Corporate bond news

Schaeffler

- Schaeffler published a credit-neutral Q2 26 report, with stable revenue and increasing adjusted EBITDA.
- Leverage weakened by 0.1x to 3x, with management confirming the 2026 full year outlook.
- We see very limited upside and downside risks to the March 2027 bonds (ISIN: DE000A2YB7B5) in our investment universe, which market pricing seem to reflect. With maturity fast approaching, we lower our recommendation to 'Marketweight' from 'Overweight'.

Issuer information

Sector	Auto Parts
Corporate ticker	SHA GY Corp
Equity ticker	SHA GY
Market cap	EUR7.2bn
Total assets	EUR24bn
Issuer credit rating	
S&P	BB+ (Negative)
Moody's	Ba1 (Stable)
Fitch	BB+ (Stable)

Latest publication on issuer

Credit comment - Q1 26, 5 May 2026

Source: Bloomberg, Danske Bank Credit Research

Selected Bonds

Company	ISIN	Seniority	CCY	Maturity/Call	CPN	Issue Size (m)	Credit Ratings	Price	Yield	Recommendation
Schaeffler	DE000A2YB7B5	Sr Unsecured	EUR	mar 2027	2.875	650	BB+/Ba1/BB+	100.1	2.5%	Marketweight

Note: Credit ratings by S&P, Moody's, Fitch, respectively

Source: Bloomberg, Danske Bank Credit Research

Schaeffler: Q2 26

Quick recap on Schaeffler, which recently released what we consider to be a credit-neutral Q2 26 report. Revenue for the second quarter was stable y/y at EUR5.9bn with EBIT before special items up 28.5% y/y to EUR264m. Earnings were improved, mainly due to the performance of 'Bearings & Industrial Solutions' and less of a drag from E-Mobility. Regionally, the largest earnings volatility came out of Asia, with Asia/Pacific growing sales by 6.2% and Greater China declining by 7%. Free cash flow was negative by EUR91m, down from an inflow of EUR27m in Q2 25, dragged into negative territory in large part by heavy restructuring and integration cash outs.

Adjusted EBITDA grew 5% y/y, which combined with a net debt increase of EUR0.5bn increased net leverage by 0.1x to 3x. The outlook for 2026 was confirmed with the release, which means management still expects positive free cash flows of EUR100m-300m.

Credit conclusion

Schaeffler published a credit-neutral Q2 26 report, with stable revenue and increasing adjusted EBITDA. Leverage weakened by 0.1x to 3x, with management confirming the 2026 full year outlook. We see very limited upside and downside risks to the March 2027 bonds (ISIN: DE000A2YB7B5) in our investment universe, which market pricing seem to reflect. With maturity fast approaching, we lower our recommendation to 'Marketweight' from 'Overweight'.

Analysts

Sivert Meland Gejl Trana

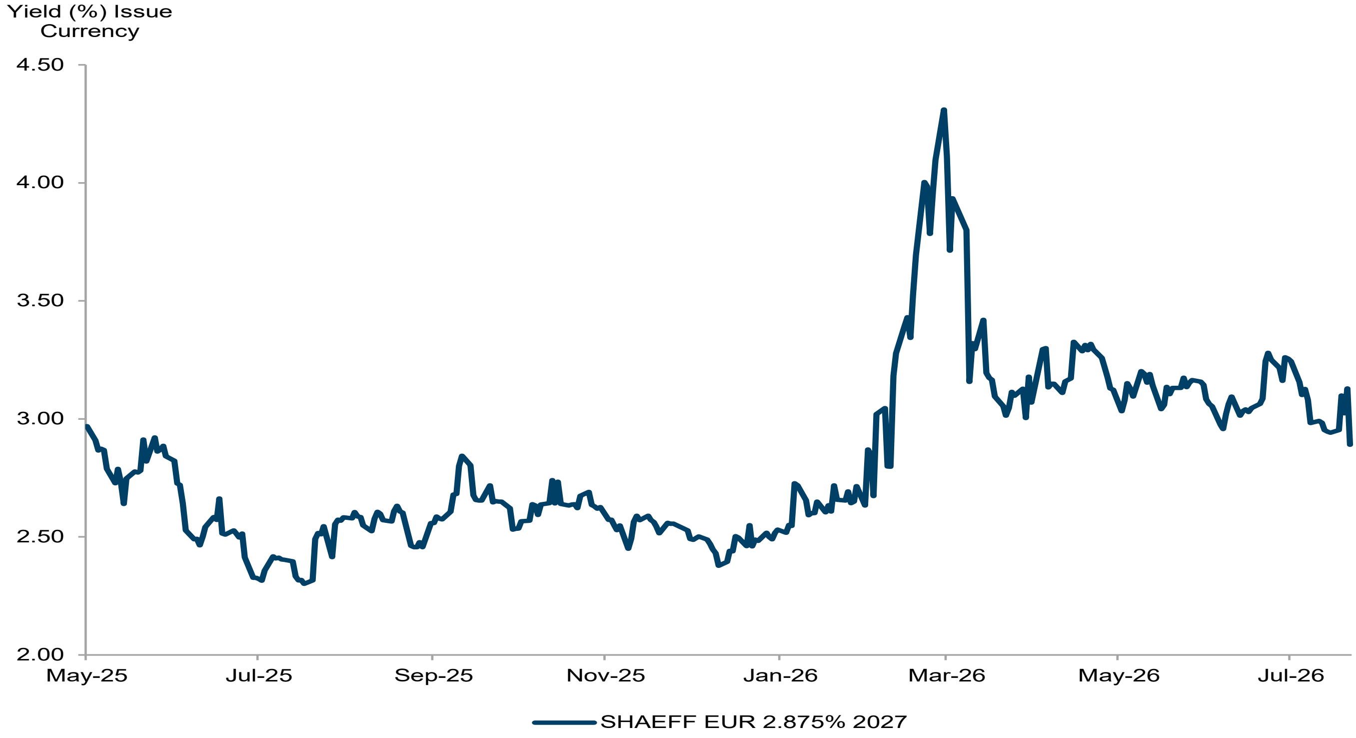
+45 45 14 14 70

sivt@danskebank.dk

More information:

For further information, see the latest *Corporate Bond Lists, 21 August* 2026.

Historical yield chart: SHAEFF 2.875% 2027 EUR



Source: Bloomberg, Danske Bank Credit Research

Disclosures

This research report has been prepared by Credit Research, a division of Danske Bank A/S ('Danske Bank'). The author of this research report is Sivert Meland Gejl Trana, Senior Analyst, Associate.

Analyst certification

Each research analyst responsible for the content of this research report certifies that the views expressed in the research report accurately reflect the research analyst's personal view about the financial instruments and issuers covered by the research report. Each responsible research analyst further certifies that no part of the compensation of the research analyst was, is or will be, directly or indirectly, related to the specific recommendations expressed in the research report.

Regulation

Danske Bank is authorised and regulated by the Danish Financial Services Authority (Finanstilsynet). Danske Bank is authorised by the Prudential Regulation Authority in the UK and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.

Danske Bank's research reports are prepared in accordance with the recommendations of Capital Market Denmark

Danske Bank is not registered as a Credit Rating Agency pursuant to the CRA Regulation (Regulation (EC) no. 1060/2009); hence, Danske Bank does not comply with or seek to comply with the requirements applicable to credit rating agencies.

Conflicts of interest

Danske Bank has established procedures to prevent conflicts of interest and to ensure the provision of high-quality research based on research objectivity and independence. These procedures are documented in Danske Bank's research policies. Employees within Danske Bank's Research Departments have been instructed that any request that might impair the objectivity and independence of research shall be referred to Research Management and the Compliance Department. Danske Bank's Research Departments are physically separated from other business areas within Danske Bank and surrounded by arrangements (Chinese Walls) to restrict the flows of sensitive information.

Research analysts are remunerated in part based on the overall profitability of Danske Bank, which includes investment banking revenues, but do not receive bonuses or other remuneration linked to specific corporate finance or debt capital transactions.

Danske Bank, its affiliates, subsidiaries and staff may perform services for or solicit business from Schaeffler AG and may hold long or short positions in, or otherwise be interested in, the financial instruments mentioned in this research report. The Equity and Corporate Bonds analysts of Danske Bank and persons in other departments of Danske Bank with which the relevant analysts have close links are not permitted to invest in 1) financial instruments that are covered by the relevant Equity or Corporate Bonds analyst and 2) the research sector within the geographical area (the Nordics) to which the analyst is linked.

Danske Bank, its affiliates and subsidiaries are engaged in commercial banking, securities underwriting, dealing, trading, brokerage, investment management, investment banking, custody and other financial services activities, may be a lender to Schaeffler AG and have whatever rights as are available to a creditor under applicable law and the applicable loan and credit agreements. At any time, Danske Bank, its affiliates and subsidiaries may have credit or other information regarding Schaeffler AG that is not available to or may not be used by the personnel responsible for the preparation of this report, which might affect the analysis and opinions expressed in this research report.

Danske Bank is a market maker and a liquidity provider and may hold positions in the financial instruments of the issuer(s) mentioned in this research report.

As an investment bank, Danske Bank, its affiliates and subsidiaries provide a variety of financial services, including investment banking services. It is possible that Danske Bank and/or its affiliates and/or its subsidiaries might seek to become engaged to provide such services to Schaeffler AG in the next three months.

Danske Bank has made no agreement with Schaeffler AG to write this research report. No parts of this research report have been disclosed to Schaeffler AG. No recommendations or opinions have been disclosed to Schaeffler AG and no amendments have accordingly been made to the same before dissemination of the research report.

On 21 August 2026 the authors of this research report had no holdings of bonds or shares issued by Schaeffler AG.

Risk warning

Major risks connected with recommendations or opinions in this research report, including a sensitivity analysis of relevant assumptions, are stated throughout the text.

Expected updates

We expect to update this investment analysis following the publication of Schaeffler AG's annual report provided that at such time the bond continues to be among our preferred credits.

This publication should be read in conjunction with the international single name credit bond publications *Corporate Bond News*, *Corporate Bonds: Investment opportunities in single name international fixed income credit* and *Company Profiles*. These publications are typically published once a month.

Completion and first dissemination

The completion date and time in this research report mean the date and time when the author hands over the final version of the research report to Danske Bank's editing function for legal review and editing.

The date and time of first dissemination mean the date and estimated time of the first dissemination of this research report. The estimated time may deviate up to 15 minutes from the effective dissemination time due to technical limitations.

See the final page of this research report for the date and time of first dissemination.

Financial models, valuation and/or methodology used in this research report

Calculations and presentations in this research report are based on standard econometric tools and methodology as well as publicly available statistics for each individual security, issuer and/or country.

Credit Research bases its bond valuation conclusion on an estimation of a fair business and financial risk profile of the issuing entity. By combining these risk profiles with market technical and bond-specific issues such as documentation and structuring, Credit Research arrives at an overall bond risk profile. Credit Research compares the bond spread with those of peers with similar risk profiles and on this background, we estimate whether the bond is attractively priced in the market. Credit Corporate Bond Research expresses this view with either an Overweight, Marketweight, Underweight or Sell recommendation. This signals our opinion about the bond's performance potential compared with relevant peers in the coming six months.

More information about the valuation and/or methodology and the underlying assumptions is accessible via *https://danskeci.com/ci/research/research-disclaimer*. Select Methodology under Credit Research Methodology.

Recommendation structure

Investment recommendations are based on the expected development in the credit profile as well as relative value compared with the sector and peers.

As at 30 June 2026, Credit Research had investment recommendations on 84 international corporate bonds. The distribution of recommendations is represented in the distribution of recommendations column below. The proportion of bonds corresponding to each of the recommendation categories above to which Danske Bank provided investment banking services in the 12 months ending 30 June 2026 is shown below.

Rating	Anticipated performance	Time horizon	Distribution of recommendations	Investment banking relationships
Overweight	Outperformance relative to peer group	12 months	44%	19%
Marketweight	Performance in line with peer group	12 months	50%	40%
Underweight	Underperformance relative to peer group	12 months	6%	2%
Sell	A decrease in price of more than 10%	12 months	-	-

Changes in recommendation over past 12 months

ISIN DE000A2YB7B5

Date	New recommendation	Old recommendation
New	Marketweight	Overweight

Validity time period

This communication as well as the communications in the list referred to below are valid until the earlier of (a) dissemination of a superseding communication by the author, or (b) significant changes in circumstances following its dissemination, including events relating to the market or the issuer, which can influence the price of the issuer or financial instrument.

Investment recommendations disseminated in the preceding 12-month period

A list of previous investment recommendations disseminated by the lead analyst(s) of this research report in the preceding 12-month period can be found at *https://danskeci.com/ci/research/research-disclaimer*. Select Credit Portfolios Recommendation History – Recommendation History.

Other previous investment recommendations disseminated by Credit Research are also available in the database.

Disclaimer

Report completed: 21 August 2026, 15:00 CET
Report first disseminated: 21 August 2026, 15:05 CET