



## **Schaeffler AG and Vitesco Technologies Group AG Sign Business Combination Agreement**

- Schaeffler and Vitesco Technologies will create a leading Motion Technology Company with four focused “pure-play” divisions
- Nine-member Management Board planned; E-Mobility division will be headed by a Vitesco executive
- Integration committee with equal representation to steer the integration process; first meeting already scheduled for this year
- “Zukunftsvereinbarung” agreement with IG Metall to be maintained in the combined company
- Schaeffler increases offer price for tender offer to final offer price of 94 euros
- Swift completion of the overall transaction envisaged; Schaeffler and Vitesco will be stronger together

Herzogenaurach | November 27, 2023 | Schaeffler AG (“Schaeffler”) today entered into a Business Combination Agreement (“BCA”) with Vitesco Technologies Group AG (“Vitesco”) to jointly create a leading Motion Technology Company. Under the BCA, Vitesco will constructively support the overall transaction including the ongoing public tender offer by Schaeffler and the subsequent merger of Vitesco with Schaeffler.

### **Creating a joint Motion Technology Company**

By joining forces, Schaeffler and Vitesco will be able to complete and broaden their business and technology portfolios along four focused “pure-play” divisions with leading positions in their respective end markets. The combined company will offer a complete range of products, particularly in the area of electrification, to leverage the accelerated growth potential of e-mobility.

The combined company will have annual Pro-forma sales of around 25 billion euros and employ more than 120,000 people. Schaeffler still assumes that the business combination offers significant synergy potential with an expected EBIT effect of 600 million euros per year, which should be fully reached in 2029. In the best interest of the combined company, Schaeffler and Vitesco will strive to achieve both, revenue and cost synergies.

*Klaus Rosenfeld, CEO of Schaeffler AG, said: "At Schaeffler, we are fully convinced that both companies ideally complement each other and will thus be stronger together. We are pleased that, after intense and, in part, for both sides challenging discussions, we came to a business combination agreement, which now lays the ground for a swift and effective integration. This is an important milestone on our way to creating a leading Motion Technology Company."*

#### **Nine-member Management Board planned**

Recognizing that it is the responsibility of the Supervisory Board to appoint the members of the Management Board, Schaeffler and Vitesco agreed on a nine-member Management Board, which will be led by Schaeffler CEO Klaus Rosenfeld. The Management Board will also include the four functional leaders CFO, CHRO, CTO and COO as well as the four divisional CEOs of the newly formed divisions.

As provided in the Schaeffler steering model, the Management Board together with the four regional CEOs will form the Executive Board of the combined company. It is agreed that the strategically particularly important E-Mobility division will be headed by Thomas Stierle, who currently leads Vitesco's Electrification division. The remaining members of the Executive Board are listed in the table at the end of this release. In addition, it is planned to adjust the composition of the Supervisory Board of Schaeffler taking into account the needs of the combined company.

For filling management positions below the Management Board, the basic principle in the combined company shall be the idea of "Stronger Together". With the BCA, an integration process has been agreed upon, which, on the one hand, allows to combine the strengths of both companies in the best possible way and, on the other hand, ensures that the operating businesses of both companies can continue as smoothly as possible. These are important prerequisites to be even more successful together and achieve the objectives of the business combination. Where a selection is necessary, it should generally be carried out with the overriding aim of appointing the person who is best suited for the respective management task.

#### **Integration committee with equal representation**

In the BCA, Schaeffler and Vitesco also agreed to establish an integration committee to ensure a smooth integration process within the combined company. The committee will have equal representation and consist of six members, involving the respective CEOs, CFOs and CHROs of both companies. Led by the integration committee, both parties will prepare a joint business plan for the combined company by mid-2024 the latest. The first meeting of the integration committee will take place in December 2023 already. In the best interests of customers, the integration will be carried out in such a way that ongoing business is not affected. This applies in particular to critical production ramp-ups.

It was further agreed that the combined company will be named Schaeffler AG. The company's headquarters will be in Herzogenaurach. The allocation of the divisional headquarters will be further discussed between the parties. In this regard, Schaeffler recognizes the importance of Vitesco's current locations for the combined company, with Regensburg in particular playing an important role for the e-mobility business.

**“Zukunftsvereinbarung” agreement with IG Metall**

Schaeffler and Vitesco will engage in a constructive dialogue with the employees of both companies and their representatives in order to develop attractive and competitive working conditions with the aim of maintaining the excellent employee base and corporate culture. The parties agree that a committed and motivated workforce is the basis for the current success of the two companies and the future success of the combined company.

This belief is also reflected in the joint commitment to maintain the „Zukunftsvereinbarung” agreement that Schaeffler agreed on in 2018 with IG Metall union also in the combined company. It reflects several agreements, inter alia, on site locations and tariff commitments.

**Schaeffler increases offer price to final price of 94 euros**

Independent of the BCA negotiations with Vitesco, the Management Board of Schaeffler, with consent of the company's Supervisory Board, today decided to increase the offer price for the ongoing tender offer from 91 euros to a best and final price of 94 euros per Vitesco share. The increased offer price represents an even more attractive premium of around 24.8 percent on the closing price on October 6, 2023, the last trading day prior to announcement of the offer, and a premium of around 23.4 percent on the 3-month volume-weighted average share price prior to announcement.

The decision to increase the offer price was made after careful consideration of the prevailing market sentiment, and underscores Schaeffler's confidence in the expected synergies and value creation potential of the business combination with Vitesco.

**Swift completion of the overall transaction envisaged**

The acceptance period for the tender offer expires on December 15, 2023. After the expiration of the acceptance period, Schaeffler intends to convene an Extraordinary General Meeting, which is expected to be held in early February 2024. At this EGM, Schaeffler shareholders will be allowed to vote on the intended conversion of non-voting common shares into common shares with full voting rights. The subsequently planned merger of Vitesco Technologies Group AG into Schaeffler AG will in turn require the approval of the respective Annual General Meetings of both companies.

The exchange ratio of Vitesco shares into Schaeffler shares for Vitesco shareholders will be determined by both companies on the basis of a valuation of Schaeffler and Vitesco conducted by PVT Financial Advisors SE (ValueTrust) as a joint independent valuation expert in accordance with recognized valuation principles and will be agreed in the merger agreement. The exchange ratio will be confirmed by a court-appointed merger auditor jointly proposed by the parties. The completion of the overall transaction is expected to take place in the fourth quarter of 2024.

## Planned Executive Board of Schaeffler AG

Members of the Management Board <sup>1</sup>	Division	Name
<b>Chairman of the Management Board Chief Executive Officer Schaeffler Group (CEO)</b>	CEO Functions	Klaus Rosenfeld
<b>Chief Executive Officer E-Mobility</b>	E-Mobility	Thomas Stierle
<b>Chief Executive Officer Powertrain &amp; Chassis</b>	Powertrain & Chassis	Matthias Zink
<b>Chief Executive Officer Vehicle Lifetime Solutions</b>	Vehicle Lifetime Solutions	Jens Schüler
<b>Chief Executive Officer Bearings &amp; Industrial Solutions</b>	Bearings & Industrial Solutions	Sascha Zaps
<b>Chief Financial Officer Schaeffler Group</b>	Finance & IT	Claus Bauer
<b>Chief Human Resources Officer Schaeffler Group<sup>2</sup></b>	Human Resources	Dr. Astrid Fontaine
<b>Chief Technology Officer Schaeffler Group</b>	Research & Development	Uwe Wagner
<b>Chief Operating Officer Schaeffler Group</b>	Production, Supply Chain Management & Purchasing	Andreas Schick

Regional CEOs	Region	Name
<b>Chief Executive Officer Europe</b>	Europe	N.N.
<b>Chief Executive Officer Americas</b>	North America, South America	Marc McGrath
<b>Chief Executive Officer Greater China</b>	China	Dr. Yilin Zhang
<b>Chief Executive Officer Asia/Pacific</b>	Japan, Korea, Southeast Asia, India	Dharmesh Arora

<sup>1</sup> Subject to appointment by the Supervisory Board of Schaeffler AG

<sup>2</sup> Also Labor Relations Director of Schaeffler AG

**Disclaimer****Voluntary public tender offer of Schaeffler AG to the shareholders of Vitesco Technologies AG**

This publication is for information purposes only regarding the voluntary public tender offer (the "Offer") of Schaeffler AG ("Schaeffler") for all shares of Vitesco Technologies Group AG ("Vitesco" or the "Company") and does not constitute a solicitation to sell or an offer to buy any of the securities of Vitesco. The offer document published by Schaeffler after approval by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) ("Offer Document") is the sole binding document with regard to the terms and other provisions relating to the Offer. Investors and holders of securities of Vitesco are strongly advised to read the Offer Document and all other announcements relating to the Offer as soon as they have been made public, as they contain or will contain important information.

The Offer is being implemented solely in accordance with the applicable laws of the Federal Republic of Germany, in particular the German Securities Acquisition and Trading Act (Wertpapiererwerbs- und Übernahmegesetz) ("WpÜG") in conjunction with the German regulation on the contents of offer documents, considerations related to tender offers and compulsory offers, and exemptions from the obligation to publish and submit an offer (WpÜG-Angebotsverordnung), and with certain provisions of the securities laws of the United States of America applicable to cross-border tender offers. The offer is not made or intended to be made pursuant to the provisions of any other jurisdiction. Accordingly, no notifications, registrations admissions or approvals of the Offer or of the Offer Document have been or will be applied for or initiated by Schaeffler or the persons acting in conjunction with Schaeffler outside of the Federal Republic of Germany. Schaeffler and the persons acting in conjunction with Schaeffler therefore do not assume any responsibility for compliance with law other than the laws of the Federal Republic of Germany or applicable securities laws of the United States of America.

The Offer will not be filed, published or publicly advertised pursuant to the laws of any jurisdiction other than the Federal Republic of Germany and the United States of America.

Schaeffler and the persons acting in conjunction with Schaeffler assume no responsibility for the publication, dispatch, distribution or dissemination of any documents connected with the Offer outside the Federal Republic of Germany, the Member States of the European Union and the European Economic Area being compatible with the applicable requirements of jurisdictions other than those of the Federal Republic of Germany. Furthermore, Schaeffler and the persons acting in conjunction with Schaeffler assume no responsibility for the non-compliance of third parties with any laws.

To the extent permissible under applicable law or regulation, Schaeffler may purchase, or conclude agreements to purchase, shares in the Company, directly or indirectly, or enter into derivative transactions with respect to the shares in the Company, outside of the Offer, before, during or after the period in which the offer remains open for acceptance. This applies to other securities which are directly convertible into, exchangeable for, or exercisable for shares in the Company. These purchases may be completed via the stock exchange at market prices or outside the stock exchange in negotiated transactions. Any information about such purchases will be disclosed as required by law or regulation in Germany or any other relevant jurisdiction.

Insofar as this document contains forward-looking statements, such statements do not represent facts and are characterized by the words "expect", "believe", "estimate", "intend", "aim", "assume" or similar expressions. Such statements express the intentions, opinions or current expectations and assumptions of Schaeffler and the persons acting in conjunction with Schaeffler, for example with regard to the potential consequences of the Offer for the Company, for those shareholders of the Company who choose not to accept the Offer or for future financial results of the Company. Such forward-looking statements are based on current plans, estimates and forecasts which Schaeffler and the persons acting in conjunction with Schaeffler have made to the best of their knowledge, but which do not claim to be correct in the future. Forward-looking statements are subject to risks and uncertainties that are difficult to predict and usually cannot be influenced by Schaeffler or the persons acting in conjunction with Schaeffler. It should be kept in mind that the actual events or consequences may differ materially from those contained in or expressed by such forward-looking statements. Schaeffler and the persons acting in conjunction with Schaeffler assume no obligation to update forward-looking statements with respect to actual developments or events, conditions events, general conditions, assumptions or other factors.

## Schaeffler Group – We pioneer motion

The Schaeffler Group has been driving forward groundbreaking inventions and developments in the field of motion technology for over 75 years. With innovative technologies, products, and services for electric mobility, CO<sub>2</sub>-efficient drives, chassis solutions, Industry 4.0, digitalization, and renewable energies, the company is a reliable partner for making motion more efficient, intelligent, and sustainable – over the entire life cycle. The technology company manufactures high-precision components and systems for drive train and chassis applications as well as rolling and plain bearing solutions for a large number of industrial applications. The Schaeffler Group generated sales of 15.8 billion euros in 2022. With around 84,000 employees, the Schaeffler Group is one of the world's largest family companies. With more than 1,250 patent applications in 2022, Schaeffler is Germany's fourth most innovative company according to the DPMA (German Patent and Trademark Office).

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