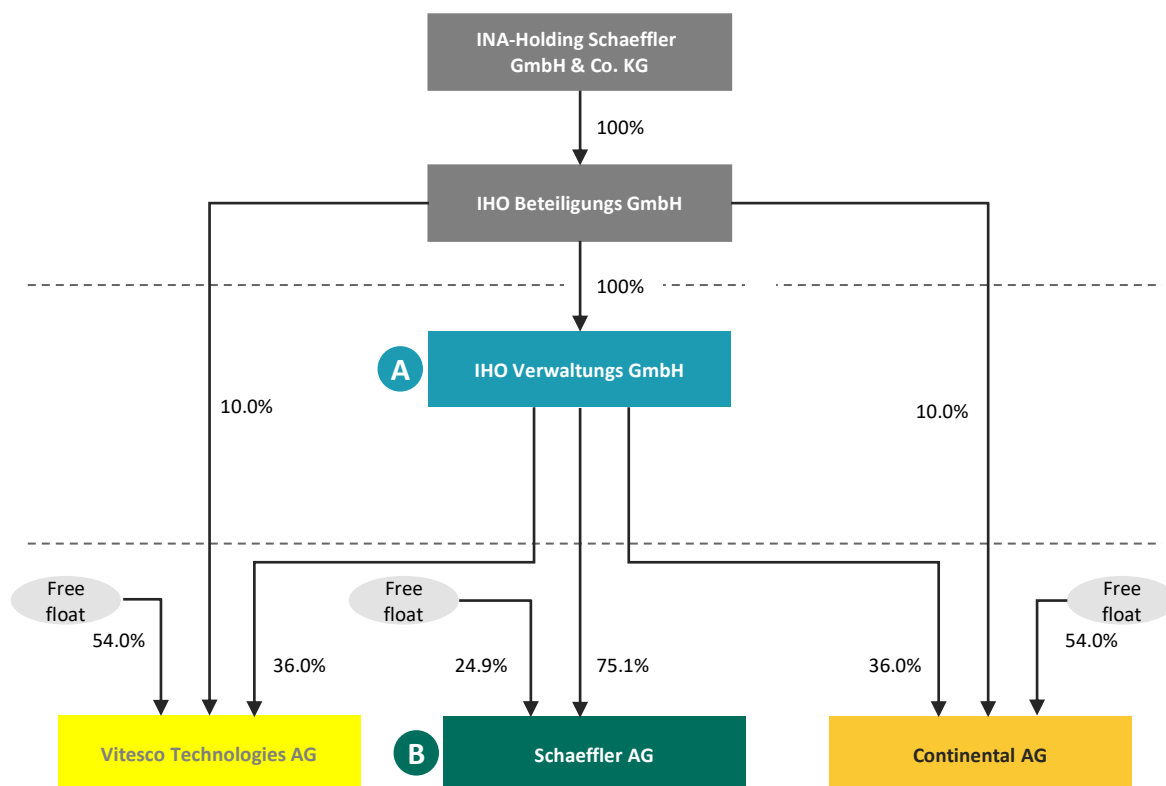
## Industrial | in EUR mn

	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
<b>Sales</b>	827	734	774	797	836	902	<b>911</b>
<b>Sales Growth<sup>1</sup></b>	-7.7%	-18.2%	-8.2%	-3.0%	+3.9%	+24.0%	<b>+15.8%</b>
<b>EBIT Reported</b>	56	63	-175	24	93	113	<b>90</b>
<b>EBIT bsi</b>	88	53	61	74	99	109	<b>113</b>
<b>EBIT bsi margin</b>	10.7%	7.2%	7.8%	9.3%	11.9%	12.0%	<b>12.4%</b>



## Overview Corporate and Financing Structure

### Corporate structure (simplified) | as of September 30, 2021



### Financing structure | as of September 30, 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+2.25%	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	432	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	389	6.00%	May-27	BB/Ba2/BB-
	6.375% SSNs 2029 (USD)	400	345	6.375%	May-29	BB/Ba2/BB-
Total IHO Verwaltungs GmbH		3,416		Ø 3.75% <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	Not rated
	Schuldschein Loans (EUR)	-	557 <sup>4</sup>	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 = 1.1579 | <sup>2</sup> After cross currency swaps | <sup>3</sup> Incl. commitment and utilization fees | <sup>4</sup> On October 4, 2021, Schaeffler AG has terminated variable SSD tranches in the amount of EUR 259 m. The early repayment will be made on November 11, 2021.