

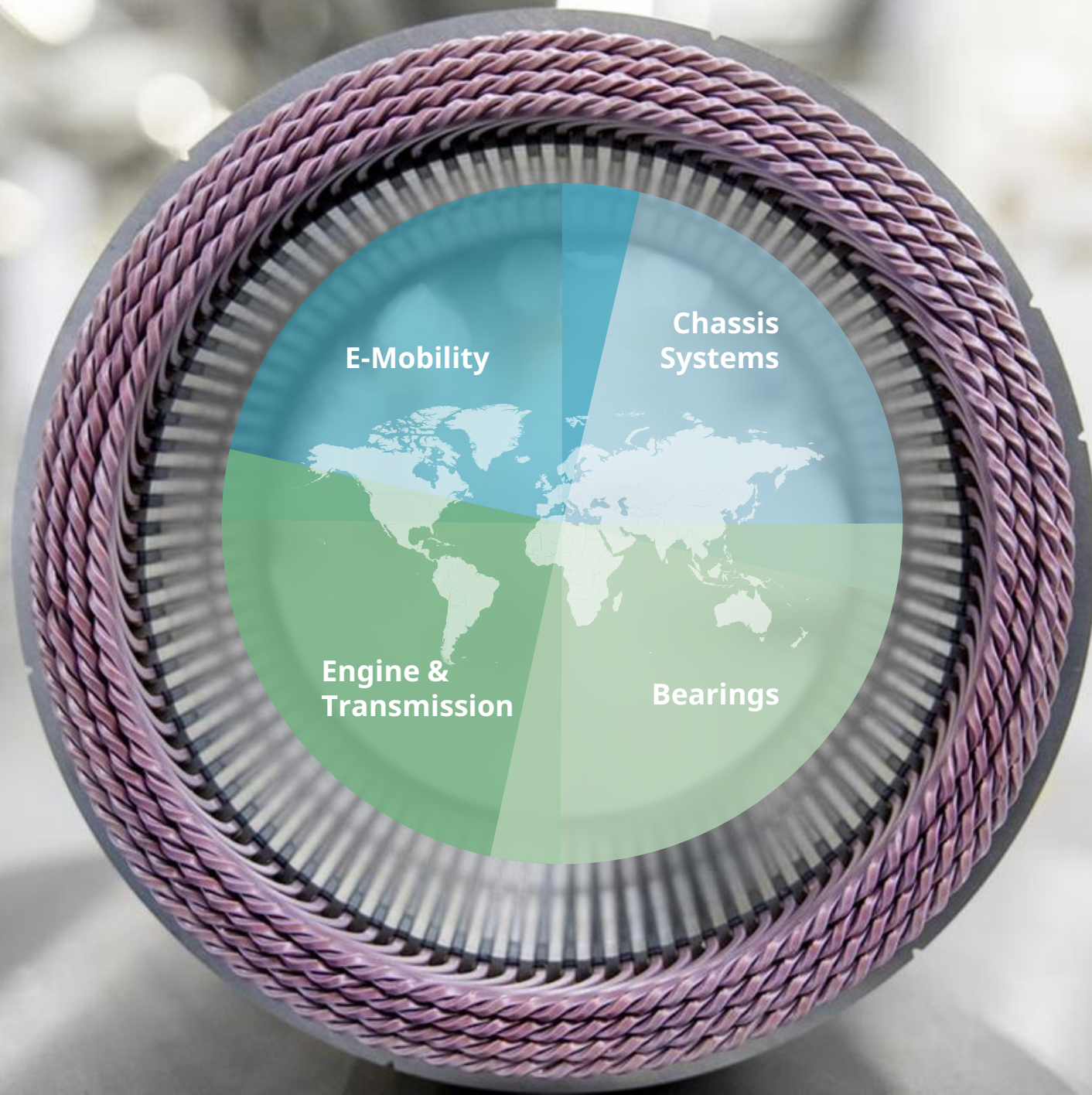
**SCHAEFFLER**

# Schaeffler Automotive Technologies Division

## Growing the New Business

Matthias Zink  
CEO Automotive Technologies Division  
dbAccess IAA Cars Conference  
September 5, 2023

We pioneer motion

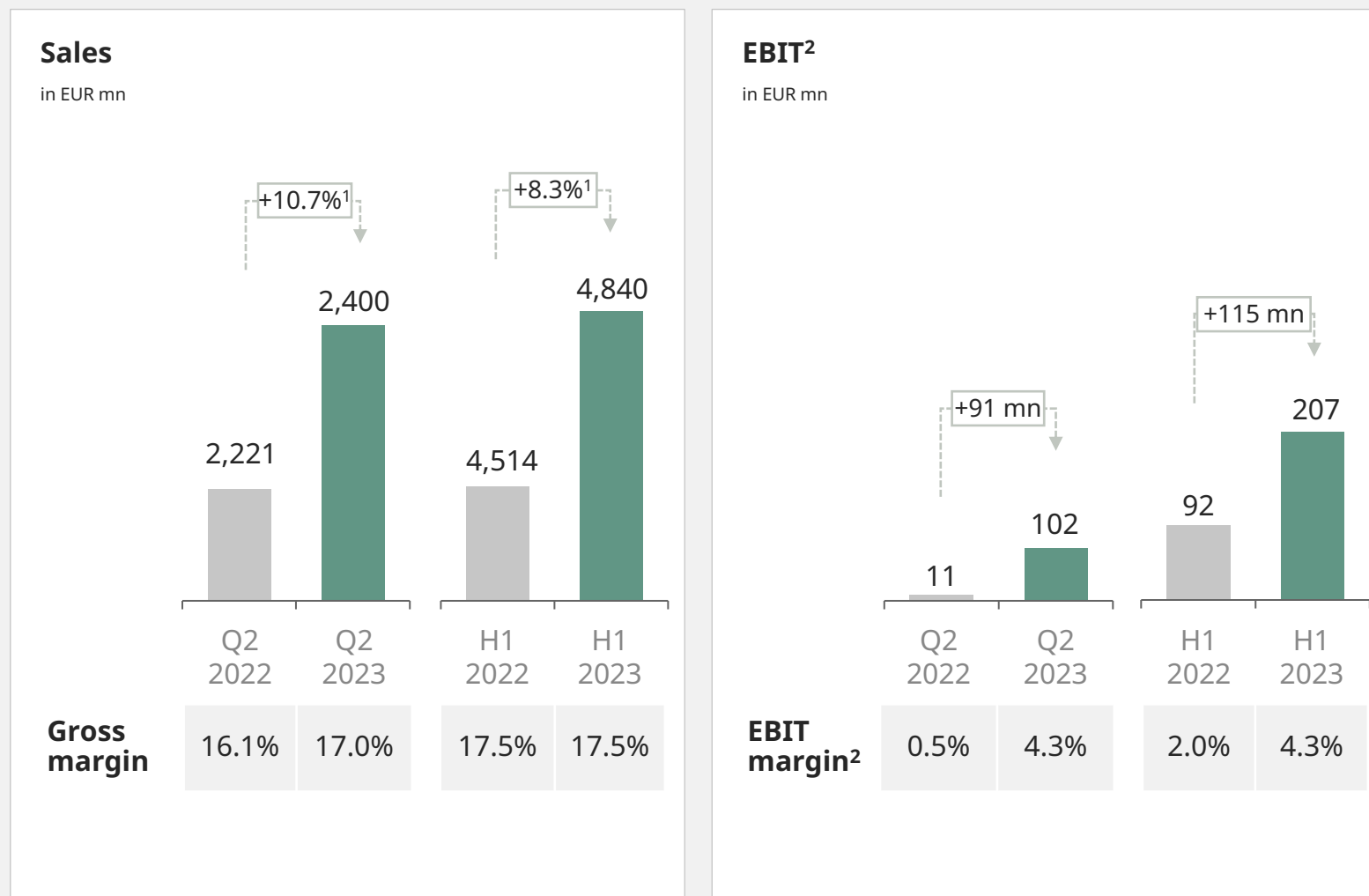


- 1 Where we stand
- 2 Where we play
- 3 How we win
- 4 How we create value

# AGENDA

# 1 Where we stand

## Q2 2023 Automotive Technologies – Double-digit sales growth<sup>1</sup>, solid EBIT margin<sup>2</sup> driven by scale effects and structural improvements



### KEY ASPECTS

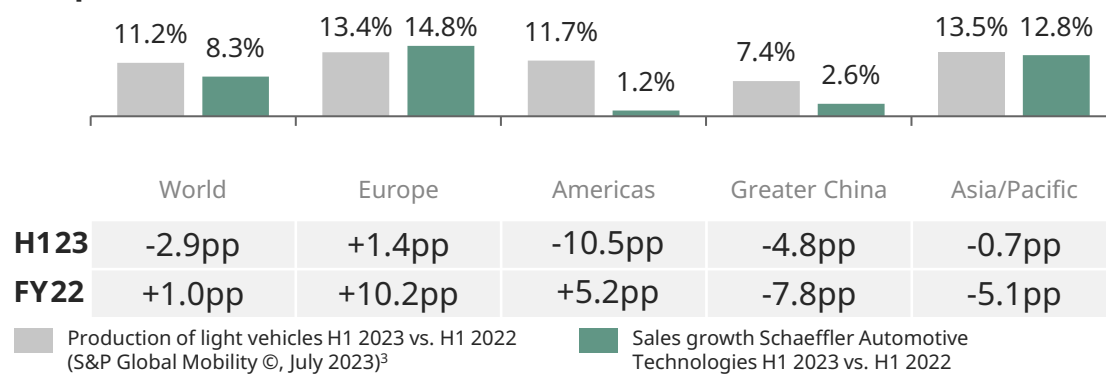
- ^ Sales growth<sup>1</sup> of +10.7% driven by all business divisions and regions; by price and volume
- v Sales growth in Americas and China below market due to project phasing; improvement in Outperformance expected in H2 driven by ramp-ups
- ^ Gross margin improvement also driven by continued price increases
- ^ EBIT margin reached again 4.3% sequentially, driven by scale effects and structural improvements

## Q2 2023 Automotive Technologies – Double-digit sales growth<sup>1</sup>, EBIT margin<sup>2</sup> significantly up

### Sales by business division yoy growth

	Q2 2022	Q2 2023	Δ <sup>1</sup>
<b>E-Mobility</b>	293	296	+3.6%
<b>Engine &amp; Transmission</b>	1,212	1,318	+11.2%
<b>Bearings</b>	631	664	+8.5%
<b>Chassis Systems</b>	86	121	+44.1%
<b>Total</b>	<b>2,221</b>	<b>2,400</b>	<b>+10.7%</b>

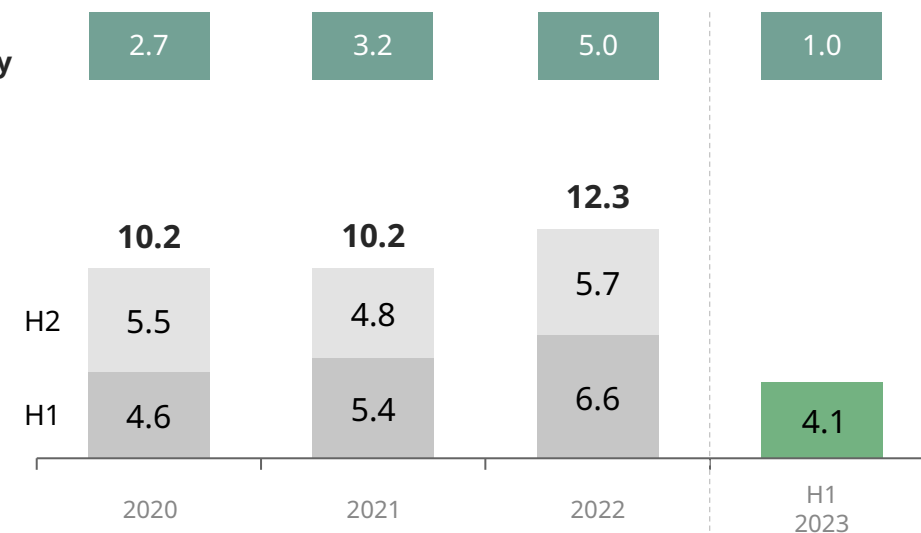
### Outperformance H1 Sales<sup>1</sup> vs. market development



### Order Intake<sup>4</sup>

in EUR bn

#### Thereof E-Mobility

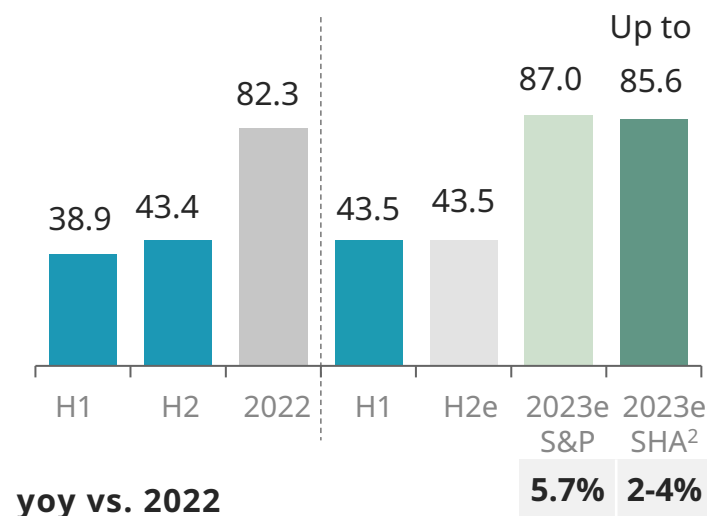


### Book-to-bill-ratio<sup>5</sup>

H2	1.2	1.2	1.2	
H1	1.4	1.3	1.6	0.9
FY	1.3	1.3	1.4	

## Automotive Technologies – Current trading update

### Automotive Technologies – Global LVP<sup>1</sup> 2023



### Automotive market dynamics

- Schaeffler market assumptions increased to 2-4% LVP growth in 2023 (up to 85.6 mn vehicles) vs. 0-2% expected in May (up to 83.9 mn vehicles), but still follows a more conservative approach than S&P

### Schaeffler Automotive Technologies topline current trading

- Q3 sales developing in line with expectations
- For the remainder of the year, we see specific regional chances (especially a better market development in China), but also risks (e. g. a potential UAW strike in Americas and global supply chain disruptions)
- We carry over the sustained pricing from last year. We continue to work on price compensations for labor/ non-raws input costs, and target to achieve at least the same recovery ratios as in 2022

### Implications

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

**FY guidance confirmed – 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

## FY 2023 Guidance

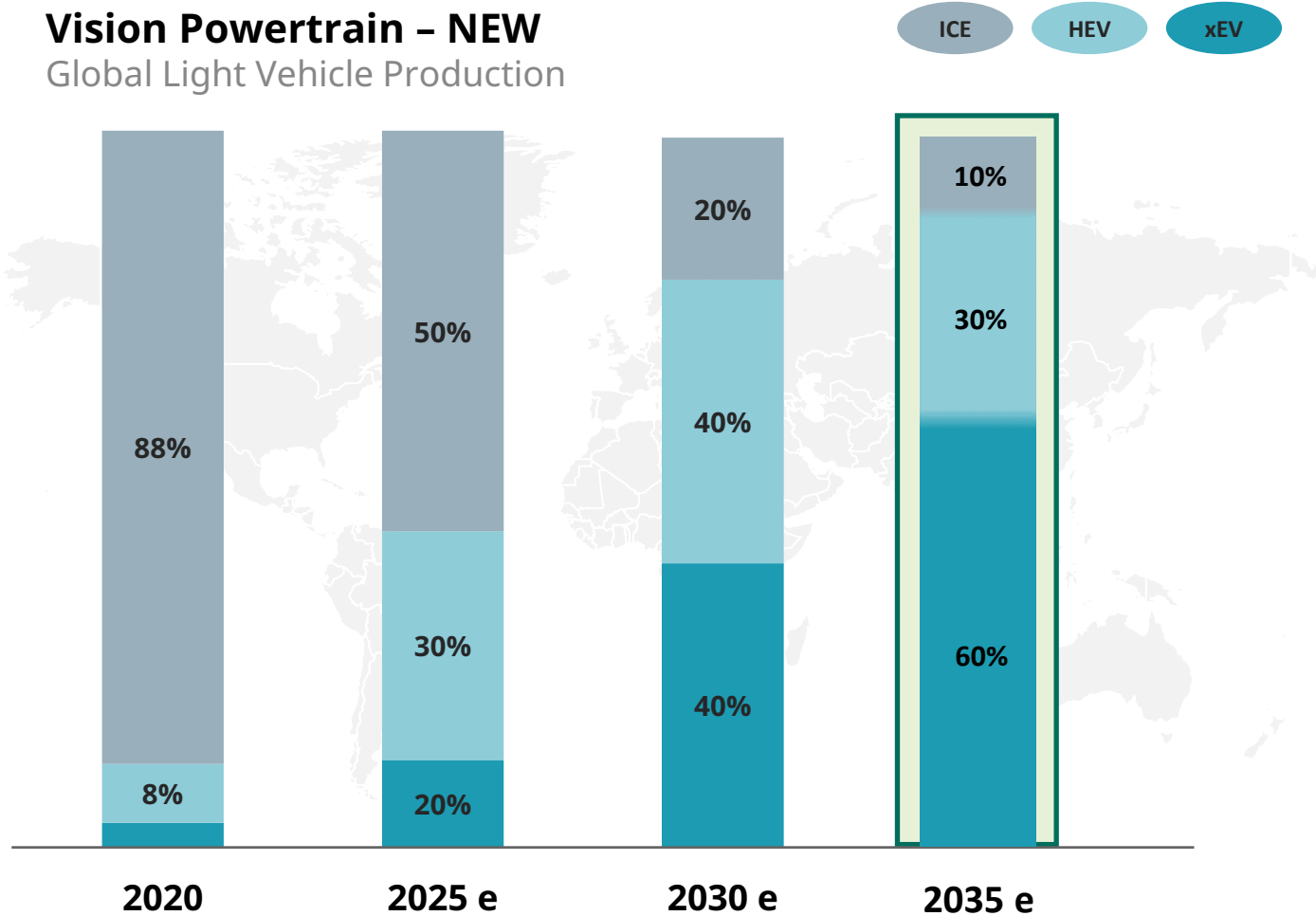
	Schaeffler Group	Automotive Technologies	Automotive Aftermarket	Industrial
	Guidance FY 2023 <sup>1</sup>	Guidance FY 2023	Guidance FY 2023	Guidance FY 2023
Sales growth <sup>2</sup>	5 – 8% (unchanged)	Outperformance 0 – 300 bps <sup>5</sup> (prior: 200 – 500 bps)	10 – 12% (prior: 5 – 7%)	6 – 8% (prior: 9 – 11%)
EBIT margin <sup>3</sup>	6 – 8% (prior: 5.5 – 7.5%)	3 – 5% (prior: 2 – 4%)	14 – 16% (prior: 12 – 14%)	9 – 11% (prior: 11 – 13%)
Free Cash Flow <sup>4</sup>	EUR 300 – 400 mn (prior: EUR 250 – 350mn)	<b>Market assumptions for 2023</b> <ul style="list-style-type: none"> <li><b>Automotive Technologies:</b> LVP growth of 2 - 4% vs. 5.3% in latest S&amp;P estimate<sup>6</sup> for 2023</li> <li><b>Automotive Aftermarket:</b> Growth of Global LV Parc<sup>7</sup> of around 2%</li> <li><b>Industrial:</b> Slight increase of relevant industrial production<sup>8</sup></li> </ul>		

# 2 Where we play



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

### Vision Powertrain – NEW Global Light Vehicle Production

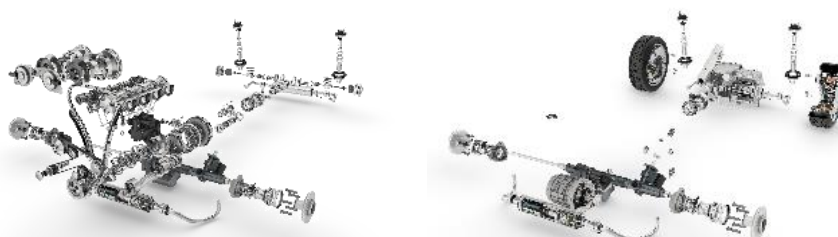
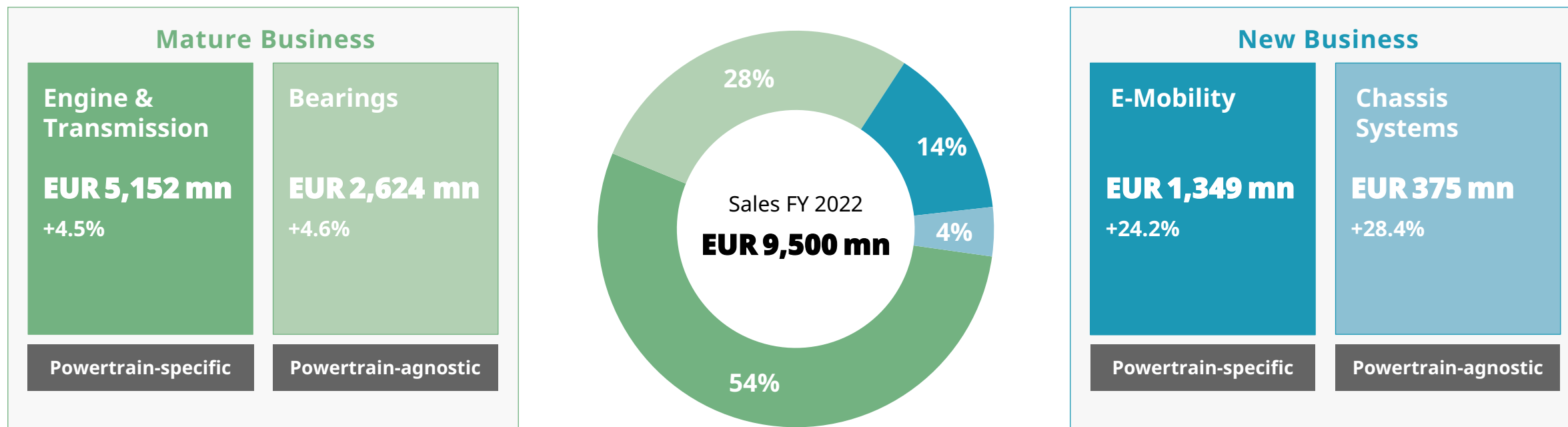


Climate targets towards zero emission in major markets

HEV as transition technology will reach tipping point in 2030

OEMs raise EV targets and accelerate electrification



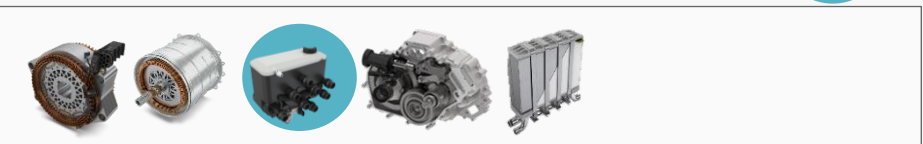
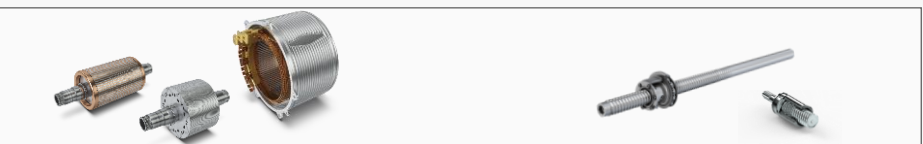

## Portfolio Management – Operating model proving its steering effectiveness with clear results



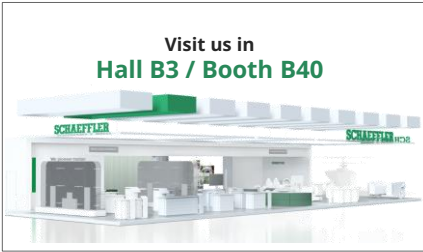
Further differentiating internal resource allocation and steering & further enhancing customer orientation

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

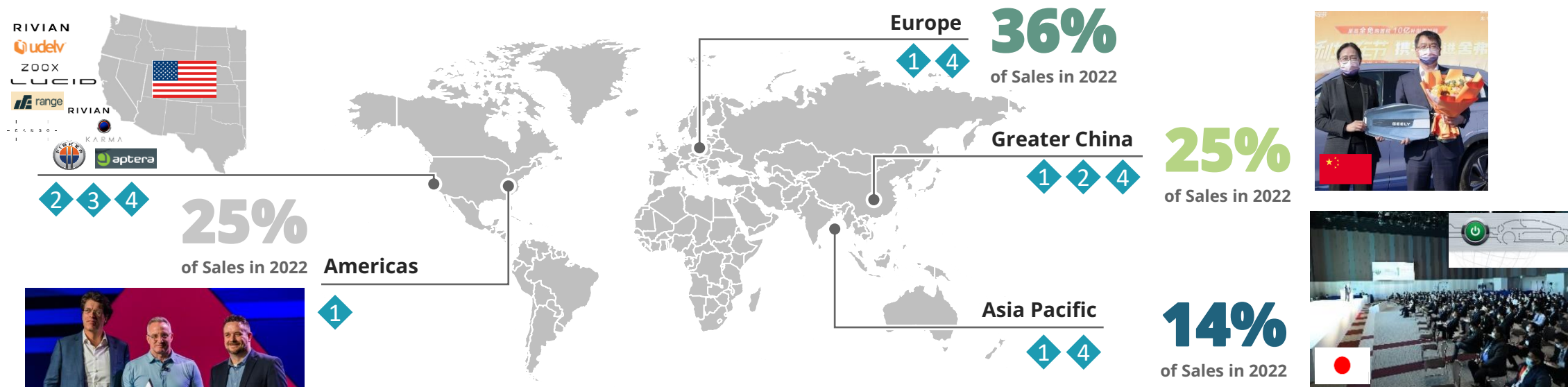
Product details  
to be find in  
Backup

Mature Business		New Business	
Engine & Transmission		E-Mobility	Chassis Systems
Powertrain-specific		Powertrain-specific	Powertrain-agnostic
	Mechatr. Systems		
	Sub- & Mechanical Systems		
	Mechanical Components with System Know-How		
	Mechanical Components		

new  
product



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



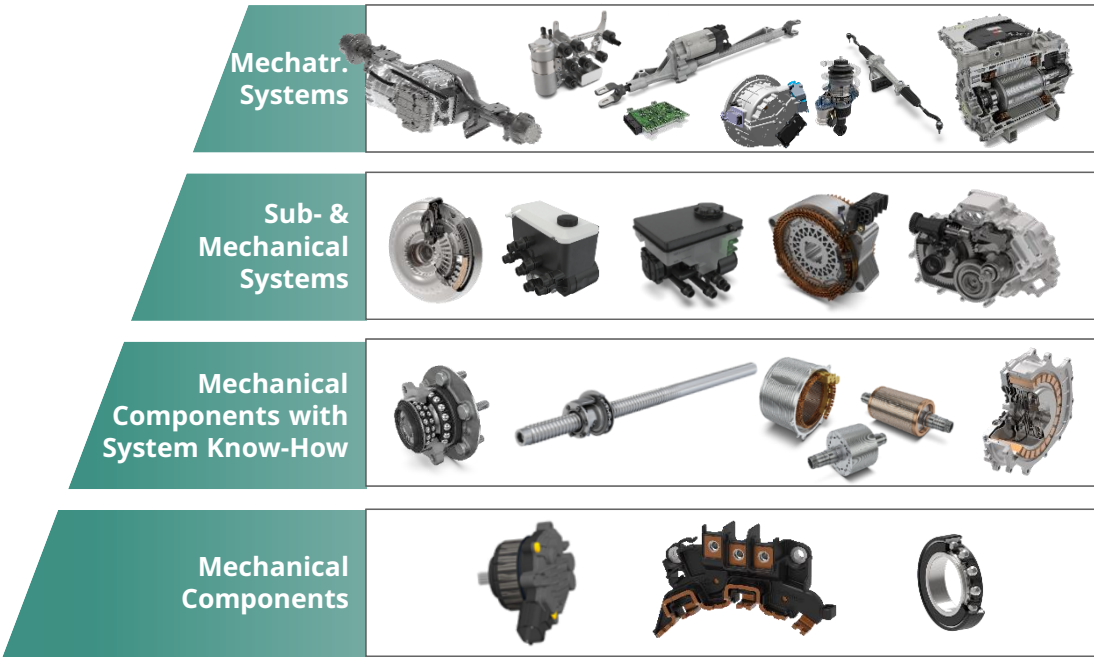
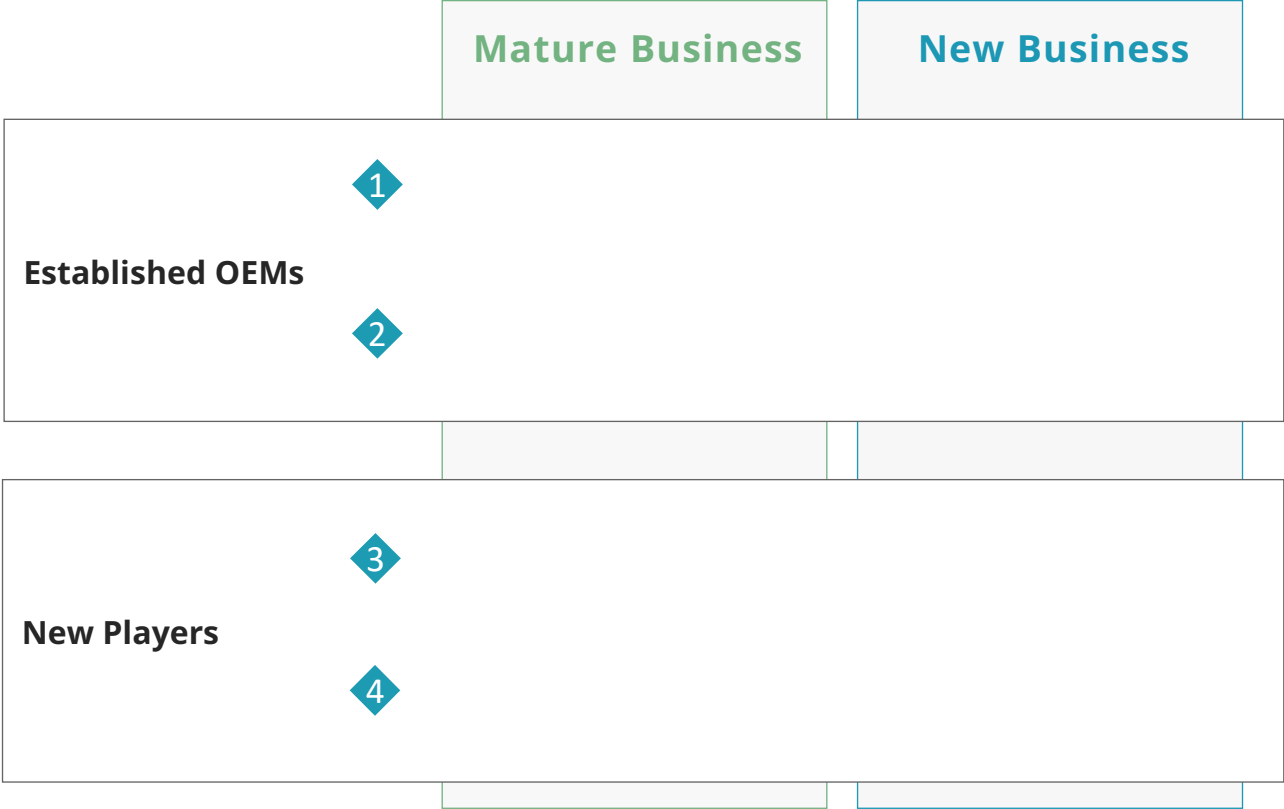
			Market penetration	Financial power	Automotive as today's core business
Established OEMs	1	Traditional, with both ICE and EV		✓ →	✓
	2	EV natives, with high growth	Customers undisclosed	✓ →	✓
New Players	3	Well financed and successful in other ventures	Customers undisclosed	✗ →	✗
	4	New Entrants (e. g.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

# 3

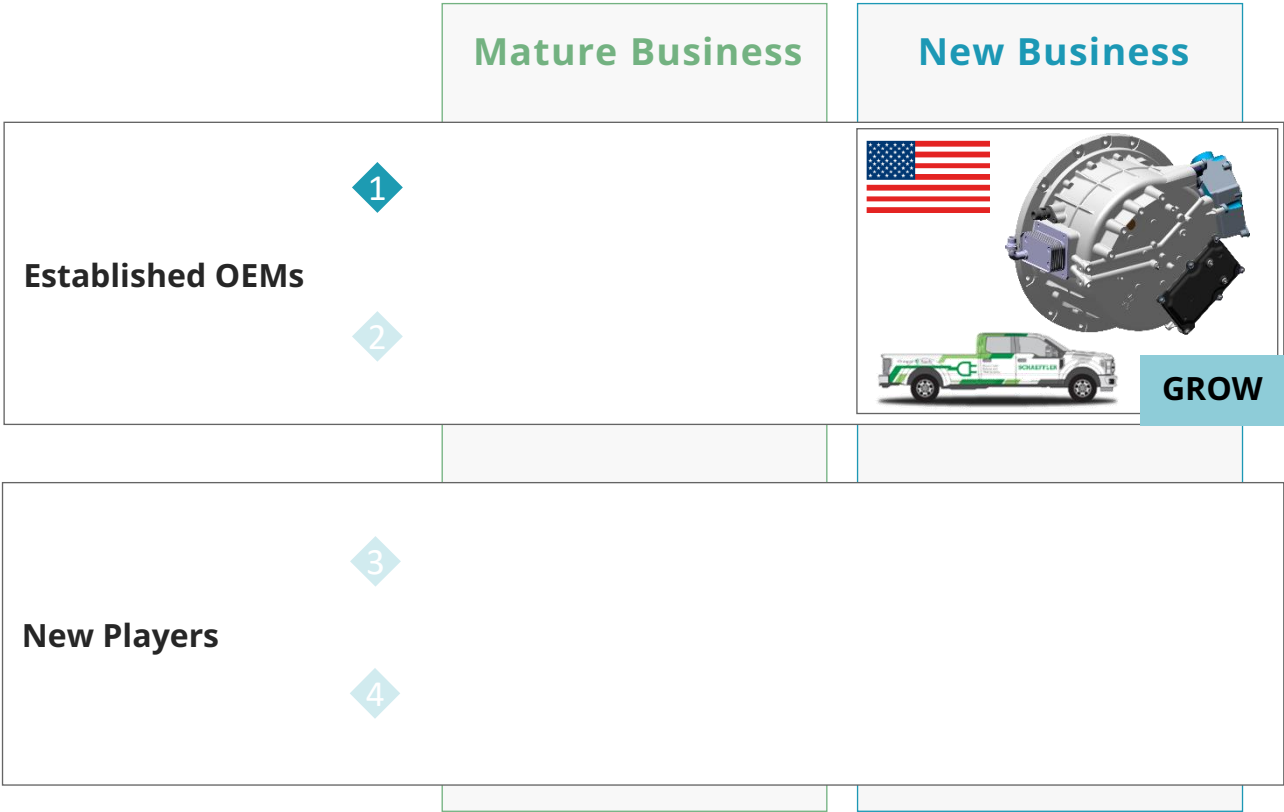
## How we win

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

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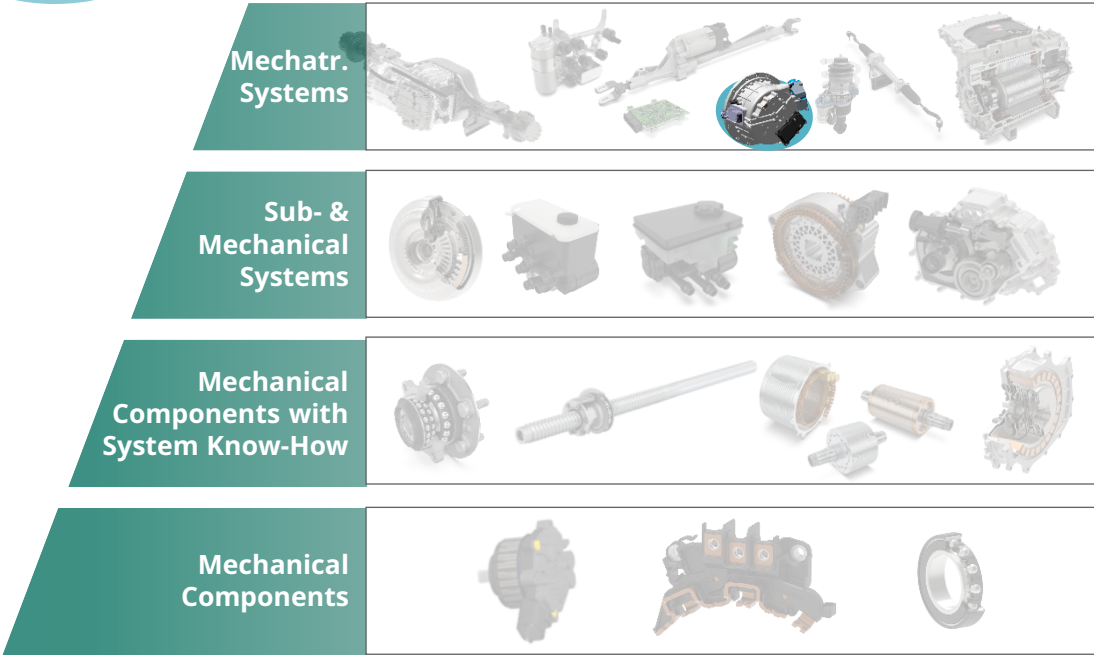


# New Order Intake in New Business by Established OEM



OI  
approx.  
USD 0.5 bn

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Schaeffler extends its business with generators for HEV applications

## New Order Intake in Mature Business for HEV applications by Established OEM

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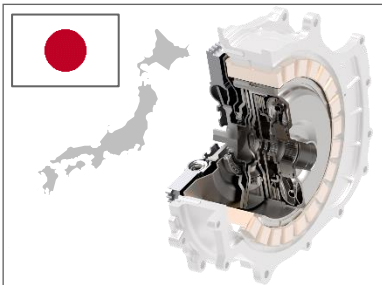


**Mature Business**

**New Business**

**Established OEMs**

1



2

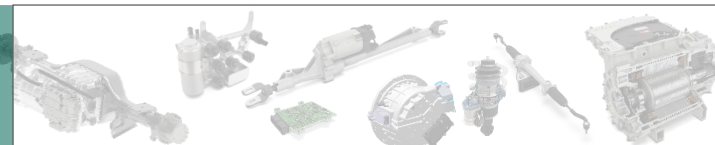
**New Players**

3

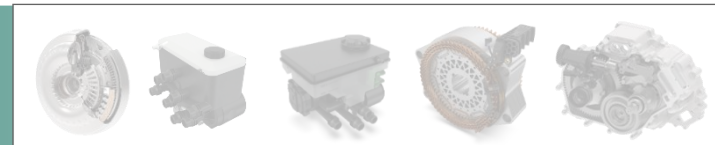
4

OI  
approx.  
USD 0.3 bn

**Mechatr.  
Systems**



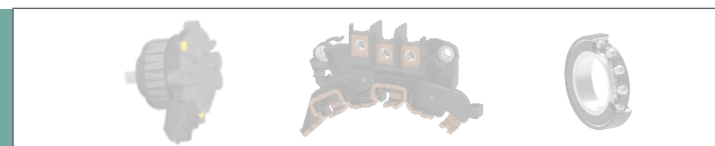
**Sub- &  
Mechanical  
Systems**



**Mechanical  
Components with  
System Know-How**



**Mechanical  
Components**

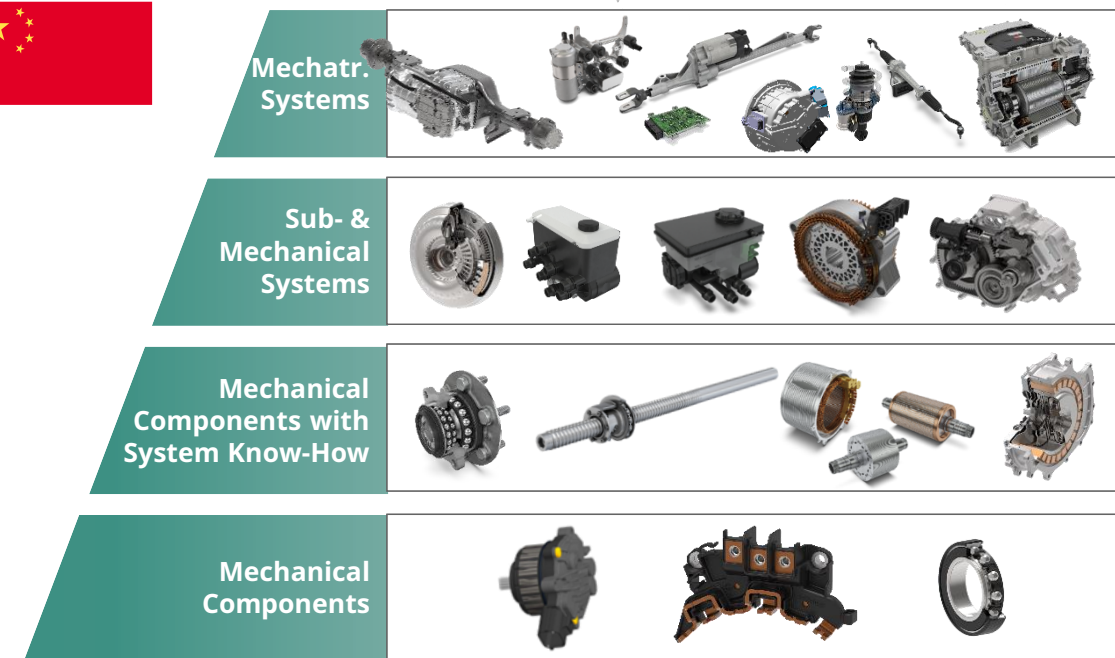
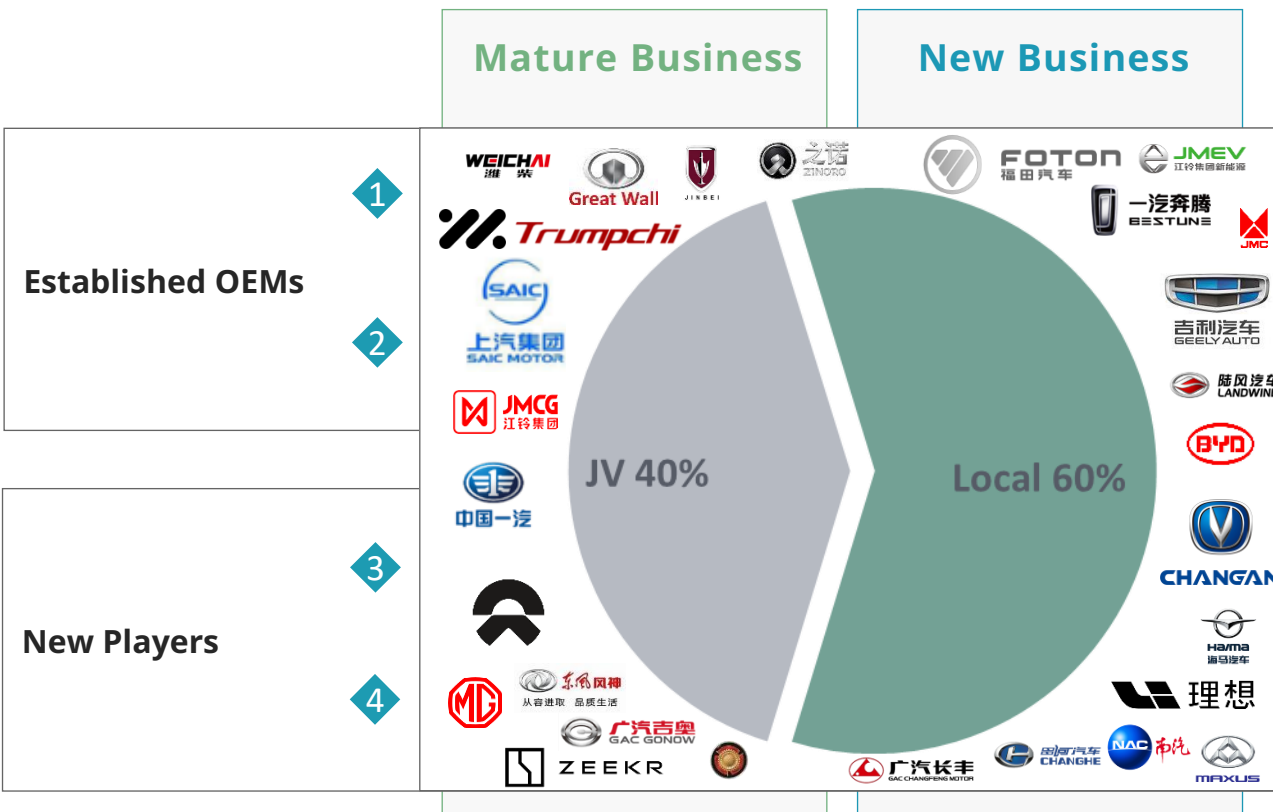
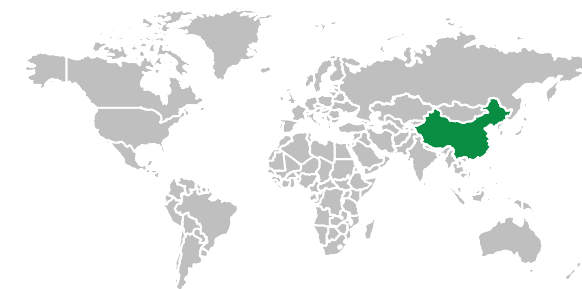


Know-how from Mature Business allows Schaeffler to supply innovative solutions for HEV applications

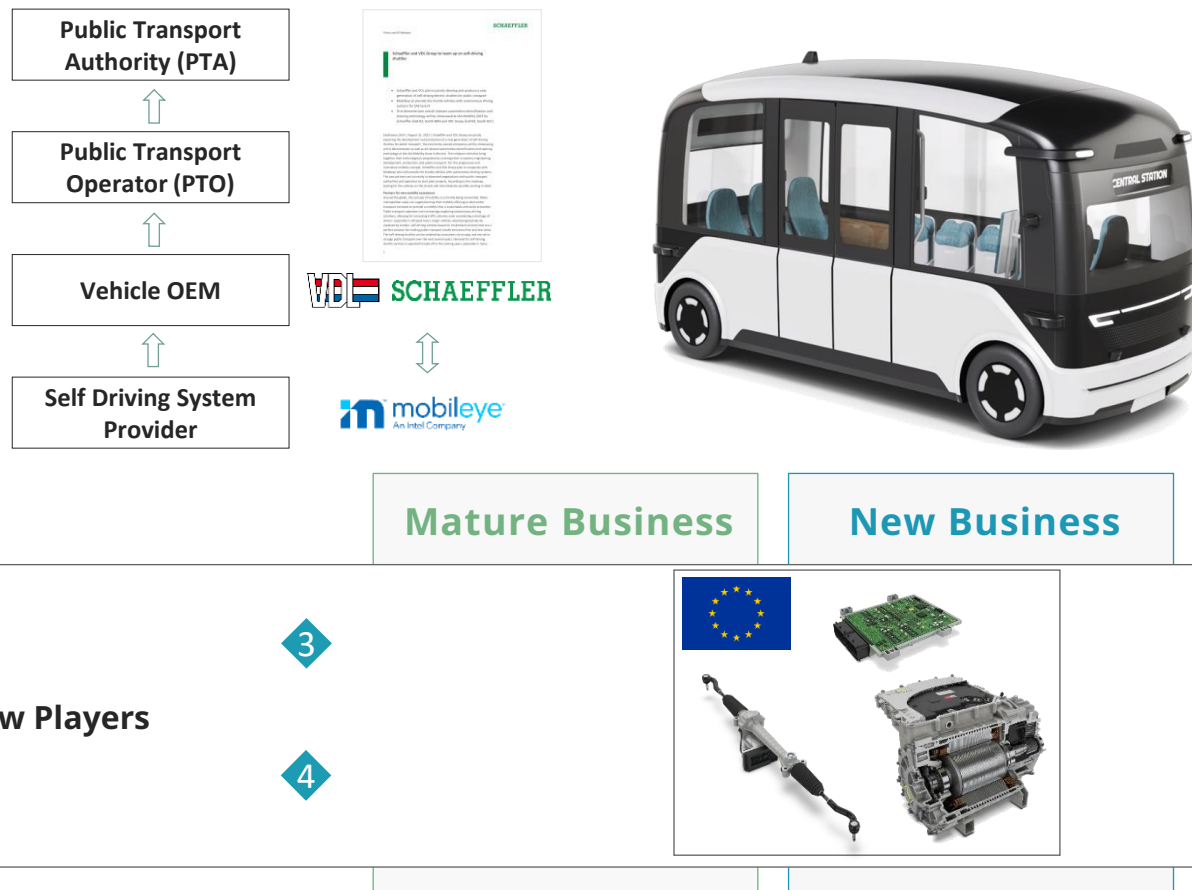


# How we win in Greater China – Harnessing growth in a diversified customer base with components and systems with our excellent local team

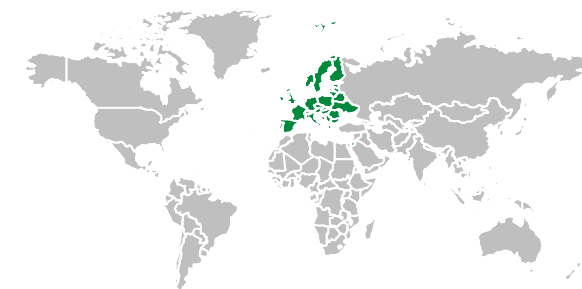
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## Schaeffler and VDL Groep to team up on self-driving shuttles

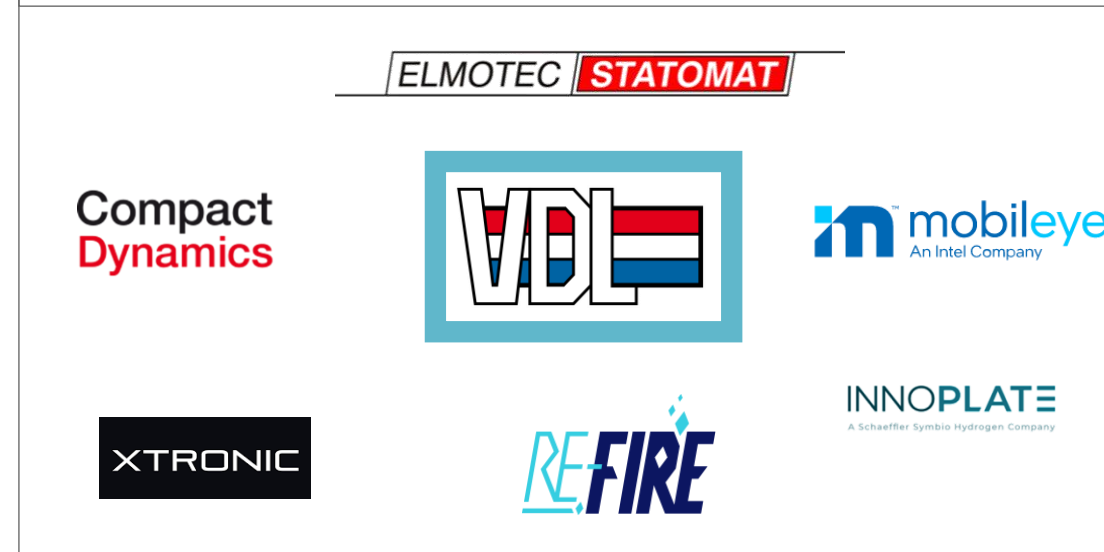


**SCHAEFFLER**



## The Ecosystem of Schaeffler Automotive Technologies

### Acquisitions, JVs and Collaborations



Growing our New Business: Fostering our Ecosystem with the collaboration with VDL Groep

## Visit us and experience our solutions for Future Mobility – Hall B3 / Booth B40

**SCHAEFFLER**



### Hybrid Powertrain

- MultiMode Hybrid Transmission
- Electric Cam Phasing System



Visit us in  
**Hall B3 / Booth B40**

### Chassis and New Mobility

- FlyNow Aviation Personal Air Vehicle
- Rear Wheel Steering
- Free Drive pedal generator
- Rolling Chassis
- SteerByWire



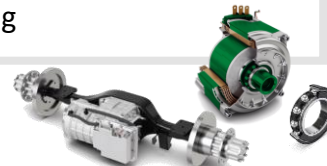
### Fuel Cell Powertrain & Hydrogen Production

- Fuel cell stack
- Electrolyzer



### Battery Electric Powertrain

- Rigid Beam 3in1 E-Axle
- Decarbonized and efficient E-motor
- Insulation Bearing



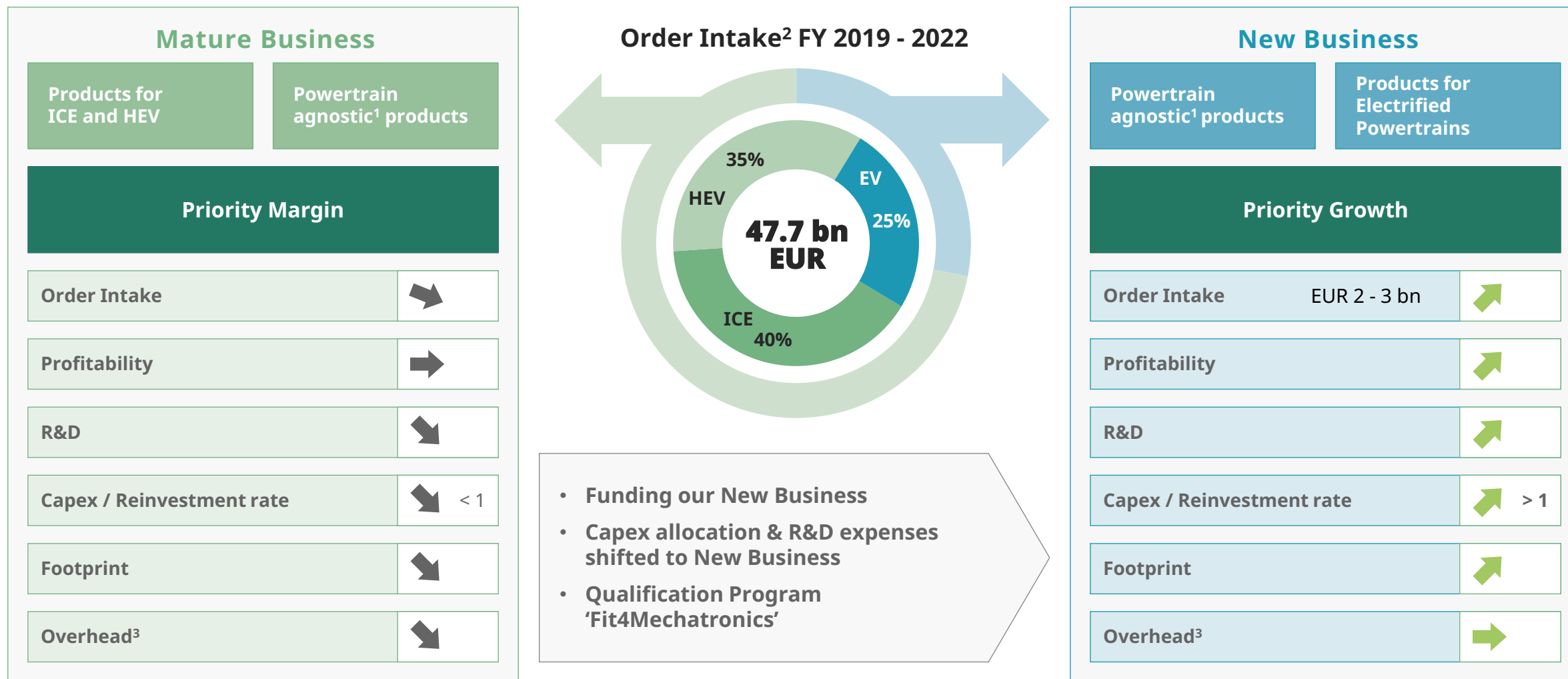
Located at VDL  
booth, right next to  
Schaeffler booth

**SCHAEFFLER** **VDL**

# 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

Outperformance<sup>1</sup>  
**200 to 500 bps**  
 on average<sup>2</sup>

**4 to 6%**  
 EBIT margin before special items

#### Automotive Aftermarket

Constant-currency revenue growth  
**> GDP growth**  
 on average<sup>2</sup>

**13 to 15%**  
 EBIT margin before special items

#### Industrial

Constant-currency revenue growth  
**> Ind. Prod. growth**  
 on average<sup>2,3</sup>

**12 to 14%**  
 EBIT margin before special items

#### Schaeffler Group

ROCE  
**12 to 15%**  
 based on EBIT reported

FCF-conversion  
**0.3 to 0.5**  
 based on EBIT reported<sup>4</sup>

### 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

## Conclusion

### A Short-term drivers

- Good H1 2023 for Automotive Technologies, driven by realized price increases and scale effects
- Performance strength of Mature Business continues to fuel our transformation journey
- Q3 sales developing as expected – Confident on our August updated 2023 FY guidance in Automotive Technologies, both for Top-line and the EBIT margin corridor of 3 - 5%

### 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 all customer categories

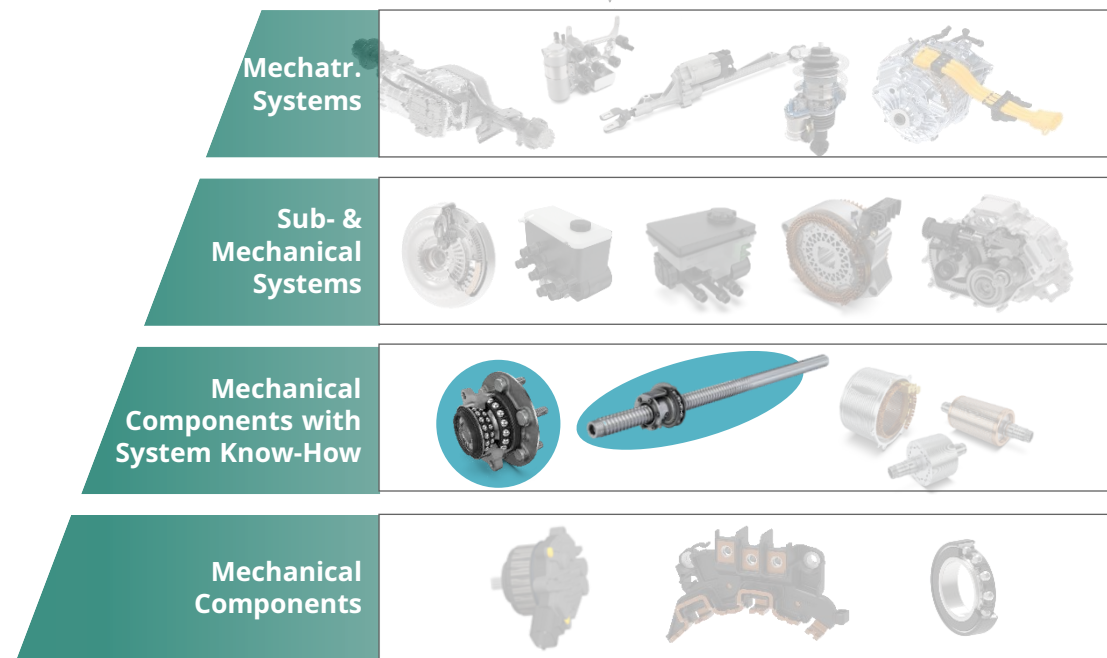
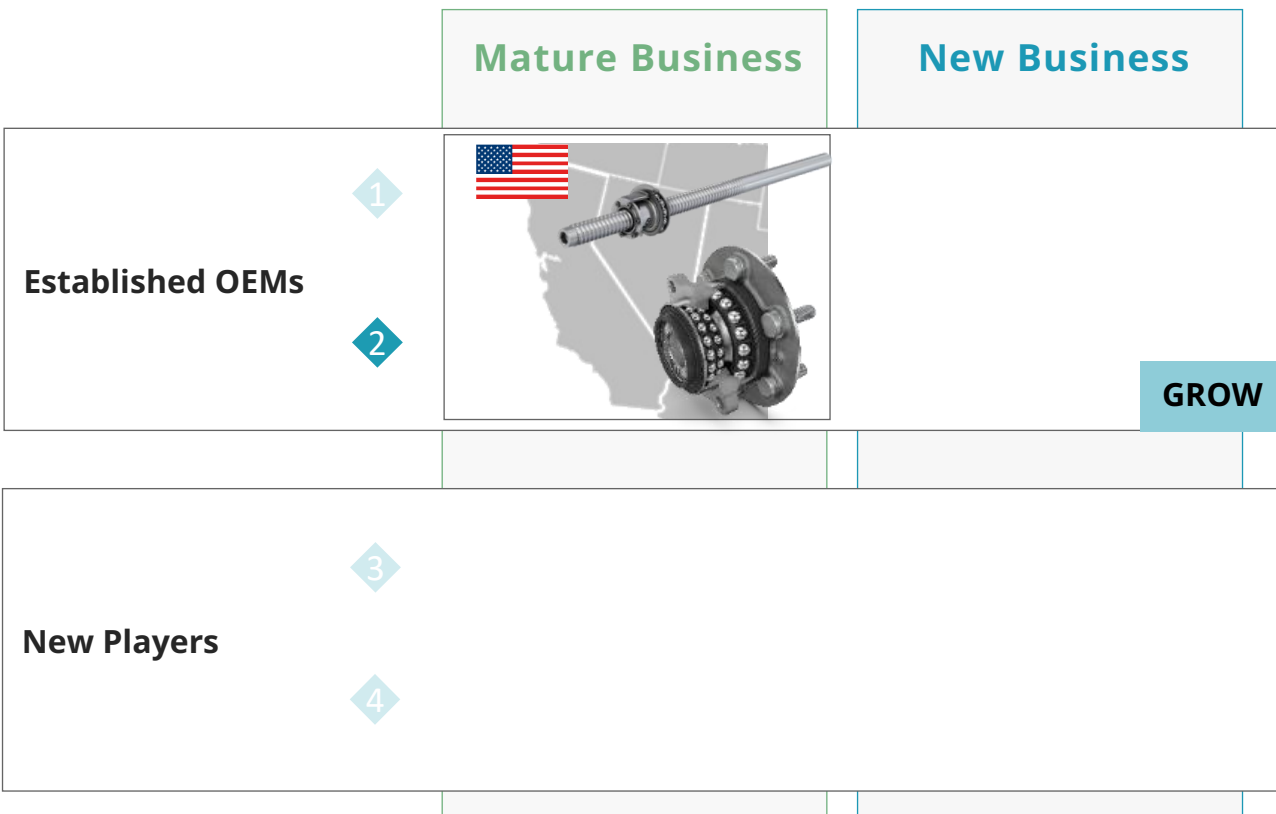
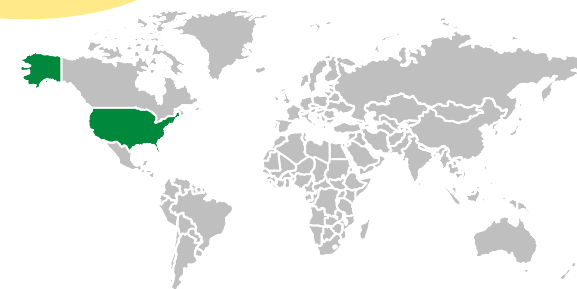
BACKUP



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

Presented at J.P  
Morgan Auto  
Conference in June

**SCHAEFFLER**

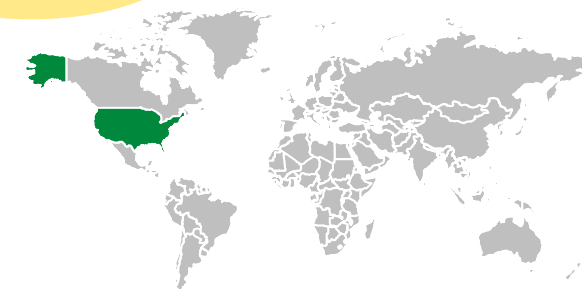


Schaeffler expands its Business Fields with New Mobility Players

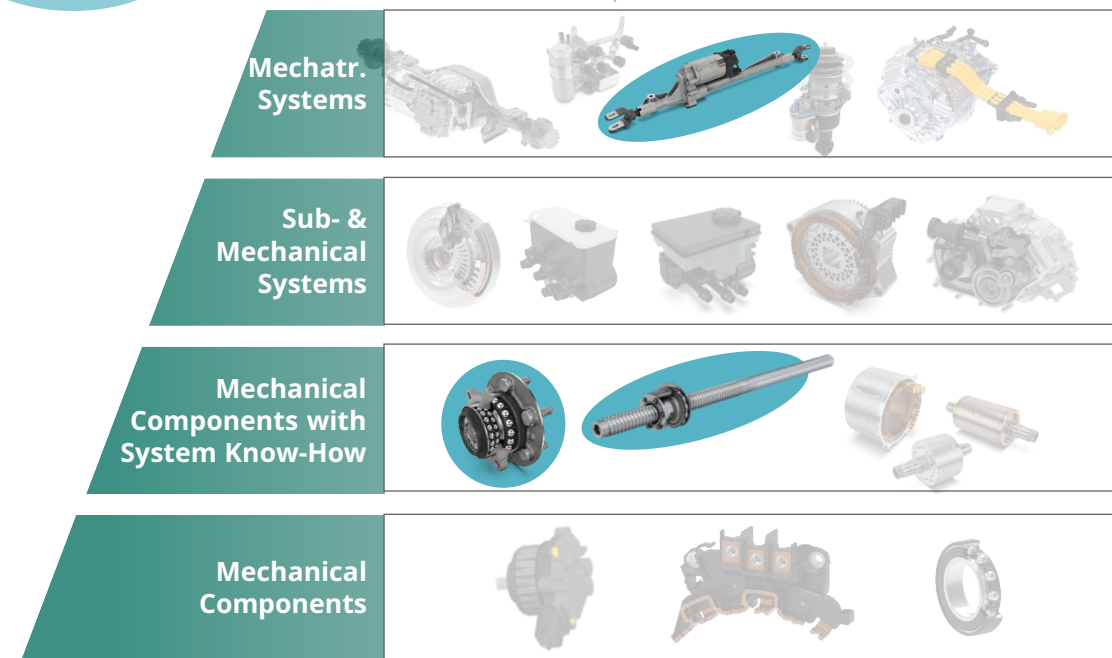
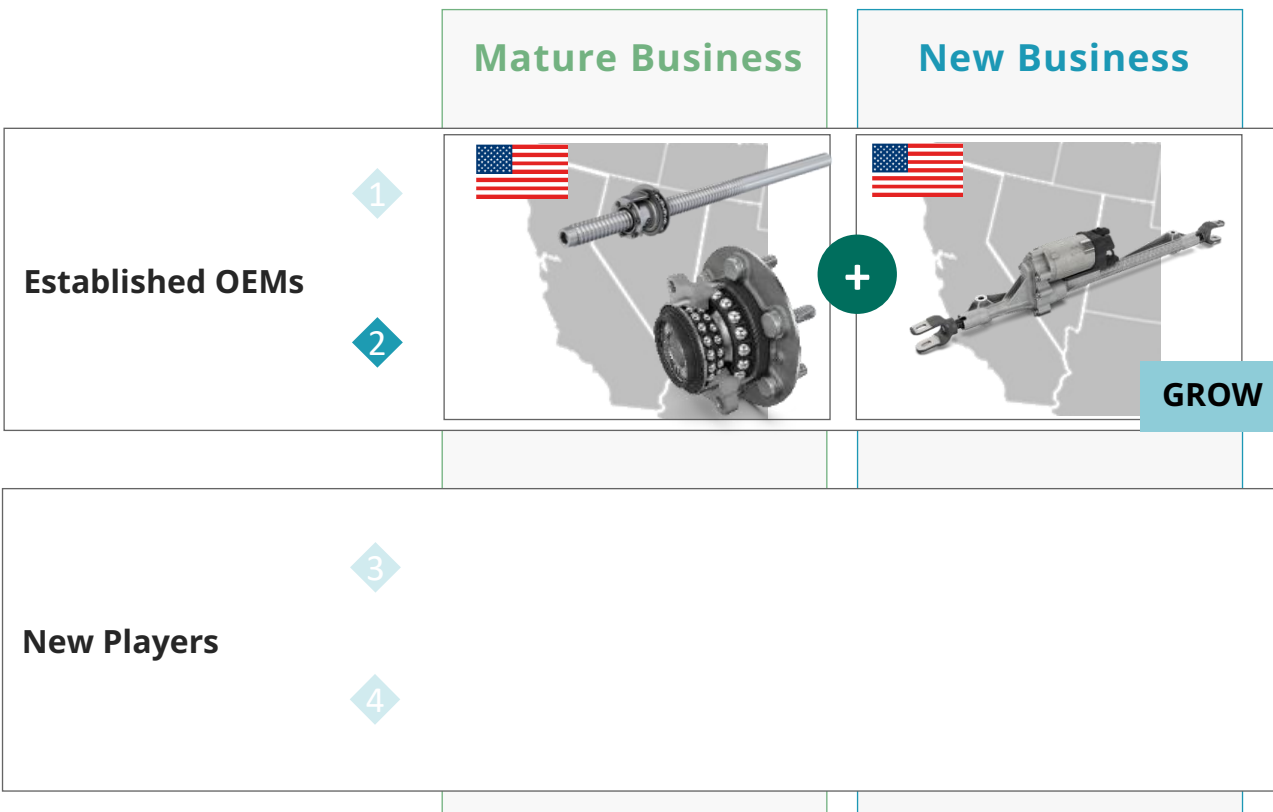
# High capability in embedded software (customer) meets high capability in precision components and mechatronic systems (Schaeffler)

Presented at J.P  
Morgan Auto  
Conference in June

**SCHAEFFLER**



OI  
approx.  
EUR 0.5 bn



Schaeffler expands its Business Fields with New Mobility Players

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

### Mature Business

### New Business

#### Established OEMs

1



2



#### New Players

3



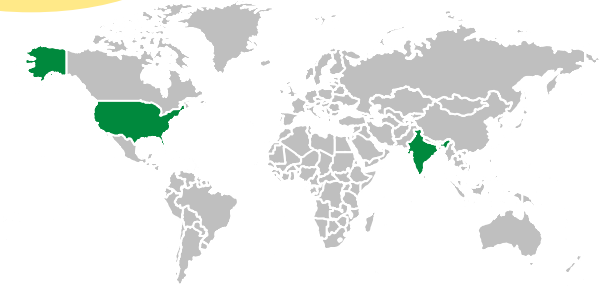
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New Mobility Concepts offer additional growth opportunities for e-Axle systems

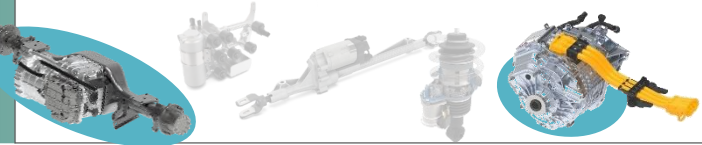
Presented at J.P  
Morgan Auto  
Conference in June

SCHAEFFLER

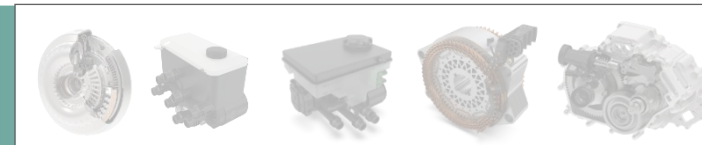


OI  
approx.  
EUR 2.4 bn  
2022 & 2023 Q1

#### Mechatr. Systems



#### Sub- & Mechanical Systems



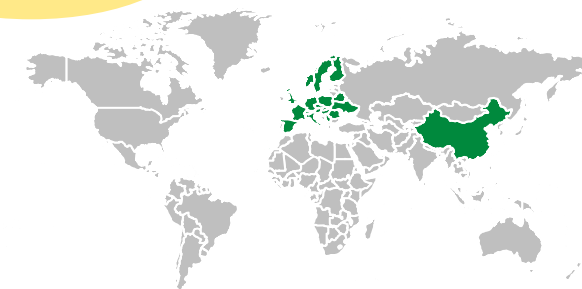
#### Mechanical Components with System Know-How



#### Mechanical Components



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



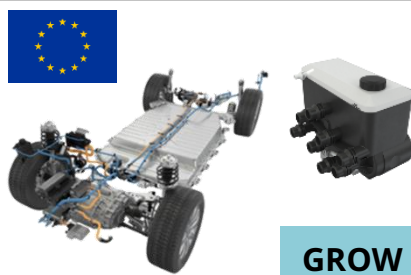
## Mature Business

## New Business

Established OEMs

1

2

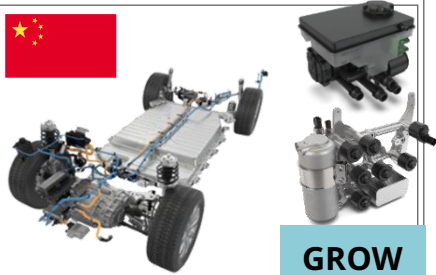


**GROW**

New Players

3

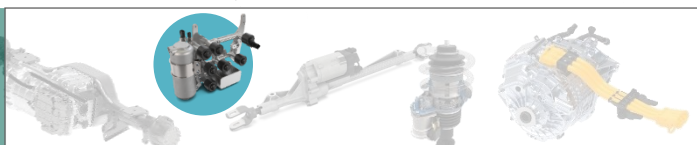
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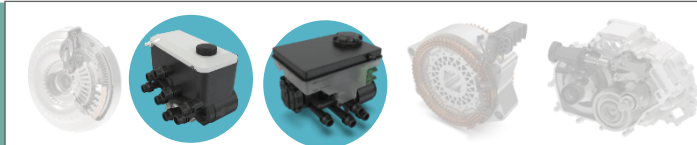
**GROW**

**OI**  
approx.  
**EUR 0.6 bn**  
2022 & 2023 Q1

**Mechatr.  
Systems**



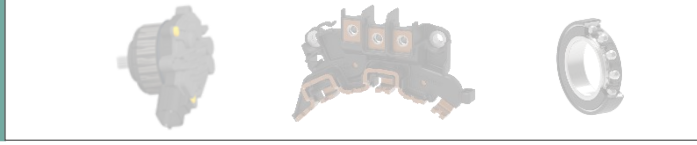
**Sub- &  
Mechanical  
Systems**



**Mechanical  
Components with  
System Know-How**

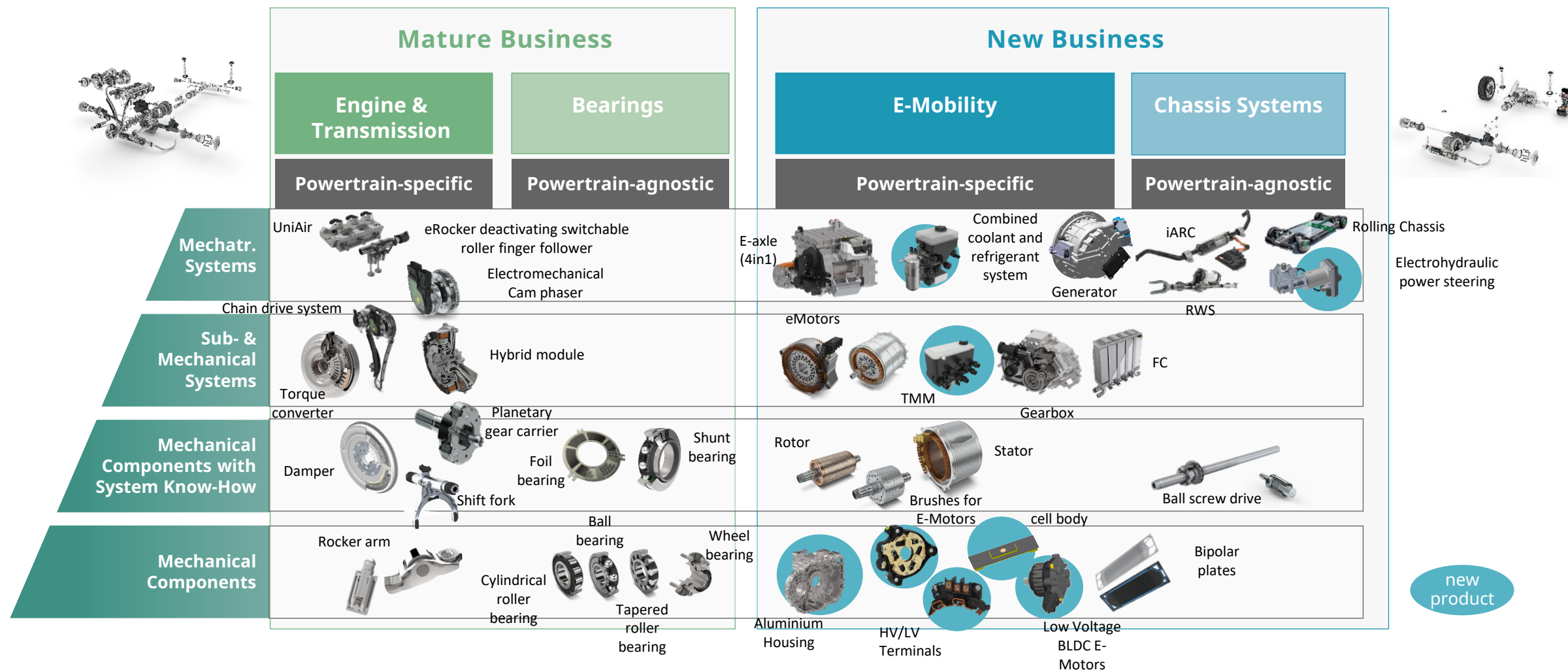


**Mechanical  
Components**



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

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



## Automotive Technologies (AT) outperformance by quarters

Adjusted comparative figures 2022

YTD Outperformance: -2.9pp			Q1 23			Q2 23		
	S&P <sup>1</sup>	AT <sup>2</sup>	Outper- formance	S&P <sup>1</sup>	AT <sup>2</sup>	Outper- formance		
World	+7.1%	+6.0%	<b>-1.1pp</b>	+15.5%	+10.7%	<b>-4.8pp</b>		
Europe	+14.2%	+15.1%	<b>+0.9pp</b>	+12.6%	+14.5%	<b>+1.9pp</b>		
Americas	+9.9%	+0.8%	<b>-9.1pp</b>	+13.5%	+1.6%	<b>-11.9pp</b>		
Greater China	-4.4%	-8.2%	<b>-3.8pp</b>	+20.6%	+15.2%	<b>-5.4pp</b>		
Asia/Pacific	+12.7%	+15.5%	<b>+2.8pp</b>	+14.3%	+10.1%	<b>-4.2pp</b>		

FY 22 Outperformance: +1.0pp			Q1 22			Q2 22			Q3 22			Q4 22		
	S&P <sup>1</sup>	AT <sup>2</sup>	Outper- formance	S&P <sup>1</sup>	AT <sup>2</sup>	Outper- formance	S&P <sup>1</sup>	AT <sup>2</sup>	Outper- formance	S&P <sup>1</sup>	AT <sup>2</sup>	Outper- formance		
World	-3.5%	-3.2%	+0.3pp	+1.4%	+1.3%	-0.1pp	+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	+5.5%	+18.0%	+12.5pp		
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	-5.3%	-7.4%	-2.1pp		
Asia/Pacific	-3.8%	-8.3%	-4.5pp	+3.8%	-0.5%	-4.3pp	+30.6%	+12.9%	-17.7pp	+12.4%	+15.8%	+3.4pp		

## Key figures by Group and Division

Adjusted comparative figures 2022

## Group in EUR mn

	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
<b>Sales</b>	3,758	3,790	4,242	4,019	4,152	<b>4,056</b>
<b>Sales Growth<sup>1</sup></b>	+1.9%	+4.4%	+20.2%	+11.8%	+10.4%	<b>+9.8%</b>
<b>EBIT reported</b>	247	186	316	224	244	<b>283</b>
<b>EBIT bsi</b>	258	200	355	233	336	<b>289</b>
<b>EBIT bsi margin</b>	6.9%	5.3%	8.4%	5.8%	8.1%	<b>7.1%</b>

## Automotive Aftermarket in EUR mn

	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
<b>Sales</b>	464	506	548	523	582	<b>549</b>
<b>Sales Growth<sup>1</sup></b>	+2.1%	+4.4%	+5.6%	+16.8%	+25.7%	<b>+10.2%</b>
<b>EBIT reported</b>	63	64	73	55	102	<b>87</b>
<b>EBIT bsi</b>	64	64	73	59	103	<b>89</b>
<b>EBIT bsi margin</b>	13.8%	12.7%	13.4%	11.2%	17.7%	<b>16.3%</b>

## Automotive Technologies in EUR mn

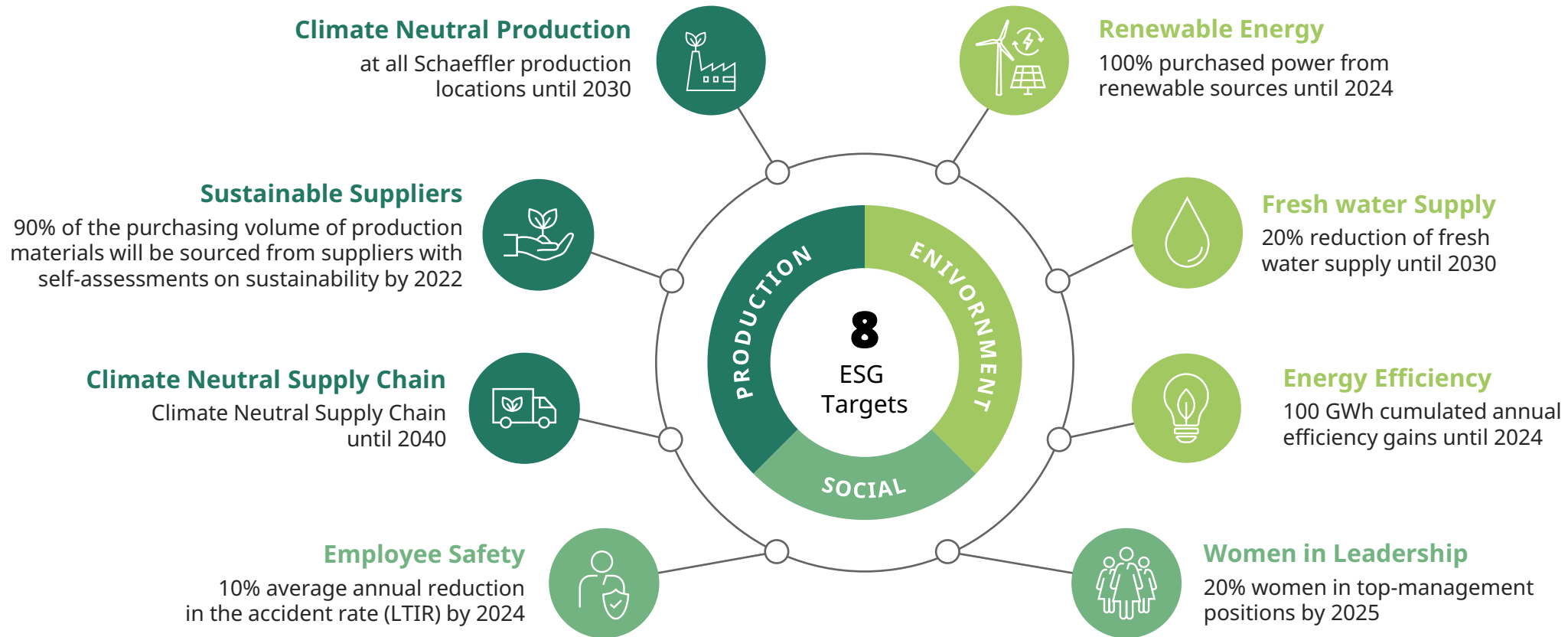
	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
<b>Sales</b>	2,292	2,221	2,554	2,430	2,440	<b>2,400</b>
<b>Sales Growth<sup>1</sup></b>	-3.2%	+1.3%	+25.2%	+9.9%	+6.0%	<b>+10.7%</b>
<b>EBIT reported</b>	78	1	109	66	44	<b>107</b>
<b>EBIT bsi</b>	81	11	122	78	105	<b>102</b>
<b>EBIT bsi margin</b>	3.5%	0.5%	4.8%	3.2%	4.3%	<b>4.3%</b>

## Industrial in EUR mn

	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
<b>Sales</b>	1,002	1,062	1,140	1,066	1,130	<b>1,107</b>
<b>Sales Growth<sup>1</sup></b>	+15.7%	+11.7%	+17.8%	+13.7%	+13.4%	<b>+7.9%</b>
<b>EBIT reported</b>	106	121	135	103	98	<b>89</b>
<b>EBIT bsi</b>	113	125	159	97	128	<b>97</b>
<b>EBIT bsi margin</b>	11.3%	11.7%	13.9%	9.1%	11.3%	<b>8.8%</b>



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



Sustainability targets were integrated into the variable remuneration of upper management



# We pioneer motion