

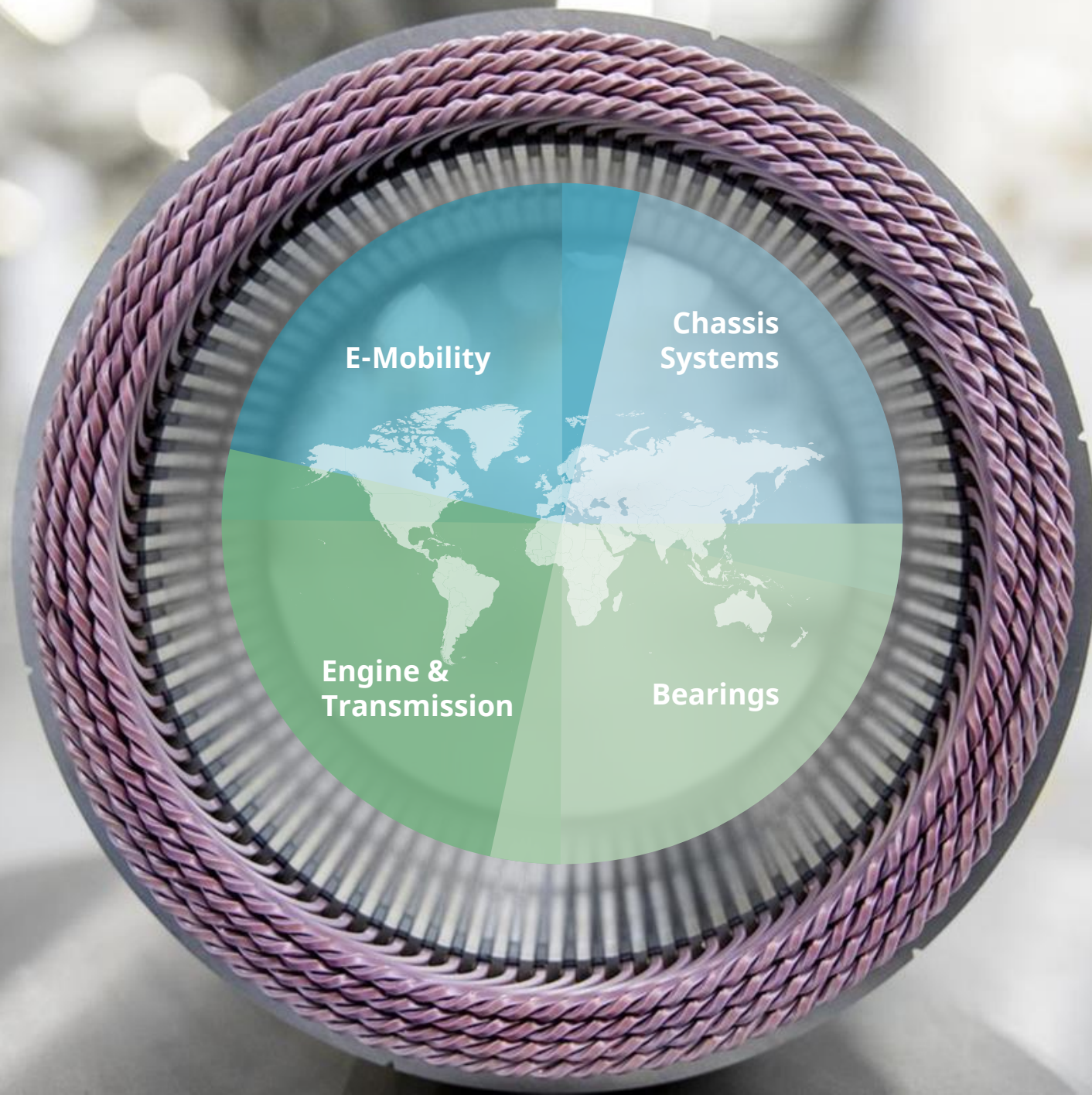
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Schaeffler Automotive Technologies Division

Growing the New Business

Matthias Zink
CEO Automotive Technologies Division
J.P. Morgan European Automotive Conference
June 6, 2023

We pioneer motion



- 1 Where we stand
- 2 Where we play
- 3 How we win
- 4 How we create value

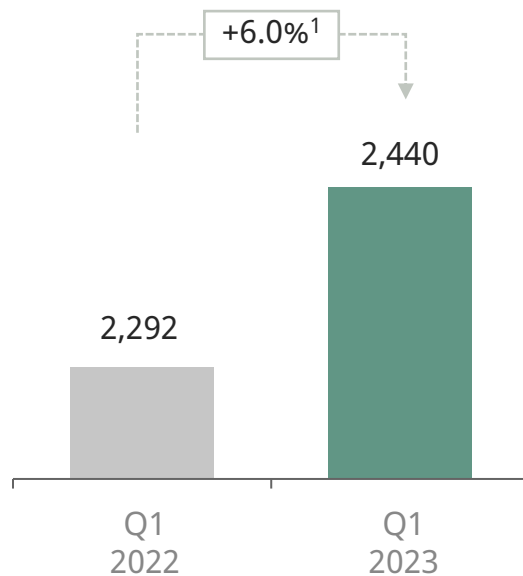
AGENDA

1 Where we stand

Q1 2023 Automotive Technologies – Moderate Sales growth¹, EBIT margin² improved

Sales

in EUR mn



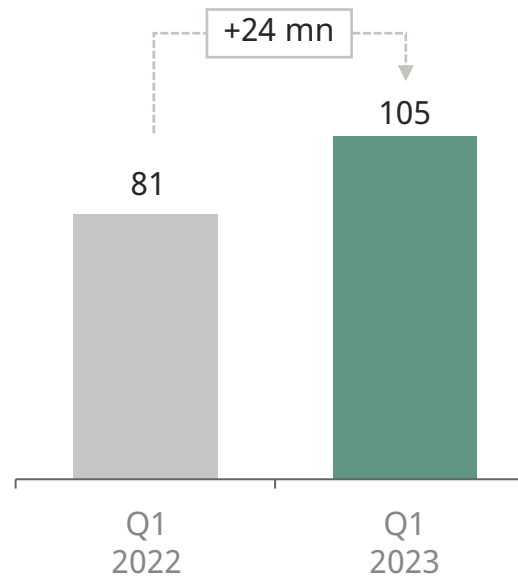
Gross margin

18.9%

18.0%

EBIT²

in EUR mn



EBIT margin²

3.5%

4.3%

KEY ASPECTS

↑ Moderate Sales growth¹ of 6.0% driven by Europe (+15.1%) and supported by all Business Divisions; strong growth in E-Mobility, Chassis with double-digit growth rates

↓ Technically, negative outperformance in Americas driven by index-based Sales adjustments due to lower raw material prices and negative FX impact on Mexican Sales transacted in USD

Structurally, we are strongly anchored in important local HEV/BEV-programs

↑ Significant increase in EBIT margin² to 4.3%, driven by price, volume and good fixed cost absorption

Q1 2023 Automotive Technologies – All Business Divisions growing¹

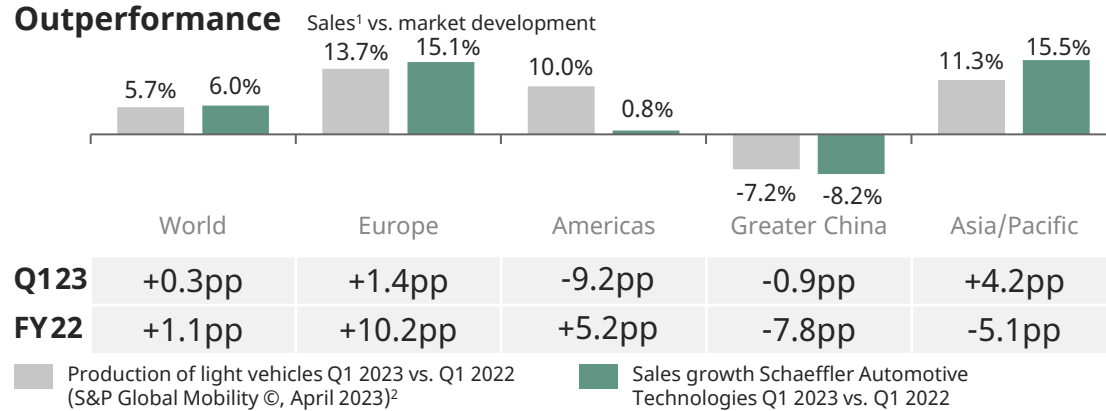
Sales by business division yoy growth

	Q1 2022	Q1 2023	Δ ¹
E-Mobility	307	336	+9.5%
Engine & Transmission	1,257	1,340	+5.8%
Bearings	643	659	+2.6%
Chassis Systems	86	104	+21.3%
Total	2,292	2,440	+6.0%

Key Aspects on Business Division and Regions

- Continued strong growth in New Business areas E-Mobility and Chassis; growth in E&T smoothing the path to EV mobility
- China with slight underperformance based on underrepresented stance in first wave of local EV players; however, YTD Order Intake in China dominated by local players (~60%) and EV orders (~80%), Book-to-Bill>1.5x
- Americas with temporary underperformance driven by transactional FX and index pricing; however very well anchored in the EV market with major US carmakers incl. New Mobility Players

Outperformance

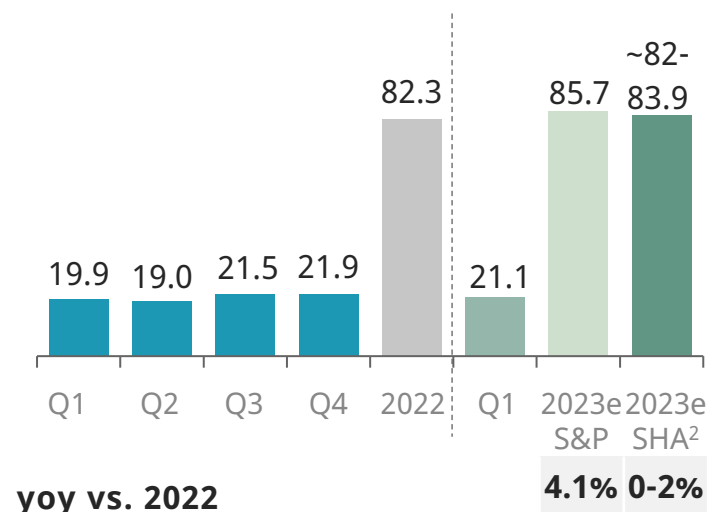


Key Aspects on Volume, Pricing and Mix

- Affordability of cars plays an important role in the current environment driving mix towards Engine & Transmission in the near term
- While we drive the growth of our New Business, mix impact helps short-term to smoothen the transformation and finance growth
- Implemented sustainable pricing from 2022 helps us throughout 2023 with effects in all quarters, already in Q1; if volumes grow more than our expectation, we have capacity for better fixed cost absorption

Automotive Technologies – Current trading update, continued cautious view on macro environment

Automotive Technologies – Global LVP¹ 2023



Automotive market dynamics

- S&P Global Mobility slightly increased its estimates for the Global LVP¹ in the course of the year, now expecting Global LVP¹ of 85.7 mn vs. 85.1 mn back in January
- Due to still unstable supply situation for OEMs and macroeconomic uncertainties in important world markets, Schaeffler market assumptions are more conservative than S&P market prediction of May 2023

Schaeffler Automotive Technologies topline current trading

- We continue to see good order backlog in H1. We remain cautious on macro development for H2, and will closely monitor market volume developments in Greater China
- We carry over the sustained pricing from last year, already visible in Q1 2023. We continue to work on price compensations for labor and other non-raws input costs, and target to achieve at least the same recovery ratios as in 2022

Implications – our base case has upside in case of stronger market growth

- We confirm our targets for this year, under our unchanged market assumptions
- Should higher volumes in H2 materialize, we will definitely capture the additional market potential in any case

Cautious approach is already baked into our Guidance – Should the market grow more than our expectations, our volumes will capture the additional growth and ensure even better fixed-cost absorption

FY 2023 Guidance confirmed – Good Q1 but we remain cautious on market development

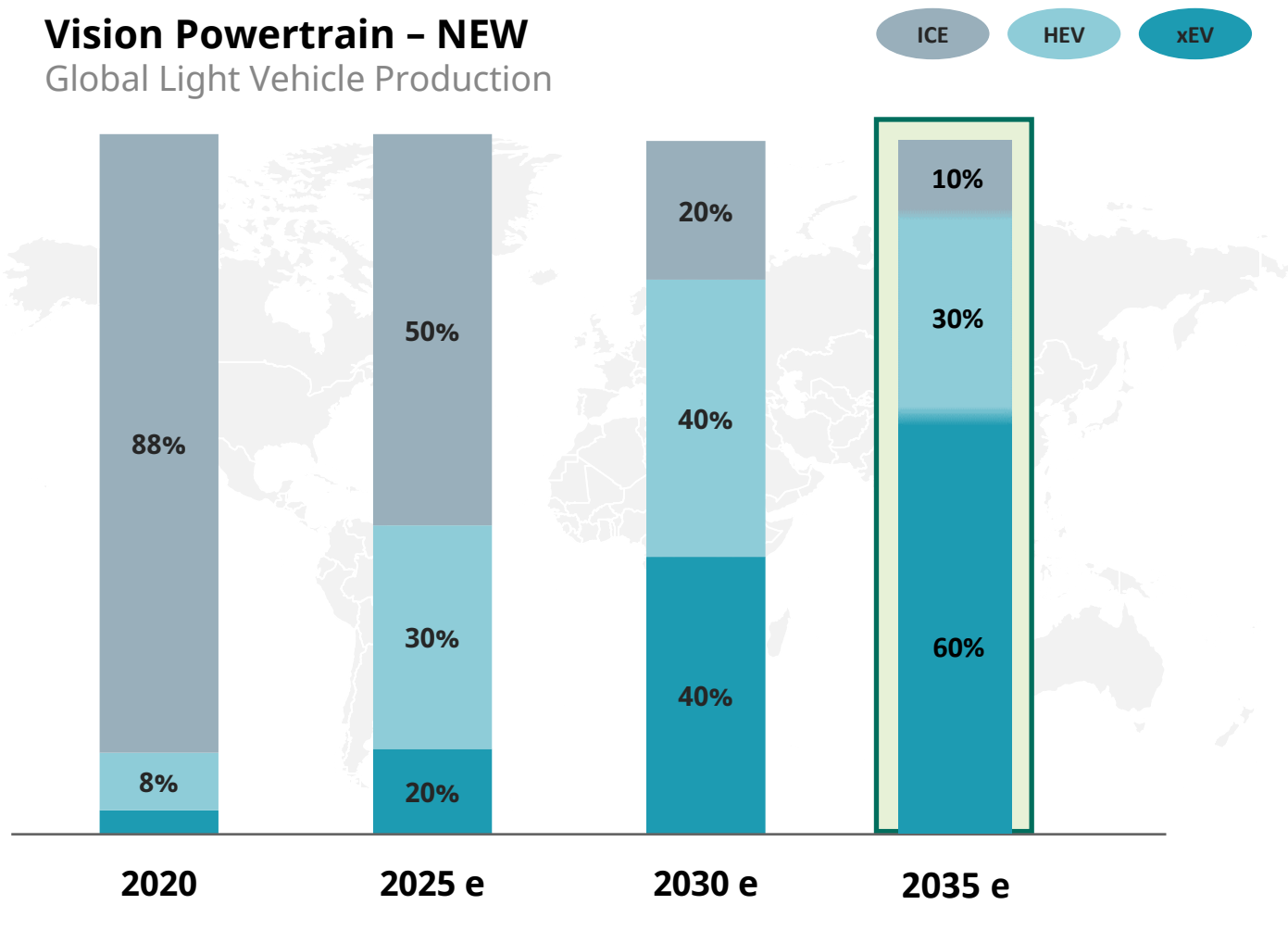
FY 2023 Guidance

	Schaeffler Group	Automotive Technologies	Automotive Aftermarket	Industrial
	Guidance FY 2023 ¹	Guidance FY 2023	Guidance FY 2023	Guidance FY 2023
Sales growth ²	5 – 8%	Outperformance 200 – 500 bps ⁵	5 – 7%	9 – 11%
EBIT margin ³	5.5 – 7.5%	2 – 4%	12 – 14%	11 – 13%
Free Cash Flow ⁴	EUR 250 – 350 mn	Market assumptions for 2023 <ul style="list-style-type: none"> Automotive Technologies: LVP growth of 0 - 2% vs. 3.8% in latest S&P estimate⁶ for 2023 Automotive Aftermarket: Growth of Global LV Parc⁷ of around 2% Industrial: Increase of relevant industrial production⁸ around 1.3% 		

2 Where we play

Market & Customers – Electrification is further accelerating, year 2035 adjusted

Vision Powertrain – NEW
Global Light Vehicle Production

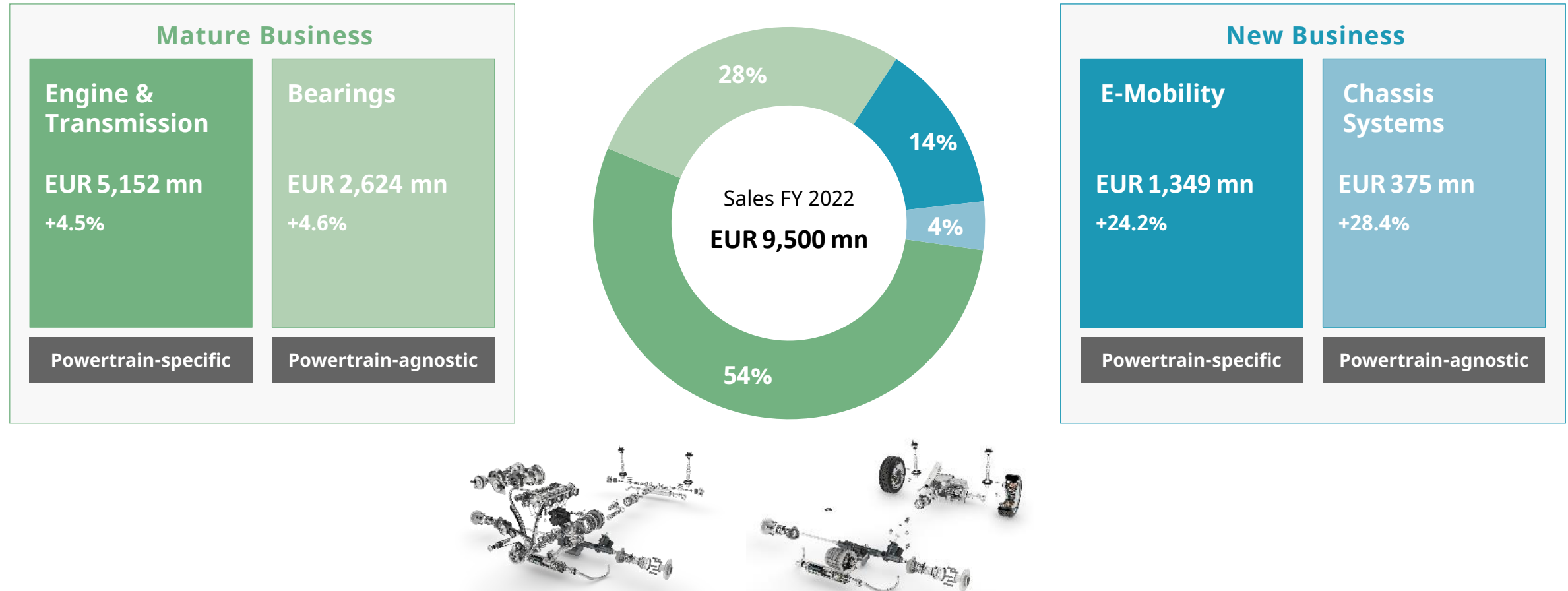


Climate targets towards zero emission in major markets

HEV as transition technology will reach tipping point in 2030

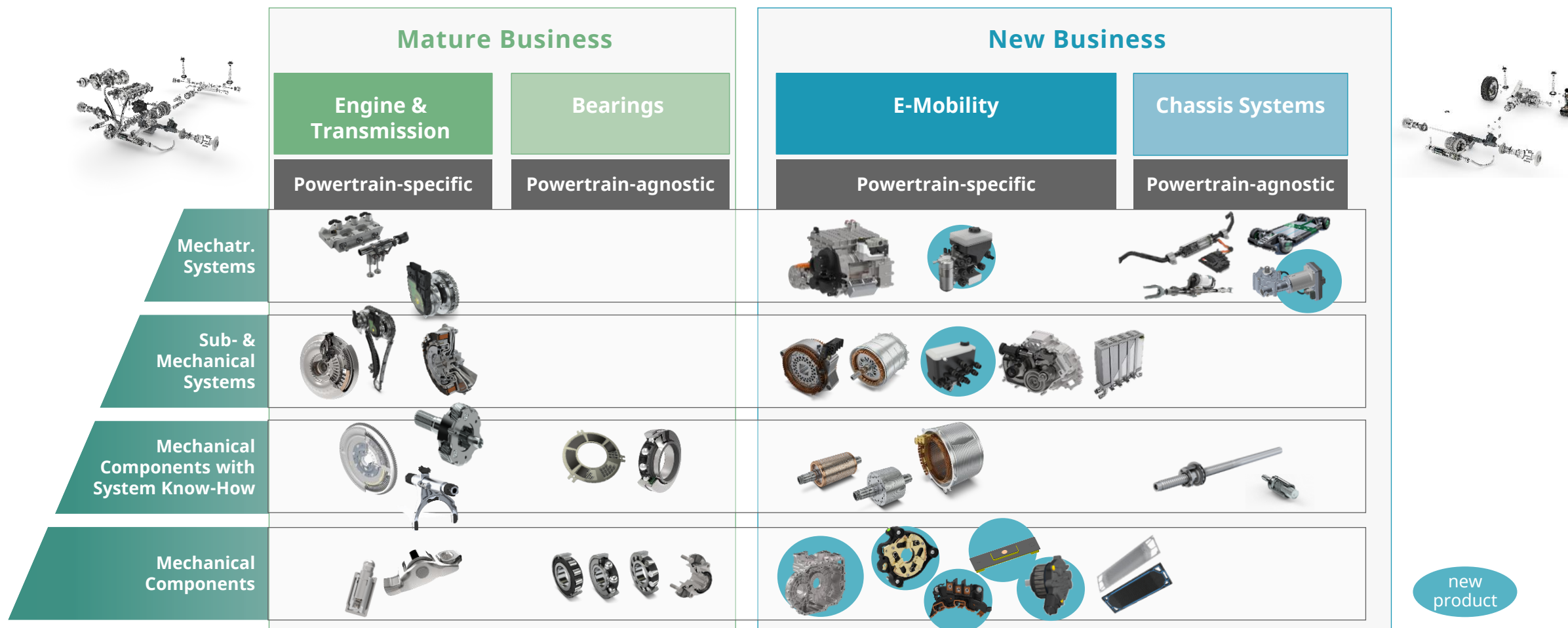
OEMs raise EV targets and accelerate electrification

Portfolio Management – Operating model proving its steering effectiveness with clear results

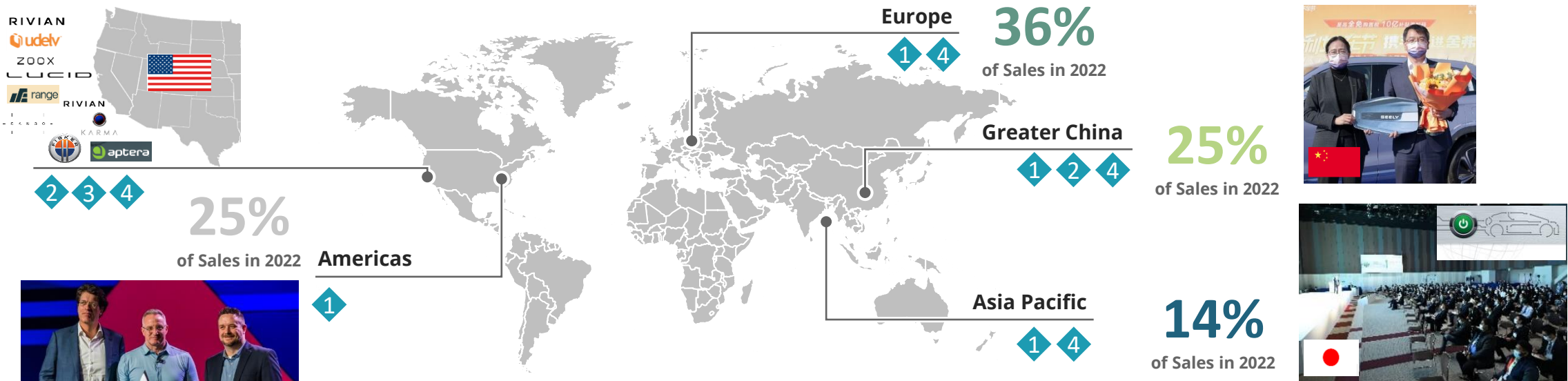


Further differentiating internal resource allocation and steering & further enhancing customer orientation

Product Portfolio expanded – We deliver both innovative components & systems for powertrain & chassis



Market & Customers – Competitive landscape increasingly dynamic and offering great opportunities



			Market penetration	Financial power	Automotive as today's core business
Established OEMs	1	Traditional, with both ICE and EV		✓ →	✓
	2	EV natives, with high growth	Customers undisclosed	✓ →	✓
New Players	3	Well financed and successful in other ventures	Customers undisclosed	✗ →	✗
	4	New Entrants (e. g. with new mobility approaches & MaaS)	ZOOX Customers undisclosed	✗	✗

3 How we win

How we win in a diversified customer base – With both components and systems

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Mature Business

New Business

Established OEMs

1

2

New Players

3

4

**Mechatr.
Systems**



**Sub- &
Mechanical
Systems**



**Mechanical
Components with
System Know-How**

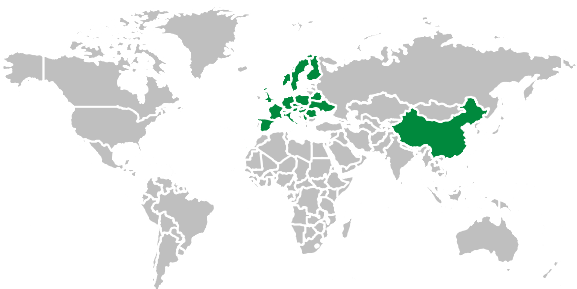


**Mechanical
Components**



First Order Intake for battery cooling and expansion into the refrigerant market

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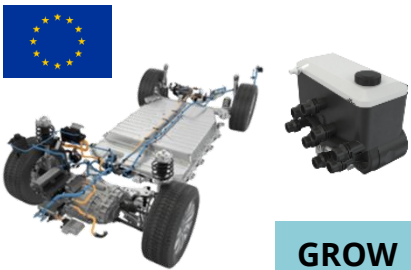
Mature Business

New Business

Established OEMs

1

2

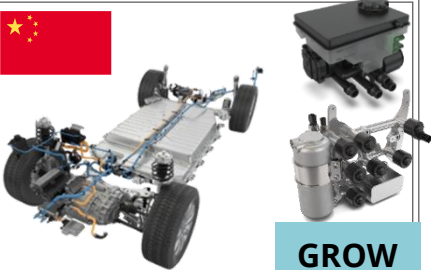


GROW

New Players

3

4



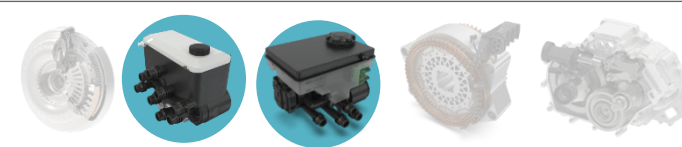
GROW

OI
approx.
EUR 0.6 bn
2022 & 2023 Q1

Mechatr.
Systems



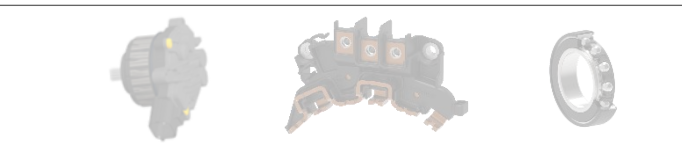
Sub- &
Mechanical
Systems



Mechanical
Components with
System Know-How



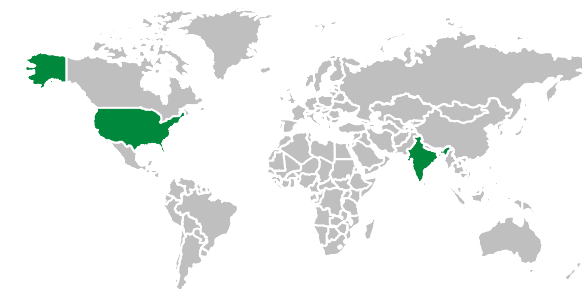
Mechanical
Components



Schaeffler expands its thermal management activities into cooling of batteries for BEV

Order Intake for e-Axle systems received from established and new OEMs

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Mature Business

New Business

Established OEMs

1



2



New Players

3



4

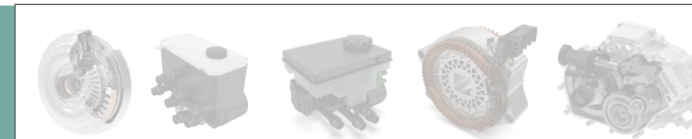


OI
approx.
EUR 2.4 bn
2022 & 2023 Q1

**Mechatr.
Systems**



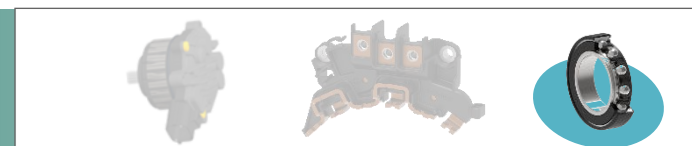
**Sub- &
Mechanical
Systems**



**Mechanical
Components with
System Know-How**

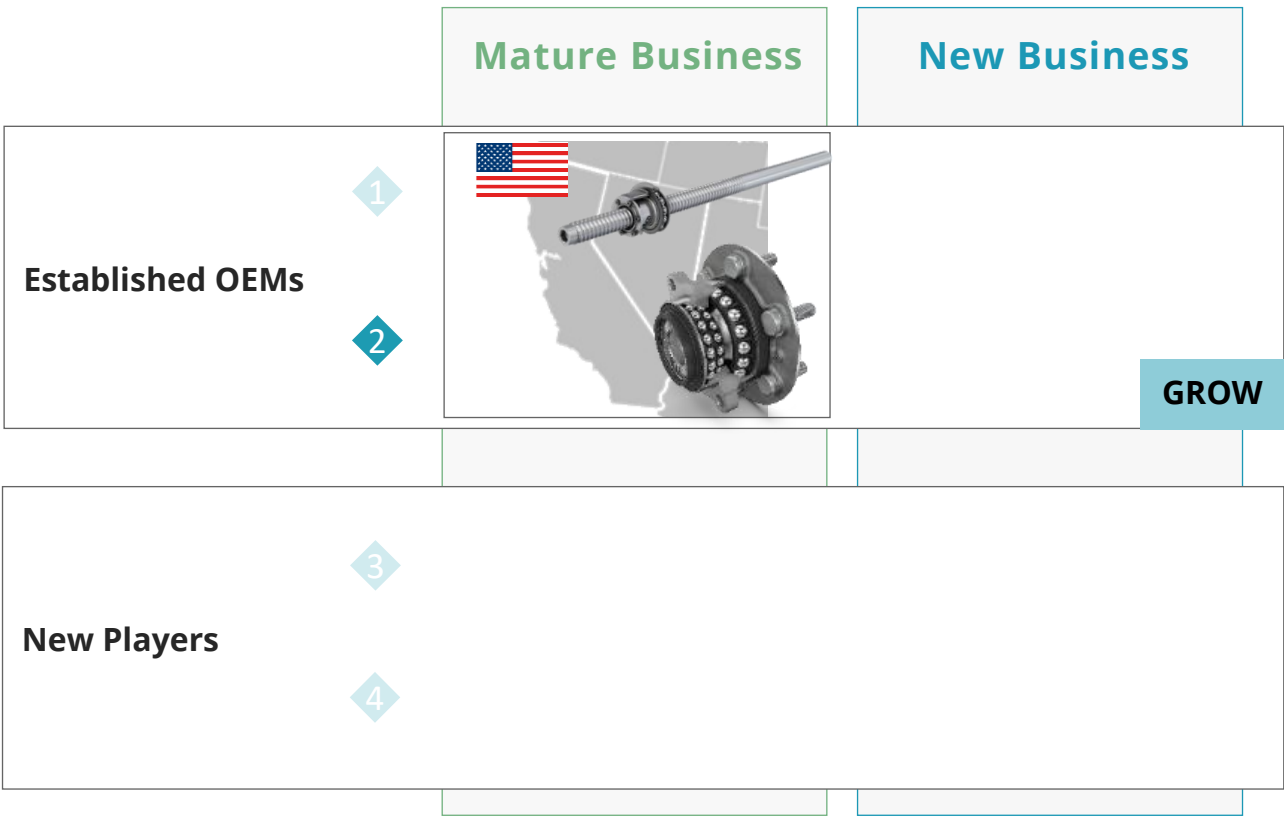


**Mechanical
Components**

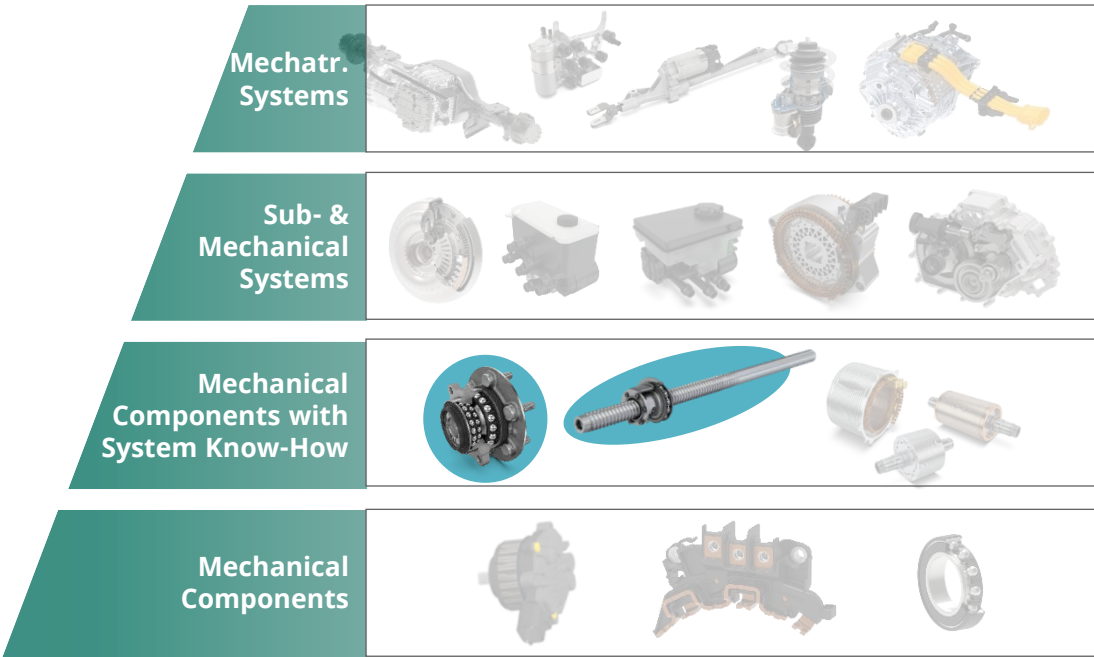


New Mobility Concepts offer additional growth opportunities for e-Axle systems

High capability in embedded software (customer) meets high capability in precision components and mechatronic systems (Schaeffler)

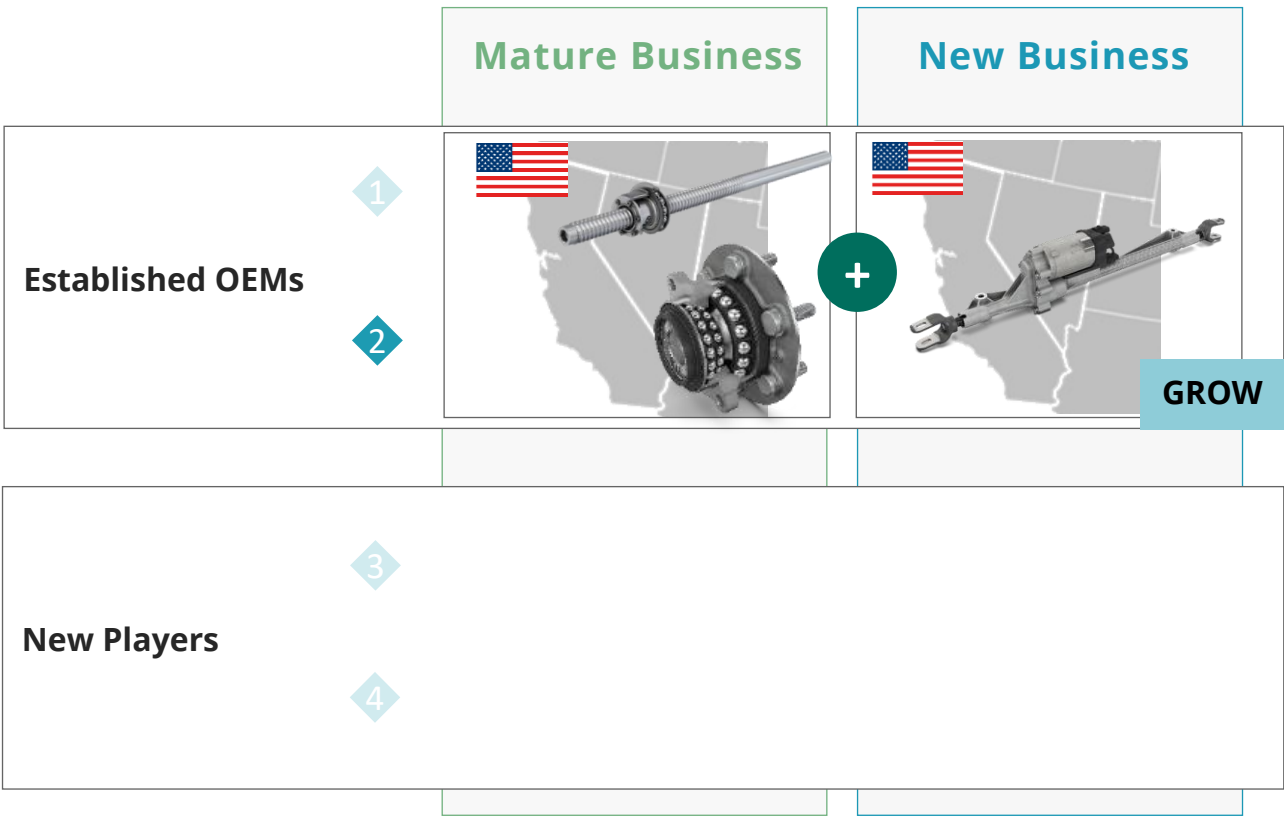


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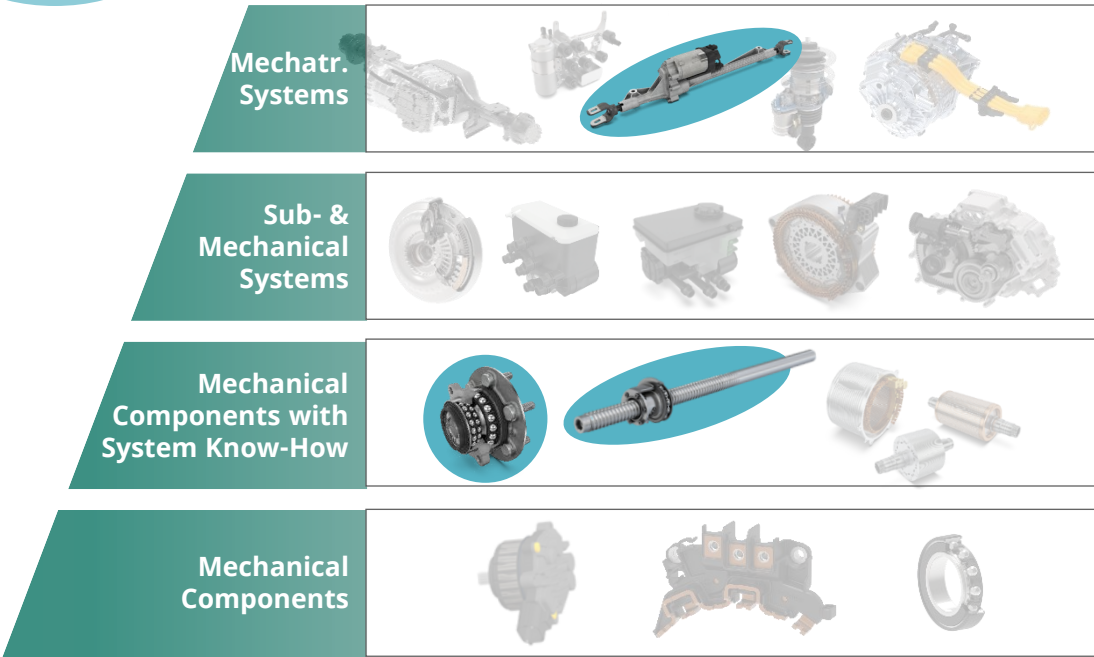
Schaeffler expands its Business Fields with New Mobility Players

High capability in embedded software (customer) meets high capability in precision components and mechatronic systems (Schaeffler)



OI
approx.
EUR 0.5 bn

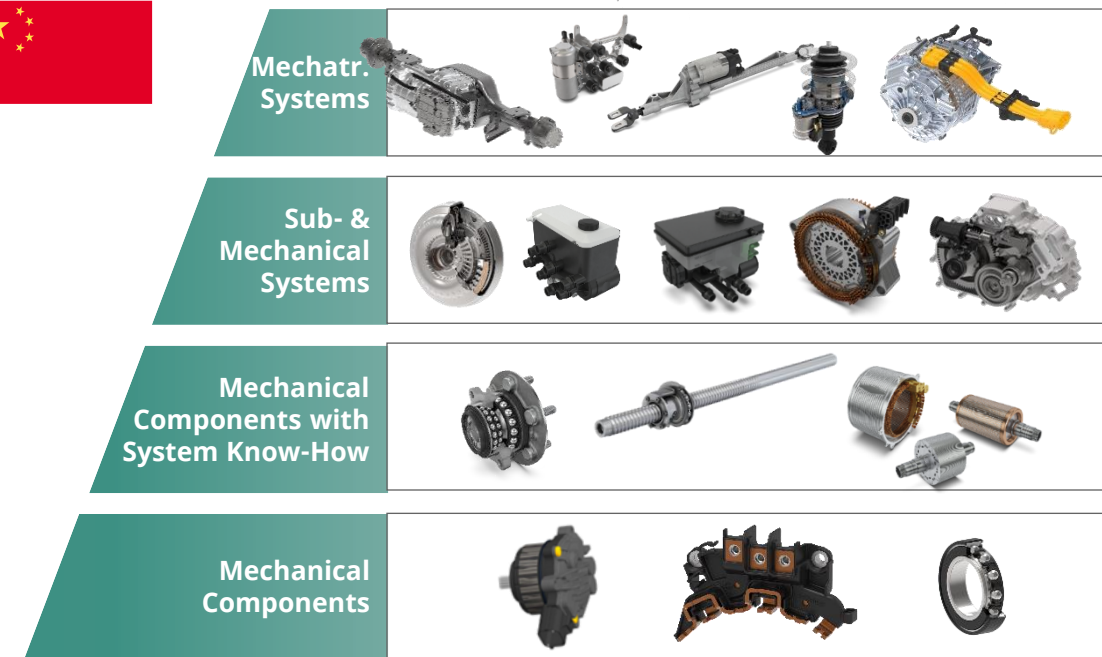
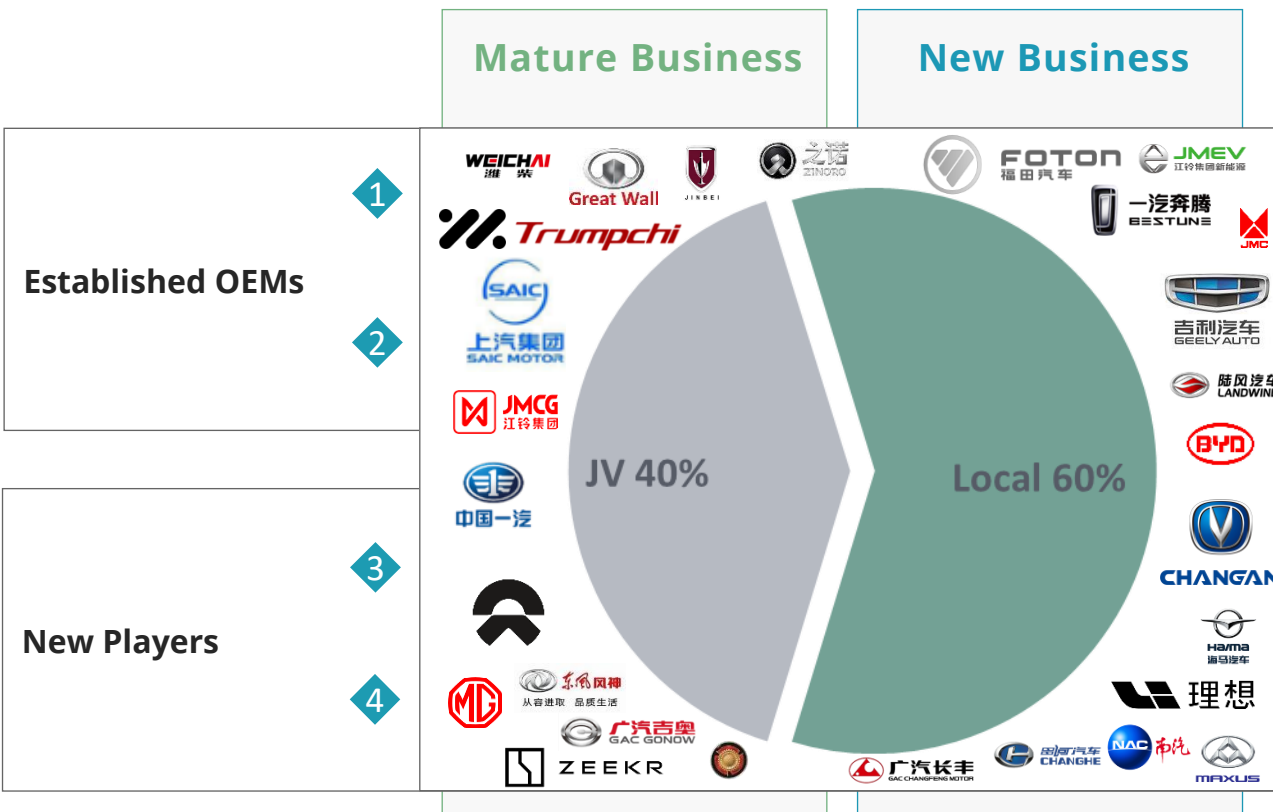
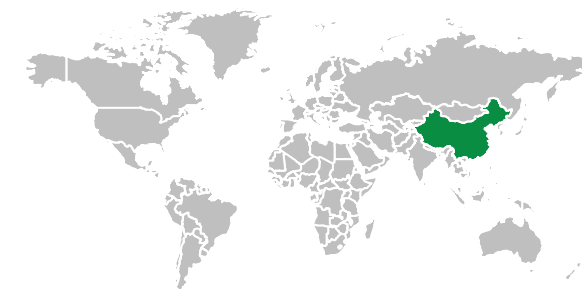
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Schaeffler expands its Business Fields with New Mobility Players

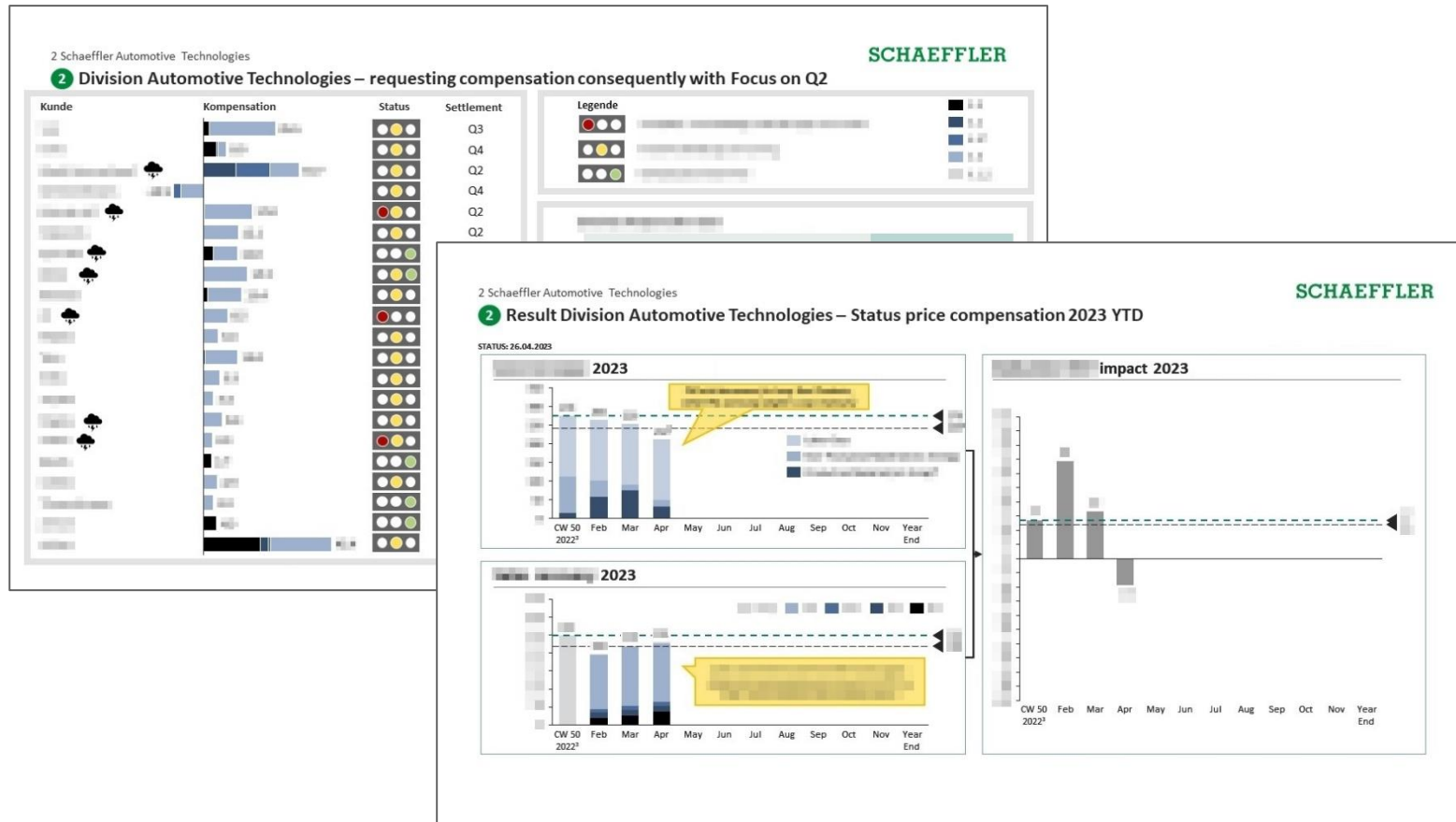
How we win in Greater China – Approaching a diversified customer base with components and systems with an excellent local team

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... while at the same time cost compensation with the same customers has top priority

Compensation of cost increases



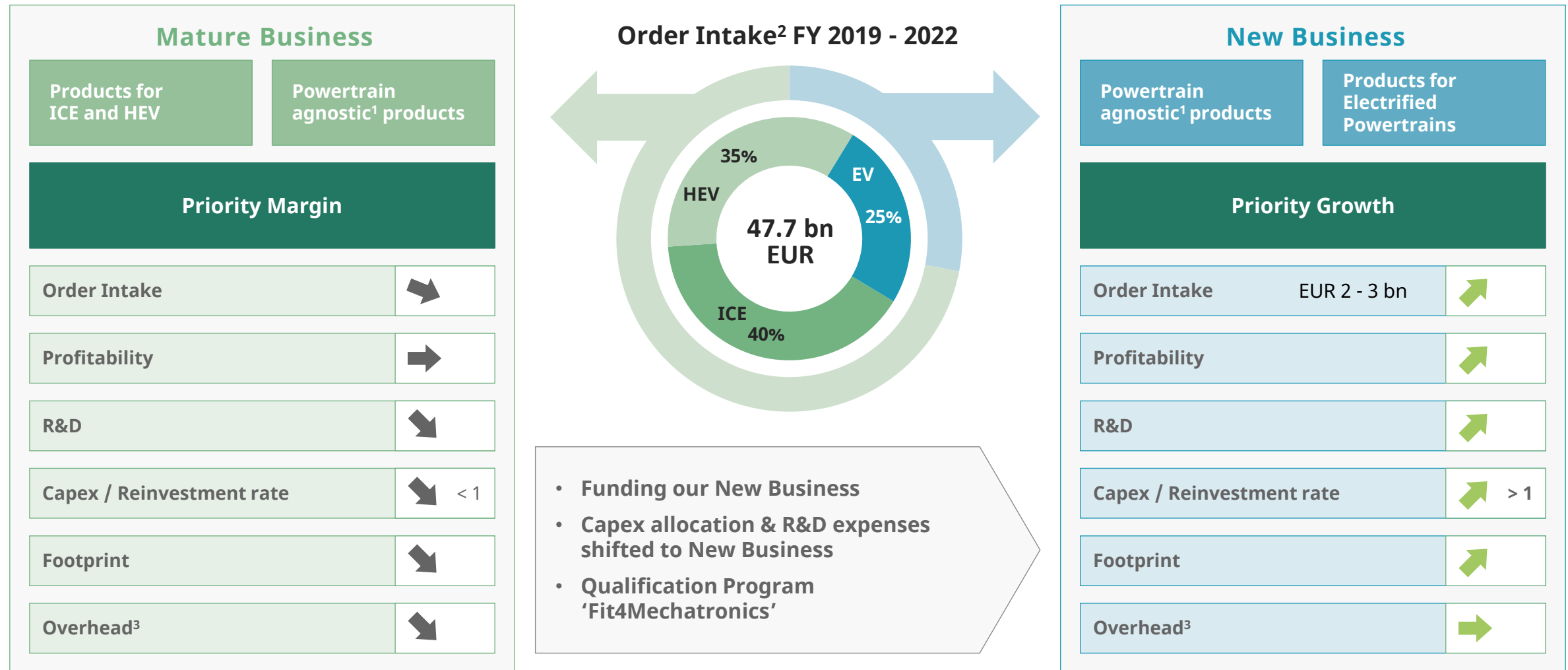
KEY ASPECTS

- ^ We carry over our sustained pricing from last year
- ^ Tough negotiations on relevant input cost inflation items – labor and other non-raws input costs – already in progress in Q1 2023
- ^ Due to high system relevance of our products good negotiation leverage
- ^ At least same recovery ratios targeted for FY 2023 as last year
- ^ Proven tracking tool is applied consistently

Price compensation progress continuously reviewed in board meetings

4 How we create value

How we fund our own growth and create value



Road to 2025 – We stay committed to our mid-term targets

Mid-term targets 2025

Automotive Technologies

Outperformance¹
200 to 500 bps
 on average²

4 to 6%
 EBIT margin before special items⁴

Automotive Aftermarket

Constant-currency revenue growth
> GDP growth
 on average²

13 to 15%
 EBIT margin before special items⁴

Industrial

Constant-currency revenue growth
> Ind. Prod. growth
 on average^{2 3}

12 to 14%
 EBIT margin before special items⁴

Schaeffler Group

ROCE
12 to 15%
 based on EBIT reported⁴

FCF-conversion
0.3 to 0.5
 based on EBIT reported^{4 5}

Group parameters

Capital structure

1.2x to 1.7x
 Net debt/EBITDA before special items

Dividend policy

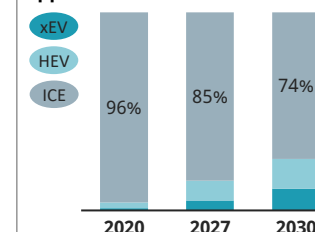
30 to 50%
 of net Income before special items

Portfolio Automotive Technologies as enabler for further business in other sectors / divisions



Example: Schaeffler Aftermarket

Car Parc¹
approx. 1.5 bn vehicles



Example: Schaeffler Free Drive



Example: E-Motor for agricultural applications



Conclusion

A Short-term drivers

- Good first quarter for Automotive Technologies, we manage the outperformance short-term moving parts
- Strong order momentum in New business continues across all regions
- Very confident on our 2023 FY guidance in Automotive Technologies, striving for the higher part of the given margin range of 2 - 4%

B Mid-term drivers

- Positioning our top line in the right spot with compelling customer focus and a well diversified regional mix. Both established and New Mobility players clearly in focus
- Focusing on growth of New Business and improving profitability, in order to reach EBIT break-even point in New Business
- Full commitment to deliver on Automotive Technologies Mid-term targets and contribute to the Schaeffler Group performance thanks to Auto+Industrial unique setup

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

BACKUP

Automotive Technologies (AT) outperformance by quarters

Adjusted comparative figures 2022

YTD Outperformance: +0.3pp			Q1 23	
	S&P ¹	AT ²	Outper- formance	
World	+5.7%	+6.0%	+0.3pp	
Europe	+13.7%	+15.1%	+1.4pp	
Americas	+10.0%	+0.8%	-9.2pp	
Greater China	-7.2%	-8.2%	-0.9pp	
Asia/Pacific	+11.3%	+15.5%	+4.2pp	

FY 22 Outperformance: +1.1pp			Q1 22		Q2 22		Q3 22		Q4 22			
	S&P ¹	AT ²	Outper- formance	S&P ¹	AT ²	Outper- formance	S&P ¹	AT ²	Outper- formance	S&P ¹	AT ²	Outper- formance
World	-3.6%	-3.2%	+0.4pp	+1.3%	+1.3%	0.0pp	+29.5%	+25.2%	-4.3pp	+3.4%	+9.9%	+6.5pp
Europe	-14.8%	-2.0%	+12.8pp	-1.9%	+2.4%	+4.3pp	+25.3%	+33.6%	+8.3pp	+5.4%	+18.0%	+12.6pp
Americas	-3.6%	+0.3%	+3.9pp	+11.2%	+19.6%	+8.4pp	+24.7%	+22.0%	-2.7pp	+6.9%	+17.9%	+11.0pp
Greater China	+6.7%	-5.3%	-12.0pp	-4.4%	-14.8%	-10.4pp	+34.3%	+24.7%	-9.6pp	-5.2%	-7.4%	-2.2pp
Asia/Pacific	-3.9%	-8.3%	-4.4pp	+3.7%	-0.5%	-4.2pp	+30.4%	+12.9%	-17.5pp	+12.1%	+15.8%	+3.7pp

Key figures by Group and Division

Adjusted comparative figures 2022

Group in EUR mn

	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Sales	3,758	3,790	4,242	4,019	4,152
Sales Growth¹	+1.9%	+4.4%	+20.2%	+11.8%	+10.4%
EBIT reported	247	186	316	224	244
EBIT bsi	258	200	355	233	336
EBIT bsi margin	6.9%	5.3%	8.4%	5.8%	8.1%

Automotive Aftermarket in EUR mn

	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Sales	464	506	548	523	582
Sales Growth¹	+2.1%	+4.4%	+5.6%	+16.8%	+25.7%
EBIT reported	63	64	73	55	102
EBIT bsi	64	64	73	59	103
EBIT bsi margin	13.8%	12.7%	13.4%	11.2%	17.7%

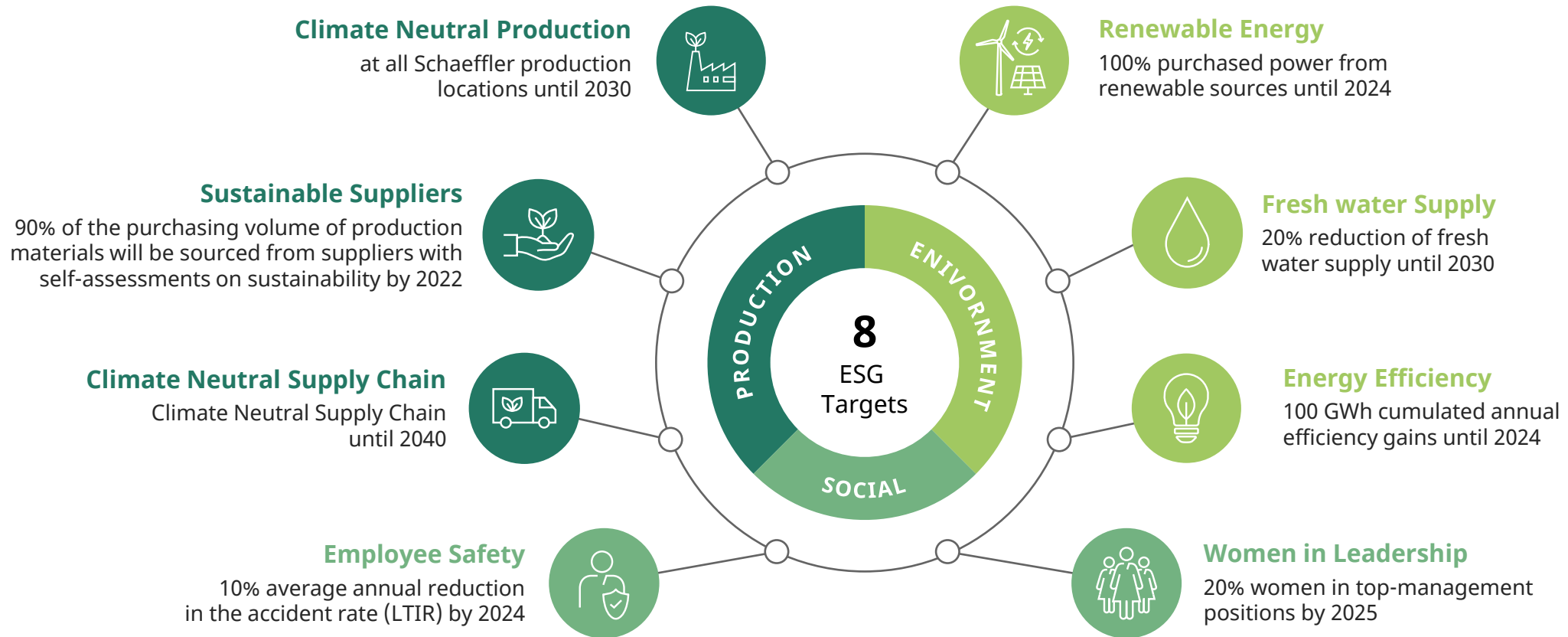
Automotive Technologies in EUR mn

	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Sales	2,292	2,221	2,554	2,430	2,440
Sales Growth¹	-3.2%	+1.3%	+25.2%	+9.9%	+6.0%
EBIT reported	78	1	109	66	44
EBIT bsi	81	11	122	78	105
EBIT bsi margin	3.5%	0.5%	4.8%	3.2%	4.3%

Industrial in EUR mn

	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Sales	1,002	1,062	1,140	1,066	1,130
Sales Growth¹	+15.7%	+11.7%	+17.8%	+13.7%	+13.4%
EBIT reported	106	121	135	103	98
EBIT bsi	113	125	159	97	128
EBIT bsi margin	11.3%	11.7%	13.9%	9.1%	11.3%

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



Sustainability targets were integrated into the variable remuneration of upper management

We pioneer motion