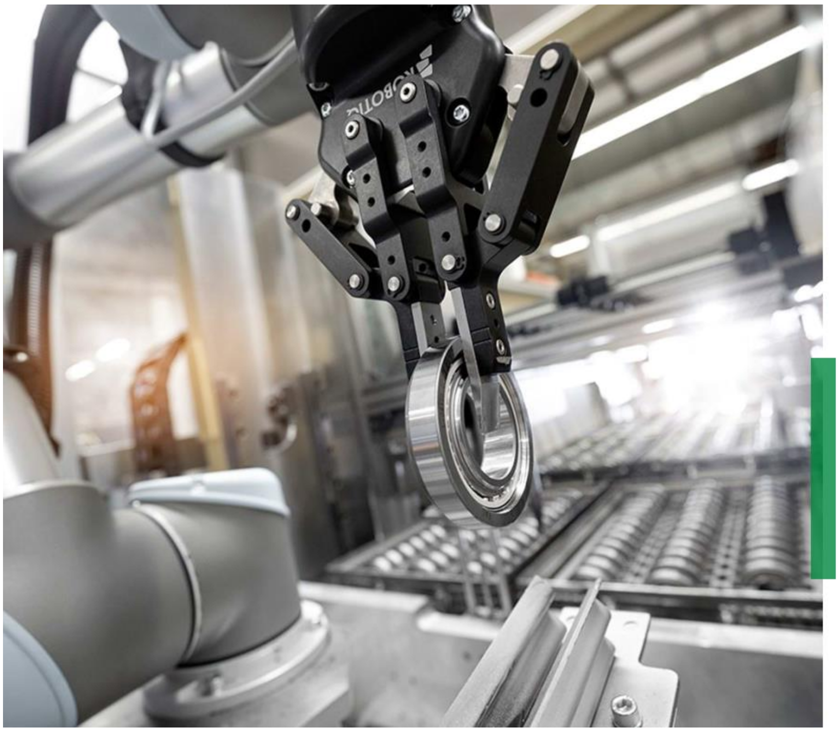
COMMENTED SLIDES / CONFERENCE CALL Q2 AND H1 2023 EARNINGS



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Q2 and
H1 2023
Schaeffler AG
earnings

August 2, 2023
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, *J.P. Morgan*
Horst Schneider, *Bank of America*
Sanjay Bhagwani, *Citi*
Markus Schmitt, *ODDO BHF*
Thomas Swift, *Morgan Stanley*

Renata Casaro

Dear investors, dear analysts, thank you for joining the Schaeffler Group's Second Quarter 2023 Earnings Call. As usual, our call will be conducted under the disclaimer. Without further ado, I will pass the floor onto Mr. Klaus Rosenfeld, CEO of the Schaeffler Group and to Mr. Claus Bauer, CFO. Klaus, the floor is yours.

Klaus Rosenfeld

Thank you, Renata, ladies and gentlemen. Welcome to our second quarter conference call. You all have the presentation in front of you that we published this morning, and I would immediately jump to Page number four, where you have the overview with the key messages.

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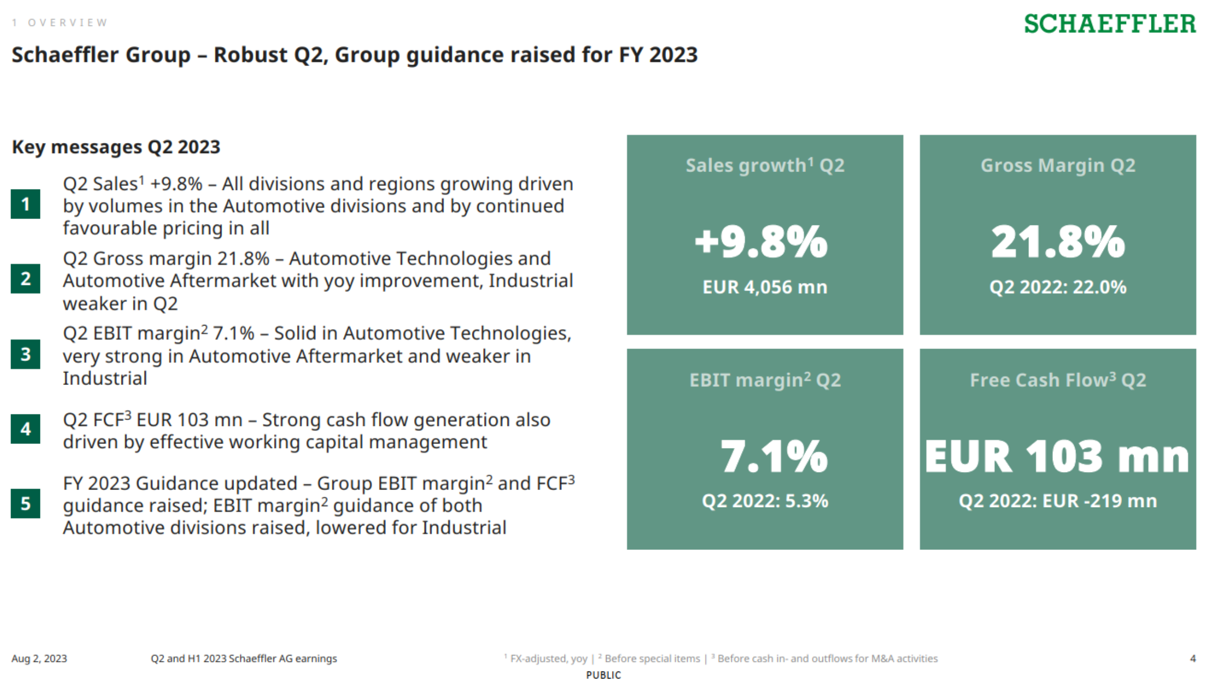

Klaus Rosenfeld

You saw the numbers. Q2 Sales up nearly 10%, driven by volume growth in the Automotive divisions and also by continued favourable pricing in all three divisions. Gross Profit margin in Q2 more or less in line with Q2 2022 at 21.8%, also here a function of the year-on-year improved margins in Automotive Technologies and Aftermarket, and a little bit of a weaker margin in Q2 for Industrial.

Then EBIT margin 7.1% in the quarter, 7.6% in the first half. Let me start again with Industrial. Weaker in Industrial, 8.8%, clearly a disappointment in Q2. On the other hand, a very strong margin in Automotive Aftermarket. Let's point to the first half. 17% in Automotive Aftermarket clearly speaks for itself, and I can say already here, upfront, that the positive trend also continues into Q3. And then solid in Automotive Technologies. You all remember Q1, where we posted 4.3%. Now another 4.3% in Q2 clearly led us to also the change in our divisional Guidance.

Before I come to this, very briefly on the Free cash flow, EUR 103 mn positive Free cash flow in the quarter, a significant improvement compared to the last year, and if you consider that again, for the half year, nearly EUR 30 mn, including significant one-off restructuring pay-outs of around EUR 150 mn, it tells you that the underlying Free cash flow generation is absolutely intact. It is driven by the EBITDA improvement but also by effective working capital management.

So, we are happy with this number, and that also then gave rise to the improved Free cash flow Guidance for the year. We have updated the Guidance, as you saw. A slightly different divisional mix, Industrial margin down and Aftermarket margin up, Automotive Tech margin up, and in total then a slight improvement in the group EBIT margin, 6% to 8%, and also Free cash flow up by EUR 50 mn while the growth rate for the full group is unchanged.

1 OVERVIEW

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Sales Performance Q2 2023 – Growth across all divisions and regions

Q2 2023[1]	% 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%

Aug 2, 2023 Q2 and H1 2023 Schaeffler AG earnings [1] Q2 FX-adjusted Sales growth, please refer to the Interim Report for further details Q2 Sales growth[1] 5

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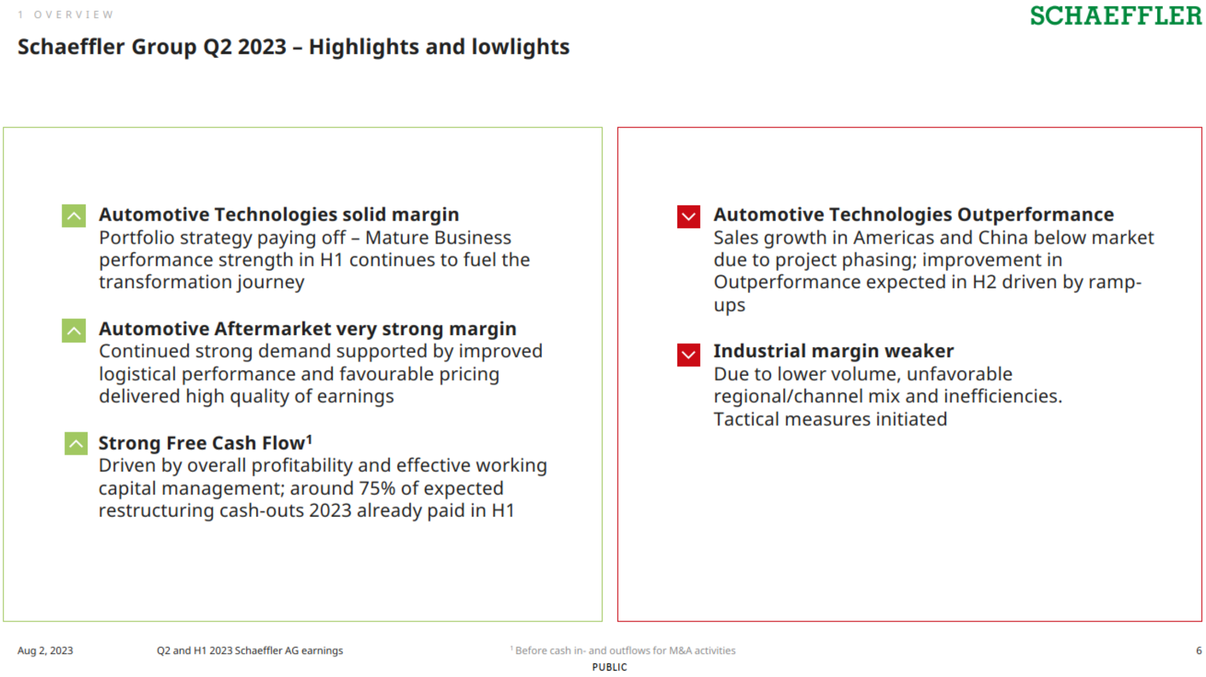
Let me come to the sales numbers on page number five. As I said, all divisions, all regions contributed to the growth. We all need to be aware of the lower comps in Q2, in particular when it comes to China. There, you see the significant growth rates in the line Greater China were 15% in Automotive Technologies and 12.8% overall.

But also Industrial already indicates that there is headwind, and we are expecting also headwind, going forward. If you want to read these numbers, we should always also be aware that there is an element of external growth in the Industrial division. The 7.9%, Claus, more or less two thirds of that come from the consolidation of Ewellix as of January 1, 2023.



Let me go to the highlights. I think you saw page six already. Automotive Technologies, solid margin. The 4.3% is an important number because it points to the lower end of our Mid-term Target, 4% to 6%. And we have always said that's what we are working towards, and that is also confirmed.

Then very strong in Aftermarket, high quality of earnings. All the levers point in the right direction. It's not only volume, it's also pricing. It is clearly the fact that the performance in AKO has improved. It is clearly the fact that Jens drives this business in a different direction than just selling spare parts. So, we're very happy about the Automotive Aftermarket development.

And then, together with the strong Free cash flow, that rounds the three highlights up. As I said, if you look through the printed number and also include the restructuring cash-outs that are running off, we think that this issue of Free cash flow remains a very important parameter going forward.

The two negatives or lowlights is, on the one hand, outperformance in Automotive Technologies. Still no outperformance here. And that has to do with project phasing and also with the fact that certain of the ramp-ups, in particular in E-Mobility, are delayed.

We have always said outperformance is something that is not to be judged by a quarter. We have adjusted our outperformance downwards, from 2% to 5% to 0% to 3%, and we are confident that that works. Long term, we have always said the 2% to 5% is on average. Let's see how the year 2023 progresses.

Let me also say here, upfront, in terms of Order Intake in E-Mobility, the same logic applies. We have always said EUR 2 bn to EUR 3 bn. Last year, we overachieved the EUR 2 bn to EUR 3 bn significantly. This year, we are in the first half a little bit softer, with only EUR 1 bn Order Intake in E-Mobility, but I can say we are very confident that we will achieve, if not overachieve, the EUR 2 bn to EUR 3 bn with what we're seeing for the second half of the year.
And Industrial margin I already commented on. The key here is, from my point of view, this is a temporary situation. We are confident that we can continue to grow in 2024. The second half is a half where we will see further headwinds. China may be one of the things to watch out for, but Stefan has initiated the right temporary tactical measures to counterbalance that situation. These measures are in particular cost-driven, but also efficiency-driven when it comes to the plant performance.

So that's the highlights and lowlights. Let me quickly go through the three divisions.

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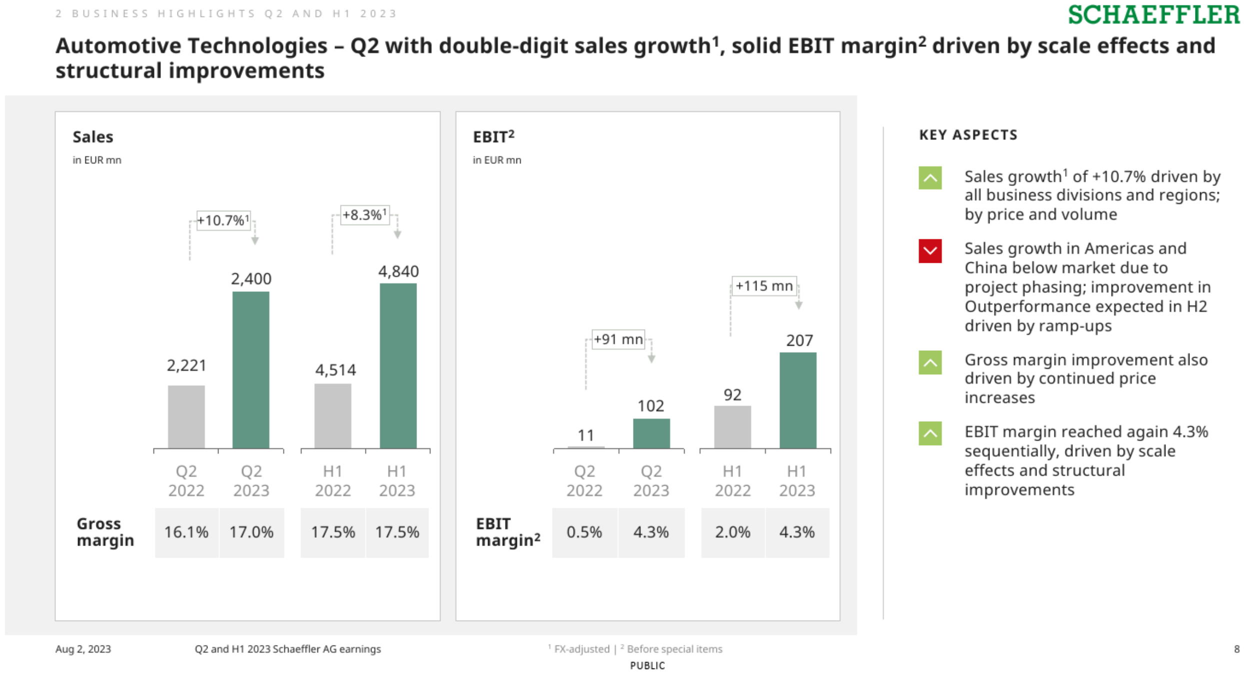
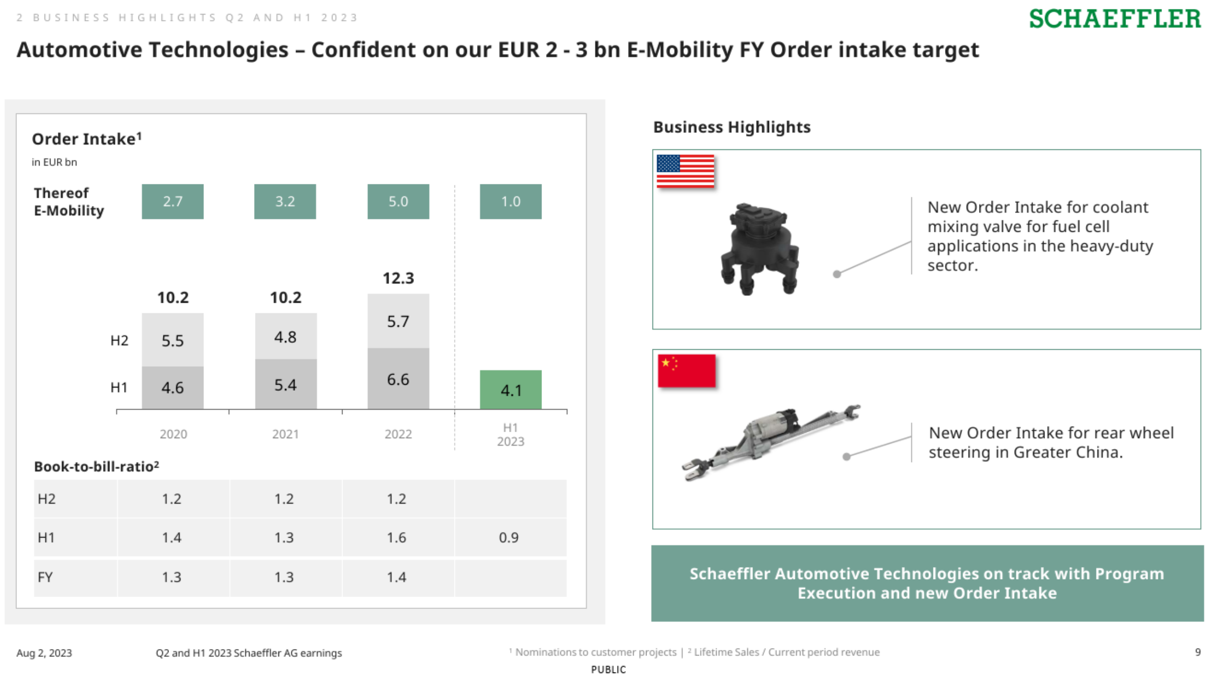


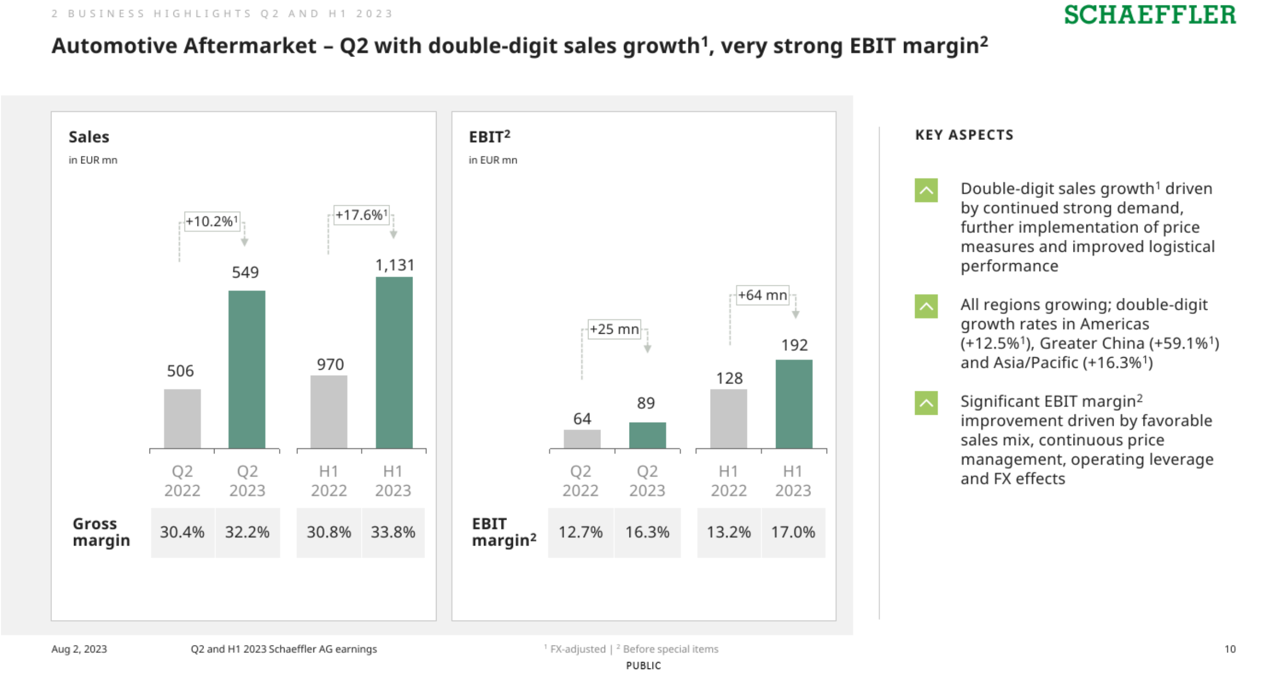
You see on page eight the main numbers that are already described, and I think I don’t have to say much more here. Claus is going to take this over.

What I would like to say and point out is, if you look at the Gross Profit margin, the health indicator of the business, that is stable over the half year and improved in Q2. And that is clearly also positively impacted by continued price increases. In general, we can say we are on a very good track here to push for the increases and also get this agreed with our main customers.

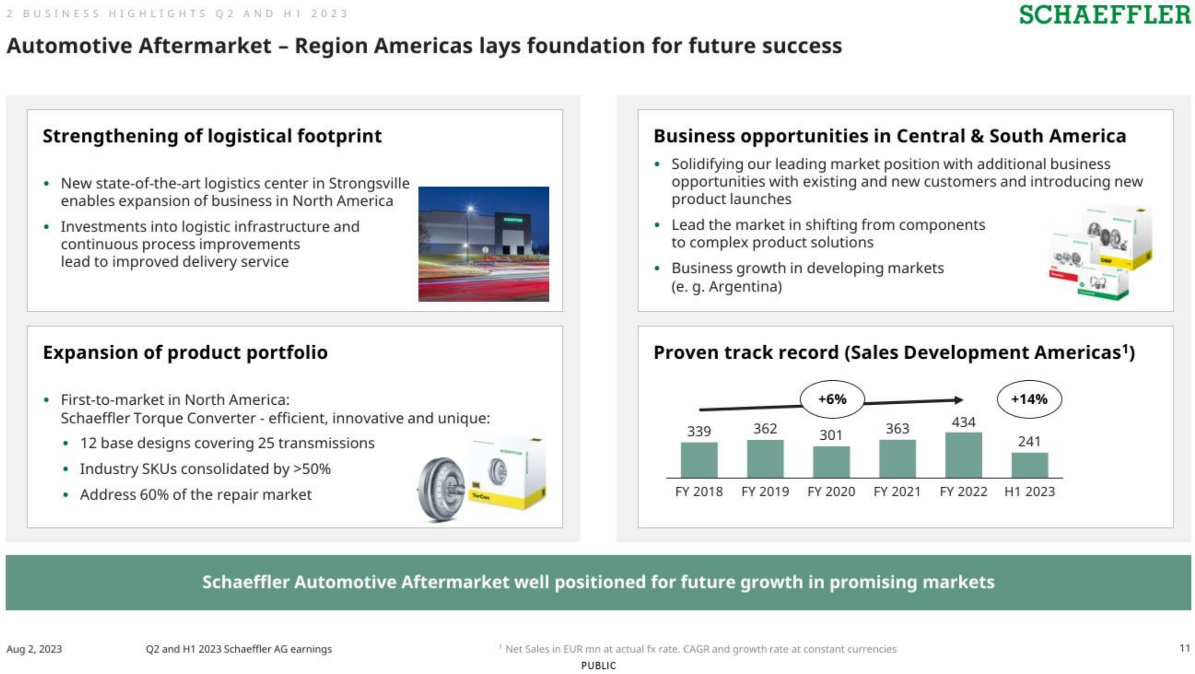


In terms of a little bit more insight in Orderbook, in Order Intake, you see on page nine what I already said. EUR 4.1 bn in the first half is lower than what we had in previous years. We had EUR 1 bn in E-Mobility. Yes, you are all focused on E-Mobility for good reason, but let me also say, we are making good progress in particular in the Chassis area. There are interesting developments in that area, also for customers that we have not had so far, and there are in the Chassis area also significant Order Intake potential for the quarters to come.

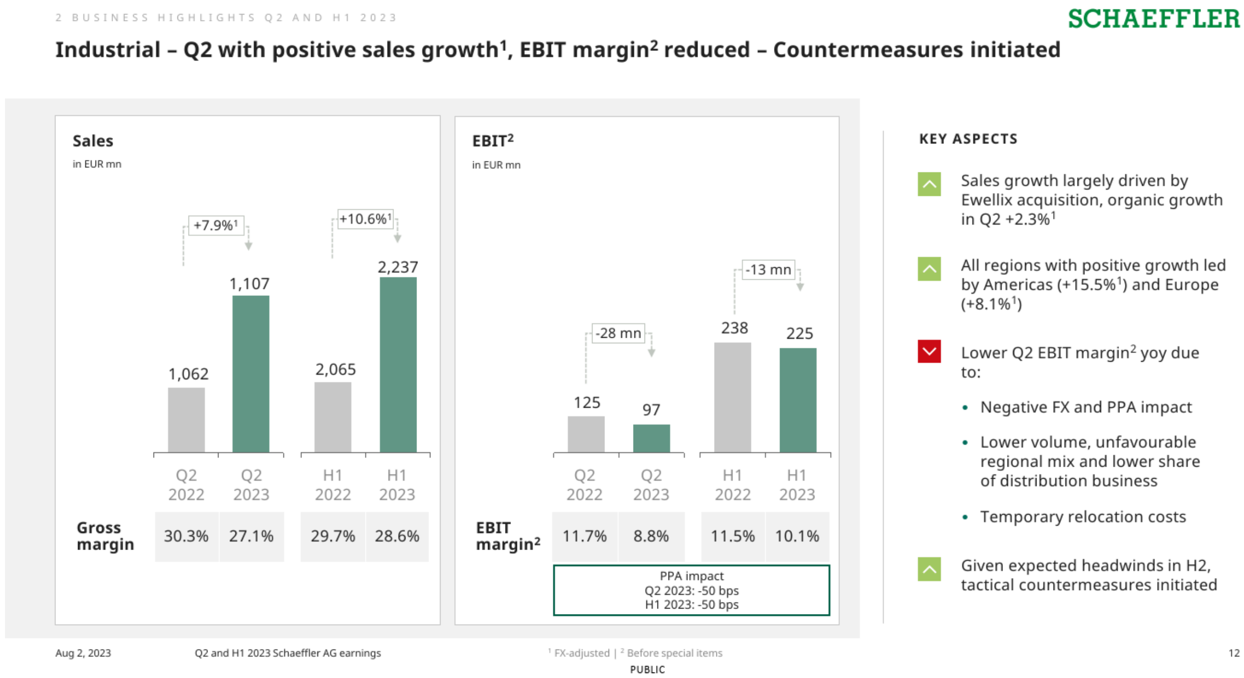
Two examples here. You understand that we can't give you the names. The one is a new Order Intake for a coolant mixing valve for fuel-cell applications in the heavy-duty sector, clearly something that we are looking at. And the other one is one of these Chassis things, a rear-wheel steering Order Intake with a significant number in China.



Automotive Aftermarket, as I said, everything on green, double-digit sales growth, strong demand across the regions. You see it here also in the second bullet point. 12.5%, Americas. Asia/Pacific, 16%. Greater China, from a pretty low base, even 60%. And all of that together with an EBIT margin improvement, 17%, gross margin improved, and clearly something where we are now benefiting from all the things that have been done to bring also our operating performance in line with what we wanted to see, so delivered what we promised. And as I said before, this trend seems to continue also into the second half.



Automotive Aftermarket, we have given you an extra page, on page 11, focusing on the region, Americas. And here, you clearly see again the combination of logistical footprint and expansion of the product portfolio, where we have initiated a specific Torque Converter initiative across the board. And that, together also with the regional focus not only on the US but also Central and South America, gives us significant further opportunity. A plus 14% sales increase in the first half speaks for itself.

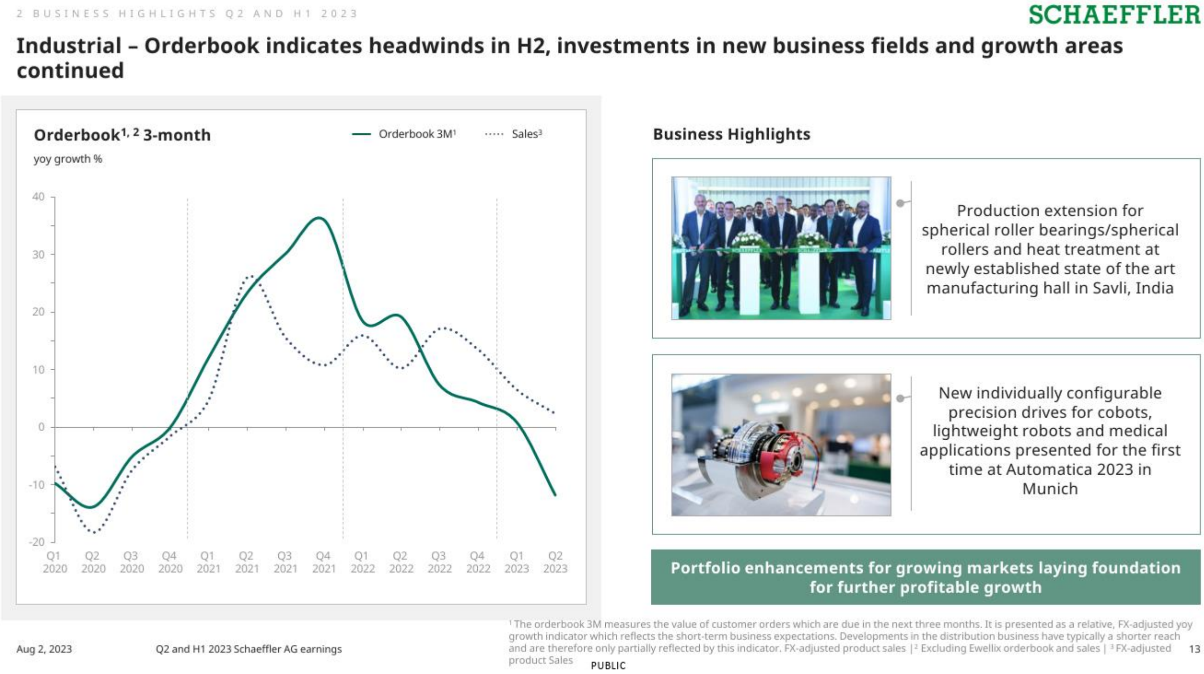


If you then go to the next page, you see Industrial. As I said, the 8.8% is a disappointment. On the positive side, we can say the division grew, largely driven by the Ewellix acquisition, still some organic growth, clearly positive impacted by price. Volume gets a little softer.

And on the margin side, I can basically say it's three things that have impacted here the margin level. If you take Q2, 11.7% to 8.8%, the 2.9% margin drop, again that should not be extrapolated for the rest of the year, is a function of negative FX and PPA impacts. Don't forget, we never adjusted previous year figures. So that's, as you see on the table, half a percentage point on that basis. Then FX explains another nearly 1% drop.

And then you have a mix of temporary relocation costs that we are still digesting, that's a function of the structural measures that were put in place, but also impact on the Gross Profit margin that comes from lower volume and a less favourable regional mix and, to some extent, a lower share of our Distribution business. Nothing unusual. We have seen this in downturns before.

So, the real task here for the management team is to put the right tactical, cost-driven countermeasures in place. That's initiated, and I'm confident that we will clearly secure the lower margin band from 9% to 11%. Stefan is working on this, and it's only a temporary issue, as we see it.



Page 13 shows you what's happened with the Orderbook. The Orderbook in Industrial is a different Orderbook than the one in Automotive Technologies. And that clearly indicates headwind in H2. Headwind comes from also the Chinese region, so we are adjusting for this.

As I said before, we see this as a temporary trend. At some point in time, the straight line will turn, as it has turned in 2020. And for that, we are continuing to invest in new business fields and growth areas. So once again, it's a temporary situation, and we clearly see the growth potential that is there and will follow up with this.

I spoke this morning at CNBC on the situation in India. India is one of the areas where we will continue to localize more, and that also goes for the new sectors like robots for medical applications. So, nothing to be too concerned about. It will be a second half with headwind, but we are positive on the outlook for 2024, and we are agreed to leave our Mid-term Target for Industrial with 12% to 14% in place.

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Capital allocation – Continued prioritization of Capex for growth business

Investment[1] allocation

in EUR mn

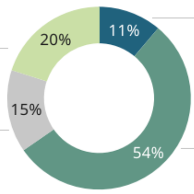
	FY 2021	FY 2022	Q2 2022	Q2 2023	H1 2023
Automotive Technologies	430	545	115	139	246
Automotive Aftermarket	20	40	9	13	24
Industrial	220	229	51	74	134
Schaeffler Group	**670**	**814**	**175**	**226**	**405**
Capex	**671**	**791**	**175**	**198**	**419**
Capex ratio[2]	**4.8%**	**5.0%**	**4.6%**	**4.9%**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

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[1] by region H1 2023

in EUR mn (yoy change)



Greater China **81** (+16)

Americas **59** (+13)

Asia/Pacific **45** (+3)

Europe **219** (+70)

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

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Last page before I hand over to Claus, Capital allocation. Nothing really dramatic here to report. We are continuing our discipline. The first half, 0.9% Reinvestment rate, EUR 419 mn of Capex. The focus areas are the same as in the past, continued prioritization of the Industrial division and E-Mobility, and that will also continue, going forwards.

In general, I can say the answer to this less globalized world is localization, in particular in the foreign markets like China, India and also the US. And we'll continue that path throughout the end of the year. With that, I hand over to you, Claus, for the detailed look into the numbers.

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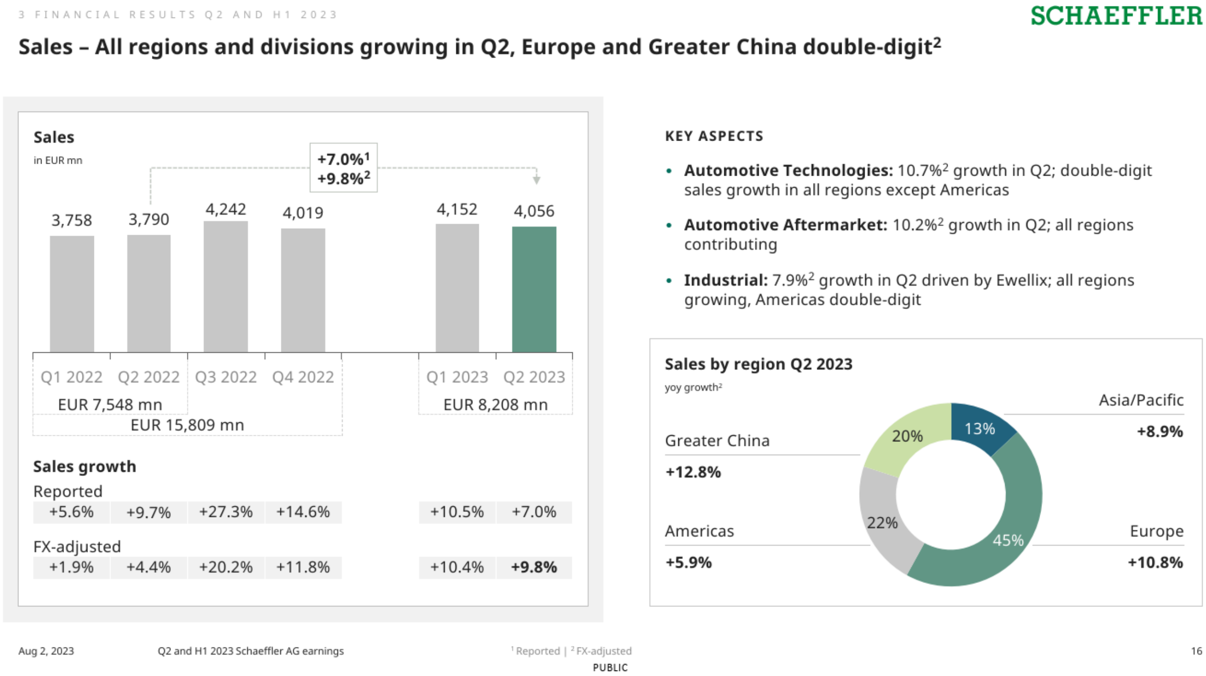

Claus Bauer

Yes, thank you very much, Klaus. Let's give the numbers a little bit more flavour. We start on the first page with Sales. Most of this was already presented by Klaus. Let me give maybe two additional comments here. You see first, on the left side, that we achieved the fourth quarter here consecutively with sales above EUR 4 bn. And on the right lower side, you see the sales contribution and growth by region, which clearly indicates what Klaus already said, that we achieved sales growth in every region.

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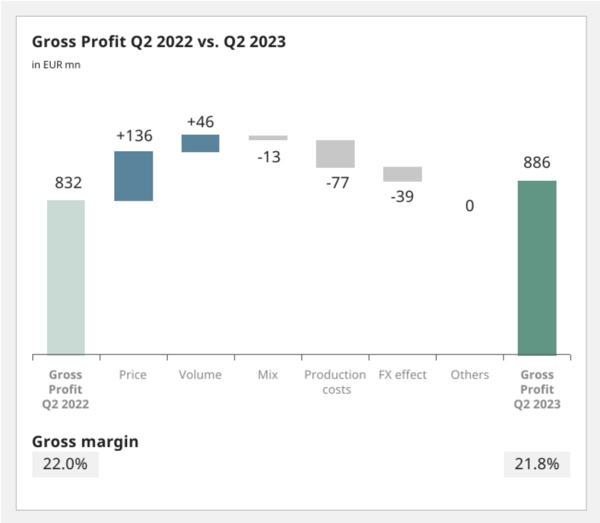
Gross Profit – Positive pricing and volume effects compensated higher productions costs and unfavourable FX



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
Automotive Technologies	16.1%	17.0%	+0.9pp	17.5%	17.5%	0.0pp
Automotive Aftermarket	30.4%	32.2%	+1.8pp	30.8%	33.8%	+3.0pp
Industrial	30.3%	27.1%	-3.2pp	29.7%	28.6%	-1.1pp
Group	22.0%	21.8%	-0.2pp	22.6%	22.8%	+0.2pp

On the next slide, we will talk about Gross Profit here. I think it will get a little bit more interesting. You see on the left side, in the waterfall chart, versus the prior year quarter, first of all, what Klaus already indicated, with EUR 136 mn a very solid price contribution to the Gross Profit as well as the top line.

You see then, with production costs with minus EUR 77 mn, that’s a lower number than the price increase, clearly indicating that we are successful in transporting the inflation into also our sales prices. It’s a bigger number, the sales price increase, also not because we over-recovered the inflation, but, and Klaus already alluded to that, there is also structural improvements in our production costs.

And obviously especially in the Automotive divisions, we also have a positive volume contribution in the fixed cost absorption. So, in general, from a net standpoint between price and production cost, a very positive contribution to our profitability.

You see then volume and mix, positive. That shouldn’t be a surprise here. And not the largest number in this waterfall chart, but I think still very relevant to discuss here, is the negative mix, with minus EUR 13 mn. That is really also indicative of what happened in our Industrial division.

We have a lower sales share in Distribution, and we have a lower sales share in Wind, particularly in China, which are good margin contributors and therefore have a little bit of a negative mix impact, even visible on a group level, as you see here.

And then you also see the negative foreign exchange impact there that Klaus also already mentioned. That’s almost one percentage point that we are losing with FX and again should then also clearly explain why we are, on a Gross Profit level, at the same level as last year, but actually would be ahead if we wouldn't have the negative foreign exchange impact. So implicitly, the margin improvement is about one percentage point, unfortunately offset with the negative foreign exchange impact. Everything else on that slide I think I will come to later in my presentation.

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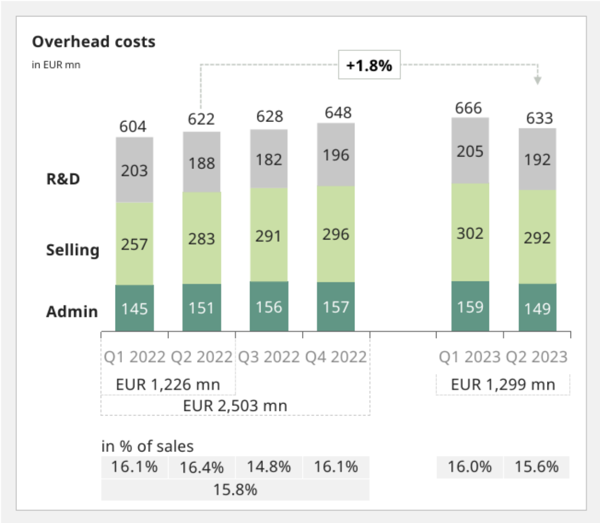
Overhead costs – Overhead cost ratio decreased based on volume related fixed cost absorption



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
Automotive Technologies	15.2%	13.4%	-1.8pp	15.1%	13.7%	-1.4pp
Automotive Aftermarket	18.9%	18.3%	-0.6pp	18.1%	18.2%	+0.1pp
Industrial	17.8%	19.1%	+1.3pp	17.9%	19.2%	+1.3pp
Group	**16.4%**	**15.6%**	**-0.8pp**	**16.2%**	**15.8%**	**-0.4pp**

Let’s switch to the next page, overhead expenses. You see overhead expenses are almost flat compared to prior year quarter. Even if you would adjust for the Ewellix acquisition, which as you know is consolidated in our group financials since the beginning of 2023, and if you would adjust prior year for the Ewellix impact on SG&A, then actually we would even show a slight reduction here.

And if you look at the very bottom right side, you’ll see that is mainly impacting Automotive Technologies. That’s what we mentioned already in the highlights. With structural improvements, Automotive Technologies really sees the full scaling effect in overhead expenses, with the good top line and stable overhead expenses on the other side.

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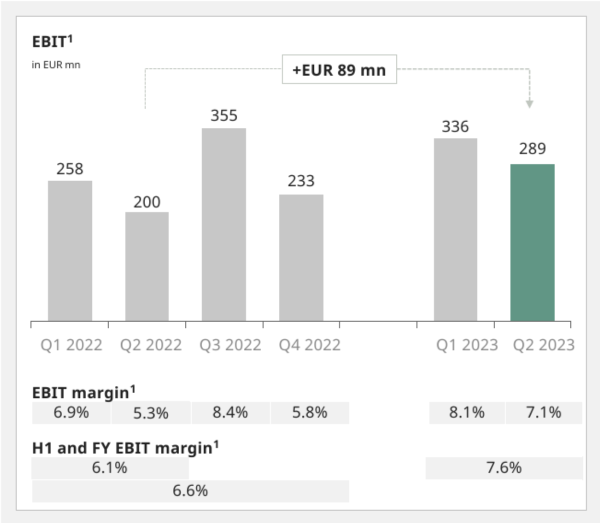
EBIT margin[1] – Robust Group margin with heterogenous development across divisions



KEY ASPECTS

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

EBIT margin[1]
in % of Sales

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

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[1] Before special items

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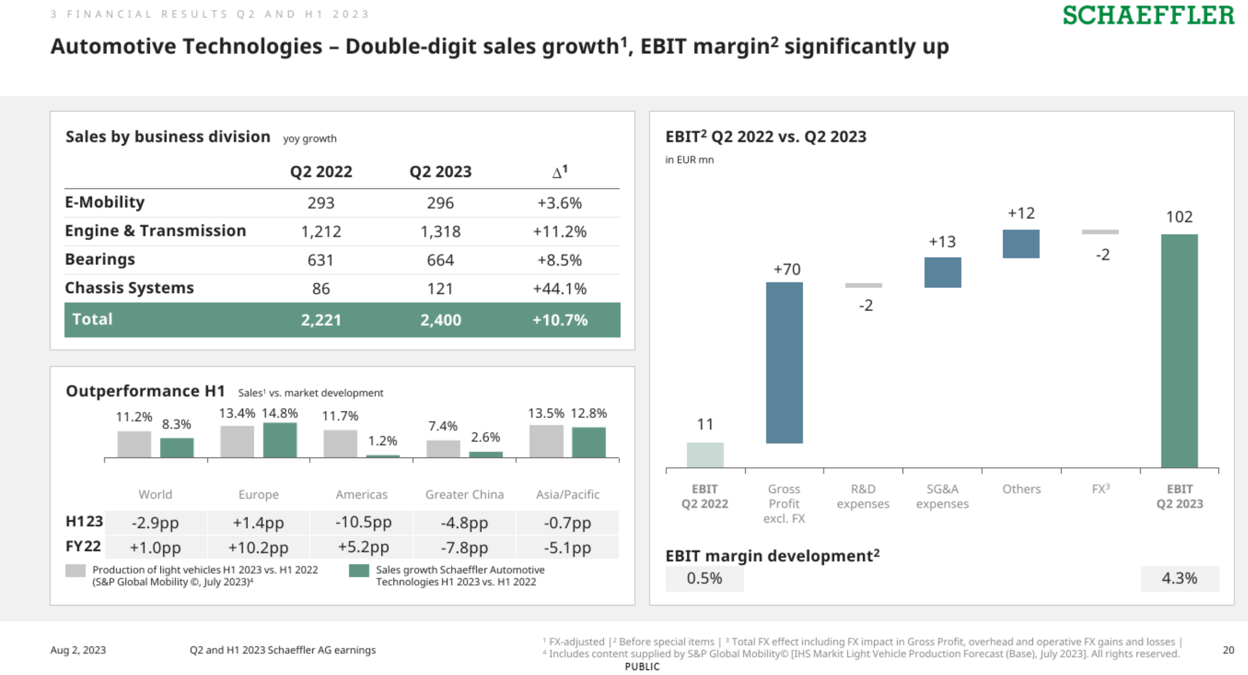
If we then go to the next page, to the EBIT margin explanation, you see the EBIT margin improvement to 7.1% in Q2 and 7.6% for the half year is a very good development. What I also always want to look at on this page is not just the relative EBIT margin development but also the absolute EBIT.

And you see, with an increase over prior year quarter of EUR 89 mn, from EUR 200 mn to EUR 289 mn, that is also on an absolute level obviously a very good development. On the right side, you see a little bit more flavour in regard to the divisions. However, I will obviously come to that in the next three slides.



Let's start with Automotive on the next slide. You'll see on the top left the sales development. Also, what Klaus already said, E-Mobility a little bit weaker growth this quarter. It's very difficult, especially in E-Mobility where you have big projects, to really assess this number on a purely quarterly basis. There will be significant ramp-ups in the next half year, and with then full volume achieved in 2024. So that number will improve.

What I also would like to point out, and we never talked a lot about this business division, is Chassis Systems. Chassis Systems, as you know, is our other pillar for propulsion-agnostic business. And here you see a significant growth of 44% to EUR 121 mn.

And Klaus, not coincidentally also showed you in his part already two of the Order Intakes for this year that are also Chassis-related, or at least the one, with the rear-wheel steering. So, let's look at the new Mobility opportunities for Schaeffler combined between E-Mobility and Chassis Systems. As reflected in the sales growth here for Chassis Systems, we think that there is huge opportunity also going forward for us.

On the lower left, you see the outperformance that was also already commented on, with minus 2.9 percentage points for the first half of the year definitely not at the level that we have seen in the past. Also here, as Klaus already said, it's difficult to assess this on a quarterly or even half year basis.

We will see, and we are confident, as you see in our Guidance, although adjusted down, it's still 0% to 3% outperformance. There will be a significant swing that we expect in the second half of the year, with significant projects in the ramp-up phase at that time.

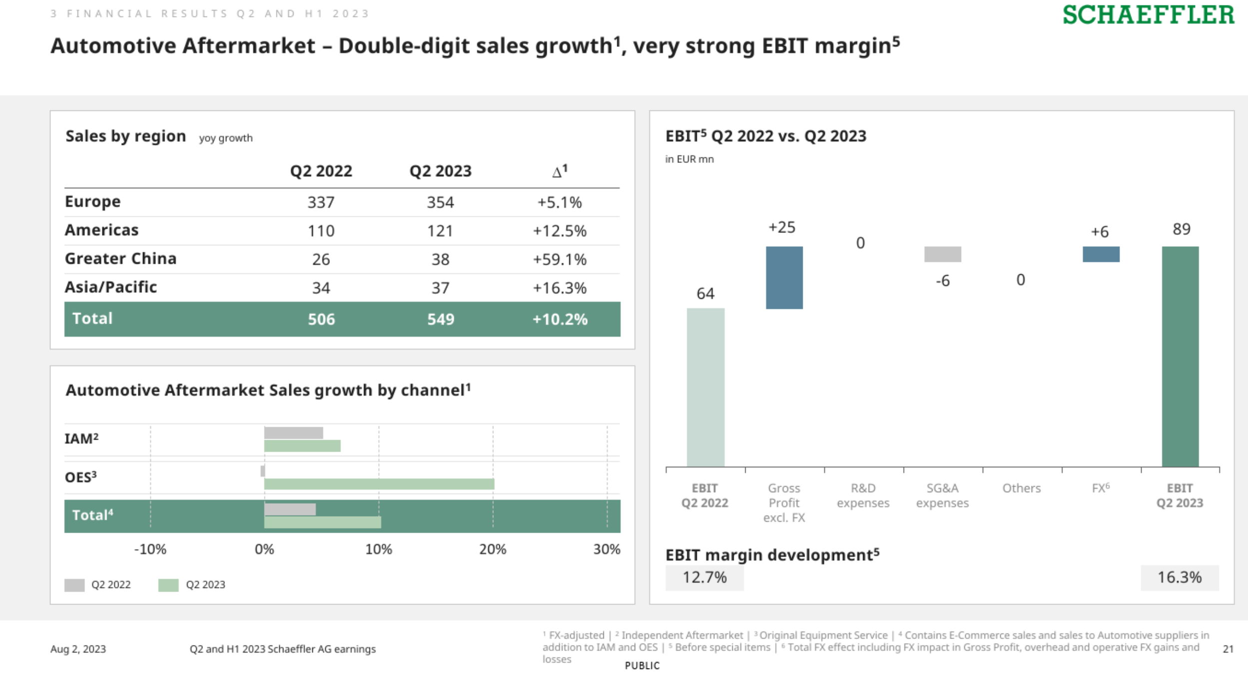
The Americas, you might remember, the significant underperformance in Americas has a more structural reason. We are a significant producer in Mexico, and then serve the US market out of Mexico, transacted in US Dollars.

And the Mexican Pesos, as you are aware, have strengthened against the US Dollar over the last 6 to 12 months by 20%. And that drives very significant transactional foreign exchange impact that is reflected in these numbers.

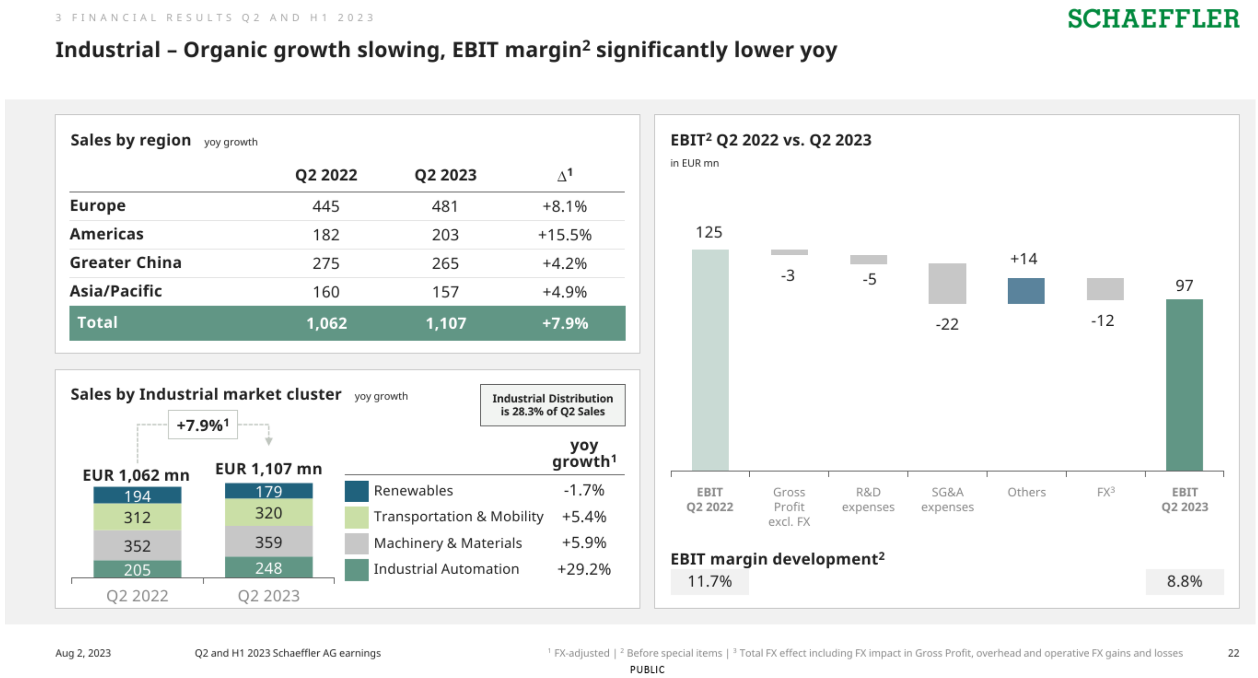
And secondly, and you also remember me commenting on that, the US is the one region in our Automotive business where we have, since a long time, index-based material price clauses in our contracts and therefore had to accept price reductions as we also pay less for our steel.

On the right side, you see the EBIT development for Automotive. And here, I only want to make one comment. Obviously, you see the very significant Gross Profit impact, on an absolute basis, plus EUR 70 mn. But you might also wonder, why is Others so big here, and is really the improvement also driven by other impacts which would indicate maybe one-time impacts. And you might remember, I explained that already in the first quarter, but we also fully consolidated Paravan, now Schaeffler ByWire, for the first time since the first quarter of this year. Before, it was an at-equity shareholding, and the at-equity result was reflected in Others. And now, since we've fully consolidated it, the full P&L structure of Paravan is now included in the P&L structure of the group.

And therefore, it comes to a reclassification effect, if you will, between Others and mainly R&D expenses. Therefore, you see it's not a one-time impact. It will be ongoing, and the other impact will mainly be reflected, also going forward, in the R&D section.



You see what Klaus already said, all regions grew, Europe a little bit less. That had to do with a warehousing consolidation that is now fully in line and operative.
So, Europe will catch up with the other regions again in the fourth quarter, so even more growth potential here. And Greater China Klaus already commented on. On a very low base, significant growth. That has to do also with our online business and sales channel in China.
On the EBIT bridge side on the right side of the page, you see obviously nothing super exciting other than the result of 16.3% EBIT for Q2. And you see what Klaus already said, it's fully driven by price and volume in the Gross Profit line, so a very positive and, as we think, also sustainable result.



And here, you see that we indeed grew in all regions, on the top left side. As Klaus said, it's also heavily impacted by inorganic growth due to the consolidation of Ewellix, and there's also, as you have seen, significant price impact that we transported from our cost structure into the market.

Therefore, in conclusion, there is very little organic volume growth in this quarter, which then, if you look at the right side, also would explain the Gross Profit contribution to EBIT. Again, very little volume-based, fixed cost absorption that helped us in our production facility.

And then what Klaus also already mentioned, the Ewellix purchase price allocation impact hurts us here a little bit with 50 basis points as well. So, despite the volume growth, you see very little Gross Profit impact, again with price effects on the sales side offsetting inflationary trends on the cost side, and then the Ewellix accounting impact explainable.

And then as you go through the waterfall chart here, you see a significant increase in SG&A expenses. That is also due to Ewellix, as we explained already last quarter. Ewellix being for the first time fully consolidated since the beginning of the year obviously also impacts the entire cost structure in the P&L.

And you see the negative foreign exchange impact of minus EUR 12 mn, that's about one percentage point, that is also reflective of our hedging strategy. Unfortunately, sales volumes didn't quite match the hedges, as Klaus said. The China volumes were a little bit different than we expected. So also explainable, but not a permanent situation, and definitely room and space for improvement going forward.

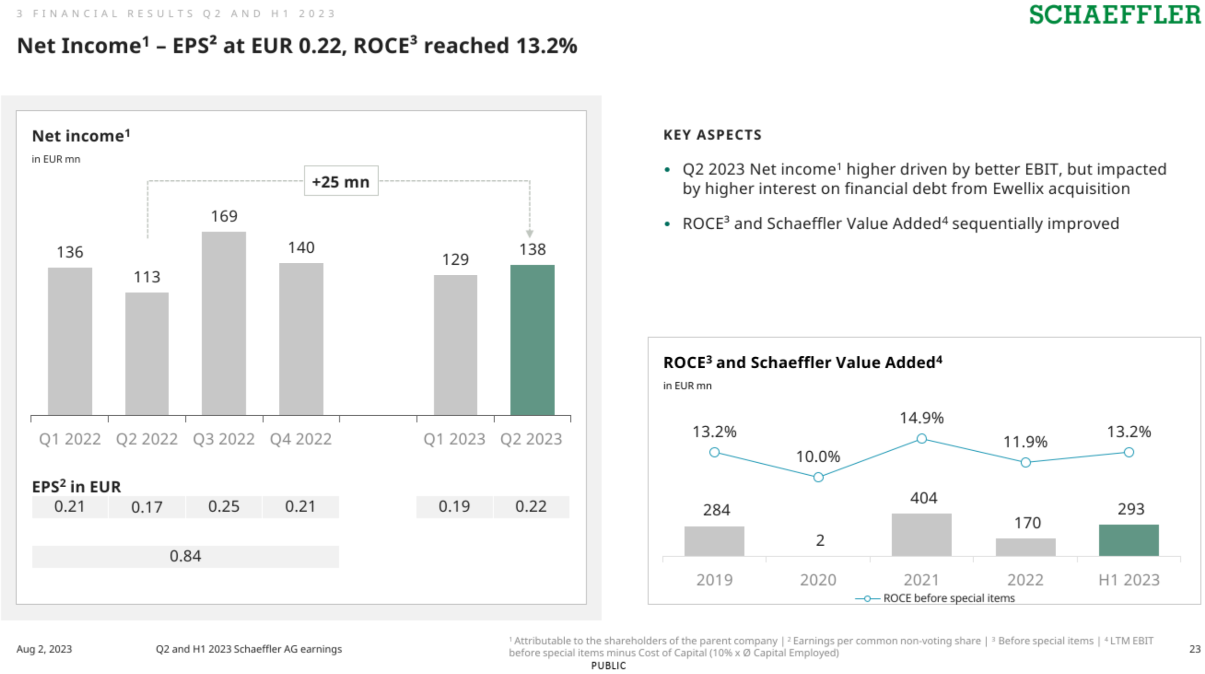
You see a significant positive impact of Others. Again, the question, is there big one-time impacts in there? It's actually mainly driven due to our adjustments in EBIT. The EBIT adjustments in our P&L structure are reflected in Others. And that is mainly space restructuring cost that we are adjusting for, that also are reflected and included in the Gross Profit development and are then adjusted here in Others.

So not a one-time impact, also a permanent positive situation, as long as we have restructuring costs. As we also indicated, the cost impact of the restructuring is now significantly phasing off with H2 2023 already and then definitely in 2024.

Maybe one little comment still on the left side on the bottom. You see here, reflected in the growth numbers by Industrial market clusters, clearly the impact that I already mentioned on group level as a mix impact, you see with the Renewables actually stagnant or actually a little decrease here, with minus 1.7%.

That is, as you know, the Wind business and also particularly the Wind business in China. The installation rate in China, based on the own expectation of China and our Chinese customers, actually halved for the entire year. Instead of 120 gigawatts, the installation might only achieve around 60 gigawatts for the year.

That is also the reason that we already discussed that we are a little bit careful with… Klaus called it headwinds, but a little bit careful in forecasting especially the Chinese market, and here, especially the Wind sector in China.



On the next slide, we are coming to the Net Income. Net Income obviously followed completely what I already said. And on the right side, you see the ROCE and Schaeffler Value Added ROCE on an adjusted basis, you see, with 13.2% here clearly in our Mid-term Target range of 12% to 15%.

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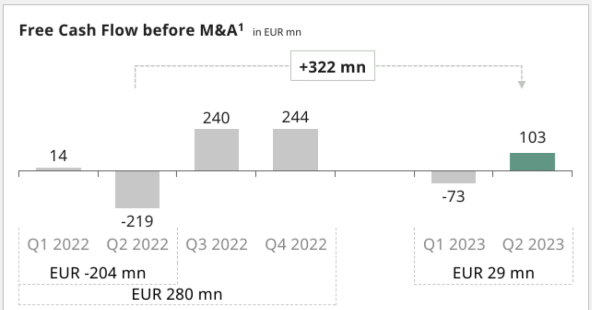
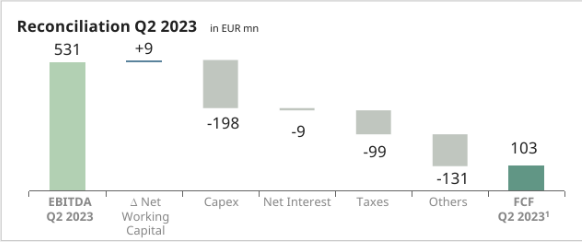
FCF – Positive Q2 development driven by higher EBITDA and effective Working Capital management



	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
FCF Conversion ratio[2]	0.1	-	0.8	1.1	-	0.4
Reinvestment rate	0.6	0.8	1.0	1.2	0.8	1.0
	0.9					
Capex ratio[3]	4.2%	4.6%	5.2%	6.0%	5.3%	4.9%
	5.0%					



FCF Details in EUR mn	Q2 22	Q2 23	Δ Q2 23/22	H1 22	H1 23	Δ H1 23/22
FCF as reported	**-218**	**84**	***+302***	**-265**	**-670**	***-405***
M&A	-1	+19	*+20*	+61	+700	*+639*
FCF before M&A	**-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*
FCF bef. M&A and sp. Items	**-181**	**133**	***+314***	**-9**	**167**	***+176***

Aug 2, 2023 Q2 and H1 2023 Schaeffler AG earnings

[1] Before cash in- and outflows for M&A activities | [2] Ratio FCF before M&A to EBIT reported – Only applicable if FCF and EBIT positive | [3] Capex in % of Sales

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On the next slide, Free cash flow. You've heard it all. A very significant increase. Here you see it also graphically very clear, minus EUR 219 mn in the prior year and plus EUR 103 mn this quarter, clearly, if you remember last year, driven by the significant investment in working capital, especially inventory. Here, we are in a much more effective situation, as we said also in the headline, effective working capital management.

That is not just true for inventories but also receivables. And you see it actually in the waterfall chart on the right side on the top, with net working capital changes, despite the volume for our top line change in sales, actually a positive contribution to Free cash flow, which is definitely a good result. Is there still opportunity also for the second half of the year to even get better in that regard? There is no question there is, and we will obviously do our utmost to exploit any opportunity in that regard.

Capex a little bit higher this quarter than it was in the prior year quarter, but clearly within the expectation that we shared with you also in connection with our Guidance. And then you see Others. Maybe, Others, you see a little bit of the explanation also down in the table, but it's heavily driven by restructuring pay-outs still for the second quarter, with EUR 52 mn included in our cash flow.

And Klaus already said it, EUR 157 mn for the first half year in restructuring pay-outs is three quarters of the total year anticipated amount, and therefore, of course, pretty

much front-loaded, and also a structural improvement pillar for the second half year Free cash flow.
Last comment on that page. You'll see in the very lower corner on the right side then our underlying cash flow generation power before especially restructuring pay-outs. And that is now almost EUR 180 mn improved versus prior year quarter and obviously satisfactorily positive, with almost EUR 170 mn.

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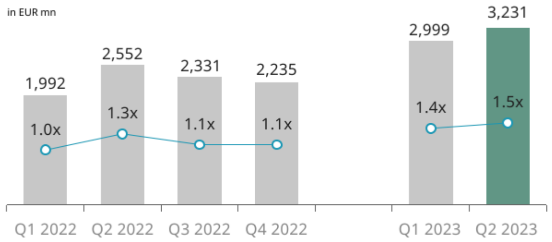
Net debt of EUR 3.2 bn – Leverage ratio at 1.5x, EUR 295 mn dividends paid in Q2

Net financial debt and Leverage ratio[1]

in EUR mn



	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Gross debt	3,235	3,233	3,308	3,298	3,798	3,803
Cash & cash equivalents	1,243	681	977	1,063	799	572
EBITDA before special items[2]	2,056	1,954	2,051	2,030	2,111	2,203

Leverage ratio[1]

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

Aug 2, 2023 Q2 and H1 2023 Schaeffler AG earnings

[1] Net financial debt to EBITDA ratio before special items | [2] LTM

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And that leads me to my last page, where we show a little bit on the Balance sheet strength and structure. You see the leverage ratio at 1.5 times, which is as expected. And as we said actually already at the end of last year, it's increased over last year due to the financing of the Ewellix acquisition.

And then obviously a slight increase, but only a slight increase, between first quarter and second quarter due to the dividend pay-out of EUR 295 mn. It's only a slight increase, obviously because we also, on the other side, contributed to equity and contributed significant EBIT to the formula here.

And last but not least, you see in the numbers below the bars our continuing strong liquidity situation that obviously is unchanged and, especially for the CFO, a pretty good basis to drive the performance going forward. With that, Klaus, back to you.

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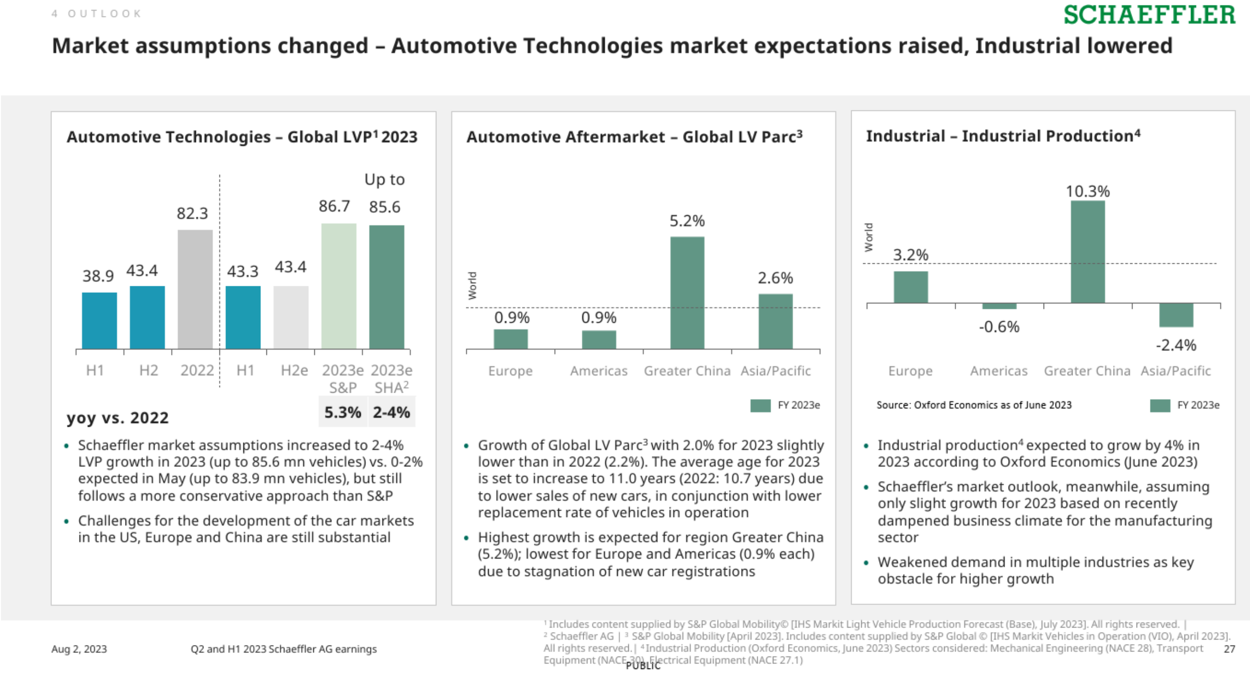
AGENDA



Klaus Rosenfeld

Thank you. Ladies and gentlemen, let me now finish the last two or three pages quickly. You see on 27 that we slightly changed our market assumptions. You all remember, we have always been cautious on the global LVP numbers, and we have now, with the numbers also from IHS, improved this a little bit and think we will get to 85.6 mn cars. That's 1 mn less than the IHS numbers.

What is also interesting in that table, if you look at the IHS numbers and you compare H2 2023 expected with H2 last year, you see no significant production volume growth, so the growth of the market was more or less in the first half. For us, it's even more important then to deliver on our outperformance promise.

I think Aftermarket Industrial was already said. I'm not going to comment in detail here. I think we all know this environment clearly requires a hands-on approach and very proactive performance management.

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

FY 2023 Guidance

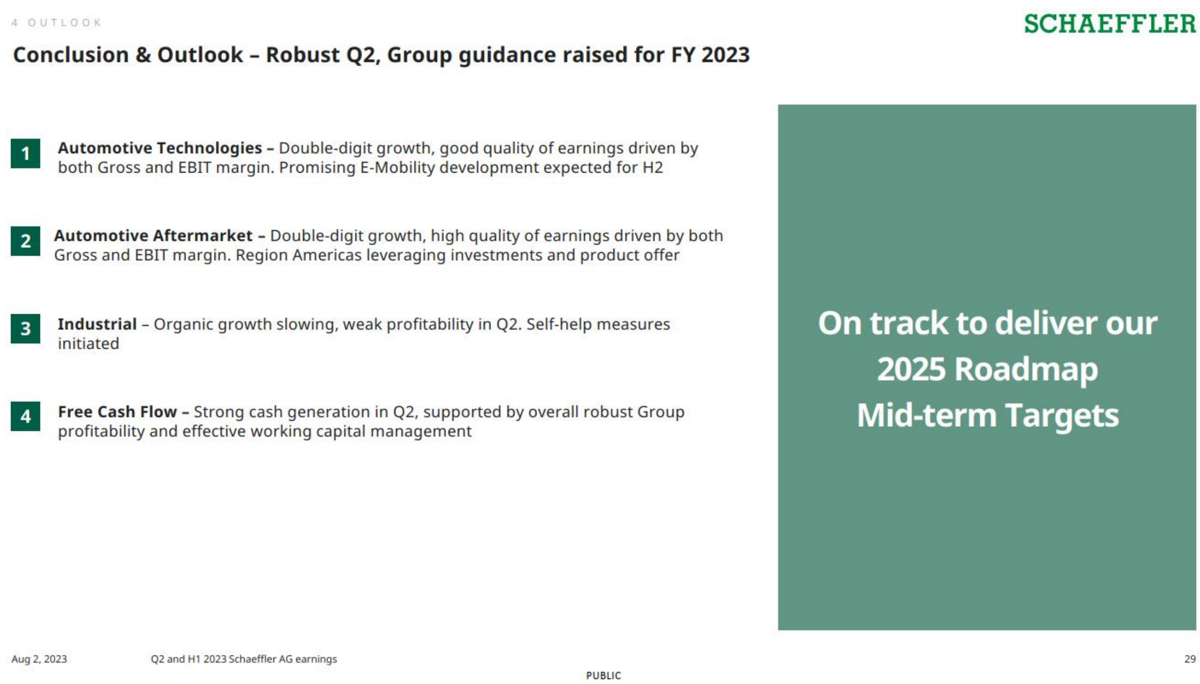
	Schaeffler Group	Automotive Technologies	Automotive Aftermarket	Industrial
	Guidance FY 2023[1]	**Guidance FY 2023**	**Guidance FY 2023**	**Guidance FY 2023**
Sales growth[2]	**5 – 8%** (unchanged)	**Outperformance 0 – 300 bps[5]** (prior: 200 – 500 bps)	**10 – 12%** (prior: 5 – 7%)	**6 – 8%** (prior: 9 – 11%)
EBIT margin[3]	**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[4]	**EUR 300 – 400 mn** (prior: EUR 250 – 350mn)			

Market assumptions for 2023

- **Automotive Technologies:** LVP growth of 2 - 4% vs. 5.3% in latest S&P estimate[6] for 2023
- **Automotive Aftermarket:** Growth of Global LV Parc[7] of around 2%
- **Industrial:** Slight increase of relevant industrial production[8]

[1] Please refer to the Interim 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), July 2023]. All rights reserved | [7] S&P Global Mobility [April 2023]. Includes content supplied by S&P Global © [IHS Markit Vehicles in Operation (VIO), April 2023]. All rights reserved.| [8] Industrial Production (Oxford Economics, June 2023) Sectors considered: Mechanical Engineering (NACE 28), Transport Equipment (NACE 30), Electrical Equipment (NACE 27.1) and own assumptions

28. I think we have said this now several times, so I’m not going to say this again in detail. But you see we recalibrated the Guidance. It led to an increase in the Guidance on EBIT margin and Free cash flow, and the composition was already explained to you.



So let me summarize again on 29. You see the text here. I'm not going to read the text but just, once again, the judgement. This is a decent, robust Q2. In a certainly challenging environment, we decided to recalibrate the Guidance and raise it slightly up. I think that is more than prudent.

It is driven by the strong performance in Aftermarket, by the solid performance in Auto Tech, with all the challenges that were described. And clearly, in Industrial, it will now be even more important that after Industrial was always the star performer in the past, that we get the self-help measures initiated and executed. Stefan is totally on it. What gives us a lot of comfort is the continued cash flow generation strength that, from our point of view, really counts also for action going forward.

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Financial calendar and selected IR events

Roadshows & Conferences with Top Management participation

Aug 3	Roadshow – Virtual, UK, Stifel
Aug 4	Roadshow – Virtual, DACH, Metzler
Sep 4 - 5	IAA Cars Conference & booth tour – Munich, DB
Sep 13 - 15	Roadshow – US, Bank of America
Sep 27	European Autos Conference – Virtual, Bank of America

Financial calendar 2023

Aug 2	H1 2023 Earnings Release
Nov 8	9M 2023 Earnings Release
Nov 16	Capital Market Update – Virtual

I finish with the financial calendar. We will be available tomorrow and on Friday for Roadshows here in Europe. We'll then go, after IAA, on a Roadshow in the US, where the timing still needs to be finalized. It could also be that we start on the 12th. And then the next Earnings Release is on 8th of November. As I said, we look with a realistic optimism into the second half, knowing that there are headwinds and knowing that you can also use headwinds to improve your Mid-term delivery. With that, I hand over back to Renata for questions. Thank you.

Q&A SESSION

Akshat Kacker, J.P. Morgan

Morning. Yes, Akshat from J.P. Morgan. Three questions from my side, please. The first one on Auto Tech and pricing versus inflation in general. Could you just talk about the gross and net impact of inflation on the P&L in the first half for Auto Tech and your expectations of how that evolves going into the second half, please?

The second one is on the E-Mobility, Order Intake. We know Order Intake numbers can be lumpy on a quarter-to-quarter basis. But I just want to ask on this call if you're happy with the current offering to the OEM? Or would you like to make some bolt-on acquisitions to improve the product portfolio overall?

And the third one is on the Industrial business. The Orderbook indicates quite a meaningful slowdown in the second half, but I'm also looking at your full year revenue guidance, and it doesn't imply a big slowdown in the second half revenues even when I adjust for Ewellix. How do I square that, please? Thank you.

Klaus Rosenfeld

Maybe I start with the E-Mobility question. We are happy with what we have. I don’t see any need to acquire something. We have always said we’re building on the competencies we have, and what we have in the Orderbook is from our point of view a success.

There’s a big Orderbook to be delivered, and we want to deliver our things with proper profitability and also investment class quality. So, there is no reason to acquire anything at the moment. The focus must be on our operational excellence and delivery. This is a long-term game and not a short-term optimization.

In terms of Industrial, you rightfully said, yes, there is headwind in the second half to be dealt with. We reduced also the top line Guidance by three percentage points. That is not so much Schaeffler-driven but market-driven, to be on the safe side. That’s also then clearly driving the margin expectation slightly down.

But please see this as something that from our point of view will turn then in 2024, where we think the structural positioning of Schaeffler in the new growth areas, think about Hydrogen, thing about Industrial automatization , will continue. Claus alluded to this. We are at the moment a little bit more soft on Wind in China, but also that is a temporary weakness and not a structural problem. Claus, you want to do the first one?

Claus Bauer
Yes, yes, I mean I can only emphasize the China comment that Klaus just made. The impact, as I said, of the reduction in installation forecast in that sector in China by 50% is significant. But I think we all agree that doesn't impact the longer-term installation need that is there also in China. So, I think it's clearly a temporary situation, and that is also reflected in our Orderbook in a significant way.

Let me come to your first question that was about pass-through of inflation, especially in the Automotive sector. We are an Automotive division. We are clearly at least at the same recovery level as we have been last year, actually even catching up a little bit of maybe a remaining gap from last year. And from a timing standpoint, I said it clearly in our last call that maybe other than with other peers and market players, we have not started all the negotiations new at the 1st of January and kind of reset to zero and started then anew.

We continued the -- most of the accomplishments of last year into this year. We negotiated from the beginning. One of the negotiation targets from the beginning was to have sustainable price increases and not just temporary ones.

So that there is still, of course, because there's also a different composition of the inflationary cost side, so for example, wages instead of Raw Material. Therefore, there is still negotiation elements in that. And therefore, there is a slight increase of recovery over the year, but it's by far not as significant and extreme as it was last year.

You'll remember, last year, the main recovery push in the P&L was reflected in Q3, and I really want to manage expectation that that will not be the case this year. It's a much more smoother phase-in of the prices this year than it was last year, and especially because last year's negotiation results were mostly sustainable.

Akshat Kacker, J.P. Morgan
Thank you.

Horst Schneider, BofA
Yes, good morning, and thanks for taking also my questions. I have got three, two related to Automotive again. The first one is I see that your production Guidance

basically is still pretty cautious, as you highlighted, versus S&P. On the other hand, I see that your outperformance Guidance seems to assume that your outperformance picks up significantly in H2.
My feeling at the moment would be that maybe production is stronger and your outperformance again weaker, the impact on your business would be then zero. So that's fine. But maybe you can explain what makes you so optimistic about outperformance in H2. What's going to be the drivers?
Question number two is a follow-up to Akshat's question. You had explained the thought on pricing, but can you maybe explain a little bit what are the bridge elements for H2? So some more details, basically. What is driving the volumes? Is it a cost advantage? Is it pricing? Or is it all of these drivers?
And the last question, sorry for that, is a little bit longer. When we look at what BorgWarner did basically in July, they completed the PHINIA spin-off, their Auto Aftermarket business. I just want to know if maybe you would also consider such a step, or what are the reasons why you would not consider that ever? Thank you.

Klaus Rosenfeld
Okay, Horst, let me take the last one and the first one. We are not considering a break-up of our Automotive business. That would be counterintuitive to the logic that we have put in place. That doesn't mean that we are not distinctively managing the different parts.
And you know our model, with the mature business on the one hand and the new business on the other hand. New is not only E-Mobility. As Claus said, it's also Chassis. That's the model we have put in place. You know that we are super disciplined in terms of capital allocation. You also know that this is a mid-term challenge that, at the end of the day, depends on maintaining good relationships with our long-term customers.
So, our set-up is as it is, and we believe that this is the right answer to that development, in particular in the propulsion business. Others do it differently. Let's see what that means for them. But we feel good about the structure that we have put in place.
In terms of Auto Tech production Guidance, yes, let's see what's happening. For sure, our outperformance was reduced. It's also back-ended, as you said. Why do we believe that that is possible? We have nearly two handfuls of ramp-ups this year. They are delayed in certain areas, delayed because of reasons that are not in our hands. And if they come, as we know from our customers, that outperformance number is possible, together with the structural points that Claus made.

So, yes, there is an element of back-ended here, but the operational information that we have points clearly to an 0% to 3% outperformance being possible for the full year. And the pricing one I give to Claus.

Claus Bauer
Yes. Yes, Horst, I think it was…

Klaus Rosenfeld
Or Claus, maybe that was a mistake. Were you asking about the PHINIA spin-off, or were you asking about the Aftermarket spin-off?

Horst Schneider, BofA
Aftermarket.

Klaus Rosenfeld

Aftermarket. On the Aftermarket, we don't intend to spin that off. Again, you see, Horst, in this quarter, in particular, the benefits of diversification. And yes, you can always say you want to have the diversification at your end, but we think that with all what we have just think about structures, regional structures, there are synergies there. Jens can run his business as a separate division. The way to a legal separation and a carve-out is still cumbersome in terms of all the costs that come with this. We would, at the time, not go for a legal full carve-out of the Aftermarket business.

Horst Schneider, BofA
Klaus, can I maybe follow up with one small question? When you made the statement about outperformance and you said back-end loaded, you made the statement on Industrials that you were pretty confident that the business is going to recover again next year. Can you make this statement also for Auto Tech, that this weakness in outperformance is just temporary for the known regions that is going to recover and next year with model ramp-ups.

Klaus Rosenfeld
Yes, it's a function of ramp-ups. The businesses are in totally different situations. The one is suffering from headwind, in particular in certain sectors. That's the Industrial part. I don't believe that these headwinds will continue forever. I think, when these recessionary trends that we see at the moment across the world will become mitigated, then there is market growth, in particular in the sectors where we are

strong, Wind, Industrial Automation, all of what you know. So, I think it's a temporary weakness that Stefan needs to tackle with countermeasures.
On the Industrial side, it's one thing. On the Auto Tech side, it's more a question of how the long-term trend of E-Mobility will continue in the next years. And here, it is from my point of view a question of operational excellence and delivery on the ramp-ups that we have in our books.
Yes, you can always say, why don't you have even more orders? And my answer to this is we want to deliver the orders that we have. We are proud of what we have today, and from a customer point of view, it's most important that you get this properly done.

Horst Schneider, BofA
Okay, thank you.

Claus Bauer
Maybe I add one comment to that from a CFO perspective. With E-Mobility projects, as you know, they tend to be much bigger projects, and then you are also much more dependent on the success of the platforms that you are in or how successful are platforms that you are not in. BYD is the top example. In their drivetrain, nobody is in, because BYD produces it themselves. But it depends whether you are in that.
So, I think, as the CFO, I have to be much more concerned, not are we growing more than the market in these areas or better than the market, but are our projects that we are in profitable or not? And that's, I think, where we're very diligent in selecting and really going after the projects in E-Mobility. We want to safeguard a minimum threshold for Gross Profit and then adjust our overhead cost structure over time in our transformation to the value addition and vertical integration that you have in this area that's different than in Engine and Transmission.
And therefore, I think it is very much important that you have sound tools in place to be able to choose profitable projects and then win profitable projects, and maybe not anymore, the volume impact that you clearly have sought also in Engine and Transmission.
But Engine and Transmission, you have hundreds and hundreds of projects that are smaller, and based on statistical measures, obviously, if you are less successful in one and more successful in the other, you have the chance to have that equalize. I think that is different with E-Mobility. And again, maybe the outperformance to the market is not there the main driver anymore, going forward.
But now to your other question, and I think it went a little bit beyond just the price impact. It's more the entire growth or profitability levels in Automotive Technologies.

And you kind of answered it yourself, or is it all three of them? I think it's all three of them, but with maybe different dynamics.
I think volume will… And we also said, we will grow moderately this year. So, I think, as much as our visibility is for this year, Automotive volumes will stick and will stay where they are. We might be, from an LVP global production volume a little bit conservative, but we have relatively good visibility on obviously what our orders in hand are, at least for the next three months. And so, I think volume will be a positive contributor for the entire year, but at the same level as you have seen in the first half. Price, I think I already said there will be a slight positive impact on top, incrementally, for the second half of the year, but not that much. And then, lastly, you obviously have then production performance-driven and overhead performance-driven. I think we have proven in the first half of the year that we are serious about structural improvements.
You know about our restructuring program that we announced in November of last year that is heavily impacting structural improvements of Automotive. And so that will continue. However, it will be more a continuous phase-in in mainly the next year, not this year. But there is definitely further improvement potential that we are going after.
And from a production performance standpoint, as you can imagine with such a big production footprint that we have, there is always pockets of improvement, and these we will go after as well, however, also not revolutionary but evolutionary.

Horst Schneider, BofA
Thanks for these detailed answers.

Sanjay Bhagwani, Citi
Hello. Thank you very much for taking my question also, and as always, a very comprehensive presentation. So, I've got three questions as well. My first one, sorry to come back on the outperformance on the Automotive. So maybe, looking at China, that seems to be, H1 organic growth, a five-percentage-point underperformance. So, can we expect this to come back in H2, or this could probably come back more like, let's say, in 2024?
And the same for the Americas. How much of this ten-percentage-point underperformance is, let's say, driven by currencies and the indexation? And when can we expect this to reverse? That's my first question, and I'll just follow up with the next one, if that is okay.

Claus Bauer

Yes. So, I start maybe with Americas. And as you heard me explaining it, this is structural. And as long as these structural impacts are not completely phased in, and then you have in next year obviously a different basis, I think we will see, for example, the Mexican Peso-US Dollar transactional impact continuing. We will also see the index price impact structurally continuing.

Obviously, it's all subject to change, both the FX impact as well as the material price impact. But as long as that trend is not turning around, I think you then only see the outperformance normalizing when you are in the next year, and then comparing to that basis that we have right now.

In China, I think we explained that also in the past. Obviously, and it's going back a little bit to what I said before, if you are in platforms that are gaining market share, then you are automatically also outperforming. And there, we have a weakness in platforms that we are in in China, especially Volkswagen. But we are also in domestics that are very successful, but we also have clearly the Volkswagen impact in China from an outperformance standpoint.

And then you have the big impact that I think every supplier has. That's the BYD impact. As long as BYD is gaining 4% to 5% market share, 4% to 5% market share every year, it's difficult for a drivetrain supplier to outperform the market there, because BYD has a very high vertical integration.

So, I think, at some point, also BYD gets to the limit of growth. I think we, internally, think there is still quite some growth ahead of them, but at some point, it will slow down, and then you also will see a normalization of that market share shift to BYD effect, if you will.

And on top of that, and we explained that also in the past, we clearly are gaining a market share in new projects. And that's with pretty much all significant domestic players in China. And as they phase in, that will also normalize then again. But it's not a matter of months or quarters. It's a matter of a base effect and then looking into next year.

Klaus Rosenfeld

Yes, maybe I can add to the next year. If you just look at IHS figures, you see that at the moment, the latest forecast is 86.7. We are slightly weaker. And for next year, the number at the moment is around 88, 1.4% growth. You see that China grows next year stronger than Americas, and Europe is at least projected at the moment more or less flattish.

Now, if I look at the forecasts for this year and just take China, China, for the full year 2023, is 1.2% after 7.4% in the first half. That clearly means… And it's logically because the first half 2022 was impacted by the Covid crisis. It's a function of how we develop

there against market. But there won't be 7.4% market growth in China. It could even be that this is a reduced market growth compared to previous year, where you had a big swing back.
And that all needs to be factored in. A similar situation in the US. So, let's see where we get to. Our calculations at the moment point to, as we said, 0 -3% outperformance for this year, and mid-term, we have no reason to change the overall logic of 2% to 5%.

Sanjay Bhagwani, Citi
Thank you very much. Actually, you already answered two of my questions. Thank you for that. So just one last from my side is can we talk about the upside optionality? And sorry to ask this question again, because what we saw is one of your US Industrial peers, they actually monetized some of their stake in their Indian subsidiary.
And then when we again look at Schaeffler, for example, if I look at market cap of Schaeffler India, that's I think ahead of what market cap of the European parent company is, and you own a significant chunk of that. So, do you see…? Is there a possibility of if you could monetize some of the stakes, that is, basically you still maintain the majority ownership but can monetize some of the valuation that the Indian market is appreciating the OpCo at?

Klaus Rosenfeld
Well, thanks for the hint. But the question was asked last time. Already, it was asked frequently. We have no plans to change the set-up. We are proud of what we have in India. It's an investment area. Part of our strategy dialogue this year, some weeks ago, was focused on India, was focused on the US, on China, on more localization. So, I cannot comment on this, on what you just alluded to.
What I can say, the company is in a good situation when it comes to Free cash flow. There is no need to monetize anything. We're not traders in participations in India. We want to make sure that our operational business runs. Again, so there is, A, no plan, and B, no need to do anything like that.

Sanjay Bhagwani, Citi
Thank you. That's very helpful.

Markus Schmitt, ODDO
Yes, thanks for taking the questions. Just one on the March 2024 bond maturity. I guess you will come to market in H2 to address this, or, and this is the question, could you opt for other financing options, for instance, promissory notes? Because the cash

interest impact would be about EUR 20 mn, I think, for the time being if you would stay in the bond market. So, is there any preference on your side, which route you want to take, and at what point in time?

Claus Bauer

Yes, of course, we are clearly focusing on the refinancing of that bond since quite some time. I can tell you that we actually closed a term loan yesterday, and that's financing part of it. But we are also thinking about a capital markets transaction in the second half of the year. And more to come, and more to come soon.

Markus Schmitt, ODDO

And just a follow-up. Could you disclose what the amount was, what you concluded yesterday, and at what interest rate?

Claus Bauer

Interest rate, not. Amount, EUR 125 mn.

Markus Schmitt, ODDO

EUR 125 mn. Okay, yes. Great. Thank you very much.

Tomas Swift, Morgan Stanley

Hi, guys. Good morning. The question on the bond has already been answered, coming back. But I guess on top of that, in terms of talking about countermeasures, especially for the Industrial business, does that imply potentially more cash restructuring to come? That's the first question, please.

And then the second question is can you just talk about the difference in cash flow profiles between the Auto Tech and the Industrial business, please, and specifically the working capital profiles? Thank you.

Klaus Rosenfeld

Let me do the first one. As I said, the countermeasures for Industrial at this point in time are tactical or operational ones, so there's no restructuring costs linked to this. It's not a restructuring program. It's the normal performance management type of things, saving costs, being diligent with production variances and these kinds of things. And on the cash flow profile, Claus, you want to say something there?

Claus Bauer
Yes. Cash flow profile is indeed different, especially inventories, because in Industrial and Automotive Aftermarket, you have significant finished goods inventory that, from a reaction time to market trends, is much slower than in Automotive Technologies as an OEM supplier. And therefore, Automotive Aftermarket, with the very good demand situation, is I would say at the lower end of inventory that we would see. And Industrial, on the other side, based on the slowdown on the demand now, has a little inventory above our target range that now reduces over months. But as I said, you cannot react within days or weeks in Industrial, especially in the distribution to a weaker market signal, and therefore you have always a little bit a delay. Whenever there's a swing in the demand up or down, you then have the opposite effect in your inventory for some time until you adjust back to the level that reflects the demand level.

So in other words, yes, it's different, Automotive Technologies pretty much correlated also with the profitability and sales top line, Industrial and Automotive already always a little delay to what you see in their top line.

Tomas Swift, Morgan Stanley
Thank you.

Klaus Rosenfeld
I think that's it from our side. There are no more questions. Ladies and gentlemen, thanks for your interest. Again, Roadshow starts tomorrow. Hopefully, you all have some summer holidays without all the rain that we have here in Germany. We are again closing now here and look forward to seeing all of you soon, if not at the Roadshow, then at the IAA, where we will exhibit our latest technologies. So please feel invited. We look forward to staying in touch. Thanks a lot, and enjoy your holidays, if you have any. Bye-bye.

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Thank you

Investor Relations Contact

Phone +49 9132 82-4440

Email ir@schaeffler.com

Web www.schaeffler.com/ir

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Equity Story – Positioning Schaeffler for long-term value creation

1. **Roadmap 2025 in execution** – Focus on capital allocation, portfolio management and FCF generation
2. **Automotive Technologies** – Conquer leadership positions in New Business for electrified Powertrains and Chassis applications
3. **Automotive Aftermarket** – Maintain a high margin level, expand our share of wallet and reach
4. **Industrial** – Enter attractive growth fields, further enhance profitability
5. **Financial Framework** – Strict performance orientation based on Mid-term Targets
6. **Sustainability** – Fully committed to activate all impact levers to achieve sustainability goals

Creating long-term value and generating Free Cash Flow

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Ancillary comments to support the Equity Story

Additional KPIs	FY 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[2], payout ratio 48%[3]
Leverage ratio[1]	**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

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

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Road to 2025 – Mid-term targets are reflected in Schaeffler's comprehensive Financial Framework

Mid-term targets 2025

Automotive Technologies	Automotive Aftermarket	Industrial
Outperformance[1] **200** to **500 bps** on average[2]	Constant-currency revenue growth **> GDP growth** on average[2]	Constant-currency revenue growth **> Ind. Prod. growth** on average[2,3]
4 to **6%** EBIT margin before special items	**13** to **15%** EBIT margin before special items	**12** to **14%** EBIT margin before special items

Schaeffler Group

ROCE	FCF-conversion[4]
12 to **15%** based on EBIT reported	**0.3** to **0.5** based on EBIT reported

Group parameters

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

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

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Key figures Q2 and H1 2023

in EUR mn	Q2 2022	Q2 2023	Q2 2023 vs. Q2 2022	H1 2022	H1 2023	H1 2023 vs. H2 2022
Sales	3,790	4,056	+7.0% / +9.8%[1]	7,548	8,208	+8.7% / +10.1%[1]
Gross Profit ***Gross margin***	832 *22.0%*	886 *21.8%*	+54 mn *-0.2pp*	1,703 *22.6%*	1,870 *22.8%*	+167 mn *+0.2pp*
EBIT[2] ***EBIT margin[2]***	200 *5.3%*	289 *7.1%*	+89 mn *+1.8pp*	458 *6.1%*	625 *7.6%*	+167 mn *+1.5pp*
Net income[3]	113	138	+25 mn	249	267	+18 mn
EPS[4] (in EUR)	0.17	0.22	+0.05	0.38	0.41	+0.03
Schaeffler Value Added[5]	136	293	+157 mn	136	293	+157 mn
ROCE[6]	11.6%	13.2%	+1.6pp	11.6%	13.2%	+1.6pp
Free Cash Flow[7]	-219	103	+322 mn	-204	29	+233 mn
Capex	175	198	+23 mn	331	419	+88 mn
Net financial debt	2,552	3,231	+679 mn	2,552	3,231	+679 mn
Leverage ratio[8]	1.3x	1.5x	+0.2x	1.3x	1.5x	+0.2x
Headcount	82,790	83,705	+1.1%	82,790	83,705	+1.1%

[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 H1 2023 – Growth across all divisions and regions

H1 2023[1]	% of Group Sales	Automotive Technologies 59%	Automotive Aftermarket 14%	Industrial 27%	Region Growth
Europe	45%	+14.8%	+17.1%	+10.1%	+14.0%
Americas	22%	+1.2%	+14.1%	+15.0%	+5.6%
Greater China	20%	+2.6%	+36.6%	+11.4%	+6.6%
Asia/ Pacific	13%	+12.8%	+18.1%	+5.4%	+10.9%
Division Growth		+8.3%	+17.6%	+10.6%	+10.1%

[1] H1 FX-adjusted Sales growth, please refer to the Interim Report for further details — H1 Sales growth[1]

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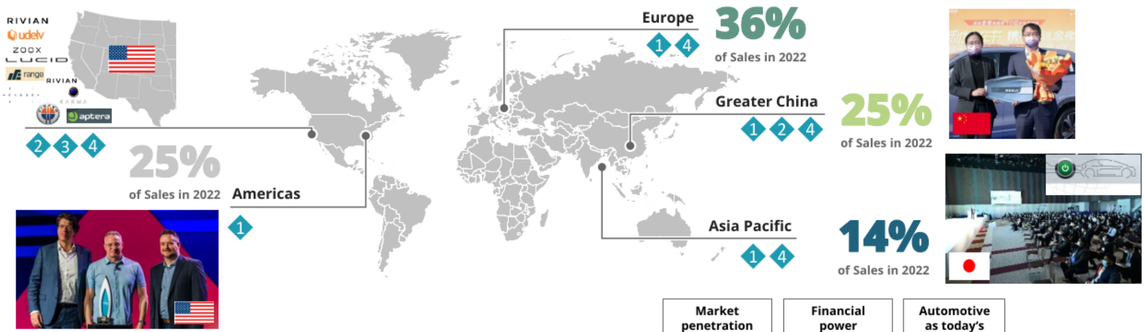
Automotive Technologies[1] – Competitive landscape increasingly dynamic and offering great opportunities



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

[1] The full presentation @ J.P Morgan European Autos Conference is available at the Schaeffler IR Homepage

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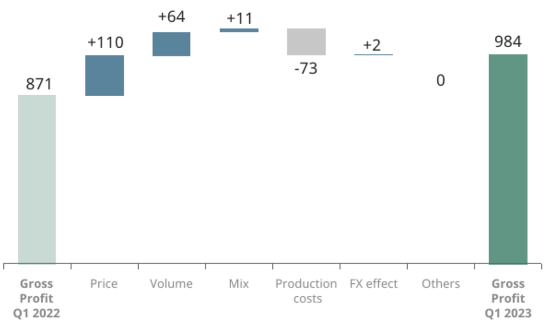
Gross Profit Q1 – Positive Pricing, Volume and Mix effects in Q1 2023

Gross Profit bridge corrected

Gross Profit Q1 2022 vs. Q1 2023

in EUR mn



Gross margin

Q1 2022	Q1 2023
23.2%	23.7%

KEY ASPECTS

- **Pricing:** Sustained positive pricing effect across all Divisions
- **Volumes:** Increased volumes, particularly in the Automotive Aftermarket

Gross margin

in % of Sales

	Q1 2022	Q1 2023	Q1 2023 vs. Q1 2022
Automotive Technologies	18.9%	18.0%	-0.9pp
Automotive Aftermarket	31.2%	35.3%	+4.1pp
Industrial	29.1%	30.0%	+0.9pp
Schaeffler Group	23.2%	23.7%	+0.5pp

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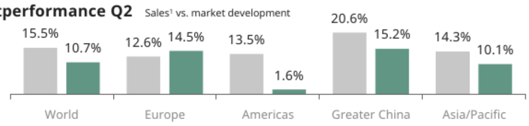
Automotive Technologies – All business divisions growing, improved EBIT margin[2]

Sales by business division yoy growth

	H1 2022	H1 2023	Δ[1]
E-Mobility	600	632	+6.6%
Engine & Transmission	2,469	2,658	+8.4%
Bearings	1,273	1,323	+5.5%
Chassis Systems	172	226	+32.6%
Total	4,514	4,840	+8.3%

Outperformance Q2 Sales[1] vs. market development

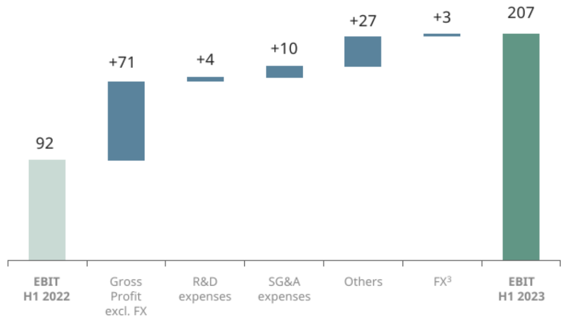


	World	Europe	Americas	Greater China	Asia/Pacific
Q223	-4.8pp	+1.9pp	-11.9pp	-5.4pp	-4.2pp
FY22	+1.0pp	+10.2pp	+5.2pp	-7.8pp	-5.1pp

Production of light vehicles Q2 2023 vs. Q2 2022 (S&P Global Mobility ©, July 2023)[4]; Sales growth Schaeffler Automotive Technologies Q2 2023 vs. Q2 2022

EBIT[2] H1 2022 vs. H1 2023

in EUR mn



EBIT margin development[2]

H1 2022	H1 2023
2.0%	4.3%

[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), July 2023]. All rights reserved.

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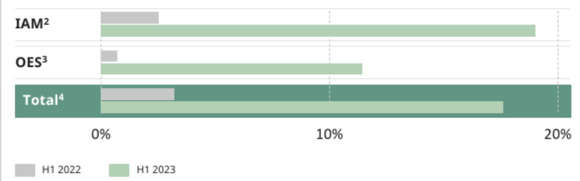
Automotive Aftermarket – Double-digit sales growth[1], very strong EBIT margin[5]

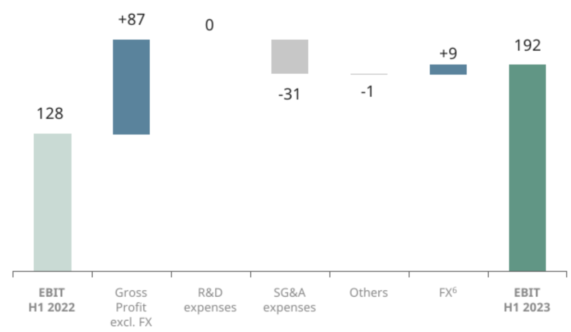
Sales by region
yoy growth

	H1 2022	H1 2023	Δ[1]
Europe	643	748	+17.1%
Americas	209	241	+14.1%
Greater China	56	72	+36.6%
Asia/Pacific	62	70	+18.1%
Total	970	1,131	+17.6%

Automotive Aftermarket Sales growth by channel[1]



EBIT[5] H1 2022 vs. H1 2023
in EUR mn



EBIT margin development[5]
13.2% 17.0%

[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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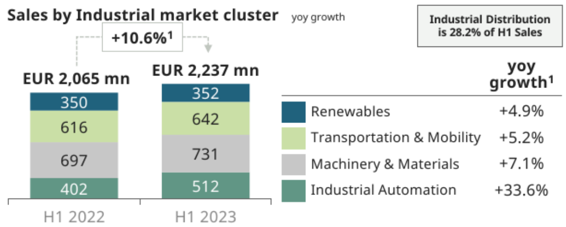
Industrial – All regions and market cluster growing, EBIT margin[2] below prior year

Sales by region
yoy growth

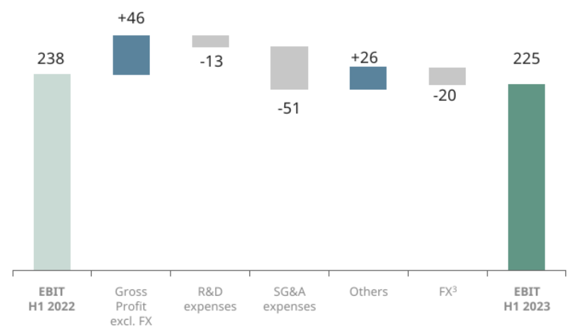
	H1 2022	H1 2023	Δ[1]
Europe	872	958	+10.1%
Americas	352	405	+15.0%
Greater China	531	562	+11.4%
Asia/Pacific	310	312	+5.4%
Total	2,065	2,237	+10.6%

Sales by Industrial market cluster
yoy growth

Industrial Distribution is 28.2% of H1 Sales



EBIT[2] H1 2022 vs. H1 2023
in EUR mn



EBIT margin development[2]
11.5% 10.1%

[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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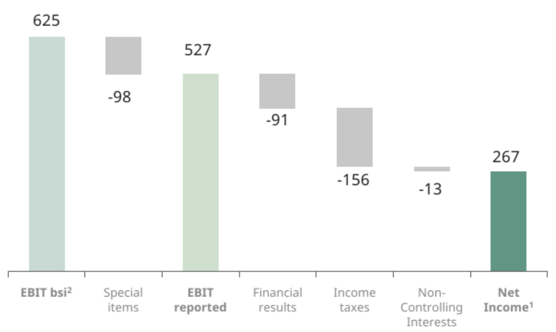
Net Income[1] – EBIT reconciliation and special items

Reconciliation H1 2023 in EUR mn



EBIT margin

EBIT bsi	EBIT reported
7.6%	6.4%

KEY ASPECTS

- Special items amounted to EUR 98 mn in H1, mainly related to valuation of energy forward contracts
- Financial Result lower yoy due to higher interest payments and higher expenses for interests on pensions

Special items by Division
in EUR mn

	Q2 22	Q2 23	Q2 23 vs. Q2 22	H1 22	H1 23	H1 23 vs. H1 22
EBIT reported	**186**	**283**	**+97**	**434**	**527**	**+93**
Automotive Technologies	+10	-4	-14	+13	+56	+43
Automotive Aftermarket	0	+3	+3	+1	+4	+3
Industrial	+3	+8	+5	+10	+38	+28
Group	+14	+6	-8	+24	+98	+74
EBIT bsi[2]	**200**	**289**	**+89**	**458**	**625**	**+167**

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

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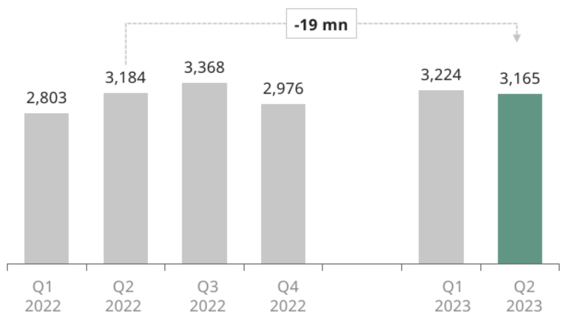
Working Capital ratio 19.2% – Capex ratio 4.9% in Q2

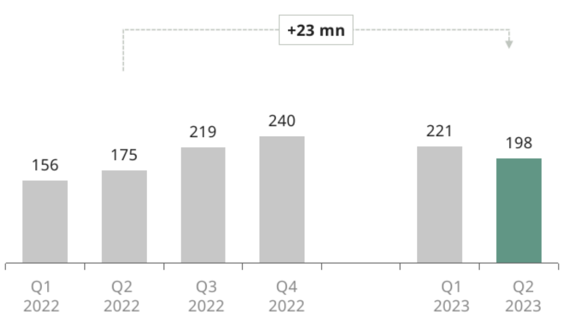
Working capital[1]
in EUR mn



in % of Sales (LTM)

Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
20.0%	22.1%	22.0%	18.8%	19.9%	19.2%
18.8% (FY 2022)					

Capex[2]
in EUR mn



in % of Sales

Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
4.2%	4.6%	5.2%	6.0%	5.3%	4.9%
5.0% (FY 2022)					

[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

YTD Outperformance: -2.9pp

	Q1 23			Q2 23		
	S&P[1]	AT[2]	Outper-formance	S&P[1]	AT[2]	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[1]	AT[2]	Outper-formance	S&P[1]	AT[2]	Outper-formance	S&P[1]	AT[2]	Outper-formance	S&P[1]	AT[2]	Outper-formance
World	-3.5%	-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**

[1] Includes content supplied by S&P Global Mobility© [IHS Markit Light Vehicle Production Forecast (Base), July 2023]. 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
Sales	3,758	3,790	4,242	4,019	4,152	**4,056**
Sales Growth[1]	*+1.9%*	*+4.4%*	*+20.2%*	*+11.8%*	+10.4%	***+9.8%***
EBIT reported	247	186	316	224	244	**283**
EBIT bsi	258	200	355	233	336	**289**
EBIT bsi margin	6.9%	5.3%	8.4%	5.8%	8.1%	**7.1%**

Automotive Aftermarket in EUR mn

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

Automotive Technologies in EUR mn

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

Industrial in EUR mn

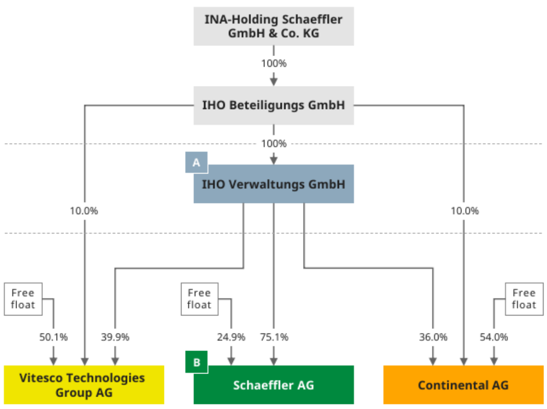
	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
Sales	1,002	1,062	1,140	1,066	1,130	**1,107**
Sales Growth[1]	*+15.7%*	*+11.7%*	*+17.8%*	*+13.7%*	*+13.4%*	***+7.9%***
EBIT reported	106	121	135	103	98	**89**
EBIT bsi	113	125	159	97	128	**97**
EBIT bsi margin	11.3%	11.7%	13.9%	9.1%	11.3%	**8.8%**

[1] FX-adjusted

Overview Corporate and Financing Structure

SCHAEFFLER

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[1] 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%[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
	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%[3]**		

[1] EUR/USD = 1.0866 | [2] After cross currency swaps | [3] Incl. commitment and utilization fees