

Schaeffler Industrial Roadshow

Harnessing growth, driving profitability

Dr. Stefan Spindler, CEO Industrial Division
September 8th, 2022

We pioneer motion

Agenda

- 1 Overview
- 2 Where we play & How we win
- 3 How we create value

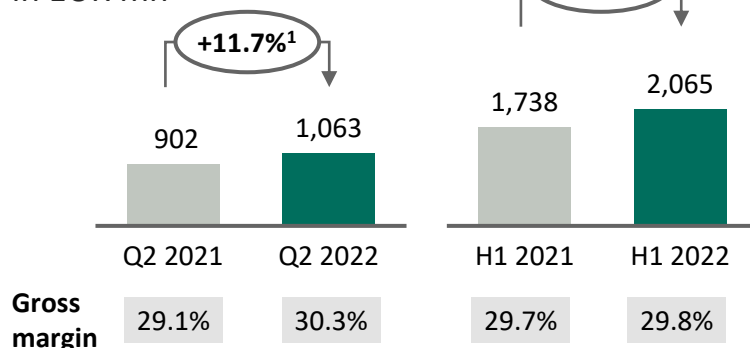
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Overview

Industrial – Strong growth¹ momentum continued, solid EBIT margin² despite increased cost headwinds

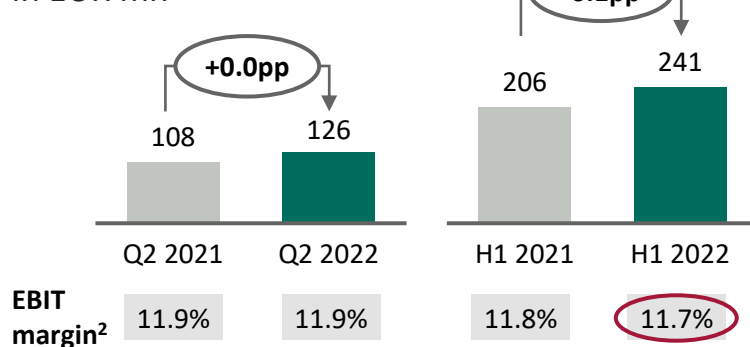
Sales

in EUR mn



EBIT²

in EUR mn



Strong growth¹ across all regions except Greater China – Industrial delivering more than EUR 1 bn sales level in Q2 again, despite macro headwinds



Strong volume growth in Industrial Distribution and in Industrial Automation especially in Europe in Q2; Contribution from high demand in Industrial Distribution also in Americas and Asia/Pacific



We are executing our strategy – Compelling acquisition of Ewellix with an excellent strategic fit, next to sound organic growth in the existing business overall



EBIT margin² flat yoy due to sharply increased input and freight/logistics costs, volume-driven higher personnel expenses; Some inefficiencies linked to execution of planned consolidation actions in Europe arose in Q2, still, transitory impact

¹ FX-adjusted | ² Before special items

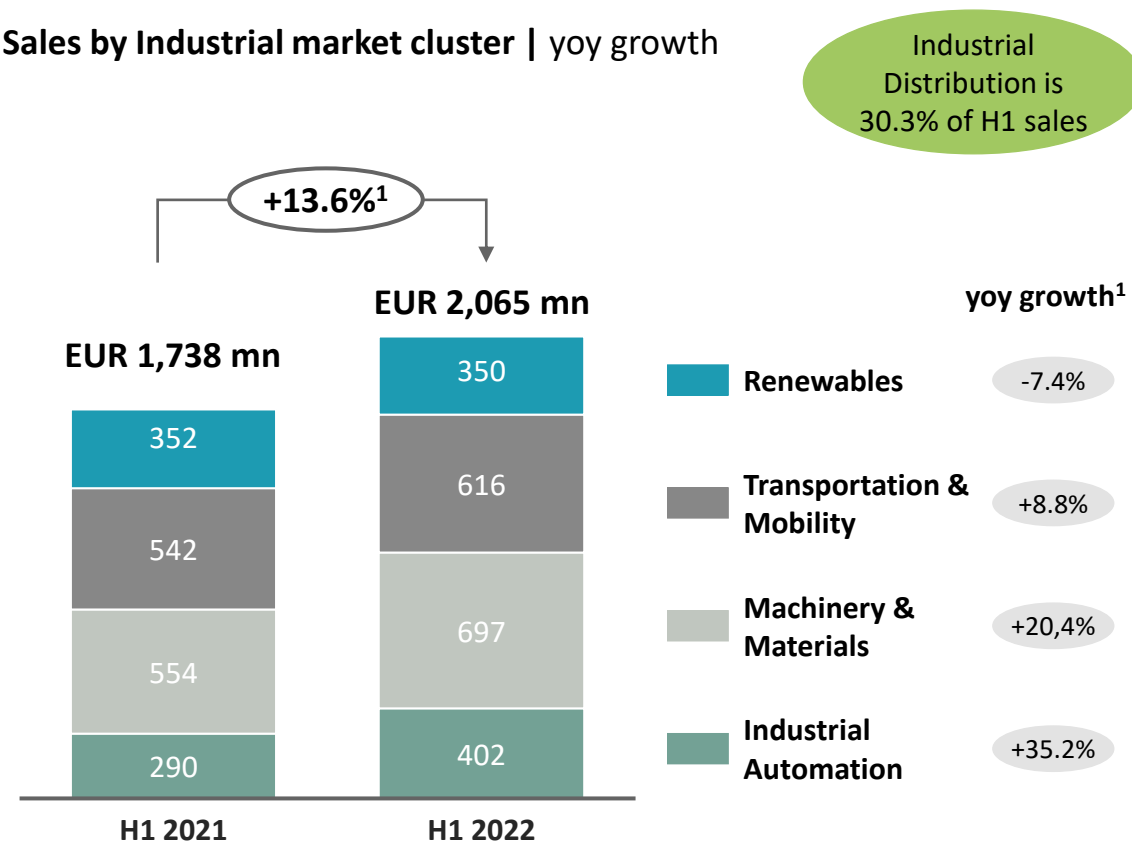
Industrial – Strong growth¹ in most regions and market clusters continued

Sales by region | yoy growth

	H1 2021	H1 2022	Δ ¹
Europe	699	877	+25.7%
Americas	285	347	+10.0%
Greater China	507	531	-4.6%
Asia/Pacific	247	310	+21.0%
Total	1,738	2,065	+13.6%

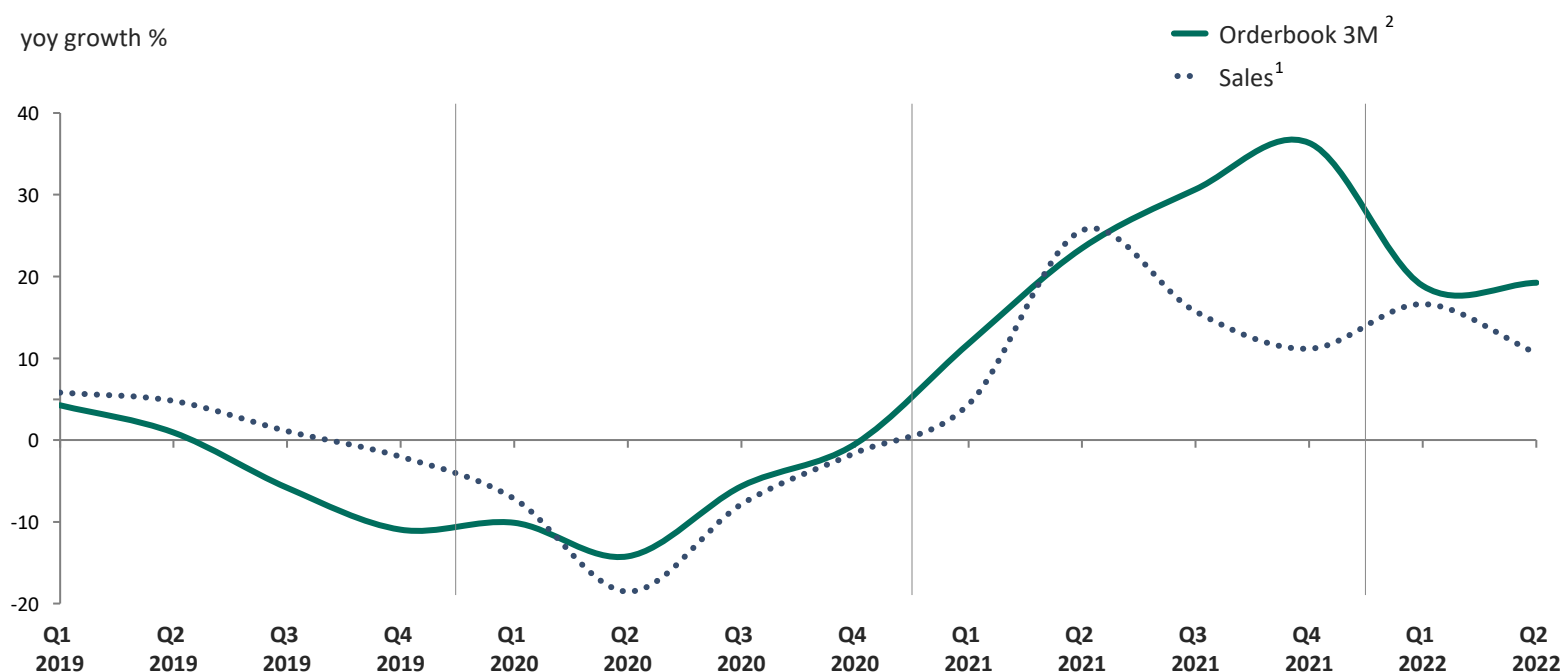
¹ FX-adjusted

Sales by Industrial market cluster | yoy growth



Industrial Orderbook and current trading – Solid development in July and August

Orderbook 3-month



¹ FX-adjusted product sales

² The Orderbook 3-month measures the value of customer orders which are due in the next three months. It is presented as a relative, FX-adjusted yoy growth indicator which reflects the short-term business expectations.

Developments in the distribution business have typically a shorter reach and are therefore only partially reflected by this indicator.

Key Aspects

- High contributions to Orderbook in Q2 from Industrial Automation, Machinery & Materials as well as Transportation & Mobility
- Strong overall market demand of recent months continues in Q3
- Positive sales trend across all regions, considering a strong recovery in Greater China
- Demand in distribution business remaining at high level of previous quarters

2

Where we play & How we win

Performance H1 2022 by market cluster – Strong regional business ownership

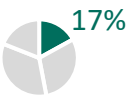
H1 2022

Market clusters

Sector clusters

Industrial
Distribution share
of total sales: ~30%

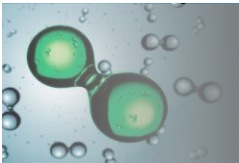
Renewables



H1 2022:
EUR 350 mn¹
(-7.4%²)



Wind



Hydrogen as new sector cluster

Transportation
& Mobility



H1 2022:
EUR 616 mn¹
(+8.8%²)



Aerospace



Rail

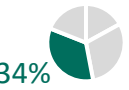


Offroad



Two-Wheelers

Machinery &
Materials



H1 2022:
EUR 697 mn¹
(+20.4%²)



Power Transmission

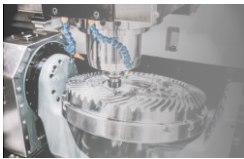


Raw Materials

Industrial
Automation

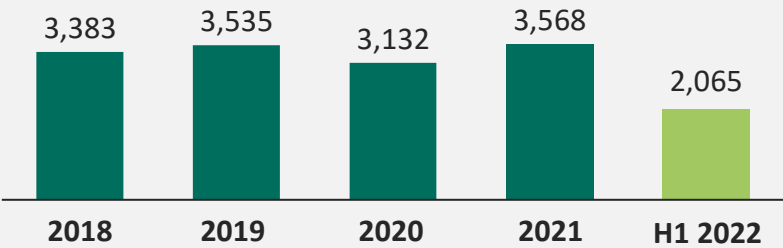


H1 2022:
EUR 402 mn¹
(+35.2%²)

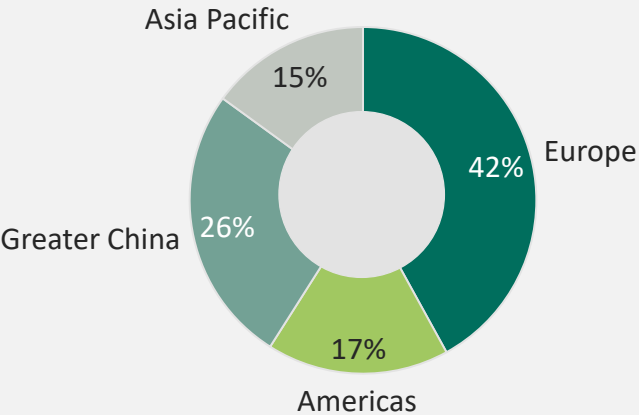


Industrial Automation

Industrial sales development³ [EUR mn]

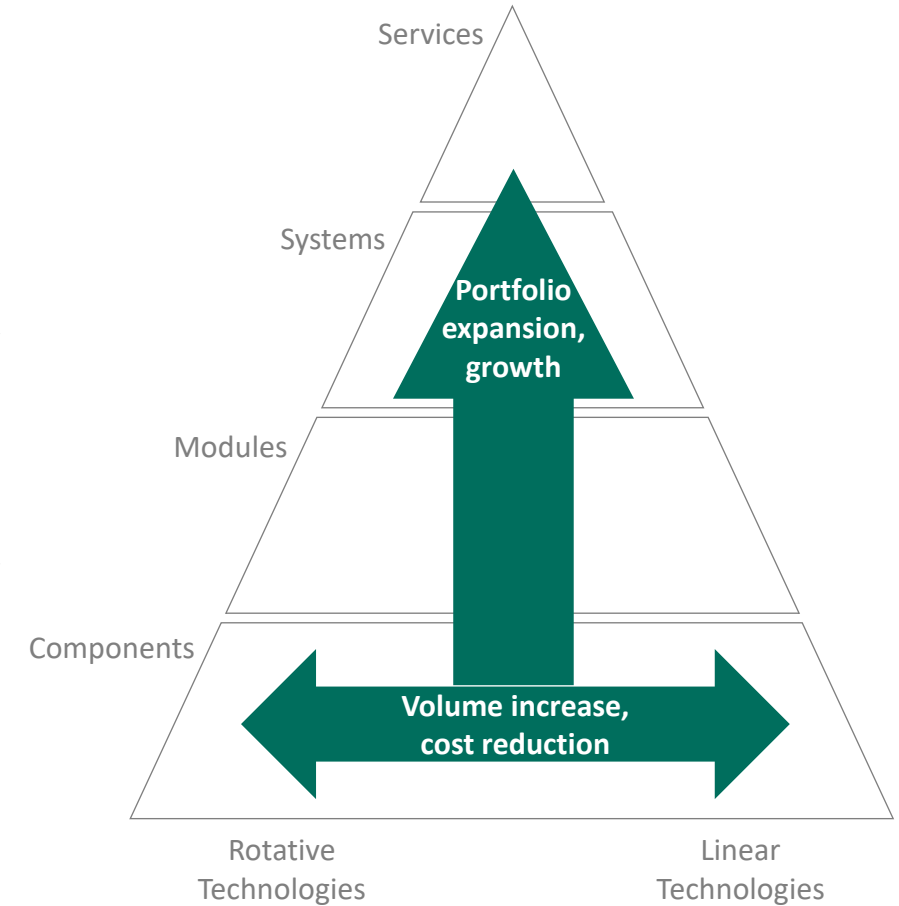
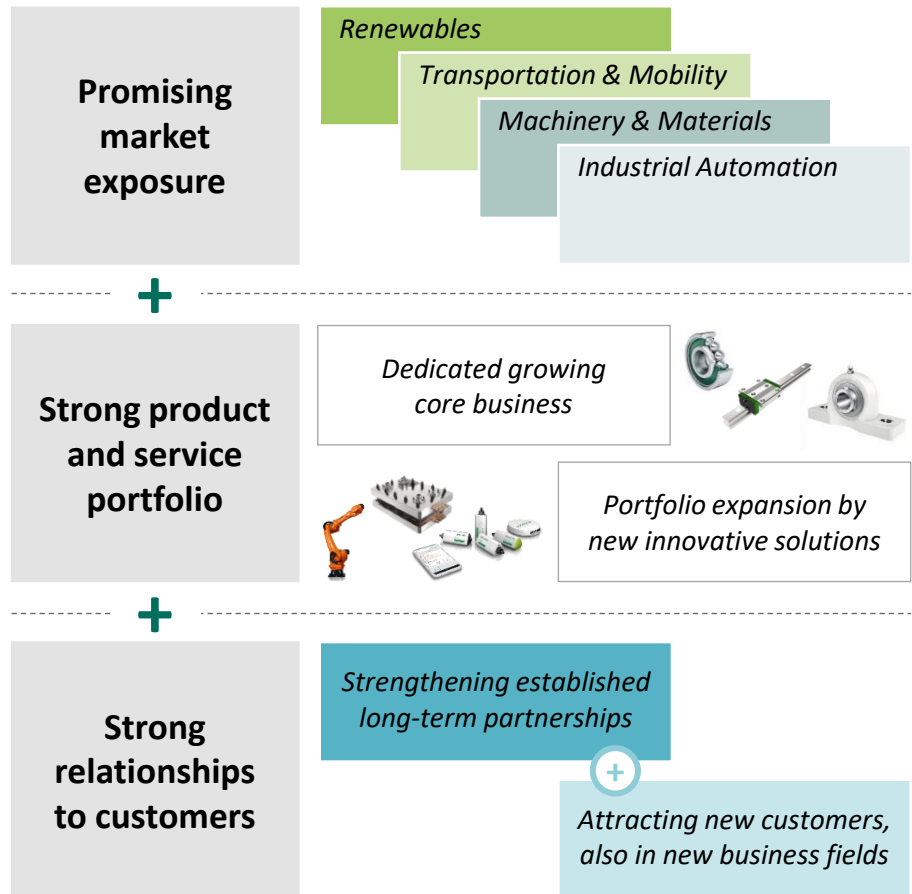


Industrial sales by region H1 2022



¹ Indicative sales split H1 2022 | ² Indicative FX-adjusted sales growth H1 2022 | ³ Restated values for 2018-2020

Our strategic set-up for Industrial – A solid foundation for further growth and increasing profitability



A Organic growth – Strengthening business partnerships and expanding our existing portfolio

STRENGTHENED CUSTOMER RELATIONSHIPS

Entering 12-year partnership with Rolls Royce



Unique long-term contract focused on **rolling bearing systems for aircraft engines** in the growth areas of business aviation and wide body aircraft covering 100% of Rolls Royce's supply volume in Europe

NEW BEARING SOLUTIONS

Expanded product range for food & beverage industry



New types of corrosion-resistant **deep groove ball bearings, radial insert ball bearings** and **housing units** made of white, glass fiber reinforced plastic taking sector-specific requirements into account

EXPANDED PORTFOLIO FOR NEW BUSINESS FIELDS

Innovative solutions for the robotics industry



New **precision strain wave gears** for lightweight robots and cobots accommodating a broader range of applications in robotics and ensuring extensive market coverage

B Inorganic growth – Growing our Industrial Automation, Service Solutions and Hydrogen business

INDUSTRIAL AUTOMATION

Extending scope of our robotics business

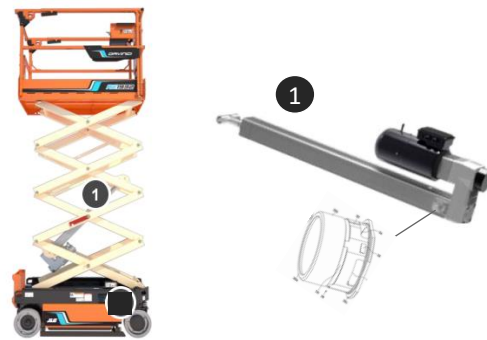
Melior Motion

Innovative manufacturer of high precision gearboxes for industrial robots and other applications



EWELLIX

One of the leading players in electromechanical automation with global footprint



SERVICE SOLUTIONS

Maintenance tools become a fundamental building block of our service portfolio

BEGA Special Tools

Leading manufacturer of special tools for mounting and dismounting of rolling bearings

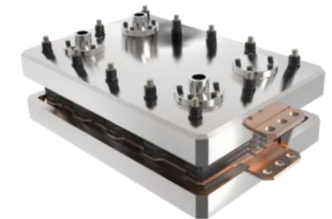


HYDROGEN

Building the base for scaling up production of components and stacks for electrolysis

Hydron Energy

Manufacturer of advanced electrochemical membrane modules (stacks) for hydrogen production equipment based on the water electrolysis process



Ewellix deep dive – Industrial Division becoming one of the market leaders in electromechanical automation

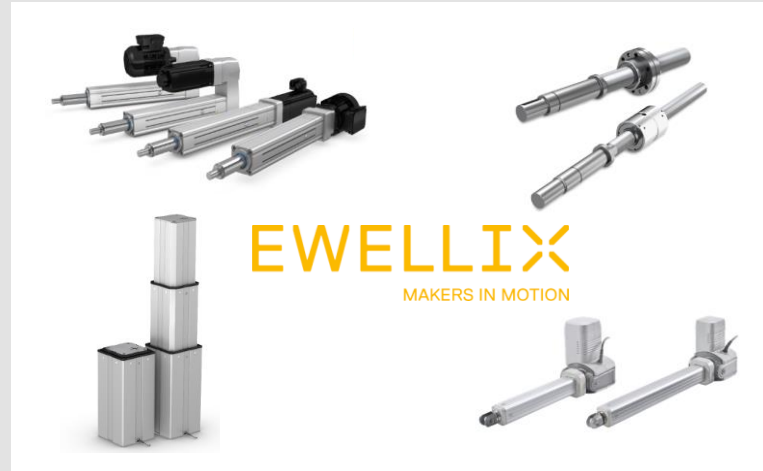
Ewellix

Global manufacturer of actuation and linear motion solutions

>50yrs of business experience

1,196 employees as of June 30th, 2022

6 manufacturing & customizing sites in Europe, US and Asia



Transaction details

Purchase price **EUR 582 mn**

(excluding approx. EUR 120 mn Ewellix Net Debt - to be assumed by Schaeffler AG)

Closing¹ expected **end of 2022**

Revenues & Profitability

Approx. EUR 216 mn - FY 2021

More than EUR 250 mn - FY 2022e

Profitability at par with existing Industrial business

Financing

100% from existing internal/external sources

Integration

Share deal

Ewellix Group will become a **100%** subsidiary of Schaeffler AG

¹ Closing of the deal is subject to customary closing conditions

Ewellix deep dive – One of the leading players in electromechanical automation active in secular growth sectors



Robotics



Mobile machines

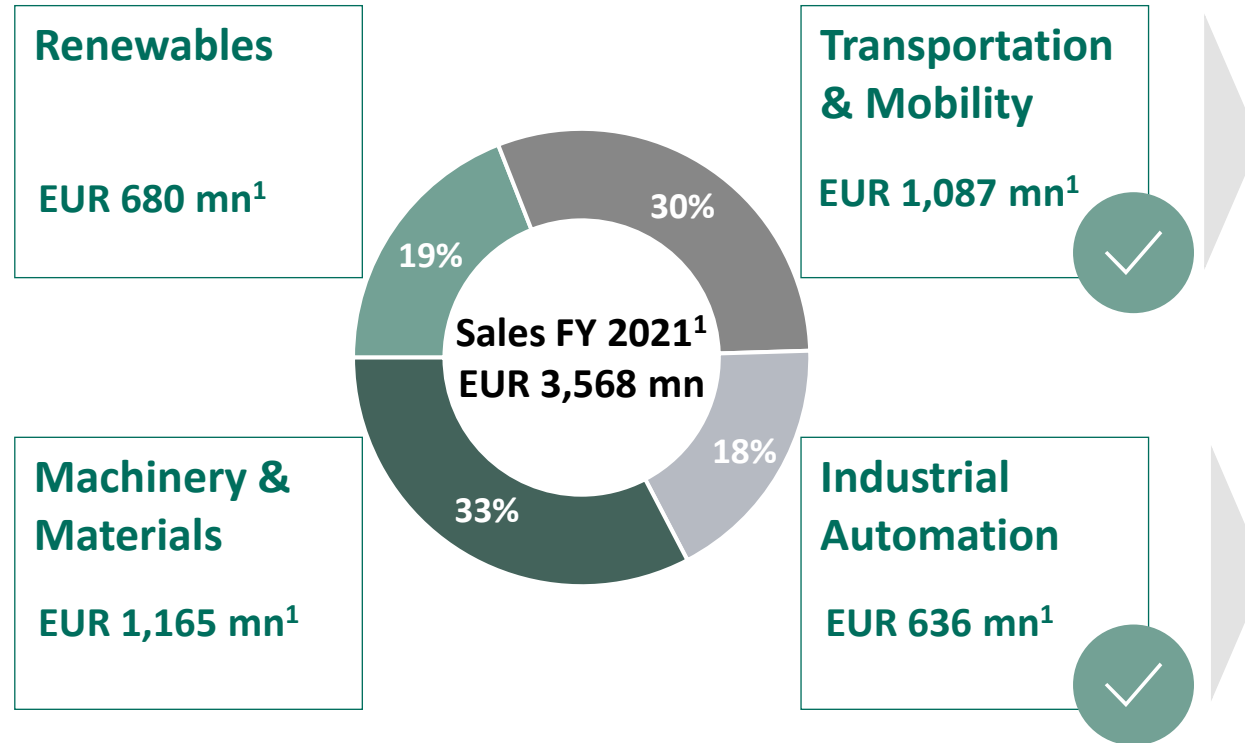


Medical

- 1 Global presence with superior growth potential and strong exposure to strategic sectors like robotics, mobile machines and medical
- 2 Leveraging the trend towards increasing use of electromechanics, energy efficiency as well as automation & robotics
- 3 Technically sophisticated product portfolio including actuators, lifting columns, robotic axis, ball & roller screws, and linear guides used in a wide range of applications
- 4 Streamlined, scalable best-cost production footprint and strong global sales network
- 5 Highly experienced and committed teams with powerful innovation track record and strong customer orientation

Ewellix deep dive – Complementing our product & solution offer

Schaeffler Industrial Division Market Clusters



¹ Indicative sales split FY 2021 according to new market clusters

Applications with complementing electromechanical solutions

Aerial work platform
scissors lifts



Forklifts



Schaeffler Industrial portfolio
already includes:

Bearings, track rollers, profiled rail guides,
shafts, linear bushings, precision gears



General X-ray



Slidekit 2.0

● Linear actuators ● Lifting columns ● Profiled rail guides

Ewellix deep dive – Extended solutions for medical applications

Example Medical – Attractive portfolio match from components to system solutions

Medical Imaging + Operating room equipment

The diagram shows a central medical imaging machine, possibly a C-arm, with various components highlighted. The components are labeled as follows:

- Segment Motor
- RTWH
- Friction Brake
- X-Ray-Tube Bearing
- C-Arm Bow
- Ball screws
- CT Gantry bearing with ring motor
- Sliding Gantry
- Linear Guidance
- Actuator
- Lifter System
- Slewing Ring (or other special bearings)



 Schaeffler portfolio
 Ewellix portfolio

Additional possibilities

Lab automation / IVD diagnostics

The diagram shows a lab automation / IVD diagnostics machine with various components highlighted. The components are labeled as follows:

- Direct Drives
- Ball screws
- Monorail Miniature
- Linear Guidance

Robotic assisted surgery

The diagram shows a robotic assisted surgery machine with various components highlighted. The components are labeled as follows:

- Monorail Miniature
- RTWH
- Direct Drives

Ewellix deep dive – Compelling acquisition with significant growth and synergy potential

- 1 **Strong market attractiveness** – With the acquisition of Ewellix, Schaeffler Industrial Division increases its business in sizeable and attractive sectors like robotics, medical, and mobile machinery, supported by secular growth trends
- 2 **High complementarity** – Schaeffler's competence in ball-, roller- and shaft guidance and Ewellix's position in the actuator, ball & roller screw markets perfectly complement each other – Global presence, combined with a high cultural fit
- 3 **Significant synergy potential** – High confidence in achieving a compelling combination of synergies (e.g. cross-selling, joint purchasing, and combined distribution network); EPS accretion expected to be neutral to slightly positive in 2023 and mid single digit % accretive from 2024 onwards
- 4 **Strategic investment** – The acquisition of Ewellix enables Schaeffler Industrial Division to accelerate the execution of its Roadmap 2025

Excellent strategic fit
further enhancing
our Industrial
business

3

How we create value

FY 2022 Guidance – Outlook for all metrics confirmed

Group Guidance

	Actuals FY 2021	Guidance FY 2022
Sales growth¹	10.2%	6 - 8%
EBIT margin²	8.8%	5 - 7%
Free Cash Flow³	EUR 523 mn	> EUR 250 mn

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

⁴ LVP (IHS Markit (part of S&P), July 2022)

⁵ LV Parc for PC and LCV <3.5t (IHS Markit (part of S&P), June 2022)

Divisional Guidance

Automotive Technologies		Automotive Aftermarket		Industrial	
Actuals FY 2021	Guidance FY 2022	Actuals FY 2021	Guidance FY 2022	Actuals FY 2021	Guidance FY 2022
Out-performance 430 bps	Out-performance 200 - 500 bps	13.9%	Moderate growth	14.2%	Considerable growth
6.4%	> 2.5%	13.9%	> 12%	11.8%	> 11%

Market assumptions for 2022

- Automotive Technologies: LVP growth stagnating yoy (~77 mn expected) vs. 4.7% growth in latest IHS estimate⁴
- Automotive Aftermarket: Growth of Global LV Parc⁵ of 2.1%
- Industrial: Increase of relevant industrial production of ~4%

Summary – Focus on further enhancing our portfolio in both core and new business fields, while continuing our profitability track record

- 1 In Q2, strong growth momentum continued – Sales exceeding EUR 1 bn again; Solid EBIT margin despite increased cost headwinds
- 2 All regions growing in July and August including a significant recovery in Greater China; FY 2022 Guidance confirmed
- 3 Strong secular trends supporting the organic growth in our core business of standardized and specialized bearings
- 4 Compelling acquisition of Ewellix with an excellent strategic fit – Industrial Division becoming one of the market leaders in electromechanical actuation with promising synergy and growth potentials
- 5 Continued focus on footprint optimization and cost discipline – Building on our successful track record in Industrial



**Strategy paying off
also in a challenging
market environment**

We pioneer motion

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We pioneer motion

Equity Story – Positioning Schaeffler for long-term value creation

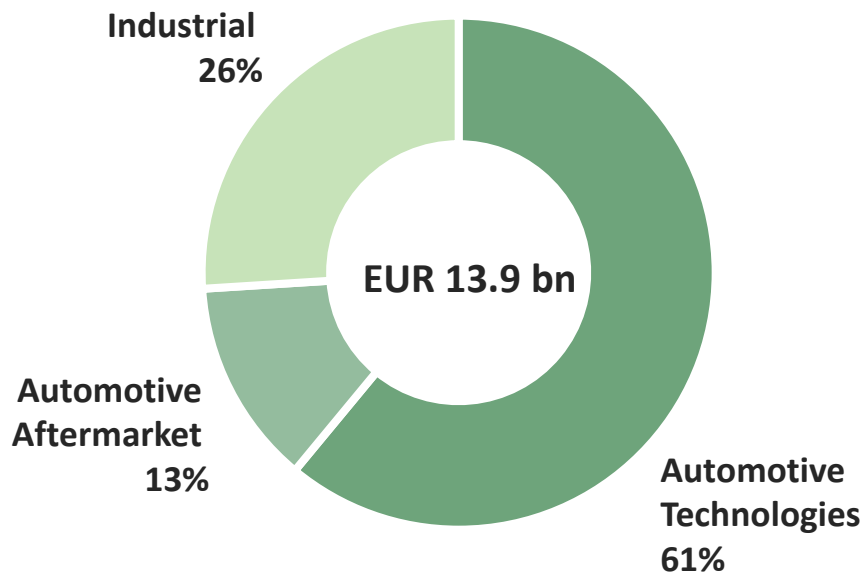
- 1 Roadmap 2025 in execution – Focus on capital allocation, portfolio management and FCF generation
- 2 Automotive Technologies – Conquer leadership positions in New Business for electrified Powertrains and Chassis applications
- 3 Automotive Aftermarket – Maintain a high margin level, expand our share of wallet and reach
- 4 Industrial – Enter attractive growth fields, further enhance profitability
- 5 Financial Framework – Strict performance orientation based on Mid-term Targets
- 6 Sustainability – Fully committed to activate all impact levers to achieve sustainability goals

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

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

3 Divisions

In % of FY 2021

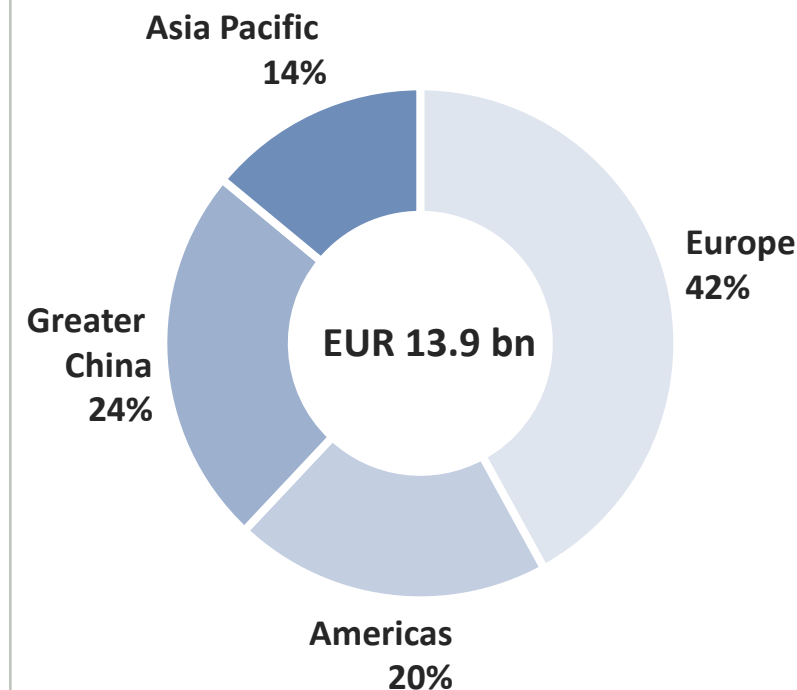


Schaeffler Group

- **Leading positions in technology and innovation**
- **10 customer sectors**
- Market leading offering from **components and systems to services**
- **75 plants and 20 R&D centers**
- **~83,000 employees in more than 50 countries**

4 Regions

In % of FY 2021



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

Despite unprecedented complex macroeconomic environment, Schaeffler delivered a solid Q2

Key messages Q2 2022

- 1 Q2 Sales¹ +4.4% – Sales contracted in China in Q2 (-12.5%) due to Covid lockdowns, good growth in other regions
- 2 Automotive Order Intake² of EUR 6.6 bn, strong book-to-bill-ratio³ at 1.6x – E-Mobility OI of EUR 3.2 bn, FY target already reached in H1
- 3 Q2 EBIT margin⁴ 5.3% – Progressing price realization, only partially compensating cost inflation, headwind impacts
- 4 Q2 FCF⁵ EUR -219 mn – Lower EBITDA, Working Capital outflow in Q2, Restructuring cash outs affected FCF⁵ in H1, underlying trend healthy
- 5 FY 2022 Guidance – All metrics confirmed; Sequentially improving Automotive topline expected in H2 driven by regional mix and pricing
- 6 Macroeconomic picture – Uncertainty remains regarding headwinds intensity for the remainder of 2022

¹ FX-adjusted | ² Nominations to customer projects | ³ Lifetime Sales / Current period revenue

⁴ Before special items | ⁵ Before cash in- and outflows for M&A activities

Sales growth¹ Q2

+4.4%

EUR 3,790 mn

Order Intake² H1
Auto Technologies

EUR 6.6 bn

of which

E-Mobility: EUR 3.2 bn

EBIT margin⁴ Q2

5.3%

Q2 2021: 8.8%

Free Cash Flow⁵ Q2

EUR -219 mn

Q2 2021: EUR 113 mn

Schaeffler Group Q2 2022 – Highlights and lowlights



Automotive Technologies – Outperformance of 130 bps in Q2, strong growth in Americas, Europe growing despite challenges; Strong Order Intake continued in Q2



Automotive Aftermarket – Continued positive underlying market supported the strong sales development especially in Americas and Asia/Pacific



Industrial – Sales in Q2 exceeding EUR 1 bn again; Growth driven by continued positive momentum



Being an Automotive and Industrial supplier with diversified regional setup helped to cushion headwinds – Also thanks to progressing price realization overall



Global macroeconomic & geopolitical situation – Highly complex and unprecedented combination in H1 2022



Supply chain global headwinds – Covid-19 restrictions, trade and logistics constraints continue to impact to some extent all divisions in terms of costs and lead times



Input costs – Raw materials, energy and freight/logistics still on high levels and increased throughout Q2



Uncertainty remains regarding headwinds intensity for the second half of 2022

Key figures by Group and Division

Group | in EUR mn

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Sales	3,560	3,454	3,332	3,506	3,758	3,790
Sales Growth¹	+12.3%	+52.8%	-3.5%	-5.8%	+1.9%	+4.4%
EBIT Reported	382	341	266	231	247	186
EBIT bsi	397	305	260	260	258	200
EBIT bsi margin	11.2%	8.8%	7.8%	7.4%	6.9%	5.3%

Automotive Aftermarket | in EUR mn

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Sales	444	467	500	437	463	506
Sales Growth¹	+4.9%	+57.9%	+9.0%	-2.1%	+2.1%	+4.3%
EBIT Reported	57	89	80	48	62	63
EBIT bsi	58	78	72	49	63	63
EBIT bsi margin	13.1%	16.6%	14.3%	11.2%	13.6%	12.5%

Adjusted comparative
figures 2021

Automotive Technologies | in EUR mn

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Sales	2,281	2,084	1,921	2,150	2,293	2,222
Sales Growth¹	+17.0%	+67.5%	-13.1%	-12.5%	-3.2%	+1.3%
EBIT Reported	232	141	96	110	77	1
EBIT bsi	240	119	77	107	80	11
EBIT bsi margin	10.5%	5.7%	4.0%	5.0%	3.5%	0.5%

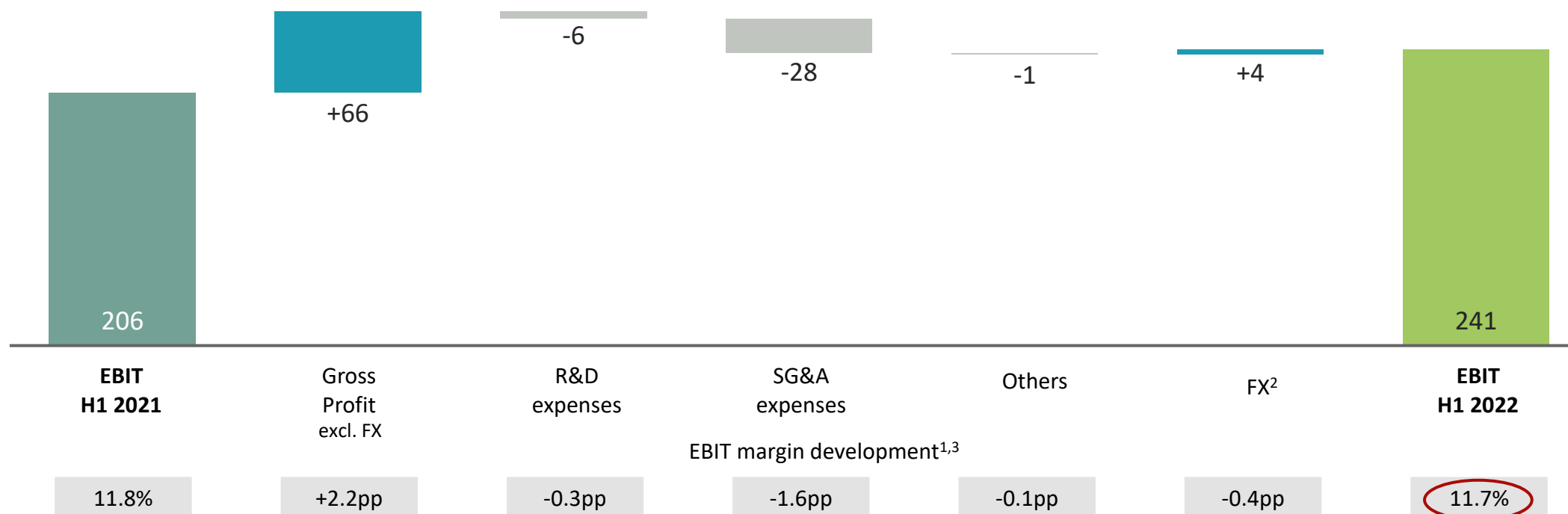
Industrial | in EUR mn

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Sales	836	902	911	919	1,002	1,063
Sales Growth¹	+4.7%	+25.4%	+15.8%	+12.0%	+15.7%	+11.7%
EBIT Reported	92	112	89	74	108	123
EBIT bsi	98	108	112	104	115	126
EBIT bsi margin	11.8%	11.9%	12.3%	11.3%	11.4%	11.9%

¹ FX-adjusted

Industrial division – EBIT margin¹ at prior-year level supported by positive price and volume effects

EBIT¹ H1 2021 vs. H1 2022 | in EUR mn



¹ Before special items

² Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses

³ Percentage values do not sum up due to isolated calculation of each individual effect

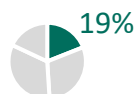
Performance FY 2021 by market cluster – Strong regional business ownership

Market clusters

Sector clusters

Industrial
Distribution share
of total sales: ~28%

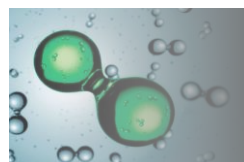
Renewables



FY 2021:
EUR 680 mn¹
(+8.2%²)



Wind



Hydrogen as new sector cluster

Transportation & Mobility



FY 2021:
EUR 1,087 mn¹
(+11.6%²)



Aerospace



Rail



Offroad



Two-Wheelers

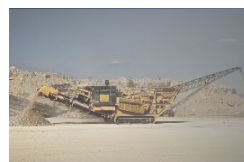
Machinery & Materials



FY 2021:
EUR 1,165 mn¹
(+13.7%²)

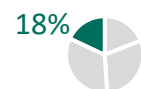


Power Transmission



Raw Materials

Industrial Automation



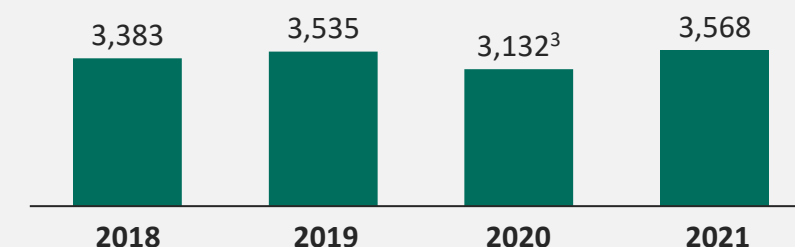
FY 2021:
EUR 636 mn¹
(+23.8%²)



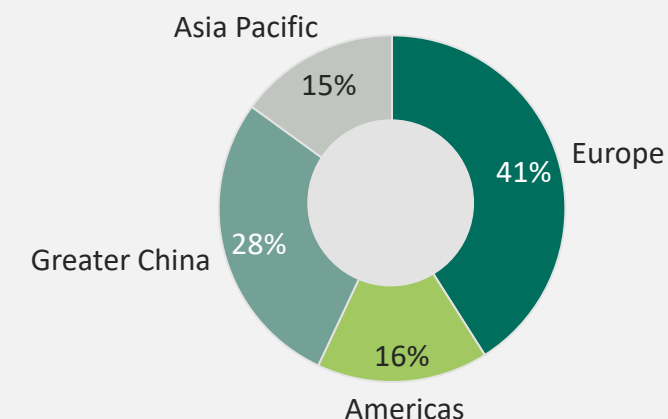
Industrial Automation

¹ Indicative sales split FY 2021 | ² Indicative FX-adjusted sales growth FY 2021 | ³ Restated

Industrial sales development [EUR mn]



Industrial sales by region 2021



Sustainability – Eight non-financial targets underline clear commitment to sustainability



Sustainability targets were integrated into the variable remuneration of upper management