

Press and IR Release

## **Schaeffler delivers encouraging strong 3rd quarter in difficult environment**

HERZOGENAURACH, 2022-11-08.

- Third-quarter revenue up 20.2 percent from prior year at constant currency, third-quarter EBIT margin before special items at 8.4 percent (prior year: 7.8 percent)
- Automotive Technologies delivers strong constant-currency revenue increase of 25.2 percent in third quarter of 2022 due to increased volumes
- Automotive Aftermarket revenue benefits from high market demand
- Industrial with excellent performance during the reporting period, delivering adjusted EBIT margin of 12.5 percent and contributing nearly 50 percent of earnings
- Positive free cash flow before cash in- and outflows for M&A activities 240 million euros in third quarter of 2022 (prior year quarter: 225 million euros)
- Full-year guidance for 2022 confirmed

Global automotive and industrial supplier Schaeffler has presented its interim statement for the first nine months of 2022. The Schaeffler Group's revenue for the reporting period amounted to 11,790 million euros (prior year: 10,346 million euros). The 8.7 percent constant-currency growth in revenue compared to the prior year period was largely attributable to higher volumes. Successful price realization at all three divisions further bolstered the revenue trend since considerable rises in input costs were increasingly passed on to the market. Revenues for the third quarter of 2022 rose strongly by 20.2 percent at constant currency to 4,242 million euros (prior year: 3,332 million euros).

All regions contributed to revenue growth during the reporting period. Especially the Europe and Americas regions reported considerable constant-currency growth for the first nine months of 11.2 and 11.8 percent, respectively. While revenue declined in the Greater China region in the second quarter due to lockdown measures imposed to contain the coronavirus pandemic, revenue growth for the nine-months reporting period there returned to 2.7 percent at constant currency. The third-quarter sales grew 24.8 percent in constant-currency terms following an 12,5 percent decrease in the prior quarter. The Asia/Pacific region contributed constant-currency revenue growth of 6.0 percent.

The Schaeffler Group reported 813 million euros (prior year: 962 million euros) in EBIT before special items in the first nine months. This represents an EBIT margin

before special items of 6.9 percent (prior year: 9.3 percent). The EBIT margin before special items was hampered by high freight and logistics costs. The adjusted third-quarter EBIT margin was 8.4 percent.

“In the first nine months Schaeffler delivered good results, despite the difficult environment. All divisions succeeded in passing the higher input costs on to the market. Our cost and capital discipline are key in ensuring competitiveness and improving profitability,” stated Claus Bauer, CFO of Schaeffler AG.

The Board of Managing Directors of Schaeffler AG has decided to take additional structural measures in the Automotive Technologies division in order to further improve its competitive position and reduce fixed costs.

Further details are available in another press and IR release that will be issued following the issue of this release.

#### Key financials of the Schaeffler Group

in € millions	1 <sup>st</sup> nine months			3 <sup>rd</sup> quarter		
	2022	2021	Change in %	2022	2021	Change in %
Revenue	11,790	10,346	14.0	4,242	3,332	27.3
* at constant currency			8.7			20.2
EBIT before special items 1)	813	962	-15.5	355	260	36.4
* in % of revenue	6.9	9.3	-	8.4	7.8	-
Free cash flow 2)	35	468	-	240	225	-
	09/30/22	12/31/21	Change in %	09/30/22	12/31/21	Change in %
Shareholder's equity 3)	4,264	3,165	34.7	4,264	3,165	34.7
Net financial debt	2,331	1,954	19.3	2,331	1,954	19.3
Net financial debt to EBITDA ratio before special items 4)	1.1	0.9		1.1	0.9	
Headcount	82,702	82,981	-	82,702	82,981	-

1) Please refer to the annual report 2021, pp. 33 et seq., for the definition of special items.

2) Before cash in- and outflows for M&A activities.

3) Including non-controlling Interests.

4) Net financial debt to EBITDA ratio before special items LTM.

#### Automotive Technologies with strong E-Mobility order intake

The Automotive Technologies division reported 7,070 million euros in revenue for the first nine months of the year (prior year: 6,286 million euros). Its constant-currency revenue growth of 7.0 percent was mainly driven by the strong increase in volumes in the third quarter of 2022 and was slightly less than the 7.5 percent 1)

growth rate of global automobile production. The division increasingly succeeded in passing on sharply increased input costs.

During the first nine months, revenue increased across all business divisions (BDs) and regions with the E-Mobility and Chassis Systems BDs generating the highest constant-currency growth rates at 28.4 and 28.1 percent, respectively. The division's order intake totaled 9.7 billion euros including 4.7 billion euros relating to the E-Mobility BD.

The division reported 213 million euros (prior year: 437 million euros) in EBIT before special items during the reporting period. The EBIT margin before special items for the same period was 3.0 percent, less than the 6.9 percent reported in the prior year.

#### **Automotive Aftermarket strong on the back of high market demand**

The Automotive Aftermarket division reported 1,516 million euros (prior year: 1,411 million euros) in revenue for the first nine months of the year, representing constant-currency revenue growth of 4.0 percent. This growth was mainly driven by favorable adjustments to sales prices, as the division succeeded in largely passing the considerably increased input costs on to the market. Partly due to the continuously increasing vehicle population and average vehicle age, demand for replacement parts remains high, especially in the Independent Aftermarket business. The division succeeded in compensating for the revenue decline in the Central & Eastern Europe subregion attributable to the war in Ukraine with growth in other markets.

These developments resulted in EBIT before special items of 198 million euros (prior year: 207 million euros), once more delivering a strong contribution to group earnings. This represents an EBIT margin before special items of 13.1 percent (prior year: 14.7 percent). This decline compared to the prior year was mainly attributable to an increase in selling expenses due to primarily to favorable one-off items in the prior year period. As adjustments made to sales prices largely offset the considerable increase in input costs, the gross margin was only slightly less than in the prior year period.

#### **Industrial division contributes nearly 50 percent of group earnings**

The Industrial division generated a total of 3,205 million euros in revenue (prior year: 2,649 million euros) for the reporting period. At constant currency, revenue grew by 15.0 percent. This growth was especially attributable to the strong increase in volumes. Successful price realization had an additional favorable impact on revenue growth. The increase in volumes was mainly driven by the Europe region which saw demand expand considerably compared to the prior year period,

primarily in Industrial Distribution and in the Industrial Automation sector cluster. The wind sector cluster reported a very strong third quarter of 2022 once more and again contributed more revenue in the first nine months than any other sector cluster.

The Industrial division delivered 402 million euros (prior year: 318 million euros) in EBIT before special items in the first nine months, contributing nearly 50 percent of group EBIT before special items (prior year: 33 percent). The EBIT margin before special items of 12.5 percent was slightly ahead of the prior year level (12.0 percent) mainly due to the gross margin. The EBIT margin before special items for the third quarter of 2022 amounted to 14.1 percent (prior year quarter: 12.3 percent). Along with the successful adjustment of sales prices, the main driver here were economies of scale arising from the sharp increase in sales volumes, more than compensating for factors hampering the margin such as increases in procurement, freight, and logistics costs.

The third quarter also saw the signing of an agreement to acquire the Ewellix Group. The acquisition of the global manufacturer and supplier of linear technology components and systems improves Schaeffler's market position, particularly in the linear business. It follows the acquisition of Melior Motion at the beginning of the year, further strengthening the Industrial Automation sector cluster. The acquisition is expected to close in the first quarter of 2023.

#### Key financials by Division

in € millions	1 <sup>st</sup> nine months			3 <sup>rd</sup> quarter		
	2022	2021	Change in %	2022	2021	Change in %
<b>Automotive Technologies</b>						
Revenue	7,070	6,286	12.5	2,555	1,921	33.0
• at constant currency			7.0			25.2
EBIT before special items	213	437	-51.2	122	77	58.9
• in % of revenue	3.0	6.9	-	4.8	4.0	-
<b>Automotive Aftermarket</b>						
Revenue	1,516	1,411	7.4	547	500	9.4
• at constant currency			4.0			5.5
EBIT before special items	198	207	-4.6	72	72	0.3
• in % of revenue	13.1	14.7	-	13.1	14.3	-
<b>Industrial</b>						
Revenue	3,205	2,649	21.0	1,140	911	25.2
• at constant currency			15.0			17.8
EBIT before special items	402	318	26.5	161	112	44.0
• in % of revenue	12.5	12.0	-	14.1	12.3	-

**Positive free cash flow with strong performance in third quarter**

At 240 million euros, the Schaeffler Group's free cash flow before cash in- and outflows for M&A activities for the third quarter of 2022 exceeded that of the prior year quarter (225 million euros), resulting in positive free cash flow before cash in- and outflows for M&A activities for the reporting period of 35 million euros (prior year: 468 million euros).

Capital expenditures (capex) on property, plant and equipment and intangible assets for the third quarter of 2022 amounted to 219 million euros (prior year: 215 million euros). This represents a capex ratio of 5,2 percent of revenue (prior year: 6.4 percent). Net financial debt increased to 2,331 million euros as at September 30, 2022 (December 31, 2021: 1,954 million euros). The net financial debt to EBITDA ratio, defined as net financial debt divided by EBITDA before special items, was 1.1x as at the end of September 2022 (December 31, 2021: 0.9x). Total assets increased to approximately 14.7 billion euros as at September 30, 2022 (December 31, 2021: approximately 14.4 billion euros)

Net income attributable to shareholders of the parent company for the first nine months of 2022 amounted to 417 million euros (prior year: 611 million euros). Earnings per common non-voting share were 0.63 euros (prior year: 0.92 euros). The group employed a workforce of 82,702 as at September 30, 2022 (December 31, 2021: 82,981).

**Full-year guidance for 2022 confirmed**

At its meeting on November 2, 2022, the Board of Managing Directors of Schaeffler AG has confirmed the outlook based on the encouraging performance during the first nine months. The Schaeffler Group continues to expect its revenue to grow by 6 to 8 percent excluding the impact of currency translation in 2022. In addition, the company expects to generate an EBIT margin before special items of 5 to 7 percent in 2022. The Schaeffler Group anticipates free cash flow before cash in- and outflows for M&A activities for 2022 of more than 250 million euros.

"The Schaeffler Group has generated encouraging results for the third quarter in a persistently difficult environment. Primarily our Automotive Aftermarket and our Industrial business turned in a convincing performance with strong revenue growth and high EBIT margins before special items. In Automotive Technologies, the increased order intake of 4.7 billion euros in the E-Mobility business division impressively emphasizes that we are continuing to expand our market position in this key business," said Klaus Rosenfeld, CEO of Schaeffler AG.

You can find press photos of the Board of Managing Directors here:

[www.schaeffler.com/en/executive-board](http://www.schaeffler.com/en/executive-board)

*1) Source: S&P Global Mobility (October 2022). Includes content supplied by S&P Global  
© [IHS Markit Light Vehicle Production Forecast (Base), October 2022].*

#### *Forward-looking statements and projections*

*Certain statements in this press release are forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial consequences of the plans and events described herein. No one undertakes any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. You should not place any undue reliance on forward-looking statements which speak only as of the date of this press release. Statements contained in this press release regarding past trends or events should not be taken as representation that such trends or events will continue in the future. The cautionary statements set out above should be considered in connection with any subsequent written or oral forward-looking statements that Schaeffler, or persons acting on its behalf, may issue.*

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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 Motion 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 EUR 16.3 billion in 2023. With around 84,000 employees, Schaeffler is one of the world's largest family-owned companies and one of Germany's most innovative companies.

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