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Press and IR Release

Schaeffler Group raises guidance for 2021

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- Considerable recovery of Automotive Technologies and rapid growth in China drive up group revenue by 11.2 percent at constant currency
- Economies of scale result in extraordinarily strong EBIT margin before special items of 11.3 percent (prior year: 6.5 percent)
- Free cash flow before for M&A activities of 130 million euros at prior year level (137 million euros) despite higher restructuring expenditures
- Full-year guidance for 2021 adjusted upward

Global automotive and industrial supplier Schaeffler presented its interim statement for the first three months of 2021 today. The Schaeffler Group's revenue for the reporting period amounted to 3,560 million euros (prior year: 3,281 million euros). The constant-currency increase by 11.2 percent is mainly attributable to the considerable recovery of the Automotive Technologies division, revenue for the prior year period having been adversely affected by the coronavirus pandemic due to a heavy slump in automobile production. Automotive Aftermarket and Industrial division revenue rose by 4.0 percent and 3.9 percent at constant currency, respectively, compared to the prior year quarter.

Overall, first-quarter revenue increased in the Greater China, Asia/Pacific, and Americas regions, in some cases sharply. Europe region revenue stagnated, declining slightly from the prior year level by 0.6 percent at constant currency. Constant-currency revenue growth amounted to 57.1 percent in the Greater China region, 12.2 percent in Asia/Pacific, and 6.7 percent in the Americas region.

The Schaeffler Group generated 403 million euros (prior year: 212 million euros) in EBIT before special items for the first three months, representing an EBIT margin before special items of 11.3 percent (prior year: 6.5 percent). The improvement over the prior year was primarily due to economies of scale. The structural measures initiated in the prior year are increasingly proving effective as well.

EBIT for the reporting period was adversely affected by 15 million euros (prior year: 302 million euros) in special items. EBIT amounted to 388 million euros (prior year: -90 million euros). These include restructuring expenses related to the divisional subprograms of the Roadmap 2025.

Automotive Technologies grows rapidly, especially in Greater China

The Automotive Technologies division generated 2,281 million euros in revenue (prior year: 2,008 million euros) for the first three months. At constant currency, revenue increased by 15.8 percent from the prior year driven by volumes. This revenue growth is mainly attributable to the Transmission Systems and E-Mobility business divisions. The E-Mobility business division generated 26.5 percent in additional revenue at constant currency compared to the prior year period, and Transmission Systems business division revenue was up 18.5 percent at constant currency. Despite a high level in the prior year comparison period in the Greater China region, the division outperformed global automobile production by 1.8 percentage points.

Revenue in the Greater China region grew by 74.3 percent at constant currency, contributing significantly to the encouraging overall performance of the Automotive Technologies division.

The division earned 246 million euros (prior year: 47 million euros) in EBIT before special items in the first quarter. The EBIT margin before special items for the same period was 10.8 percent, considerably ahead of the 2.3 percent reported in the prior year. The extraordinarily strong EBIT margin before special items for the reporting period was largely driven by economies of scale. The structural measures initiated proved effective as well.

Automotive Aftermarket with high revenue growth outside of Europe

The Automotive Aftermarket division reported 444 million euros (prior year: 446 million euros) in revenue for the reporting period, representing constant-currency revenue growth of 4.0 percent.

Revenue grew considerably in all regions except the Europe region – the region generating the highest revenue – where the revenue trend was heterogeneous and added up to a constant-currency decline of 3.1 percent. The increase in revenue in the Greater China region by 73.8 percent at constant currency was mainly driven by the recovery of the Independent Aftermarket business. The expansion of the e-commerce business had a favorable impact on the revenue trend as well.

These developments resulted in EBIT before special items of 57 million euros (prior year: 77 million euros), representing an EBIT margin before special items of 12.9 percent (prior year: 17.2 percent). The decline from the prior year was primarily due to higher product costs. In addition, costs incurred as planned as a result of the assembly and packaging center in Halle (Saale) commencing operations reduced earnings as well.

Industrial EBIT margin improved considerably

The Industrial division reported 836 million euros (prior year: 827 million euros) in first-quarter revenue, representing constant-currency revenue growth of 3.9 percent.

Despite a merely stable revenue trend in the Americas region and decreasing revenue in the Europe region, volume-driven growth in the Greater China and Asia/Pacific regions enabled the Industrial division to generate slight growth compared to the prior year quarter. In the Greater China region, revenue was up 27.1 percent at constant currency. The encouraging trend is primarily attributable to business conditions in the wind and power transmission sector clusters. The Europe region's revenue trend remained impacted by the implications of the coronavirus pandemic, declining by 7.3 percent from the prior year level at constant currency.

The Industrial division generated approximately 99 million euros (prior year: 88 million euros) in EBIT before special items for the first quarter, representing an EBIT margin before special items of 11.9 percent (prior year: 10.7 percent). The higher margin is primarily attributable to the structural measures initiated last year.

Strong free cash flow

Despite high expenditures for structural measures, free cash flow before cash in- and outflows for M&A activities for the first quarter amounted to 130 million euros which was in line with the prior year level (137 million euros). Free cash flow conversion was 0.3, and the reinvestment rate for the first three months amounted to 0.5.

Dr. Klaus Patzak, CFO of Schaeffler AG, said: "The Schaeffler Group has delivered strong results in the first quarter of 2021. The strict discipline with respect to capital and costs in recent months continues to pay off. Additionally, business reviving so considerably has resulted in economies of scale that have contributed significantly to the extraordinarily strong EBIT margin before special items and the encouraging cash flow."

Net income attributable to shareholders before special items increased considerably during the first quarter of 2021 compared to the prior year period, amounting to 247 million euros (prior year: 101 million euros). Net income (loss) was 235 million euros (prior year: -186 million euros), resulting in earnings per common non-voting share of 0.35 euros (prior year: -0.28 euros).

The group's net financial debt declined to 2,176 million euros as at March 31, 2021. The gearing ratio, i.e. the ratio of net financial debt to shareholders' equity, decreased slightly to approximately 85 percent (December 31, 2020: approximately 114 percent). The net financial debt to EBITDA ratio fell to 1.1x as at the end of March (end of December 2020: 1.3x). The group employed a workforce of 83,937 as at the reporting date.

Guidance for 2021 raised

The Schaeffler Group has raised its full-year guidance for 2021 and now expects revenue growth of more than 10 percent at constant currency (previously more

than 7 percent). This figure is based, in particular, on a raised market estimate in terms of global growth in the production of passenger cars and light commercial vehicles. The Schaeffler Group currently anticipates an increase in global production of passenger cars and light commercial vehicles by approximately 10 percent to 82 million vehicles produced. The market assumptions for the Automotive Aftermarket division are largely unchanged. For the Industrial division the market assumption had been improved.

On that basis, the company expects to generate an EBIT margin before special items of 7 to 9 percent (previously 6 to 8 percent) in 2021.

Moreover, the Schaeffler Group now anticipates free cash flow before cash in- and outflows for M&A activities for 2021 of more than 300 million euros (previously: approximately 100 million euros) and less than in the prior year.

Division (guidance)	Autom. Technologies	Autom. Aftermarket	Industrial
Revenue growth[1)]	positive growth; 2 to 5%-age points above LVP[3)] growth	6 to 8% (previously 5 to 7%)	7 to 9% (previously 4 to 6%)
EBIT margin[2)]	> 6% (previously > 4.5%)	> 11.5%	> 9.5% (previously > 8.5%)

New market assumptions for 2021

- Automotive Technologies: Increase of LVP[3)] of around 10% as cautious estimate considering further possibilities of disruptions and volatility
- Automotive Aftermarket: Increase of global GDP by around 6%
- Industrial: Increase of relevant industrial production of around 9%

1) at constant currency; 2) before special items; 3) LVP: global production of passenger cars and light commercial vehicles.

Klaus Rosenfeld, CEO of Schaeffler AG, stated: "The strong first quarter of 2021 puts us in a position to raise our guidance for the full year 2021 despite the existing uncertainties, helped by the fact that the structural measures initiated are proving effective. We remain cautious despite the recovery tendencies. With our Roadmap 2025, we are strategically well positioned to harness growth potential in key areas of future technology."

You can find press photos of Klaus Rosenfeld and Dr. Klaus Patzak: www.schaeffler.com/en/executive-board

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 80 years. With innovative technologies, products, and services for electric mobility, chassis solutions, and renewable energies, the company is a reliable partner for making motion more efficient, intelligent, and sustainable – over the entire life cycle. Schaeffler describes its comprehensive range of products and services by means of eight product families: from bearing solutions and all types of linear guidance systems through to repair and monitoring services. With around 110,000 employees and more than 250 locations in 55 countries, Schaeffler is one of the world's largest family-owned companies and ranks among Germany's most innovative companies.

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