

Press and IR Release

## Schaeffler delivers solid results in challenging environment

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- Slight revenue increase in H1/2022 of 3.1 percent at constant currency despite pandemic-related lockdown in Greater China
- EBIT margin before special items of 6.1 percent (prior year: 10.0 percent) held back by higher procurement costs
- Free cash flow before cash in- and outflows for M&A activities for H1 of -204 million euros (prior year: 243 million euros) affected by one-off restructuring payments
- Full-year guidance for 2022 confirmed
- Transformation consistently continued: strong order intake at Automotive Technologies, 50:50 joint venture Innoplate, acquisition of Ewellix

Global automotive and industrial supplier Schaeffler published its interim financial report for the first half of 2022 today. The Schaeffler Group's revenue for the first six months amounted to 7,548 million euros (prior year: 7,014 million euros). The 3.1 percent constant-currency increase in revenue compared to the prior year period was mostly attributable to favorable price realization. Revenue for the second quarter of 2022 rose by 4.4 percent at constant currency to 3,790 million euros (prior year: 3,454 million euros).

The Automotive Technologies division reported a slight constant-currency revenue decline of 1.0 percent for the first half of the year. The revenue trend of the Automotive Technologies division for the first six months was primarily attributable to volatile customer call-offs due to the persistently challenging environment in the automotive sector. Despite considerable decreases in Automotive Aftermarket division revenue in the Central & Eastern Europe subregion resulting from the war in Ukraine, the division reported constant currency growth of 3.2 percent compared to the prior year period. Industrial division revenue for the first six months was up by considerably 13.6 percent at constant currency.

Regional trends varied. While the Europe (6.0 percent), Americas (9.5 percent), and Asia/Pacific (3.4 percent) regions reported constant-currency revenue growth, Greater China region revenue declined by 8.0 percent. The decline was largely due to lockdown measures imposed in the second quarter to contain the coronavirus pandemic that adversely affected the economy in the region.

The Schaeffler Group reported 458 million euros (prior year: 702 million euros) in EBIT before special items in the first six months. This represents an EBIT margin before special items of 6.1 percent (prior year: 10.0 percent). The softer EBIT margin before special items for the reporting period was primarily attributable to significantly higher procurement costs that were only partly offset by adjustments to sales prices. The pandemic-related revenue declines in Greater China put further pressure on the EBIT margin. EBIT for the reporting period was adversely impacted by 24 million euros in special items mainly related to planned structural measures.

“The second quarter of 2022 was a remarkable one, not just because of the lockdowns which directly affected us at our largest campus in Taicang. We succeeded in proactively and prudently managing the cost impacts, some of which were significant, the increasing inflationary pressure, and the strains in the supply chains. We are more than pleased with the solid results the Schaeffler Group delivered in this challenging environment,” stated Claus Bauer, CFO of Schaeffler AG.

#### **Automotive Technologies with strong order intake**

The Automotive Technologies division delivered 4,515 million euros (prior year: 4,365 million euros) in revenue for the first six months. The 1.0 percent decrease at constant-currency is primarily due to the difficult environment in the automotive sector which experienced a decline in production volumes. Disruptions in global supply chains further increased volatility of customer call-offs. These bottlenecks were mainly attributable to the persistent shortage of semiconductors. Additional drivers were the implications of the war in Ukraine and the coronavirus pandemic. In contrast, passing on significantly increased procurement costs favorably impacted revenue development.

The E-Mobility and Chassis Systems business divisions continued to expand their revenue in almost all regions during the reporting period, generating constant-currency growth rates of 13.0 and 19.0 percent. This growth was primarily driven by product ramp-ups.

Overall, revenue for the reporting period outperformed global automobile production which declined by 1.8 percent during the first half of 2022<sup>1</sup>. Automotive Technologies division outperformance was 0.8 percentage points. The volume of order intake for the first six months rose in a volatile environment, totaling 6.6 billion euros, more than in the previous two years. The E-Mobility business division won 3.2 billion euros of these orders, already meeting the full-year target for 2022 in the first six months.

The division earned 91 million euros (prior year: 360 million euros) in EBIT before special items in the first six months of 2022. The EBIT margin before special items for the same period was 2.0 percent, considerably below the strong prior year level of 8.2 percent; the decrease was mainly due to the impact of the measures taken against the coronavirus pandemic in China, sharply increased procurement costs, and highly volatile customer call-offs.

#### **Automotive Aftermarket increases revenue to 969 million euros**

The Automotive Aftermarket division reported 969 million euros (prior year: 911 million euros) in revenue for the first six months, representing constant-currency revenue growth of 3.2 percent.

This growth was mainly driven by adjustments to sales prices made to pass on increased procurement costs. Further drivers of this growth were constant-currency increases in volumes of 11.9 percent in the Americas region and 24.1 percent in the Asia/Pacific region. Europe region revenue declined slightly, falling by 0.3 percent at constant currency. The prime reason for the decline was considerably lower revenue in the Central & Eastern Europe subregion as a result of the war in Ukraine. In contrast, revenue in the Western Europe and Middle East & Africa subregions grew.

These developments resulted in EBIT before special items of 126 million euros (prior year: 136 million euros). This represents an EBIT margin before special items of 13.0 percent (prior year: 14.9 percent). The decrease from the high prior year level was mainly attributable to a favorable one-off item related to a reimbursement of expenses in the second quarter of 2021.

#### **Industrial grows by 13.6 percent at current currency in the first six months**

The Industrial division generated 2,065 million euros in revenue (prior year: 1,738 million euros) for the first six months. At constant currency, revenue grew by 13.6 percent.

Constant-currency growth amounted to 25.7 percent in the Europe region, 10.0 percent in the Americas region, and 21.0 percent in Asia/Pacific. Along with favorable price realization, this growth was largely driven by strong increases in volumes at Industrial Distribution and in the industrial automation sector cluster in the Europe region. Moreover, the Americas and Asia/Pacific regions' high level of demand, also particularly in Industrial Distribution, contributed to revenue growth as well. Revenue in the Greater China region declined, however, falling by 4.6 percent at constant currency, with reasons including a decline in the wind sector cluster.

The Industrial division earned 241 million euros (prior year: 206 million euros) in EBIT before special items in the first six months. The EBIT margin before special items was 11.7 percent, nearly flat with the prior year level (prior year: 11.8 percent).

#### **Free cash flow affected by restructuring payments**

The decrease in free cash flow before cash in- and outflows for M&A activities for the first six months to -204 million euros (prior year: 243 million euros) is attributable to, along with lower earnings, the increase in working capital and 204 million euros in one-off restructuring payments. The expansion of working capital is primarily due to higher inventories and receivables. The amount of free cash flow generated fell considerably short of that for the comparable prior year period (243 million euros).

Capital expenditures on intangible assets and property, plant and equipment (capex) rose to 331 million euros (prior year: 268 million euros), representing a capex ratio of 4.4 percent of revenue (prior year: 3.8 percent). Net financial debt increased to 2,552 million euros as at June 30, 2022 (December 31, 2021: 1,954 million euros).

Net income attributable to shareholders of the parent company for the first six months was 249 million euros (prior year: 463 million euros). Net income before special items amounted to 265 million euros (prior year: 437 million euros). Earnings per common non-voting share were 0.38 euros (prior year: 0.70 euros).

The group employed a workforce of 82,790 as at June 30, 2022 (December 31, 2021: 82,981).

#### **Guidance for 2022 confirmed**

At its meeting on July 25, 2022, the Board of Managing Directors of Schaeffler AG has confirmed the outlook issued on May 9, 2022. The Schaeffler Group anticipates that its business will continue to be characterized by extraordinary uncertainty in the macroeconomic and geopolitical environment, in particular due to the course of the war in Ukraine and the future course of the coronavirus pandemic.

#### **Schaeffler Group transformation consistently continued**

In the Automotive Technologies division, the transformation toward electric mobility continued successfully in the first half of 2022. At its Kolloquium held at the divisional headquarters in Bühl in June, the automotive and industrial supplier presented its 4in1 electric axle that integrates the thermal management system as well as the electric motor, power electronics, and transmission into the axle drive. In a transaction that closed in the third quarter, the global chain drive business

of the Automotive Technologies division was sold to private equity fund Lenbach Equity Opportunities II.

Furthermore, Schaeffler and Symbio, a Michelin and Faurecia hydrogen company, signed an agreement in June for the creation of a 50:50 joint venture to produce fuel cell bipolar plates for global mobility and energy solutions. Start of production of the JV named Innoplate is planned for early 2024. The production unit will be located in Haguenau, France, and will have an initial capacity of 4 million bipolar plates per year, aiming at producing annually around 50 million bipolar plates globally and employing more than 120 people by 2030.

Having strengthened the Industrial division's position in robotics early this year by acquiring Melior Motion, subsequent to the reporting period Schaeffler announced the acquisition of Ewellix in the industrial automation segment which will further expand especially the division's linear technology footprint.

At the first company-wide climate action day held on June 22, 2022, Schaeffler's approximately 83.000 employees developed a total of more than 23.000 ideas for containing climate change in workshops held at all Schaeffler locations worldwide.

"The second quarter was a particularly challenging one. Once again, the Schaeffler Group has proven that it can successfully cope with difficult environmental and market situations. We have continued to consistently implement our transformation during the second quarter," 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)

<sup>1</sup> Source: IHS Markit (part of S&P Global), July 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*

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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 83,400 employees, Schaeffler is one of the world's largest family-owned companies and one of Germany's most innovative companies.

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