



## Schaeffler AG to Launch Public Tender Offer for Outstanding Shares of Vitesco Technologies Group AG to Create a Leading Motion Technology Company

- Public tender offer for all outstanding shares of Vitesco Technologies Group AG; offer price of 91 euros represents an attractive premium of around 20 percent on the 3-month volume-weighted average share price
- Overall three-step transaction leading to merger of Vitesco into Schaeffler and a simplified shareholding structure post-transaction
- Compelling strategic logic through complementary technology portfolios, leveraging the accelerating growth opportunity in e-mobility
- 600 million euros revenue and cost synergy potential per annum with full run-rate to be achieved in 2029
- Strong cultural fit, friendly business combination envisaged

Herzogenaurach | October 9, 2023 | The Executive Board of Schaeffler AG (“Schaeffler”) has, with consent of the Supervisory Board, decided today to launch a public tender offer for all outstanding shares in Vitesco Technologies Group AG (“Vitesco”) (ISIN: DE000VTSC017) to create a leading Motion Technology Company with four focused divisions. This includes a combined division E-Mobility with significant growth potential.

### **Public tender offer with attractive premium**

Vitesco shareholders are offered a cash consideration in the amount of 91 euros per share, which represents an attractive premium of around 21 percent on the last closing price on October 6, 2023, and a premium of around 20 percent on the 3-month volume-weighted average share price. For shareholders who have been invested in Vitesco since the spin-off from Continental AG, this represents a premium of around 52 percent compared to the first Vitesco share price of 59.80 euros on September 16, 2021.

Schaeffler has arranged a comprehensive financing package including an acquisition bridge facility to finance the tender offer. The financing package is fully underwritten by Bank of America, BNP Paribas and Citigroup, which act as financial advisors to Schaeffler. Schaeffler has entered into a non-tender agreement with IHO Holding, the strategic management holding of the Schaeffler family, for its 49.9 percent shareholding in Vitesco.

Further details on the tender offer will be included in the offer document that is envisaged to be published on November 15, 2023, following approval by the German Federal Financial Supervisory Authority (BaFin). The acceptance period is expected to last until mid-December 2023. Schaeffler expects the tender offer to be closed in January 2024. The offer document and further information about the tender offer will be made available on: [www.strongertogether24.com](http://www.strongertogether24.com)

The tender offer will not be subject to a minimum acceptance threshold, but to other customary conditions, including the receipt of potentially applicable foreign direct investment approvals. Schaeffler has no intention to enter into a domination and/or profit and loss transfer agreement with Vitesco, nor plans for a delisting or a squeeze-out of the remaining Vitesco shareholders following the closing of the tender offer.

Vitesco shareholders can tender their shares into the offer to realize the attractive premium offered by Schaeffler. Alternatively, they have the opportunity to benefit from the significant expected synergies and value creation potential by retaining their shares until the proposed merger, when Vitesco shares will be exchanged for newly issued Schaeffler shares. Schaeffler shareholders will benefit from the significant expected synergies and value creation potential, and also from a simplified shareholding structure and increased liquidity in the shares.

#### **Overall three-step transaction leading to simplified shareholding structure**

The tender offer is the first step of a planned three-step overall transaction that will lead to a merger of Vitesco Technologies Group AG into Schaeffler AG. To this end, following the successful completion of the tender offer, Schaeffler intends to convert its non-voting common shares into common shares with full voting rights, at a ratio of 1:1.

The share conversion is subject to approval of the non-voting common shareholders of Schaeffler at an Extraordinary General Meeting. The related merger approval is subject to the respective Annual General Meetings of both companies. The merger ratio will be determined in advance of the general meetings on the basis of a valuation procedure prescribed by law, which will take into account the fundamental valuation of both companies as well as the unaffected share prices. Subject to approval by the shareholders, the completion of the overall transaction is expected to take place in the fourth quarter of 2024.

Since IHO Holding already owns a controlling stake in Schaeffler and Vitesco, no merger control clearance is necessary for the completion of the transaction in the EU and almost all other jurisdictions. For the few remaining jurisdictions Schaeffler does not expect any prolonged clearance procedures.

The transaction will result in a simplified shareholding structure of Schaeffler comprising only one share class with full voting rights, improved liquidity in the share, driven by a larger free float, which is expected to be around 30 percent. On

that base, it is expected that, post-transaction, the Schaeffler share will be included in the MDAX and MSCI Europe.

**Compelling strategic logic**

Schaeffler is convinced that the combination with Vitesco will significantly improve competitiveness. Especially in the fields of electrification, Schaeffler and Vitesco have highly complementary technology portfolios, allowing the combined company to offer best-in-class solutions across all dimensions, leveraging the accelerating growth opportunities in e-mobility. Schaeffler and Vitesco will also be able to optimize profitability in conventional powertrain technologies, which will retain an attractive margin and cash profile, as well as in chassis and the Automotive Aftermarket business.

With the transaction, Schaeffler intends to broaden its business and technology portfolio, in particular in the area of e-mobility, and establish a leading Motion Technology Company with four focused “pure-play” divisions with leading positions in their respective end markets:

- (1) The E-Mobility Division will combine the highly complementary assets and capabilities of Schaeffler and Vitesco with the ambition to create a market leader in e-mobility with a pro-forma combined orderbook of around 40 billion euros and high growth potential reaching solid profitability in the medium term.
- (2) The Powertrain & Chassis Division will include both partners’ mature businesses and will be a market leader in conventional powertrain plus chassis.
- (3) The Vehicle Lifetime Solutions Division will combine Vitesco’s Automotive Aftermarket activities with Schaeffler’s existing aftermarket platform, creating an integrated platform player.
- (4) The Bearings & Industrial Solutions Division will consist of Schaeffler’s current Industrial Division and its Automotive Bearings business, with the ambition to build the leading global Bearings & Industrial Solutions company operating in four market clusters.

The new divisional structure will increase transparency on divisional performance supported by high-quality financial disclosure.

**Klaus Rosenfeld**, CEO of Schaeffler AG, said: “With the launch of the tender offer today, we are initiating a transformative move for Schaeffler. By combining Schaeffler and Vitesco, we will build a leading Motion Technology Company with four focused ‘pure-play’ divisions, a balanced well-diversified portfolio, and critical scale across its businesses. This includes a best-in-class e-mobility champion with significant growth potential. The combination will make Schaeffler and Vitesco stronger together and is beneficial for customers, employees, shareholders and business partners.”

**Significant synergy potential**

Following the compelling strategic logic, the combination offers significant synergy potential with an envisaged EBIT impact of 600 million euros annually to be fully reached in 2029, with one-off integration costs of up to 665 million euros.

Based on annual 2022 figures, post-merger Schaeffler will have annual Pro-forma sales of around 25 billion euros and a well-balanced divisional and regional mix. The combined company will employ more than 120,000 people with 44 R&D centers and more than 100 production sites, situated in all major regions worldwide.

The transaction is expected to become EPS accretive in 2026. The leverage ratio post transaction is expected to fall below 1.5x EBITDA already in 2025. Schaeffler remains fully committed to its existing target capital structure and will continue to fully focus on free cash flow, disciplined capital allocation and a 30 to 50 percent dividend payout ratio.

**Strong cultural fit, friendly combination envisaged**

Schaeffler and Vitesco are an excellent match not only in terms of technology, but also culturally. Both companies share a technology and innovation-driven mindset, focus strongly on sustainability, are headquartered in Bavaria, and have IHO Holding as joint shareholder.

In order to ensure a mutually beneficial transaction, Schaeffler is committed to enter into talks with Vitesco about a friendly business combination. To this end, Schaeffler will, immediately after the mandatory stock-market notification, reach out to the Vitesco Management and its Supervisory Board to express its desire to cooperate with Vitesco in the best interest of both companies.

***Georg F.W. Schaeffler**, family shareholder and Chairman of the Supervisory Board of Schaeffler AG: "For my mother and myself as family shareholders, giving away voting rights is a decisive step that in the best interest of the company we have weighed carefully. Considering the significant benefits that the overall transaction brings to all stakeholders, we are convinced that now is the right moment to do so, enabling us to take the next big step in the development of our company. By combining Schaeffler and Vitesco, who have a strong cultural fit, we will forge a leading Motion Technology Company."*

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Schaeffler would like to invite you to a **press call** (German) on the announcement of the offer, which will take place on October 9, 2023 at 10.00 am CEST.

You can join via webcast through the following link:

<https://schaeffler.gomexlive.com/strongertogether24/>

In order to ask questions, you will have to dial-in via phone. Please register using this [link](#). You will then receive the dial-in details, including the passcode and pin. If you wish to ask questions, please press “\*” and “1”.

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The **analyst and investor call** (English) on the announcement of the offer will take place at 2.00 pm CEST / 8.00 am EDT.

You can join via webcast through the following link:

<https://schaeffler.gomexlive.com/strongertogether24/>

In order to ask questions, you will have to dial-in via phone. Please register using this [link](#). You will then receive the dial-in details, including the passcode and pin. If you wish to ask questions, please press “\*” and “1”.

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

This announcement 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 final terms and conditions and other provisions relating to the Offer will be communicated in the offer document ("Offer Document") after the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) has permitted publication. Schaeffler reserves the right to deviate from the key data presented here in the final terms and conditions of the Offer to the extent legally permissible. 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 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.

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## 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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