

Q4 and FY 2022 Schaeffler AG earnings

Earnings Call
March 7, 2023
Herzogenaurach

We pioneer motion

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Agenda

- 1** Overview
- 2** Business Highlights Q4 and FY 2022
- 3** Financial Results Q4 and FY 2022
- 4** Outlook

Schaeffler Group with solid performance in FY 2022 – Cautious Outlook for 2023

Key messages FY 2022

- 1 FY Group sales¹ +9.4% – Strong growth driven by positive volume and price effects
- 2 Business development – Record Order Intake in E-Mobility, robust demand in Aftermarket and compelling M&A transactions in Industrial
- 3 FY EBIT margin² 6.6% – Solid Group EBIT margin with increasing contribution of Automotive Aftermarket and Industrial
- 4 FY FCF³ EUR 280 mn – Robust FCF in a year with a Capex increase of 18% to EUR 791 mn
- 5 Dividend proposal⁵ – Payout ratio of 48%⁶ (PY: 44%), leading to dividend of EUR 45 cents (PY: EUR 50 cents)
- 6 FY 2023 Guidance – Cautious outlook due to still uncertain environment

¹ FX-adjusted sales growth | ² EBIT margin before special items | ³ Before cash in- and outflows for M&A activities | ⁴ Ratio FCF before M&A to EBIT reported | ⁵ Proposed dividend per common non-voting share

⁶ In % of Net income before special items, attributable to shareholders of the parent company

Sales FY

EUR 15.8 bn

+9.4%¹

EBIT FY²

EUR 1,046 mn

6.6%

Free Cash Flow FY³

EUR 280 mn

FCF Conversion 0.3⁴

Dividend proposal⁵

EUR 45 cents

Payout Ratio 48%⁶

FY 2022 Guidance – Group metrics and divisional EBIT margins achieved

Group Results FY 2022

	Guidance ⁴	Actuals	
Sales growth ¹	6 - 8%	9.4%	✓
EBIT margin ²	5 - 7%	6.6%	✓
Free Cash Flow ³	> EUR 250 mn	EUR 280 mn	✓

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

⁴ As of May 10, 2022 | ⁵ As of November 8, 2022 | ⁶ LVP (S&P Global Mobility ©, January 2023)

⁷ LV Parc for PC and LCV <3.5t (S&P Global Mobility ©, November 2022)

Divisional Results FY 2022

Automotive Technologies ↔		Automotive Aftermarket ✓		Industrial ✓	
Guidance ⁴	Actuals	Guidance ⁴	Actuals	Guidance ⁴	Actuals
Outperf. 200 - 500 bps	150 bps	Moderate growth	7.0%	Considerable growth	14.7%
> 2.5%	3.1%	> 12%	12.5%	> 11%	11.7%

Actual market development vs. assumptions⁵:

- Automotive Technologies: LVP 2022 reached 82.0 mn according to S&P⁶ (Assumption: 80.3 to 81.8 mn)
- Automotive Aftermarket: Growth of Global LV Parc⁷ of 2.1% (Assumption: 2.1%)
- Industrial: Increase of relevant Ind. Prod. of 3.7% (Assumption: ~2%)

Schaeffler Group FY 2022 – Highlights and lowlights



Topline – Effective price recovery after successful negotiations across all divisions



Structural measures – Implementation on track following the announcement in November 2022 (Footprint rightsizing and overhead streamlining in Europe)



Balance sheet and FCF – Strong balance sheet and FCF generation



M&A – Compelling acquisitions, partnerships and collaborations achieved, strong execution



Earnings quality – Current margin level not satisfying, performance management will continue



Operations – Stop-and-go costs, Covid-related absenteeism, sickness rate and supply chain disruptions resulted in temporary inefficiencies

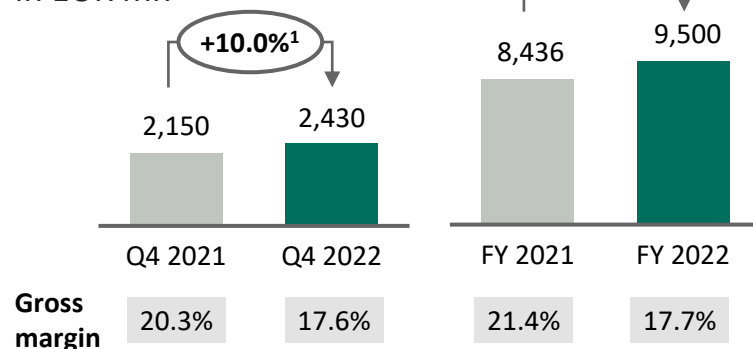
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Automotive Technologies – Strong Outperformance in Q4, EBIT margin² lower due to higher input costs

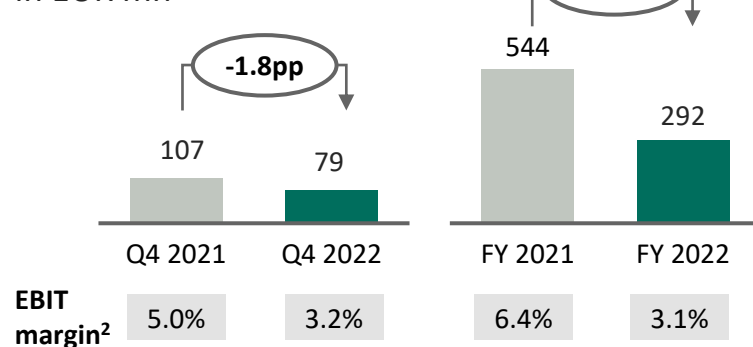
Sales

in EUR mn



EBIT²

in EUR mn



Strong Outperformance of 830 bps in Q4 (FY: 150 bps), driven by Regions Europe and Americas



Positive price effects driven by our successful negotiations with OEMs; further price increases related to energy and wage inflation targeted for 2023



Market underperformance in China in 2022 due to Covid disruptions and currently still limited exposure to local EV brands, however strong Order Intake for NEV applications



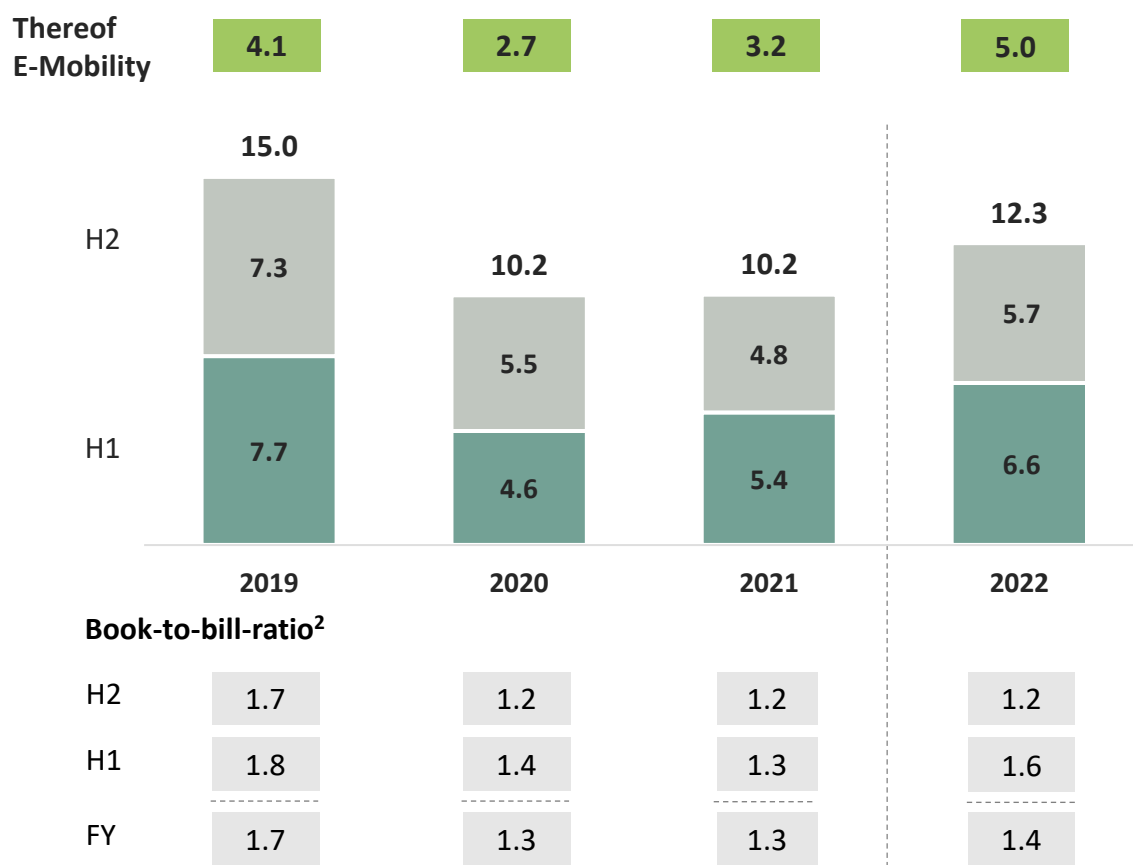
Despite successful and base-effective price recovery of raw material cost inflation, gross margin was also impacted by other higher input costs, adverse regional / product mix and absenteeism, also Covid-related

¹ FX-adjusted | ² Before special items

Automotive Technologies – Strong Order Intake in FY 2022, E-Mobility Order Intake reaching EUR 5 bn

Order Intake¹

in bn EUR



Business Highlights

“Outstanding Contribution Award”
received from Geely for significant
capacity increase of DHT Pro P1 Module
within shortest time



“Supplier of the Year Award”
received from GM in Category of
Clutches and Purchased
Powertrains

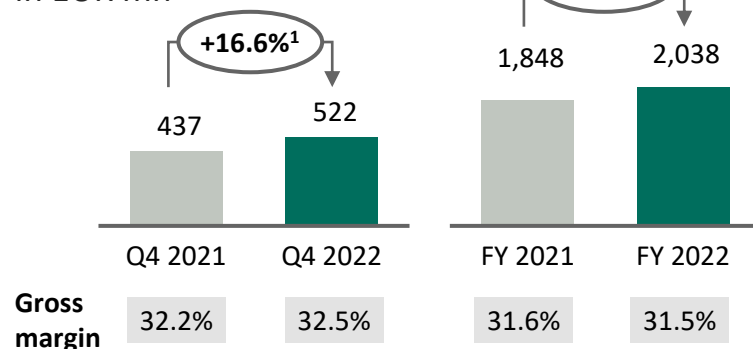
EUR 5.0 bn Order Intake in BD E-Mobility in FY 2022
Continued focus on strong quality of our Order Intake

¹ Nominations to customer projects | ² Lifetime Sales / Current period revenue

Automotive Aftermarket – Strong growth in Q4, profitability to improve

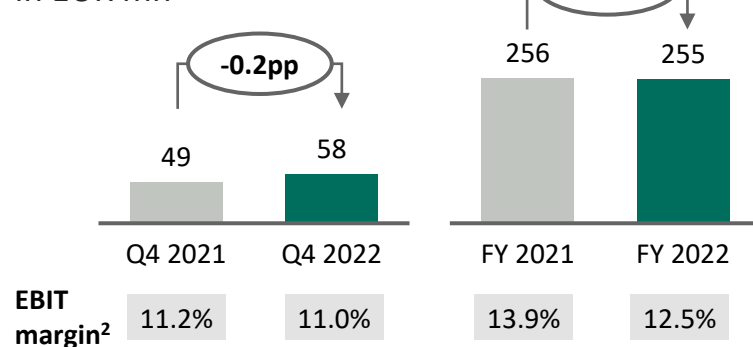
Sales

in EUR mn



EBIT²

in EUR mn



Strong Sales growth in Q4, driven by both price and volume – Strong performance by the Independent Aftermarket business; all regions grew in Q4, in particular Europe (+22.5%)



Gross margin increased in Q4 yoy, continued sales price recovery measures compensating for input price inflation



EBIT margin² lower yoy due to higher freight and logistic costs



Profitability in FY 2022 impacted by actions to accelerate transformation, especially for logistical enhancements in Europe and Americas

¹ FX-adjusted | ² Before special items

Automotive Aftermarket – How we win with future-ready business solutions focused on our customers

Market Drivers Automotive Aftermarket

- Continuous car parc aging and growth
- Robust demand and gradual shift in powertrain technologies
- Increasing complexity of car repairs



Customer centricity

- ➔ Continuous development of product portfolio and digital services, e. g. REPPERT
- ➔ Focus on operational excellence and enhancement of supply chain processes, e. g. new operating model in AKO Europe

Future-ready business solutions

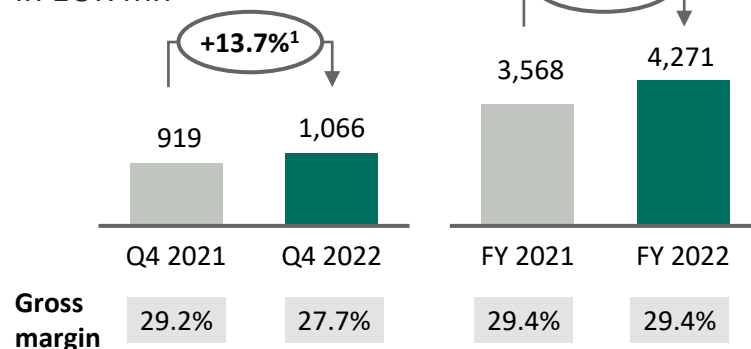
- ➔ Aftermarket pioneer for e-mobility repair solutions, e. g. launch of E-Axle repair solution (RepSystem-G)
- ➔ Digital business models as additional driver of growth, e. g. ETC China



Industrial – Strong growth trajectory continued in Q4, FY 2022 EBIT margin² flat

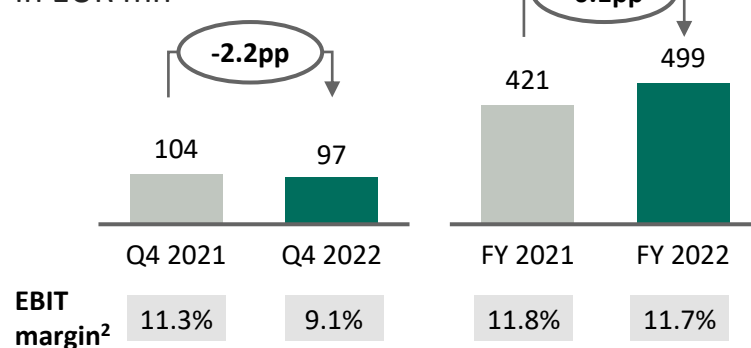
Sales

in EUR mn



EBIT²

in EUR mn



Industrial with now seven consecutive quarters of growth – Strong contributions across all regions and market clusters, especially from Greater China (+20.8%) and Renewables (+22.9%)



High annual sales growth despite a challenging environment – Strongest performance by Europe (+20.0%) and Industrial Automation (+25.9%) from a regional and market cluster perspective



Orderbook remains solid despite macroeconomic headwinds

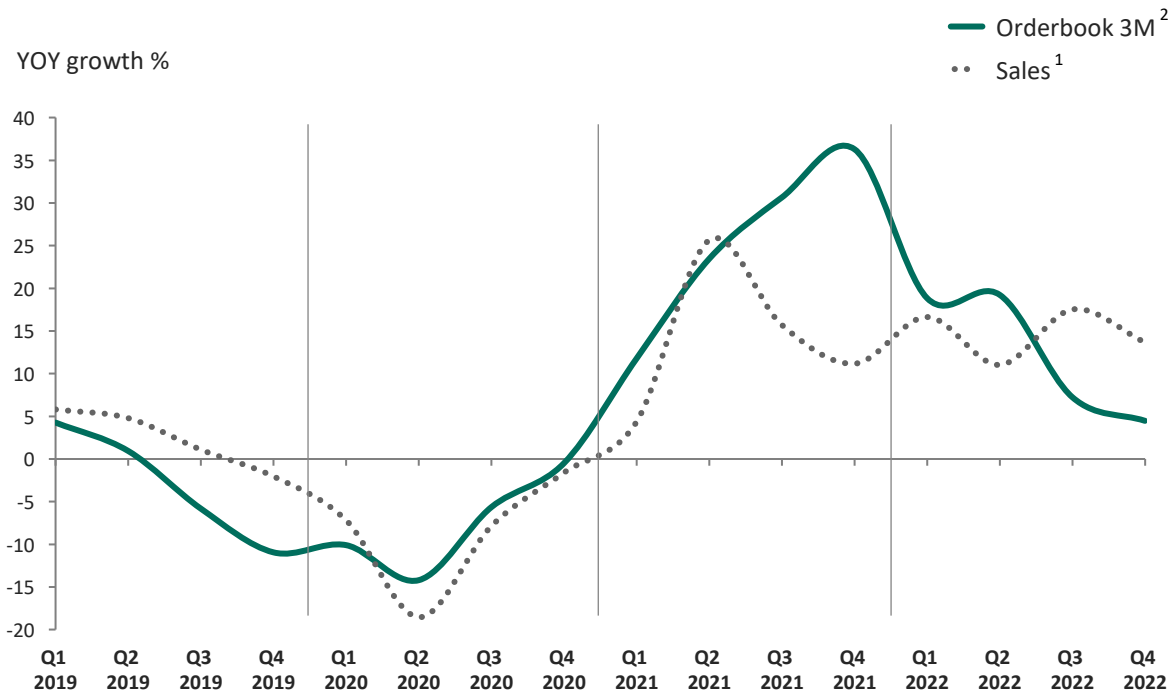


Non-operating one-offs and temporary inefficiencies in some sites due to relocations in the context of the footprint consolidation in Europe

¹ FX-adjusted | ² Before special items

Industrial – Stabilisation of Orderbook trend in Q4; compelling acquisitions in 2022 in attractive verticals

Orderbook 3-month



¹ FX-adjusted product sales
² The Orderbook 3M 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.
³ From Dec 1, 2022 renamed to Schaeffler Ultra Precision Drives GmbH

Business Highlights

Cutting-edge product technology for the high-growth industrial robots market thanks to Melior Motion acquisition



Becoming a market leader in electromechanical actuation thanks to the Ewellix acquisition

Compelling acquisitions in 2022 further enhance the portfolio of the Industrial Division

Capital allocation – Investments increased in all regions

Investment¹ allocation | in EUR mn

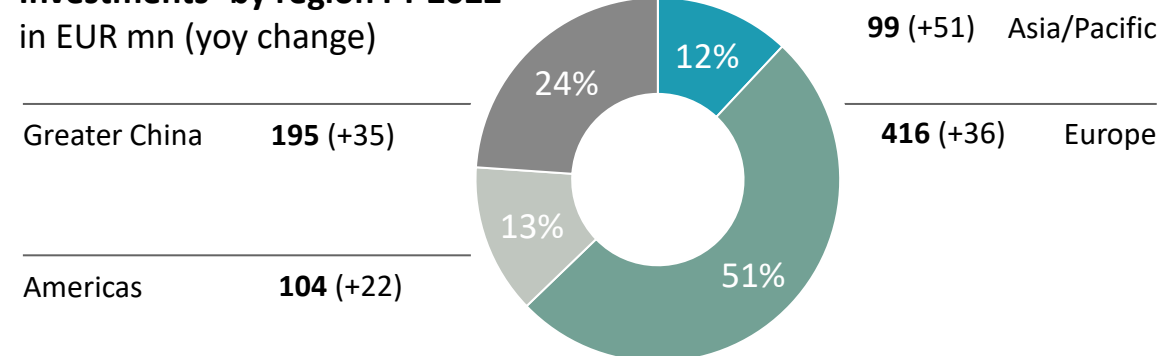
	FY 20	FY 21	Q4 21	Q4 22	FY 22
Automotive Technologies	378	428	158	205	551
Automotive Aftermarket	26	20	8	12	34
Industrial	234	223	66	74	230
Schaeffler Group	639	670	232	292	814
Capex	632	671	188	240	791
Capex ratio²	5.0%	4.8%	5.4%	6.0%	5.0%
Reinvestment Rate	0.7	0.7	1.0	1.2	0.9

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

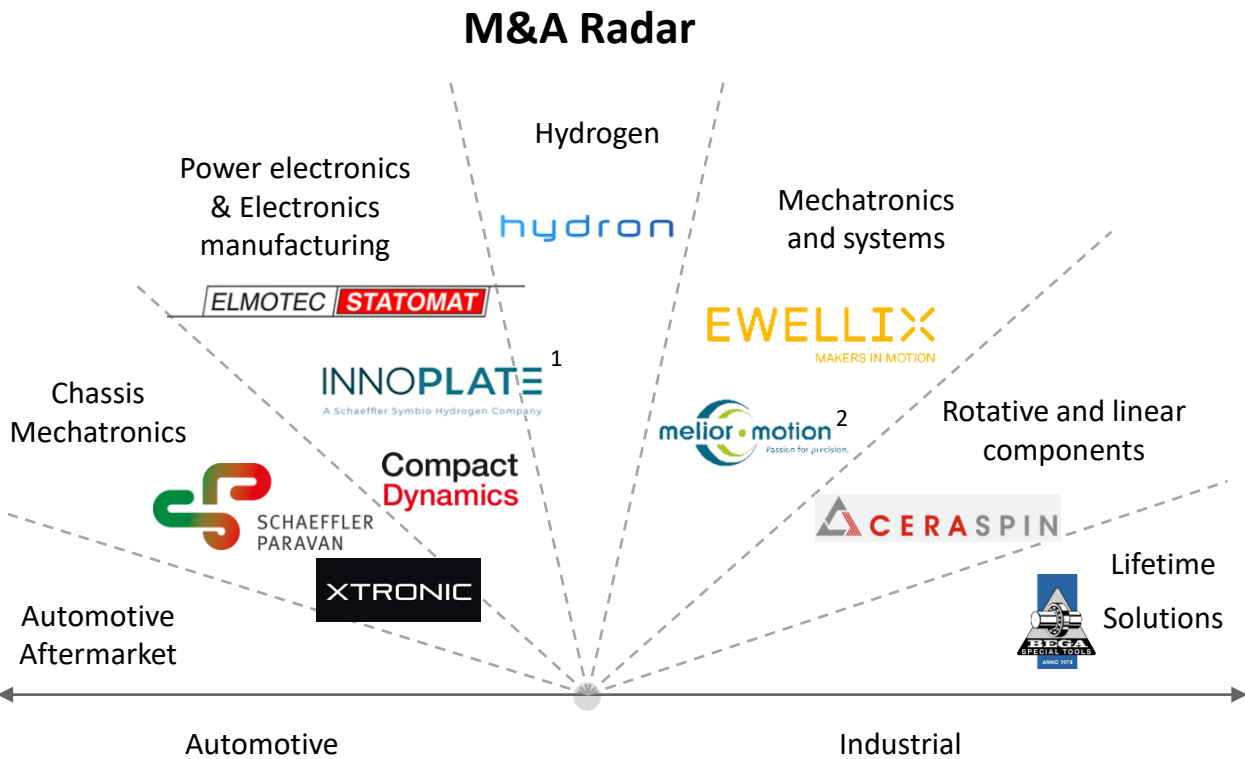
Key aspects Q4 2022

- Reinvestment Rate: Continued prioritization of investments in Industrial division and New Business in Auto Tech; > 1.5 in BD E-Mobility
- Automotive Technologies: Investment in production machines and tools for E-motors and hybrid modules; new production hall in Taicang, China
- Automotive Aftermarket: Tools for production of new torque converter types in Puebla, Mexico; new photovoltaic system in Halle, Germany
- Industrial: Capacity expansion with new production hall in Savli, India

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



M&A – We continue to expand our ecosystem in a focused way



¹Joint Venture Schaeffler and Symbio | ² From Dec 1, 2022 renamed Schaeffler Ultra Precision Drives GmbH

We constantly evaluate “buy” vs “make” options and invest accordingly

Sustainability Update – Important milestones achieved in FY 2022

Sustainability Report 2022 released



- 10 Action Fields along the dimensions of Environment, Social and Governance defined, including specific targets and KPIs
- Climate Action Plan outlines measures to reach emission reduction targets
- Field of Sustainability to be owned directly by the Schaeffler Group CEO

Climate Targets validated by SBTi



- Science Based Targets initiative (SBTi) validates Schaeffler Group's targets for lowering Scope 1, 2 and 3 emissions
- Schaeffler's climate targets for 2030: 90 % cut in emissions from own production and 25 % reduction in selected supply chain areas compared to base year 2019¹

CDP "A" Score for Climate and Water



- Improved CDP score from "A-" to "A" for Schaeffler's disclosure and performance regarding both climate change and water security
- Schaeffler ranked in the top 1% of assessed companies in CDP's world leading environmental disclosure database

Schaeffler to be climate neutral by 2040

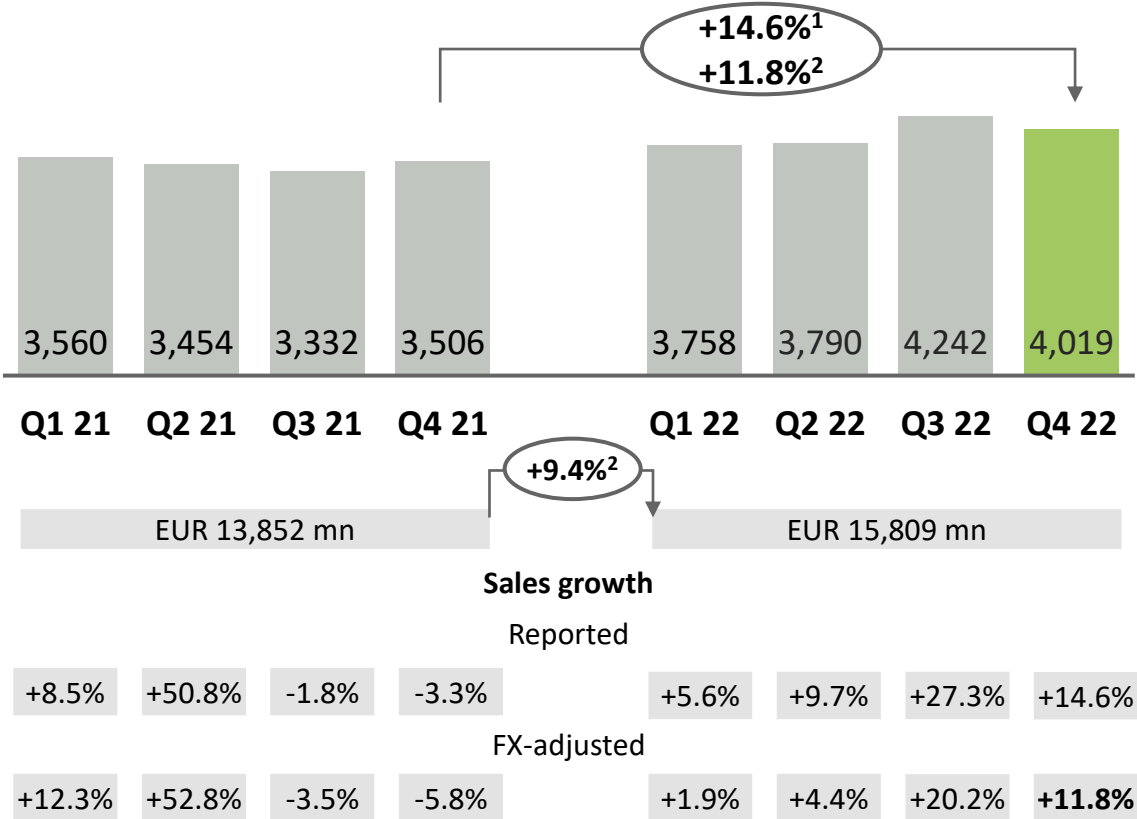
¹ Full target definition available on the SBTi website

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Sales – All divisions and regions, except Greater China, with double-digit growth in Q4

Sales | in EUR mn



¹ Reported | ² FX-adjusted

Key aspects

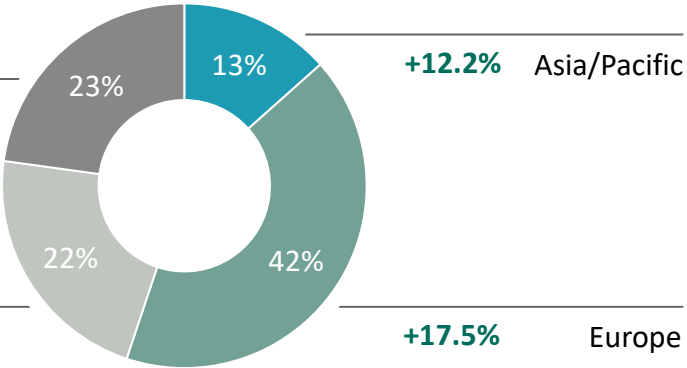
- Auto Technologies: Region China with -7% growth² yoy as impacted by Covid and vs. high comps; all other regions reaching double-digit growth
- Auto Aftermarket: Regions Europe and Asia/Pacific as main growth drivers² in Q4
- Industrial: Seven consecutive quarters with double-digit growth² rates

Sales by region Q4 2022

yoy growth²

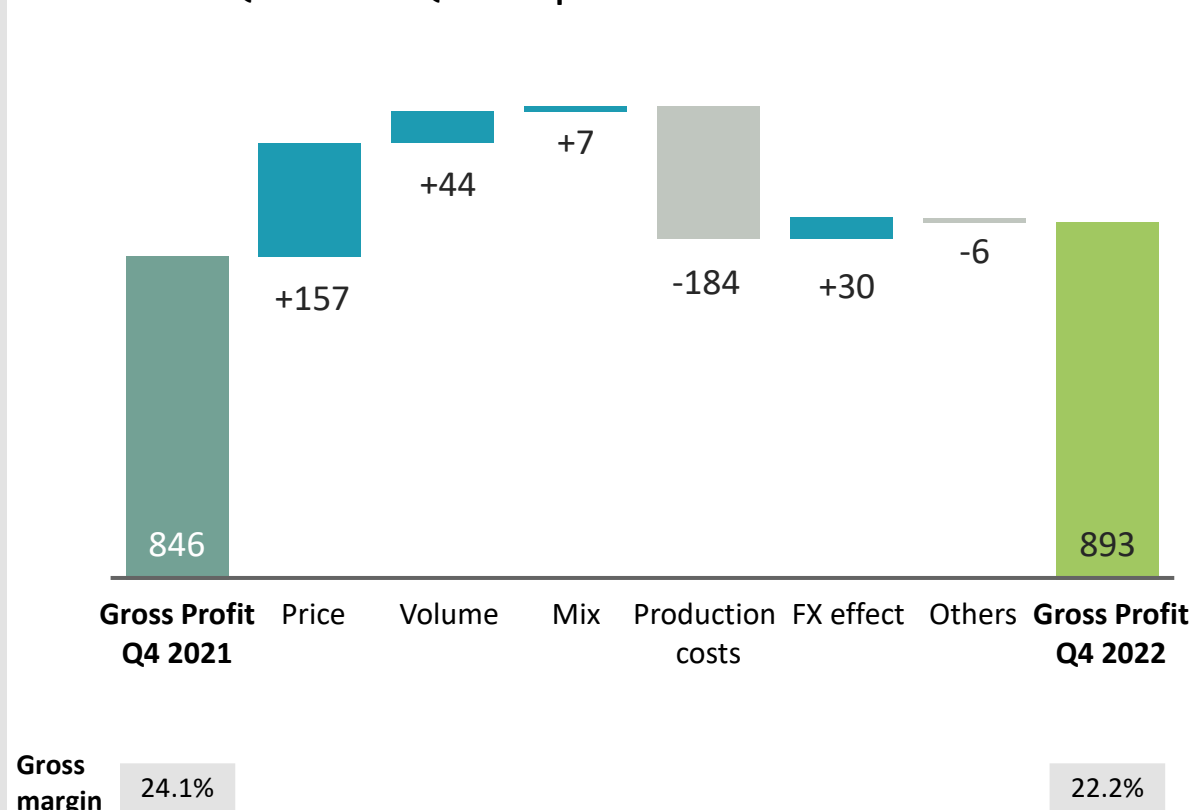
Greater China -0.1%

Americas +15.1%



Gross Profit – Positive volume and further improved pricing compensating for higher production costs

Gross Profit Q4 2021 vs. Q4 2022 | in EUR mn



Key aspects

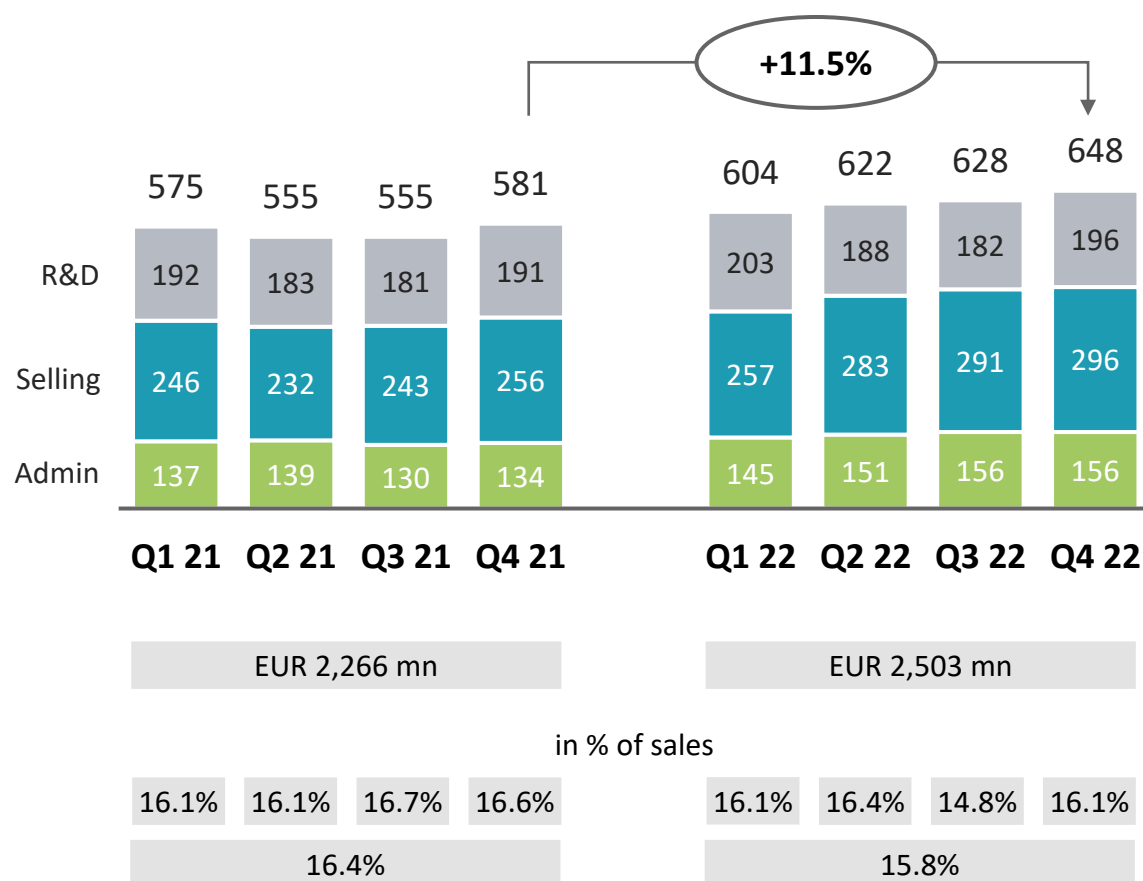
- Pricing: Further sequential improvement, mainly driven by price recovery measures in Automotive Technologies
- Volumes: Positive volume development yoy in all three divisions
- Production Costs: Significantly higher yoy in all three divisions due to continued high input costs

Gross margin

in % of sales	Q4 21	Q4 22	Q4 22 vs. Q4 21	FY 21	FY 22	FY 22 vs. FY 21
Automotive Technologies	20.3%	17.6%	-2.7pp	21.4%	17.7%	-3.7pp
Automotive Aftermarket	32.2%	32.5%	+0.3pp	31.6%	31.5%	-0.1pp
Industrial	29.2%	27.7%	-1.5pp	29.4%	29.4%	+0.0pp
Group	24.1%	22.2%	-1.9pp	24.8%	22.6%	-2.2pp

Overhead costs – Cost ratio slightly below previous year, continued high logistics costs

Overhead costs | in EUR mn



Key aspects

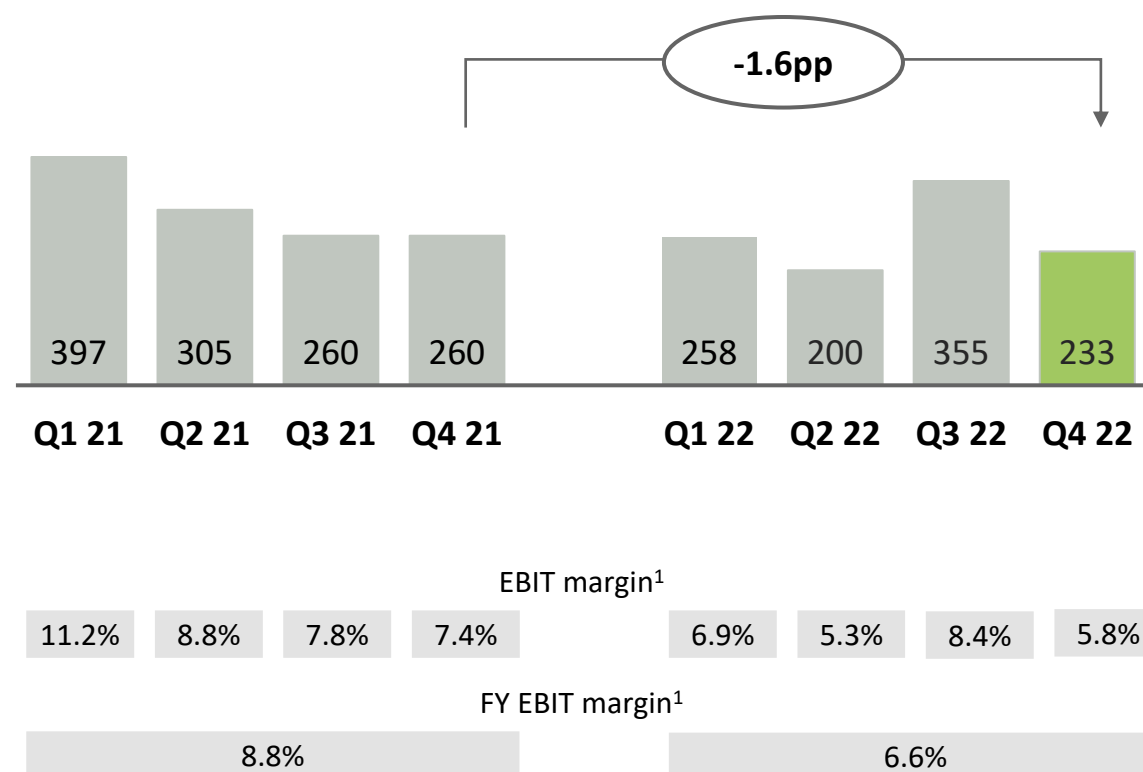
- R&D: Slight increase to previous year, driven by investments in Robotics and Hydrogen
- Selling: Increase yoy due to higher warehousing and freight costs from volume and price
- Admin: Rise yoy due to increased activities for digitalization and sustainability

Overhead cost ratio

in % of sales	Q4 21	Q4 22	Q4 22 vs. Q4 21	FY 21	FY 22	FY 22 vs. FY 21
Automotive Technologies	15.0%	14.1%	-0.9pp	15.1%	14.2%	-0.9pp
Automotive Aftermarket	21.1%	21.6%	+0.5pp	18.2%	19.2%	+1.0pp
Industrial	18.0%	18.1%	+0.1pp	18.4%	17.8%	-0.6pp
Group	16.6%	16.1%	-0.5pp	16.4%	15.8%	-0.6pp

Solid EBIT margin¹ – All divisions impacted by higher input costs, despite successful price recovery

EBIT¹ | in EUR mn



¹ Before special items | ² Inflation compensation bonus, applicable for tariff employees

Key aspects

- Accounting for collective agreement (“Inflationsausgleichsprämie”)² in Germany, impacting Q4 margin with -0.6 %-pts; all divisions impacted
- Auto Technologies margin lower yoy driven by higher input costs, e. g. raw materials, energy
- Auto Aftermarket margin on prior year level; increasing volume and favorable pricing, higher selling costs and one-time reorganization costs
- Industrial margin below PY, temporary inefficiencies and product/customer mix shift between Q3 and Q4 2022

EBIT margin¹

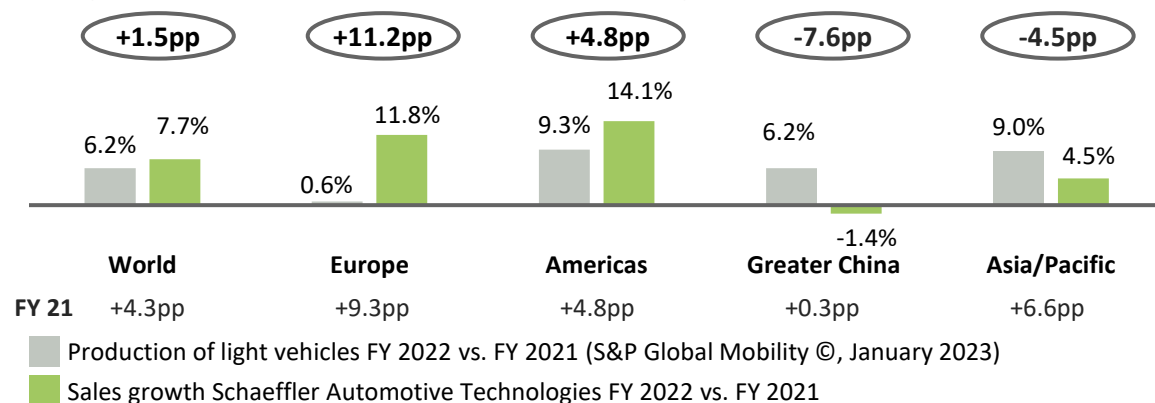
in % of sales	Q4 21	Q4 22	Q4 22 vs. Q4 21	FY 21	FY 22	FY 22 vs. FY 21
Automotive Technologies	5.0%	3.2%	-1.8pp	6.4%	3.1%	-3.3pp
Automotive Aftermarket	11.2%	11.0%	-0.2pp	13.9%	12.5%	-1.4pp
Industrial	11.3%	9.1%	-2.2pp	11.8%	11.7%	-0.1pp
Group	7.4%	5.8%	-1.6pp	8.8%	6.6%	-2.2pp

Automotive Technologies – Mixed Regional Outperformance in FY 2022, Q4 EBIT margin² lower yoy

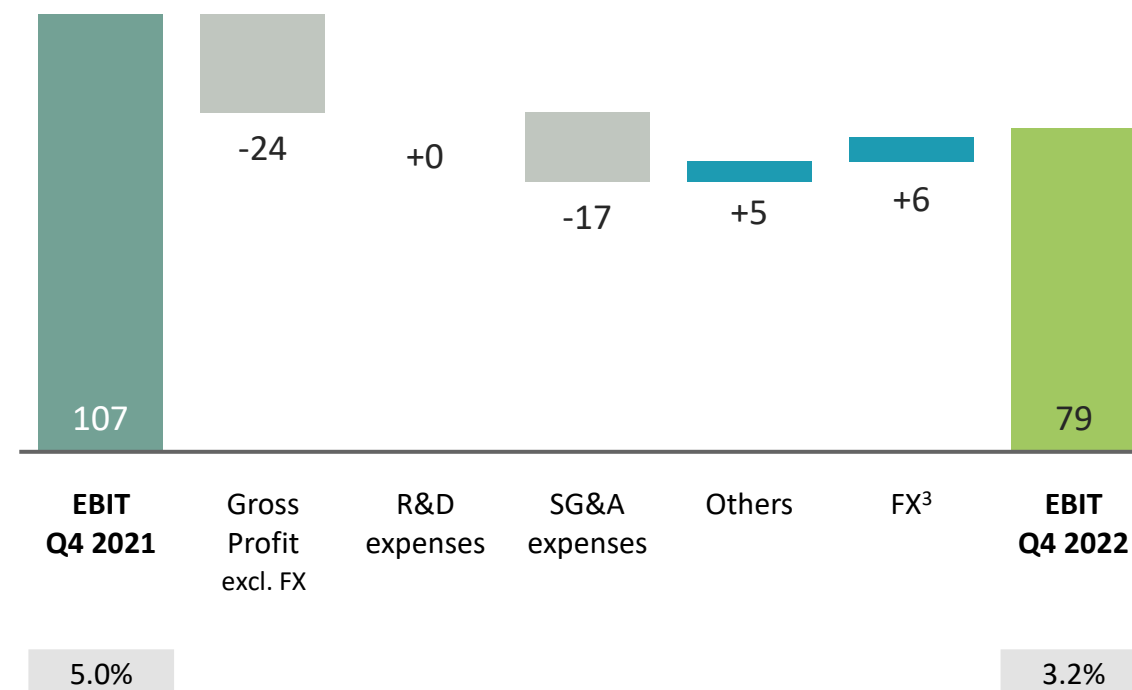
Sales by business division | yoy growth

	Q4 2021	Q4 2022	Δ ¹
E-Mobility	306	357	+14.2%
Engine & Transmission	1,189	1,302	+5.7%
Bearings	577	670	+13.8%
Chassis Systems	78	101	+29.2%
Total	2,150	2,430	+10.0%

Outperformance: Sales¹ vs. market development in FY 2022



EBIT² Q4 2021 vs. Q4 2022 | in EUR mn



¹ FX-adjusted | ² Before special items

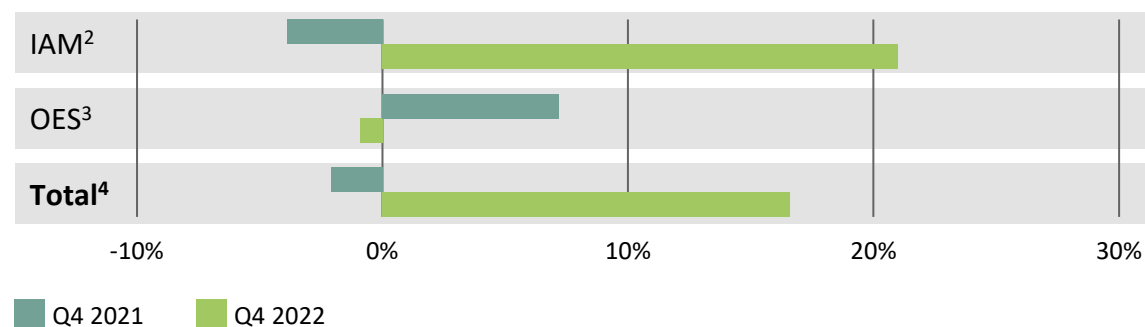
³ Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses

Automotive Aftermarket – Strong growth¹ in Europe and Asia-Pacific, EBIT margin⁵ on prior year level

Sales by region | yoy growth

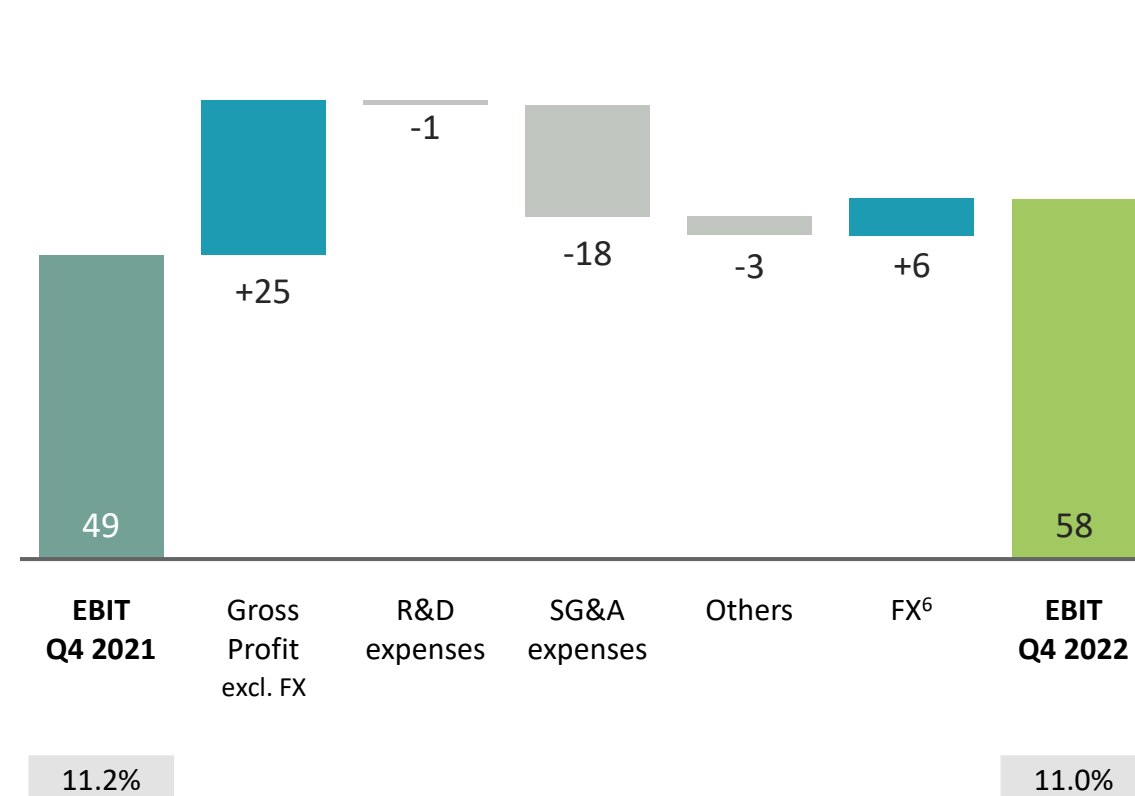
	Q4 2021	Q4 2022	Δ ¹
Europe	291	355	+22.5%
Americas	92	107	+3.0%
Greater China	24	24	+2.1%
Asia/Pacific	31	35	+12.8%
Total	437	522	+16.6%

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

EBIT⁵ Q4 2021 vs. Q4 2022 | in EUR mn



⁵ Before special items

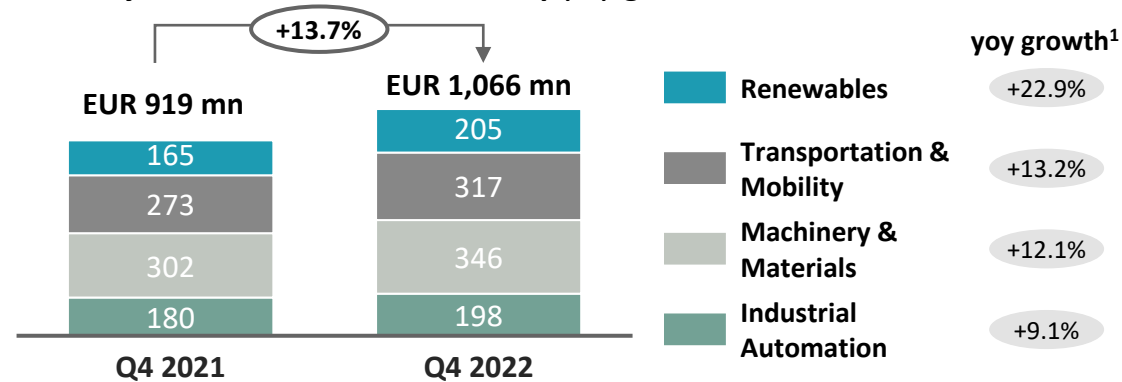
⁶ Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses

Industrial – Strong growth¹ continued, EBIT margin² lower yoy

Sales by region | yoy growth

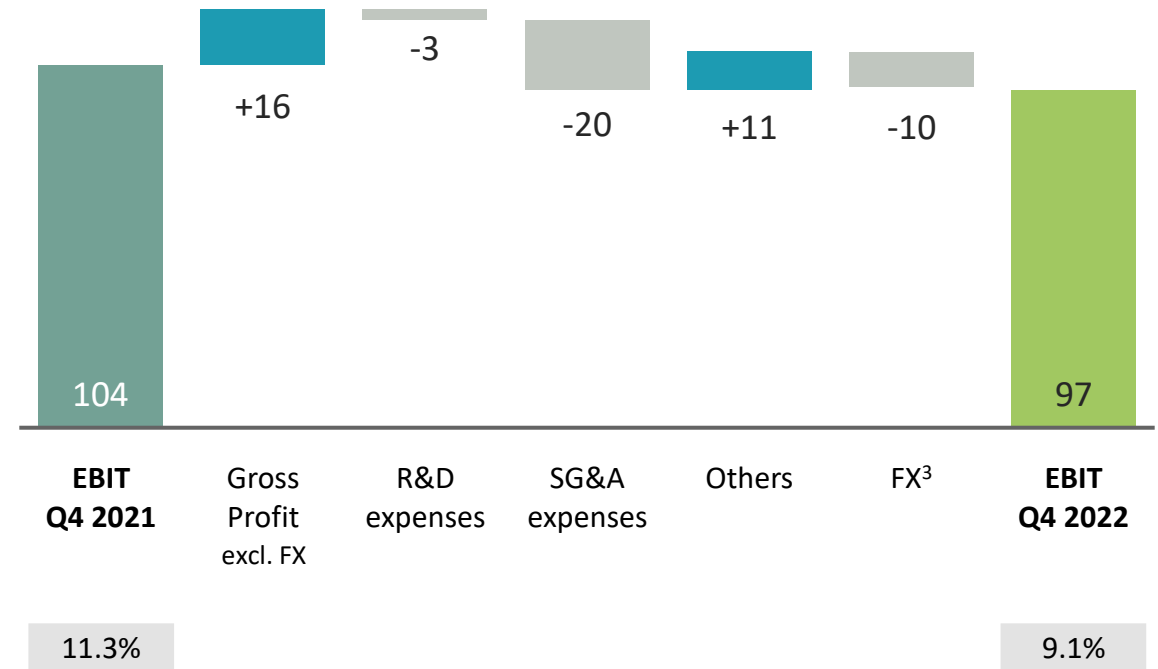
	Q4 2021	Q4 2022	Δ ¹
Europe	401	449	+12.4%
Americas	151	193	+15.2%
Greater China	226	277	+20.8%
Asia/Pacific	140	147	+4.1%
Total	919	1,066	+13.7%

Sales by Industrial market cluster | yoy growth

¹ FX-adjusted

Industrial
Distribution is
29.4% of Q4 sales

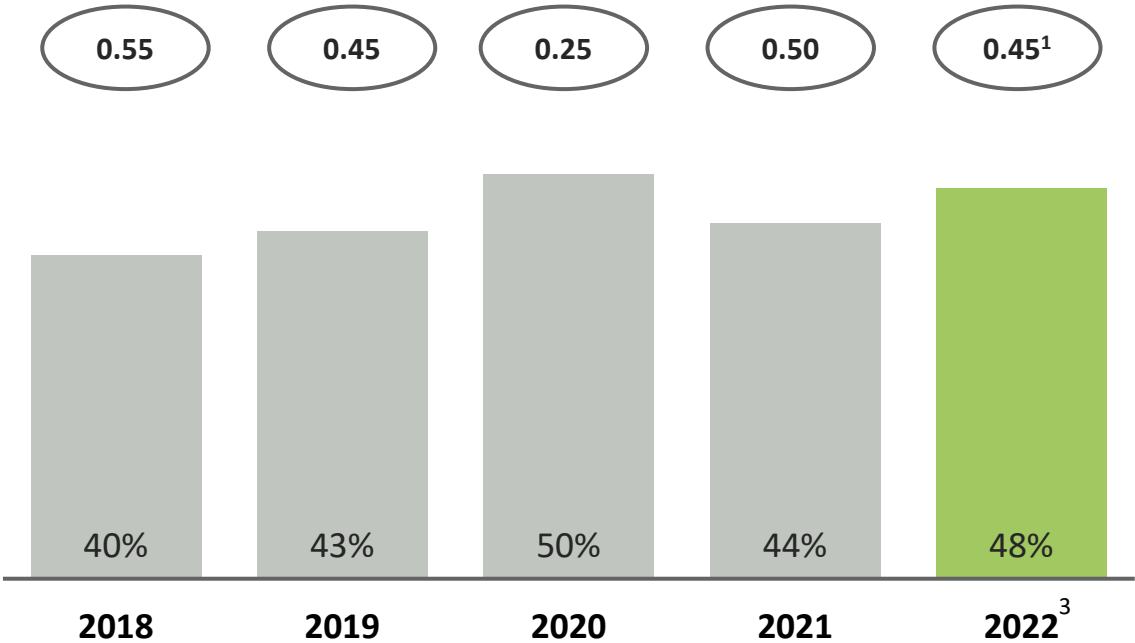
EBIT² Q4 2021 vs. Q4 2022 | in EUR mn

² Before special items³ Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses

Dividend – Proposed dividend EUR 45 cents¹, Payout Ratio 48%²

Dividend and payout ratio² | in %

EUR per common non-voting share

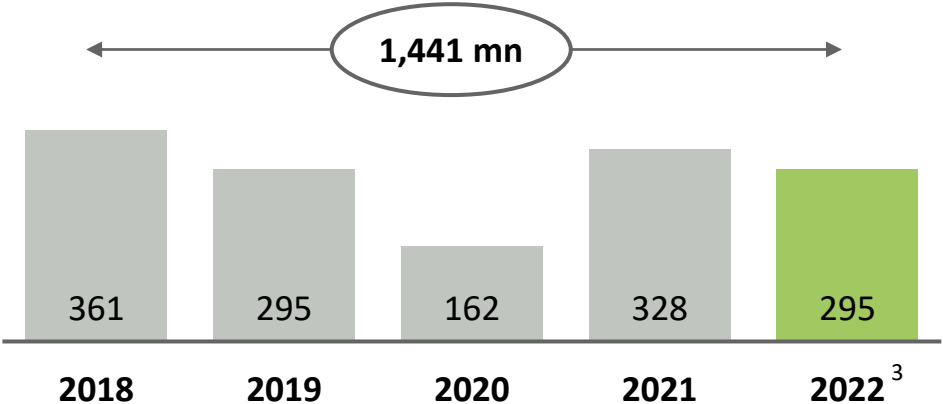


¹ Proposed dividend per common non-voting share | ² In % of Net Income before special items, attributable to Shareholders of the parent company | ³ Dividend proposal to AGM on April 20, 2023

Key aspects

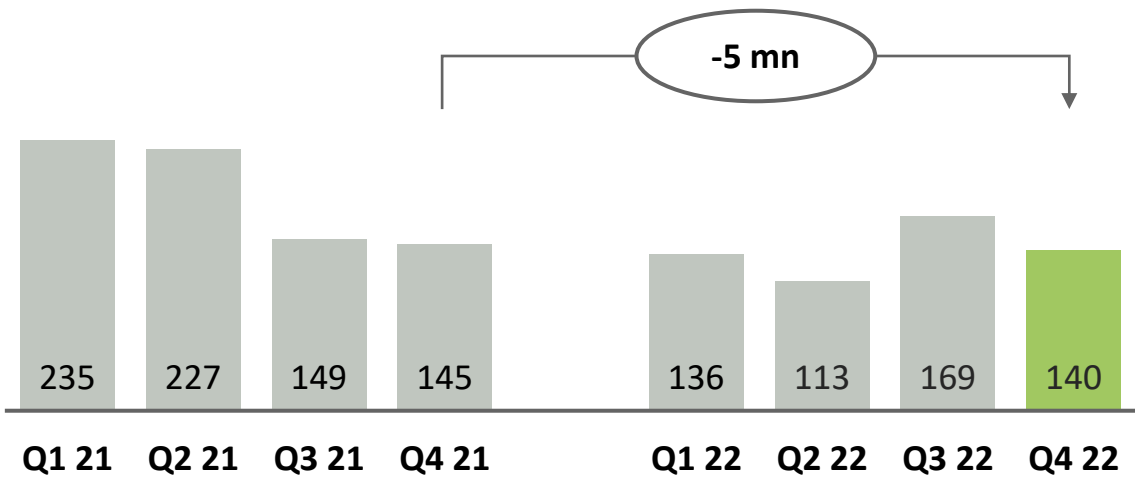
- EUR 45 cents¹ dividend proposed (PY: EUR 50 cents), payout ratio 48%² (PY: 44%)
- Payout Ratio constantly within our mid-term target corridor of 30-50% of Net Income before special items
- In total EUR 1,441 mn of dividend paid out to shareholders over the past 5 years

Dividend payout | in EUR mn



Net Income¹ – FY EPS² at EUR 0.84, ROCE³ at 11.9%

Net income¹ | in EUR mn



EPS² | in EUR

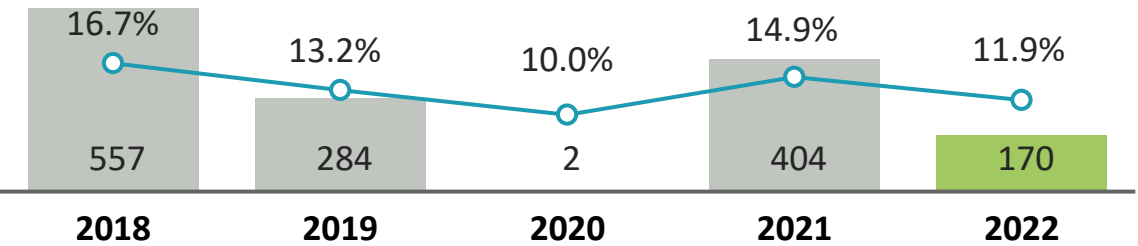


¹ Attributable to the shareholders of the parent company | ² Earnings per common non-voting share

Key aspects

- Q4 Net income¹ at prior year's level

ROCE³ and Schaeffler Value Added⁴ | in EUR mn

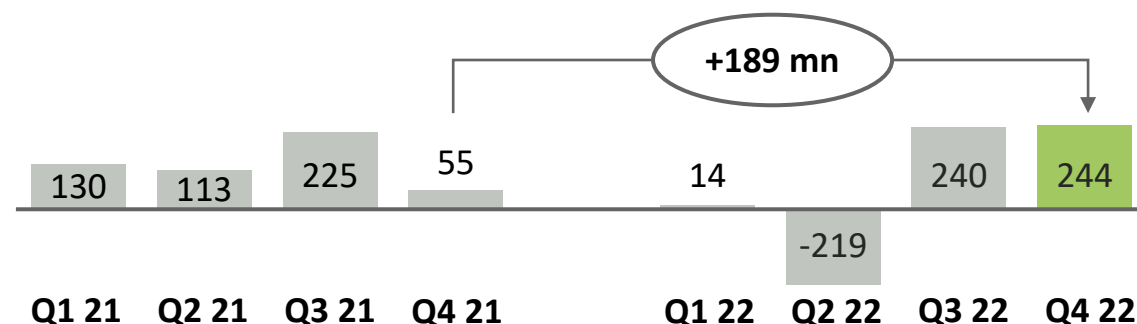


—○— ROCE before special items

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

Free Cash Flow – Strongly positive in Q4, mainly driven by disciplined Working Capital management

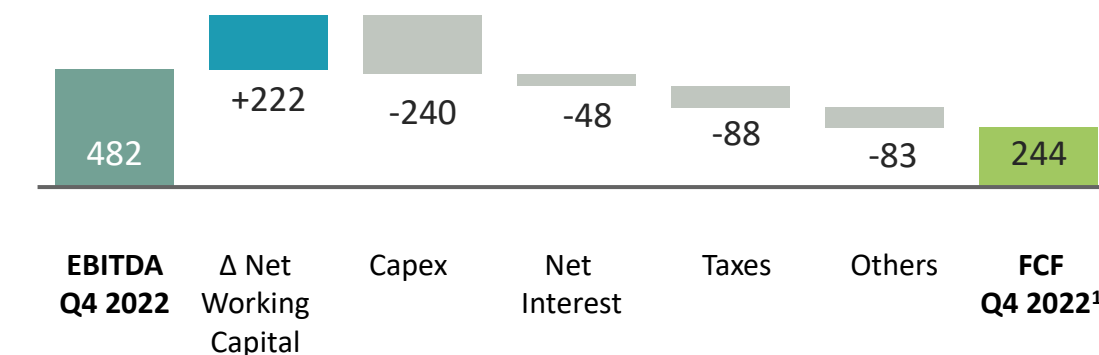
Free Cash Flow before M&A¹ | in EUR mn



EUR 523 mn				EUR 280 mn			
FCF Conversion ratio ²							
0.3	0.3	0.8	0.2	0.1	-	0.8	1.1
Reinvestment rate							
0.5	0.6	0.9	1.0	0.6	0.8	1.0	1.2
0.7				0.9			
Capex ratio ³							
3.7%	3.9%	6.4%	5.4%	4.2%	4.6%	5.2%	6.0%
4.8%				5.0%			

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

Reconciliation Q4 2022 | in EUR mn



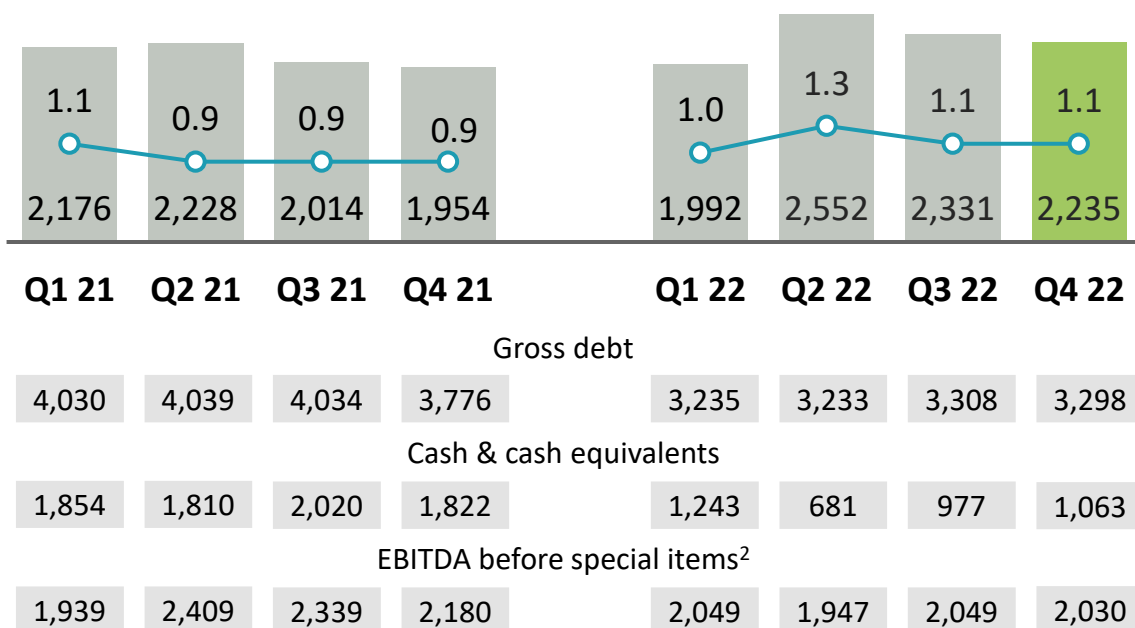
FCF Details | in EUR mn

	Q4 2021	Q4 2022	Δ Q4 22/21	FY 2021	FY 2022	Δ FY 22/21
FCF as reported	44	153	+109	500	84	-416
M&A	11	92	+80	23	195	+173
FCF before M&A	55	244	+189	523	280	-243
Legal cases	-4	-13	-9	-8	-30	-22
Restructuring	32	38	+6	308	287	-21
Others	-1	4	+5	7	4	-3
Financing	0	+15	+15	0	-16	-16
FCF bef. M&A and sp. items	82	288	+206	830	525	-305

Net debt of EUR 2.2 bn – Leverage ratio¹ at 1.1x, strong balance sheet and liquidity position

Net financial debt and Leverage ratio¹ | in EUR mn

—○— Leverage ratio¹



¹ Net financial debt to EBITDA ratio before special items | ² LTM

Key aspects

- Increased Revolving Credit Facility from EUR 1.8 bn to EUR 2.0 bn with maturity earliest in November 2027
- Secured EUR 500 mn 5-year Term Loan to finance Ewellix acquisition
- No maturities until March 2024

Liquidity situation

- Unused committed credit lines on Group level of around EUR 1.9 bn
- Together with cash, available liquidity³ 18% of LTM Net Sales

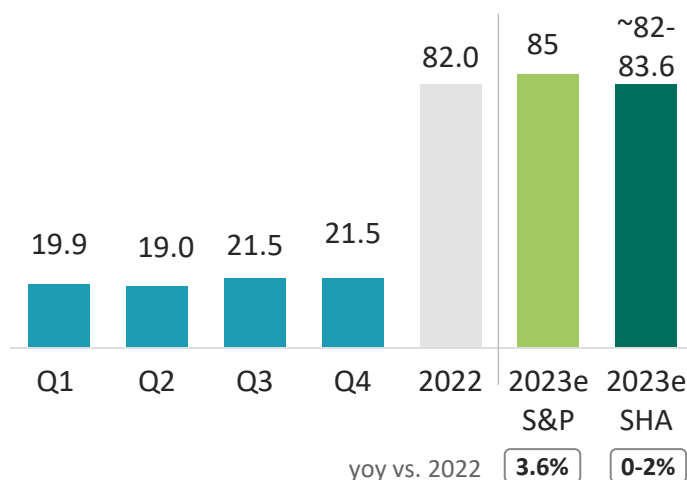
³ Excluding restricted cash & unutilized Term Loan

Agenda

- 1 Overview
- 2 Business Highlights Q4 and FY 2022
- 3 Financial Results Q4 and FY 2022
- 4 Outlook

Market assumptions – Environment assumed to remain challenging in 2023

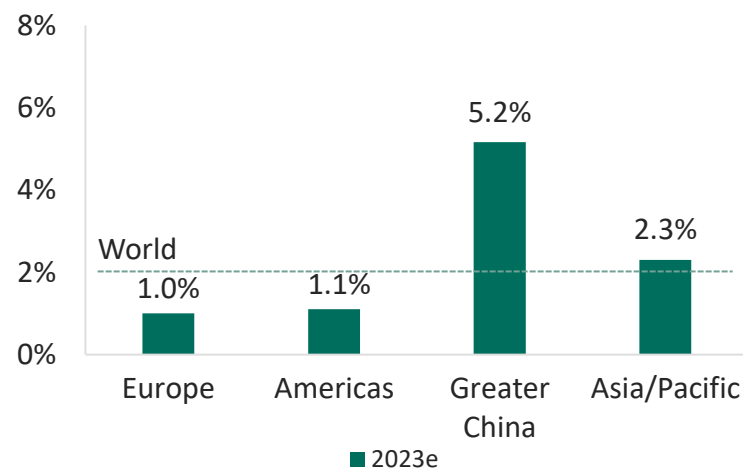
Automotive Technologies – Global LVP¹ 2023



- Schaeffler expects 0 to 2% growth of global LVP in 2023 vs. 2022
- Recent years showed that the LVP developed more negatively than predicted by S&P at the beginning of the year
- Schaeffler applies a lower LVP growth rate to reflect market risks such as inflationary effects, political crises and supply shortages

¹ Light Vehicle Production (S&P Global Mobility ©, January 2023)

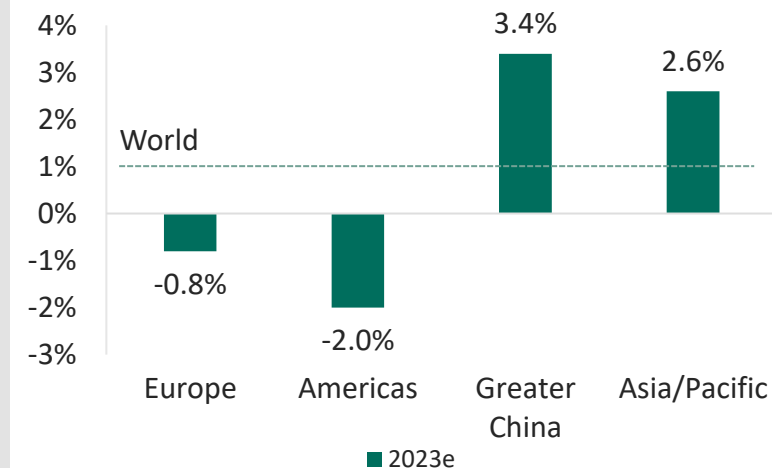
Automotive Aftermarket – Global LV Parc²



- Growth of Global LV Parc² of 2.1% for 2023, similar to 2022 (2.1%). The average age for 2023 is slightly increasing to 11.0 years (2022: 10.9 years) due to lower sales of new cars, in conjunction with lower replacement rate of vehicles in operation
- Highest growth is expected for region Greater China (5.2%). Lowest growth rate in Europe (1.0%) due to the stagnation of new car registrations

² Light Vehicle Parc for Passenger Cars and Light Commercial Vehicle <3.5t (S&P Global Mobility ©, November 2022)

Industrial – Industrial Production³



- Growth of Global Industrial Production³ expected to fall further to +1.0% in 2023 after sharp deceleration to +3.7% in 2022 (2021: +12.0%)
- Europe (-0.8%) and Americas (-2.0%) with significantly worse outlook for 2023 than Greater China (+3.4%) and Asia/Pacific (+2.6%)

³ Industrial Production (Oxford Economics, December 2022)
Sectors considered: Mechanical Engineering (NACE 28), Transport Equipment (NACE 30), Electrical Equipment (NACE 27.1)

FY 2023 Guidance – Cautious Outlook for 2023

Group Guidance

	Actuals FY 2022	Guidance FY 2023 ¹
Sales growth²	9.4%	5 - 8%
EBIT margin³	6.6%	5.5 - 7.5%
Free Cash Flow⁴	EUR 280 mn	EUR 250 - 350 mn

¹ Please refer to the Annual Report for further details | ² FX-adjusted | ³ Before special items | ⁴ Before cash in- and outflows for M&A activities | ⁵ Adjusted comparative figures 2022, for details please refer to the Annual Report | ⁶ Moderate growth | ⁷ LVP (S&P Global Mobility ©, January 2023 | ⁸ Light Vehicle Parc for PC and LCV <3.5t (S&P Global Mobility ©, November 2022)

Divisional Guidance

Automotive Technologies		Automotive Aftermarket		Industrial	
Actuals FY 2022	Guidance FY 2023	Actuals FY 2022 ⁵	Guidance FY 2023	Actuals FY 2022 ⁵	Guidance FY 2023
150 bps Outperf.	200 - 500 bps Outperf.⁶	7.1%	5 - 7%	14.7%	9 - 11%
3.1%	2 - 4%	12.8%	12 - 14%	11.5%	11 - 13%

Market assumptions for 2023

- Automotive Technologies: LVP growth of 0 - 2% vs. 3.6% in latest S&P estimate⁷ for 2023
- Automotive Aftermarket: Growth of Global LV Parc⁸ of around 2%
- Industrial: Increase of relevant industrial production around 1%

Conclusion & Outlook

- 1 **Solid delivery of FY 2022** – Especially on top line and cash generation, striving for further improving operating efficiency going forward

- 2 **Compelling usage of cash** – Investments in growing businesses, highly fitting acquisitions, attractive dividend proposal, thanks to strong liquidity and strong balance sheet

- 3 **Relentless execution** – We further shaped our portfolios, organically and inorganically, while progressing with structural measures aimed at right-sizing footprint and headcount in Europe

- 4 **Sustainability** – Climate targets validated by the Science Based Targets initiative (SBTi), 10 ESG Action Fields including specific targets and KPIs defined

- 5 **Cautious outlook for 2023** – We are firmly committed to our Mid-Term Targets 2025, leveraging the strength of our Teams world-wide, the attractiveness of our businesses and the competitive advantage of being both an Automotive and Industrial Supplier



Relentless execution

**Focus on operating
performance and
cash generation**

Financial calendar and selected IR events

Roadshows & Conferences – With Top Management participation

Mar 8	Conference – <i>Paris, BNP Paribas Exane Global Autos</i>
Mar 9	Roadshow – <i>London, Deutsche Bank</i>
Mar 16	Roadshow – <i>Frankfurt, Stifel</i>
Mar 21-22	Roadshow – <i>Virtual, North America, Jefferies</i>
Mar 22	Roadshow – <i>Virtual, Auto, JPMorgan</i>

Financial calendar 2023

Mar 7	FY 2022 Earnings Release
Apr 20	AGM
May 9	Q1 2023 Earnings Release
Aug 2	H1 2023 Earnings Release
Nov 8	9M 2023 Earnings Release

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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**

Ancillary comments to support the Equity Story

Additional KPIs	FY 2023	Comments
Order Intake E-Mobility	EUR 2 - 3 bn	Starting from 2022 onwards the new target of EUR 2 - 3 bn applied
Capex	Around EUR 900 mn	Focus areas include Digitalization, Sustainability, Innovation & Technology and investments in New Business
Restructuring cash-out	Up to EUR 200 mn	Significant portion of extraordinary restructuring expenses as in 2022 expected leading to prudent FCF guidance
Dividend Payout Policy	30 - 50%	Dividend proposal of EUR 45 cents ² , payout ratio 48% ³ ;
Leverage ratio ¹	1.25x - 1.75x	Leverage ratio 2023
Average Tax rate	28 - 32%	Overall effective tax rate in line with pre-Covid years
FX rates		US Dollar, Chinese Renminbi and Mexican Peso are the main exposures

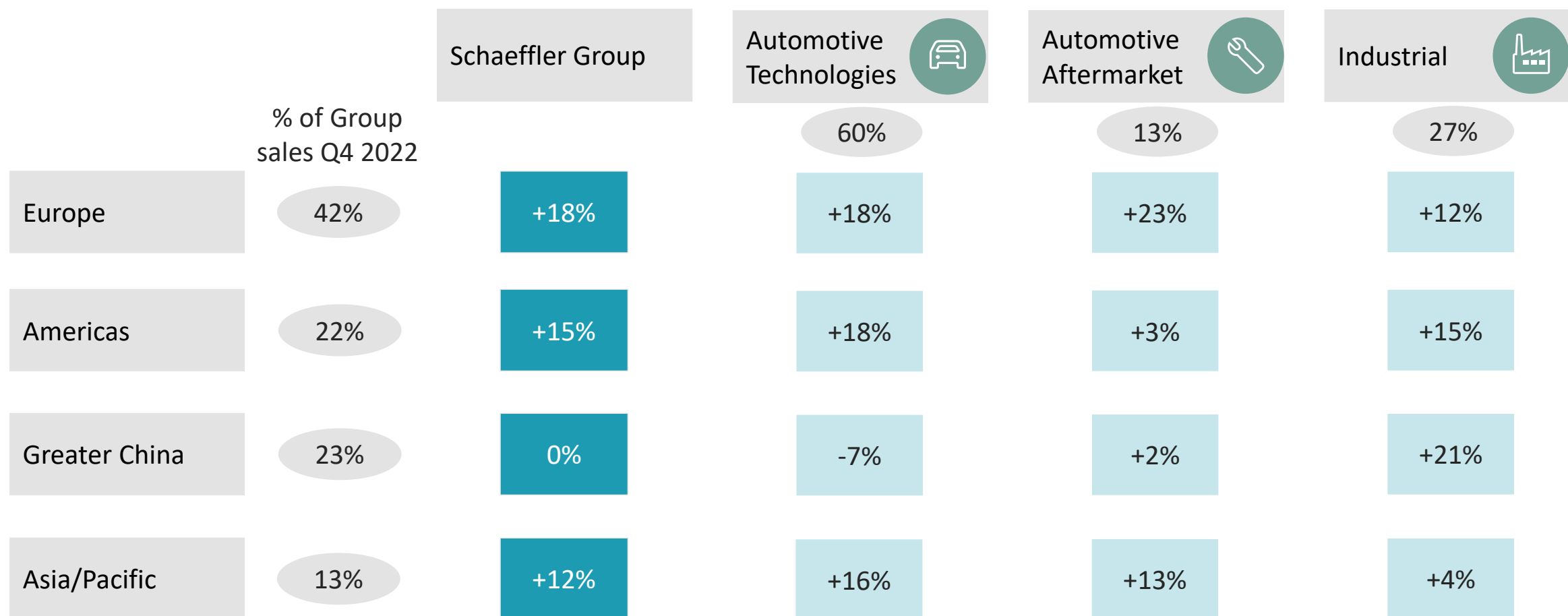
¹ Net financial debt to EBITDA ratio before special items | ² Proposed dividend per common non-voting share | ³ In % of Net Income before special items, attributable to Shareholders of the parent company

Key figures Q4 and FY 2022

in EUR mn	Q4 2021	Q4 2022	Q4 2022 vs. Q4 2021	FY 2021	FY 2022	FY 2022 vs. FY 2021
Sales	3,506	4,019	+14.6% +11.8% ¹	13,852	15,809	+14.1% +9.4% ¹
Gross Profit	846	893	+47 mn	3,440	3,579	+139 mn
Gross margin	24.1%	22.2%	-1.9pp	24.8%	22.6%	-2.2pp
EBIT²	260	233	-27 mn	1,222	1,046	-176 mn
EBIT margin²	7.4%	5.8%	-1.6pp	8.8%	6.6%	-2.2pp
Net income³	145	140	-5 mn	756	557	-199 mn
EPS⁴ (in EUR)	0.22	0.21	-0.01	1.14	0.84	-0.30
Schaeffler Value Added⁵	404	170	-234 mn	404	170	-234 mn
ROCE⁶	14.9%	11.9%	-3.0pp	14.9%	11.9%	-3.0pp
Free Cash Flow⁷	55	244	+189 mn	523	280	-243 mn
Capex	188	240	+52 mn	671	791	+120 mn
Net financial debt	1,954	2,235	+281 mn	1,954	2,235	+281 mn
Leverage ratio⁸	0.9x	1.1x	+0.2x	0.9x	1.1x	+0.2x
Headcount	82,981	82,773	-0.3%	82,981	82,773	-0.3%

¹ FX-adjusted | ² Before special items | ³ Attributable to shareholders of the parent company | ⁴ Earnings per common non-voting share | ⁵ Defined as EBIT before special items LTM minus Cost of Capital (10% × Ø Capital Employed) | ⁶ Before special items, LTM | ⁷ Before cash in- and outflows for M&A activities | ⁸ Net financial debt to EBITDA ratio before special items

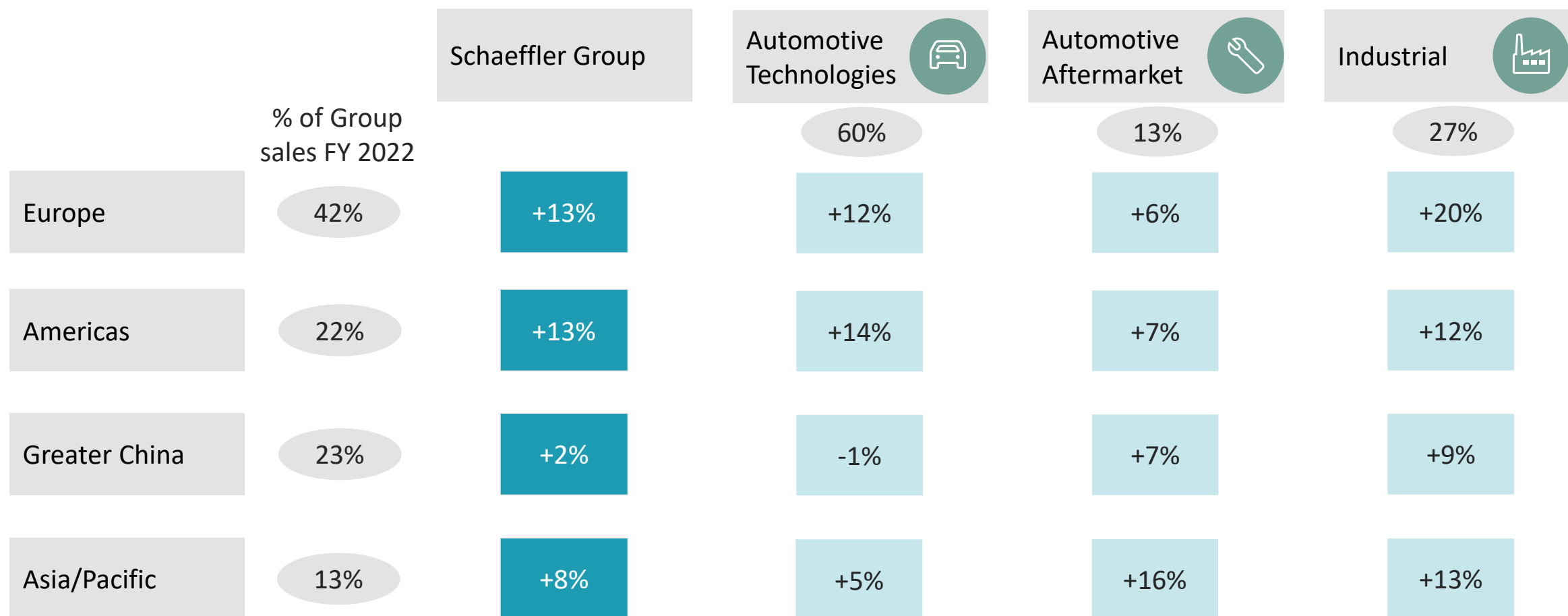
Q4 2022 Sales¹ development – Strong polarization across Regions and Divisions in the last quarter of the year



¹ Q4 FX-adjusted sales growth, please refer to the Annual Report for further details

  FY Sales growth¹

FY 2022 Sales¹ development – All regions and divisions contributed to growth despite high volatility of end markets

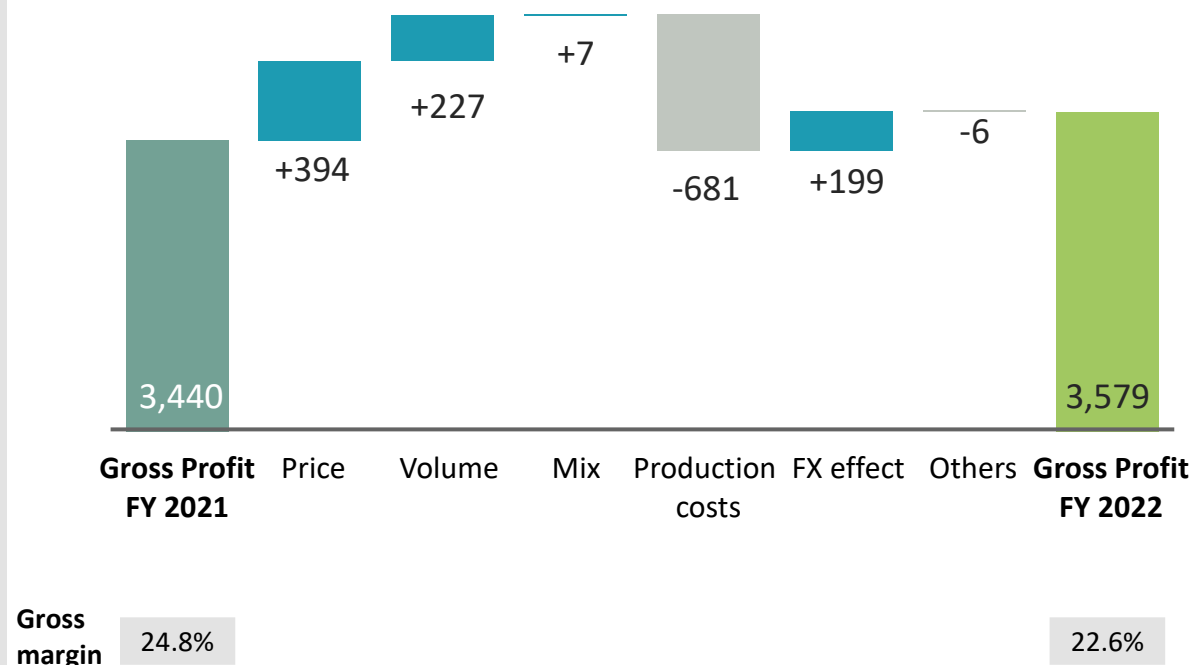


¹ FY FX-adjusted sales growth, please refer to the Annual Report for further details

  FY Sales growth¹

Gross Profit – Positive pricing and increased volumes partially compensating higher production costs

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



Key aspects

- Pricing: Clearly positive for all three divisions in 2022
- Volumes: All divisions reporting volume increases with Industrial showing the highest relative contribution
- Production costs: Significantly higher yoy in all three divisions due to continued high input costs

Gross margin

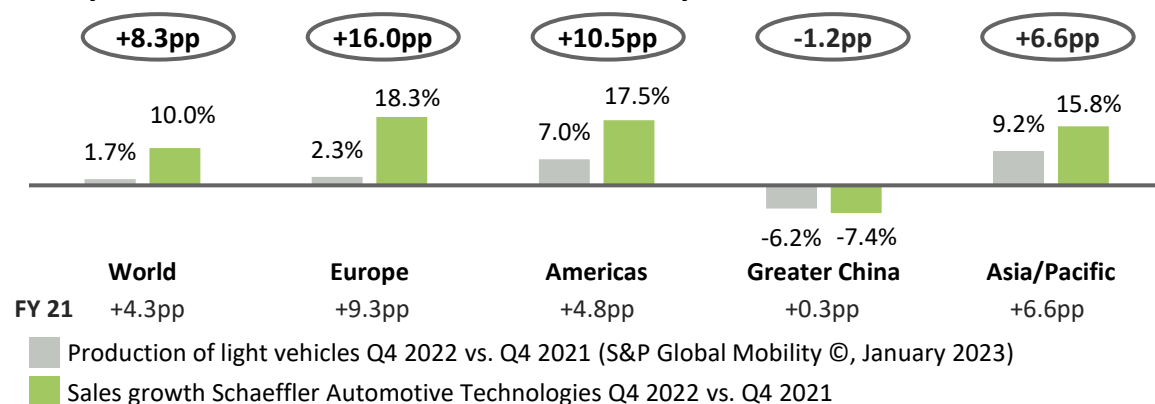
in % of sales	Q4 21	Q4 22	Q4 22 vs. Q4 21	FY 21	FY 22	FY 22 vs. FY 21
Automotive Technologies	20.3%	17.6%	-2.7pp	21.4%	17.7%	-3.7pp
Automotive Aftermarket	32.2%	32.5%	+0.3pp	31.6%	31.5%	-0.1pp
Industrial	29.2%	27.7%	-1.5pp	29.4%	29.4%	+0.0pp
Group	24.1%	22.2%	-1.9pp	24.8%	22.6%	-2.2pp

Automotive Technologies – Strong Outperformance in Q4 achieved, EBIT margin² down yoy due to higher input cost

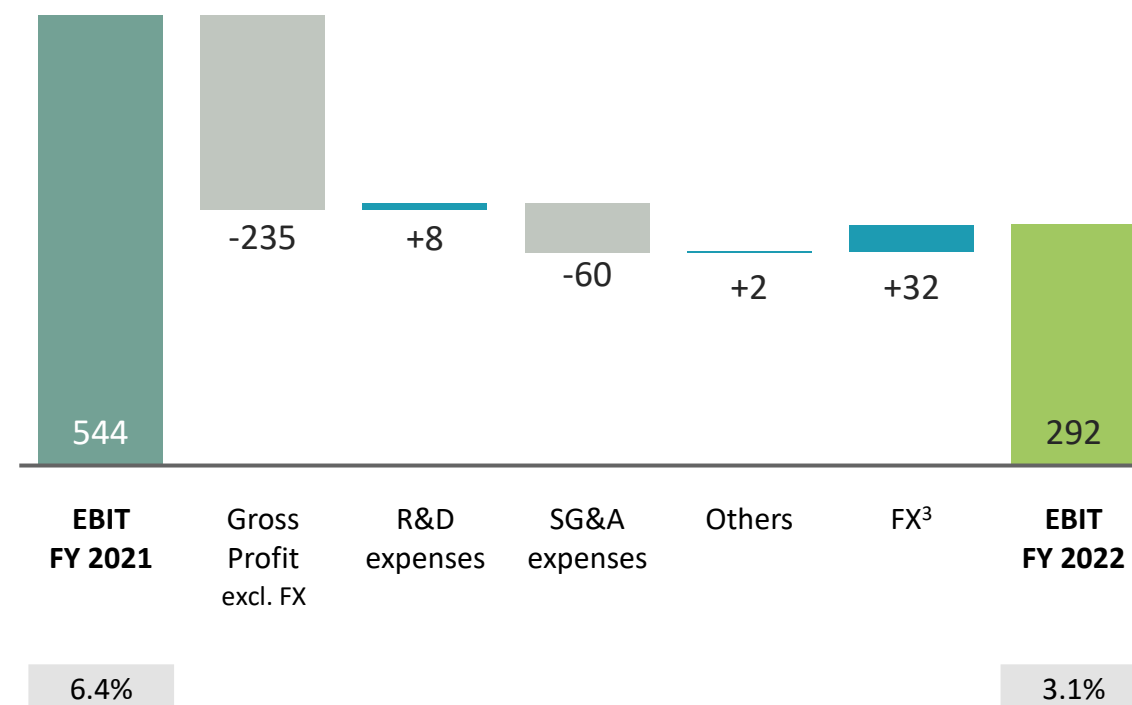
Sales by business division | yoy growth

	FY 2021	FY 2022	Δ ¹
E-Mobility	1,038	1,349	+24.2%
Engine & Transmission	4,688	5,152	+4.5%
Bearings	2,422	2,624	+4.6%
Chassis Systems	288	375	+28.4%
Total	8,436	9,500	+7.7%

Outperformance: Sales¹ vs. market development in Q4 2022



EBIT² FY 2021 vs. FY 2022 | in EUR mn



¹ FX-adjusted | ² Before special items

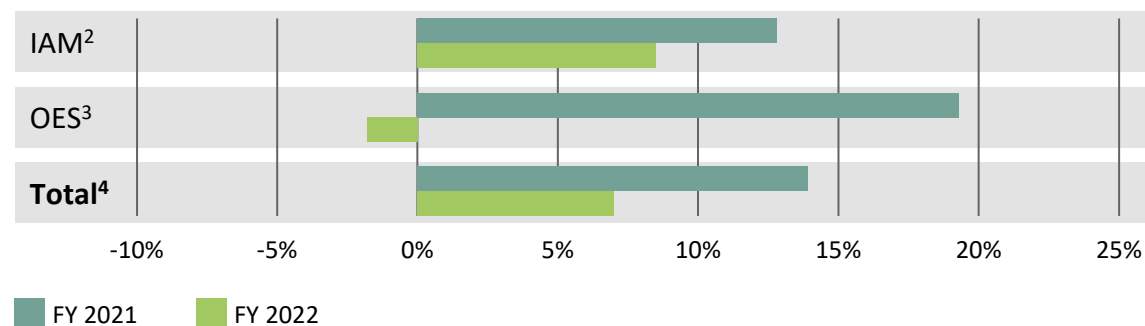
³ Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses

Automotive Aftermarket – Good growth¹ in all regions, EBIT margin⁵ down yoy due to higher selling costs

Sales by region | yoy growth

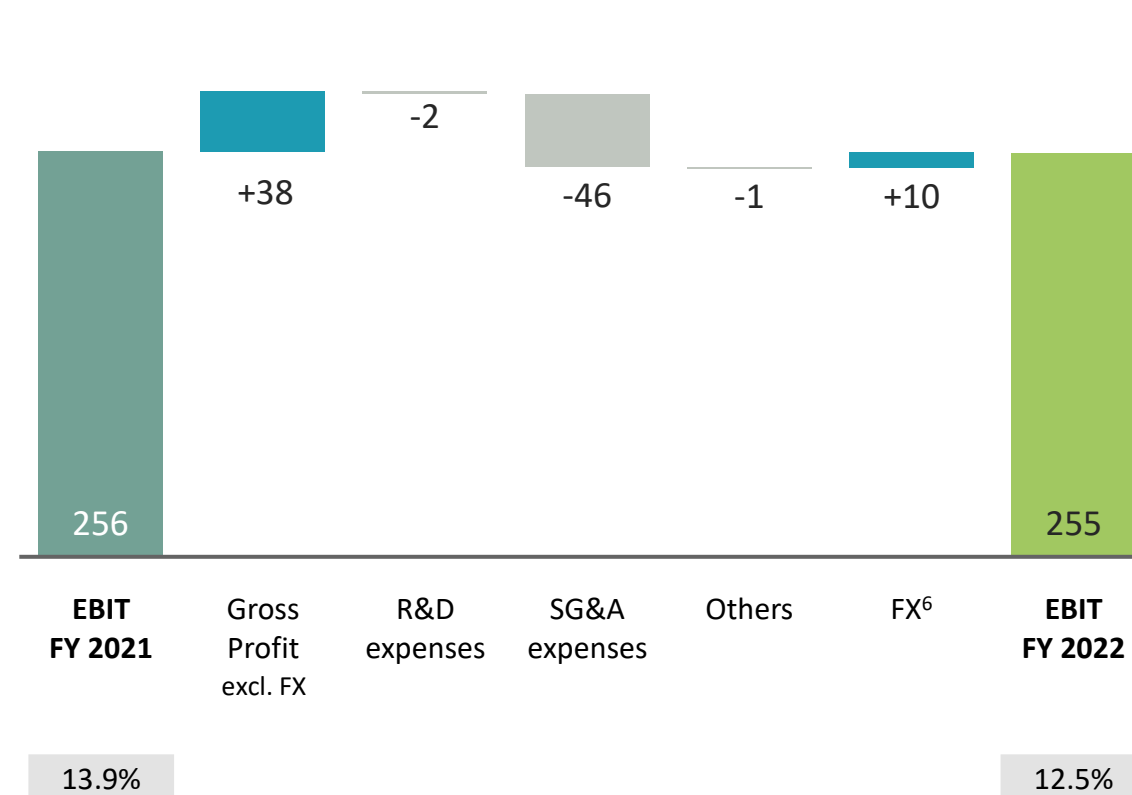
	FY 2021	FY 2022	Δ^1
Europe	1,276	1,355	+6.4%
Americas	363	434	+6.5%
Greater China	101	117	+6.7%
Asia/Pacific	109	132	+16.4%
Total	1,848	2,038	+7.0%

Automotive Aftermarket sales growth by channel¹



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

EBIT⁵ FY 2021 vs. FY 2022 | in EUR mn



⁵ Before special items

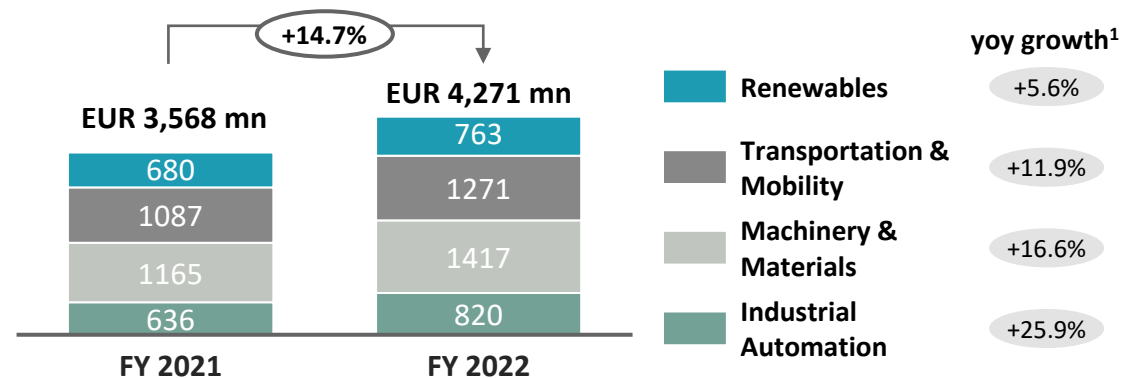
⁶ Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses

Industrial – Double-digit top line growth¹, EBIT margin² flat yoy due to higher input costs

Sales by region | yoy growth

	FY 2021	FY 2022	Δ ¹
Europe	1,472	1,764	+20.4%
Americas	588	734	+11.6%
Greater China	983	1,156	+8.8%
Asia/Pacific	525	617	+13.2%
Total	3,568	4,271	+14.7%

Sales by Industrial market cluster | yoy growth



¹ FX-adjusted

Industrial Distribution is 29.7% of FY sales

EBIT² FY 2021 vs. FY 2022 | in EUR mn

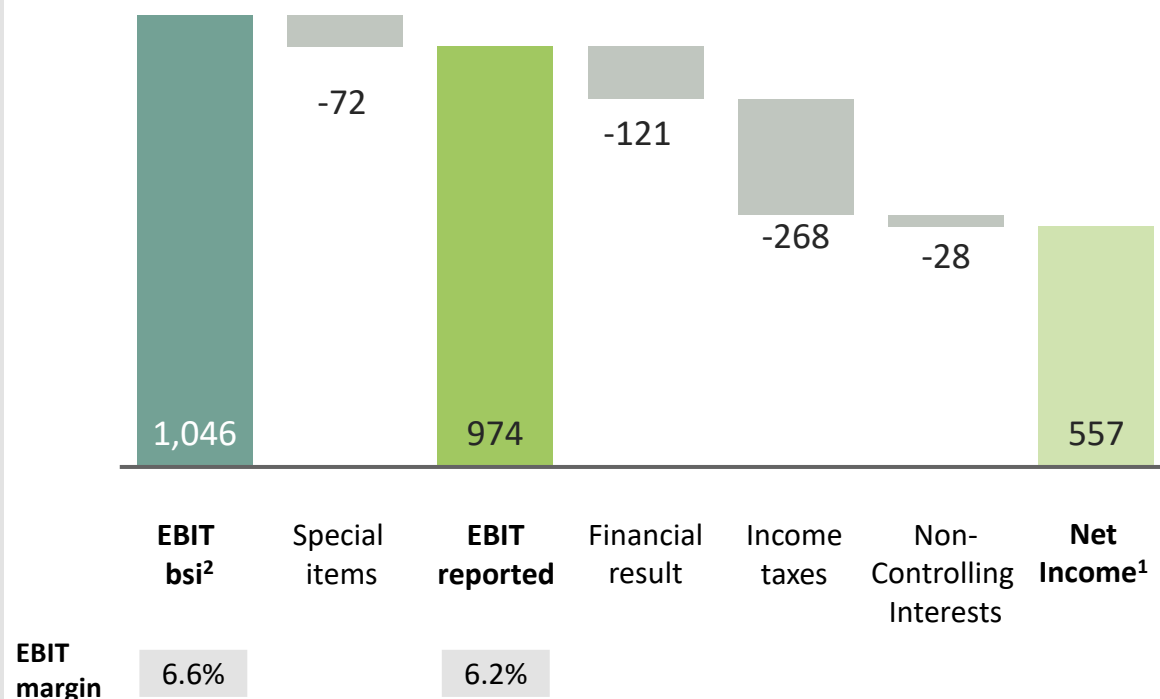


² Before special items

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

Net Income¹ – EBIT reconciliation and special items

Reconciliation FY 2022 | in EUR mn



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

Key aspects

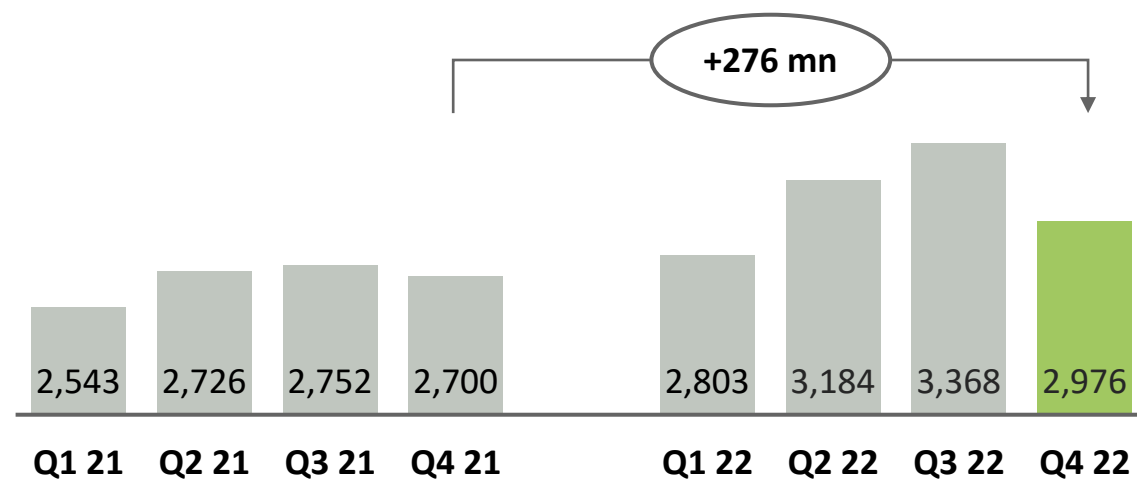
- Special items amounted to EUR 72 mn in FY 2022, mainly related to the provision of EUR 130 mn for our structural measures announced in November as well as the consolidation of the Footprint in Europe within “Roadmap 2025”
- Financial Result lower by 23 mn yoy due to expenses for FX effects (Devaluation EUR vs. USD) and pensions (interest on pensions slightly increased)

Special items by division | in EUR mn

	Q4 21	Q4 22	Q4 22 vs. Q4 21	FY 21	FY 22	FY 22 vs. FY 21
EBIT Reported	231	224	-7	1,220	974	-247
Automotive Technologies	-3	+12	+15	-35	+39	+74
Automotive Aftermarket	+1	+3	+2	-18	+5	+23
Industrial	+30	-6	-36	+55	+28	-26
Group	+29	+9	-20	+1	+72	+71
EBIT bsi²	260	233	-27	1,222	1,046	-176

Working Capital¹ ratio 18.8% – Capex ratio² 6.0% in Q4

Working capital¹ | in EUR mn

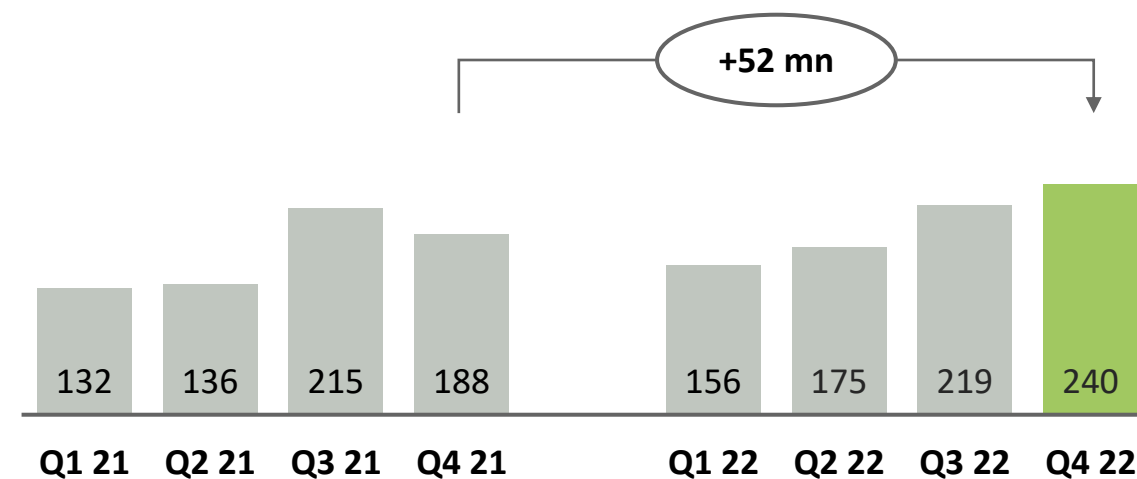


in % of sales (LTM)



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

Capex² | in EUR mn



in % of sales



² Cash view

Automotive Technologies (AT) outperformance by quarters

FY 22 Outperformance: +1.5pp				Q1 22			Q2 22			Q3 22			Q4 22		
	S&P ¹	AT ²	Outper- formance		S&P ¹	AT ²	Outper- formance		S&P ¹	AT ²	Outper- formance		S&P ¹	AT ²	Outper- formance
World	-3.5%	-3.2%	+0.3pp		+1.5%	+1.3%	-0.2pp		+29.5%	+25.2%	-4.3pp		+1.7%	+10.0%	+8.3pp
Europe	-14.8%	-1.9%	+12.9pp		-1.9%	+2.4%	+4.3pp		+25.4%	+33.9%	+8.5pp		+2.3%	+18.3%	+16.0pp
Americas	-3.5%	+0.3%	+3.8pp		+11.5%	+19.5%	+8.0pp		+24.9%	+21.7%	-3.2pp		+7.0%	+17.5%	+10.5pp
Greater China	+6.7%	-5.3%	-12.0pp		-4.5%	-14.9%	-10.4pp		+34.2%	+24.7%	-9.5pp		-6.2%	-7.4%	-1.2pp
Asia/Pacific	-3.7%	-8.3%	-4.6pp		+4.2%	-0.5%	-4.7pp		+30.4%	+12.8%	-17.6pp		+9.2%	+15.8%	+6.6pp

FY 21 Outperformance: +4.3pp				Q1 21			Q2 21			Q3 21			Q4 21		
	S&P ¹	AT ²	Outper- formance		S&P ¹	AT ²	Outper- formance		S&P ¹	AT ²	Outper- formance		S&P ¹	AT ²	Outper- formance
World	+15.9%	+17.0%	+1.1pp		+48.2%	+67.5%	+19.3pp		-19.1%	-13.1%	+6.0pp		-10.2%	-12.5%	-2.3pp
Europe	+2.3%	+3.3%	+1.0pp		+81.1%	+120.4%	+39.3pp		-28.7%	-16.3%	+12.4pp		-21.7%	-16.4%	+5.3pp
Americas	-2.8%	+6.7%	+9.5pp		+146.9%	+137.2%	-9.7pp		-24.5%	-16.0%	+8.5pp		-13.4%	-16.0%	-2.6pp
Greater China	+78.0%	+74.8%	-3.2pp		-4.3%	+3.1%	+7.4pp		-13.9%	-16.1%	-2.2pp		-1.1%	-6.0%	-4.9pp
Asia/Pacific	+5.2%	+14.0%	+8.8pp		+82.1%	+63.9%	-18.2pp		-10.8%	+7.3%	+18.1pp		-8.7%	-9.3%	-0.6pp

¹ Light Vehicle production growth according to S&P Global Mobility ©, January 2023 | 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	Q1 22	Q2 22	Q3 22	Q4 22
Sales	3,560	3,454	3,332	3,506	3,758	3,790	4,242	4,019
Sales Growth¹	+12.3%	+52.8%	-3.5%	-5.8%	+1.9%	+4.4%	+20.2%	+11.8%
EBIT Reported	382	341	266	231	247	186	316	224
EBIT bsi	397	305	260	260	258	200	355	233
EBIT bsi margin	11.2%	8.8%	7.8%	7.4%	6.9%	5.3%	8.4%	5.8%

Automotive Aftermarket | in EUR mn

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Sales	444	467	500	437	463	506	547	522
Sales Growth¹	+4.9%	+57.9%	+9.0%	-2.1%	+2.1%	+4.3%	5.5%	+16.6%
EBIT Reported	57	89	80	48	62	63	72	54
EBIT bsi	58	78	72	49	63	63	72	58
EBIT bsi margin	13.1%	16.6%	14.3%	11.2%	13.6%	12.5%	13.1%	11.0%

Automotive Technologies | in EUR mn

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Sales	2,281	2,084	1,921	2,150	2,293	2,222	2,555	2,430
Sales Growth¹	+17.0%	+67.5%	-13.1%	-12.5%	-3.2%	+1.3%	+25.2%	+10.0%
EBIT Reported	232	141	96	110	77	1	108	66
EBIT bsi	240	119	77	107	80	11	122	79
EBIT bsi margin	10.5%	5.7%	4.0%	5.0%	3.5%	0.5%	4.8%	3.2%

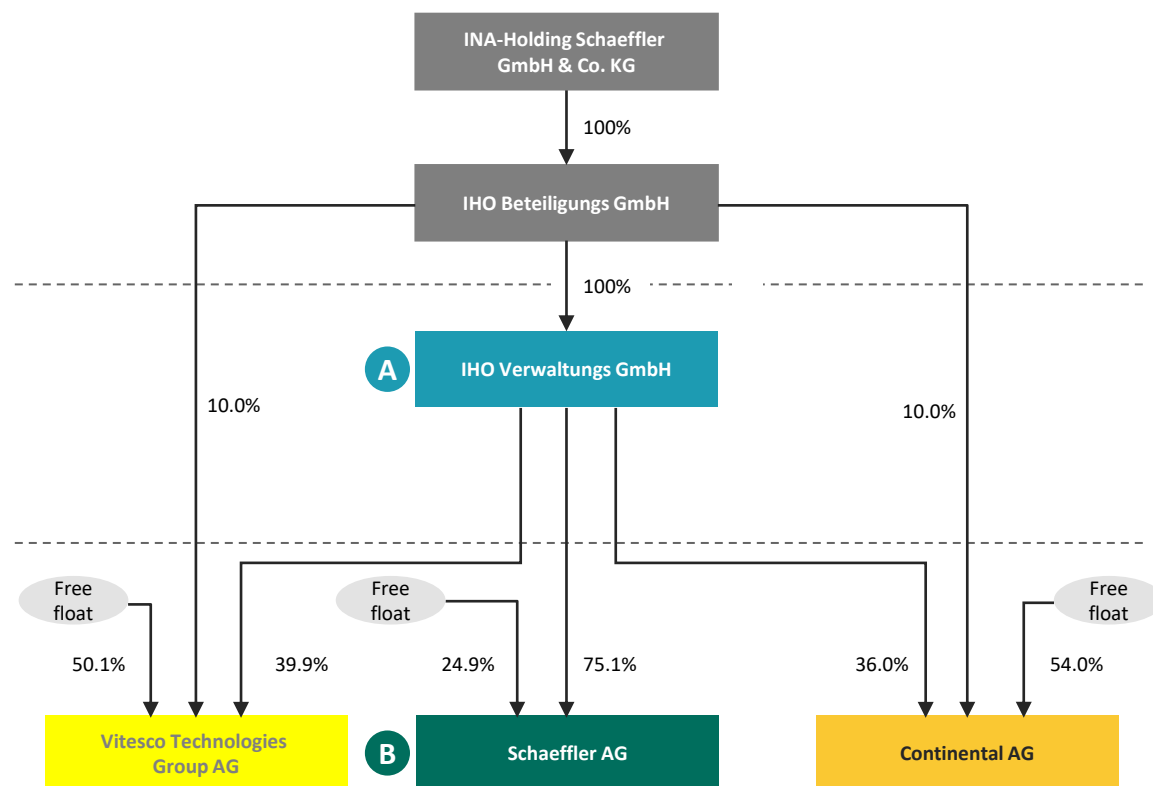
Industrial | in EUR mn

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Sales	836	902	911	919	1,002	1,063	1,140	1,066
Sales Growth¹	+4.7%	+25.4%	+15.8%	+12.0%	+15.7%	+11.7%	+17.8%	+13.7%
EBIT Reported	92	112	89	74	108	123	136	103
EBIT bsi	98	108	112	104	115	126	161	97
EBIT bsi margin	11.8%	11.9%	12.3%	11.3%	11.4%	11.9%	14.1%	9.1%

¹ FX-adjusted

Overview Corporate and Financing Structure

Corporate structure (simplified) | as of December 31, 2022



Financing structure | as of December 31, 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)	-	160	E+2.75%	Dec-24	Not rated
Bonds	3.625% SSNs 2025 (EUR)	-	800	3.625%	May-25	BB/Ba2/BB-
	3.75% SSNs 2026 (EUR)	-	750	3.750%	Sep-26	BB/Ba2/BB-
	4.75% SSNs 2026 (USD)	500	469	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	422	6.000%	May-27	BB/Ba2/BB-
	6.375% SSNs 2029 (USD)	400	375	6.375%	May-29	BB/Ba2/BB-
Total IHO Verwaltungs GmbH			3,476	Ø 4.06%^{2,3}		

B Schaeffler AG

	Debt instrument	Nominal (USD m)	Nominal (EUR m)	Interest	Maturity	Rating (Fitch/Moody's/S&P)
Loans	RCF (EUR 2,000 m)	-	-	E+0.90%	Nov-27	Not rated
	Term Loan (EUR 500 m)	-	-	E+1.85%	Nov-27	Not rated
	Schuldschein Loans (EUR)	-	298	Ø 4.10%	May-23, 25, 28 & 30	Not rated
CP	Commercial Paper Program (EUR)	-	50	Ø 2.07%	Jan-23	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			3,298	Ø 3.10%³		

¹ EUR/USD = 1.0666 | ² After cross currency swaps | ³ Incl. commitment and utilization fees