

Schaeffler AG

Baader Investment Conference
September 21, 2022

We pioneer motion

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Agenda

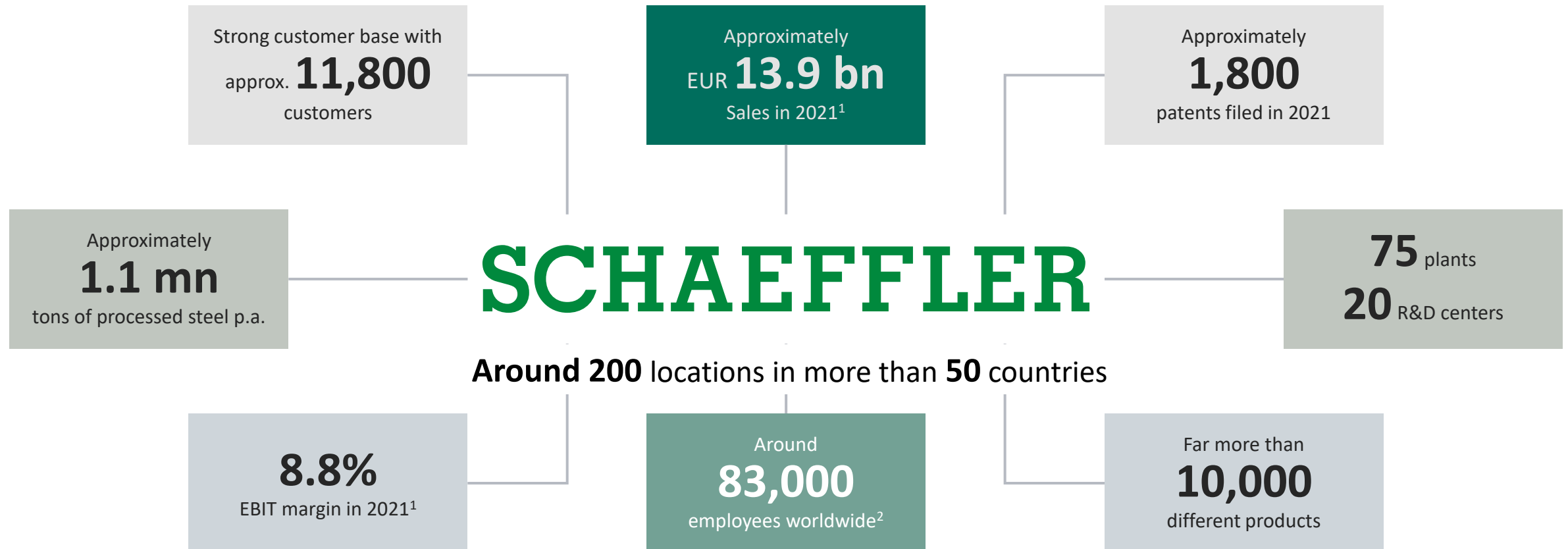
1 Module 1 – Overview Schaeffler Group

2 Module 2 – Our Divisions

3 Module 3 – Q2 2022 Financials

4 Backup

Schaeffler Group – A strong starting point

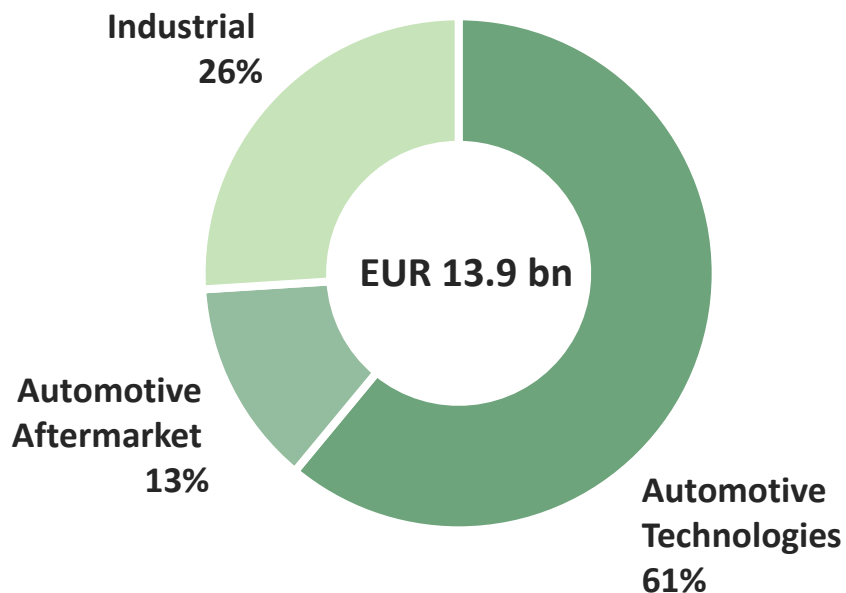


¹ Before special items, restated | ² As at December 31, 2021

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

3 Divisions

In % of FY 2021

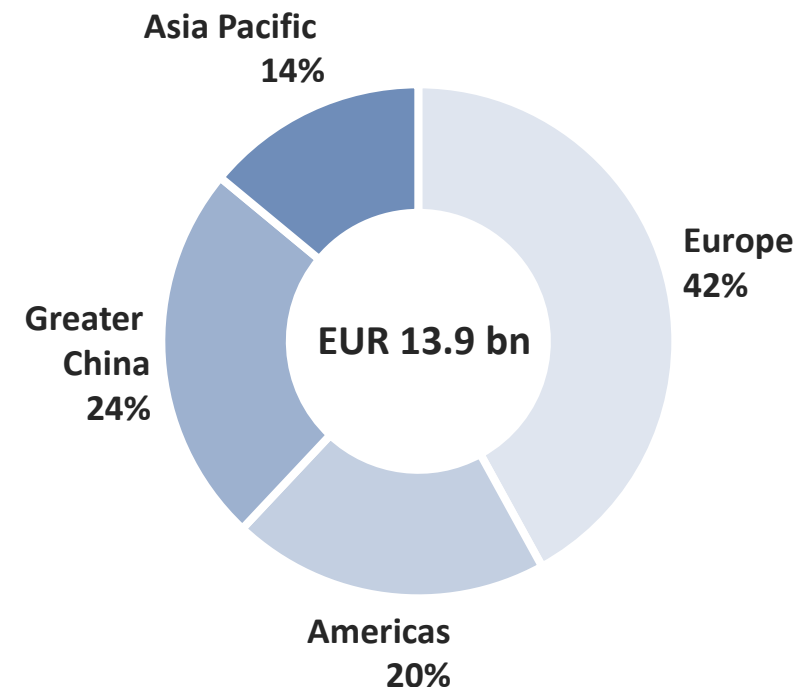


Schaeffler Group

- **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**

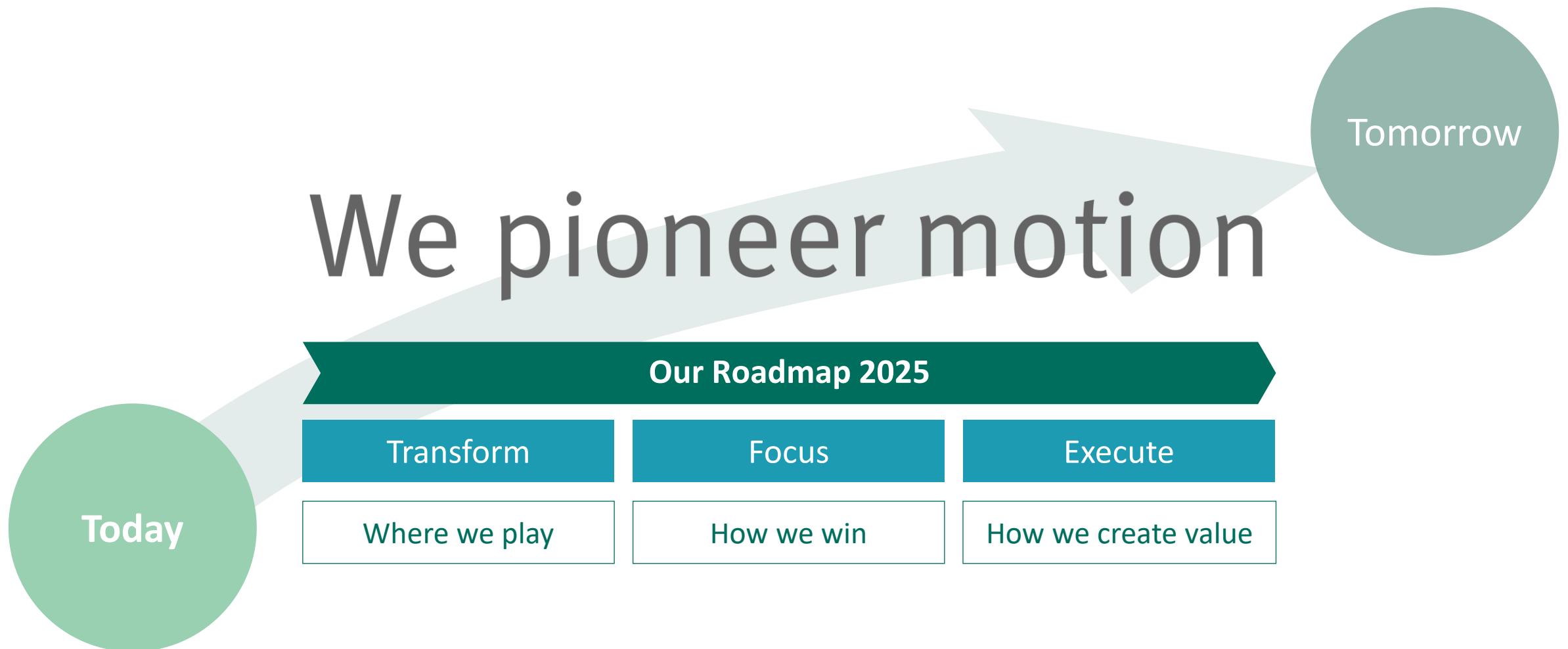
4 Regions

In % of FY 2021



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

Our company strategy Roadmap 2025 – We pioneer motion



Roadmap 2025 – Building on our strong foundations and innovating as a diversified Automotive and Industrial Group

Automotive Technologies

Mature

We **HARVEST** with our enabler-Technologies

We **EXIT/DIVEST** expiring businesses & consolidate our footprint

New

We **BUILD** Competencies in Power Electronics & Hydrogen

We **GROW** in Electrified Powertrains

We drive the transition to innovative propulsion and chassis technologies, to conquer leadership positions in New Business

Automotive Aftermarket



Platform business

- One-stop-shop
- Consolidated distribution



Advanced repair solutions & services

- Plug & Play solutions
- Also available for hybrids



Wheel bearings for passenger cars

- Independent of drive train
- High-performance parts

We capture growth opportunities in new markets and maintain a high margin level

Industrial

Driving innovation with systems and services

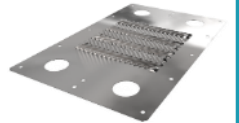
Robotics solutions



Wireless condition monitoring



Hydrogen solutions



Pushing growth in our core business

Large-size wind bearings



Rail bearings



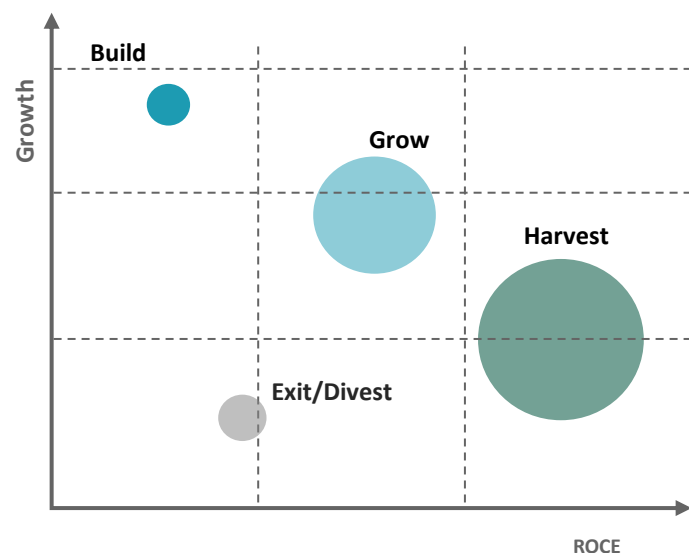
Agricultural technologies



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

Capital Allocation Framework – Driving an efficient and impactful use of resources

Portfolio Management



4 Investment Categories

Capital Allocation

		1	2	3	4	
		Growth ¹	Rationalization	Maintenance	Safety and regulatory	Total
Portfolio strategies	A Build	✓✓			✓	
	B Grow	✓✓✓	✓✓	✓	✓	
	C Harvest		✓✓	✓	✓	
	D Exit/Divest			✓	✓	
Total						Total Capex

4 Portfolio Strategies

Key aspects

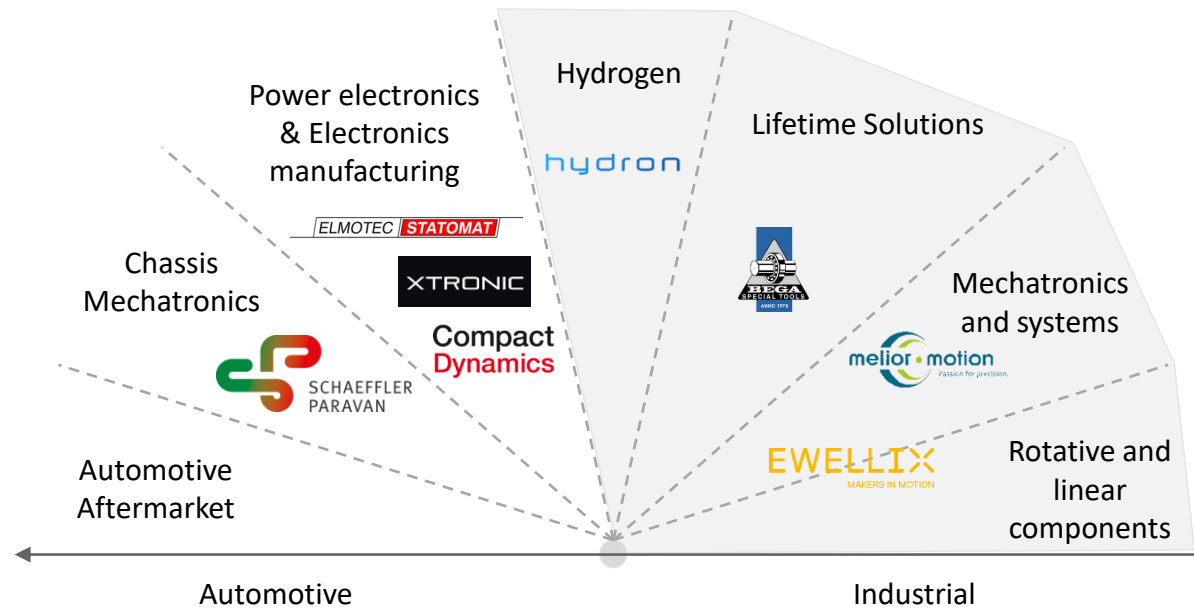
- Reinvestment Rate¹ at Group level is the dominant logic
- Reinvestment Rate for “Build” and “Grow” significantly >1 to fuel growth
- “Harvest” and “Exit” only receive capital needed to sustain cash generation
- Combining Portfolio Management with Capital Allocation drives a consistent Capital Deployment

Earning the right to grow is the credo of our Capital Allocation process

¹ Reinvestment Rate defined as Capex divided by D&A

We focus on compelling M&A – Further complementing and strengthening our business portfolio

M&A radar



Key aspects

- Clearly defined M&A Strategy with 7 search fields, focus on small and mid-sized bolt-on acquisitions
- Market likely to present increased number of opportunities within the next 24 months
- Acquisition opportunities are proactively screened in all 3 Divisions with focus on technology
- Disciplined execution process with clear guidelines

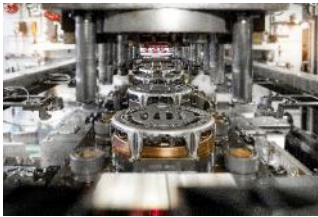
Schaeffler well positioned to capitalize on attractive external growth opportunities

We focus on our core competencies – Further leveraging our best-in-class manufacturing technologies

Our manufacturing technologies



Large forging



Cold forming



Heat treatment



Machining



Grinding



Injection



Coating

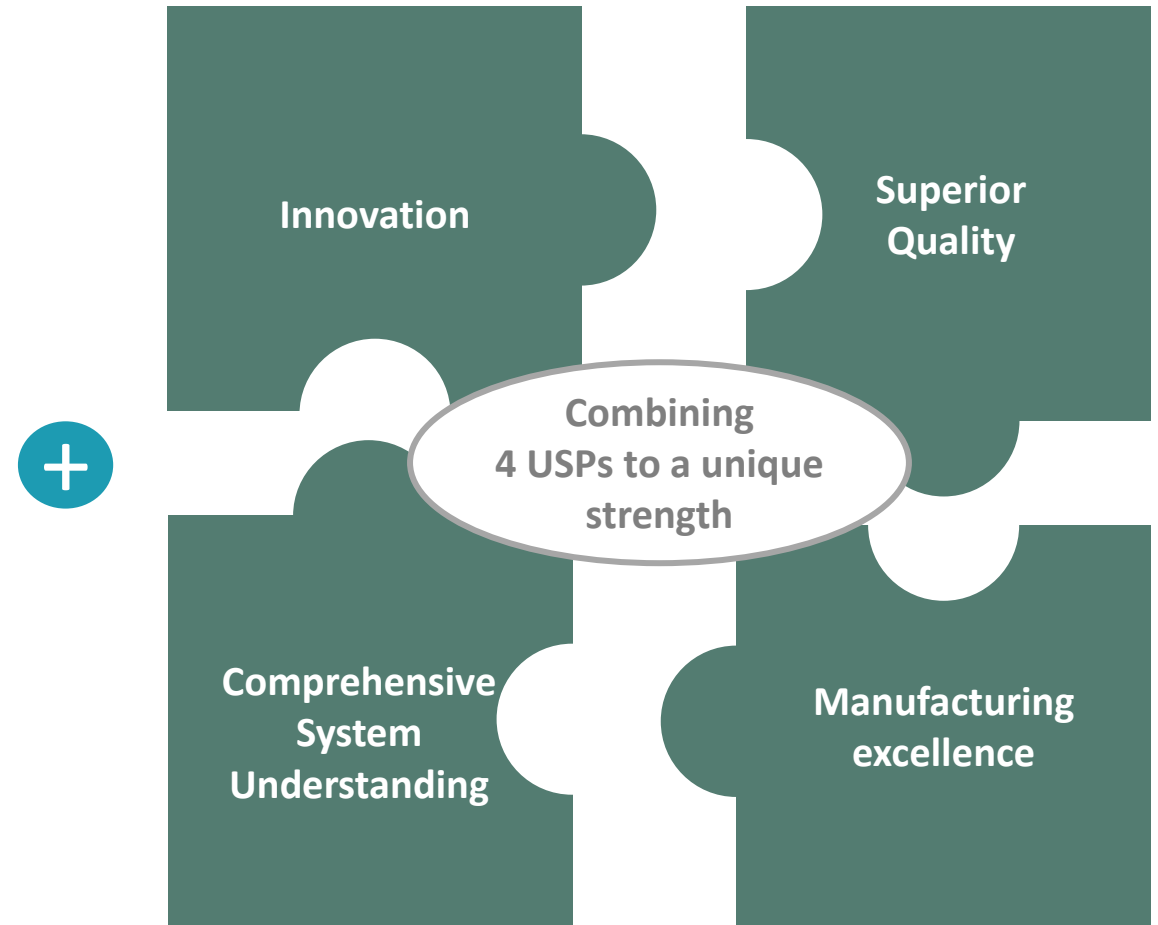


Winding



Assembly

Our key strengths



We leverage our synergistic potential – Benefitting from scope and scale

Scope of interdependencies

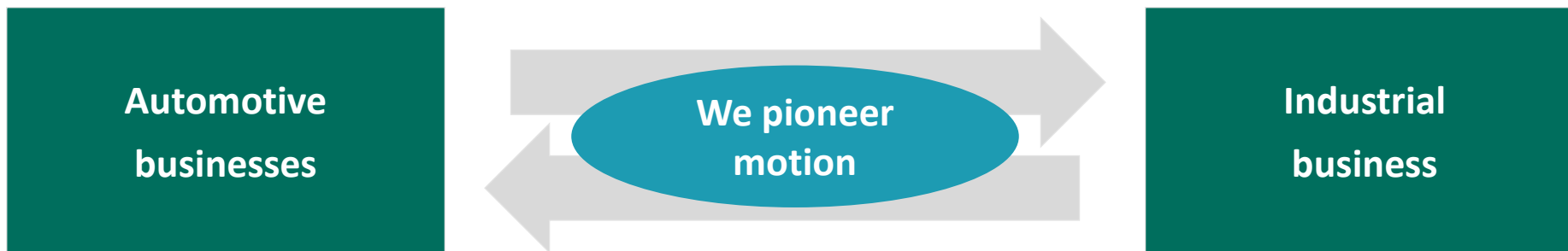
- Same production technologies
- Equal materials and components
- Comprehensive Intellectual Property and Research & Development

Technology transfer

- Dedicated Innovation Clusters
- Electrification and mechatronic know-how
- System understanding and market expertise

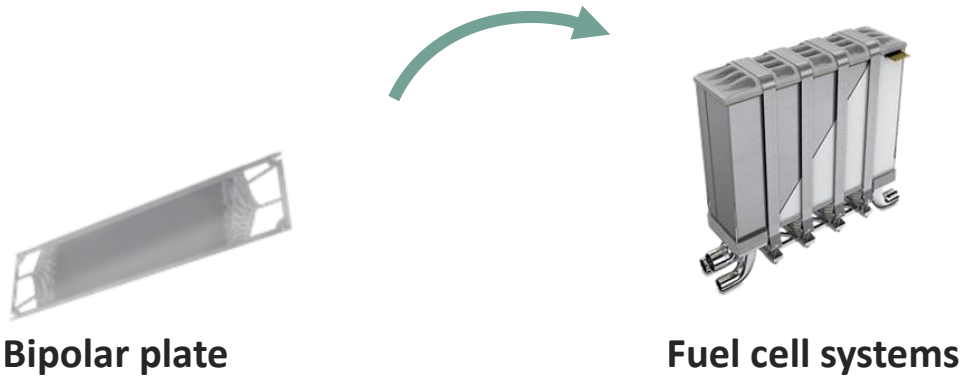
Economies of scale

- Joint procurement and supply chain management
- Shared services and functions
- Complementary regional presence and global footprint



We see hydrogen as a unique growth chance – Schaeffler manufacturing and industrialization excellence is key

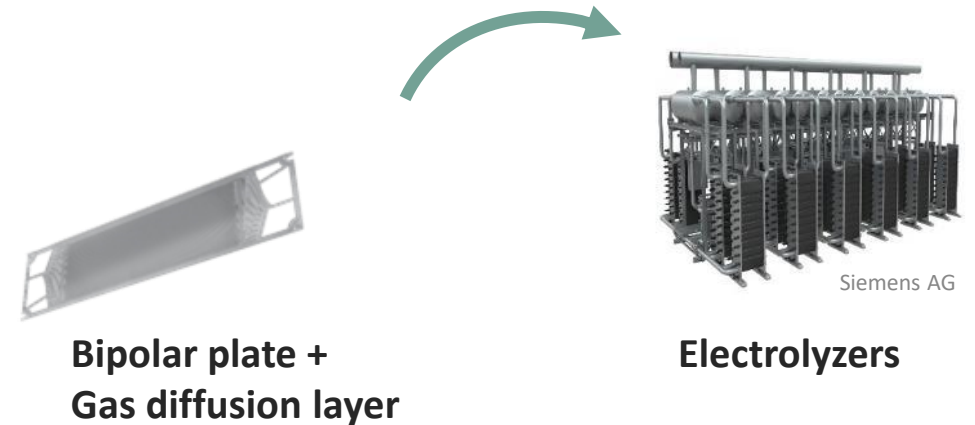
Fuel cell – Usage of hydrogen



Market
potential

~240,000
Fuel Cell Trucks and Buses
in 2030 expected

Electrolysis – Production of hydrogen



Market
potential

~150 GW
Globally installed power of
Electrolysis in 2030 expected

Schaeffler as a key partner for best-in-class components and systems both for fuel cells and electrolyzers

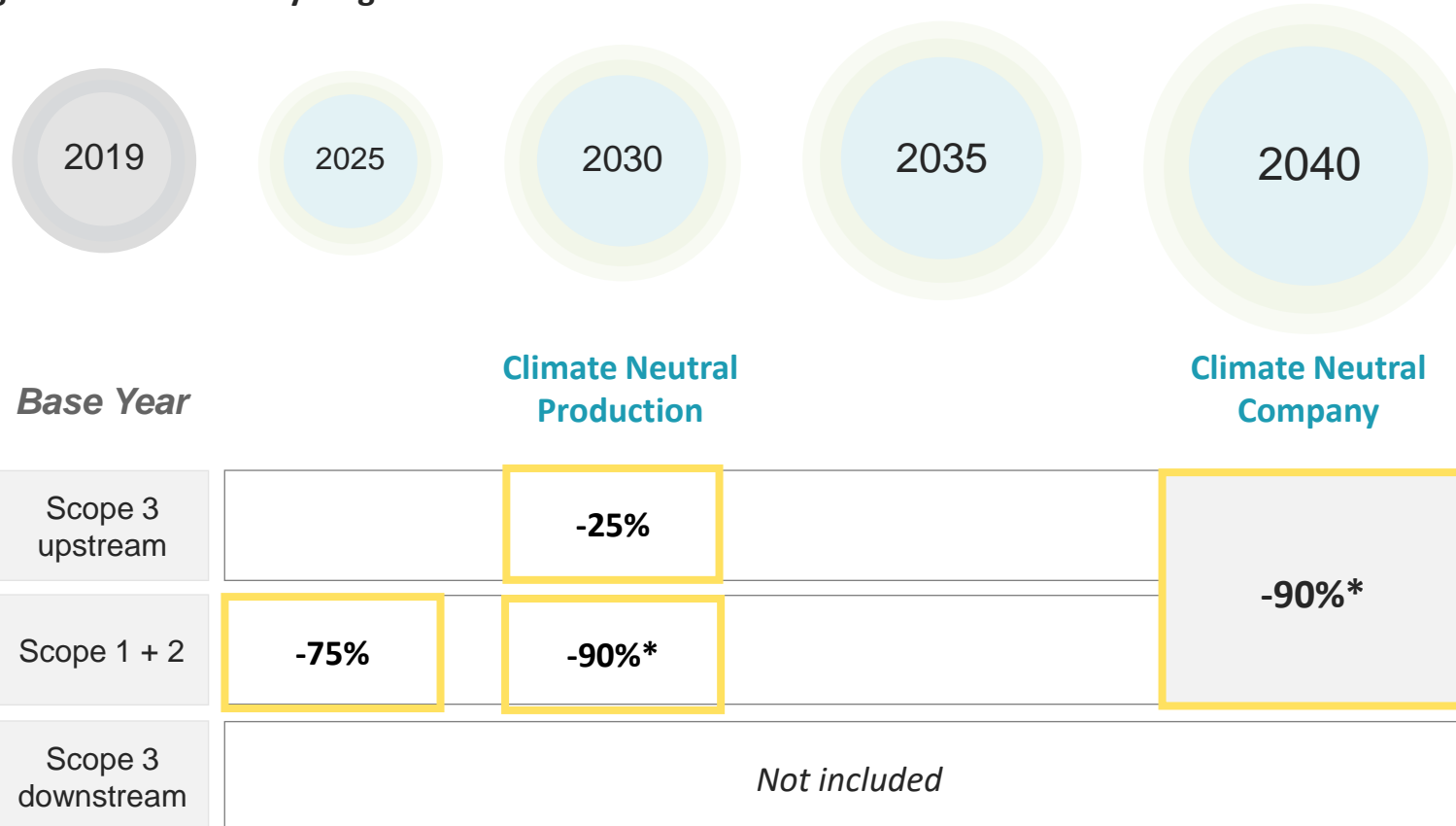
Sustainability – Eight non-financial targets underline clear commitment to sustainability



Sustainability targets were integrated into the variable remuneration of upper management

Path to Climate Neutrality – Ambitious Scope targets defined

Long-Term Sustainability Targets



* Residual emissions are to be compensated

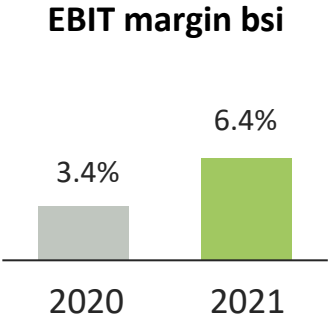
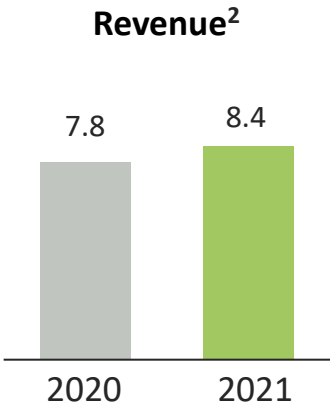
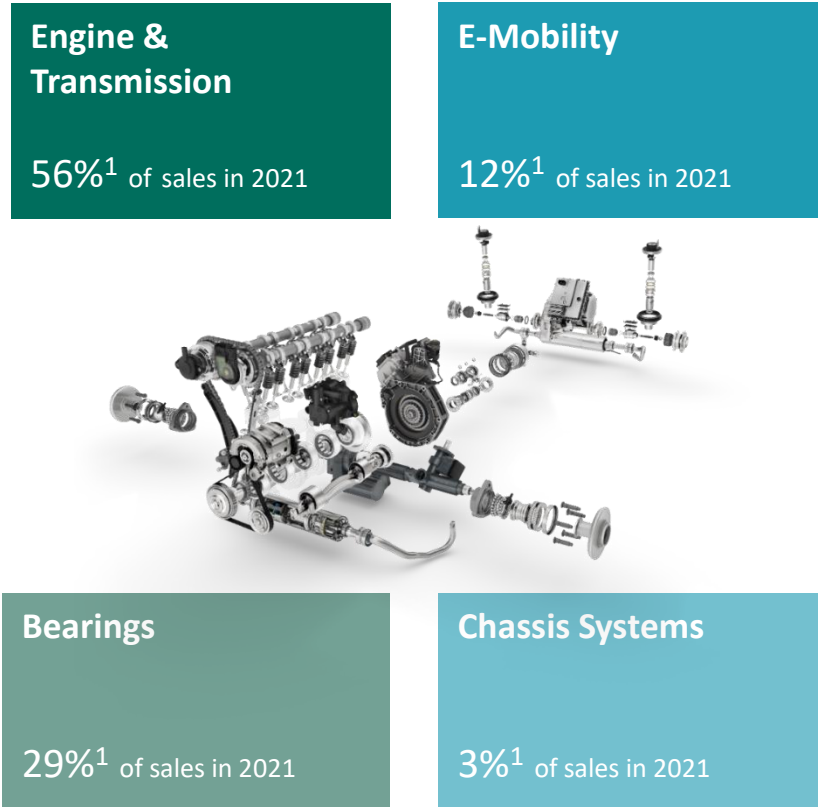
Key aspects

- 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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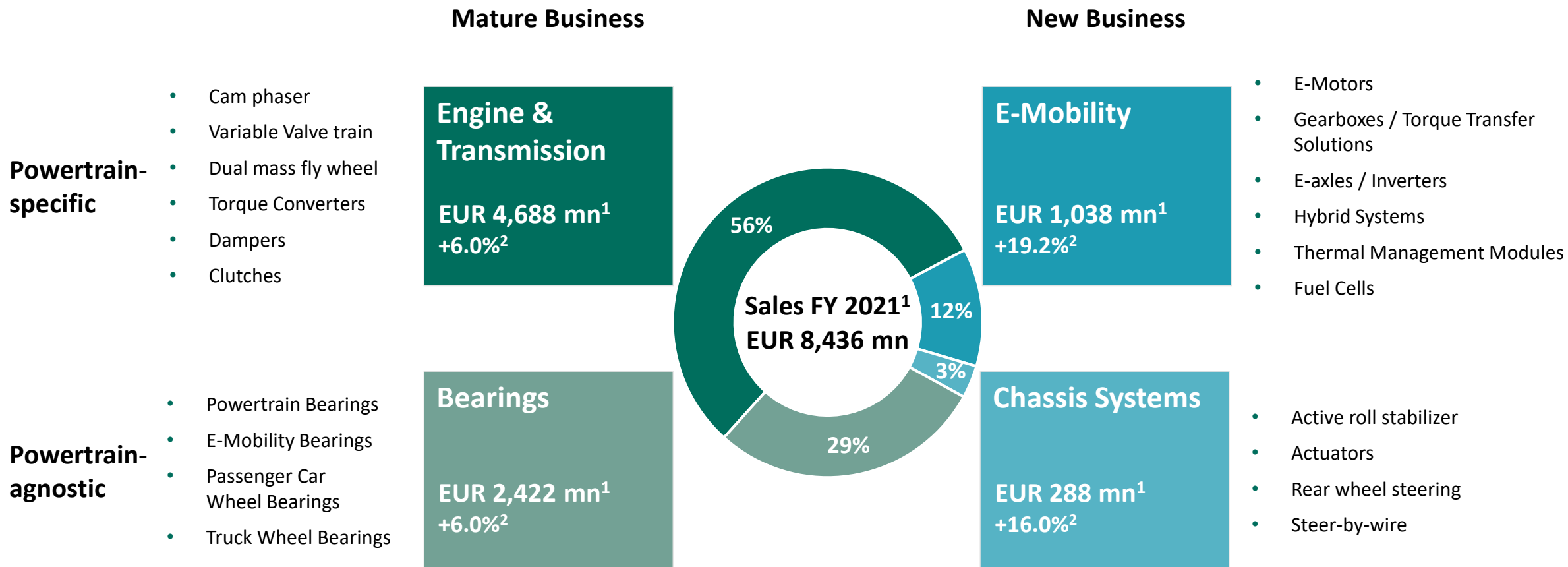
Automotive Technologies – Driving the transition to innovative propulsion and chassis technologies



¹ Indicative sales split FY 2021 according to new business division structure

² In EUR bn

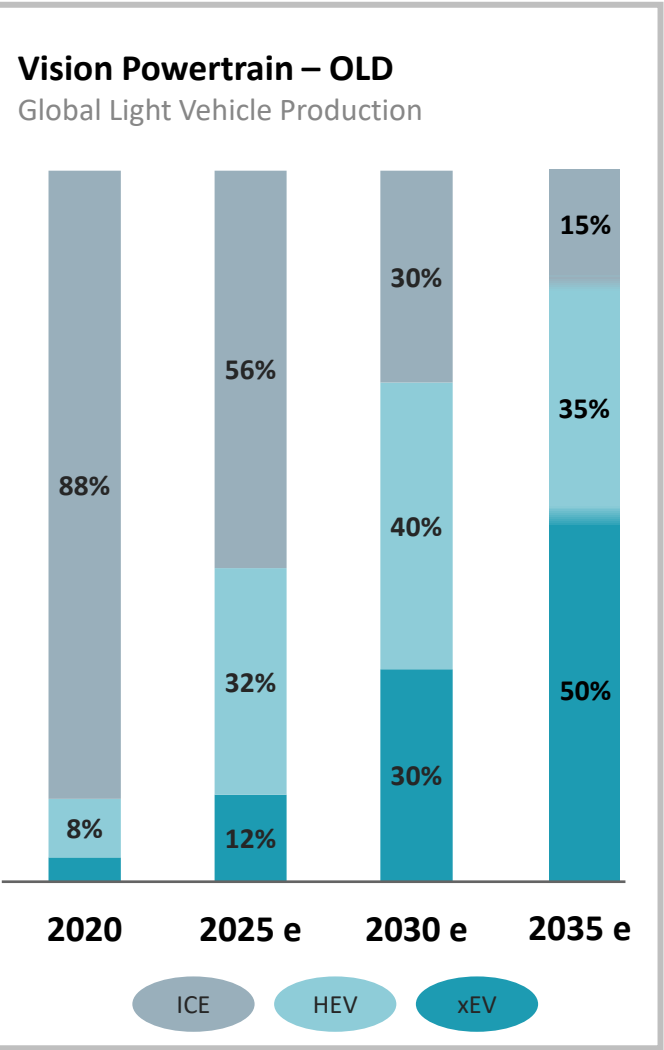
Portfolio Management Automotive Technologies – Operating Model sharpened in 2021



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

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

Portfolio Management Automotive Technologies – Electrification is further accelerating



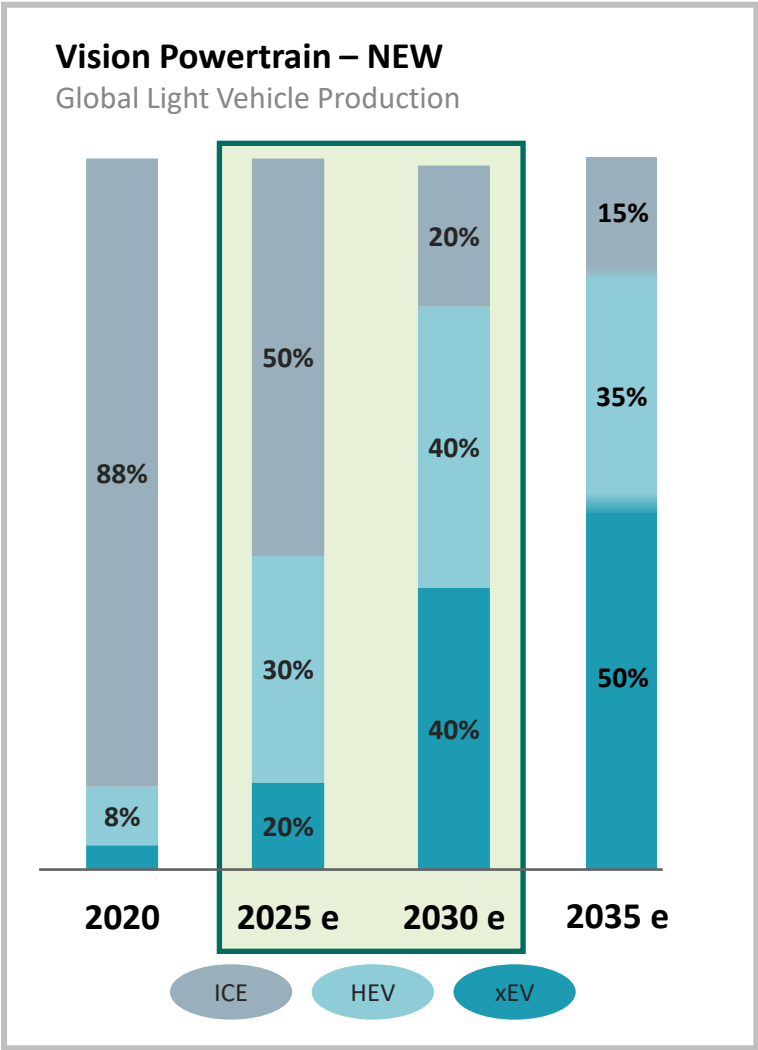
Climate targets towards zero emission in major markets



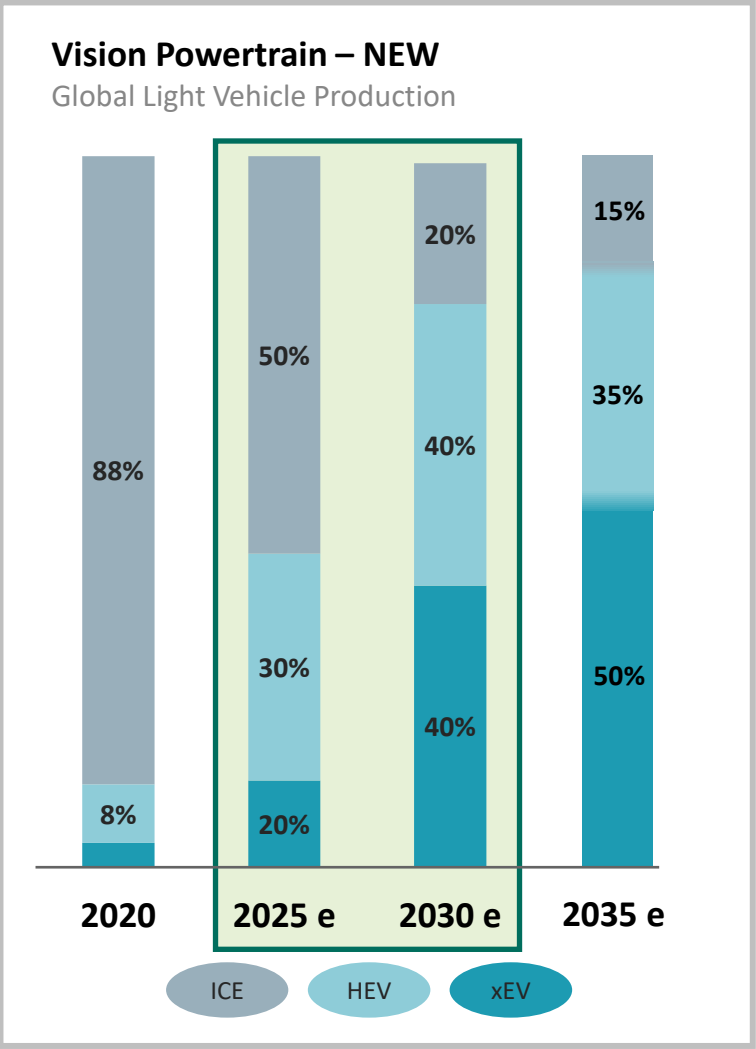
HEV as transition technology will reach tipping point in 2030


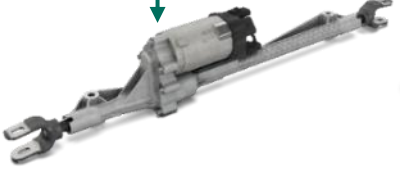
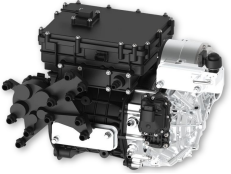


OEMs raise EV targets and accelerate electrification



We actively manage our Product Portfolio – Harvesting the Mature, Growing the New Business



	Mature Business		New Business	
	Products for ICE and HEV	Powertrain agnostic ¹ products	Powertrain agnostic ¹ products	Products for Electrified Powertrains
ICE	Decreasing potential	Decreasing potential	Increasing potential	
HEV	Increasing potential	Increasing potential	Increasing potential	Strongly increasing potential
xEV		Strongly increasing potential	Strongly increasing potential	Strongly increasing potential
Example	 Ball Screw Drive for Steering		 Rear Wheel Steering	 4in1 e-Axle

¹ Independent from powertrain type

Decreasing potential Increasing potential Strongly increasing potential

Eco-system – Optimizing our leading technological platform, leveraging our strong industrialization capabilities

Mature Business

We
HARVEST
with our
Enabler-Technologies

We
EXIT/DIVEST
expiring businesses &
consolidate our footprint

New Business

We
BUILD
Competencies in
Power Electronics &
Hydrogen

We
GROW
in Electrified
Powertrains

How we harvest Mature Business

- We right-size investments and resource allocation in our Mature business by consequently reducing investments in ICE technologies (Reinvestment Rate <1)
- We leverage our synergies in Mature even more, by combining the Engine and Transmission business
- We aim to become the market leader in the powertrain agnostic Automotive Bearings market
- We EXIT/DIVEST expiring businesses like chain drive systems and further consolidate our European footprint

Our Mature business provides the foundation and industrialization scale and funds our New business

Eco-system – Creating a leading technological platform with strong industrialization capabilities

Mature Business

We
HARVEST
with our
Enabler-Technologies

We
EXIT/DIVEST
expiring businesses &
consolidate our footprint

New Business

We
BUILD
Competencies in
Power Electronics &
Hydrogen

We
GROW
in Electrified
Powertrains

Growing our New Business

- We continuously leverage our Automotive + Industrial supplier eco-system – Our New Business thrives on the strong foundations of the Mature
- We harness synergies between Automotive Technologies, Automotive Aftermarket and Industrial, even more in New Business fields like E-Motors or Hydrogen
- We complement our portfolio organically but also inorganically by acquisitions, JVs or cooperations
- We remain open to new collaborations in our future growth fields E-Mobility, Fuel Cells and Chassis Mechatronics

Compact
Dynamics



INNOPLATE
A Schaeffler Symbio Hydrogen Company



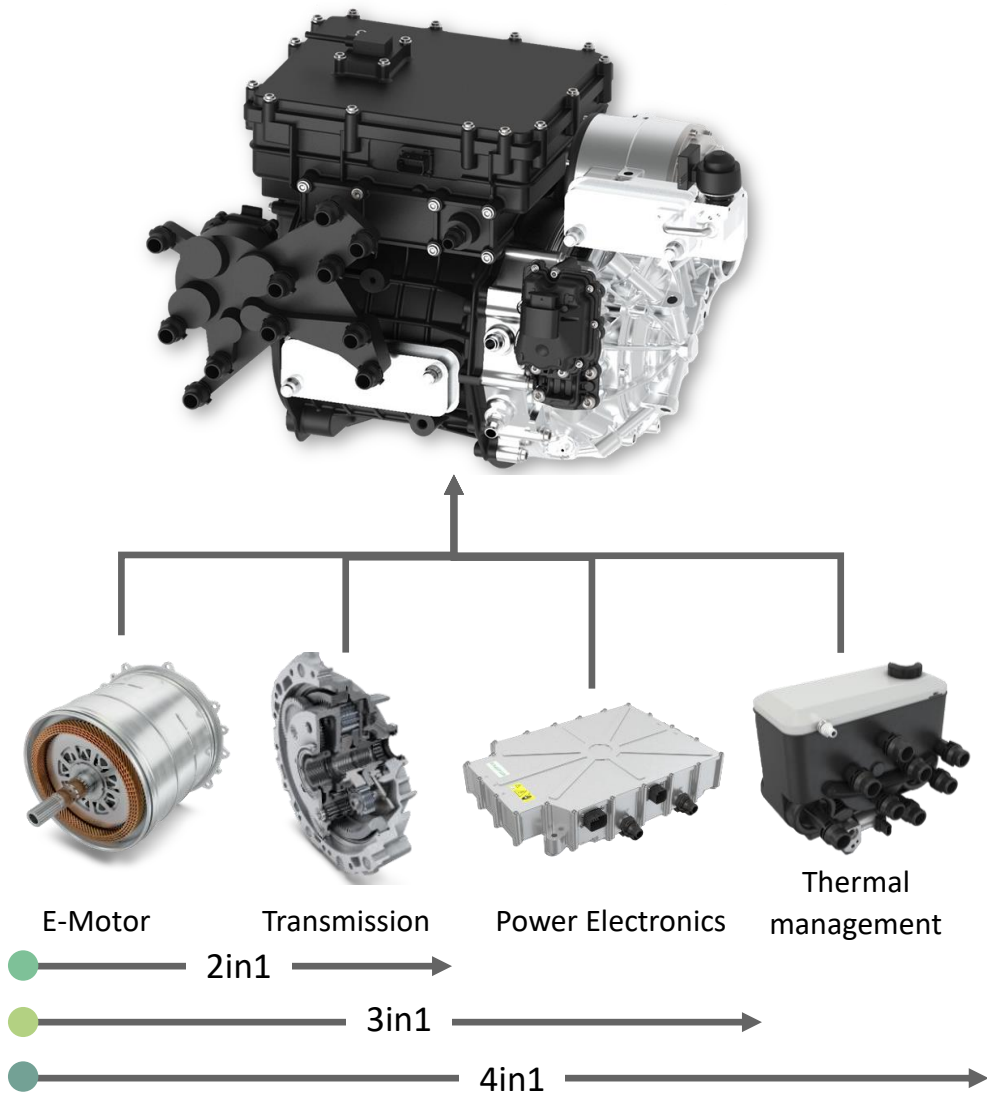
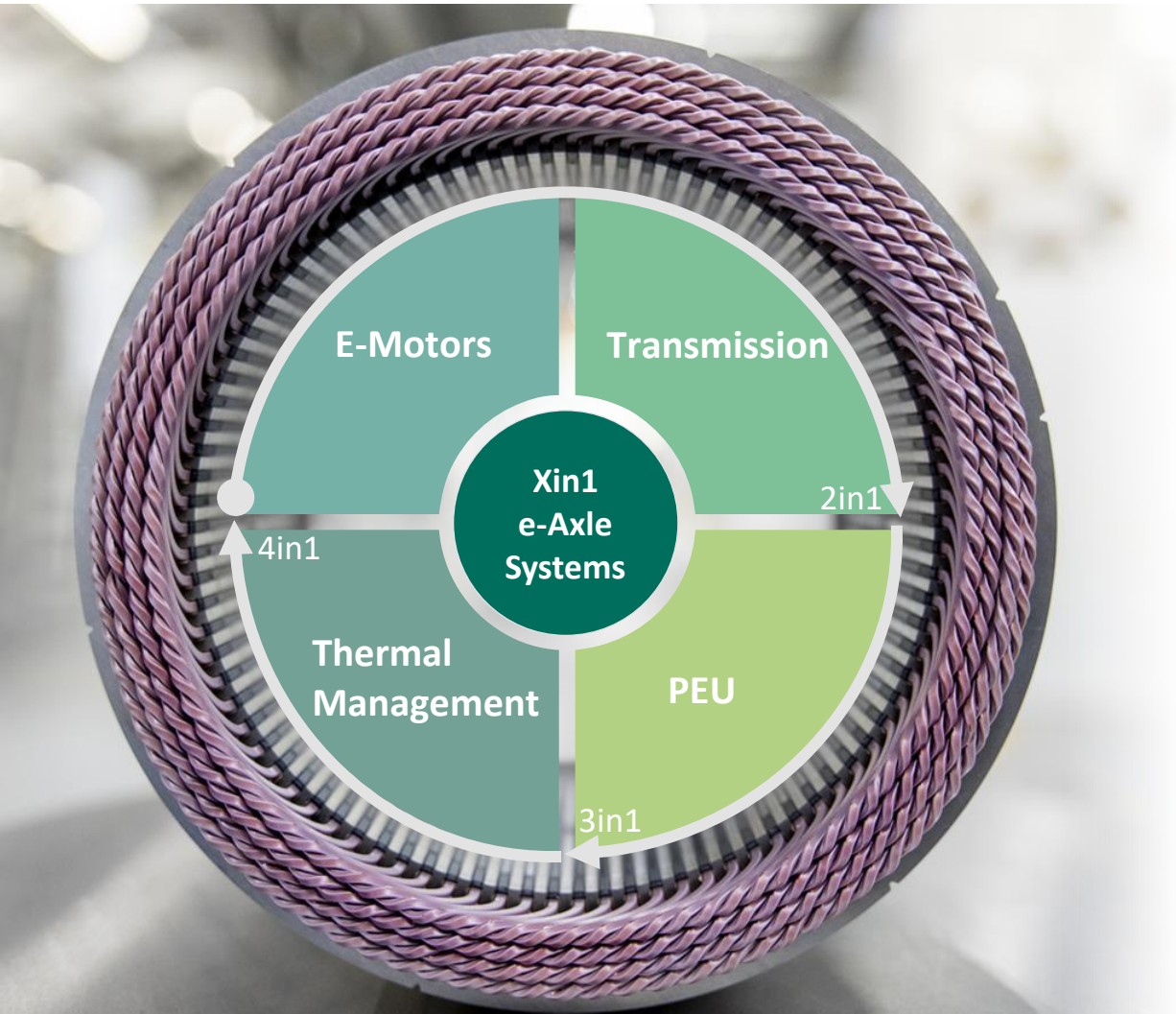
ELMOTEC STATOMAT

XTRONIC

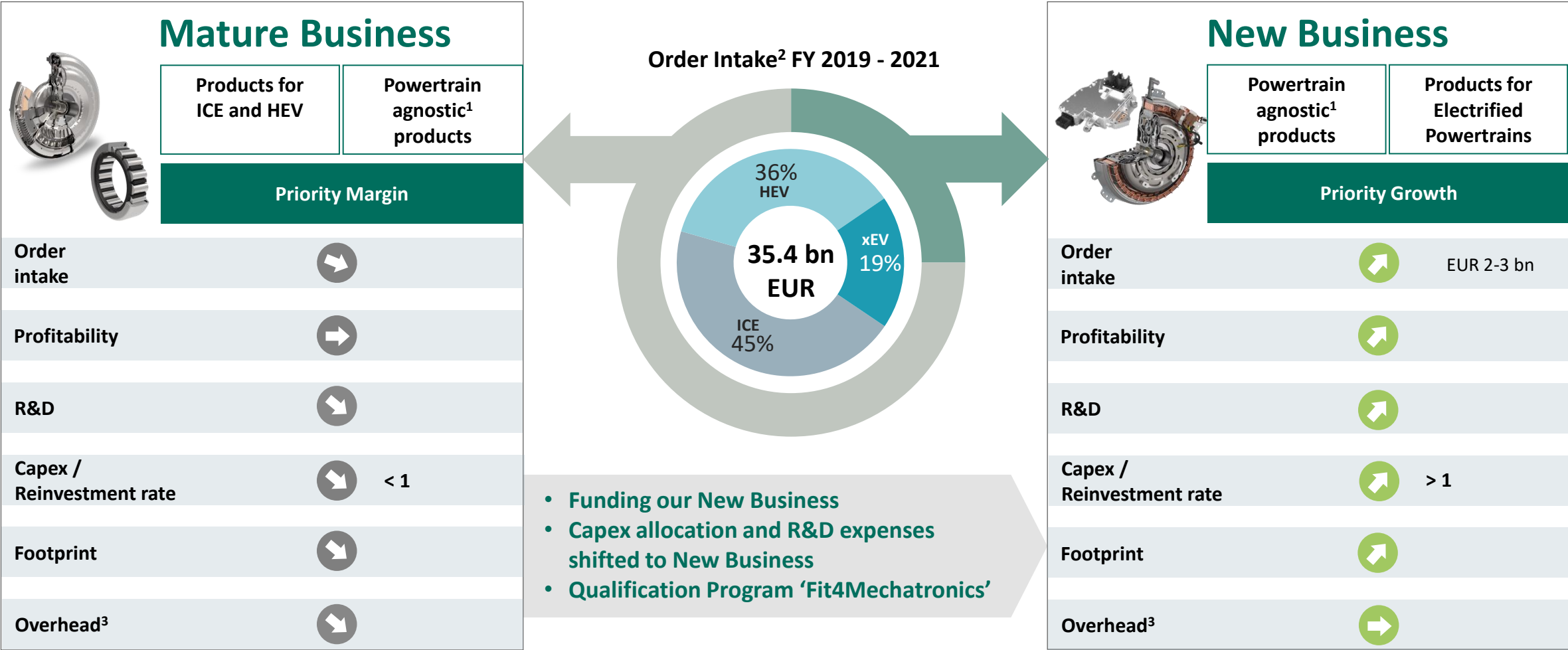


Strong manufacturing and technological platform works like an eco-system, integrating collaborations

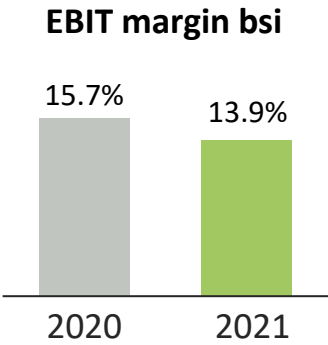
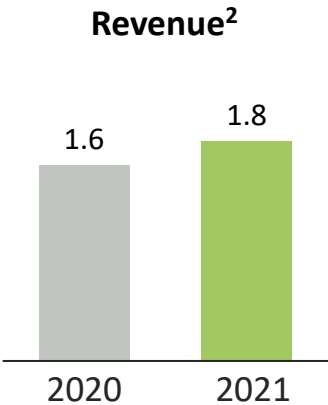
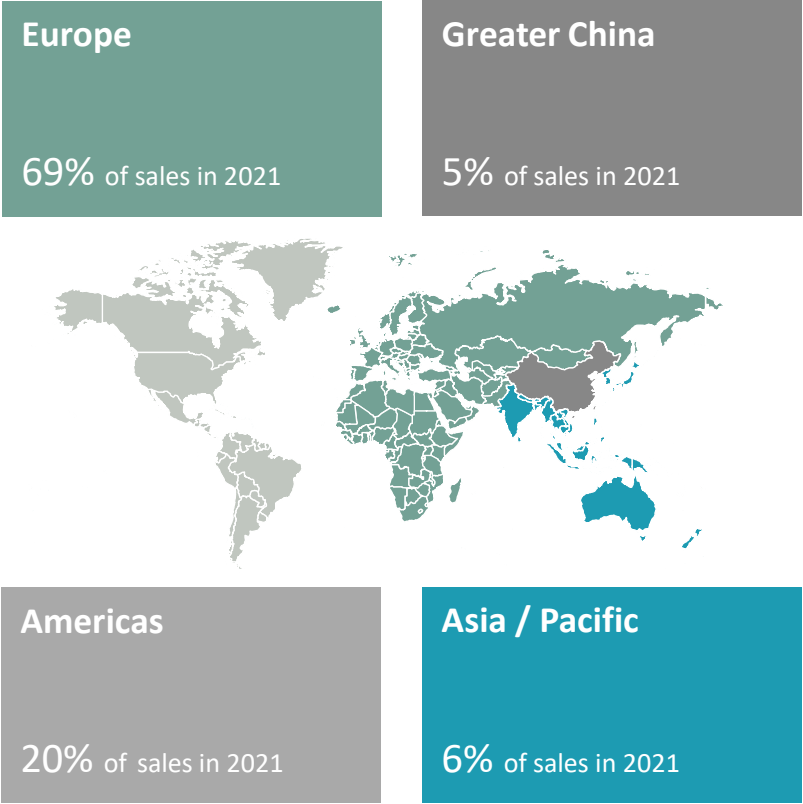
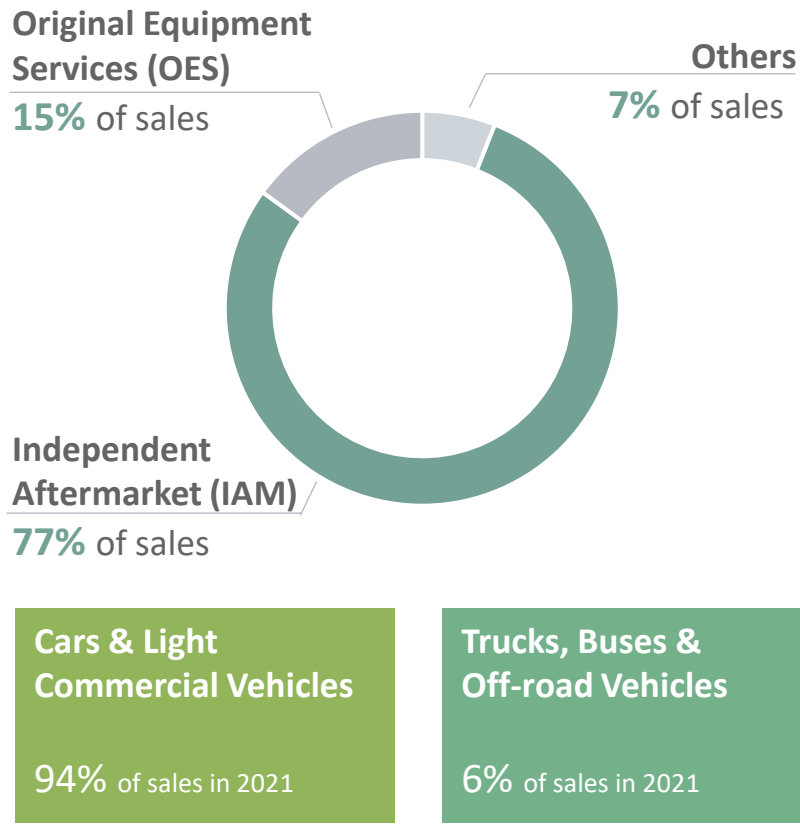
Automotive Technologies – Unlimited innovation potential with our E-Mobility USP



How we fund our own growth and create value



Automotive Aftermarket – Leading supplier of Aftermarket components and systems



² In EUR bn

Automotive Aftermarket – Capturing new growth opportunities

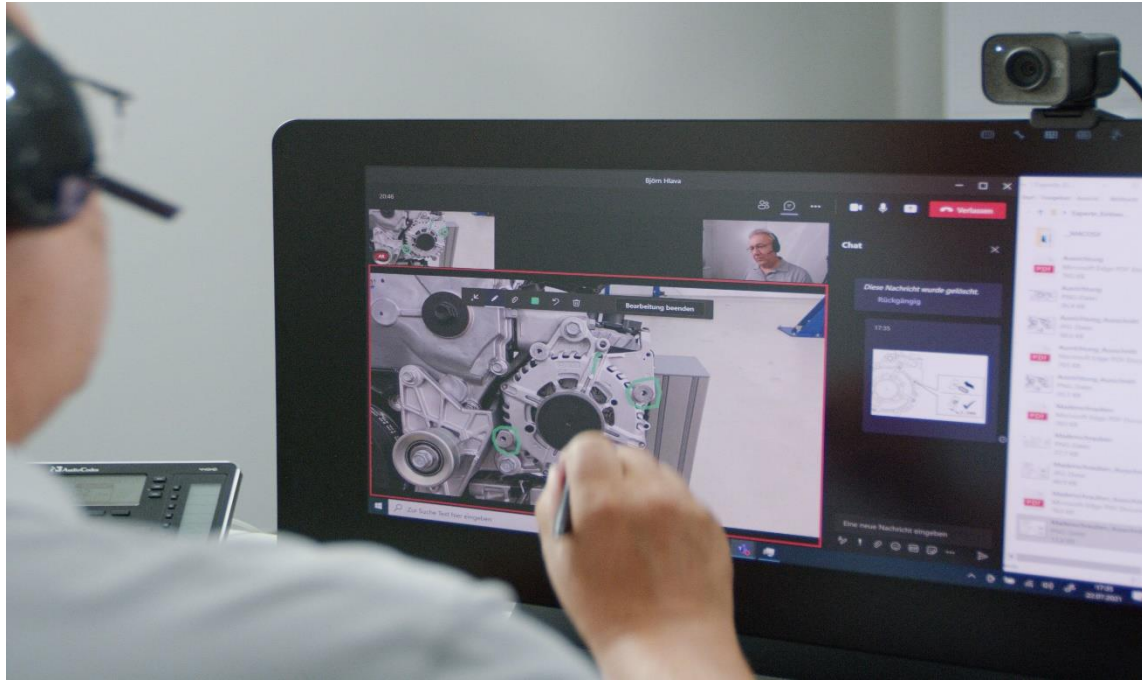
Growth drivers



Growth enablers



Automotive Aftermarket – 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

Automotive Aftermarket – Aftermarket CRM: Cloud-based, integrated customer relationship management now live

Sales



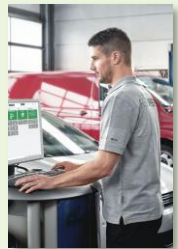
- 360° customer view
- Business potential identification
- Sales planning
- Reduced complexity
- Processes efficiency

Marketing

- One source for all customer information
- Extensive segmentation options for targeted customer interactions
- Combine business ambitions with targeted marketing actions



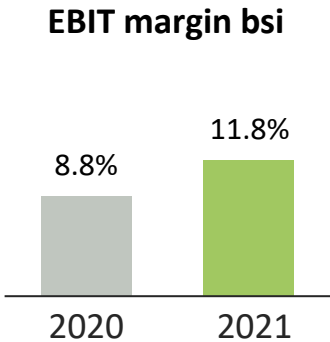
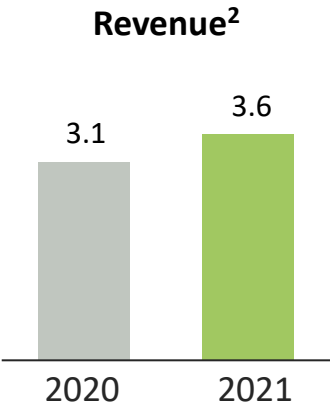
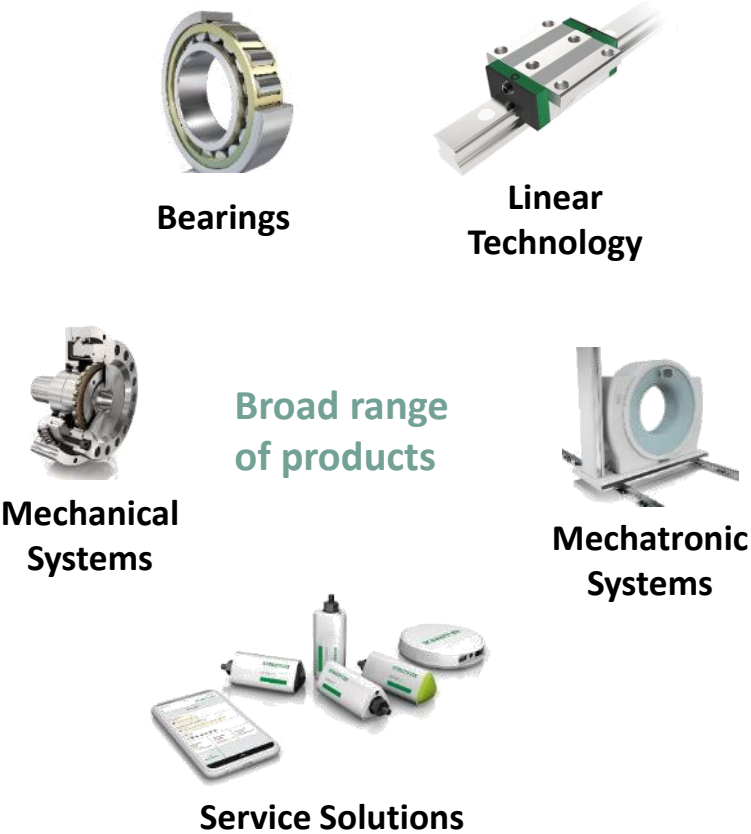
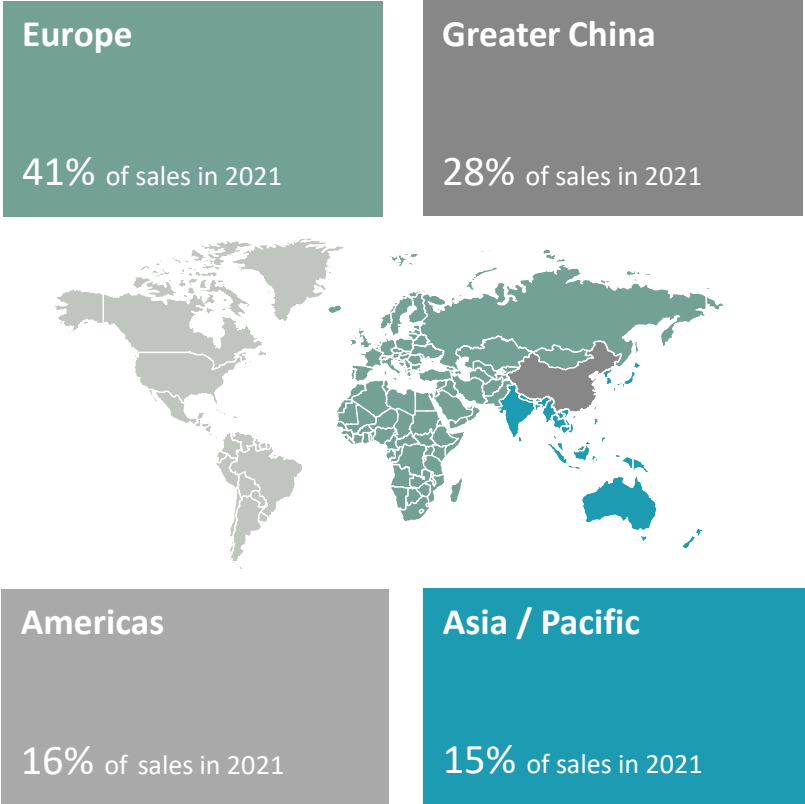
Service



- Overview of engagement with REPERT services & digital touchpoints
- Foundation for optimized service processes

Holistic view for customer-centric, data driven and collaborative sales, marketing and service actions

Industrial – Leading global component and system supplier

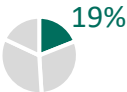


² In EUR bn

Industrial – Diversified portfolio with significant growth potential

Market clusters

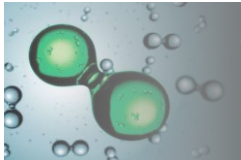
Renewables



EUR 680 mn¹
(+8.2%²)



Wind



Hydrogen as new sector cluster

Transportation & Mobility



EUR 1,087 mn¹
(+11.6%²)



Aerospace



Rail

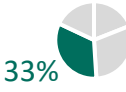


Offroad



Two-Wheelers

Machinery & Materials



EUR 1,165 mn¹
(+13.7%²)

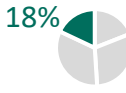


Power Transmission

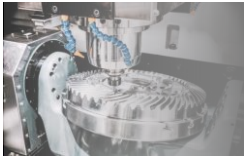


Raw Materials

Industrial Automation



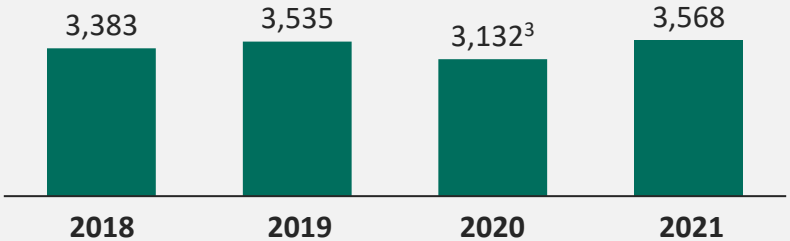
EUR 636 mn¹
(+23.8%²)



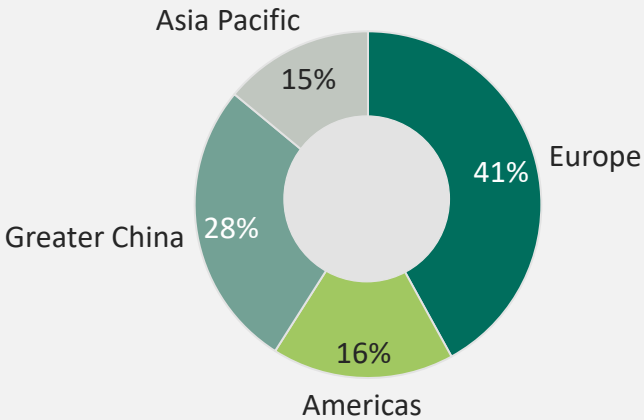
Industrial Automation

Industrial
Distribution share
of total sales: ~28%

Industrial sales development [EUR mn]



Industrial sales by region 2021

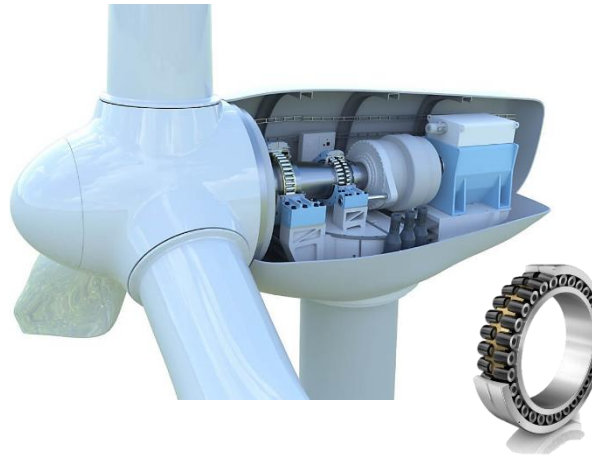


¹ Indicative sales split FY 2021 | ² Indicative FX-adjusted sales growth FY 2021 | ³ Restated

1 Market Cluster Renewables – Strong fundamentals of the market, confirming growth potential

Market Drivers Renewables

- Growing demand for electricity and local energy resources
- Ambitious Climate Targets combined with rising CO₂-cost
- New production technologies
- Increasing cost competitiveness

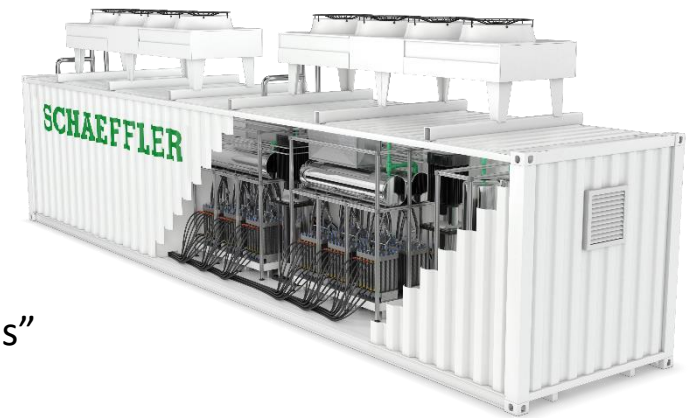


Wind energy

- Schaeffler bearings in every ~2nd wind turbine globally
- Core business portfolio complemented by Condition Monitoring offerings

Hydrogen

- Launch of Electrolyzer Stacks as “heart of electrolysis” in 2022
- Consortium lead for sub-project “Stack Scale up – Industrializing PEM Electrolysis” of the H2Giga hydrogen flagship project



2 Market Cluster Transportation & Mobility – Well positioned with diversified products and services

Market Drivers Transportation & Mobility

- Increasing passenger mobility and freight transportation
- Transformation to e-mobility and electrification
- Automation and digitalization of high-end mobile machinery
- Rising life cycle management



Circular economy

- 100% return service for Rail wheelset bearings
- Certified reconditioning processes for Aerospace engine bearings

Comprehensive portfolio

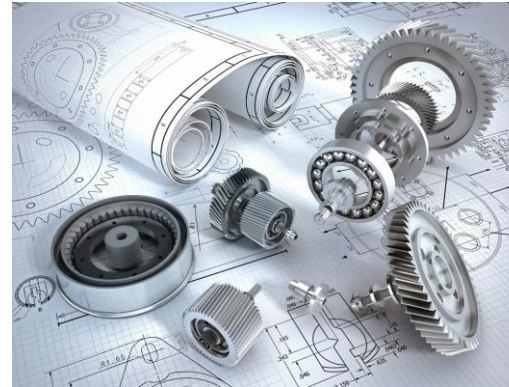
- Strong growth with standardized bearings, specialized bearings and sensorized modules
- Portfolio extension with new products for e-mobility and electrification



3 Market Cluster Machinery & Materials – Growing demand for sustainable, resource-saving solutions

Market Drivers Machinery & Materials

- Growing demand for aggregates used for renewable energies
- Ongoing infrastructure expansion
- Increasing spreading of electric motors with improved efficiency
- Rising agriculture and construction machinery

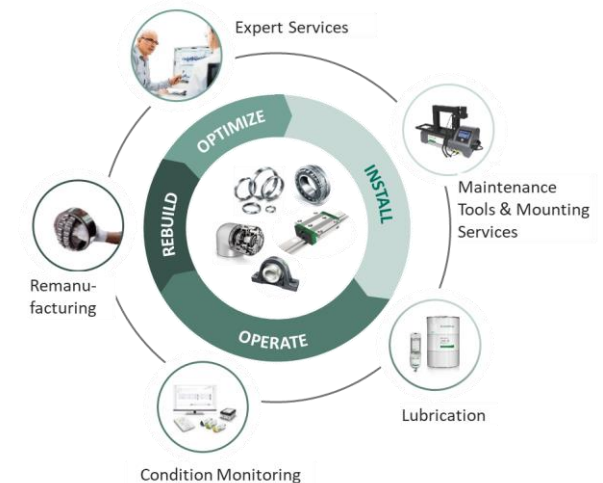


Serving multiple industries

- Engagement in diverse sectors with leading market positions
- Bearing solutions across all requirements, from standard to high-performance products

Value-adding service solutions

- Holistic services over the entire product lifecycle to increase uptime, efficiency and sustainability of operations
- Globally available expert team supporting customers in performance optimization



4 Market Cluster Industrial Automation – Harnessing the rapidly increasing digitization and automatization

Market Drivers Industrial Automation

- Increasing digitization and automatization of production
- Increasing cost pressure
- Platform strategies and standardization for autonomous production
- Higher safety and sustainability requirements



Innovative products

- Expansion of mechatronic solutions such as highly efficient rotary drives
- Innovative recirculating roller bearing and guideway assembly with low stroke pulsation and low friction for high positioning accuracy

Robotics

- High-performance components and system assemblies, focusing on applications in lightweight robots and cobots
- Portfolio extension by planetary gearboxes from strategic acquisition of Melior Motion



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Q2 2022 Overview – 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%

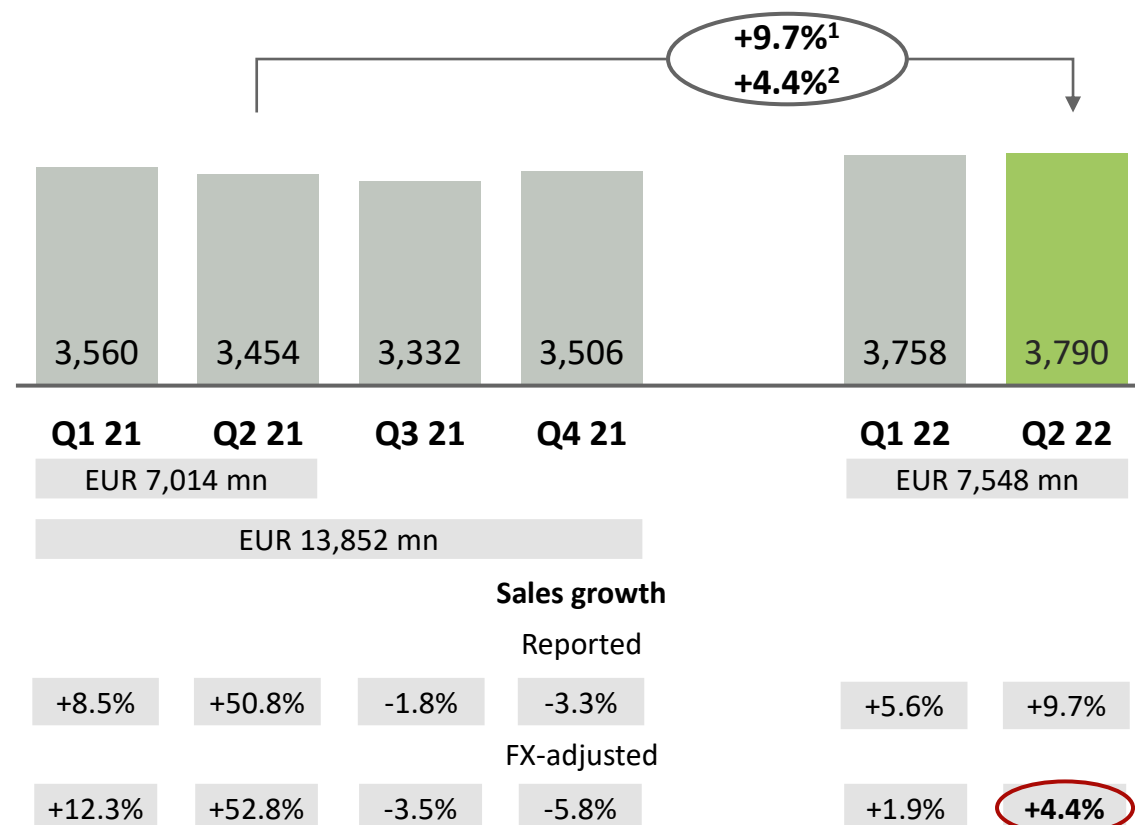
Free Cash Flow⁵ Q2

EUR -219 mn

Q2 2021: EUR 113 mn

Sales – Moderate growth² in Q2 yoy, other regions overcompensated the China Q2 lockdown contraction

Sales | in EUR mn



¹ Reported | ² FX-adjusted

Key aspects

- Automotive Technologies: Strong growth² (+20%) in Americas driven by New and Mature Business, Region Europe growing² (+2.4%) despite challenging environment; China impacted by lockdown in April
- Aftermarket: Growth² in all regions except Greater China
- Industrial: Continuous double-digit growth², Europe (+25%) driven by Industrial Automation and Distribution business, Asia/Pacific (+20%) strong growth² in Industrial Distribution and in Renewables in India

Sales by region Q2 2022

yoy growth²

Greater China

-12.5%

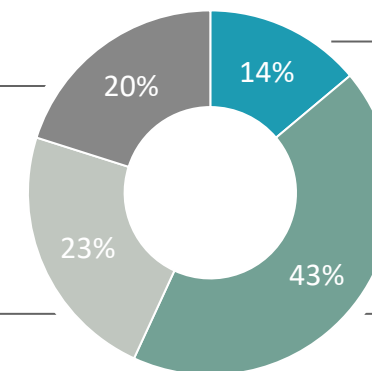
Americas

+16.3%

Europe

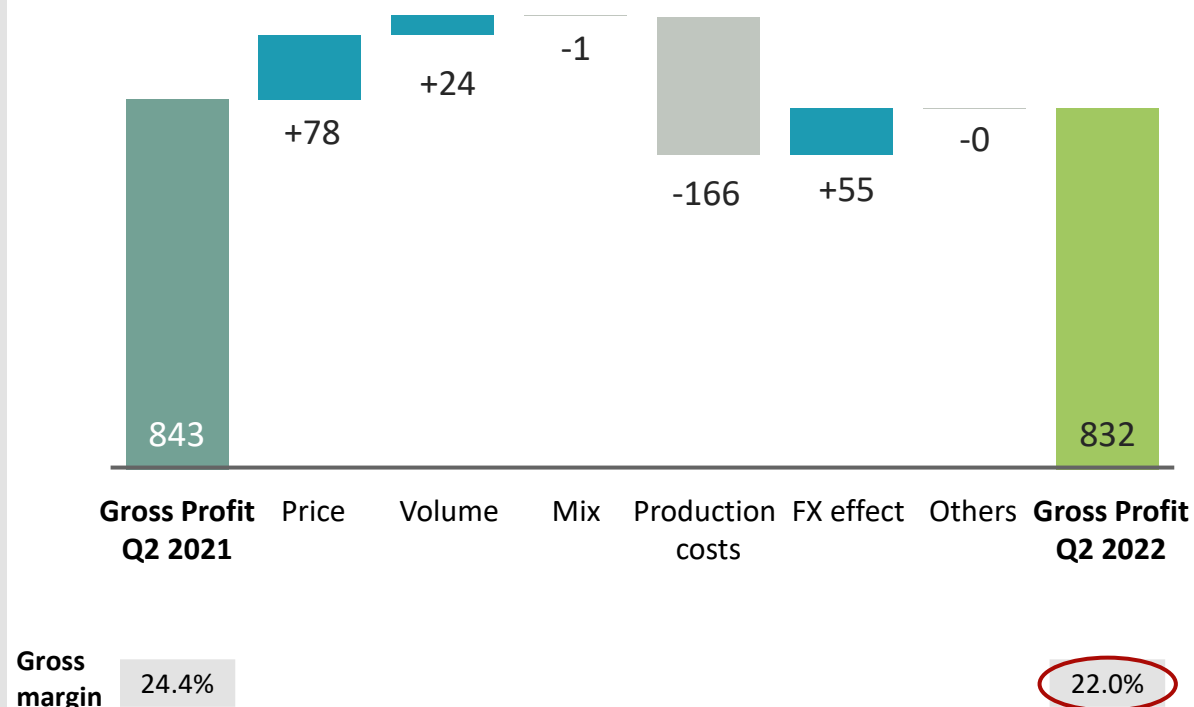
+7.6%

+6.6% Asia/Pacific



Gross Profit – Partial compensation of higher production costs thanks to overall positive pricing and increased volumes

Gross Profit Q2 2021 vs. Q2 2022 | in EUR mn



Key aspects

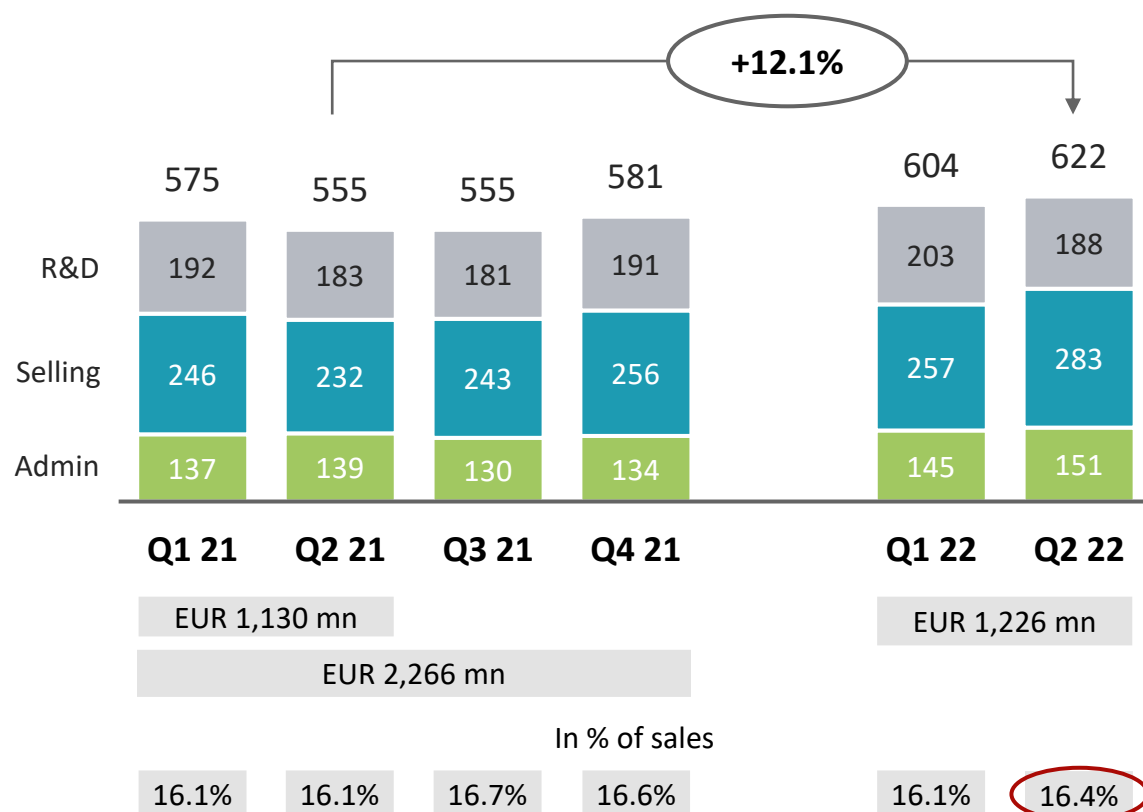
- Pricing realization: Sequentially further improved in all divisions even if to a different extent
- Volumes: Positive effect mainly due to strong development in Industrial in Europe, Americas and Asia/Pacific
- Production costs: Higher yoy in all three divisions due to continued higher raw material costs in Q2 and further increased energy and logistics costs; Production inefficiencies due to volatile customer call-offs and supply chain interruptions (“Stop & Go”)

Gross margin

in % of sales	Q2 21	Q2 22	Q2 22 vs. Q2 21	H1 21	H1 22	H1 22 vs. H2 21
Automotive Technologies	20.8%	16.0%	-4.8pp	22.7%	17.5%	-5.2pp
Automotive Aftermarket	31.4%	30.4%	-1.0pp	31.9%	30.8%	-1.1pp
Industrial	29.1%	30.3%	+1.2pp	29.7%	29.8%	+0.1pp
Group	24.4%	22.0%	-2.4pp	25.7%	22.6%	-3.1pp

Overhead costs – Increase yoy, freight and logistics costs the main drivers

Overhead costs | in EUR mn



Key aspects

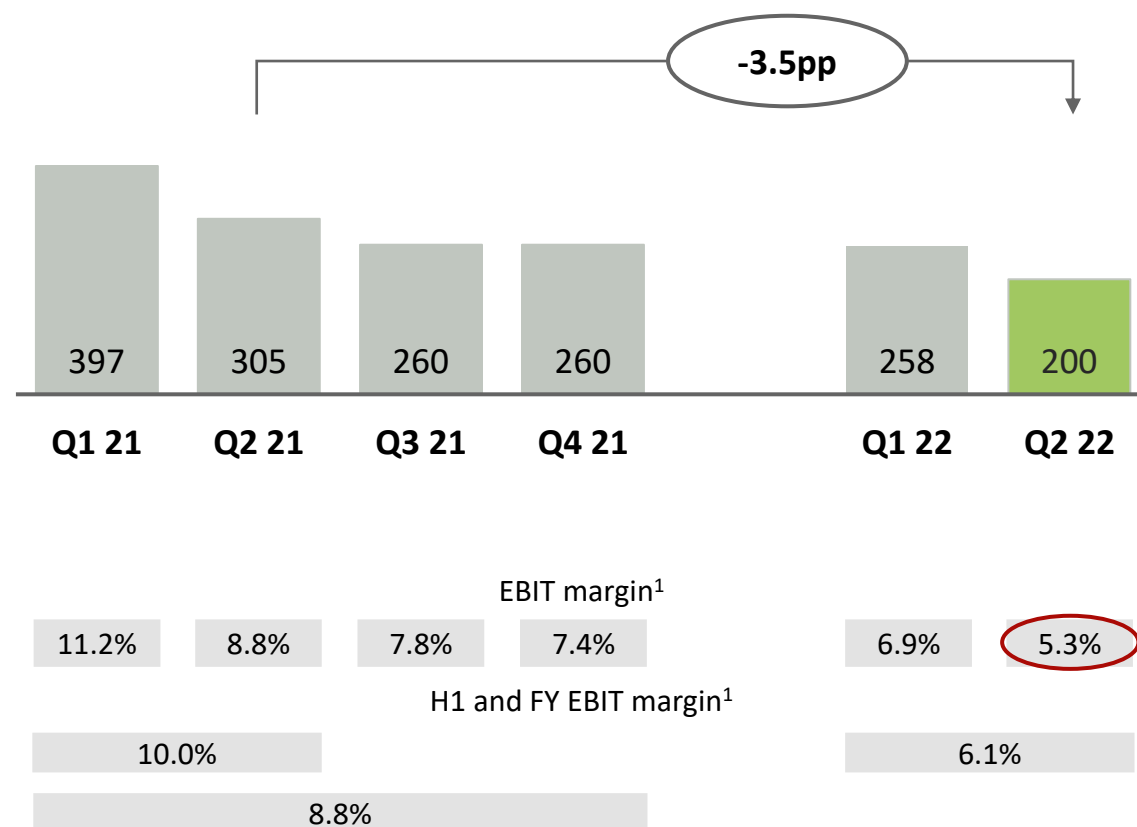
- R&D: Slightly higher yoy, mainly related to New Business projects in Automotive Technologies and in business fields Hydrogen and Robotics in Industrials
- Selling expenses: Significantly increased freight/logistics costs and higher volumes in Industrial
- Admin costs: Rise yoy and sequentially due to higher expenses for IT and digitalization

Overhead cost ratio

	Q2 21	Q2 22	Q2 22 vs. Q2 21	H1 21	H1 22	H1 22 vs. H2 21
in % of sales						
Automotive Technologies	15.3%	15.2%	-0.2pp	14.8%	15.1%	+0.3pp
Automotive Aftermarket	15.5%	19.1%	+3.6pp	17.4%	18.3%	+0.9pp
Industrial	18.1%	17.7%	-0.3pp	18.6%	17.8%	-0.9pp
Group	16.1%	16.4%	+0.3pp	16.1%	16.2%	+0.1pp

EBIT¹ – Solid margin in Industrial and Aftermarket, decline in Auto Technologies due to stronger headwinds

EBIT¹ | in EUR mn



¹ Before special items

Key aspects

- AT margin: Significantly declined yoy driven by lower absorption of fixed costs, production inefficiencies caused by volatile customer call-offs & China lockdown, input cost inflation (incl. freight and logistics costs)
- AAM margin: Impacted by positive one-off effect in previous year and higher input costs
- Industrial margin: Flat yoy, sharply increased input costs offset by volume and price; Production inefficiencies due to footprint consolidation and supply chain interruptions

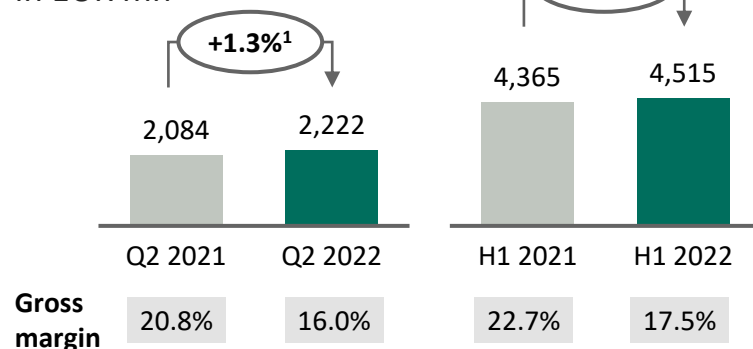
EBIT margin¹

in % of sales	Q2 21	Q2 22	Q2 22 vs. Q2 21	H1 21	H1 22	H1 22 vs. H2 21
Automotive Technologies	5.7%	0.5%	-5.2pp	8.2%	2.0%	-6.2pp
Automotive Aftermarket	16.6%	12.5%	-4.1pp	14.9%	13.0%	-1.9pp
Industrial	11.9%	11.9%	0.0pp	11.8%	11.7%	-0.2pp
Group	8.8%	5.3%	-3.5pp	10.0%	6.1%	-3.9pp

Automotive Technologies – Q2 Sales¹ affected by China lockdowns, EBIT margin² burdened by higher input costs

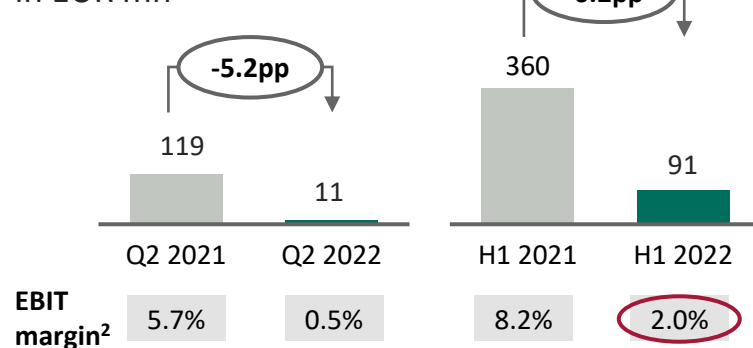
Sales

in EUR mn



EBIT²

in EUR mn



Strong growth in Region Americas, Region Europe growing even if in a challenging environment; Global Outperformance of 130 bps achieved in Q2



Strong development of Order Intake³ continued in Q2, leading to a H1 book-to-bill-ratio⁴ of 1.6x – E-Mobility Order Intake³ EUR 1.2 bn in Q2; E-Mobility FY Order Intake³ target already achieved in the first six months of the year



Q2 sales¹ impacted by strong external headwinds: Lockdowns in China, ongoing supply chain disruptions, semiconductor shortages and the war in Ukraine



Significant EBIT margin² decline in Q2 due to lower absorption of fixed costs & production inefficiencies caused by volatile customer call-offs, input cost inflation only partly offset by price realization; In addition, rising freight/logistics costs

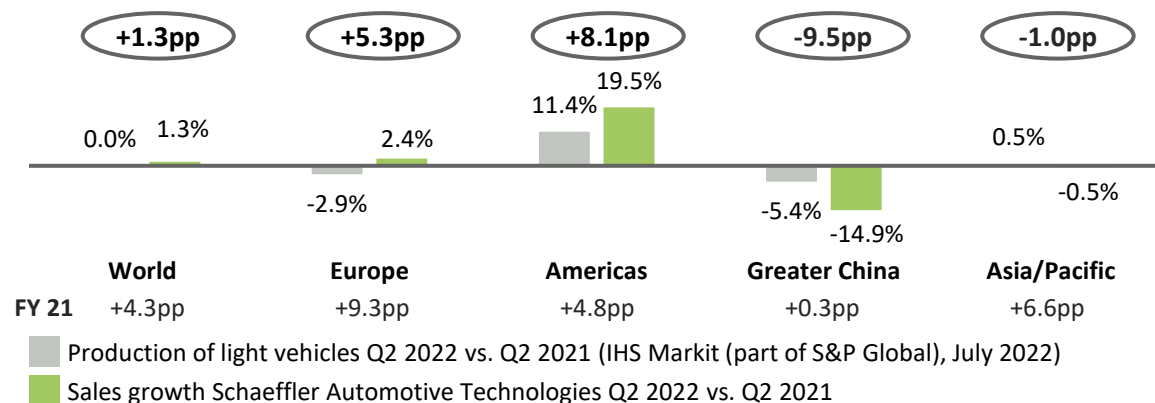
¹ FX-adjusted | ² Before special items | ³ Nominations to customer projects | ⁴ Lifetime Sales / Current period revenue

Automotive Technologies – Growth¹ in New Business, EBIT margin² sharply burdened by increased input costs, volatile customer call-offs and declined overall volumes

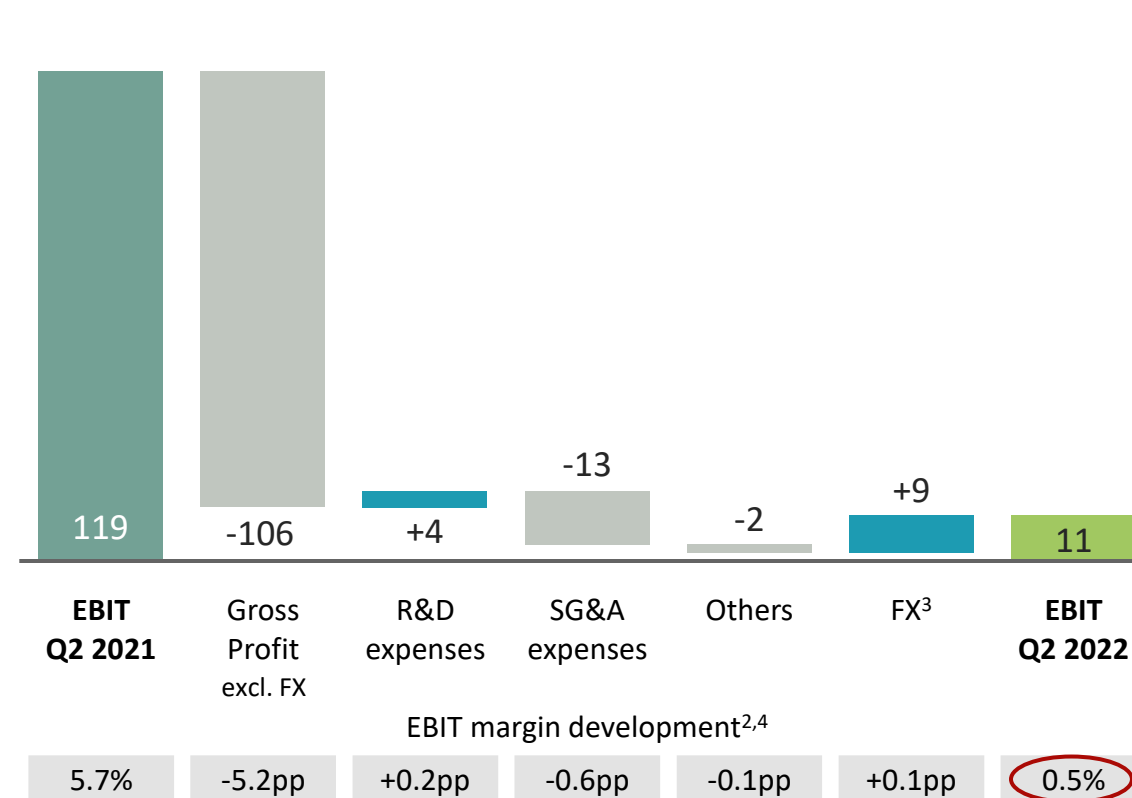
Sales by business division | yoy growth

	Q2 2021	Q2 2022	Δ ¹
E-Mobility	259	294	+7.9%
Engine & Transmission	1,143	1,211	-0.1%
Bearings	615	631	-1.7%
Chassis Systems	66	86	+27.4%
Total	2,084	2,222	+1.3%

Outperformance: Sales¹ vs. market development in Q2



EBIT² Q2 2021 vs. Q2 2022 | in EUR mn



¹ FX-adjusted | ² Before special items

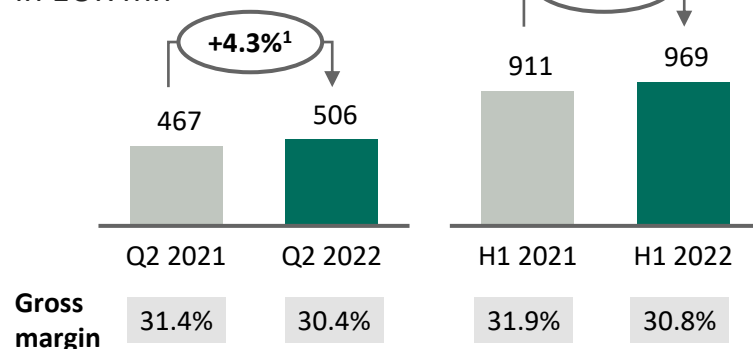
³ Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses

⁴ Percentage values do not sum up due to isolated calculation of each individual effect

Automotive Aftermarket – Q2 sales growth¹ driven by positive price effects, Q2 EBIT margin² lower due to 2021 positive one-offs

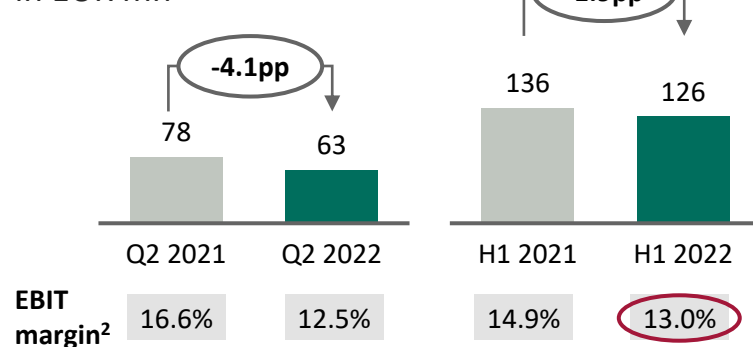
Sales

in EUR mn



EBIT²

in EUR mn



Underlying market conditions in Aftermarket business remain favorable – Sales growth¹ in all regions in Q2 except China; Europe above previous year¹ notwithstanding adverse business impacts deriving from the war in Ukraine



Positive sales price adjustments compensating for increased input costs



Q2 EBIT margin² lower yoy due to positive one-off effect in the previous year and higher input costs

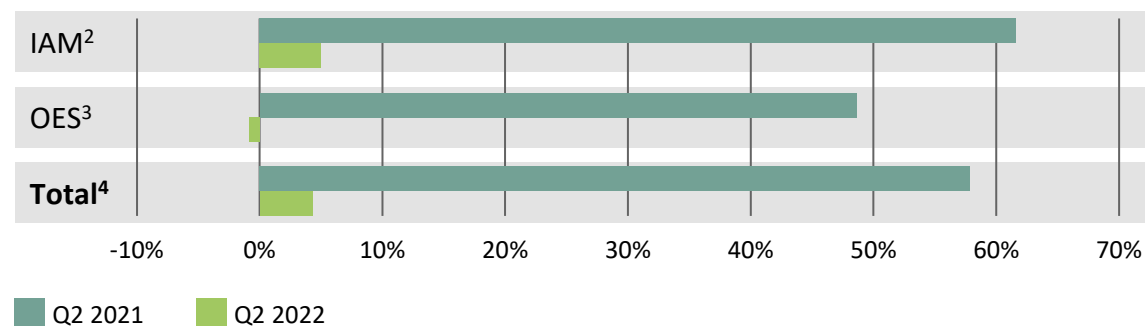
¹ FX-adjusted | ² Before special items

Automotive Aftermarket – Moderate growth¹ driven by Americas and Asia/Pacific, EBIT margin⁵ down yoy due to positive one-off impact in Q2 2021

Sales by region | yoy growth

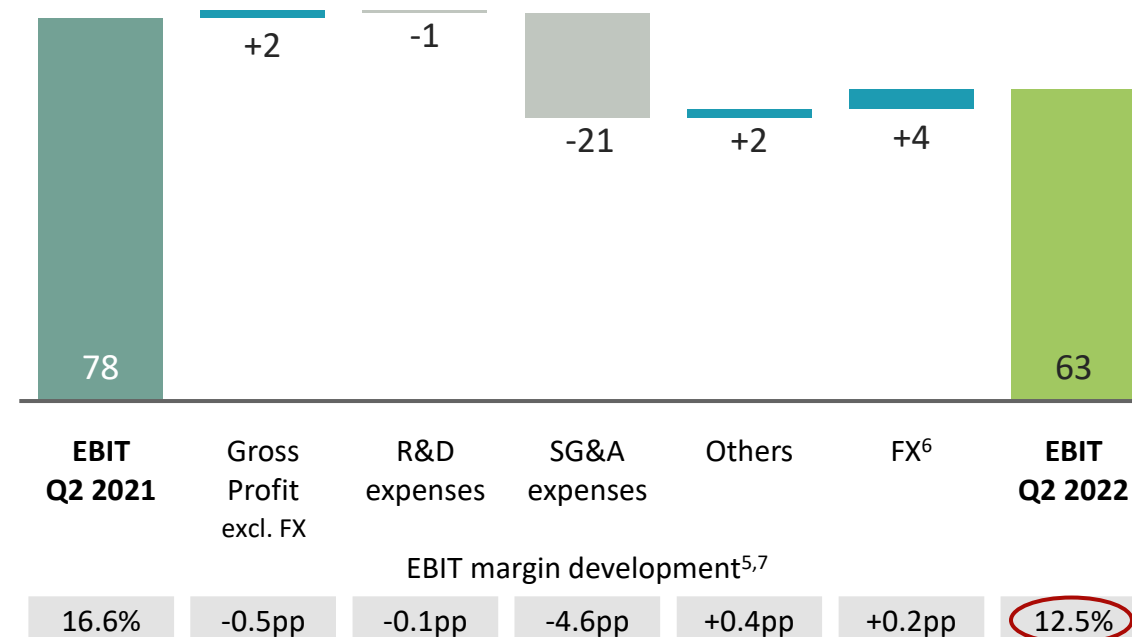
	Q2 2021	Q2 2022	Δ ¹
Europe	332	337	+1.2%
Americas	86	110	+12.4%
Greater China	26	26	-9.5%
Asia/Pacific	24	33	+32.7%
Total	467	506	+4.3%

Automotive Aftermarket sales growth by channel¹



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

EBIT⁵ Q2 2021 vs. Q2 2022 | in EUR mn



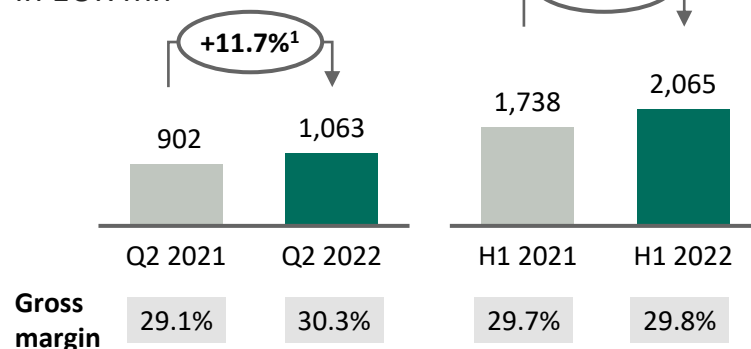
⁶ Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses

⁷ Percentage values do not sum up due to isolated calculation of each individual effect

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

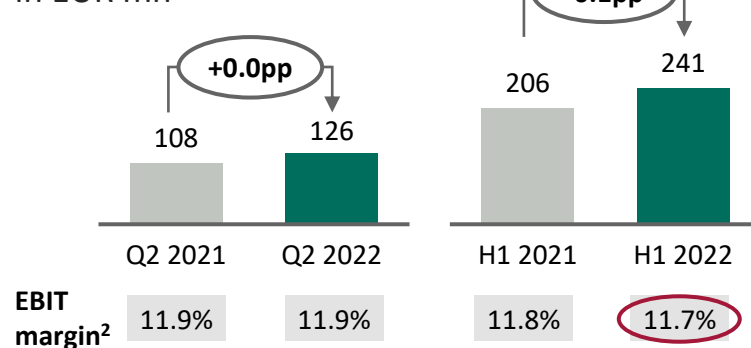
Sales

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

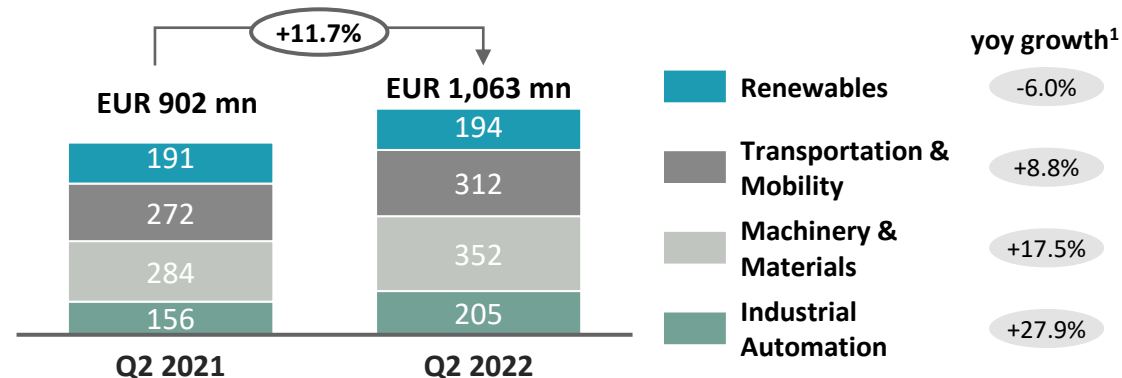
¹ FX-adjusted | ² Before special items

Industrial – Strong growth¹ continued, EBIT margin² flat yoy supported by both positive price and volume effects

Sales by region | yoy growth

	Q2 2021	Q2 2022	Δ ¹
Europe	357	448	+25.2%
Americas	146	179	+9.1%
Greater China	272	275	-8.3%
Asia/Pacific	127	160	+19.5%
Total	902	1,063	+11.7%

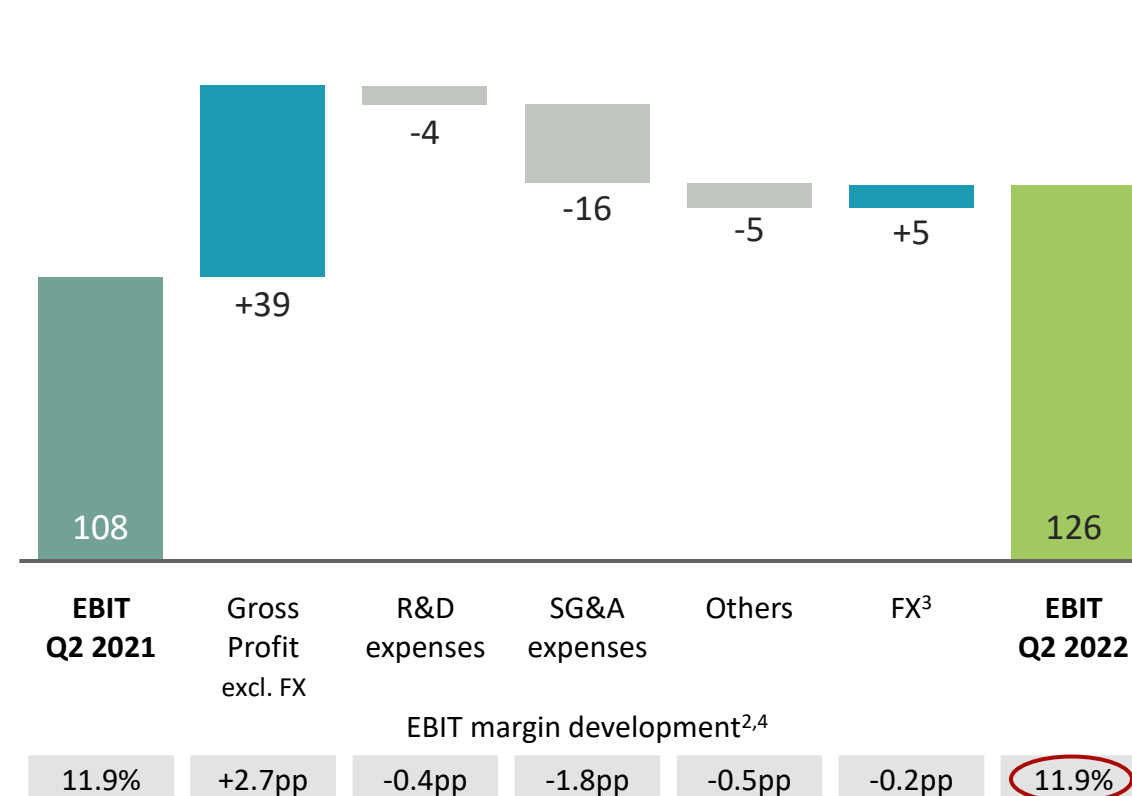
Sales by Industrial market cluster | yoy growth



Industrial Distribution is 30.1% of Q2 sales

¹ FX-adjusted | ² Before special items

EBIT² Q2 2021 vs. Q2 2022 | in EUR mn

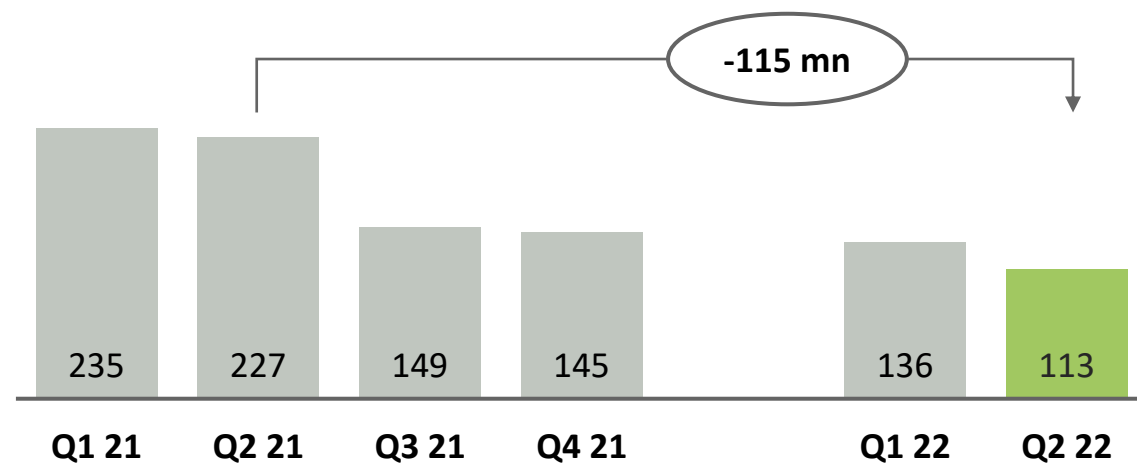


³ Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses

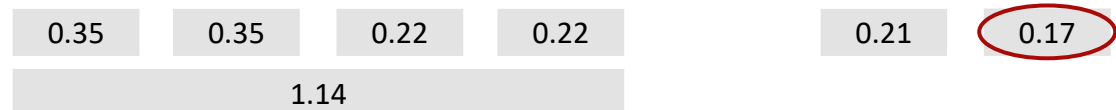
⁴ Percentage values do not sum up due to isolated calculation of each individual effect

Net Income¹ – EPS² at EUR 0.17, ROCE³ reached 11.6%

Net income¹ | in EUR mn



EPS² | in EUR

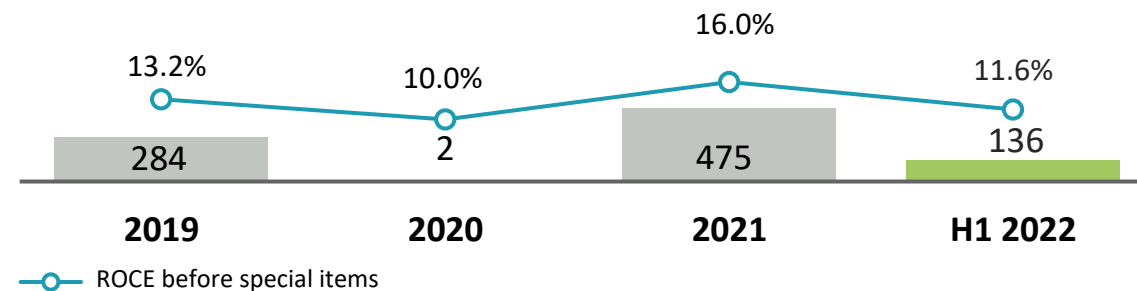


¹ Attributable to the shareholders of the parent company | ² Earnings per common non-voting share

Key aspects

- Q2 2022 Net income¹ follows lower EBIT
- ROCE³ and Schaeffler Value Added⁴ reduced as strong prior year quarters rolled off

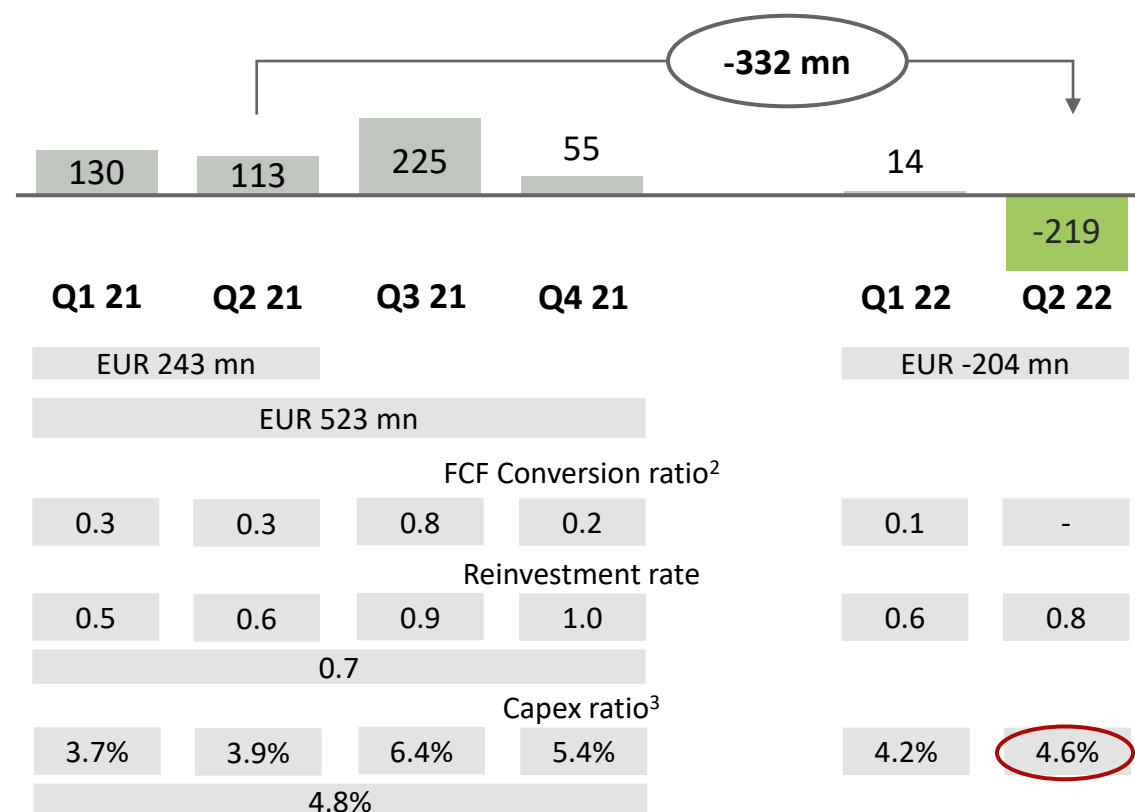
ROCE³ and Schaeffler Value Added⁴ | in EUR mn



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

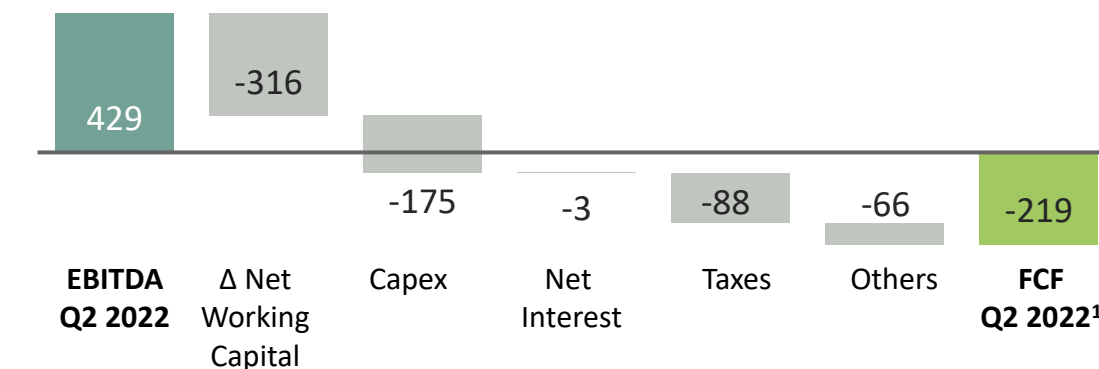
Free Cash Flow – Impacted by tactical increase in inventory and softer margins in Q2

Free Cash Flow before M&A¹ | in EUR mn



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

Reconciliation Q2 2022 | in EUR mn



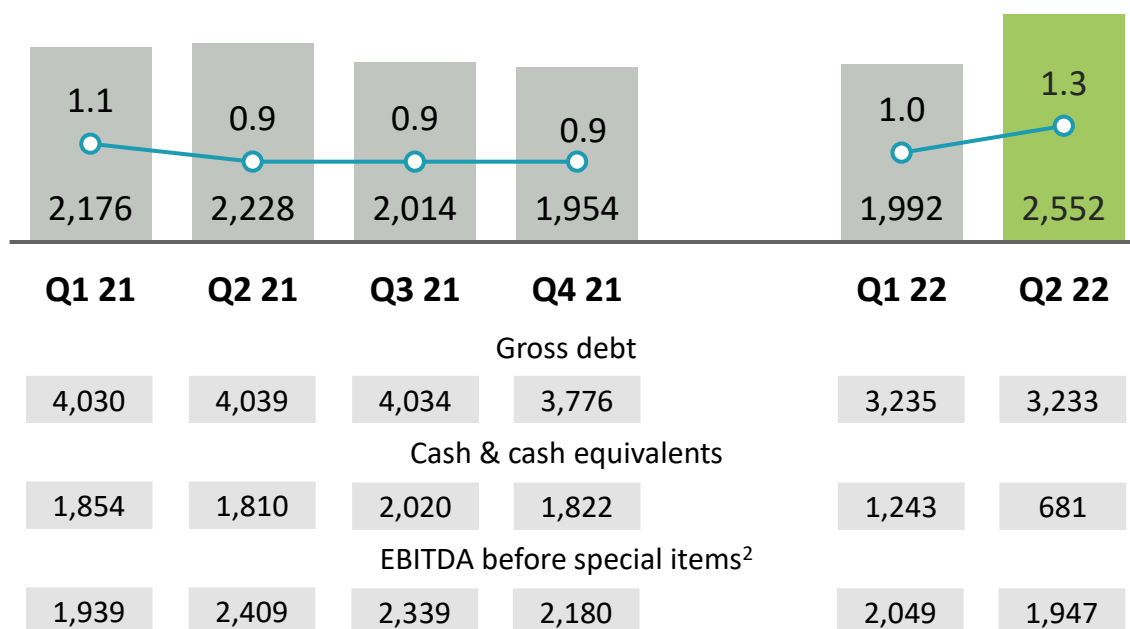
FCF Details | in EUR mn

	Q2 2021	Q2 2022	Δ Q2 22/21	H1 2021	H1 2022	Δ H1 22/21
FCF as reported	115	-218	-333	242	-265	-507
M&A	-2	-1	+1	1	61	+60
FCF before M&A	113	-219	-332	243	-204	-447
Legal cases	-5	-7	-2	-3	-9	-6
Restructuring	47	44	-2	201	204	+3
Others	6	0	-6	6	0	-6
Financing	0	19	+19	0	-16	-16
FCF bef. M&A and sp. items	160	-163	-323	447	-25	-472

Net debt of EUR 2.6 bn – Leverage ratio¹ at 1.3x and solid liquidity position, EUR 328 mn paid in Dividends

Net financial debt and Leverage ratio¹ | in EUR mn

—○— Leverage ratio¹



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

Key aspects

- In April 2022 Dividend payment of EUR 328 mn for FY 2021 (44% payout ratio)
- No maturities until March 2024

Solid liquidity situation

- Cash and unused committed credit lines on Group level of around EUR 1.8 bn as per end of June, available liquidity³ 16% of LTM Net Sales
- Acquisition of Ewellix; exploiting opportunities notwithstanding challenging times

Capital allocation – Capex prioritizing investments in growth business and regions, Capex ratio² of 4.6% in Q2

Investment¹ allocation | in EUR mn

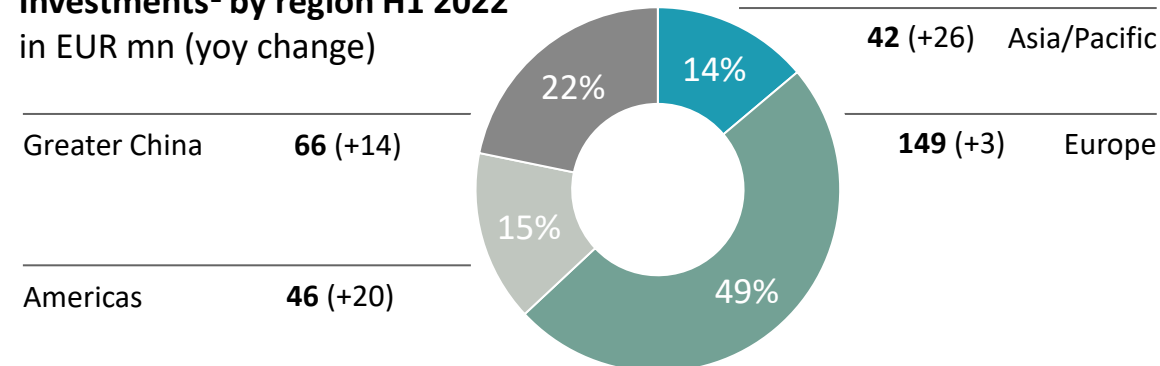
	FY 20	FY 21	Q2 21	Q2 22	H1 22
Automotive Technologies	378	428	84	117	198
Automotive Aftermarket	26	20	4	7	12
Industrial	234	223	43	50	93
Schaeffler Group	639	670	131	175	303
Capex	632	671	136	175	331
Capex ratio²	5.0%	4.8%	3.9%	4.6%	4.4%
Reinvestment Rate	0.7	0.7	0.6	0.8	0.7

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

Key aspects Q2 2022

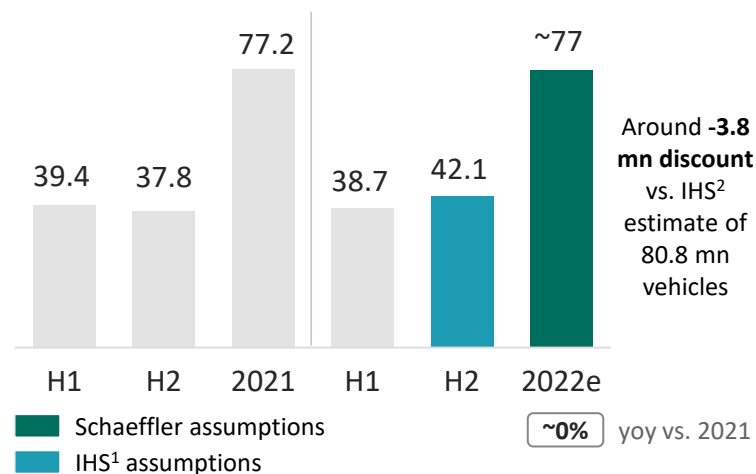
- Reinvestment Rate Target: Continued prioritization of Industrial Division and BD E-Mobility; <0.5 in BD Bearings and Engine & Transmission
- Automotive Technologies: Capacity expansion and machinery investments for E-Motor components in China and Mexico
- Industrial: Further investments in building a new Industrial production hall in India and capacity expansion in South Korea
- UPDATE Capex FY 2022: Around EUR 750 mn (previously: EUR ~800 mn)

Investments¹ by region H1 2022 in EUR mn (yoy change)



Market assumptions – What changed in our market assumptions since May

Automotive Technologies – Global LVP¹ 2022

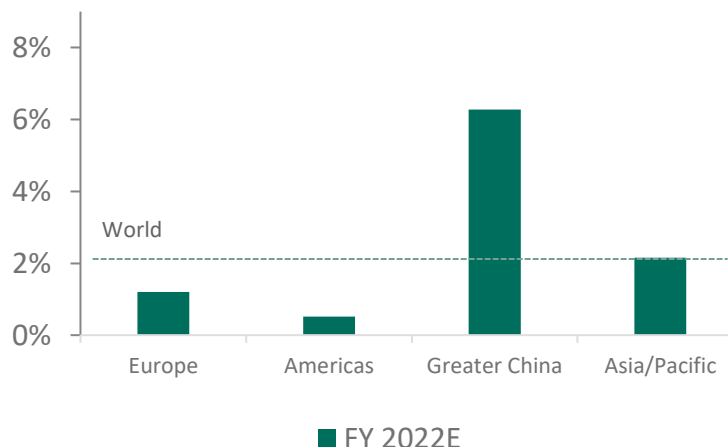


- Discount of ~3.8 mn vehicles to July IHS² estimate of 80.8 mn LVP in 2022 leading to a stagnating market in comparison to 2021. More cautious estimate than IHS² due to uncertainty in markets and supply chains
- For H2 we expect stagnating market volumes compared to H1, which implies slight growth yoy; Market challenges may differ regionally in H2, e.g. depending on specific Covid situation

¹ Light Vehicle Production (IHS Markit (part of S&P), July 2022)

² IHS Markit (part of S&P Global)

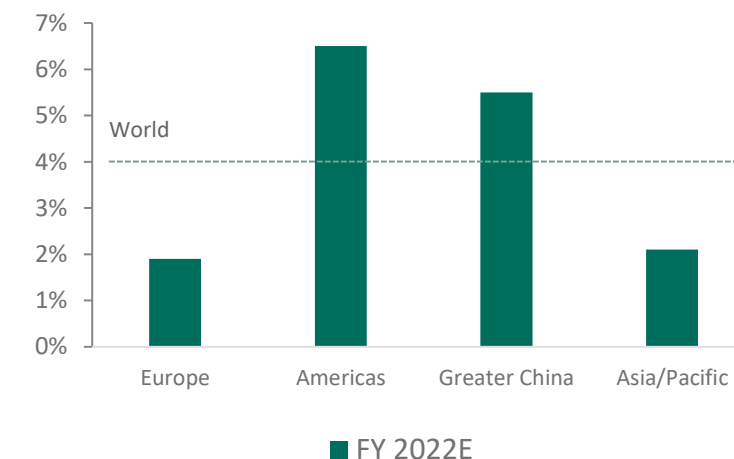
Automotive Aftermarket – Global LV Parc³



- Growth of Global LV Parc³ with 2.1% for 2022 slightly lower than 2021 (2.4%) at slightly higher average age of 10.3 (2021: average age of 10.1 years) due to new vehicle sales drop, e.g. caused by supply disruptions
- Highest growth is expected for Greater China (6.3%); lowest for Americas (0.5%) due to the stagnation of new car registrations

³ Light Vehicle Parc for Passenger Cars and Light Commercial Vehicle <3.5t (IHS Markit (part of S&P), June 2022)

Industrial – Industrial Production⁴



- Growth of global industrial production⁴ set to slow markedly to ~4.0% in 2022 after rapid expansion in 2021 (11.7%)
- Highest growth expected in the Americas (6.5%); lowest growth expected in Europe (1.9%) due to implications from war in Ukraine, esp. in Germany and Eastern Europe

⁴ Industrial Production (Oxford Economics, June 2022)

Sectors considered: Mechanical Engineering (NACE 28), Transport Equipment (NACE 30), Electrical Equipment (NACE 27.1)

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

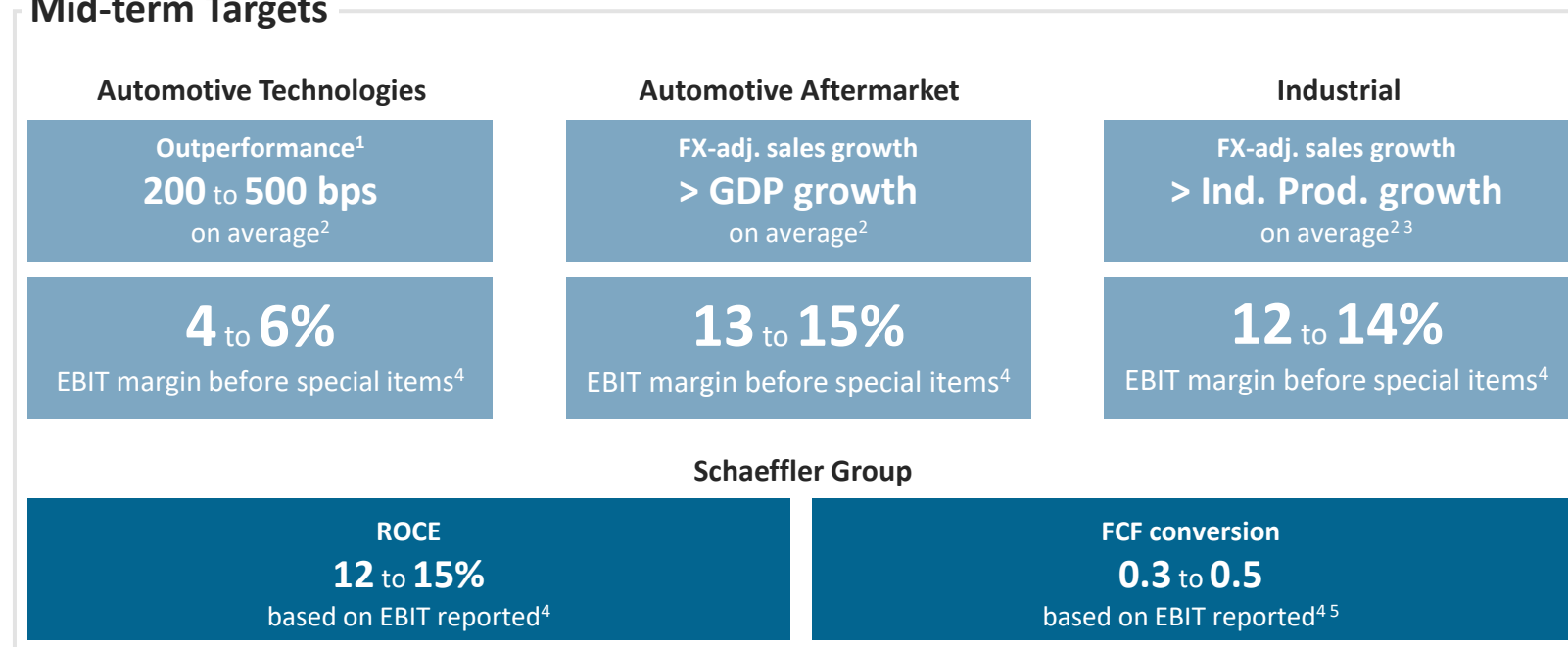
Automotive Technologies		Automotive Aftermarket		Industrial	
Actuals FY 2021	Guidance FY 2022	Actuals FY 2021	Guidance FY 2022	Actuals FY 2021	Guidance FY 2022
Out-performance 430 bps	Out-performance 200 - 500 bps	13.9%	Moderate growth	14.2%	Considerable growth
6.4%	> 2.5%	13.9%	> 12%	11.8%	> 11%

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%

Road to 2025 – Mid-term Targets are reflected in Schaeffler’s comprehensive Financial Framework

Mid-term Targets



Key aspects

- Consistent with incentive system
- Clearly defined path to target
- Focus on ROCE and Free Cashflow Conversion on Group-level
- Divisionalized Targets reflect internal commitments

Group parameters



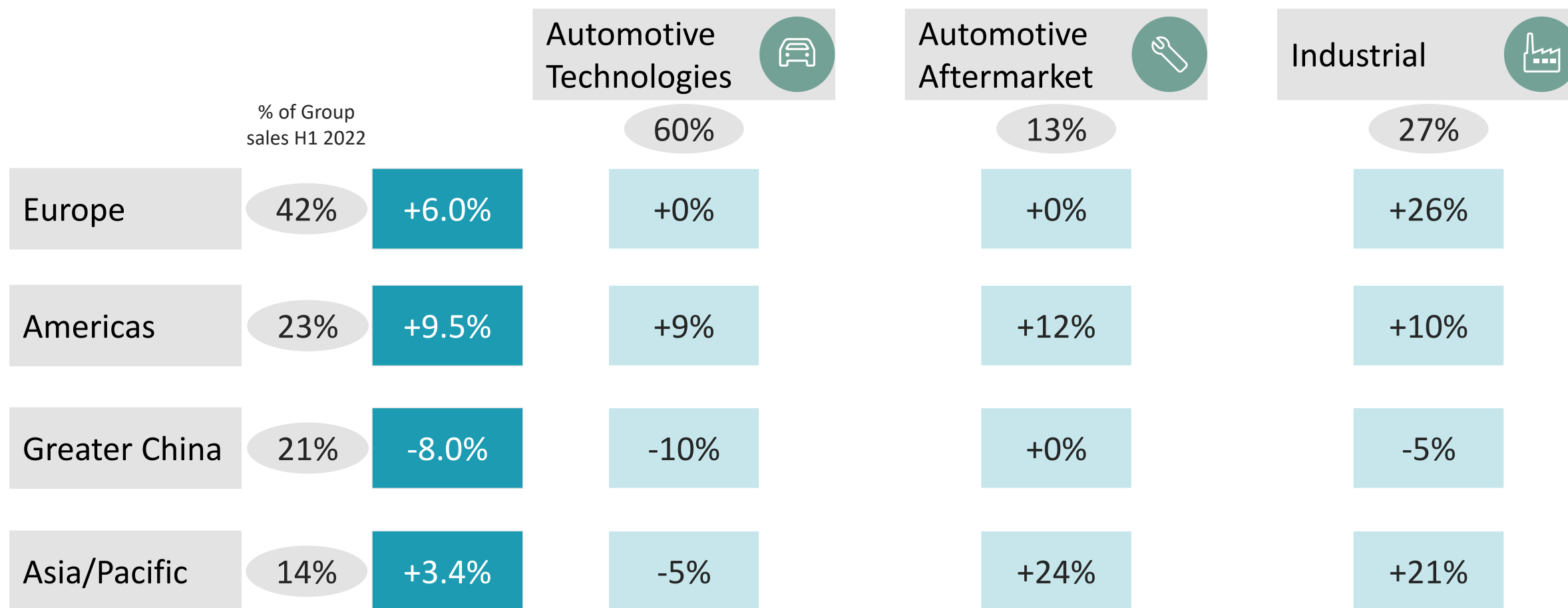
Concrete commitments fully cascaded into the organization

¹ FX-adj. sales growth above Light Vehicle Production (IHS) | ² from 2021 to 2025 | ³ Industrial Production (Oxford Economics) | ⁴ latest in 2023 | ⁵ before cash in- and outflows for M&A

Agenda

- 1** Module 1 – Overview Schaeffler Group
- 2** Module 2 – Our Divisions
- 3** Module 3 – Q2 2022 Financials
- 4** Backup

H1 2022 Sales¹ development – All divisions were impacted by China lockdowns in Q2, even if to a different extent

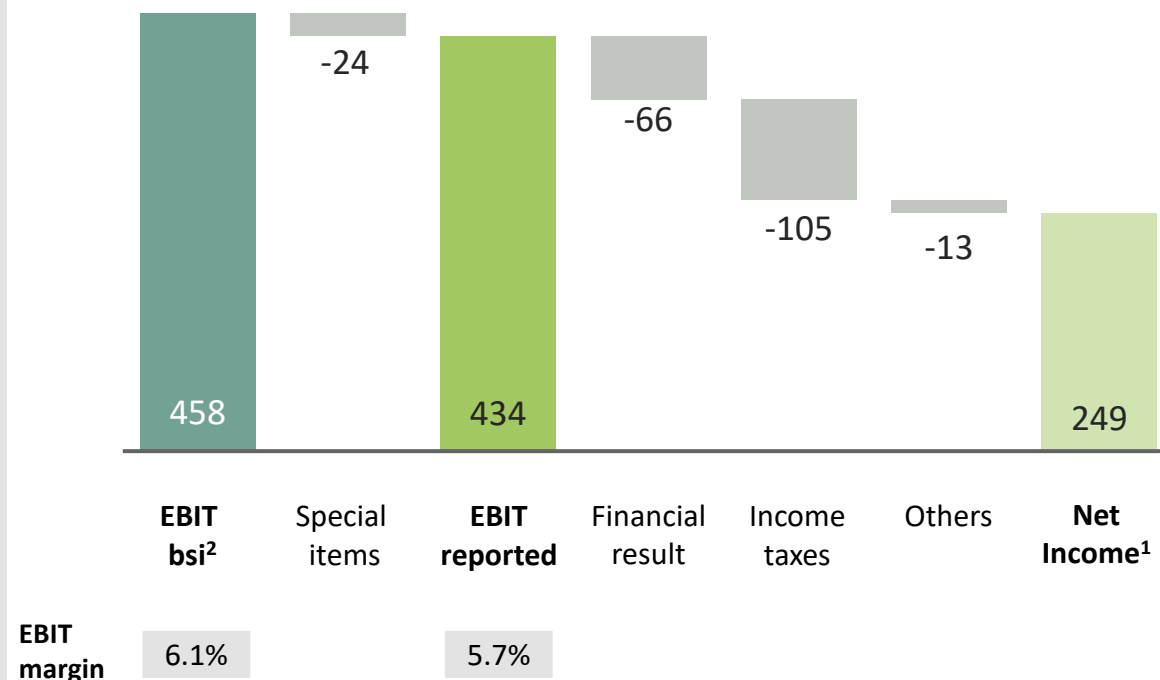


¹ H1 FX-adjusted sales growth, please refer to the Interim Report for further details

■ H1 Sales growth¹

Net Income¹ – EBIT reconciliation and special items

Reconciliation H1 2022 | in EUR mn



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

Key aspects

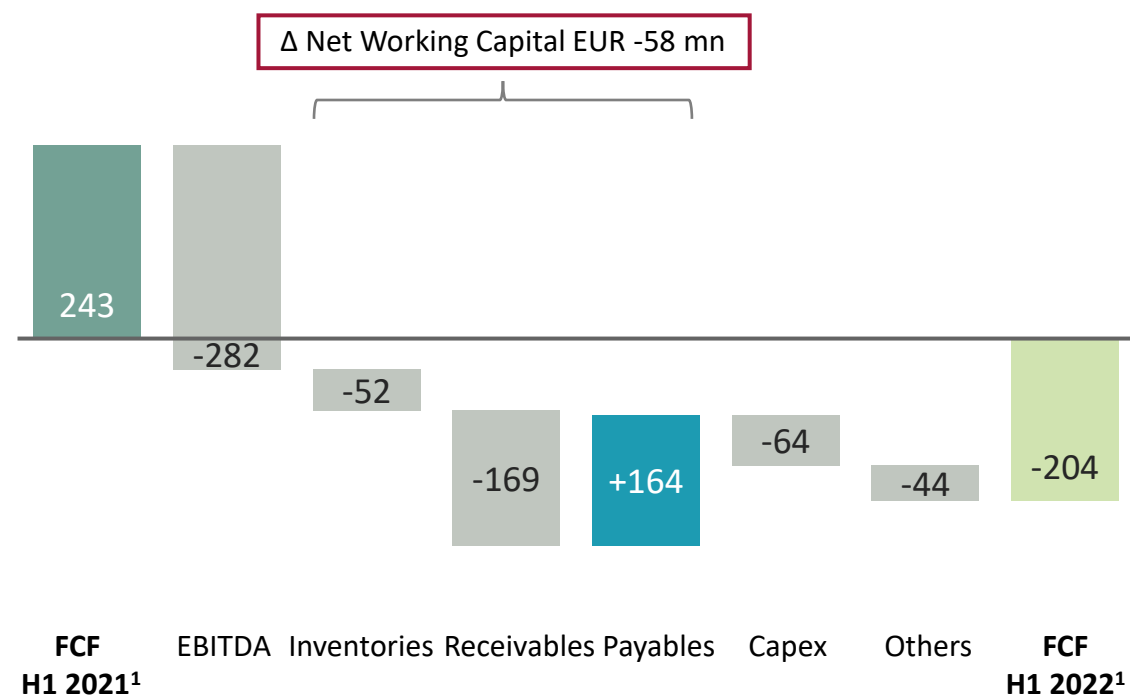
- Special items amounted to EUR 24 mn in H1, mainly related to the consolidation of the Footprint in Europe within “Roadmap 2025”
- Financial Result EUR -22 mn below prior year mainly driven by FX effects (devaluation EUR vs. USD) and interest on pensions slightly increased due to the rise in discount rates
- Lower income tax expense is mainly due to a year-on-year decrease in EBT, an increase in tax credits and tax income from the previous year

Special items by division | in EUR mn

	Q2 21	Q2 22	Q2 22 vs. Q2 21	H1 21	H1 22	H2 22 vs. H2 21
EBIT Reported	341	186	-155	723	434	-289
Automotive Technologies	-21	+10	+31	-13	+13	+26
Automotive Aftermarket	-11	0	+11	-10	+1	+11
Industrial	-4	+3	+7	+2	+10	+8
Group	-37	14	+51	-22	24	+46
EBIT bsi²	305	200	-105	702	458	-244

Free Cash Flow¹ details H1 2022 – FCF hampered by lower EBITDA and Working Capital outflow

FCF¹ H1 2021 vs. H1 2022 | in EUR mn



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

Key aspects

- Negative EBITDA development yoy mainly due to challenging conditions
- Net Working Capital negative with EUR -58 mn driven by increased inventories and receivables
- Others included cash outs for the Restructuring Program announced in September 2020

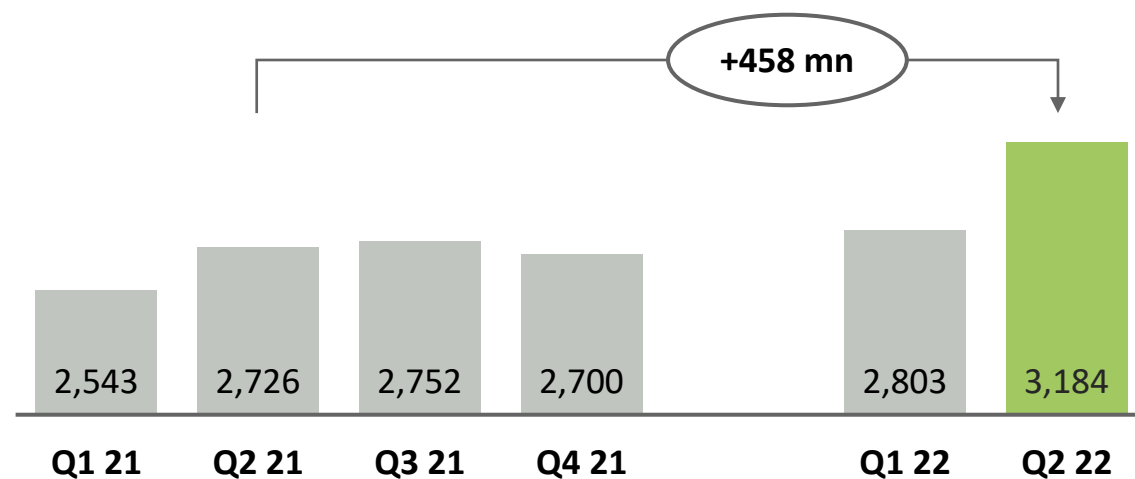
Net Working Capital details | in EUR mn

Change in	Q2 2021	Q2 2022	Δ Q2 22/21	H1 2021	H1 2022	Δ H1 22/21
Inventories	-173	-157	+16	-367	-419	-52
Receivables	+41	-125	-165	-98	-267	-169
Payables	-46	-34	+12	+110	+274	+164
Δ Net Working Capital	-178	-316	-137	-354	-412	-58
Working Capital ratio ²	19.4	22.1	-	19.4	22.1	-

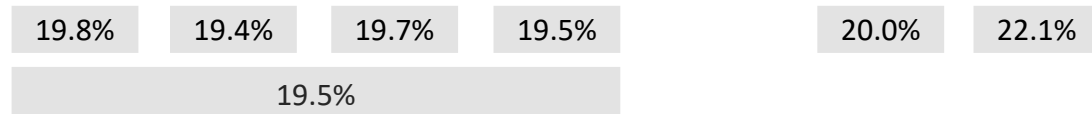
² in % of sales (LTM)

Working Capital¹ ratio 22.1% – Capex ratio² 4.6% in Q2

Working capital¹ | in EUR mn

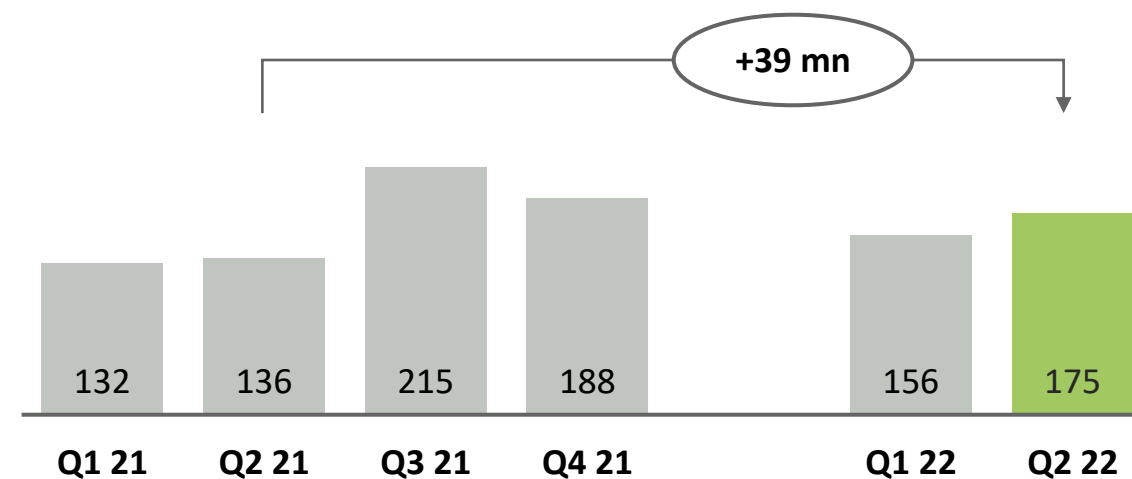


in % of sales (LTM)

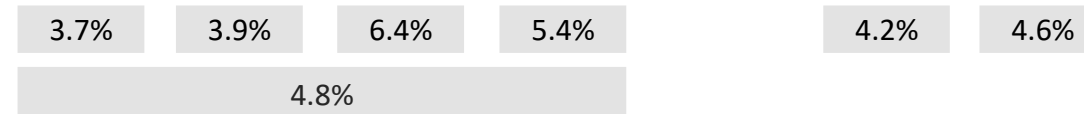


¹ According to balance sheet; figures as per the end of period

Capex² | in EUR mn



in % of sales



² Cash view

Automotive Technologies (AT) outperformance by quarters

YTD Outperformance: +0.8pp			Q1 22			Q2 22		
	IHS ¹	AT ²	Outper- formance					
World	-3.4%	-3.2%	+0.2pp					
Europe	-15.0%	-1.9%	+13.1pp					
Americas	-3.3%	+0.3%	+3.6pp					
Greater China	+7.3%	-5.3%	-12.6pp					
Asia/Pacific	-3.9%	-8.3%	-4.4pp					

FY 21 Outperformance: +4.3pp			Q1 21			Q2 21			Q3 21			Q4 21		
	IHS ¹	AT ²	Outper- formance											
World	+15.9%	+17.0%	+1.1pp											
Europe	+2.3%	+3.3%	+1.0pp											
Americas	-2.8%	+6.7%	+9.5pp											
Greater China	+78.0%	+74.8%	-3.2pp											
Asia/Pacific	+5.2%	+14.0%	+8.8pp											

¹ Light Vehicle production growth according to IHS Markit (part of S&P Global), July 2022 | ² FX-adjusted sales growth of Automotive Technologies Division

Key figures by Group and Division

Group | in EUR mn

	Q1 21	Q2 21	Q3 21	Q4 21	FY 21	Q1 22	Q2 22
Sales	3,560	3,454	3,332	3,506	13,852	3,758	3,790
Sales Growth¹	+12.3%	+52.8%	-3.5%	-5.8%	+10.2%	+1.9%	+4.4%
EBIT Reported	382	341	266	231	1,220	247	186
EBIT bsi	397	305	260	260	1,222	258	200
EBIT bsi margin	11.2%	8.8%	7.8%	7.4%	8.8%	6.9%	5.3%

Automotive Aftermarket | in EUR mn

	Q1 21	Q2 21	Q3 21	Q4 21	FY 21	Q1 22	Q2 22
Sales	444	467	500	437	1,848	463	506
Sales Growth¹	+4.9%	+57.9%	+9.0%	-2.1%	13.9%	+2.1%	+4.3%
EBIT Reported	57	89	80	48	274	62	63
EBIT bsi	58	78	72	49	256	63	63
EBIT bsi margin	13.1%	16.6%	14.3%	11.2%	13.9%	13.6%	12.5%

Adjusted comparative
figures 2021

Automotive Technologies | in EUR mn

	Q1 21	Q2 21	Q3 21	Q4 21	FY 21	Q1 22	Q2 22
Sales	2,281	2,084	1,921	2,150	8,436	2,293	2,222
Sales Growth¹	+17.0%	+67.5%	-13.1%	-12.5%	+7.8%	-3.2%	+1.3%
EBIT Reported	232	141	96	110	579	77	1
EBIT bsi	240	119	77	107	544	80	11
EBIT bsi margin	10.5%	5.7%	4.0%	5.0%	6.4%	3.5%	0.5%

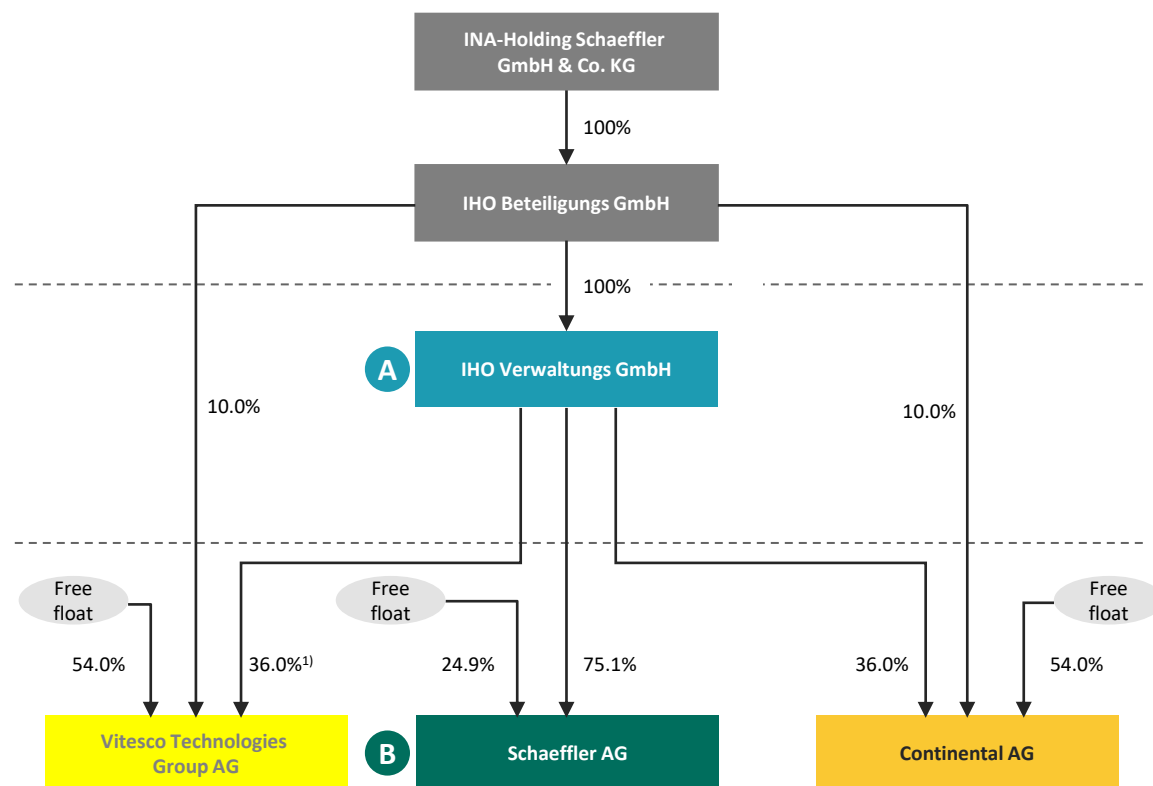
Industrial | in EUR mn

	Q1 21	Q2 21	Q3 21	Q4 21	FY 21	Q1 22	Q2 22
Sales	836	902	911	919	3,568	1,002	1,063
Sales Growth¹	+4.7%	+25.4%	+15.8%	+12.0%	14.2%	+15.7%	+11.7%
EBIT Reported	92	112	89	74	367	108	123
EBIT bsi	98	108	112	104	421	115	126
EBIT bsi margin	11.8%	11.9%	12.3%	11.3%	11.8%	11.4%	11.9%

¹ FX-adjusted

Overview Corporate and Financing Structure

Corporate structure (simplified) | as of June 30, 2022



Financing structure | as of June 30, 2022

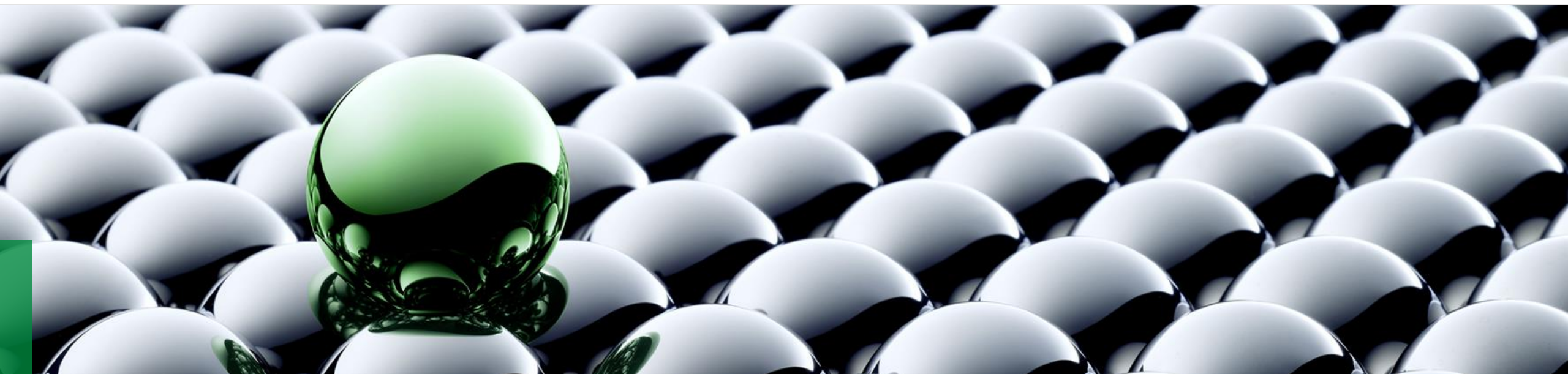
A IHO Verwaltungs GmbH

	Debt instrument	Nominal (USD m)	Nominal (EUR ¹ m)	Interest	Maturity	Rating (Fitch/Moody's/S&P)
Loans	RCF (EUR 800 m)	-	260	E+3.25%	Dec-24	Not rated
Bonds	3.625% SSNs 2025 (EUR)	-	800	3.625%	May-25	BB/Ba2/BB-
	3.75% SSNs 2026 (EUR)	-	750	3.750%	Sep-26	BB/Ba2/BB-
	4.75% SSNs 2026 (USD)	500	482	4.750%	Sep-26	BB/Ba2/BB-
	3.875% SSNs 2027 (EUR)	-	500	3.875%	May-27	BB/Ba2/BB-
	6.00% SSNs 2027 (USD)	450	433	6.000%	May-27	BB/Ba2/BB-
	6.375% SSNs 2029 (USD)	400	385	6.375%	May-29	BB/Ba2/BB-
Total IHO Verwaltungs GmbH			3,610	Ø 3.98%^{2,3}		

B Schaeffler AG

	Debt instrument	Nominal (USD m)	Nominal (EUR m)	Interest	Maturity	Rating (Fitch/Moody's/S&P)
Loans	RCF (EUR 1,800 m)	-	-	E+0.80%	Sep-24	Not rated
	Schuldschein Loans (EUR)	-	298	Ø 2.13%	May-23, 25, 28 & 30	Not rated
CP	Commercial Paper Program (EUR)	-	-	-	-	Not rated
Bonds	1.875% SNs 2024 (EUR)	-	800	1.875%	Mar-24	BB+/Ba1/BB+
	2.750% SNs 2025 (EUR)	-	750	2.750%	Oct-25	BB+/Ba1/BB+
	2.875% SNs 2027 (EUR)	-	650	2.875%	Mar-27	BB+/Ba1/BB+
	3.375% SNs 2028 (EUR)	-	750	3.375%	Oct-28	BB+/Ba1/BB+
Total Schaeffler Group			3,248	Ø 2.80%³		

¹ EUR/USD = 1.0387 | ² After cross currency swaps | ³ Incl. commitment and utilization fees



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