TRANSCRIPT / Q4 AND FY 2024 SCHAEFFLER AG EARNINGS

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Q4 and FY 2024 Schaeffler AG earnings

March 5, 2025
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Sanjay Bhagwani, *Citi*

Heiko Eber

Ladies and gentlemen, I'm very happy to welcome you to our today's call on the financial results 2024. The press release, the following presentation, and our annual report have been published today at 8:00 AM CET on our Investor Relations homepage. And for sure we will provide a recording and a transcript of this webcast after the call on our website.

Now, before we take a look at today's agenda, I'm sure that you have all taken notice of our well-known disclaimer. Looking at the agenda, Klaus Rosenfeld, our CEO, and Claus Bauer, our CFO, have joined the conference call to guide you through the key information in our presentation. And, of course, we will also discuss our Guidance for 2025. Afterwards, both gentlemen will be available for our Q&A session. And now, without further ado, let me hand over to our CEO, Klaus Rosenfeld.

Klaus Rosenfeld

Thank you, Heiko. Ladies and gentlemen, welcome to our earnings call.

AGENDA

1 OVERVIEW

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Schaeffler Group – Mixed performance in 2024, Guidance for FY 2025 indicating another challenging year

Key messages FY 2024

1. FY Sales[1] +12.9% – Strong growth driven by full consolidation of Vitesco; VLS growing double-digit[1]
2. FY EBIT margin[2] 4.5% – Lower margin due to negative developments in divisions B&IS as well as Others
3. FY FCF[3] EUR 363 mn – Strong cash flow generation despite lower EBIT as well as Vitesco integration and financing costs
4. FY 2025 Guidance – Guidance provided on Group and divisional level, uncertainties remain high
5. Dividend proposal[4] EUR 25 cents – Payout Ratio[5] above target range; shareholders to participate in the company's success

Sales growth[1] FY	EBIT margin[2] FY
12.9%	**4.5%**
EUR 18,188 mn	FY 2023: 7.3%

Free Cash Flow[3] FY	Dividend proposal[4]
EUR 363 mn	**EUR 25 cents**
FY 2023: EUR 421 mn	Payout Ratio[5] above target range

[1] FX-adjusted | [2] Before special items | [3] Before cash in - and outflows for M&A activities | [4] Proposed dividend to AGM per common voting share | [5] In % of Net Income before special items, attributable to shareholders of the parent company

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I'll start on page 4 of the presentation you received and would like to quickly summarize the key messages for the past full year. We saw a mixed performance in 2024, with sales up nearly 13%, largely driven by the full consolidation of Vitesco in the fourth quarter. From an organic point of view, it's certainly worth mentioning that VLS continued to grow nicely with double-digit growth in the full year. EBIT margin is at 4.5% for the full year, reflecting a blended margin of the Schaeffler standalone businesses plus Vitesco with the specific consolidation logic in 2024. The Schaeffler standalone margin would have been around 6%, the delta is due to the consolidation of Vitesco under Schaeffler IFRS.

Free cash flow showed strong positive development. Better than expected, at EUR 363 million despite lower EBIT, as well as the integration and financing costs that Claus will explain. You will see our Guidance not for the 3 segments that we reported in 2024 plus others, but a Guidance for the 4 new segments with the structure we have already indicated: E-Mob, PTC, VLS, and B&IS plus Others that I will explain in more detail. The Guidance becomes even more readable when you get the proforma figures. They are not ready today, but they will be provided in due course. Our Guidance is cautiously optimistic. We are certainly moving into another challenging year. Uncertainties remain high. Just think about the whole question of tariffs, which we will discuss during the Q&A session. Despite all of this, and despite a negative Net Income driven by one-off restructuring provisions and the write-off of deferred tax assets, we are paying a dividend of EUR 0.25, above our target range of 40% to 60%.

1 OVERVIEW

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Schaeffler Group FY 2024 – Highlights and lowlights

- **Resilient performance in ATech**
  Robust earnings in a challenging environment
- **Very strong earnings in VLS**
  VLS with outstanding growth and EBIT
- **Successful Vitesco transaction**
  Transaction executed in record time; strategic step to further position Schaeffler as the leading Motion Technology Company
- **Strong Free Cash Flow**
  FCF guidance overachieved driven by effective Working Capital Management

- **Challenging market environment**
  Soft EV markets, especially in Europe; weakness in many industrial sectors
- **Soft Vitesco contribution**
  Lower EBIT driven by technical and operational factors
- **Subdued performance of B&IS**
  EBIT margin clearly below expectations, additional actions implemented to improve performance; full focus on execution of structural measures

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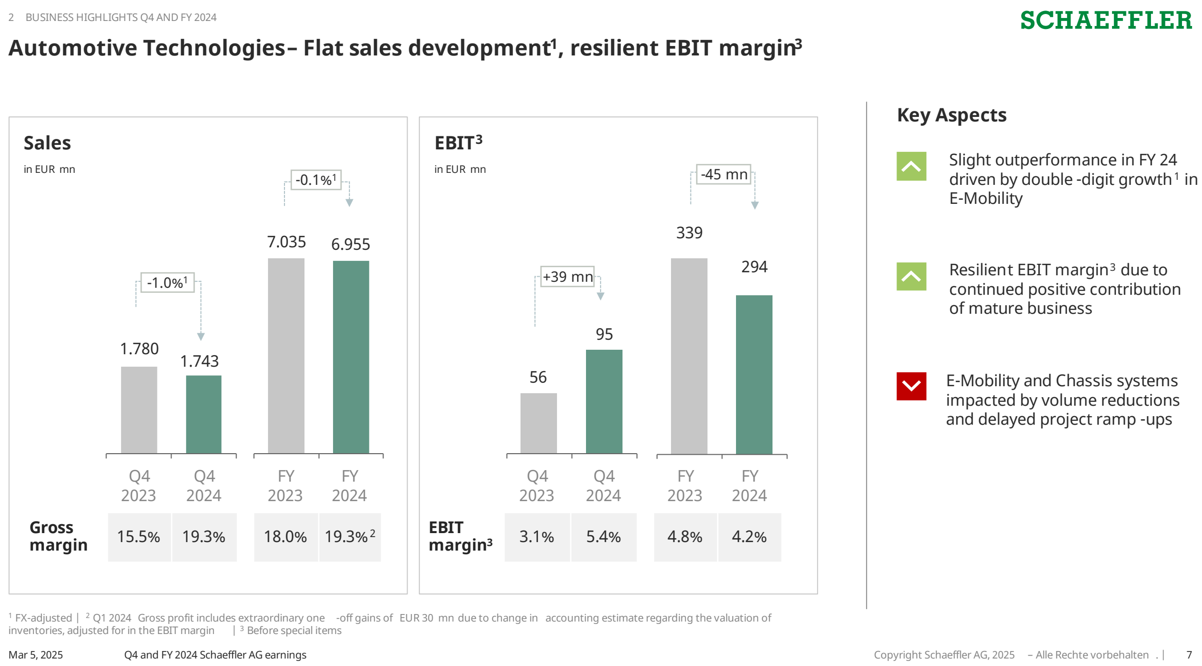
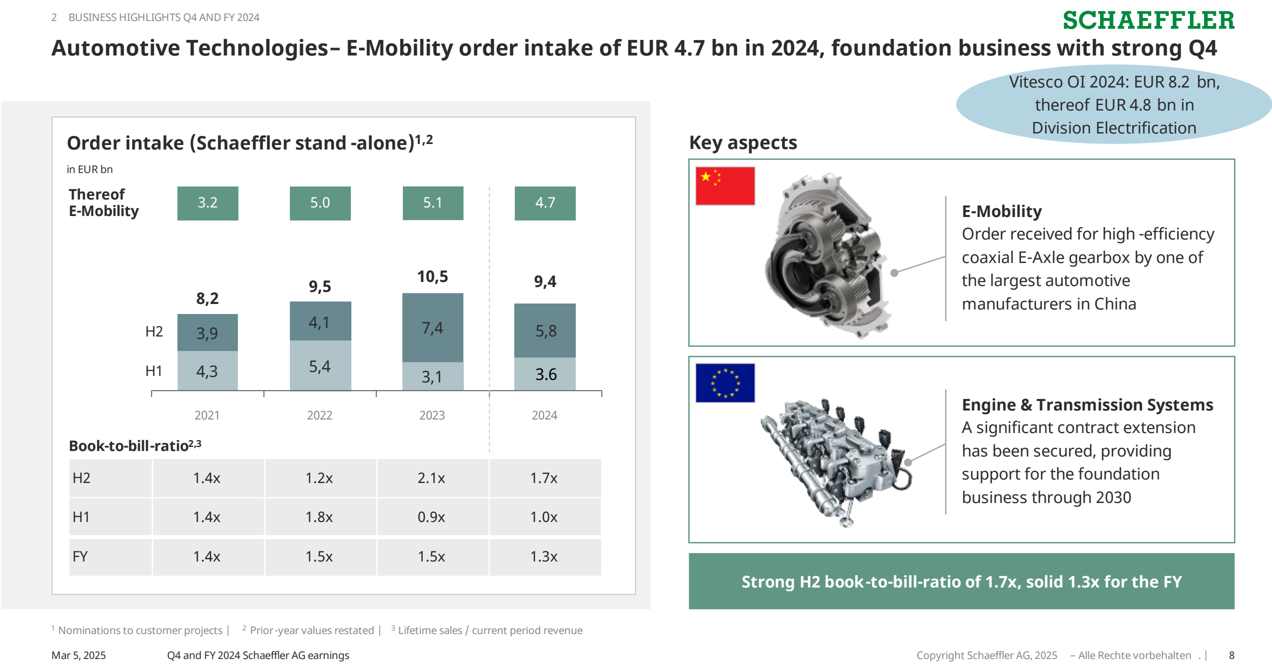
Let me go to the highlights and lowlights on page number 5. Fair to say on the positive side is the resilient performance in Atech. The EBIT Margin for Schaeffler standalone at 4.2% in a challenging environment with a stable top line. Very strong earnings in VLS driven by the outstanding growth and the high profitability of this business. You see here the hedge between the OEM business and the Aftermarket business in automotive works. I think we can say that Vitesco was successfully executed as a transaction in record time, exactly according to plan. And for sure, we are proud to say we have done our strategic homework. It's all about synergies and profit improvement now that is conceptually laid out and fully integrated into our plans. So, it becomes an execution play for the next years to come. Free Cash Flow was strong in the year also because Claus managed our divisions in a tight manner so that they also delivered on working capital promises.

On the negative side, the challenging market environment. EV market softness, in particular here in Europe, and also in the Industrial sector. We had to cope with weaknesses. The Vitesco contribution is weaker than what we would have liked. But it is now, from a technical and operational perspective, fully aligned with what we want to do going forward. And that also applies to the application of consistent accounting standards. We are applying the more conservative Schaeffler accounting standards, in particular when it comes to capitalization of R&D expenses. On the negative side also, you remember the painful profit warning in December is the subdued performance of B&IS. We explained that in all detail, and it's now up to us to bring that back on track. I'm quite optimistic that it is definitely possible. The structural measures that we introduced in November will help to achieve that goal. So, all in all, a year of transition, a year where we laid the ground for the year 2025. That will be the year of the Motion Technology Company, the year of execution, and certainly a year where you get through the Guidance the promised transparency.

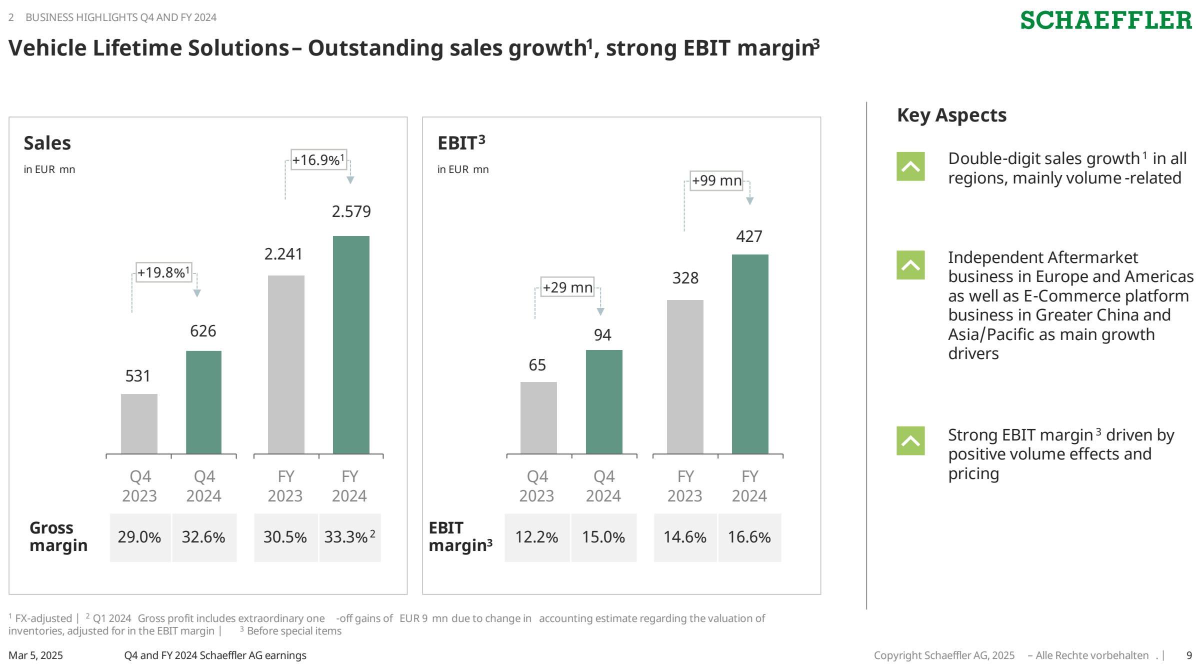
AGENDA



Let me move through the next pages rather quickly because this type of segment reporting is, to some extent, historic. You will see a different reporting going forward. Automotive Technologies with year on year flat top line and resilient EBIT margin at 4.2% is okay.



On page eight the Order intake with EUR 4.7 billion is more or less in line with 2023 for Schaeffler standalone. If I add, you see it in the bubble up on the right-hand side, EUR 4.8 billion for division Electrification from Vitesco, it's around EUR 9.5 billion additional orders in E-Mob. That is clearly showing that we are well on the way to generate even more Order Intake. The plan for the year 2025 and beyond is to execute now and deliver on this Order book. And therefore, let's not just look at how much orders we are taking in, but also how we execute on what we have on our books already. You see on the right-hand side a broad Order book that includes also, across the different regions, very interesting projects. There's one in China with a coaxial E-Axle gearbox. Another one in Engine & Transmission Systems, so our classical PTC business, where we are also securing orders in the continuation of our foundation business. On this page you can see that the inbuilt hedge in our Automotive Technology business is working. And in future that will span around two divisions.



For Vehicle Lifetime Solutions, the numbers speak for themselves. There's not much more to say - an outstanding result. Once again, this demonstrates why it makes a lot of sense to separate this business into an own division. It also highlights the inbuilt balance between OEM businesses and Aftermarket businesses.

2 BUSINESS HIGHLIGHTS Q4 AND FY 2024

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Vehicle Lifetime Solutions – First successful launch of Vitesco product for Schaeffler Independent Aftermarket

Key Aspects

- Fully electric coolant pump for main engine as new product solution in Thermal Management
- First launch for US-market (BMW applications)
- Leverage of existing capabilities and capture of additional market potential for the Independent Aftermarket

Enrichment of strong VLS product portfolio driving synergies

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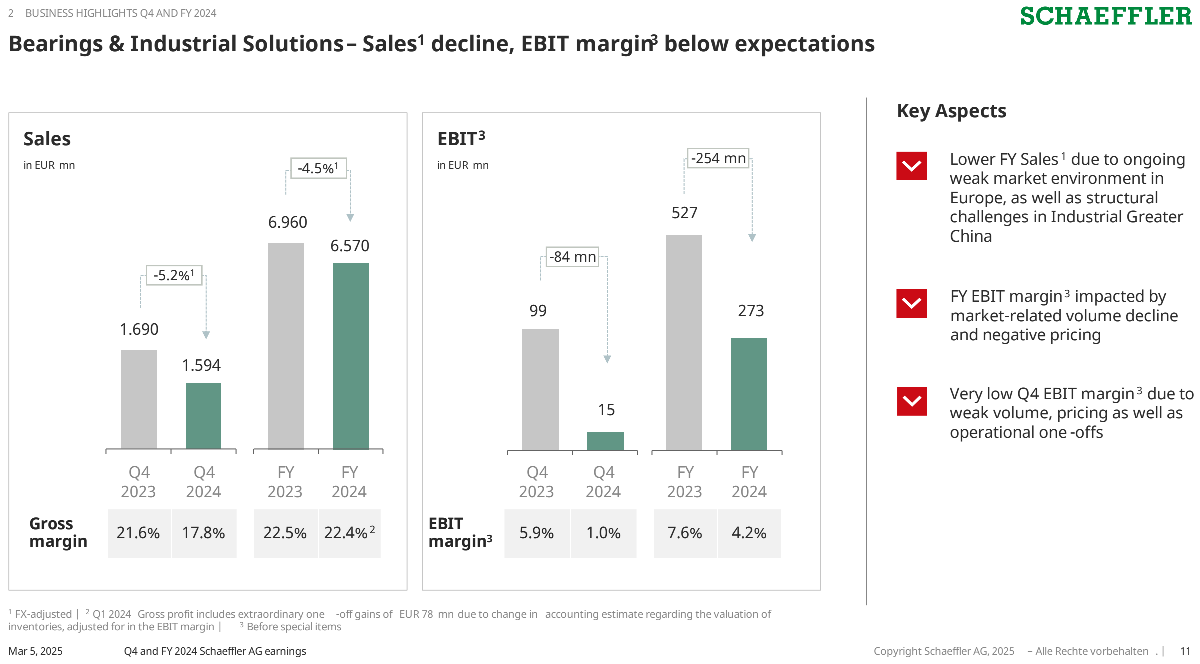
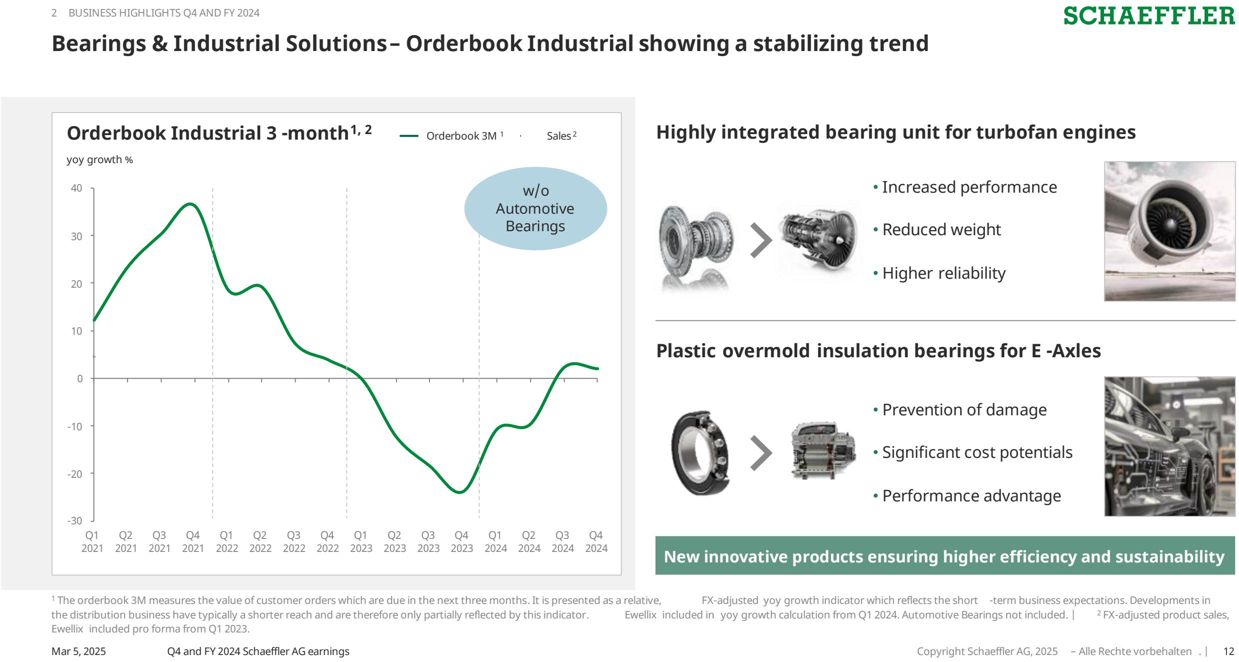
Page ten presents an interesting example: the first successful launch of a Vitesco product in the Schaeffler Independent Aftermarket. A coolant pump with a smart actuator. This is certainly something we will continue to develop, enriching our Vehicle Lifetime Solutions product portfolio and helping to drive synergies.



Bearing & Industrial Solutions, a story for 2024 that is to some extent disappointing. Sales decline of minus 4.5% and an unacceptable EBIT margin of 4.2%. We are on it. We are about to announce the necessary internal changes that will drive this forward. As you saw from the Guidance, we are expecting some recovery, but the Guidance is not yet at the level I would like to see from that business going forward.

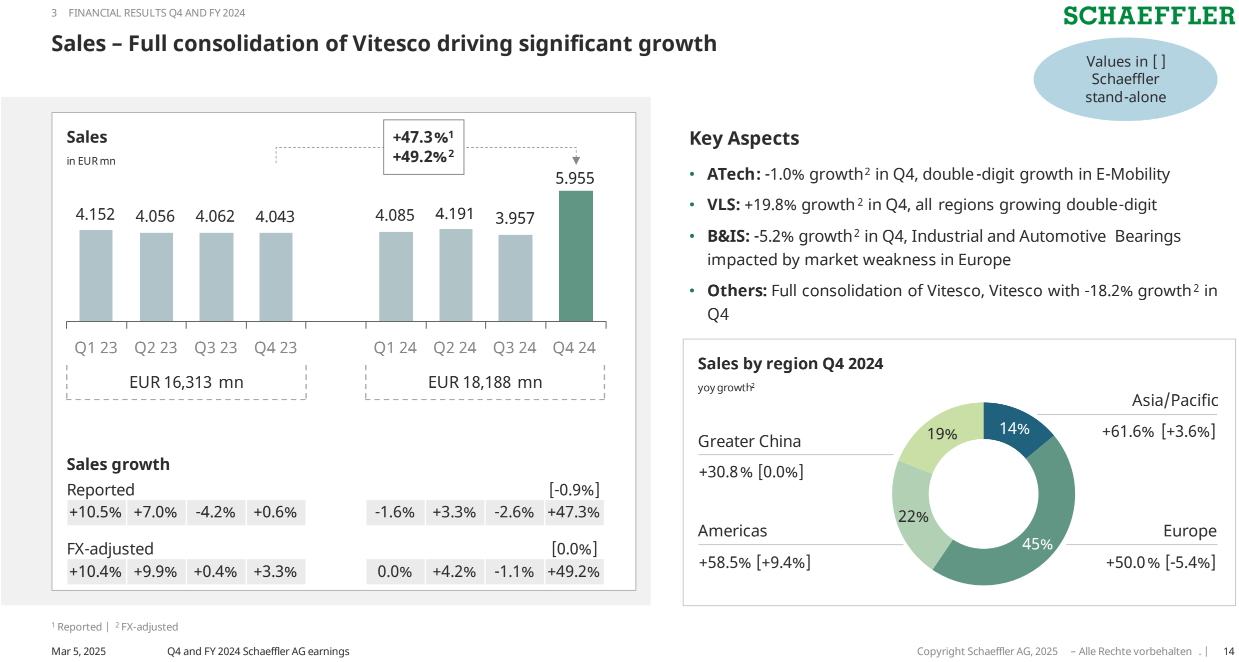


On page 12 you see the Industrial Order book. A different type of order book than for Automotive, but it's fair to say, we have here the third in-built hedge. Automotive OEM versus Aftermarket is one of them. The automotive E-Mob versus PTC is the other one. And now you have the cross-sector hedge with Automotive on the one hand, and Industrial on the other. As I've always said, Schaeffler is more than auto, and we will go for further sales opportunities, further growth opportunities in the sectors that are not cars and light commercial vehicles. Today, in the press conference, people ask about what we are going to do in Defence. We talked about humanoid robots. So, there are corners where exactly our positioning across this broad spectrum is right, and that will give us additional opportunities. The Order book Industrial shows the stabilizing trends. This is also supported by our assumption, that in 2025 we are expecting some increase in Industrial production. If the EUR 500 billion program here in Germany becomes true, I think that should also increase a little bit more confidence into the German economy. I'll stop here and hand over to Claus for the detailed financial analysis.

AGENDA

Claus Bauer

Thank you very much, Klaus. Let's look at the numbers. I think I prepared you already in our last quarterly call that the fourth quarter might get a little bit difficult to interpret. Klaus already alluded to it. It's mainly since we started fully consolidating the Vitesco legal entities at the beginning of the quarter, so the quarterly numbers for Q4 are not comparable to the prior-year quarter. I tried to shed as much light as possible with standalone versus including Vitesco numbers, so that you get a feeling how the fourth quarter went. As Klaus said, we don't have a fully proforma adjusted number that is comparable for prior year. We will start with the first quarter actual reporting in 2025 now, with giving you the full transparency in the new structure of four divisions. The numbers will be available to you for further analysis already by the end of March. And then with the next call, full comparable transparency in that regard. For this quarter and also in our annual report, we are still structured in our three Schaeffler divisions plus one Others division that was not very prominent in the past. But now, for the fourth quarter 2024, it has the fully consolidated Vitesco numbers in it. It's mainly the Vitesco numbers for the fourth quarter that you see in the Others division.



When we now start with sales, then you see the first distortion, almost 50% of sales increase over prior year. That's obviously only the case because of the full consolidation of Vitesco. Vitesco is around half of the size of Schaeffler, so a 50% increase is expected. You see at the very bottom, on the left side, in parenthesis, a number where we show FX-adjusted for Schaeffler standalone, that sales growth of 49.2% would be 0.0%. So that means exactly flat.

The explanation is in the key aspects, Automotive Technology was indeed almost flat, a little decrease of one percentage point versus the prior year. However, double-digit growth in E-Mobility. Vehicle Lifetime Solutions, Klaus already said it, tremendous growth. Furthermore, this growth is not impacted by Vitesco, it’s organic growth of Schaeffler VLS. And Bearings & Industrial Solutions, as Klaus already stated.

Maybe interesting is the pie chart about the regional split. The numbers that are not in parentheses are the numbers for the combined group, and you see a tremendous number skew to the first consolidation of Vitesco. But interesting in that regard is that the highest increases are in Americas and Asia/Pacific, with around 60% in both regions. That means that the Vitesco addition strengthens the footprint in these two regions. In the region Asia/Pacific, it's mainly Korea that is strengthened. The numbers in parenthesis are the Schaeffler standalone numbers. Greater China shows flattish versus prior year, whereas Europe is significantly down. Also, that shouldn't surprise us too much. But on the light side, Americas is up almost 10%.

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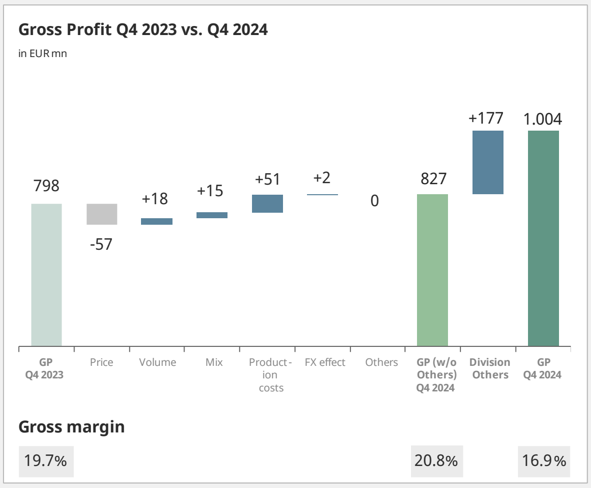
Gross Profit – Full consolidation of Vitesco is dilutive to Gross Margin



Key Aspects

- **Pricing:** Negative pricing in ATech and B&IS
- **Volume:** Positive volume effects in VLS
- **Mix:** Higher share of more profitable VLS business
- **Production Costs:** Positive impact mainly driven by productivity gains in ATech
- **Others:** Full consolidation of Vitesco in Q4

Gross margin
in % of sales

	Q4 23	Q4 24	Q4 24 vs. Q4 23	FY 23	FY 24[1]	FY 24 vs. FY 23
ATech	15.5%	19.3%	+3.8pp	18.0%	19.3%	+1.3pp
VLS	29.0%	32.6%	+3.6pp	30.5%	33.3%	+2.8pp
B&IS	21.6%	17.8%	-3.8pp	22.5%	22.4%	-0.1pp
Others			not comparable			
Group	**19.7%**	**16.9%**	**-2.8pp**	**21.5%**	**21.1%**	**-0.4pp**

[1] Q1 2024 Gross profit includes extraordinary one-off gains of EUR 117 mn due to change in accounting estimate regarding the valuation of inventories, adjusted for in the EBIT margin

If we go to the next slide, and again, trying to be as transparent as possible, it's the Gross Profit reconciliation. And on the left side of the waterfall chart, it's the development of Schaeffler standalone. And then, in the column division Others, you see the impact of Vitesco. The Gross margin for Schaeffler standalone improved, year over year, by over a percentage point, from 19.7% to 20.8%. It's obvious in the waterfall chart that one of the big drivers for improvement is in production costs. The basis of the cautious optimism going forward is, that we will continue to optimize our production cost. And Klaus alluded already to the biggest improvement potential that we have in our Bearings & Industrial Solutions division.

The Vitesco impact on absolute term, obviously a significant addition, with EUR 177 million, but it's also obvious here on Gross Profit line that the full consolidation of Vitesco is margin dilutive. Gross Profit margin goes down to 16.9%. I'm not touching on the table for the divisions. I will do that on the next slide, when we talk about EBIT.

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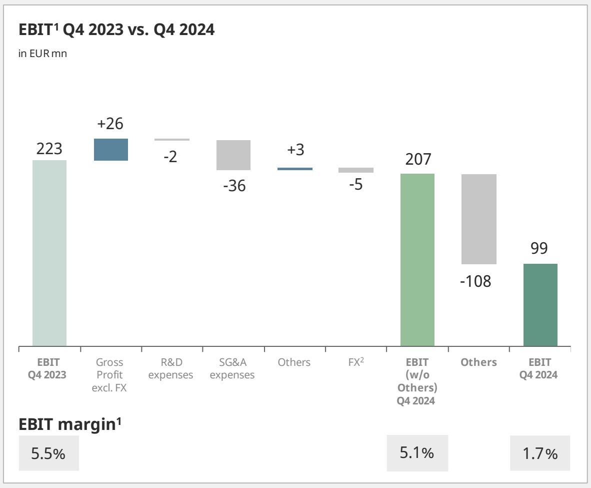
EBIT margin[1] – Lower EBIT margin[1] due to negative developments in B&IS and Others



Key Aspects

- **ATech:** EBIT margin[1] higher yoy mainly driven by productivity gains in production
- **VLS:** Strong EBIT margin[1] driven by positive volume and pricing
- **B&IS:** Q4 EBIT margin[1] impacted by weak volume, pricing as well as operational one-offs
- **Others:** Negative EBIT margin[1] development due to both technical and operational factors

EBIT margin[1]
in % of sales

	Q4 23	Q4 24	Q4 24 vs. Q4 23	FY 23	FY 24	FY 24 vs. FY 23
ATech	3.1%	5.4%	+2.3pp	4.8%	4.2%	-0.6pp
VLS	12.2%	15.0%	+2.8pp	14.6%	16.6%	+2.0pp
B&IS	5.9%	1.0%	-4.9pp	7.6%	4.2%	-3.4pp
Others	not comparable					
Group	**5.5%**	**1.7%**	**-3.8pp**	**7.3%**	**4.5%**	**-2.8pp**

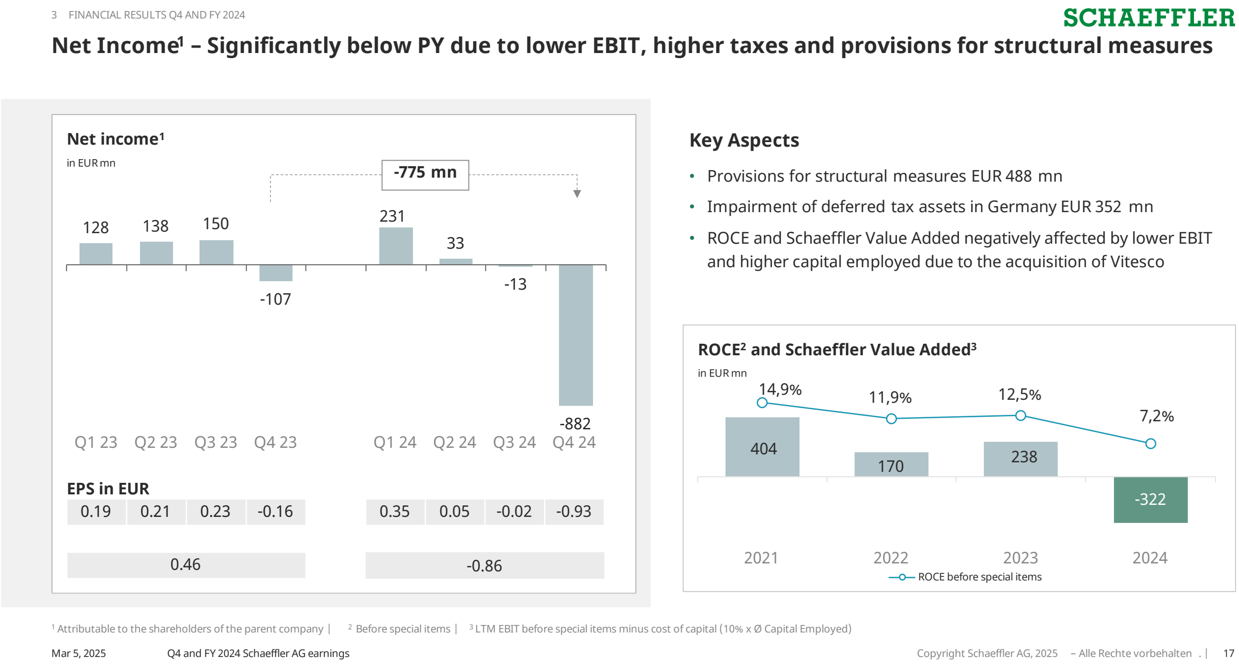
[1] Before special items | [2] Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses

On the left side same logic as in this slide before. First, a waterfall chart for Schaeffler standalone. The other news is that, despite the very weak quarter for Bearings and Industrial Solutions, we are, as a group, almost at the same EBIT margin level as we were a year ago. This is a testament to the resilience and risk diversification provided by our regional as well as business sector footprint globally.

The impact of Vitesco with minus EUR 108 million EBIT contribution for the quarter, remember what I already explained for the at-equity consolidation phase in the first three quarters of 2024, has an operational and an IFRS conversion component. We completely converted the entire data landscape of Vitesco to the Schaeffler accounting policies. The Schaeffler accounting policies are significantly different in the space of IFRS 15 and IFRS 38, as it relates mainly to R&D efforts and R&D reimbursements of customers. About 40% of the minus EUR 108 million is purely IFRS conversion to the Schaeffler accounting standards.

Let's look a little bit deeper into the table on the right-bottom side. There you see what I think is a good trend and a highlight of the fourth quarter. The Automotive Technology division of Schaeffler, in the old structure, increased its quarterly EBIT margin from 3.1% to 5.4%. Automotive Technologies, and that is also the Schaeffler part of E-Mobility, has had its strongest quarter of 2024 in the fourth quarter. So good news. You see, also from a full year standpoint, the margin of Automotive Technologies almost on the prior year level. And if you still remember the mid-term targets in this division, 4.6% in a year with extremely difficult and challenging market and economic circumstances in the target corridor is not bad. For Vehicle Lifetime Solutions

Klaus said, let the numbers talk. With a full year EBIT margin of 16.6%, the division is definitely the shining star. For Bearings and Industrial Solutions, you see with 1.0% EBIT margin in the fourth quarter, a disappointment. I can also add that most of that really happened in December. December was extraordinarily weak from a demand standpoint. We have seen many customers who delayed demands, maybe because of their inventory reduction programs, into January. January was a strong sales month for B&IS, which is not necessarily driven by improving market demands, but we think was a delay of orders from customers from December into January.

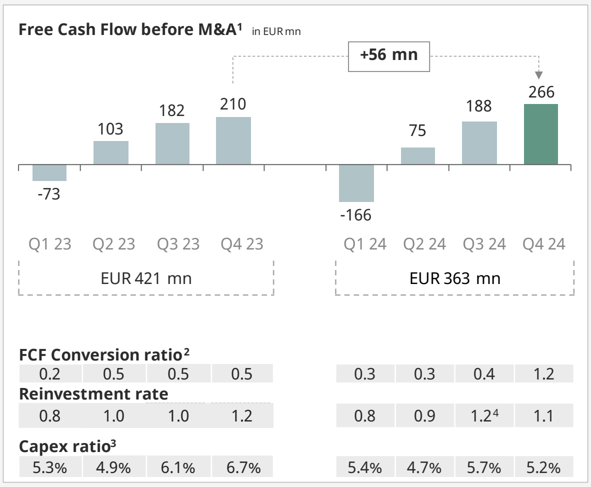


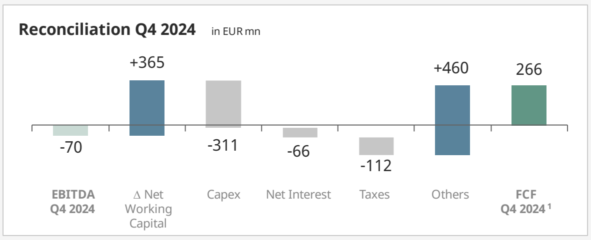
Let's come to the next slide and go further down the P&L structure to Net Income. Net Income is significantly negative for the quarter. That is, of course, partly driven by the EBIT that I just explained. Then two other significant book entries. One is a significant provision for the structural measures, which we announced in November of 2024 to the amount of almost EUR 500 million. Of course, that takes care from a P&L standpoint of most of the program, but cash outflow will then come over the next two to three years. And secondly, we have impaired all our deferred tax assets in Germany due to the profitability situation in our German tax group, which amounted to another EUR 352 million in the P&L.

3 FINANCIAL RESULTS Q4 AND FY 2024

SCHAEFFLER

Free Cash Flow – Strong FCF despite integration and financing costs





FCF Details in EUR mn

	Q4 23	Q4 24	Δ Q4 24/23	FY 23	FY 24	Δ FY 24/23
FCF as reported	**-109**	**557**	***+666***	**-624**	**-779**	***-155***
M&A	+319	-291	*-610*	+1,045	+1,142	*+97*
FCF before M&A	**210**	**266**	***+56***	**421**	**363**	***-58***
Legal Cases	-1	0	*+1*	-40	+45	*+85*
Restructuring	+27	+18	*-9*	+208	+75	*-133*
Others	+4	+50	*+46*	+12	+86	*+74*
FCF bef. M&A and special items	**239**	**335**	***+96***	**601**	**569**	***-32***

¹ Before cash in - and outflows for M&A activities | ² Ratio FCF before M&A LTM to EBIT LTM – Only applicable if FCF and EBIT positive | ³ Capex in % of sales | ⁴ w/o Vitesco transfer to Schaeffler Immobilien Gesellschaft in Q3

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Let's now go into the Free Cash Flow metrics. As Klaus said, and I think also we already announced in our ad-hoc message, mid of January, Free Cash Flow was strong, because we were very disciplined with our working capital management.

You'll see that in the reconciliation on the upper-right. Net working capital improved by EUR 365 million. About two-thirds of that is inventory reduction. Then our sales went down, especially in Industrial, of course, also a more seasonal impact on accounts receivable. But what I also want to point out in this waterfall chart is the next column with Capex of minus EUR 311 million. So, it is not the case that we saved the Free Cash Flow with a reduction of Capex, that is necessary to safeguard our future. Capex, still strong and focused from capital allocation side on the topics that will safeguard our future. E-Mobility, for sure. And again, we are still investing there, and that is not the reason for the strong Cash Flow. If you wonder what the others impact in the reconciliation bridge is with plus EUR 460 million, then you actually have to add that back to the starting point of EBITDA, because as I just explained, EBITDA was impacted by an accrual of EUR 488 million for the structural measures. I also explained that's not cash outflow yet, it's an accrual.

The table below is always our way to explain what the underlying cash generating power of this company is. We are really trying to neutralize any significant, extraordinary impacts like legal cases, restructuring. I'm not going into the depth of each line, but just to the bottom line of it. In the full year of 2023, we had a cash generation power, or underlying cash flow, of EUR 601 million. This year, despite the fact that we had significant one-time financing charges, especially with the bridge financing for the transaction, but also integration efforts that led to a cash outflow in the year, we are still close to that number with EUR 569 million. This creates a solid foundation for successful investments in our future.

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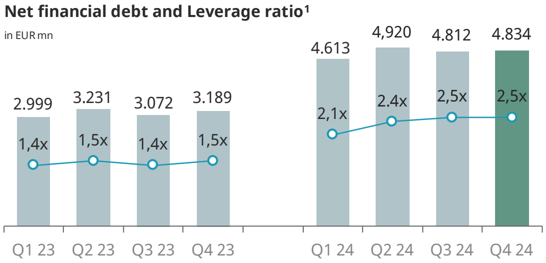
Leverage ratio at 2.5x LTM EBITDA bsi – Still distorted due to missing EBITDA (3 quarters) from Vitesco

Net financial debt and Leverage ratio[1]

in EUR mn



	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24
Gross debt	3,798	3,803	3,868	3,958	6,077	5,516	5,578	6,115
Cash & cash equivalents	799	572	796	769	1,463	596	766	1,281
EBITDA before special items[2]	2,110	2,203	2,189	2,189	2,171	2,081	1,922	1,897

Leverage ratio[1]

Key Aspects

- Gross debt higher yoy notably due to bond issuance for the financing of the acquisition of Vitesco shares
- Q2 includes dividend payment of EUR 295 mn for FY 2023 (payout ratio 47%)
- Available Liquidity of EUR 4.0 bn

Continued strong liquidity

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

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And finally, to the Leverage ratio. You understand, based on the explanations of the past quarters, that the Leverage ratio is one of the main metrics that we are focused on. It’s distorted as long as we don't fully consolidate 12 months of Vitesco, because we divide the net financial debt by the last 12 months EBITDA. If you don't fully consolidate something, it's not in your EBITDA, it's just one at-equity entry. Therefore, it is technically distorted. With 2.5 significantly above our target range of 1.25 to 1.75. This target range is not changing, and we definitely strive to achieve that in the mid-term. It will be slowly worked on now over the next few quarters to bring that down, but I think it will take longer than a few quarters to be back into the target range of under 1.75.

Lastly, just let me remind you that it's now also a combined number between the available liquidity of Schaeffler and Vitesco. All the RCFs and committed lines that we have on hand are now combined credit lines, and the combined available liquidity is EUR 4 billion. Still almost 20% of the combined sales, so I think also a solid number. With that, Klaus, I would hand back over to you.

1 Overview

2 Business Highlights Q4 and FY 2024

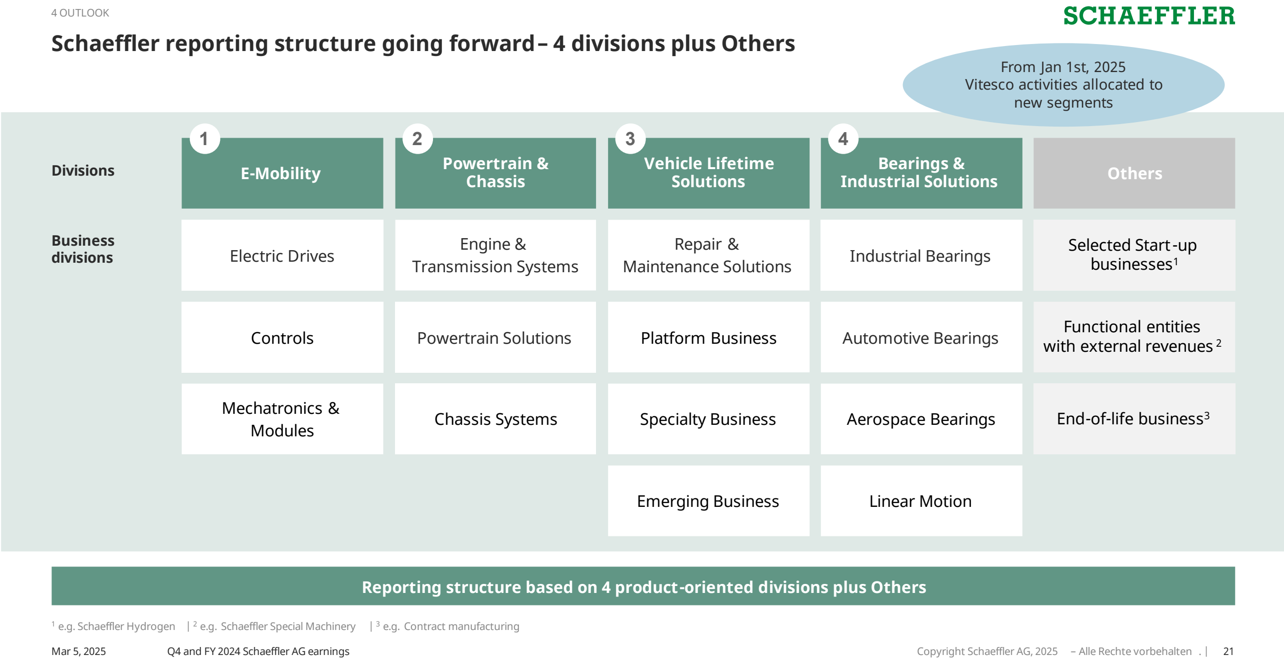
3 Financial Results Q4 and FY 2024

4 **Outlook**

AGENDA

Klaus Rosenfeld

Thank you. Ladies and gentlemen, before I come to the Guidance, probably the page that is most interesting to you, let me quickly lay out how we have developed our reporting structure, going forward.



You see on page 21, our four product-oriented divisions. E-Mobility, Powertrain & Chassis, Vehicle Lifetime Solutions, and Bearings & Industrial Solutions, with their respective business divisions, three in E-Mobility and three in Powertrain & Chassis. Vehicle lifetime will be composed of four business divisions, certainly all smaller than the first six ones. And then in Bearings & Industrial Solutions, we have four business divisions, the Automotive Bearings that we see as a core part of our Bearings & Industrial Solutions division, other than our main competitor, SKF. Then Industrial Bearings and we will separate the Aerospace Bearings. Let me say, this year, Aerospace is the area where we also do some Defence business. And then Linear Motion is a separate, smaller business division that also includes the Ewellix activities.

Then, as already outlined in previous conversations, we have decided to establish an Others column. In the past, that Others column, or the Corporate column, was always zero. In the future, that will not be the case. Three activities are in there that we will not allocate to the four divisions. That's the Selected Start-up activities. Let me give you the three main examples here. One is a small but very interesting battery cell business that we're looking into. Next to there are our Hydrogen activities for the electrolyzer part. The fuel cell activities stay with E-Mob. And then also what I indicated, Humanoids. Why do we start to separate this into this area? Because we think that these are high growth areas where a separate mindset is needed. The typical business division has several business units and product units, and here you need rather a mentality that is driven by cash, that is driven by fast execution and growth opportunities. So from a management point of view, we want to separate this, also separate that in legal entities that allow us to partner, if possible. Second category, functional entities with external revenues. What is that? We have, as you know, our own in-house special machinery building, and that group is not only doing business for Schaeffler but also for other external companies. We will show the revenues and the EBIT from these activities that are small, but not without any impact, in Others. And then, when we acquired Vitesco, we acquired not only electrification and powertrain, but also some contract manufacturing. That is a run-off business, and that will also be shown in this area. That is important to understand. We'll show together with the proformas, when they are ready, from 1st January 25, these activities. We’ll not give you all detail on business divisions, but on the four divisions you get the full P&L and the related cash flow figures. Vitesco activities are fully allocated to the new divisions. Electric Drives, in particular Controls, to some extent, Mechatronic Modules, and then in Powertrain a bit, and also in Vehicle Lifetime Solutions.

4 OUTLOOK

SCHAEFFLER

Guidance FY 2025 – Provided on Group and divisional level, uncertainties remain high

Annual Report 2024 [1]

	Group Guidance FY 25
Sales[2]	Considerable growth
EBIT margin[3]	3% to 5%
Free Cash Flow[4] in EUR mn	-200 to 0

+

Capital Markets Communication [5]

	Group Guidance FY 25	E-Mob Guidance FY 25	PTC Guidance FY 25	VLS Guidance FY 25	B&IS Guidance FY 25
Sales[2] in EUR bn	23.0 to 25.0	5.0 to 5.5	9.0 to 9.5	3.0 to 3.25	6.0 to 6.75
EBIT margin[3]	3% to 5%	-17% to -14%	10% to 12%	14% to 16%	5% to 7%
Free Cash Flow[4] in EUR mn	-200 to 0				

[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] Divisional figures do not add up due to Division "Others"

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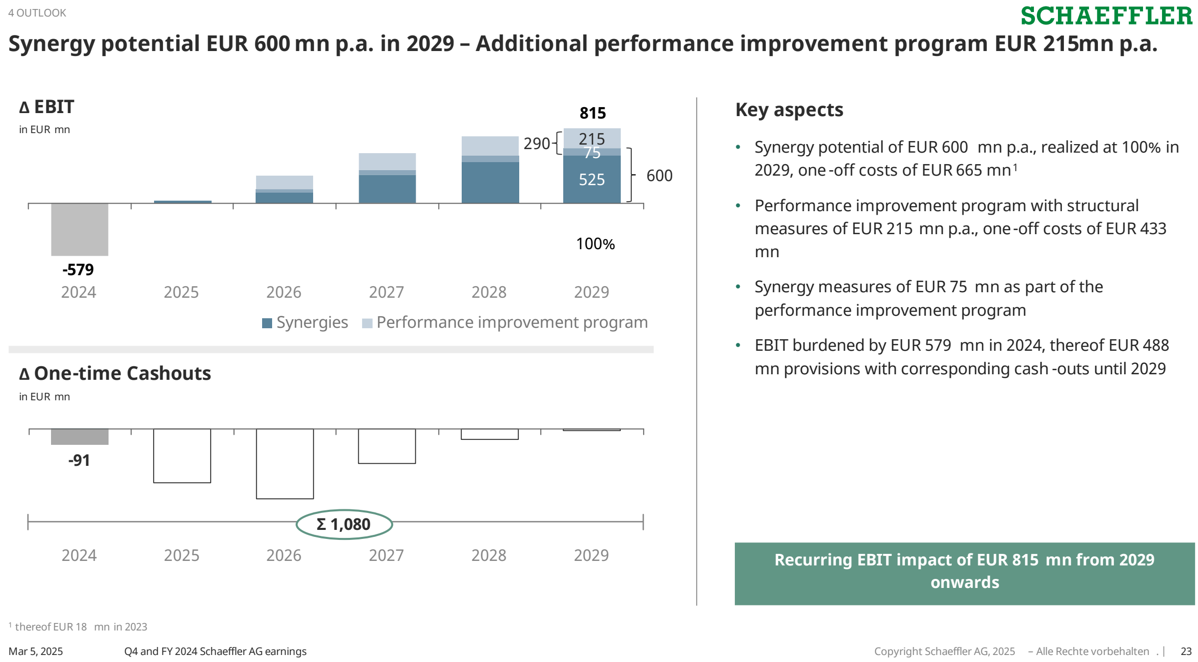
On that basis, to the Guidance, on page 22. I think you have already seen that from the deck that was distributed to you for the annual report. We have, following the accounting requirements, concentrated on the three main KPIs of the group, sales growth, EBIT margin and Free Cash Flow. For you we have extended this into a divisional Guidance for the four business divisions with sales in absolute terms, and an EBIT margin as a percentage, and on an adjusted basis, each with ranges. A little bit wider in E-Mobility, because that's where the biggest uncertainty is. For the other divisions with a 2% range.

Now, let me quickly explain this again. You may ask yourself, why is E-Mobility negative? Claus already explained that a significant part here comes from the more conservative accounting standards that we're using now, also for the Vitesco business. You all know that this is a ramp-up business and has not reached a situation where the order book is really delivered. It's still in growth mode, and we will see, over the next quarters, whether we can deliver on our promises.

I would also like to extend, before I come to the performance improvement potential, the logic of this structure. Again, this is product oriented. It doesn't mean that E-Mobility is only battery electric. The hybrid part is also in there. It also doesn't mean that PTC is a pure sunset business. Some components that we use in electrified vehicles are also produced in that area, and we believe that, in particular, this full-fledged approach that Schaeffler is offering, from battery electric vehicles and powertrain solutions to ICE, gives us a perfect answer to this uncertain development in the powertrain space. I would also like to highlight, you saw it on the previous page, Schaeffler is not only automotive and powertrains. There is an interesting chassis business that we will continue to grow going forward, in particular in markets like China. And let me say, that type of business has an interesting angle also to software-defined vehicles and opportunities in the future. So that's the hedge number one. Schaeffler is a power-train play with full-fledged approach. The second hedge is OEM auto versus VLS. That is, I think, well understood. And then, there is a cross-sectorial hedge because, in the our sectors, and this is not only Bearings & Industrial Solutions, we do more than auto, and I, in particular, believe that this new concept of the motion technology company gives us an excellent framework to pursue opportunities outside the car and light commercial vehicle space.



Now, let's go to page number 23 and put that all a little bit in perspective. This Guidance should not be looked at as a “one year and then it's over”. We certainly owe you, and that will happen in the Capital Markets Day in September, mid-term targets. But let's also be very clear, the year 2025 will still be a year where this new structure needs to be fully implemented, fully understood, fully embedded. The teams need to concentrate on their numbers and execution. So, it's another year of transition, where also the synergistic potential, also the additional potential from our improvement program, will not be fully visible in the P&L. The contrary is true. We will see some cash-outs in 2025 for the investments into restructuring and synergies.

And that's also the reason why our Free Cash Flow Guidance is on the negative side from EUR 0 to minus EUR 200 million. If you add back the restructuring payout for synergies and the performance improvement program of around EUR 350 million and add that back to the midpoint of the Guidance, you see that after these one-off cash outs, the Free Cash Flow will be positive, and will also allow, again, for a decent payment of dividend. The key message here is not so much the year 2025, but the years thereafter. This EUR 815 million stemming from both synergies, Vitesco and performance improvement program, is what we are shooting for. The more we can realize this, also in the time frame that we have giving you here, the more we will be on the right side. You will ask the question, how much of that is E-Mob, and I'm happy to say that nearly half of that EUR 815 million is related to E-Mob, and that will certainly help to bring the breakeven point closer. We have decided to also pre-empt the question, not to give you the breakeven ambition already. Now, we will do that in the Capital

Markets Day, when we have a little bit of a closer grip on how all of that comes together. But what I can say here, and what I would like to stress, we are optimistic that this 815 million can be achieved and will be achieved according to the schedule that you see on this page. We will update you on where we are with our next quarterly results, and we are optimistic that it will help us to achieve our long-term performance targets.

SCHAEFFLER

Our next chapter – Creating the leading Motion Technology Company

Financial calendar and selected IR events 2025

Mar 6	Analyst Breakfast and JPM Roadshow – London
Apr 1/2	Hanover Fair Investor Booth Tours – Hanover
Apr 24	AGM
May 7	Q1 2025 Earnings Release
May 19/20	BNP EV and Mobility Conference – Hongkong
May 28	DB European Champions Conference – Frankfurt
June 3	JPM European Automotive Conference – London
Aug 6	Q2 2025 Earnings Release
Sep 17	Capital Markets Day
Nov 4	Q3 2025 Earnings Release

Let me finish with the final page of the financial calendar. May 7th is our Q1 earnings release. You are all cordially invited to participate in our AGM on 24th April. That will be done here in Herzogenaurach. Heiko and his team will be in Hanover for an investor booth tour. We will, after this call, come to London and be available tomorrow. And for sure, after May 7th, there are lots of different activities to also prepare you well for the Capital Markets Day. We are excited about that opportunity and are excited to explain more about our long-term vision that is called the Leading Motion Technology Company. I'll stop here and thank you for your attention. I'm handing back to Heiko for Q&A. Thank you very much.

Heiko Eber

Thank you very much, Klaus. Thank you very much, Claus. And with this, I would hand back to the operator to take our first question.

Q&A SESSION

Christoph Laskawi, Deutsche Bank

Good afternoon. Thank you for taking my questions. The first one will be on the E-Mobility indication that you gave. Obviously, you are not providing the proformas today, but could you just comment a bit more on, at midpoint, do you actually factor in growth for the business? And what sort of growth, double-digit? Any comment there would be appreciated. And is there any indication you could give for just roughly for 24 margins in that division?

The second question on the divisional guide for the Bearings & Industrial Solutions. How much of the improvement versus 2024 is just regrouping certain activities into the Others line, and how much is the organic or restructuring-driven improvement?

And then lastly, on Free Cash Flow. When we look at the slide on the cash-out for restructuring and integration, it looks like another step up in 2026 for cash-outs. At the same time, you have first earnings effects. Should we prepare ourselves for another stated breakeven or negative Free Cash Flow in 2026, or would you envision that to be positive already? Thank you.

Claus Bauer

Thank you very much, Christoph. All three very good questions, and I like that it all leans towards the CFO, so I'm getting some time here. In E-Mobility, there is growth factored in, which will be clearer when we have our solid proforma base numbers. I'm a little bit hard-pressed to give you now an exact number here, but there is growth. It will also consider, obviously, the market sentiment that is around us. It will be very differentiated between the different regional areas. As you can imagine, the most prominent growth in that sector will be in China, and it will be a little bit subdued in Americas and Europe. But even there, we will be growing, as I mentioned, also on the Schaeffler side. We also grew in the environment in 2024, significantly on the Schaeffler side but also the Vitesco side. It's not just the increase in volume of existing programs, of course, but also the ramp-up of new platforms.

You didn't ask it specifically, but I will nevertheless maybe add a little bit more light on what Klaus said regarding the accounting impact. If I now see the IFRS conversion impact on 2024, on the Vitesco side, and that obviously was done very seriously, because that was necessary for our financial statements, and now would extrapolate that on the Schaeffler E-Mobility side, where we never had the conversion because we applied our policy from the beginning. But if I would extrapolate that impact, then

we would come in, in a more aggressive R&D accounting logic, in a single-digit negative EBIT. So that's just the extent in this tremendous ramp-up phase with tremendous R&D efforts, that's really the impact, or the scope of the impact, of our R&D accounting policy.
In B&IS there is also organic improvement with the formation of the Others division. For example, now we are having the start-up ideas or framework like Hydrogen, robotics and humanoids. And that's obviously still a more cost-driven and not revenue-driven field of future growth potential. That would improve Bearings & Industrial Solutions in the range of one percentage point. So, one percentage point of the margin that you see in our Guidance for Bearings & Industrial Solutions is due to the effect of the Others division. And of course, there's more to come at the end of this month, but just to give you an idea what the growth is. In the meantime, I also got the exact growth number for E-Mobility, based on preliminary, prior-year, proforma numbers. It's in the range of 15%.
And last but not least, you interpreted the slide very well, I would say. You now have to add the EBIT and the one-time cash-out here together, which, as you said. There are already positive synergies and impacts of the performance improvement program. I am not in a position to give you an exact forecast for Free Cash Flow for 2026, but it will also be far away from the cash generating power that I'm always prominently displaying here in the range of EUR 600 to 700 million. Then, you would see, in a normal year, that's already completely balanced. Of course, in 2027 that should be behind us, because the positive effects of the programs are then higher than the cash outflow. So, in 2026 there will be a negative impact of these programs on our Free Cash Flow, but we would strive for a significant improvement into the future state with EUR 815 million of tailwind from synergies and restructuring. So, 2026 will be a significant step in the right direction.

Klaus Rosenfeld

And maybe to add, Christoph, to make sure that you understand it right. We have on the one hand, restructuring provisions from the program we announced in November. What is more, like the previous programs where we release headcount, and that requires then payout for that restructuring. The integration costs are not all provisions. They are also going through cash and EBIT at the same time. I think that's something you should have in mind. Because for integration, some of the things cannot be booked as provisions, and they will flow through EBIT and P&L, and, to some extent, then reduce the synergy impact in the year 2025 and 2026. Again, give us time until the Capital Markets Day to give you a little bit more Guidance on how that mid-term framework will look like.

Christoph Laskawi, Deutsche Bank
Thank you. Very helpful.

Klaus Rosenfeld
You're welcome.

Akshat Kacker, JP Morgan
Thank you for taking my question. Akshat from JP Morgan. I have three questions, please. The first one on Powertrain and Chassis. Again, I understand that you don't have the exact figures, but generally, when you're thinking about the 2025 Guidance, can you just give us a broad sense of the top line Guidance when you're thinking about EUR 9 to 9.5 billion in Sales, what does that mean in terms of organic growth assumptions? And even when we are thinking about the 10% to 12% range for EBIT margin, is it fair to say that in 2024 you were at the midpoint of that range? Some more details would be helpful, and it could also remind us on Powertrain and Chassis. What is the exposure to China as of today, please? That's the first question.
The second question is on VLS. Again, when I look at the Guidance, you're at the top end of the revenue guide, you're almost looking for a 10% organic growth in the business, which is completely understandable given the opportunity with Vitesco as well. But again, you have a cautious guide on margins, so could you just give us more flavor there, please?
And the last question that I have is on Humanoid, Robots and Defence. So, yes, clearly, from a political perspective, there is a focus to better align Industrial assets and footprint towards growth areas in Europe, but when you think about this space, do you expect economic activity and momentum to improve in the coming quarters? Or do you already have sizeable orders in these segments? And, when you generally think about precision motion control or actuators, are you happy with your capabilities and knowhow in this area? Or would you be actively considering M&A to have a broader reach, other than obviously Ewellix which you did in this space? Thank you so much.

Klaus Rosenfeld

Maybe I'll start with the last one, and that gives Claus also the opportunity to focus on his answers. When I mentioned Humanoid and Defence, I was talking about these two areas more in a strategic point of view. We have today a small Defence business that sits in our Aerospace area, and I can indicate that we separated this as a business division and could imagine that we call that in future Aerospace and Defence. You don't go light-heartedly in these kinds of sectors, because they have completely different rules. This is more a business-to-government activity than a business-to-business. We have also, at Vitesco side, some experience with products that were used in military equipment, but again, that's more a topic where we will decide in the summer from a strategic point what we want to build that going forward.

In the Defence area, it's more about the classical products that we know. You can think about Bearings in all different shapes or forms. So there, we definitely feel that we could do that. But again, there are specific requirements for military equipment. In particular, if you broaden this away from planes or helicopters, into tanks or other things, then that needs to be very carefully looked at. Vitesco had also, in their power electronic business, certain things. Also, there you have to enough time to think that through whether that makes sense.

In general, we can say that the business is an above-average-margin business if you get it right, and if you qualify for that area. Humanoids are different. Humanoid is a new business also for the market. There is tremendous activity in that field, both in the US but also in China. Those of you that followed us in the Consumer Electronics Show in Las Vegas saw that we displayed a humanoid there. We have started to invest in that space also with a small investment. The logic here is that this is an innovative area, but it is an area where we can exactly show the cross-selling potential of Schaeffler.

If you would be here in Herzogenaurach, we could show you that if you can do certain actuator things that we're used to from the automotive space, you can use that technology also to do robot joints, to think about combining sensors E-Motors and Bearings for certain areas. So, we are quite advanced in what we could do in terms of prototyping. Do we already have a large order there? The answer is no. Are we seen as someone who can provide the necessary components and the systems in that space? Absolutely. And we will show more, if you are interested, in Hanover. But don't expect record growth already from this in 2025. It's more a mid-term activity. Claus, was that enough space to answer the other one?

Claus Bauer

Yes, especially because of the first question. Akshat, I will make it easy for me. Let’s wait until we have robust numbers that are comparable and proforma. It's another three weeks, and then we should be able to provide you the answers to the question. Directionally, I can say that our assumptions for the production volume are flat, for 2025 versus 2024, with an increasing portion of E-Mob and battery electric vehicles. That should also mean lower volumes for PTC. I think, or I know, our assumption is not growth in that area, it will also not be, as Klaus said, a completely ramp-down business, because there are portions in there that are actually also growth areas, like Chassis. But it will be flattish to maybe a slight decrease.

Regarding the EBIT margin, I really would ask for your understanding to wait until we have the robust numbers. Exposure to China in PTC is around the same as our regional sales, but for the entire company you might have seen in my regional pie chart that the Chinese footprint of Vitesco is a little bit under proportional, and our relative sales portion in China will decrease a little bit with now the combined entity. But that is not true for PTC. Vitesco is there also very strong in the area of NOx sensors, for example. So that might help you in that regard.

And to your second question, VLS for sure strong growth, but not against 17%, so definitely above the GDP growth that is assumed, or even the vehicle part globally that we assume. We want to grow above market. And one of the components you already mentioned, that is the integration in our Systems and Service business of the Vitesco products, but another growth driver is our Platform business. And we touched on that in the last session. I'm sure we have an E-Platform business and sales channel that is very developed already, since a few years by ourselves in China. And we also acquired a basis for doing a similar thing in India. It's not as advanced yet as in China, but both platforms will significantly contribute to the budgeted growth for 2025.

And as I explained in the past, these are E-Commerce business platforms that are open to other suppliers of Aftermarket solutions. And there will be a margin dilution impact by these sales and the growth of these sales. So, I would therefore say the margin Guidance there is also, from a midpoint standpoint, pretty realistic under these circumstances.

Klaus Rosenfeld

And actually, let me quickly add one or two more thoughts on China. I've just been there a week. The China situation is very much a function of how much business you have with the Chinese OEMs. And before the merger, you know that, from what we explained, the share of Schaeffler Standalone was more than 50%.

Vitesco's share with Chinese OEM is lower, so the combination now is below 50%. But we will bring it up. And it's important that you also understand that Chinese OEM business is not only battery electric. If you look at BYD, they certainly do also combustion engines. And while their insourcing is higher in terms of the share, there is interesting business with these OEMs, both locally, if you can follow the speed that they have there. It's certainly bloody competition, but on the component side, we can do a lot, and Vitesco helps us. And now if they all come to Europe, you saw the big equity race of BYD in Hong Kong, that is an additional opportunity for us. Just to keep that in mind and to add that to your question.

Akshat Kacker, JP Morgan
Thank you so much.

Horst Schneider, Bank of America
Can you hear me? It's Horst here, from Bank of America.

Klaus Rosenfeld
We can hear you well.

Horst Schneider, Bank of America
All right, great. And hello, again. I tried again to get more details on this E-Mob business, but then also on the Powertrain business.
On the E-Mob business, maybe can you share now what are your thoughts on market growth? I know that the market in general, is throwing at something like 20% with huge regional differences. This year, maybe Europe is growing more, maybe not. But is it fair to assume in your view that the general underlying market growth is something like 20%, or would you say it's lower than that?
Then, within E-Mob, what is now the share between PHEV and BEV business? On Powertrain, the question would be when you say that the powertrain revenues should decline from here, how should we forecast that? I can imagine that will be debated also at the Capital Markets Day in more detail, but if you now make a forecast for Powertrain and Chassis, specifically for 2025, your revenue Guidance implies basically what level of underperformance? I guess it's an underperformance versus LVP, or is it this year still an outperformance? And is a new assumption as well for E-Mobility

and for Powertrain, already this change in CO2 rules, is that already included? Thank you.

Klaus Rosenfeld

Well, Horst, all these questions are absolutely relevant, but we are, at the moment, not in a position where we can give you answers to this. The Capital Markets Day in September will hopefully give you more. So, I kindly ask for a little bit of patience before we put these numbers in these.

Horst Schneider, Bank of America

Just for 2025.

Klaus Rosenfeld

But let me respond, somehow, more strategically to this. We need to be careful, and you need to be careful, to associate E-Mob with everything that is electrified. In PTC, only ICE. That's not the case. And don't forget, there is also the Automotive Bearing business in the Bearing side. So, we are preparing now that you get, for our sector, cars and light commercial vehicles, that is spreading. If I take VLS out across three different divisions, you get a matrix where you can see how much of that is BEV, in a sense pure battery electric, how much of that is HEV, and how much of that is ICE. That's like what Vitesco did in the past, so that you can separate the way how we put something in our segment reporting that is product oriented. And certainly, the hybrid is more in E-Mob than in PTC, but it doesn't mean that PTC does not produce certain parts that end up in an electric or in a hybrid car. Same is true for Bearings. In Bearings, you have wheel Bearings that are sort of powertrain agnostic, but you have also Bearings that go into an E-Motor solution or an E -Solution, and that go in an ICE solution. So, we need to give you more insight there.

And that's also then the basis for saying where are we outperforming, are we outperforming on the pure battery electric side or on the hybrid side? I can tell you today that we have adjusted our scenario. You remember the famous 40-30-30? 40 BEV, 30 HEV, 30 ICE for 2030. For our strategic discussions, in a way that is now 35-35-30. That means the electrified share of our business will remain at 70%, and we believe that, on the hybrid side, we'll see more growth at the moment, and a little bit lower growth on the E-Mob side. You can now split this out by regions. That's probably the appropriate way to look at that, because China will be different than the US, now with President Trump and his team in place. But that's how we look at this now.

So, give us a little bit more time to prepare this. I fully understand what you need, but it is not the right way to say E-Mob equals BEV and HEV, and PTC is ICE. You need to somehow look at this in a matrix and say, this is the segment reporting, including the Automotive BEARINGS, and then take it over the different powertrain solutions, knowing that also PTC has all the Chassis business. And the Chassis business is separate, is powertrain agnostic, but in particular in China, a significant growth opportunity. Does that make sense?

Horst Schneider, Bank of America
It makes a lot of sense. A lot of questions, of course, remain. But let me ask maybe one follow-up, and that's more related to Net debt/EBITDA leverage. If you were meeting the midpoint of your Guidance, what would be the Net debt/EBITDA ratio be at the end of 2025?

Klaus Rosenfeld
Claus, do you want to say that?

Claus Bauer
Yes. We would not see a huge relaxation versus the current levels.

Horst Schneider, Bank of America
What is your estimate as a follow-up?

Claus Bauer
We would move towards the 2.0, but not very significantly.

Horst Schneider, Bank of America
Okay. As a follow-up to that, do you have any sort of minimum Gross liquidity target for the group? You say it’s, at the moment, EUR 4 billion. Do you have a minimum number you want to be at, or you need to be at?

Claus Bauer
There's no minimum number that we have to be at. But we would feel comfortable if that liquidity is in the range of 15 plus percent of sales.

Horst Schneider, Bank of America
Okay. All right. Excellent, thank you

Klaus Rosenfeld

Let me let me add this. If you compare us to our French peers, we have financed all of this in a much more cash-conscious and liquidity-conscious manner. We have not acquired Vitesco and have used, as you know, a specific transaction structure to do it as consciously as possible. I'm not concerned about our liquidity at all.

We are not ZF, we are not one of the others who have addressed large acquisitions with high debt mountains. We can carry the 2.5 times, and we will reduce it over time back to the level. That's not going to happen in 2025, for sure not, but that doesn't mean that we are constrained in following our plan.

Is there ample room for further M&A? Certainly, the answer is no. We're not going to, at the moment, focus on external growth. We need to focus on execution. Executing this large and huge order book. That's also where the risk is, because we need to get that really understood, project by project, development by development, customer by customer. That's the focus. But I don't foresee any M&A transactions, except for maybe some smaller things that could come along the way. So, the focus clearly in 2025 is getting the operational stuff under control, making sure that we deliver on Guidance, getting all the things that we need to deliver on the order books on the customer side right. But liquidity and leverage are not a concern to me.

Horst Schneider, Bank of America

Okay. All right, thank you. I'll maybe get back to you.

Klaus Rosenfeld

You're welcome.

Sanjay Bhagwani, Citi

Hello. Thank you very much for taking my questions. I have got three. My first one is a follow-up on E-Mobility. Sorry, I didn't catch if I understand you are not providing the proforma for E-Mobility, but as a general on the margin side, are you expecting this to be improving in 2025 versus 2024? And on that, I understand electronic costs inflation was one of the biggest challenges that at least Vitesco had seen for 2022 and 2023, so are you starting to see some of these already relaxing? And do you already model that in your Guidance? Or this is something that could be an upside optionality? Should the semiconductor electronic costs go down, then there is some leeway to go towards the upper end of the Guidance range? That is my first question. And I'll just follow up with the next one after this, if that is okay.

Claus Bauer

Yes, let's start with the attempt to now provide proforma numbers already today. I can only repeat myself. Let's wait another three weeks, and then we have solid, robust numbers, and then we can see that.

What I can say in regard to improvement of margin, and that's not necessarily true for 2025, let's wait and see for the numbers, but directionally, for the next few years, is that with the accounting policy of Schaeffler, that recognizes a bigger portion of the R&D expenses already in the year of cash outflow, and does not have a negative impact on the future P&L, the margin improvement curve, once we are beyond the significant ramp-up phase and go into a more stable sales volume, where new acquisition of orders is more equal. The delivered sales of a year is much steeper than with Vitesco's accounting policy in the past, where you would protect the present time, but then impact negatively with the amortisation then in the future. So I would expect, especially in the mid-term, and that is then, I'm pretty sure, part of our Capital Markets Day discussion, a much steeper margin improvement curve with the accounting policy of Schaeffler.

Electronics cost inflation, that is really a very difficult one to answer. We did not budget for a big improvement in the cost structure there. And actually, right now, you see already, after some relaxation, a little bit more of dark clouds on the sky going forward again. So I think if it's coming better, then there might be upside potential, but the logic has to be we have to go to the customer and push whatever the price levels are onto the customer.

Sanjay Bhagwani, Citi

Thank you. That is that is very, very helpful. So, the second one is on the Bearings & Industrial Solutions division. Are you able to share anything? Because Q4 was unusually below expectations. I think you already alluded that January was better, sequentially, so are you able to provide any color on how the Q1 trend has been, and if this has already sequentially been better than Q4 last year?

Claus Bauer

I cannot. And I think what I can say is that January is much better than December. But I also try to be a little careful in assessing January. And if you remember, I said we

don't see that yet, based on market conditions improving. It's more a shift of customer, short-term customer demands and orders from December into January. And you also understand that our fixed cost sensitivity and elasticity of volume is enormous also in Industrial. So, therefore, very negative volume impact that we saw in December was somewhat calibrated, recalibrated, then in January. I don't want to now look in my glass ball already to tell you what Q1 looks like.
All I can tell you is that we are, in a very disciplined way, executing our performance improvement program that is heavily also focused on Europe. As you know, structural adjustments in the European workforce, especially in Germany, are not from one day to the next, but we will continue and grind away in a very disciplined way.

Sanjay Bhagwani, Citi
Thank you, that's very helpful as well. And the final one is on the dividend. I think you already alluded that, because underlying Free Cash Flow for 2025 still will be positive, the negative is because of the one-off restructuring. I think you alluded to the dividend payment likely in 2026. Are you able to provide some color? Let's say, the dividend of EUR 0.25 is a low point, and then you gradually start to increase it, or you would rather see this steadier going into 2026? Or maybe just too early to comment now?

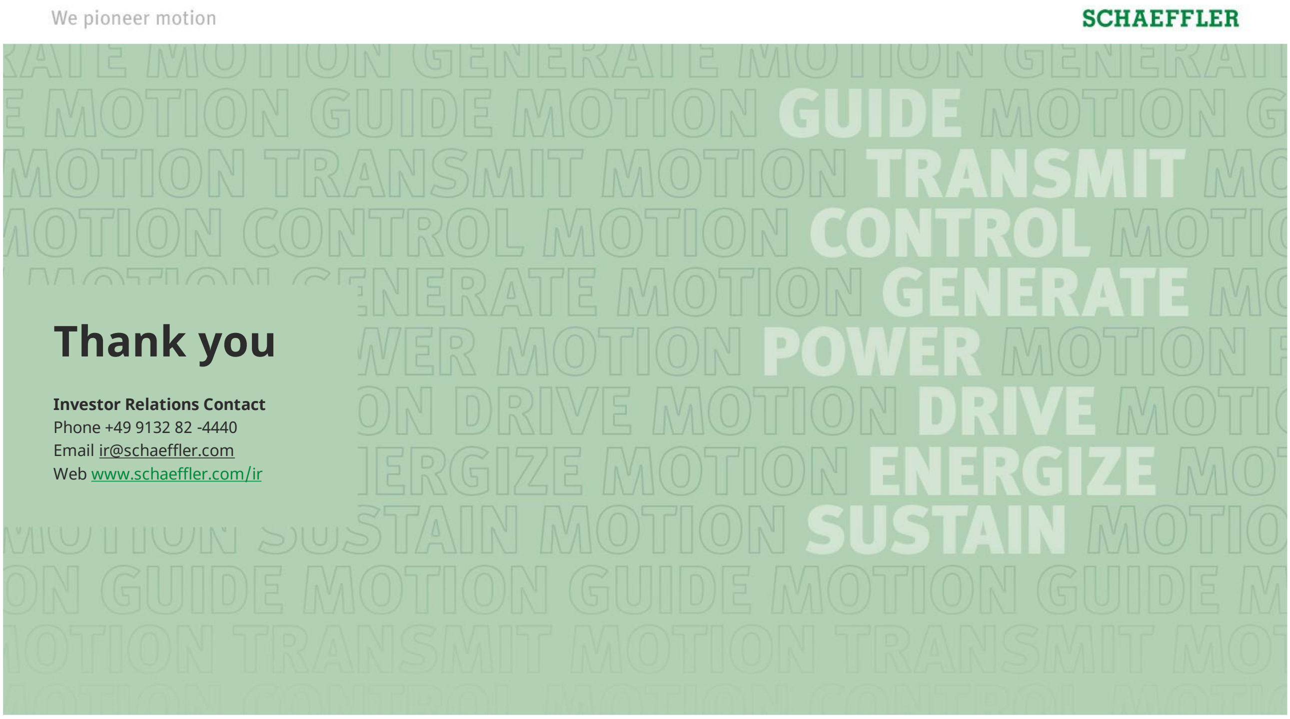
Klaus Rosenfeld
It's certainly early to comment. We don't give dividend Guidance. What we have always said is that the payout ratio for Schaeffler as a group, and that also applies after acquisition Vitesco, should be 40% to 60% of adjusted Net Income. That's the Guidance we give here. And if you just take what we said before, the minus EUR 200 to 0 million, take the midpoint, minus 100 million, add back the one-off cash out for restructuring and integration, what was also in the back-up deck, in the back-up. Then you end up with EUR 250 million as an underlying Free Cash Flow without M&A. If you just think about what we're paying today, that would be inside that number.
But, again, it's premature to talk about this. We'll come back to you when we are closer to the year-end 2025 and see what's coming in 2026.

Sanjay Bhagwani, Citi
Thank you. Very helpful.

Klaus Rosenfeld
You're welcome.

Heiko Eber

Thank you very much. So, all I want to do is thank you all for your interest and the valuable questions. Of course, if there are more questions coming up afterwards, feel free to reach out to our IR team anytime. Having said that, I would like to thank our CEO and our CFO for being here with us today. And, of course, I would like to thank the entire team for making this event happen. Have a good day and talk to you soon. Goodbye.



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Ancillary comments 2025 – Additional KPIs and parameter

Additional KPIs	FY 2025	Comments
Reinvestment Rate	**Around 1.0**	Focus on investments in new business and innovation & technology
Restructuring cash-out incl. integration costs	**Around EUR 350 mn**	Significant portion due to structural measures
Dividend Payout Policy	**40% – 60%[1]**	Dividend proposal 2024 EUR 25 cents
Leverage ratio[2]	**Around 2.5x**	Target corridor 1.25x to 1.75x
Tax rate	**> 50%**	Target corridor 28% to 32%

[1] In % of Net Income before special items, attributable to Shareholders of the parent company | [2] Net financial debt to EBITDA ratio before special items

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Market assumptions

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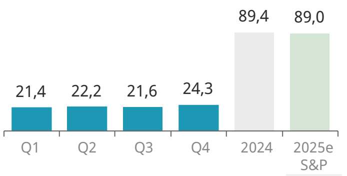
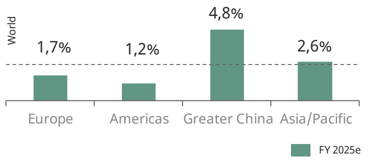
Global LVP[1] 2025



yoy vs. 2024 **-0.5%**

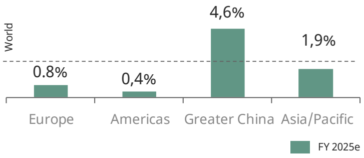
- Schaeffler expects LVP to decline slightly to 89.0mn in 2025, based on the forecast of S&P Global Mobility
- Market conditions remain challenging, with the impact of trade tensions on output and supply chains among the key risk factors

Global LV Parc[3]



- Growth rate of Global LV Parc[3] between 2.0% and 2.5% for 2025 compared to 2.4% in 2024. The average age will increase in 2025 to 11.5 years (2024: 11.3 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 (4.8%)

Industrial Production[4]



- Based on current forecasts by S&P Global Market Intelligence, the global Industrial Production[4] is expected to grow by 2.0% to 2.5% in 2025 (2024: +0.4%)
- The largest growth contribution by far will presumably come from region Greater China, while a return to rather slight growth is projected for the regions Europe, Americas and Asia/Pacific

[1] Includes content supplied by S&P Global Mobility© [IHS Markit Light Vehicle Production Forecast (Base), January 2025]. All rights reserved. | [2] Schaeffler AG | [3] Includes content supplied by S&P Global Mobility © [IHS Markit Vehicles in Operation (VIO) Forecast, November 2024]. All rights reserved. | [4] Includes content supplied by S&P Global Market Intelligence © [Comparative Industry Service Forecast, January 2025]. All rights reserved. Sectors considered: Mechanical Engineering (ISIC 28), Transport Equipment (ISIC 30), Electrical Equipment (ISIC 271)

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Automotive Technologies – Slight outperformance, EBIT margin[2] resilient

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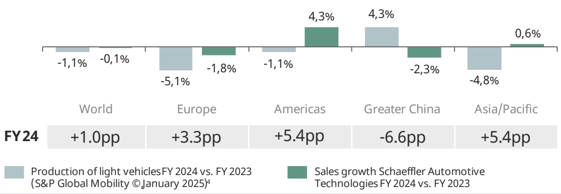
Values Schaeffler stand-alone

Sales by business division yoy growth

in EUR mn

	FY 2023	FY 2024	Δ[1]
E-Mobility	1,302	1,452	+12.6%
Engine & Transmission	5,263	5,054	-2.9%
Chassis Systems	470	449	-3.8%
Total	**7,035**	**6,955**	**-0.1%**

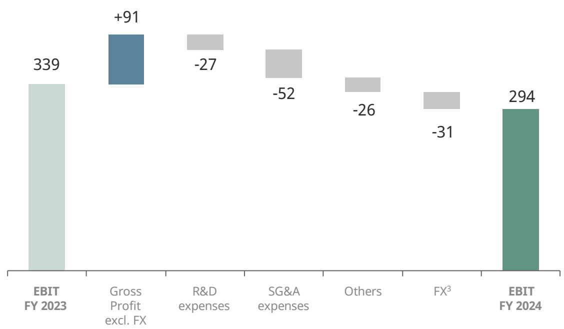
Outperformance FY Sales[1] vs. market development



	World	Europe	Americas	Greater China	Asia/Pacific
FY24	+1.0pp	+3.3pp	+5.4pp	-6.6pp	+5.4pp

EBIT[2] FY 2023 vs. FY 2024

in EUR mn



EBIT margin development[2]

4.8% 4.2%

[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), October 2024]. All rights reserved.

Vehicle Lifetime Solutions – Strong growth[1] in all regions, EBIT margin[5] clearly above PY

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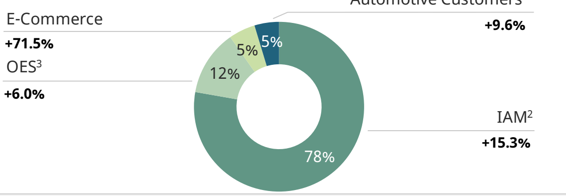
Values Schaeffler stand-alone

Sales by region yoy growth

in EUR mn

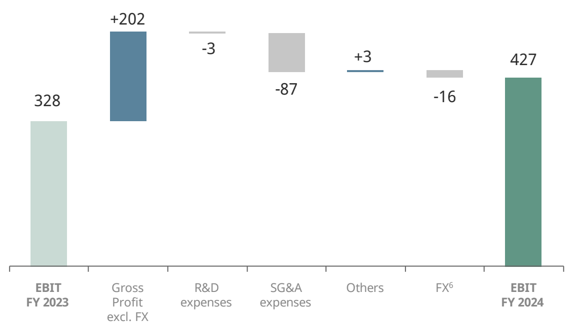
	FY 2023	FY 2024	Δ[1]
Europe	1,485	1,717	+14.2%
Americas	478	527	+22.3%
Greater China	139	174	+27.5%
Asia/Pacific	139	161	+17.5%
Total	**2,241**	**2,579**	**+16.9%**

Sales by channel FY yoy growth[1]



EBIT[5] FY 2023 vs. FY 2024

in EUR mn



EBIT margin development[5]

14.6% 16.6%

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

Bearings & Industrial Solutions – Negative growth[1] in Europe and China, EBIT margin[2] below PY

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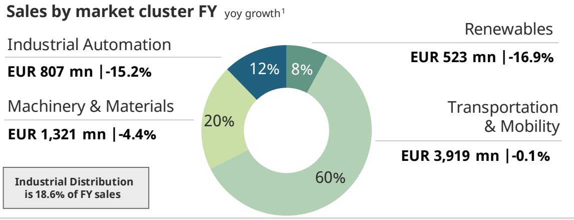
Values Schaeffler stand-alone

Sales by region yoy growth

in EUR mn

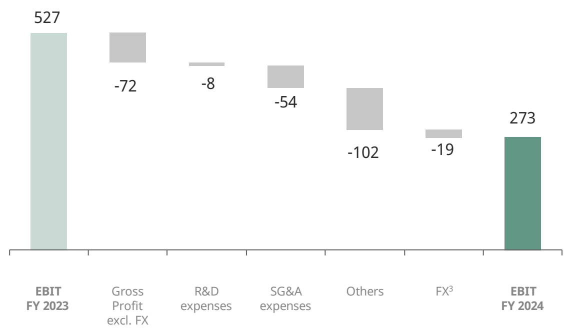
	FY 2023	FY 2024	Δ[1]
Europe	3,043	2,742	-9.7%
Americas	1,372	1,388	+3.0%
Greater China	1,510	1,413	-5.2%
Asia/Pacific	1,035	1,027	+2.1%
Total	**6,960**	**6,570**	**-4.5%**

Sales by market cluster FY yoy growth[1]



EBIT[2] FY 2023 vs. FY 2024

in EUR mn



EBIT margin development[2]

7.6% 4.2%

[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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Key figures by division

Automotive Technologies in EUR mn

	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24
Sales	1,778	1,730	1,748	1,780	1,770	1,764	1,678	**1,743**
***Sales Growth*[1]**	*+7.2%*	*+11.3%*	*-2.0%*	*+3.9%*	*+0.8%*	*+2.2%*	*-2.5%*	***-1,0%***
EBIT bsi	87	90	107	56	93	68	39	**95**
EBIT bsi margin	4.9%	5.2%	6.1%	3.1%	5.3%	3.9%	2.3%	**5.4%**

Bearings & Industrial Solutions in EUR mn

	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24
Sales	1,787	1,769	1,714	1,690	1,677	1,690	1,609	**1,594**
***Sales Growth*[1]**	*+9.2%*	*+8.3%*	*-0.1%*	*+0.9%*	*-4.1%*	*-3.6%*	*-5.0%*	***-5.2%***
EBIT bsi	159	131	138	99	143	42	73	**15**
EBIT bsi margin	8.9%	7.4%	8.0%	5.9%	8.5%	2.5%	4.5%	**1.0%**

Vehicle Lifetime Solutions in EUR mn

	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24
Sales	581	548	581	531	625	684	644	**626**
***Sales Growth*[1]**	*+25.7%*	*+10.0%*	*+8.4%*	*+3.1%*	*+8.6%*	*+27.1%*	*+13.2%*	***+19.8%***
EBIT bsi	90	73	101	65	109	119	106	**94**
EBIT bsi margin	15.4%	13.3%	17.3%	12.2%	17.4%	17.4%	16.4%	**15.0%**

Others in EUR mn

	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24
Sales	6	9	19	42	13	54	26	**1,992**
Sales Growth	-	-	-	-	-	-	-	**-**
EBIT bsi	0	-5	-5	3	-23	-26	-29	**-105**
EBIT bsi margin	-	-	-	-	-	-	-	**-5.3%**

[1] FX-adjusted

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Capital allocation – Differentiated steering, prioritization of capex for growth business

Investment[1] allocation

in EUR mn

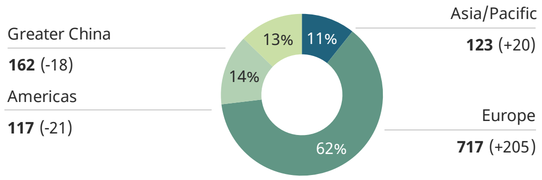
	FY 2023	Q4 2023	Q4 2024	FY 2024
ATech	443	156	127	488
VLS	48	14	13	53
B&IS	372	112	95	402
Others	69	9	152	176
Schaeffler Group	**932**	**291**	**387**	**1,120**
Capex	**938**	**273**	**311**	**956**
Capex ratio[2]	**5.7%**	**6.7%**	**5.2%**	**5.3%**
Reinvestment Rate	**1.0**	**1.2**	**1.1**	**1.1**

Key Aspects

- **Reinvestment Rate Target:** Continued prioritization of growth business with a reinvestment rate clearly> 1.0
- **ATech:** Industrialization of large E -Mobility customer projects in the US and Eastern Europe
- **B&IS:** Capacity expansion in Aerospace, Automotive Bearings focusing on rationalization and automation
- **Others:** Industrialization of several Electrification projects

Investments[1] by region FY 2024

in EUR mn (yoy change)



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

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Working capital ratio 20.7% – FY capex ratio 5.3%

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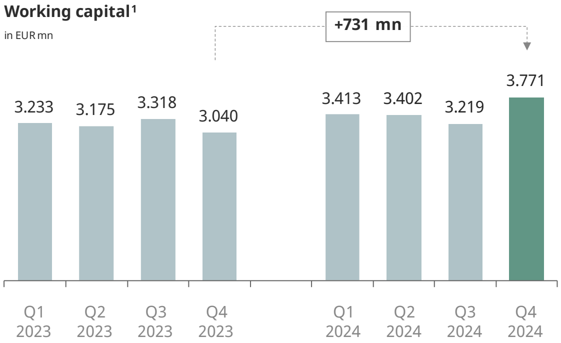
Working capital[1]

in EUR mn

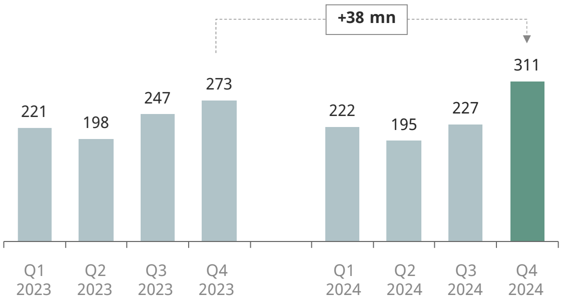


in % of sales (LTM)

Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
20.0%	19.3%	20.4%	18.6%	21.0%	20.8%	19.8%	20.7%
18.6%				20.7%			

Capex[2]

in EUR mn



in % of sales

Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
5.3%	4.9%	6.1%	6.7%	5.4%	4.7%	5.7%	5.2%
5.7%				5.3%			

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

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Overview corporate and financing structure

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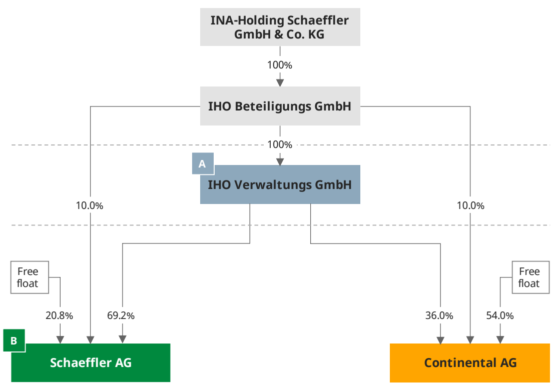
Corporate structure (simplified) as of December 31, 2024



Financing structure

A IHO Verwaltungs GmbH as of December 31, 2024

	Debt instrument	Nominal USD mn	Nominal EUR[1] mn	Interest	Maturity	Rating Fitch/Moody's/S&P
Loans	RCF (EUR 1,000mn)	-	320	E+4.25%	Feb-28	Not rated
Bonds	8.75% SSNs 2028 (EUR)	-	800	8.750%	May-28	BB/Ba2/BB
	6.375% SSNs 2029 (USD)	400	385	6.375%	May-29	BB/Ba2/BB
	6.75% SSNs 2029 (EUR)	-	600	6.750%	Nov-29	BB/Ba2/BB
	7.75% SSNs 2030 (USD)	500	481	7.750%	Nov-30	BB/Ba2/BB
	7.00% SSNs 2031 (EUR)	-	400	7.000%	Nov-31	BB/Ba2/BB
	8.00% SSNs 2032 (USD)	450	433	8.000%	Nov-32	BB/Ba2/BB
Total	**IHO Verwaltungs GmbH**		**3,419**	**Ø 7.41%[2,3]**		

B Schaeffler AG as of December 31, 2024

	Debt instrument[4]	Nominal USD mn	Nominal EUR mn	Interest	Maturity	Rating Fitch/Moody's/S&P
Loans	RCF (EUR 3,000mn)	-	-	E+0.750%	Oct-29	Not rated
	Term Loan (EUR)	-	500	E+1.650%	Nov-27	Not rated
	Term Loan (EUR)	-	125	undisclosed	Aug-27	Not rated
	Schuldschein Loans (EUR)	-	430	Ø 3.447%	May/Mar 25 & 27-29	Not rated
	EIB loans (EUR)	-	670	Ø 4.137%	Jan-30; Oct 26-31	Not rated
	KfW Loans (EUR)	-	90	Ø 4.626%	Oct-28 & Apr-29	Not rated
CP	Commercial Paper (EUR)	-	-	-	-	Not rated
Bonds	2.750% SNs 2025 (EUR)	-	750	2.750%	Oct-25	BB+/Baa3/BB+
	4.500% SNs 2026 (EUR)	-	500	4.500%	Aug-26	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+
	4.750% SNs 2029 (EUR)	-	600	4.750%	Aug-29	BB+/Baa3/BB+
	4.500% SNs 2030 (EUR)	-	850	4.500%	Mar-30	BB+/Baa3/BB+
Total	**Schaeffler AG**		**5,915**	**Ø 4.06%[3]**		

[1] EUR/USD = 1.0389 | [2] After cross currency swaps | [3] Incl. commitment and utilization fees | [4] Table displays Schaeffler AG related instruments only. For the overall indebtedness of the Schaeffler Group, reference is mad e to the respective financial statements of the Schaeffler Group