

Q2 and H1 2022 Schaeffler AG earnings

Earnings Call
August 4, 2022
Herzogenaurach

We pioneer motion

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Agenda

- 1** Overview
- 2** Business Highlights Q2 and H1 2022
- 3** Financial Results Q2 and H1 2022
- 4** Outlook

Despite unprecedented complex macroeconomic environment, Schaeffler delivered a solid Q2

Key messages Q2 2022

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

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

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

Sales growth¹ Q2

+4.4%

EUR 3,790 mn

Order Intake² H1
Auto Technologies

EUR 6.6 bn

of which

E-Mobility: EUR 3.2 bn

EBIT margin⁴ Q2

5.3%

Q2 2021: 8.8%

Free Cash Flow⁵ Q2

EUR -219 mn

Q2 2021: EUR 113 mn

Schaeffler Group Q2 2022 – Highlights and lowlights



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



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



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



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



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



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

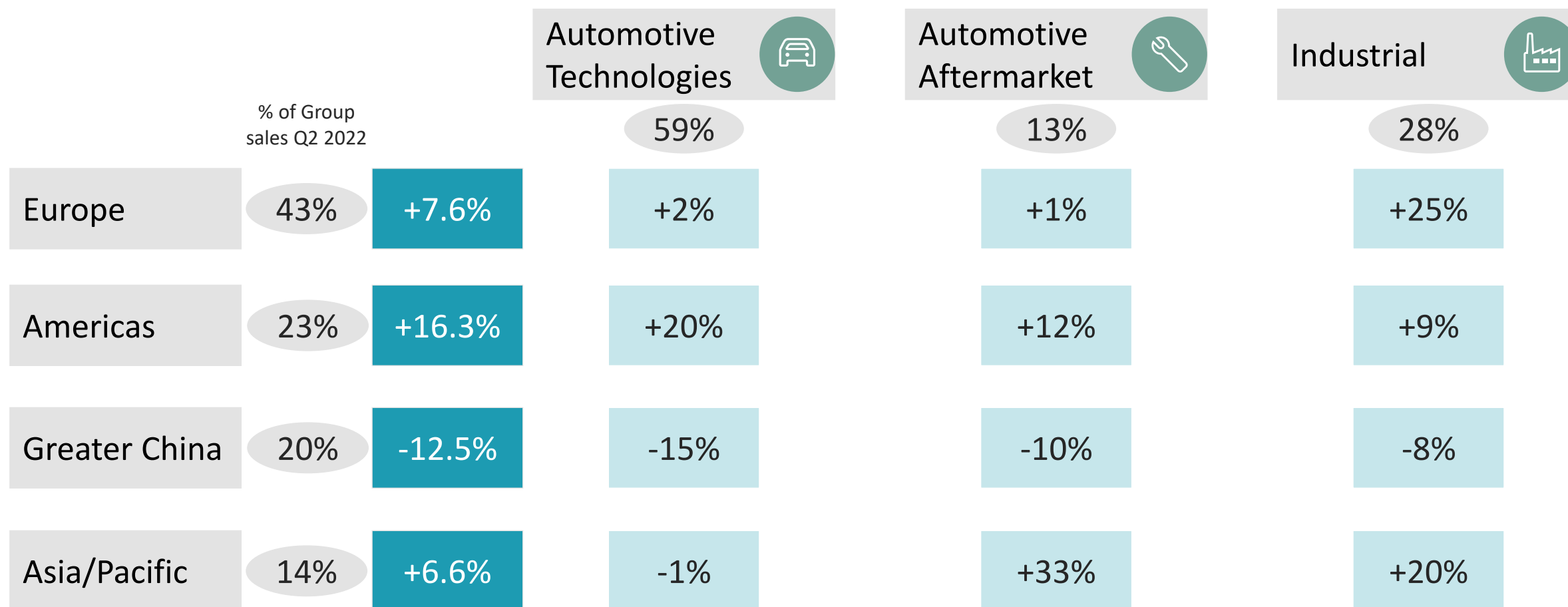


Input costs – Raw materials, energy and freight/logistics still on high levels and increased throughout Q2



Uncertainty remains regarding headwinds intensity for the second half of 2022

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



¹ Q2 FX-adjusted sales growth, please refer to the Interim Report for further details

  Q2 Sales growth¹

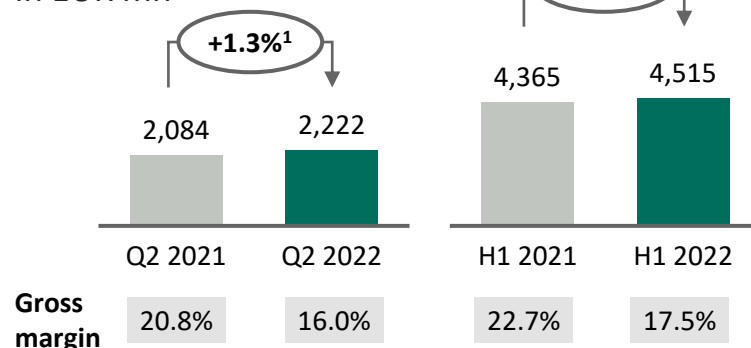
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Automotive Technologies – Q2 Sales¹ affected by China lockdowns, EBIT margin² burdened by higher input costs

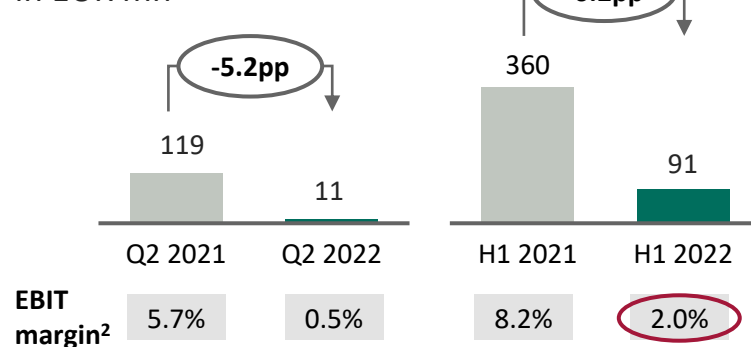
Sales

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

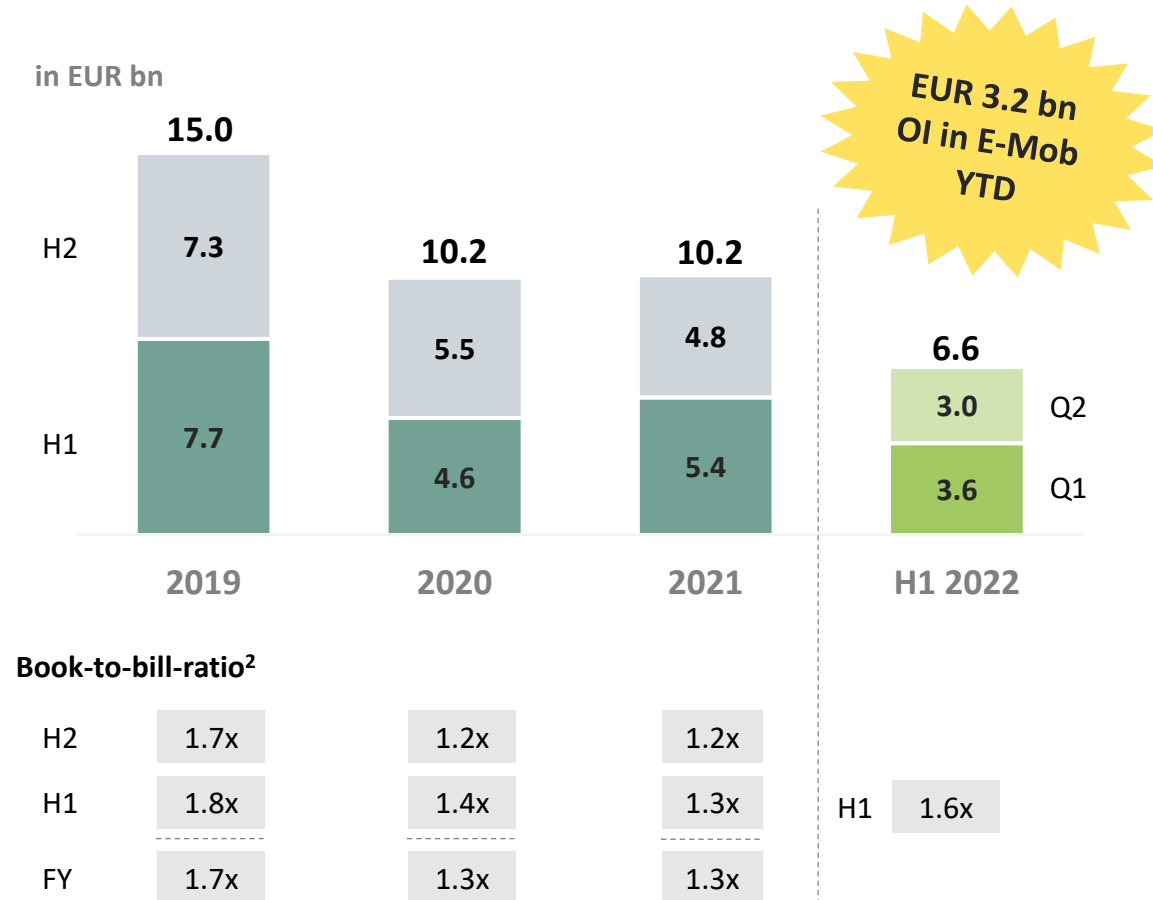


Significant EBIT margin² decline in Q2 due to lower absorption of fixed costs & production inefficiencies caused by volatile customer call-offs, input cost inflation only partly offset by price realization; In addition, rising freight/logistics costs

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

Automotive Technologies – Strong E-Mobility Order Intake¹; FY 2022 target already reached by end of June 2022

Order Intake¹



Business Highlights E-Mobility



Schaeffler presents Innovative 4in1 E-Axle with up to 15% more range, especially at cold temperatures, reduced costs and space by combining E-Axle with Thermal Management in a compact system

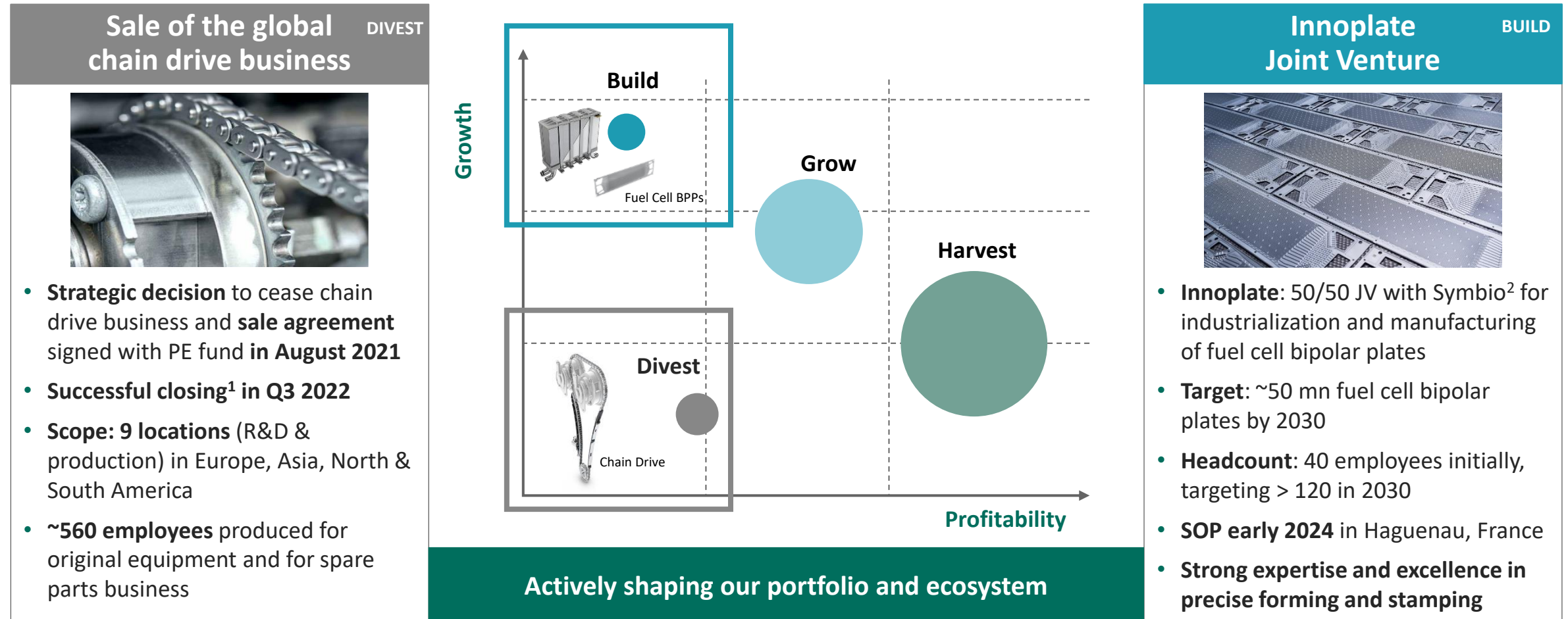


BEV Thermal Management: Received nomination for highly integrated refrigerant systems with new heat pump technology operated by the natural refrigerant carbon dioxide

Strong customer base in key market regions established – EUR 3.2 bn OI¹ in BD E-Mobility achieved in H1

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

Automotive Technologies – Portfolio Management: Driving the transition by rigorous strategy execution

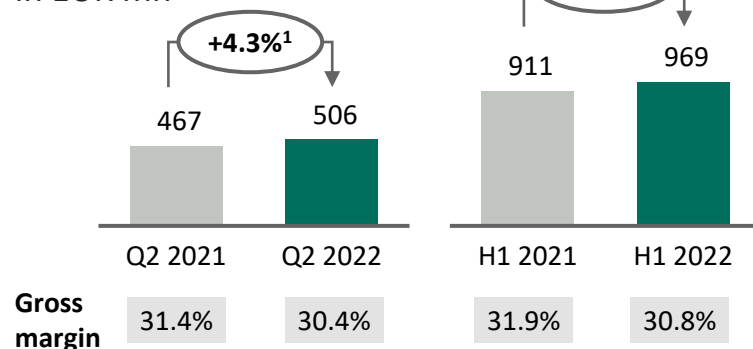


¹ Closing was on July 1st, 2022. Business is still consolidated within H1, please refer to the Interim Report for further details | ² Symbio S.A.S. is a joint venture between Faurecia and Michelin

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

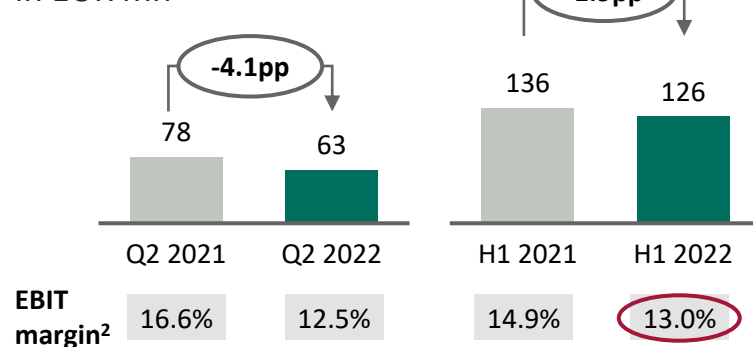
Sales

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

Sales



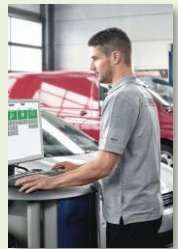
- 360° customer view
- Business potential identification
- Sales planning
- Reduced complexity
- Processes efficiency

Marketing

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



Service



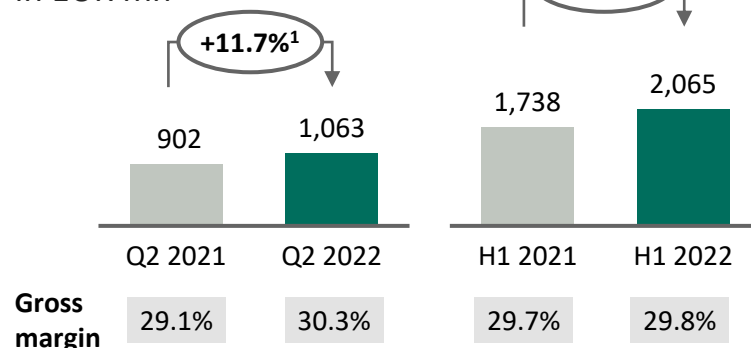
- Overview of engagement with REPERT services & digital touchpoints
- Foundation for optimized service processes

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

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

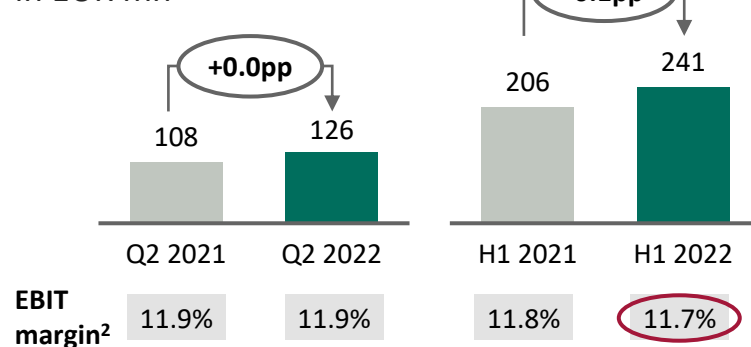
Sales

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

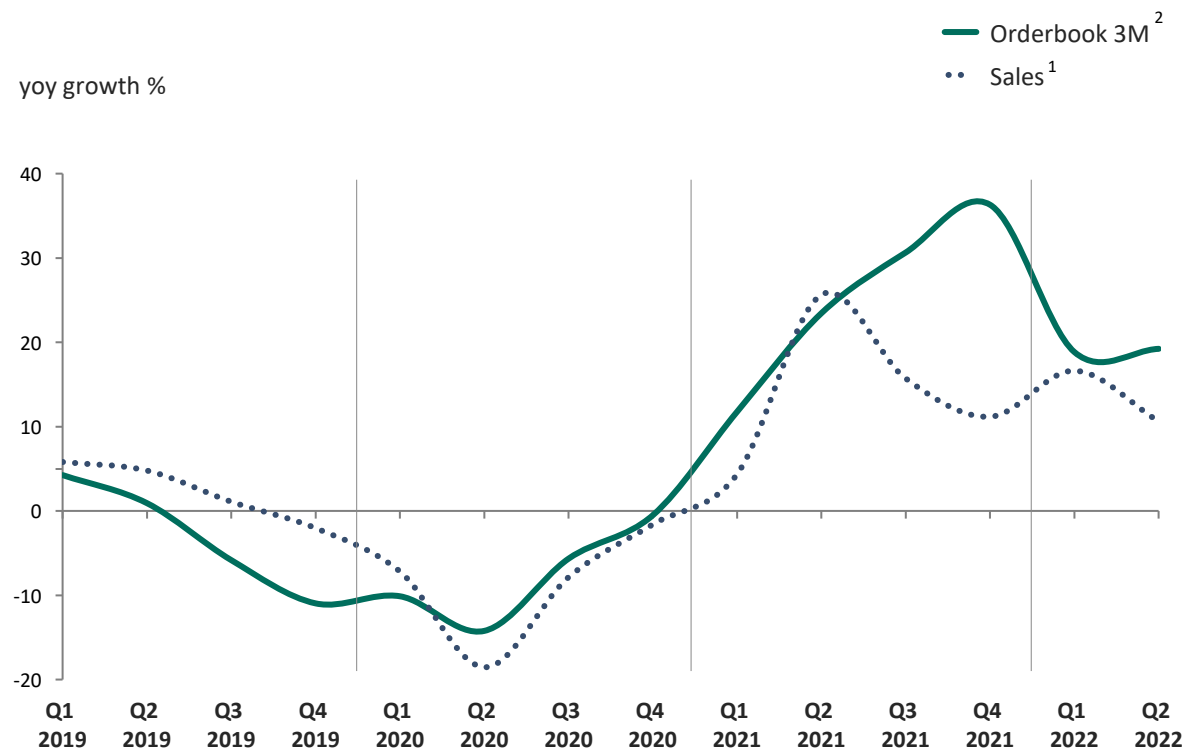


EBIT margin² flat yoy due to sharply increased input and freight/logistics costs, volume-driven higher personnel expenses; Some inefficiencies linked to execution of planned consolidation actions in Europe arose in Q2, still, transitory impact

¹ FX-adjusted | ² Before special items

Industrial – Orderbook² for Q2 still indicating a positive sales trend; Good business prospects supported by strong customer relationships

Orderbook² 3-month



¹ FX-adjusted product sales

² The orderbook 3-month measures the value of customer orders which are due in the next three months. It is presented as a relative, FX-adjusted yoy growth indicator which reflects the short-term business expectations. Developments in the distribution business have typically a shorter reach and are therefore only partially reflected by this indicator.

Business Highlights

New long-term partnership agreement with Rolls-Royce reflecting high customer appreciation



Strong customer interest in Robotics portfolio presented at *automatica 2022* in Munich

Schaeffler benefitting from strong relationships to customers in both mature and growth markets

Industrial – Portfolio management: Compelling acquisition of Ewellix, significant growth and synergy potential

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

Excellent strategic fit
further enhancing
our Industrial
business

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

Investment¹ allocation | in EUR mn

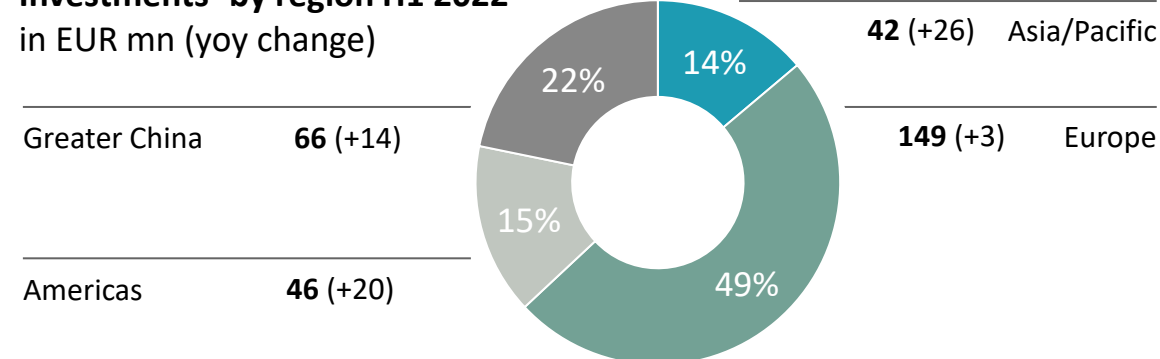
	FY 20	FY 21	Q2 21	Q2 22	H1 22
Automotive Technologies	378	428	84	117	198
Automotive Aftermarket	26	20	4	7	12
Industrial	234	223	43	50	93
Schaeffler Group	639	670	131	175	303
Capex	632	671	136	175	331
Capex ratio²	5.0%	4.8%	3.9%	4.6%	4.4%
Reinvestment Rate	0.7	0.7	0.6	0.8	0.7

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)

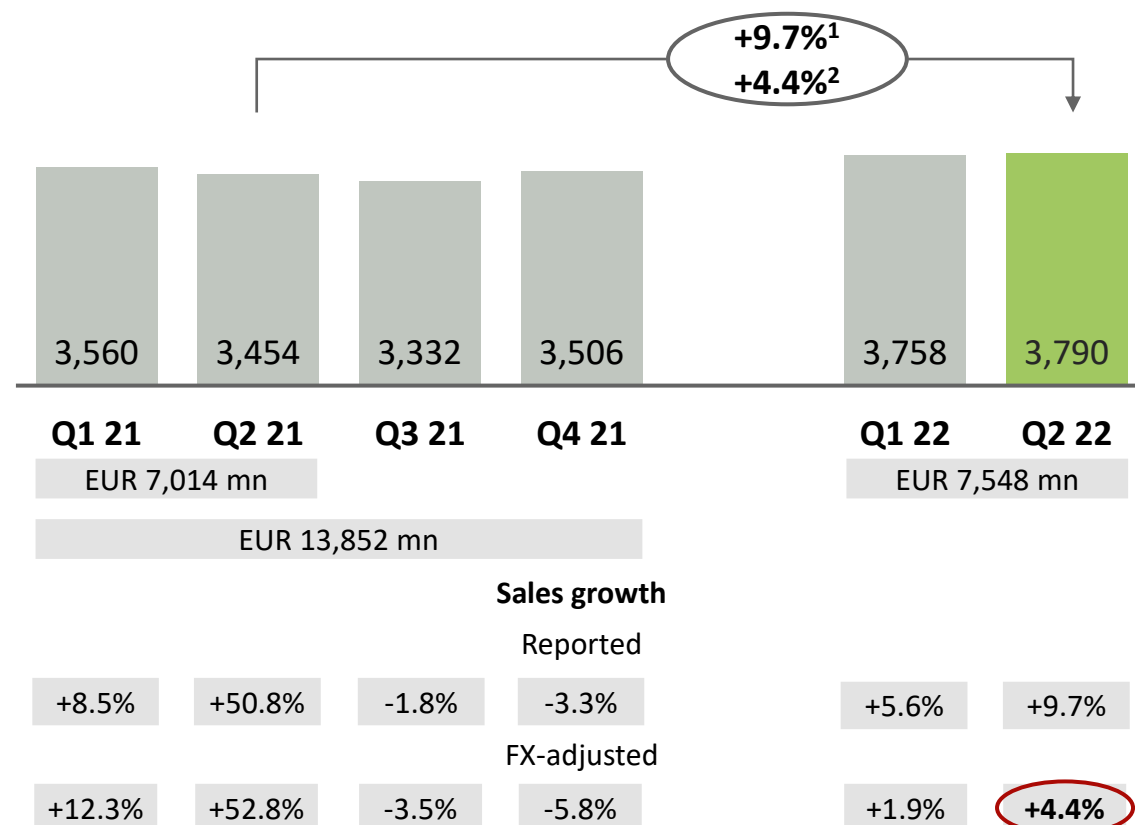


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Sales – Moderate growth² in Q2 yoy, other regions overcompensated the China Q2 lockdown contraction

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

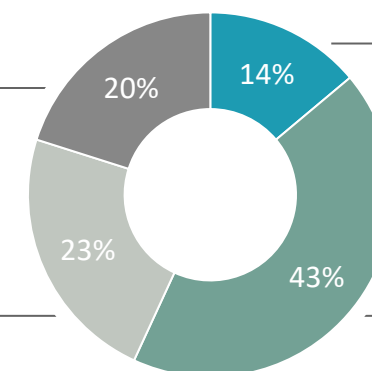
+16.3%

Europe

+7.6%

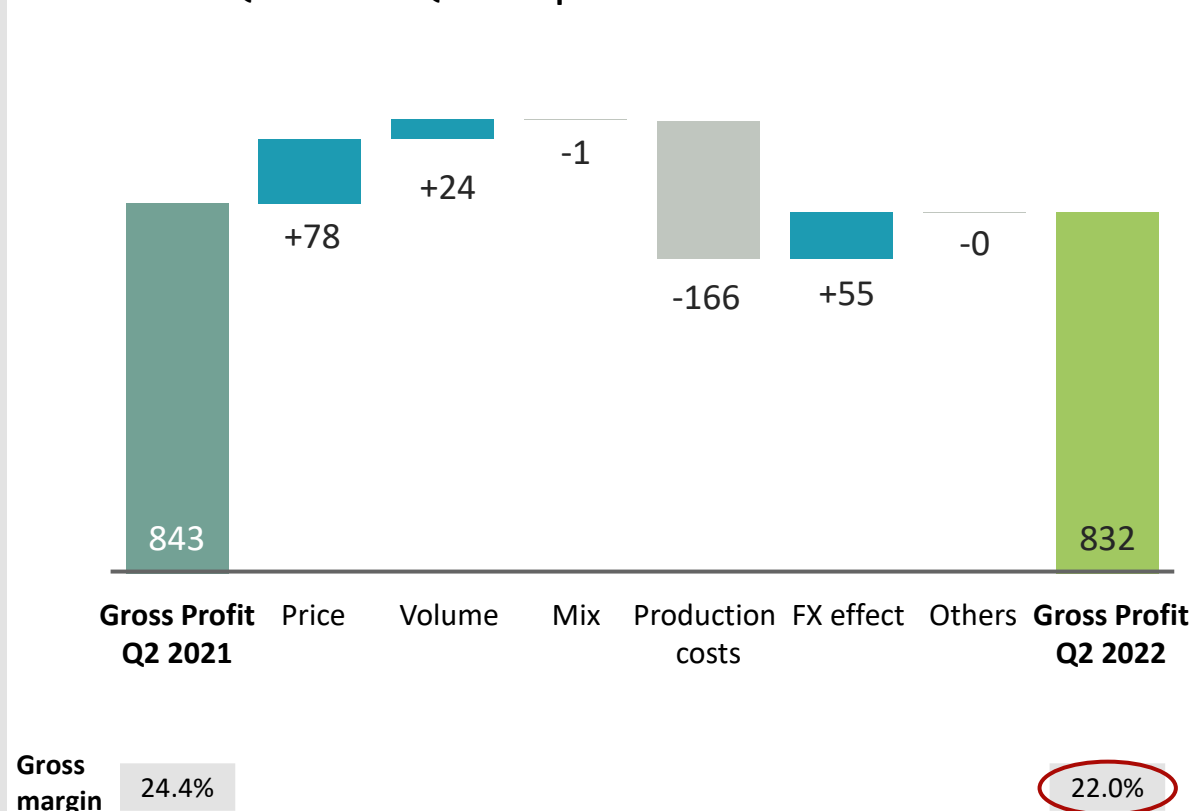
Asia/Pacific

+6.6%



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

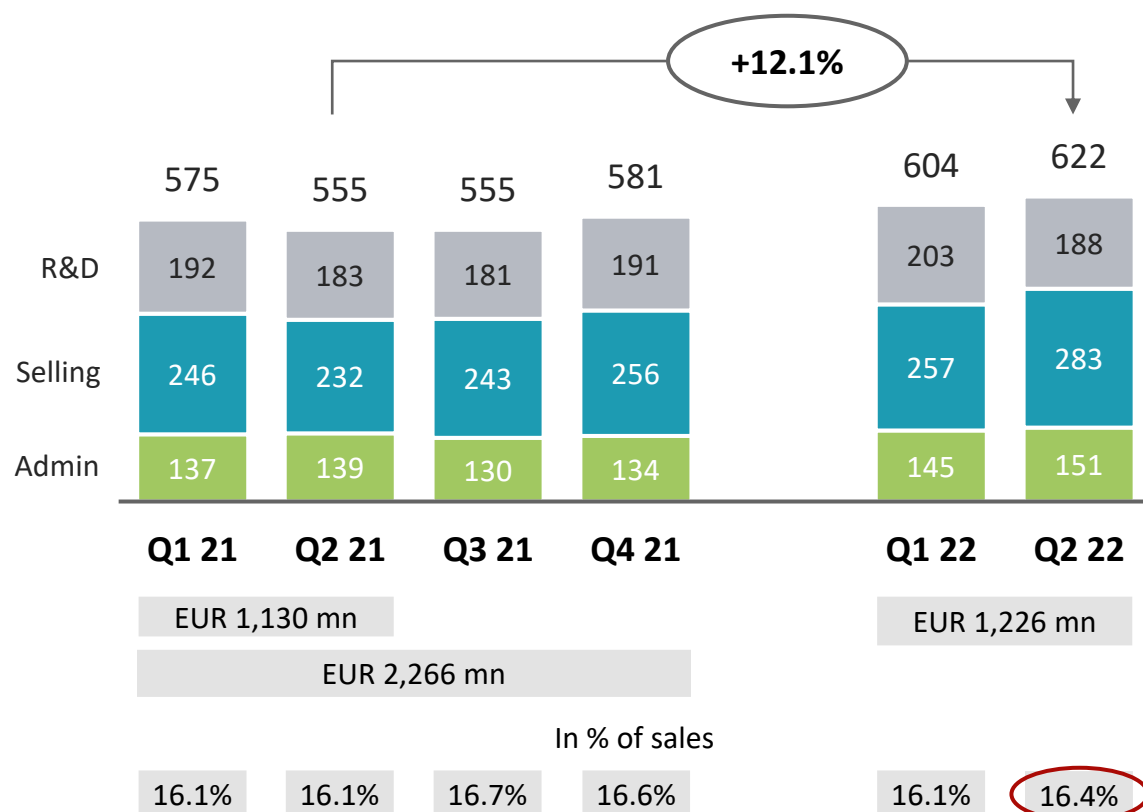
- Pricing realization: Sequentially further improved in all divisions even if to a different extent
- Volumes: Positive effect mainly due to strong development in Industrial in Europe, Americas and Asia/Pacific
- Production costs: Higher yoy in all three divisions due to continued higher raw material 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

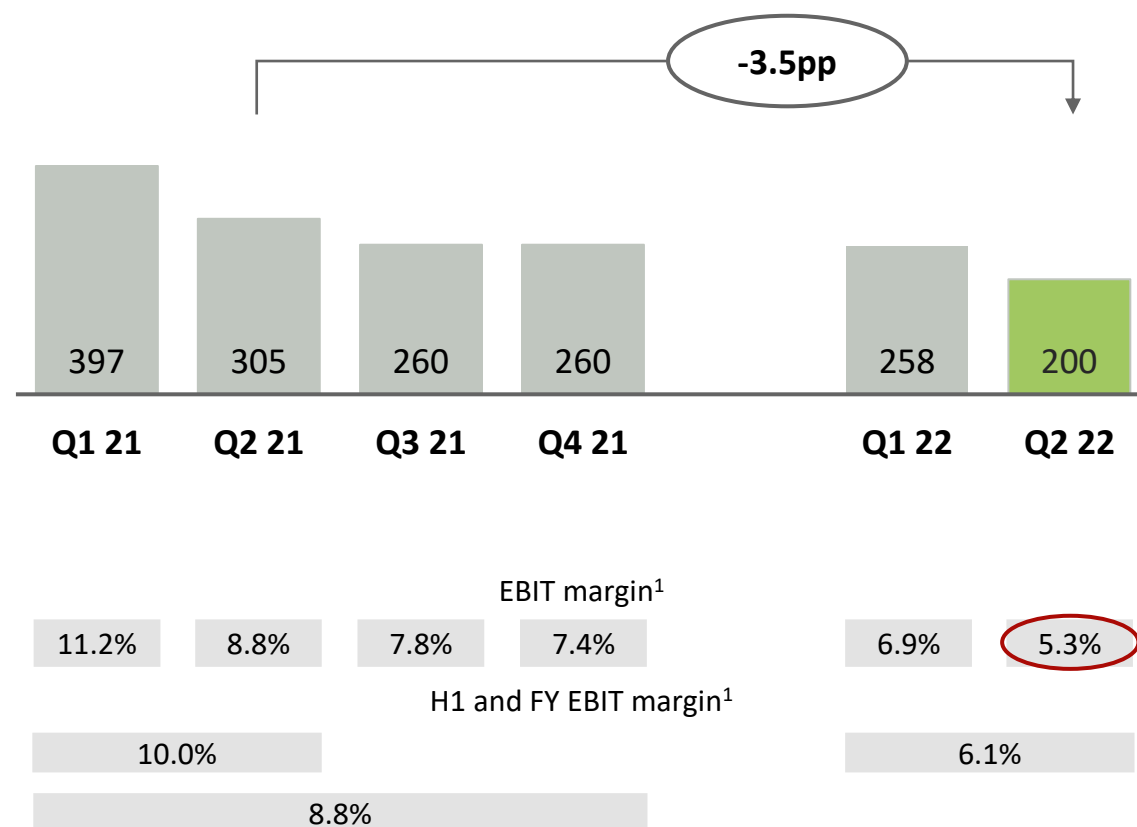
- R&D: Slightly higher yoy, mainly related to New Business projects in Automotive Technologies and in business fields Hydrogen and Robotics in Industrials
- Selling expenses: Significantly increased freight/logistics costs and higher volumes in Industrial
- Admin costs: Rise yoy and sequentially due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

Overhead cost ratio

	in % of sales	Q2 21	Q2 22	Q2 22 vs. Q2 21	H1 21	H1 22	H1 22 vs. H2 21
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

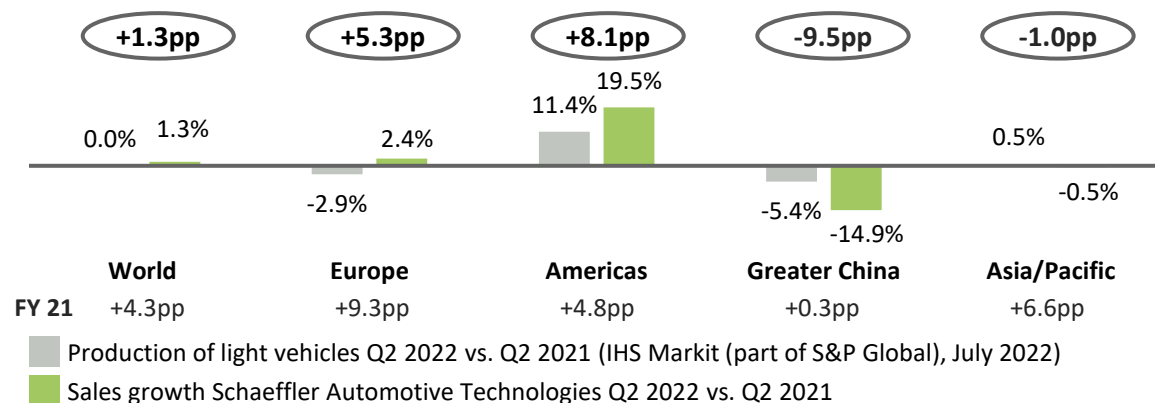
in % of sales	Q2 21	Q2 22	Q2 22 vs. Q2 21	H1 21	H1 22	H1 22 vs. H2 21
Automotive Technologies	5.7%	0.5%	-5.2pp	8.2%	2.0%	-6.2pp
Automotive Aftermarket	16.6%	12.5%	-4.1pp	14.9%	13.0%	-1.9pp
Industrial	11.9%	11.9%	0.0pp	11.8%	11.7%	-0.2pp
Group	8.8%	5.3%	-3.5pp	10.0%	6.1%	-3.9pp

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

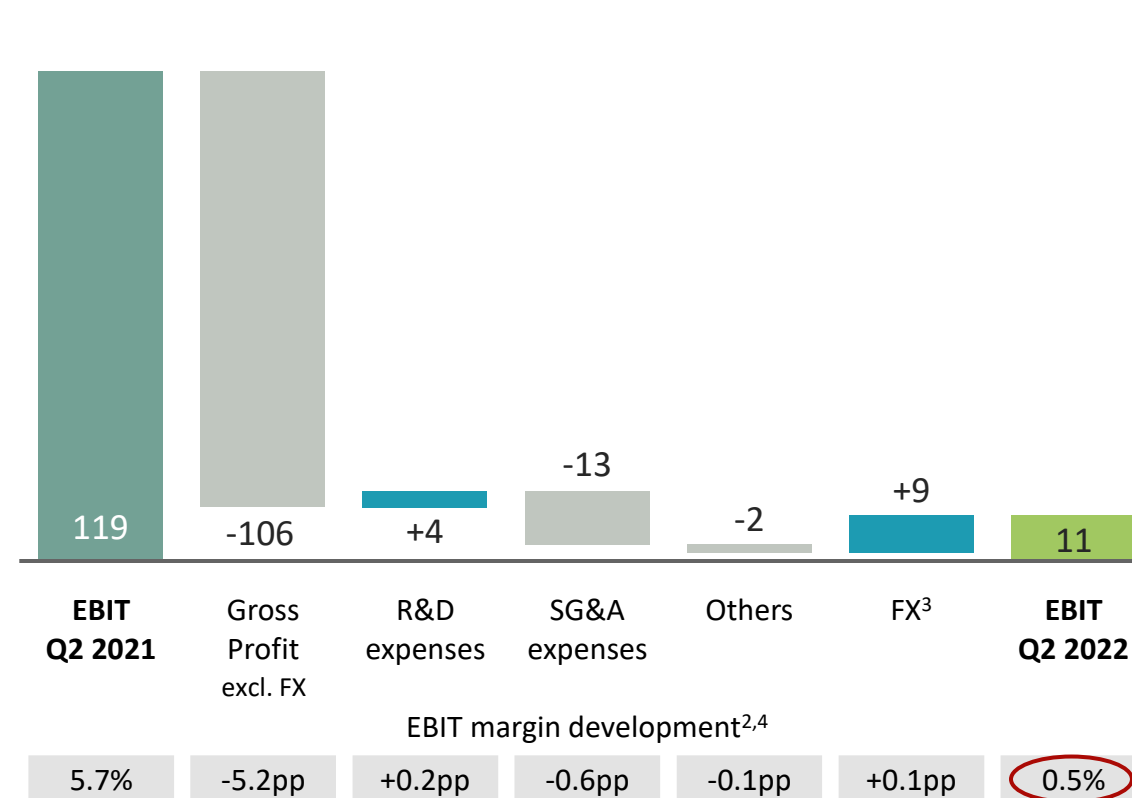
Sales by business division | yoy growth

	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

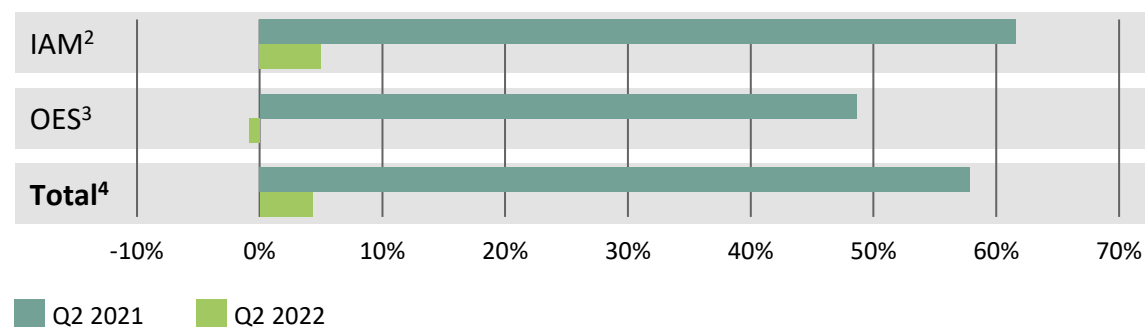
⁴ Percentage values do not sum up due to isolated calculation of each individual effect

Automotive Aftermarket – 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

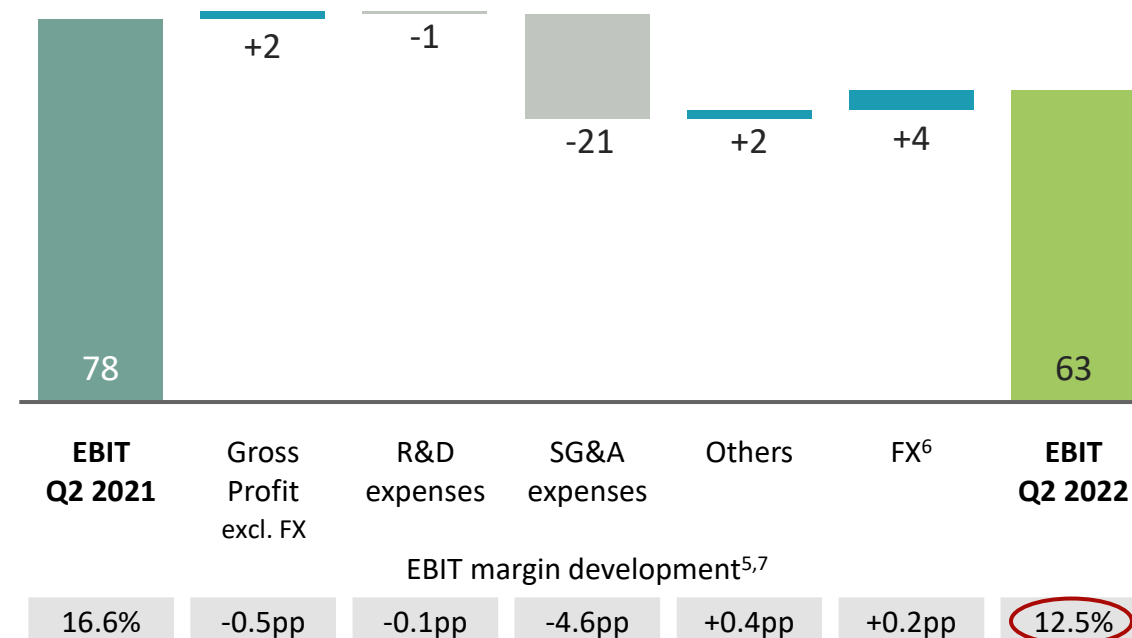
	Q2 2021	Q2 2022	Δ ¹
Europe	332	337	+1.2%
Americas	86	110	+12.4%
Greater China	26	26	-9.5%
Asia/Pacific	24	33	+32.7%
Total	467	506	+4.3%

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

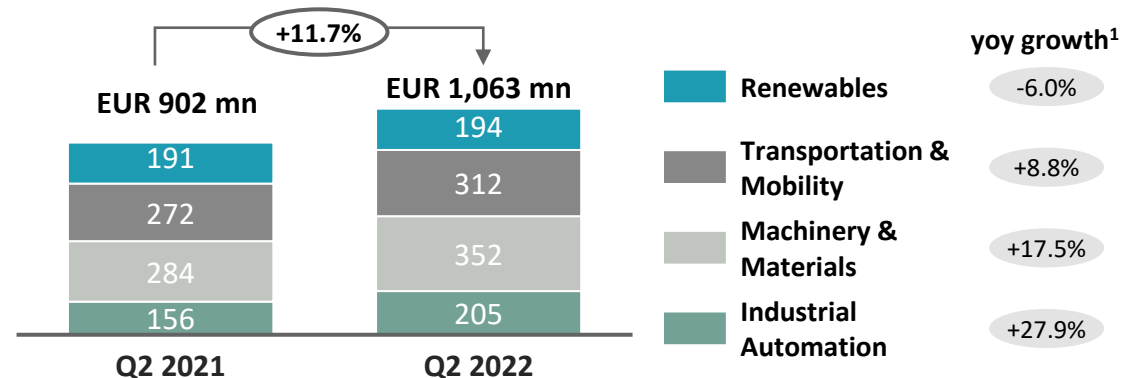
⁷ Percentage values do not sum up due to isolated calculation of each individual effect

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

Sales by region | yoy growth

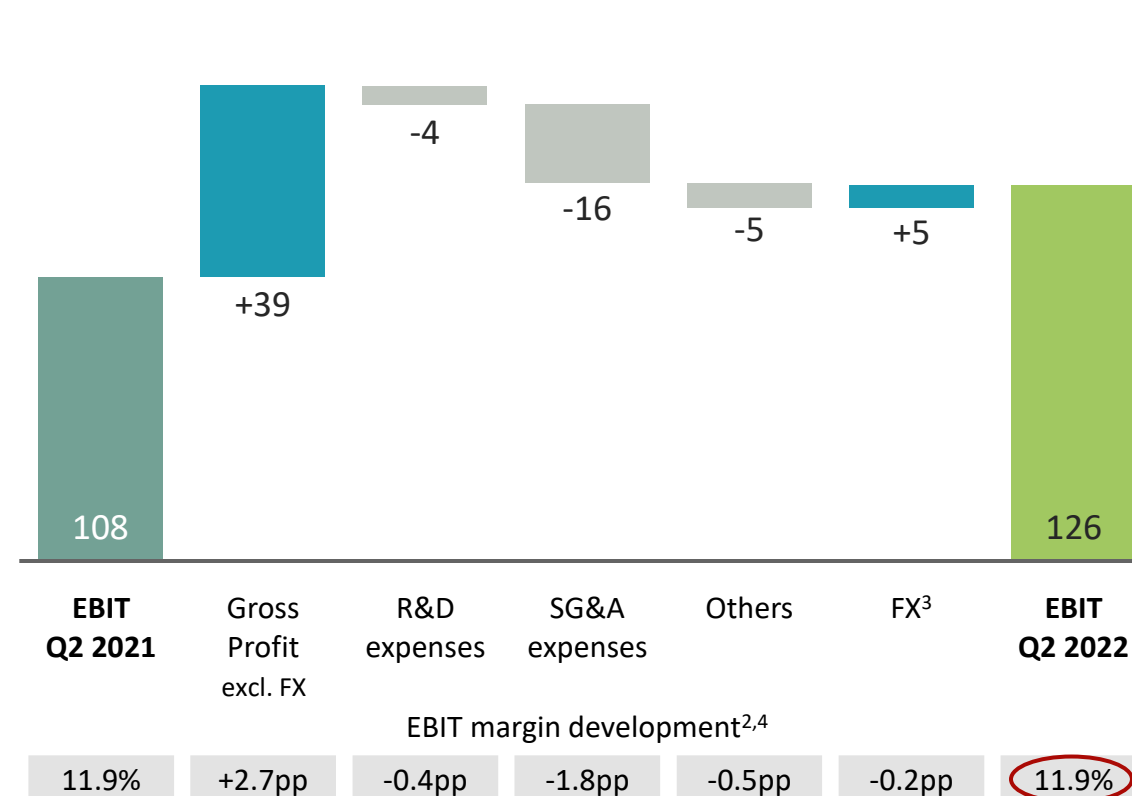
	Q2 2021	Q2 2022	Δ ¹
Europe	357	448	+25.2%
Americas	146	179	+9.1%
Greater China	272	275	-8.3%
Asia/Pacific	127	160	+19.5%
Total	902	1,063	+11.7%

Sales by Industrial market cluster | yoy growth



Industrial Distribution is 30.1% of Q2 sales

EBIT² Q2 2021 vs. Q2 2022 | in EUR mn

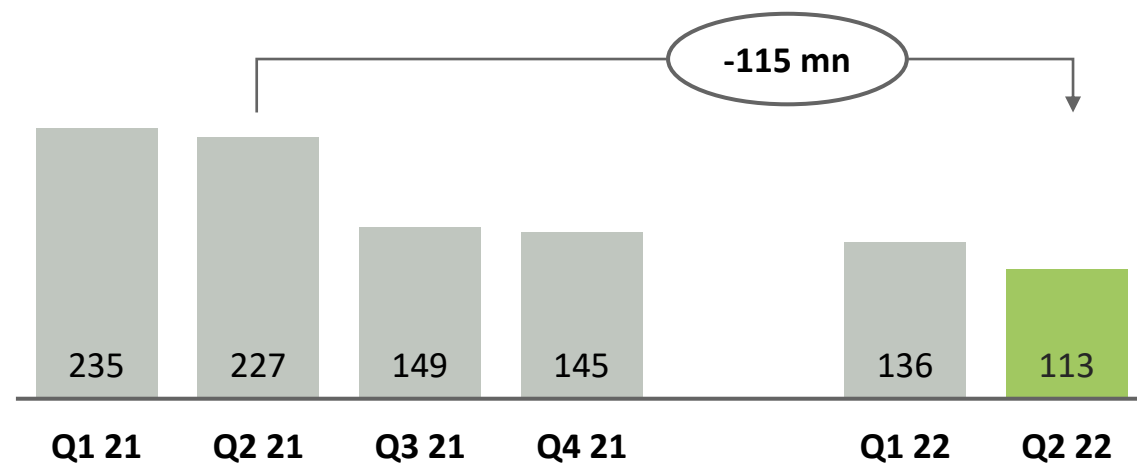


³ Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses

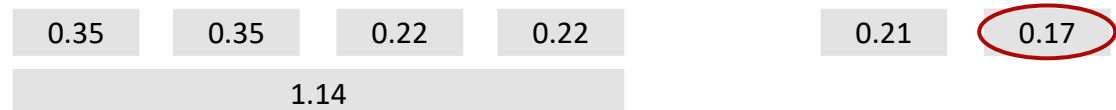
⁴ Percentage values do not sum up due to isolated calculation of each individual effect

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

Net income¹ | in EUR mn



EPS² | in EUR

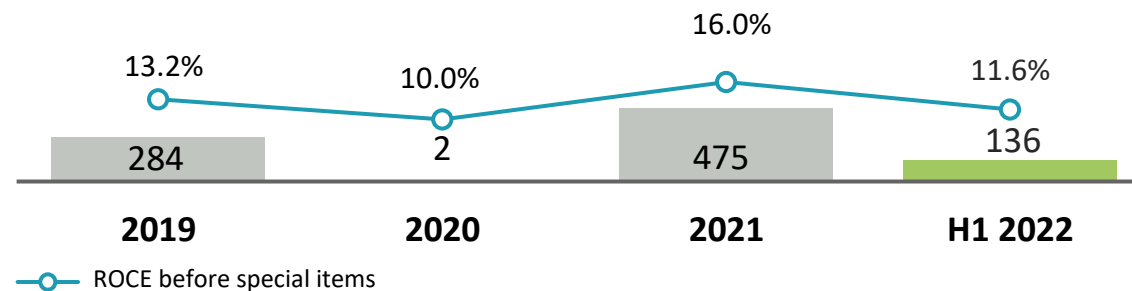


¹ Attributable to the shareholders of the parent company | ² Earnings per common non-voting share

Key aspects

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

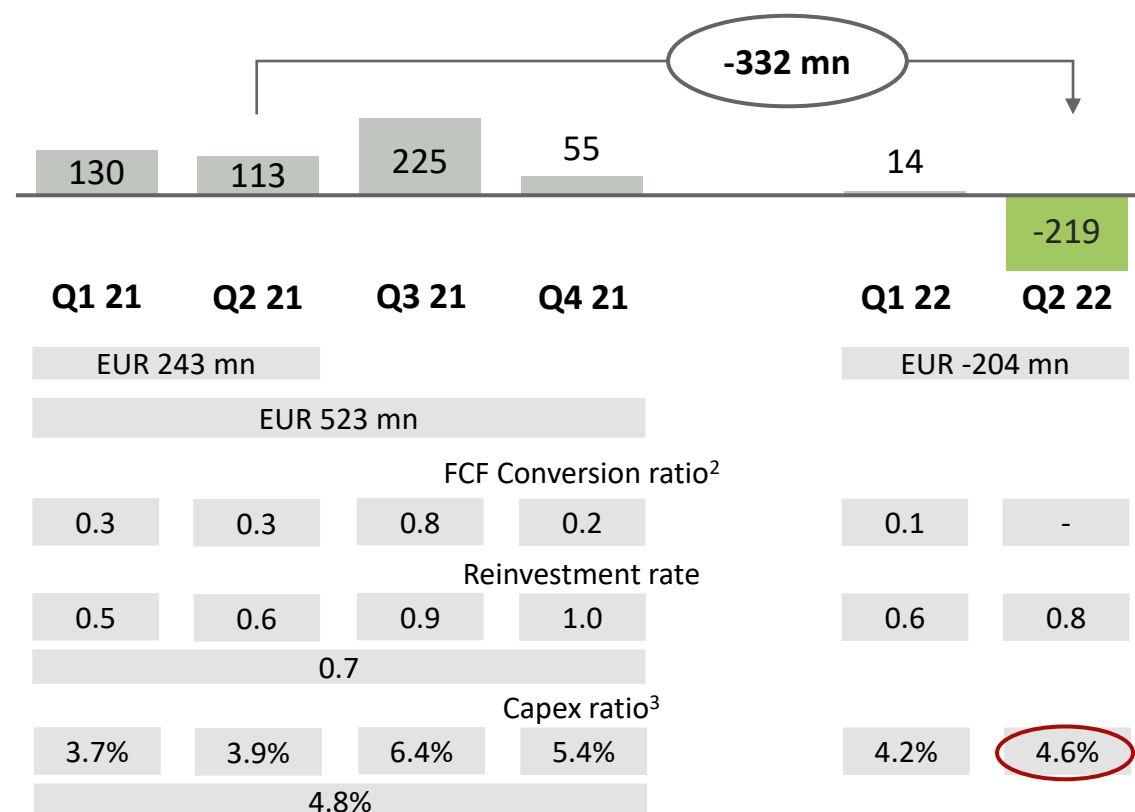
ROCE³ and Schaeffler Value Added⁴ | in EUR mn



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

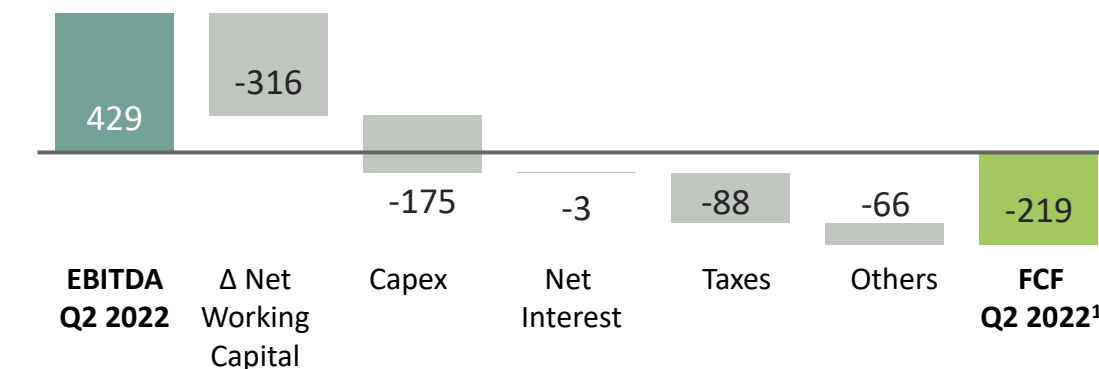
Free Cash Flow – Impacted by tactical increase in inventory and softer margins in Q2

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



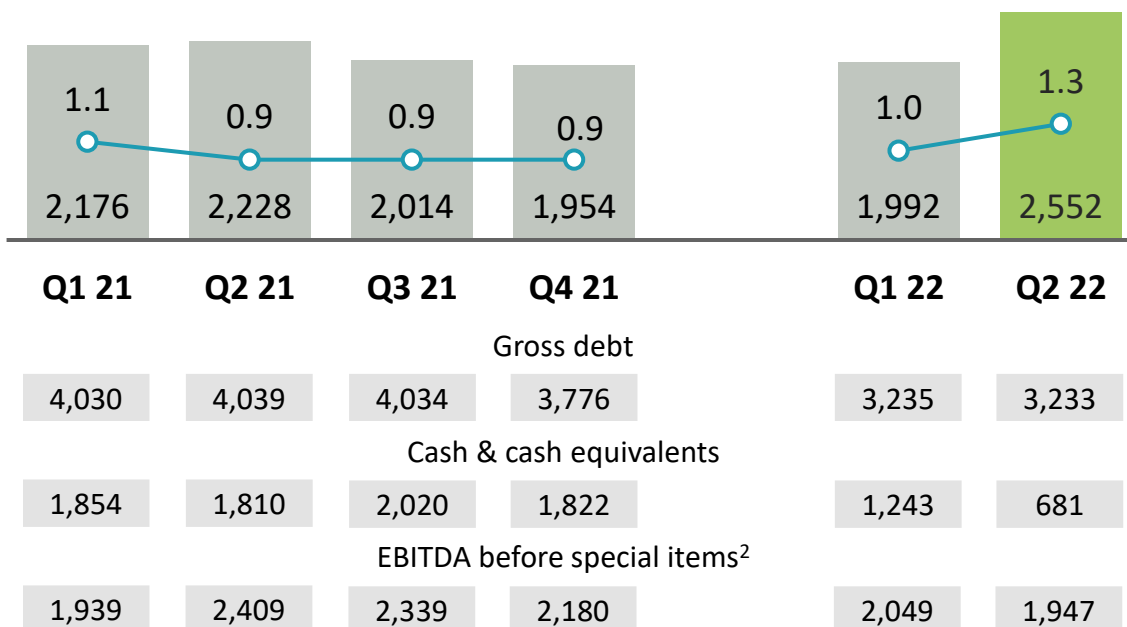
FCF Details | in EUR mn

	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

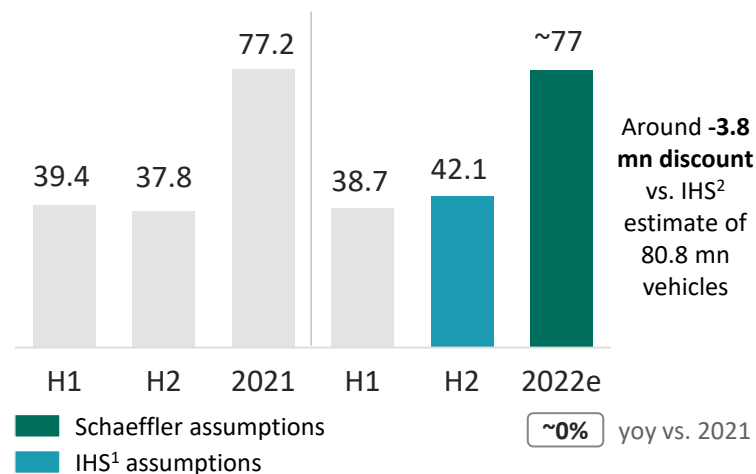
- Cash and unused committed credit lines on Group level of around EUR 1.8 bn as per end of June, available liquidity³ 16% of LTM Net Sales
- Acquisition of Ewellix; exploiting opportunities notwithstanding challenging times

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Market assumptions – What changed in our market assumptions since May

Automotive Technologies – Global LVP¹ 2022

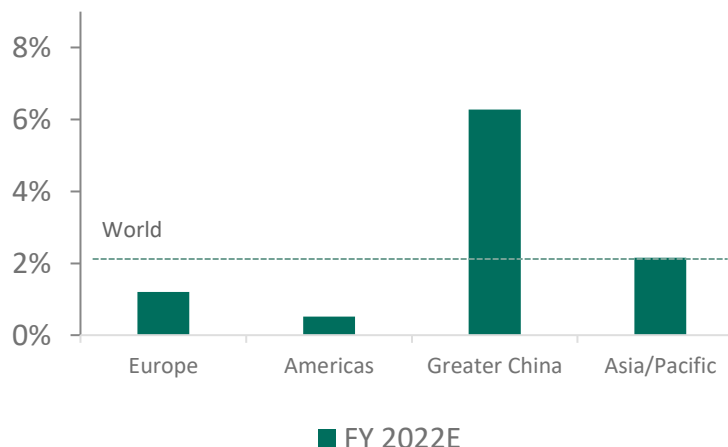


- Discount of ~3.8 mn vehicles to July IHS² estimate of 80.8 mn LVP in 2022 leading to a stagnating market in comparison to 2021. More cautious estimate than IHS² due to uncertainty in markets and supply chains
- For H2 we expect stagnating market volumes compared to H1, which implies slight growth yoy; 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)

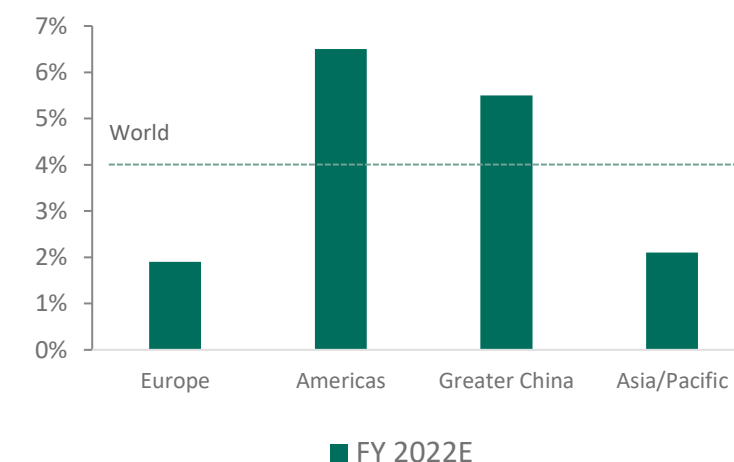
Automotive Aftermarket – Global LV Parc³



- 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%

Conclusion & Outlook

- 1 Despite unprecedented headwinds impacting our markets, solid Group performance in Q2 – Substantial progress in Order Intake in Automotive; Profit protection contribution from Aftermarket and Industrial, next to growth
- 2 Tackling the market headwinds – Proactive mitigation and adaptation to ensure highest effectiveness of our production facilities, while at the same time progressing in price realization on the commercial side
- 3 In Industrial, compelling acquisition of Ewellix, global manufacturer of actuators and linear motion solutions – Excellent strategic fit further enhancing our Industrial business
- 4 Staying the course – Secular growth drivers intact, clear transformation path in Automotive, preparedness in case of GDP/Industrial production headwinds – We execute our Roadmap 2025 priorities and will adapt to market conditions, cost discipline continuing
- 5 Uncertainty remains high on headwinds intensity for the remainder of the year – FY 2022 Guidance confirmed, supportive Automotive topline expected in H2, strong cash generation expected in the second part of the year



**Solid Q2 2022
delivery, while
coping with external
headwinds**

2022 Capital market activities

Roadshows & Conferences – With Top Management participation

Aug 5	Roadshow – <i>DACH, Stifel</i>
Aug 8	Roadshow – <i>US, UK, Credit Suisse</i>
Sep 8	Roadshow – <i>Industrial, J.P. Morgan</i>

Financial calendar 2022/2023

Aug 4	H1 2022 Earnings Release
Sep 22	InnoTrans Trade Fair, Industrial
Nov 8	9M 2022 Earnings Releases
Mar 7	FY 2022 Earnings Release

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External headwinds

- The macroeconomic, geopolitical and political situation remains exceptionally severe, complex and unprecedented
- Supply chain constraints may intensify, impacting on the availability and price developments of raw materials and energy
- The inflationary pressure on companies and households, the interest rates developments, the higher uncertainty of the GDP trajectory may compress purchasing power of end consumers and hence distort demand in the value chain
- Lastly, the still lingering pandemic risk adds to the uncertainties for the remainder of the year

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

Update

Additional KPIs	FY 2022	Comments
Order Intake E-Mobility	EUR 2 - 3 bn	Starting from 2022 the new target of EUR 2 - 3 bn applies
Capex	Around EUR 750 mn	Focus areas include Digitalization, Sustainability, Innovation & Technology and investments in New Business
Restructuring cash-out	Up to EUR 300 mn	Significant portion of extraordinary restructuring expenses in 2022 expected leading to prudent FCF guidance
Dividend Payout Policy	30 - 50%	Dividend payout ratio ² ; In April 2022 dividend payment of EUR 328 mn for FY 2021 (44% payout ratio)
Leverage ratio ¹	1.25x - 1.75x	Leverage ratio 2022 in line with Mid-term Targets
Average Tax rate	28 - 32%	Overall effective tax rate in line with pre-Covid years
FX rates		EUR/USD, Chinese Renminbi and Mexican Peso are the main exposures

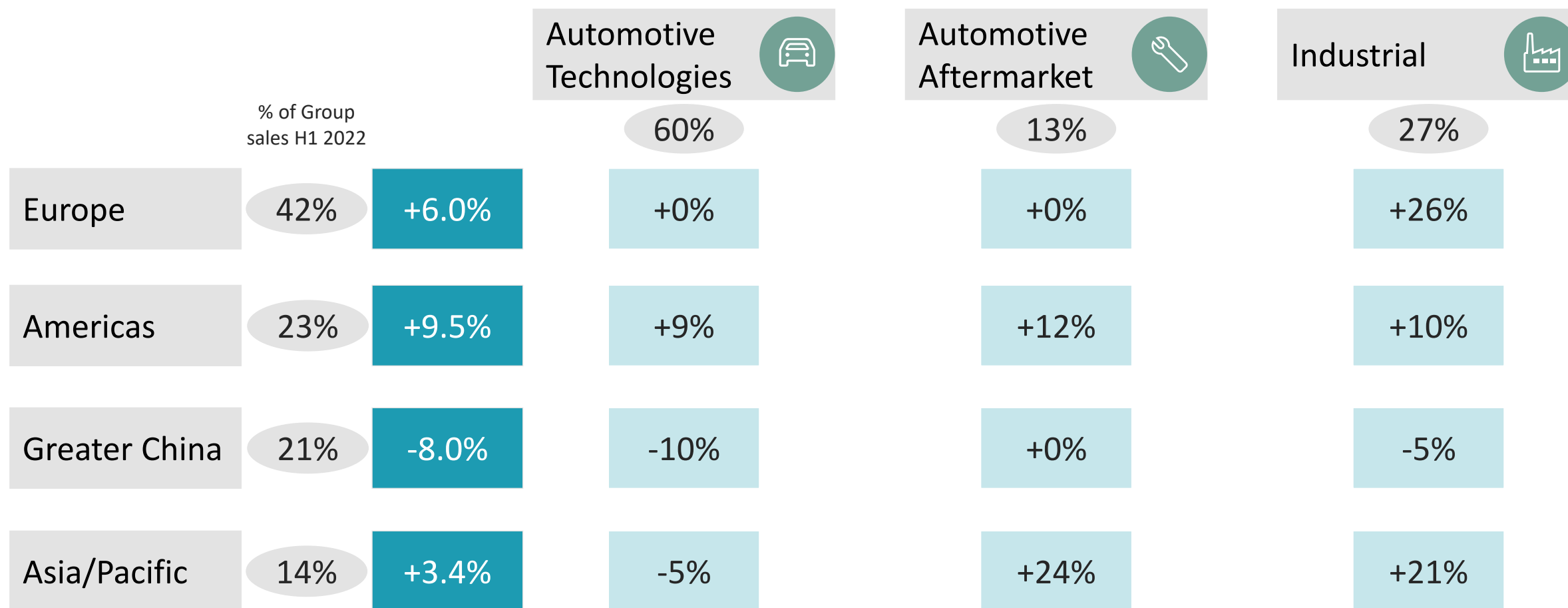
¹ Net financial debt to EBITDA ratio before special items | ² in % of Net income attributable to shareholders before special items

Key figures Q2 and H1 2022

in EUR mn	Q2 2021	Q2 2022	Q2 2022 vs. Q2 2021	H1 2021	H1 2022	H1 2022 vs. H1 2021
Sales	3,454	3,790	+9.7% +4.4% ¹	7,014	7,548	+7.6% +3.1% ¹
Gross Profit	843	832	-11 mn	1,800	1,703	-97 mn
Gross margin	24.4%	22.0%	-2.4pp	25.7%	22.6%	-3.1pp
EBIT²	305	200	-105 mn	702	458	-244 mn
EBIT margin²	8.8%	5.3%	-3.5pp	10.0%	6.1%	-3.9pp
Net income³	227	113	-114 mn	463	249	-214 mn
EPS⁴ (in EUR)	0.35	0.17	-0.18	0.70	0.38	-0.32
Schaeffler Value Added⁵	606	136	-470 mn	606	136	-470 mn
ROCE⁶	17.4%	11.6%	-5.8pp	17.4%	11.6%	-5.8pp
Free Cash Flow⁷	113	-219	-332 mn	243	-204	-447 mn
Capex	136	175	+39 mn	268	331	+64 mn
Net financial debt	2,228	2,552	+324 mn	2,228	2,552	+324 mn
Leverage ratio⁸	0.9x	1.3x	+0.4x	0.9x	1.3x	+0.4x
Headcount	83,945	82,790	-1.4%	83,945	82,790	-1.4%

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

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

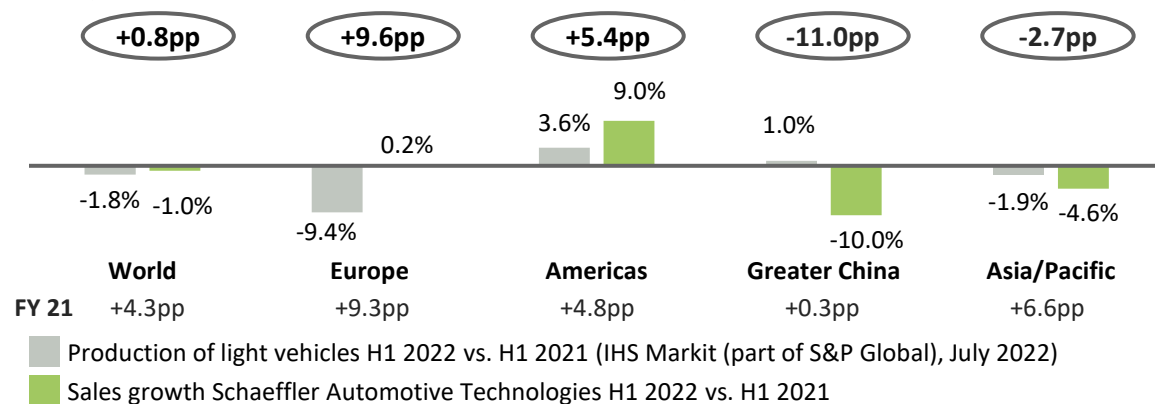
■ H1 Sales growth¹

Automotive Technologies – Growth¹ in New Business, EBIT margin² sharply burdened by increased input costs

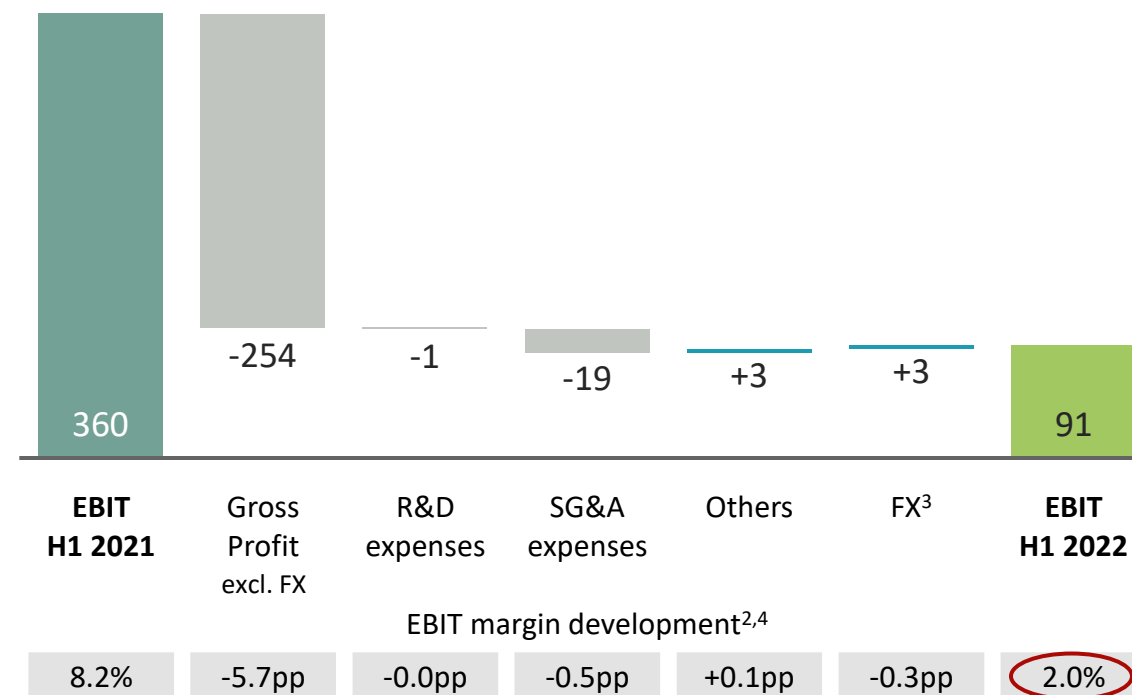
Sales by business division | yoy growth

	H1 2021	H1 2022	Δ ¹
E-Mobility	506	601	+13.0%
Engine & Transmission	2,426	2,468	-3.2%
Bearings	1,291	1,273	-4.8%
Chassis Systems	142	172	+19.0%
Total	4,365	4,515	-1.0%

Outperformance: Sales¹ vs. market development in H1



EBIT² H1 2021 vs. H1 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

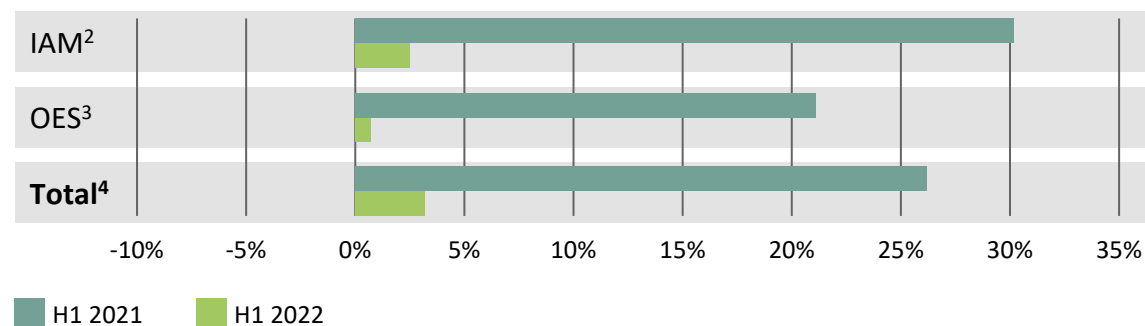
⁴ Percentage values do not sum up due to isolated calculation of each individual effect

Automotive Aftermarket – 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

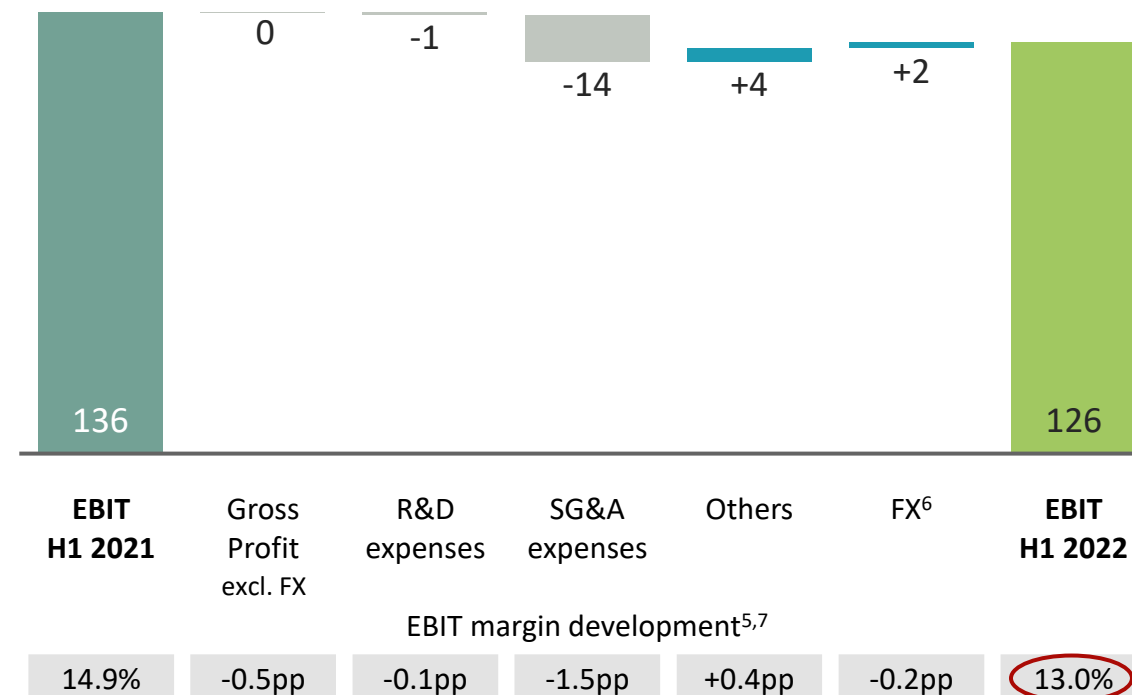
	H1 2021	H1 2022	Δ^1
Europe	644	642	-0.3%
Americas	169	209	+11.9%
Greater China	51	56	-0.1%
Asia/Pacific	48	62	+24.1%
Total	911	969	+3.2%

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 H1 2021 vs. H1 2022 | in EUR mn



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

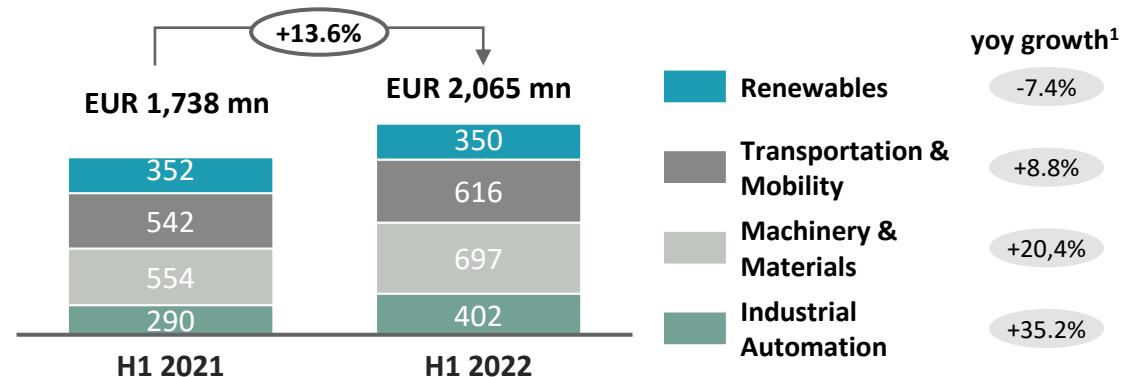
⁷ Percentage values do not sum up due to isolated calculation of each individual effect

Industrial – Strong growth¹ continued, EBIT margin² at prior-year level supported by positive price and volume effects

Sales by region | yoy growth

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

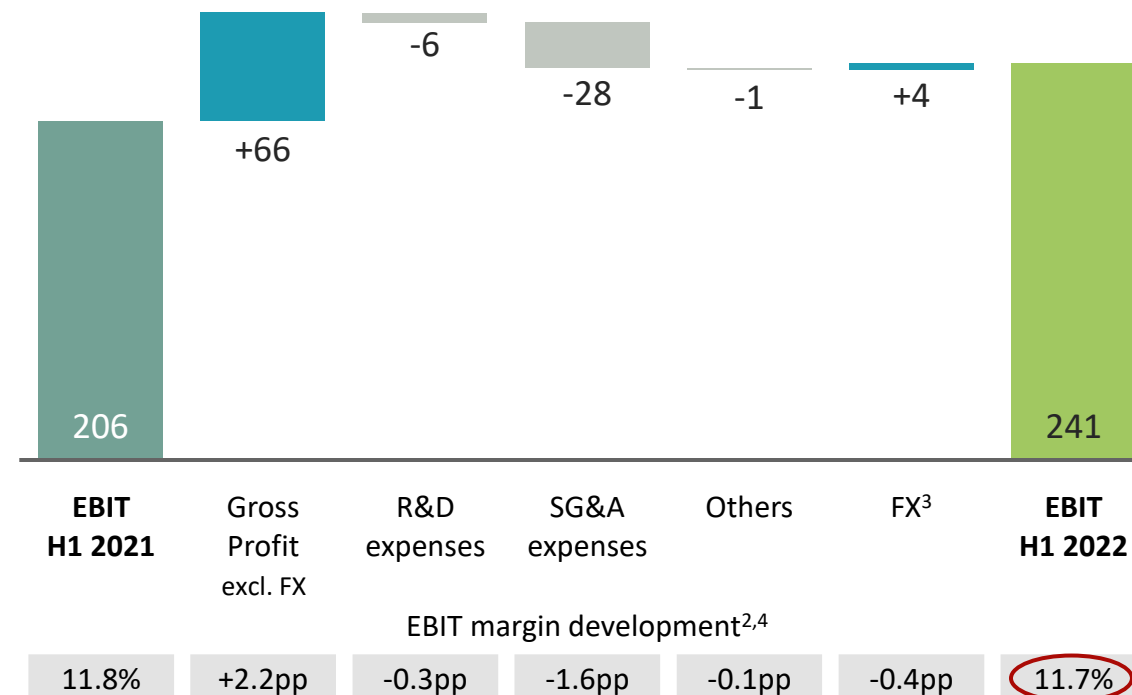
Sales by Industrial market cluster | yoy growth



¹ FX-adjusted | ² Before special items

Industrial Distribution is 30.3% of H1 sales

EBIT² H1 2021 vs. H1 2022 | in EUR mn

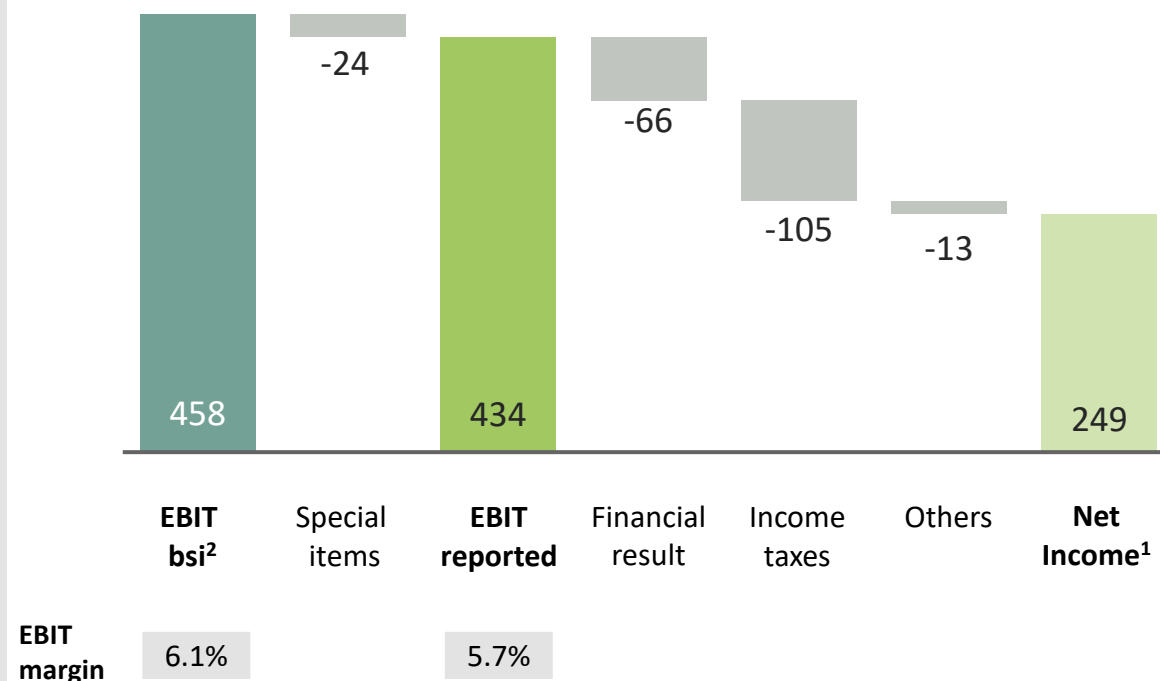


³ Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses

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

Net Income¹ – 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

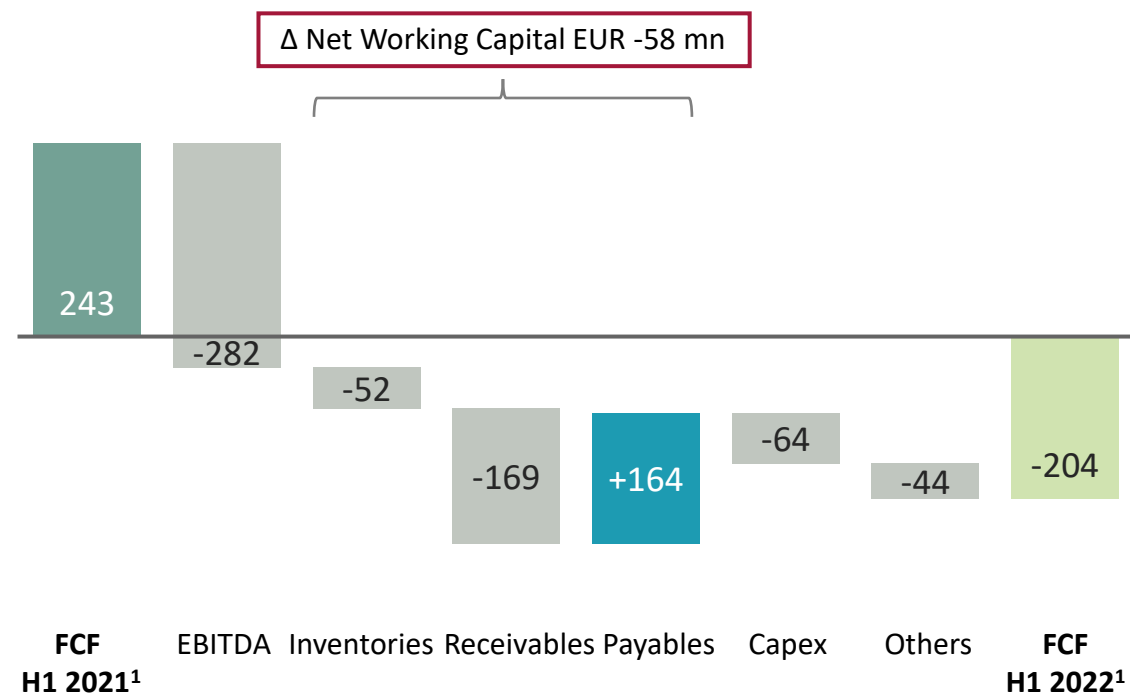
- Special items amounted to EUR 24 mn in H1, mainly related to the consolidation of the Footprint in Europe within “Roadmap 2025”
- Financial Result EUR -22 mn below prior year mainly driven by FX effects (devaluation EUR vs. USD) and interest on pensions slightly increased due to the rise in discount 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

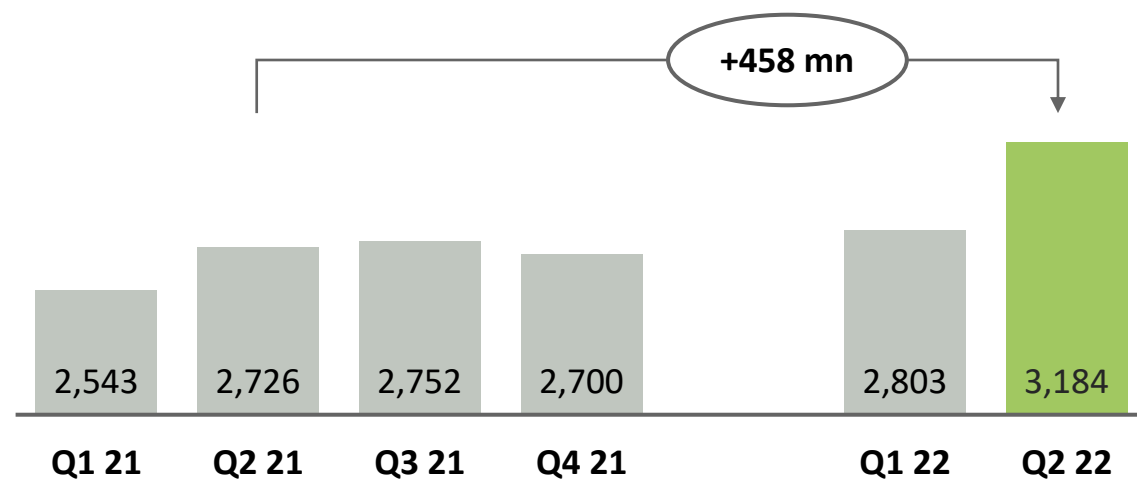
Net Working Capital details | in EUR mn

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	-

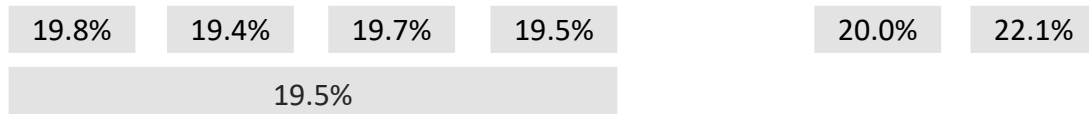
² in % of sales (LTM)

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

Working capital¹ | in EUR mn

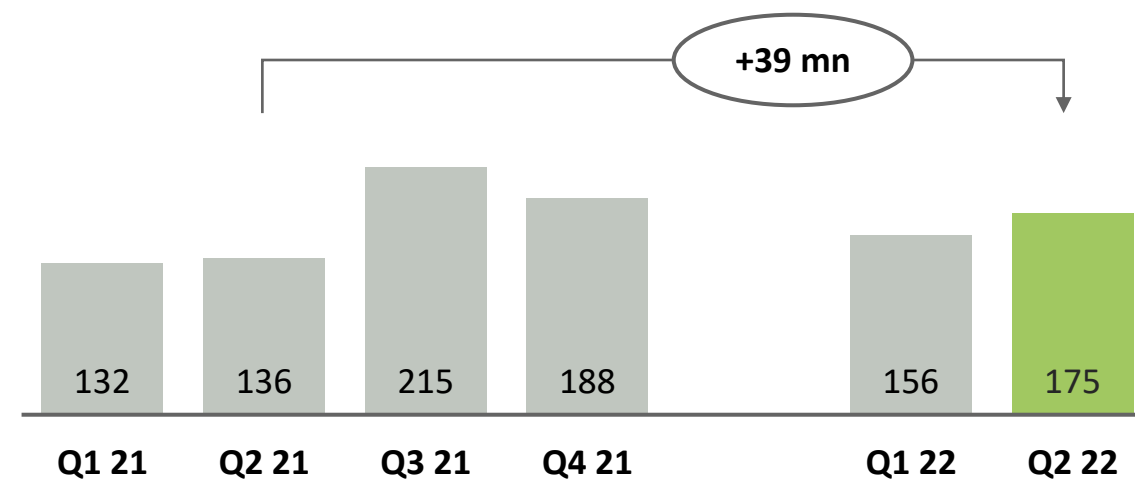


in % of sales (LTM)

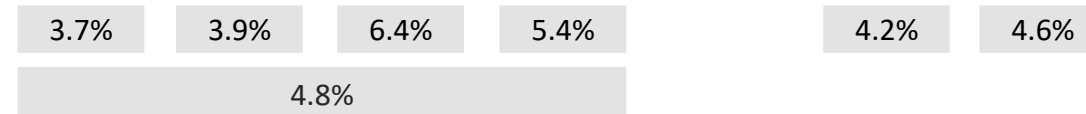


¹ According to balance sheet; figures as per the end of period

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

Automotive Aftermarket | in EUR mn

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

Adjusted comparative
figures 2021

Automotive Technologies | in EUR mn

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

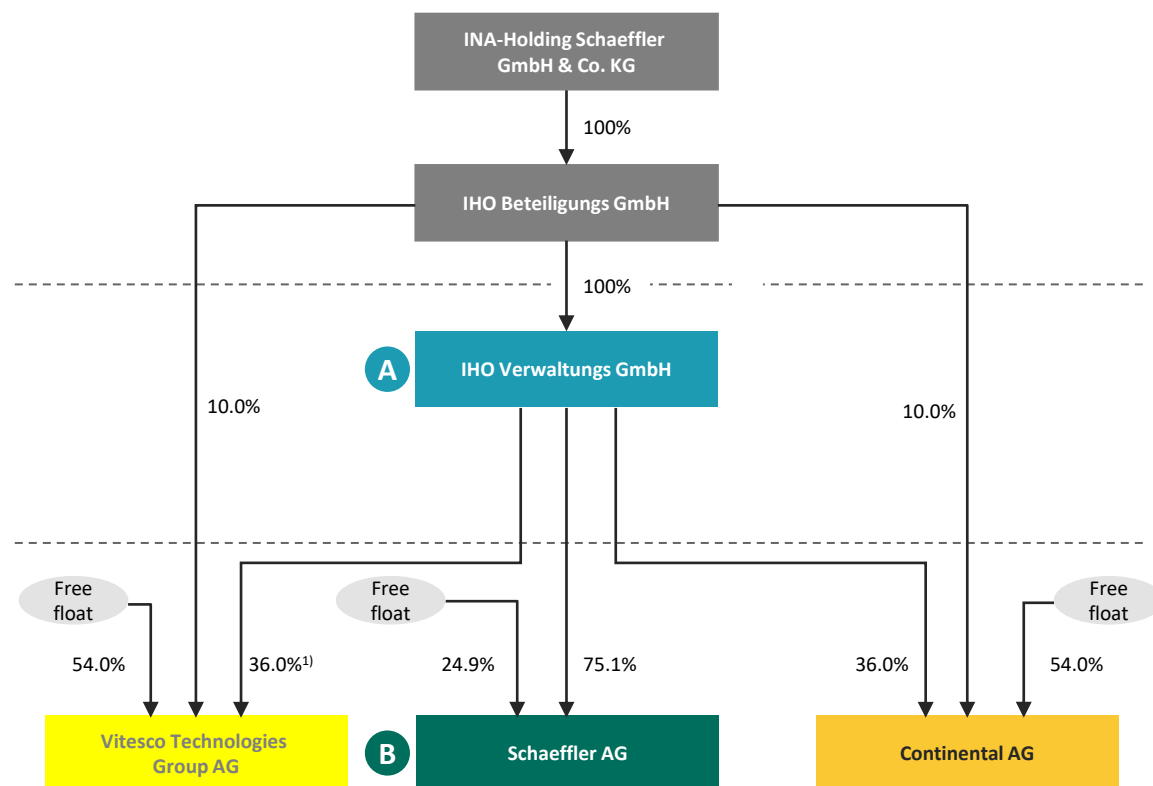
Industrial | in EUR mn

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

¹ FX-adjusted

Overview Corporate and Financing Structure

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



¹ On July 4, 2022, IHO Verwaltungs GmbH announced to increase its stake in Vitesco Technologies Group AG to 39.99%.

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