



SCHAEFFLER

# Schaeffler AG Bank of America US Roadshow

September 2023

We pioneer motion

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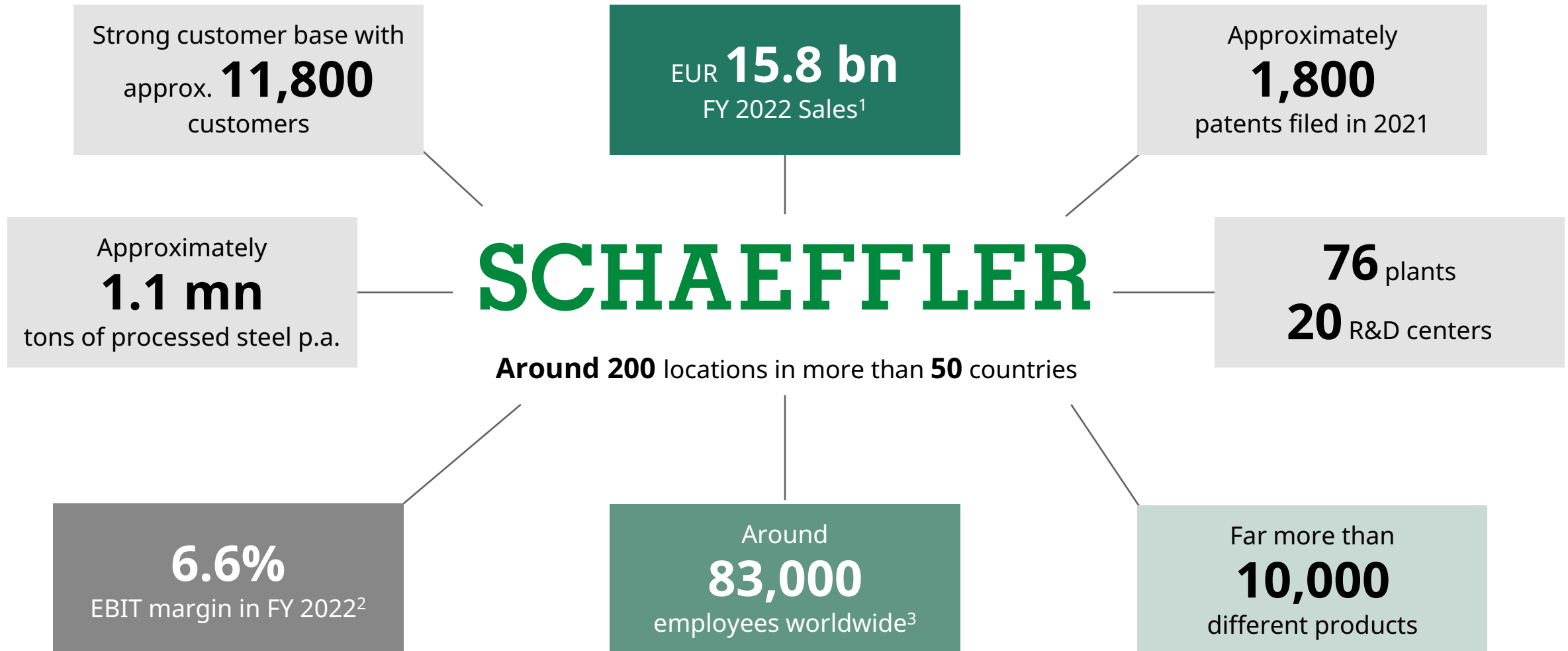
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# We pioneer motion

- 1** **Schaeffler Group – The Motion Technology Company**
- 2** Region Americas – Deep dive
- 3** Financials – Q2 2023, FY 2023 Guidance upgrade, Current trading update

# AGENDA

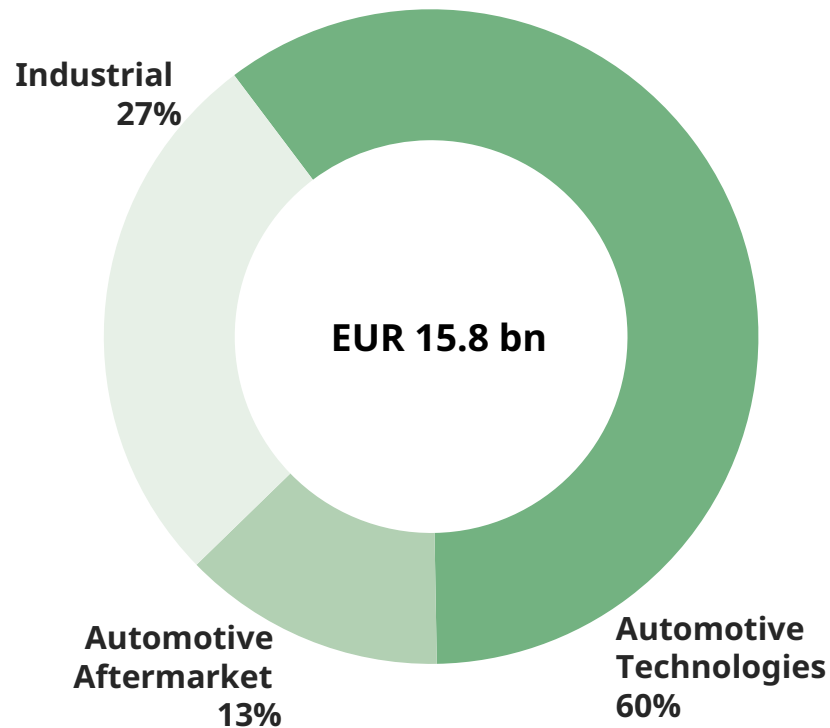
## Schaeffler Group key figures – The Motion Technology Company



## Schaeffler Group at a glance – The Motion Technology Company

### 3 Divisions

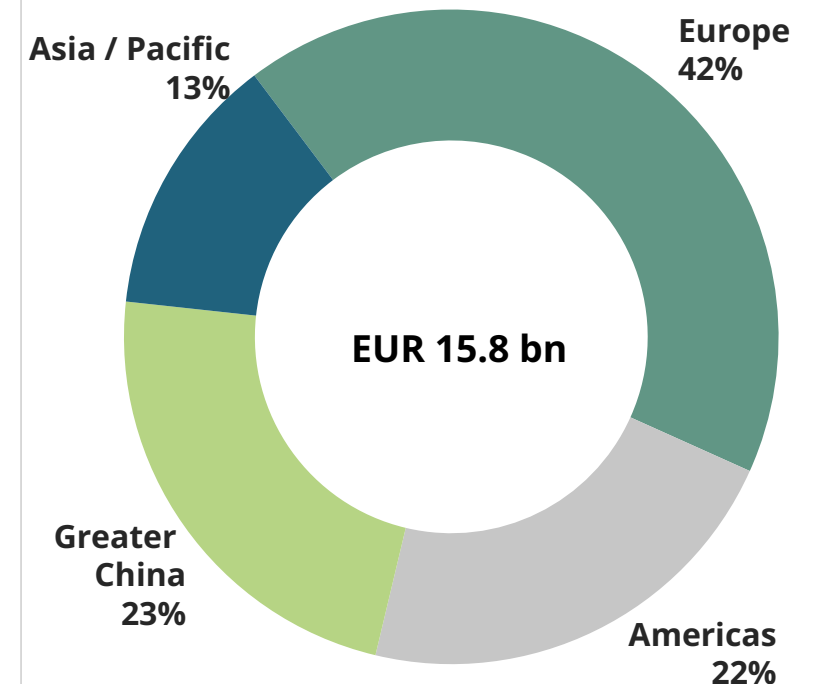
in % of FY 2022



- 3 Divisions serving attractive, sizeable Automotive and Industrial markets with secular growth
- Diversified customer base across 10 sectors
- Market leading product offering across components, systems, services
- Global footprint, in the region for the region, high customer proximity
- Experienced leadership team with focus on execution
- Family owned and listed (25% non-voting)

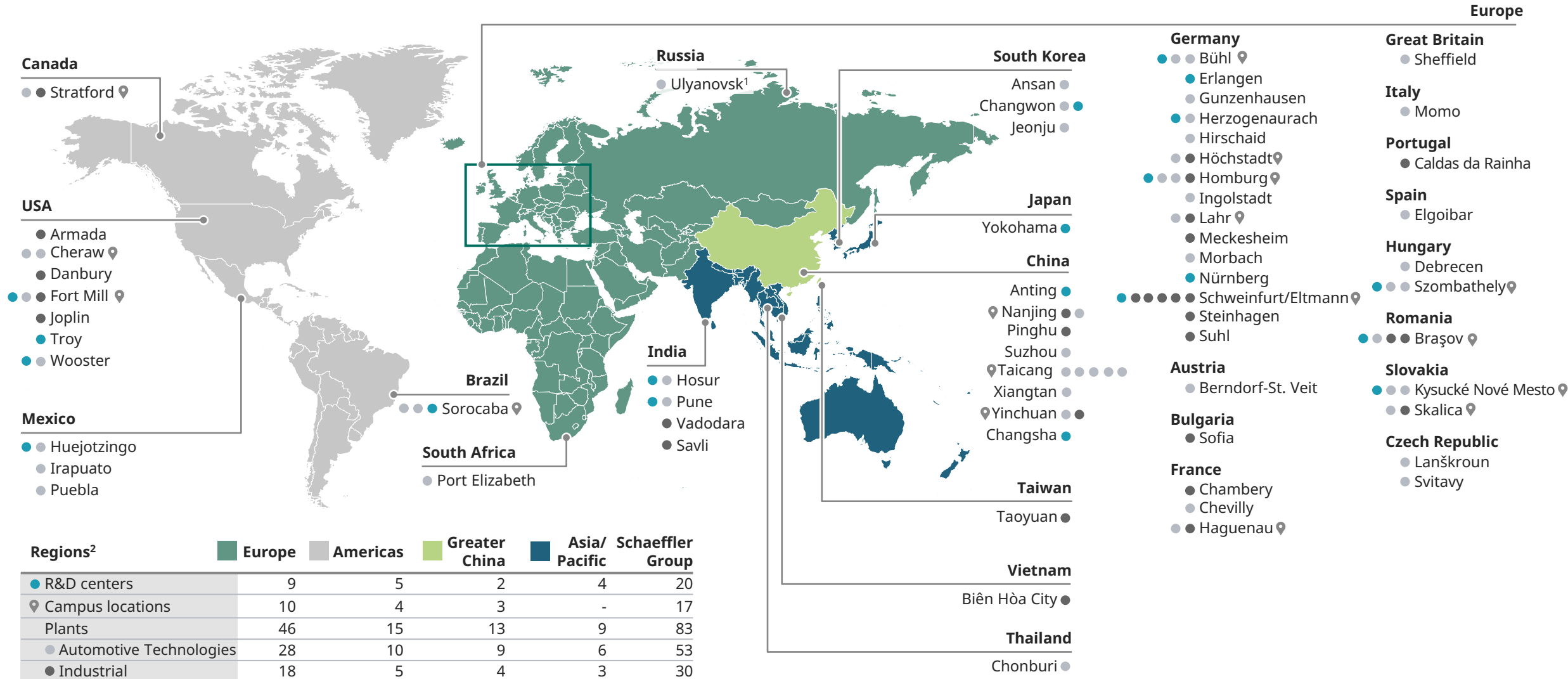
### 4 Regions

in % of FY 2022



Diversified exposure in attractive markets, synergistic businesses and global reach

## Schaeffler Group global reach – Plants and R&amp;D centers in the Region for the Region



## Our origin – Significant milestones in our company history



**1946**

Dr. Wilhelm and Dr.-Ing. E.h. Georg Schaeffler found INA

**1950-1990**

Global expansion: Plants opened in Asia, North and South America

**1996**

M.-E. Schaeffler-Thumann and her son G. F. W. Schaeffler take on responsibility for the business after the death of Dr.-Ing. E. h. Georg Schaeffler

**2015**

IPO of Schaeffler AG

**2020**

We pioneer motion – Start of Roadmap 2025 strategy cycle – Mid-term-targets announced

**2021**

Volume production starts of 2in1 electric axle (combination of electric motor and transmission)

**1999**

Acquisition of 100 percent of LuK GmbH

**2016**

Acquisition: Power electronics & Electronics manufacturing (AT)<sup>1</sup> Compact Dynamics an electric motor manufacturer

**2018**

Acquisition: Chassis Mechatronics (AT)<sup>1</sup> SPACE DRIVE – key drive-by-wire technology for autonomous driving

**2022**

Acquisition: Mechatronic and systems (IND)<sup>2</sup> Melior Motion to further reinforcing robotic business

**2023**

Acquisition: Linear Motion (IND)<sup>2</sup> EWELLIX to become one of the market leader in electromechanical automation

**1950**

Cage-guided needle roller bearing patent registered





## Stable values – The motivation behind our actions

### **SUSTAINABLE**

We assume responsibility for the future of Schaeffler Group and coming generations. With continuity and a long-term view.

### **EXCELLENT**

We strive for the highest quality in everything we do. No matter where and when.

### **INNOVATIVE**

As pioneers we know:  
For (almost) every problem there is a solution.  
If not, we will create one.

### **PASSIONATE**

What drives us is curiosity, fascination for innovative technologies, and the joint success with our customers.



## Our Executive Board – A strong management team

### Executive Board



**Klaus Rosenfeld**  
CEO



**Claus Bauer**  
Chief Financial Officer



**Andreas Schick**  
Chief Operating Officer



**Corinna Schittenhelm<sup>1</sup>**  
Chief Human Resources Officer



**Jens Schüler**  
CEO Automotive Aftermarket



**Dr. Stefan Spindler<sup>2</sup>**  
CEO Industrial



**Uwe Wagner**  
Chief Technology Officer



**Matthias Zink**  
CEO Automotive Technologies

### Regional CEOs



**Sascha Zaps**  
Regional CEO Europe



**Marc McGrath**  
Regional CEO Americas

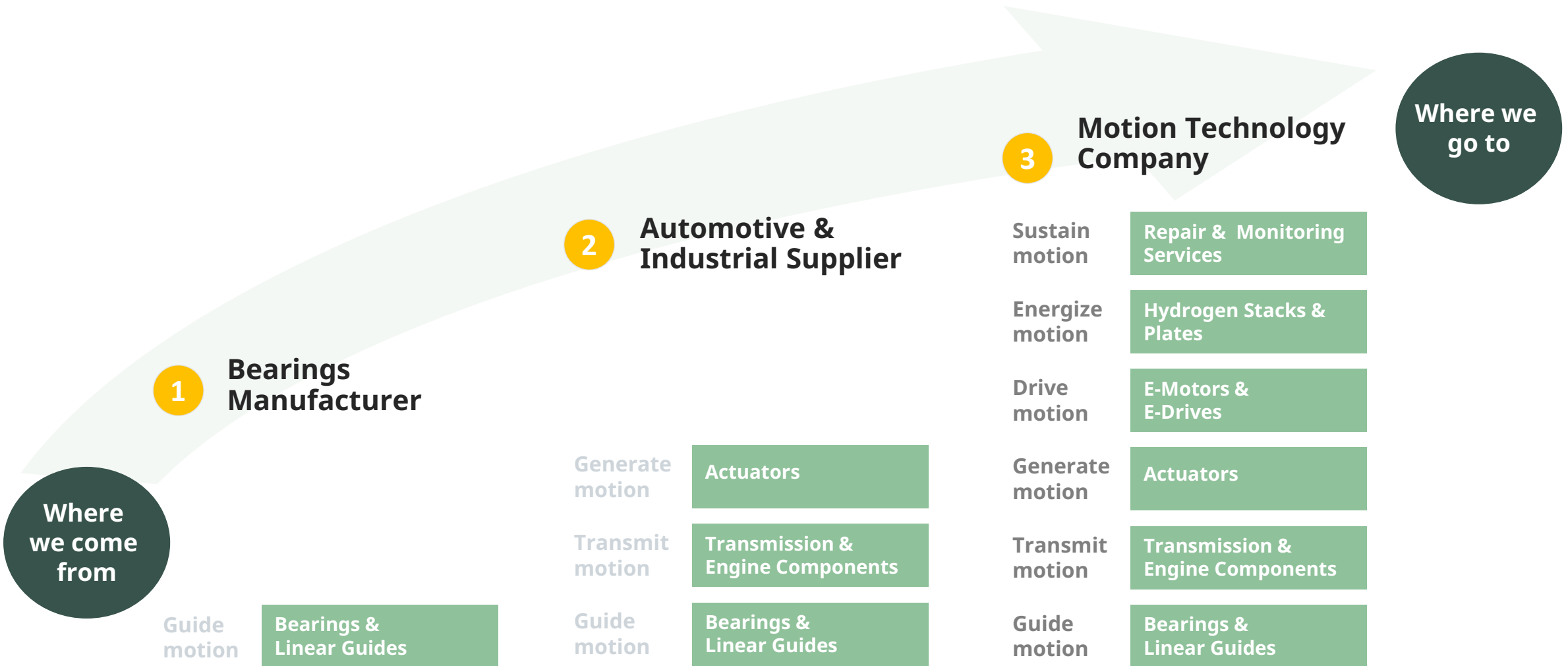


**Dr. Yilin Zhang**  
Regional CEO Greater China



**Dharmesh Arora**  
Regional CEO Asia/Pacific

## Our Evolution – From our heritage as a Bearings Manufacturer to “The Motion Technology Company”



We are proud of our heritage in bearings and prepared for the future as The Motion Technology Company

## Product & Service Offering – Motion as the connecting element

	Product Families	Product & Service Offering
Sustain motion	Repair & Monitoring Services	
Energize motion	Hydrogen Stacks & Plates	
Drive motion	E-Motors & E-Drives	
Generate motion	Actuators	
Transmit motion	Transmission & Engine Components	
Guide motion	Bearings & Linear Guides	

### Key Aspects

- Schaeffler product & service portfolio categorized into 6 Product Families
- All Product Families associated with their respective notion of motion, from guide motion to sustain motion
- Use all the Schaeffler Know How in our core technologies to create maximum customer value and a unique selling proposition

**Motion as the connecting element**



## Schaeffler Group attractive end markets – Our 3 Divisions serve 10 customer sectors



**Two-wheelers**



**Cars & Light  
Commercial Vehicles**



**Truck & Bus**



**Off-road**



**Rail**



**Aerospace**



**Raw Materials**



**Industrial Automation**



**Power Transmission**



**Wind**

Schaeffler Group high-touch customer relationship – Serving a global and diversified Customer base worldwide





## Schaeffler Group core competencies – Further leveraging our best-in-class manufacturing technologies

### Our manufacturing technologies



Large forging



Cold forming



Heat treatment



Machining



Grinding



Injection



Coating



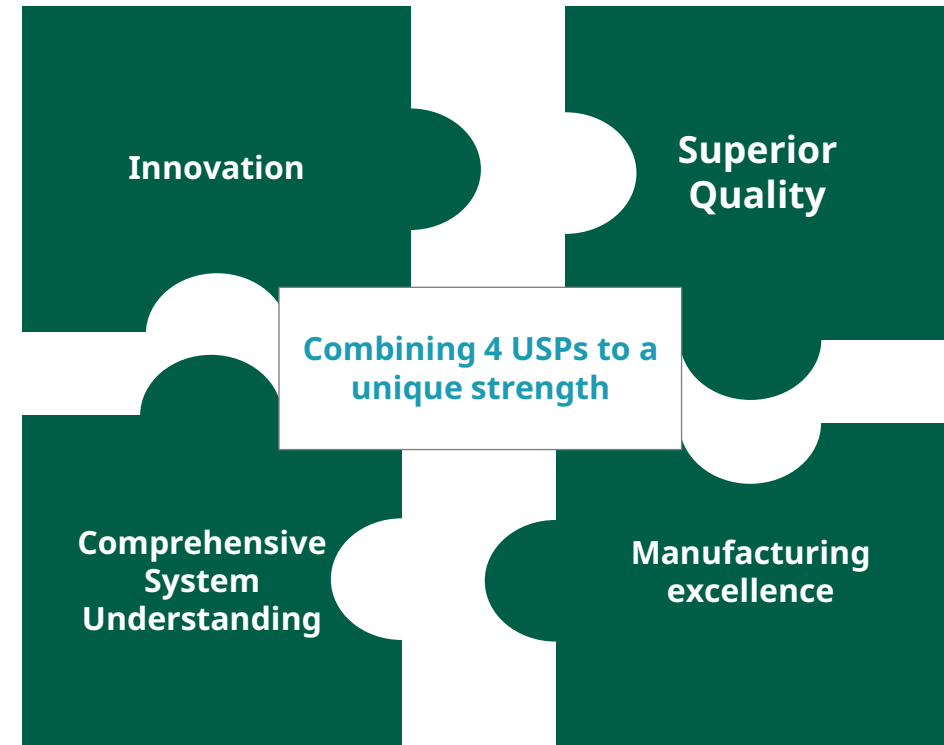
Winding



Assembly



### Our key strengths



## Schaeffler Group synergistic potential – Benefitting from scope and scale from Automotive to Industrial

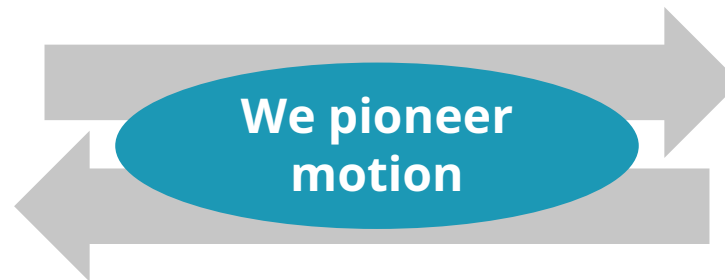
### Scope of interdependencies

- Same production technologies
- Equal materials and components
- Comprehensive Intellectual Property and Research & Development

**Automotive  
businesses**

### Technology transfer

- Dedicated Innovation Clusters
- Electrification and mechatronic know-how
- System understanding and market expertise



### Economies of scale

- Joint procurement and supply chain management
- Shared services and functions
- Complementary regional presence and global footprint

**Industrial  
business**



## Schaeffler Group Roadmap 2025 – We pioneer motion

# We pioneer motion

**Our Roadmap 2025**

**Transform**

**Focus**

**Execute**

**While adapting our structures & optimizing our footprint**

# Schaeffler Group Roadmap 2025 – Driving innovation, harnessing growth, creating value across 3 Divisions

## Automotive Technologies

Mature

We **HARVEST** with our enabler-Technologies

We **EXIT/DIVEST** expiring businesses & consolidate our footprint

New

We **BUILD** Competencies in Power Electronics & Hydrogen

We **GROW** in Electrified Powertrains

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

## Automotive Aftermarket



**Platform business**

- One-stop-shop
- Consolidated distribution



**Advanced repair solutions & services**

- Plug & Play solutions
- Also available for hybrids



**Wheel bearings for passenger cars**

- Independent of drive train
- High-performance parts

We capture growth opportunities in new markets and maintain a high margin level

## Industrial

### Driving innovation with systems and services

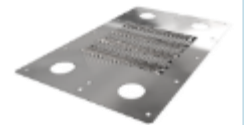
Robotics solutions



Wireless condition monitoring



Hydrogen solutions



### Pushing growth in our core business

Large-size wind bearings



Rail bearings



Agricultural technologies



We further build on our profitability track record, while entering in promising new technologies

# Automotive Technologies – Driving the transition to innovative propulsion and chassis technologies

## Engine & Transmission

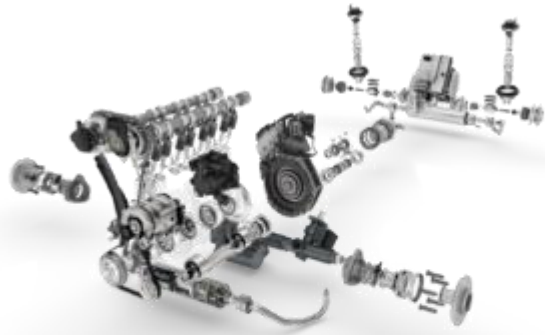
# 54%

of sales in 2022

## E-Mobility

# 14%

of sales in 2022



## Bearings

# 28%

of sales in 2022

## Chassis Systems

# 4%

of sales in 2022

## Europe

# 36%

of sales in 2022



## Greater China

# 25%

of sales in 2022



## Americas

# 25%

of sales in 2022

## Asia/Pacific

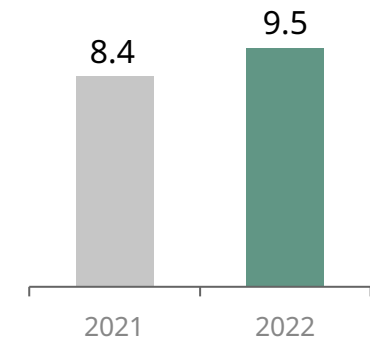
# 14%

of sales in 2022

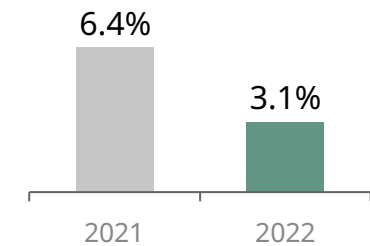


## Sales

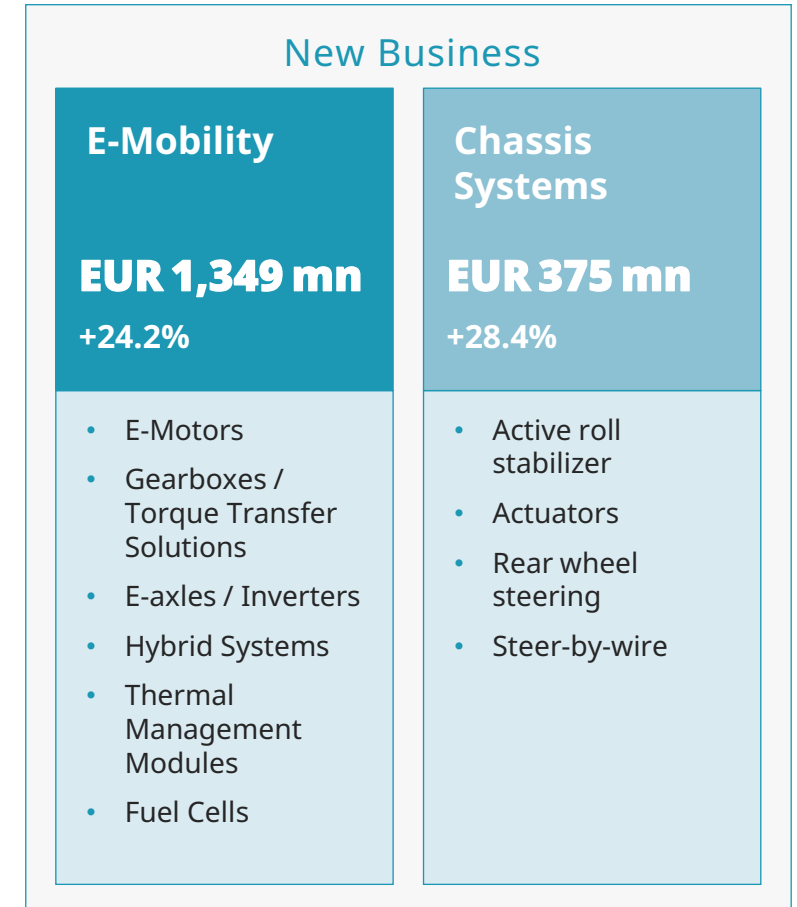
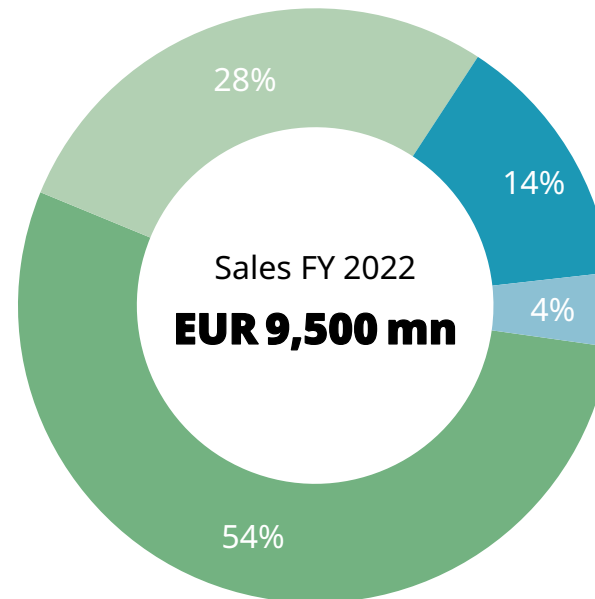
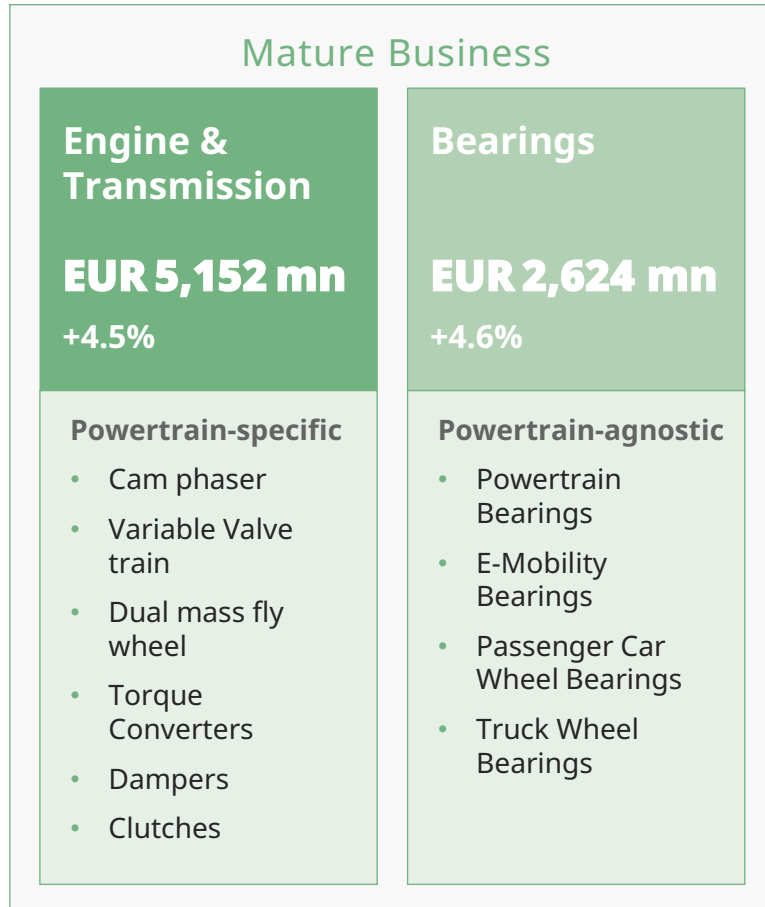
in EUR bn



## EBIT margin bsi



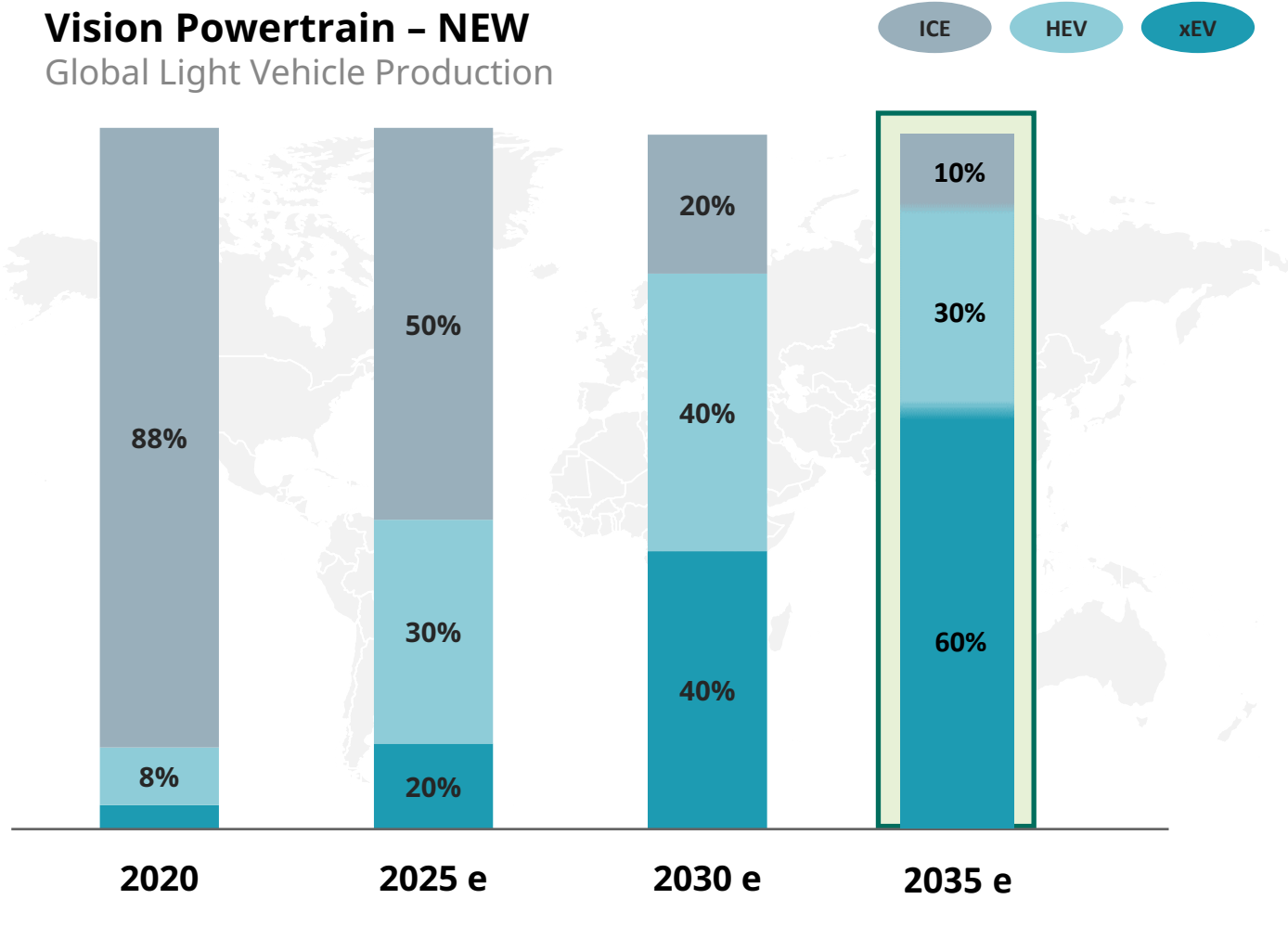
## Automotive Technologies – Driving the portfolio transformation from Mature to New, differentiating steering



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

## Automotive Technologies – Electrification is further accelerating, as reflected in our Vision Powertrain

**Vision Powertrain – NEW**  
Global Light Vehicle Production

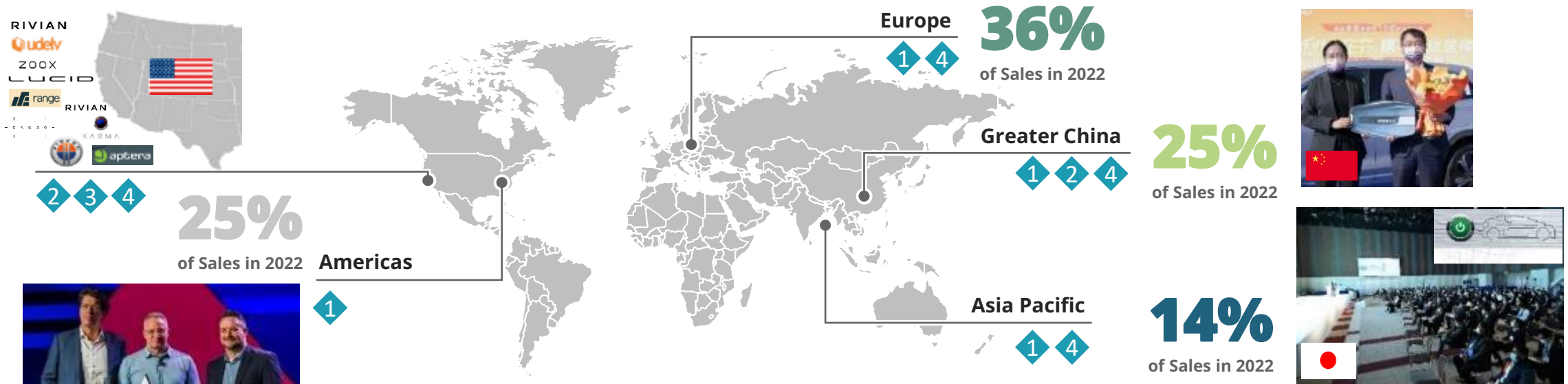


Climate targets towards zero emission in major markets

HEV as transition technology will reach tipping point in 2030

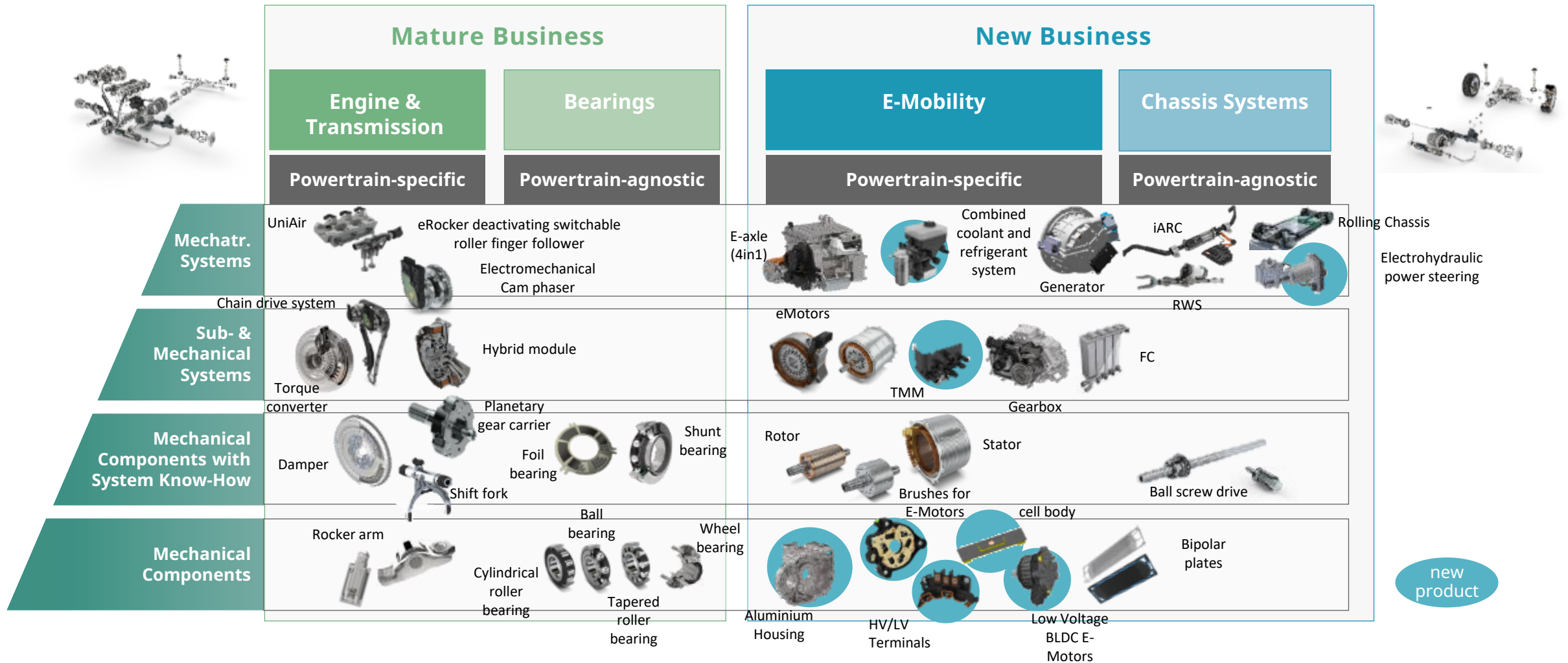
OEMs raise EV targets and accelerate electrification

# Automotive Technologies – Customer 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	VW BMW gm	✓ →	✓	✓
	2 EV natives, with high growth	Customers undisclosed	✓ →	✓	✓
New Players	3 Well financed and successful in other ventures	m mobileye Customers undisclosed	✗ →	✓	✗
	4 New Entrants (e. g. with new mobility approaches & MaaS)	ZOOX Customers undisclosed	✗	○	✗

# Automotive Technologies – Delivering innovative components & systems for powertrain & chassis



## Example #1 – New Order Intake in New Business by Established OEM



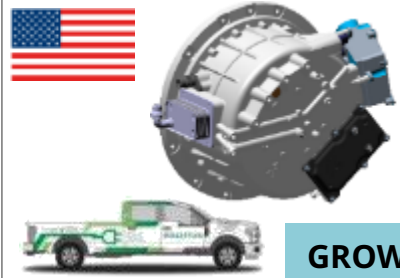
Mature Business

New Business

Established OEMs

1

2



GROW

New Players

3

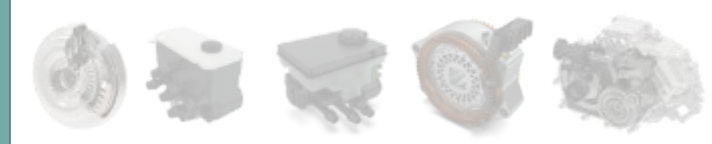
4

OI  
approx.  
USD 0.5 bn

Mechatr.  
Systems



Sub- &  
Mechanical  
Systems



Mechanical  
Components with  
System Know-How



Mechanical  
Components



Schaeffler extends its business with generators for HEV applications



## Example #2 – New Order Intake in Mature Business for HEV applications by Established OEM

**SCHAEFFLER**



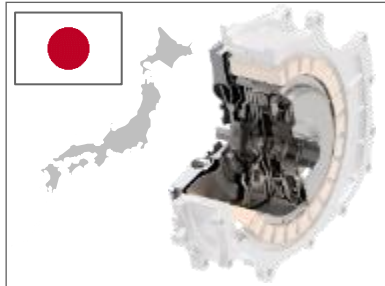
**Mature Business**

**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**



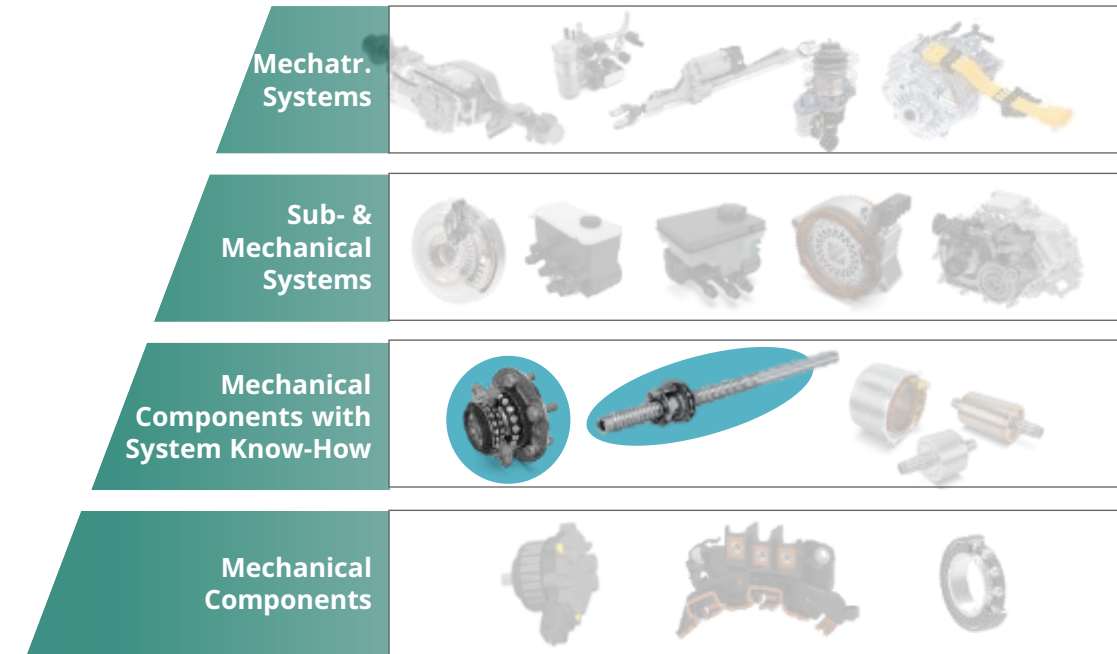
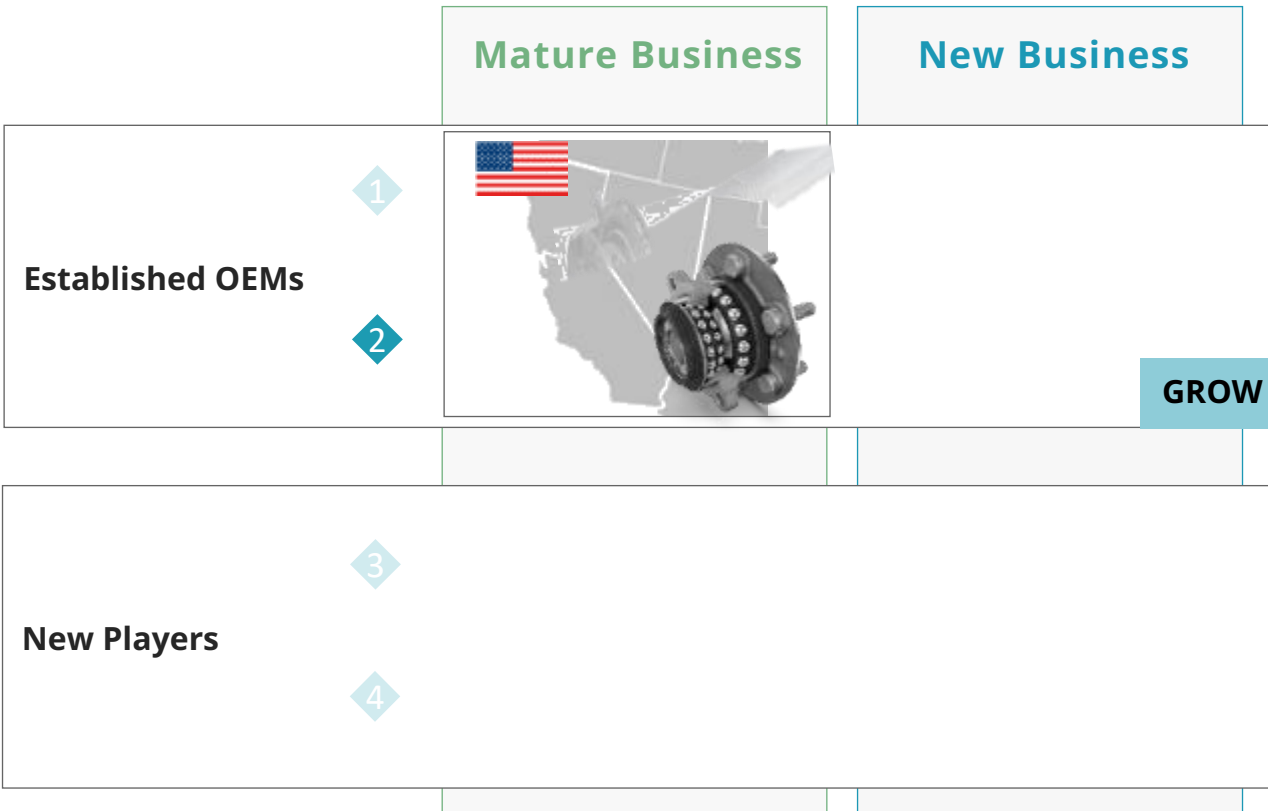
**Mechanical  
Components**



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

## Example #3 – High capability in embedded software (customer) meets high capability in precision components and mechatronic systems (Schaeffler)

**SCHAEFFLER**



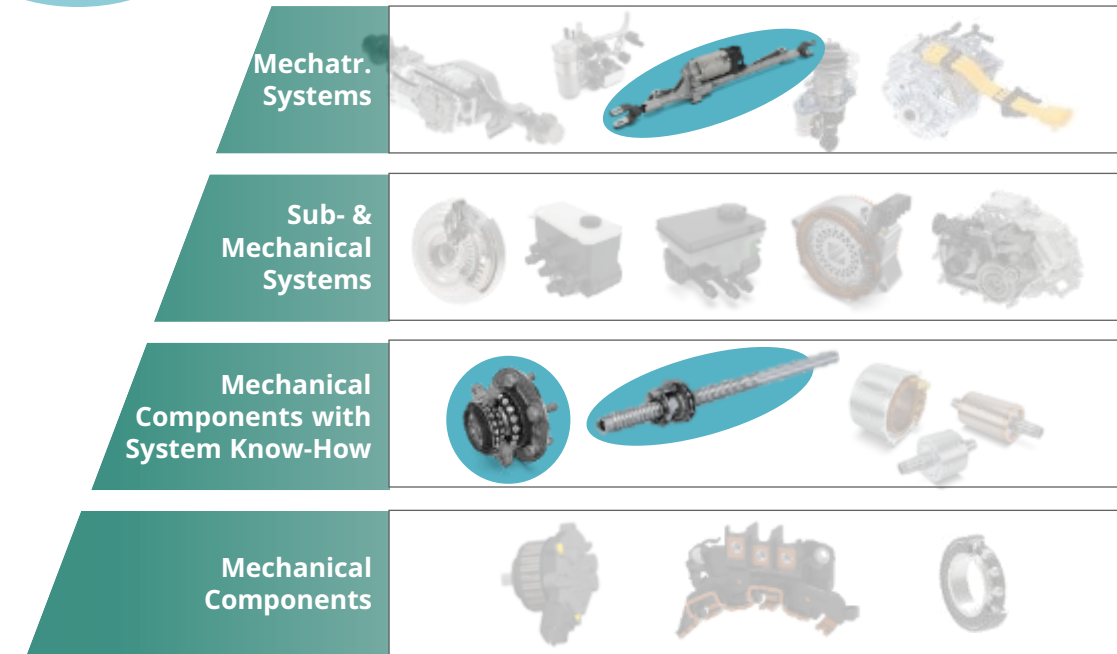
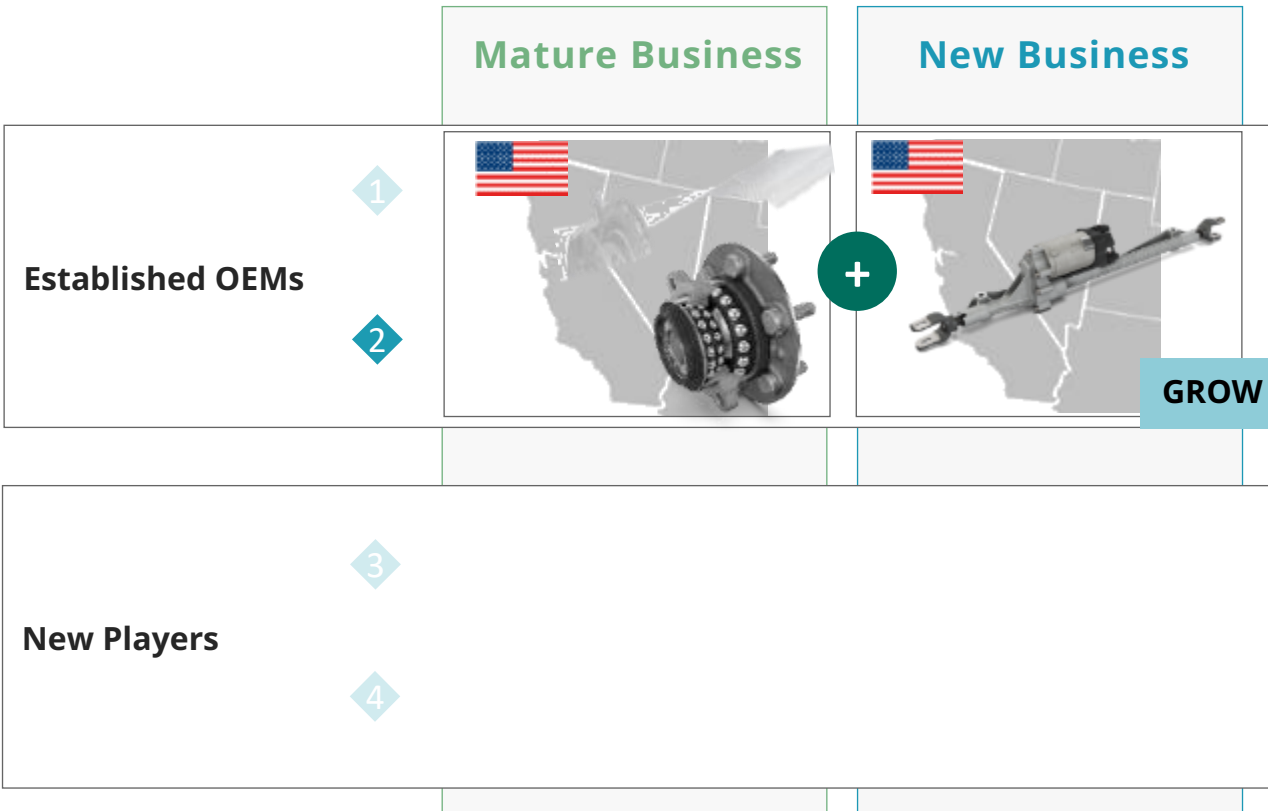
Schaeffler expands its Business Fields with New Mobility Players

## Example #4 – High capability in embedded software (customer) meets high capability in precision components and mechatronic systems (Schaeffler)

**SCHAEFFLER**



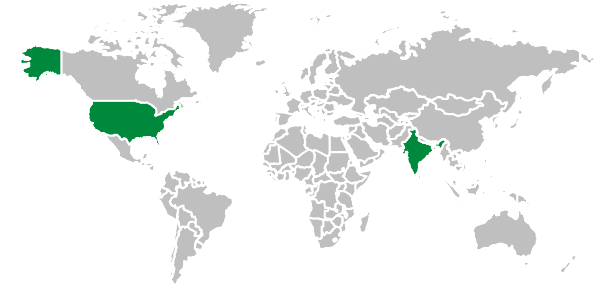
OI  
approx.  
EUR 0.5 bn



Schaeffler expands its Business Fields with New Mobility Players

## Example #5 – Order Intake for e-Axle systems received from established and new OEMs

**SCHAEFFLER**



**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**



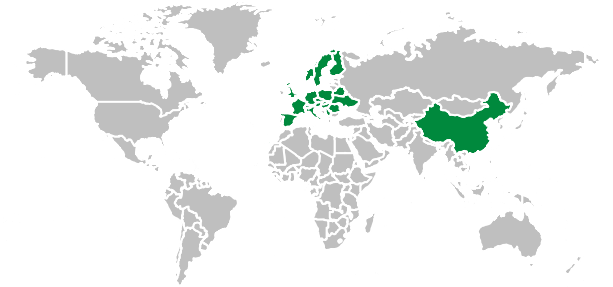
**Mechanical Components**



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

## Example #6 – First Order Intake for battery cooling and expansion into the refrigerant market

**SCHAEFFLER**



**Mature Business**

**New Business**

**Established OEMs**

1

2

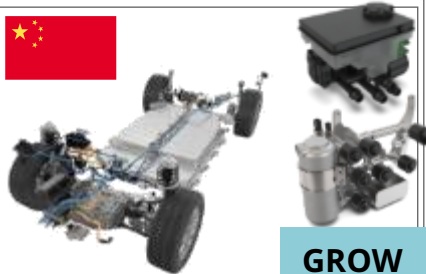


**GROW**

**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**



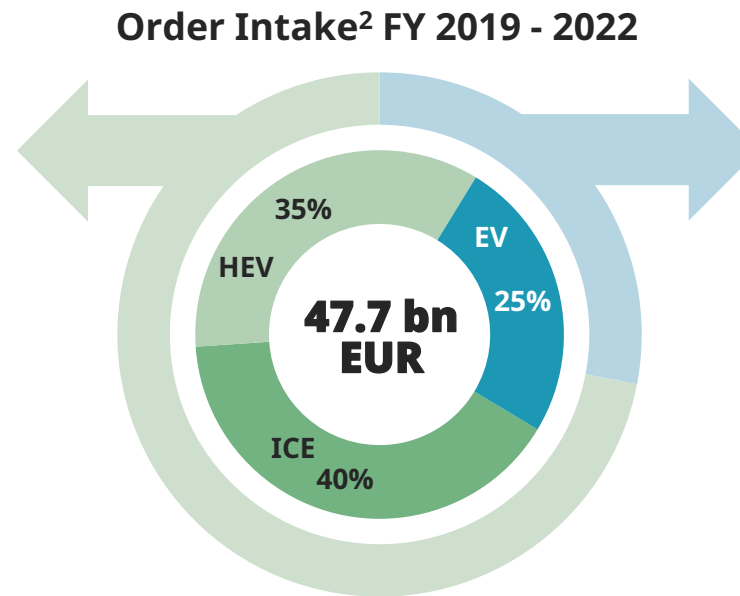
**Mechanical  
Components**



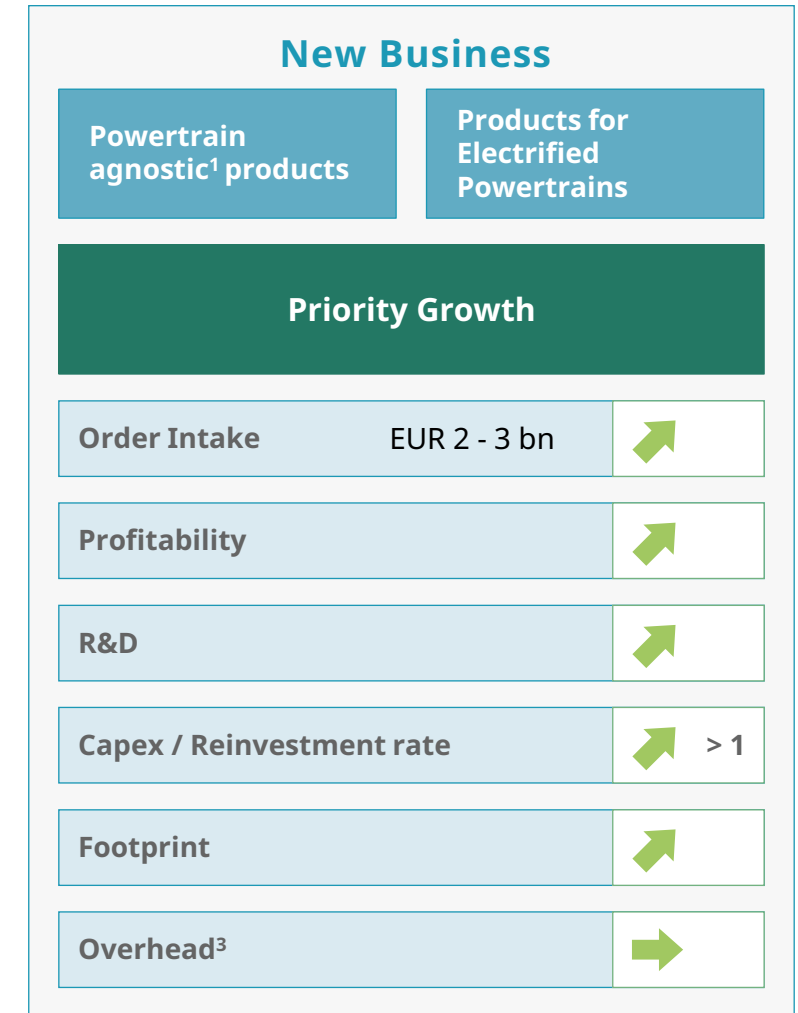
**Schaeffler expands its thermal management activities into cooling of batteries for BEV**



## Automotive Technologies transformation - How we fund our own growth and create value

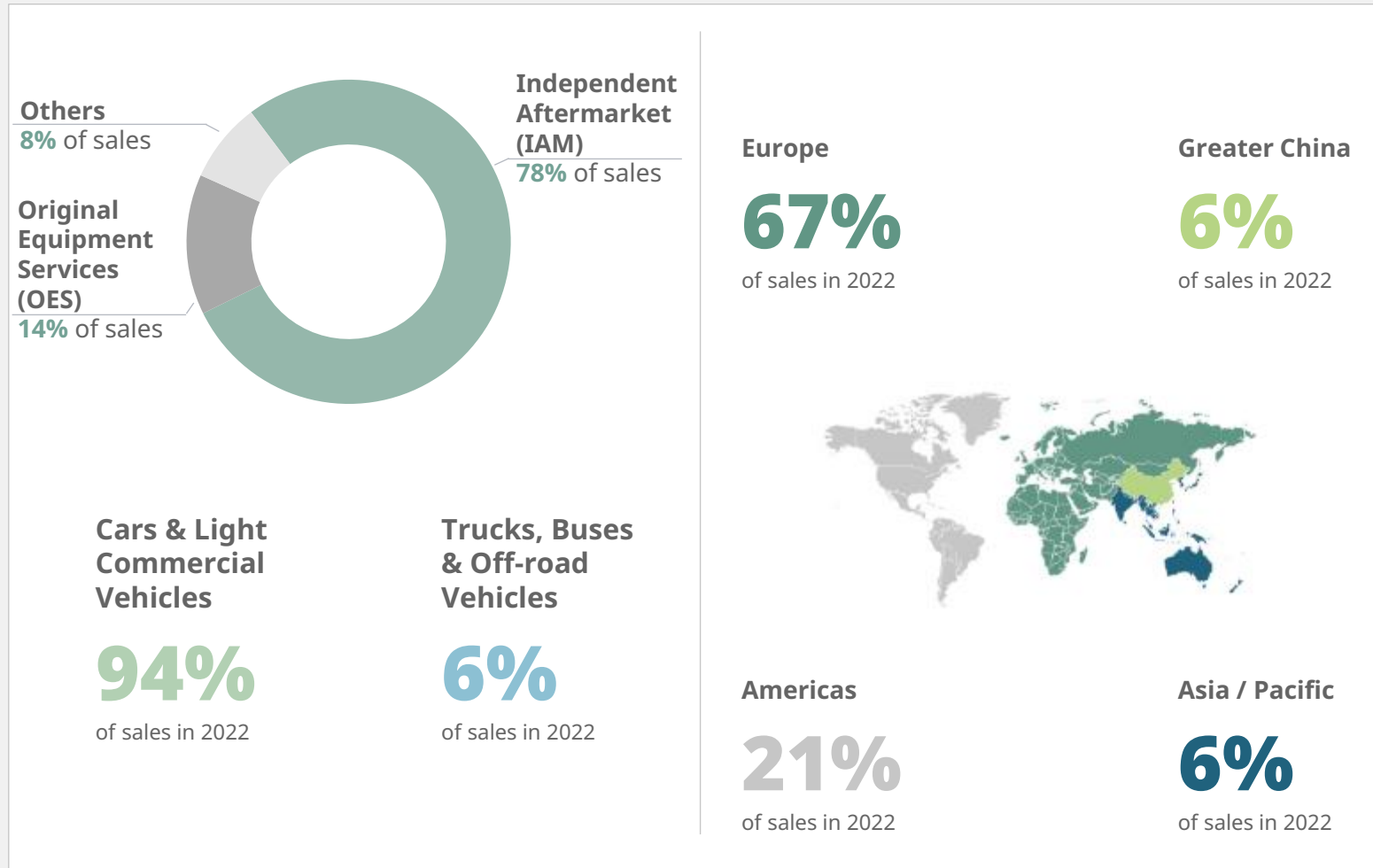


- Funding our New Business
- Capex allocation & R&D expenses shifted to New Business
- Qualification Program 'Fit4Mechatronics'



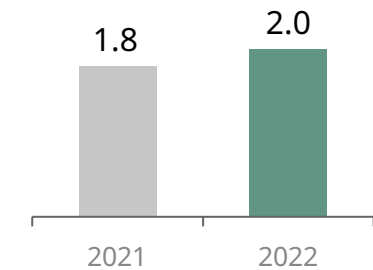


## Automotive Aftermarket – Leading supplier of aftermarket components, systems, services

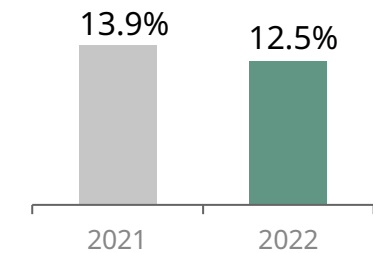


### Sales

in EUR bn



### EBIT margin bsi





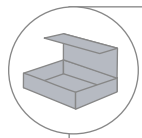
## Automotive Aftermarket – Capturing new growth opportunities

### Growth drivers



#### Share of Wallet

We realize untapped potential at current customer base



#### Solutions & Service Offer

We upgrade components to **solutions** and **value-added services**



#### Way to Market

We develop **new distribution channels** and **business models**

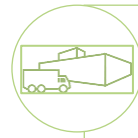


### Growth enabler



#### Digital Competence

We offer **advanced digital services** to improve customer experience



#### Operational Excellence

We employ **state-of-the-art assembly** and **packing centers**

## Automotive Aftermarket – REPERT Remote Support is the next level digital service for garages



**Free of charge**  
for garages

Fast login via  
**QR code**

**Available in**  
Europe already in  
2021

**Conventional technical support methods reach their limitations when it comes to complex, demanding vehicle repairs**

- Service technicians increasingly report difficulties in resolving technical inquiries via telephone or email

**Schaeffler launches a Microsoft Dynamics 365 based technical support solution for smartphones, tablets or HoloLens**

- Images and sound transmitted in real time
- Mixed reality to accurately visualize positions and rotational directions
- No access barriers or licenses cost for garages

**REPERT Remote Support enables complex technical repairs and promotes direct contact to garages**

## Automotive Aftermarket – First E-Axle repair solution launched at Automechanika



VW e-Golf VII



BEV/HEV transmission



Gearbox repair system

### Key aspects

- **Repair system** for gearbox application of E-Axle (BEV/HEV)
- Pilot application for **Volkswagen e-Golf VII**
- **Unique solution** in the Aftermarket – First repair solution for E-Axles
- **Highly sustainable** – Repair instead of replace
- **Scalable solution** – Additional repair solutions already in preparation (e.g. E-motor)
- **Making the repair possible** – Rollout and garage training in preparation
- **Market availability in Q4 2022**

**Setting the industry standard for E-Powertrain repair for BEVs / HEVs**

## Industrial – Leading global component and system supplier

Europe

# 41%

of sales in 2022

Greater China

# 27%

of sales in 2022



Americas

# 17%

of sales in 2022

Asia/Pacific

# 15%

of sales in 2022



Bearings



Linear Technology



Mechanical Systems

### Broad range of products



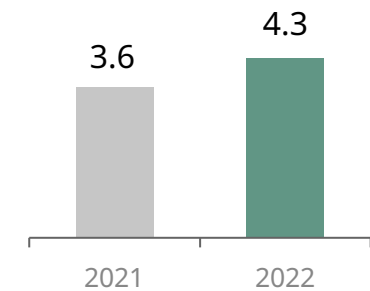
Mechatronic Systems



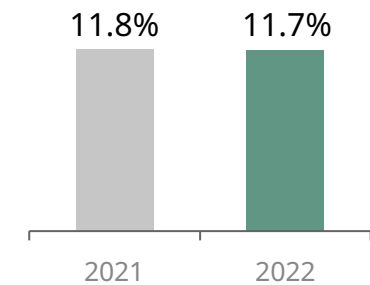
Service Solutions

### Sales

in EUR bn

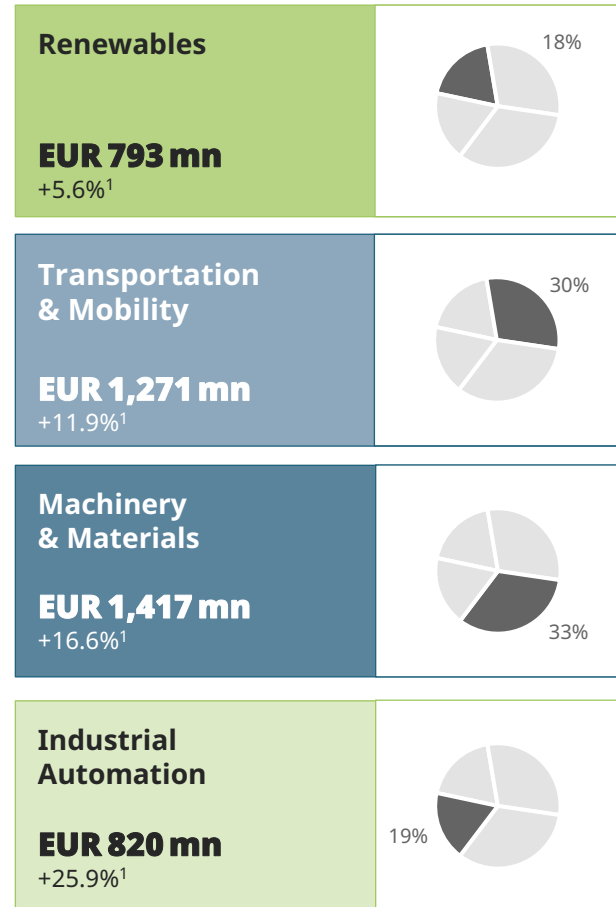


### EBIT margin bsi



## Industrial – Diversified portfolio with significant growth potential

### Market clusters



### Sector clusters



Industrial Distribution share of total sales: ~30%

## Example # 1 Renewables – Strong fundamentals of the market, confirming growth potential

### Market Drivers Renewables

Growing demand for electricity and local energy resources

Ambitious Climate Targets combined with rising CO2-cost

New production technologies

Increasing cost competitiveness



### Wind energy

- Schaeffler bearings in every ~2nd wind turbine globally
- Core business portfolio complemented by Condition Monitoring offerings



### Hydrogen

- Launch of Electrolyzer Stacks as “heart of electrolysis” in 2022
- Consortium lead for sub-project “Stack Scale up – Industrializing PEM Electrolysis” of the H2Giga hydrogen flagship project

## Example # 2 Renewables – Hydrogen spanning across divisions Automotive Technologies and Industrial

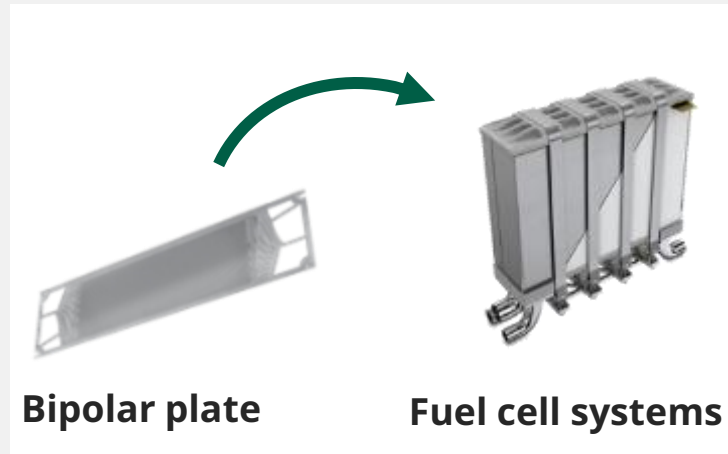
### Market Drivers Renewables

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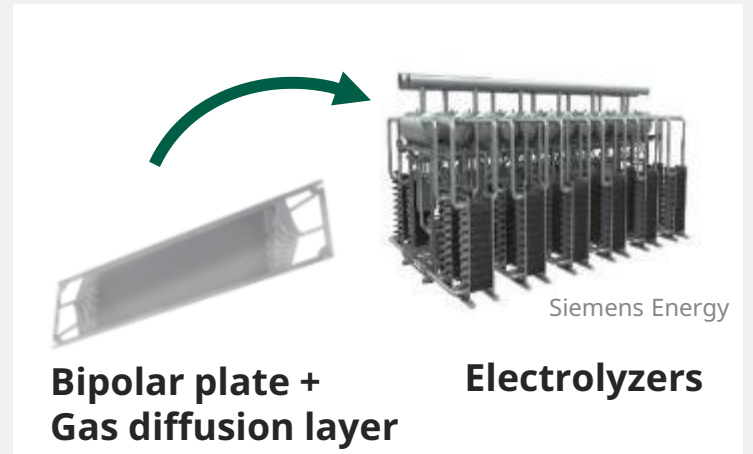
New production technologies

Increasing cost competitiveness



#### Fuel cell – Usage of hydrogen

- Market potential ~240,000 Fuel Cell Trucks and Buses in 2030 expected



#### Electrolysis – Production of hydrogen

- Market potential ~150 GW Globally installed power of Electrolysis in 2030 expected

Schaeffler as a key partner for best-in-class components and systems both for fuel cells and electrolyzers



## Example # 3 Transportation & Mobility – Well positioned with diversified products and services

### Market Drivers Transportation & Mobility

Increasing passenger mobility and freight transportation

Transformation to E-Mobility and electrification

Automation and digitalization of high-end mobile machinery

Rising life cycle management



### Comprehensive portfolio

- Strong growth with standardized bearings, specialized bearings and sensorized modules
- Portfolio extension with new products for E-Mobility and electrification



### Circular economy

- 100% return service for Rail wheelset bearings
- Certified reconditioning processes for Aerospace engine bearings



## Example # 4 Machinery & Materials – Growing demand for sustainable, resource-saving solutions

### Market Drivers Machinery & Materials

Growing demand for aggregates used for renewable energies

Ongoing infrastructure expansion

Increasing spreading of electric motors with improved efficiency

Rising agriculture and construction machinery



### Serving multiple industries

- Engagement in diverse sectors with leading market positions
- Bearing solutions across all requirements, from standard to high-performance products

### Value-adding service solutions

- Holistic services over the entire product lifecycle to increase uptime, efficiency and sustainability of operations
- Globally available expert team supporting customers in performance optimization

## Example # 5 Industrial Automation – Harnessing the rapidly increasing digitization and automatization

### Market Drivers Industrial Automation

Increasing digitization and automatization of production

Increasing cost pressure

Platform strategies and standardization for autonomous production

Higher safety and sustainability requirements



### Innovative products

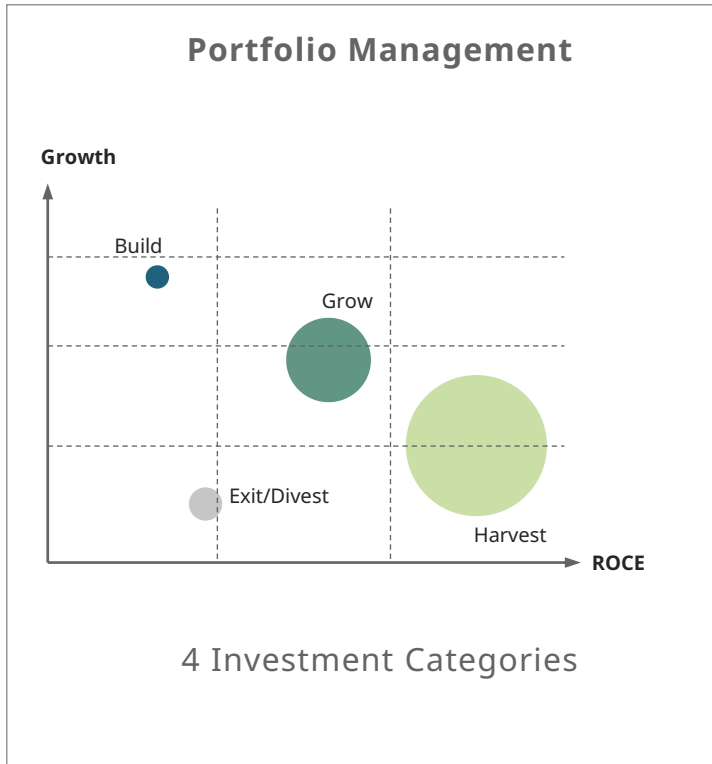
- Expansion of mechatronic solutions such as highly efficient rotary drives
- Innovative recirculating roller bearing and guideway assembly with low stroke pulsation and low friction for high positioning accuracy



### Robotics

- High-performance components and system assemblies, focusing on applications in lightweight robots and cobots
- Portfolio extension by planetary gearboxes from strategic acquisition of Melior Motion<sup>1</sup>

## Schaeffler Group Capital Allocation Framework – Driving an efficient and impactful use of resources across Divisions and in Regions



**Capital Allocation**

Capex categories	1	2	3	4	Total
Portfolio strategies	Growth <sup>1</sup>	Rationalization & Quality	Maintenance	Safety & Regulatory	
Build	✓✓			✓	
Grow	✓✓✓	✓✓	✓	✓	
Harvest		✓✓	✓	✓	
Exit /Divest			✓	✓	
Total					Total Capex

4 Portfolio Strategies

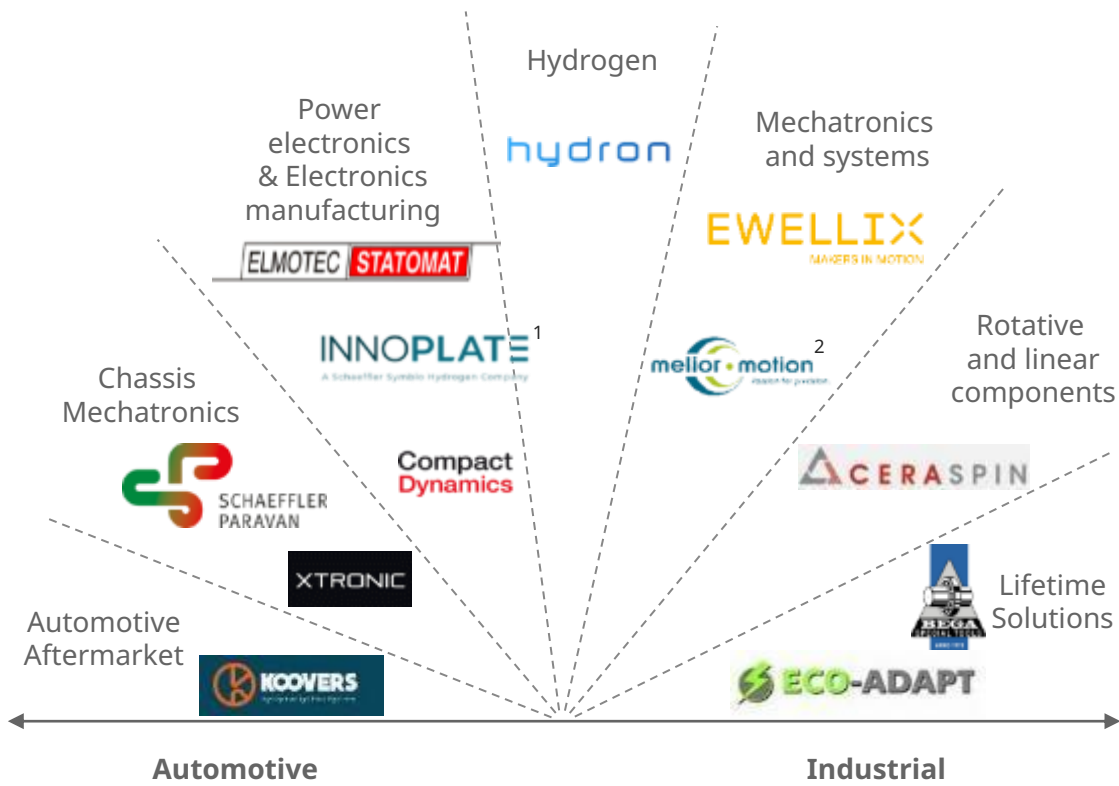
### KEY ASPECTS

- Reinvestment Rate<sup>1</sup> at Group level is the dominant logic
- Reinvestment Rate for “Build” and “Grow” significantly >1 to fuel growth
- “Harvest” and “Exit” only receive capital needed to sustain cash generation
- Combining Portfolio Management with Capital Allocation drives a consistent Capital Deployment
- Increasingly differentiated Capex prioritization across Regions

Earning the right to grow is the credo of our Capital Allocation process

## Schaeffler Group Make vs Buy - Compelling M&A further complements and strengthens our business portfolio

### M&A Radar



### Collaborations and partnerships

Automotive Technologies and Automotive Aftermarket



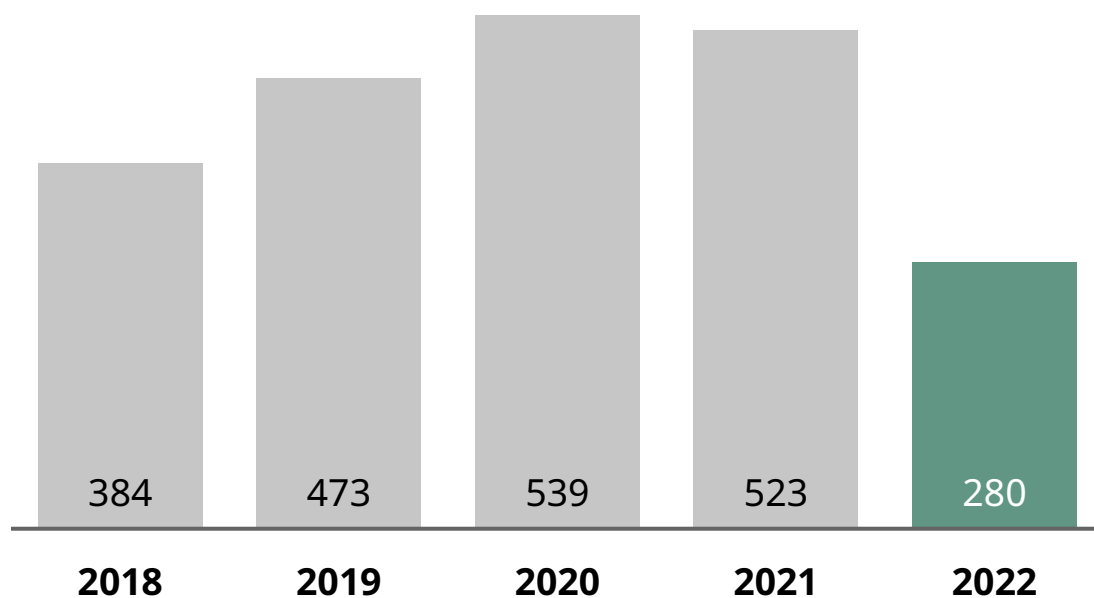
Industrial

We constantly evaluate "buy" vs "make" options and invest accordingly

## Schaeffler Group value creation – Robust FCF generation and compelling, shareholder-friendly usage of cash

### FCF<sup>1</sup> generation track record

in EUR mn

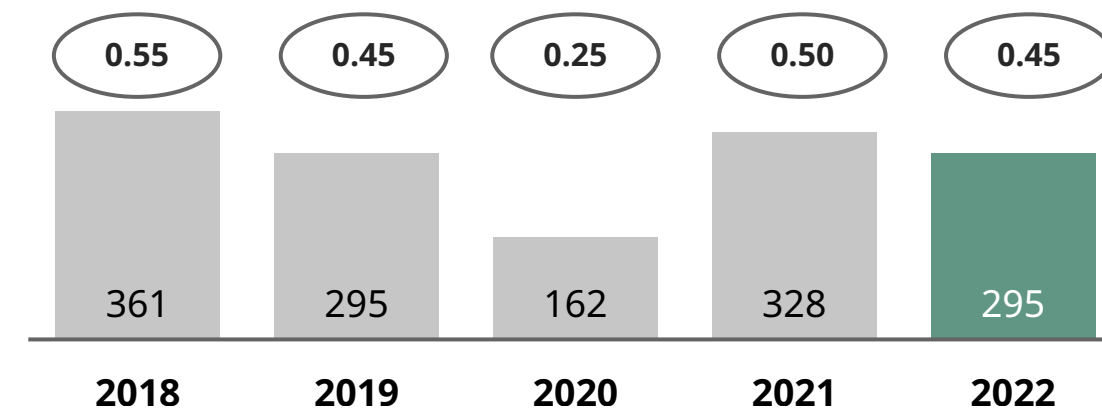


2.2 bn EUR of FCF generated in the past 5 years

### Usage of Cash – Dividend, CapEx, M&A

Dividend payout | in EUR mn

EUR per common non-voting share



1.4 bn EUR cumulative dividend paid the past 5 years

- Dividend Payout Policy 30 – 50%
- CapEx allocation driven by Reinvestment Rate framework
- M&A focus on Small-to-Mid-sized bolt ons

## Schaeffler Group Roadmap 2025 – Mid-term targets

### Mid-term targets 2025

Automotive Technologies	Automotive Aftermarket	Industrial
Outperformance <sup>1</sup> <b>200 to 500 bps</b> on average <sup>2</sup>	Constant-currency revenue growth <b>&gt; GDP growth</b> on average <sup>2</sup>	Constant-currency revenue growth <b>&gt; Ind. Prod. growth</b> on average <sup>2,3</sup>
<b>4 to 6%</b> EBIT margin before special items	<b>13 to 15%</b> EBIT margin before special items	<b>12 to 14%</b> EBIT margin before special items
Schaeffler Group		
ROCE <b>12 to 15%</b> based on EBIT reported		FCF-conversion <sup>4</sup> <b>0.3 to 0.5</b> based on EBIT reported

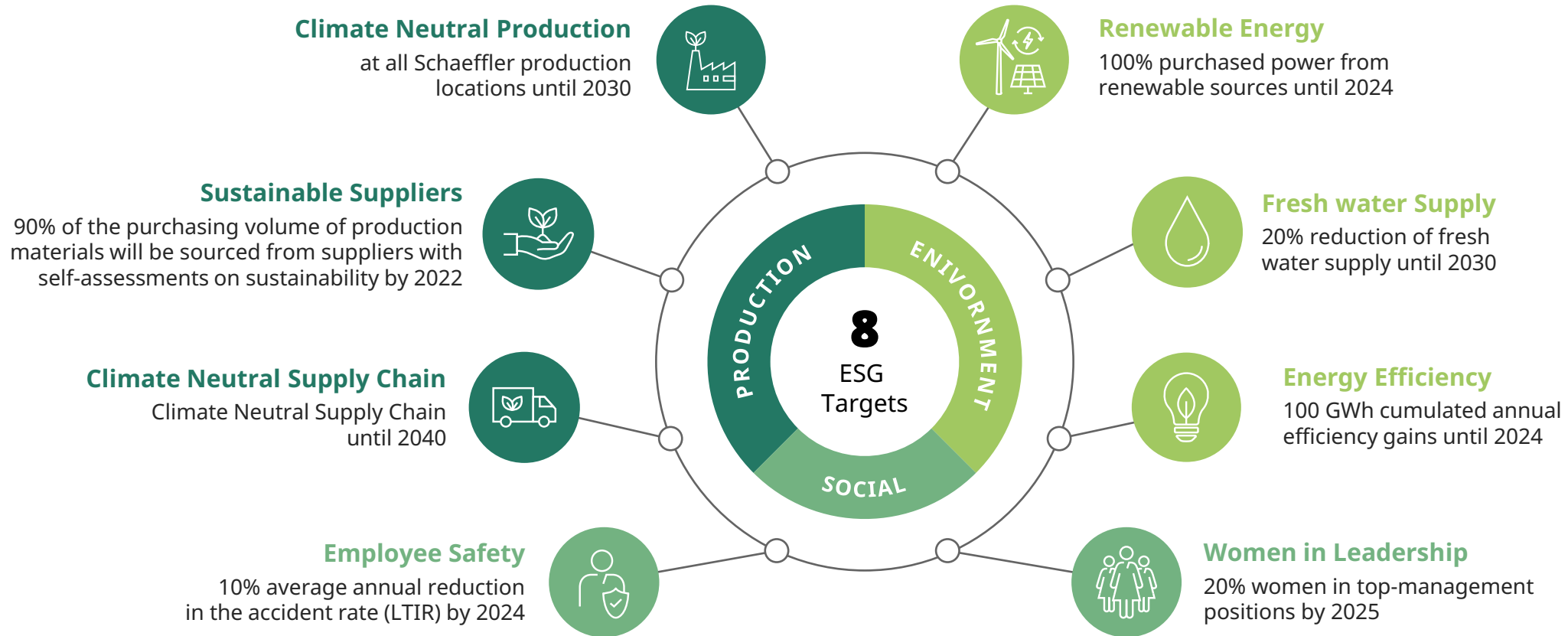
### Group parameters

Capital structure	Dividend policy
<b>1.2x to 1.7x</b> Net debt/EBITDA before special items	<b>30 to 50%</b> of net Income before special items

<sup>1</sup> FX-adj. Sales growth above S&P Global Mobility© [IHS Markit Light Vehicle Production Forecast] | <sup>2</sup> From 2021 to 2025 | <sup>3</sup> Industrial Production (Oxford Economics) | <sup>4</sup> Before cash in- and outflows for M&A



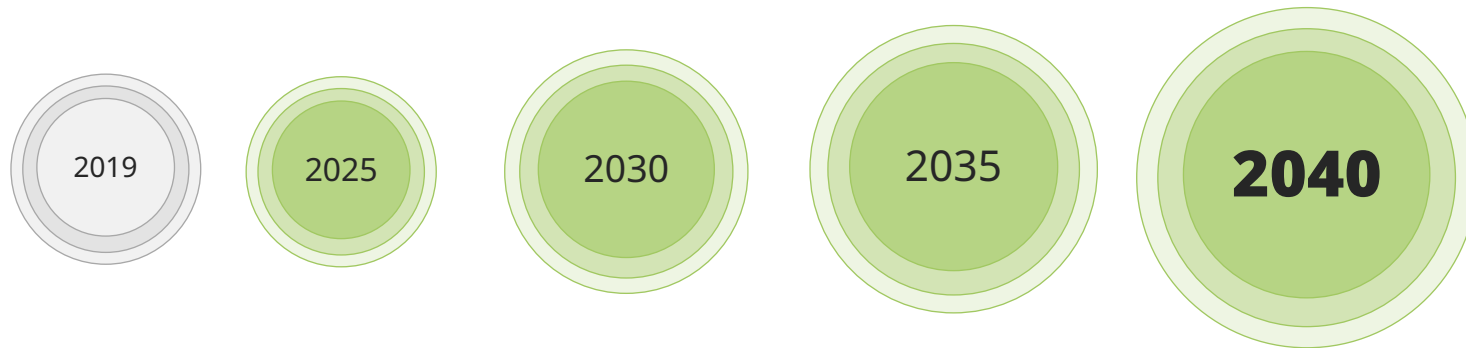
## Schaeffler Group Sustainability – Eight non-financial targets underline our clear commitment



Sustainability targets were integrated into the variable remuneration of upper management

## Schaeffler Group path to climate neutrality – Ambitious Scope targets defined

### Long-Term Sustainability Targets



Base Year

**Climate Neutral  
Production**

**Climate Neutral  
Company**

Scope 3 upstream	-25%			
Scope 1 + 2	-75%	-90%*		-90%*
Scope 3 downstream	Not included			

### KEY ASPECTS

- Decarbonization as top priority
- Emissions occurring in the supply chain (Scope 3 upstream):
  - Climate neutral from 2040
  - Emission reduction of 25% until 2030
  - From 2025, Schaeffler will source 100,000 tons of green steel on an annual basis from Swedish start-up H2greensteel
- Production facilities (Scope 1+2):
  - Climate neutral from 2030
  - Emission reduction of 75% until 2025
- Clear strategy with specific measures being defined and implemented across the company

## Schaeffler Group Equity Story – Delivering value creation

- 1 Roadmap 2025 in execution** – Focus on capital allocation, portfolio management and FCF generation. Compelling usage of cash & dividend policy
- 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 Regions** – Invest in an increasingly differentiated way, according to growth opportunities and sustainability goals
- 6 Financial Framework** – Strict performance orientation based on Mid-term Targets, while consistently adapting our structures and footprint
- 7 Sustainability** – Fully committed to activate all impact levers to achieve sustainability goals

**Creating  
long-term value and  
generating  
Free Cash Flow**

1

Schaeffler Group – The Motion Technology Company

2

**Region Americas – Deep dive**

3

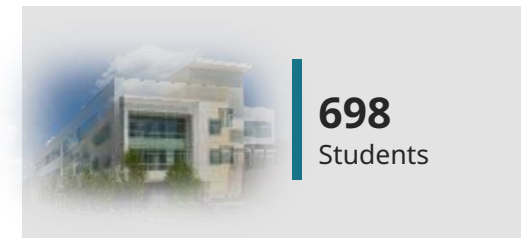
Financials – Q2 2023, FY 2023 Guidance upgrade, Current trading update

AGENDA

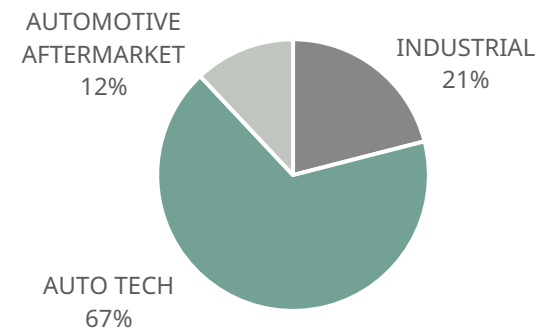
## Overview – Region Americas at a glance

- Brazil**
- Sorocaba
- Canada**
- Stratford
- Mexico**
- Huejotzingo
  - Irapuato
  - Puebla
- USA**
- Armada (Ewellix)
  - Cheraw
  - Danbury
  - Fort Mill
  - Joplin
  - Troy
  - Wooster

Region	
➤ R&D centers	5
➤ Campus locations	4
Plants	15
➤ Automotive	10
➤ Industrial	5

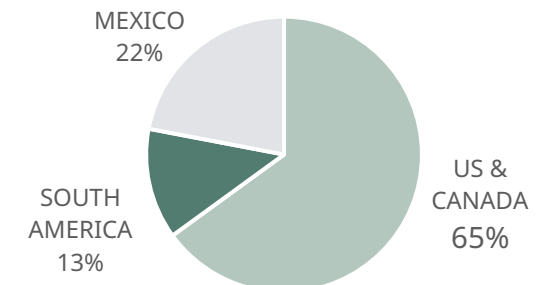


Division Sales Distribution  
2022



FX2023 Market View

Sub-Region Sales Distribution  
2022



FX2023 Legal View

## Silicon Valley office – Connection to new players

- ▶ Close proximity to customers
- ▶ Staff onsite as of December 4, 2017
- ▶ Customer engagement and technical partner





## Americas – Automotive Tech future strategy

### MOTION TECHNOLOGY

#### AUTOMOTIVE TECH



**TRANSFORM**

#### INDUSTRIAL



EXPAND

#### AUTOMOTIVE AFTERMARKET



COLLABORATE

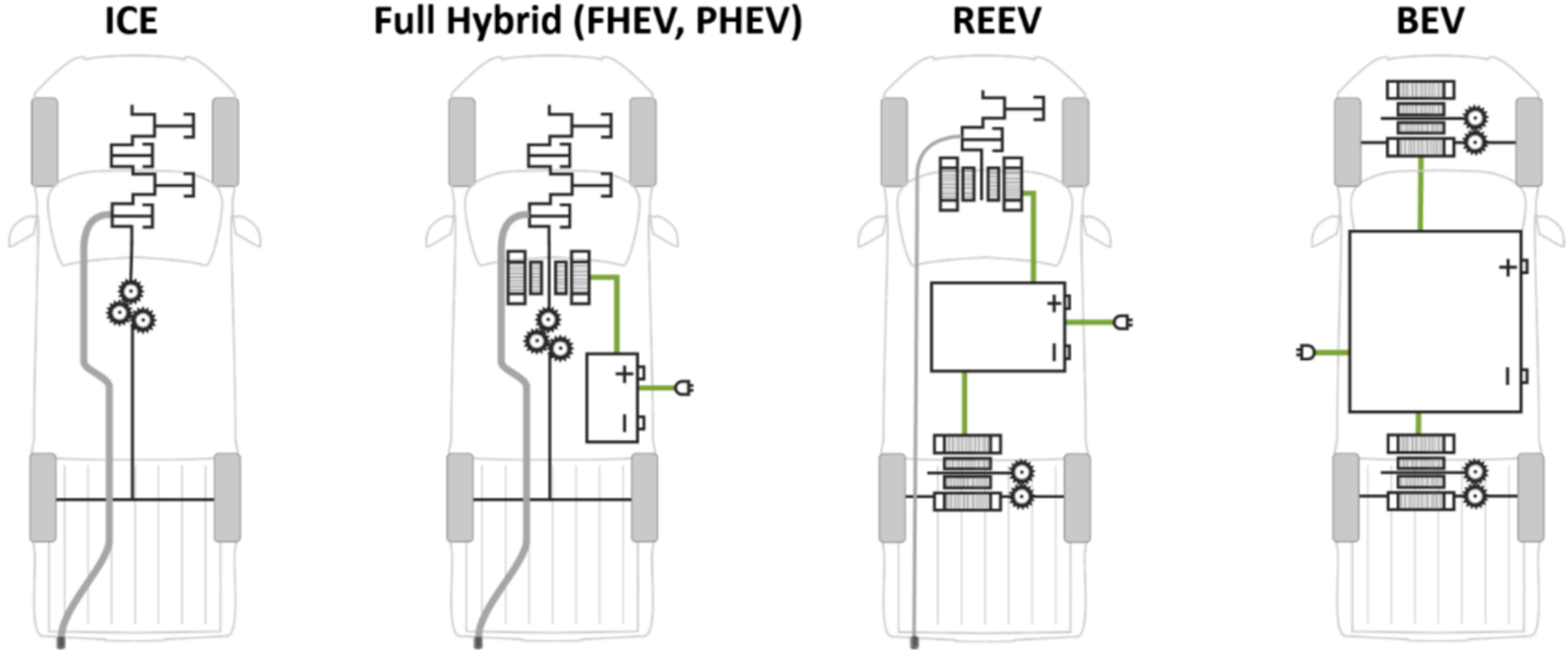
## Automotive Technologies – What is taking place in the market?

U.S. Top 15 Light Vehicles May 2022			U.S. Top 15 Light Vehicles May 2023		
		Current			Current
SILVERADO	Chevrolet	46,709	F SERIES	Ford	64,334
F SERIES	Ford	45,339	SILVERADO	Chevrolet	45,683
RAM PICKUP	Ram	34,927	RAM PICKUP	Ram	37,909
RAV4	Toyota	32,883	RAV4	Toyota	33,677
COROLLA	Toyota	25,099	CR-V	Honda	33,521
CAMRY	Toyota	24,905	CAMRY	Toyota	28,060
SIERRA	GMC	21,231	MODEL Y	Tesla	25,421
EXPLORER	Ford	19,594	SIERRA	GMC	24,937
GRAND CHEROKEE	Jeep	18,967	GRAND CHEROKEE	Jeep	24,521
WRANGLER	Jeep	17,688	MODEL 3	Tesla	24,268
MODEL 3	Tesla	17,364	ROGUE	Nissan	23,079
CR-V	Honda	17,158	TACOMA	Toyota	20,487
EQUINOX	Chevrolet	17,103	HIGHLANDER	Toyota	20,025
MODEL Y	Tesla	16,477	ACCORD	Honda	20,007
TACOMA	Toyota	16,285	TUCSON	Hyundai	18,038

Source: Wards Automotive

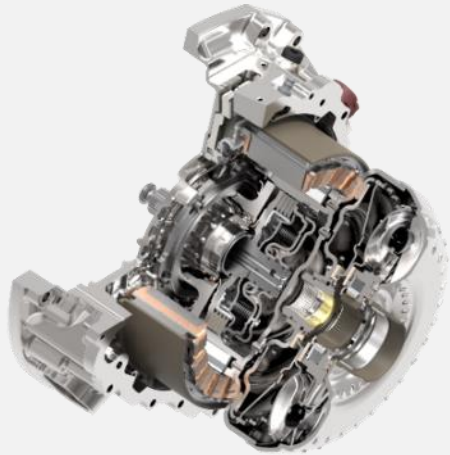
		Pickup Trucks SUVs	Traditional Pass Cars	New Mobility
Vehicle manufacturers	Traditional OEMs, with both ICE and EV	✓	✓	✗
	EV only	✓	✓	✓
New Players	Recognized non-automotive brands	✗	✓	✓
	New entrants	✗	✗	✓

## Pickup truck / SUV – Powertrain transformation



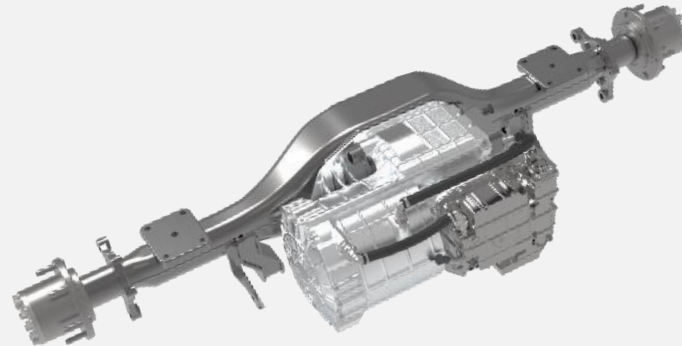
## Electrification – SUV / Pickup truck

### HEV



**SOP: 2018**

### BEV, REEV



**SOP: 2026**

### REEV



**SOP: 2025**

## Technology recognition – Ford World Excellence Awards and Pace Awards



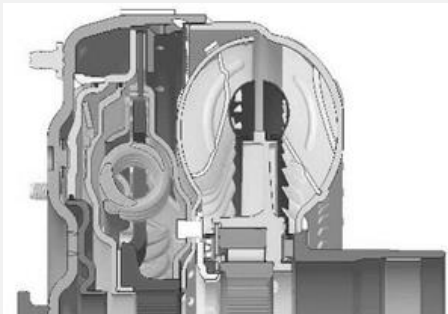
## Beam axle – Production hardware





## Heavy Duty Pickup Truck – Content growth

### *Torque Converter + Bearings*



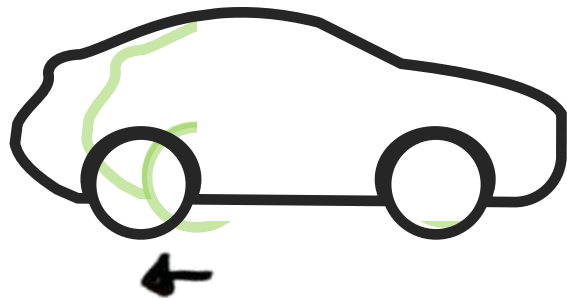
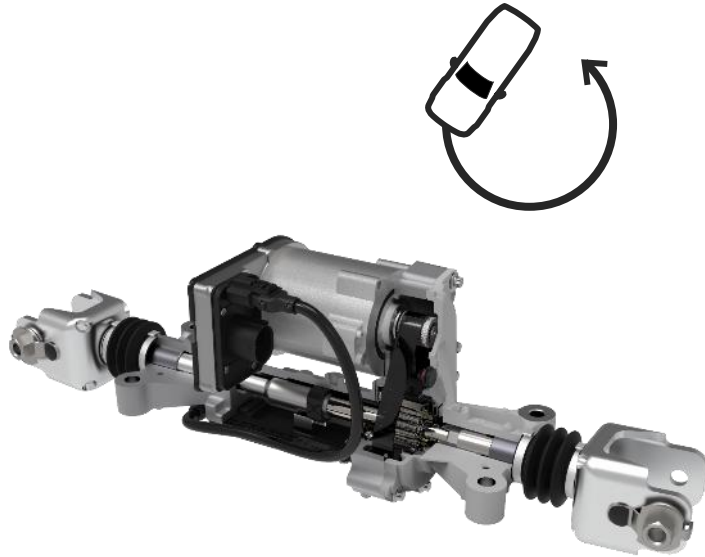
### *Rocker Arm + VCT*



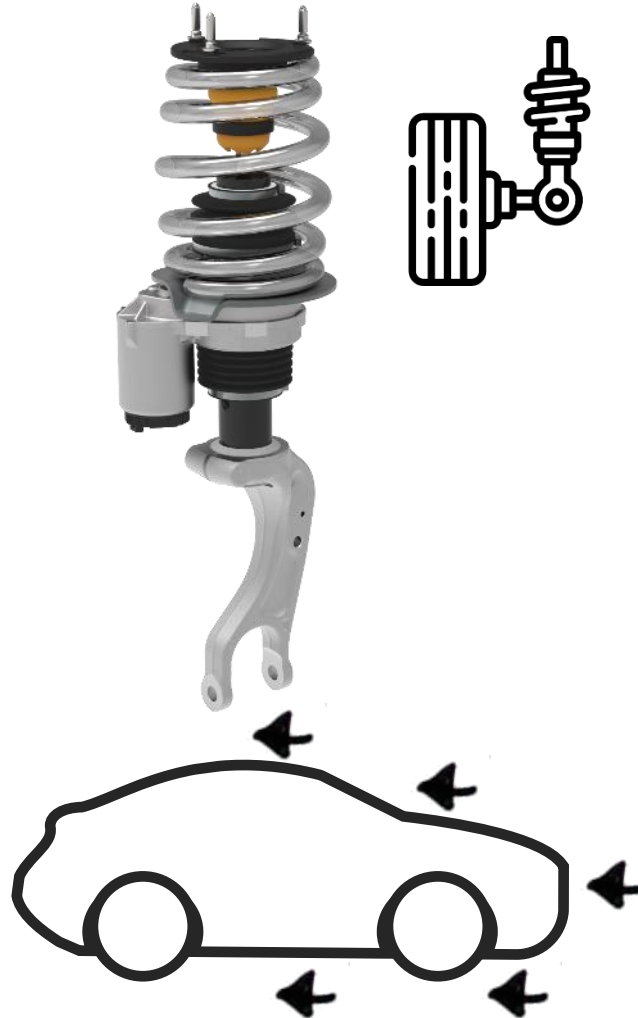
### **Beam E-Axle**



## Electric Vehicle – Innovation



Wheelbase

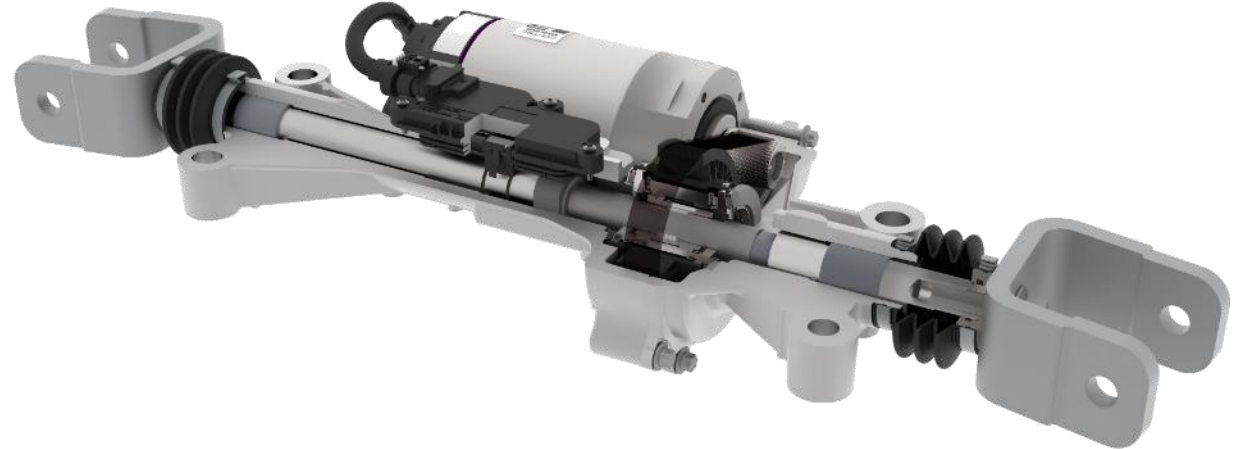
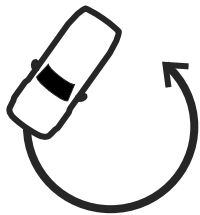
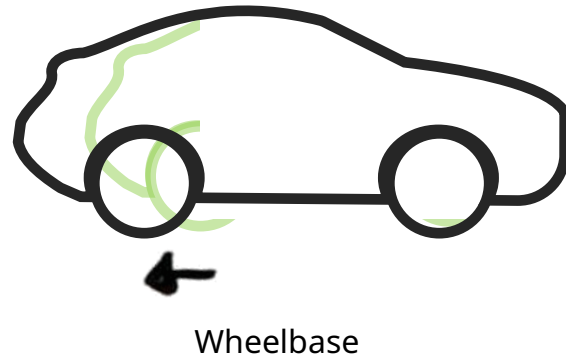


Aero Drag



Skateboard | Dry Production

## Intelligent rear wheel steering – Production project



- **Customer:** EV only
- **Application:** EV truck
- **SOP:** 2024

## Demonstrator – Ride Height Actuator

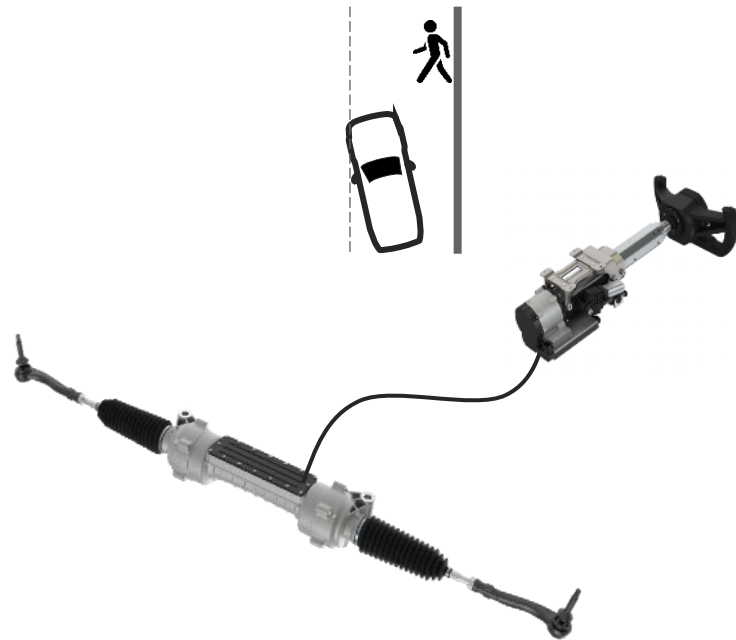


### Ride Height Actuator

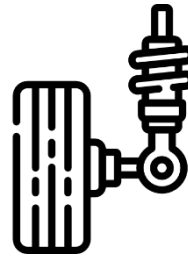


- 4-corner adjustment, both lift and lower functions
- Demonstration planned

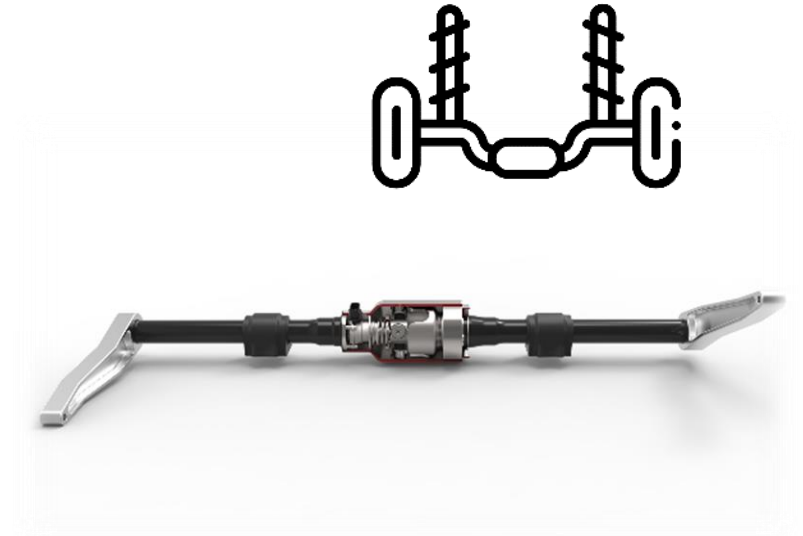
## New Mobility – Vehicle performance transformation



Safety



Comfort



Performance | Off-Road

## New mobility – Battery technology





## Americas – Industrial future strategy

### MOTION TECHNOLOGY

#### AUTOMOTIVE TECH



TRANSFORM

#### INDUSTRIAL



EXPAND

#### AUTOMOTIVE AFTERMARKET



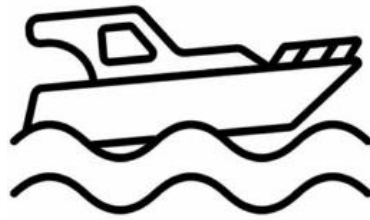
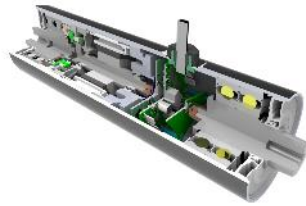
COLLABORATE

## Industrial – Electrification + Automation

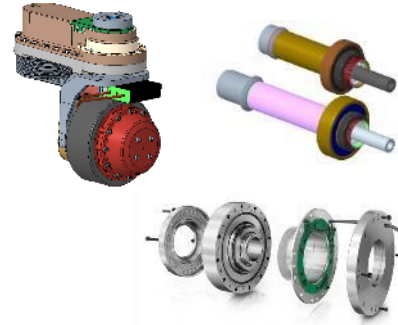
## Motion Technology



E-drives



Performance



Automation



New Mobility

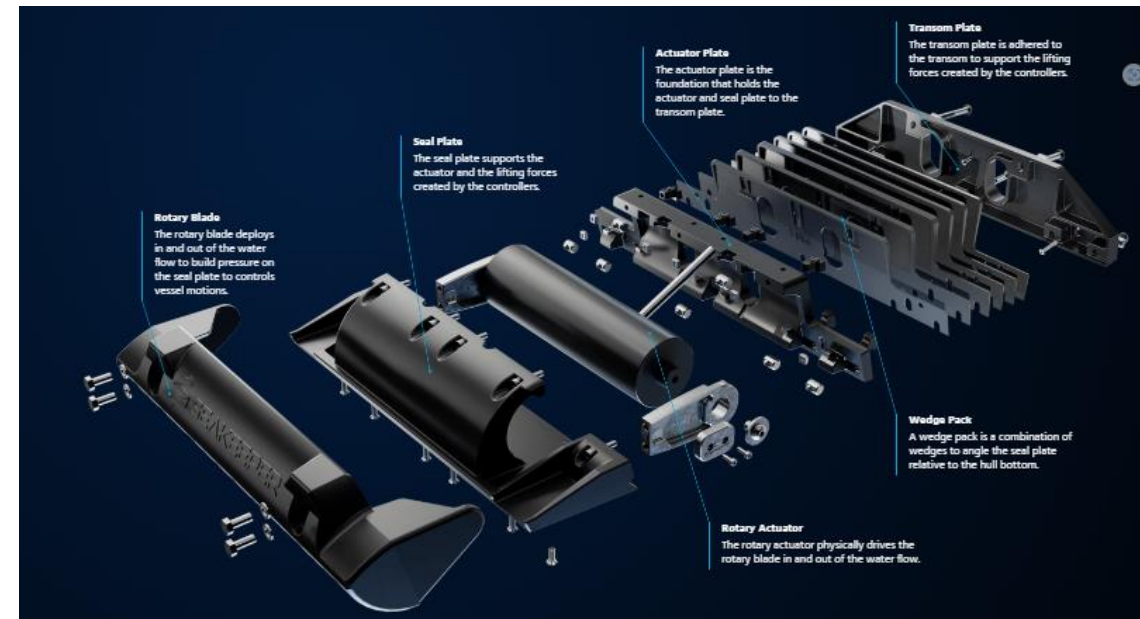
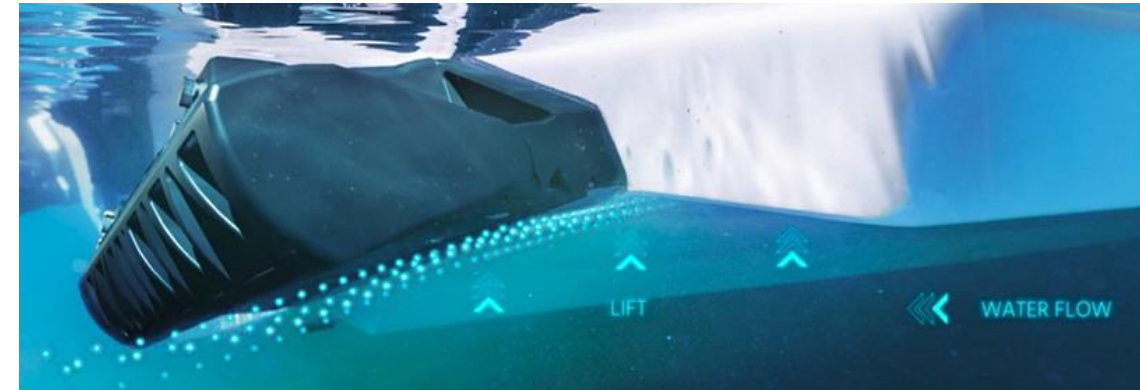
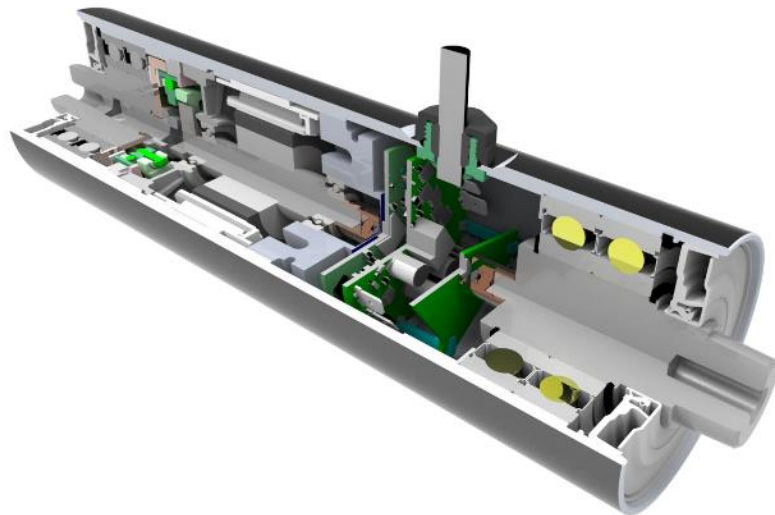
## Industrial – Electrification

- E-drive for offroad application
- SOP 2026



## Industrial – Automation

- Rotary actuator for dynamic boat stabilization system
  - Highly dynamic motion
  - Smart actuation
  - SOP: 2022



## Americas – Automotive Aftermarket future strategy

## MOTION TECHNOLOGY

### AUTOMOTIVE TECH



TRANSFORM

### INDUSTRIAL



EXPAND

### AUTOMOTIVE AFTERMARKET



COLLABORATE



## Automotive Aftermarket – Automotive Technology collaboration

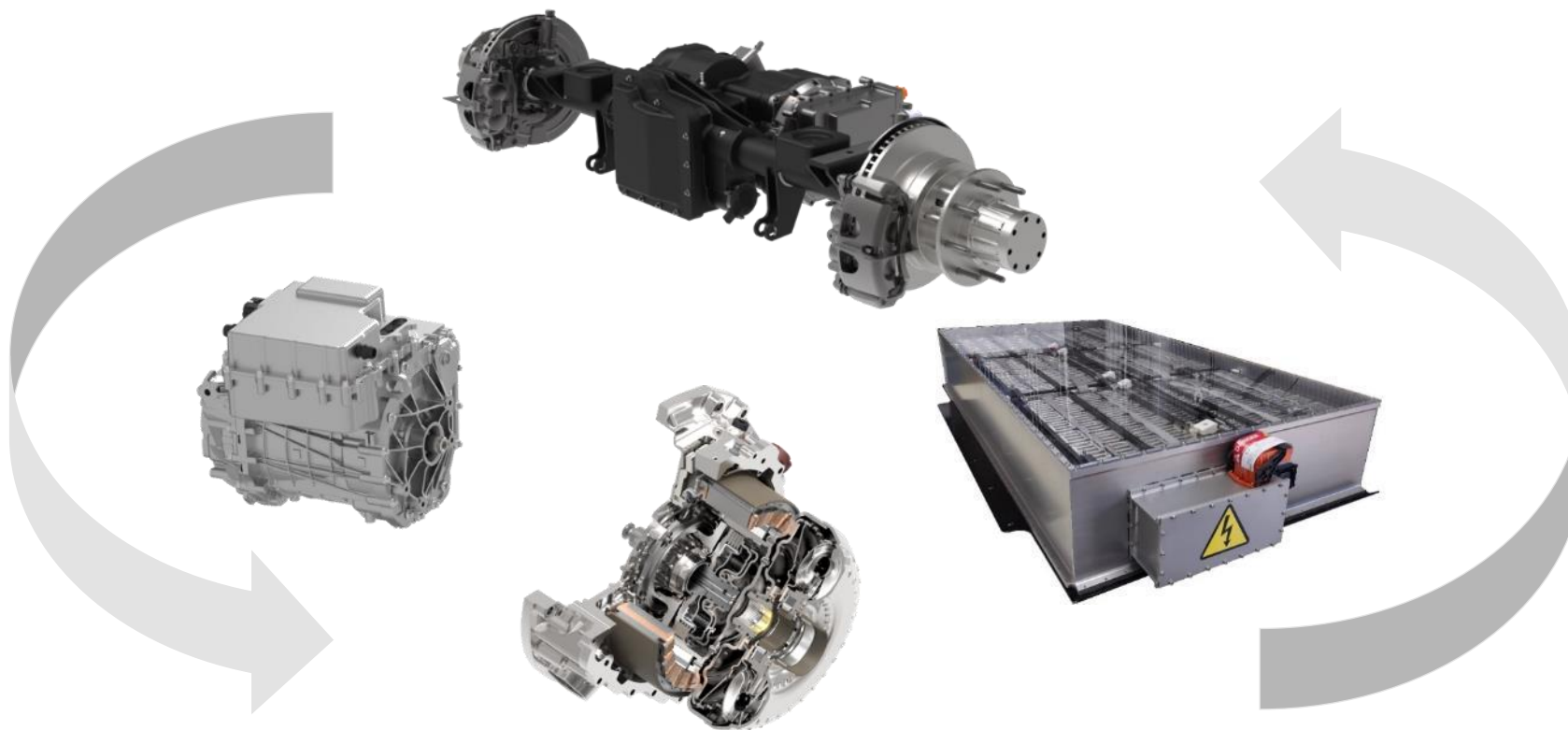


### Expansion of product portfolio

- First-to-market in Americas North:  
Schaeffler Torque Converter - efficient, innovative and unique:
  - 12 base designs covering 25 transmissions
  - Industry SKUs consolidated by >50%
  - Address 60% of the repair market



## Automotive Aftermarket – New life



Schaeffler Automotive Aftermarket well positioned for future growth



## Americas – Future strategy

## MOTION TECHNOLOGY

### AUTOMOTIVE TECH



**TRANSFORM**

### INDUSTRIAL



**EXPAND**

### AUTOMOTIVE AFTERMARKET



**COLLABORATE**

- 1 Schaeffler Group – The Motion Technology Company
- 2 Region Americas – Deep dive
- 3 **Financials – Q2 2023, FY 2023 Guidance upgrade, Current trading update**

# AGENDA

## Schaeffler Group – Robust Q2, Group guidance raised in August for FY 2023

### Key messages Q2 2023

- 1** Q2 Sales<sup>1</sup> +9.8% – All divisions and regions growing driven by volumes in the Automotive divisions and by continued favourable pricing in all
- 2** Q2 Gross margin 21.8% – Automotive Technologies and Automotive Aftermarket with yoy improvement, Industrial weaker in Q2
- 3** Q2 EBIT margin<sup>2</sup> 7.1% – Solid in Automotive Technologies, very strong in Automotive Aftermarket and weaker in Industrial
- 4** Q2 FCF<sup>3</sup> EUR 103 mn – Strong cash flow generation also driven by effective working capital management
- 5** FY 2023 Guidance updated – Group EBIT margin<sup>2</sup> and FCF<sup>3</sup> guidance raised; EBIT margin<sup>2</sup> guidance of both Automotive divisions raised, lowered for Industrial

Sales growth<sup>1</sup> Q2

**+9.8%**

EUR 4,056 mn

Gross Margin Q2

**21.8%**

Q2 2022: 22.0%

EBIT margin<sup>2</sup> Q2

**7.1%**

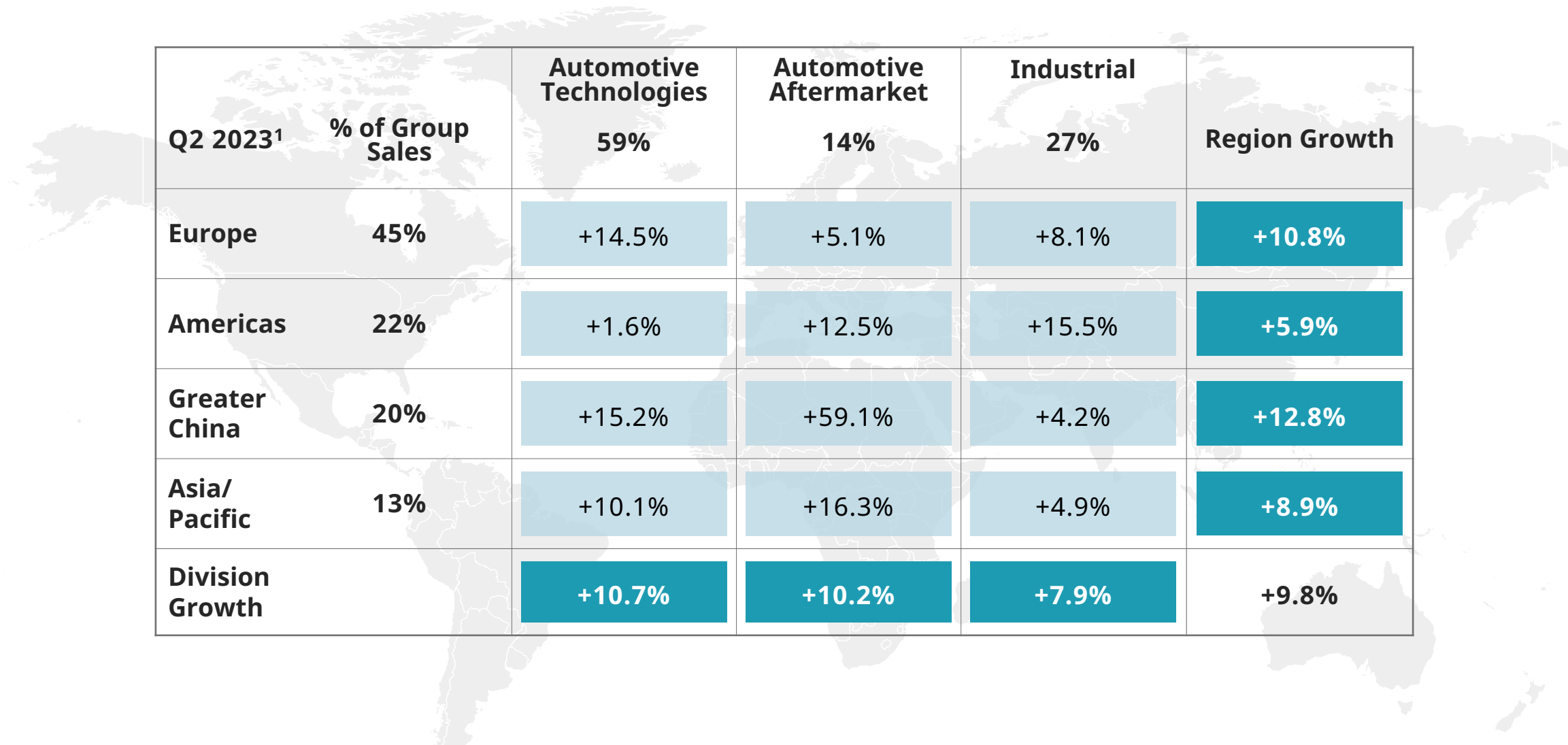
Q2 2022: 5.3%

Free Cash Flow<sup>3</sup> Q2

**EUR 103 mn**

Q2 2022: EUR -219 mn

## Sales Performance Q2 2023 – Growth across all divisions and regions



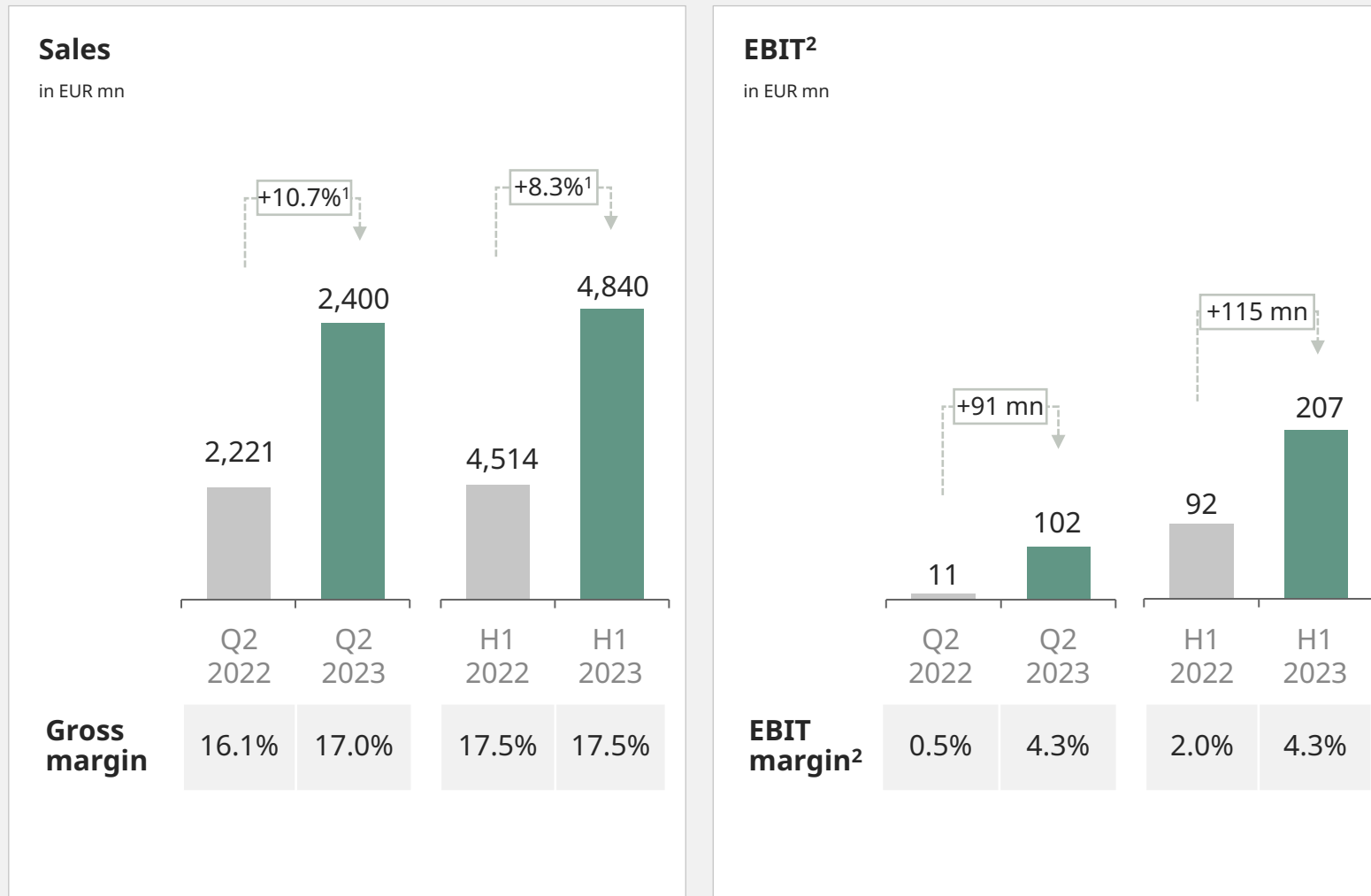
Q2 2023 <sup>1</sup>	% of Group Sales	Automotive Technologies 59%	Automotive Aftermarket 14%	Industrial 27%	Region Growth
Europe	45%	+14.5%	+5.1%	+8.1%	+10.8%
Americas	22%	+1.6%	+12.5%	+15.5%	+5.9%
Greater China	20%	+15.2%	+59.1%	+4.2%	+12.8%
Asia/ Pacific	13%	+10.1%	+16.3%	+4.9%	+8.9%
Division Growth		+10.7%	+10.2%	+7.9%	+9.8%

## Schaeffler Group Q2 2023 – Highlights and lowlights

- ^ **Automotive Technologies solid margin**  
Portfolio strategy paying off – Mature Business performance strength in H1 continues to fuel the transformation journey
- ^ **Automotive Aftermarket very strong margin**  
Continued strong demand supported by improved logistical performance and favourable pricing delivered high quality of earnings
- ^ **Strong Free Cash Flow<sup>1</sup>**  
Driven by overall profitability and effective working capital management; around 75% of expected restructuring cash-outs 2023 already paid in H1

- v **Automotive Technologies Outperformance**  
Sales growth in Americas and China below market due to project phasing; improvement in Outperformance expected in H2 driven by ramp-ups
- v **Industrial margin weaker**  
Due to lower volume, unfavorable regional/channel mix and inefficiencies. Tactical measures initiated

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



### KEY ASPECTS

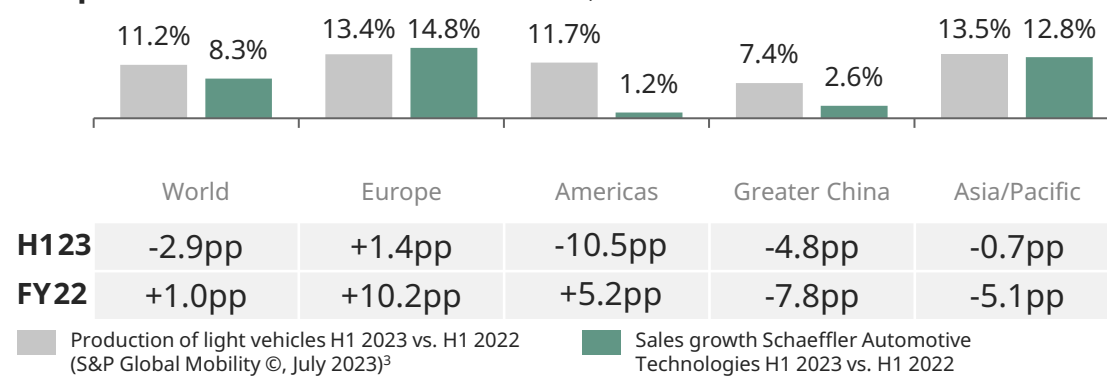
- ^ Sales growth<sup>1</sup> of +10.7% driven by all business divisions and regions; by price and volume
- v Sales growth in Americas and China below market due to project phasing; improvement in Outperformance expected in H2 driven by ramp-ups
- ^ Gross margin improvement also driven by continued price 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>

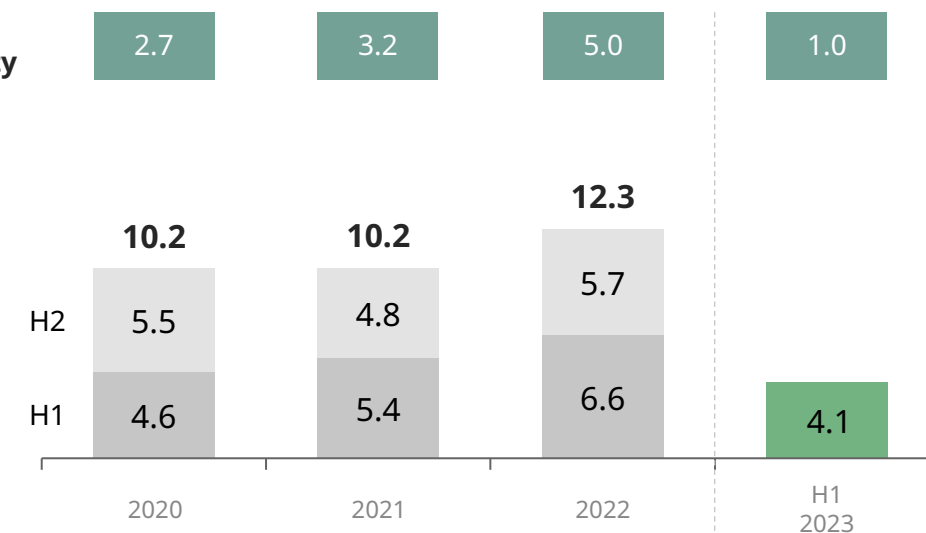
### Outperformance H1 Sales<sup>1</sup> vs. market development



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

in EUR bn

#### Thereof E-Mobility



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

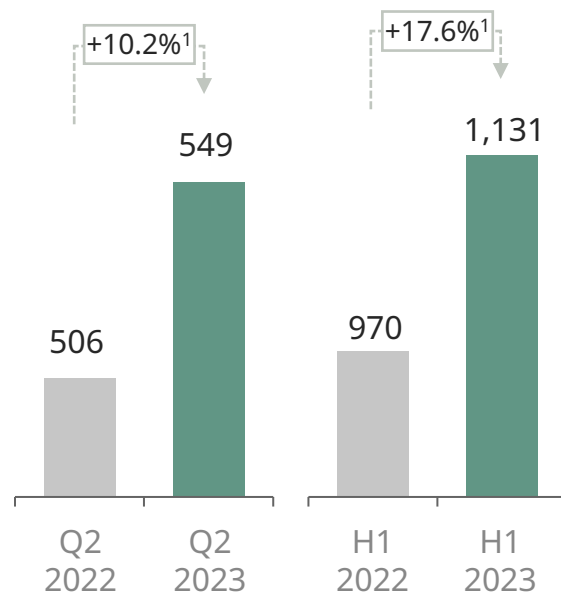
H2	1.2	1.2	1.2	
H1	1.4	1.3	1.6	0.9
FY	1.3	1.3	1.4	



## Automotive Aftermarket – Q2 with double-digit sales growth<sup>1</sup>, very strong EBIT margin<sup>2</sup>

### Sales

in EUR mn

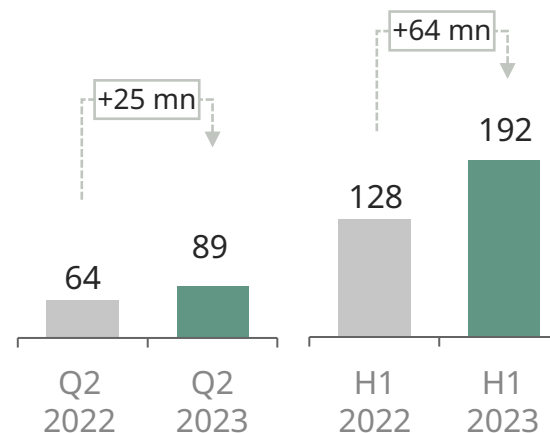


### Gross margin

Q2 2022	30.4%	Q2 2023	32.2%	H1 2022	30.8%	H1 2023	33.8%
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### EBIT<sup>2</sup>

in EUR mn



### EBIT margin<sup>2</sup>

Q2 2022	12.7%	Q2 2023	16.3%	H1 2022	13.2%	H1 2023	17.0%
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### KEY ASPECTS

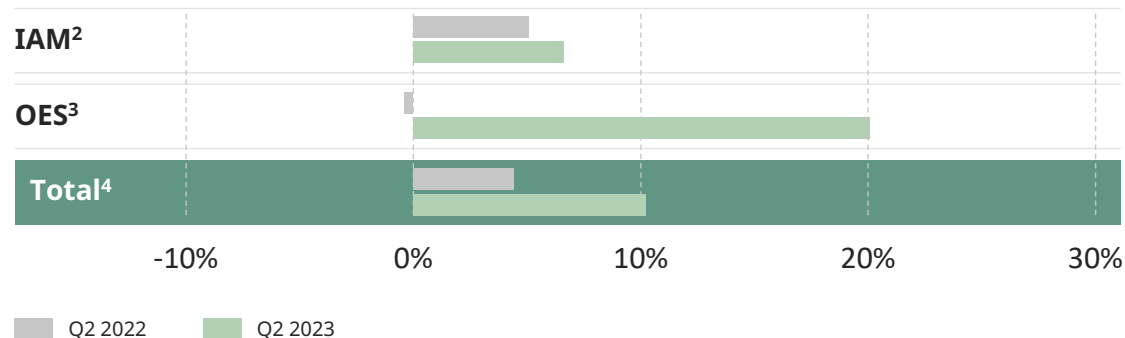
- ^ Double-digit sales growth<sup>1</sup> driven by continued strong demand, further implementation of price measures and improved logistical performance
- ^ All regions growing; double-digit growth rates in Americas (+12.5%<sup>1</sup>), Greater China (+59.1%<sup>1</sup>) and Asia/Pacific (+16.3%<sup>1</sup>)
- ^ Significant EBIT margin<sup>2</sup> improvement driven by favorable sales mix, continuous price management, operating leverage and FX effects

## Automotive Aftermarket – Double-digit sales growth<sup>1</sup>, very strong EBIT margin<sup>5</sup>

### Sales by region yoy growth

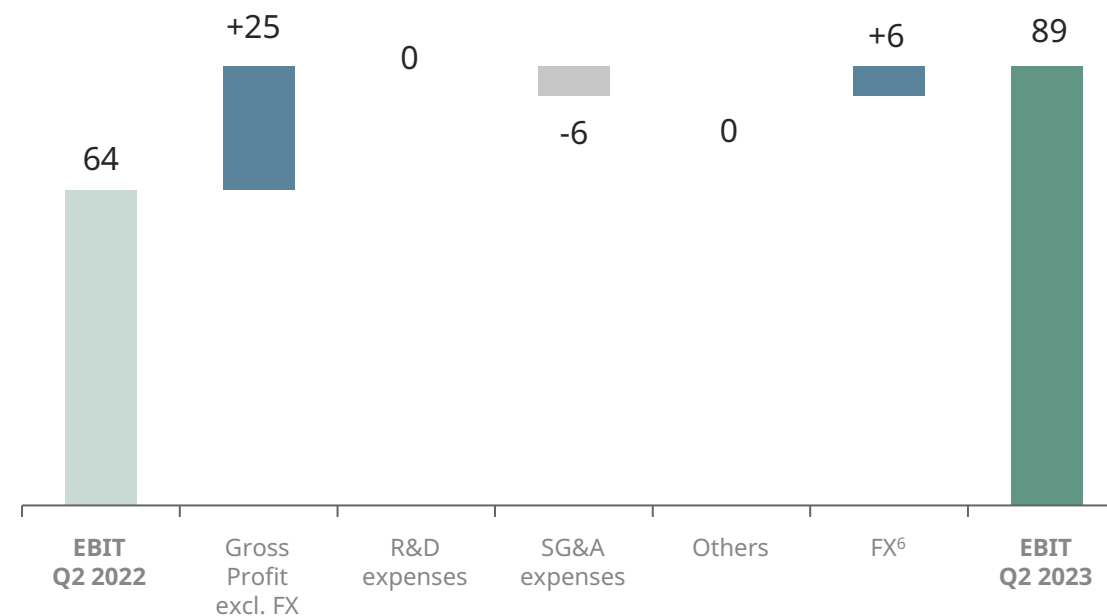
	Q2 2022	Q2 2023	Δ <sup>1</sup>
Europe	337	354	+5.1%
Americas	110	121	+12.5%
Greater China	26	38	+59.1%
Asia/Pacific	34	37	+16.3%
<b>Total</b>	<b>506</b>	<b>549</b>	<b>+10.2%</b>

### Automotive Aftermarket Sales growth by channel<sup>1</sup>



### EBIT<sup>5</sup> Q2 2022 vs. Q2 2023

in EUR mn



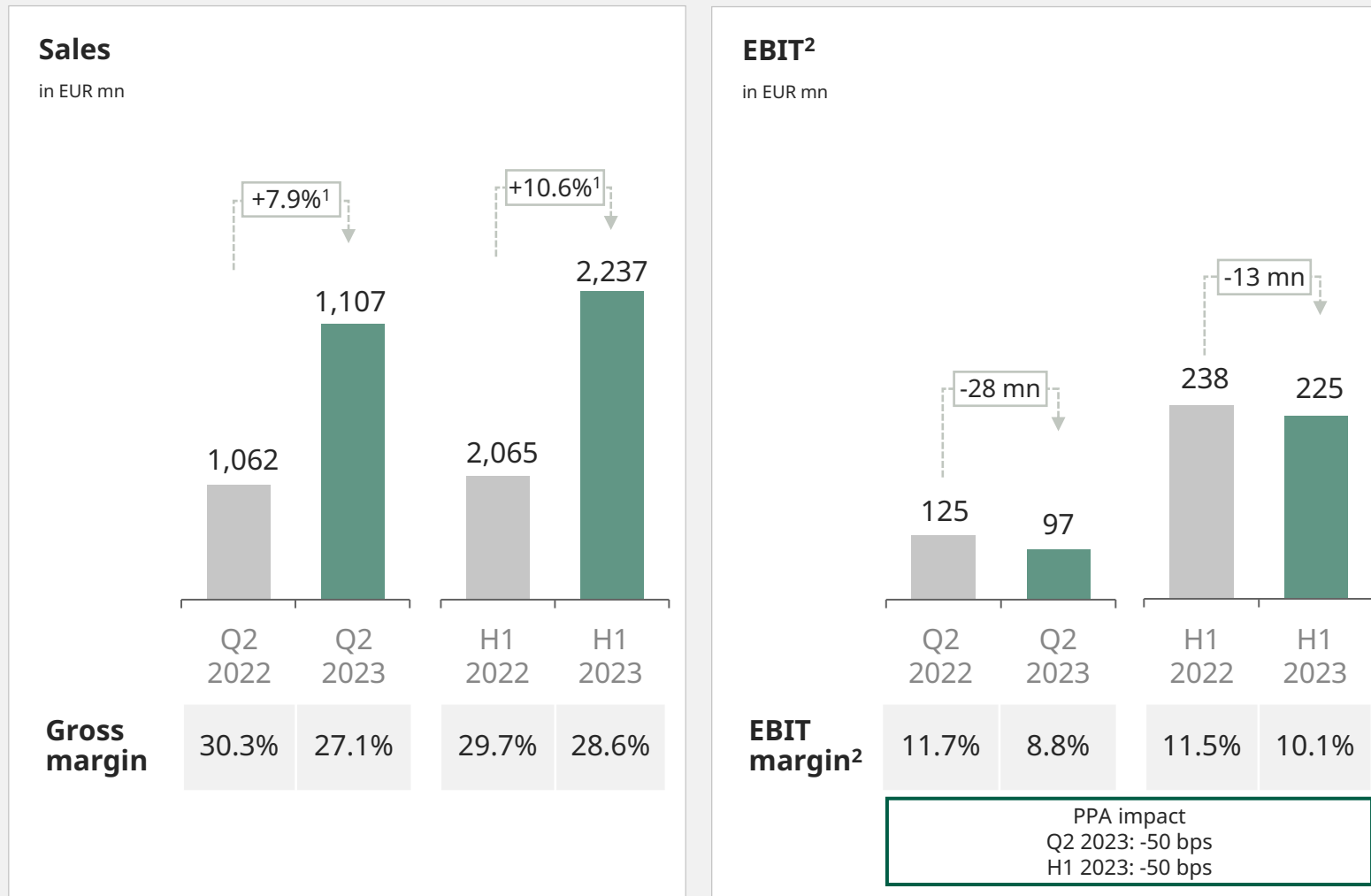
### EBIT margin development<sup>5</sup>

12.7%

16.3%

<sup>1</sup> FX-adjusted | <sup>2</sup> Independent Aftermarket | <sup>3</sup> Original Equipment Service | <sup>4</sup> Contains E-Commerce sales and sales to Automotive suppliers in addition to IAM and OES | <sup>5</sup> Before special items | <sup>6</sup> Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses

## Industrial – Q2 with positive sales growth<sup>1</sup>, EBIT margin<sup>2</sup> reduced – Countermeasures initiated



### KEY ASPECTS

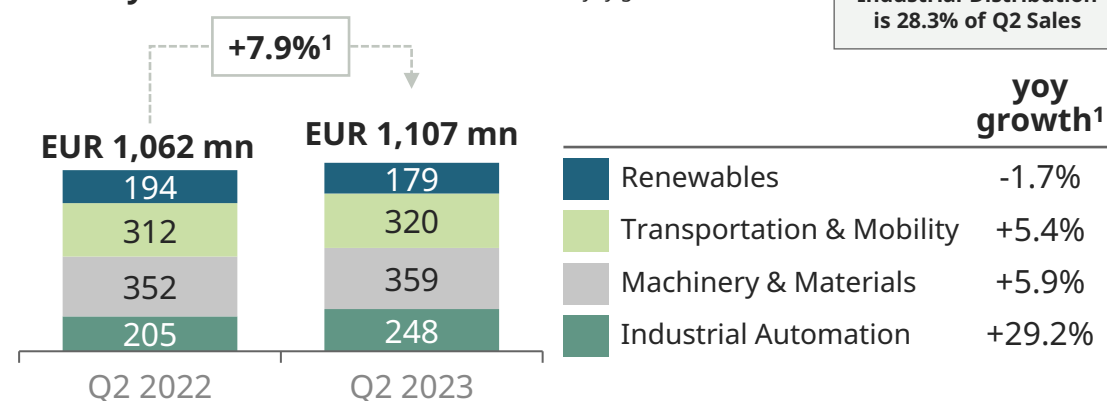
- ^ Sales growth largely driven by Ewellix acquisition, organic growth in Q2 +2.3%<sup>1</sup>
- ^ All regions with positive growth led by Americas (+15.5%<sup>1</sup>) and Europe (+8.1%<sup>1</sup>)
- v Lower Q2 EBIT margin<sup>2</sup> yoy due to:
  - Negative FX and PPA impact
  - Lower volume, unfavourable regional mix and lower share of distribution business
  - Temporary relocation costs
- ^ Given expected headwinds in H2, tactical countermeasures initiated

## Industrial – Organic growth slowing, EBIT margin<sup>2</sup> significantly lower yoy

### Sales by region yoy growth

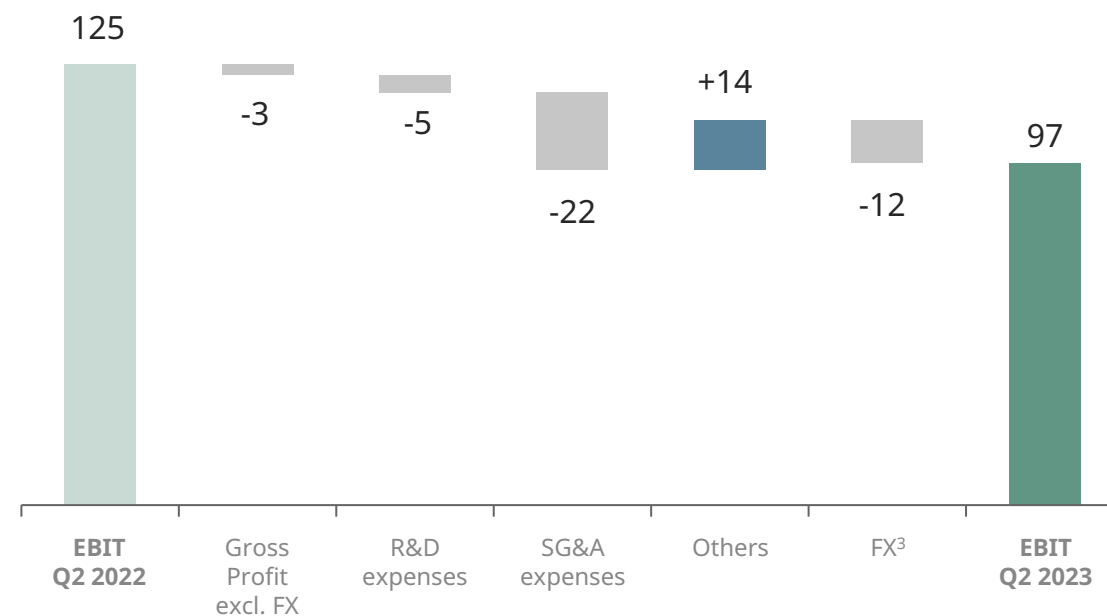
	Q2 2022	Q2 2023	Δ <sup>1</sup>
Europe	445	481	+8.1%
Americas	182	203	+15.5%
Greater China	275	265	+4.2%
Asia/Pacific	160	157	+4.9%
<b>Total</b>	<b>1,062</b>	<b>1,107</b>	<b>+7.9%</b>

### Sales by Industrial market cluster yoy growth



### EBIT<sup>2</sup> Q2 2022 vs. Q2 2023

in EUR mn



### EBIT margin development<sup>2</sup>

11.7%

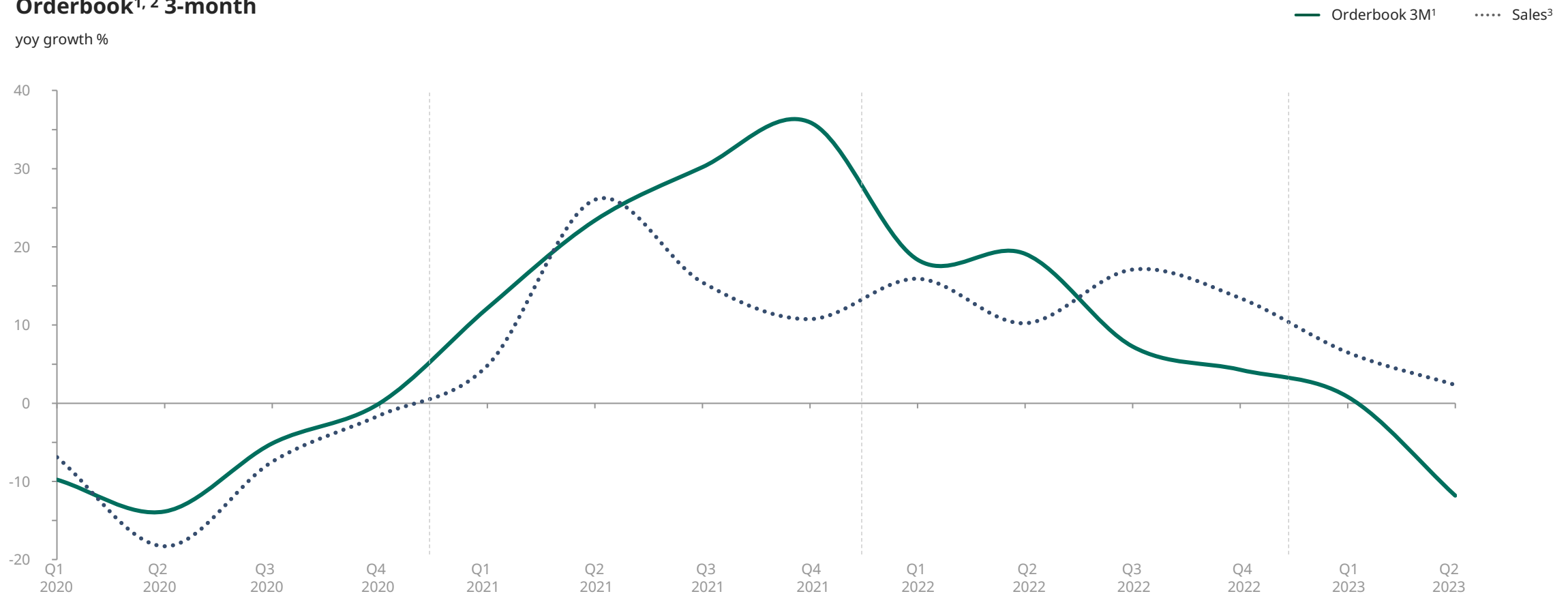
8.8%

<sup>1</sup> FX-adjusted | <sup>2</sup> Before special items | <sup>3</sup> Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses

## Industrial – Orderbook indicates headwinds in H2, investments in new business fields and growth areas continued

### Orderbook<sup>1, 2</sup> 3-month

yoy growth %



<sup>1</sup> The orderbook 3M measures the value of customer orders which are due in the next three months. It is presented as a relative, FX-adjusted yoy growth indicator which reflects the short-term business expectations. Developments in the distribution business have typically a shorter reach and are therefore only partially reflected by this indicator. FX-adjusted product sales | <sup>2</sup> Excluding Ewellix orderbook and sales | <sup>3</sup> FX-adjusted product Sales

## Capital allocation – Continued prioritization of Capex for growth business

### Investment<sup>1</sup> allocation

in EUR mn

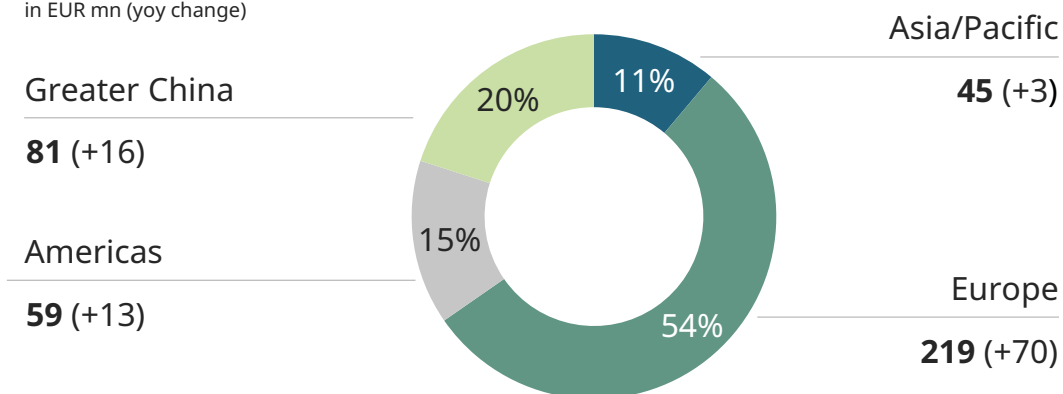
	FY 2021	FY 2022	Q2 2022	Q2 2023	H1 2023
<b>Automotive Technologies</b>	430	545	115	139	246
<b>Automotive Aftermarket</b>	20	40	9	13	24
<b>Industrial</b>	220	229	51	74	134
<b>Schaeffler Group</b>	<b>670</b>	<b>814</b>	<b>175</b>	<b>226</b>	<b>405</b>
<b>Capex</b>	<b>671</b>	<b>791</b>	<b>175</b>	<b>198</b>	<b>419</b>
<b>Capex ratio<sup>2</sup></b>	<b>4.8%</b>	<b>5.0%</b>	<b>4.6%</b>	<b>4.9%</b>	<b>5.1%</b>
<b>Reinvestment Rate</b>	<b>0.7</b>	<b>0.9</b>	<b>0.8</b>	<b>1.0</b>	<b>0.9</b>

### KEY ASPECTS

- **Reinvestment Rate Target:** Continued prioritization of Industrial division and BD E-Mobility; clearly <1.0 in BD Bearings and Engine & Transmission
- **Automotive Technologies:** Investments in E-Mobility facilities in Eastern Europe, Greater China and Americas
- **Industrial:** Ongoing localization in China – Capacity expansion of large size bearings and localization of ball bearings in Nanjing

### Investments<sup>1</sup> by region H1 2023

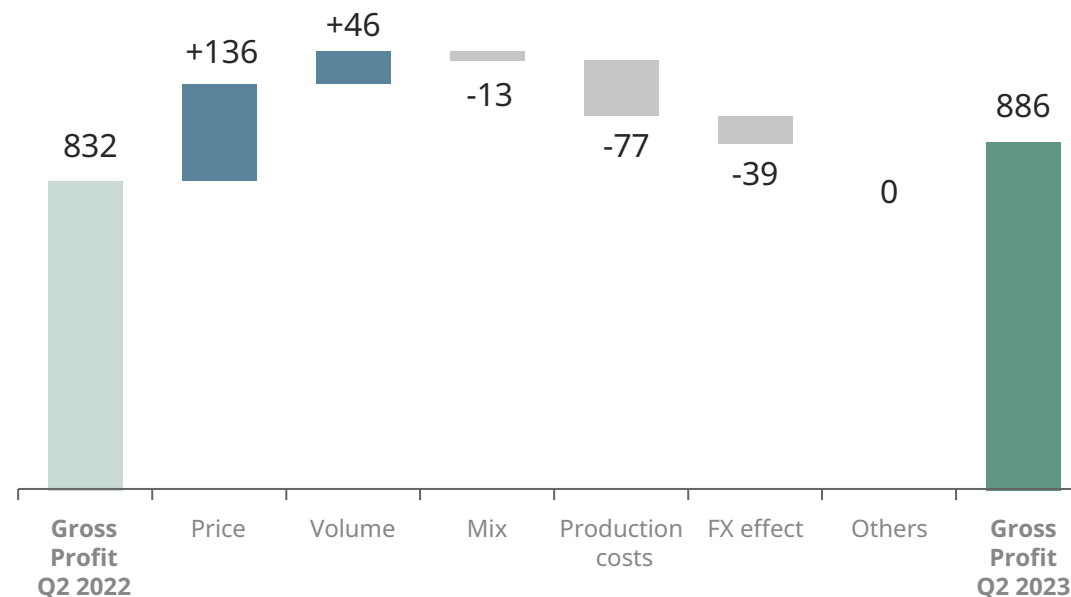
in EUR mn (yoy change)



## Gross Profit – Positive pricing and volume effects compensated higher productions costs and unfavourable FX

### Gross Profit Q2 2022 vs. Q2 2023

in EUR mn



### Gross margin

22.0%

21.8%

### KEY ASPECTS

- **Pricing:** Sustained positive pricing effect across all divisions
- **Volumes:** Positive volume effects driven by Automotive divisions
- **Production Costs:** Higher input prices partly compensated by productivity and volume related fixed cost absorption

### Gross margin

in % of Sales

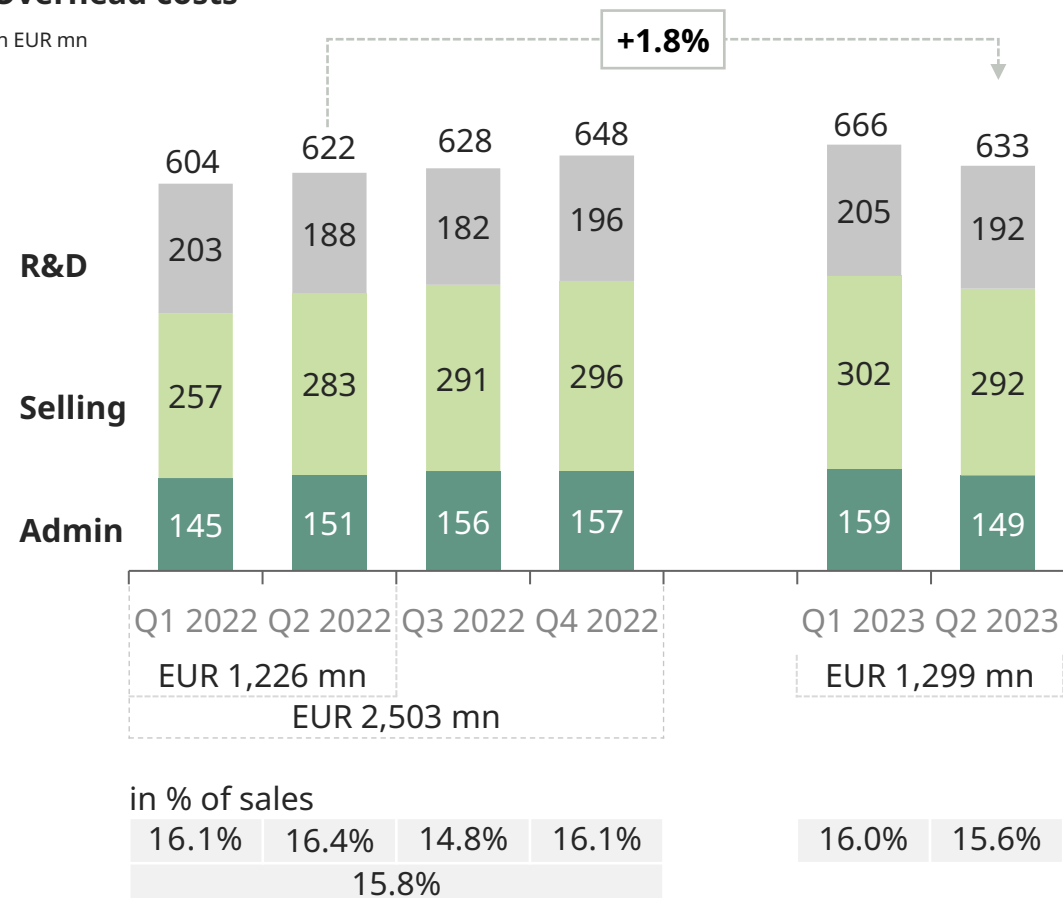
	Q2 22	Q2 23	Q2 23 vs. Q2 22	H1 22	H1 23	H1 23 vs. H1 22
<b>Automotive Technologies</b>	16.1%	17.0%	+0.9pp	17.5%	17.5%	0.0pp
<b>Automotive Aftermarket</b>	30.4%	32.2%	+1.8pp	30.8%	33.8%	+3.0pp
<b>Industrial</b>	30.3%	27.1%	-3.2pp	29.7%	28.6%	-1.1pp
<b>Group</b>	22.0%	21.8%	-0.2pp	22.6%	22.8%	+0.2pp



## Overhead costs – Overhead cost ratio decreased based on volume related fixed cost absorption

### Overhead costs

in EUR mn



### KEY ASPECTS

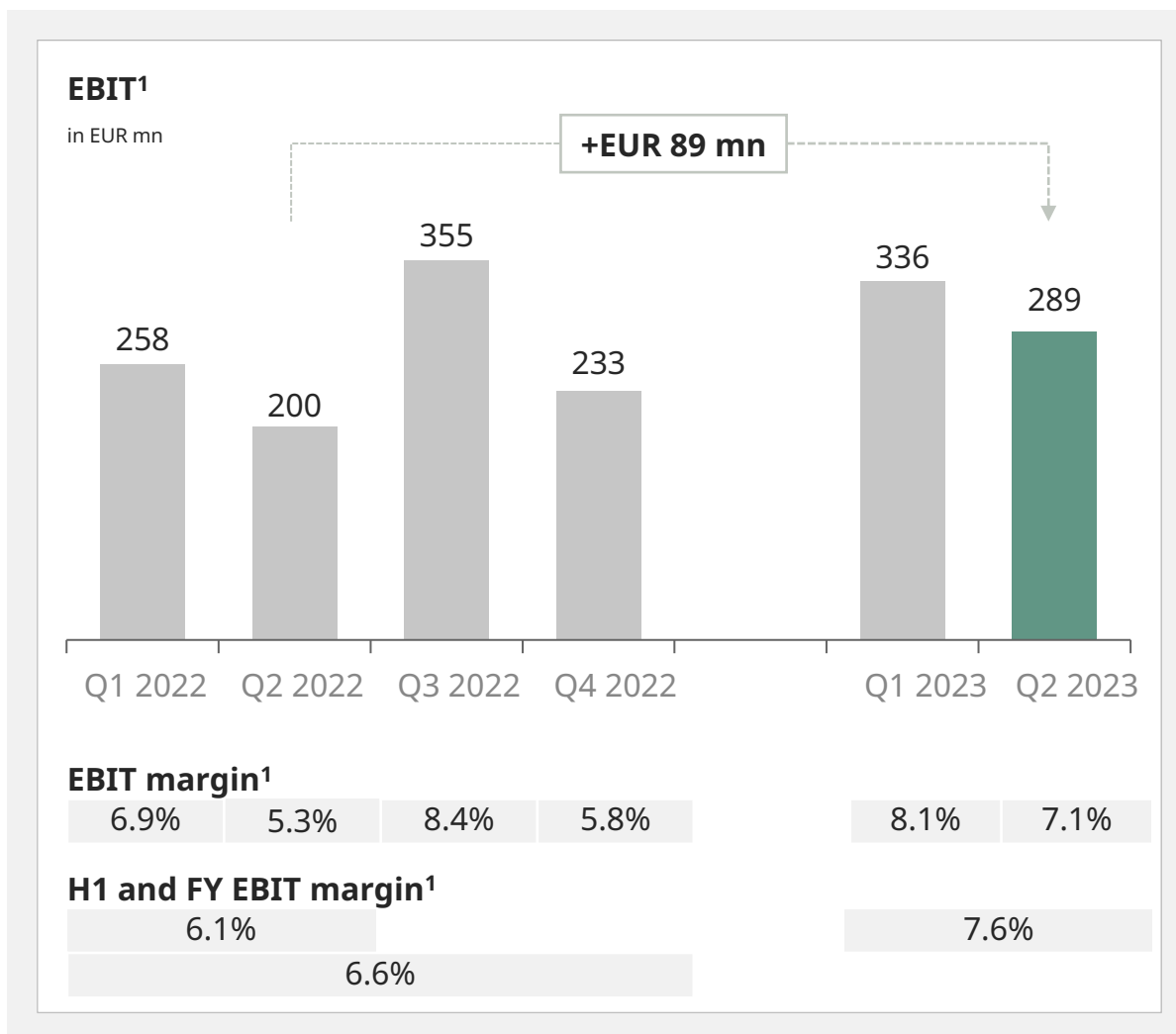
- **R&D:** Stable development of R&D expenses
- **Selling expenses:** Increase due to Ewellix and higher volumes particularly in Automotive Aftermarket
- **Admin cost:** On prior year level

### Overhead cost ratio

in % of Sales

	Q2 22	Q2 23	Q2 23 vs. Q2 22	H1 22	H1 23	H1 23 vs. H1 22
<b>Automotive Technologies</b>	15.2%	13.4%	-1.8pp	15.1%	13.7%	-1.4pp
<b>Automotive Aftermarket</b>	18.9%	18.3%	-0.6pp	18.1%	18.2%	+0.1pp
<b>Industrial</b>	17.8%	19.1%	+1.3pp	17.9%	19.2%	+1.3pp
<b>Group</b>	16.4%	15.6%	-0.8pp	16.2%	15.8%	-0.4pp

## EBIT margin<sup>1</sup> – Robust Group margin with heterogenous development across divisions



### KEY ASPECTS

- **Automotive Technologies:** EBIT margin<sup>1</sup> improved yoy, driven by scale effects and structural improvements
- **Automotive Aftermarket:** EBIT margin<sup>1</sup> continued to be at very high level, driven by strong demand, positive pricing and improved logistical performance
- **Industrial:** Lower EBIT margin<sup>1</sup> mainly due to Ewellix PPA, FX and region/customer mix

### EBIT margin<sup>1</sup>

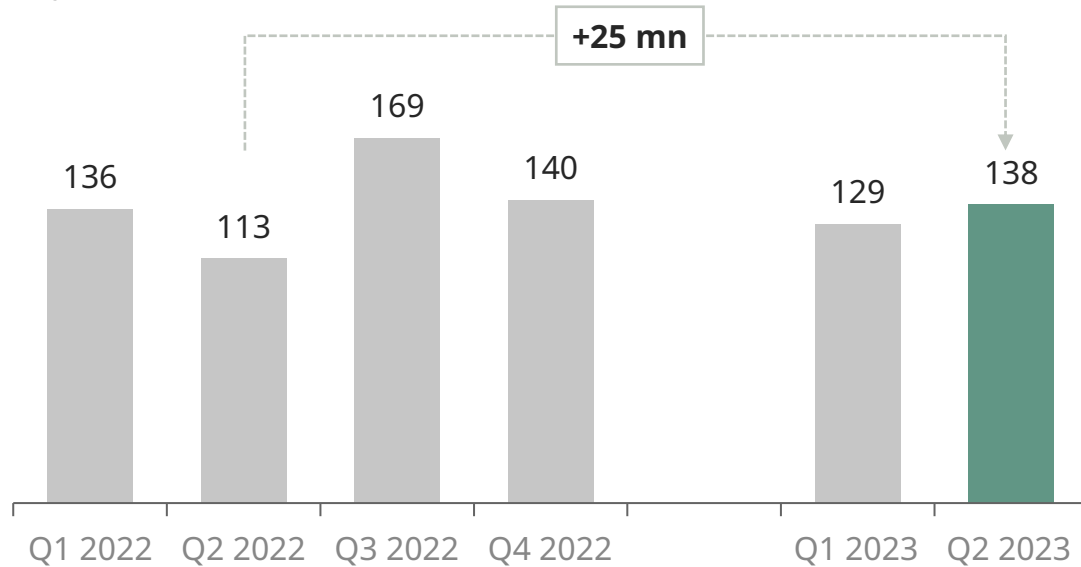
in % of Sales

	Q2 22	Q2 23	Q2 23 vs. Q2 22	H1 22	H1 23	H1 23 vs. H1 22
<b>Automotive Technologies</b>	0.5%	4.3%	+3.8pp	2.0%	4.3%	+2.2pp
<b>Automotive Aftermarket</b>	12.7%	16.3%	+3.6pp	13.2%	17.0%	+3.8pp
<b>Industrial</b>	11.7%	8.8%	-2.9pp	11.5%	10.1%	-1.4pp
<b>Group</b>	5.3%	7.1%	+1.8pp	6.1%	7.6%	+1.5pp

## Net Income<sup>1</sup> – EPS<sup>2</sup> at EUR 0.22, ROCE<sup>3</sup> reached 13.2%

### Net income<sup>1</sup>

in EUR mn



### EPS<sup>2</sup> in EUR

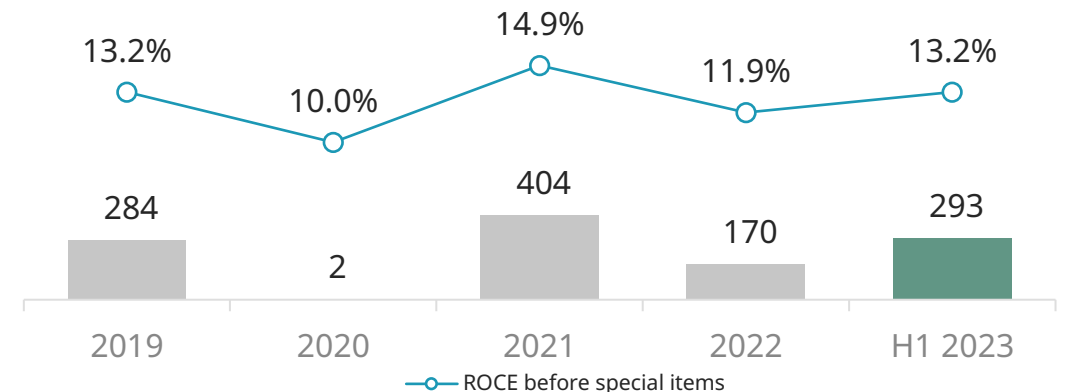


### KEY ASPECTS

- Q2 2023 Net income<sup>1</sup> higher driven by better EBIT, but impacted by higher interest on financial debt from Ewellix acquisition
- ROCE<sup>3</sup> and Schaeffler Value Added<sup>4</sup> sequentially improved

### ROCE<sup>3</sup> and Schaeffler Value Added<sup>4</sup>

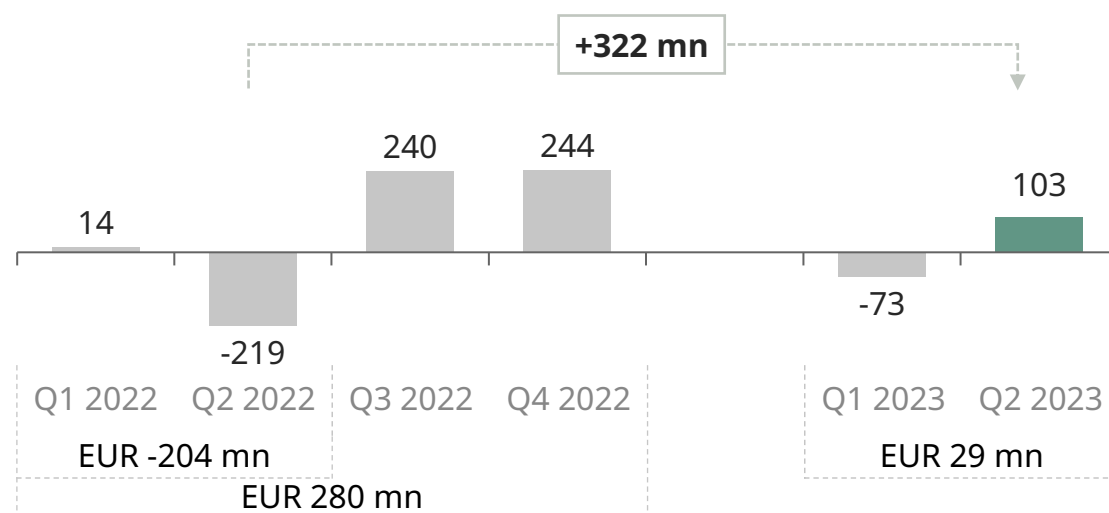
in EUR mn



<sup>1</sup> Attributable to the shareholders of the parent company | <sup>2</sup> Earnings per common non-voting share | <sup>3</sup> Before special items | <sup>4</sup> LTM EBIT before special items minus Cost of Capital (10% x Ø Capital Employed)

## FCF – Positive Q2 development driven by higher EBITDA and effective Working Capital management

### Free Cash Flow before M&A<sup>1</sup> in EUR mn



### FCF Conversion ratio<sup>2</sup>

0.1	-	0.8	1.1	-	0.4
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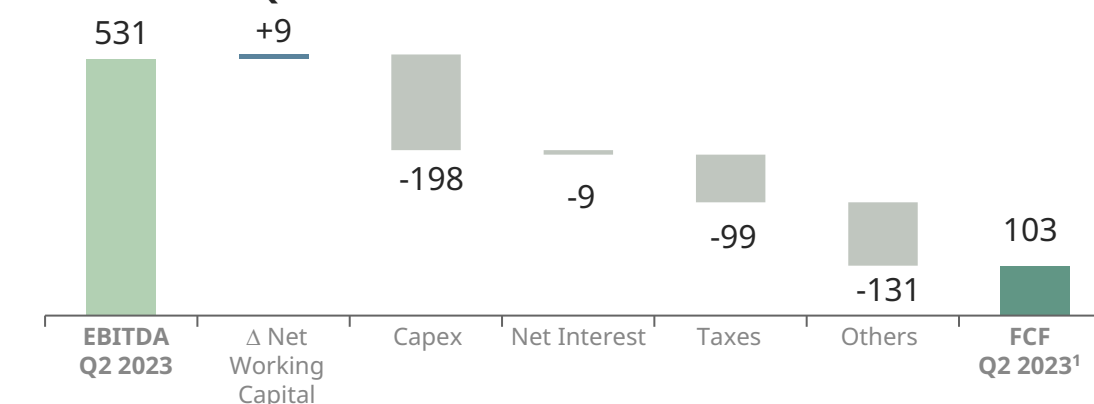
### Reinvestment rate

0.6	0.8	1.0	1.2	0.8	1.0
0.9					

### Capex ratio<sup>3</sup>

4.2%	4.6%	5.2%	6.0%	5.3%	4.9%
5.0%					

### Reconciliation Q2 2023 in EUR mn



### FCF Details

in EUR mn	Q2 22	Q2 23	Δ Q2 23/22	H1 22	H1 23	Δ H1 23/22
<b>FCF as reported</b>	-218	84	+302	-265	-670	-405
M&A	-1	+19	+20	+61	+700	+639
<b>FCF before M&amp;A</b>	-219	103	+322	-204	29	+234
Legal Cases	-7	-23	-16	-9	-27	-18
Restructuring	+44	+52	+8	+204	+157	-47
Others	0	+1	+1	0	+7	+7
<b>FCF bef. M&amp;A and sp. Items</b>	-181	133	+314	-9	167	+176

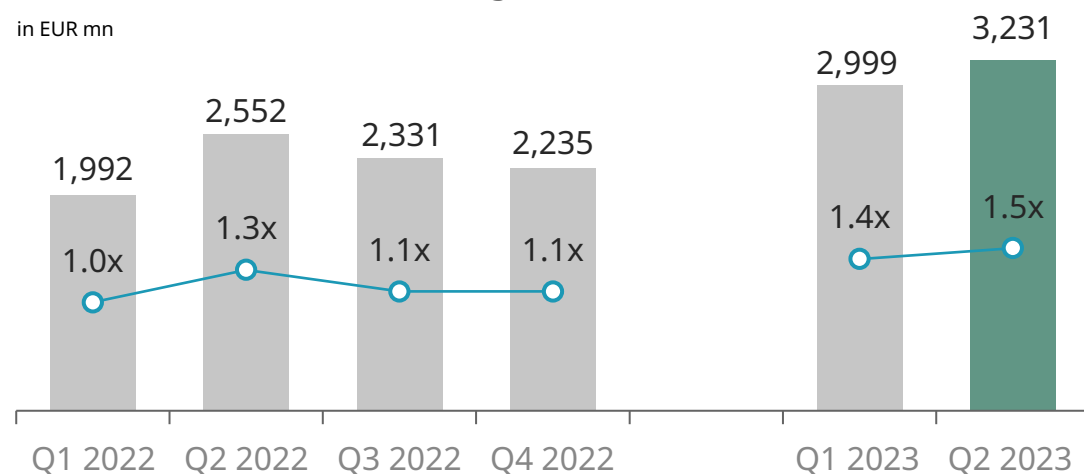
<sup>1</sup> Before cash in- and outflows for M&A activities | <sup>2</sup> Ratio FCF before M&A to EBIT reported – Only applicable if FCF and EBIT positive |

<sup>3</sup> Capex in % of Sales

## Net debt of EUR 3.2 bn – Leverage ratio at 1.5x, EUR 295 mn dividends paid in Q2

### Net financial debt and Leverage ratio<sup>1</sup>

in EUR mn



### Gross debt

3,235	3,233	3,308	3,298	3,798	3,803
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### Cash & cash equivalents

1,243	681	977	1,063	799	572
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### EBITDA before special items<sup>2</sup>

2,056	1,954	2,051	2,030	2,111	2,203
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—○— Leverage ratio<sup>1</sup>

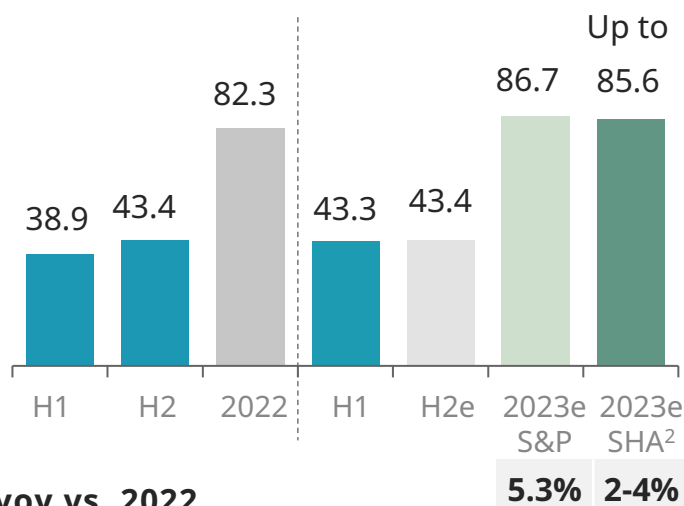
### KEY ASPECTS

- In Q2 2023 dividend payment of EUR 295 mn for FY 2022 (payout ratio 48%)
- Leverage ratio increase in Q1 due to the Ewellix acquisition

**Strong liquidity situation – Continued strong balance sheet**

## Market assumptions changed – Automotive Technologies market expectations raised, Industrial lowered

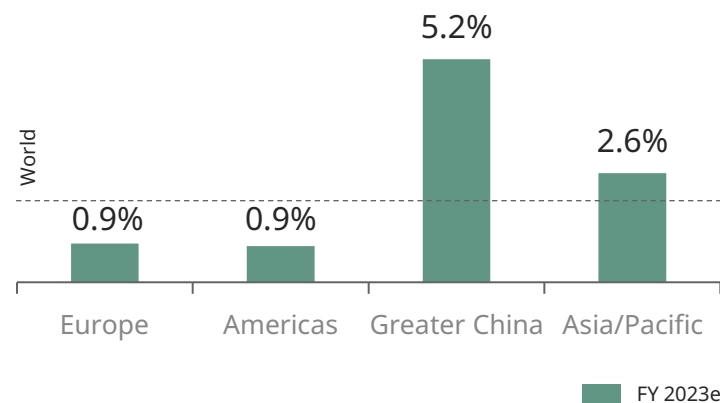
### Automotive Technologies – Global LVP<sup>1</sup> 2023



#### yoy vs. 2022

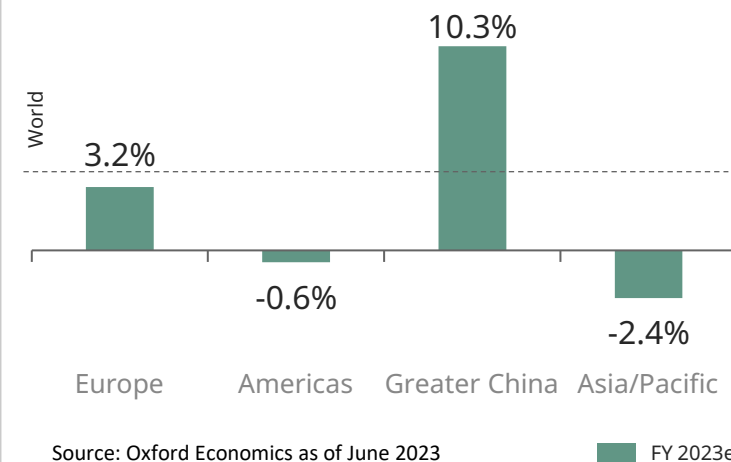
- Schaeffler market assumptions increased to 2-4% LVP growth in 2023 (up to 85.6 mn vehicles) vs. 0-2% expected in May (up to 83.9 mn vehicles), but still follows a more conservative approach than S&P
- Challenges for the development of the car markets in the US, Europe and China are still substantial

### Automotive Aftermarket – Global LV Parc<sup>3</sup>



- Growth of Global LV Parc<sup>3</sup> with 2.0% for 2023 slightly lower than in 2022 (2.2%). The average age for 2023 is set to increase to 11.0 years (2022: 10.7 years) due to lower sales of new cars, in conjunction with lower replacement rate of vehicles in operation
- Highest growth is expected for region Greater China (5.2%); lowest for Europe and Americas (0.9% each) due to stagnation of new car registrations

### Industrial – Industrial Production<sup>4</sup>



- Industrial production<sup>4</sup> expected to grow by 4% in 2023 according to Oxford Economics (June 2023)
- Schaeffler's market outlook, meanwhile, assuming only slight growth for 2023 based on recently dampened business climate for the manufacturing sector
- Weakened demand in multiple industries as key obstacle for higher growth

<sup>1</sup> Includes content supplied by S&P Global Mobility© [IHS Markit Light Vehicle Production Forecast (Base), July 2023]. All rights reserved. |

<sup>2</sup> Schaeffler AG | <sup>3</sup> S&P Global Mobility [April 2023]. Includes content supplied by S&P Global © [IHS Markit Vehicles in Operation (VIO), April 2023]. All rights reserved. | <sup>4</sup> Industrial Production (Oxford Economics, June 2023) Sectors considered: Mechanical Engineering (NACE 28), Transport Equipment (NACE 30), Electrical Equipment (NACE 27.1)

## FY 2023 Guidance updated – Increased for Group and Automotive divisions, reduced for Industrial

## 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)	Market assumptions for 2023 <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>		

<sup>1</sup> Please refer to the Interim Report for further details | <sup>2</sup> FX-adjusted | <sup>3</sup> Before special items | <sup>4</sup> Before cash in- and outflows for M&A activities | <sup>5</sup> Moderate Sales growth | <sup>6</sup> Includes content supplied by S&P Global Mobility© [IHS Markit Light Vehicle Production Forecast (Base), July 2023]. All rights reserved | <sup>7</sup> S&P Global Mobility [April 2023]. Includes content supplied by S&P Global © [IHS Markit Vehicles in Operation (VIO), April 2023]. All rights reserved. | <sup>8</sup> Industrial Production (Oxford Economics, June 2023) Sectors considered: Mechanical Engineering (NACE 28), Transport Equipment (NACE 30), Electrical Equipment (NACE 27.1) and own assumptions



## Current Trading Update – FY 2023 Guidance confirmed, Q3 in line with expectations as of early September

**Automotive Technologies** – 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)

**Automotive Aftermarket** – Ongoing strong market demand and continuous enhancement of logistical capabilities. Achievement of guidance on upper-end possible if supply chain remains stable

**Industrial** – Market uncertainties and risks have increased, specifically in China. Most sectors with reduced demand, chances in rail and aerospace



## Conclusion & Outlook – Robust Q2, Group guidance for FY 2023 confirmed

- 1 Automotive Technologies** – Double-digit growth, good quality of earnings driven by both Gross and EBIT margin. Promising E-Mobility development expected for H2
- 2 Automotive Aftermarket** – Double-digit growth, high quality of earnings driven by both Gross and EBIT margin. Region Americas leveraging investments and product offer
- 3 Industrial** – Organic growth slowing, weak profitability in Q2. Self-help measures initiated
- 4 Free Cash Flow** – Strong cash generation in Q2, supported by overall robust Group profitability and effective working capital management

**On track to deliver our  
2025 Roadmap  
Mid-term Targets**

# Thank you

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**BACKUP**

## Ancillary comments to support the Equity Story

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

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

## 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%	-1.1pp	+15.5%	+10.7%	-4.8pp		
Europe	+14.2%	+15.1%	+0.9pp	+12.6%	+14.5%	+1.9pp		
Americas	+9.9%	+0.8%	-9.1pp	+13.5%	+1.6%	-11.9pp		
Greater China	-4.4%	-8.2%	-3.8pp	+20.6%	+15.2%	-5.4pp		
Asia/Pacific	+12.7%	+15.5%	+2.8pp	+14.3%	+10.1%	-4.2pp		

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		

<sup>1</sup> Includes content supplied by S&P Global Mobility© [IHS Markit Light Vehicle Production Forecast (Base), July 2023]. All rights reserved | <sup>2</sup> FX-adjusted growth of Automotive Technologies division sales

## 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>

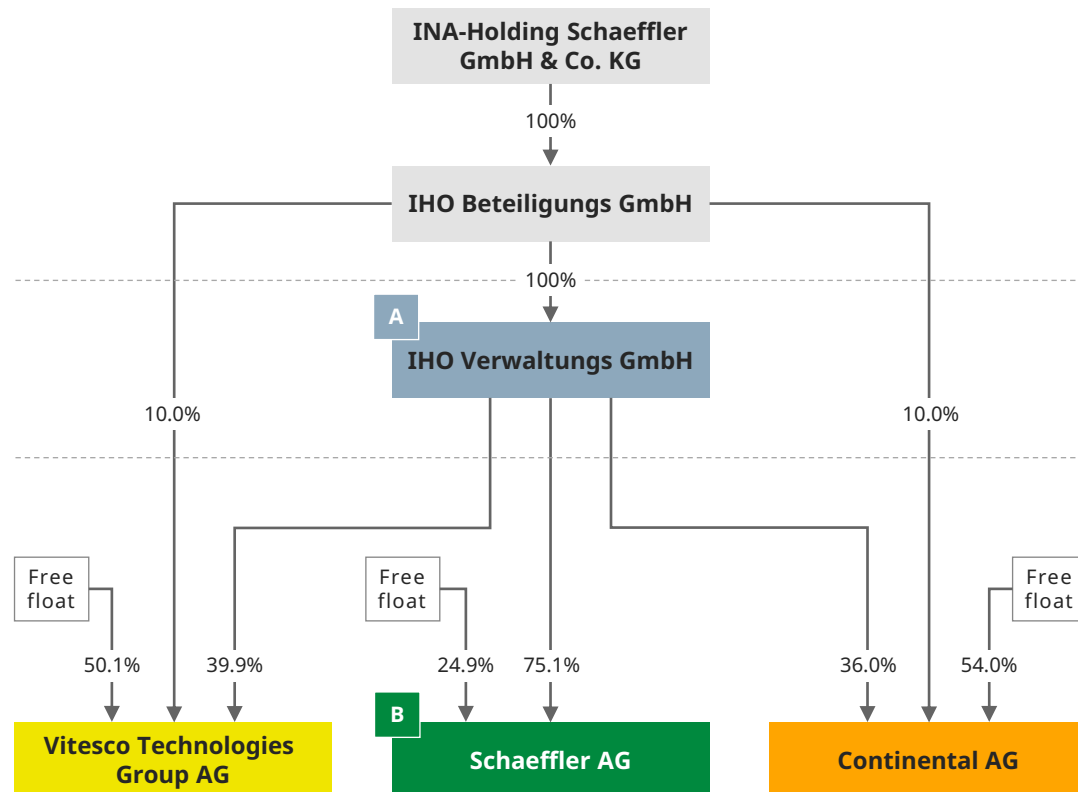
## Industrial in EUR mn

	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>



## Overview Corporate and Financing Structure

### Corporate structure (simplified) as of June 30, 2023



### Financing structure as of June 30, 2023

A	IHO Verwaltungs GmbH Debt instrument	Nominal USD mn	Nominal EUR <sup>1</sup> mn	Interest	Maturity	Rating Fitch/Moody's/S&P
Loans	RCF (EUR 800 mn)	-	0	E+3.25%	Dec-24	Not rated
Bonds	3.75% SSNs 2026 (EUR)	-	750	3.750%	Sep-26	BB/Ba2/BB-
	4.75% SSNs 2026 (USD)	500	460	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	414	6.000%	May-27	BB/Ba2/BB-
	8.75% SSNs 2028 (EUR)	-	800	8.750%	May-28	BB/Ba2/BB-
	6.375% SSNs 2029 (USD)	400	368	6.375%	May-29	BB/Ba2/BB-
Total	IHO Verwaltungs GmbH		3,292	Ø 5.37% <sup>2,3</sup>		

B	Schaeffler AG Debt instrument	Nominal USD mn	Nominal EUR <sup>1</sup> mn	Interest	Maturity	Rating Fitch/Moody's/S&P
Loans	RCF (EUR 2,000 mn)	-	-	E+0.725%	Nov-27	Not rated
	Term Loan (EUR)	-	500	E+1.650%	Nov-27	Not rated
	Schuldschein Loans (EUR)	-	293	Ø 4.150%	May 25, 28 & 30	Not rated
CP	Commercial Paper (EUR)	-	60	Ø 3.350%	Apr-23	Not rated
Bonds	1.875% SNs 2024 (EUR)	-	800	1.875%	Mar-24	BB+/Baa3/BB+
	2.750% SNs 2025 (EUR)	-	750	2.750%	Oct-25	BB+/Baa3/BB+
	2.875% SNs 2027 (EUR)	-	650	2.875%	Mar-27	BB+/Baa3/BB+
	3.375% SNs 2028 (EUR)	-	750	3.375%	Oct-28	BB+/Baa3/BB+
Total	Schaeffler AG		3,803	Ø 3.20% <sup>3</sup>		