

Press and IR Release

## **Schaeffler raises guidance for 2021 following strong first six months**

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- Strong revenue growth of 27.4 percent at constant currency in H1/2021, all divisions growing across all regions
- Strong operating earnings (EBIT before special items) of 722 million euros (prior year: 54 million euros) with strong EBIT margin before special items of 10.3 percent driven by all three divisions
- Free cash flow before cash in- and outflows for M&A activities of 243 million euros considerably better than prior year period (~148 million euros)
- Guidance for 2021 raised following strong H1/2021 with cautious outlook for H2/2021

Global automotive and industrial supplier Schaeffler presented its interim report for the first half of 2021 today. The Schaeffler Group's revenue for the first six months amounts to 7,014 million euros (prior year: 5,572 million euros). The considerable constant-currency increase in revenue for the first half of 2021 of 27.4 percent compared to the prior year period was due to the strong rise in demand across all divisions and regions. Revenue for the second quarter of 2021 rose by 50.6 percent at constant-currency to 3,454 million euros (prior year: 2,291 million euros). These growth rates are partly due to the low basis for comparison since the implications of the coronavirus pandemic had led to a marked decline in revenue for the first half of 2020.

The recovery in the first six months was most clearly visible in the revenue trend of the Automotive Technologies division which reported constant-currency growth of 34.9 percent. All four regions reported growth rates in the double digits. The improved economic environment resulted in second-quarter constant-currency growth of 67.5 percent in the Europe region and 90.3 percent in the Americas region. The coronavirus pandemic had severely affected business in both regions in the second quarter of 2020. The growth rate for the Greater China region of 10.7 percent at constant currency was more moderate, partly due to the higher basis for comparison in the second prior year quarter. The Asia/Pacific region reported constant-currency revenue growth of 58.7 percent.

The Schaeffler Group earned 722 million euros (prior year: 54 million euros) in EBIT before special items in the first six months of 2021. This represents an EBIT margin before special items of 10.3 percent (prior year: 1.0 percent). The considerable

improvement in EBIT margin before special items during the reporting period was largely driven by economies of scale. The cost reduction measures expanded in the prior year proved effective as well. The offsetting impact of rising commodities prices was as yet limited in the first six months.

EBIT for the reporting period was positively impacted by 22 million in special items mainly relating to the partial reversal of provisions recognized for structural measures under the Roadmap 2025 divisional subprograms. The targets with respect to downsizing the workforce and sustainably lowering costs remain in place unchanged. Implementation of the structural measures announced in September 2020 is proceeding as planned. Negotiations with employee representatives have now been concluded at all locations affected in Germany except one.

### **Automotive Technologies – strong growth in E-Mobility**

The Automotive Technologies division generated 4,365 million euros (prior year: 3,264 million euros) in revenue for the first six months. The constant-currency increase of 34.9 percent is due to considerable growth across all business divisions and regions. The recovery of global automobile production was held back especially by worldwide supply shortages of semiconductors, particularly in the second quarter; to some extent, renewed restrictions related to the coronavirus pandemic had a similar adverse effect. Automotive Technologies division outperformance was at a strong 5.7 percentage points, with all regions contributing. Order intake for the first six months was stable as well compared to the improved environment, totaling 5.4 billion euros. The E-Mobility business division won 2.1 billion euros of these orders, already meeting the full-year target for 2021. The division is planning on an order intake of 2-3 billion euros per year for the E-Mobility business division starting in 2022.

The division's revenue growth exceeded growth in automobile production in all regions. In the Europe region, revenue rose by 38.3 percent at constant currency. The Americas region reported 40.9 percent in additional revenue at constant currency. In the Greater China region, revenue was up 30.6 percent at constant currency. In the Asia/Pacific region, revenue for the first six months increased by 32.9 percent at constant currency. At 41.2 percent, the E-Mobility business division generated the highest constant-currency growth rate, continuing to considerably expand its revenue particularly in the Greater China and Europe regions.

The division reported 379 million euros (prior year: -192 million euros) in EBIT before special items for the first six months. This resulted in an EBIT margin before special items for the period of 8.7 percent, significantly more than the -5.9 percent for the prior year, mainly due to economies of scale.

### **Automotive Aftermarket – revenue trend positive**

The Automotive Aftermarket division reported 911 million euros (prior year: 748 million euros) in revenue for the first six months, representing constant-currency revenue growth of 24.2 percent.

This trend was primarily driven by considerably higher volumes in the Europe region, where revenue rose by 20.0 percent at constant currency, and by the Americas region, which reported constant-currency revenue growth of 38.8 percent. The prior-year basis for comparison is low in both regions due to the coronavirus pandemic. Constant-currency revenue growth amounted to 44.6 percent in the Greater China region and 46.3 percent in the Asia/Pacific region.

The Independent Aftermarket business expanded considerably in the Central & Eastern Europe, Western Europe, South America, and U.S. & Canada subregions and grew considerably in the Greater China region as well. The revenue trend for the reporting period also reflected the expansion of the e-commerce business there. The growth reported by the Asia/Pacific region is mainly due to the recovery of the Independent Aftermarket and original equipment service business in India, partly due to the low basis for comparison especially in the second quarter of 2020.

These developments resulted in EBIT before special items of 135 million euros (prior year: 105 million euros). This represents an EBIT margin before special items of 14.8 percent (prior year: 14.0 percent).

#### **Industrial – EBIT margin before special items reaches 12 percent**

Industrial division revenue for the first six months amounted to 1,738 million euros (prior year: 1,560 million euros). At constant currency, revenue grew by 13.3 percent.

Constant-currency growth amounted to 3.5 percent in the Europe region and 14.1 percent in the Americas region. At 26.8 percent, the constant-currency revenue growth rate was highest in the Greater China region. In the Asia/Pacific region, revenue was up 24.2 percent at constant currency.

The Americas region's revenue trend was largely attributable to growth in Industrial Distribution while revenue in the aerospace sector cluster decreased considerably. In the Greater China region, the strong growth seen in the power transmission sector cluster in recent quarters continued. The wind sector cluster reported strong growth as well, but grew less dynamically. The industrial automation sector cluster increased its revenue considerably. Growth in the Asia/Pacific region resulted primarily from increased volumes in India and was mainly due to the two-wheelers, wind, and offroad sector clusters as well as Industrial Distribution.

The Industrial division earned 208 million euros (prior year: 141 million euros) in EBIT before special items in the first six months.

The considerable improvement in EBIT margin before special items to 12.0 percent (prior year: 9.0 percent) was largely driven by economies of scale.

**Strong free cash flow – considerably ahead of prior year**

Free cash flow before cash in- and outflows for M&A activities for the first six months increased to 243 million euros, considerably ahead of the comparable prior year period (-148 million euros), due to good operating performance. Restructuring expenditures and an increase in working capital as a result of the increase in business activity represented the main offsetting impacts.

Net income attributable to shareholders of the parent company for the first six months rose considerably to 463 million euros (prior year: net loss of 361 million euros). Net income before special items amounted to 437 million euros (prior year: net loss of 84 million euros). Earnings per common non-voting share were 0.70 euros (prior year: -0.53 euros).

Capital expenditures on property, plant and equipment and intangible assets (capex) declined to 268 million euros (prior year: 300 million euros), representing a capex ratio of 3.8 percent of revenue (prior year: 5.4 percent). The group's net financial debt decreased slightly to 2,228 million euros as at June 30, 2021 (December 31, 2020: 2,312 million euros).

The group employed a workforce of 83,945 as at June 30, 2021 (December 31, 2020: 83,297).

**Guidance for 2021 – full-year outlook raised again**

The Board of Managing Directors of Schaeffler AG decided on July 26, 2021, to again raise the full-year outlook for 2021 and now expects revenue growth of more than 11 percent at constant currency (previously more than 10 percent). Following a strong first six months, the company is taking this step despite persistent uncertainties regarding the second half of the year that are currently difficult to estimate.

Additionally, the company now expects to generate an EBIT margin before special items of 8 to 9.5 percent (previously 7 to 9 percent) in 2021. The guidance for free cash flow before cash in- and outflows for M&A activities has been raised as well; more than 400 million euros (previously more than 300 million euros) are expected.

The company now expects the following for its three divisions:

*1) at constant currency; 2) before special items*

"Having also closed the second quarter better than expected, we have adjusted our guidance upward again. We are confident of being able to achieve our targets for 2021, but continue to remain cautious. The execution program for our Strategy 2025 is making good progress. Implementation of the structural measures initiated is proceeding as planned. Given the uncertainties regarding the second half of the

year, our focus for the rest of the year remains on discipline with respect to capital and costs,” stated Klaus Rosenfeld, CEO of Schaeffler AG.

You can find a press photo of Klaus Rosenfeld here:

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

*Forward-looking statements and projections*

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