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Press and IR Release

Schaeffler Group starts 2023 with good quarter

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- Revenue at Schaeffler Group up strongly, rising by 10.4 percent at constant currency to 4.2 billion euros in first quarter
- EBIT margin before special items of 8.1 percent (prior year: 6.9 percent)
- Automotive Technologies increases EBIT margin substantially, outstanding first quarter at Automotive Aftermarket, Industrial generates growth in all market clusters
- Free cash flow before cash in- and outflows for M&A activities of -73 million euros due to seasonal factors
- Strong balance sheet – Moody's upgrades rating

Global automotive and industrial supplier Schaeffler published its figures for the first three months of 2023. Revenue for the reporting period amounted to 4,152 million euros (prior year: 3,758 million euros), corresponding to a constant-currency increase in revenue of 10.4 percent to which all divisions and regions contributed. Revenue in the Automotive Technologies, Automotive Aftermarket and Industrial divisions grew by 6.0 percent, 25.7 percent and 13.4 percent at constant currency.

Revenue rose considerably, especially in the Europe region, where it gained 17.3 percent. In the Americas region, revenue grew by 5.4 percent at constant currency, with the Greater China region achieving constant-currency revenue growth of 1.0 percent. In the Asia/Pacific region, revenue increased by 12.9 percent at constant currency.

The Schaeffler Group generated 336 million euros (prior year: 258 million euros) in EBIT before special items in the first three months of the year, representing an EBIT margin before special items of 8.1 percent (prior year: 6.9 percent). The rise in the EBIT margin before special items was primarily attributable to sales mix and volumes.

Earnings for the reporting period were adversely affected by 92 million euros in special items (prior year: 11 million euros). EBIT amounted to 244 million euros (prior year: 247 million euros).

Klaus Rosenfeld, CEO of Schaeffler AG, gave his assessment of the first quarter of 2023: "Schaeffler grew by more than 10 percent in the first three months of the year – a development driven first and foremost by the Automotive Aftermarket and Industrial divisions. The improvement in the EBIT margin before special items to 8.1 percent, to which the Automotive Technologies and Automotive Aftermarkets made a particularly strong contribution, was encouraging and also deserves special mention."

Key financials of the Schaeffler Group

	01/01-03/31 (1st quarter)			
in € millions	2023	2022		Change
Revenue	4,152	3,758	10.5	%
• at constant currency			10.4	%
EBIT before special items [1]	336	258	30.3	%
• in % of revenue	8.1	6.9	1.2	%-pts.
Free cash flow [2]	-73	14	-87	€ millions
	03/31/2023	12/31/2022		Change
Shareholders' equity [3]	4,221	4,141	1.9	%
Net financial debt	2,999	2,235	34.2	%
Net financial debt to EBITDA ratio before special items [4]	1.4	1.1	-	-
Employees	84,060	82,773	1.6	%

1 Please refer to the annual report 2022, pp. 32 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 – adjusted EBIT margin rises to 4.3 percent

The Automotive Technologies division generated 2,440 million euros in revenue in the first three months of 2023 (prior year: 2,292 million euros). Revenue grew by 6.0 percent at constant currency, mainly due to a market-driven rise in volume. At constant currency, the division's revenue grew at a slightly faster pace than global automobile production in the first quarter. The division outperformed global production of passenger cars and light commercial vehicles by 0.3 percentage points 1).

At 21.3 percent and 9.5 percent, the Chassis Systems and E-Mobility business divisions (BDs), respectively, generated the steepest constant-currency rises in revenue in the reporting period. The Engine & Transmission Systems BD grew by 5.8 percent at constant currency. Revenue in the Bearings BD, at constant currency, was 2.6 percent above the prior-year level.

The Automotive Technologies division generated 105 million euros (prior year: 81 million euros) in EBIT before special items in the first three months. The EBIT margin before special items amounted to 4.3 percent in the reporting period (prior year: 3.5 percent). The rise in the EBIT margin before special items was driven both by volumes and pricing.

Automotive Aftermarket – outstanding 1st quarter

The Automotive Aftermarket division posted revenue of 582 million euros in the reporting period (prior year: 464 million euros), representing an increase of 25.7 percent at constant currency compared to the relatively low basis in the prior year. The constant-currency rise in revenue was mainly the result of a considerable increase in volumes and better pricing.

The revenue trend was driven especially by growth in the Europe region, where revenue increased by 30.3 percent at constant currency compared to the prior-year period. Constant-currency revenue was up 15.9 percent, 17.2 percent and 20.1 percent in the Americas, Greater China and Asia/Pacific regions, respectively.

On this basis, the Automotive Aftermarket division generated 103 million euros (prior year: 64 million euros) in EBIT before special items, representing an EBIT margin before special items of 17.7 percent (prior year: 13.8 percent). This first-quarter rise resulted predominantly from the increase in the gross margin due to a favorable sales mix and pricing.

Industrial – growth in all market clusters

The Industrial division generated revenue of 1,130 million euros in the first three months of the year (prior year: 1,002 million euros), corresponding to a constant-currency increase of 13.4 percent. The constant-currency growth in revenue were driven by volume and pricing. The increase in the Industrial Automation market cluster was driven by the structural impact of acquisitions of subsidiaries, especially the Ewellix Group, which had an effect on all regions.

All regions – particularly the Greater China and Europe regions, which generated a constant-currency rise of 19.1 percent and 12.2 percent, respectively – contributed to revenue growth. At constant currency, growth in the Americas region amounted to 14.4 percent, with revenue up 5.9 percent at constant currency in the Asia/Pacific region.

In the first three months, the Industrial division generated 128 million euros (prior year: 113 million euros) in EBIT before special items. At 11.3 percent, the EBIT margin before special items in the first quarter of 2023 was in line with prior year

(11.3 percent). The gross margin increased due to the impact of volumes and prices. The acquisition of Ewellix was completed at the start of the year.

Key financials by division

	01/01-03/31 (1st quarter)			
in € millions	2023	2022[1]		Change
Automotive Technologies				
Revenue	2,440	2,292	6.4	%
• at constant currency			6.0	%
EBIT before special items[2]	105	81	29.7	%
• in % of revenue	4.3	3.5	0.8	%-pts.
Automotive Aftermarket				
Revenue	582	464	25.5	%
• at constant currency			25.7	%
EBIT before special items[2]	103	64	60.9	%
• in % of revenue	17.7	13.8	3.9	%-pts.
Industrial				
Revenue	1,130	1,002	12.8	%
• at constant currency			13.4	%
EBIT before special items[2]	128	113	13.4	%
• in % of revenue	11.3	11.3	-	%-pts.

[1] Prior-year information presented based on 2023 segment structure.

[2] Please refer to the annual report 2022, pp. 32 et seq., for the definition of special items.

Strong balance sheet – Moody's upgrades ratings

Claus Bauer, CFO of Schaeffler AG, said: "All divisions made important contributions to the Schaeffler Group's encouraging results. The negative free cash flow is partly due to one-off payments. The improvement in our credit rating from Moody's, which was communicated at the end of March, is pleasing and underscores the Schaeffler Group's excellent liquidity and strong balance sheet. We will continue to work on our financial performance and will seize potential for optimization."

In the first quarter of 2023, free cash flow before cash in- and outflows for M&A activities was -73 million euros (prior year: 14 million euros) due to seasonal factors. The decline is primarily attributable to the volume-related increase in working capital, which was 114 million euros more extensive than in the prior year, as well as factors including restructuring expenditures, the inflation bonus and other developments. Schaeffler also made further investments in future

technologies such as digitalization and e-mobility. At 221 million euros overall, capital expenditures on property, plant and equipment and intangible assets (capex) were 64 million euros higher than in the prior-year period (prior year: 156 million euros).

The group's net financial debt amounted to 2,999 million euros as at March 31, 2023. The increase in financial debt compared to December 31, 2022, (2,235 million euros) is primarily attributable to the full utilization of a 500-million-euro term loan during the first quarter of 2023. The net financial debt to EBITDA ratio before special items amounted to 1.4x as at March 31, 2023 (December 31, 2022: 1.1x). The gearing ratio (i.e., the ratio of net financial debt to shareholders' equity) increased to 71.0 percent (December 31, 2022: 54.0 percent). The group employed a workforce of 84,060 as at March 31, 2023.

The dividend in April 2023 amounted to 45 eurocents per common non-voting share. This corresponds to a payout ratio of approximately 48 percent, which is at the upper end of the targeted range of 30 to 50 percent of net income attributable to shareholders before special items.

Klaus Rosenfeld made these closing comments: "The Schaeffler Group is sticking to the trajectory of growth defined in its Roadmap 2025. We continue investing in our future-oriented fields and will further improve our profitability."

Find here press photos of the management board members:

www.schaeffler.com/en/group/executive-board/

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Schaeffler Headquarters Herzogenaurach, Germany Photo: Schaeffler (Daniel Karmann)

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