TRANSCRIPT / Q1 2025 SCHAEFFLER AG EARNINGS

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Q1 2025
Schaeffler AG
earnings

May 7, 2025
Herzogenaurach

We pioneer motion

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Heiko Eber

Thank you very much. Ladies and gentlemen, I'm very happy to welcome you to our today's call on the financial results Q1 2025. The press release, the following presentation and our interim statement have been published today at 8 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. I would like to apologize for the small delay, but we don't want to lose more time that's why I would basically ask you to take note of our well-known disclaimer, but I will not go through. And if we take a short look at our agenda today, Klaus Rosenfeld, our CEO; and Claus Bauer, our CFO, they both have joined the conference call to guide you through the key information in our presentation. And of course, afterwards, both gentlemen will be available for our Q&A session. And now, without further ado, let me hand over to our CEO. Klaus, please.

Klaus Rosenfeld

Thank you very much, Heiko.

1 **Overview**

2 Business Performance

3 Financial Performance

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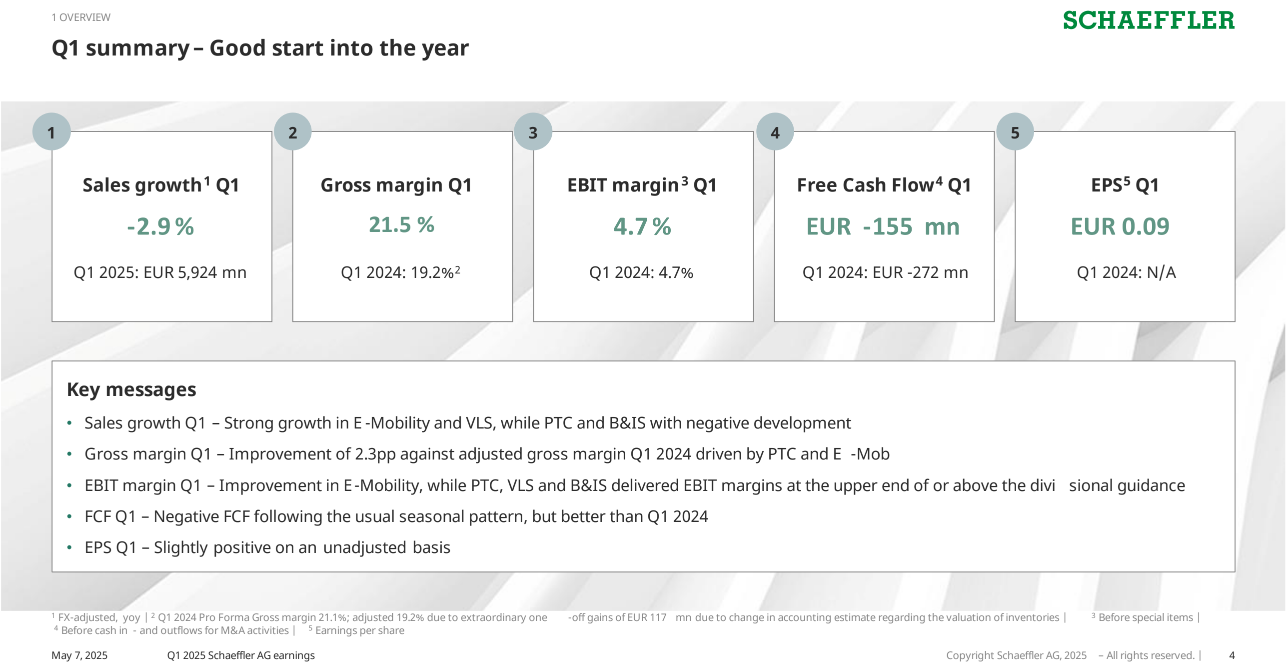
Ladies and gentlemen, thanks for joining the call. As you have seen from the deck that we provided to you, we have slightly changed the structure, incorporating your feedback that you want to have more time for Q&A and also less overlap between the different sections. So I will start with overview and business performance, and then Claus will continue with the financial performance. You have also seen that we have after now Vitesco is fully consolidated and after you have received the pro forma results for each quarter 2024 decided to focus a little bit more on the new structure and give you more insight on the four divisions. Last comment I would like to make: I would assume that most of you have somehow received my speech at the annual general meeting where I laid out the concept of the three hedges. We also have done in meetings in London. And as you will see from the presentation, the idea of this three hedges plus is also the guiding principle for the business performance section that I will outline in a moment.



Let me start on page 4, ladies and gentlemen, Q1 summary. I think the headline says it, good start into the year, with a little softer growth after a strong Q1 2024. The EBIT margin in particular is from my point of view, the proof point for that statement. 4.7% is definitely at the upper end of the spectrum of our guidance. And while E-Mobility is improving, all the three other business divisions delivered EBIT margins at the upper end or above the divisional guidance. I think what is on the positive here to note is that B&IS is definitely back on track with a EBIT margin before special items of above 10%. We will and I will also focus on gross margin. You all know that that's the health indicator of the business. And here, you should note that the number for Q1 2024 that you see on the slide 4 is an adjusted number. We had a strong one-off effect at Schaeffler in Q1 24 that we reduced here for a comparison reasons. So you see a significant improvement from 19.2% to 21.5% that I will also explain in a moment in more detail. I think on the positive side as well, free cash flow better than in the previous year, Q1 with minus EUR 155 mn, typical seasonal pattern we improved on a quarter-over-quarter basis. EPS just here for completeness purpose. We want to focus in future after now the integration establishing more and more not only on top line and on adjusted EBIT numbers, but also on EPS. The number is some EUR 0.09, so slightly positive and this is on an unadjusted basis.

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Q1 Sales[1] Performance – Heterogenous development across regions and divisions

Hedge 1: ICE vs. BEV

Q1 2025 [1]	% of Group sales	E-Mobility[2] 20%	Powertrain & Chassis[2] 39%	Vehicle Lifetime Solutions[2] 13%	Bearings & Industrial Solutions[2] 28%	Region growth
Europe	46%	+21.9%	-19.2%	+8.5%	-7.2%	-5.3%
Americas	23%	+1.5%	-5.7%	+15.0%	-0.3%	-0.9%
Greater China	17%	-19.7%	-6.2%	+10.7%	+2.3%	-5.4%
Asia/ Pacific	14%	+17.3%	+2.4%	+18.4%	+4.8%	+5.7%
Division growth		+9.6%	-10.7%	+10.7%	-2.1%	-2.9%

Hedge 2: Build vs. Repair

Hedge 3: Auto vs. Non-Auto

Q1 sales growth[1]

[1] FX-adjusted, vs. Q1 2024 | [2] Divisions do not add up to 100% due to "Others" segment

Let me go through the business performance and start with page 6. Here you see the breakdown and some of you remember from previous presentations for the four divisions and our four regions, two or three things I would like to bring across here. Those of you that remember this from the past, for Schaeffler standalone, remember that the share of China was typically above 20%, more or less at the same level like Americas. With Vitesco now, the mix has changed a little bit. There is now a 23% share of Americas. Greater China is only 17%, but therefore the Asia/Pacific share has increased. So if you take that together, you see that 31% of our business from a top line perspective comes from the Greater China and Asia/Pacific regions. You also see the four divisions. Once again, remarkable growth in Vehicle Lifetime Solutions, while the other areas were softer. You also see on this page the logic of the hedges. We are one of the automotive suppliers that has a really strong offering across the board for all the different Powertrain alternatives. So if you basically think about E-Mobility and Powertrain & Chassis as two divisions that more or less are one business that the Automotive OEM Powertrain business, that is the first hedge. The second hedge is built vs. repair. In difficult times, people typically tend to repair their cars and don't buy new ones. That's exactly what's happening at the moment and you see that in another quarter, strong proof point, how important that Vehicle Lifetime Solutions business is for us. Then Bearing & Industrial Solutions, as you all know, it's not just only industrial anymore. It is bearings, also the automotive bearing sit there, but it is constituting the third hedge automotive sector vs. non-automotive and that includes all the other nine sectors that we have.

2 BUSINESS PERFORMANCE

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OEM Automotive Powertrain Sales[1] – Outperformance in BEV, strong order intake in HEV

Outperformance by Powertrain Type [2]
Q1 2025 vs Q1 2024

	Sales growth Q1 2025	Market growth[2] Q1 2025	Outperformance[2] Q1 2025
BEV	42.9%	37.4%	+5.5pp
HEV	12.1%	24.7%	-12.6pp
ICE	-13.4%	-10.3%	-3.1pp
Total	**-1.4%**	**+1.3%**	**-2.7pp**

Order Intake[3] / Book-to-Bill[4] by Powertrain Type
Q1 2025

	Order Intake Q1 2025	Book-to-Bill[3] Q1 2025
BEV	697 mn	2.1x
HEV	3,439 mn	3.1x
ICE	1,517 mn	0.9x
Total	**5,652 mn**	**1.8x**

Key aspects
- Positive outperformance in BEV with plus 5.5pp
- Strong order intake in BEV and HEV with > EUR 4 bn, HEV with 3.1x book -to-bill ratio
- Book-to-bill ratio around 1.0x underlines continued interest in our ICE product offering

[1] OEM Automotive Powertrain Sales = Sales E-Mobility and Powertrain & Chassis, that are powertrain -related for Cars & LCV (i.e. excl. Chassis and Truck business) | [2] Includes content supplied by S&P Global Mobility© [IHS Markit Light Vehicle Production Forecast (Base), April 2025] | [3] Lifetime sales / current period revenue | [4] Order intake L3M Gross / Sales L3M

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Let me go from there into a page that we discussed quite intensively, whether we should share that with you or not. We think we should. This is a breakdown of our OEM automotive powertrain sales. And what is OEM automotive powertrain sales? That is basically the sales of E-Mobility division plus the sales of Powertrain & Chassis minus those activities that are not powertrain-related. In particular Chassis and minus everything that is not Cars & LCV, for example the Truck business. And that is more or less constituting what is called the Hedge 1. If you now accept that the divisions E-Mobility is not equal like our BEV and not equal like our HEV business, but that both divisions contribute to the different powertrain types in different ways. Then, it's very important, from my point of view, that you will appreciate this page, because we want to show over time for this OEM automotive powertrain sales figure, where is the growth coming from? Are we outperforming the market? Why are we not outperforming the market? And on that basis, we are using here S&P numbers to describe what's happening with a different powertrain type across the two divisions. And the second number that is also new here is Order Intake by Powertrain type that should give you a forwardlooking idea will be growing in the future, what's our Book-to-Bill and how is that supported and how is that linked with the outperformance logic? We are using these numbers also internally. So the big step here is that we're trying to build a consistent bridge between what we are looking at internally and what you get externally. For sure, there are more information that you would like to have. And for sure, we have more insight internally, but ladies and gentlemen, please accept that's we want to give you and we need to be consistent with this, we'll do this quarter-by-quarter, ideally on a last 12-months rolling basis. For today, we can't deliver that because our pro forma figures are only available for Q1 until Q4 2024 and not for 2023. Hopefully that gives you the right insight to follow whether we are on track or not. And what you can read from this first time that we are doing this is that we outperform the market in the best Powertrain area. In half, we didn't outperform that we were even on the other side, I see that as a temporary issue. It certainly has to do with that one quarter and also with the question, are we on the right platforms in that quarter? What is growing, what is not growing? Is something phasing out? So you shouldn't see the 12.6% here as our ambition. You should see it at this first quarter result, and there are some specific reasons for this. ICE where certainly our ambition is also to grow in line with the market, is a slight underperformance, but I think that will go away over time. That leads me to the second part of the page. You see strong Order Intake for the two divisions in automotive OEM Powertrain, EUR 5.6 billion. That's a lot. You see the split here and you see the bulk is in half. There is some several attractive new orders in there, in particular a big one in the United States. That gives you a Book-to-Bill in this area of 3.1 times. And that clearly indicates that going forward, we are optimistic that we have a chance to outperform on the HEV side, what is very consistent with our competence and technology offering. So with that page and we clearly would appreciate feedback from you whether that helps you to assess our business.

2 BUSINESS PERFORMANCE

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E-Mobility – Strong growth and order intake, profitability improving yoy

Sales growth[1] Q1

+9.6 %

Q1 2025: EUR 1,174 mn

Order Intake[2] Q1

EUR 3.0 bn

Order intake Q1 2024: N/A

Highlight

- Successful ramp-up of 4th generation e-axle for Hyundai Motor Group
- Major acquisitions include a dual Inverter in BD Controls and latest generation e-axles in BD Electric Drives

EMR4

Book-to-Bill[3] Q1

2.6x

Book-to-Bill Q1 2024: N/A

Δ Gross margin[4] Q1

+6.5pp [5]

Gross margin Q1 2025: 1.9%

Key Aspects

- Strong growth, mainly driven by ramp-ups in Europe and Asia/Pacific
- Clear gross margin improvement based on higher volumes yoy
- Challenging environment continued in Q1, due to volatile call-off behavior from specific customers and thus changed project volumes

[1] FX-adjusted, yoy | [2] Lifetime sales / current period revenue | [3] Order intake L3M Gross / Sales L3M | [4] Gross margin Q1 2025 vs. Q1 2024 | [5] Q1 2024 Pro Forma Gross margin -4.2%; adjusted -4.6% due to extraordinary one-off gains of EUR 4 mn due to change in accounting estimate regarding the valuation of inventories

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I would go into page number 8. We have now created for the four divisions a page that concentrates on the business KPIs, and that's always Sales growth and Order Intake, Book-to-Bill and a gross margin figure. Also here, same logic applies. This is what I look at as a CEO of the company when we discuss businesses in our Board meeting. E-Mobility growth, up nearly 10%, clearly on the positive, strong Order Intake for the division, EUR 3 bn Book-to-Bill for the division 2.6 times and a gross margin improvement of 6.5 percentage points. That's all positive. You see one example that it's outstanding technology example that is now successfully ramping up for Hyundai. We have also made good progress in a dual inverter in BD Controls of E-Mobility and see significant interest in what we're doing. The key aspect, the only one I would like to mention is clearly that the environment in Q1 was challenging. Volatility is not helpful, but all in all, we think we are definitely on track with E-Mobility and I see some positive signs in particular in Europe when it comes to further growth and volume.

2 BUSINESS PERFORMANCE

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Powertrain & Chassis – Negative growth due to ongoing market transformation, strong gross margin

Sales growth[1] Q1

-10.7 %

Q1 2025: EUR 2,302 mn

Order Intake[2] Q1

EUR 2.8 bn

Order intake Q1 2024: N/A

Highlight

- Significant order intake in the US market for our advanced P2 hybrid module with integrated damper
- New order intake reflects our commitment to deliver efficient solutions within the rapidly evolving landscape of hybridization

P2 hybrid module

Book-to-Bill[3] Q1

1.2x

Book-to-Bill Q1 2024: N/A

Δ Gross margin[4] Q1

+3.5pp[5]

Gross margin Q1 2025: 25.5%

Key Aspects

- Book-to-bill ratio > 1.0x underlines continued high interest for our PTC product offering
- Despite lower volumes, strong gross margin mainly driven by stable plant performance and positive one-off effects
- Negative sales growth mainly due to market-related volume decline in Europe

[1] FX-adjusted, yoy | [2] Lifetime sales / current period revenue | [3] Order intake L3M Gross / Sales L3M | [4] Gross margin Q1 2025 vs. Q1 2024 | [5] Q1 2024 Pro Forma Gross margin 23.0%; adjusted 22.0% due to extraordinary one-off gains of EUR 26 mn due to change in accounting estimate regarding the valuation of inventories

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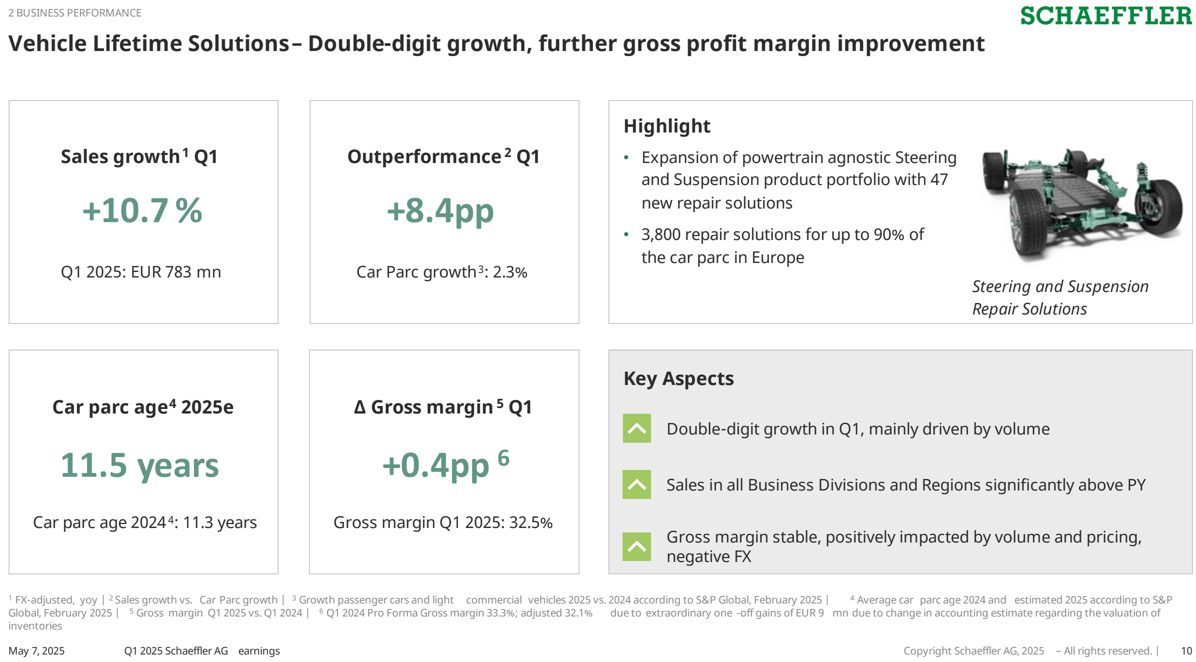
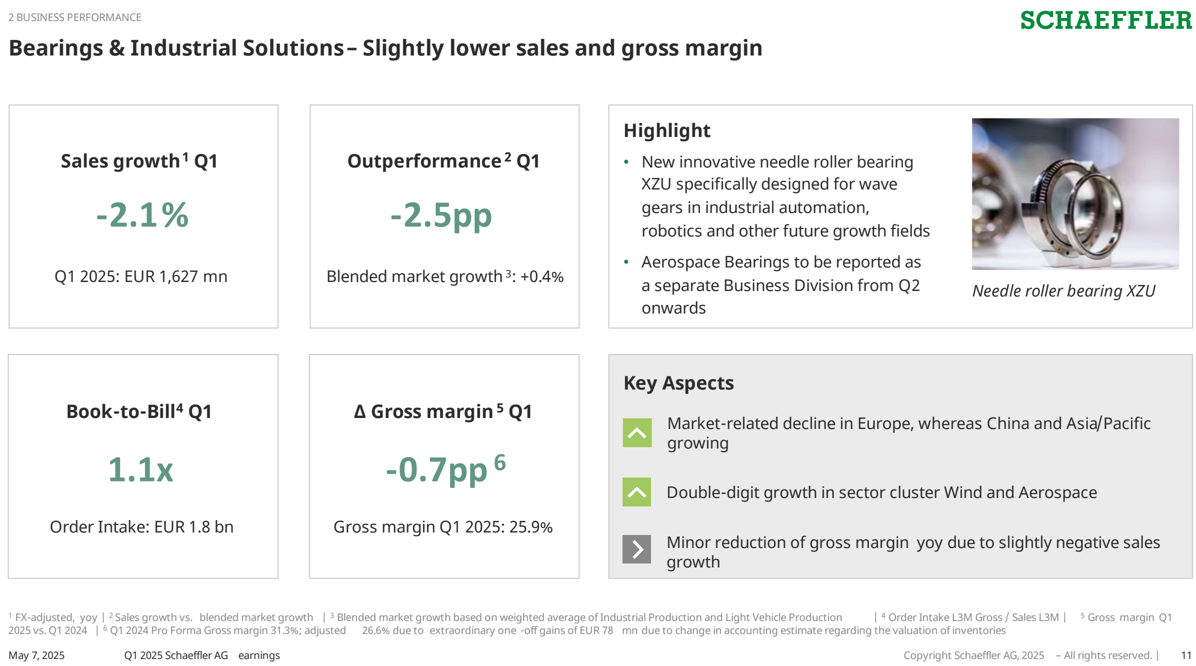
In Powertrain & Chassis, the situation is slightly different, minus 10.7% Sales growth. But also here, good Order Intake with EUR 2.8 bn, Book-to-Bill 1.2 times. Again, don't get confused here. Powertrain & Chassis does not mean that this is only combustion engine business, a significant part of what we deliver into a hybrid technology comes from this division. What is important here, and Claus will explain that, that we achieved a margin of more than 12% on the EBIT side, and the Gross margin improvement here contributed to this. So we are despite the lower growth, positive on division number two.

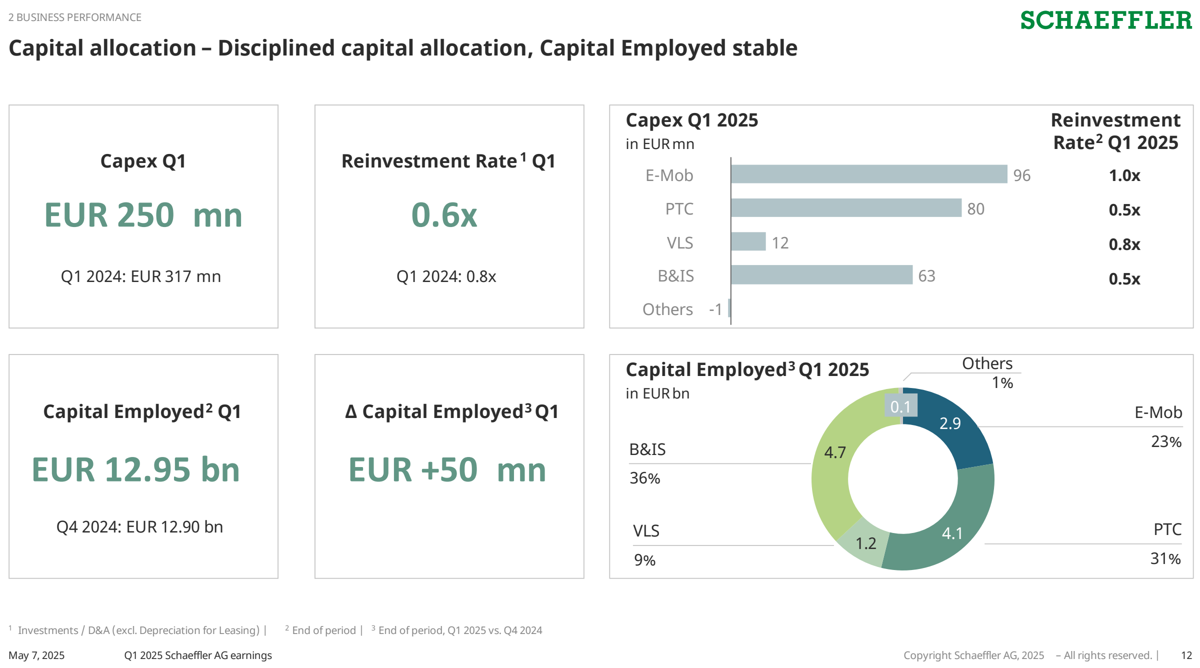


And Vehicle Lifetime Solutions, once again, the shining star. Here, clearly different indicators. Sales growth 10.7%, as I said, even on that level, further improvement of the Gross profit margin. And then for outperformance, we benchmark ourselves against car parc growth. Car parc grew by 2.3%. That means an outperformance of 8.4. And as you all know, there is no Book-to-Bill in this business, so we are giving you here the car parc age as a further indicator, and that has grown a little bit. It's still in the sweet spot where we think we repair becomes an important element. So all green in this division and we are very proud of what has been achieved here over the last quarters on a consistent basis.

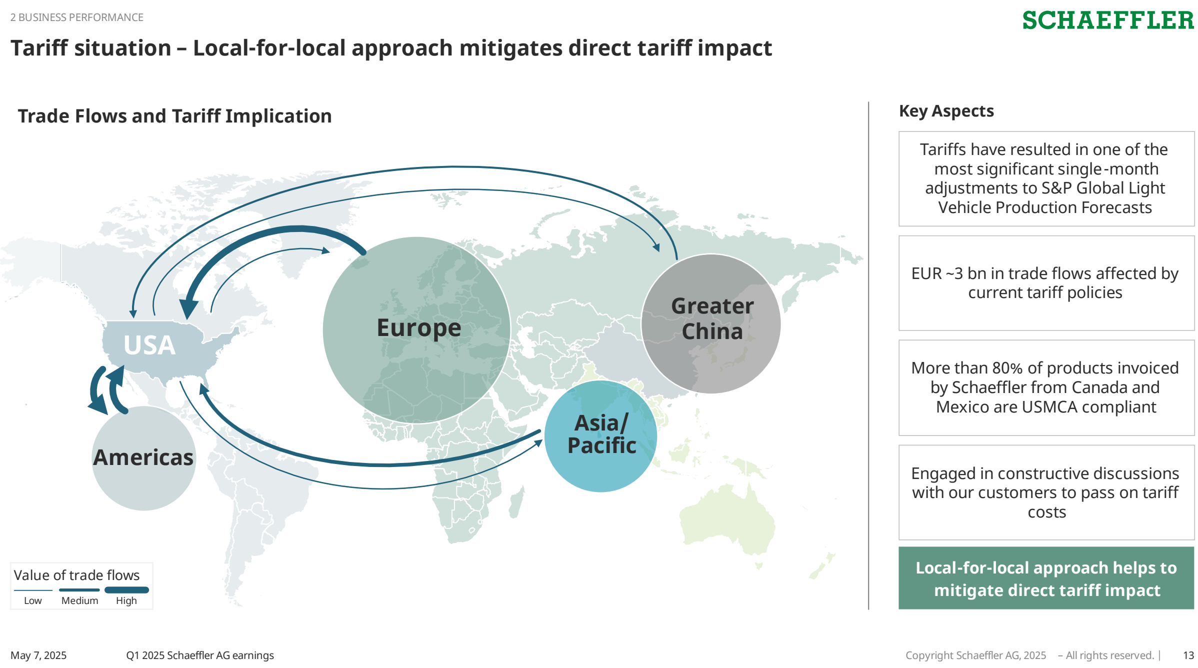


Business performance, page number 11, on Bearings & Industrial Solutions. Here, sales growth, slightly softer, function clearly of market decline in Europe, whereas China and Asia/Pacific were growing. Outperformance here is measured not only against the industrial production volumes, but against the blended mix of industrial production and light vehicle production from S&P, basically 60/40. And then the different indicators, we have not outgrown that indicator, but we're slightly behind. Book-to-Bill is available here, but on a different timing. It's the last three months that play a role here. And on the Gross margin side, we have to consider a slight development in the wrong direction, 25.9% is not a bad gross profit margin.

But again, from a business point of view, I would like to see that the businesses all try to improve or at least stabilize their margins, even if sales are slightly coming down. Clearly, on the positive side, and Claus will explain that, the EBIT margin in Bearings & Industrial Solutions improved quite a bit compared to the fourth quarter. When you read the business performance, you also have to acknowledge that Q1 2024 for Bearings & Industrial Solutions was positive.



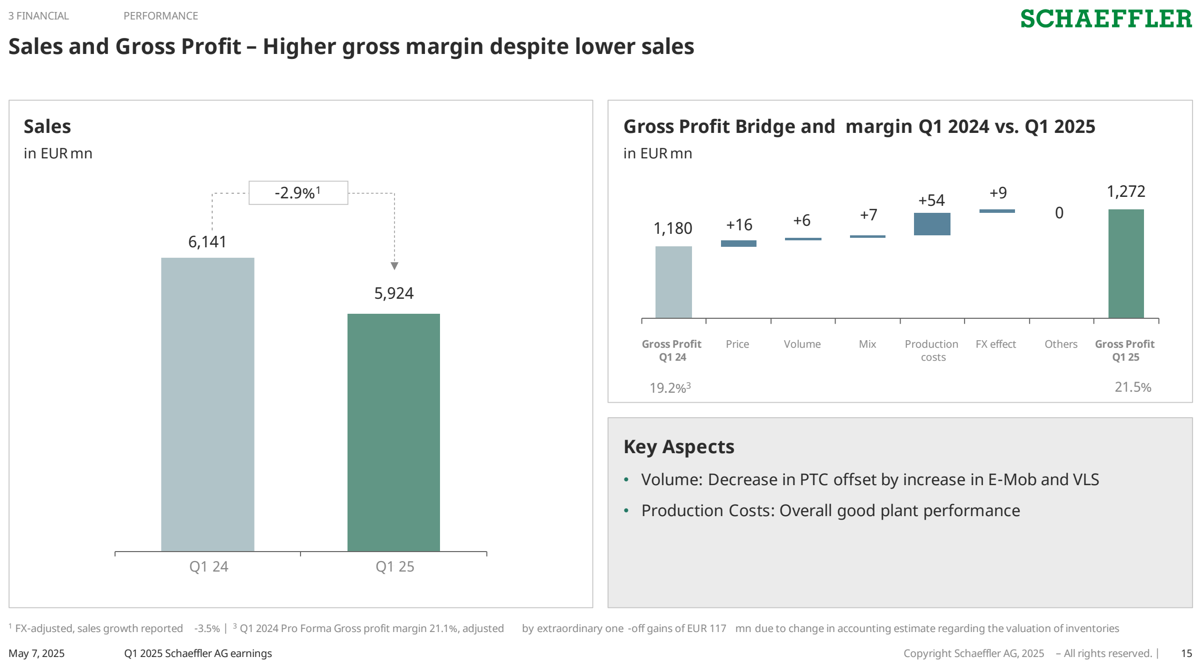
Slide number 12 is a page that is very important for me personally because at the end of the day it's all about capital allocation. What you see here are the following messages. We invested EUR 250 mn. That is less than in the previous year, Q1 2024 was at EUR 317 mn. So we were cautious certainly with our spending. The CapEx was allocated to those areas that will grow or that we expect to grow in the future. We measure that by reinvestment rate EMob one time and PTC, where the growth will be slower or stable only 0.5. This simple logic that you know from the past is also now applied to that combined Schaeffler and Vitesco Group and reinvestment rate in Q1 of 0.6 on average is slightly below what we typically expect. The reinvestment rates, there's nothing else than depreciation was higher than CapEx that typically reduces the capital employed, but there was capital employed built up through the working capital, also very normal. All in all, we can say that capital employed stayed stable. And that is important for me because we want to, at the end of the day, being measured by the returns we achieved on our capital employed. So steering the capital employed in a consistent and disciplined manner is very important for you and also for me and you see same logic here. These are the pages we're using internally to make sure that we are investing wisely.



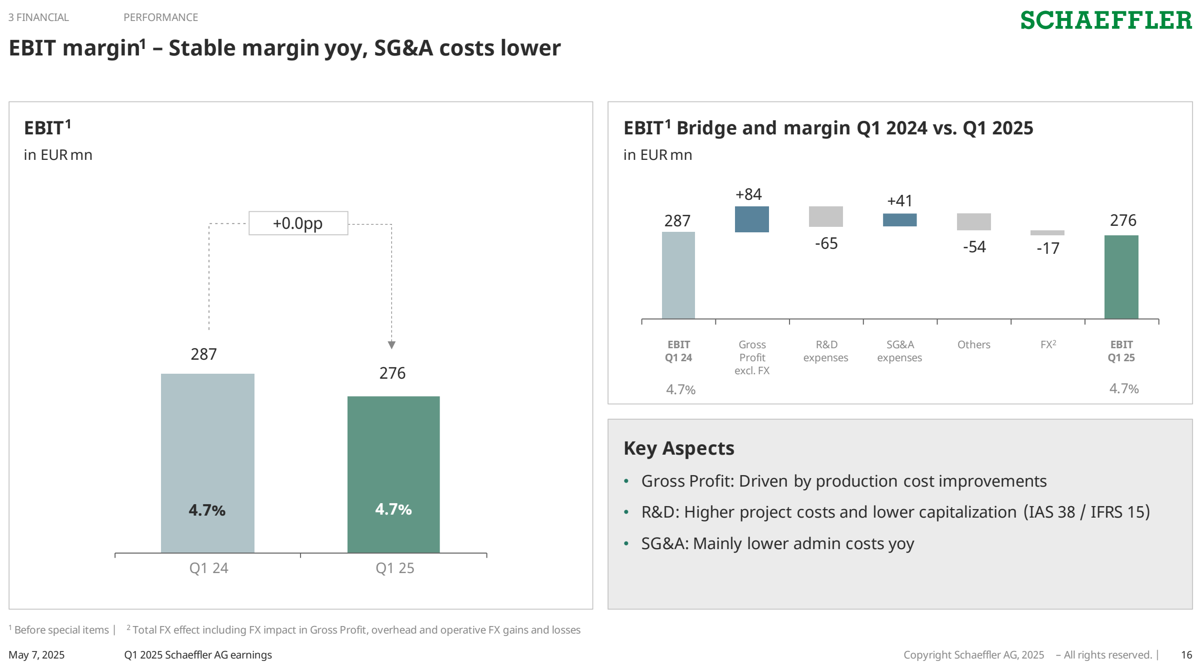
Now, let me finalize my part with page 13, tariff situation, very briefly. You will appreciate that we're not giving you a full pledged number, what's the current impact, simply because of the situation that is so volatile and dynamic. It changes all the time. Every day, there are some new information, so my statements are only directional. The first thing I would like to mark, we are benefiting from the fact that we have since years localizing our businesses and activities and that local-for-local approach helps to mitigate direct tariff impact. Second statement, our exposure in terms of tariffs is geared towards the US. Our trade flows from Europe are more or less going into the US as little in the other direction to China, and that helps us to focus our mitigation action on the US customers and on Americas. There's little exposure to China and that makes it more variable. In the US, we are benefiting from USMCA as long as we are in a situation where this remains in place and we are complying, then a significant part of our products is not affected by tariffs or not that deeply affected for sure. And that's my last point. We are in constructive discussions with our customers to pass on the tariff cost. On that basis, and again, I have to make that a caveat here because it changes dramatically here and there, we think that the impact is manageable. That's also why we have not changed our guidance, when we set up the guidance. Liberation Day was not expected, but we think also with a good start into the year, we can manage and also absorb that impact from what we know today. With that, I hand over to Claus for the financial performance. Thank you very much.

Claus Bauer

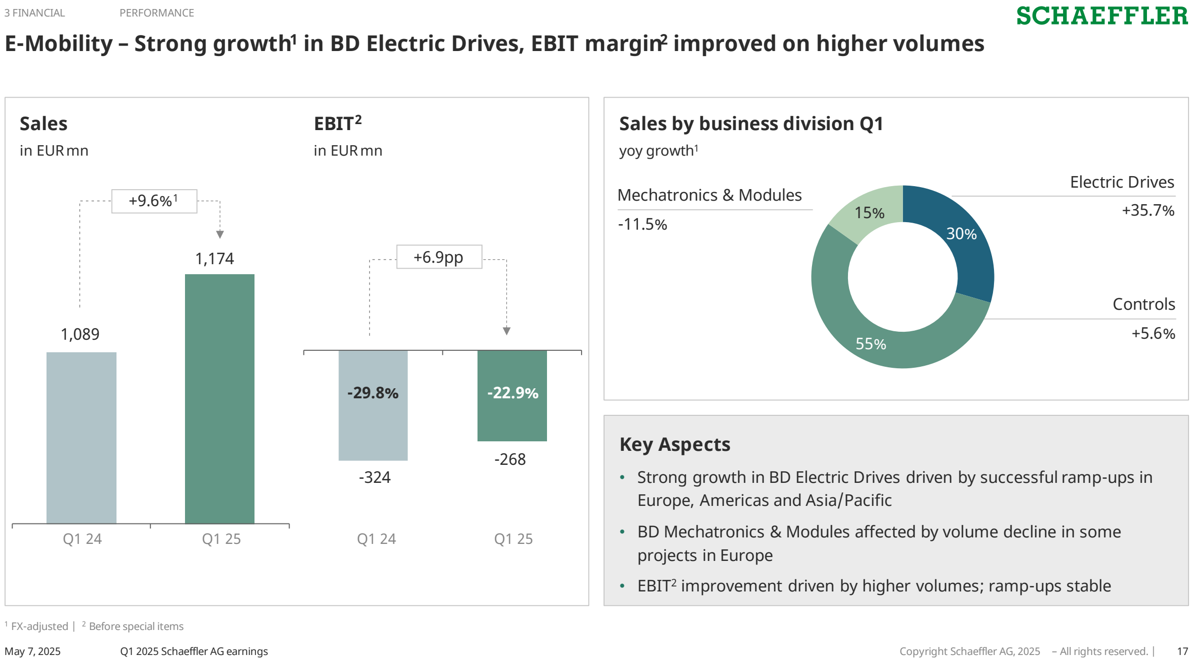
Thank you very much, Klaus.



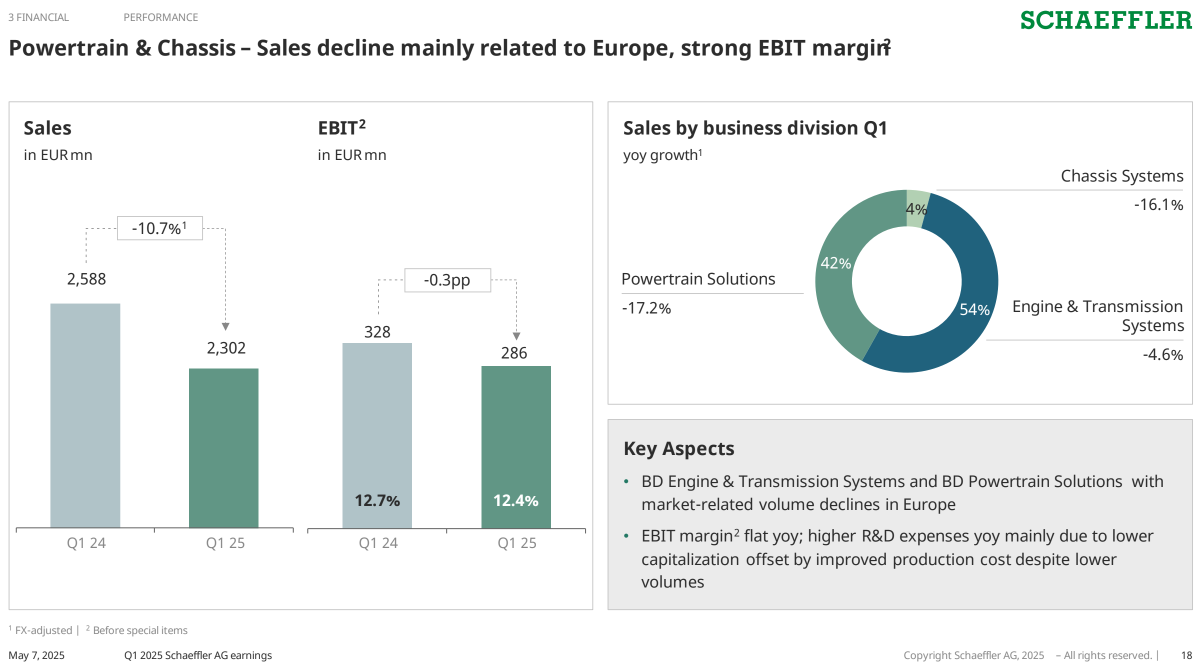
Warm welcome, ladies and gentlemen. Also from my side, we will dive a little bit deeper into the financial performance starting on page 15. We heard already a slight lower sales year-over-year. However, if you look at a little bit more history, then you will realize that Q1 2025 was on par with the second half of 2024. More interesting, when we look at the gross profit bridge on the top right side. I start out with explaining the volume. Volume added EUR 6 mn additional to our Gross profit. Looks unremarkable at that level, but if you dive down onto a divisional level, then you will see that the decrease in sales and therefore also gross profit contribution from Powertrain & Chassis that Klaus already explained is completely offset by the strong sales growth in E-Mobility and to Vehicle Lifetime Solutions. The biggest contributor to the improved Gross profit margin of 21.5% is, as you see, in the waterfall chart, indeed, the production cost improvement. We enjoyed after a rather a difficult second half of last year, now, the benefit of our corrective actions on the shop floor and can report that we had an overall good plant performance in that regard.



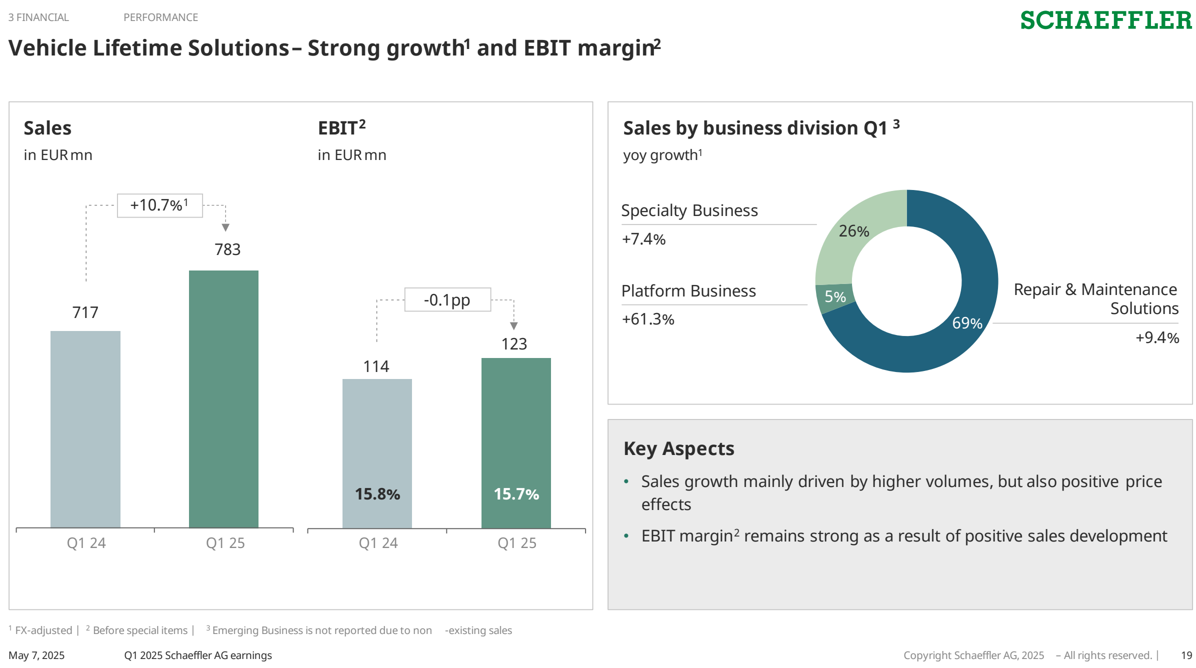
On the next page 16, we go a little bit further down in the P&L to the EBIT. The EBIT margin was held stable with the pro forma adjusted last year, first quarter margin of 4.7%. This is a strong statement because if you look at our restated numbers quarter-by-quarter last year, then you realize that the first quarter of last year was our strongest quarter. And therefore, I think we can say it's a good accomplishment to stay at the same level, even if the sales level slightly reduced. Also here, we provide you a waterfall chart to explain the walk from last year's first quarter to this year's first quarter. Also in absolute terms, it's slightly decreased because the sales also decreased, but the biggest contribution comes from the gross profit side, as explained in the prior slide. But also the SG&A expenses and this improvement significantly contributed to the strong EBIT performance and offset somewhat higher R&D expenses which have been expected based on the ramp up in E-Mobility higher project cost there. And also for this quarter and there's a little bit of volatility in that number, always depends a little bit what we are spending R&D expenses for and how much of that really then goes on to the balance sheet based on the accounting standards, IAS 38 and IFRS 15. So therefore, development in R&D as expected and as I explained, offset by the other positive cost drivers.



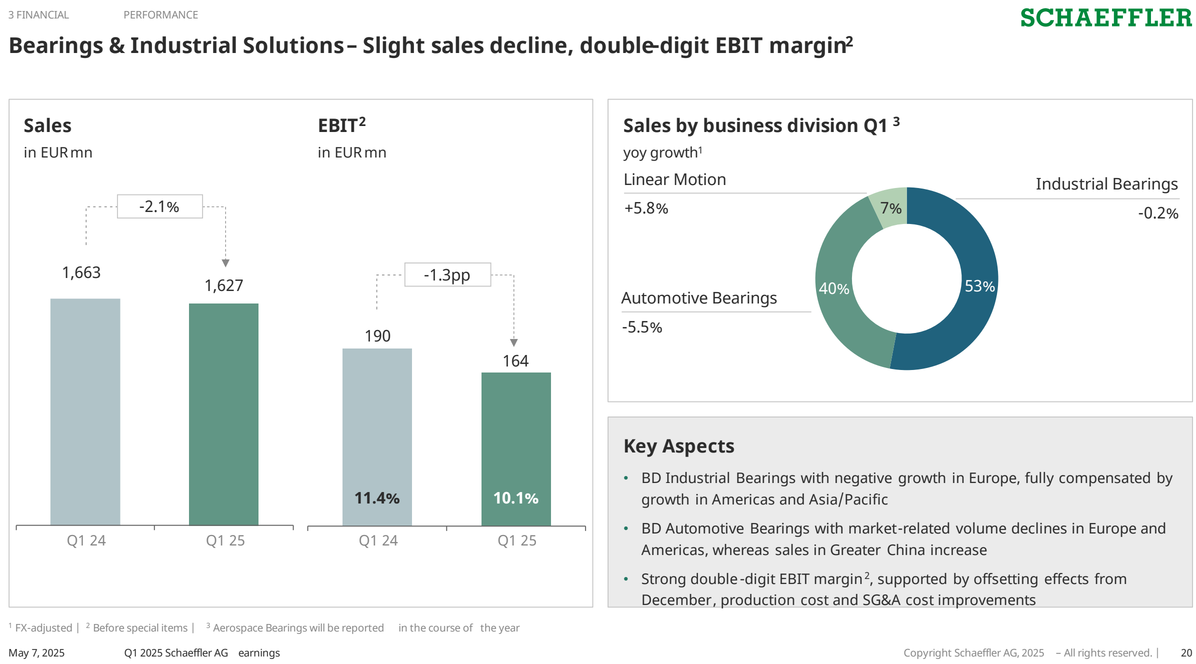
Let's now quickly go through the divisions and add the EBIT observation to what Klaus already said from a business performance standpoint. We start with E-Mobility on page 17, and there you see the strong EBIT improvement still, of course, significantly negative as we already anticipated. And hopefully, we were transparent to you with our prior calls. But on the volume effect, almost 10% higher volumes, margin significantly improved by almost 7 percentage points on an EBIT level. The strong sales, as you see in the business division, a split, a strong sales growth comes from the business division Electric Drives. That is everything from mild hybrid to e-axles and especially mild hybrid and e-axles have enjoyed a very strong growth in this quarter and especially in Europe, Americas and Asia/Pacific. The business division Mechatronics & Modules shows a negative sales development year-over-year that is owed to the fact that you're looking really only on a quarter-by-quarter basis, so you have some volatility based on the impact of the ramp up or ramp down of single projects. Here, we have, especially at the termal management modules and also CVT elements and components in there that had experienced project-related or program-related ramp downs in this quarter. Nothing systemic here and will be a prime contributor to the ongoing sales growth going forward.



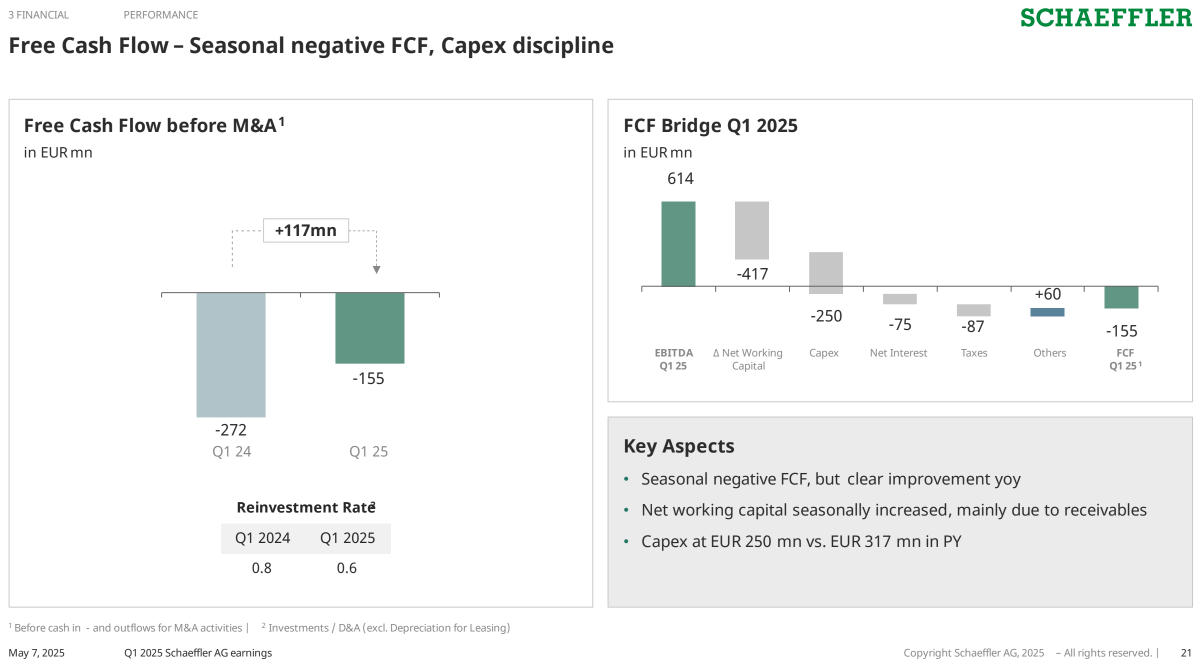
On the next slide, number 18, we then go into Powertrain & Chassis. Really everything is mentioned in the headline. Significant sales decline and mainly related to the European business. But on the other side, maintaining a very strong EBIT margin almost on prior year's level of 12.4%. The EBIT margin if we dive a little bit deeper and you see that in the second bullet point of the key aspects is impacted by a higher R&D expenses, but on the other side, significantly improved production cost despite lower volumes and lower fixed cost absorption in that area, which is a very strong message and performance here.



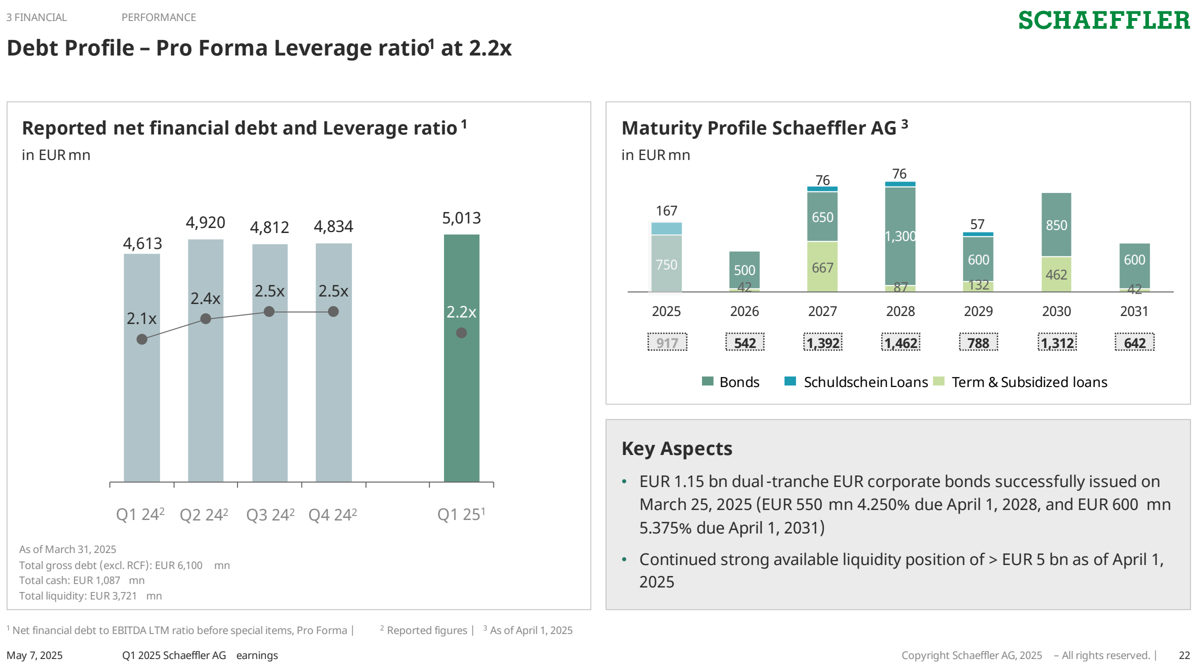
On page 19, we come to our division Vehicle Lifetime Solutions. Vehicle Lifetime Solutions I really can keep it at the headline, continued strong growth and the stable EBIT margin at high level of over 15%. And maybe allow me one more comment in the sales split by business division, and that's the Platform business. We explained that to you in the past, the Platform business are e-commerce solutions in India and China. It has had the most significant growth with over 60%. You also see from a sales portion of total sales with 5% still a fairly low weight. But again, please consider also in your models going forward as this business grows significantly in the range that it also grew for this quarter, there will be some level of margin dilution based on that because that business comes with a much lower margin than the 15.7% that we are showing for this quarter. But again, there is a positive contribution, obviously, in the positive EBIT, but not at that level. And the margin dilution effect will grow over time as this business ramps up significantly.



Last but not least, on page 20, we come to Bearings & Industrial Solutions. The sales have slightly declined. However, double-digit EBIT margin, as Klaus already indicated, with 10.1% a strong recovery of what we have seen in Q4 of last year. I want to lead your attention in that regard to the third key aspect, on the bottom right. We have seen especially in January, some sort of a counter effect to what we experienced in December. And I think also explained to you in detail in December. We had a closing days in December, we had demand shifts from customers from December into January. So there is some sort of a counter effect in the Q1 2025 number. And as you also will see already written in our press release with maintaining our guidance also for this division, you should rather expect our performance approaching our guidance corridor going forward. For sure, hopefully at the upper end, not the lower end, but not continue to expect double-digit margins here based on this kind of counter effect that what we have seen in December. Good news is that our programs in regard of cost improvements on the shop floor and also in the SG&A space are taking effect, not completely yet, as you can appreciate, especially with our Europe centered profit improvement program that is also related to footprint consolidation, but definitely showing first effects on that result as well.



Let's come to the free cash flow on page 21. Klaus already hinted that the cash flow for the first quarter is seasonally impacted by the working capital increase, mainly driven by receivables. Receivables on a seasonal pattern go down in December and then ramp up to a normal level again in Q1. You'll see that reflected in the bridge on the upper right with minus EUR 417 mn impact in that regard. But Klaus already indicated that the CapEx number with minus EUR 250 mn, which is the result of a very conscious and also reactive management of our spending. In that regard, it's not meaning that we underspend and sacrificing our future. It's rather meaning that we react in a very agile manner to the circumstances. And if projects are ramping up slower than expected or there is a delay in the start of production, then we immediately react also on the CapEx side, which then obviously protects the free cash flow.



Last but not least, let's look at our Debt profile on page 22. There's one number that might be slightly surprising to you, and that's already mentioned in the headline, we are on a pro forma restated basis, that means we now have included really last 12 months of the Vitesco EBITDA in the formula. We are now standing at 2.2 times leverage ratio in that regard, again on a pro forma restated basis. If you look to the data to the left, and at the four quarters of last year, you see the numbers as reported, and the decline from 2.5 in the fourth quarter of last year to 2.2 with the exception of a slight impact by the negative cash flow for the first quarter is this restatement effect. Let me end with confirming to you that our financing going forward is robust. As you most likely know, we are completed with our refinancing campaign for 2025 in the maturity profile on the top you see EUR 917 mn of debt that will mature in 2025. The main portion is coming from a bond of EUR 750 mn that matures in October. That is refinanced with our dual tranche euro bond emission in end of March in the amount of total EUR 1.15 bn at acceptable conditions. And again, right now, we are standing with that emission at a liquidity position that is greater than EUR 5 bn. That will be reduced by this EUR 917 mn as we will repay this EUR 917 mn later this year, but a continued strong liquidity and continued strong financial financing profile. And if you allow me one last comment, you'll see the refinancing need for next year with a little bit above EUR 500 mn is doable and is definitely providing for opportunities to even improve opportunistically our financing and maturity profile at the long end. With that last comment, Klaus back to you.

Klaus Rosenfeld

Thank you, Claus.

AGENDA

4 OUTLOOK

SCHAEFFLER

FY 2025 Guidance– Confirmed for all metrics, while dealing with tariffs and trade conflicts

	Schaeffler Group	E-Mobility	Powertrain & Chassis	Vehicle Lifetime Solutions	Bearings & Industrial Solutions
Sales 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[1]	3% to 5% [Q1: 4.7%]	-17% to -14% [Q1: -22.9%]	10% to 12% [Q1: 12.4%]	14% to 16% [Q1: 15.7%]	5% to 7% [Q1: 10.1%]
Free Cash Flow[2] in EUR mn	-200 to 0 [Q1: -155]				

Market assumptions

- LVP: Schaeffler expects global LVP to decline by 1.7% to 87.9 mn in 2025, based on the latest forecast of S&P Global Mobility[3]
- Car parc: Growth rate of Global LV Parc[4] 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)
- Industrial Production: According to forecasts by S&P Global Market Intelligence, growth in global Industrial Production[5] is set to increase to 2.3% in 2025 (2024: 0.3%)

[1] Before special items | [2] Before cash in - and outflows for M&A activities | [3] Includes content supplied by S&P Global Mobility© [IHS Markit Light Vehicle Production Forecast (Base), April 2025]. All rights reserved. | [4] Includes content supplied by S&P Global Mobility © [IHS Markit Vehicles in Operation (VIO) Forecast, February 2025]. All rights reserved. | [5] Includes content supplied by S&P Global Market Intelligence © [Comparative Industry Service Forecast, April 2025]. All rights reserved. Sectors considered: Mechanical Engineering (ISIC 28), Transport Equipment (ISIC 30), Electrical Equipment (ISIC 271)

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If you move on to page 24, you have the guidance and I think that everything that is on this page. So I would not go into all detail. We confirm the guidance on all metrics and you know that we are dealing with tariffs and trade conflict We think the impacts can be absorbed within the guidance range.

4 OUTLOOK

SCHAEFFLER

Outlook – Capital Markets Day September 16, 2025

Financial calendar and selected IR events 2025

May 7	Q1 2025 Earnings Release
May 19/20	BNP EV and Mobility Conference – Hongkong
May 21/22	JPM Global China Summit – Shanghai
May 28	DB European Champions Conference – Frankfurt
June 3	JPM European Automotive Conference – London
June 11/12	DB Global Auto Industry Conference – New York
Aug 6	Q2 2025 Earnings Release
Sep 16	Capital Markets Day
Nov 4	Q3 2025 Earnings Release

May 7, 2025 Q1 2025 Schaeffler AG earnings

So summarizing again, this presentation here, again, you now have proper pro forma numbers, the new structure. For the new structure, we are giving you not only divisional guidance but also our internal business KPIs and they hopefully show our ambition to outperform. I think that's key here for you to understand that we have the fighting spirit and the ambition to be better than the market that needs to be demonstrated over the next quarters. And the only thing that is missing on page 25, our midterm target, they will be shared with you in the Capital Markets Day that is now on September 16th. And with that, I would close it here and leave a little bit time for your questions. Thank you very much and back to the operator.

Q&A SESSION

Christoph Laskawi, Deutsche Bank

Good morning. Thank you for taking my questions. I'd like to start with a couple of questions on the Q1 organic growth numbers that you shared. Could you comment a bit more in detail on the Powertrain & Chassis number in Europe and the E-Mobility number in China? Those are down quite substantially. What were the key reasons for that and also how we should think about that in the quarters ahead? And then following that, could you comment on the Q2 run rates that you see by region so far in autos? Any volatility that is significantly different from Q1 as a result of the tariffs or any effects there that you could highlight? And then lastly, on the Bearings & Industrial Solutions margin, you already said Q1, obviously, supported a bit by reversal effects. Is this then for Q2 and following basically a step down that we should expect the run rates development or back to the usual seasonality that you've shown in the past? Thank you.

Klaus Rosenfeld

Christoph, all questions are more than legitimate. Let me start with page 6 in the sales performance. There are some unusual things. If you look at that table, you'll see that China's E-Mobility was down by minus 19.7%. That's a big number. At the same time, Asia/Pacific was up 17.3%. And these two numbers have to do with each other because there's one big project that runs off in China. The EMR3 project, that's now a part of Schaeffler Group through Vitesco. At the same time, we are ramping up EMR4 in Asia/Pacific and that is why these two numbers have been looked at together. So, the rest of the negative growth in E-Mobility and also in Powertrain & Chassis is just the softness in China. For sure, the competition there is still tough on price, but also on technology that impacts both ICE, but to some extent certainly also the BEV area. You know that we have on, as a consolidated group now, a little lower share with Chinese OEMs that are growing faster than the others. So we need to catch up there. And for sure, that's challenging. But with the Order Intake you have seen, we are quite optimistic that we can continue our 30-year history in China as one of the major suppliers that has a strong local base run rate. On autos tariffs impact, again, that's one of the crystal ball questions. What I would guide you to S&P. After Liberation Day, we have seen the largest monthly correction S&P numbers. With S&P taking off one point, I think 2 mn or 3 mn cars predominantly, by the way, in the US. So as the auto business is a consumer business, what we look at the moment is very much how our consumer spending changes. And there is, as you all know consistent conversation, or

I talk about what China is going to do to support their consumer growth. So I would not just extrapolate growth figures there. Let's be careful on Q2 at the moment and see how that unfolds. But I can't give you at the moment more than this directional statement. The real problem with tariffs is not so much the direct impact, as I explained to you, where we are to some extent blessed by the localization rates we have and the USMCA situation. It's more the indirect impact that remains to be seen, if sort of the negotiations on maybe even lowering the tariffs overall are successful and the more we have indication that the US talks to China, the better for us, but let's be a little bit cautious on Q2 due to these external impacts. And once again, in terms of Order Intake, we are for our auto business positive. EUR 3 bn E-Mobility is what we normally had for Schaeffler in the full year, now we're making that in a quarter. And B&IS are margin in Q1, strong, yes, Claus explained the reason there is a little bit of some impact also from Q4 2024. But you also saw that in Q1 2024, the margin was high, Gross profit margin was high. I would not just sit here and say it's going to continue on that level. But when you look at the guidance ranges, we said 5% to 7%. We confirm that for this time, let's see how the second quarter goes. With 10.1, we are definitely above the guidance and I think there is a good chance here to end up the year at the upper end, if not above. At least we can say that April doesn't look like a reversal. It looks okay. Forecasting these days is difficult, but I'm optimistic for our B&IS business. Not only on the profitability side, but also on the sales growth side.

Christoph Laskawi, Deutsche Bank
Thank you. Very helpful. Just one follow up. Just on the Powertrain & Chassis growth in Europe, if you could shed some light on that. Thank you.

Klaus Rosenfeld
Oh, yes. Sorry for that. There is a specific situation there. Hold on, that Matthias explained. It has to do with also a little bit of portfolio changes. We have some of the activities are running down that has been not being compensated here, but that explains some of the larger portion here. We need to come back to you in more detail. So there is a little bit of a structural impact, but there is also weakness in the classical business due to the market weakness as well.

Christoph Laskawi, Deutsche Bank
Thank you.

Klaus Rosenfeld
You’re welcome.

Ross MacDonald, Citi
Yes, hi there. Thank you for taking my questions. You've actually, just this moment answered my first question on Bearings & Industrial Solutions. So I'll tweak it slightly. But as Christoph mentioned, you know, if I look at the Q4 and Q1 margins combined, given there's some payback in the first quarter, you're averaging around 7.2% for that business, which is above the 2025 guidance range. So, you know, clearly, Klaus, you mentioned you expect to be at the top end of the guidance range, maybe even above now. When I look at the other divisions, I guess then, you know, are you ready to make any comments at this around where within the guidance range, we may expect to see full year numbers lay? Obviously, that support from Bearings & Industrials could support the group margin. So I'd be curious if you think we should be looking at EBIT margins for 2025, starting with the 4%, maybe getting up towards the 5% level given that strong Q1? And then second question, obviously, on the back of the Shanghai Auto Show, you know, it seems like the technology in China is broadening out somewhat. We see some interesting EREV range extenders gaining traction. Just be curious within your Powertrain order bank, if that is a technology you have exposure to or whether you see range extenders as an opportunity for the business? Thank you.

Klaus Rosenfeld
Now, let me start with the last one. For sure, the range extender technology is something that we are looking at. We are perfectly set up to develop this for customers. Given our strength both in ICE and then the electrified powertrain, there are projects and we know that at the moment, in particular, our business consultants think that is the new technology that will really prevail. It's still early days, but we are clearly looking at that and discussing with customers what can we do not only with Chinese ones, but also with European ones and US ones. It's a core technology somewhere in the middle between ICE and pure batteries. So very interesting for us. In terms of more guidance on margin, you know, if this would be normal times where things are predictable, I would be more outspoken. But this environment where every week something new happened, you know, you saw what happened geopolitically yesterday, hopefully new government now is up and gets its work done on structural reforms. You saw what happens in India. There's so much uncertainty that I would simply say at the moment we confirm the guidance. We had, as you said, a good start into the year with three businesses being at the upper end, if not above. We think in particular

that this hedge logic that I explained is very helpful here. And maybe back to what Christoph just said, if you have in Powertrain & Chassis in Europe a minus 19%, you also have a plus 21.9% in E-Mobility, and that shows this hedge logic. So Hedge 1, ICE versus BEV. We should participate whatever happens. Build versus repair is a, you know, hedge that works very well and now the auto versus non-auto where there is significant growth opportunity also outside the automotive space, that's the logic that makes us more resilient. And if that comes through with continued delivery now on our programs with, you know, not one quarter being exceptional, but every quarter now being in line, that's what I would like to see. We want to see consistency, we want to see outperformance, we want to see a mid-term delivery that meets your expectations. That's what we are up to. This quarter was strong. Let's see what the second quarter bring. The most important thing is that we deliver what we promise in a consistent and sustainable manner.

Ross MacDonald, Citi
Thank you very much.

Klaus Rosenfeld
You're welcome.

Edoardo Spina, HSBC
Hi, good morning. I have just two questions. So first one is on the growth in China for the foreseeable future. I just wanted to ask how much depend on the market share of the carmakers or how much is the success of their current and new models?

Klaus Rosenfeld
Edoardo, we can't hear you.

Operator
I will remove Mr. Spina from the question queue.

Heiko Eber
Very good. So since there are no further questions, I would like to thank you all for your time and your interest in our company. As always, if there are more questions coming up afterwards, feel free to reach out to our IR team. And with this, I would like to say thank you to our two speakers today. And I would like to say thank you to

the team for the excellent preparation. Thank you very much. Have a good day and talk to you soon. Thank you.

BACKUP

BACKUP

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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 payout 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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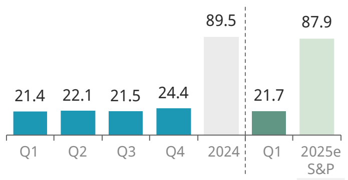
Market assumptions

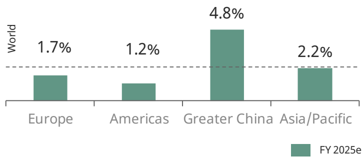
Global LVP[1]



yoy vs. 2024

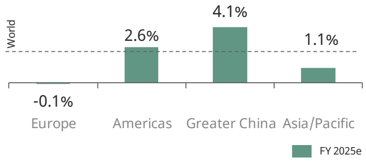
- Schaeffler expects global LVP to decline by 1.7% in 2025, based on the forecast of S&P Global Mobility
- Market conditions have become even more challenging, with U.S. tariffs on imported cars and car parts weighing on global output

Global and regional LV Parc[2]



- Growth rate of Global LV Parc[2] 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 (4.7%)

Global and regional Industrial Production[3]



- According to forecasts by S&P Global Market Intelligence, growth in global Industrial Production[3] is set to increase to 2.3% in 2025 (2024: 0.3%)
- Region Greater China is expected to be the biggest growth driver, followed by Americas and Asia/Pacific, while a slight decline in Industrial Production is still expected for Europe

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

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Key figures by division 2025

Group in EUR mn	Q1 25	Q2 25	Q3 25	Q4 25	FY 25
Sales	5,924				
Sales growth[1]	*-2.9%*				
EBIT[2]	276				
EBIT margin[2]	4.7%				

VLS in EUR mn	Q1 25	Q2 25	Q3 25	Q4 25	FY 25
Sales	783				
Sales growth[1]	*+10.7%*				
EBIT[2]	123				
EBIT margin[2]	15.7%				

E-Mob in EUR mn	Q1 25	Q2 25	Q3 25	Q4 25	FY 25
Sales	1,174				
Sales growth[1]	*+9.6%*				
EBIT[2]	-268				
EBIT margin[2]	-22.9%				

B&IS In EUR mn	Q1 25	Q2 25	Q3 25	Q4 25	FY 25
Sales	1,627				
Sales growth[1]	*-2.1%*				
EBIT[2]	164				
EBIT margin[2]	10.1%				

PTC in EUR mn	Q1 25	Q2 25	Q3 25	Q4 25	FY 25
Sales	2,302				
Sales growth[1]	*-10.7%*				
EBIT[2]	286				
EBIT margin[2]	12.4%				

Others in EUR mn	Q1 25	Q2 25	Q3 25	Q4 25	FY 25
Sales	38				
Sales growth[1]	*-55.3%*				
EBIT[2]	-28				
EBIT margin[2]	-74.3%				

[1] FX-adjusted | [2] Before special items

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Pro forma 2024 by division and quarters

Group in EUR mn	Q1 24	Q2 24	Q3 24	Q4 24	FY 24
Sales	6,141	6,280	5,947	5,944	24,313
EBIT[1]	287	244	206	105	842
EBIT margin[1]	4.7%	3.9%	3.5%	1.8%	3.5%

VLS in EUR mn	Q1 24	Q2 24	Q3 24	Q4 24	FY 24
Sales	717	788	741	715	2,961
EBIT[1]	114	129	104	93	440
EBIT margin[1]	15.8%	16.4%	14.0%	13.0%	14.8%

E-Mob in EUR mn	Q1 24	Q2 24	Q3 24	Q4 24	FY 24
Sales	1,089	1,179	1,266	1,283	4,816
EBIT[1]	-324	-260	-214	-268	-1,066
EBIT margin[1]	-29.8%	-22.0%	-16.9%	-20.9%	-22.1%

B&IS In EUR mn	Q1 24	Q2 24	Q3 24	Q4 24	FY 24
Sales	1,662	1,679	1,599	1,585	6,525
EBIT[1]	190	74	104	68	435
EBIT margin[1]	11.4%	4.4%	6.5%	4.3%	6.7%

PTC in EUR mn	Q1 24	Q2 24	Q3 24	Q4 24	FY 24
Sales	2,588	2,515	2,275	2,278	9,656
EBIT[1]	328	320	225	228	1,101
EBIT margin[1]	12.7%	12.7%	9.9%	10.0%	11.4%

Others in EUR mn	Q1 24	Q2 24	Q3 24	Q4 24	FY 24
Sales	86	118	67	84	355
EBIT[1]	-20	-19	-12	-16	-67
EBIT margin[1]	-23.6%	-16.1%	-17.6%	-18.8%	-18.9%

[1] Before special items

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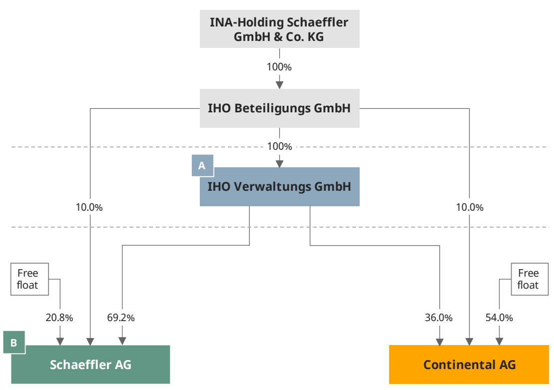
Overview corporate and financing structure

Corporate structure (simplified) as of March 31, 2025



Financing structure as of March 31, 2025

	A IHO Verwaltungs GmbH Debt instrument	Nominal USD mn	Nominal EUR[1] mn	Interest	Maturity	Rating Fitch/Moody's/S&P
Loans	RCF (EUR 1,000mn)	-	0	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	370	6.375%	May-29	BB/Ba2/BB-
	6.75% SSNs 2029 (EUR)	-	800	6.750%	Nov-29	BB/Ba2/BB-
	7.75% SSNs 2030 (USD)	500	462	7.750%	Nov-30	BB/Ba2/BB-
	7.00% SSNs 2031 (EUR)	-	520	7.000%	Nov-31	BB/Ba2/BB-
	8.00% SSNs 2032 (USD)	450	416	8.000%	Nov-32	BB/Ba2/BB-
Total	**IHO Verwaltungs GmbH**		**3,368**	**Ø 7.54%**[2,3]		

	B Schaeffler AG[4] Debt instrument[5]	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)	-	375	Ø 3.698%	May/Mar 25 & 27-29	Not rated
	EIB loans (EUR)	-	670	Ø 4.137%	Jan-30; Oct 26-31	Not rated
	KfW Loans (EUR)	-	135	Ø 4.340%	Oct-28 & Apr-29	Not rated
CP	Commercial Paper (EUR)	-	-	-	-	Not rated
Bonds	2.750% SNs 2025 (EUR)	-	750	2.750%	Oct-25	BB+/Ba1/BB+
	4.500% SNs 2026 (EUR)	-	500	4.500%	Aug-26	BB+/Ba1/BB+
	2.875% SNs 2027 (EUR)	-	650	2.875%	Mar-27	BB+/Ba1/BB+
	4.250% SNs 2028 (EUR)	-	550	4.250%	Apr-28	BB+/Ba1/BB+
	3.375% SNs 2028 (EUR)	-	750	3.375%	Oct-28	BB+/Ba1/BB+
	4.750% SNs 2029 (EUR)	-	600	4.750%	Aug-29	BB+/Ba1/BB+
	4.500% SNs 2030 (EUR)	-	850	4.500%	Mar-30	BB+/Ba1/BB+
	5.375% SNs 2031 (EUR)	-	600	5.375%	Apr-31	BB+/Ba1/BB+
Total	**Schaeffler AG**		**7,055**	**Ø 4.17%**[3]		

[1] EUR/USD = 1.0815 | [2] After cross currency swaps | [3] Incl. commitment and utilization fees | [4] Schaeffler AG financing structure as of April 1, 2025 | [5] Table displays Schaeffler AG related instruments only. For the overall indebtedness of the Schaeffler Group, reference is made to the respective financial statements of the Schaeffler Group

