

A close-up photograph of an electric vehicle's charging port. A white and black charging cable is plugged into the port, which is illuminated with a green glow. The background shows the metallic surface of the car's body.

SCHAEFFLER

Creating a leading Motion Technology Company – Stronger Together

Investor Presentation

October 9, 2023

We pioneer motion

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Agenda

1

Overview

2

Strategic rationale

3

Financial considerations

4

Summary and next steps



**Klaus
Rosenfeld**

Chief Executive
Officer



Claus Bauer

Chief Financial
Officer

A Transformational Transaction – The story in six highlights

Public tender offer

- Schaeffler AG Cash Offer¹ to acquire outstanding Vitesco Technologies Group AG shares (Step 1)
- Around 20% premium on 3M VWAP

A 3-step transaction

- Schaeffler AG non-voting shares become voting common shares² (Step 2)
- Merger of Vitesco Technologies Group AG into Schaeffler AG (Step 3)

Leading Motion Technology Company

- Pro-forma Combined Revenues of EUR 25 bn
- 4 focused 'pure play' divisions

Simplified shareholding structure

- 30% Free Float envisaged post-transaction
- Higher liquidity, voting rights and more transparency

Significant value creation potential

- EUR 600 mn p.a. positive EBIT impact from revenue and cost synergies
- Leading E-Mobility offering across all dimensions

Stronger together

- Strong cultural fit
- Friendly transaction envisaged

¹ "Erwerbsangebot" | ² Conversion subject to merger completion

A Transformational Transaction – Creating a leading Motion Technology Company

Creating a leading Motion Technology Company

- Four focused, 'pure play' divisions leading in their respective sectors
- Leveraging the accelerating growth opportunity in E-Mobility, while harvesting the conventional powertrain business and grow Chassis
- Establishing leaders in Vehicle Lifetime Solutions and Bearings & Industrial Solutions
- Driving significant synergies, best-in-class technology and global footprint

With an attractive financial profile

- Combined FY22 Pro Forma Revenues of EUR 25 bn and E-Mobility Orderbook of >EUR 40 bn¹
- EUR 600 mn revenue and cost synergy potential per annum, full run-rate to be achieved in 2029
- Continued financial strength with Leverage ratio² post-transaction expected to fall below 1.5x in 2025
- Full focus on Free Cash Flow, disciplined capital allocation and 30-50% Dividend Payout ratio

That will drive significant value for all shareholders

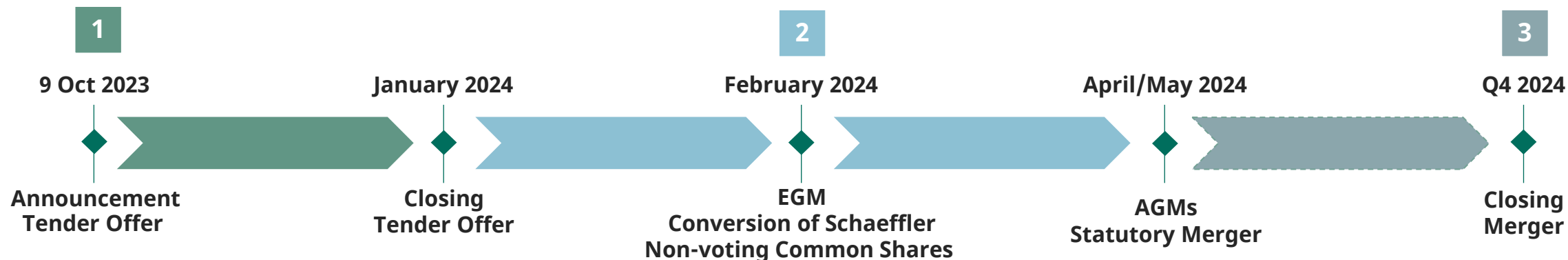
- Attractive offer to all Vitesco shareholders with a premium of around 20% 3M VWAP
- Financing package fully underwritten by leading international banks
- Transaction is significantly returns enhancing, EPS accretive from 2026³
- Low execution risk with a clear path to full integration

With enhanced liquidity, voting rights, and more transparency

- Transaction will lead to simplified shareholding structure with one class of voting Common Shares
- Intention to achieve post-transaction free float of around 30% with enhanced liquidity
- Schaeffler shares expected to be included in the MDAX/MSCI Europe after completion of the transaction
- Further enhanced transparency through new divisional structure

¹ As of June 30, 2023; Considering Vitesco's disclosure on "Electrification" | ² Net financial debt to EBITDA ratio before special items | ³ Run-rate

Key Transaction Steps – Clear path to business combination



1

Tender Offer to Vitesco's shareholders

- Public cash tender offer¹ at EUR 91 per Vitesco share expected to launch on November 15² with four-week offer period
- No acceptance threshold and customary closing conditions³
- IHO Holding (owning 49.9% of Vitesco) has signed a Non-Tender commitment

2

Schaeffler Non-voting Common Share Conversion

- Resolution on the conversion of Schaeffler Non-voting Common Shares⁴ into Common Shares
- 75% Non-voting Common shareholder approval required; mandatory conversion at ratio of 1:1
- Establishing one share class with enhanced liquidity and commitment to increased free float

3

Merger of Vitesco into Schaeffler

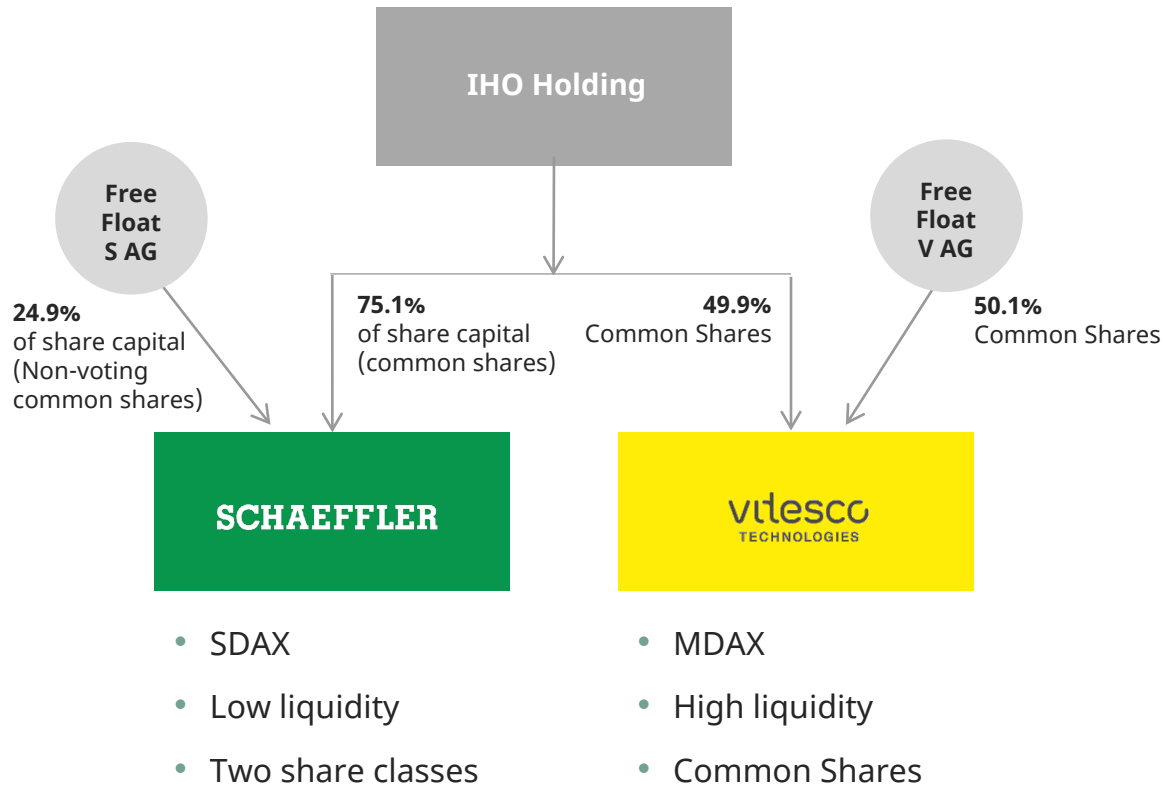
- Merger of Vitesco into Schaeffler AG (no DPLTA⁵, no squeeze-out envisaged)
- No anti-trust clearance necessary for completion of the offer in the EU and almost all other jurisdictions⁶
- Final merger exchange ratio to be determined based on a statutory valuation process

¹ "Erwerbsangebot" | ² Following approval of the offer document by BaFin | ³ FDI approval | ⁴ Conversion subject to merger completion |

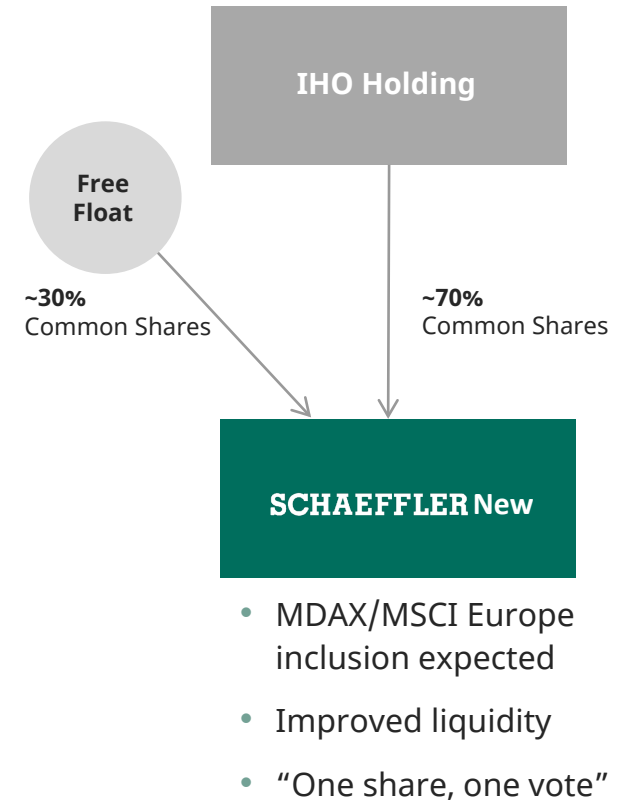
⁵ DPLTA: Domination and Profit and Loss Transfer Agreement | ⁶ For the few remaining jurisdictions Schaeffler does not expect any prolonged clearance procedures

Simplified shareholding structure – Intention to achieve post-transaction free float of around 30%

Shareholding structure pre-transaction



Shareholding structure post-transaction



Four focused, 'pure play' divisions – Creating a leading Motion Technology Company

SCHAEFFLER New

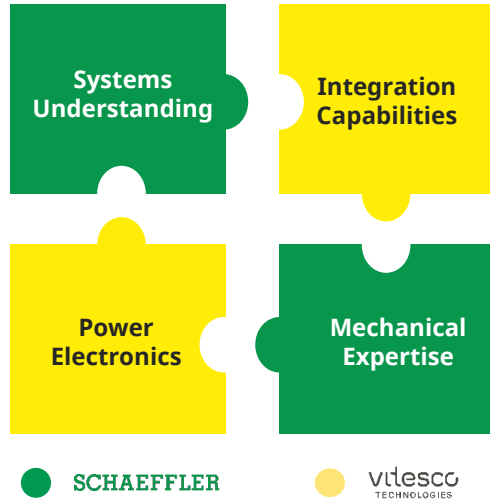
Divisions ¹	① E-Mobility	② Powertrain & Chassis	③ Vehicle Lifetime Solutions	④ Bearings & Industrial Solutions
Business units	E-Mobility Electrification	Engine & Transmission Chassis Powertrain	Automotive Aftermarket Aftermarket ²	Industrial Automotive Bearings
Value proposition	<ul style="list-style-type: none"> High-growth business supported by large orderbook Managed for profitable growth with margin improvement 	<ul style="list-style-type: none"> Mature powertrain business with declining market growth, plus chassis growth opportunities Managed for value generation, margin and free cash flow 	<ul style="list-style-type: none"> Growth business with high margins and low capital intensity Managed for profitable growth and free cash flow 	<ul style="list-style-type: none"> Growth business with clear margin improvement pathway Managed for value generation, margin and free cash flow
Sales development ⁵ in EUR bn	Sales share ⁴ : 9% (2022), ~31% (2030) 	Sales share ⁴ : 53% (2022), ~28% (2030) 13.1 	Sales share ⁴ : 10% (2022), ~12% (2030) 2.5 	Sales share ⁴ : 28% (2022), ~29% (2030) 6.9
Ambition	<ul style="list-style-type: none"> Establish leader in E-Mobility with best-in-class technologies and strong product portfolio 	<ul style="list-style-type: none"> Maximize value with conventional Powertrain and capture profitable Chassis growth 	<ul style="list-style-type: none"> Develop a global integrated platform provider addressing customer needs along the vehicle lifecycle 	<ul style="list-style-type: none"> Build the leading global Bearings & Industrial Solutions company operating in four market clusters

¹ Division names are illustrative | ² Currently included in Powertrain division | ³ Includes Vitesco Powertrain non-core business but excludes contract manufacturing |

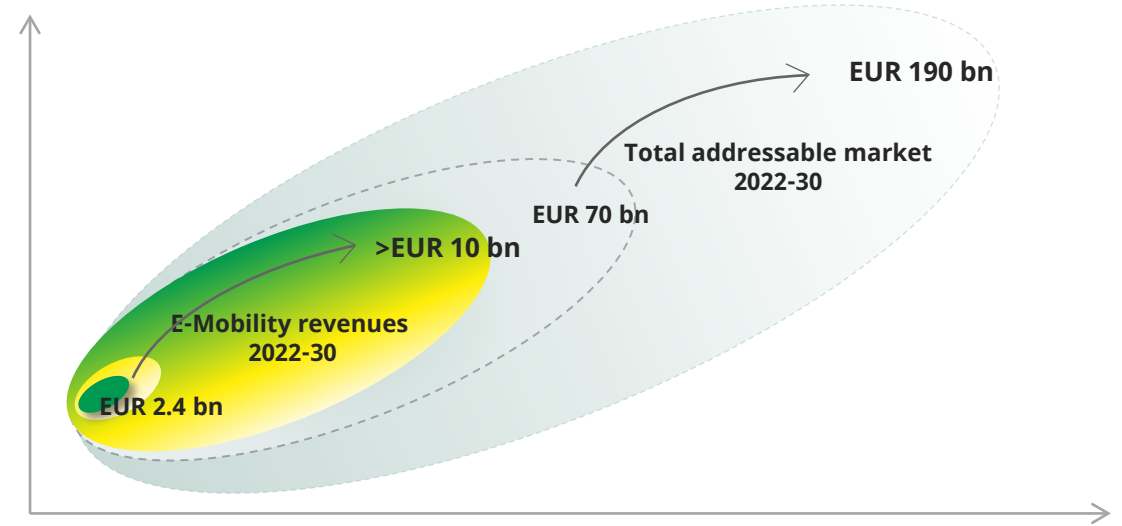
⁴ Group sales share | ⁵ For illustrative purposes only, not to scale, excluding any potential revenue synergies; FX-adjusted, based on outside-in analysis

① E-Mobility – Combining highly complementary strengths and capabilities for future growth

Complementary strengths



Significant market growth potential¹



Key characteristics

- Enlarged product portfolio
- Coverage of all mission critical capabilities
- Increasing relevance for global OEMs
- Joint scale funds required investments in R&D to capture overall market growth

Combinational synergies

- Joint procurement and supply chain management
- Cross-selling opportunities and enhanced cost competitiveness

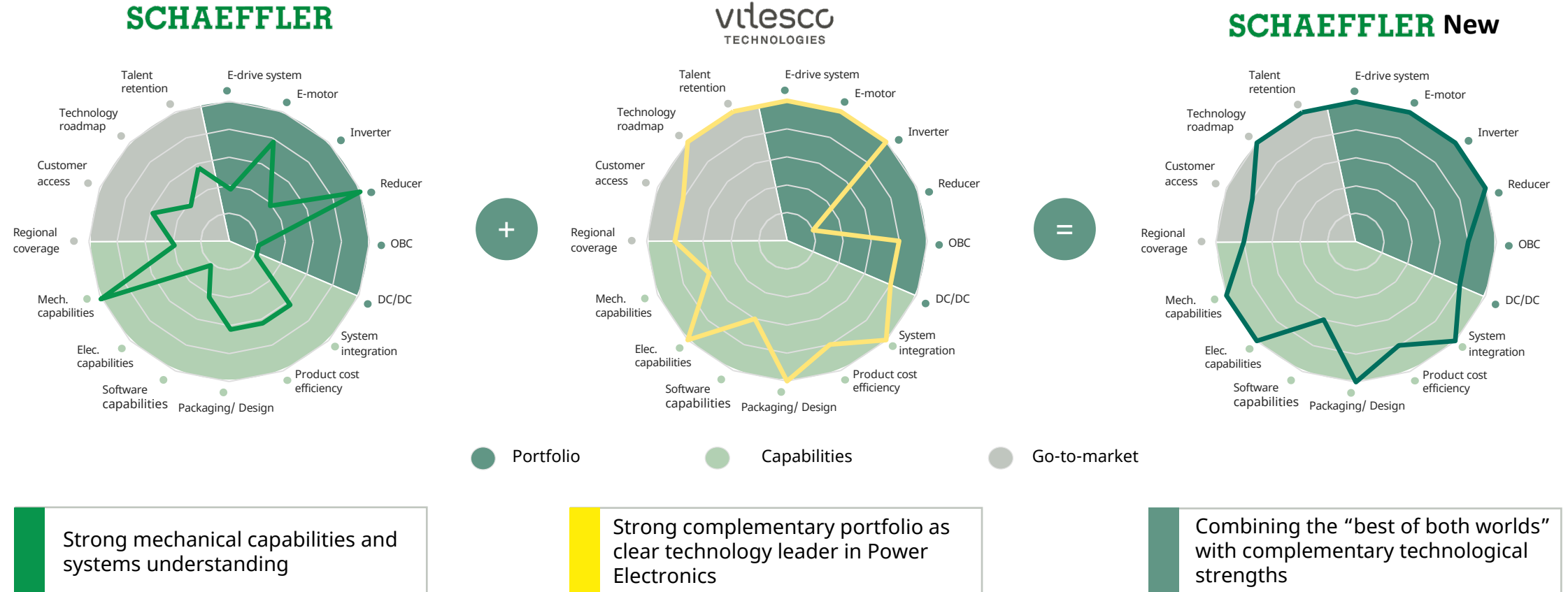
Outlook

- Combined orderbook of >EUR 40 bn²
- Revenue expected to grow ~4x by 2030e
- Reaching solid profitability in the medium term

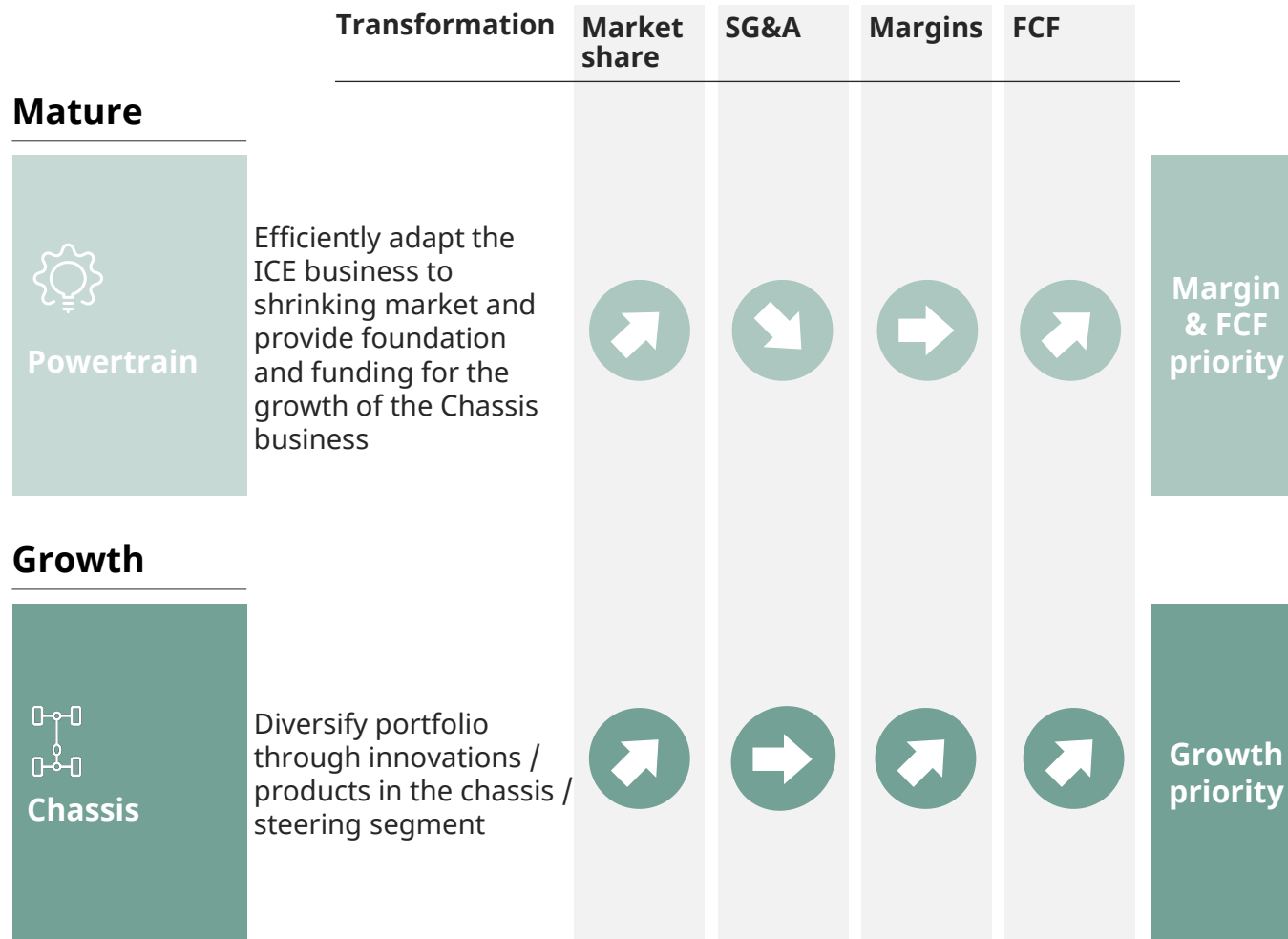
Key Peers

¹ For illustrative purposes only, not to scale. Estimated combined revenues in 2022 and estimated TAM; Source: Expert assessment |
² As of June 30, 2023; Considering Vitesco's disclosure on "Electrification"

① **Combining complementary strengths – Leading E-Mobility offering across all dimensions**



② Powertrain & Chassis – Maximize value with a broad Powertrain portfolio and grow Chassis



 **Key characteristics**


- Leveraging joint scale to optimize profitability with capacity consolidation
- Broad product portfolio through combination
- Sharing of best practice and joint R&D
- Value-accretive ramp-down of components offering


 **Combinational synergies**

- High profitability strengthened by combination
- Synergies from procurement, rationalisation of production footprint and SG&A

 **Outlook**

- Market share gains and growth businesses help mitigate conventional powertrain gradual decline¹
- Chassis with strong growth potential in new products
- Manage for stable margin & high cash generation




 **Key Peers**





¹ Source: Market Data














③ Vehicle Lifetime Solutions – Becoming a leading integrated platform

Growth drivers

 <p>Share of Wallet</p>	<ul style="list-style-type: none"> • Increased relevance due to enlarged future-ready product portfolio • Further transition from parts to solutions provider
 <p>Solutions & Service Offer</p>	<ul style="list-style-type: none"> • Increased electronics and sensor capabilities • Additional scale for lifecycle solutions
 <p>Way to Market</p>	<ul style="list-style-type: none"> • Higher relevance and scale for new distributors and digital sales channels • Joint expansion in Americas and Asia

Growth enablers

 <p>Digital Competence</p>	<ul style="list-style-type: none"> • Best-in-class practice sharing • Increased scale allows for accelerated investment
 <p>Operational Excellence</p>	<ul style="list-style-type: none"> • State of the art global operations • Efficient and scalable structures

	<p>Key characteristics</p> <ul style="list-style-type: none"> • Integrated multi-vendor service platform enhanced by Vitesco • Future-relevant portfolio irrespective of drive technology • Resilient, counter-cyclical growth • Low capital intensity
	<p>Combinational synergies</p> <ul style="list-style-type: none"> • Combined scale drives revenue synergies and enhances competitiveness • Enlarged product range and sales volume allows for further logistics optimization
	<p>Outlook</p> <ul style="list-style-type: none"> • Growth driven by aging car parc • Margin expansion potential • Strong free cash flow
	<p>Key Peers   </p> <p>Suppliers   </p> <p>Distributors   </p>

④ Bearings & Industrial Solutions – Building a global market leader

Well-diversified portfolio focused on 4 market clusters

56% ¹	Transportation & Mobility						
		Two-Wheeler	Cars & LCVs	Truck & Bus	Offroad	Rail	Aerospace
21% ¹	Machinery & Materials						
		Raw Materials	Power Transmission				
12% ¹	Industrial Automation						
		Industrial Automation					
11% ¹	Renewables						
		Wind	Hydrogen as strategic business field				

Key characteristics

- Secular growth markets
- Addressing full spectrum of bearings and linear motion solutions
- Over-proportional growth with service solutions
- Entering emerging hydrogen business

Transformational impact

- Sizable benefits from economies of scale
- Strengthening technology and innovation power in bearings across all sectors

Outlook

- Revenue growth potential ahead of market
- Further accelerated growth through M&A

Key Peers

¹ Indicative sales split FY 2022

Strong cultural fit – Shared values to support integration

Close proximity and collaboration

- Both companies headquartered in Bavaria
- Management teams know each other
- Existing culture of collaboration and teamwork

Engineering and innovation driven culture

- Customer-centric and agile across regions
- Engineering led cultures in both companies
- Future-oriented mindsets and strong focus on innovation



Sustainability and Engagement

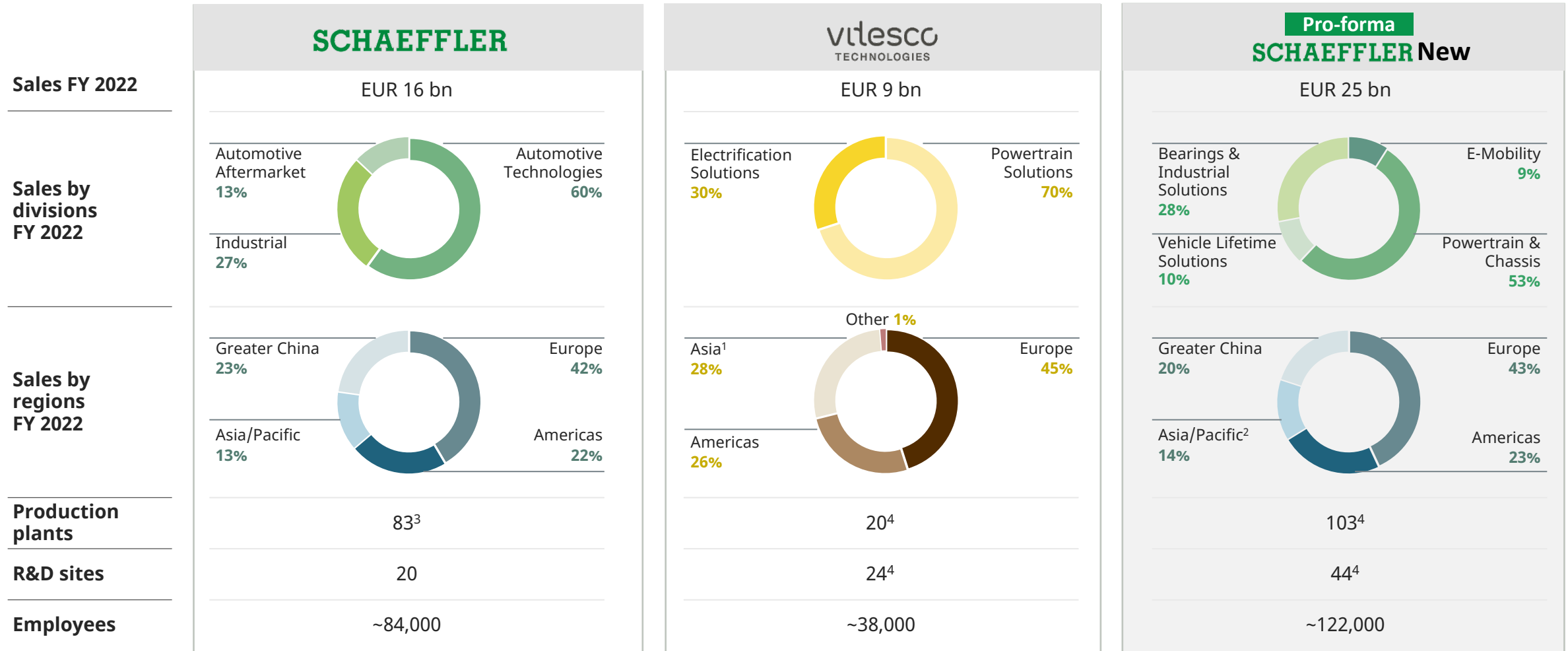
- Strong focus on sustainability
- Powered-up talent attraction
- Corporate and social responsibility

Values and Governance

- Long-term orientation
- Constructive cooperation with works councils
- Strong values of a family-owned company

Creating long-term value for customers, employees, shareholders and business partners

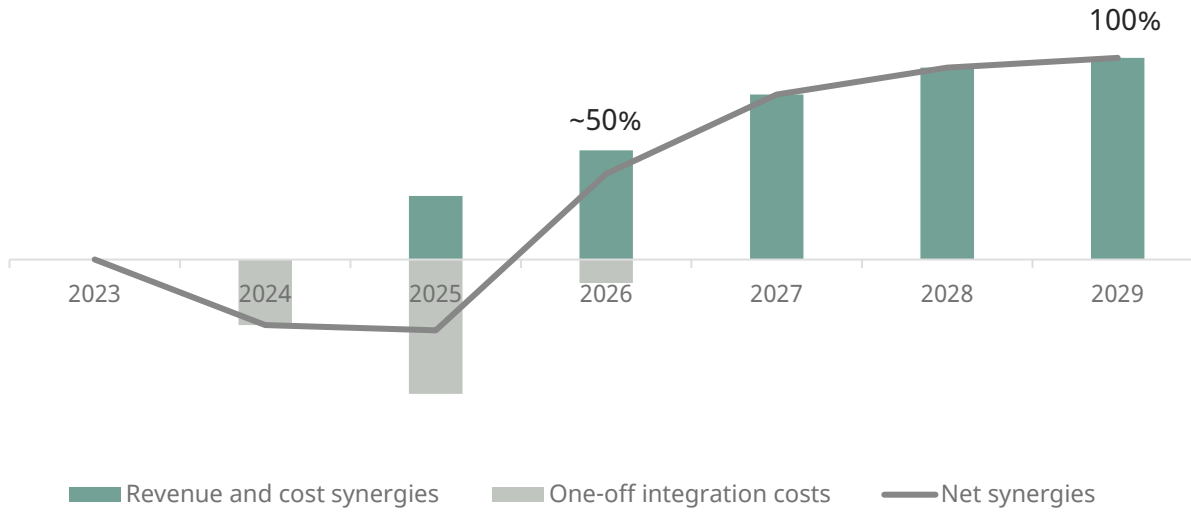
Strong combined portfolio – Positioned for maximum value with enlarged global footprint in key markets



¹ Includes China accounting for c.14.7% of Vitesco’s FY2022 Sales | ² Includes other Vitesco regions | ³ 83 plants incl. Ewellix since 03-Jan-2023 | ⁴ Of which 10 combined R&D and manufacturing sites | Source: Company information

Significant synergy potential – EUR 600 mn p.a. revenue and cost synergies identified

Revenue and cost synergies¹
FCF impact in EUR mn



Key cost levers

- Economies of scale in procurement
- R&D and SG&A efficiencies
- Supply chain efficiencies
- Best practice sharing

Synergy breakdown

EBIT impact

- Revenue synergies** EUR 100 mn
- Cost synergies** EUR 500 mn

Integration costs

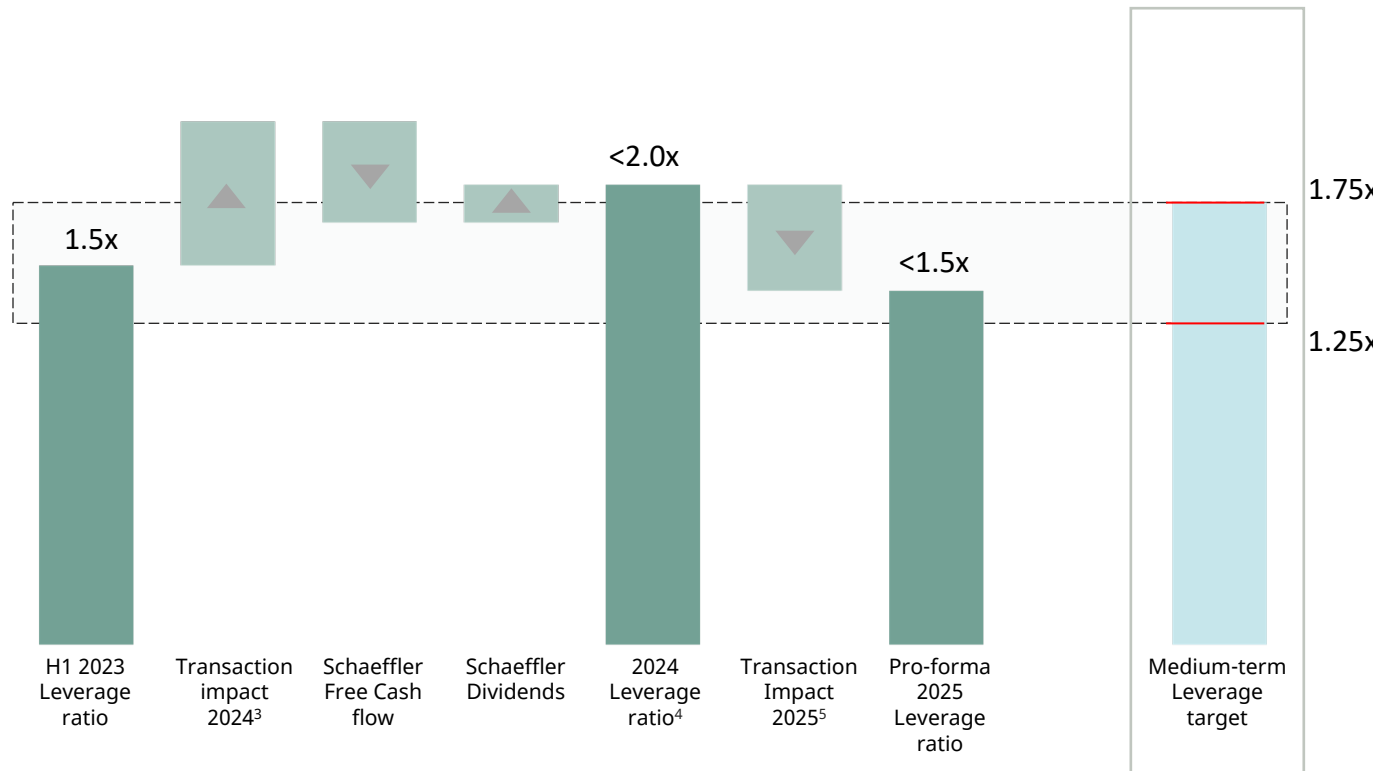
- Total one-time integration costs** EUR 665 mn

Driving long-term value creation

¹ Illustrative purposes only; not to scale, based on outside-in analysis

Financial impact – Earnings per share accretive in 2026 and leverage positive in 2025

Development of Leverage ratio over transaction^{1,2}



Earnings per share

- Only marginally dilutive in 2025 and increasingly accretive from 2026
- Accelerating EPS growth from 2025

Leverage ratio

- Acquisition financing increases leverage in 2024 above 1.5x
- Consolidation of Vitesco reduces leverage to a level below 1.5x in 2025

Financial strength and flexibility

¹ Net financial debt to EBITDA ratio before special items | ² Illustrative purposes only; based on outside-in analysis |

³ Transaction impact includes cost of shares tendered and deal expenses | ⁴ VAG consolidated at equity | ⁵ VAG fully consolidated after merger

Strict Financial Performance Management – 30-50% dividend payout ratio

Strong Cash Flow

- Rigorous financial discipline, throughout the transformation phase and beyond
 - Efficient working capital management
 - Strong resilience through the cycle with steady improvement in FCF expected
-

Disciplined Capital Allocation

- Clear Portfolio Steering based on Build/Grow/Harvest/Exit-logic
 - Focused investment in strategic growth areas
 - Strengthening of Digitalization and Sustainability
-

Operational Excellence

- Operational efficiency driving optimized production costs
 - Leveraging economies of scale in procurement
 - Harmonization of supply chains
-

Dividends

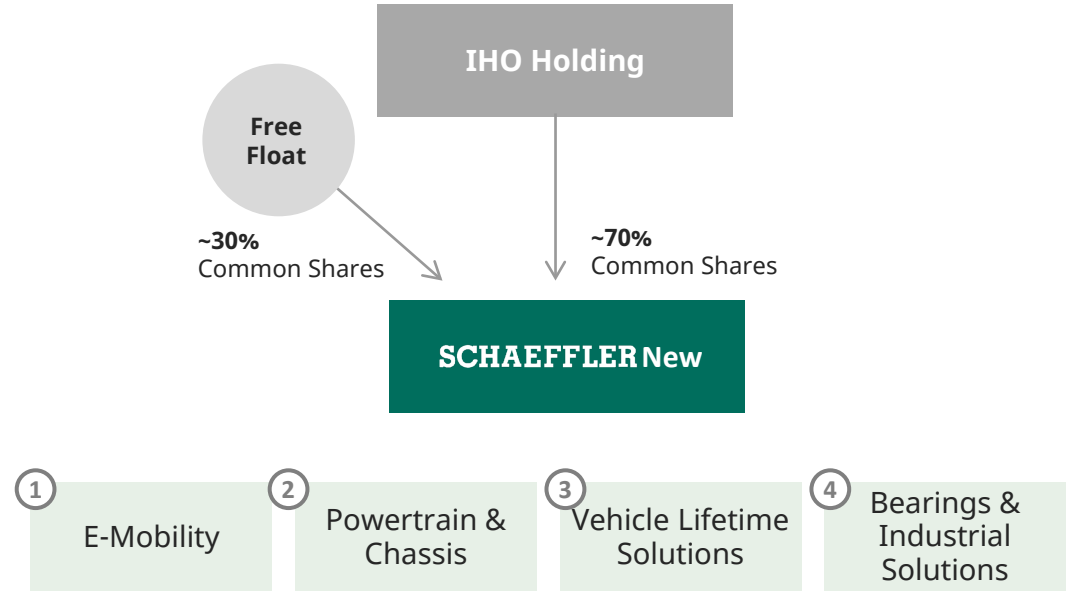
- Maintaining medium-term leverage target
- Significant FCF improvement
- Unchanged dividend policy: 30-50% payout ratio

Attractive public tender offer – Initial step to execute an overall 3-step transaction completing 2024

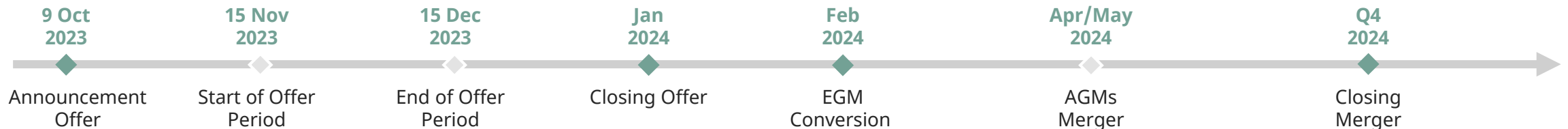
Public Tender Offer

- Attractive all-cash offer at **EUR 91** per share
- Around **20% premium** on 3 months VWAP
- Around **52% premium** to first price at spin-off (Sep 2021)
- Two main options for Vitesco shareholders
 - Tender existing shares and realize attractive premium at all-time-high share price
or alternatively
 - Stay invested in Vitesco share, become shareholder in Schaeffler New through merger and realize significant synergy and value creation potential

Target Structure



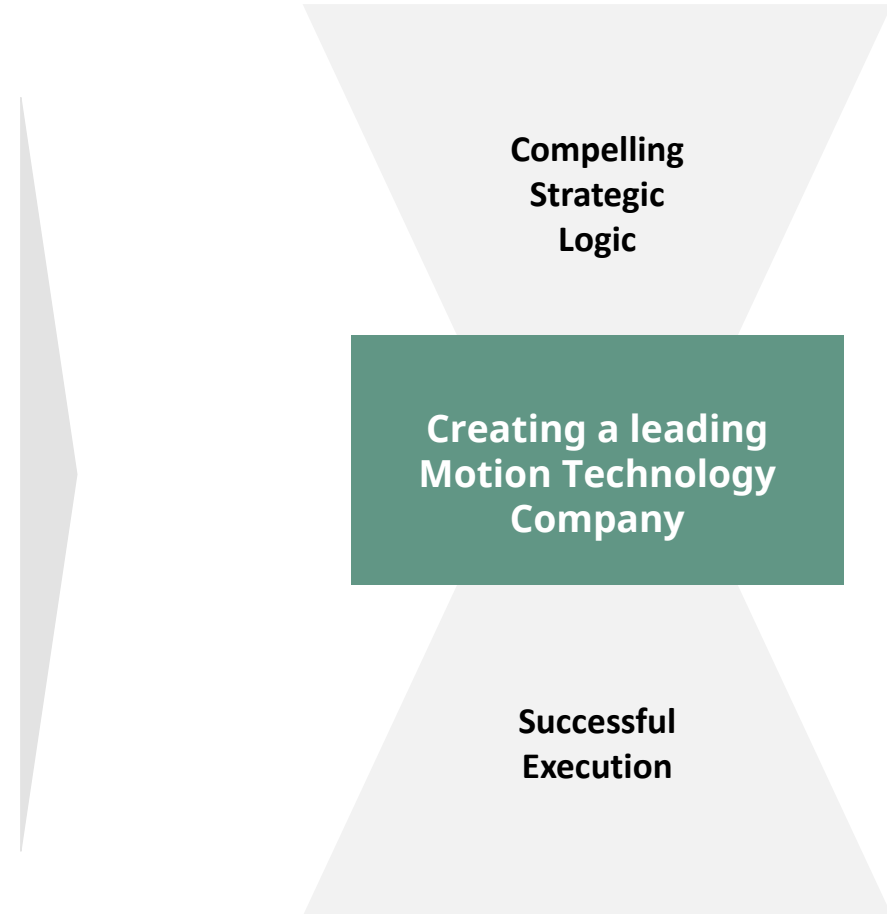
Key transaction steps



Stronger together – Creating a leading Motion Technology Company

Key highlights

- Attractive Public Tender Offer for all outstanding shares of Vitesco Technologies Group AG
- Clear 3-step overall transaction to merge Vitesco Technologies Group AG into Schaeffler AG
- Compelling strategic rationale for creating a leading Motion Technology company with 4 focused, 'pure play' divisions
- Simplified shareholding structure post transaction with envisaged free float of 30% and higher liquidity, voting shares
- Significant value creation potential through high level of revenue and cost synergies
- Stronger together cultural fit and friendly business combination envisaged



Next steps – Upcoming investor interactions

9 October 2023	Announcement and Investor & Analyst call
10-13 October 2023	Schaeffler Top Management Virtual Roadshow
7 November 2023	Schaeffler Q3 2023 Earnings Release
14 November 2023	Vitesco Q3 2023 Earnings Release
15 November 2023¹	Start of Offer period
Mid-November 2023	Schaeffler Top Management Roadshow
15 December 2023¹	End of Offer period

¹ Expected

Thank you

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