COMMENTED SLIDES / CONFERENCE CALL Q3 AND 9M 2022 EARNINGS

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Q3 and 9M 2022 Schaeffler AG earnings

Earnings Call
November 8, 2022
Herzogenaurach

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Company Representatives

Klaus Rosenfeld, CEO
Claus Bauer, CFO
Renata Casaro, Head of Investor Relations

Conference Call (Active) Participants

Alexander Wahl, *Stifel*
Marc-René Tonn, *Warburg*
Christoph Laskawi, *Deutsche Bank*
Jemma Permalloo, *JP Morgan*
Edoardo Spina, *HSBC*
Himanshu Agarwal, *Jefferies*

Renata Casaro

Dear investors, dear analysts, good morning. Today, for the third quarter release of the Schaeffler Group. Here in Herzogenaurach are present, Mr. Klaus Rosenfeld, the CEO of Schaeffler Group, and Mr. Claus Bauer, the CFO of Schaeffler Group, and together with us from the IR team. But without further ado, let's start the call. Klaus, the floor is yours.

Klaus Rosenfeld

Renata, thank you very much. Ladies and gentlemen, welcome to our Q3 call. I'm happy to report a good Q3 2022, as you saw in the documents that were distributed to you. Following your advice that we should be crisper, I will try to be very short at the beginning here and do not repeat what you could already read but give you some flavour around it, and Claus is going to take over to leave enough room for your questions.

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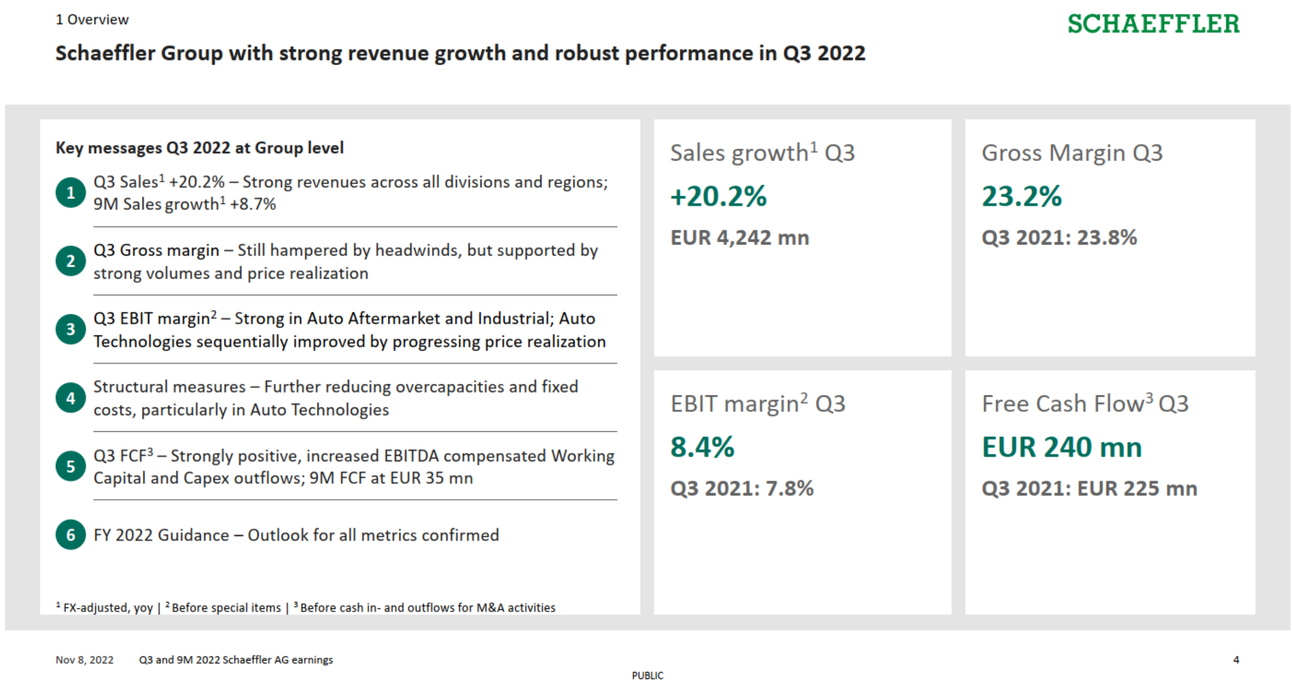
Agenda

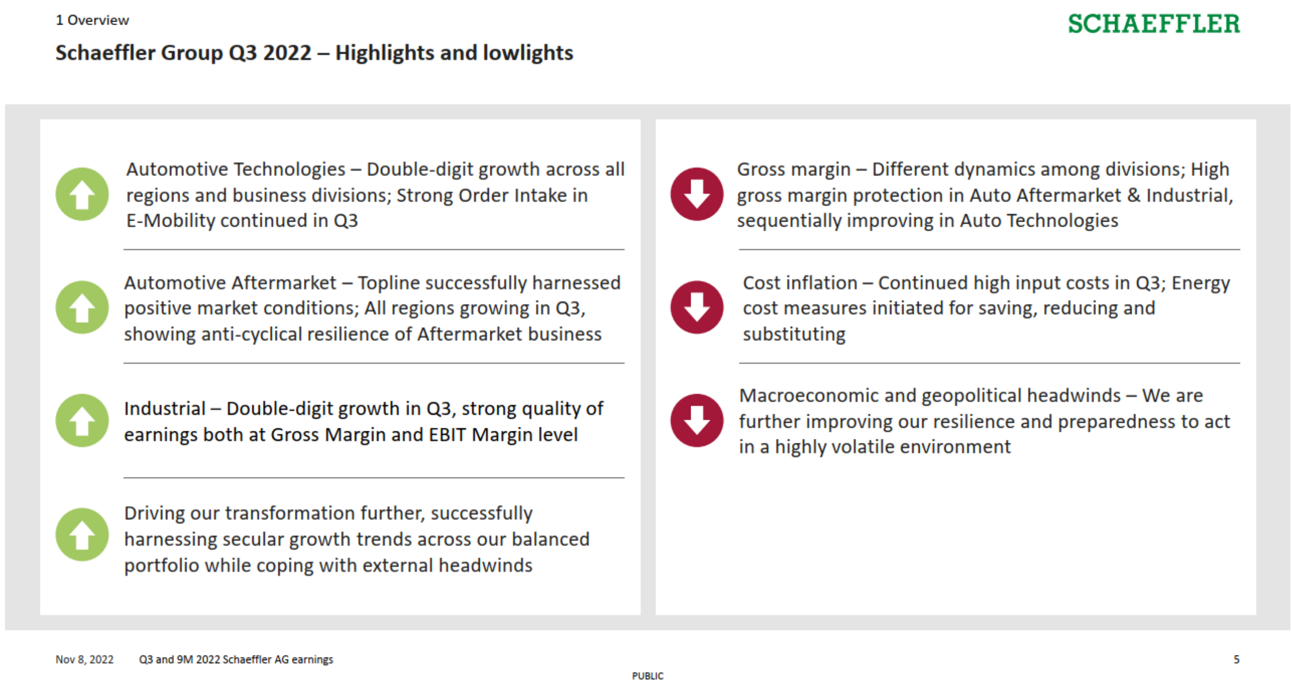


Klaus Rosenfeld

So on Page 4, you have the key parameters that all point in the right direction; 20% growth across all divisions and regions, really positive. Gross margin, more or less on the same level like Q3 2021, clearly room for further improvement. That's also one of the reasons why we put in the structural measures in Automotive.

EBIT margin, really strong in Industrial. We are very happy about that result. It's clearly benefiting from all the measures that we have put in place in the last years. And clearly, also, with a positive outlook for the rest of the year and also Automotive Aftermarket showing strength. In Auto Technologies, there is more work to be done, and that's why we decided to start this additional program of structural measures with 1,300 jobs to be reduced, overcapacity being reduced in particular, where we have still combustion engine activities and also fixed cost to be brought down.

Free cash flow is strongly positive as expected. EUR 240 million is more or less what you probably expected. And I'm very certain that the above EUR 250 million guidance for the year 2022 will be met. So, on guidance, outlook for all metrics confirmed. And I think I can say we are pointing to the upper end of the range for the rest of the year.



Now the highlights and lowlights here on page five, very briefly. Positive in Automotive Technologies. Double-digit growth across the regions and across the business divisions. Strong Order Intake in E-Mobility continued. 4.7 bn speaks for itself, significantly above our 2-3 bn target.

Automotive Aftermarket is benefiting from the environment, because in this environment, also for the year to come, people will rather repair cars than buy new cars. All regions growing, and what I just said points to the anti-cyclical nature and resilience of our Aftermarket business. So, we're expecting also here good forward-looking developments.

In Industrial, again the champion in the portfolio, double-digit growth plus improved earnings quality. Also relative to peers, that's exactly the right direction. Stefan does a tremendous job here. And it also justifies why we are acquiring and building a pipeline of external growth opportunities.

This all together, that's the fourth bullet point, tells you that we are driving our transformation forward. Despite the headwinds that we have, the balanced portfolio pays off, and we will continue to harness the mega growth trends of the future.

On the negative side, where am I unhappy? As I said before, Automotive Technologies has to do more work, in particular on Gross margin. That's the health indicator of the business. In Industrial and Automotive Aftermarket, that's pointing in the right direction, and we are here, in Automotive Technologies, sequentially improving.

The second bigger concern is cost inflation. I think we can demonstrate in this quarter that we have achieved what we promised in terms of sales recovery. However, input costs are continued to be increasing high, in certain areas stabilizing, in other areas increasing. We still need to wait, what the labour side is going to look like. And therefore, saving, reducing, substitution efficiency measures are absolutely necessary going forward, and here we need to do more.

Then last point, what also is the main theme of this presentation, in this environment, with the macroeconomic and geopolitical headwinds, it’s all about efficiency, preparedness for a continuously volatile environment, and also strict execution.

1 Overview

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Q3 2022 Sales[1] development – All regions and divisions contributed to the strong growth in Q3 2022

	% of Group sales Q3 2022		Automotive Technologies 60%	Automotive Aftermarket 13%	Industrial 27%
Europe	40%	+22.8%	+34%	+5%	+19%
Americas	22%	+16.3%	+22%	+1%	+11%
Greater China	25%	+24.8%	+25%	+24%	+25%
Asia/Pacific	13%	+11.2%	+13%	+8%	+8%

[1] Q3 FX-adjusted sales growth, please refer to the Interim Statement for further details

Q3 Sales growth[1]

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Next, page six just tells you the breakdown of the 20%. It just proves that every part of our portfolio, both divisionally and regionally, contributed to the strong growth in Q3. That’s positive.

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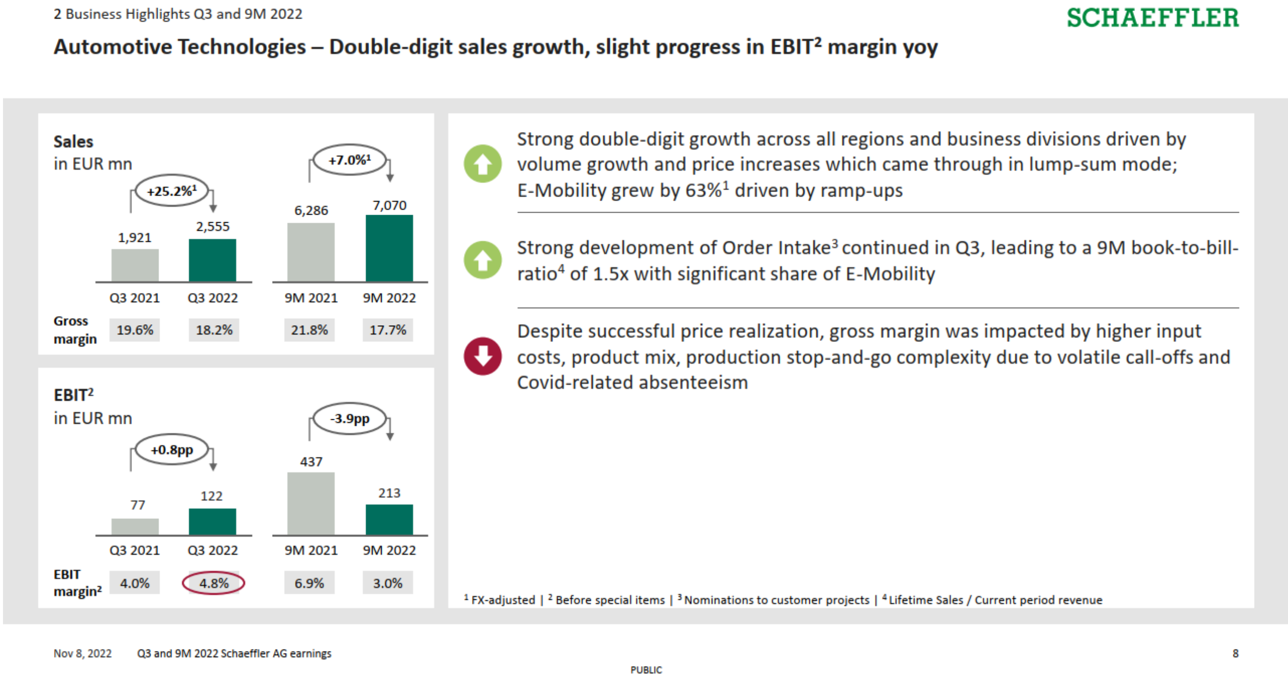
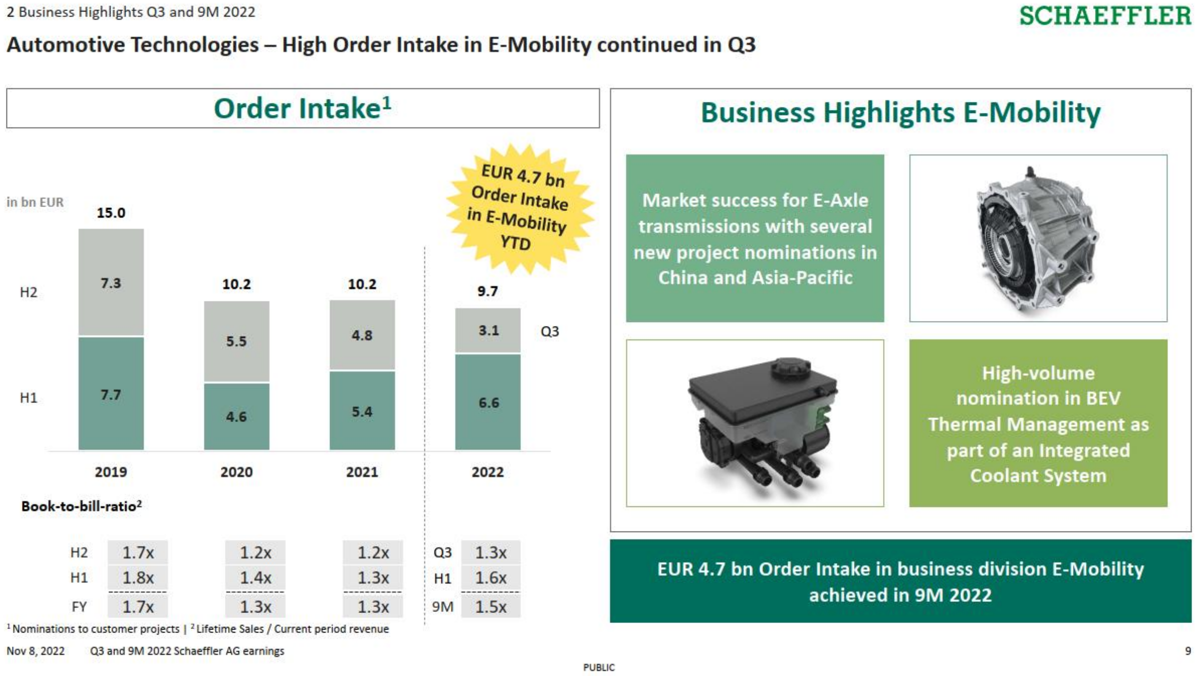
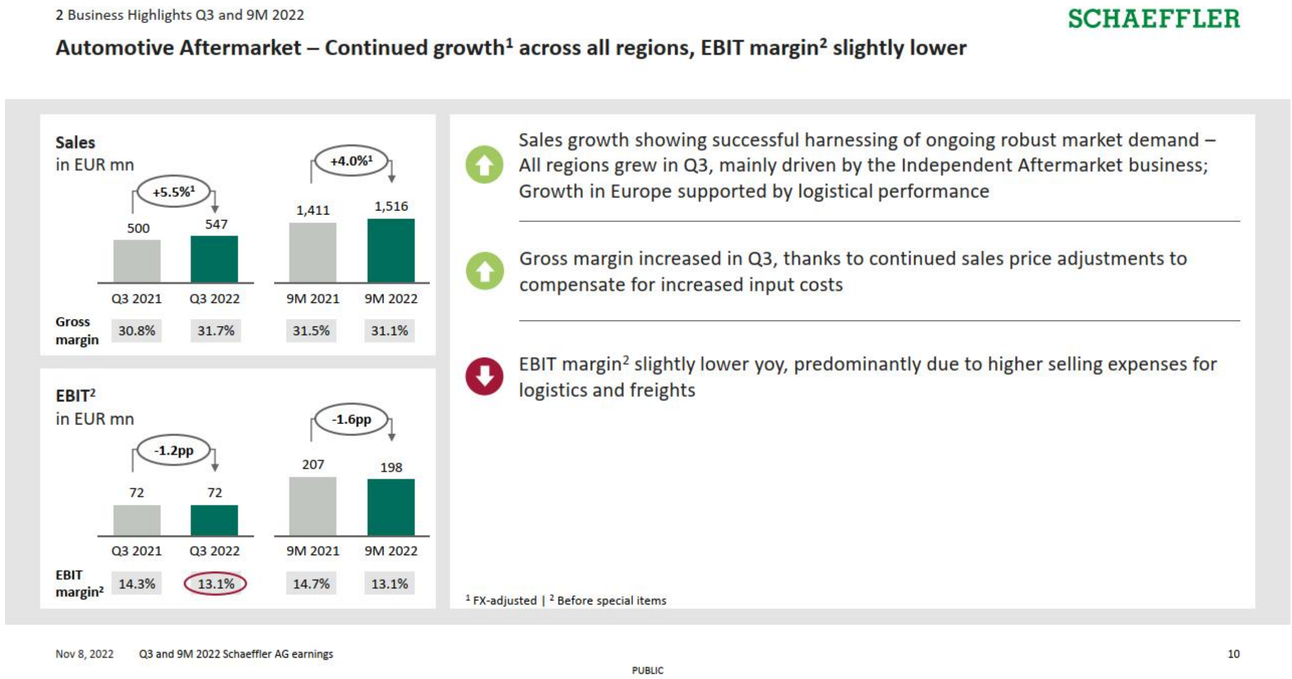


And then on the next pages, you have the different divisions. I'm not going to read that to you. I already mentioned the most important parts. 4.7 billion Order Intake. Let me repeat it. And also, in terms of margin, the positive highlight is the 4.8% in Q3. That then leads to a 3% margin for the nine months 2022, clearly above our guidance of 2.5% and above.



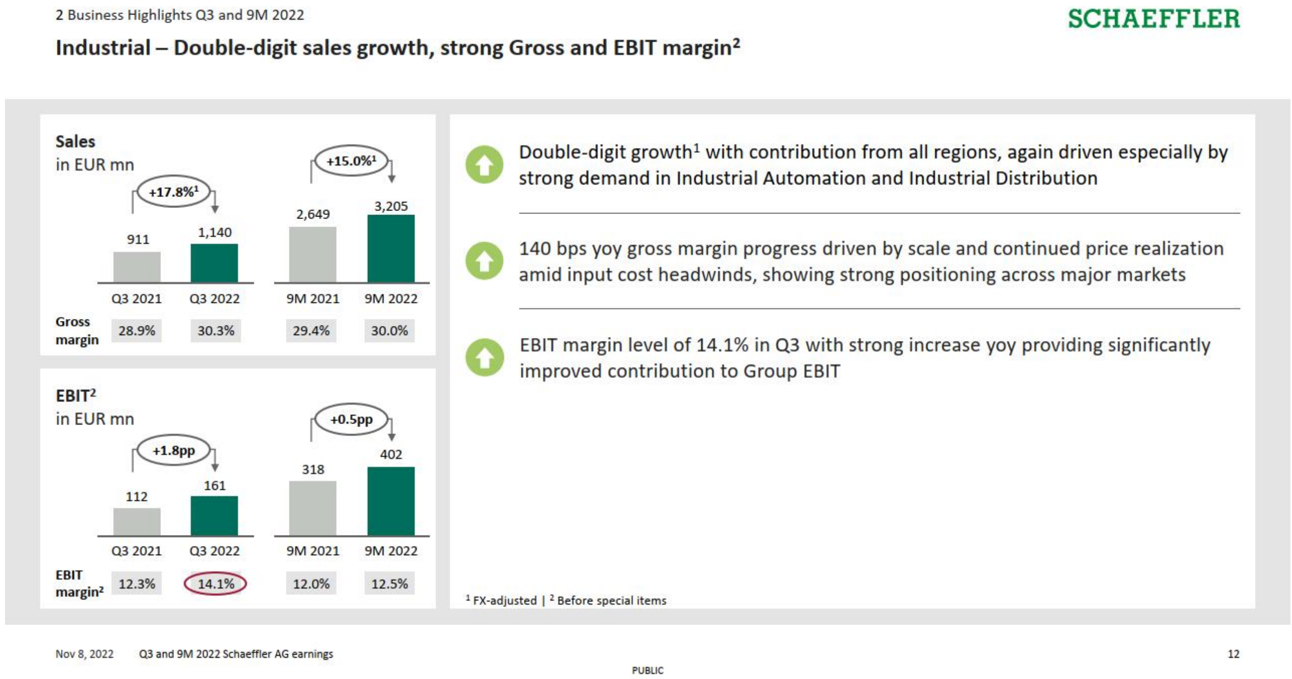
You see the breakdown of the Order Intake on page nine. I leave that to you.



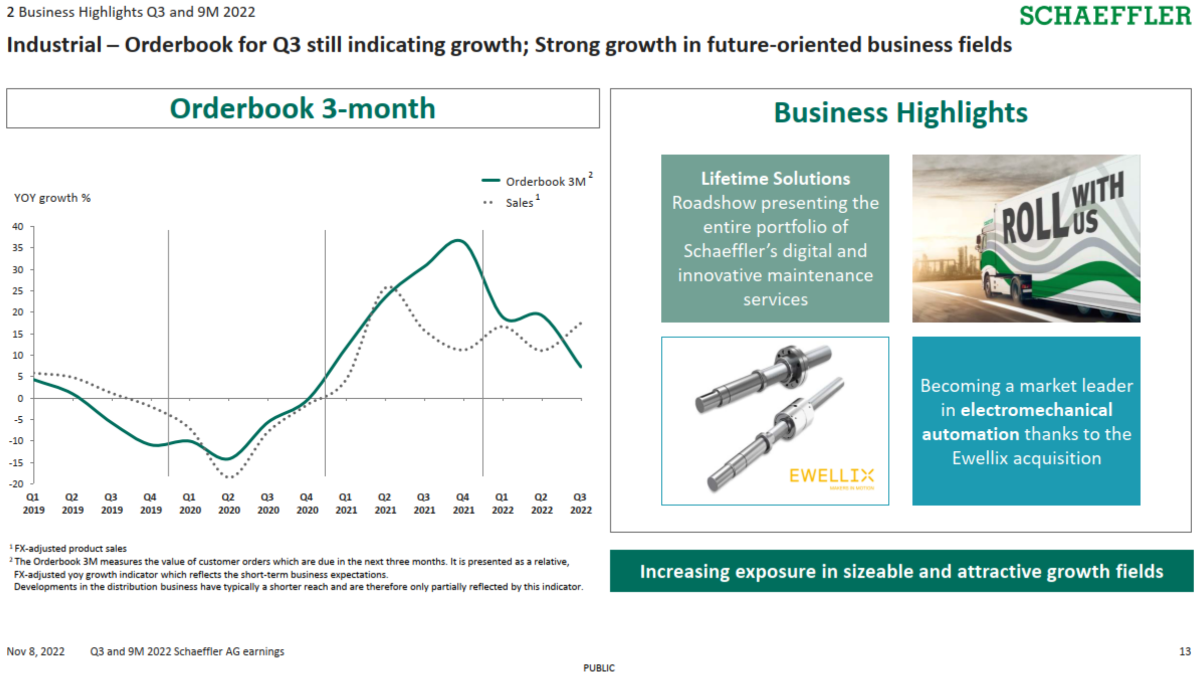
And then Aftermarket on the next page, page ten. Sales growth still rather moderate. You see the Gross Profit margin more or less capped. And then an EBIT margin of 13.1%. More to come here. Some of this margin is clearly a function of the higher selling expenses and logistics and freight costs. Let's see how that develops.

Where we are very happy is the way how the Aftermarket develops also for the new world. This example here, and some of you saw that when we invited you to Automechanika, on page 11, is the first E-Axle repair solution. That is the new world.

And with our pilot application for a Golf, e-Golf of VW, that seems to be a unique selling point here. And certainly, a unique solution in the Aftermarket, shows our readiness also for E-Mobility solutions in that area.



And then 12, Industrial, I think it speaks for itself. 14% margin in a Q3 should not be extrapolated that easily, but we are positive that the positive trend as such is going to continue. This clearly shows what I would like to see, 15% growth in terms of sales and also margin improvement. That's definitely the right direction. And it comes across the board, so all the efforts from the last years start to pay off, and it justifies, as I said, also external growth opportunities.



And as you see on the next page, page 13, Ewellix is well underway. It's the right acquisition. And you also saw that we put in place the financing that is necessary here. Claus and his team have done an excellent job here in this environment to pull off a 2.5 billion refinancing. Not an easy task, but very well executed and exactly right on time. So, we are also happy here about the financial flexibility.

And let me reiterate here for all of you that look at Schaeffler as an Automotive supplier, if you just look at the Sales, you see 25% share of Industrial, but if you look at the EBIT, you see that 50% is coming from that area. And that tells you that Schaeffler is more than just an Automotive supplier. We are an Automotive and Industrial supplier, and we will continue on that path, because exactly that diversification gives us the resilience that is needed for the next years.

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Capital allocation – Capex prioritizing investments in growth business and regions, Capex ratio² of 5.2% in Q3

Investment¹ allocation | in EUR mn

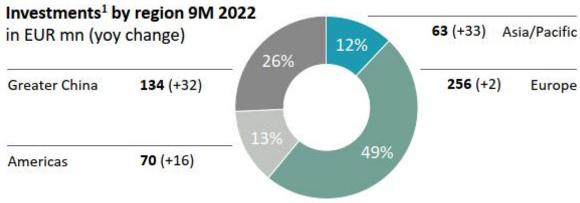
	FY 20	FY 21	Q3 21	Q3 22	9M 22
Automotive Technologies	378	428	126	147	345
Automotive Aftermarket	26	20	5	9	22
Industrial	234	223	67	62	156
Schaeffler Group	**639**	**670**	**198**	**219**	**522**
Capex	**632**	**671**	**215**	**219**	**551**
Capex ratio²	**5.0%**	**4.8%**	**6.4%**	**5.2%**	**4.7%**
Reinvestment Rate	**0.7**	**0.7**	**0.9**	**1.0**	**0.8**

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

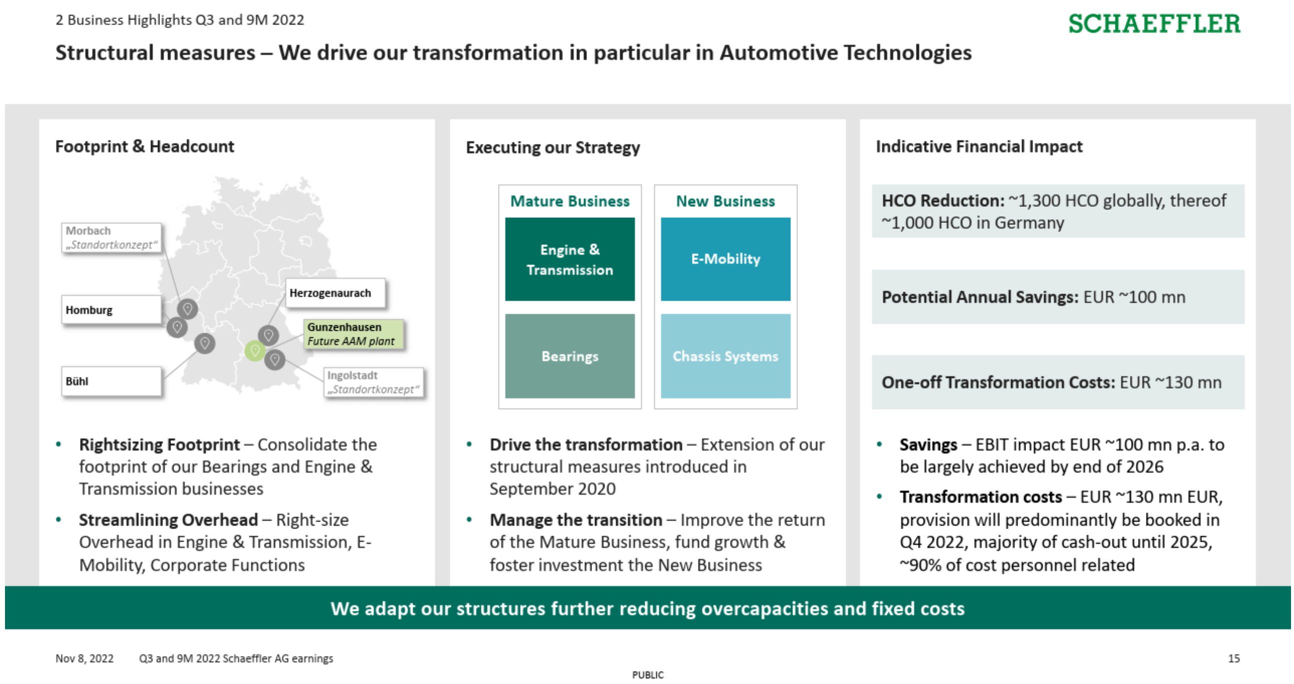
Key aspects Q3 2022

- Reinvestment Rate Target: Continued prioritization of Industrial division and BD E-Mobility; <0.5 in BD Bearings and Engine & Transmission
- Automotive Technologies: Investments in production machinery and tools for E-motor components in China
- Industrial: New production line large size bearings and logistics hall in Romania and capacity expansion ball bearings hall in Vietnam
- Capex FY 2022e: Around EUR 750 mn

Investments¹ by region 9M 2022
in EUR mn (yoy change)



Capital allocation, nothing important to report here, page 14. Reinvestment Rate at 0.8. EUR 551 mn Capex for the first nine months. We are careful with our investments and follow the strict capital allocation logic. And I think what we said around 750 for the rest of the year seems to be a very good indicator.



Now let's go to 15 and spend a minute here before I hand over to Claus. This is the summary of our structural measures that we put under the motto: We drive our transformation in particular in Automotive Technologies.

What's happening here is we are seeing and perceiving an acceleration in terms of the portfolio adjustments, Mature Business, in particular also outside Europe, going down faster than expected, at the same time, New Business growing and accelerating. That's why we decided that we also need to further adjust in our overhead cost and also in terms of the footprint.

What's happening here is we are releasing 1,300 jobs: 1,000 in Germany, 300 outside Germany. In Germany, it's basically three main locations, Homburg, Bühl and Herzogenaurach, plus two smaller locations where we will start a dialogue with our workers council about the future of these smaller locations.

And then in green on the page, an important third element of the program is Gunzenhausen. Gunzenhausen is a smaller plant that today already manufactures parts for the Automotive Aftermarket business. We all believe that the Aftermarket and the combustion engine components in the Aftermarket will live longer than the OEM business, and therefore, it's important that we have there the right production concept.

You can imagine that a serious production of a million parts for a carmaker, for an OEM, is something different than lower lot sizes for Aftermarket. And therefore, readjusting the production concept in a plant like Gunzenhausen is of the essence.

And that's what we're doing here, is to some extent the first Automotive Aftermarket plant. It will come in effect in 2024.
But clearly, the point tells you about the way how we think about this transformation in the most efficient way. The numbers are clear. Potential savings, 100 million. You saw that. We need 1.3 times or 130 million one-off transformation costs. That's all well in line with what we did in the past, and we think we can achieve more or less 100% of the savings by end of 2026.
So that's the program. It is, from my point of view, a necessary step. We are starting the negotiations with workers council now. We have the long experience with them. It was very friendly when we prepared for this, and we hope that we get this done in a very efficient manner. With that, I hand over to Claus for the financial results. Thank you very much.

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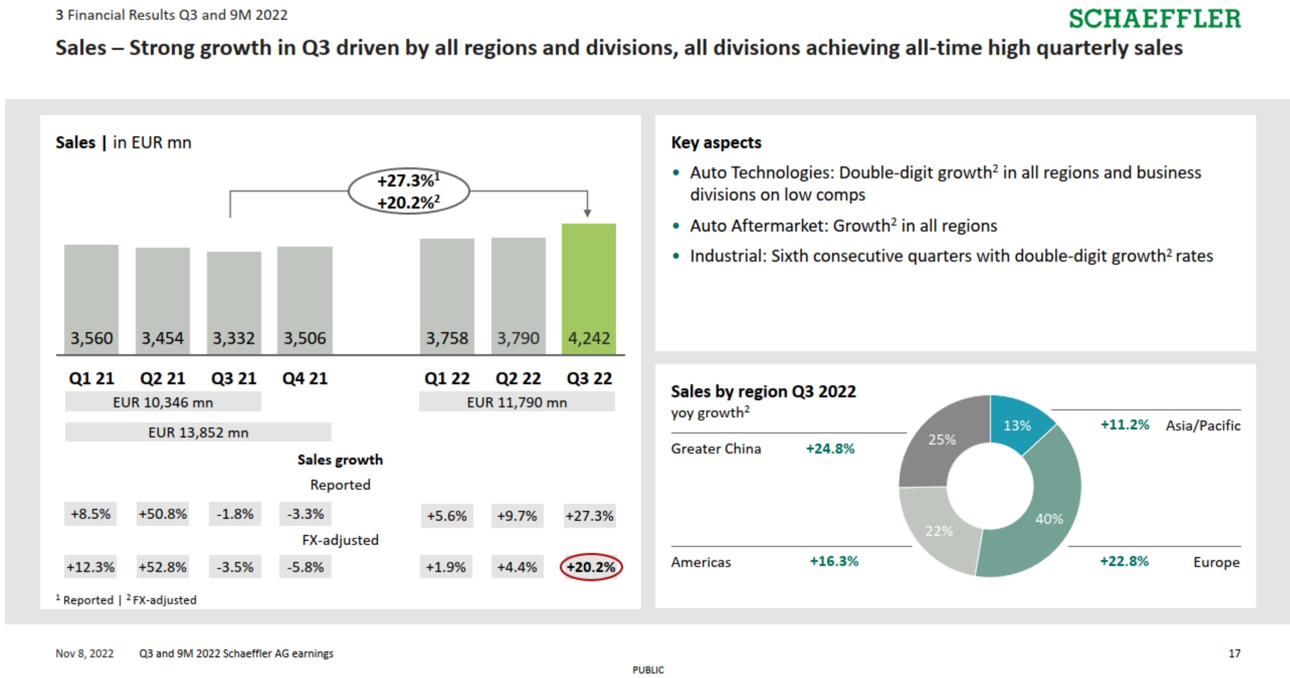

Claus Bauer

Yes, thank you, Klaus. Let me now give you a little bit more flavour on the numbers. Q3 was in many aspects the robust quarter that we anticipated when we also last talked to you. Versus the first half of 2022, we definitely benefited from stronger volumes, continuing price recovery, also retroactive lump sum price recoveries in Automotive.

And as I said, stronger sales volumes also supported by our tactical inventory increases that we explained in the past. All divisions, you have seen, are achieving all-time high quarterly sales, and you see on the bottom right here, also all regions contributed, as Klaus already said.

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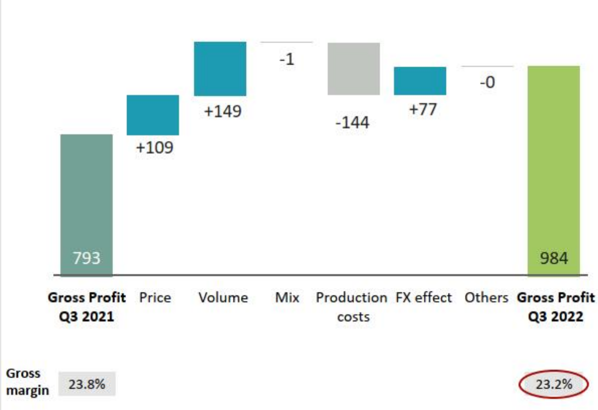
Gross Profit – Positive pricing and volumes compensating higher production costs

Gross Profit Q3 2021 vs. Q3 2022 | in EUR mn



Key aspects

- Pricing: Sequentially improved in all divisions, price increases including retroactive lump sum payments in Auto Technologies in Q3
- Volumes: Strong increase in Auto Technologies and Industrial
- Production costs: Significantly higher yoy in all three divisions due to continued high input costs
- Energy costs: In 9M 2022 slightly above 2% of Group sales

Gross margin

in % of sales	Q3 21	Q3 22	Q3 22 vs. Q3 21	9M 21	9M 22	9M 22 vs. 9M 21
Automotive Technologies	19.6%	18.2%	-1.4pp	21.8%	17.7%	-4.0pp
Automotive Aftermarket	30.8%	31.7%	+0.9pp	31.5%	31.1%	-0.4pp
Industrial	28.9%	30.3%	+1.4pp	29.4%	30.0%	+0.5pp
Group	23.8%	23.2%	-0.6pp	25.1%	22.8%	-2.3pp

As it relates to Gross Profit, on the next slide, I already mentioned there was a retroactive price increase for Automotive that we anticipated and also explained to you also for the half-year results. You see, on the bottom right, that the nine-month margin development for Automotive Aftermarket and Industrial are in line.

What might raise some questions is the minus four percentage points change in the Automotive Technologies margin versus the nine months of prior year. Remember, the first half of 2021 was still under the recovery of the COVID lockdowns. Price and volume and especially overhead cost ratios were still distorted by the savings and special programs at that time. So that's about half of this split.

And then you have, as we explained in the past, production inefficiencies. Sickness rates are higher, absenteeism due to COVID and the call-off volatility that really makes it more difficult to be at the absolutely efficient lot sizes, especially for Automotive. That's around half a percentage point that explains that deviation. And the rest of that is the net price impact that we bear so far ourselves.

When we talk about that and when we talk about the nine months, I explained to you, the first half of the year, we still had some negotiations ongoing with customers. You also remember, we started these negotiations at the end of last year. But these were very tedious, sometimes on a part number-level discussions and negotiations, and there was some retroactive payment that really concerned the first half of the year in the third quarter.

But if you now look at the nine months in total, you see actually a pretty realistic underlying picture, also for Automotive Technologies. And as Klaus already alluded to, it’s definitely one of the areas that we have to continue with our very disciplined work to improve profitability.

3 Financial Results Q3 and 9M 2022

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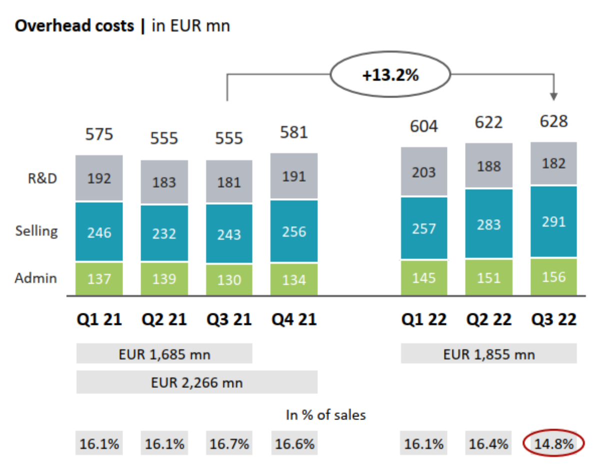
Overhead costs – Cost ratio below previous year, continued high costs for freight and logistics



Key aspects

- R&D: In line with previous year
- Selling expenses: Increase yoy due to higher freight/logistics and warehousing costs due to volume and price; normalized marketing activities
- Admin cost: Rise yoy due to increased activities for IT & Digitalization

Overhead cost ratio

in % of sales	Q3 21	Q3 22	Q3 22 vs. Q3 21	9M 21	9M 22	9M 22 vs. 9M 21
Automotive Technologies	15.8%	12.8%	-3.0pp	15.1%	14.3%	-0.8pp
Automotive Aftermarket	17.2%	18.6%	+1.5pp	17.3%	18.4%	+1.2pp
Industrial	18.2%	17.5%	-0.7pp	18.5%	17.7%	-0.9pp
Group	16.7%	14.8%	-1.9pp	16.3%	15.7%	-0.6pp

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Next slide talks about Overhead expenses. I won’t spend a lot of time here. You see, from an absolute level, absolutely unspectacular there. You see the ratio of 14.8% marked down at the left chart. This is not, as you see, due to the absolute spending but rather the high sales volume in the third quarter.

Selling expenses might stand out as higher or sequentially higher, as you see here. I think I explained it already the last time. There is obviously also a price impact in the selling expenses for increased logistics cost, but also, as you can imagine, there’s a lot of outgoing freight and logistics, especially from our Industrial and Automotive Aftermarket divisions that have significant volume growth here. And last but not least, also our efforts in regard to marketing activities have normalized and now are at the pre-COVID level, if you will.

3 Financial Results Q3 and 9M 2022

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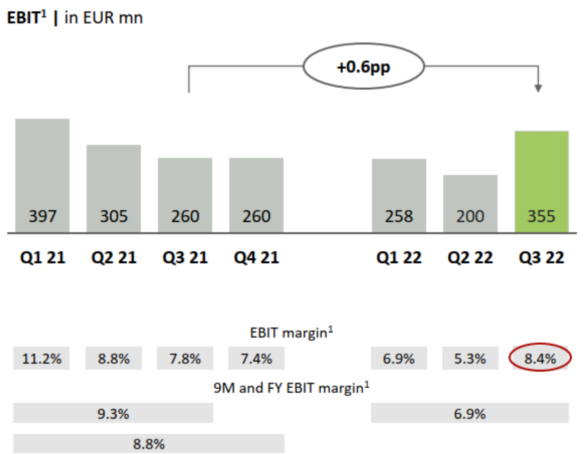
Robust EBIT margin[1] – Strong margin in Industrial and Aftermarket, Automotive Technologies margin improved



[1] Before special items

Key aspects

- Robust Q3 EBIT margin[1] of 8.4%
- Auto Technologies margin: Higher yoy and sequentially driven by positive volume and price effects, part of it related to retroactive price catch-up
- Auto Aftermarket margin: Sequentially improved but below prior year due to higher selling costs
- Industrial margin: Exceptionally strong Q3 margin, increase driven by positive scale and price effects

EBIT margin[1]

in % of sales	Q3 21	Q3 22	Q3 22 vs. Q3 21	9M 21	9M 22	9M 22 vs. 9M 21
Automotive Technologies	4.0%	4.8%	+0.8pp	6.9%	3.0%	-3.9pp
Automotive Aftermarket	14.3%	13.1%	-1.2pp	14.7%	13.1%	-1.6pp
Industrial	12.3%	14.1%	+1.8pp	12.0%	12.5%	+0.5pp
Group	7.8%	8.4%	+0.6pp	9.3%	6.9%	-2.4pp

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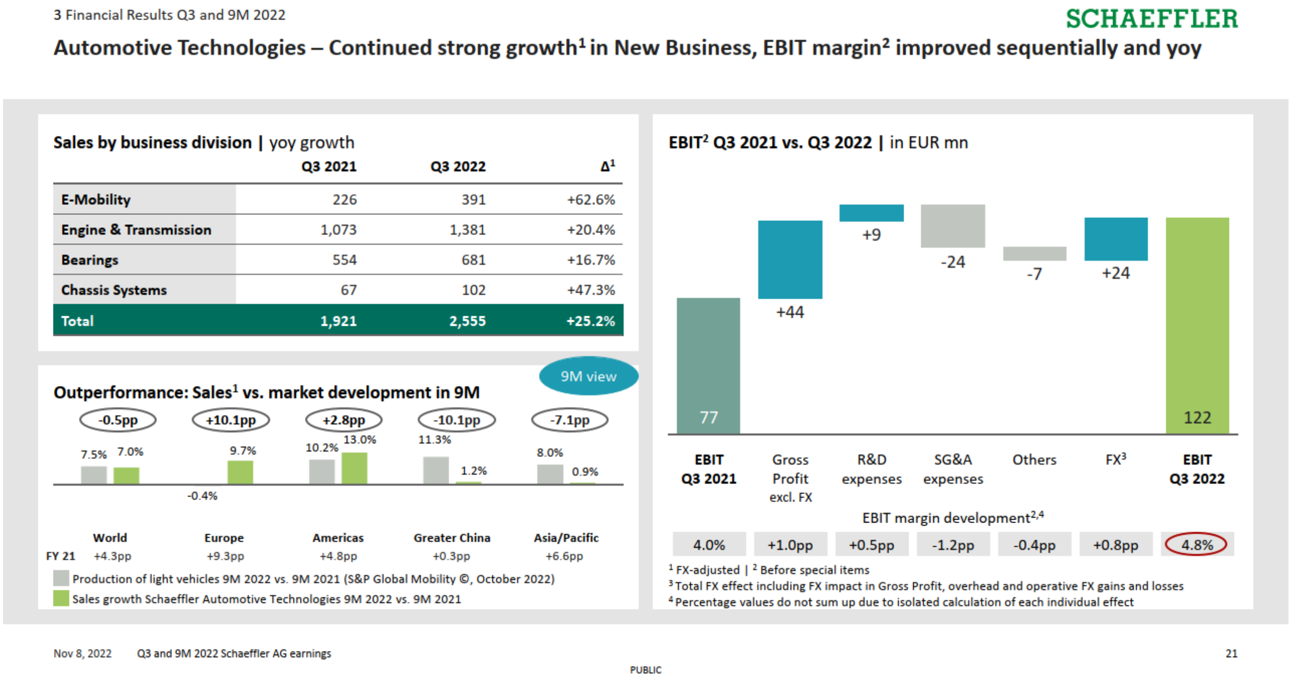
EBIT. Also here, EBIT is just following what I already explained in Gross margin and especially Overhead. You see, with 8.4%, definitely a highlight. Maybe also interesting if you now compare that to the second half-year of 21.

As I said, the first half of the year, especially the first quarter of 21, was still impacted by distorted cost ratios due to COVID savings. But if you compare it to Q2 following, of the last year, then we are at the same range as we have achieved last year, and obviously then dealing very well with the increased inflationary cost pressure that we have addressed since then and updated you on a regular basis.

Let me say, the 8.4% has, if I now calculate the one-time lump sum impact from the retroactive price adjustment in Automotive Technologies, if I normalize for that, then I had to shift around 60 basis points from Q3 into the first half of the year just to give you an idea, how much that is on a group level. But I mean the math we walked through last time when we talked about Q2 and our anticipation of this lump sum payment then in Q3.



Next page now talking a little bit more about Automotive Technologies. I think Klaus already mentioned in his overview the most important points. Maybe new on this slide and also definitely interesting is the outperformance calculation on the bottom left.

You see here the picture for Europe, with an outperformance of ten percentage points. That is as we anticipated actually. We told you that we think outperformance, especially in Europe, will be above also our target range. That also is testimony obviously of our successful price recovery actions again.

Now, if you look at the nine-month split, why we also pulled up the nine-month view here and not the quarterly view, the distortion of the one-time lump sum payment in Q3 is normalized, so that it’s a fair comparison.

On the other side, you see significant underperformance in China. And that has really two reasons. First, in a volatile environment, and we definitely had that in China with the COVID lockdowns in Q2 and then strong recovery in Q3, the correlation between car production volumes and our sales is also distorted, at least on a quarterly basis, so it’s very difficult to draw conclusions.

But maybe even more importantly, because it’s more systemic, is the fact, and you are all aware of that, that the E-Mobility segment in China, especially with the domestic OEMs, increased over-proportionally, which means the traditionally mature business obviously then decreased, or increased under-proportionally, but in relative terms decreased.

And as you're aware, we are not really proportionally represented in the first-generation domestic E-Mobility players in China. That will, over time, correct itself because we now are much stronger, and I would also say proportionally represented in the next generation, but that will take some time until that is washed out.

You see then, coming to the right side, I'm only talking about the EBIT margin, 4.8%. I already told you, around 60 basis points is the impact for the total group. You can do the math. Around 100 basis points is the one-time impact of the retroactive lump sum adjustment that really concerned half-year one. And on a nine-month basis, we are now pretty balanced and have every price negotiated and in place.

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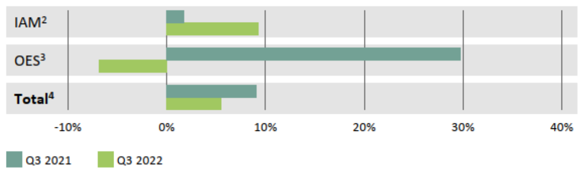
Automotive Aftermarket – Moderate growth[1] driven by Europe and Greater China, EBIT margin[5] slightly lower in Q3 due to higher selling expenses

Sales by region | yoy growth

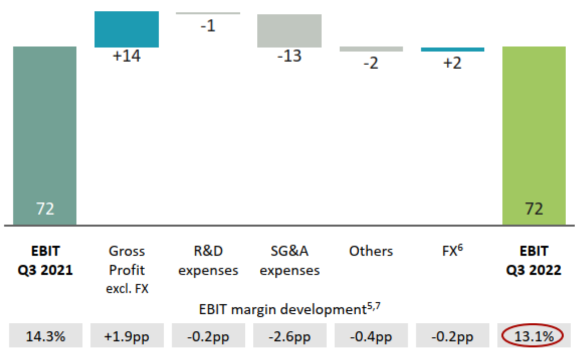
	Q3 2021	Q3 2022	Δ[1]
Europe	341	358	+5.4%
Americas	102	118	+0.6%
Greater China	27	37	+23.8%
Asia/Pacific	30	34	+7.6%
Total	**500**	**547**	**+5.5%**

Automotive Aftermarket sales growth by channel[1]



[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

EBIT[5] Q3 2021 vs. Q3 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

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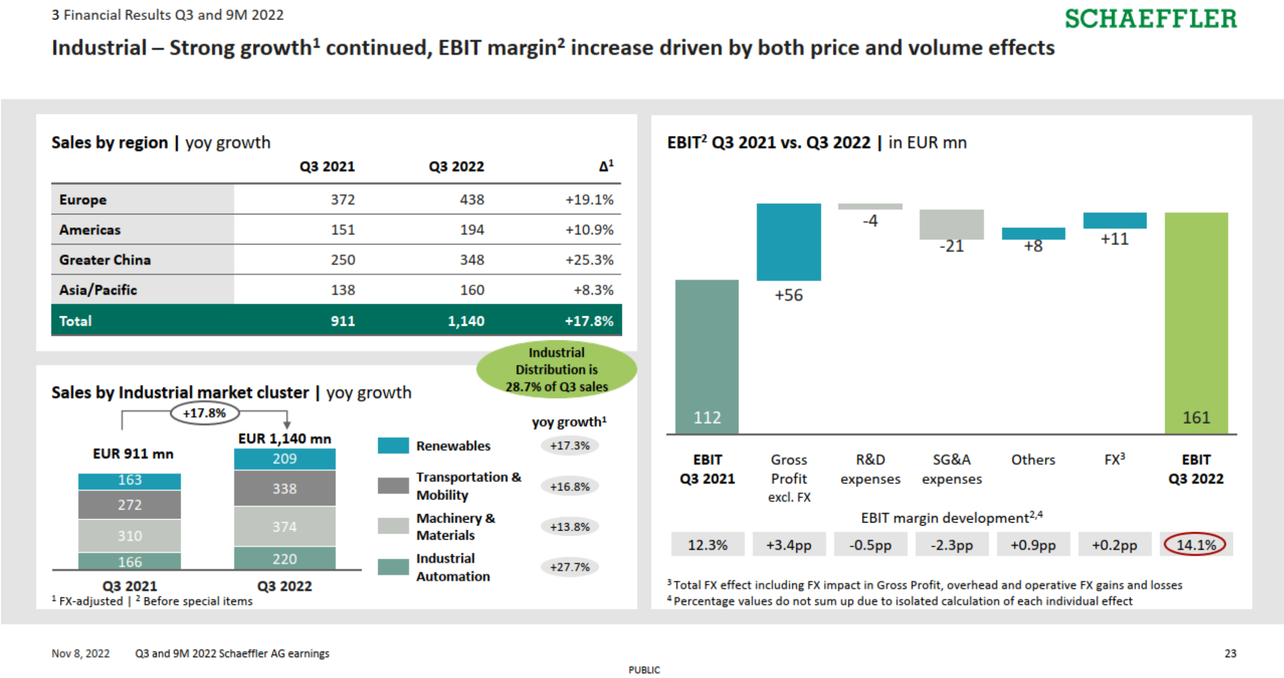
On the next page, we talk about Automotive Aftermarket. I think Klaus already alluded to a pretty straightforward and very solid quarter. Not the most dynamic from sales growth, but also from an EBIT contribution, very stable. You see, nevertheless, that we have a quarter-by-quarter, year-over-year reduction of the EBIT margin from 14.3% to 13.1%.

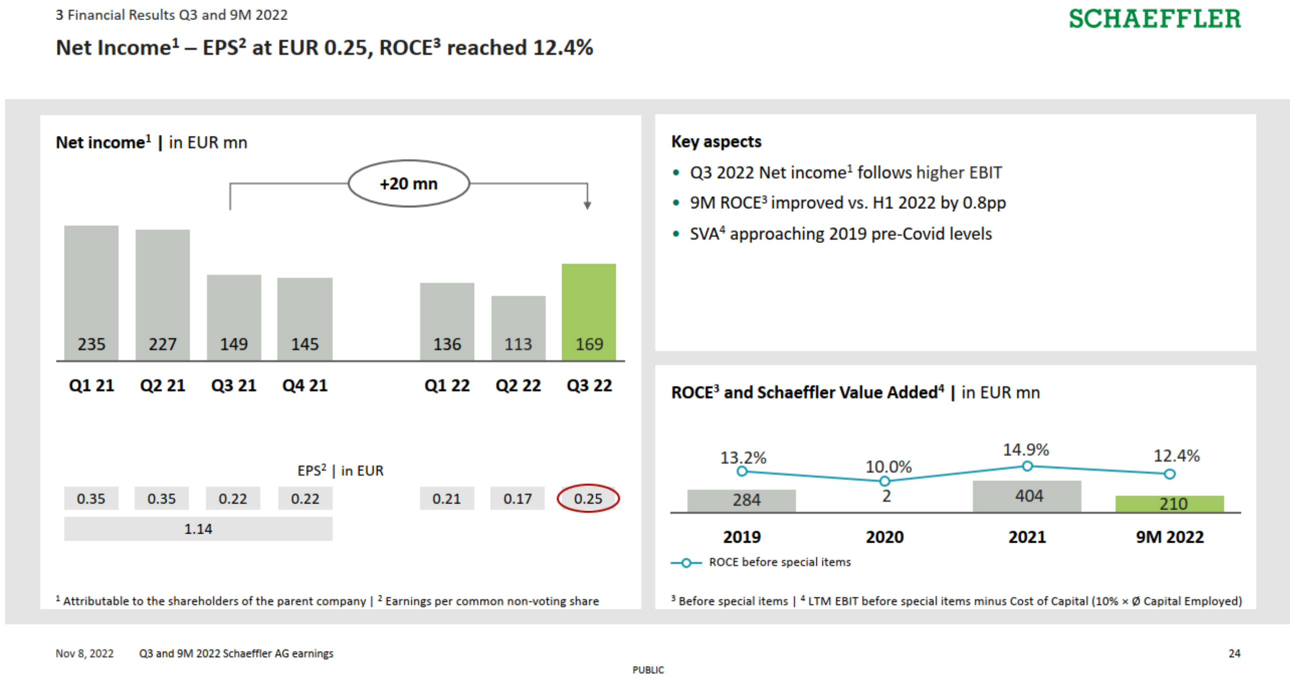
And you see clearly the reason in the selling expenses here on the bridge on the right side. Included in there is obviously some volume impact. Higher volume also increases logistics cost. There is a significant price impact, as I already explained. And also here, we have normalized marketing activities that are now higher than prior year but shouldn't increase really from that point on, going forward.



On the next slide, we then go to Industrial. Industrial, I think Klaus again said the main parameters here already. On the bottom left, you see some more detail in regard to where sales growth really took place. And you see that we really have strong growth in all regions and especially in all market sectors.

If you remember prior calls, we always had in Renewables, maybe a little bit, yes, strangely, not that strong a growth number. But I also explained that the reason for that was mainly the subsidy timing in China. Subsidies ran out about a year ago and then some of the demand was pulled ahead, and then we fell in a hole. But that is normalized now, and you see we are completely now in the normalized growth range as all other market clusters, as well in Renewables.

And let me also make one more comment. On the right side, you see the strong EBIT margin, with 14.1%. You see a similar impact in SG&A expenses that you would expect, as I just explained, for Automotive Aftermarket. Same reasons, higher volume, price impacts and increased marketing activity. But with the positive volume dynamics, and therefore fixed cost absorption also in our production facilities, Industrial was able to overcompensate for that impact.

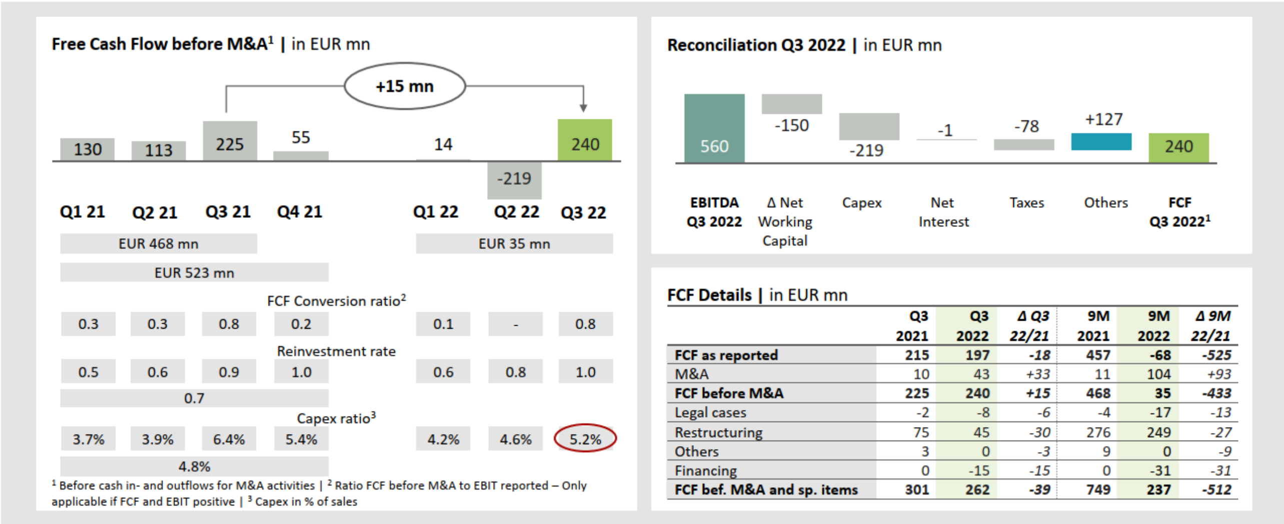


Net Income follows completely the EBIT, so I would save some time for Q&As and just leave that slide to your own studies.

3 Financial Results Q3 and 9M 2022

SCHAEFFLER

Free Cash Flow – Strongly positive in Q3, increased EBITDA compensated outflows for Working Capital and Capex



	Q3 2021	Q3 2022	Δ Q3 22/21	9M 2021	9M 2022	Δ 9M 22/21
FCF as reported	**215**	**197**	***-18***	**457**	**-68**	***-525***
M&A	10	43	*+33*	11	104	*+93*
FCF before M&A	**225**	**240**	***+15***	**468**	**35**	***-433***
Legal cases	-2	-8	*-6*	-4	-17	*-13*
Restructuring	75	45	*-30*	276	249	*-27*
Others	3	0	*-3*	9	0	*-9*
Financing	0	-15	*-15*	0	-31	*-31*
FCF bef. M&A and sp. items	**301**	**262**	***-39***	**749**	**237**	***-512***

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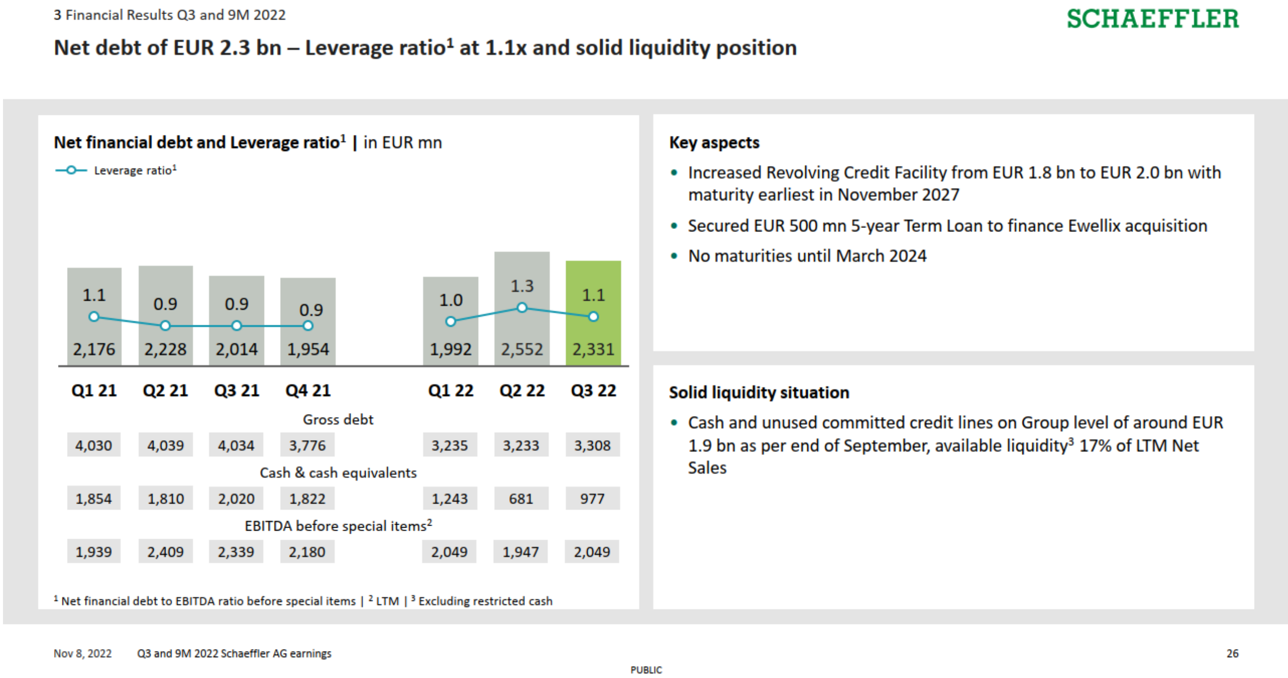
PUBLIC

On the next slide, Free cash flow. This was a slide, as you remember, that we spent some time on in our last call. And you see clearly, based on the quarterly distribution, why we were still negative year to date in the first half of the year. But we already anticipated and told you and explained also why we definitely are confident to meet our full-year Guidance and why Q3 will be the inflection point. And you see that clearly, with our positive Free Cash Flow before M&A of EUR 240 million.

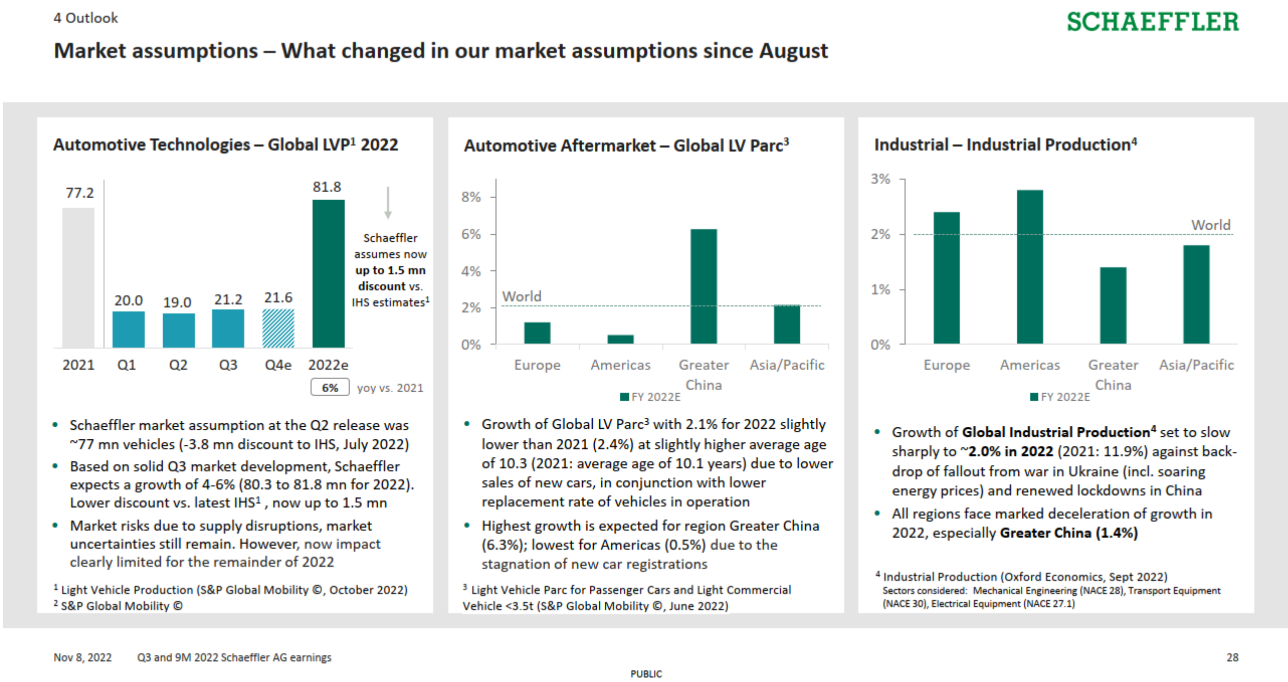
Clearly, the strong profitability was one contributor. And the other one, and I already explained that last time to you, was that we tactically increased our inventory in the first six months continuously. I think we also showed the benefit of this inventory, especially in Automotive Aftermarket and Industrial, with very strong sales development. But I also already anticipated and said there will be no further inventory increase in the second half of the year, and that is obviously the second leg of the swing in our Free Cash Flow.



And last but not least, in regard to our financial situation and liquidity position, you see, with the strong cash flow generation in Q3 but also the EBITDA improvement, we could reduce our leverage ratio now down to 1.1, again also pretty much within the range that we anticipated and explained.
You also know that the Ewellix transaction has not closed yet, will close in the first quarter, early in the first quarter of 2023. That has a 0.3 to 0.4 times impact on this leverage ratio for some time, and then we gradually bring that down again. You read that, last week, we financed or secured financing for that deal with a 500 million five-year term loan.
In connection with that, we then also refinanced our revolving credit facility, increased it from EUR 1.8 billion to EUR 2 billion, with a term of five years plus one plus one, so maturity then earliest in November 2027. That leads to a secured liquidity position that at this point stands at 17% of the last 12 months Net Sales, so a comfortable liquidity position to go into the challenges that are ahead of us. And with that, Klaus, back to you.

SCHAEFFLER

Agenda



Klaus Rosenfeld

Thank you, Claus. I will finish with the Outlook, and that traditionally starts with our market assumptions. What has changed since August is clearly the Global LVP numbers. They are more stabilizing. We are expecting now 81.8 million from the market, light vehicle production. We are still conservative in saying let's be on the safe side and discounting 1.5 mn. So, 80 mn cars is a good proxy. That would be something in the range of 6% growth.

I think the key question is not so much what's going to happen in the fourth quarter, that's more or less over, but how is that going to unfold in the next year. Aftermarket is more or less unchanged. Industrial Production as well. And clearly, we need to say that in that market, we think we are well advised to expect a certain slowdown, because the overall expectation for a recession, at least in Europe, is probably something that you would share.

4 Outlook

SCHAEFFLER

FY 2022 Guidance – Outlook for all metrics confirmed, confident in reaching the upper end of Group ranges

Group Guidance

	Actuals FY 2021	**Guidance FY 2022**
Sales growth[1]	10.2%	**6 - 8%**
EBIT margin[2]	8.8%	**5 - 7%**
Free Cash Flow[3]	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 (S&P Global Mobility ©, October 2022)
[5] LV Parc for PC and LCV <3.5t (S&P Global Mobility ©, 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%	**Consider-able growth**
6.4%	**> 2.5%**	13.9%	**> 12%**	11.8%	**> 11%**

Market assumptions for 2022

- Automotive Technologies: LVP 2022 with up to 1.5 mn discount vs. latest S&P estimate[4] of 81.8 mn LVP's
- Automotive Aftermarket: Growth of Global LV Parc[5] of 2.1%
- Industrial: Increase of relevant industrial production of ~2%

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Guidance – As Claus already said, we confirmed all the metrics that we have, 6% to 8% growth, 5% to 7% EBIT margin and above 250 million FCF. And I think it's fair to say that we are confident, in particular on the margin side, that we will be able to reach the upper end of the Group ranges.

On the divisions, nothing changed. There is clearly an element of cautiousness in Industrial, but given the environment, we decided not to increase the guidance at this moment. For all the rest, I think I can confirm what you see here, and the probability is I think high, and confidence as well, that we will get there.

Now to the conclusion page, page 30. I just repeat the key messages. Strong Q3 performance, strong quality of earnings in Industrial, good work in Automotive, more work to be done in Automotive Technologies.

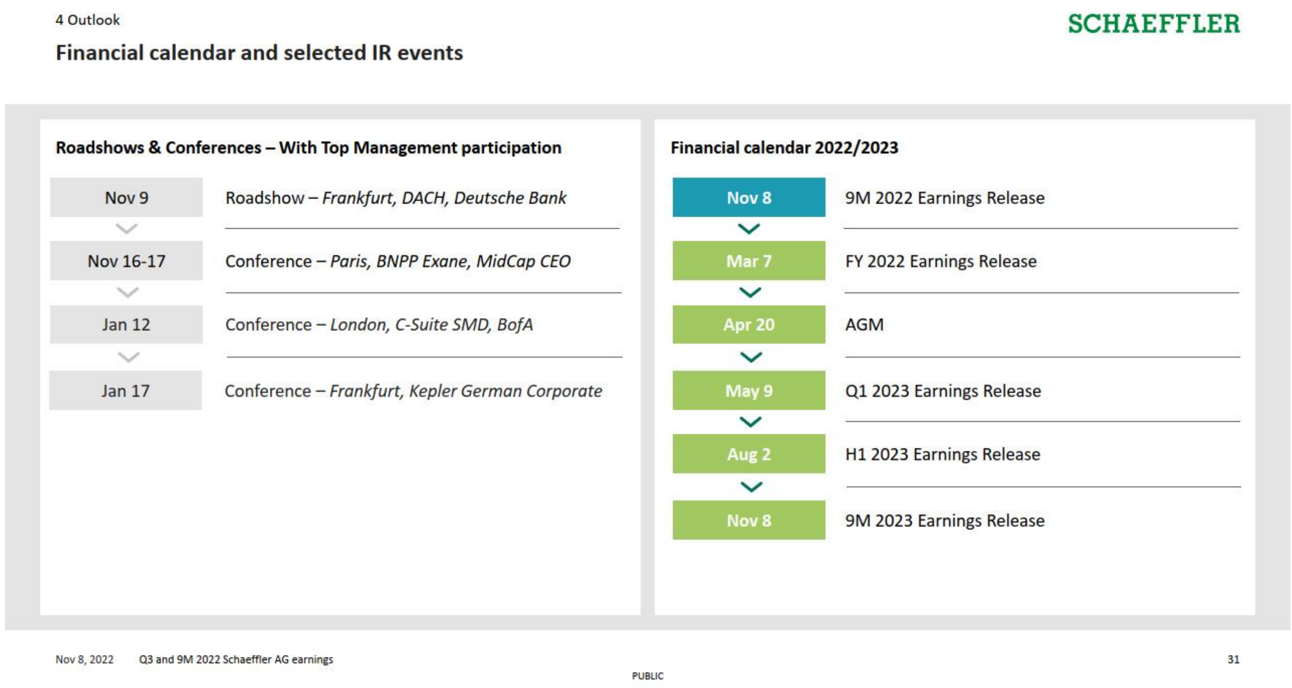
You all know we're managing through this challenging environment, and I'm proud to say that the team here is very focused on getting the portfolio right. This means in particular, for Automotive Technologies, that growing the New and harvesting the Mature business is elemental. And you saw the little structural measure program that we announced that will help to push forward in Automotive Technologies.

At the same time, in Industrial, we are balancing in terms of organic growth and external growth. Ewellix is a super addition to the business, gets a lot of positive attention from customers. We will integrate this properly, and that opens also new opportunities on the external growth side.

Cost management is important, not only in the short term but also in the longer term. The structural measures speak for themselves. And clearly, we will continue to work on saving energy cost, gas in particular, but also electricity. You all know that our key selling point has always been the strong cash generation power. The balance sheet is robust, with a leverage ratio of around one before the acquisition of Ewellix. And the fact that we have now adequate financial flexibility is a key to weather the complex environment.

Guidance, everything said. The current trading points, as I said, to the upper end, good start into the October month, and let's now see how we finish the year and then

provide you with more color for 2023. You will understand that we're not giving guidance today for 2023, so we can't maybe answer your questions there.
But let's get the year properly done. We are in the planning season at the moment, and the key is clearly efficiency, preparedness and driving our execution. Thank you very much. With that, back to you, Renata, for questions and answers.



Renata Casaro

Thanks, Natalie. Yes, we understand that many of the sell side and probably also buy side as well maybe in overlapping events in other corporates.
So it could be that there are less questions. For sure, we'll wait a second. In the meantime, I will just say that tomorrow, we start our roadshow. And
then next week, we are also in conferences in Europe.

And yes, in case there shouldn't be questions, you can always write to us at IR. But I see that there is one in the pipeline. So over to Natalie to let the question in.

Q&A SESSION

Alexander Wahl, Stifel

Yes, good morning. Thank you very much for taking my question. My first one would actually be on the pricing component. I'm not sure if I understood you correctly, but I understood that the pricing impact for the Auto business in the third quarter was only 100 basis points and that you have now basically received all lump sum payments. So, could you just confirm that, for the fourth quarter, you do not have any further retroactive price adjustments for the Automotive Technologies business?

And then my second question. I mean you have a pretty solid performance over the first nine months in your Industrial segment, and you just confirmed the margin guidance. You said you want to be conservative. But maybe you can elaborate a little bit on where you see the biggest headwinds that make you conservative or so conservative in this November of this year. Thank you very much.

Claus Bauer

Okay, I'll take, or I'll start out with the first question. So, what I tried to explain is, and that also connected to our call of the second quarter, there we said our margin in Automotive is impacted because obviously we are already phasing the inflation on the cost side, but we are still in negotiation on the sales price recovery side with our customers. And we therefore also already indicated that there will, in the second half of the year, will be retroactive lump sum adjustment for the pricing in the first half of the year.

And that is obviously an impact that we now enjoyed significantly in the third quarter. And that one-time adjustment as a lump sum that really concerned the first half of the year is therefore, in Q3, an extraordinary one-time impact. And that is an impact for the Automotive division of 100 basis points, around.

So, of course, that lump sum payment comes also with the implementation of the prices, now the new prices on a part number level, going forward. And that price, it's not a lump sum payment in the sense that now we've got one payment and it's good. It's just the lump sum payment to make up for the price adjustment for the first half of the year. And from now on, it's normal pricing that's in the systems and will be invoiced with every shipment. And I hope that clarified that point.

To your second question regarding Industrial, it is indeed as you said, that we have discussed that also. You might have seen, and I didn't expressly talk about the one bubble on the Industrial slide, but we also always give you the portion of Distribution sales in Industrial. And as you know, Distribution sales are, from a margin standpoint, higher than OEM sales. Therefore, in Industrial, quarter by quarter, there is always a not insignificant mix impact in regard to how much Distribution sales are in that quarter.

So now you can say, normally, you would assume Distribution business pretty stable and to kind of developing with normal business activities in all the sectors. But that's not the case. There are the so-called stocking orders of the Distribution customers.

These stocking orders are dependent not just on the general economic environment but also the stocking levels in their own Distribution centres, but mainly also then, also with the cash flow, managing needs of our customers. And therefore, these stocking orders, and they are a very significant part of the Distribution business, can be volatile.

We have seen strong Distribution orders in the second quarter and third quarter of this year, so we are a litte bit from a mix standpoint a little bit less – and I shouldn't say optimistic – it has nothing to do with our business. It really is the mix, that we think that some of the Distribution business for this year has already been done in Q2 and Q3 as it relates to these general stock levels. And now, we are a little bit more conservative about this sales mix in the fourth quarter.

Alexander Wahl, Stifel

Okay. Thank you very much.

Marc René Tonn, Warburg

Yes, good morning, and thank you for taking my questions. The first one would be on the Free cash flow, and sorry if I've missed that. But I see for the third quarter in particular, you had quite a ramp up, or let's say an increase in trade receivables.

And I wonder whether it's, let's say, purely driven by the increase in revenues in that quarter or whether you see any change in, let's say, your customers' behaviour in paying receivables, let's say, with the change of the general interest environment probably, let's say, leaving its mark there. That would be the first question.

Secondly, the footprint and overhead measures you are doing at Automotive Technologies, is it something you have pulled forward, something which you would have had to do anyway sometime in the future, or is it something which is now really tackling the current situation in specific?

And thirdly, I think Industrial, the business, is hauling up very, very strongly, let's say, given the, let's say, clouds we see on the horizon regarding the overall economy. I think the three-month Order Intake is coming down a bit. Perhaps you could give us some indication of what you would expect there in terms of how resilient this business should be in, let's say, a tougher economic environment going into next year and probably beyond. Thank you.

Klaus Rosenfeld

Okay. Let me tackle the last two questions, and I'll start with Industrial. You are absolutely right; we should not extrapolate the 14% margin into the next quarters where the environment becomes a little bit softer. But on the other hand, we are very well diversified across different sectors.

Industrial, the homework is done. We are benefiting from all the cost initiatives of the past. So, I'm optimistic that Stefan is able to continue the positive development, even in an environment that is a little bit less buoyant and less supportive. Don't forget, we are not managing for quarters. We are managing for the long run. And there, the Industrial business is definitely on the right track and supports our diversification.

And I think the second question was on the restructuring measures. Let me say, we always said in the last years, this is a dynamic transformation process in Automotive. It is dynamic not only because of the overall environment but also because of the market situation we have, about the competitive situation that we have, and clearly about the technological challenges.

And it would be wrong to assume that you can handle such an environment with one big restructuring and that's it. That's not possible, not on the portfolio side and also not on the capacity side. And that's why we now adjusted. We said, this is the right moment.

Yes, there are strong indications that the E-Mobility business is accelerating across the globe, and therefore it's right now to put in place these measures. These measures are not going to pay off in the first half 2023. These are measures that need still adequate negotiation with workers council. We think that we can harvest the 100 million 2026.

So, you see, it's always important to look at the end of such an investment. 130 million in restructuring costs also need to be earned. So, I think, and I feel good that we are now out with this. The most important thing is not the announcement but that this is executed properly. We have ample experience with these kinds of programs, and it was absolutely right to put this in place now.

Claus Bauer

Okay, then I'll take over for the first question regarding cash flow and, let's say, timing pattern of the cash flow. It's for sure the revenue growth, and especially the price recovery component of that, that then falls also to the bottom line and increases our cash inflow, was one part of it.

And the other part that I was referring to, which I explained in last quarter's call, was we increased inventory in the first half of the year in the range, and that now includes FX and valuation topics, of course, by 500 million. And we already said in that call that we will not increase in the second half-year by another 500 million.
So that is already really indicating a swing in that of that size, if you compare the cash flow generation of the second half-year versus the first half-year. So, I hope that explains the second leg that I indicated.
Then to your question about payment behaviour, also in regard to the interest rate environment, we are not seeing a change in payment behaviour at large scale. And in regard to your other question, are we going into a recessionary environment or not, I mean I would assume that cash will get a little tighter along the entire supply chain and that we have to really manage our receivables very carefully.
But to answer your question, that is not yet the case. So, cash flow seems to be neither in limitation or limited right now along the supply chain nor is there any red flag or alert yet about a change in payment behaviour one way or the other.

Klaus Rosenfeld
Okay.

Marc René Tonn, Warburg
Okay, thank you.

Klaus Rosenfeld
Operator, we have received a set of questions from Christoph Laskawi from Deutsche, and the team here said I should quickly read them because they came in by email due to a technical issue.

Christoph Laskawi, Deutsche Bank
The first question is, should we expect further retrospective price adjustments for Q4 or is everything done already? Are you in discussions with OEMs on wages and energy? And any indication on energy cost into 2023, how much hedge, and what do current contracts imply? That's the first set of questions. Claus, we're going to split that.
And the second one is for Industrial. 14% is clearly a strong result. How sustainable is this in a lower volume environment? Could you comment on pricing currently, now that the short-term Orderbook has fallen below sales?

Klaus Rosenfeld

I think, Christoph, we already explained to some extent the Industrial question. As I said, don't extrapolate 14%. You know the guidance is 12% to 14%. That's our mid-term target and that's probably a good range, going forward. Yes, we said we were benefiting in the first nine months also from the strong market development. Let's see how that develops in a more recessionary-like scenario.

However, what we get from our business guys is that they are due to the broad sector coverage, they think there is the ability to outgrow the market in Industrial. And clearly, don't forget all the measures that we've put in place from SPACE are not fully in the P&L, so there is also some support from that angle.

And I can definitely confirm our mid-term target of 12% to 14% for the next years. Pricing power in Industrial is tentatively higher than in Automotive. You can imagine, Claus also talked about it, the Distribution business is a very important part of that. So again, we are confident on the mid-term for our Industrial business.

In terms of price adjustment, let me quickly talk here about energy, and then I'll hand over to Claus. The energy, in particular, the gas and electricity side, is very interesting, lots of dynamic changes. You saw what was decided in Germany with the gas price and electricity price break logic. That has really started to pay off in terms of calming down the market.

Gas prices, spot prices are significantly reduced compared to the peak that we had in the summer. The same holds true for electricity prices. However, ladies and gentlemen, we will not go back to what we were used to in 18 and 19. And the key answer to this is, let's save as much as you can.

And on gas, I think, Claus, we can say we will achieve the 10% target saving that we demanded from our plants and our businesses in this year. We'll continue to save in the next years. The target is 30% until 2025 compared to 2021. That also has to do with a fuel switch. One of the key logics here is to electrify parts of our production, and that means more electricity need.

And the answer there is a similar saving program, we are still working on this, but also an investment into more own-energy production. I think I can say here the target is for the next years, until 2030, that 25% globally of our energy needs will be produced by ourselves. So that's an investment, but in the long run, with what we're expecting, it will definitely pay off.

How that translates into prices, ladies and gentlemen, is the second question. We have done well this year, Claus explained that, achieved more or less all our targets in all the three divisions. In particular, the guys in Automotive have done a superb job. That was new territory, and they really did it well, not destroying customer relationships, and on the other hand, achieving the targets.

You can't do this every quarter, and in Automotive, we will continue to look at this and then see what we're going to do in 2023. But it's too early to give you, Christoph, more information at the moment, how the sales recovery action will look like for 23. What I can say, there will definitely be sales recovery action.

Claus Bauer

Yes. And maybe let me add to that. That, I would call it "Wave 2", but I think the gap in answering your questions was still related to "Wave 1". And you asked, is there still any retroactive adjustment, as a one-time impact, anticipated in Q4 of this year? There will be smaller adjustments, but it will not be the size and volume that we have seen here in Q3.

So, I would say, and I think I said it, if you look at the nine months now, we are pretty much at that level that the pricing actions are as if the pricing actions, Wave 1 would be fully executed. There is a little bit of a catch-up effect still to come in Q4, but not significant, as I said.

Klaus Rosenfeld

There's one more question that Renata just sent over from JP Morgan, Jemma Permalloo. Hopefully, I spelled this correctly.

Jemma Permalloo, JP Morgan

The question is, keen to hear what rating agencies are saying and if you are targeting on getting back to investment grade?

Klaus Rosenfeld

Maybe I'll do this quickly.

We have just been out with the numbers. The numbers will be shared with rating agencies as usual. So far, they confirmed the ratings that we had. Let's see what that means now. We are not expecting any bigger changes at the moment.

And is there a target to get back to investment grade? We have always benefited from the position we are in, and at the moment, I think the differential between investment grade and where we sit at the moment is not that big. The superb delivery of Claus and his team on the refinancing shows that. So, we don't see that as a strategic thing. If it goes in that direction, fine. But for us, the most important thing is that we get the rating drivers right, and that's clearly margin and cash flow. And as you know, we are fully focused on this, and let's see what the risk rating agency assessment will look like. But we feel confident with where we are playing at the moment.

Edoardo Spina, HSBC

Good morning. Thank you for taking my questions. I have three quick questions, the first on financial cost. If you can remind us how much of your debt is on variable rates and if you expect the financial cost to increase in 2023. If you can give us guidance on that, it would be great.

And the second question on steel and raw materials. I believe the price has passed the peak. So, can we expect to see flat raw material prices for you, raw material bids in 2023, or even a decline in raw material cost, excluding the energy and logistics?

And the final question is on energy cost. If you can give us some visibility on the new prices you are paying, but particularly, if you can highlight difference by region, if we should expect that the regional profitability will be affected by the energy cost difference.

Claus Bauer

Okay. So, I'll start out with the financing cost. Our terms and conditions with the new financing are almost unchanged. The margin is a little bit higher, but having said that, obviously it's on a flexible base rate. And it's now our task to also make that as economically sound and predictable as possible, with instruments around it.

In regard, and I'll start with steel and energy, and then, Klaus, you might want to add, but the energy cost, it's clearly as you indicated. It's extreme regional differences. And we are in this discussion very Europe focused and centric. The problem is, in Europe, there is no issue in volatility or the significantly increased prices of the other regions. Even within Europe, we have a significant variety of topics and issues between Western and Central Europe and then Eastern Europe, in regard also to the capability of really entering into longer-term price-fixed contracts.

I think as we stand here, with the gas and energy prices having developed as they developed in the last two to three weeks, it doesn't seem to be as critical anymore as it was two or three months ago. But it's definitely on our risk management agenda.

We are talking about this almost every day, and as a complete Executive Board, really every other week. And I think we have a sound strategy, how to secure supply. That's the first one. I think we can report that we have secured supply for 2023, 100% in every single location, and then secured that supply then also at a reasonable price.

You know the discussion here in Germany about "Gaspreisbremse" and so on is also impacting the tactics in that regard. But you can be rest assured that that is a top priority on our agenda here, to assess the environment and draw the economically best solutions out of it.

In regard to steel, indeed, steel prices relaxed. And it's always different to look at steel prices, at the spot price or when you talk about forward prices for a longer term. But it's now a question for Wave 2. Right now, it seems for Wave 2 of our price recovery topics that we talked before, the cost drivers are different ones than they were in 2022. Klaus, I don't know…

Klaus Rosenfeld

And maybe I can just add, to give you one figure. The debate about steel prices by regions, Edoardo, is a longer debate. But I'll just give you one indicator for some colour around what Claus said. If you look at the price for hot-rolled coil in Europe, the peak of that was sometime at the end of Q1, beginning of Q2, around EUR 1,400 per tonne. That is down to somewhere in the EUR 600 - 700 range, and that's now a level that we were dealing with at the beginning of the year 2021. So, these significant peaks and volatility is gone.

However, this is not clearly reflecting, to some extent, the recessionary trends. But don't forget, this is still a volatile environment. In particular, the steelmakers will need to digest the higher energy prices. So, there's no reason to believe that everything will be fine in 2023. We will still need to deal with a volatile environment here.

And it's something that we know well. We are sourcing from dozens of different steelmakers. And I can say, as Claus said, that's not the predominant issue for the next weeks and months to come, but let's watch out carefully how this material price develops. There are also other raw materials that are critical. And for us, I think we feel good about how we handle this and hedge this going forward. And maybe this gives…

Edoardo Spina, HSBC

Thank you.

Klaus Rosenfeld

Yes, you're welcome.

Himanshu Agarwal, Jefferies

Hi. Himanshu from Jefferies. Thanks for taking my questions. The first one is on the restructuring measures, if you could just talk about the timing of these measures. Are these going to be front-end loaded, or back-end loaded?

And secondly, I just wanted to come back on the energy and wage inflation. Based on your negotiations so far, how confident are you in terms of passing through increases in energy and wage inflation to your customers? And also, if you can talk about the potential increase in 2023 on those two. Thank you.

Klaus Rosenfeld

Well, let me start with your last one. And I'm sorry to say, but we are not guiding for 2023. We have agreed this before the call and said let's see how the rest of the year develops and then we'll give you proper Guidance. That's also why I cannot really say something about sales recovery action. The only thing that I can say is that we will continue with that based on the learnings from the year 2022. But it would be premature to give you anything more than that.

And help me again. What was the first question? On the restructuring measures. Again, you have seen from us several of these programs. This will have a similar structure/profile in terms of when we achieve what. So, you can basically assume this runs according to the experience from the larger program Space. And that means 2026, let's say, more than 90% of what we want to achieve should be in. But it depends on the negotiations.

For me, let me also stress this here, it is very important that this is done in a socially responsible manner with our workers council. While some of the capital markets always think that that is the soft version, that's not the case for us. It's important to get the things properly executed, and we have always done well when this is handled carefully and consistently. And therefore, the profile of this just copies our last bigger program from 2020.

Himanshu Agarwal, Jefferies

Understood. Thank you. Just a quick clarification question. In terms of the price increases that you have realized in this quarter, including the retroactive pricing, can you just talk about the cash flow impact of these price increases? Are you receiving the cash in as you are realizing these in the P&L, or are these still sitting in your accounts receivable and you will get the cash next quarter, in Q4?

Claus Bauer

Yes. As you can imagine, a lump sum payment for the first half of the year, we already waited a long time due to the negotiations. So, cash inflow and EBIT effect is not simultaneous but very close. So, for modelling, you can assume that it's pretty much also a cash flow impact for immediately.

Klaus Rosenfeld

It is. It's basically synchronized. It's not that we booked the revenues and cash is just coming in later. It was not a last-minute exercise in September. It is well synchronized over the months.

Himanshu Agarwal, Jefferies
Thank you.

Klaus Rosenfeld
You're welcome.

Operator
We have a follow-up question from Edoardo Spina from HSBC. Please go ahead.

Edoardo Spina, HSBC
Hi. Sorry. A very quick follow up, hi, on the regional differences. I was curious about one thing. If you are facing different cost inflation in Europe compared to China, for instance, does it mean that you are pursuing a different pricing strategy in Europe compared to China, with stronger price increase in Europe, for example?

Klaus Rosenfeld
Well, the pricing strategy - And again, it's different by divisions, for sure. Pricing power is a function of the business model and where you sit in terms of your competitive edge, and it's also different in regions.
In certain parts of the world, you cannot execute things that we executed in Europe simply because of what customers are willing to accept. And I would leave it here. The cost drivers are also different. But still, at the end of the day, it's what the customer is willing to accept and how competitive the market is.

Edoardo Spina, HSBC
Okay. Thank you very much.

Klaus Rosenfeld
You're welcome.

Okay. I think we are finished. Thanks a lot. After it started a bit slow with questions, we had a lot of questions now, what is good. Thanks for the interest. I can only repeat one more time these are interesting times and I think these are times where there is a potential for strong companies to get even stronger. We want to be on that side and not on the other side.

And I feel very confident with the execution power we have with what we have shown in the past that even if there's a recession 2023, a diversified supplier with a balanced portfolio will make it. We're looking forward to the next call and to roadshows that are upcoming also at the beginning of the year. Thanks for listening and thanks for your support throughout the year. Bye-bye.

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IR Contact

Investor Relations
Phone: + 49 9132 82-4440
Email: ir@schaeffler.com
Web: www.schaeffler.com/ir

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Automotive Technologies – Schaeffler AG has acquired the remaining 10% stake in Schaeffler Paravan

Where we stand

- In June 2018 the Joint Venture Schaeffler Paravan Technologie GmbH und Co. KG was established
- Its goal was the further development of Paravan's SPACE DRIVE drive-by-wire technology and the development and sale of mobility systems
- The JV agreement included a clause allowing Schaeffler to take full ownership of the company at a later date by acquiring Roland Arnold's 10% stake
- On October 13, 2022, Schaeffler signed an agreement to acquire the remaining 10% of the shares in Schaeffler Paravan Technologie GmbH & Co. KG
- Upon closing of the transaction on October 14, 2022, the former JV will be fully acquired by the Schaeffler Group

We execute our Strategy

Mature Business	New Business
Engine & Transmission	E-Mobility
Bearings	Chassis Systems

- Investing in our New Business with E-Mobility in CO_2-efficient drives, and also increasingly in Chassis with innovative applications
- Continuing to build its Chassis Business division into a key center for integrating chassis systems for automotive volume production and new forms of mobility

Financial Impact[1]

- As part of the transaction, the ~70 employees will join Schaeffler Group Cooperation with existing customers and partners will continue
- Consideration payable amounts to EUR 74 mn
- Furthermore, there are conditional purchase price payment obligations depending on the sales development in the years 2028-2030
- Purchase price allocation not yet available

[1] For further details, please refer to Events after the reporting period of the Q3 Interim Statement

External headwinds

- The macroeconomic, geopolitical and political situation remains exceptionally severe, complex and unprecedented
- Supply chain constraints may change, but still impact on the availability and price developments of raw materials, logistics and energy
- Inflationary pressures on companies and households, interest rates developments, GDP contraction phasing in the different regions may compress purchasing power of end consumers and hence distort demand in the value chain also for BTB goods and services
- 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

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Ancillary comments to support the Equity Story

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		US Dollar, 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

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Key figures Q3 and 9M 2022

in EUR mn	Q3 2021	Q3 2022	Q3 2022 vs. Q3 2021	9M 2021	9M 2022	9M 2022 vs. 9M 2021
Sales	3,332	4,242	+27.3% / +20.2%[1]	10,346	11,790	+14.0% / +8.7%[1]
Gross Profit	793	984	+191 mn	2,593	2,687	+94 mn
Gross margin	*23.8%*	*23.2%*	*-0.6pp*	*25.1%*	*22.8%*	*-2.3pp*
EBIT[2]	260	355	+95 mn	962	813	-149 mn
EBIT margin[2]	*7.8%*	*8.4%*	*+0.6pp*	*9.3%*	*6.9%*	*-2.4pp*
Net income[3]	149	169	+20 mn	611	417	-194 mn
EPS[4] (in EUR)	0.22	0.25	+0.03	0.92	0.63	-0.29
Schaeffler Value Added[5]	557	210	-347 mn	557	210	-347 mn
ROCE[6]	16.8%	12.4%	-4.4pp	16.8%	12.4%	-4.4pp
Free Cash Flow[7]	225	240	+15 mn	468	35	-433 mn
Capex	215	219	+4 mn	482	551	+69 mn
Net financial debt	2,014	2,331	+317 mn	2,014	2,331	+317 mn
Leverage ratio[8]	0.9x	1.1x	+0.2x	0.9x	1.1x	+0.2x
Headcount	83,935	82,702	-1.5%	83,935	82,702	-1.5%

[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

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9M 2022 Sales[1] development – All regions and divisions contributed to growth

	% of Group sales 9M 2022		Automotive Technologies 60%	Automotive Aftermarket 13%	Industrial 27%
Europe	41%	+11.2%	+10%	+2%	+23%
Americas	22%	+11.8%	+13%	+8%	+10%
Greater China	23%	+2.7%	+1%	+8%	+5%
Asia/Pacific	14%	+6.0%	+1%	+18%	+16%

[1] 9M FX-adjusted sales growth, please refer to the Interim Statement for further details

9M Sales growth[1]

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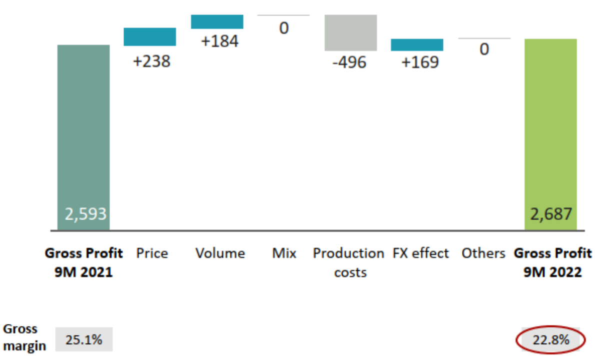
Gross Profit – Positive pricing and increased volumes partially compensating higher production costs

Gross Profit 9M 2021 vs. 9M 2022 | in EUR mn



Key aspects

- Pricing: Sequentially further improved in all divisions during 2022
- Volumes: Strong increase in Q3 in Auto Technologies and Industrial
- Production costs: Significantly higher yoy in all three divisions due to continued high input costs

Gross margin

in % of sales	Q3 21	Q3 22	Q3 22 vs. Q3 21	9M 21	9M 22	9M 22 vs. 9M 21
Automotive Technologies	19.6%	18.2%	-1.4pp	21.8%	17.7%	-4.0pp
Automotive Aftermarket	30.8%	31.7%	+0.9pp	31.5%	31.1%	-0.4pp
Industrial	28.9%	30.3%	+1.4pp	29.4%	30.0%	+0.5pp
Group	23.8%	23.2%	-0.6pp	25.1%	22.8%	-2.3pp

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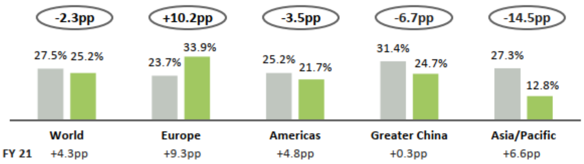
Automotive Technologies – Continued growth[1] in New Business, EBIT margin[2] down yoy due to higher input costs

Sales by business division | yoy growth

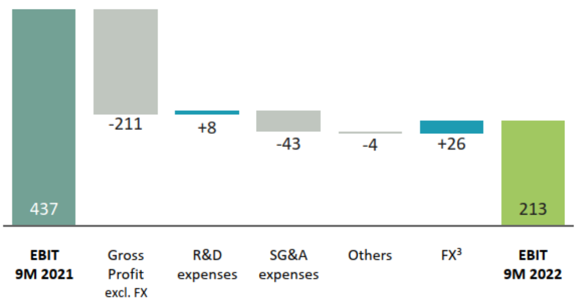
	9M 2021	9M 2022	Δ[1]
E-Mobility	732	991	+28.4%
Engine & Transmission	3,499	3,849	+4.0%
Bearings	1,845	1,955	+1.7%
Chassis Systems	210	274	+28.1%
Total	**6,286**	**7,070**	**+7.0%**

Outperformance: Sales[1] vs. market development in Q3 Q3 view



Production of light vehicles Q3 2022 vs. Q3 2021 (S&P Global Mobility ©, October 2022)
Sales growth Schaeffler Automotive Technologies Q3 2022 vs. Q3 2021

EBIT[2] 9M 2021 vs. 9M 2022 | in EUR mn



EBIT margin development[2,4]

EBIT 9M 2021	Gross Profit excl. FX	R&D expenses	SG&A expenses	Others	FX[3]	EBIT 9M 2022
6.9%	-3.6pp	+0.1pp	-0.7pp	-0.1pp	+0.0pp	3.0%

[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

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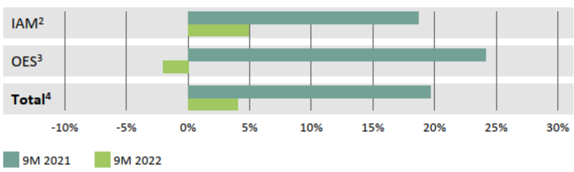
Automotive Aftermarket – Moderate growth[1], EBIT margin[5] down yoy due to higher selling costs

Sales by region | yoy growth

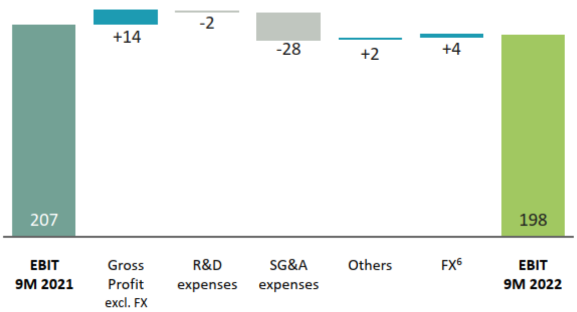
	9M 2021	9M 2022	Δ[1]
Europe	985	1,000	+1.6%
Americas	271	327	+7.6%
Greater China	78	92	+8.1%
Asia/Pacific	78	97	+17.8%
Total	**1,411**	**1,516**	**+4.0%**

Automotive Aftermarket sales growth by channel[1]



[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

EBIT[5] 9M 2021 vs. 9M 2022 | in EUR mn



EBIT margin development[5,7]

EBIT 9M 2021	Gross Profit excl. FX	R&D expenses	SG&A expenses	Others	FX[6]	EBIT 9M 2022
14.7%	+0.3pp	-0.1pp	-1.9pp	+0.2pp	-0.2pp	13.1%

[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

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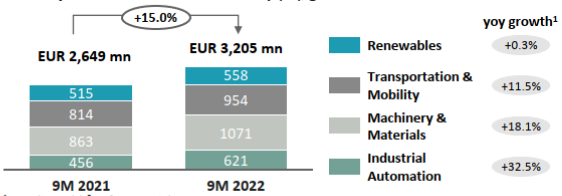
Industrial – Double-digit[1] top line growth, EBIT margin[2] increased despite input cost headwinds

Sales by region | yoy growth

	9M 2021	9M 2022	Δ[1]
Europe	1,071	1,315	+23.4%
Americas	436	541	+10.3%
Greater China	757	879	+5.3%
Asia/Pacific	385	470	+16.4%
Total	**2,649**	**3,205**	**+15.0%**

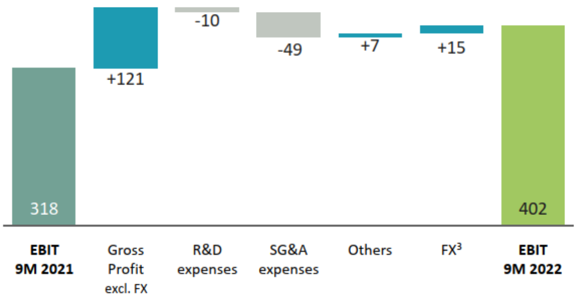
Industrial Distribution is 29.8% of 9M sales

Sales by Industrial market cluster | yoy growth



[1] FX-adjusted | [2] Before special items

EBIT[2] 9M 2021 vs. 9M 2022 | in EUR mn



EBIT margin development[2,4]

12.0%	+2.4pp	-0.4pp	-1.8pp	+0.3pp	-0.2pp	12.5%

[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

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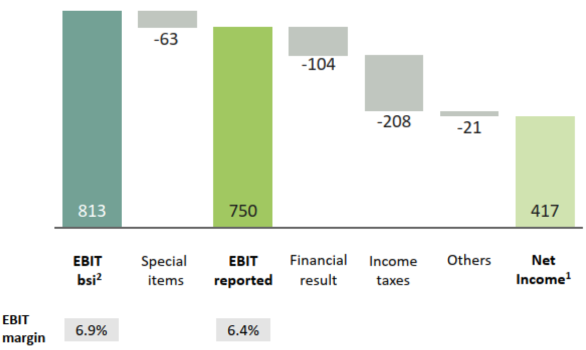
Net Income[1] – EBIT reconciliation and special items

Reconciliation 9M 2022 | in EUR mn



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

Key aspects

- Special items amounted to EUR 63 mn in 9M 2022, mainly related to the consolidation of the Footprint in Europe within "Roadmap 2025"
- Financial Result has increased by 19 mn to -104 mn yoy mainly due to expenses for FX effects (Devaluation EUR vs. USD) and pensions (interest on pensions slightly increased due to rise in discount rates).
- Higher income tax expense is mainly due to an increase in EBT yoy and an increase in tax expenses relating to prior years

Special items by division| in EUR mn

	Q3 21	Q3 22	Q3 22 vs. Q3 21	9M 21	9M 22	9M 22 vs. 9M 21
EBIT Reported	266	316	+50	989	750	-239
Automotive Technologies	-20	+14	+34	-33	27	+60
Automotive Aftermarket	-9	0	+9	-19	1	+20
Industrial	+23	+24	+1	24	35	+11
Group	-6	+39	+45	-27	63	+90
EBIT bsi[2]	260	355	+95	962	813	-149

Backup

Free Cash Flow[1] details 9M 2022 – FCF at EUR 35 mn

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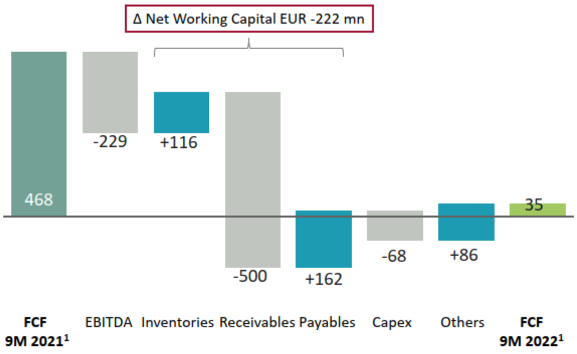
FCF[1] 9M 2021 vs. 9M 2022 | in EUR mn



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

Key aspects

- EBITDA lower yoy, negatively impacted by weaker first and second quarters of 2022
- Net Working Capital negative mainly due to increased receivables as a result of the sharp increase in sales volume in Q3
- Others included cash outs for the Restructuring Program announced in September 2020

Net Working Capital details | in EUR mn

Change in	Q3 2021	Q3 2022	*Δ Q3 22/21*	9M 2021	9M 2022	*Δ 9M 22/21*
Inventories	-145	+22	+167	-512	-396	+116
Receivables	+65	-265	-330	-33	-532	-500
Payables	+95	+93	-2	+205	+367	+162
Δ Net Working Capital	**+15**	**-150**	**-165**	**-340**	**-561**	**-222**
Working Capital ratio[2]	*19.7%*	*22.0%*	-	*19.7%*	*22.0%*	-

[2] in % of sales (LTM)

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Working Capital[1] ratio 22.0% – Capex ratio[2] 5.2% in Q3

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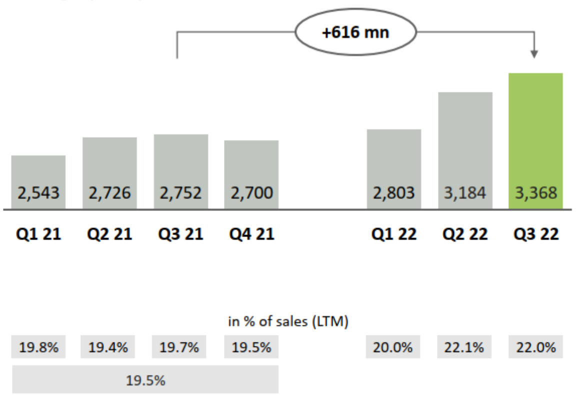
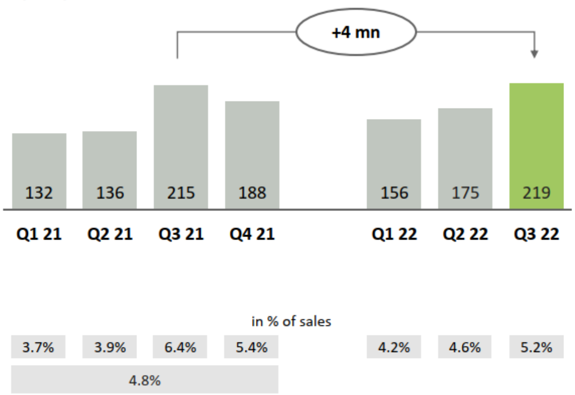
Working capital[1] | in EUR mn



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

Capex[2] | in EUR mn



[2] Cash view

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Automotive Technologies (AT) outperformance by quarters

YTD
Outperformance: -0.5pp

	Q1 22			Q2 22			Q3 22		
	S&P[1]	AT[2]	Outper-formance	S&P[1]	AT[2]	Outper-formance	S&P[1]	AT[2]	Outper-formance
World	-3.3%	-3.2%	+0.1pp	+1.7%	+1.3%	-0.4pp	+27.5%	+25.2%	-2.3pp
Europe	-14.8%	-1.9%	+12.9pp	-1.8%	+2.4%	+4.2pp	+23.7%	+33.9%	+10.2pp
Americas	-3.4%	+0.3%	+3.7pp	+11.4%	+19.5%	+8.1pp	+25.2%	+21.7%	-3.5pp
Greater China	+7.3%	-5.3%	-12.6pp	-3.9%	-14.9%	-10.6pp	+31.4%	+24.7%	-6.7pp
Asia/Pacific	-3.9%	-8.3%	-4.4pp	+4.1%	-0.5%	-4.6pp	+27.3%	+12.8%	-14.5pp

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%	+6.0%	-10.2%	-12.5%	-2.3%
Europe	+2.3%	+3.3%	+1.0pp	+81.1%	+120.4%	+39.3pp	-28.7%	-16.3%	+12.4%	-21.7%	-16.4%	+5.3%
Americas	-2.8%	+6.7%	+9.5pp	+146.9%	+137.2%	-9.7pp	-24.5%	-16.0%	+8.5%	-13.4%	-16.0%	-2.6%
Greater China	+78.0%	+74.8%	-3.2pp	-4.3%	+3.1%	+7.4pp	-13.9%	-16.1%	-2.2%	-1.1%	-6.0%	-4.9%
Asia/Pacific	+5.2%	+14.0%	+8.8pp	+82.1%	+63.9%	-18.2pp	-10.8%	+7.3%	+18.1%	-8.7%	-9.3%	-0.6%

[1] Light Vehicle production growth according to S&P Global Mobility ©, October 2022 | [2] FX-adjusted sales growth of Automotive Technologies division

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Key figures by Group and division

Adjusted comparative figures 2021

Group | in EUR mn

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Sales	3,560	3,454	3,332	3,506	3,758	3,790	4.242
Sales Growth[1]	*+12.3%*	*+52.8%*	*-3.5%*	-5.8%	*+1.9%*	+4.4%	*+20.2%*
EBIT Reported	382	341	266	231	247	186	316
EBIT bsi	397	305	260	260	258	200	355
EBIT bsi margin	11.2%	8.8%	7.8%	7.4%	6.9%	5.3%	8.4%

Automotive Aftermarket | in EUR mn

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Sales	444	467	500	437	463	506	547
Sales Growth[1]	*+4.9%*	*+57.9%*	*+9.0%*	-2.1%	*+2.1%*	+4.3%	*+5.5%*
EBIT Reported	57	89	80	48	62	63	72
EBIT bsi	58	78	72	49	63	63	72
EBIT bsi margin	13.1%	16.6%	14.3%	11.2%	13.6%	12.5%	13.1%

Automotive Technologies | in EUR mn

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Sales	2,281	2,084	1,921	2,150	2,293	2,222	2.555
Sales Growth[1]	*+17.0%*	*+67.5%*	*-13.1%*	-12.5%	*-3.2%*	+1.3%	*+25.2%*
EBIT Reported	232	141	96	110	77	1	108
EBIT bsi	240	119	77	107	80	11	122
EBIT bsi margin	10.5%	5.7%	4.0%	5.0%	3.5%	0.5%	4.8%

Industrial | in EUR mn

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

[1] FX-adjusted

Overview Corporate and Financing Structure

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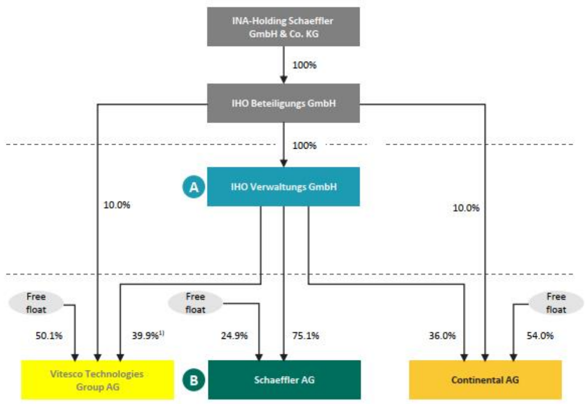
Corporate structure (simplified) | as of September 30, 2022



[1] On August 18, 2022, IHO Verwaltungs GmbH increased its stake in Vitesco Technologies Group AG to 39.9% from 36.0%.

Financing structure | as of September 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)	-	160	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	513	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	462	6.000%	May-27	BB/Ba2/BB-
	6.375% SSNs 2029 (USD)	400	410	6.375%	May-29	BB/Ba2/BB-
	Total IHO Verwaltungs GmbH		**3,595**	**Ø 4.03%[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)	-	63-	Ø 0.75%	Oct-22-	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		**3,311**	**Ø 2.76%[3]**		

[1] EUR/USD = 0.9748| [2] After cross currency swaps | [3] Incl. commitment and utilization fees