

Press and IR Release

Schaeffler Group closes 2022 with solid earnings

HERZOGENAURACH, 2023-03-07.

- Schaeffler Group revenue up 9.4 percent at constant currency to 15.8 billion
- EBIT before special items of 1,046 million euros results in EBIT margin before special items of 6.6 percent
- Free cash flow of 280 million euros
- Proposed dividend of 45 cents per common non-voting share
- Cautious outlook for 2023

Global automotive and industrial supplier Schaeffler presented its results for 2022 today. The Schaeffler Group's revenue for the reporting period amounted to 15.8 billion euros (prior year: 13.9 billion euros). At constant currency, revenue was up 9.4 percent, exceeding the guidance. The year was characterized by considerable revenue growth, which was largely attributable to an increase in volumes in the Automotive Technologies and Industrial divisions. Favorable price realization in all three divisions further bolstered the revenue trend as considerable increases in procurement costs were increasingly passed on to the market.

In 2022 the Schaeffler Group generated earnings before financial result and income taxes (EBIT) of 974 million euros (prior year: 1,220 million euros), a figure that was affected by 72 million euros in special items. EBIT before special items amounted to 1,046 million euros (prior year: 1,222 million euros). This represents an EBIT margin before special items of 6.6 percent (prior year: 8.8 percent), which was at the upper end of the guidance despite the challenging environment. The EBIT margin before special items declined predominantly due to higher material and energy prices, disrupted global supply chains, and market- and environment-based inefficiencies.

Net income attributable to shareholders of the parent company amounted to 557 million euros for the reporting period, following 756 million euros in the prior year. Earnings per common non-voting share were 0.84 euros (prior year: 1.14 euros).

On that basis, the Board of Managing Directors and the Supervisory Board will propose a dividend of 45 cents per common non-voting share (prior year: 50 cents) to the annual general meeting. This represents a dividend payout ratio of approximately 48 percent (prior year: approximately 44 percent) of net income

attributable to shareholders before special items of 610 million euros (prior year: 748 million euros).

Key financials – Schaeffler Group

in € millions	2022	2021		Change
Revenue	15,809	13,852	14.1	%
* at constant currency			9.4	%
EBIT before special items 1)	1,046	1,222	-14.4	%
* in % of revenue	6.6	8.8	-2.2	%-pts.
Free cash flow 2)	280	523	-243	€ millions
	12/31/2022	12/31/2021		Change
Shareholders' equity 3)	4,141	3,165	976	€ millions
Net financial debt	2,235	1,954	14.4	%
Net financial debt to EBITDA ratio before special items 4)	1.1	0.9		
Employees	82,773	82,981	-0.3	%

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.

Automotive Technologies – 5 billion euros in order intake at E-Mobility

The Automotive Technologies division generated 9,500 million euros in revenue (prior year: 8,436 million euros). At constant currency, revenue increased by 7.7 percent from the prior year. The growth in revenue during the year was mainly due to higher volumes resulting from a market-driven increase in demand.

In total, the Automotive Technologies division outperformed global automobile production of passenger cars and light commercial vehicles by 1.5 percentage points driven by the positive contributions from the Europe and Americas regions.

E-Mobility and Chassis Systems experienced especially strong growth throughout the reporting period due to trends in their specific markets, with both a market-driven increase in volumes and product ramp-ups contributing to the high growth rates. One important milestone here was the start of production of the first rear-wheel steering system in 2022. The Europe region increased its revenue by 11.8 percent at constant currency and grew the most in absolute terms. In the Americas and Asia/Pacific regions, revenue was up 14.1 percent and 4.5 percent at constant currency, respectively, while the Greater China region reported a constant-currency decline of 1.4 percent.

The E-Mobility business division increased its order intake to 5.0 billion euros. The division as a whole won 12.3 billion euros in orders.

EBIT before special items amounted to 292 million euros (prior year: 544 million euros). The EBIT margin before special items was 3.1 percent (prior year: 6.4 percent).

Automotive Aftermarket – Revenue increases to more than 2 billion euros

The Automotive Aftermarket division delivered 2,038 million euros (prior year: 1,848 million euros) in revenue in 2022. Mainly driven by favorable price realization, revenue rose by 7.0 percent at constant currency, a significant part of the considerable increase in procurement costs was passed on to the market through sales price adjustments.

Europe region revenue grew by 6.4 percent at constant currency. Overall, the considerable decline in volumes in the Independent Aftermarket business in the Central & Eastern Europe subregion due to the war in Ukraine was more than offset by higher volumes in the Western Europe and Middle East & Africa subregions in 2022. In the Americas, Greater China, and Asia/Pacific regions, revenue was up 6.5 percent, 6.7 percent, and 16.4 percent, respectively, at constant currency.

EBIT before special items of 255 million euros was flat with prior year (prior year: 256 million euros). The decrease in EBIT margin before special items to 12.5 percent from the prior year (13.9 percent) was primarily due to higher selling expenses, which were partly attributable to favorable one-off items in the prior year. As adjustments to sales prices largely offset considerably increased procurement costs, a gross margin at the level of the prior year was achieved.

Industrial division – Strengthened by acquisitions

The Industrial division once more increased both revenue and earnings in 2022. Its revenue of 4,271 million euros (prior year: 3,568 million euros) represented constant-currency revenue growth of 14.7 percent. This growth was mainly driven by volume increases in the Europe region and, globally, by Industrial Distribution and in the Industrial Automation sector cluster. The division's highest revenue levels overall were reported by the Wind and Industrial Automation sector clusters.

In the Europe region, revenue was up 20.4 percent at constant currency, primarily driven by volume growth in the business with distributors (Industrial Distribution) and in the Industrial Automation sector cluster. In the Americas region, revenue rose by 11.6 percent at constant currency during the year, while the Greater China region generated 8.8 percent in additional revenue at constant currency compared to the prior year. The additional revenue in the Greater China region resulted primarily from increased volumes in the Raw Materials and Industrial Automation sector clusters. In the Asia/Pacific region, revenue increased by 13.2 percent at

constant currency, mainly due to volume growth in the business with distributors (Industrial Distribution) and in the Two Wheelers sector cluster.

EBIT before special items rose by 18.3 percent to 499 million euros (prior year: 421 million euros). The EBIT margin before special items amounted to 11.7 percent (prior year: 11.8 percent).

Focused acquisitions were made during the year to further strengthen the Industrial division, primarily in the Industrial Automation sector cluster. The acquisition of Melior Motion GmbH (since December 1, 2022: Schaeffler Ultra Precision Drives GmbH) further expands the division's portfolio and market position in the high-growth field of robotics. Additionally, the linear business was significantly strengthened by the acquisition of the Ewellix Group, which closed on January 3, 2023. The Ewellix Group is a leading global manufacturer and supplier of drive and linear motion solutions. Its core products are used in a wide range of applications and equipment including medical technology, mobile machinery, assembly automation and robotics, and various other areas of industry. In a transaction that closed on December 1, 2022, the Schaeffler Group acquired 100 percent of the shares of CERASPIN S.à.r.l., expanding the Industrial division's technology portfolio in the area of high-quality ceramic components mainly used in strategic growth areas.

Key financials – Schaeffler Group divisions

in € millions	2022	2021	Change	
Automotive Technologies				
Revenue	9,500	8,436	12.6	%
• at constant currency			7.7	%
EBIT before special items ¹⁾	292	544	-46.4	%
• in % of revenue	3.1	6.4	-3.4	% pts.
Automotive Aftermarket				
Revenue	2,038	1,848	10.3	%
• at constant currency			7.0	%
EBIT before special items ¹⁾	255	256	-0.3	%
• in % of revenue	12.5	13.9	-1.3	% pts.
Industrial				
Revenue	4,271	3,568	19.7	%
• at constant currency			14.7	%
EBIT before special items ¹⁾	499	421	18.3	%
• in % of revenue	11.7	11.8	-0.1	% pts.

1) Please refer to the annual report 2022, pp. 32 et seq., for the definition of special items.

Free cash flow before M&A of 280 million euros – Strong balance sheet and liquidity position

The Schaeffler Group's free cash flow before cash in and outflows for M&A activities of 280 million (prior year: 523 million euros) met the guidance while including higher capital expenditures. Capital expenditures (capex) on property, plant and equipment and intangible assets rose to 791 million euros during the reporting period (prior year: 671 million euros), representing a capex ratio of 5.0 percent (prior year: 4.8 percent). The reinvestment rate amounted to 0.88 (prior year: 0.74).

Net financial debt increased to 2,235 million euros as at December 31, 2022 (December 31, 2021: 1,954 million euros). The gearing ratio, i.e., the ratio of net financial debt to shareholders' equity, declined to 54 percent (December 31, 2021: approximately 62 percent). The Schaeffler Group, which had approximately 14.3 billion euros in total assets as at December 31, 2022 (prior year: approximately 14.4 billion euros), employed a workforce of 82,773 as at that date (prior year: 82,981), a slight reduction of approximately 0.3 percent.

Claus Bauer, CFO of Schaeffler AG, says, "In a difficult environment, Schaeffler has met all group-level financial targets set for 2022. Despite higher capital expenditures for product ramp-ups and capacity expansions, for instance, as well as a sales-driven increase in inventories, we have generated solid free cash flow."

Cautious outlook for 2023

The Schaeffler Group expects its revenue to grow by 5 to 8 percent at constant currency in 2023. In addition, the company expects to generate an EBIT margin before special items of 5.5 to 7.5 percent in 2023. This expectation reflects, in particular, higher year-on-year wage increases and energy costs affecting all divisions. Moreover, the Schaeffler Group anticipates free cash flow before cash in and outflows for M&A activities of 250 to 350 million euros for 2023.

Guidance	Schaeffler Group	Autom. Technologies	Autom. Aftermarket	Industrial
Revenue growth ¹	5 to 8%	moderate revenue growth; 2 to 5%-age points above LVP growth ²	5 to 7%	9 to 11%
EBIT margin ³	5.5 to 7.5%	2 to 4%	12 to 14%	11 to 13%
Free cash flow ⁴	EUR 250 to 350 million			

Current market assumptions for 2023

- Automotive Technologies: LVP² with slight market growth (0 to 2%).³
- Automotive Aftermarket: Growth in global vehicle population similar to prior year with slightly higher average vehicle age (2022: Growth of 2.1%, average age 10.9 years).⁶
- Industrial: Increase in relevant industrial production of around 1%.

"The Schaeffler Group has once again demonstrated resilience in a challenging environment in 2022 and generated solid results. All divisions and all regions grew, with the substantial contribution by the Industrial division especially worth highlighting," says Klaus Rosenfeld, CEO of Schaeffler AG. And further,

commenting on the business of the divisions: “We are resolutely pushing ahead with the transformation of the Automotive Technologies division. The E-Mobility order intake of 5 billion euros in 2022 speaks for itself. Automotive Aftermarket is profiting from current market conditions. In our Industrial division, we have supplemented our considerable global organic growth with acquisitions. Sustainability and digitalization remain of key strategic importance to the Schaeffler Group.”

You can find our annual report here: www.schaeffler-annual-report.com

Our digital press kit is available here: www.schaeffler.com/apc

1 at constant currency

2 LVP growth: global growth in production of passenger cars and light commercial vehicles

3 before special items

4 before cash in- and outflows for M&A activities

5 Includes content supplied by S&P Global © [IHS Markit Light Vehicle Production Forecast (Base), January 2023]. All rights reserved.

6 Includes content supplied by S&P Global © [IHS Markit Vehicles in Operation (VIO) Forecast, November 2022]. All rights reserved.

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.

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, CO₂-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 15.8 billion in 2022. With around 84,000 employees, the Schaeffler Group is one of the world's largest family-owned companies. With more than 1,250 patent applications in 2022, Schaeffler is Germany's fourth most innovative company according to the DPMA (German Patent and Trademark Office).

Axel Lüdeke, Klaus Rosenfeld, Claus Bauer

[Download](#)

Klaus Rosenfeld

[Download](#)

Klaus Rosenfeld

[Download](#)

Claus Bauer

[Download](#)

CONTACT:

Dr. Axel Lüdeke

Head of Group Communications & Public Affairs
Schaeffler AG
Herzogenaurach
Germany
Tel. +49 9132 82 8901
E-Mail: axel.luedeke@schaeffler.com

Matthias Herms

Head of Communications Finance & Sustainability
Schaeffler AG
Herzogenaurach
Germany
Tel. +49 9132 82 3714
E-Mail: matthias.herms@schaeffler.com

Renata Casaro

Head of Investor Relations
Schaeffler AG
Herzogenaurach
Germany
Tel. +49 9132 82 4440
E-Mail: ir@schaeffler.com

Johann Eisenmann

Investor Relations
Schaeffler AG
Herzogenaurach
Germany
Tel. +49 9132 82 4440
E-Mail: ir@schaeffler.com