COMMENTED SLIDES / CONFERENCE CALL Q4 AND FY 2023 EARNINGS

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Q4 and
FY 2023
Schaeffler AG
earnings

March 5, 2024
Herzogenaurach

We pioneer motion

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Company Representatives

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

Conference Call (Active) Participants

Akshat Kacker, *JP Morgan*
Horst Schneider, *Bank of America*
Marc-René Tonn, *M.M. Warburg*
Michael Raab, *Kepler Cheuvreux*
Stephanie Vincent, *Bank of America*

Renata Casaro

Dear investors, dear analysts, good morning. Today, for the full year 2023 release of the Schaeffler Group, Mr Klaus Rosenfeld, CEO of Schaeffler Group, Mr Claus Bauer, CFO, and us from the IR team are here to take you through the results and guidance for 2024. This conversation will be conducted as usual, under the disclaimers you find on the deck. And without further ado, let’s start the call. Klaus, the floor is yours.

Klaus Rosenfeld

Thank you, Renata. Ladies and gentlemen, welcome to our annual results call today, on March 5th. We will share the call, as usual, between Claus Bauer and myself. I will start with the overview and some information on the business development. Let's go to page number four first.

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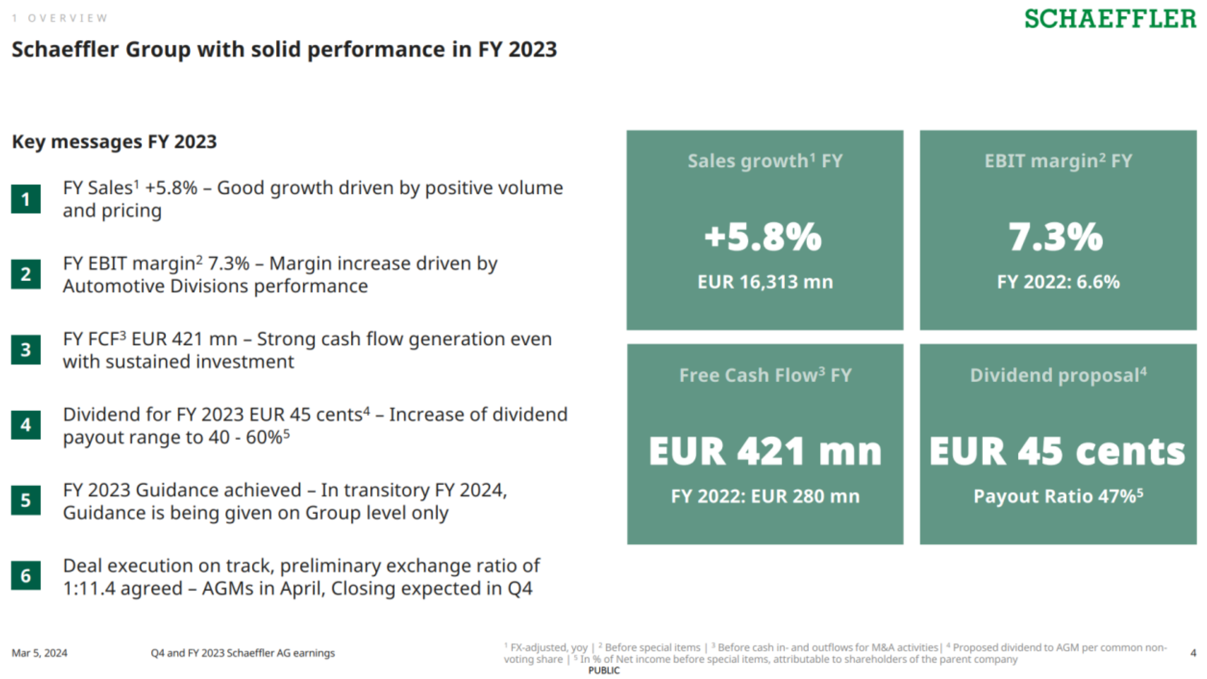
AGENDA



Klaus Rosenfeld

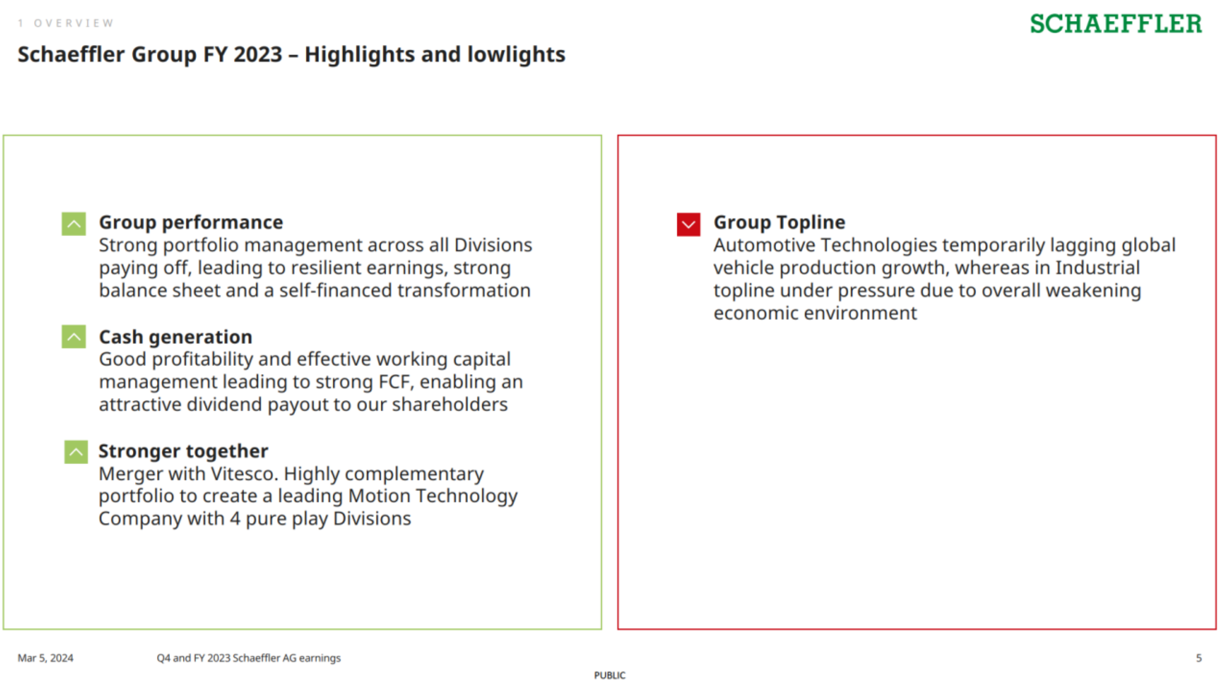
I think you saw the key figures, sales up 5.8%, what we think is a good result in a challenging environment, particularly driven by positive volume and pricing margin, 7.3%.

The main drivers here were the two Automotive divisions, in particular Automotive Aftermarket with a stellar margin of more than 16%, Free cash flow, €421 mn for the full year, and I think we are proud to say that we overachieved our Guidance, and could even demonstrate strong cash flow generation, despite a Capex number that is 19% above previous year. Dividend, we have already announced, 45 euro cents, the same number as last year.

And you know that we increased the dividend payout ratio going forward from 30% to 50%, to 40% to 60%. Guidance achieved, yes, and you saw this, Industrial at the lower end, we'll come back to this. And for sure, as we indicated to you, the year 2024 is a year of transition. We will only provide you with Guidance on Group level. Claus is going to explain that, that's a little bit of a complicated Guidance, as required by the rules.

And for sure, the divisional part that we are not guiding for will be part of the explanations during the year, who is achieving what. But with all the structural changes that are in front of us, as a result of the Vitesco merger, we think it's prudent not to go too much into detail, but rather, focus on the year 2025 and beyond.

The last point, the deal execution is on track. We are five months, more or less, down the road, with a rapid execution pass, more or less, every two weeks, something new. The latest information was the exchange ratio with 1:11.4, or to say it in numbers of shares that you can count, 5 to 57 shares for Vitesco and Schaeffler. The AGM is in April, as you know, and we still expect closing in the fourth quarter.



Let me go to page five, the famous CEO page, with the highlights and the lowlights.
Let me start with the lowlights, and that's clearly the top line in Automotive. We have not achieved our outperformance target. The reasons are not new, they were explained during the last quarterly calls. We see this as a temporary situation, where we are lagging global vehicle production. And the second point, also to mention here, Industrial, also something that we have debated in all the quarterly calls of the past.
The Industrial top line is, and has been, under pressure, due to the overall weaker economic environment. You all know Industrial is a cyclical business, and as the chart later shows, it looks like that we have reached the trough, and that the situation will hopefully turn soon. Today is the Congress in China, let's see what that brings. And we'll see that also here, in Europe, and in the other markets, things develop to the better.
On the positive side. I think Group performance is on the positive. Strong portfolio management paid off. 7.2% margin speaks for itself. A strong Balance sheet, the transformation is ongoing, even without the Vitesco merger. And we have shown that we can, more or less, self-finance our way forward. Cash generation strong, good profitability, but in particular, effective working capital management led to the strong Free cash flow.
And that's the basis, as you know, for an attractive dividend payout. And for sure, on the strategic side, the merger with Vitesco looks very promising. You all know the good reasons behind this, a strong strategic logic, very well financed. Clearly, something that has significant synergy potential. And then the one share, one vote

simplification of the shareholder structure should all make it an attractive proposition going forward.

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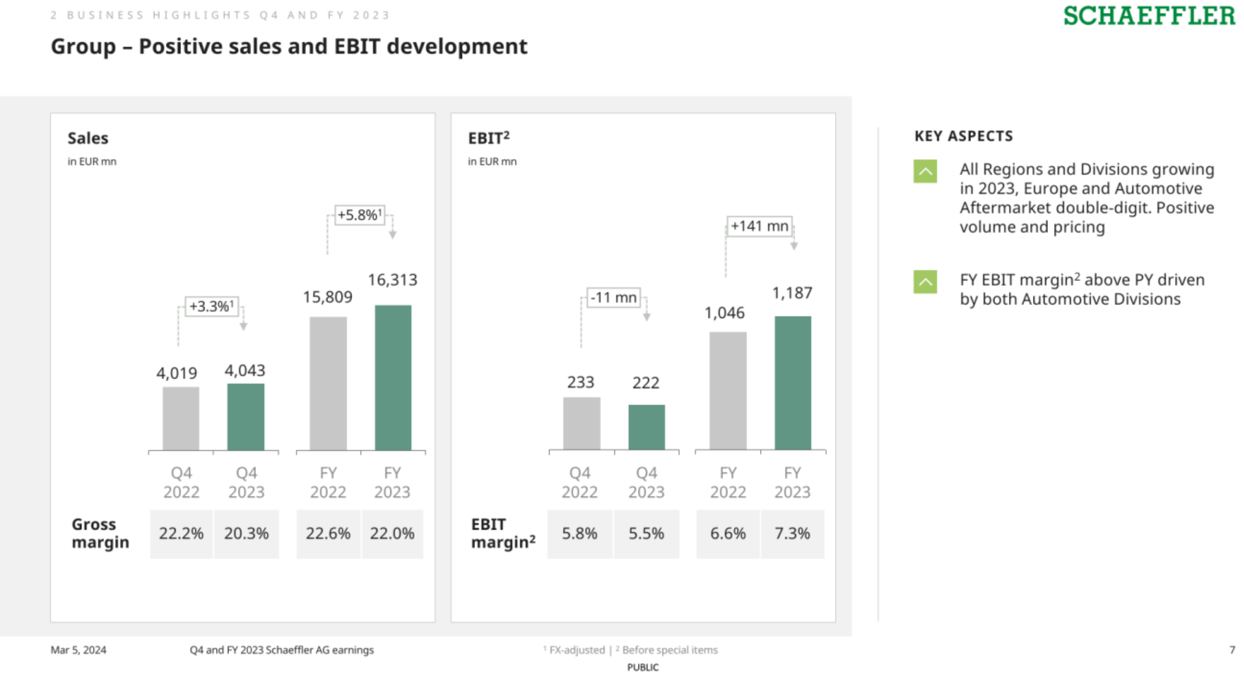

Numbers on page seven, I'm not going to go into detail here. You see, for the Group, 5.8%, and a margin of 7.3%. If you see the growth of the EBIT before special items, you see that EBIT grew by 13%. That indicates that we are finally, in the year 2023, improving our operating performance stronger than the top line.

2 BUSINESS HIGHLIGHTS Q4 AND FY 2023

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Sales Performance FY 2023 – All Divisions and Regions growing

FY 2023[1]	% of Group Sales	Automotive Technologies 60%	Automotive Aftermarket 14%	Industrial 26%	Region Growth
Europe	44%	+12.4%	+10.3%	+7.0%	+10.5%
Americas	22%	-2.8%	+12.0%	+11.3%	+2.0%
Greater China	21%	+2.0%	+28.7%	-6.3%	+0.2%
Asia/ Pacific	13%	+7.3%	+11.8%	+5.3%	+7.0%
Division Growth		+5.4%	+11.8%	+3.9%	+5.8%

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[1] FY FX-adjusted Sales growth, please refer to the Annual Report for further details

FY Sales growth[1] 8

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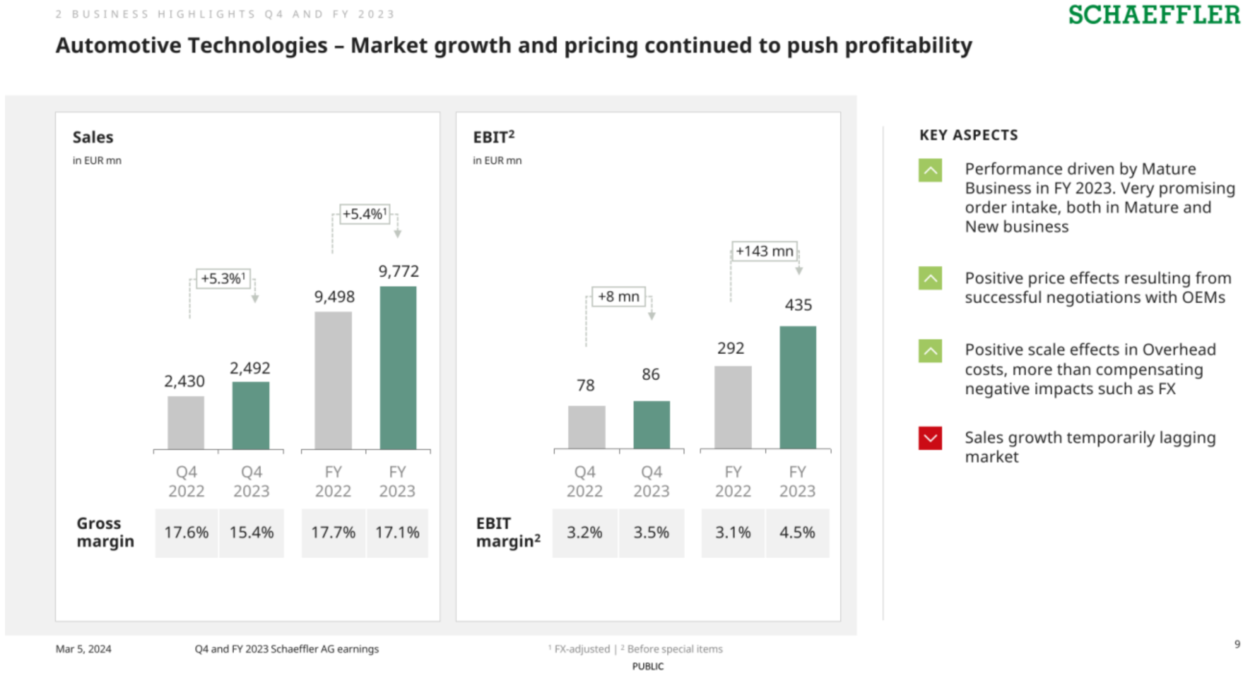
The top line growth is shown on page number eight, with all the different buckets.

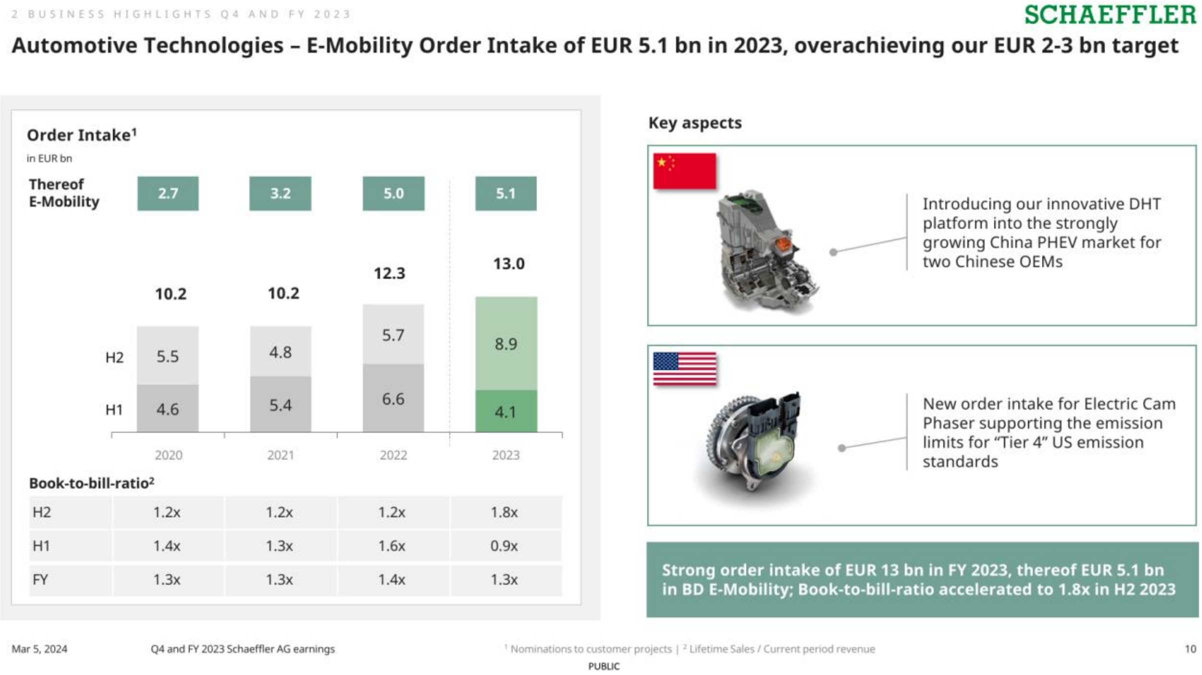
You can clearly see here that while we can say all regions grew and all divisions contributed to the overall growth, Aftermarket, strong with 11.8%. Look at these numbers. China and Asia Pacific, the base is small, but in Europe, 10%, Americas, it’s 12%. That speaks for itself and demonstrates how important that Automotive Aftermarket business is going forward. When you think about the margin of more than 16%, then that, in itself, should be one of the value drivers going forward.

From a regional point of view, yes, China is more or less flat. Here, you see also one of the weaknesses this year, Industrial with minus 6%. You know our exposure in Wind that has hit us harder than we expected, and that is, more or less, shown by this number here. Claus will give more details. All in all, I think the 5.8% is a solid and promising number, also going forward.



Quickly on the divisions. You see Automotive Technologies on page number nine.

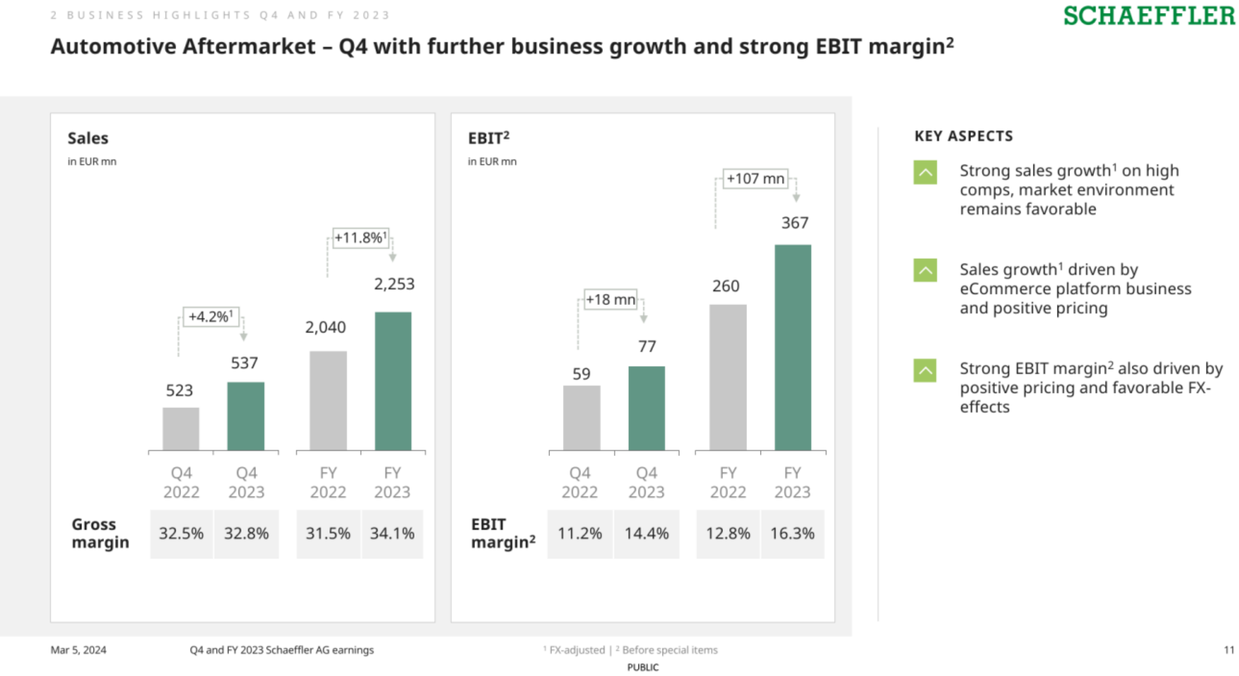
I think it's fair to say that was 5.4% growth, and with a margin improvement to 4.5%, gross margin is more or less stable. This is a successful year for Matthias and his business. The performance has been driven, as you already know, by the mature businesses in full year 2023. We can show you a very promising Order Intake, both in mature and in the new business, €5 bn in E-Mob, and €8 bn the other businesses. The positive effects from increased pricing have come through. Negotiations with OEMs are closed, and for sure, that is also what is behind the gross margin. Matthias has done very well in running his plans in an effective manner. I have already mentioned the fact that we are not happy with the outperformance number.



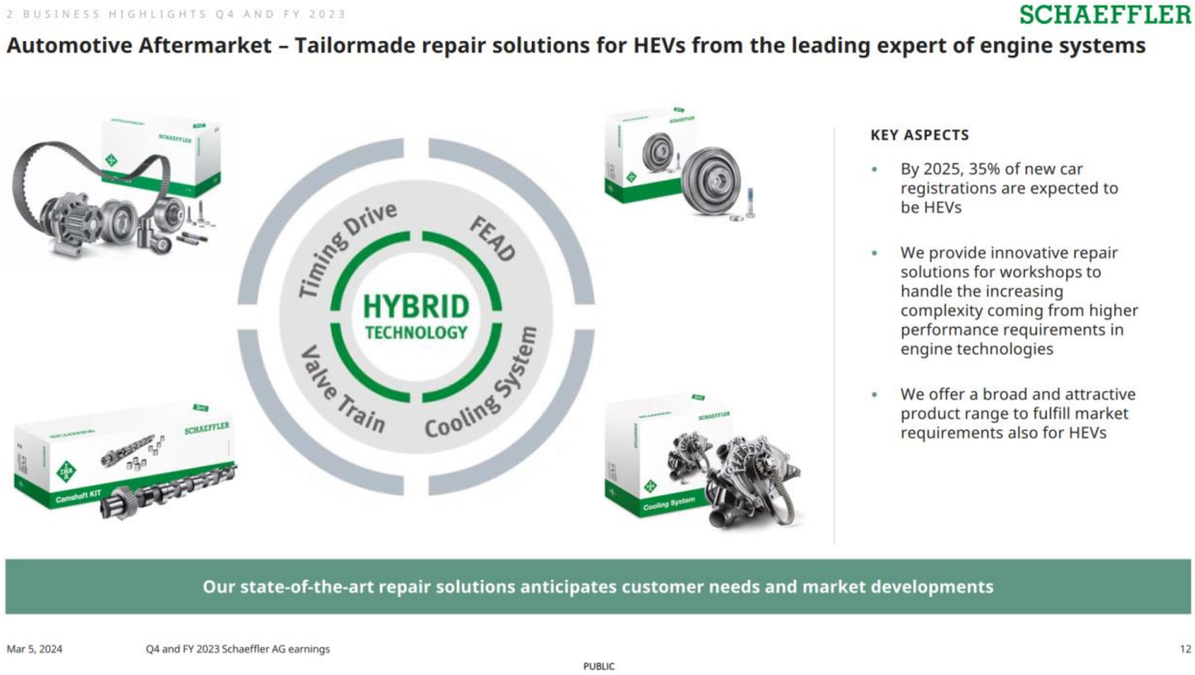
Number ten gives you, then, a little bit more detail of the Order Intake.

I have already mentioned that €5 bn Order Intake with a strong finish in Q4 2023 has been more than we promised, €2.3 bn, the same target as in 2022. So, I think, a strong sign that we are in the business. You see two examples here that also point to an important development that may be a surprise to the capital market, but PHEV technology becomes more and more relevant, both in China, but also, in the US.

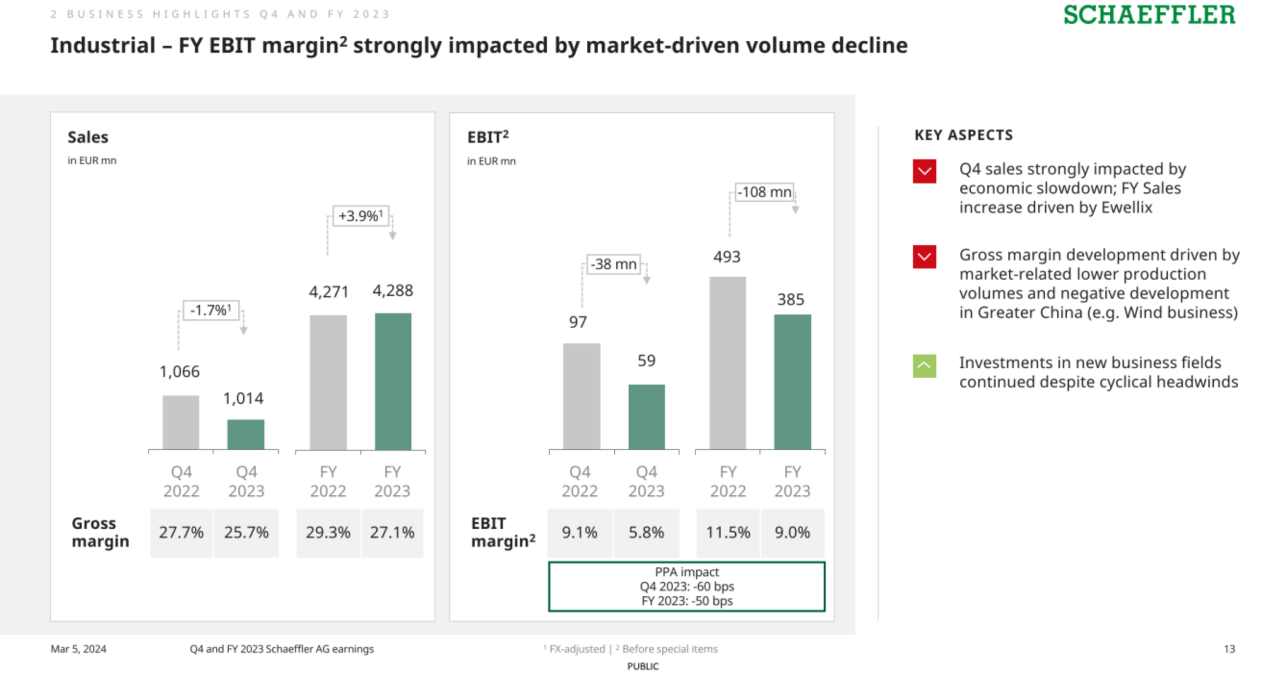
So, it's not only pure battery electric that counts, but also, the combination.



Aftermarket, again, a strong growth business, a strong margin business. I don't have to say much here, nearly 12% growth. What is predominantly organic growth, plus 16.3% margin, I think, speaks for itself. We can only thank Jens, for the strong delivery. The market was certainly also helpful here, because as you all know, in a situation where there is rather an economic downturn expected, people rather repair cars than buy new cars, that's good for us. But let me also say, this is not just the extension of combustion engines, we are getting stronger and stronger, when it comes to repair solutions for hybrid and for E-Mobility. That's on the next page.

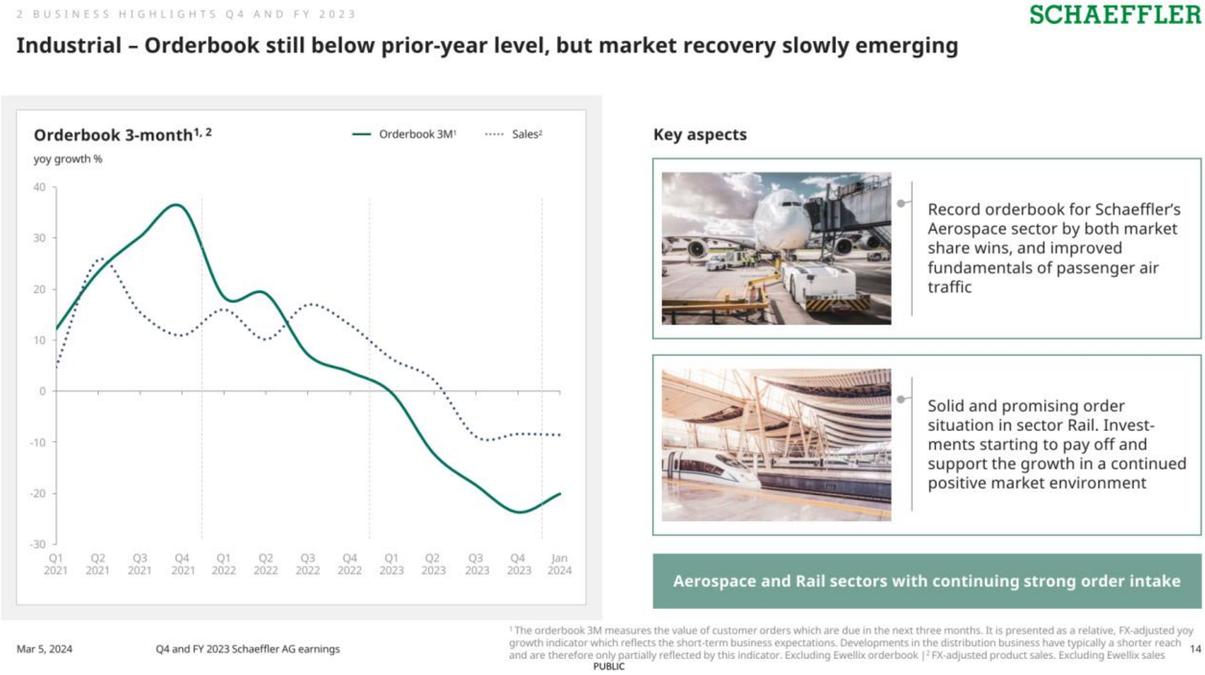


The idea of providing tailormade repair solutions for HEV from the experience we have in engine and transmission systems is definitely something where we see a strong competitive advantage. Just to mention one number, by 2025, 35% of new car registrations are expected to be HEVs. And for sure, at some point in time, these cars need repair solution, and that's exactly where we see our strength and where we want to play.



Industrial, as I said, a little bit of a disappointing result. The fourth quarter was difficult. We ended up at the lower end of the Guidance, 9% Just for the record, if you compare that to the previous year, there is an effect of 50 basis points that comes from the Ewellix PPA impact, but still, a margin drop of 2% while sales are more or less flat. Ewellix here was the main driver for the 3.9%. Without that, sales would have been slightly behind the previous year.

We know that that is not really satisfactory. What I can say this is the result of cyclical headwinds. We think that our position is okay and good, and as soon as the cycle turns, we will benefit from that, as well.



That's on page number 14. You see in Q4, and also, what we are experiencing in January, that it starts to turn. It's still a long way to go to bring it back to growth, but we've really suffered from this two or three quarters downturn.

And for sure, the diversification we have in our sectors with Aerospace and Rail, continuing to see strong Order Intake, is not strong enough to really compensate for the downturn in the most important sectors.

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FY 2023 Guidance achieved – Delivering robust profitability and cash generation

FY 2023 Guidance[1]

	Schaeffler Group		Automotive Technologies		Automotive Aftermarket		Industrial	
	Guidance[1]	Actuals	Guidance[1]	Actuals	Guidance[1]	Actuals	Guidance[1]	Actuals
Sales growth[2]	5 – 8%	**5.8%**	Outperf. 0 – 300 bps[5]	**Outperf. -400 bps[5]**	10 – 12%	**11.8%**	4.5 – 5.5%	**3.9%**
EBIT margin[3]	6 – 8%	**7.3%**	3 – 5%	**4.5%**	14 – 16%	**16.3%**	9 – 11%	**9.0%**
Free Cash Flow[4]	EUR 300 – 400 mn	**EUR 421 mn**						

Actual market development vs. assumptions:

- **Automotive Technologies:** LVP 2023 reached 90.1 mn according to S&P[6] (Assumption: up to 88.1 mn)
- **Automotive Aftermarket:** Growth of Global LV Parc[7] of 2.4% (Assumption: around 2%)
- **Industrial:** Growth of relevant industrial production[8] of 2.8% (Assumption: slight increase)

[1] Please refer to the Annual Report for further details | [2] FX-adjusted | [3] Before special items | [4] Before cash in- and outflows for M&A activities | [5] Moderate Sales growth | [6] Includes content supplied by S&P Global Mobility© [IHS Markit Light Vehicle Production Forecast (Base), January 2024]. All rights reserved | [7] Includes content supplied by S&P Global Mobility © [IHS Markit Vehicles in Operation (VIO) Forecast, October 2023]. All rights reserved. | [8] Includes content supplied by S&P Global Market Intelligence © [Comparative Industry Service Forecast, January 2024]. All rights reserved. Sectors considered: Mechanical Engineering (ISIC 28), Transport Equipment (ISIC 30), Electrical Equipment (ISIC 271)

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My last page is then on the Guidance for 2023. Sorry, there's a page more on the transaction later on. But on 2023, I can say that we have achieved what we promised on a Group level.

We have achieved what we promised on margin level. And I already mentioned the outperformance that is not in line with the annual Guidance. Don't forget, when we set outperformance 0% to 3%, that this was an average number over the years. However, it doesn't change the fact that minus 400 is not where we want to be.

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Capital allocation – Continued prioritization of Capex for growth business

Investment[1] allocation

in EUR mn

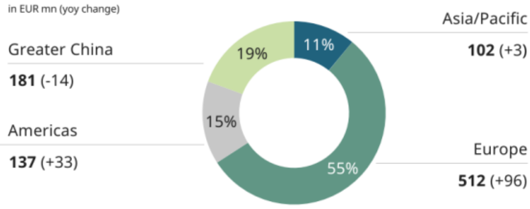
	FY 21	FY 22	Q4 22	Q4 23	FY 23
Automotive Technologies	428	545	206	212	614
Automotive Aftermarket	20	40	12	14	53
Industrial	223	229	74	65	266
Schaeffler Group	**670**	**814**	**292**	**291**	**932**
Capex	671	791	240	273	938
Capex ratio[2]	4.8%	5.0%	6.0%	6.7%	5.7%
Reinvestment Rate	0.7	0.9	1.2	1.2	1.0

KEY ASPECTS

- **Reinvestment Rate:** Continued prioritization of investments in Industrial division and New Business in Auto Tech leads to balanced Reinvestment Rate of 1.0
- **Automotive Technologies:** E-Motor production investments in the US and Eastern Europe continued
- **Industrial:** Further localization and capacity expansion of Roller Bearings for the Wind sector cluster in Nanjing, China

Investments[1] by region FY 2023

in EUR mn (yoy change)



Mar 5, 2024 Q4 and FY 2023 Schaeffler AG earnings [1] Additions to intangible assets and property, plant and equipment | [2] Capex in % of Sales 16

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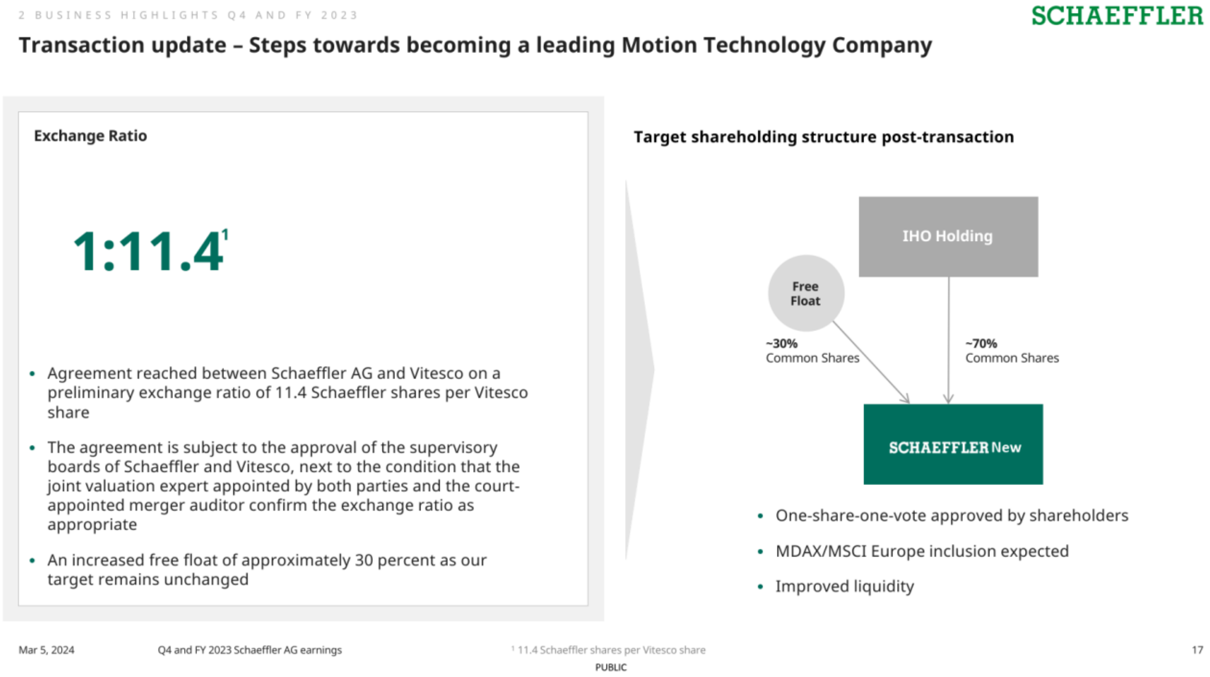
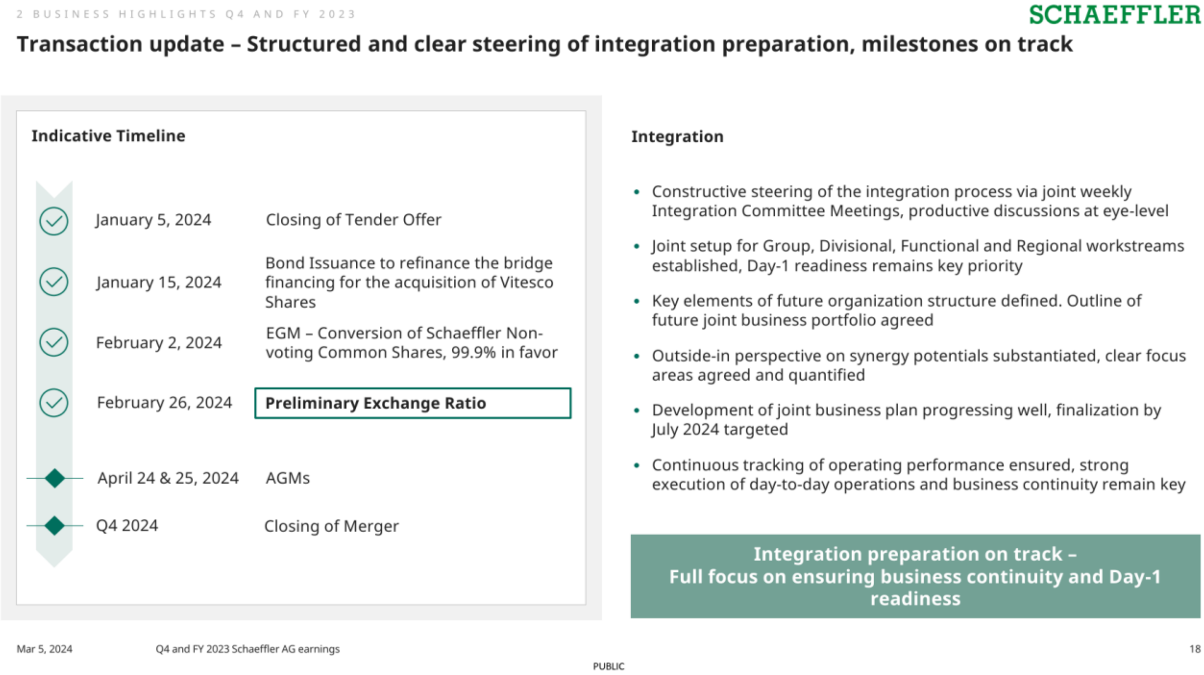
Capital allocation, I think I can cut that short, page 16.

I already said it, €932 mn was the Group investment. That is 19% more than the previous year, shows that we are on the right track. The bulk of this investment was, as you see on the right-hand side, in Europe. If you go through the different businesses, for sure E-Mobility contributed to this, Industrial contributed to this with the localization becoming more important, in particular in China, but also, in the other areas of business, we have continued to invest.

You heard about the big plant for the US, that is clearly another proof point for our more diversified also footprint strategy.



Let me continue with the pages on the transaction update. I think you all saw the exchange ratio. I leave that to your questions. With that 1:11.4, or 5 to 57. I think all the datapoints should be there to calculate the shareholding structure, post transaction, provided everything goes through as we think.
There is no indication that that is not the case, and with that, we will probably end up with a free float that is below the 30%, rather than in the area of 22%.



Transaction update, I think I can cut this really short. After the 26th ad-hoc statement, the next bigger one is February, sorry, March 14th, where you will see the published merger documents, also the valuation documents, with the standalone plans of Schaeffler and Vitesco.

A new situation for us, we have never published plans for five years, at least on Group level. So, important information, an interesting document that will come out. And then on the 25th, our AGM, 24th, the AGM of Vitesco. Let me also add that the integration is on track. We are in good shape with 23/24 integration teams, weekly meetings, high intensity, positive spirit. And clearly, with the understanding that the year 2024 will be a very important year to lay the grounds for what will come out then of a joint business plan for 25 and the years thereafter. So, don't judge the merger on the year 2024. It's a lengthy transaction and deal execution process, and it's now up to us, together with our colleagues at Vitesco, to lay the grounds for successful delivery of synergies going forwards.

The last page, before I hand over to Claus for the more detailed explanation of the numbers.

Sustainability. Sustainability is very important to us. As you all know, we have published today also our sustainability report. The sustainability report has a significant number of KPIs that we have also listed here, on page number 12. From the report, you know that we have agreed to work towards ten different action fields that are structured into ESG, according to the customary structure. And you see, of these ten action fields, we have, at the moment, seven major KPIs that we want to share with you.

The first two ones are on climate neutrality. I'm happy to share with you that in terms of Scope 1 and 2, we have made significant further progress reduced the greenhouse gas emissions from 2022 to 2023 by nearly 24%. At the same time, on the Scope 3 upstream, there is a slight increase that is more or less activity driven.

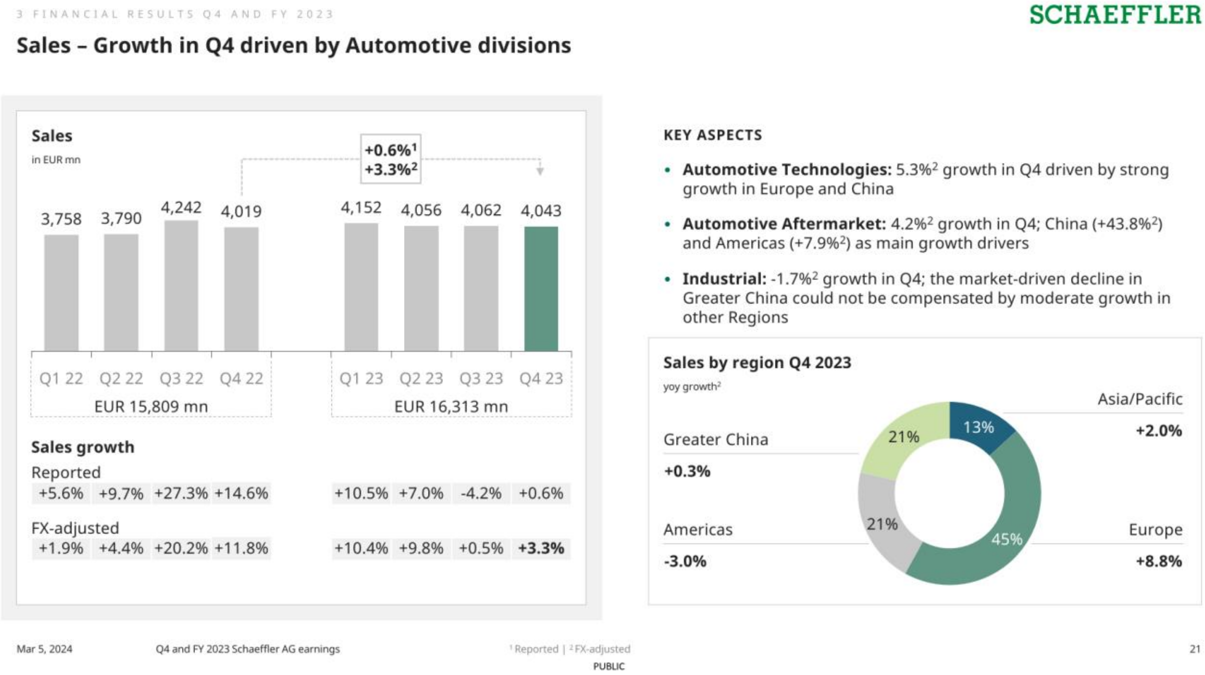
You'll see later on, when you come to the growth. So, more to come here. Scope 3 upstream is critical, because we need green steel, and we need to make sure that that then finds its way into the most important products. Energy efficiency, we're already, in the year 2023, more or less on target for what we want to achieve in 2024. 100 GW annual efficiency gains. Very good progress, in terms of energy efficiency, also helps to save some cost.

Renewable Energy, also here, a positive delivery, close to the 100% target for 24 globally. And that is also promising. Then on other targets, Freshwater, very important. We have promised until 2030, base year 2019, 20% reduction. We are at

12.9%, so also here, we are optimistic to overachieve our target. Employee safety at 10% improvement.
We achieved a 2.7 LTIR rate, and there's still some way to go, but it's an important indicator. And also, Diversity in Top Management on track by 25. We want to have 20% of our Top Management led by women. That's the sign for Diversity, and Diversity is important, not only for innovation, but also, for performance and future success. With that, I will hand over to Claus for the detailed numbers.

Claus Bauer

Thank you very much, Klaus. Klaus, you already showed a few numbers, focusing on the full year results. I will, in my portion, now mainly stay with the fourth quarter. Let's go to the first slide.



Here, you see the sales development, remarkable sixth quarter in a row above €4 bn of sales, despite a foreign exchange translational headwind. But anyway, for the fourth quarter, you see, excluding foreign exchange, we grew by 3.3%.

On the right side, you clearly see what Klaus already indicated, mainly driven by our Automotive divisions, and mainly Automotive Aftermarket here. And from a regional split, on the bottom, you see that Europe, as Klaus has already mentioned, grew strongly, and contributed the most.

3 FINANCIAL RESULTS Q4 AND FY 2023

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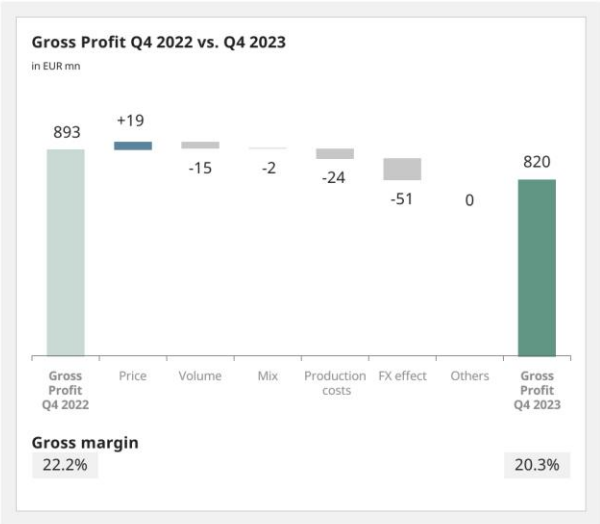
Gross Profit – Positive pricing, unfavorable FX



KEY ASPECTS

- **Pricing:** Maintained pricing levels
- **Volumes:** Negative sales volume effects driven by Automotive Aftermarket and Industrial
- **Production Costs**: Volume-related fixed cost underabsorption and one-time expenses

Gross margin
in % of Sales

	Q4 22	Q4 23	Q4 23 vs. Q4 22	FY 22	FY 23	FY 23 vs. FY 22
Automotive Technologies	17.6%	15.4%	-2.2pp	17.7%	17.1%	-0.6pp
Automotive Aftermarket	32.5%	32.8%	+0.3pp	31.5%	34.1%	+2.6pp
Industrial	27.7%	25.7%	-2.0pp	29.3%	27.1%	-2.2pp
Group	**22.2%**	**20.3%**	**-1.9pp**	**22.6%**	**22.0%**	**-0.6pp**

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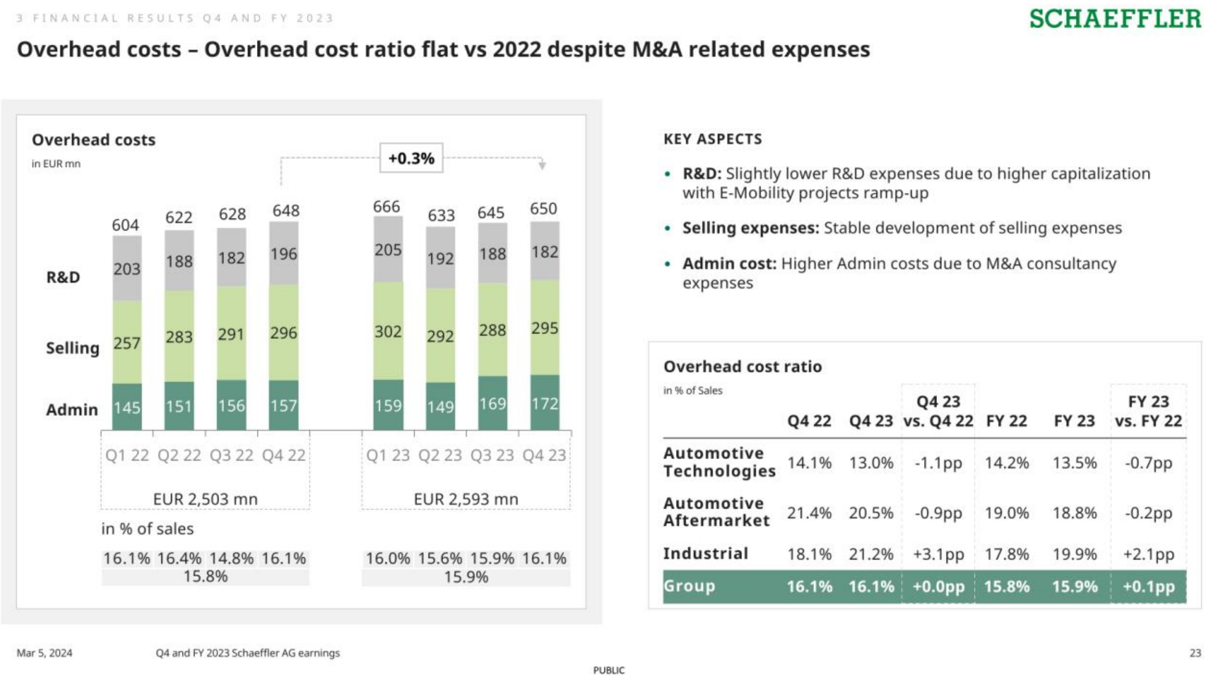
On the next slide, it's Gross Profit. The two remarks that I want to make here is, you see, in the waterfall chart, that we maintained our pricing levels, which is good news. But you see a little bit of an impact in the fourth quarter in production cost. That’s a normal seasonal pattern, because of lower volumes in the fourth quarter. It has to do with the shutdown in the Christmas period that was longer this year than it was last year, and the absorption that’s coming with it.



On the next slide, I'm coming to the Overhead. Overhead, the good news, stayed flat. You see, year over year, an increase of 0.3%. You also see that throughout the year, in all four quarters, a pretty stable overhead situation. And that is despite the fact you see that reflected a little bit in the bars at admin. These are a little bit increased for the third and fourth quarters. These are the transactional expense impacts from our Vitesco transaction, mainly M&A consulting services here.
Maybe, and Klaus touched on this already a little bit for the full year, but talking a little bit about the table on the right bottom. You see here, the Industrial situation, where we have, for sure, an impact in EBIT, and some of that is driven, not just by the volume fixed cost under absorption in Gross Profit, but also, in the overhead ratio, that increased 3% in the quarter, year over year, and 2% for the full year.
At a first glance, that sounds like bad news. However, I would really focus on that, and turn it around and tell you, and Klaus mentioned in the highlights already a little bit that despite the very difficult market environment that we are facing right now in Industrial, we are not forgoing any investments in our future, and are continuing our R&D work. For example, in the area of Robotics, and in the area of Hydrogen, with a lower volume that naturally, mathematically, then increases the overhead ratio.
But see that as a sign that we are investing into our future and are not carried away too much by the cyclical top line of Industrial. And therefore, as Klaus said, once the volume comes back, the Industrial division should be in good shape. By the way, with Automotive Aftermarket and Automotive Technologies offsetting that trend for the year, and also, for this quarter, as you see in the numbers here, that is the beauty of

diversification. And therefore, we can afford to invest also in a division in times where there is a cyclical headwind.

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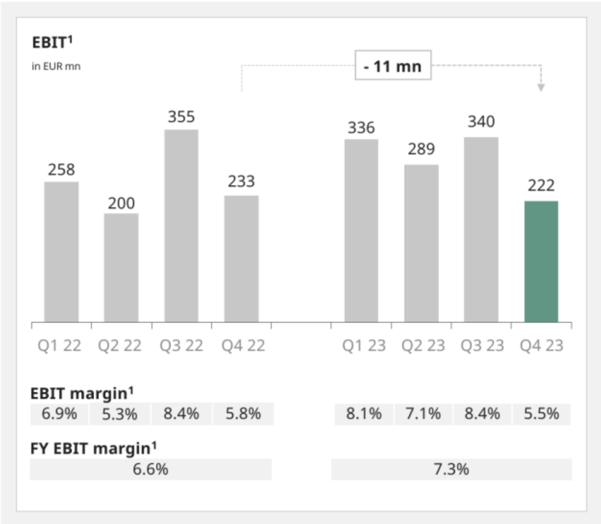
EBIT margin[1] – Seasonality pattern broadly in line with 2022, higher FY margin



KEY ASPECTS

- **Automotive Technologies:** EBIT margin[1] sequentially lower – but improved yoy – supported by good momentum in mature business
- **Automotive Aftermarket:** EBIT margin[1] strongly improved yoy, continued strong demand, volume-related overhead absorption, maintained pricing and improved logistical performance
- **Industrial:** Lower EBIT margin[1] mainly volume-related, particularly due to ongoing weak Wind market in China

EBIT margin[1]
in % of Sales

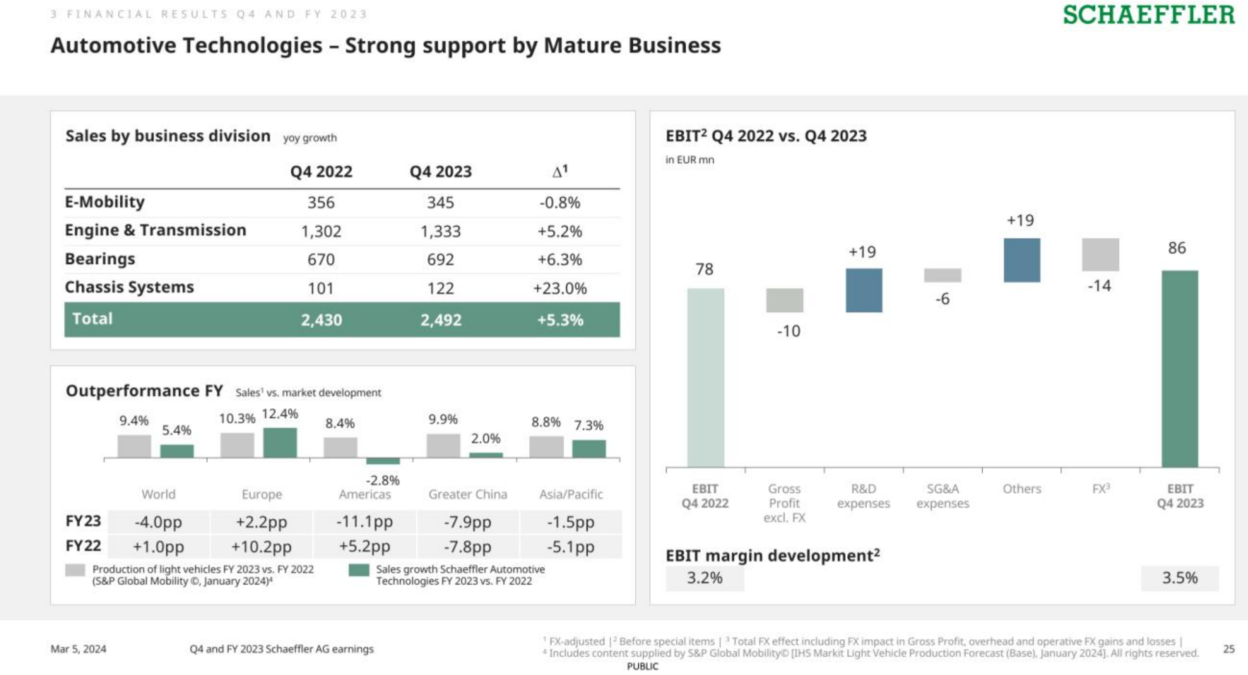
	Q4 22	Q4 23	Q4 23 vs. Q4 22	FY 22	FY 23	FY 23 vs. FY 22
Automotive Technologies	3.2%	3.5%	+0.3pp	3.1%	4.5%	+1.4pp
Automotive Aftermarket	11.2%	14.4%	+3.2pp	12.8%	16.3%	+3.5pp
Industrial	9.1%	5.8%	-3.3pp	11.5%	9.0%	-2.5pp
Group	5.8%	5.5%	-0.3pp	6.6%	7.3%	+0.7pp

Mar 5, 2024 Q4 and FY 2023 Schaeffler AG earnings [1] Before special items 24

PUBLIC

Coming to the next slide, the EBIT levels, 5.5% for the quarter. You see that that’s in line with what happened last year, with 5.8%. So, it's a normal seasonal pattern here. And when we go to the table on the lower right side, you see pretty much reflected everything that I already said now in Gross Profit and overhead.

A strong performance, as Klaus said, for the quarter, as well as the full year for Automotive Aftermarket, with over three percentage points of margin improvement. Also, a strong performance for Automotive Technologies, still 0.3 percentage points better in Q4. And despite the volume impacts that I explained that were a little heavier in the Christmas shutdown this year than last year, and a strong 1.4 percentage point improvement year over year.



On the next slide, we are starting to now look into the divisions, starting with Automotive Technologies. Let me just make two observations on this slide. You see one is already reflected by the headline. You see it in the table below. Engine Transmission and Bearings had a solid growth and continued the growth in the fourth quarter. Chassis Systems obviously, from a percentage standpoint, the highest number in the table, but as you see, on a low starting point, with €101 mn.

So, therefore, really Engine Transmission and Bearings driving the growth in the fourth quarter. And below that, you see, and that’s now also full year picture, not just the fourth quarter, but you see the outperformance explanation that Klaus already indicated. We explained throughout the last two quarterly updates. You might remember, it's driven mainly by China.

China is the participation in the E-Mobility sales right now that will improve, as we said, over time. However, the BYD, the famous BYD effect in China is also not lost on us. BYD is really having a high vertical integration inhouse. We participate in the growth. We are a significant supplier to BYD, but from a content per vehicle under proportional, as every other supplier as well.

And then secondly, you might remember the situation in the Americas. That's mainly technically driven by the strong Mexican peso versus the US dollar. We have a lot of value added in Mexican pesos and selling in US dollars into the US market. Therefore, we are impacted by the strengthening of the Mexican peso.

That should, as I said in the last call, should now phase out and go away, as we go into 2024, because it's now in the baseline. And if the Mexican peso doesn't strengthen further, which is not expected, then that should also phase out and turn around and normalize. Let's then go to Automotive Aftermarket on the next slide.

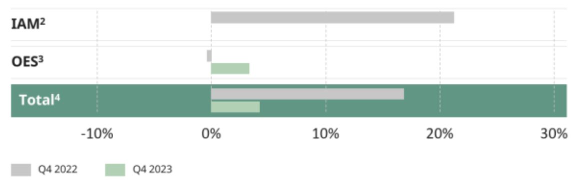
SCHAEFFLER

Automotive Aftermarket – Continued strong performance

Sales by region yoy growth

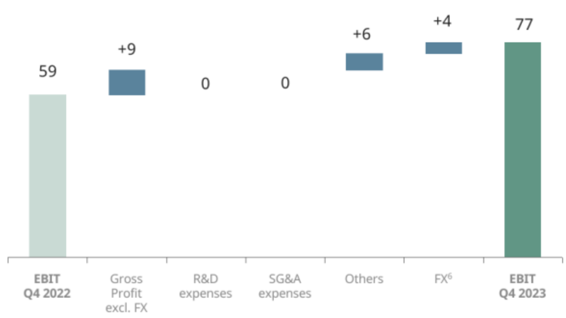
	Q4 2022	Q4 2023	Δ[1]
Europe	356	359	+0.2%
Americas	107	110	+7.9%
Greater China	24	33	+43.8%
Asia/Pacific	36	35	+5.3%
Total	**523**	**537**	**+4.2%**

Automotive Aftermarket Sales growth by channel[1]



EBIT[5] Q4 2022 vs. Q4 2023

in EUR mn



EBIT margin development[5]

11.2% 14.4%

Mar 5, 2024 Q4 and FY 2023 Schaeffler AG earnings

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

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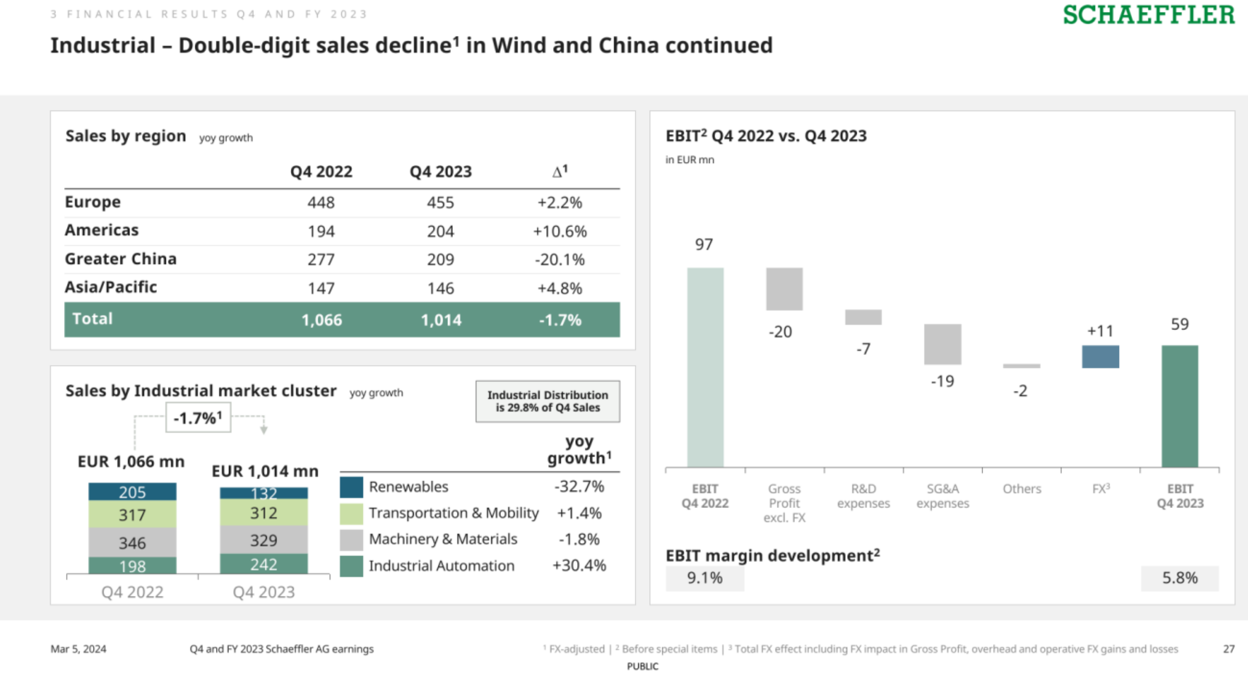
Automotive Aftermarket, I think not much to say. It continues to be the shining star, also in that quarter. And you see, maybe on the left top side, that Greater China grew by almost 44% on a low level, though. That is the increase mainly due to our platform business that you know we have set up, and are ramping up, in China for China.



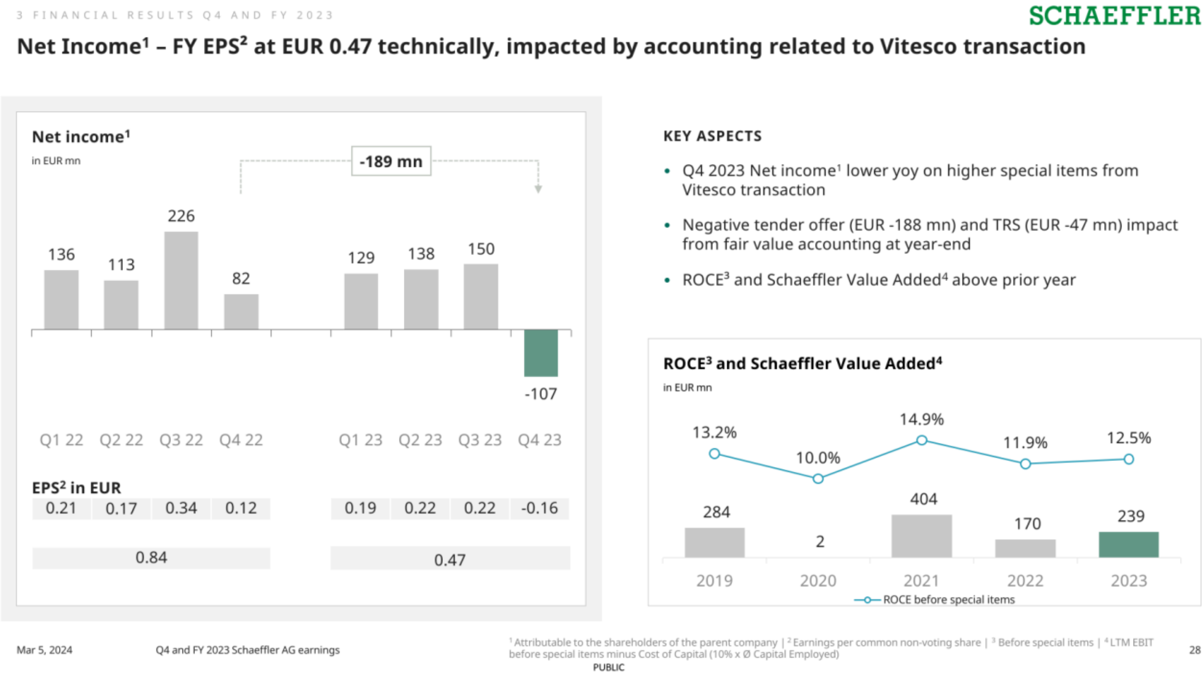
On the next slide, we are talking about Industrial. Surely, the division currently with the most difficult market conditions. I think, for the circumstances, we are weathering the storm pretty okay. But nevertheless, as Klaus said, 5.8% EBIT margin cannot be, and is not, the long term ambition there. You see clearly, if you look at the numbers on the left side, clearly, the drivers, and Klaus mentioned both of them, and they are connected also, it's in the region, Greater China, with sales quarter over quarter at minus 20.1%.

And in the graph below that, you see Renewables with minus 32.7% year over year. And if you now combine it both together, it's really China Wind. And as we have said in the past, China Wind is the driver of the current performance in our Industrial division that is more prominent and emphasized, as with our peers. And we were also transparent about that, that the Wind sector in China is much more important for us in our portfolio than for our peers.

We are, by far, the number one Bearings supplier into that segment. The good story, or good news with that is once that turns around, and there is, I think, no doubt in the market that it will turn around, the timing, we can have our different opinions, but China is dependent on further instalments of Wind energy. So, it will turn around, and if it turns around, we will be the one who is participating the most in that.

Ending up on a positive note on that slide, you can see on the left bottom, also the Industrial Automation sales development. We told you Industrial Automation, with its focus fields, including Robotics, Automation, and so on, Linear Automation, Industrial applications, is a focus field, besides Renewables for us. You know that we invested

also with Ewellix in that area heavily, and that is really also the sector that is growing already in the fourth quarter of last year.
And we have great hope that we will execute our strategy in that sector.



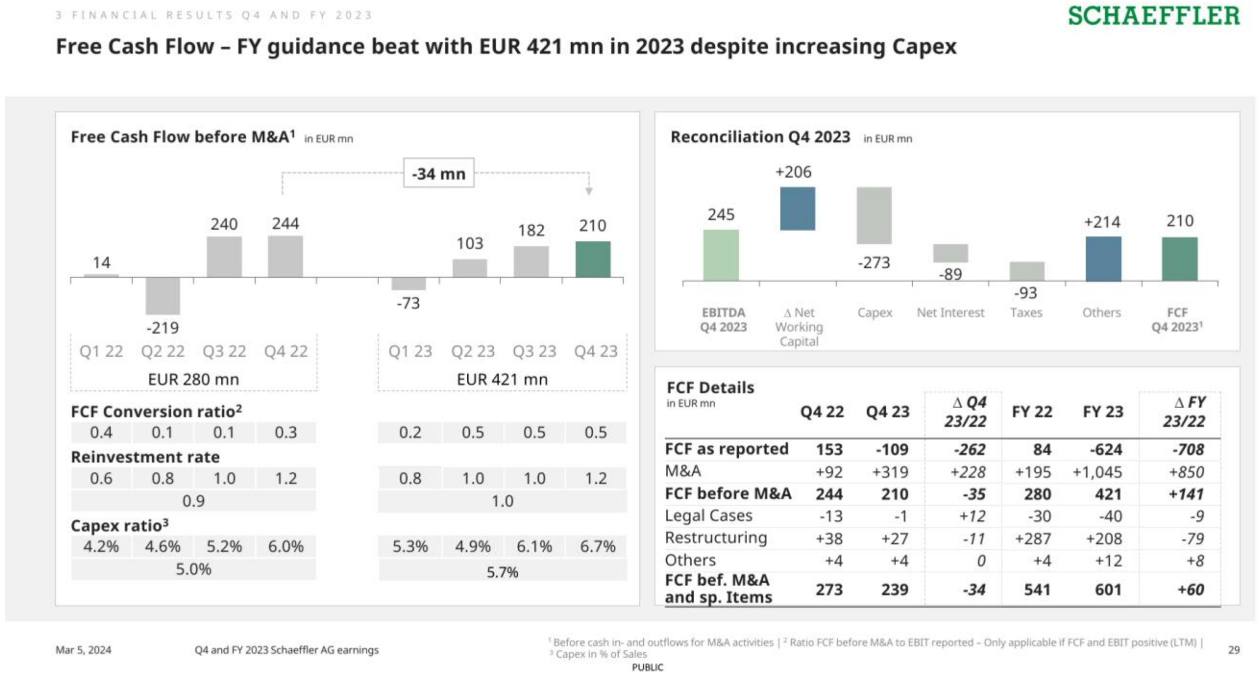
That leads me now to the rest of the P&L and the Balance sheet. Net Income, 47 euro cents earnings per share. That needs explanation. It's heavily impacted by pure bookkeeping, accounting technicalities. We have, as you know, offered the Vitesco shareholders to tender their shares, and that tender offer started on 15th November of last year.

The offer period ended on 15th December. You know that we got offered around 30% of Vitesco shares at that point. That was then settled in the new year, 5th of January, and that was the reason why at the end of the calendar year, at 31st December, we had to value the tender shares that we had a binding offer out there for 30% of the shares for a price of €94 per share.

We had to value these shares at the fair value at the Balance sheet, or the reporting period end 31st of December. You might remember that the share price, after the tender offer period ended, returned to a lower level, and therefore, the fair value had to be reflected with the share price at the end of the reporting period. And we had to realize a negative valuation impact of minus €188 mn.

That was the 30% of the shares multiplied by the difference between €94 and the share price at the stock exchange at the end of the year. Again, pure technicalities will never lead to cash outflow, and will not impact our P&L going forward. Just the technicality of IFRS 9 at this point. And the same is true then for the second impact related to the transaction.

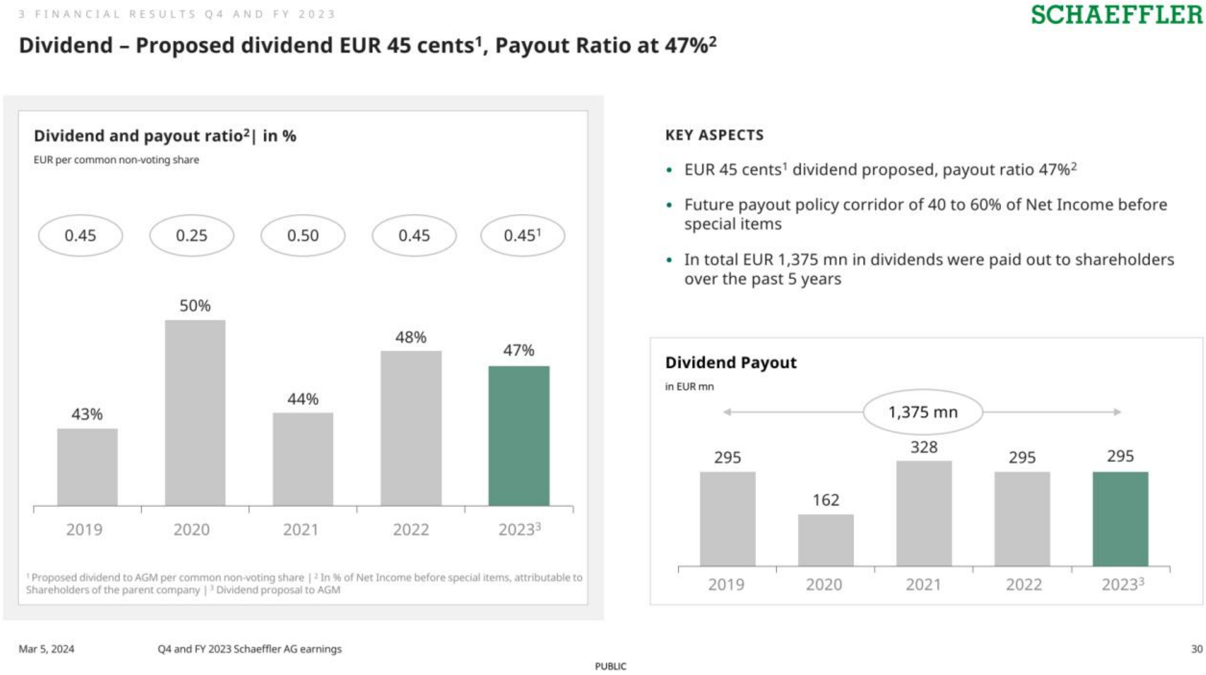
As you are aware, we entered into a Total Return Swap agreement with a bank and were economically responsible for the share price development in that Swap. The Swap was filled right at the beginning of the offer period with 9% of the shares. The 9% of the shares were acquired at around the offer price at that point, which was €91, as you might remember, and the same logic at the end of the year, the stock exchange value, or share price, was lower than the 91. And therefore, we had to realize the valuation impact of minus €47 mn. So, two pure technical impacts, and without these two impacts, the earnings per share would have ended up in the range of the prior year. So, no concern here, although it looks, admittedly, strange at first glance.



On the next slide, you see Free cash flow. I think that is a number that we are very proud of. We beat our Guidance with €21 mn. Klaus has mentioned it already, and you see it in the waterfall chart on the bottom right, the increased Capex also in the fourth quarter could be almost completely financed with effective working capital management. As you see, a positive contribution in the fourth quarter of over €200 mn. So, a good result there.

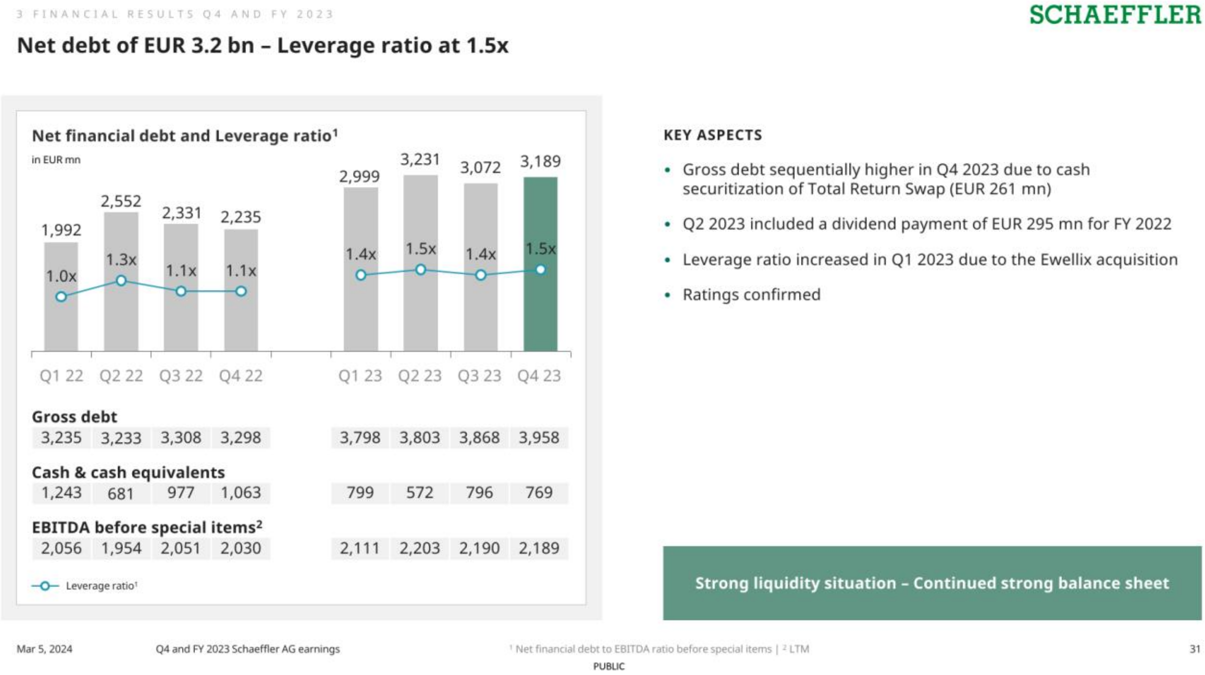
Normally what I do on this slide is also comment a little bit on the underlying cash flow generation power, and that corrects, especially, of course, the restructuring expense in cash, not expense, cash outflow that we experienced. It was still €208 mn, You are also aware that that will significantly drop now in 2024. But in 23, full year was still €208 mn for the total year.

And if you add that back, and deduct a few positive cash inflows from legal cases, then you come up with a cash flow generating power of €600 mn, right in the range of what we are always saying, that we have around €600 mn to €700 mn of cash flow generating power per year.



That then allows us also on the next slide to continue paying attractive dividends, it stays at 45 euro cents this year. This is a payout ratio of, again, close to 50%.

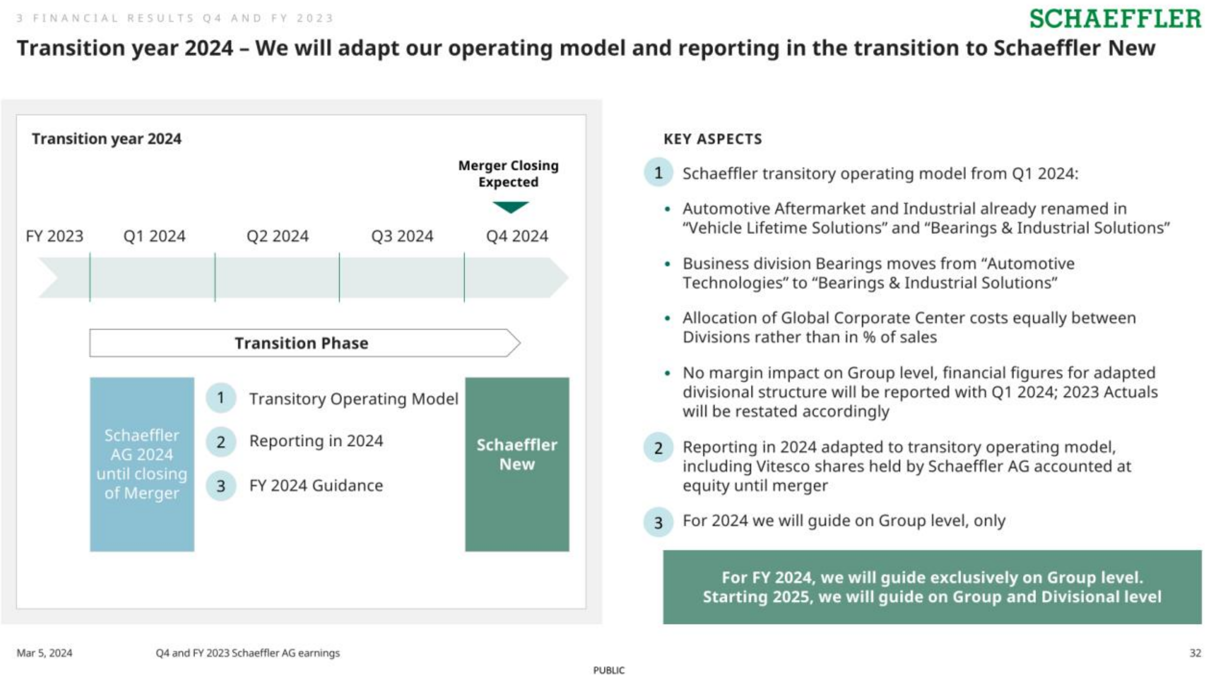
That was also a reason, if you now look over the last five years here, we were always rather at the top of our target range of 30% to 50%, so therefore, we said, let's now just adjust that range, so that we are more in the middle of this range going forward. So, that will be increased 40% to 60%. For sure, a good news for our shareholders.



On the next slide, we are talking about a little bit about Balance sheet items.

In that regard, it's the leverage ratio known chart. It increased this year to 1.5 clearly, the main driver is the Ewellix acquisition at the beginning of the year, and we would have then reduced that throughout the year to a level of around 1.3 due to the cash flow that we generated. However, as you are aware, we are also securitizing the Total Return Swap, and therefore, had to finance another €261 mn, as you see on the right side.

Therefore, it stayed at the 1.5 times level, but that doesn't change the situation that we continue to have a strong liquidity situation around €3 bn of liquidity, a strong Balance sheet, which is also reflected in the confirmation of our ratings, even in the light of the Vitesco transaction.



So, towards the end, that's a new slide, and it will be only the exception.

This explains a little bit about how we plan to report the year 2024, to also get maybe your feedback on that. Klaus mentioned it, and it's clear, 2024 will be a year of transition. It will be the year where we are executing in steps, as described, the merger with Vitesco, and therefore, we have to account for that also in the communication to the markets.

The one guiding principle is DRS 20, the standard that's governing our outlook for our reporting. This is a complicated standard, and the standard says that we have to guide and put an outlook out, based on the entity as it will exist at the end of the reporting period. And we know, almost with certainty today, that at the end of the period, Schaeffler AG will be a different company as it is today. Today, it's still standalone.

Today we have a shareholding in Vitesco AG of around 40%. But we also know, almost certainly, that at the end of the year, there will be a Schaeffler AG that is merged with Vitesco. Therefore, we had to put our outlook, based on that timing. The timing is very important. And you see it a little bit here, in the explanations. We think that for the first three quarters of 2024, we will report an entity that is still Schaeffler AG standalone as you know it today, including the 40% shareholding in Vitesco.

And that means from a consolidation standpoint, we have to consolidate the Vitesco shareholding at equity, at equity means that we will recognize the quarterly results of

Vitesco, but only on a Net Income level, on that 40% shareholding level. And then our assumption is that for the fourth quarter, we then will have a situation where the merger is registered, and we will fully consolidate the Vitesco AG.

And therefore, then you have the full Balance sheet and P&L structure included. So, why do I explain that? Because obviously, now we have a few moving parts in 2024 in regard to the reporting. To see it described here under the bullet one, we will already transition the Schaeffler operating model towards the target model that we explained to you throughout the transaction.

That means our Automotive Aftermarket business will be renamed in Vehicle Lifetime Solutions. Not more changes there. But then the Automotive Bearings business division will be already reported, together with our Industrial division, and it will be renamed as Bearings & Industrial Solutions. And the third adjustment is that we will allocate corporate centre over the expenses not by sales, but by number of divisions.

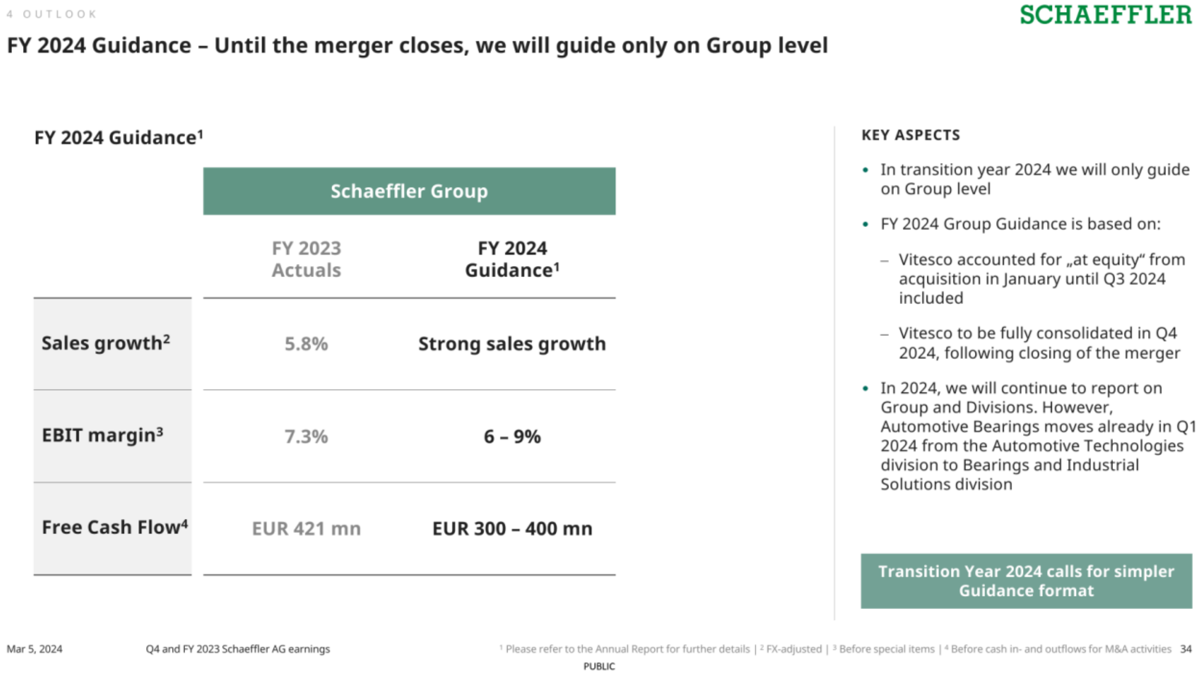
So, every division will get the same portion of these overhead expenses. Of course, that means that there will be not any impact on a Group level, but there will be a different segment reporting. Therefore, we will be very clear with the first quarter actual reporting of 2024 what these changes will be. We will restate 2023 quarterly actuals accordingly, so that you can clearly see how these divisions develop.

But there is no question that there will be adjustments needed in your modelling, and in our modelling as well, due to these transitionary actions already on a Schaeffler standalone basis. We also decided, therefore, that on a Group level with these complicated technical impacts, we will guide for this transitionary period only on Group level.

So, the 2024 Guidance is on Group level, but actuals, we will report in a segment way, and also give you the restated adjusted prior year numbers as a comparison.

SCHAEFFLER

AGENDA



That leads me now to the next slide already in Klaus' section again, but since I started it here, that is the Guidance, based on these technicalities that I've just explained for 2024. As I said, you see it on the right side, I mentioned again, for three quarters.

Vitesco shareholding of Schaeffler AG, 40% at equity consolidated, and recognized in the Schaeffler AG financials. And then from the fourth quarter on, full consolidation of the merged entity after the merger is registered. That leads us to the Guidance, as written here. We think, in total, year over year, although now it's not necessarily comparable, but on these assumptions with the consolidation, there will be a strong growth of the top line.

We will achieve an EBIT margin between 6% and 9%, and have a Free cash flow outlook and Guidance of €300 mn to €400 mn. In other words, despite the efforts, and also the expenses that come with the transaction and the integration, we think that we will have a year, 2024, that in the full year, will be comparable to our standalone performance for 2023. And with that, Klaus, sorry for the technicalities, but back to you.

Klaus Rosenfeld

Ladies and gentlemen, let me let me conclude the session, and open the floor for your questions, with the summary statements on 35. I think it's fair to say that this was a good performance in a challenging year. Don't forget, the fourth quarter was also clearly impacted by all the activities around the envisaged transaction with Vitesco. We are proud of the strong cash generation, and the robust Balance sheet that's the basis going forward.

And I think the divisions have shown, and also the regions, resilience. Let me add here, in terms of the outlook, there is a challenging year ahead of us, both from a macroeconomic perspective, but also, from the market, in particular, in the main sectors where we are in. And I would like to stress one more time for you that that situation supports our view that it is good to be not only in BEV, but it's good to be in ICE, HEV and BEV all together.

This three-pronged approach, with a more universal approach to power train solutions, is, from our point of view, the right strategy going forward in a dynamic environment. It is win, win, because we can leverage technology, and also, customer relationships. And I think the changes that you've seen in customer behaviour in large OEMs, changing the direction, is exactly going into that direction.

For sure, due to the transaction, as Claus described, 2024 will be a year of transition. As I said, we are looking ahead of 2024. It's now the time to lay the grounds for a solid multiyear plan that will then also give us the basis for a proper Mid-Term Targets. And let me add, once again, we will, in all of this, not overlook our duty, in terms of sustainability. We will not overlook the future, in terms of digitalization and KI (IR Note: AI). It's a fascinating world with all sorts of opportunities.

And I want to close with an optimistic statement that all of that is the basis for further building something that is unique. We call it the leading motion technology company, more cross selling, more product orientation, more customer orientation. We shared that with you in numerous calls, and I'm very confident that in some years ahead, we will sit here and say, what great years 2023 and 24 for building that new company.

Thank you very much, and I hand back to Renata and the operator for questions.

SCHAEFFLER

Financial calendar and selected IR events

Roadshows & Conferences with Top Management participation

Mar 6	Roadshow – Hamburg, Warburg
Mar 7	Roadshow – Frankfurt, Oddo BHF
Mar 19	Auto Conference – Paris, BNP Paribas
Mar 20	Sell-side Breakfast – London Pan-European Mid-Cap Conf. – London, Jefferies
May 15	Virtual Auto Trip – Online, Citi
May 22	European Champions Conf. – Frankfurt, DB
Jun 4	European Autos Conference – London, J.P. Morgan

Financial calendar 2024

Apr 25	Virtual AGM
May 7	Q1 2024 Earnings Release
Aug 6	Q2 2024 Earnings Release
Nov 5	Q3 2024 Earnings Release

Q&A SESSION

Akshat Kacker, JP Morgan

Thank you for taking my questions, Akshat, JP Morgan. Three from my side, please. The first one on the strong Order Intake in 2023, especially on the mature combustion engine technologies. If you could just highlight where have you been successful, in terms of regions or customers. And do you think we are entering a phase where you could see further consolidation, and Schaeffler could win more market share in combustion engine technologies?

The second one is on the Industrial business. I know there is no divisional Guidance for 2024 as of now, but in terms of the underlying trends that you have seen, what are your current expectations for organic growth and margin development in this division, please? And the last one on standalone Auto Tech. How do you think about outperformance on the underlying business?

As we know, there were quite a few E-Mobility ramp-ups that you had initially expected in China coming through in 2024 and 2025. So, I would be interested to hear your thoughts on outperformance improving. And also, how we should think about the big puts and takes, when we consider margins for 2024. Thank you.

Klaus Rosenfeld

Okay, Claus, let me let me start with the first one with the strong Order Intake. I think you're referring to the €13 bn for the full year. Let me break this down a little bit. €5 bn is from E-Mobility, then €4.3 is from Engine and Transmission. And then €2.5 is from Bearings. And another billion from Chassis Systems.

If I look at the regional split, I can basically say it is very balanced, with 35% coming from China and the other 65, more or less, equal in Europe, Americas, and Asia Pacific. When I look at the power train split, then you can also say here, it is more or less balanced, I can say that a third is ICE, another third is hybrid, including mild hybrid, and the other third is EV.

So, you can basically say, with a little bit more from China, very balanced across the four regions, and also, across the powertrain split. And I think I gave you the right numbers. If you think about the size of things, I can also say here, and we've never given these numbers, that this is not two or three big ones. The big ones are in the billion area, and there are numerous smaller ones that are somewhere between 300 and 600.

So, you can see, again, we are we are not going after the big ones only, we are going after the ones that are interesting, either from a customer point of view, or from a profitability point of view. Maybe that gives you enough colour here, but it’s wrong to believe that mature is only ICE. There's a significant HEV portion in this. This is why I said, ladies and gentlemen, our view going forward, is it's great to have activities and competence in all three main areas.

In terms of Industrial, as I said, the situation in 2023 is a function of the cycle. We are convinced that the cycle turns. There's the extra impact from Wind in China that makes it a little bit more difficult for us, because we have that large market share there. But I would say, Claus, it's fair to assume that we will see some growth in 2024. And I also believe that the 9% is the absolute minimum that we should achieve.

We achieved it in 2023, so I do hope that we will also see some, with the turning off the cycle, also improvement in margin back to the two-digit numbers. On outperformance, maybe, Claus, you help me here on that one.

Claus Bauer

Yes. I think he the outperformance question was mainly related to China, or at least that was the second part, but let me first start and reiterate also that the mathematical impact of the region Americas, due to the Mexican peso, US dollar exchange rate. As I said, that is now rebased, if you will, with all of 2023 having that included.

And therefore, I think the playing field for 2024 is level, and therefore, should show a much more volume orientated performance versus the market was, if you will, distorted by foreign exchange impacts in 2023. So, I would see and forecast a solid performance versus market volume in the Americas market, as it relates to China.

And I think in the centre of your question, it is, of course, almost strange to say it's a function of BYD, but BYD, as you know, in the last two years, every year has doubled its market share, which is a tectonical market shift that was never seen in the past. The content per vehicle for us is under proportionate with BYD. We are growing with them, as I said, but under proportionally.

But if BYD should double their market share again, which gets more difficult as they are doing it, then obviously, we have a mathematical issue there, as well. But it is indeed, as you said, we are participating, definitely, more and more in the new E-Mobility, and also, electrified chassis applications in China. We are perceived as an engineering powerhouse in China for China.

We are not importing engineering services from Germany, or the US into China. We have all the capabilities in China. We are in contracts with all significant Chinese domestics. And therefore, it's only a matter of time until that performance also in that market will normalize. The big unknown is, of course, as you know, there are a lot of

Chinese OEMs, which, most of the times, we here in the western world, don't even know the names.

But it's now important to really filter the few OEMs that will also have the staying power, and therefore will provide a sustainable business and cooperation model for us. I think we are doing a very good job in selecting the OEMs in China, where we see a high likelihood of sustained growth. And therefore, I'm optimistic for our performance also in the Chinese market.

I think I said it before, you sounded a little different, it's not a matter of quarters, it's not a matter of weeks, it will be a turnaround as the new models will phase in. And again, the special impact BYD, just because it's so significant for this market, it needs to be observed, as well. But I'm optimistic that in 2024, we will see, or starting to see also in China a normalization.

Akshat Kacker, JP Morgan

Understood. Very clear.

Horst Schneider, BofA

Good morning, good afternoon. Thanks for taking my questions too. I have got also a few questions relating to the outlook, as you can imagine. So, when we look at the Group Guidance 6% to 9% margin. I mean it's a range, so therefore, the base case, I assume that you assume midpoint of the range, which means for old Schaeffler, that the situation is not getting worse, it's rather getting better, means slight revenue growth and also, given that maybe items, such as overhead costs, come down, that the margin can be slightly up, and there should also be some leverage. If you could confirm that.

You made already a statement on Industrials. Maybe you can give more comment on Aftermarket, which was also less affected by the merger with Vitesco. Here, the margins, I assume, can stay high.

They are already. We come from a very strong 23, but I assume they can stay that high. And also, here, the revenues will slightly increase, if you could confirm that. And then last one, follow-up on Automotive, itself. You alluded to the performance in the various regions, but what is your underlying assumption on Light Vehicle Production for 2024?

Klaus Rosenfeld

Horst, thanks for the questions. I could give you the answers, and just confirm your assumption on one, confirm your assumption on two. And let's look to the appendix, because there, you have the underlying assumptions for light vehicle growth. But let

me give you a little bit more colour. First, on the margin outlook. Yes, it's a 300 basis points range, 6% to 9%.
The midpoint of the range is never a bad guide, but let’s also not forget, this is also on a consolidated basis. When and how Vitesco will come in remains to be seen. So, we put a little bit of caution around this. Leading to your second point. Yes, we believe the Aftermarket was not exceptionally strong only in 2023. All the trends the first information for 2024 indicates that this is continuing to go well, and that clearly helps also the margin.
If you then think that through, what we said about Industrial, I think that gives you a little bit more colour. And in terms of the Automotive Technologies number, on page number 39, we said around 90. That means that at the moment, we assume that the market is not going to grow. We had 90.1 mn cars in 23, and that's also, at the moment, what we more or less assume for Schaeffler going forward. So, no growth, that means it needs to come from market share gains.

Horst Schneider, BofA

Okay, that's great. Just a quick follow-up. In this Guidance, also in this Group Guidance and for 2024, there is no purchase price allocation that becomes relevant.

Klaus Rosenfeld

No. That's confirmed. We are doing it with what is called a “Buchwertverknüpfung”, and therefore, no PPA in that number. There is a little bit of an PPA impact in the at equity, but that's not relevant for the margin.

Horst Schneider, BofA
Okay, that's great. Thank you so much.

Klaus Rosenfeld
You are welcome.

Marc-René Tonn, M.M. Warburg
Hello, and thank you for taking my questions, as well. The first one would be on the development of profitability, and also, let’s say sorry for still talking in the old scope of the business, which you see in the current year, when it comes to growth in Automotive OE and efficiency gains versus inflationary cost development. What your expectations would be for this division? Would be interesting to learn about.
And secondly, when looking at your very strong Free cash flow generation, and also, the very stringent and great success you show in working capital. When you look back a bit to the historical figures, I think the only item where you had been better in the past was inventory turnover. Is there still potential to improve that in the future, admittedly, in the old Schaeffler world?
Or is it something that is now a bit structurally lower, perhaps with reshoring and nearshoring, when compared to previous times? Thank you.

Claus Bauer
Thank you very much for your questions. I will start with the second one. The inventory and inventory optimization is closer to my heart, as the CFO, although I have to say that I don't think that reducing inventory and inventory turns for the total operation is sufficient enough to really optimize it, and not just minimize it. You'll see that the relative weight of our Automotive Aftermarket business is increasing.
You see also the Profit contribution that this division is providing, and therefore, that division comes then with a higher inventory need, to fulfil the service levels that our customers require, and that's really necessary to have the success in the marketplace.
So, I think it's also a little bit relative to the weight of the different divisions, for sure.
Industrial is then a mixed bag between a little bit more like the Automotive turns on the OEM side. And then a little bit more like Automotive Aftermarket in the Distribution business, also heavy on inventory. So, we're really trying to optimize the inventory by business model. And I wouldn't be the CFO, if I wouldn't say there's always improvement possible.
But I think the improvements that we have made, especially in inventory, and also, the reduction of slow-moving inventory and the kind is satisfactory. To your first question, that was, I think, in regard to how we view the margin development in our Automotive business. I think we were transparent and clear about that, that any

volume increases in the Engine and Transmission and Bearings related businesses would use existing capital.
We are not at full capacity therefore, the relative weight of the sales mix is going towards the mature business. We will immediately, from a margin impact, also profit from and benefit from an increased fixed cost absorption of that capital, and therefore, I think we will see similar patterns in that regard in 2024, as we have seen in 2023.
So, therefore, with also the ongoing and continued effort to improve efficiency on the shop floor, I think I would see definitely tailwind in the margin for that business. But remember, also one part of the business, the Bearings business, will now be reported 2024 in the Bearings & Industrial Solutions area. So, you will see that maybe also in the restated numbers, that might shift a little bit. But on a relative basis, there's a clear tailwind from fixed cost absorption, and efficiencies on the shop floor.
You also mentioned inflation. Inflation is not the topic that it was two years ago, based on material, but we definitely have to experience and address wage inflation, and that's what we are doing, but from a pure pricing pattern with Automotive OEM customers, I think we will be going more in the direction of a normal contractual price reduction than further price increases as we have seen the last two years.
And I think I called it , in the last call, we are now playing defence, not offence, so we are not going for price recovery of inflation, we are just defending the prices that we have achieved in the past. You might remember that we said, we did not negotiate recoveries of inflation on an annual basis in the past. We increased prices, and these price increases are obviously carrying over in the new year.
And that's the same situation now, and we just have to defend these prices to protect our margin and to cover wage inflation.

Marc-René Tonn, M.M. Warburg

Thank you very much. One short follow-up, if I may. You talked about the Automotive Bearings business, and if I remember it correctly, for the lets say Industrial business old, you had this 2025 margin target of 12% to 14%. Can you give us some indication on how this business compares to that number?

Claus Bauer

I think we will guide once we have a fully developed business plan. Klaus indicated, a little bit, the timing of that in other calls already, so we try, early in the second half of this year, to have a combined business plan. And then also, prepare for orderly Guidance. Then again, on a divisional level, for 2025, I have to ask for your patience in this transitionary period.

But it's clear that the Automotive Bearings margin is not at the Mid-Term Targets of Industrial. So, there will be a dilution effect, margin dilution effect.

Marc-René Tonn, M.M. Warburg
Perfect. Thank you very much.

Michael Raab, Kepler Cheuvreux
Hi. Thanks. Michael Raab, Kepler Cheuvreux. I'm afraid I've got to get back to your full year Guidance of 6% to 9% adjusted EBIT margin. Just a very simple technical question, does the EBIT number embrace the at equity income contribution from Vitesco for the first nine months?

Klaus Rosenfeld
No

Michael Raab, Kepler Cheuvreux
It does not?

Claus Bauer
Yes, it does.

Michael Raab, Kepler Cheuvreux
It does. Ok. That triggers a follow-up.

Klaus Rosenfeld
Sorry, my mistake, it includes.

Michael Raab, Kepler Cheuvreux
No worries. So, it does include it? Because I realized you also included in the past in your adjusted EBIT number, the income from associates.

Klaus Rosenfeld
Yes

Michael Raab, Kepler Cheuvreux
Okay. So, you confirm it's also gonna to be the case with the first nine months' contributions from Vitesco.

Claus Bauer
You might remember, Michael, we changed the accounting policy for at equity a few years back, when it was actually a negative impact. We obviously hope it will be a positive impact this year.

Michael Raab, Kepler Cheuvreux
Yes, you're right. I do remember. Also, I'm growing older. On to the other question, and I guess you can already guess what the follow-on question is. Out of 6% to 9% EBIT margin that you're guiding for, how much would the first nine months Net Income contributions from the Vitesco account for, please?

Claus Bauer
We simulated that in different scenarios. And now, if we would be too clear on that, obviously, we would also release information about Vitesco planning, which I think I'm not authorized to do. But you can be assured that that we simulated it on a quarterly contribution level, not just on the total year.

Also, if you look at Vitesco, their normal seasonal pattern is not linear throughout the quarters. So, all that is included in our thinking about our Guidance.

Michael Raab, Kepler Cheuvreux
I accept this is as far as you can go, telling us details about this. Thank you.

Klaus Rosenfeld
Very kind, Michael.

Stephanie Vincent, BofA
Hi. Thank you so much for taking my questions. You have had some commentary about content per vehicle for Chinese OEMs. I'm just wanting to know, post the content per vehicle question, if you can give any qualitative or quantitative comments about not only the changes in content per vehicle, but also, the changes in EBIT margin, and potentially, cash flow and working capital that maybe we would under appreciate, as that transition continues.

Claus Bauer
I’m not sure I understood the question. Did you?

Stephanie Vincent, BofA
What you were just talking about, as Chinese OEMs are gaining market share, so as they gain market share, you've already talked about the changes in content per vehicle with those new customers. But also, any indication of how that would impact profitability, as well as cash flow generation, versus your legacy business.

Claus Bauer
I cannot specifically answer that now to that market segment. What I can tell you is that our capital employed in total in China is similar than in others, also related to the customers. I think that is also a very important comment that I also made during the presentation. I think our approach to China is no different then in any other region.

There is, obviously, central support, but the real customer relationship and customer developments, and for new products and new applications, is in the region for the region. So, the capital deployed, capital employed, and the resources deployed, also human resources, are similar in China than you would see in Europe and the Americas.

So, therefore, obviously, we are all hearing about the price competition in China, but again, we are conquering and addressing the price competition, also with our own cost structure in China for China. We don’t have now to mitigate expensive German resources in a price competitive market.

So, I think everything being the same, and I understand that it is a very high level generalization, but I would not see a big difference between the financial KPIs in China with Chinese OEMs than anywhere else.

Stephanie Vincent, BofA
That's helpful. And then just a follow-up question about your comments on the annual report about the US strike. Did you have a sales and EBIT impact for that for 2023 that won't be repeated in 2024? Or was that all made up in Q4 2023?

Klaus Rosenfeld
It's all made up in Q4. It's a small impact.

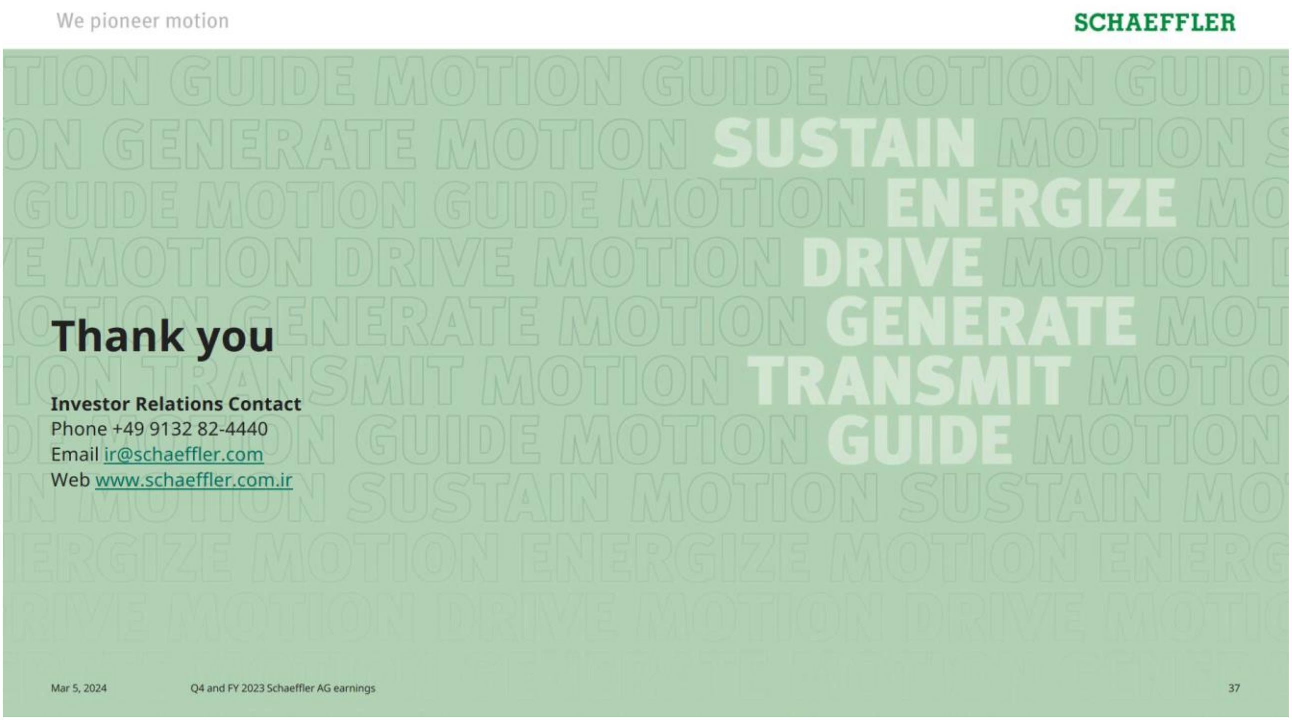
Stephanie Vincent, BofA
Perfect. Thank you.

Klaus Rosenfeld
You are welcome.

Well, ladies and gentlemen, thanks for all the interest. Thanks for the questions. As we said, the year 2023 is over. 24 is a transition year. We have a big project in front of us. We are addressing this with all our responsibilities. And we are convinced that this will be a very interesting journey from here to the leading motion technology company.

Thanks for staying with us. Thanks for the interest, and we'll keep you updated on whatever is happening in the next weeks and months to come. Thanks a lot. All the best, and bye, bye.

Backup



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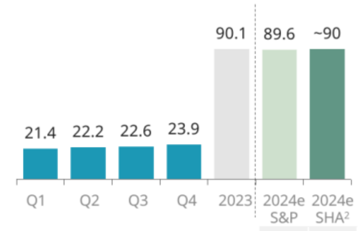
Market assumptions and implications – Environment to remain challenging in 2024

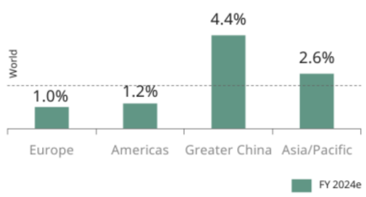
Automotive Technologies – Global LVP[1] 2024



yoy vs. 2023 **-0.5%** **~0%**

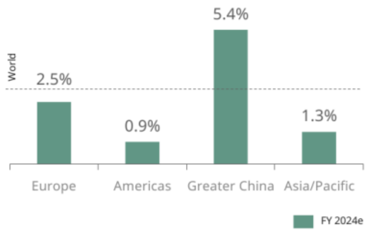
- Schaeffler expects a similar LVP of around 90 mn in 2024 vs. 2023, taking into account the Forecast of S&P Global Mobility and own considerations
- Generally, due to uncertainties (e.g., political and economic environment, customer behaviour), we see challenges for the car markets in all major Regions

Vehicle Lifetime Solutions – Global LV Parc[3]



- Growth rate of Global LV Parc[3] with 2.0% for 2024 slightly lower than in 2023 (2.4%). The average age will increase in 2024 to 11.3 years (2023: 11.1 years) due to lower sales of new cars, in conjunction with lower replacement rate of vehicles in operation
- Like in previous years, the highest growth rate is expected for region Greater China (4.4%)

Bearings & Industrial Solutions – Industrial Production[4]



- Global Industrial Production[4] expected to grow by 3.0% in 2024 (2023: 2.8%) according to S&P Global Market Intelligence (January 2024)
- Gradual market recovery across multiple sectors expected especially for the second half of 2024, for example in Greater China, but still subject to uncertainties

[1] Includes content supplied by S&P Global Mobility© [IHS Markit Light Vehicle Production Forecast (Base), January 2024]. All rights reserved. | [2] Schaeffler AG | [3] Includes content supplied by S&P Global Mobility © [IHS Markit Vehicles in Operation (VIO) Forecast, October 2023]. All rights reserved. | [4] Includes content supplied by S&P Global Market Intelligence © [Comparative Industry Service Forecast, January 2024]. All rights reserved. Sectors considered: Mechanical Engineering (ISIC 28), Transport Equipment (ISIC 30), Electrical Equipment (ISIC 271)

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Key figures Q4 and FY 2023

in EUR mn	Q4 2022	Q4 2023	Q4 2023 vs. Q4 2022	FY 2022	FY 2023	FY 2023 vs. FY 2022
Sales	4,019	4,043	+0.6% / +3.3%[1]	15,809	16,313	+3.2% / + 5.8%[1]
Gross Profit ***Gross margin***	893 *22.2%*	820 *20.3%*	-72 mn *-1.9pp*	3,579 *22.6%*	3,596 *22.0%*	+17 mn *-0.6pp*
EBIT[2] ***EBIT margin[2]***	233 *5.8%*	222 *5.5%*	-11 mn *-0.3pp*	1,046 *6.6%*	1,187 *7.3%*	+141 mn *+0.7pp*
Net income[3]	82	-107	-189 mn	557	310	-248 mn
EPS[4] (in EUR)	0.12	-0.16	-0.28	0.84	0.47	-0.37
Schaeffler Value Added[5]	170	239	+70 mn	170	239	+70 mn
ROCE[6]	11.9%	12.5%	+0.6pp	11.9%	12.5%	+0.6pp
Free Cash Flow[7]	244	210	-35 mn	280	421	+141 mn
Capex	240	273	+33 mn	791	938	+147 mn
Net financial debt	2,235	3,189	+954 mn	2,235	3,189	+954 mn
Leverage ratio[8]	1.1x	1.5x	+0.4x	1.1x	1.5x	+0.4x
Headcount	82,773	83,362	+0.7%	82,773	83,362	+0.7%

[1] FX-adjusted | [2] Before special items | [3] Attributable to shareholders of the parent company | [4] Earnings per common non-voting share | [5] Defined as EBIT before special items LTM minus Cost of Capital (10% × Ø Capital Employed) | [6] Before special items, LTM | [7] Before cash in- and outflows for M&A activities | [8] Net financial debt to EBITDA ratio before special items

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Sales Performance Q4 2023 – Strong polarization across Regions and Divisions

Q4 2023[1]	% of Group Sales	Automotive Technologies 62%	Automotive Aftermarket 13%	Industrial 25%	Region Growth
Europe	45%	+15.6%	+0.2%	+2.2%	+8.8%
Americas	21%	-9.6%	+7.9%	+10.6%	-3.0%
Greater China	21%	+7.8%	+43.8%	-20.1%	+0.3%
Asia/ Pacific	13%	+0.5%	+5.3%	+4.8%	+2.0%
Division Growth		+5.3%	+4.2%	-1.7%	+3.3%

Mar 5, 2024 Q4 and FY 2023 Schaeffler AG earnings

[1] Q4 FX-adjusted Sales growth

Q4 Sales growth[1]

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Automotive Technologies – Strong margin[2] driven by good momentum in mature business

Sales by business division yoy growth

	FY 2022	FY 2023	Δ[1]
E-Mobility	1,346	1,312	+0.0%
Engine & Transmission	5,153	5,306	+5.3%
Bearings	2,625	2,697	+5.6%
Chassis Systems	374	457	+24.1%
Total	**9,498**	**9,772**	**+5.4%**

Outperformance Q4 Sales[1] vs. market development

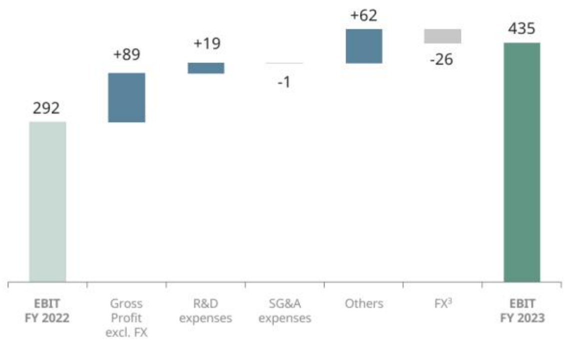
	World	Europe	Americas	Greater China	Asia/Pacific
Q423	-3.7pp	+10.2pp	-13.1pp	-11.4pp	-2.4pp
FY22	+1.0pp	+10.2pp	+5.2pp	-7.8pp	-5.1pp

Production of light vehicles Q4 2023 vs. Q4 2022 (S&P Global Mobility ©, January 2024)[4]

Sales growth Schaeffler Automotive Technologies Q4 2023 vs. Q4 2022

EBIT[2] FY 2022 vs. FY 2023

in EUR mn



EBIT margin development[2]

3.1% 4.5%

Mar 5, 2024 Q4 and FY 2023 Schaeffler AG earnings

[1] FX-adjusted | [2] Before special items | [3] Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses | [4] Includes content supplied by S&P Global Mobility© [IHS Markit Light Vehicle Production Forecast (Base), January 2024]. All rights reserved.

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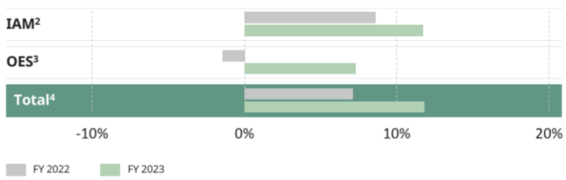
Automotive Aftermarket – Double-digit sales growth[1], very strong EBIT margin[5]

Sales by region yoy growth

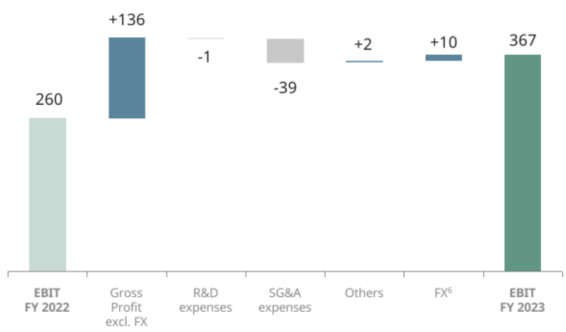
	FY 2022	FY 2023	Δ[1]
Europe	1,358	1,497	+10.3%
Americas	434	478	+12.0%
Greater China	117	139	+28.7%
Asia/Pacific	132	139	+11.8%
Total	**2,040**	**2,253**	**11.8%**

Automotive Aftermarket Sales growth by channel[1]



EBIT[5] FY 2022 vs. FY 2023

in EUR mn



EBIT margin development[5]

12.8% 16.3%

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

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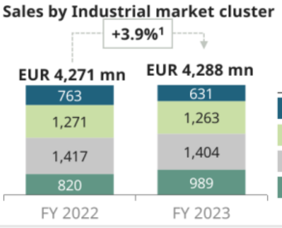
Industrial – All Regions growing except China, EBIT margin[2] below prior year

Sales by region yoy growth

	FY 2022	FY 2023	Δ[1]
Europe	1,756	1,867	+7.0%
Americas	742	800	+11.3%
Greater China	1,156	1,009	-6.3%
Asia/Pacific	617	612	+5.3%
Total	**4,271**	**4,288**	**+3.9%**

Sales by Industrial market cluster yoy growth

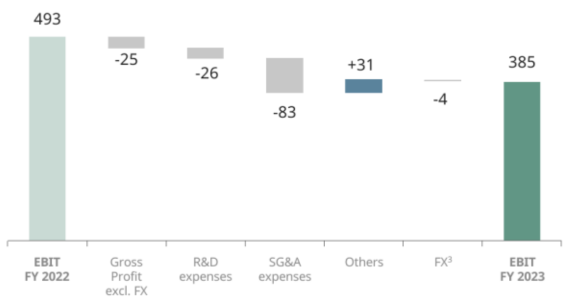
Industrial Distribution is 29.0% of FY Sales



	yoy growth[1]
Renewables	-12.4%
Transportation & Mobility	+1.9%
Machinery & Materials	+2.7%
Industrial Automation	+28.5%

EBIT[2] FY 2022 vs. FY 2023

in EUR mn



EBIT margin development[2]

11.5% 9.0%

[1] FX-adjusted | [2] Before special items | [3] Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses

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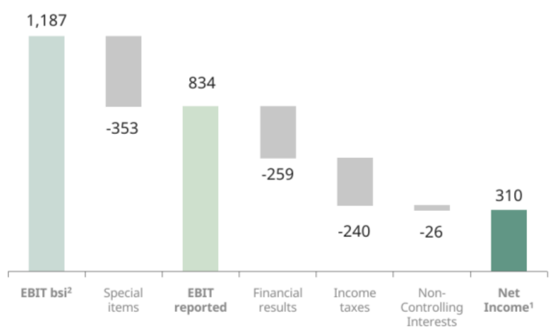
Net Income[1] – EBIT reconciliation and special items

Reconciliation FY 2023 in EUR mn



EBIT margin

EBIT bsi	EBIT reported
7.3%	5.1%

KEY ASPECTS

- Special items amounted to EUR 353 mn in FY, mainly related to valuation of energy forward contracts and expenses from recognizing the obligation to acquire Vitesco shares tendered under the public Tender Offer
- Financial Result lower yoy due to higher interest payments and higher expenses for interests on pensions

Special items by Division

in EUR mn	Q4 22	Q4 23	Q4 23 vs. Q4 22	FY 22	FY 23	FY 23 vs. FY 22
EBIT reported	**145**	**-15**	**-160**	**974**	**834**	**-140**
Automotive Technologies	+69	+149	+80	+39	+204	+165
Automotive Aftermarket	+5	+29	+24	+5	+31	+26
Industrial	+14	+60	+46	+28	+118	+90
Group	+88	+238	+150	+72	+353	+281
EBIT bsi[2]	**233**	**222**	**-11**	**1,046**	**1,187**	**+141**

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

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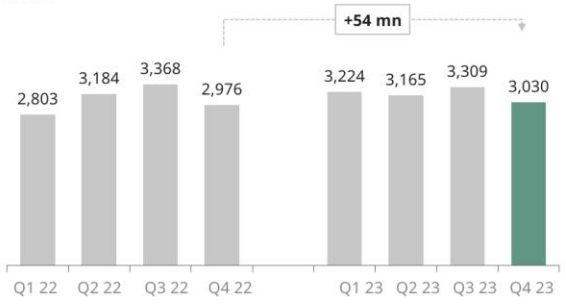
Working Capital ratio 18.6% – Capex ratio 6.7% in Q4

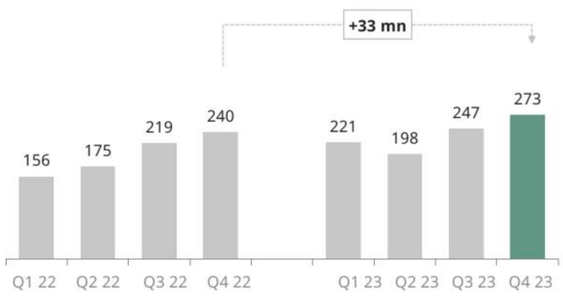
Working capital[1]
in EUR mn



in % of Sales (LTM)

Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
20.0%	22.1%	22.0%	18.8%	19.9%	19.2%	20.3%	18.6%
18.8%				18.6%			

Capex[2]
in EUR mn



in % of Sales

Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
4.2%	4.6%	5.2%	6.0%	5.3%	4.9%	6.1%	6.7%
5.0%				5.7%			

[1] According to balance sheet; figures as per the end of period | [2] Cash view

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Automotive Technologies (AT) outperformance by quarters

Adjusted comparative figures 2022

FY 23 Outperformance: -4.0pp

	Q1 23 S&P[1]	Q1 23 AT[2]	Q1 23 Outper-formance	Q2 23 S&P[1]	Q2 23 AT[2]	Q2 23 Outper-formance	Q3 23 S&P[1]	Q3 23 AT[2]	Q3 23 Outper-formance	Q4 23 S&P[1]	Q4 23 AT[2]	Q4 23 Outper-formance
World	+7.4%	+6.0%	-1.4pp	+16.8%	+10.7%	-6.1pp	+5.1%	+0.2%	-4.9pp	+9.0%	+5.3%	-3.7pp
Europe	+14.9%	+15.1%	+0.2pp	+14.7%	+14.5%	-0.2pp	+6.3%	+4.7%	-1.6pp	+5.4%	+15.6%	+10.2pp
Americas	+9.9%	+0.8%	-9.1pp	+13.6%	+1.6%	-12.0pp	+6.5%	-3.8%	-10.3pp	+3.5%	-9.6%	-13.1pp
Greater China	-4.1%	-8.2%	-4.1pp	+22.6%	+15.2%	-7.4pp	+3.1%	-4.1%	-7.2pp	+19.2%	+7.8%	-11.4pp
Asia/Pacific	+13.0%	+15.5%	+2.5pp	+14.6%	+10.1%	-4.5pp	+5.7%	+4.1%	-1.6pp	+2.9%	-3.0%	-2.4pp

FY 22 Outperformance: +1.0pp

	Q1 22 S&P[1]	Q1 22 AT[2]	Q1 22 Outper-formance	Q2 22 S&P[1]	Q2 22 AT[2]	Q2 22 Outper-formance	Q3 22 S&P[1]	Q3 22 AT[2]	Q3 22 Outper-formance	Q4 22 S&P[1]	Q4 22 AT[2]	Q4 22 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	-14.7%	-2.0%	+12.7pp	-2.0%	+2.4%	+4.4pp	+25.1%	+33.6%	+8.5pp	+5.6%	+18.0%	+12.4pp
Americas	-3.6%	+0.3%	+3.9pp	+11.2%	+19.6%	+8.4pp	+24.9%	+22.0%	-2.9pp	+7.0%	+17.9%	+10.9pp
Greater China	+6.9%	-5.3%	-12.2pp	-4.3%	-14.8%	-10.5pp	+34.3%	+24.7%	-9.6pp	-5.3%	-7.4%	-2.1pp
Asia/Pacific	-4.0%	-8.3%	-4.3pp	+3.7%	-0.5%	-4.2pp	+30.5%	+12.9%	-17.6pp	+12.4%	+15.8%	+3.4pp

[1] Includes content supplied by S&P Global Mobility© [IHS Markit Light Vehicle Production Forecast (Base), January 2024]. All rights reserved | [2] FX-adjusted growth of Automotive Technologies division sales

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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	Q3 23	Q4 23
Sales	3,758	3,790	4,242	4,019	4,152	4,056	4,062	4,043
Sales Growth[1]	*+1.9%*	*+4.4%*	*+20.2%*	*+11.8%*	+10.4%	+9.8%	*+0.5%*	+3.3%
EBIT reported	247	186	395	145	244	283	322	-15
EBIT bsi	258	200	355	233	336	289	340	222
EBIT bsi margin	6.9%	5.3%	8.4%	5.8%	8.1%	7.1%	8.4%	5.5%

Automotive Aftermarket in EUR mn

	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Sales	464	506	548	523	582	549	584	537
Sales Growth[1]	*+2.1%*	*+4.4%*	*+5.6%*	*+16.8%*	*+25.7%*	*+10.2%*	*+8.8%*	*+4.2%*
EBIT reported	63	64	74	54	102	87	99	49
EBIT bsi	64	64	73	59	103	89	98	77
EBIT bsi margin	13.8%	12.7%	13.4%	11.2%	17.7%	16.3%	16.7%	14.4%

Automotive Technologies in EUR mn

	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Sales	2,292	2,221	2,554	2,430	2,440	2,400	2,440	2,492
Sales Growth[1]	*-3.2%*	*+1.3%*	*+25.2%*	*+9.9%*	+6.0%	+10.7%	*+0.2%*	*+5.3%*
EBIT reported	78	1	165	9	44	107	143	-63
EBIT bsi	81	11	122	78	105	102	142	86
EBIT bsi margin	3.5%	0.5%	4.8%	3.2%	4.3%	4.3%	5.8%	3.5%

Industrial in EUR mn

	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Sales	1,002	1,062	1,140	1,066	1,130	1,107	1,038	1,014
Sales Growth[1]	*+15.7%*	*+11.7%*	*+17.8%*	*+13.7%*	*+13.4%*	*+7.9%*	*-3.0%*	*-1.7%*
EBIT reported	106	121	155	82	98	89	80	-1
EBIT bsi	113	125	159	97	128	97	100	59
EBIT bsi margin	11.3%	11.7%	13.9%	9.1%	11.3%	8.8%	9.7%	5.8%

[1] FX-adjusted

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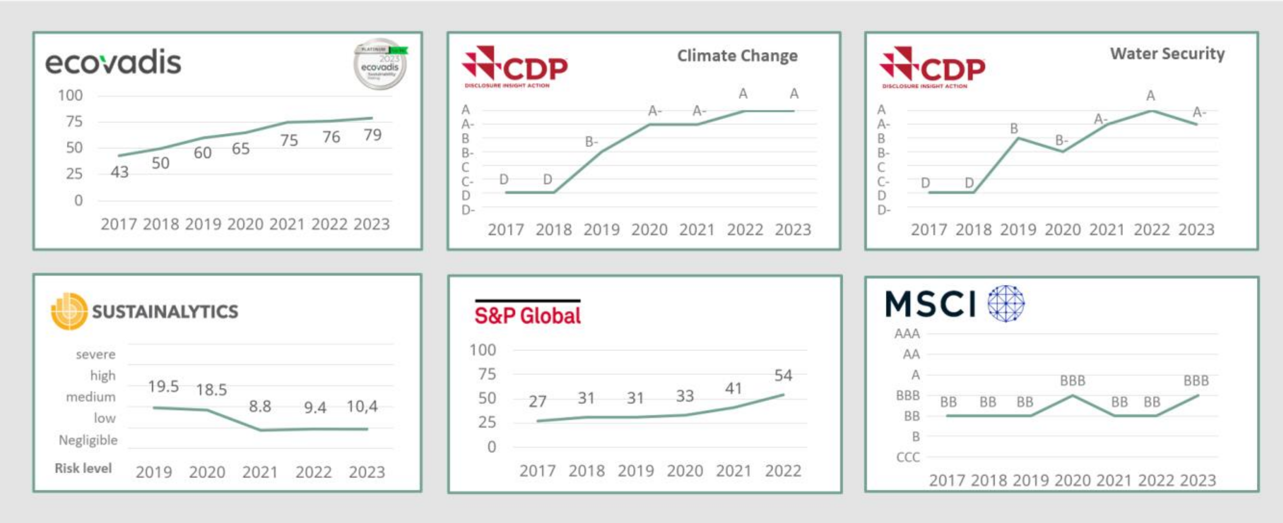
Overview Sustainability Ratings – Strong track record



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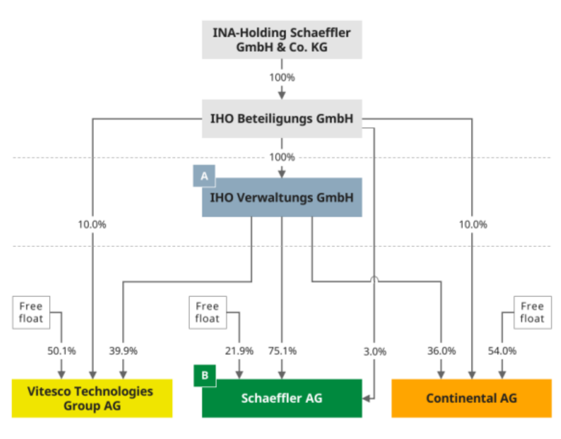
Overview Corporate and Financing Structure

Corporate structure (simplified) as of December 31, 2023



Financing structure as of December 31, 2023

A IHO Verwaltungs GmbH

	Debt instrument	Nominal USD mn	Nominal EUR[1] mn	Interest	Maturity	Rating Fitch/Moody's/S&P
Loans	RCF (EUR 800 mn)	-	120	E+3.25%	Jun-26	Not rated
Bonds	3.75% SSNs 2026 (EUR)	-	750	3.750%	Sep-26	BB/Ba2/BB-
	4.75% SSNs 2026 (USD)	500	453	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	407	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	362	6.375%	May-29	BB/Ba2/BB-
Total	**IHO Verwaltungs GmbH**		**3,392**	**Ø 5.40%[2,3]**		

B Schaeffler AG

	Debt instrument	Nominal USD mn	Nominal EUR[1] 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
	Term Loan (EUR)	-	125	undisclosed	Aug-27	Not rated
	EIB loan (EUR 420 mn)	-	-	undisclosed	undisclosed	Not rated
	Schuldschein Loans (EUR)	-	293	Ø 4.150%	May 25, 28 & 30	Not rated
	Bridge facilities (EUR 3,450 mn)[4]	-	-	E+2.00%	Oct-24	Not rated
CP	Commercial Paper (EUR)	-	90	4.15%	Jan-24	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**		**3,958**	**Ø 3.66%[3]**		

[1] EUR/USD = 1.1050 | [2] After cross currency swaps | [3] Incl. commitment and utilization fees | [4] Comprises acquisition bridge facilities of EUR 2,650 mn and back-up RCF of EUR 800 mn